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Sefalana

Sefalana Holding Company Limited

Corporate Information

The Company is incorporated in Botswana - Company number 86/1025

SECRETARY

Venkit Iyer
Email : financedirector@sefalana.com

BUSINESS ADDRESS

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

AUDITORS

PricewaterhouseCoopers
P O Box 294
Gaborone, Botswana

SHARE TRANSFER SECRETARIES

Transaction Management Services (Pty) Limited
trading as Corpserve Botswana Transfer Secretaries
1st Floor, Unit 3, Kwena House, Plot 117
Gaborone International Finance Park (GIFP),
Private Bag 149,
Gaborone, Botswana

REGISTERED OFFICE

Plot 10247/50
Corner of Lejara and Noko Road
Broadhurst Industrial Sites,
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

Our Sefalana

Sefalana Holding Company was the first company to list on the Botswana Stock Exchange and is the only listed company without a controlling shareholder. We are proud to be a truly Botswana company.

Our subsidiary companies are involved in a range of diverse industries, giving the Group flexibility and sustainability over the years. Our core offerings are in fast moving consumable goods in the wholesale, retail and manufacturing sectors. We also hold a substantial property portfolio which supports our presence in strategic locations across the country.

From our head office in the heart of Broadhurst's industrial area, our reach extends throughout the country serving rural and urban areas alike. Our range of products and services is aligned to the needs of both our providers of capital and our consumers of commodities.

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 protection of our position and persistent rejuvenation for today's needs. We believe strongly that - by making our branch and business unit management part of our network and its offering of skills, resources and experience - central management can react to the demands of the market and grow the Group. This has proved to be our driver for success over recent years.

Our primary objective is to maximise Shareholder value through our adoption of a dynamic investment strategy that constantly evaluates existing investments and at the same time seeks to identify further investments that will provide our stakeholders with the required return.

Sefalana has grown to be one of Botswana's largest companies and we look forward to continued success.

Sefalana Timeline



1974

Sefalana sa Botswana was formed to purchase the Botswana operations of Bechmalt Holdings, taking on 6 wholesale units and 1 maize mill



1975

Sefalana sa 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

- Acquisition of HJ Heinz Botswana, later renamed to KSI Holdings
- Acquired an additional 40% of Metsef equity and gained control of the entity, renaming it Sefalana Cash & Carry Limited (Sefcash)
- Acquired 55% of MF Holdings



2009

- Investment in property in Zambia



2010

- Launched "Shoppers" supermarket chain
- Acquired the remainder of Sefcash shares and delisted Sefcash from the Botswana Stock Exchange



2012

- Continued expansion of our Shoppers chain to 14 operational stores
- Net asset value up by 27%

Financial highlights

For the year ended 30 April 2012

	2012	2011
	P'000	P'000 (restated)
Revenue	2 103 634	1 902 194
Profit for the year attributable to equity holders of the parent	83 818	46 981
Total comprehensive income attributable to equity holders of the parent	129 215	114 189
Shares in issue at beginning of year (number)	184 540 130	165 649 067
Additional shares issued on acquisition of non-controlling interest in Sefalana Cash and Carry Limited (number)		18 891 063
Shares in issue at end of the year (number)	184 540 130	184 540 130
Weighted average shares in issue during the year (number)	184 540 130	177 345 999
Basic earnings per share (thebe)	45.42	26.49
Total comprehensive income per share (thebe)	70.02	64.39
Dividends per share (thebe) - ordinary - paid	6.00	10.00
Dividends per share (thebe) - ordinary - proposed	22.00	5.50
Dividend cover (times) - (basic)	1.62	1.71
Net asset value per share (thebe)	278.02	219.50
Market price per share at year end (thebe)	275.00	290.00

Value Added Statement

	2012	2011
	P'000	P'000 (restated)
Wealth created		
Revenue	2 103 634	1 902 194
Payments to suppliers and providers of services	(1 850 846)	(1 714 873)
Value addition	252 788	187 321
Share of results of associates	181	(437)
Interest income from bank deposits and other loans issued	4 172	4 322
Total wealth created	257 141	191 206
Wealth distribution		
To employees	119 277	98 400
To providers of capital	28 738	26 390
Government for taxes	21 888	18 972
Total wealth distributed	169 903	143 762
Wealth retained in the business		
To maintain and develop operations of the Group	87 238	47 444
Number of employees of the Group	2 040	1 928

Analysis of shareholders

	30-Apr-12		30-Apr-11	
Shareholders with an individually significant interest in Sefalana Holding Company Limited				
Botswana Public Officers Fund	74 883 234	40.58%	71 028 372	38.49%
Motor Vehicle Accident Fund	19 996 769	10.84%	19 996 769	10.84%
Debswana Pension Fund	11 072 800	6.00%	9 611 871	5.21%
Chandra Chauhan	9 058 249	4.91%	9 058 249	4.91%
Julian Nganunu	6 800 555	3.69%	6 796 069	3.68%
	121 811 607	66.02%	116 491 330	63.13%
Summary by class of Shareholders:				
Insurance companies, pension funds and nominee companies		83.37%		81.83%
Individuals and others		16.63%		18.17%
Total		100.00%		100.00%
Shares held by citizens (individuals and institutions)	167 740 975	90.90%	163 917 466	88.82%

Stockmarket Information

	Year ended 30-April-12	Year ended 30-April-11
Number of shares traded (000)	10 652	6 908
Value of shares traded (P'000)	30 583	20 830
Share price for the period (thebe):		
Lowest	275	270
Highest	330	370
Closing	275	290
Market capitalisation at year end (P'000)	507 485	535 166

Shareholders' calendar

Financial year end	30 April
Announcement of 2012 audited results	31 July 2012
2012 Annual General Meeting	31 October 2012
Announcement of 2013 half year results	end of January 2013

Board of Directors



Andrew Pegge (49)

Andrew was appointed to the Board in June 2003. He is a CFA and holds an honours degree in Psychology and Cognitive Studies and an MBA. His investment career, of which a considerable part includes the management of Emerging Market Funds, started in 1987. Andrew has been involved in the establishment and development of three start-up fund management businesses. Currently Andrew is a partner in Laxey Partners, a UK based fund manager specialising in applying an active value approach to investment. Andrew also has been involved in his personal capacity as an investor and director in several UK based private companies.

Venkit Iyer (40) (Group Finance)

Venkit joined Sefalana as Group Finance Director in July 2007. He is a Fellow member of the Botswana Institute of Chartered Accountants and an Associate member of the Institute of Chartered Accountants of India. Venkit assists the Group Managing Director in all aspects of the Group's businesses and directs treasury management of the Group. Venkit also serves on the Boards of most of the entities within the Sefalana Group of companies and is our Company Secretary.

Neo Moroka (60) (Chairman)

Neo joined the Sefalana Board on 22 January 2010. He is an Ecologist by profession and an Associate Member of both the Institute of Bankers in South Africa and the Institute of Bankers in Botswana. Neo has extensive work experience in both the public and private sectors in Botswana and Southern Africa. He started his professional work in the public service in 1980 and has since held various top management positions, including Manager for Retail Banking with Barclays Bank, General Manager for BP Botswana and Commercial Director for BP South Africa. In 2004 Neo was appointed Minister of Trade and Industry responsible for trade policy formulations, foreign direct investment, international trade negotiations as well as regulation and licensing of trade activities. Currently he is the Resident Director and CEO of De Beers Holdings Botswana. He sits on the main De Beers Group Executive Committee and on the Boards of Debswana Diamond Company and Diamond Trading Company Botswana. He also holds Directorships in Barclays Bank of Botswana Limited and Funeral Services Group.

Reginald Motswaiso (48)

Reginald is a Fellow Chartered Accountant as well as an Associate Member of The Chartered Institute of Management Accountants. He holds a Bachelor of Commerce degree from the University of Botswana. He held Board positions at PEEPA and the BSE and currently at Standard Chartered Bank Botswana and other regional bodies including the African Union for Housing Finance, of which he is the Chairman. His interest and experience is in the field 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 (50)
(Group Managing)

Chandra is a Chartered Accountant who trained and qualified 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. Chandra was appointed to the Sefalana Board in 2003 and assumed the role of Group Managing Director shortly after in 2004. He has many investment interests in Botswana and is also a non-executive Director of Botswana Insurance Holdings Limited.

Elias Dewah (70)

Elias was appointed to the Sefalana Board in January 2008. He holds a diploma in Agriculture, a B.A. 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, Membership Business Organisations Training, General Business Administration and Management. Elias received the Presidential Order for Meritorious Service (PMS) in 2007.

Jennifer Marinelli (54)

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

Hans Kampmann (49)

Hans completed a Senior Management program at the University of Stellenbosch and a Management Development program with Unisa prior to 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.

Julian Nganunu (70)

Julian is the immediate past Chief Justice of Botswana and re-joined the Sefalana Board in July 2011. He has 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 the mining of Jwaneng, 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.

Chairman's Report



Dear Stakeholders,

Excellent 2012 for Sefalana

I am honoured to have been given the opportunity of serving your Group as Chairman over the past two years and very pleased to report that the Sefalana Group has performed extremely well in our 2012 financial year where many financial thresholds have been surpassed.

Achieving a turnover of P 2.1 billion in 2012, the Group's revenue has grown by 11% over the last financial year. 2012 reported profit before tax of P 108.7 million which is 59% above the previous year, illustrating the strength and leadership of my Board and Senior Management, which team continues to deliver shareholder value.

Over the last 5 years, basic earnings per share increased by 148% to 45.42 thebe and total comprehensive income per share increased by 151% to 70.02 thebe. The Group's total assets exceed the P 1 billion mark in 2012.

It is with the spirit of 'Sefalana sa Rona' that we deliver value to our shareholders, quality products and services to our customers, and co-operate proactively with our wide spectrum of stakeholders. Despite a slowdown in the domestic market, with declining household incomes, our focal subsidiary company, Sefalana Cash and Carry Limited, has, in particular, performed well economically in both its wholesale and retail divisions by exceeding budgeted and prior year contributions to the Group's profitability. However, continued low spending in the general economy has adversely affected growth in some of our other operating divisions. The manufacturing and property divisions of the Group have continued to perform in line with expectations.

Corporate Social Responsibility

Equity to Sefalana is more than just a financial term; it is the core of our promise to trade fairly and honestly, in good faith and with best business practices.

Our relationships and sustainability are dependent on our ability to enthuse our stakeholders with our spirit of humanity, honesty and fairness at heart. We strive to retain and grow our businesses through increasingly equitable, green, friendly and efficient practices.

At Sefalana we recognise the important role we have in addressing societal and environmental challenges throughout all areas of our operations, integrating sustainability into our businesses. The Group's view of monitoring its triple bottom line



With turnover of
P2.1 billion,
the Group has grown 50%
since 2008. Over that same
period, basic earnings per share
increased

148%

to 45.42 thebe and total
comprehensive income per
share increased

151%

to 70.02 thebe.

Chairman's Report (continued)



(People, Planet and Profit) is central to daily decision-making. We are Sefalana Holding Company Limited, the “bountiful granary” with the same spirit of Botswana’s first listed company, our founding corporation, Sefalana sa Botswana.

During the reporting year, Sefalana recorded an impressive economic performance while respecting social values – both internally and externally – and operating within a sound ecological framework.

Human Resources

Throughout the Group, employees are supported with formal and informal training. We have dedicated in-house training centres, Botswana Training Authority accredited curricula and we have committed our support to skills growth; our employees are given every opportunity to be the best they can be. Our approach to Continued Professional Development runs through from the Board of Directors to the employee on the shop floor, in the factory, in the workshop and everywhere we are.

Botswana Economy and Expectations

The National Gross Domestic Product (GDP) growth rate provides an aggregated measure of changes in value of the goods and services produced by an economy. Botswana, as a middle-income country, is considered to be among the fastest growing economies in Africa over the last decade.

GDP in Botswana expanded by 3.10% in the first quarter of 2012 compared to the previous quarter. Historically, from 2005 until 2012, Botswana GDP growth rate averaged 1.14%. According to recent reports published by World Bank, Botswana GDP is worth P 130 billion.

The inflation rate in Botswana is recorded at 7.3% in July 2012. Historically, from 2001 until 2012, Botswana Inflation Rate averaged 8.6% reaching an all-time high of 15.1% in August of 2008 and a record low of 5.0% in November of 2009. Businesses in Botswana forecast continual rises in the cost of inputs and a consequential impact on heightened future inflation levels.

Prospects for the global economy remain uncertain with sluggish growth expected partly due to the sovereign debt crisis in Europe, with only the USA, Japan and emerging markets experiencing limited growth. Rising international oil prices and general consumer commodity costs are expected to add to inflationary pressures. Growth in the domestic economy is expected to be subdued as Government continues to consolidate its fiscal position and growth in mining output is likely to be modest and heavily dependent on the potentially volatile global market.



Prospects of Sefalana

This year we have refocused on our core operating segments and increasing brand awareness for all our businesses. This will continue into 2013. We are confident that we have a strong product offering along with ever improving customer service and a clear understanding of our market. We consider this to be critical in establishing long term relationships with our customers and supporting the ongoing success of this Group.

We aim to enhance long term real returns to our shareholders in the inflationary environment by making capital investments in selected property developments and the continued expansion of 'Shoppers' Supermarkets. The Board is confident that our Group will continue to trade well and will use its solid asset base to generate a further increase in stakeholder value in the forthcoming year.

Board and Governance

Our Board is guided by and compliant with the Botswana Stock Exchange 'Code of Best Practices on Corporate Governance' and our internal Board charter. The Sefalana Board composition was enhanced during the year by the appointment of former Chief Justice of Botswana Rre Julian Mukwesu Nganunu in July 2011; subsequent to the year end, in July 2012, the Managing Director of Sefalana Cash and Carry Limited, Mr. Hans Kampmann, was appointed to the Sefalana Board. I welcome Julian and Hans to the Board and am confident that the wealth of experience and know-how of the Board members will continue to support the strategic direction of our business.

Gratitude

I take this opportunity to thank all our Customers, Suppliers, Shareholders, the Board, Senior Management and staff for all their support and for a job well done and look forward to another great year ahead.

Neo Moroka
Chairman

Group Managing Director's Report



Through concerted focus and consolidation, the Sefalana Group has returned exceptionally good financial results for the year to 30 April 2012. Our Directors and Senior Management team have concentrated on building from the solid foundation the Group has in its core Fast Moving Consumer Goods ("FMCG") businesses, and on formulating responsible exit strategies for parts of the Group which are not considered core or that do not contribute sufficiently to the growth of the business and, ultimately, shareholder value.

We are pleased to report that, despite difficult market conditions and cut backs in spending, Sefalana has managed to remain competitive and has achieved its highest ever revenue, profit before tax and earnings per share.

Key highlights compared to the previous year include:

- **revenue is up by 11%;**
- **gross profit is up by 39%;**
- **basic earnings per share is up by 71%; and**
- **net asset value is up by 27%**

These growth rates have been underpinned by the provision of a larger product range, improving quality of service and understanding our market's needs whilst managing customer credit risk. We have also enhanced our Management teams across the Group, which is expected to generate further growth and success in the business in the coming years.

Based on this level of growth, and the performance over the last few years, we continue to be well positioned to deliver on our annual profit goal of P100 million.



Despite difficult market conditions Sefalana has managed to remain competitive and achieved its highest ever results.

Sefalana Cash and Carry Limited,
("Sefcash") contributed

89% & 68%

of the Group's revenue and profit
before tax for the reporting year.

