



**RE-BRAND**  
**INNOVATION**  
**TECHNOLOGY**



Since 1974

In 1974, Sefalana sa rona had a staff complement of 233 individuals.

Today, Sefalana provides employment to thousands. We owe it to a great nation that nurtured and raised us to be who we are today. PULA!



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The Board is committed to **integrated thinking** and reporting, and as such adopts the concepts, principles and elements of **Integrated Reporting** in this Annual Report. It believes that this Annual Report considers all material issues which **reflect the performance** of the Sefalana Group, and gives a holistic view of the Group and its future. We are proud to be at the **leading edge** of **financial reporting** in Botswana.

# INNOV

TRANSFORMING THE FMCG INDUSTRY  
WITH TECHNOLOGY



## OVERVIEW

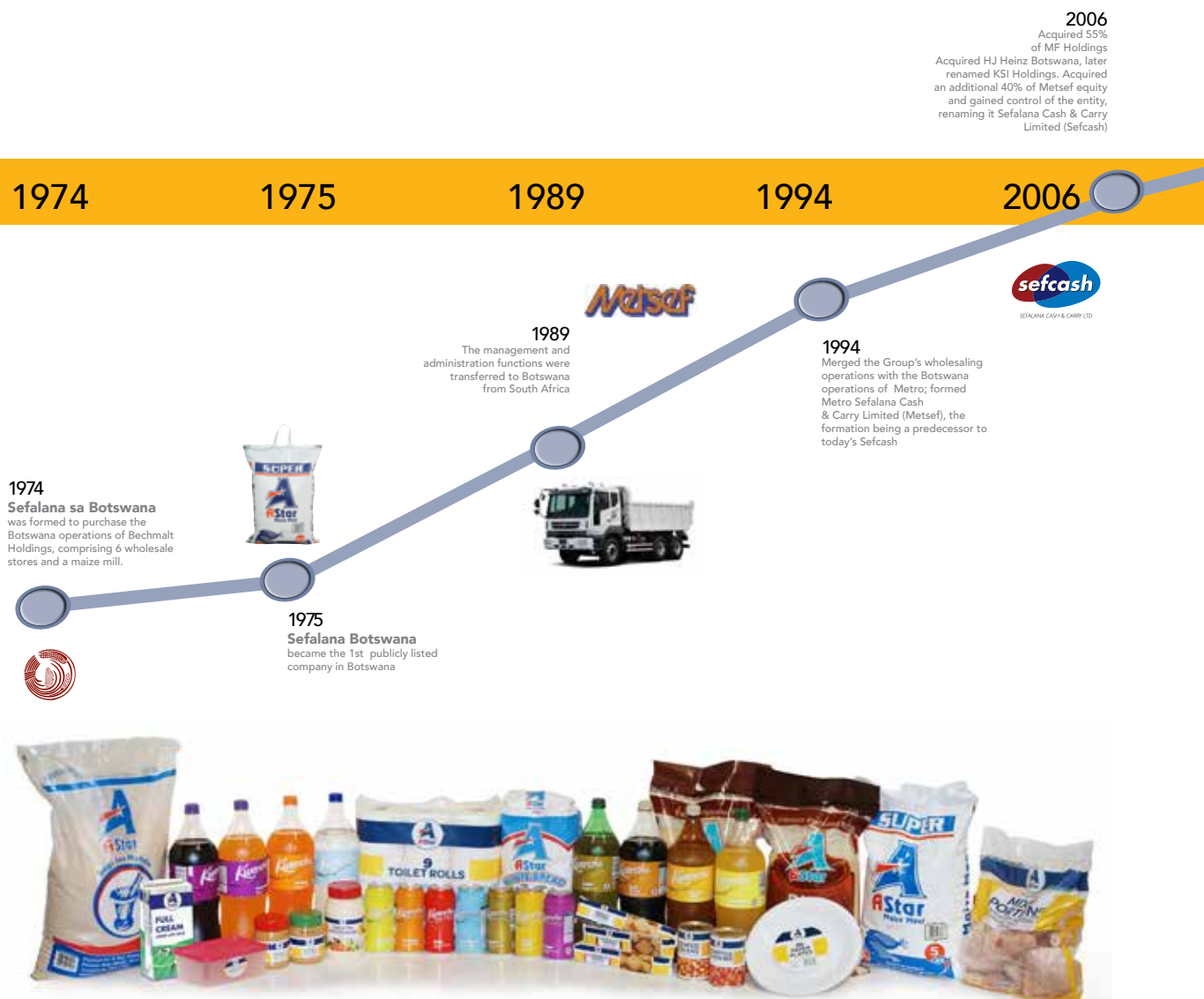
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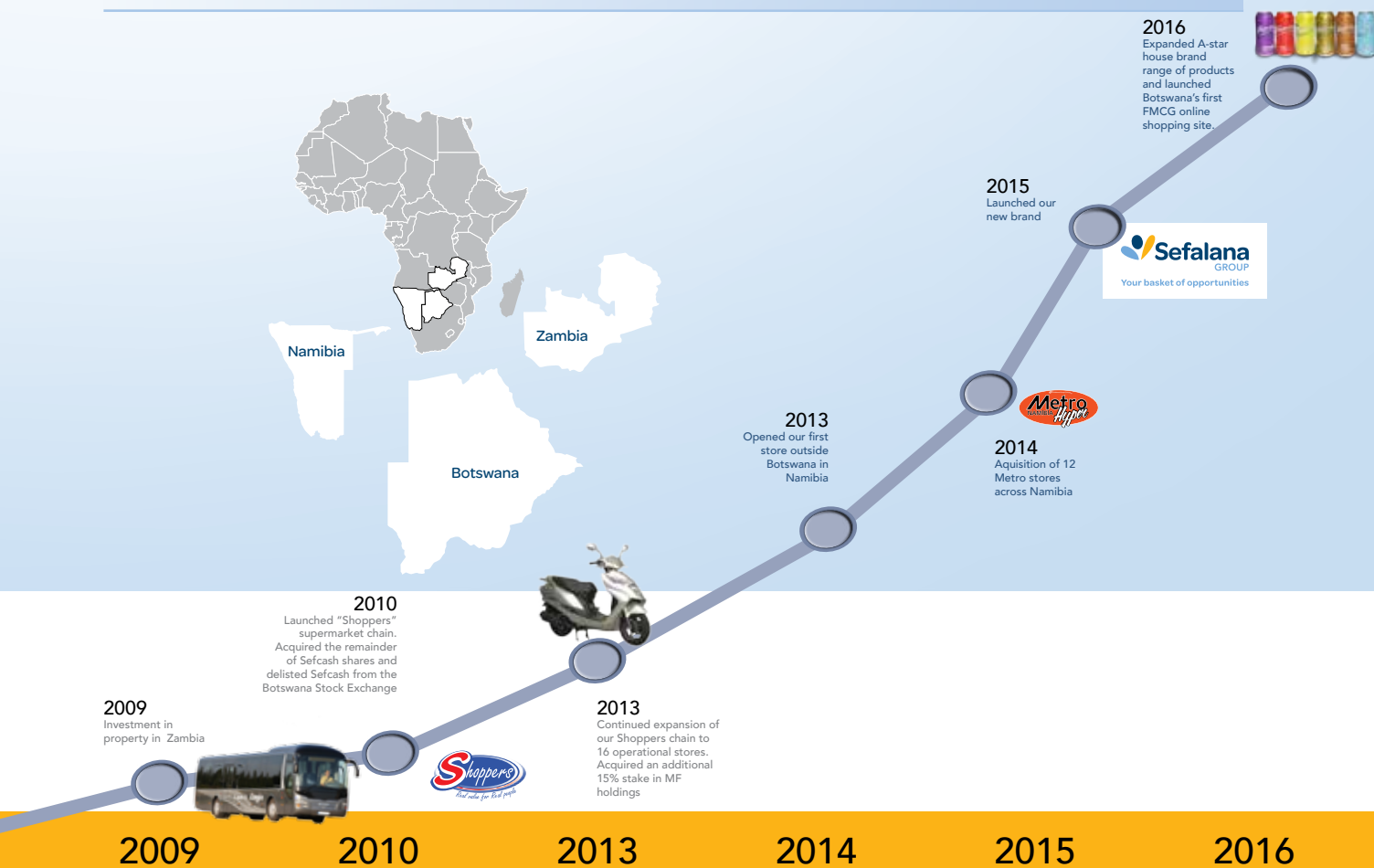
# ATION

## Sefalana Timeline

### Our Foundations

The year 1974 saw the birth of Sefalana sa Botswana. Our operations commenced through purchasing the local activities of Bechmalt Holdings Limited, a South African company consisting of 6 wholesale units, a maize mill and a staff compliment of only 233 individuals. In 1975, Bechmalt Holdings Limited offered its shares to the public, making it the **first publicly listed company in Botswana** and the **only public company for several years** thereafter.





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

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

## Our Sefalana – Embracing our new identity

Sefalana came into existence in 1974 and was proudly the first company to list on the Botswana Stock Exchange in 1975. After 42 years of operation and an ever changing business environment, our Group remains the only listed company without a controlling shareholder. **This allows us to maintain our status as a truly Botswana company, made for the people of Botswana, by the people of Botswana.**

Sefalana Group originally emerged as a result of a takeover of Bechmalt Holdings Limited, a South African company consisting of 6 wholesale units, a maize mill and a staff compliment of only 233 individuals. Through the 4 decades of our history, our Group has built on this foundation and has grown into a large and diverse business, operating in a number of sectors including 67 stores in the Fast Moving Consumer Goods ("FMCG") sector within Botswana and Namibia.

Whilst our core business is in the FMCG sector, the Group remains well diversified with a solid property portfolio in Botswana, Zambia and Namibia, 3 motor dealerships (MAN, TATA and Honda), agencies for the sale of industrial and agricultural equipment, a well-established grain mill in Serowe, providing nutritious meals for the country's population and a UHT milk plant, which commenced operations this year.

As a Group, we are dedicated to our customers and to maximising profits for our Shareholders, whilst at the same time improving the wellbeing of our employees and the people of Botswana as well as those in other regions in which we have a presence. Each of our business units is driven by an experienced and empowered management team, supported and overseen by our Head Office. Our management principles and performance underpin the way in which we operate. Our staff compliment has increased considerably from just 233 people in 1974 to over 3,000 people in 2016.

**This year has been a year of innovation and drive, a year in which we embarked on new and exciting initiatives....**

- the expansion of manufacturing at our recently acquired UHT milk plant ...
- the launch of Botswana's first online shopping website in the FMCG sector ...
- the extension of our footprint in Namibia, and
- the rebranding of our entire business across Botswana.

As we embrace our new identity, our new logo and brand, we look back towards our roots, and to what has made Sefalana what it is today. We strive to be the first choice for our people, our customers and our Shareholders.

As Botswana turns 50, we commend our nation on all its accomplishments and are proud to be a part of the journey, learning and growing with our country from the very beginning, reaffirming to the people of Botswana that indeed, Sefalana is your company – Sefalana Sa Rona – Your basket of opportunities.