Group Managing Director's Report (continued)



Review of Operations

Sefcash

Sefalana Cash and Carry Limited ("Sefcash") contributed 89% and 67% of the Group's revenue and profit before tax for the reporting 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 11 supermarket retail stores ("Shoppers") across the country.

During the reporting year, we increased our market presence by opening 2 additional Shoppers supermarkets, one in Maun and one at the University of Botswana's student centre. The Shoppers business has contributed 16.5% and 122% of the growth in the consumer goods trading segment's turnover and profit before tax respectively. Subsequent to the financial year end in July 2012 we opened our 14th Shoppers Supermarket in Selebi Phikwe. Excluding these new store openings, like for like sales increased nearly 15% through better product offerings and by enhancing the shopping experience by providing fresh food perishables, and clean and neat premises.

We are pleased with the progress of the Shoppers business which, whilst still in the infancy stage of its life cycle, is beginning to perform well. We are expecting further growth and success in this business segment in ensuing years.

Commercial Motors

Difficult market conditions and cut backs on Government spending has resulted in the decline in the performance of Commercial Motors (Pty) Limited ("CML"), with turnover significantly below that of the previous year. This is also partly due to a large order of 177 MAN vehicles delivered to one of CML's major customers in 2011, which was not replicated in 2012. With increased focus and market awareness of our three brands (MAN, Tata and Honda), we anticipate improved growth in CML's operations on the back of new orders received subsequent to the year end.

Mechanised Farming

Mechanised Farming (Pty) Limited, has shown an improved performance over that of the prior year but is not yet returning results in line with our expectations. Our budget for the forthcoming year includes a sizable growth expectation and we are optimistic about the future prospects of this business.

Foods Botswana

Overall performance by Foods (Botswana) (Pty) Limited was better than the prior year but was below expectations despite

Sefalana continues to be optimistic about the future and expects to grow the business through enhanced focus on core sectors of the Group, supported by a strong Senior Management team and experienced Board of Directors. We look forward to taking this indigenous Botswana Group into 2013 maximising value for our Shareholders.

having been awarded two significant Government contracts to supply Tsabana and Malutu. This underperformance was directly caused by shortages in the market of suitable grain following poor harvests in the previous season. This resulted in cost increases of approximately 19% for sorghum and 45% for soya beans; the two main ingredients used in the manufacture of these products. Increases in the cost of electricity and fuel further eroded margins, resulting in an overall profit before tax of P 10 million (2011: P 3.50 million). It is expected that growth in this division will continue at a satisfactory level going forward.

Kgalagadi Soap Industries

On the back of the loss of cross-border trade in Kgalagadi Soap Industries (Pty) Limited ("KSI") since 2008, and the inability to manufacture and sell sufficient quantities of soaps and detergents at competitive prices, this company has continued to make losses during the year. KSI has recently embarked on a re-investment and expansion strategy, which includes technological changes to bring efficiencies into the production line, product upgrades, revised supply agreements and new marketing and distribution initiatives. KSI is once again profitable and with the re-introduction of cross border trade after the year end we anticipate increased revenue in 2013.

Management continue to review the performance of KSI.

Group properties

Our property portfolio, held in Botswana and Zambia, continues to perform well, with an increase in fair value of P 19.3 million during the year recorded in profit and loss (relating to investment properties) and a further P 47.2 million (net of tax) recorded in other comprehensive income (properties not considered investment properties). Our strategy continues to be to identify key locations for our store openings and to purchase those properties considered to be strategically

positioned to provide long term value for Shareholders. The Group previously anticipated undertaking substantial property development during the year; however this is now expected to take place in the year to 30 April 2013 following the evaluation of a number of alternative developments available.

Prospects

Sefalana continues to be optimistic about the future and expects to grow the business through enhanced focus on core sectors of the Group, supported by a strong Senior Management team and experienced Board of Directors. We look forward to taking this indigenous Botswana Group into 2013, maximising value for our Shareholders.

Dividend

On 26 July 2012, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 22 (twenty two) 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, 7 September 2012 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday, 17 August 2012.



Chandra Chauhan
Group Managing Director

Corporate Social Responsibility Report



We are proud of the symbiotic nature of our growth and the Nation's economy. Our sustainability is in part a result of long-term business sense and trade ethics, and in part an outcome of our utmost efforts to reasonably contribute to the well-being of our trade environment and its inhabitants.

Our Focus

- **Responsible Trade and Investment**
- **Ethical Supply Chain Management, Compliance and Corporate Governance**
- **Sustainable Social Investment**
- **Human Capital Development**
- **Conservation and Eco-friendliness**

We continue to engage in a wide variety of Community outreach programmes supporting our objective in giving back to the community that supports us.

We consider that our involvement in and support of society adds value to our various stakeholder platforms, including our participation in community/police forums and aid to assorted sporting codes. Sefalana has an annual matched donation programme with our Banner group stores; in this reporting period the beneficiary selected by the banner groups was Motswedi Rehabilitation Centre in Mochudi, a project of the Mothers' Union of the Dutch Reformed Church in Botswana – Mochudi Congregation. This community based rehabilitation programme started in 1988 with the centre officially opened in 1995 with areas of focus on rehabilitation, education and skills training, mainly for people with disabilities.



Involving stakeholders - pictures from 2011 Annual General Meeting and 2012 annual results announcement of Sefalana and other interactions with the community



Another benefactor of our CSI is 'Social Arm Psychosocial Support Initiative ('SAPSSI')'; a youth led organisation which started operations in 2002 through a coalition of four organisations in Gaborone and surrounding areas - the Anglican Church, Church of the Nazarene, Roman Catholic Church and the Salvation Army. SAPSSI's mission is to provide and enable psychosocial support, life skills and knowledge; empowering the children and youth of Botswana to become knowledgeable and responsible citizens living in the context of HIV and Aids. This mission is realised through Day Care Centres, Kid's Clubs, Life Skill Camps, and the GOLD Peer Education Programmes, all of which form a continuum for the children and youth involved.

The Youth for Life ('YOLI') Club at the University of Botswana also benefited from our CSI. YOLI Club's main goal is to expose the Student community to Art. Its objectives are to develop, maintain, improve and advance education through the promotion of the Arts; to encourage youth participation in Arts within the student community and beyond and to develop new and existing opportunities for residents and visitors to experience the Arts through active participation. An Arts Festival was held during 2011 raising awareness of the artistic talent of the disabled.

In 2011, Mahalapye West Primary School emerged as the National high flyer in the Primary School Leaving Examinations. In recognition of the top achievers in the school our Hyperstore in Mahalapye awarded a floating trophy to the school and twenty six medals to the students. The celebration was graced by the then Vice President of the Republic of Botswana and Member of Parliament for Mahalapye West, Honourable Mompoti Sebogodi Merafhe.



Mahalapye West Primary School was awarded with Sefcash's floating trophy and twenty six medals to top achieving students in the 2011 Primary School Leaving Examination. The celebration was graced by the then Vice President of Republic of Botswana and Member of Parliament, Honourable Mompoti Sebogodi Merafhe

Corporate Social Responsibility Report (continued)



Some of the external beneficiaries from our 2012 community outreach programmes

Customer and Supplier Loyalty Events

Sefalana Cash and Carry ('Sefcash') celebrated its birthday by launching one of the biggest promotion campaigns ever with a view of rewarding customers for their support. The promotion which ran from 20 June to 4 August 2012 was characterised by instant prizes comprising of groceries and appliances such as kettles, toasters, fridges and television sets. The promotion awarded prizes worth over Two Million Four Hundred Thousand Pula, culminating in grand prizes of three Honda Jazz cars and Four Tata Double Cab Bakkies. The seven lucky winners of these vehicles were from different parts of the country - Maun, Letlhakane, Francistown, Palapye, Molepolole and Gaborone.

In May 2012, Sefcash participated in a customer loyalty day for the Sebina community filled with plenty of giveaways and entertainment galore. Fifteen elderly people received a blanket and a hamper of groceries, while fifteen children received shoes and blankets on this fun filled 'field day'. The event was co-sponsored by Botshelo Complex in Sebina and dignified by the Tutume Sub District Council Chairman, Mr. Philip Bashi Makale.

Sefcash stores around the country continue to run various customers day events where special promotions of products at low prices are offered. During these days many of our customers are awarded special prizes and gifts.

Commercial Motors contributed and participated in many sporting events including the BDF Golf Day, BICA Cricket tournament and Gaborone Masonic Trust Golf Day, bringing staff, customers and suppliers together. Sefcash also organises its Annual Golf Day, which is fully sponsored by its suppliers.



Mr. Moagi Buzwani, Operations Director of Sefcash, handing over a cheque for P 40 000 in support of Motswedi Rehabilitation Centre. The Sefcash Banner Member Group raised and donated an equivalent amount



Sefalana Hyper Store staff attending the prize giving ceremony on Sefcash's 2012 birthday promotion campaigns



Members of the Community attend the Motswedi Rehabilitation Centre Sefcash donation event



Some of the winners of Sefcash's 2012 birthday promotion



Honda and TATA contributed towards two golf events during 2012 with participation by many of its customers in Botswana and representatives of Supplier Principals in South Africa

Corporate Social Responsibility Report (continued)



Some of the Sefalana participants in the Steinmetz Gaborone Marathon 2012



Pictures from Sefcash manager's conference held in 2011- This is a yearly affair carried out by Sefcash for promoting togetherness, team building, welfare and performance award distributions for its management staff

Trading that is Responsible

Our business has always been carried on with utmost respect and courtesy. Taxes are paid on time and in full providing the State with income to sustain and better National interests. Our trade is fair, giving the business community a long term partner that can be trusted and held in good faith. We ensure that our services and merchandise are reliably and faithfully represented, suited for their function(s) and local practicality.

Corporate transactions are driven by a responsible stewardship of our capital providers' interests, ensuring the longevity of the business and providing a sustainable return. Within our Group, we view customer service as a way of thinking and we work to support our customers with superior and friendly service in trusted products and service delivery not only from our sales points, but from our back-office and technical staff too.

Governance and compliance initiatives cover the protection of stakeholder interests in our Group. The management of the business and its relationships ensures we address conflicts of interest, protection of assets, accountability, confidentiality of corporate information and highest business ethics.

We have over four hundred and fifty 'Franchise Banner Group Customers' who are a group of independent small retailers throughout Botswana that have entered into a voluntary agreements with Sefcash as its franchisees. Our primary objective is to create this



Two of our Banner member stores



identity for our Sefcash members, offering them promotional activities, training and retail development that will ensure their survival and growth. These retailers are operating under the brand names of Supa Deal, Supa 7, Citi Saver, Bonanza, 777 Liquor and Pula Value Stores.

Our Responsive Citizenry and Proactive Participation

We believe that people must live with a reasonable standard; communities must exist harmoniously and be unhampered by harm to the human condition. To this end, we invest in our people and communities, stimulating the well-being and upliftment of humanity and the human habitat. Equipping our people with new skills and knowledge empowers their positive influence on developing themselves and their communities.

Promoting wellness is important to the health of our employees and the health 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 and it is through taking heed of our workforce's needs that the over 2 000 strong workforce generates the esteemed business and brands, rapport and reputation of our Group.

Sefcash offers one year internship programme, the main objective of which is to expose the learners to all aspects of retail and wholesale business. During the training period the incumbent gains experience in operation of all divisions of a store and they are given chances to demonstrate their managerial and supervisory competencies.

Through the monthly newsletters ('Moemogolo') from the Sefcash Managing Director's desk, all staff members are acquainted with events happening throughout the various stores of Sefcash and Shoppers, performance and advancements of banner member groups, career progression, community related matters and many more.

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 employees. Clear, co-ordinated management of employee rights and responsibilities assure that the Group's risk is mitigated and that continuity is ensured.

Corporate Social Responsibility Report (continued)

The call for business to be greener and ecologically wise is of merit to any organisation. Our Group's size assists our ability to scale down our ecological footprint. Management of our supply chain is worked to the best efficiencies for the Group, including shared services, thereby reducing energy used, wastages and emissions. Compliance in trade and taxpaying also adds to our contribution to national development.

Promoting and Protecting Stakeholder Interests

Honour is, in our opinion, a daily value to be upheld complicit with honesty and equity, both of which are cornerstones of our trade practice. We honour our undertakings and ensure we serve our markets with conscientious care and compassion. 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 comparably competitive. Our products and services are our pride, and we trust in their quality because we test them to the highest standards. Foods and edibles are lab tested, goods are quality inspected and preferentially selected to meet all Botswana Bureau of Standards requirements, and services are renewed by continued training and evaluation.

Crime and corruption mitigation measures employed by the Group include a whistle-blowing hotline, internal audit procedures and cooperation with the Police, Kgotlas and other community initiatives. Business considerations cannot exclude social interaction and we acknowledge that through empowering the community, we stimulate a growing nation of current and future stakeholders.



Sefalana Holding Company Limited receives the 2011 award for 'Best Published Corporate Report and Accounts (Commerce and Industry Sector)'. Sefalana has won this award for three consecutive years since 2009. This event is organised by PricewaterhouseCoopers (PwC) Botswana under the auspices of the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM).



Strict adherence to regulations, compliance with evolving principles of corporate governance,

ethical business conduct and trade, openness and transparency

in all our business processes are ingredient's of our behaviour; pivotal to protecting public interest and essential to retaining our reputation, securing repeat business and reliability.

Report on Corporate Governance

The Board of Sefalana Holding Company Limited strives to achieve the utmost level of responsible conduct and best practice, as guided by the Botswana Stock Exchange Code of Best Practice on Corporate Governance. Accordingly, the Board is guided in its conduct through its approved charter and the terms of reference of its sub-Committees. The Board reviews its charter and terms of reference for sub-Committees annually.

The Directors believe that trust in its people and products is a prerequisite for success in a highly competitive environment, and are committed to ensuring that this challenge is embraced in all the daily activities of the Group's business. Through incorporating this ethos of responsible, transparent, and effective management, the Group continues to grow its reputation and operational efficiencies.

Board of Directors

Sefalana Holding Company Limited ensures that the Board has a prudent balance of executive and non-executive Directors (including independent non-executives).

The Board includes non-executive Directors of sufficient calibre, whose views carry significant weight in the Board's decisions. Non-executive Directors comprise not less than two thirds of the Board. The majority of the non-executive Directors are independent.

Terms of office for non-executive Directors are for initial periods of two years, with renewal options for further periods after approval by Shareholders in the Annual General Meeting. The executive Directors have formal employment contracts based on the Company's policies.

At the reporting date, the Board of Sefalana Holding Company Limited comprises:

Independent non-executive Directors (5):

Neo Moroka (Board Chairman)

Elias Dewah

Jennifer Marinelli

Reginald Motswaiso

Andrew Pegge

Non-executive Directors (1) *:

Julian Nganunu

Executive Directors (3) **:

Chandra Chauhan (Group Managing)

Venkit Iyer (Group Finance)

Hans Kampmann (Managing Director – Sefalana Cash and Carry Limited - appointed to the Board on 1 July 2012)

* The Board of Sefalana Holding Company Limited considers a shareholding in the Company either equal to or above 5%, or material to his or her personal wealth, as a deterrent to the independence of a Director. Such shareholders are considered Non-executive but not independent.

** Executive Directors are employed by the Company or the Group and are responsible for the day-to-day operations of the Group.

There were no resignations from the Board of Directors during the reporting period. A synopsis of the Directors' credentials is set out on page 8 of the annual report.

Board's Governance and Appraisal

The offices of the Chairman and Group Managing Director are separate. The Chairman is an independent non-executive Director. The Nominations Committee periodically appraises Board's performance individually and collectively in order to ensure that its primary responsibilities are satisfactorily discharged. The Chairman is selected by the Board and his performance is evaluated by the Nominations Committee.

The Chairman conducts Board proceedings in a proper manner to ensure, inter alia, that:

- the effective participation of both executive and non-executive Directors is secured;
- all Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company and Group;
- the balance of power in the Board is maintained;
- the sense or decision of Directors on issues, under consideration, is ascertained; and
- the Board is in complete control of the Company and Group's affairs and alert to their obligations to all shareholders and other stakeholders.

The Board meets at least four times in a financial year to consider performance of the Group's business segments, strategy developments and to receive reports back from its sub-Committees. The Board actively communicates relevant important information informally in order to keep abreast of changes affecting or potentially impacting the interests of the Group and its stakeholders.

At the commencement of every financial year, the Board, in consultation with the Group Managing Director, sets reasonable financial and non-financial targets, in line with the short, medium and long term objectives of the Company and the Group, that are to be met by the Group Managing Director during the course of the ensuing year.

The performance of the Group Managing Director is evaluated by the Board at the end of each financial year in order to ascertain whether the targets set by the Board have been achieved and if not whether the failure to meet such targets was reasonable under prevailing circumstances.

Executive Directors are rewarded reasonably according to the Group performance and achievement of individual stretch targets. Senior management is subject to review by the Remuneration Committee at least annually.

Non-executive Directors are remunerated according to best practice as ascertained through independent research in the Southern African region. The total remuneration of the executive and non-executive Directors is disclosed in note 12 to the financial statements. The remuneration includes bonus payments and value of all benefits.

At every Board meeting, all Directors are required to declare their interest in the Company's shares and all interests with external establishments. Directors exclude themselves from any Board or committee resolutions / recommendations wherever there is conflict of interests. Directors' direct or indirect interest in the issued shares of the Company as at the year-end date is as tabled below:

Director	Number of shares controlled as at financial year end date	
Neo Moroka	Nil	(2011 : Nil)
Elias Dewah	Nil	(2011 : Nil)
Jennifer Marinelli	26 379	(2011 : 26 379)
Reginald Motswaio	100 000	(2011 : 100 000)
Julian Nganunu	6 800 555	(2011 : 6 796 069)
Andrew Pegge	1 000 000	(2011 : 1 000 000)
Chandra Chauhan	9 058 249	(2011 : 9 058 249)
Venkit Iyer	5 057	(2011 : 5 057)
Hans Kampmann	Nil	(2011 : Nil)

The Group has closed periods whereby Directors, senior management and their families and other relevant related parties may not trade in the Company's shares. These periods comprise the period commencing from the week before the end of a half or full financial year, and end when the relevant period's results are publicly announced. Additionally, when the Board

Report on Corporate Governance (continued)



members believe that they or senior management are privy to information that is price sensitive regarding current activities of the Company, they are precluded from dealing in the Company's securities.

Primary Role of the Board

The Board is responsible for the ultimate supervision of the Group. The Board meets regularly at scheduled intervals to ensure it remains fully informed on matters involving the Company and the Group's businesses.

The Board 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;
- the review of reports submitted to the Board and their subsequent 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 Group 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.

Attendance at Board and Sub-Committee meetings of Sefalana Holding Company Limited during the financial year ended 30 April 2012:

Member	Board		Nominations Committee		Investment Committee		Remuneration Committee		Audit and Risk Committee	
	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended
Neo Moroka	4	4					1	1		
Chandra Chauhan	4	4			4*	4			3*	2
Elias Dewah	4	4	2	2	4	4			3	3
Venkit Iyer	4	4	1*	1	4*	4			3*	3
Hans Kampmann **										
Jennifer Marinelli	4	4	2	2	4	4	1	1	3	3
Reginald Motswaiso	4	3			4	4			3	3
Julian Nganunu	4	4			4	4				
Andrew Pegge	4	3	2	2	4	3	1	1		

* attendance by invitation

** appointed on 1 July 2012



The Board has formed the following sub-committees to assist in Board functions; membership of which is restricted to non-Executive Directors of the Company.

1. Nominations Committee
2. Investment Committee
3. Remuneration Committee
4. Audit and Risk Committee

All sub-Committees of the Board are governed by their Terms of Reference. In order to fulfill the duties and responsibilities vested with each of the sub-Committees, they have authority to call upon the chairmen of the other sub-Committees, any of the executive Directors, Company Officers and Company Secretary or external assurance providers to source any required information.

Nominations Committee

The Nominations Committee comprised of three non-executive Directors until April 2012 - Elias Dewah (Committee Chairman), Jennifer Marinelli and Andrew Pegge. From May 2012, Julian Nganunu replaced Jennifer Marinelli.

There are formal and transparent procedures for the appointment of new Directors to the Board. The nomination of Directors is led by the Nominations Committee which is responsible for the vetting of suitable candidates, and managing the process of appointment recommendations, continuance of office and leadership induction. Following recommendation by the Nominations Committee, appointments to the Board are approved by the Board subject to ratification by Shareholders at the following Annual General Meeting.

The Nominations Committee annually assesses the Board's structure, processes, and effectiveness, to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company and the Group. The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election at each Annual General Meeting.

The Nominations Committee has met twice during the year under review.

Investment Committee

The Investment Committee comprises five non-executive Directors - Andrew Pegge (Committee Chairman), Elias Dewah, Jennifer Marinelli, Reginald Motswaiso and Julian Nganunu.

The Committee is tasked with co-ordinating the investment portfolio of the Group and accordingly meets when investment and divestment proposals are to be put before the Board for consideration. While the Investment Committee may make recommendation to the Board, the Board retains ultimate decision making powers with respect to investment or disinvestment activities of the Group. The Group Managing Director and Group Finance Director attend meeting as and when required.

Report on Corporate Governance (continued)

The Investment Committee has met four times during the year under review.

Remuneration Committee

The Remuneration Committee comprises of three non-executive Directors - Andrew Pegge (Committee Chairman), Jennifer Marinelli and Neo Moroka.

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 fixing the remuneration packages of individual Directors. No executive Director is involved in deciding his own remuneration.

The Remuneration Committee has met once during the year under review.

Audit and Risk Committee

The Audit and Risk Committee comprises three independent non-executive Directors - Reginald Motswaiso (Committee Chairman), Elias Dewah and Jennifer Marinelli.

The Group Finance Director and Group Internal Auditor attend and report at the meetings of the Audit and Risk Committee as required and the Group Managing Director and external auditors attend meetings by invitation. In executing its duties, the Audit and Risk Committee has unrestricted access to the Group's financial and other records.

The Audit and Risk Committee has 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 recommended approval of the annual financial statements;
- to make recommendations to the Board regarding the nomination of external auditors to be appointed by Shareholders;
- 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 ensures that the independence of external auditors is maintained and that any consultancy or any work contracted with the auditing firm will not have a material impact on the auditors' independence. The Audit and Risk Committee sets principles for recommending to the Board on rotation and remuneration of auditors.

In furthering the stakeholder assurance, the convening of the Audit and Risk Management Committee intends to facilitate connectivity in addressing financial and operational risk, diligence and compliance matters. The Board has overall responsibility for determining the strategic direction of the organisation and for creating the environment and the structures for risk management to operate effectively. The Audit and Risk Committee is tasked with managing these objectives as well. Sound corporate governance practice requires a methodical approach to risk management which:

- protects the interests of stakeholders;
- ensures that the Board of Directors discharges its duties to direct strategy, build value and monitor performance of the organisation; and
- ensures that management controls are in place and are functioning adequately.

In the discharge of these responsibilities, the Audit and Risk Committee oversees management's risk identification, mitigation and management processes. The Committee met three times during the reporting period.

Internal Control and Internal Audit

The Company and Group maintain sound systems of internal control to safeguard Shareholders' investment and the Company and Group's assets. The Directors, as a Board and through its Committees, review the effectiveness of the Company and Group's systems of internal control, which cover all controls including financial, operational and compliance controls and risk management, on a regular basis.

Establishment of the Group Internal Audit Department during the reporting year has enhanced the related function within the Group. The Group has a strong internal audit function, with whistle blowing hotlines, Computer Assisted Auditing Techniques (CAATs), and other exercises and activities.

Organisational Integrity

The Group endeavours at all times to exercise best practice in all its dealings. Senior management constantly monitors the ethical behaviour and integrity in all of the operations of the Group. In turn, senior management is subject to the scrutiny of the Board and the high standards required of them by their professional governing bodies. Senior management has an open-door policy with employees. Regular meetings with worker representatives are held without resident management present providing opportunities for employees to report perceived lapses in integrity. In fine-tuning and developing control programmes, management has addressed irregularities discovered and any fraudulent activities. Disciplinary measures are coupled with the legal and ethical courses of action required. With the exception of some contained fraud by a few staff members below management level, operational integrity and ethical behaviour was observed during the financial period under review.

Company Secretary

The Company Secretary is knowledgeable in matters that should be addressed by the members of the Board to discharge their duties appropriately. The Company Secretary advises members of the Board in this regard. The Company Secretary is also a member of the Board.

Non-financial Information

The Board constantly monitors and evaluates all information that affects the Group and is nimble in adapting strategy to fit current circumstances. All aspects of the Group, financial and non-financial, are revealed to, and discussed with, the external auditors who report accordingly.

The Board believes in transparency in the activities of the Group and has adopted a 100% honesty principle in keeping Shareholders apprised. Such communications are subject to statutory approval by the Botswana Stock Exchange and are published in at least two national newspapers to ensure that all stakeholders are informed concurrently.

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 necessary. The Company circulates with every Notice of General Meeting a summary of the procedures governing voting at General Meetings.

The Board arranges for the Chairmen of the Audit and Risk, Remuneration and Nominations Committees to be 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.

Company Profiles

Sefalana Cash and Carry Limited



Sefcash trades primarily in fast-moving consumer goods. The Company operates through 14 retail supermarkets "Shoppers", 25 cash and carry outlets located throughout Botswana trading under the name "Sefalana Cash & Carry", 3 Hyper Stores located in Gaborone, Francistown and Mahalapye trading under the name "Sefalana Hyper Store", 1 distribution centre and 1 cigarette distribution outlet located in Gaborone 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.



This business is the largest contributor to the Group's financial results and achieved its best ever results in the current year under review. Over time we have developed strong business relationships with our stakeholders, enhanced systems of control, focused on training and mentorship programmes, and supported the community through our corporate social responsibility activities, and offer our customers a wide range of successful in-house brands.



Through leveraging off our recently updated computer software systems we are able to make better use of management information to support decision making and improve efficiency and achieve optimal stock levels in our stores. We focus on ensuring our supply chains are efficient and reliable and our service standards are monitored closely and continually improved.



Sefcash's experienced senior management team ensures effective and efficient cost control and procurement through rigorous planned budget consciousness, maintaining and methodically improving systems and processes, and enhancing our intellectual capacity through development of existing teams and recruitment of individuals with necessary skill sets. Despite the continued difficult economic challenges Sefcash significantly improved on its prior year results.

We continue to make considerable investment in our human capital, running BOTA accredited wholesale programmes, facilitating developmental enrolment with Maccaulei Learning Academy and partnering with the University of Stellenbosch to develop our training material. An annually revised plan is in place for our departments and branches to ensure we respond to the latest developments in performance management. We continually develop and evaluate our ability to bring the best out of our business and its people.

During this year we have focused on improving the shopping experience for our customers with enhanced layout of our stores and extended product ranges on offer. Our geographical spread is strategic to satisfying our customer needs. We are in all major urban and peri-urban centres across the country, well positioned to supply our customers across the Nation. Our competent 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 the unrelenting levels of quality and care that customers expect from a brand they have come to know and trust since 1974.

Sefcash's outlook is positive but we acknowledge the limited size of the market space and the constrained consumerism driven by the economic downturn. Whilst we take note of the shift in shopping trends over the past few years and the reduced level of Government spend, we believe the growth of our business, especially in the retail sphere, will be supported by a return of consumer confidence and spending in the ensuing years.



Company Profiles (continued)

Foods (Botswana) (Pty) Limited



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 market includes the provision of enriched meals for the Government feeding schemes and a variety of its own branded products.

The products produced by this Company include:

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

The Company has a policy to support local farmers either directly or indirectly and buys sorghum from the local market whenever possible.



Management is committed to continuous review of the operations of the factory. We have adopted a strategy to increase the overall growth of our branded products which are sold to the general public.

The Company provides direct employment to more than 200 citizens and is a major contributor to the economic activities in and around Serowe.

Our forte is the production of our well established, nationally renowned products for Botswana, 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, processes and placing. While cyclical dips in earnings, arising from inconsistencies in Government purchases for their feeding schemes, do occur, such periods of lower productivity also allow the organisation time to fine tune processes without threatening the long term potential for sustainability.

During the reporting period, the cost of raw materials increased sharply; despite this, the Company has made all efforts to pass on to the public the best product at the best possible price. To increase the efficiency and quality of the food produced the Company has made necessary investment in plant and processes and is committed to invest further towards improving the manufacturing process.

The Government programmes we tender for are helpful to Batswana, keep our people at work and contribute income to the Sefalana Shareholders. We are optimistic about the on-going contribution of this business to the overall results of the Group.



Company Profiles (continued)

Commercial Motors (Pty) Limited

Commercial Motors represents three brands - Honda (Passenger Vehicles and Motorcycles), Tata (Light and Heavy Commercial Vehicles) and MAN (Heavy Commercial Vehicles).

The Company is proud of its impressive showroom and workshops in Broadhurst Industrial area, Gaborone. Commercial Motors continues to better itself operationally and intrinsically by building brands that are visible, appreciated and believed in by our growing customer base.

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



Sales Divisions

Honda (passenger vehicles)

Our current models include the Accord, Civic, Jazz, and in the SUV range, the CR-V. This year will see the introduction of its all-new line up of cars, notably the ninth-generation Civic sedan, the future-styled Civic hatch and the revamped CR-V. Over recent years, Honda as a car manufacturer has received awards such as "Car of the Year", "World Green Car of the Year", "Top Safety Pick" and "Best Retained Value". The Group is proud to be the sole distributor of Honda vehicles in Botswana.

Honda (motorcycles)

Our motorcycle models range from Superbikes to Cruisers and from Commercial and Commuting bikes to off road 4 wheelers. We have seen a sizable increase in our market share for these products and have noted a growth trend in weekend and competition biking. Recognised locally and abroad as a leading brand in its segment Honda bikes play a pivotal part in our Group's diversified offering.





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 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 fourth largest manufacturer of medium / heavy commercial vehicles, and the second largest bus manufacturer.

Our Tata range predominantly specialises in the 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 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 25, 28 and 37 passengers with a 65-seater to be introduced later this year

Tata vehicle models incorporate technologies acquired from subsidiaries ranging from Daewoo Motors to Jaguar Land Rover and strategic partners including MarcoPolo, that enable Tata to put out 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. In the Annual Total Economy Run, the title for most economical and fuel efficient LDV's in its class in South Africa was awarded to the Tata Xenon diesel 4x4 double cab. Most recently Commercial Motors won the award for "Dealer of the Month" in June 2012 and "Best Performing Dealer" for its gain in market share over the last 12 months.



Company Profiles (continued)

Commercial Motors (Pty) Limited (continued)



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. Our model range includes buses, garbage trucking, short and long range haulage, and military applications. The Trucknology Generation range (CLA/TGM/TGS) offers 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 2011", 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.

The 2012/13 outlook for this subsidiary is very positive and is supported by sizable orders taken in the first quarter of the new financial year.