**MORE OPTIONS.  
MORE WHOLESOME.  
MORE FLAVOUR.**

*Now we are cooking!*



Baked Beans

Through the 4 decades of our history, our Group has built on this foundation and has grown into a large and diverse business, operating in a number of sectors including 67 stores in the Fast Moving Consumer Goods ("FMCG") sector within Botswana and Namibia.

67

STORES



**SHOP ON**  
**[www.sefalanaonline.com](http://www.sefalanaonline.com)**  
**ALL NEW ONLINE STORE!**

P50 HOME drops

FREE BUSINESS CLUSTER DROPS

## CORPORATE INFORMATION

### SEFALANA HOLDING COMPANY LIMITED

Sefalana Holding Company Limited is incorporated in Botswana - Company number 86/1025

### BUSINESS ADDRESS

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



### REGISTERED OFFICE

Plot 10038  
Corner of Nelson Mandela Drive  
and Kubu Road  
Broadhurst Industrial Site  
Gaborone, Botswana

### SECRETARY

Mohamed Osman  
Email: companysecretary@sefalana.com

### AUDITORS

PricewaterhouseCoopers  
P O Box 294  
Gaborone, Botswana

### SHARE TRANSFER SECRETARIES

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

### 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  
First National Bank of Namibia Limited  
Stanbic Bank Botswana Limited  
Standard Bank Namibia Limited  
Standard Chartered Bank Botswana Limited  
Zambia National Commercial Bank

## Sefalana sa Rona - Se motebegong e ntsha

Kompone ya Sefalana mo Botswana e simolodisitswe ka ngwaga wa 1974, ya nna yone ya ntlha mo Botswana go kwadisa le ba kompone ya diabe ya Botswana Stock Exchange ka ngwaga wa 1975. Re matlotlo go re morago ga dingwaga tse di masome mane le bobedi (42 years), tsa phetogo ya dipaka, le di kgwetlho tsa go tsamaisa kgwebo, kompone ya Sefalana ke yone fela e diabe tsa yone diseng mo diatleng tsa batho ba le bangwe, di aname le batho ba le bantsi. Ka jalo, se sa refa seriti sa boammaruri go nna kompone ya Botswana, ee diretsweng sechaba sa Botswana, ke batho ba Botswana.

Ditirelo tsa kompone ya Sefalana, di simologile ka go reka madirelo a mo gae a kompone ya Bechmalt Holdings Limited e e neng e tlholega kwa Africa Borwa, e na le makalana a kgwebo ale marataro (6), madirelo a tshilo ya mmidi, bodiredi bo le makgolo a mabedi le masome a mararo le boraro (233). Mo dingwageng tse fetang masome a mane (+40yrs) madirelo a Sefalana a bone kgolo e itsetsepetseng mo kgwebong di le mmalwa, tse di akaretsang mabentlele ale masome a marataro le metso ele supa (67) mo lekaleneng la tsa dijo mo Botswana le ko lefatsheng la Namibia

Ere ntswa re remeletse mo kgwebong ya thekiso ya dijo, re tswelletse ka go kabakanya madirelo a rona ka peeletso mo go tsa dikago mono gae le ko lefatsheng la Zambia, madirelo a thekiso ya dikoloi ale mararo (3) aa itsegeng ka (MAN, TATA le HONDA), thekiso ya di dirisiwa tsa madirelo le didirisiwa tsa temo, le madirelo a mashi le dino tsididi a tseneng mo tirisong mo ngwageng wa 2016.

Re le ba kompone ya Sefalana, re ikemiseditse go direla bareki ka natla le ka botswerere, le gore ba beeletsi ba bone dipoelo tse di nametsang, re ntse re tokafatsa matshelo a badiri le sechaba sa Botswana mo mafelong a re anameng mo go one.

Makalana a rona a kgwebo ka bongwe, a eteletse pele ke bodiredi jo bo nang le kitso le bokgoni jwa tlhwatlhwa, ka fa tlase ga tlhokomelo ya Office Kgolo (Head Office). Maitlamo le maduo a boeteledipele ke one seriti saka fa re dirang ka teng. Bodiredi ba rona bo godile e le ruri go tswa ko go makgolo a mabedi le masome a mararo le boraro (233) ka ngwaga wa 1974 go ya ko go dikete dile tharo (3000) mo ngwageng wa 2016.

Ngwaga o, ontse yo monamagadi mo tswelolepeleng ya kgolo ya rona :-

- [tshimolodiso ya madirelo a mashi ...](#)
- [tshimolodiso ya theko ya dijo ka tsa borayane ...](#)
- [katoloso ya madirelo a rona mo go a teng ko lefatsheng la Namibia, le...](#)
- [ntshwafatso ya tebeggo ya madirelo a rona lefatshe ka bophara...](#)

Jaaka re amogela tebeggo ya rona e ntsha ee supang sekano le letshwao la rona, re leba ditso tsa ko re simolotseng teng le se re se kgonneng go tsena gompiono, re ikemiseditse gonna barekisi ba tlhwatlhwa go bareki le ba beeletsi ba rona.

Jaaka Botswana a ipelela di ngwaga tse di masome a matlhano, re galaletsa sechaba sa Botswana mo kgolong le ditlhabololo, re le motlotlo go nna karolo ya go gola le lefatshe go tswa tshimologong, re tlhomamisetse le sechaba sa Botswana gore ele ruri kompone ya sefalana ke ya batho ba Botswana - Sefalana sa Rona - Mophuthelwana wa ditshono.



## Financial Highlights

### Headline performance

For the year ended 30 April	2016	2015
	P'000	P'000
Revenue	3 825 367	3 463 960
Profit for the year attributable to equity holders of the parent	150 654	142 300
Total comprehensive income attributable to equity holders of the parent	138 757	162 198
Shares in issue at beginning of year (number)	222 868 186	185 723 463
Additional shares from Rights Issue (number)		37 144 723
Shares in issue at end of the year (number)	222 868 186	222 868 186
Weighted average shares in issue during the year (number)	222 868 186	217 625 286
Basic earnings per share (thebe)	67.60	65.39
Total comprehensive income per share (thebe)	62.26	74.53
Dividends per share (thebe) - ordinary - paid	10.00	10.00
Dividends per share (thebe) - ordinary - proposed	20.00	20.00
Dividend cover (times)	2.25	2.18
Net asset value per share (thebe)	527	468
Market price per share at year end (thebe)	1 325	1 152

### Value added statement

	2016	2015
	P'000	P'000
<b>Wealth created</b>		
Revenue	3 825 367	3 463 960
Payments to suppliers and providers of services	(3 369 395)	(3 078 641)
Value addition	455 972	385 319
Share of results of associate and joint venture	210	583
Investment income	12 829	17 668
Total wealth created	469 011	403 570
<b>Wealth distribution</b>		
To employees	207 507	181 497
To providers of capital	74 121	57 906
Government for taxes	49 549	38 676
Total wealth distributed	331 177	278 079
<b>Wealth retained in the business</b>		
To maintain and develop operations of the Group	137 834	125 491
<b>Number of employees of the Group</b>	3 217	2 864

## Shareholder Information

### Analysis of Shareholders

	30 April 2016		30 April 2015	
Shareholders with an individually significant interest in Sefalana Holding Company Limited				
Botswana Public Officers’ Fund	95 489 773	42.85%	92 590 311	41.55%
Motor Vehicle Accident Fund	23 996 123	10.77%	23 996 123	10.77%
Debswana Pension Fund	12 547 610	5.63%	16 145 408	7.24%
Chandra Chauhan	11 287 322	5.06%	11 287 322	5.06%
	143 320 828	64.31%	144 019 164	64.62%
Summary by class of Shareholders:				
Insurance companies, pension funds and nominee companies	199 355 805	89.45%	195 883 299	87.89%
Individuals and others	23 511 122	10.55%	26 983 628	12.11%
Total	222 866 927	100.00%	222 866 927	100.00%
Shares held by citizens (individuals and institutions)	204 755 062	91.87%	204 726 164	91.86%

### Stock Market Information

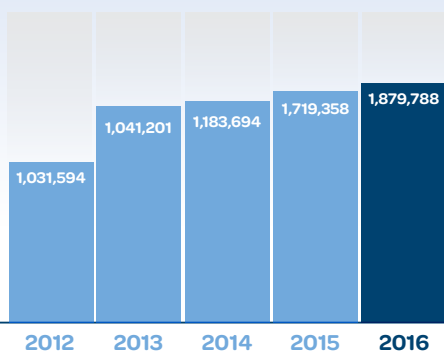
Number of shares traded ('000)	29 219	20 959
Value of shares traded (P'000)	370 208	179 841
Share price for the period (thebe):		
Lowest	1195	740
Highest	1380	1152
Closing	1325	1152
Market Capitalisation at year end (P'000)	2 952 987	2 567 427

### Shareholders' calendar

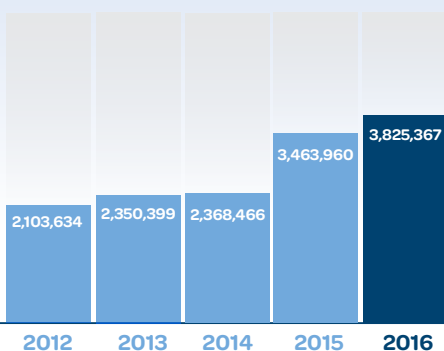
Financial year end	30 April 2016
Announcement of audited results	29 July 2016
Annual General Meeting	28 October 2016
Announcement of half year results	end of January 2017

## Five Year Trending

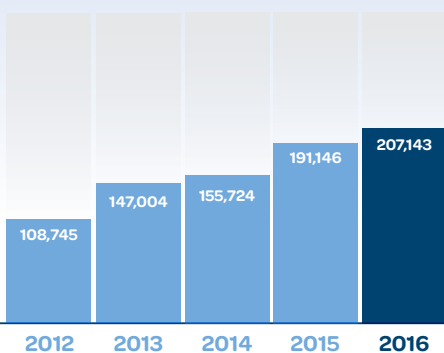
TOTAL ASSETS (P'000)



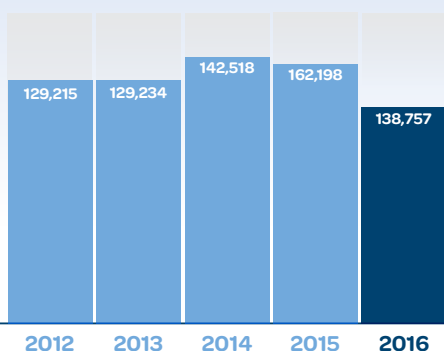
REVENUE (P'000)



TOTAL PROFIT BEFORE TAX (P'000)



TOTAL COMPREHENSIVE INCOME (P'000)



92% of Sefalana shares are held by Batswana. Therefore, to support Sefalana, is to enhance a return on your investment.