Company Profiles (continued)

Mechanised Farming (Pty) Ltd

Mechanised Farming brings together the knowledge and heritage of the Massey Ferguson, Wacker and Honda brand of families, all backed by the strength and resources of its commercial and industrial product support while offering customers the choice and specialization they expect from each brand.

The Company deals in tractors, agricultural equipment, earth moving machinery, construction equipment, power-generating plants, water pumps and supply of related spares. We operate an engineering workshop for repairs and maintenance providing 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 with 75% market share in the agricultural industry;
- Honda RSA – We supply Honda Power products which include electric generator sets, engines, water pumps, lawn mowers etc. We provide a full stockholding of spares and after sales service with a dedicated engineering workshop;





- CSE Equipment RSA – Golf carts, Case heavy plant machines and construction equipment;
- Radium Engineering – Agricultural implements and equipment and tractor-powered bush cutting;
- Wacker Nueson RSA – Construction machinery & equipment (rammers, compactors, concrete mixers, vibration pokers, concrete cutters & grinders etc). This brand is well established in Botswana and has proven reliability in the building and construction industry;
- Agrinet – Yanmar engines and water pumps;
- Turner Morris – Concrete mixers, compacters and general construction equipment; and
- Electromotive Diesels (EMD) USA – Mechanised Farming is the authorised dealer for supply of imported diesel electric locomotives spares to Botswana Railways.

We are very optimistic about the future performance of this Company and look forward to this being a sizable contributor to the overall performance of these results going forward.



Company Profiles (continued)

Bargen (Pty) Limited



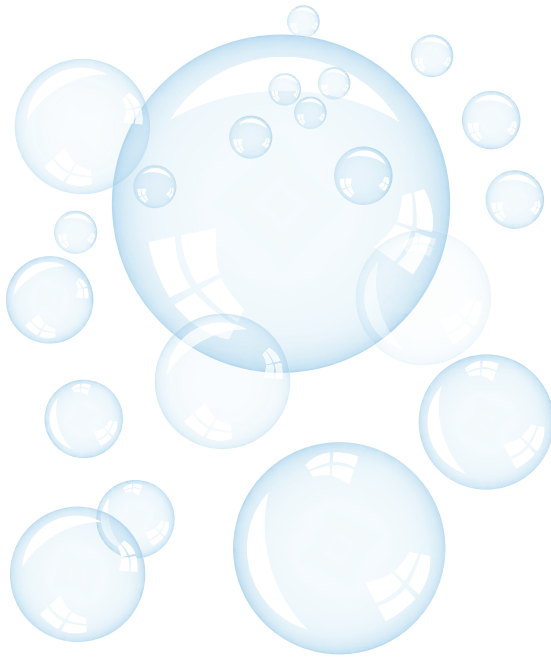
Bargen (Pty) Limited trading as Vintage Travel & Tours is located in a modest office at Middle Star Complex, in the heart of Gaborone; the Company continues to report a commendable profit and further establish itself as a solid and viable business.

Vintage prides itself on providing a convenient and expedient service to our clients through a personalised approach which we consider to be critical in this sector.

This travel agency continually achieves top rankings with airlines and has been awarded several accolades for its outstanding market leadership. It bodes well that we preserve our good standing with the International Air Transport Association, Travel Agents Association of Botswana, Hotel and Travel Association of Botswana, and the Association of Southern African Travel Agents.

Our staff has a wealth of experience and knowledge of the industry ensuring that this relatively small Company continues to hold its position in the marketplace.

Kgalagadi Soap Industries (Pty) Limited



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

The Company has struggled to compete with its aged equipment and methodologies and fierce competition from producers in South Africa who are able to exploit efficiencies of scale and access wider reaching markets.

During year 2011, KSI's management focused on investigating technological changes required to meet its long-term goals. This included redesigning of moulds and sourcing new packaging machinery to make the products competitive and compliant with market requirements; in May 2012, a reconditioned plant has been sourced in soap 'drying' and 'finishing' lines, all of which is expected to increase the product output ratios and bring efficiency into the entire production line.



Company Profiles (continued)

Sefalana Properties



Sefalana has a long history of investment in bricks and mortar and, at 30 April 2012, 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 the developed property and the Group earns a considerable rental income from external tenants.

Our Botswana properties are spread throughout the country and includes 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 maximise returns for our shareholders.

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 and has shown significant increases in market value.

We continue to identify additional properties in strategic locations throughout Botswana and anticipate further growth and return from this segment of the Group.



Financial Review



Exceptional performance of our 'Trading – consumer goods' segment during this reporting year has again placed us at the forefront of our trading environment. Properties owned by the Group show a significant increase in market value over the past two years which is supported by independent professional valuations at the end of this reporting year. Operations of Foods Botswana, included under the 'Manufacturing' segment, have improved with resumption of supplies to the Government of various feeding schemes since August 2011. Reduced National spending has adversely impacted our results from vehicle sales, which is included under the 'Trading – others' segment of the Group results in 2012.

We have re-stated the financial position of the Group and comprehensive income for 2010 and 2011 to comply with the requirements of International Financial Reporting Standards IAS 19 (Employee benefits) and the early adoption of amendments to IAS 12 (Income taxes).

Highlights of the Group's performance in 2012

- Revenue of P 2.1 billion is up by 10.6% compared to 2011;
- Gross profit (GP) percentage of 8.7% (2011: 6.9%);
- GP of P 182.8 million is up by 39% compared to 2011;
- Profit before tax (PBT) of P 108.7 million represents 5.2% of revenue (2011: P 68.3 million - 3.6%);
- PBT up by 59% compared to 2011;
- PBT includes P 19.3 million from investment property revaluation surpluses (2011: P 15.8 million);
- Other comprehensive income includes P 47.2 million (net of tax) from revaluation surpluses of property, plant and equipment (2011: P 69.4 million); and
- Total comprehensive income of P 129.2 million attributable to equity holders of parent is up by 13% compared to that reported in 2011.

Highlights of the Group's financial position at 30 April 2012

- Total asset value over P 1 billion which represents an increase of 26.6% over the previous year;
- Net asset value of P 513 million attributable to equity holders of parent also up by 26.6% over previous year;
- Current asset ratio of 1.37; and
- Net cash position of P 190.8 million represents 34.5% of total equity.

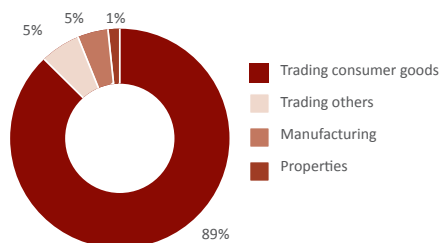
Shareholder values

- Market price per share – 275 thebe (at 30 April 2012)
- 2012 Net asset value per share – 278 thebe
- 2012 Earnings per share - 45.4 thebe
- Return on investment (earnings over market price of share) – 16.5%
- 2012 Total comprehensive income per share – 70 thebe
- Total comprehensive income over market price of share – 25.5%
- 2012 Dividend per share – 28 thebe
- Dividend Yield – 10.2%

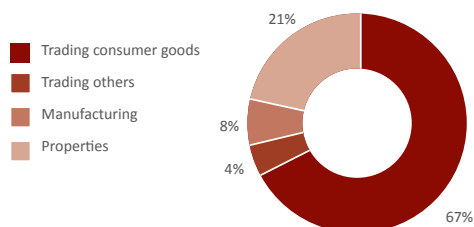
Segmental contributions

Our Group's operating and geographical segments are described in note 6 to financial statements. Contributions of each of the segments to the Group's consolidated performance is summarised below:

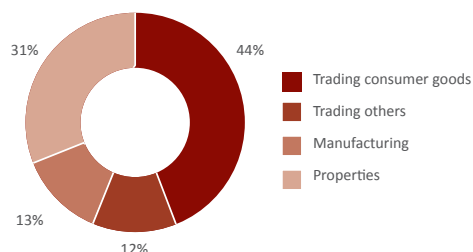
2012 Revenue P 2.1 billion



2012 Profit before tax P 108 million



2012 Total assets P 1 billion



Financial Review (continued)

Future prospects

On the back of a fantastic set of results, we are optimistic about the future prospects of the Group, in particular in the Trading – consumer goods segment. The Group has identified certain properties it owns for either further development or refurbishment. Financing of the major developments will be externally sourced. The trading – others segment has shown a significant improvement in the first quarter of the 2013 financial year, in particular due to increase in sales to Government.



Venkit Iyer
Group Finance Director



Five Year Highlights

2012 was a year of stellar performance for the Group with many financial thresholds surpassed.

Over the last 5 years:

Revenue up by

50%

Profit before tax up by

128%

Total comprehensive

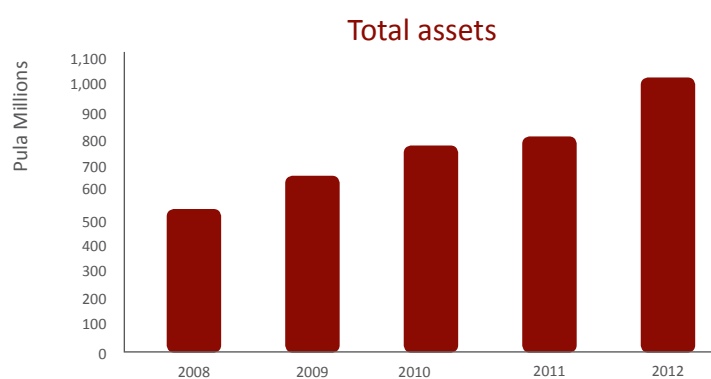
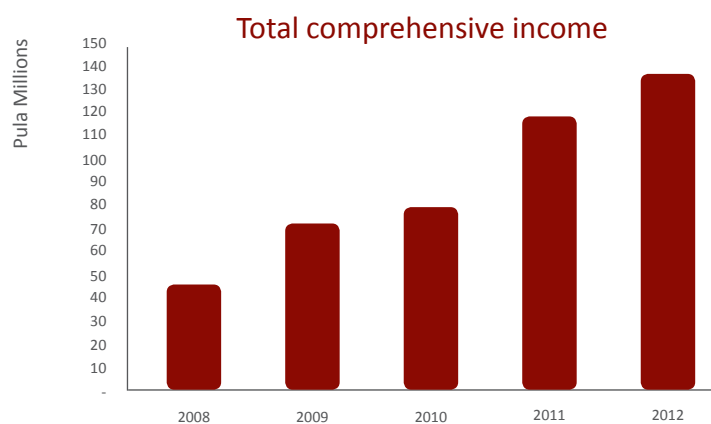
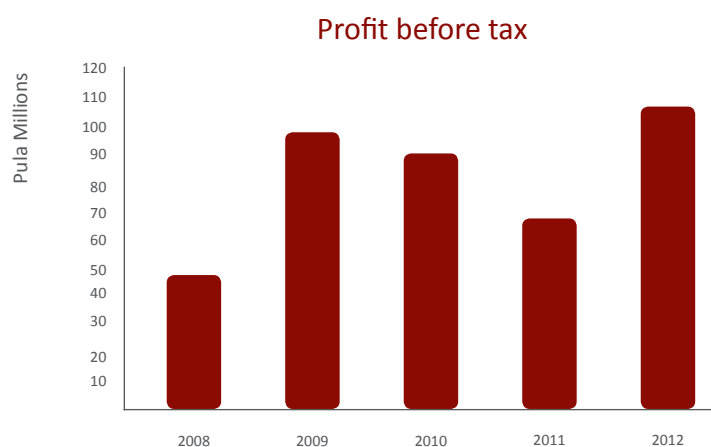
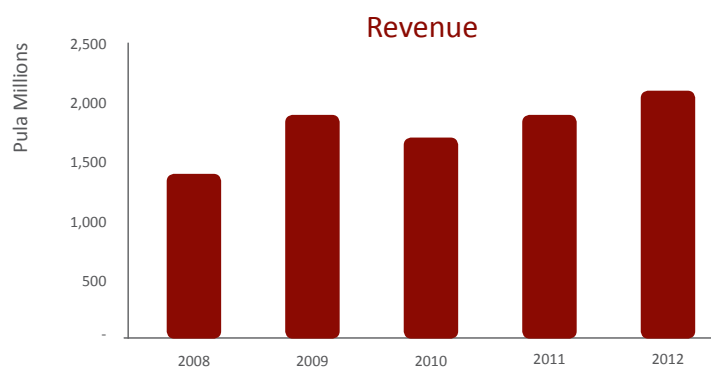
income up by

156%

Total assets up by

95%

Five Year Highlights



Financial record history

	30 April 2012	30 April 2011	30 April 2010	30 April 2009	30 April 2008
	P'000	P'000 *(restated)	P'000 *(restated)	P'000	P'000
Comprehensive Income					
Revenue	2 103 634	1 902 194	1 709 950	1 875 500	1 402 745
Profit from operations	108 564	68 811	93 766	100 497	47 791
Share of results from associates	181	(437)	(3 836)	(2 669)	
Income tax expense	(21 888)	(18 972)	(21 064)	(25 253)	(10 054)
Profit for the year	86 857	49 402	68 866	72 575	37 737
Other comprehensive income	49 965	68 790	10 116	-	15 638
Non-controlling interests	(7 607)	(4 003)	(15 193)	(15 688)	(7 573)
Total comprehensive income for the year attributable to equity holders of the parent	129 215	114 189	63 789	56 887	45 802
Earnings per share (thebe)	45.42	26.49	34.39	34.34	18.35
Total comprehensive income per share (thebe)	70.02	64.39	38.51	34.34	27.86
Dividends per share (thebe)	28.00	15.50	-	20.00	15.00
	30 April 2012	30 April 2011	30 April 2010	30 April 2009	30 April 2008
	P'000	P'000 (restated)	P'000 (restated)	P'000	P'000
Financial position					
Property, plant and equipment	319 277	283 731	180 921	161 701	137 962
Investment property	108 261	72 052	57 829	39 968	26 117
Intangible assets	26 349	25 803	25 673	28 290	30 931
Leasehold rights	2 962	3 703	3 008		
Investment in associate	4 921	5 599	6 420	7 510	
Property development loans	640	818	972	1 105	1 220
Deferred rental	2 241	1 775	1 400	916	197
Deferred tax assets	3 770	8 529	12 402	11 770	8 900
Retirement benefit surplus	18 731	21 512	23 601		
Current assets	544 442	391 028	470 416	427 484	324 373
Current liabilities	(397 509)	(308 122)	(389 545)	(351 517)	(266 782)
Non-current liabilities	(80 957)	(69 973)	(56 101)	(53 895)	(42 625)
Non-controlling interests	(40 073)	(31 397)	(54 898)	(46 445)	(33 728)
Equity attributable to equity holders of the parent	513 055	405 058	282 098	226 887	186 565

*Restated to comply with the requirements of International Financial Reporting Standard IAS 19 and early adoption of amendments to IAS 12. Refer to Note 2 (c) to the notes to the Financial Statements for more details on these restatements.



ANNUAL FINANCIAL STATEMENTS 2012

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 56 to 110 for the year ended 30 April 2012 were authorised for issue by the Board of Directors on 26 July 2012 and are signed on their behalf by:



Neo Moroka
Chairman
Gaborone



Chandra Chauhan
Group Managing Director



Independent Auditors 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 at 30 April 2012, 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 56 to 110.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements 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 misstatement, 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 at 30 April 2012, and 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
Certified Auditors
Practicing member: Rudi Binedell
Membership Number: 20040091

Gaborone
31 July 2012

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Senior Partner: B D Phirie
Partners: R Binedell, R P De Silva, A S Edirisinghe, N B Soni
Associates: M Lalithkumar, M Ramdas, S Sinha, S K K Wijesena.

Statement of Comprehensive Income

For the year ended 30 April 2012

		Group		Company	
	Note	2012 P'000	2011 P'000 (restated)	2012 P'000	2011 P'000
REVENUE	5	2 103 634	1 902 194		
Cost of sales		(1 920 760)	(1 770 290)		
Gross profit		182 874	131 904		
Investment income	7	4 172	4 322	40 385	41 317
Other income and gains	8	20 771	16 800	496	1 010
Administrative expenses		(91 737)	(76 278)	(1 137)	(1 629)
Finance costs	9	(7 516)	(7 937)	(1 209)	(1 808)
Profit before share of results of associates		108 564	68 811	38 535	38 890
Share of results of associates		181	(437)		
Profit before tax		108 745	68 374	38 535	38 890
Income tax expense	10	(21 888)	(18 972)	(19 164)	(5 793)
PROFIT FOR THE YEAR	11	86 857	49 402	19 371	33 097
Other comprehensive income:					
Net gain on the revaluation of land and buildings		47 186	69 441		
Gain on revaluation of land and buildings		59 424	89 027		
Income tax on gain on revaluation of land and buildings		(12 238)	(19 586)		
Currency translation differences		1 142	(651)		
Other income and gains		1 637			
Other comprehensive income for the year (net of tax)		49 965	68 790		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		136 822	118 192	19 371	33 097
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the parent		83 818	46 981	19 371	33 097
Non-controlling interests		3 039	2 421		
TOTAL PROFIT FOR THE YEAR		86 857	49 402	19 371	33 097
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		129 215	114 189	19 371	33 097
Non-controlling interests		7 607	4 003		
TOTAL COMPREHENSIVE INCOME		136 822	118 192	19 371	33 097
BASIC EARNINGS PER SHARE (THEBE)	13	45.42	26.49		
TOTAL COMPREHENSIVE INCOME PER SHARE (THEBE)	13	70.02	64.39		

Statement of Financial Position

30 April 2012

		Group			Company	
	Note	2012 P'000	2011 P'000 (restated)	2010 P'000 (restated)	2012 P'000	2011 P'000
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	14	319 277	283 731	180 921		
Investment property	15	108 261	72 052	57 829		
Intangible assets	16	26 349	25 803	25 673		
Leasehold rights	17	2 962	3 703	3 008		
Investment in associates	18	4 921	5 599	6 420		
Property development loan	19	640	818	972		
Deferred lease assets	20	2 241	1 775	1 400		
Deferred tax assets	21	3 770	8 529	12 402		1 250
Retirement benefit assets	38	18 731	21 512	23 601		
Investment in subsidiaries	22				127 193	127 198
Total non-current assets		487 152	423 522	312 226	127 193	128 448
CURRENT ASSETS						
Inventories	23	219 483	212 350	199 123		
Trade and other receivables	24	113 379	88 271	121 896	3 758	731
Amounts due from related parties	25				19 796	38 540
Current tax assets	10	2 783	1 732	2 998	127	32
Cash and cash equivalents	26	208 797	88 675	146 399	3 183	945
Total current assets		544 442	391 028	470 416	26 864	40 248
TOTAL ASSETS		1 031 594	814 550	782 642	154 057	168 696
EQUITY AND LIABILITIES						
EQUITY						
Stated capital	27	75 693	75 693	14 612	75 693	75 693
Other reserves	28	142 869	97 780	30 571		
Retained earnings		294 493	231 585	236 915	58 032	59 883
Equity attributable to owners of the parent		513 055	405 058	282 098	133 725	135 576
Non-controlling interests		40 073	31 397	54 898		
Total equity		553 128	436 455	336 996	133 725	135 576
NON-CURRENT LIABILITIES						
Finance lease obligations	29	7 138	9 543	15 230		
Deferred lease obligations	30	4 187	2 851	853		
Long term borrowings	31	11 367	10 823	13 565	11 367	10 823
Deferred tax liabilities	21	58 265	46 756	26 453		
Total non-current liabilities		80 957	69 973	56 101	11 367	10 823
CURRENT LIABILITIES						
Trade and other payables	32	300 557	229 285	296 448	1 209	956
Amounts due to related parties	25				5 056	10 115
Finance lease obligations	29	3 258	6 909	4 367		
Other financial liabilities	31	51 711	1 504	1 507	1 711	1 504
Current tax liabilities	10	5 231	2 623	6 771	767	767
Bank overdrafts	35	18 008	57 223	66 840	222	8 955
Provisions	36	18 744	10 578	13 612		
Total current liabilities		397 509	308 122	389 545	8 965	22 297
Total liabilities		478 466	378 095	445 646	20 332	33 120
TOTAL EQUITY AND LIABILITIES		1 031 594	814 550	782 642	154 057	168 696

Statement of Changes in Equity

For the year ended 30 April 2012

Group	Note	Attributable to owners of the parent				Non-controlling interests	Total equity
		Stated capital	Other reserves	Retained earnings	Total		
		P'000	P'000	P'000	P'000	P'000	P'000
At 30 April 2010 as originally stated		14 612	30 571	212 900	258 083	54 162	312 245
Impact of change in accounting policy (IAS 12) (Note 2)				6 314	6 314	736	7 050
Prior year restatement (net of tax) in respect of retirement benefit asset (Note 2)				17 701	17 701		17 701
At 30 April 2010 (restated)		14 612	30 571	236 915	282 098	54 898	336 996
Profit for the year (restated) (Note 2)				46 981	46 981	2 421	49 402
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			67 762		67 762	1 679	69 441
Currency translation differences			(553)		(553)	(98)	(651)
Dividends paid - 2011 interim	13			(18 453)	(18 453)	(280)	(18 733)
Additional shares issued on acquisition of non-controlling interest in Sefalana Cash and Carry Limited		61 081		(33 858)	27 223	(27 223)	
At 30 April 2011 (restated)		75 693	97 780	231 585	405 058	31 397	436 455
Profit for the year				83 818	83 818	3 039	86 857
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			44 175		44 175	3 011	47 186
Currency translation differences			914		914	228	1 142
Other income and gains				1 637	1 637	1 577	3 214
Disposal of shares in subsidiary	22			(1 325)	(1 325)	1 325	
Dividends paid - 2012 interim and 2011 final	13			(21 222)	(21 222)	(504)	(21 726)
At 30 April 2012		75 693	142 869	294 493	513 055	40 073	553 128

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

Company	Notes	Stated capital	Retained earnings	Total equity
		P'000	P'000	P'000
		P'000	P'000	P'000
At 30 April 2010		14 612	45 239	59 851
Profit for the year			33 097	33 097
Dividends paid - 2011 interim	13		(18 453)	(18 453)
Additional shares issued on acquisition of non-controlling interest in Sefalana Cash and Carry Limited		61 081		61 081
At 30 April 2011		75 693	59 883	135 576
Profit for the year			19 371	19 371
Dividends paid - 2012 interim and 2011 final	13		(21 222)	(21 222)
At 30 April 2012		75 693	58 032	133 725

Statement of Cash flows

For the year ended 30 April 2012

		Group		Company	
	Notes	2012	2011	2012	2011
		P'000	P'000	P'000	P'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		86 857	49 402	19 371	33 097
Income tax expense	10	21 888	18 972	19 164	5 793
Finance costs	9	7 516	7 937	1 209	1 808
Investment income	7	(4 172)	(4 322)	(40 385)	(41 317)
Movement on retirement benefit assets	38	2 781	2 089		
Gain on revaluation of investment property	8	(19 348)	(15 870)		
Net effect of straight line rental adjustment		1 225	2 011		
Arising from currency translation of foreign subsidiary		1 753	1 419		
Impairment of property, plant and equipment	14		380		
Gain on disposal of property, plant and equipment	8	(327)	(105)		
Amortisation of intangible assets and leasehold rights	16 & 17	1 594	1 489		
Depreciation of property, plant and equipment	14	23 048	17 427		
Cash generated / (utilised) by operating activities before working capital changes		122 815	80 829	(641)	(619)
Movements in working capital:					
Trade and other receivables		(25 107)	32 733	(3 025)	(595)
Inventories		(7 133)	(13 227)		
Provisions, trade and other payables		79 438	(70 197)	253	41
Balances with related parties				13 685	3 996
Cash generated from operations		170 013	30 138	10 272	2 823
Interest on loans and finance leases paid		(7 516)	(7 937)	(1 209)	(1 808)
Income taxes paid		(16 804)	(17 387)	(18 011)	(4 934)
Net cash generated by / (utilised in) operating activities		145 693	4 814	(8 948)	(3 919)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7	4 172	4 322	954	317
Dividends received from subsidiaries	7			39 431	41 000
Purchase of computer software rights and goodwill	16	(1 399)	(2 429)		
Purchase of property, plant and equipment	14	(16 571)	(31 417)		
Additions to investment property	15		(20)		
Proceeds from disposal of property, plant and equipment		407	271		
Receipts from loans advanced		178	154		
Net movement in investment in associates	18	678	821		
Disposal of subsidiaries	22	3 210			
Net cash flows (utilised in) / generated by investing activities		(9 325)	(28 298)	40 385	41 317
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loan	31	(1 381)	(1 904)	(1 381)	(1 904)
Proceeds from issue of promissory notes	31	50 000			
Effect of foreign exchange difference	31	2 132	(841)	2 132	(841)
Movement in finance lease obligations	29	(6 056)	(3 145)		
Movement in investments in subsidiaries				5	
Cash dividends paid:					
To owners of the parent	13	(21 222)	(18 453)	(21 222)	(18 453)
To non-controlling interests		(504)	(280)		
Net cash flows from financing activities		22 969	(24 623)	(20 466)	(21 198)
Net movement in cash and cash equivalents		159 337	(48 107)	10 971	16 200
Cash and cash equivalents at beginning of year		31 452	79 559	(8 010)	(24 210)
Cash and cash equivalents at end of year		190 789	31 452	2 961	(8 010)
Represented by:					
Bank overdrafts	34	(18 008)	(57 223)	(222)	(8 955)
Cash and cash equivalents	26	208 797	88 675	3 183	945
		190 789	31 452	2 961	(8 010)

Notes to the Financial Statements

For the year ended 30 April 2012

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 financial statements for the year ended 30 April 2012 were authorised for issue by the Board of Directors on 26 July 2012.

2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the Botswana Companies Act 2003. 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 to all the years presented, 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 early adopted by the Group and Company

In 2012, the Group has early adopted IAS 12 'Income Taxes' on deferred tax (amendment).

Deferred Tax: Recoverability of Underlying Assets - Amendments to IAS 12, is effective for the year ending 30 April 2013, however the Group has early adopted this standard in the current financial year. This amendment is applied retrospectively. It requires entities to measure deferred tax for investment properties measured in accordance with the fair value model in IAS 40 Investment Property by applying the consequences of recovering the economic benefits of the asset entirely through sale unless the presumption can be rebutted.

The Group measures deferred tax for investment properties measured at fair value by applying the consequences of recovering the economic benefits of the investment properties entirely through sale.

The Group has reviewed its portfolio of investment properties and has rebutted the presumption for those investment properties held with the objective of consuming substantially all the economic benefits through use.

(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	Contents	Applicable for financial years beginning on/ after
IAS 1 (amendment)	Presentation of Financial Statements	1-Jan-13
IAS 28 (2011)	Investment in Associates and joint-ventures	1-Jan-13
IFRS 7 (amendment)	Financial instruments: disclosures	1-Jan-12
IFRS 9 (amendment)	IFRS 9 – Financial Instruments (amendment)	1-Jan-15
IFRS 10	Consolidated financial statements - Identifying the concept of control as the determining factor in whether an entity should be consolidated with the group or not	1-Jan-13
IFRS 11	Joint arrangements – focusing on difference between joint operations and joint ventures based on rights and obligations of the arrangement rather than the legal form.	1-Jan-13
IFRS 12	Disclosure of interest in other entities	1-Jan-13
IFRS 13	Fair value measurement – giving precise definition of fair value and single source of fair value measurement and disclosure.	1-Jan-13

Notes to the Financial Statements

For the year ended 30 April 2012

2 BASIS OF PREPARATION (continued)

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2014.

The Group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and the comparative information will be restated.

IAS 28 Investments in Associates and Joint Ventures (2011)

IAS 28 (2011) will be adopted by the Group for the first time for its financial reporting period ending 30 April 2014.

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.

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

Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures

The amendments to IFRS 7 (AC 144) will be adopted by the Group for the first time for its financial reporting period ending 30 April 2013.

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

- not derecognised in their entirety and
- derecognised in their entirety but for which the Group retains continuing involvement.

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

IFRS 9 (2009) (AC 146) Financial Instruments

IFRS 9 (AC 146) will be adopted by 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 (AC 146) addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39 (AC 133).

Under IFRS 9 (AC 146) 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) (AC 146A) 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 cannot be reasonably estimated as at this time.

IFRS 10 Consolidated Financial Statements

IFRS 10 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2014. The standard will be applied retrospectively if there is a change in the control conclusion between IAS 27 and IFRS 10.

Notes to the Financial Statements

For the year ended 30 April 2012

2 BASIS OF PREPARATION (continued)

IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining 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 should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

The impact on the financial statements for Group cannot be reasonably estimated as at this time.

IFRS 11 Joint Arrangements

IFRS 11 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2014. The standard will be 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 venturers, have rights to the net assets of the arrangement.

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

The impact on the financial statements for the Group cannot be reasonably estimated as at this time.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2014.

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 user 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 the new standard will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2014. The standard will be applied prospectively and comparatives will not be 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 disclosures 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;

Notes to the Financial Statements

For the year ended 30 April 2012

2 BASIS OF PREPARATION (continued)

- 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.

The impact on the financial statements for the Group cannot be reasonably estimated as at this time.

(c) Prior year re-statements

Retirement benefit surplus

In accordance with International Financial Reporting Standard, IAS 19 (Employee Benefits) and IFRIC Interpretation 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 should have recognised the fair value of the employer reserve balance as an asset in the financial statements for the years ended 30 April 2011 and prior.

However, due to the uncertainty of the amalgamation of the Funds and as the value of the Employer Reserve had not yet been determined with sufficient certainty, this asset was not recognised in the financial statements of previous years.

Following the finalisation of the audited financial statements of the (amalgamated) Sefalana Group Staff Pension Fund at 31 January 2012, the fair value of the employer reserve has been recognised in the annual financial statements as required by IFRS. This change has been accounted for retrospectively in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates).

Adoption of IAS 12 (amended)

The Group previously measured deferred tax liabilities for investment properties based on the tax rate which would result from the Group's continuing use and/or sale of the investment property. In accordance with the most recent amendments to IAS 12 (Income taxes), the Group now measures deferred tax liabilities for investment properties based on the tax rate which would result on the sale of the property investment.

The Group has reviewed its portfolio of investment properties and has rebutted the presumption for those investment properties held with the objective of consuming substantially all the economic benefits through use. This change has been accounted for retrospectively in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates).