## Record of Financial Performance

	30 April 2016	30 April 2015	30 April 2014	30 April 2013	30 April 2012
	P'000	P'000	P'000	P'000	P'000
<b>Comprehensive Income</b>					
Revenue	3 825 367	3 463 960	2 368 466	2 350 399	2 103 634
Profit from operations	206 933	190 563	155 689	147 004	108 564
Share of results from associate and joint venture	210	583	35		181
<b>Profit before tax</b>	<b>207 143</b>	<b>191 146</b>	<b>155 724</b>	<b>147 004</b>	<b>108 745</b>
Income tax expense	(49 549)	(38 676)	(30 094)	(26 787)	(21 888)
<b>Profit for the year</b>	<b>157 594</b>	<b>152 470</b>	<b>125 630</b>	<b>120 217</b>	<b>86 857</b>
Other comprehensive (loss) / income	(13 892)	19 502	23 828	16 524	49 965
Non - controlling interests	(4 945)	(9 774)	(6 940)	(7 507)	(7 607)
<b>Total comprehensive income for the year attributable to equity holders of the parent</b>	<b>138 757</b>	<b>162 198</b>	<b>142 518</b>	<b>129 234</b>	<b>129 215</b>
Earnings per share (thebe)	67.60	65.39	62.83	61.50	45.42
Total comprehensive income per share (thebe)	62.26	74.53	75.78	69.73	70.02
Dividends per share (thebe)	30.00	30.00	22.50	29.00	28.00
	30 April 2016	30 April 2015	30 April 2014	30 April 2013	30 April 2012
	P'000	P'000	P'000	P'000	P'000
<b>Financial position</b>					
Property, plant and equipment	486 931	427 123	356 682	322 969	319 277
Investment property	260 494	176 479	171 165	132 281	108 261
Intangible assets	133 884	144 369	31 680	28 414	26 349
Leasehold rights		741	1 482	2 221	2 962
Investment in associate	4 579	3 466	2 335		4 921
Investment in joint venture	1 979	1 631			
Property development loan			198	435	640
Deferred rental	2 033	2 510	2 073	2 388	2 241
Deferred tax assets	17 764	13 066	10 594	8 067	3 770
Retirement benefit assets		7 334	13 187	16 493	18 731
Current assets	964 124	935 475	594 298	527 933	544 442
Asset classified as held for sale	8 000	7 164			
Current liabilities	(530 024)	(481 453)	(374 374)	(333 373)	(397 509)
Non - current liabilities	(174 403)	(139 386)	(87 637)	(78 029)	(80 957)
Non - controlling interests	(59 766)	(54 821)	(46 507)	(39 565)	(40 073)
<b>Equity attributable to equity holders of the parent</b>	<b>1 115 595</b>	<b>1 043 698</b>	<b>675 176</b>	<b>590 234</b>	<b>513 055</b>

# TRANSFO

USING INNOVATION TO CHANGE  
THE WAY WE DO BUSINESS



## EXECUTIVE REPORTS

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# RMATION

## Board of Directors

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

**Reginald Motswaiso (52)**

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

**Dr Keith Jefferis (59)**

Dr Kedikilwe was appointed as Chairman of Sefalana on 1 December 2014 following the passing of the late Chairman, Mr Julian Nganunu. Dr Kedikilwe brings a wealth of experience to Sefalana having served in the following positions in his illustrious career; Vice President of Botswana; Minister of Minerals, Energy and Water Resources; Ministry of Education; Minister of Finance and Development Planning; Minister of Trade and Industry; Minister of Presidential Affairs and Public Administration and Assistant Minister of Finance and Development Planning; and Member of Parliament for Mmadinare Constituency from 1984-2014.

Dr Kedikilwe held various leadership positions including; Board member of Botswana Diamond Valuing Company and Bank of Botswana, Member of the Monetary Preparatory Commission that recommended the establishment of the Bank of Botswana and the introduction of the Pula currency in 1975/76; Alternate Governor for the International Monetary Fund; founding Board Member of the Botswana Housing Corporation; Board member of the Botswana Power Corporation; Chairman of Presidential Commission on Education; Chairman of Council, University of Botswana; Chairman of the Central Tender Board (now PPADB); Permanent Secretary of Works and Communications Ministry; Director of Public Service Management and Director of Financial Affairs in the Ministry of Finance and Development Planning.

During his career, Dr Kedikilwe received the Presidential Order of Honour for Distinguished Public Service in 1992, Grand Cordon of the Order of the Rising Sun, awarded by the Emperor of Japan in 2011 and Naledi Ya Botswana in 2014. He was appointed Chairman of the Presidential Inspectorate Task Team in March 2016.

**Dr Ponatshego Kedikilwe (78)**  
Chairman



Chandra is a Chartered Accountant who trained and qualified with KPMG in the United Kingdom. A Zambian by birth, he became a naturalised citizen of Botswana and has over the years become a very successful entrepreneur and respected businessman. He is currently the Group Managing Director, having been appointed to the Board in 2003. He has been responsible for turning around and restructuring Sefalana and has seen its market capitalisation increase from P64 million in 2004 to its current capitalisation of over P3 billion. He is also a Non-Executive Director of Botswana Insurance Holdings Limited, a company listed on the Botswana Stock Exchange having been appointed to its Board in April 2009. He is the Chairman of the Board of Botswana Insurance Fund Management. Chandra has a BAcc (Hons) from the University of Zimbabwe, ACA (England & Wales) and FCA (Botswana).

**Chandra Chauhan (54)**  
(Group Managing Director)

Mohamed is a Fellow Chartered Accountant who trained with KPMG and Ernst and Young in the UK for over 10 years. He joined Sefalana as the Deputy Finance Director in March 2012 and was promoted to the position of Group Finance Director in December 2013. He worked closely with a number of Retail and Manufacturing businesses in the UK having spent 15 years away from Botswana. Mohamed graduated with a BCom (Hons) degree from the University of Birmingham in the UK and qualified under the Institute of Chartered Accounts of England and Wales (ICAEW). He has an MBA in International Management from Edinburgh University in Scotland. Mohamed also serves as the Principal Officer of the Sefalana Group Staff Pension Fund.

**Mohamed Osman (39)**  
(Group Finance Director)

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

**Elias Dewah (74)**

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

**Hans Kampmann (53)**  
(Sefalana Cash and Carry -  
Managing Director)



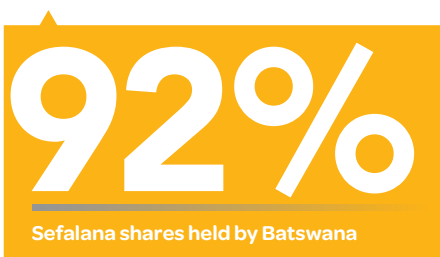




## Chairman's Report

### Our new identity....

As Chairman of this dynamic and progressive Group for over a year now, I can confidently say that the Sefalana Group has had a milestone year this year. Through the adoption and roll out of its new brand, through taking risks and embarking on new business opportunities to welcoming its new home and head office in Gaborone, it has undeniably been a year of change and reflection.



Our emphasis will be on enlarging our regional footprint

### Our promise....

We are committed to the values and relationships that form the bedrock of our business. Our suppliers, customers and most importantly, our people at Sefalana who nurture our brand and ensure we uphold our promise to deliver our best, all contributed to a year of success.

The year 1987 brought with it the localization of our Shareholding allowing the Group to enter a new era with 90% of shares being held by Batswana. It is worth repeating that even now, 92% of Sefalana shares are held by Batswana. Therefore, to support Sefalana, is to enhance a return on your investment.

We have maintained this profile ever since. Our most significant Shareholders today are some of the largest Pension Funds of Botswana such as the Botswana Public Officers' Fund (BPOPF) and the Debswana Pension Fund. We take pride in offering our Shareholders a basket of opportunities in which they can invest. Sefalana Group is, by definition, a trustworthy traditional granary of opportunities.

Our Shareholders expect their Group to be run in a responsible, sustainable and transparent manner. As such, my priority is to ensure sustainability, and maintenance of the highest levels of governance and reporting. Ever cognisant of our fiduciary responsibility to stakeholders, we are bound to continue to cater for their needs in the way we do business.

### Our focus...

This year we continued our focus on regional expansion and acquired an additional store in Swakopmund Namibia, bringing our total store count in the country to 14. We have experienced the benefit of geographic diversification through our Namibian operations where we have seen rapid growth since we entered the market in 2014. In the coming years, our emphasis will be towards enlarging our regional footprint through the evaluation of other potential territories, pursuing new store locations and extracting optimal value from our business model.





**FULL  
CREAM**  
LONG LIFE MILK



UHT PROCESS

**Chairman's Report** (continued)

- We have focused on Sefalana's new look, uniting our brand across all our subsidiaries. A brand in which you have placed pride and conviction - a brand that you trust.

- We have focused on making Sefalana more accessible to you through the availability of online shopping. We are proud to be the forerunners of this service in Botswana.

- We have focused on the extension of our branded products, adding a larger variety to your basket of 'A Star' products, endorsing the mutual benefit of our Group and of our stakeholders.

Sefalana works tirelessly to enhance and improve our in-store shopping experience and to strengthen our innovative online offering. We are pleased to enable our customers to shop when and where they want. Over the past year, customers have noticed changes and improvements we have made in our business and this has been reflected in our results.

**Our performance...**

The Group has achieved a record performance this year, exhibiting our ability to move from strength to strength through our core business segments. Turnover has increased significantly over the last three years and profitability continues to grow for our Shareholders. In the context of an ever changing consumer environment, Sefalana is proud to deliver these strong results, launch innovative new products and enhance the focus on the evolving needs of our customers.

Our shares continue to trade well on the Botswana Stock Exchange with a 15% capital increase during the year. We pride ourselves on an impressive, reliable and respectable return for our Shareholders. Further analysis of the results is contained in the reports by the Group Managing Director and Group Finance Director.

**Our Board...**

The Group has a strong Board, with relevant expertise ranging from sector experience to company strategy and from finance to compliance. The diverse experiences and collective leadership provided by our Board offers focused insights and an essential foundation to our Management team.

During the year we completed an annual Board evaluation and are happy that our Board is appropriately constituted to continue to add value to our business in accordance with the principles of good corporate governance.

Our commitment to Board independence and corporate governance is illustrated through 4 of our 7 Directors being independent. During the year, we bid farewell to Mrs. Jennifer Marinelli who has been a part of Sefalana, in various guises since 1987 and as a Board member since 2001. Jenny's contribution to our Board has been invaluable and we wish her well in all her future endeavors. I take this opportunity to thank my fellow Directors on the Board, Senior Management teams and all the staff for their hard work and dedication to our Group.

Dr. PHK Kedikilwe, PH, NYB  
Chairman

Turnover has increased significantly over the last three years and profitability continues to grow for our Shareholders. In the context of an ever changing consumer environment, Sefalana is proud to deliver these strong results, launch innovative new products and enhance the focus on the evolving needs of our customers.

*A-Star Tomato and Onion Mix*



HouseBrand







The refreshed branding provides a common look and feel to all our businesses and emphasizes our unique brand value. The roll out of our new look has commenced with our first 20 stores across the country. All stores are now named Sefalana with one of five icons representing the format of the store: Sefalana Hyper, Sefalana Cash and Carry, Sefalana Shopper, Sefalana Quick and Sefalana Liquor.