Notes to the Financial Statements

For the year ended 30 April 2012

2 BASIS OF PREPARATION (continued)

(c) Prior year re-statements (continued)

The impact on the financial statements and the basic earnings per share of the above re-statements is as follows:

Statement of financial position						
	Retirement benefit assets	Retained earnings	Non- controlling interest	Deferred tax liability		
	P'000	P'000	P'000	P'000		
Year ended 30 April 2010						
As previously stated		212 900	54 162	27 603		
Restatements	23 601	24 015	736	(1 150)		
Adoption of IAS 12 (amended)		6 314	736	(7 050)		
Recognition of retirement surplus	23 601	17 701		5 900		
Restated at 30 April 2010	23 601	236 915	54 898	26 453		
Statement of comprehensive income						
Profit for the year					Basic EPS	
P'000					(thebe)	
Year ended 30 April 2011						
As previously stated		208 281	30 661	49 284	50 113	26.89
Effect of 2010 restatement	23 601	24 015	736	(1 150)		
Movement on deferred tax (IAS 12)		210		(210)	210	0.12
Movement for the year on retirement asset	(2 089)	(921)		(1 170)	(921)	(0.52)
Restated at 30 April 2011	21 512	231 585	31 397	46 756	49 402	26.49

There is no impact on the statement of cash flows other than the consequential adjustments arising from the restatement of the prior year statement of financial position.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or currently convertible are considered when assessing whether the Group has the power to control another 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 IAS 27 (revised) – 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. 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. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the 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 excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of 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 subsequent to the disposal are accounted for as equity transactions. Consequently, the difference between the purchase price and the book value of a minority 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 an 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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's financial statements include the financial statements of Sefalana Holding Company Limited and its subsidiaries, whose financial year ends are all 30 April as disclosed in note 22.

Associates

Associates are all entities over which the Group 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.

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

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

Where impairment indicators are identified, the recoverable value of the associate 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 associate.

Where the recoverable value of an associate 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.

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.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. 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.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. 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 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 group) 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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, 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.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured at fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available for sale financial asset, the cumulative fair value adjustments recognised previously in other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

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 other comprehensive income.

Interests in Joint Ventures

A joint venture is a contractual agreement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Jointly controlled entities

Investments in jointly controlled entities are proportionately consolidated from the date on which the Group has the power to exercise joint control, up to the date on which the power to exercise joint control ceases. This excludes cases where the investment is classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations.

The Group's share of assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined on a line by line basis with similar items in the consolidated annual financial statements.

The Group's proportionate share of inter Company balances and transactions, and resulting profits or losses between the Group and jointly controlled entities are eliminated on consolidation.

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 (Non-current assets held for sale and discontinued operations). Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein.

When the Group loses joint control, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Jointly controlled operations

In respect of its interests in jointly controlled operations, the Group recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly controlled assets

In respect of its interest in jointly controlled assets, the Company recognises in its annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other ventures' in relation to the joint venture;
- any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

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 or losses.'

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, but at least triennial, 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 is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 are 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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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;
- The development risk specific to the property;
- Past experience with similar constructions; and
- 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 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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/ associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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 recognise 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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 substantively 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.

Until 30 June 2011, withholding tax of 15% was payable on the gross value of dividends. This withholding tax was treated as an advance payment of Company tax and is set off against available Additional Company Tax credits in the financial year in which it is paid. Effective from 1 July 2011, the Botswana Income Tax Act has been amended to charge withholding tax on dividends at a rate of 7.5 % and abolished set off of withholding tax on dividends against available Additional Company Tax credits. Dividends are accounted for gross of withholding tax.

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 and manufactured goods 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.

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 classifies its financial assets 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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The translation differences on monetary securities are recognised in the statement of 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.

Derecognition 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 'administrative 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.

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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 classifies its financial liabilities 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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

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.

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.

Notes to the Financial Statements

For the year ended 30 April 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Business segments are distinguishable components of the Group that provide products or services that are subject to risks and reward that are different to those of other business segments. 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 and the Republic of Zambia during the reporting periods.

Notes to the Financial Statements

For the year ended 30 April 2012

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 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 valuation was carried out at 30 April 2012. 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 15%. A 1% increase in the capitalisation rate would result in a P2.9 million reduction in overall portfolio value. A 1% decrease in capitalisation rate would result in a P2.9 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, 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 for 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 warranties 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 Subsidiary. 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 and net realisable value.

Notes to the Financial Statements

For the year ended 30 April 2012

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

For the year ended 30 April 2012

	Group	
	2012	2011
	P'000	P'000
5 REVENUE		
An analysis of the Group's revenue is as follows:		
Revenue from trading and manufacturing	2 094 051	1 894 530
Property rental income	9 583	7 664
	2 103 634	1 902 194
Property rental income comprises:		
Contractual rental income	9 228	7 247
Straight line lease rental adjustment	355	417
	9 583	7 664

6 BUSINESS AND GEOGRAPHICAL SEGMENTS

Business 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. Manufacture and sale of a range of laundry and bath soaps.

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.

The Company's Board of Directors acts as the Chief Operating Decision Maker of the Group and it assesses the performance of the operating units based on the measure of profit before tax. This measurement basis assesses performance on bases of recognition and measurement which are consistent with the accounting policies of the Group. Inter-segment transactions between business segments are based on an arm's length basis in a manner similar to transactions with third parties.

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.

Geographical segments

The Group has significant operations only in Botswana. During the previous financial year, Sefalana Properties Limited Zambia, a subsidiary of the Company entered into 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 under geographical segment information.

Notes to the Financial Statements

For the year ended 30 April 2012

6 BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment results

	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter segment or unallocated	Consolidated
2012	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	1 881 501	121 804	109 815	23 278	5 483	(38 247)	2 103 634
Cost of sales	(1 769 324)	(97 522)	(90 613)			36 699	(1 920 760)
Gross profit	112 177	24 282	19 202	23 278	5 483	(1 548)	182 874
Investment income	3 767	582	643	300		(1 120)	4 172
Other income and gains	88	4 226	834	9 322	13 638	(7 337)	20 771
Administrative expenses	(40 269)	(24 540)	(10 908)	(16 768)	(1 254)	2 002	(91 737)
Finance costs	(2 529)	(151)	(1 422)	(4 280)		866	(7 516)
Profit before share of results of associates	73 234	4 399	8 349	11 852	17 867	(7 137)	108 564
Share of results of associates	181						181
Profit before tax	73 415	4 399	8 349	11 852	17 867	(7 137)	108 745
Total segment results above include:							
Revenue from external customers	1 881 501	120 749	91 801	4 100	5 483		2 103 634
Depreciation and amortisation	14 329	1 420	2 314	6 579			24 642
Staff costs	85 216	11 048	9 686	12 059	444	824	119 277

Segment assets and liabilities

	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter segment or unallocated	Consolidated
2012	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Assets	456 513	126 303	128 640	268 491	52 056	(409)	1 031 594
Liabilities	(265 833)	(74 907)	(66 652)	(94 446)	(19 591)	42 963	(478 466)
Inter-group balances	(156)		18 528	(25 790)	(12 369)	19 787	
Total assets include:							
Capital expenditure during the year	11 622	360	5 454	534			17 970

Segment results

	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter segment or unallocated	Consolidated
2011 (restated)	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	1 614 660	220 946	77 245	21 922	4 179	(36 758)	1 902 194
Cost of sales	(1 551 209)	(189 072)	(66 564)			36 555	(1 770 290)
Gross profit	63 451	31 874	10 681	21 922	4 179	(203)	131 904
Investment income	3 416	611	295	635		(635)	4 322
Other income and gains	79	502	897	19 316	430	(4 424)	16 800
Administrative expenses	(30 088)	(25 471)	(10 248)	(9 294)	(1 696)	519	(76 278)
Finance costs	(3 359)	(563)	(21)	(3 701)		(293)	(7 937)
Profit before share of results of associates	33 499	6 953	1 604	28 878	2 913	(5 036)	68 811
Share of results of associates	(437)						(437)
Profit before tax	33 062	6 953	1 604	28 878	2 913	(5 036)	68 374
Total segment results above include:							
Revenue from external customers	1 614 090	219 965	60 475	3 485	4 179		1 902 194
Depreciation and amortisation	11 812	1 401	2 628	3 455			19 296
Staff costs	70 441	12 106	8 986	6 099		768	98 400

Segment assets and liabilities

	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter segment or unallocated	Consolidated
2011 (restated)	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Assets	402 404	69 513	51 956	235 430	33 854	21 393	814 550
Liabilities	(249 485)	(29 106)	(8 872)	(83 597)	(5 082)	(1 953)	(378 095)
Inter-group balances	(779)	(3 127)	(388)	(15 345)	(14 465)	34 104	
Total assets include:							
Capital expenditure during the year	28 715	3 102	1 244	805			33 866

Notes to the Financial Statements

For the year ended 30 April 2012

	Group		Company	
	2012	2011	2012	2011
	P'000	P'000	P'000	P'000
7 INVESTMENT INCOME				
Interest income from:				
Bank deposits	3 732	4 314		
Related party loans			954	317
Other loans and receivables	440	8		
Dividends from subsidiaries			39 431	41 000
	4 172	4 322	40 385	41 317
8 OTHER INCOME AND GAINS				
Cost recoveries from subsidiaries			120	936
Gain on disposal of property, plant and equipment	327	105		
Gain on revaluation of investment property	19 348	15 870		
Net effect of straight line rental adjustment	(355)	(417)		
Net foreign exchange gains	93	445	376	74
Other	1 358	797		
	20 771	16 800	496	1 010
9 FINANCE COSTS				
Interest paid on:				
Bank overdrafts and loans	4 638	4 520	909	1 068
Finance lease obligations	2 576	3 403		
Related party loans				740
Other	302	14	300	
	7 516	7 937	1 209	1 808

The weighted average capitalisation rate on funds borrowed for working capital purposes generally is 7.65 % per annum (2011: 7.75%)

Notes to the Financial Statements

For the year ended 30 April 2012

	Group		Company	
	2012	2 011	2012	2 011
	P'000	P'000	P'000	P'000
10 INCOME TAX EXPENSE		(restated)		
Current tax				
Basic Company Tax	19 074	9 004		
Additional Company Tax at 10%		5 543		
Adjustment in respect of prior years	(569)			
Withholding tax set off on dividends	(92)	(42)	17 915	6 150
Total current tax	18 413	14 505	17 915	6 150
Deferred tax				
Change in tax rates		(2 749)		107
Origination and reversal of temporary difference	4 086	8 594	1 249	(464)
Movement in respect of retirement benefit assets	(611)	(1 168)		
Movement in respect of IAS 12 early adoption		(210)		
Total deferred tax	3 475	4 467	1 249	(357)
Income tax expense	21 888	18 972	19 164	5 793

In accordance with the Botswana Income Tax (Amendment) Act, 2011, the two tier system of charging 15% Basic Company Tax and 10% Additional Company Tax (ACT) was abolished and replaced with a single corporate tax rate of 22% for resident companies with effect from the tax year commencing on 1 July 2011. The single corporate tax rate for manufacturing companies in Botswana is 15%. The brought forward balances of ACT cannot be used against taxation on dividends paid after 30 June 2011. The dividend tax rate is 7.50% with effect from 1 July 2011.

The Company and Group has used the single corporate tax rate of 22% for calculating deferred tax at the current financial year-end for the non-manufacturing entities in Botswana and 35% tax rate for the Zambian operations. For manufacturing entities, the deferred taxation rate applied is 15%.

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

Profit before tax	108 745	68 374	38 535	38 890
Tax calculated at current tax rates - 22% (2011: 25%)	23 924	17 094	8 478	9 723
Effect of differential tax rates	(284)	(936)		170
Prior period expenses and reversal of deferred tax asset on revaluation	3 372	2 126	1 381	
Expenses not deductible for tax purposes	445	1 362	66	
Withholding tax (net of ACT utilised)/credits	(92)	(42)	17 915	6 150
Adjustment in respect of prior years	(569)			
Tax effect of income not chargeable	(4 908)		(8 676)	(10 250)
Expenses entitled to double deduction		(632)		
Income tax expense per statement of comprehensive income	21 888	18 972	19 164	5 793
Current tax assets and liabilities				
Current tax assets	2 783	1 732	127	32
Current tax liabilities	5 231	2 623	767	767

Notes to the Financial Statements

For the year ended 30 April 2012

	Group		Company	
	2012	2011	2012	2011
	P'000	P'000	P'000	P'000
11 PROFIT FOR THE YEAR				
Profit for the year has been arrived at after charging/(crediting):				
Audit fees	2 490	2 548	31	16
Amortisation of intangible assets (Note 16)	853	748		
Amortisation of leasehold rights (Note 17)	741	741		
Cost of inventories expensed	1 887 712	1 655 824		
Depreciation of property, plant and equipment (Note 14)	23 048	17 427		
Impairment of property, plant and equipment		380		
Directors and employee benefits	116 396	95 283	824	768
Impairment of trade receivables (Note 24)	1 588	735		
Operating lease costs:				
- properties	10 600	9 273		
- motor vehicles	1 522	481		
Pension fund contributions	100	1 028		
Movement in Pension Fund Employer Reserve	2 781	2 089		
Gain on revaluation of investment property (Note 15)	(19 348)	(15 870)		
Gain on disposal of property, plant and equipment	(327)	(105)		
12 DIRECTORS EMOLUMENTS				
Emoluments of the Directors of Sefalana Holding Company Limited from the Company and its subsidiaries:				
Fees for services as Directors	936	840	720	624
Fees for consultancy services	104	144	104	144
Managerial services	4 732	4 811		
Total	5 772	5 795	824	768
Paid by subsidiary companies	4 948	5 027		
Paid by the Company	824	768	824	768
Total	5 772	5 795	824	768

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
13 EARNINGS, COMPREHENSIVE INCOME AND DIVIDENDS PER SHARE		
Profit attributable to owners of the parent (P'000)	83 818	46 981
Total comprehensive income attributable to owners of the parent (P'000)	129 215	114 189
Shares in issue at end of year (number)	184 540 130	184 540 130
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.		
Shares in issue at beginning of year (number)	184 540 130	165 649 067
Additional shares issued on acquisition of non-controlling interest in Sefalana Cash and Carry Limited (number)		18 891 063
Shares in issue at end of the year (number)	184 540 130	184 540 130
Weighted average shares in issue during the year (number)	184 540 130	177 345 999
Basic earnings per share (thebe)	45.42	26.49
Total comprehensive income per share (thebe)	70.02	64.39
DIVIDENDS	2012 P'000	2011 P'000
Declared and paid during the year:		
Interim 2012: 6 thebe per share and Final 2011: 5.5 thebe per share; Interim 2011: 10 thebe per share and Final 2010: nil.	21 222	18 453
Proposed:		
Final 2012: 22 thebe per share; Final 2011: 5.50 thebe per share	40 599	10 150

Notes to the Financial Statements

For the year ended 30 April 2012

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings P'000	Buildings capitalised under finance leases P'000	Plant, fixtures and equipment P'000	Motor vehicles P'000	Total P'000
Group					
Cost or valuation					
At 30 April 2010	132 795	12 905	62 021	10 532	218 253
Additions	1 432	13	28 077	2 789	32 311
Gain on revaluation	89 027				89 027
Reversal of depreciation on revaluation	(9 232)				(9 232)
Transfer from investment property	100				100
Reclassification	410	(410)			
Transfer to investment property	(655)				(655)
Disposals			(61)	(105)	(166)
At 30 April 2011	213 877	12 508	90 037	13 216	329 638
At 30 April 2011	213 877	12 508	90 037	13 216	329 638
Additions			13 810	2 761	16 571
Gain on revaluation	59 424				59 424
Reversal of depreciation on revaluation	(8 073)				(8 073)
Disposal of subsidiary			(1 516)	(464)	(1 980)
Transfer to investment property	(16 039)				(16 039)
Disposals			(80)	(80)	(160)
At 30 April 2012	249 189	12 508	102 251	15 433	379 381
Depreciation and impairment					
At 30 April 2010	5 750	6 269	21 246	4 067	37 332
Depreciation charge for the year	3 847	1 642	9 512	2 426	17 427
Reclassification	410	(410)			
Impairment during the year			380		380
Reversal of depreciation on revaluation	(9 232)				(9 232)
At 30 April 2011	775	7 501	31 138	6 493	45 907
At 30 April 2011	775	7 501	31 138	6 493	45 907
Depreciation charge for the year	7 298	1 646	11 559	2 545	23 048
Disposals			(511)	(267)	(778)
Reversal of depreciation on revaluation	(8 073)				(8 073)
At 30 April 2012	9 147	42 186	8 771	60 104	
Carrying amount					
At 30 April 2012	249 189	3 361	60 065	6 662	319 277
At 30 April 2011	213 102	5 007	58 899	6 723	283 731

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 is based on recent market data on similar properties transacted on an arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

A 10 basis point increase/decrease in capitalisation rate on each property would decrease/increase the overall valuation by P 2.9 million. Revaluation surpluses net of deferred tax relating to investment properties are credited to other reserves in shareholders' equity and are included in other comprehensive income.