## Group Managing Director's Report

This year has seen a significant transformation of our brand and image in the market following our rebranding exercise, and we are pleased to report that this has served us well in helping us drive results that we are very proud of.

### REVENUE

# 10.4%



Revenue of P3.8 billion – up 10.4% on prior year

### GROSS PROFIT

# 9.7%



Gross profit of P310.2 million – up 9.7% on prior year

### PROFIT BEFORE TAX

# 8.4%



Profit before tax of P207.1 million – up 8.4% on prior year

### TOTAL DIVIDENDS

# 30 thebe



Total dividends for the year of 30 thebe, in line with the prior year.



*Sefalana receives three awards for Best Published Annual Report - 2015*

The difficult economic conditions and fluctuations in currency exchange rates across the Region, along with continued pressure on consumer and Government spending, has characterised the year under review. However, Sefalana has remained competitive despite these challenges, achieving an overall profit before tax of P207.1 million for the year to 30 April 2016. This represents an 8.4% growth in profit compared to the comparative year to 30 April 2015 ("the prior year").

The Group did well in its core segments, being the Fast Moving Consumer Goods ("FMCG") businesses in both Botswana and Namibia. The Namibian business trading under the "Metro" brand name, was acquired in July 2014 and has proven to be a very successful acquisition contributing even more substantially to the current year results. This strong performance was offset somewhat by below expected performance by the Manufacturing segment and the impact of the depreciating Zambian Kwacha. Reasons for these variances are explained under segmental reporting.

## Group Managing Director's Report (continued)



### Segmental reporting

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

### Review of operations

#### Trading – consumer goods

#### Botswana operations

Sefalana Cash and Carry Limited contributed 64% and 48% of the Group's revenue and profit before tax for the reporting year, respectively. Turnover amounted to just over P2.4 billion which was 9.2% up on the prior year. Profit before tax amounted to P98.7 million which was 9.6% up on the prior year. The Retail division is now gaining traction in the Botswana market as the number of stores increase and awareness of our brand improves. There is still however a lot of progress to be made in this segment and this will be the focus for the ensuing year.

At the beginning of the financial year, Sefalana operated 3 Hyper Stores ("Sefalana Hyper"), 25 cash and carry stores ("Sefalana Cash and Carry") and 20 supermarket retail stores ("Sefalana Shopper") across the country. During the reporting year, we increased our market presence by opening additional Sefalana Shopper supermarkets in Mogoditshane and Hukuntsi, bringing our current total of retail outlets to 22 and total number of Sefalana stores across Botswana to 50.

We have seen an increased level of loyalty and support from our market despite the on-going pressure on disposable income, and for this we are grateful to our customers.

### Refreshing our brand and image

As previously reported, we undertook a brand refresh exercise earlier in the financial year with the primary objective of consolidating and enhancing the already strong brand that had been built up over the last 40 years. The refreshed branding provides a common look and feel to all our businesses and emphasizes our unique brand value. The roll out of our new look has commenced with our first 20 stores across the country. All stores are now named Sefalana with one of five icons representing the format of the store; Sefalana Hyper, Sefalana Cash and Carry, Sefalana Shopper, Sefalana Quick and Sefalana Liquor. This has now made it easier for our customers to recognize us and differentiate us amongst our competitors. Feedback and response to this brand refresh program has been very positive and we look forward to progressing the roll out in the ensuing year.

#### "A Star" – our house brand

During the year we introduced a number of additional house brand products under our own A Star brand name. With this range of products, we now offer our customers very good quality at competitive prices. We have seen these products becoming increasingly popular with our customers now opting for these in place of the traditional brands. We look to expand the product range in the coming years as the strength of this brand increases.

In 1974, Sefalana had six wholesale stores and a maize mill.

Today, we operate a chain of stores across the region. We pay homage to mother Botswana, a caring and just nation that continue to nurture us.

PULA!



## Group Managing Director's Report (continued)

[www.sefalanaonline.com](http://www.sefalanaonline.com)

In November 2015, we launched Botswana's first FMCG online shopping site. We are pleased to be leaders in the market with this initiative and although still in its infancy, we are receiving a lot of positive feedback from our customers. Convenience and simplicity are key for many customers who are at work or who are looking after their families. This now provides an opportunity for our customers to benefit from the in - store specials from the comfort of their homes. We have partnered with Botswana Post to offer delivery within 24 hours of placing an order. We are very excited about this channel and look forward to seeing this grow as our customer base becomes more sophisticated in their buying behaviour. We are also planning to introduce enhanced features of this offering in the coming months as transactions increase in value and frequency.

We anticipate further growth and success in the FMCG business segment during the forthcoming years as we place greater emphasis on our core business. We continue to seek additional suitable locations for further store openings as we move towards our long term target of 70 stores across Botswana. There are currently a number of stores that we are looking to open in the next 18 months.

**Metro (Sefalana) Namibia**

Metro Namibia contributed 29% and 10% of the Group's revenue and profit before tax for the year, respectively. Turnover amounted to just under P1.1 billion which was 35% up on the prior year. Profit before tax amounted to P20.0 million which was 87% up on the prior year. Part of this increase was due to 12 months of trading in the current year compared to only 10 months in the prior year. We have however, seen a significant increase in activity in our stores following an enhancement of our brand and focusing on making sure we provide customers with what they want.

We are proud to have achieved a very significant presence in Namibia in a short space of time. This segment is already a large contributor to the overall results of the Group and we look forward to further growth and success in this region.

On 1 November 2015, Sefalana acquired its 14th store in Namibia, in the busy city of Swakopmund. Other potential sites in Namibia are also being considered for additional store openings. Our medium term target is to reach 20 stores across the country.

The weakening of the Namibian Dollar over the year has resulted in a loss in the translation of the net investment value of the Namibian business. This amounted to P18 million and was P14 million at the half year. It is expected that the exchange rate will stabilize further in the coming year. This loss has been included under other comprehensive income.

**Trading – others**

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed to 4% and 9% of Group turnover and profit before tax respectively. Profitability was down 9% compared to the prior year.







## Group Managing Director's Report (continued)

The performance of CML is very much dependent on tenders placed in the market. The values of the tenders this year were somewhat lower than the prior year. Regular income from servicing of vehicles and sale of parts was achieved and continues to grow. Overall results for the year from this business were satisfactory.

At MFL, a number of tractors were sold during the year and the product range for farming implements was extended. The very limited rainfall unfortunately made it difficult for farmers and this inevitably has had an adverse impact on this business. Sale of generators and water pumps has conversely improved but has tapered off in the second half of the year following fewer interruptions in water and power supply. An agreement was entered into with Botswana Railways to supply 8 locomotives. This is however, a long term project that will only generate profits for the company in forthcoming years. Results from this business for the year were also satisfactory.

### Manufacturing

#### Milling Division

Foods Botswana (Pty) Limited completed the supply of the 2014/15 Government tender for Tsabana and Malutu in April 2015. There were unfortunately delays in the awarding of the 2015/16 tender which resulted in almost 4 months where the business was reliant on only private customer sales.

When the tenders were eventually awarded, Foods Botswana was only awarded part of the tender, with the balance of the tender being awarded to other tenderers. Foods Botswana is proud to report that it supplied the Government with all its allocated volumes and was subsequently requested to supply to regions where the other tenderers had failed to deliver on their allocations. Foods Botswana was also asked to double up on the awarded quantities from November 2015 onwards and therefore during the second half of the financial year the business managed to partially recover from the 4 months' gap between the tenders. The Milling business closed with a satisfactory result considering the difficulties experienced. We are optimistic about the forthcoming year where we hope to be awarded a larger proportion of the tenders based on our track record and ability to supply.

#### Beverages Division

In July 2015, Foods Botswana under its Beverages division purchased a UHT milk plant from the liquidated Delta Dairies business. During the following months, the plant was tested and restored and additional equipment was procured to ensure the plant is fully operational. Manufacture of milk commenced in December 2015 with the supply of the A Star brand of milk to the Sefalana stores.

The children's milk feeding scheme tender of 2015 was awarded prior to our purchase of the plant and therefore we were not able to secure the tender for that year. The tenderer who was awarded the contract was not able to supply the milk to the Government. Foods Botswana was approached subsequent to the year end to supply part of the contract volumes in the run up to the issue of the 2016 tender which is expected to be released towards the end of 2016. We are hopeful that Foods Botswana will be successful at this tender as we have prepared ourselves to supply this contract in full if awarded to us. The establishment of this plant has resulted in the re-employment of a number of members of staff who previously were unemployed following the liquidation of their previous employer. As the business grows, we look to further increase employment in the area and this will be largely driven by the increased manufacturing activity required for the supply of the Government contract.

We also intend to relaunch the Delta Fresh range of products later in the year. This was a very successful brand which unfortunately collapsed under its previous ownership. We are excited about bringing this Botswana brand back into the market. This will include full cream, and low fat variants of the product.

### Group properties

During the year we have placed a lot of focus and emphasis on growing and developing our property portfolio. We purchased the building that previously housed the Golden Fruit juice business in Ramotswa. This is seen as a prime location for a large cash and carry for the customers in the area. We look to renovate this building accordingly in 2016.

We also purchased the Delta Dairies property in Broadhurst where our newly acquired milk plant is located. This allows us to carry out the necessary developments to the site to enable us to move the fruit juice plant to this site from Ramotswa, along with any additional beverages line that we introduce. For example, we are considering bottling our own A Star brand of water at this site and will carry out the feasibility of this in the ensuing year.

At the KSI site, we have built four warehouses of 1000sqm each and are in the process of building a fifth. We have seen a lot of interest in these units and have secured a number of tenants already.

We have also concluded on the purchase of the 40,000 sqm site at Setlhoa where we intend to carry out a significant development in the forthcoming year. Details of this development are still being finalized but is likely to include our largest to date Sefalana Shopper supermarket and a petrol station.

## Group Managing Director's Report (continued)

In addition to the above, we have been looking at a number of other sites for purchase or development.

Rental streams remain strong and the property portfolio is now virtually fully tenanted. We will continue to focus on growing our Botswana portfolio, which is currently worth around P0.5 billion.

### Zambian property

Our Zambian property is fully let and continues to generate a very good rental stream, however in September 2015, the Zambian Government discontinued the use of the USD as a second currency in the country and enforced the use of the Kwacha. Rental leases will now have to be converted to Kwacha and this exposes the Group to additional foreign exchange risk. The value of the net investment in Zambia denominated in Zambian Kwacha is now worth less than it was at April 2015 in Pula terms due to poor copper earnings in the country leading to a depreciation of the local currency. This has resulted in a significant (P10 million) foreign exchange loss for the year. This loss has been included under other comprehensive income. We expect the Kwacha to stabilize over the next 12 to 18 months and therefore expect the translation loss to reduce accordingly.



A loyalty program is due to be launched by the end of 2016. This will enable us to understand and monitor our customer behaviour better and to offer them specific products and promotions that will be of interest to them, whilst at the same time giving something back each time they shop with us.

### Prospects

Sefalana remains positive about its future and expects to grow the business through continued focus on its core FMCG and related business segments.

We have recently extended our relationship with Botswana Post who will now operate a post office kiosk from four of our main stores in Gaborone. Further roll outs are expected over the forthcoming years. We are excited about being able to offer our customers the services of their local post office in our stores.

The online shopping site which is currently only available in Gaborone, will be rolled out to other areas of the country as a number of requests for this have been received following our launch in Gaborone.

A loyalty program is due to be launched by the end of 2016. This will enable us to understand and monitor our customer behaviour better and to offer them specific products and promotions that will be of interest to them, whilst at the same time giving something back each time they shop with us.

Emphasis will remain on maximizing the profitability of the manufacturing entities and will aim to extract greater value along the value chain. We see a lot of potential in this area and look forward to growing this side of the business.

We are also looking at potential property investments in Namibia to support our planned growth in the area.

### Directors

As reported at the half year, on 31 October 2015, Mrs Jenny Marinelli resigned as Director on the Board of Sefalana, after completing 14 years of service. We wish to thank Jenny once again for her immense contribution and commitment to the Group over the years. There were no other changes during the year.

### Dividend

On 25 July 2016, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 20.00 (twenty) 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 2 September 2016 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 12 August 2016.

CD Chauhan  
(Group Managing Director)



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facebook page

to get our latest news and invites to special  
events, weekly deals, and more.







## Group Finance Director's Report

This year has been a very eventful year, and one that has helped transform the Group into a dynamic, exciting and innovative enterprise. We have focused on changing the image of this well established Group into a modern thinking business with lots of energy and drive supported by structure, enhanced governance and accountability. Being a part of this growth and elevation has been very rewarding to me personally since I joined the Group five years ago.

### REVENUE

**P3.825<sub>bn</sub>**

Doubled in last 4 years

### PROFIT BEFORE TAX

**P207<sub>m</sub>**

Up 90% in 4 years

Following on from the growth and expansion in the previous year, this year saw continued focus on the FMCG businesses with the aim of extracting as much value as possible from our core business units. We improved the shopping experience for our valued customers by enhancing our in-store ambiance and atmosphere and increasing the range of products on offer. We also expanded our manufacturing activities at the Milling plant in Serowe and set up a Beverages plant in Gaborone.









During the year we introduced a number of additional house brand products under our own A Star brand name. With this range of products, we now offer our customers very good quality products at competitive prices. We have seen these products becoming increasingly popular with our customers now opting for these in place of the traditional brands. We look to expand the product range in the coming years as the strength of this brand increases.



HouseBrand







We extended our range of A - Star house-brand products giving our customers wider choice and an alternative to the traditional brands. This was particularly important during a time where there is a general strain in the economy and every little bit of saving makes a difference to our customers.



## Group Finance Director's Report (continued)

Our brand refresh exercise assisted us in aligning our business portfolio under one umbrella and amplifying the Sefalana brand across the country with a common look and feel across all our businesses. This has helped consolidate the strength of our brand that has been built up over more than 40 years.

We extended our range of A - Star house-brand products giving our customers wider choice and an alternative to the traditional brands. This was particularly important during a time where there is a general strain in the economy and every little bit of saving makes a difference to our customers.

We also launched Botswana's first online shopping site in the FMCG sector, once again giving our customers an alternative means of shopping to save them time and money. We are proud to be the leaders in the market in this regard and look forward to rolling out this offering to other parts of the country. We are also expecting to launch a phone application later in the year which will allow even better access to this online service.

We are continuously looking for new innovative ways of meeting and exceeding our customers needs. We have a number of projects underway which are expected to complete in the forthcoming year. Further updates will be provided to the market in due course.

We are also very proud to have signed an exclusive agreement with Botswana Post for the provision of postal services in a number of our stores. This will allow us to offer a wider range of products and services as we move towards a one-stop-shop approach in some of our stores.

In this context I am happy to be able to report some very positive results for the year to our Shareholders.

I wish to focus on five key areas of performance:

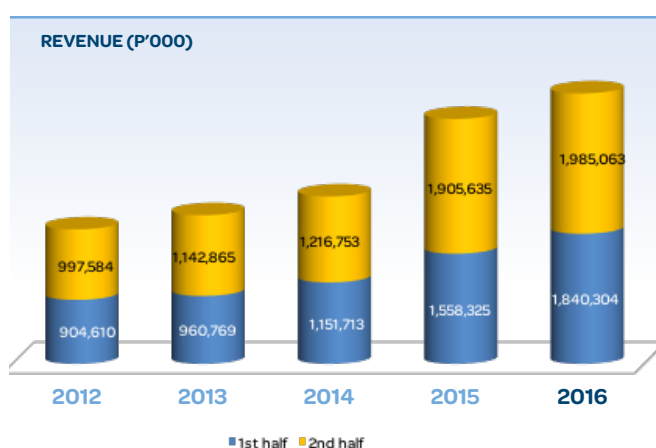


### 1. Revenue of P3.8bn – Doubled in last 4 years

Significant growth has been achieved in the last 4 years with revenue doubling from P1.9 billion in 2012 to P3.8 billion in the current year. An annual growth of 10.4% has been achieved compared to the prior year.

Our largest revenue contributor has been our FMCG business, both in Botswana, trading under Sefalana Cash & Carry Limited and Namibia, trading under Metro Namibia which contributed 64% and 29% to revenue respectively. We completed our first full year of trading in Namibia as compared to 10 months of trading in the prior year. Turnover in Namibia increased 35% year on year, which is a great achievement.

With our expansion plans and anticipated Government contracts at Foods Botswana (Milling and Beverages divisions), we look forward to crossing the P4 billion revenue threshold in the ensuing year.







Shop at  
[sefalanaonline.com](http://sefalanaonline.com)  
in 4 easy  
secure steps

1

Register  
your  
details

2

Add items  
to your  
basket

3

Review,  
Pay using  
Debit or  
Credit card

4

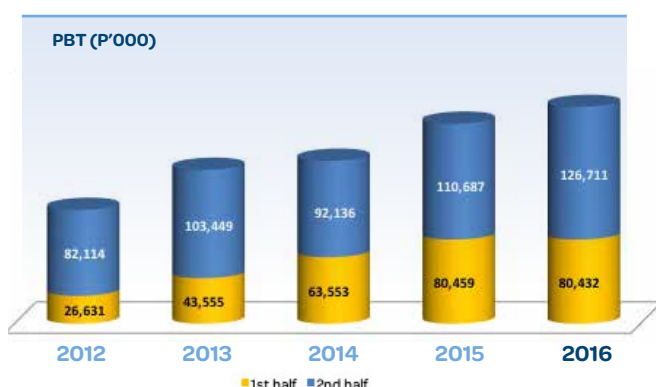
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office

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## Group Finance Director's Report (continued)

### 2. Profit Before Tax of P207m - up 90% in 4 years

We continue to benefit from an upward trend in profit before tax with current year growth of 8.4% compared to the prior year. Over the last 4 years, profitability has almost doubled, from P109 million in 2012 to P207 million in 2016, an impressive growth rate of 90%. This has been achieved predominantly through a greater focus on our core business segments together with careful monitoring of sales margins and close control of our day to day operational expenses in all Group companies. As with the prior year, our results include a relatively low level of capital appreciation in line with the slowdown in the Botswana property market.



### 3. Segmental results

Overall revenue for the year of P3.8 billion was just shy of our P4 billion target but this was partly a result of two fires that we experienced that resulted in the destruction of two well performing stores. These two stores, which are expected to be rebuilt and commence trading from October 2016, resulted in lost turnover for just over half of the reporting year. Nonetheless, we managed to increase turnover by 10.4% year on year and profit before tax increased by 8.4%.

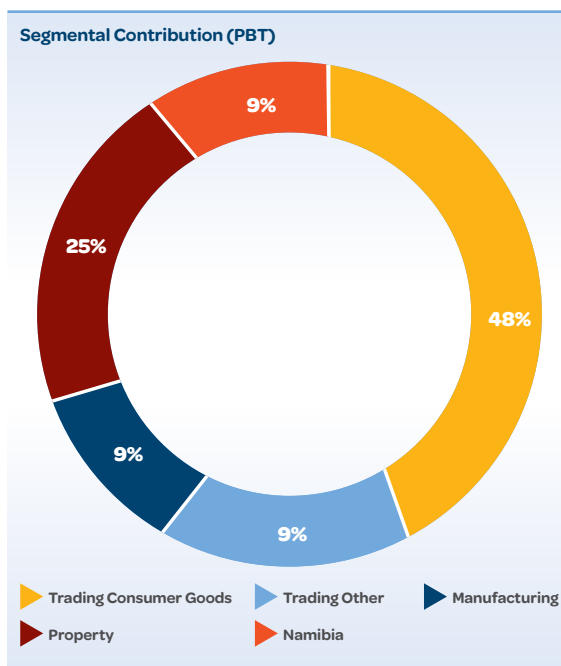
The main increase in turnover came from the FMCG businesses both in Botswana and in Namibia with year on year increases of 9% and 35%, respectively. The Namibian business has performed exceptionally well and we look

forward to continued growth in the Region. In the current year the profits generated by the Botswana FMCG sector and Namibian business increased by 10% and 87%, respectively.

The trading – other segment which represents the motor division and sale of farming equipment, did not perform as well as in the prior year. This was largely due to a reduced level of Government spending and a difficult drought period. Despite this, the segment was able to generate a respectable level of profits, which were only 9% down on the prior year.

The manufacturing business expanded during the year with the establishment of the Beverages division at Foods Botswana and the expansion of the maize mill plant in Serowe. However, due to a delay in the awarding of the Government feeding scheme tenders, this segment suffered a longer than expected down time period where production for Government was not required.

Turnover was down 11% and profit down 39% on the prior year as a result of these difficulties experienced.



#### Analysis of segmental results

	Revenue (P'million)			PBT (P'million)		
	2016	2015	Movement	2016	2015	Movement
Trading consumer goods	2 440.0	2 234.9	9.0%	98.7	90.1	10.0%
Trading – other	148.8	246.6	(40.0%)	18.0	19.8	(9.0%)
Manufacturing	163.6	184.2	(11.0%)	18.5	30.5	(39.0%)
Property	42.3	33.2	27.0%	51.8	54.7	(5.0%)
Namibia	1 093.9	807.5	35.0%	20.0	10.7	87.0%
Inter - segment	(63.2)	(42.5)		0.1	(14.6)	
	<b>3 825.4</b>	<b>3 463.9</b>	<b>10.4%</b>	<b>207.1</b>	<b>191.2</b>	<b>8.4%</b>

The FMCG sectors continue to be the largest contributors to Group profit in line with our focus on core segments.

## Group Finance Director's Report (continued)

The property segment in Botswana and Zambia performed well with an increase of 27% in revenue and a decrease of 5% in profit due to the additional cost of management time spent in the development of the property portfolio. A moderate level of property gains were recorded in the year and this is reflective of the slowdown in the Botswana property market.