Depreciation expenses of P 12.75 million (2011: P 10.5 million) and P 10.30 million (2011: P 6.9 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:-

	2012 P'000	2011 P'000
Cost	41 940	56 104
Accumulated depreciation	(11 054)	(9 651)
Net carrying amount	30 886	46 453

Land and buildings with a carrying value of P 7.15 million are encumbered by a mortgage bond securing P 5 million banking facilities entered into by the Group as noted in note 35.

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
15 INVESTMENT PROPERTY		
Group		
Freehold and leasehold land and buildings at fair value	110 959	75 572
Straight line lease rental adjustment	(2 165)	(1 686)
Currency translation differences	(533)	(1 834)
Balance at end of year	108 261	72 052
Reconciliation of fair value:		
Opening fair value	72 052	57 829
Additions during the year		20
Transfer to property, plant and equipment		(100)
Transfer from property, plant and equipment	16 039	655
Currency translation differences	1 301	(1 834)
Revaluation surplus	19 348	15 870
Straight line lease rental adjustment	(479)	(388)
	108 261	72 052
The carrying value of investment property has been determined by an independent professional third party valuer at 30 April 2012 (Note 14).		
One investment property with a carrying value of P20.20 million is encumbered as security for banking facilities entered into by the Group (Note 31).		
Contractual rental income from investment property	9 228	7 247
Expenses directly attributable to investment property	(302)	(656)

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

For the year ended 30 April 2012

16 INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
	P'000	P'000	P'000
Group			
Cost			
At 30 April 2010	25 323	8 885	34 208
Additions		878	878
At 30 April 2011	25 323	9 763	35 086
Additions		1 399	1 399
At 30 April 2012	25 323	11 162	36 485
Amortisation and impairment			
At 30 April 2010	443	8 092	8 535
Charge during the year		748	748
At 30 April 2011	443	8 840	9 283
Charge during the year		853	853
At 30 April 2012	443	9 693	10 136
Carrying amount			
At 30 April 2012	24 880	1 469	26 349
At 30 April 2011	24 880	923	25 803

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

	2012	2011
	P'000	P'000
Sefalana Cash and Carry Limited	18 693	18 693
MF Holdings (Proprietary) Limited	3 794	3 794
Wholesale operations in South West Botswana	2 393	2 393
Total	24 880	24 880

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

	2012			2011		
	Sefalana Cash and Carry 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	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Growth rates	3.0%	8.0%	3.0%	3.0%	5.0%	3.0%

The table below shows the values of these assumptions at which the estimated recoverable amount is equal to the carrying amount while holding all other assumptions constant:

	2012			2011		
	Sefalana Cash and Carry 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	32%	16%	32%	24%	15%	16%
Growth rates	(13%)	5%	(13%)	(12%)	2%	(2%)

Notes to the Financial Statements

For the year ended 30 April 2012

17 LEASEHOLD RIGHTS

	P'000
Group	
Cost	
At 30 April 2010	3 008
Arising during the year	1 436
At 30 April 2011 and 2012	4 444
Amortisation and impairment	
At 30 April 2010	
Charge during the year	741
At 30 April 2011	741
Charge during the year	741
At 30 April 2012	1 482
Carrying amount	
At 30 April 2012	2 962
At 30 April 2011	3 703

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

For the year ended 30 April 2012

18 INVESTMENT IN ASSOCIATES

			2012 P'000	2011 P'000
	Seftim Hardware (Proprietary) Limited P'000	Hyperbola (Proprietary) Limited P'000	Total P'000	Total P'000
Shares at cost	1	684	685	714
Loan to associate	8 265	3 232	11 497	12 356
Total cost of investment	8 266	3 916	12 182	13 070
Less: Share of loss	(5 767)	(994)	(6 761)	(6 942)
Impairment against investment	(500)		(500)	(529)
Carrying value at end of year	1 999	2 922	4 921	5 599

The financial results of the unlisted associates and their assets and liabilities are as follows:

		Seftim Hardware (Proprietary) Limited P'000	Hyperbola (Proprietary) Limited P'000
2012	Revenue		17 282
	Profit		369
	Group's share of profit		181
	Assets	4 492	6 674
	Liabilities	(16 025)	(7 289)
2011	Revenue		14 565
	Loss		(891)
	Group's share of loss		(437)
	Assets	4 799	7 676
	Liabilities	(16 332)	(8 660)

Other information pertaining to the associate companies:

Country of incorporation	Botswana	Botswana
Financial year end	30 April	30 April
Effective interest in stated capital	50%	49%
Principal activity	Hardware trading in retail sector	Retail trade on fast moving consumer goods
Date of discontinuation of operation	5 July 2010	N/A

None of the Group's investment in associates are publicly traded and therefore no quoted market prices are available. The loan to Hyperbola (Proprietary) Limited is charged interest at the prime lending rate per commercial banks in Botswana. The loan is unsecured and has no fixed terms of repayment. There are no significant contingent liabilities relating to the Group's interest in the associates.

Subsequent to the year end the assets and liabilities of Seftim Hardware (Proprietary) Limited were realised in cash against the net investment.

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
19 PROPERTY DEVELOPMENT LOAN		
Group		
Loan receivable	640	818

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 to construct the building from where one of the Sefalana Cash and Carry 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.

20 DEFERRED LEASE ASSETS

Group		
At beginning of year	1 775	1 400
Arising during the year	466	375
At end of year	2 241	1 775

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

Notes to the Financial Statements

For the year ended 30 April 2012

21 DEFERRED TAX ASSETS AND LIABILITIES

Group

Deferred tax assets (liabilities) arise from the following:

	Accelerated tax depreciation	Revaluation of land and buildings	Inventory obsolescence	Retirement benefit assets	Other	Total
	P'000	P'000	P'000	P'000	P'000	P'000
At 30 April 2010 (as previously stated)	(5 345)	(19 383)	8 306		1 221	(15 201)
Impact of restatements (Note 2 (c)):						
Movement in respect of retirement assets				(5 900)		(5 900)
Movement in respect of IAS 12 early adoption		7 050				7 050
At 30 April 2010 (restated)	(5 345)	(12 333)	8 306	(5 900)	1 221	(14 051)
At 30 April 2011 (as previously stated)	(8 612)	(40 602)	7 427		1 032	(40 755)
Impact of 2010 restatements		7 050		(5 900)		1 150
Impact of 2011 restatements:						
Movement in respect of retirement assets				1 168		1 168
Movement in respect of IAS 12 early adoption		210				210
At 30 April 2011 (restated)	(8 612)	(33 342)	7 427	(4 732)	1 032	(38 227)
At 30 April 2011 (restated)	(8 612)	(33 342)	7 427	(4 732)	1 032	(38 227)
Current year movement	(1 258)	631	(882)	611	(2 577)	(3 475)
Gain on revaluation of land and buildings		(12 238)				(12 238)
Reversal on disposal of subsidiary					(477)	(477)
Currency translation differences					(78)	(78)
At 30 April 2012	(9 870)	(44 949)	6 545	(4 121)	(2 100)	(54 495)

	2012	2011	2010
	P'000	P'000 (restated)	P'000 (restated)
Disclosed as:			
Deferred tax assets	3 770	8 529	12 402
Deferred tax liabilities	(58 265)	(46 756)	(26 453)
	(54 495)	(38 227)	(14 051)

	Total
Company	P'000
At 30 April 2011	1 250
Movement during the year	(1 250)
At 30 April 2012	

Within the Group P2.2 million (2011: nil) of deferred tax assets has not been recognised on the basis of uncertainty regarding its recoverability.

For the year ended 30 April 2012

		2012	2011	2012	2011
				P'000	P'000
INVESTMENT IN SUBSIDIARIES					
Company		% holding	% holding		
Held directly:					
Botswana Grain and Milling Company (Proprietary) Limited	*	n/a	100		337
Brook Street Holdings (Proprietary) Limited	*	n/a	100		26
Dumela Development (Proprietary) Limited	*	n/a	100		1 044
Foods (Botswana) (Proprietary) Limited		100	100	2 524	2 524
Jaedena Enterprises (Proprietary) Limited	**	n/a	51		1
KSI Holdings (Proprietary) Limited		50	50	4 250	4 250
Meybeernick Investments (Proprietary) Limited		100	100	1 504	12
MF Holdings (Proprietary) Limited		55	55	8 861	8 861
Ngwato Industrial Distributing Company (Proprietary) Limited	*	n/a	100		51
Riverview Holdings (Proprietary) Limited	*	n/a	100		32
Sefalana Cash and Carry Limited		100	100	109 936	109 936
Sefalana Housing (Proprietary) Limited	*	n/a	100		
Sefalana sa Botswana Limited		100	100		
Selibe-Pikwe Wholesale (Proprietary) Limited	*	n/a	100		1
Sefalana Properties Limited, Zambia	***	80	85	57	61
Sefalana Cash and Carry Limited, Zambia		85	85	61	61
The Barn (Proprietary) Limited	*	n/a	100		1
				127 193	127 198
Held indirectly, through:					
				2012	2011
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				100	100

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 shareholders agreement, those companies are deemed subsidiaries.

* These property holding companies were amalgamated into Meybeernick Investments (Proprietary) Limited with effect from 1 May 2011.

** On 1 April 2012, the Group disposed of its 51% shareholding in Jaedena Enterprises (Proprietary) Limited for no consideration resulting in a gain on disposal of P 1.6 million. The loan amount of P 3.2 million has been reclassified to other receivables and has been included under investing activities in the 'statement of cash flows'.

*** On 24 August 2011, the non-controlling shareholders of Sefalana Properties Limited, Zambia, purchased an additional 5% interest in the entity for P1 million. A loss of P 1.3 million was made by the Group on disposal of these shares.

The gain in respect of the disposal of the Group's interest in Jaedena Enterprises (Proprietary) Limited has been included within other comprehensive income.

The loss in respect of the disposal of 5% of Group's interest in Sefalana Properties Limited, Zambia has been included in equity in accordance with IAS 27 (Revised) since control is retained by the Group.

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
23 INVENTORIES		
Group		
Purchased for resale	199 670	204 613
Finished goods	982	1 535
Raw materials	20 585	8 143
Work in progress	2 302	1 568
Less: provision for obsolescence	(4 056)	(3 509)
	219 483	212 350

Inventory stated at net realisable value amounts to P 0.78 million (2011: P 5.41 million). Inventory written off during the year amounting to P 0.06 million (2011: P 0.11 million) is included in cost of sales. The value of vehicles in inventory secured under the Wesbank floor plan facility at the end of the year is P 0.85 million (2011: P 1.23 million).

24 TRADE AND OTHER RECEIVABLES

Group		
Trade receivables	98 543	79 375
Impairment provision	(9 385)	(8 606)
	89 158	70 769
Prepaid expenses	3 513	5 020
Other receivables	20 708	12 482
	113 379	88 271

The average credit period on sale of goods is 40 days (2011: 40 days).

Included in trade and other receivables are amounts due in foreign currencies being South African Rand: R 0.23 million (2011 : R 0.02 million), Euro: EUR 0.36 million (2011 : EUR 0.86 million) and United States Dollars : \$ 0.25 million (2011 : \$ 0.13 million) all of which equates to P 5.39 million (2011 : P 8.88 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 P 11.86 million (2011 : P 12.87 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 (2011 : 60 days).

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
24 TRADE AND OTHER RECEIVABLES (continued)		
Ageing of past due but not impaired:		
Group		
30-60 days	10 045	10 138
60-90 days	1 799	2 582
90-120 days	13	149
Total	11 857	12 869
Movement in allowances for impairment:		
Group		
Balance at beginning of year	8 606	10 642
Impairment losses recognised during the year	1 588	735
Amounts written off as uncollectible	(795)	(2 560)
Amounts recovered during the year	(14)	(211)
Balance at end of year	9 385	8 606
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 book debts of one of the subsidiary companies is hypothecated to bankers for certain banking facilities as noted in note 35. The maximum exposure to credit risk at year end is P 103.60 million (2011: P 79.31 million).		
Company		
Trade receivables	3 758	704
Prepaid expenses		27
	3 758	731

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.

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	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. Interest on loans to associates are disclosed in note 18.

Company

Amounts due from:

Botswana Grain and Milling Company (Proprietary) Limited (**)		
Brook Street Holdings (Proprietary) Limited (**)		1 153
Dumela Development (Proprietary) Limited (**)		582
Foods (Botswana) (Proprietary) Limited		388
Jaedena Enterprises (Proprietary) Limited (*)		3 127
Mechanised Farming (Proprietary) Limited	10	
Meybeernick Investments (Proprietary) Limited	7 338	423
Sefalana Cash and Carry Limited	79	779
Selibe-Pikwe Wholesale (Proprietary) Limited (**)		542
The Barn (Proprietary) Limited (**)		17 705
	7 427	24 699
Amounts due from foreign subsidiary:		
Sefalana Properties Limited, Zambia	12 369	13 841
	12 369	13 841
Total amounts due from related parties	19 796	38 540

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, \$ 1 798 270 (2011:\$ 2 422 500).

Amounts due to:

Botswana Grain and Milling Company (Proprietary) Limited (**)		833
Ngwato Industrial Distributing Company (Proprietary) Limited (**)		803
Riverview Holdings (Proprietary) Limited (**)		1 645
Sefalana Housing (Proprietary) Limited (**)		1 778
Sefalana sa Botswana Limited	5 056	5 056
	5 056	10 115

All amounts due to related parties are in line with agreed credit terms and will be repaid when appropriate.

(*) Jaedena Enterprises (Proprietary) Limited was disposed during the year and therefore is not a related party at 30 April 2012.

(**) These companies were amalgamated into Meybeernick Investments (Proprietary) Limited on 1 May 2011.

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
25 RELATED PARTY BALANCES AND TRANSACTIONS (continued)		
Company		
Interest paid to related parties		
Botswana Grain and Milling Company (Proprietary) Limited (**)		18
Ngwato Industrial Distributing Company (Proprietary) Limited (**)		35
Sefalana Housing (Proprietary) Limited (**)		124
Interest income from loans to subsidiaries		
Botswana Grain and Milling Company (Proprietary) Limited (**)		21
Brook Street Holdings (Proprietary) Limited (**)		109
Dumela Development (Proprietary) Limited (**)		46
Meybeernick Investments (Proprietary) Limited	954	930
Selibe-Pikwe Wholesale (Proprietary) Limited (**)		49
Administrative fees and cost recoveries from subsidiaries		
Kgalagadi Soap Industries (Proprietary) Limited	100	325
Refined Oil Products (Proprietary) Limited	20	35
Sefalana Cash and Carry Limited		576
Dividends from subsidiaries		
Foods (Botswana) (Proprietary) Limited	1 784	23 000
Sefalana Cash and Carry Limited	37 647	18 000

(**) These companies were amalgamated into Meybeernick Investments (Proprietary) Limited on 1 May 2011.