Further commentary on each segments performance is set out in the Group Managing Director's report and the company profiles section.

### 4. Shareholder value and return

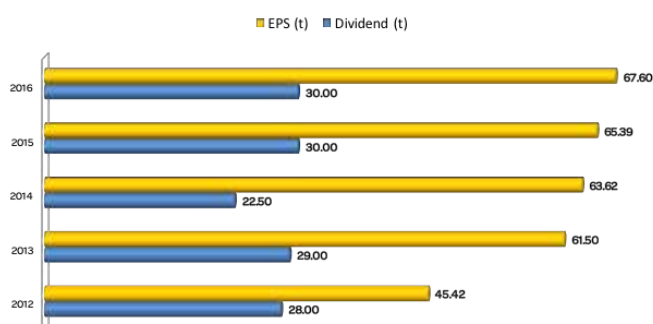
#### Average dividend payout of around 47%

Over the last 5 years we have distributed just under 50% of earnings in the form of dividends. For the current year a total dividend of 30 thebe per share has been declared. This is in line with the previous year and reflects our commitment to give our Shareholders both a dividend return and capital growth.

#### Impressive share price increase

Our share price of P13.25 per share represents a 382% growth over 5 years when the price was P2.75. We are very proud to be one of the best performing shares on the Botswana stock exchange.

#### SHAREHOLDER RETURN



### 5. Balance Sheet strength

We maintained a strong balance sheet this year with a working capital ratio (defined as the relationship between current assets and current liabilities) of 1.82 as compared to 1.94 in the prior year. This has been achieved through strict monitoring of payment terms and collections, along with effective cash utilization and optimizing inventory levels.

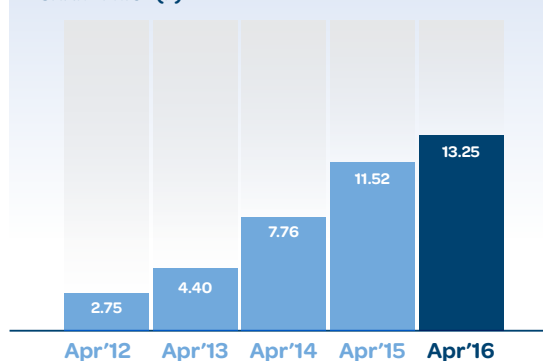
Our asset ratio (defined as the relationship between total assets and total liabilities) amounted to 2.67 at the year-end compared to 2.77 at the beginning of the year.

#### SHARE PRICE

# 382%

Share price growth over 5 years

#### SHARE PRICE (P)



In the prior year, we reported that we had entered into a P100 million debt funding agreement to assist with our planned property development with a drawdown period of 2 years. As at the year end, 60% of this facility had been drawn down and the balance will be drawn down in the forthcoming year.

We closed the year with a net asset value of P1.1 billion as compared to P1.0 billion in the prior year. This was after a translation loss of P28 million in respect of the foreign owned subsidiaries.

In summary, a very strong balance sheet that will put us in good stead to take us into the forthcoming year when we plan on executing a number of exciting projects.

Another exciting year to look forward to at Sefalana!

**Mohamed Osman**  
Group Finance Director



## Brand Transition



The light blue (of the Botswana flag) recognises our roots as a truly Botswana company, **with the majority shareholding in the hands of our people**

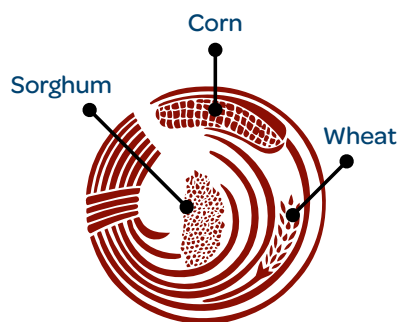
A transformation of our image into a modern, more exciting fresher look and feel, retaining the fundamental aspects of our roots



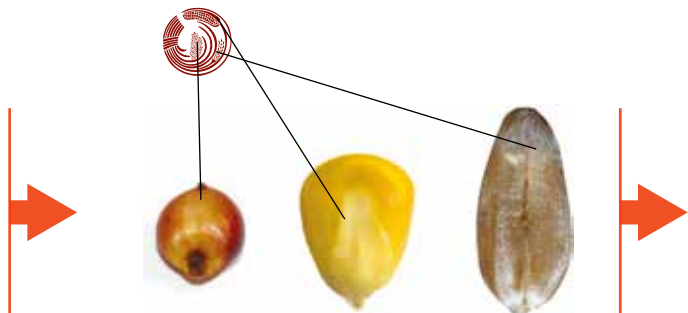
The dark blue symbolises the precious commodity of water and the life it sustains



The orange represents the African sun that nurtures life and brings forth warmth, happiness and optimism at the heart of our Group and our brand



Sefalana Old Logo icon



Sorghum

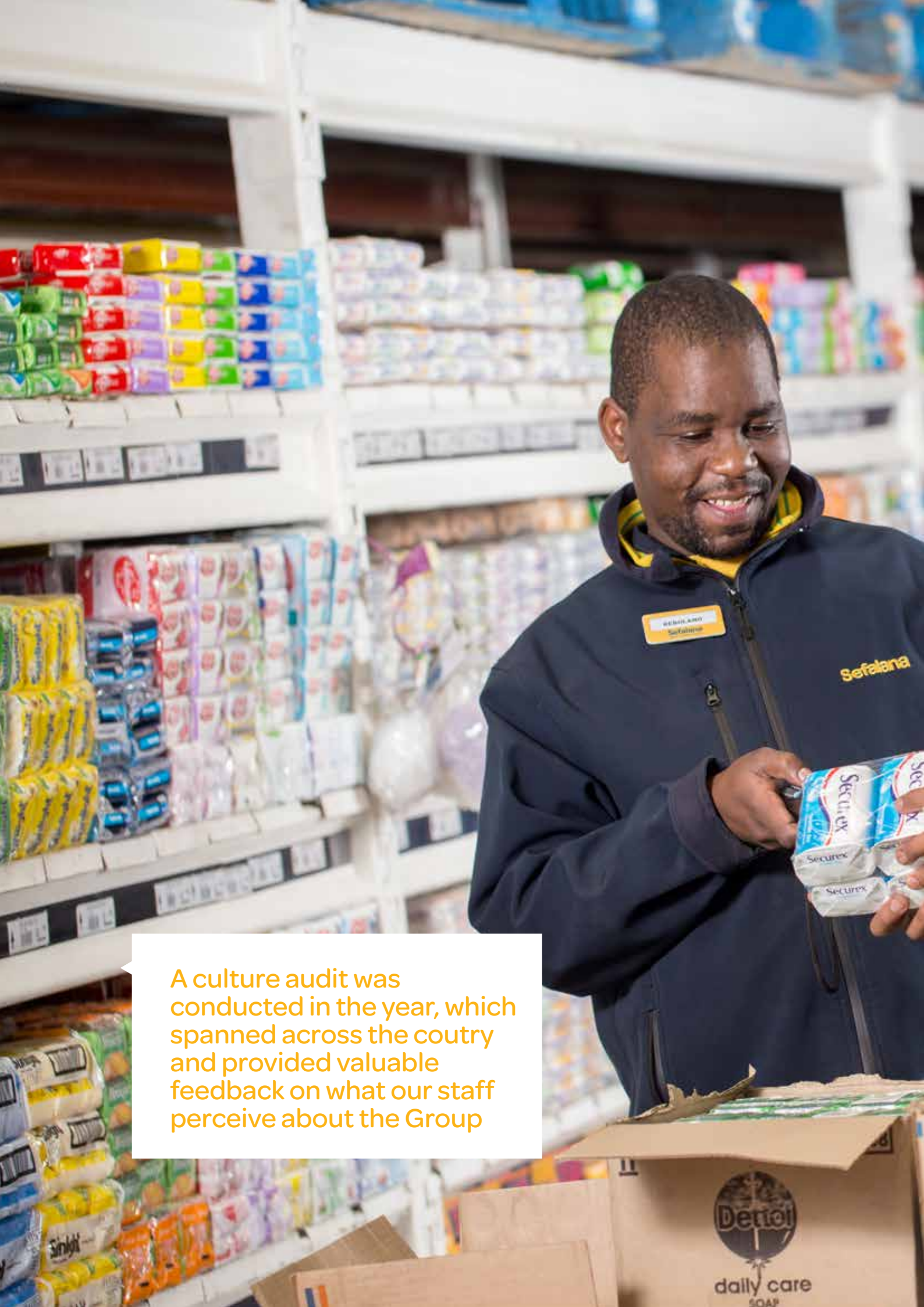
Corn

Wheat

Sorghum

As previously reported, we undertook a brand refresh exercise earlier in the financial year with the primary objective of consolidating and enhancing the already strong brand that has been built up over the last 40 years. The refreshed branding provides a common look and feel to all our businesses and emphasizes our unique brand value. This has now made it easier for our customers to recognize us and differentiate us amongst our competitors. Feedback and response to this brand refresh program has been very positive.





A culture audit was conducted in the year, which spanned across the country and provided valuable feedback on what our staff perceive about the Group







## Corporate Social Responsibility Report

### Our Values Charter

Defining our internal conduct as well as our relationship with the external world.

Our values are our guiding principles, derived from our passion and commitment to the way we conduct business. These have resonated throughout our various business sectors and have formed the foundation on which we work and conduct ourselves, as we strive to live and achieve our mission:

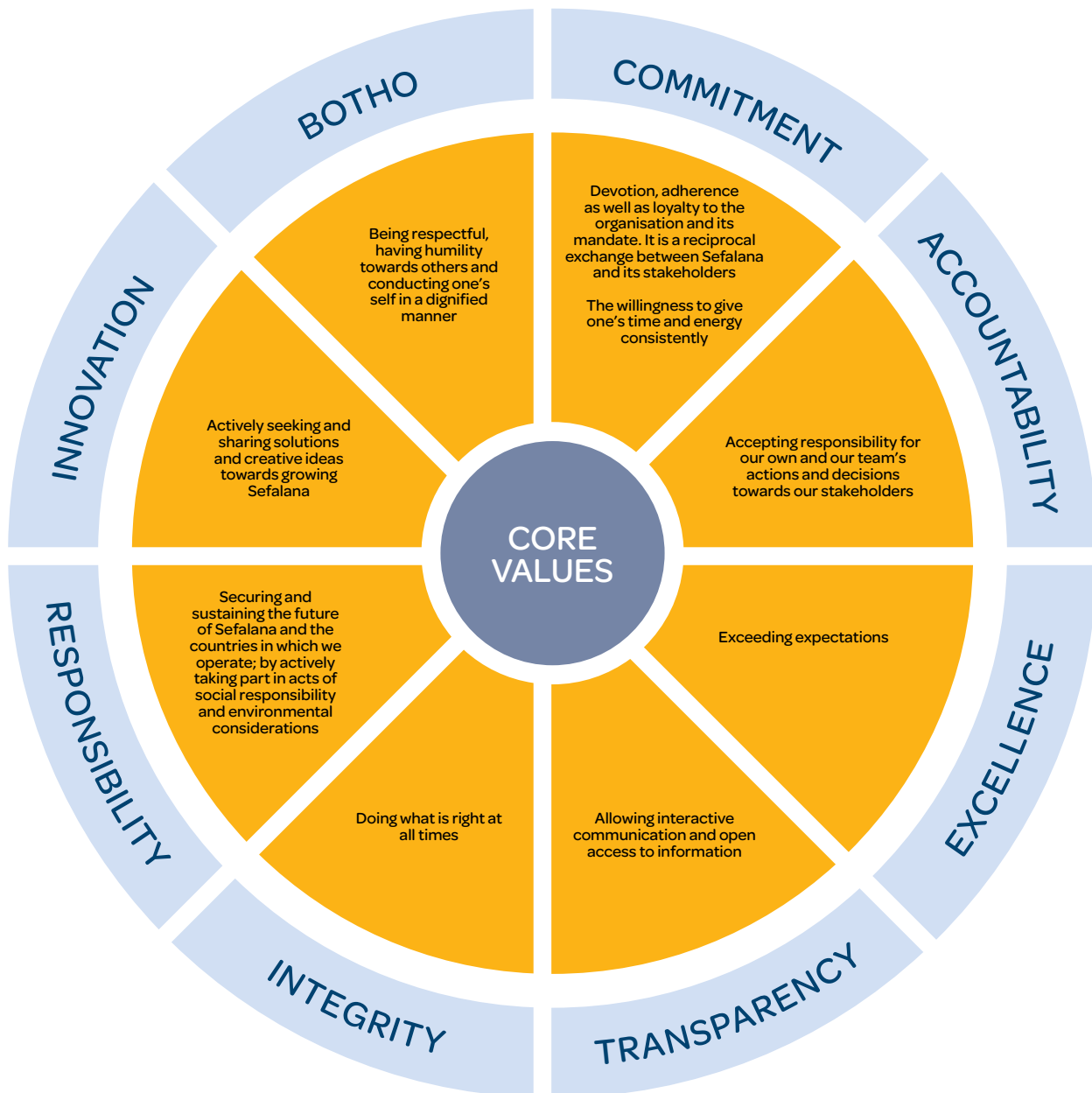
**To be the leading Brand of Choice for our Customers, Employees and Capital**

Our values are of high standards and epitomise the excellence and diligence of our staff and management.

Doing business responsibly is critical to our success at Sefalana. This requires adequate focus on social, ethical and environmental matters in a way that aims to bring value to all of our stakeholders, including our valued customers and shareholders. We take full responsibility for our actions and carefully consider the impact of our choices on others and ensure our ethics and values are integrated into our business policies, practices, plans and everything we do.

We continuously strive for improvement in our operations and this is achieved through working in an ethical manner, fostering positive relationships with our suppliers, recruiting and retaining successful and responsible employees and being accountable for the impact of our actions on our community and environment.

## Corporate Social Responsibility Report (continued)



Our Values Charter sets us apart from others in the Industry. These uniquely define our actions and promote our recently refreshed brand and the way we do business, governing the way we relate to our customers and other stakeholders. Our values underpin our vision to be the leading brand of choice for customers, employees and capital as articulated in our Group Strategy document.

## Corporate Social Responsibility Report (continued)

During the year, we have made further progress in achieving our values through sustaining and extending our Corporate Social Responsibility (“CSR”) initiatives, and striving to give back to our Community and environment wherever possible.

A dedicated CSR committee was set up during the year and this group continually evaluates various projects to support with the aim of assisting institutions in need by providing them with support for initiatives that will empower them and enable them to move closer towards self sufficiency and sustainability, rather than donations towards once-off activities that do not yield long term development.

### Our Focus on CSR

The following substantial areas enhance our corporate responsibility and citizenship:

#### Growing our business and presence

##### Key Consideration

##### Achieved through...

Looking after our people

regular store visits and adherence to stringent health and safety regulations. All our stores have internal security measures in place which are monitored on an on - going basis and have been further enhanced during the year in line with our recent re - branding exercise.

Expanding our store footprint for the Community

a focus on aligning all existing stores with the rebranding of the Group. We are proud of our presence in the majority or urban and pre-urban areas across the country. At a regional level, further expansion has been achieved through the opening of a new store in Namibia, bringing the total store count to 14 stores across Namibia and 53 across Botswana.

Seizing new business opportunities to maximise Shareholder value

focusing on our core businesses and continuously looking for new opportunities. The acquisition of a fruit juice and UHT milk plant in the prior year is expected to yield growth and enhance profitability for the Group. The letting of new warehouse space built in the Broadhurst Industrial area along with the development of other prime land will also add to increased shareholder value.

## Corporate Social Responsibility Report (continued)

### Developing a strong and sustainable team

#### Key Consideration

Attracting, retaining and developing the right people

#### Achieved through...

our ability to identify talent and provide the ideal working environment for our people. Growth opportunities are provided to staff through on – the – job training with progressive internal management development programs and accredited external training initiatives. A significant number of new jobs have been created in the year through store openings and continued expansion across the Group.

Transforming the Sefalana Culture

a continuous process of self – discovery and change management. Our strategy undertakes to identify and understand cultural barriers and develop techniques to overcome these barriers thereby enhancing its effectiveness. A culture audit was conducted in the year which spanned across the country and provided valuable feedback on what our staff perceive about the Group. The Group's recent rebranding initiative, creating one brand and one voice for all Sefalana subsidiaries is proof of our culture transformation.

Succession Planning

succession planning forms part of our Board Charter – We believe it is crucial to have the right people, in the right place at the right time to allow sustainability in leadership and the timely transfer of knowledge. Board oversight ensures sufficient focus is placed on this area such that a forward looking plan is in place to enable effective hand over of key positions.

### Developing our skills in our core business

#### Key Consideration

Marketing the Sefalana brand

#### Achieved through...

constant advertising of our products and maintaining positive relationships with our suppliers and customers. The restoration of a single brand across our Group has assisted in building our market presence. This will be a significant focus area for us during the ensuing year as this is fully rolled out. Further emphasis has been placed on educating the public about our Online Shopping platform and range of A Star branded house products.

Advancement of strategic retail skills

making sure our branch managers and staff receive regular training and are up to date with the latest trends in the FMCG industry. Use of Industry experts is made wherever possible to maximize effectiveness and to introduce modern and innovative thinking. A dedicated team has been developed to run our Online Shopping facility at a store level.



## Corporate Social Responsibility Report (continued)

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

### Trading responsibly at all times

### Ethical supply chain management, compliance and corporate governance

### Human capital development

### Conservation and eco - friendliness

### Giving back into our Community

**Over 99% of our staff are Batswana**

## 1. Trading responsibly at all times

Every company within Sefalana participates in the overall CSR activities of the Group. Sefalana Cash and Carry, our wholesale and retail business in Botswana and Namibia, is the largest contributor to Group revenue and profit. The scale of this business enables us to leverage our purchasing power as well as maximise process and cost efficiencies.

### Being responsible in how we engage with our customers

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

### Being responsible in what we offer our customers

Sefalana acts as an agent for its customers, driving value through improving quality and expanding key brands at an everyday low price. We know that our customers expect a consistent high quality of fresh foods and general merchandise which is a key driver for all our stores.

Sefalana's commitment to its customers has encouraged us to expand on our 'A Star' house brand of products, widening the range of products available to customers at competitive prices.

The provision of an online shopping facility has provided customers within Gaborone with the ability to shop at a time convenient for them and allow 24 hours for their goods to be delivered to a location of their choice.

Our duty as a good corporate citizen does not end at the point of delivery to our customers. We uphold a moral obligation to ensure the goods and produce we supply are of supreme quality as failure to do so would result in a direct negative impact on our service quality and ultimately our reputation. This was a key consideration when developing our house brand range.

We have now set up a Maize plant in Serowe, with greater emphasis being placed in the FMCG sector and supporting businesses. We are also proud to have set up a UHT milk plant which will now enable us to bring in-house the manufacturing of the A Star milk which has been in our stores for a number of years.

## 2. Ethical supply chain management and compliance

### Regulating and monitoring the supply chain

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

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

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

## Corporate Social Responsibility Report (continued)

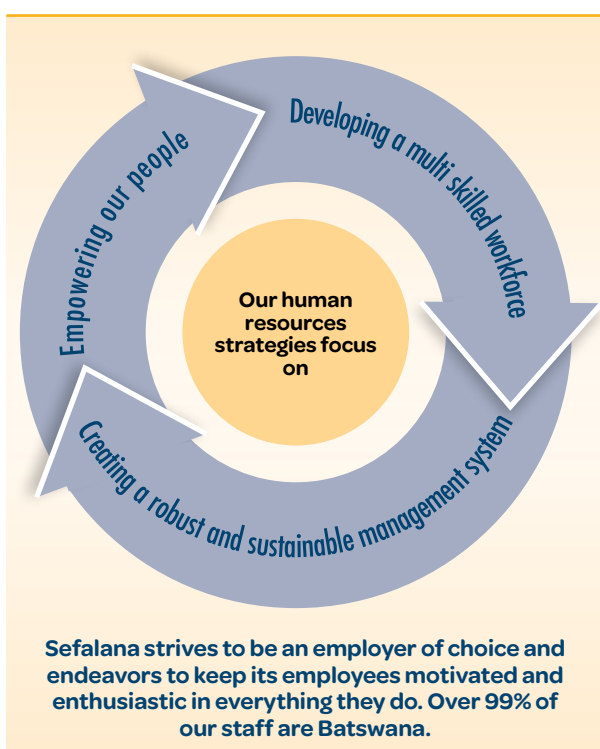


**We believe happy people work better and more effectively.**

During the year we acquired a fruit juice and UHT milk plant along with the commissioning of a maize plant. This has allowed Sefalana to bring in – house, parts of the supply chain, enabling the Group to internally enforce efficient supply chain initiatives. We also extended our A-Star house brand range of products and in doing so have ensured that we provide our customers with very good quality products.

#### Upholding our Reputation

In our efforts to be a good corporate citizen, we remain committed to ensuring compliance with all applicable laws and regulations. The Sefalana brand is significantly and rapidly strengthening across Botswana. Our trade is fair and transparent, giving the business community a long term partner that can be trusted and held in good faith. We are proud of the reputation we have built up and consider this to be vitally important for our continued success.



### 3. Human capital development

#### People – This continues to be our most important asset

We aim to ensure that the right people join the Group and remain a key part of the Sefalana family, where comprehensive training and skills development is provided throughout their career with us. Training programs for growth and development are expanded on an ongoing basis. Our people are treated with respect and a zero tolerance policy to discrimination is maintained. A performance management system is used as a means of rewarding our exceptional performers who show potential for growth. Retention of knowledge and skills in Botswana's highly competitive market remains a vital focus point for our Group. As a consequence, a number of our staff have been with us for over 20 years.

We aim to build a workplace that displays a true demographic profile of the nation. Our employment practices are a crucial part of our ability to draw in and retain talent.