26 CASH AND CASH EQUIVALENTS

Group		
Cash on hand	1 781	32
Bank balances	71 111	38 426
Short term deposits	135 905	50 217
	208 797	88 675
Company		
Bank balances	3 183	945

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

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
27 STATED CAPITAL		
Group and Company		
Issued and fully paid:		
At beginning of year	75 693	14 612
Additional shares issued during the year		61 081
At end of year	75 693	75 693

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

Total number of shares in issue at year end amounted to 184 540 130 (2011: 184 540 130)

28 OTHER RESERVES

Group

	Land and buildings revaluation	Currency translation	Total
	P'000	P'000	P'000
At 30 April 2010	30 557	14	30 571
Movements during the year	86 874	(553)	86 321
Income tax	(19 112)		(19 112)
At 30 April 2011	98 319	(539)	97 780
At 30 April 2011	98 319	(539)	97 780
Movements during the year	55 564	914	56 478
Income tax	(11 389)		(11 389)
At 30 April 2012	142 494	375	142 869

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.

Notes to the Financial Statements

For the year ended 30 April 2012

29 FINANCE LEASE OBLIGATIONS AND OTHER FINANCIAL LIABILITIES

FINANCE LEASE OBLIGATIONS

Group	2012		2011	
	Future minimum lease payment	Present value of capital payments	Future minimum lease payment	Present value of capital payments
Finance lease liabilities are payable as follows:	P'000	P'000	P'000	P'000
Within one year	4 888	3 258	9 438	6 909
Between two to five years	9 030	7 138	13 065	9 543
More than five years				
	13 918	10 396	22 503	16 452
Unearned finance charges	(3 522)		(6 051)	
	10 396	10 396	16 452	16 452
	2012		2011	
	P'000		P'000	
Comprising:				
Long term	7 138			9 543
Short term	3 258			6 909
	10 396			16 452

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

	2012	2011
	P'000	P'000
Group		
Balance at beginning of year	2 851	853
Raised during the year	1 336	1 998
Balance at end of year	4 187	2 851

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
31 LOANS AND BORROWINGS		
Group		
Long term portion	11 367	10 823
Current portion	51 711	1 504
	63 078	12 327
Company		
Long term portion	11 367	10 823
Current portion	1 711	1 504
	13 078	12 327

Loans and borrowings include the following: -

Company and Group

- 1 The term loan from First National Bank of Botswana Limited for United States Dollars, \$ 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 P 21 million over Plot 22026/27 Gaborone, Botswana and by an unlimited letter of suretyship from a subsidiary company, Meybeernick Investments (Proprietary) Limited.

Group

- 2 The Group has issued promissory notes with a face value P 50 million to BIFM Capital Investment Fund Two (Proprietary) Limited. The promissory notes carry interest at 160 basis points above the prevailing 91 day Bank of Botswana Certificate rate, and are prepayable in December 2012.
The Group has given the following securities to the subscriber:-
 - a Cession to the subscriber (BIFM Capital Investment Fund Two (Proprietary) Limited) of all Government of Botswana receivables due to Foods (Botswana) (Proprietary) Limited in terms of Contracts 02/2011 and 03/2011 for the manufacture and supply of Malutu and Tsabana; and
 - b Guarantee for the outstanding balance on the facility by Sefalana Holding Company Limited.

32 TRADE AND OTHER PAYABLES

Group		
Trade payables	224 814	208 163
Accrued expenses	4 706	16 200
Advances from customers	65 156	
Other payables	4 899	4 109
Unclaimed dividends	982	813
	300 557	229 285

Included above are liabilities denominated in foreign currencies being South African Rand, R 79.24 million (2011: R 62.38 million) which equates to P 75.18 million (2011: P 60.63 million); Euro, EUR 5.14 million (2011: EUR Nil) which equates to P 49.73 million (2011: P Nil) and United States Dollars, \$ 43 864 (2011: \$ 9 290) which equates to P 317 574 (2011: P 60 603).

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.

Company

Trade payables	115	24
Accrued expenses	470	477
Unclaimed dividends	624	455
	1 209	956

Notes to the Financial Statements

For the year ended 30 April 2012

	2012	2011
	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		
Property development loan	640	818
Deferred lease asset	2 241	1 775
Trade and other receivables (excluding prepaid expenses)	109 866	83 251
Cash and cash equivalents	208 797	88 675
	321 544	174 519
Company		
Amounts due from related parties	19 796	38 540
Trade and other receivables (excluding prepaid expenses)	3 758	731
Cash and cash equivalents	3 183	945
	26 737	40 216
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		
Trade and other payables	300 557	229 285
Finance lease obligations	10 396	16 452
Borrowings	63 078	12 327
Bank overdrafts	18 008	57 223
Deferred lease obligations	4 187	2 851
	396 226	318 138
Company		
Amounts due to related parties	5 056	10 115
Trade and other payables	1 209	956
Borrowings	13 078	12 327
Bank overdrafts	222	8 955
	19 565	32 353

Notes to the Financial Statements

For the year ended 30 April 2012

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.

Banker	Facility	Currency	Limit in foreign currency	Limit in equivalent reporting currency (P)
First National Bank of Botswana Limited	Overdraft	Pula	N/A	41.62 million
	Letters of credits	ZAR	1.00 million	1.00 million
	Letters of credits	EUR	2.60 million	24.41 million
	Guarantee	Pula	-	0.90 million
Wesbank (a division of First National Bank of Botswana Limited)	Vehicles and equipments floor plan	Pula	N/A	3.89 million
Standard Chartered Bank Botswana Limited	Letters of credits and guarantees	Pula	N/A	2.40 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 P 5 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 P 103.6 million (2011: P 79.3 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 P 75 million (2011: P 77 million).

Notes to the Financial Statements

For the year ended 30 April 2012

36 PROVISIONS

	Employee benefits	Others	Total
	P'000	P'000	P'000
Group			
At 30 April 2010	12 581	1 031	13 612
Arising during the year	6 867	450	7 317
Utilised during the year	(9 543)	(808)	(10 351)
At 30 April 2011	9 905	673	10 578
At 30 April 2011	9 905	673	10 578
Arising during the year	14 401	374	14 775
Reversal during the year	(26)		(26)
Utilised during the year	(5 937)	(646)	(6 583)
At 30 April 2012	18 343	401	18 744

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 and 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.

	2012	2011
	P'000	P'000
Lease payments due		
Within one year	8 363	8 421
Within to two to five years	18 601	27 790
Over five years	2 358	10 071
	29 322	46 282
Group as lessee		
At the year end, the Group had contracted with tenants for the following minimum lease payments:		
Within one year	12 743	10 764
Within two to five years	41 996	43 777
Over five years	13 924	14 801
	68 663	69 342

Notes to the Financial Statements

For the year ended 30 April 2012

38 RETIREMENT BENEFIT ASSET

Up to 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, Glenrand MIB, Botswana. 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 proposed 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.

However, due to the uncertainty of the amalgamation of the Funds and as the value of the Employer Reserve had not yet been determined with sufficient certainty, this asset was not recognised in the financial statements of previous years.

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 2012. 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 2012 and 30 April 2012.

The amalgamated Fund has a surplus balance on "Employer Reserve" available to the participating employers (the Sefalana Group) of P 18.7 million (2011: P 21.5 million).

Notes to the Financial Statements

For the year ended 30 April 2012

38 RETIREMENT BENEFIT ASSETS (continued)

	2012	2011	2010
	P'000	P'000	P'000
Plan assets consist of the following at fair value			
Property occupied by the Group	42 200	41 250	21 994
Equity securities	1 263	1 590	
Managed funds	125 483	126 280	49 661
Cash	160	1 322	2 466
Other assets	2 469	3 474	4 778
	171 575	173 916	78 899
Plan liabilities consist of the following:			
Payables	(4 363)	(4 631)	(2 073)
Promissory notes	(2 178)	(3 940)	(3 506)
	(6 541)	(8 571)	(5 579)
Net surplus	165 034	165 345	73 320
Represented by:			
Members Funds	108 477	106 349	5 885
Employer Reserve	18 731	21 512	23 601
Other Reserves	37 826	37 484	43 834
	165 034	165 345	73 320
Amounts recognised in the statement of comprehensive income in respect of movement in Employer Reserve:			
Return on plan assets	1 025	1 322	
Employer contributions	(2 890)	(2 234)	
Other net costs	(916)	(1 178)	
Included in staff costs	(2 781)	(2 090)	

Notes to the Financial Statements

For the year ended 30 April 2012

39 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns 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 risk 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 contracts 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

For the year ended 30 April 2012

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 arises 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	Assets	Liabilities	Liabilities
	2012	2011	2012	2011
	'000	'000	'000	'000
South African Rand (R)	4 874	5 551	79 246	62 386
United States Dollars (\$)	1 103	762	1 795	1 942
Great Britain Pounds (GBP)		4		
Euro (EUR)	4 846	2 334	5 139	
Pula equivalent	57 157	32 059	140 628	73 383

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.

	2012			2011		
	EUR	R	\$	EUR	R	\$
	impact	impact	impact	impact	impact	impact
	'000	'000	'000	'000	'000	'000
On liabilities:						
Profit if Pula strengthens by 10%	4 772	7 338	1 288	6 146	1 224	
Loss if Pula weakens by 10%	(4 772)	(7 338)	(1 288)	(6 146)	(1 224)	
On assets:						
Profit if Pula weakens by 10%	4 499	451	792	2 173	547	480
Loss if Pula strengthens by 10%	(4 499)	(451)	(792)	(2 173)	(547)	(480)

Notes to the Financial Statements

For the year ended 30 April 2012

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 2012 would decrease/increase by P383 000 (2011: decrease/increase by P 389 000).

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 by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing 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	2012	2011
	P'000	P'000
Trade and other receivables (excluding prepaid expenses)	109 866	83 251
Bank balances with:		
African Banking Corporation of Botswana Limited	9 652	
First National Bank of Botswana Limited	70 997	9 108
Standard Chartered Bank Botswana Limited	118 114	26 220
Barclays Bank of Botswana Limited	2 439	2 233
Stanbic Bank Botswana Limited	2 723	1 067
First National Bank of South Africa Limited	4 336	2 696
Other non current financial assets	2 881	2 593
	321 008	127 168

Notes to the Financial Statements

For the year ended 30 April 2012

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	Between 2 - 5 years	Above 5 years
	P'000	P'000	P'000
At 30 April 2012:			
Bank overdraft	18 008		
Trade and other payable	300 557		
Finance lease liabilities	3 258	7 138	
Loans and borrowings	51 711	7 074	4 293
At 30 April 2011:			
Bank overdraft	57 223		
Trade and other payable	229 285		
Finance lease liabilities	6 909	9 543	
Loans and borrowings	1 504	6 012	4 811

	2012	2011
	P'000	P'000
The Group has unused banking facilities available at the reporting date as follows:		
Overdrafts	66 623	54 250
Wesbank floor plan	3 897	3 528
Letters of credit and guarantee	4 304	19 223

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

For the year ended 30 April 2012

40 CONTINGENT LIABILITIES

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

	Number of cases pending	Approximate claim value P'000
Mechanised Farming (Proprietary) Limited	1	242
Sefalana Cash and Carry Limited	2	675

- b) Bank guarantees issued in the ordinary course of business are as stated below:

	Currency	Amount '000
Bargen (Proprietary) Limited	P	1 613
Bargen (Proprietary) Limited	R	100
Commercial Motors (Proprietary) Limited	EURO	24 411
Foods (Botswana) (Proprietary) Limited	P	12 578
Kgalagadi Soap Industries (Proprietary) Limited	P	170
Mechanised Farming (Proprietary) Limited	P	80
Mechanised Farming (Proprietary) Limited	R	225
Meybeernick Investments (Proprietary) Limited	P	1 000
Sefalana Cash and Carry Limited	P	1 600

- c) Assets mortgaged by the Group companies for various banking facilities are as stated in notes 14,15 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

For the year ended 30 April 2012

	2012	2011
	P'000	P'000
41 CAPITAL COMMITMENTS		
Capital expenditures approved by the Directors:		
Contracted for	868	
Not contracted for	60 198	23 611
	61 066	23 611

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

42 SUBSEQUENT EVENTS

- On 1 May 2012 Sefalana Cash and Carry Limited entered into an agreement with CEDA Venture Capital Fund to acquire its shareholding and loan account in Hyperbola (Proprietary) Limited at its original cost. Accordingly from that date, Sefalana Cash and Carry Limited holds 75% of the issued share capital of Hyperbola (Proprietary) Limited.
- On 26 July 2012, Sefalana Holding Company Limited resolved to accept an offer of sale of 15% shareholding in MF Holdings (Proprietary) Limited ("MFH") by a minority shareholder at a value of P 7.10 million. The settlement will be effected by way of an issue of 1 224 137 (one million two hundred and twenty four thousand and one hundred and thirty seven) new ordinary shares in Sefalana and a cash payment of P 3.55 million. This transaction will increase Sefalana's shareholding in MFH to 70%.

Notes

[illegible]

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 Head Office, Plot 10235, Corner of Lejara and Moporoporo Roads, Broadhurst Industrial Sites, Gaborone on Wednesday 31 October 2012 at 16 00hrs for the purpose of transacting the following business:

- 1 To receive, consider and adopt the consolidated and the Company financial statements for the year ended 30 April 2012 together with the Directors' and Auditor's reports thereon.
- 2 To approve the appointment of Mr. Hans Kampmann as a Director of the company effective from 1 July 2012.
- 3 To elect a Director in the place of Mr. Neo D Moroka who retires by rotation, and who being eligible, offers himself for re-election.
- 4 To elect a Director in the place of Mr. Venkitachalam G Iyer who retires by rotation, and who being eligible, offers himself for re-election.
- 5 To approve the remuneration of the Directors for the year ended 30 April 2012 as required by the Articles of Association and as detailed on note 12 to the financial statements.
6. The Articles of Association of the Company stipulate that the remuneration of Directors of the Company be fixed in the general meeting. To approve the following fees to be effective as from 1 October 2012

	Chairman retainer monthly	Board member retainer monthly	Board member sitting fee	Board committee Chair sitting	Board committee Member sitting
	P	P	P	P	P
Sefalana	20 000	5 000	10 000	12 000	10 000
Sefcash	7 500	5 000	10 000	12 000	10 000
Other subsidiaries	3 650	2 500	5 000	6 000	5 000

7. To approve the remuneration of the Auditors for the year ended 30 April 2012.
8. To approve the appointment of PricewaterhouseCoopers as Auditors for the forthcoming financial year.
- 9 To transact such other business as may be transacted at an Annual General Meeting.

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



Venkit Iyer
Company Secretary
26 July 2012

Notes

[illegible]

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 Carry Head Office, Plot 10235, Corner of Lejara and Moporoporo Road, Broadhurst Industrial, Gaborone on Wednesday 31 October 2012 at 16 00hrs.

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
Ordinary resolution number 1			
Ordinary resolution number 2			
Ordinary resolution number 3			
Ordinary resolution number 4			
Ordinary resolution number 5			
Ordinary resolution number 6			
Ordinary resolution number 7			
Ordinary resolution number 8			

Signed at

on

2012

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 to Form of Proxy

- 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 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 Sites, Private Bag 0080, Gaborone or at the Share Transfer Secretaries Office at Unit 3, Kwena House, Plot 117, Gaborone International Finance Park (GIFP), Private Bag 149 Gaborone, Botswana, not less than 48 hours before the meeting.

Notes

[illegible]