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

Staff is informed of upcoming events throughout the year through our monthly Moremogolo newsletters. Our people are the first to know of any changes in our business that may affect them, this in turn allows them to do the right thing and deliver an outstanding service to customers.

#### Promoting wellness at work

Sefalana commits to a high level of health and safety practices through providing our employees with a safe, stable and healthy environment in which to work. Health and safety form a crucial part of the food industry and are therefore monitored, managed and assessed on an on - going basis through the Group's risk management framework. Providing a prudent and hygienic place to work improves the morale and performance of our staff. During the year we moved into our new Head Office in Broadhurst Industrial providing over 120 staff members with a modern, roomier and fresher working environment. We also rebranded a number of our stores across Botswana, providing a rejuvenated Group feel for the Sefalana family. New, consistent and bright uniform has helped change the image of the Group and has improved overall staff morale and inclusiveness.

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

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



*Donation to Tonota Primary School  
- for purchase of specialised leaning  
equipment for children with learning  
disabilities*

In an effort to promote health and fitness, the Group partook in the Annual Diacore Gaborone City Marathon. Over 160 staff members woke up bright and early in order to get to the start line for the 10km race. The Group looks forward to participating in similar events going forward.

#### **Skills development – enhancing the end product**

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

Management Development programs are offered to our staff with the objective of exposing apprentices to all aspects of the retail and wholesale business. During the training period, the novice gains experience in the operation of all divisions of a store and is given the opportunity to demonstrate their managerial and supervisory competencies. During the year 45 individuals were put through these programs.

#### **Developing tomorrows leaders**

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



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#### 4. Conservation and eco – friendliness

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

#### 5. Giving back to our Community

Making a positive difference to our community is extremely important to us. Its importance has been recognized in the year through the establishment of a Corporate Social Responsibility Committee that reports directly to the Board. This Committee meets on a quarterly basis to consider potential CSR projects that will benefit the wider community. Community investment is achieved through donations, support and being a part of local events. Some of the projects that we were involved in during the year include:

##### Improving the lives of Batswana

1. Sponsoring a year's food requirement for an Orphanage - On a monthly basis, Sefalana supplies the Hajji Gulam Mustapha Children's Home with their food requirements. The Children's home was set up a number of years ago and is situated in Bontleng in Gaborone. The Home acts as an orphanage for less privileged children, offering them education, friendships, a family structure and the possibility of a more fulfilling and brighter future.
2. The SOS Children's Villages in Tlokweng & Serowe both received a monthly cash contribution and / or food hamper to support the underprivileged children in Serowe and Tlokweng .

Sefalana is currently working on a graduate scheme in which the Group will offer young, motivated students the opportunity to further their education through the possible sponsorship of a Master's Degree program as well as the opportunity to work for the Group.



*Smiling faces of the children from the HGM orphanage in Gaborone*





**Top:** Sefalana - leading the national parade at the 49th Independence Day Celebrations

**Bottom left:** Sefalana online store mall activation at Riverwalk. Head office staff taking a break in staff canteen.

**Bottom right:** Sefalana year-end results announcement 2016







**Top:** Sefalana donates specialised computer equipment to the University of Botswana Disability Support Services Division.

**Bottom:** Sefalana staff take part in the 2016 Diacore Gaborone City Marathon proudly sponsored by Sefalana



## Corporate Social Responsibility Report (continued)



*A moment for a cup of tea - Sefalana Group head office canteen*

3. The Cheshire Foundation of Botswana was provided with a number of kitchen appliances to assist in its ability to feed the less fortunate.

### Developing Youth

1. University of Botswana - In the previous year, Sefalana was proud to donate a number of laptops to the University's Disability Support Services IT laboratory. In the current year, we continued to support this function through the sponsoring of additional computers and related equipment to the laboratory. We have undertaken to make a significant contribution towards this cause in support of the building of a new laboratory for blind students. We have also offered to consider these graduates for employment at Sefalana and look forward to interviewing them for suitable roles.
2. Sefalana is currently working on a graduate scheme in which the Group will offer young, motivated students the opportunity to further their education through the possible sponsorship of a Master's Degree program as well as the opportunity to work for the Group.
3. We are sponsoring members of our accounting staff to complete their accountancy professional examinations with BICA (Botswana Institute of Chartered Accountants).

### Supporting local education

1. Newton, Mmualefhe and Swaneng Primary Schools in Serowe benefited from the annual donations from Foods Botswana for prize giving ceremonies. Swaneng Primary received branded sports t - shirts for students taking part in regional sports competitions.
2. Tonota Primary School Special Education Unit was given a substantial cash award for the purchase of specialised equipment for children with learning disabilities. This donation was done together with the Banner Groups.
3. Khawa Primary School and Gaborone International School were both awarded funds for family fun days and student welfare on local school trips.



**Corporate Social Responsibility Report (continued)****Promoting health and wellbeing**

Group contributions were made to various sporting initiatives including the BDF Golf Day, Gaborone Masonic Trust Golf Day and the annual Sefalana Golf Day. Substantial cash sponsorship was awarded to the 2016 Gaborone City Marathon, which invites over 10 000 runners to participate in the annual marathon, promoting a more active and healthier lifestyle amongst the population. A donation was also made towards the Selibe-Phikwe marathon this year.

Tsabolthe, is a football club formed and supported by Foods Botswana, which plays in first division clubs in Botswana. Cash and uniform support is provided on a continuous basis. During the year, Mahalapye United Football Club was also supported with a 'play off' tournament. We are proud to be involved in these events that enable us to promote our loyalty and commitment to our staff and the wider community.

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

Supporting the Molapo 5 Aside Football Tournament through financial assistance for lightening equipment and the prize for tournament winners, encouraging youth participation in sporting activities.

**Other initiatives**

Supporting the Botswana Society for the Prevention of Cruelty to Animals (BSPCA) which was established in 1987 and raises awareness on the abuse of animals in Botswana and aids in the teaching of good foster practices amongst pet owners. Sefalana shows support through the donation of goods from our Hyper Store. Support was also given to the anti-poaching unit - Rhino Without Borders as part of a Rhino Conservation Initiative.

Supporting the Botswana Society - This is a scientific, historical and cultural society of Botswana and is located in Gaborone. It is the country's oldest, indigenous and active non - governmental, non - profit organization. The Society is dedicated to promoting knowledge of Botswana and has a worldwide membership. The Society publishes books, an annual journal (Botswana Notes and Records), conference proceedings and quarterly newsletters. Sefalana supports the Society through an annual donation.

Supporting the Masiela Trust Fund whose mandate is to provide financial aid for the care of orphans and vulnerable children.

Frank "Franco" Lesokwane – a local artist was supported to perform a live show in Gobabis, Namibia during the year, showcasing the local talent across Botswana borders.

Botswana Independence Day Parade – During the year 20 Sefalana staff members took part in the national 49th Independence Day parade. It marked the first year in which the private sector was invited to showcase their history in Botswana and how they have grown with the country. Sefalana is proud to have led the parade and exhibit their brands of Massey Ferguson tractors, MAN, HONDA and TATA vehicles. We look forward to participating in Botswana's 50th Independence Day celebrations.

The Sir Seretse Khama Committee in Serowe received funds to aid the annual Sir Seretse Khama Day. Foods Botswana was welcomed to put up a stall at the event in which all our milling products were show cased. We look forward to being a part of this event on an annual basis.

**Supporting the Botswana Society for the Prevention of Cruelty of Animals (BSPCA) raises awareness in our community on the abuse of animals in Botswana. Support was also given to the anti-poaching unit as part of the Rhino Conservation Initiative**







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## Corporate Governance Report

### Statement of Commitment

Integrated Reporting is increasingly becoming important in the current environment where accountability and governance is critical. The Board is committed to this line of thinking and reporting, and as such adopts the concepts, principles and elements of Integrated Reporting in this Annual Report. It believes that this Annual Report considers all material matters which reflect the performance of the Sefalana Group.

The Board promotes principles of good governance and in large adopts the King Code of Corporate Governance (King III) consistently applying substantially all the provisions of this code throughout the financial year. Each year, it tries to improve the quality of its reporting. The Company has substantially applied the Botswana Draft Corporate Governance Code as entrenched in the draft Botswana Stock Exchange ("BSE") listing rules (both current and in its draft revised format), and awaits its formal approval and adoption by the relevant authorities in Botswana.

### Company Secretary Certification

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

### Board Charter

The Board has in place a Board Charter to clarify roles of the Board and to enhance its decision making processes. The purpose of the Board Charter is to clearly outline the structure of the Board and to define its role, focusing on strategic leadership, performance management, investor relations, risk management and governance. The Board Charter also outlines fiduciary duties of Directors according to Section 130 of the Companies Act and as recommended by King III. The Board reviews the Charter annually to ensure that it is in line with recent changes in the law and standards of governance practice. No significant changes were made to the Charter during the reporting period.

### Conflict of interest

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

### Role of the Board

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

**The Board's ultimate responsibility is for the supervision of the Group's activities.**

It has the following principal duties:

→ Formulating and monitoring implementation of the Group's long term business strategy

→ Identification of key risks that threaten the Group's ability to achieve its strategy

→ Approval of the Group's investment plans, budgets and forecasts

→ 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

→ Ensuring that the Managing Director and other members of the Senior Management team are competent, and that an effective succession strategy and plan is adopted for the Group's senior executive positions



## Corporate Governance Report (continued)

### Closed periods

Directors and certain executive staff members are not permitted to transact in the company's shares in any way during closed periods. There are other occasions where the Directors impose a closed period on themselves; when there is price sensitive information that the Board is aware of that is not publically available.

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

Director	Number of shares controlled as at the year-end date
Dr Ponatshego Kedikilwe	7 318 (2015: Nil)
Mr Chandra Chauhan	11 287 322 (2015: 11 287 322)
Mr Elias Dewah	Nil (2015: Nil)
Mr Hans Kampmann	Nil (2015: Nil)
Dr Keith Jefferis	20 225 (2015: 24 270)
Mr Mohamed Osman	74 260 (2015: 74 260)
Mr Reginald Motswaiso	200 000 (2015: 200 000)

→ Directors and certain executive staff members are not permitted to transact in the company's shares in any way during closed periods.

### Board appointments and resignations

Mrs Jennifer Marinelli resigned from the Sefalana Board on 30 October 2015. The Board is grateful for the invaluable contribution Mrs Marinelli has provided during her term with the Group.

No other changes took place in the composition of the Board during the reporting period.

### Board diversity and balance

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

Name of Director	Independent Non - Executive Director	Executive Director
Mr Elias Dewah	✓	
Dr Keith Jefferis	✓	
Dr Ponatshego Kedikilwe (Chairman)	✓	
Mr Reginald Motswaiso	✓	
Mr Chandra Chauhan (Group Managing Director)*		✓
Mr Hans Kampmann (Managing Director - Sefalana Cash and Carry Limited)		✓
Mr Mohamed Osman (Group Finance Director) *		✓

\* In accordance with the Board Charter, the Board has adopted that at least two of the Executive Directors should be the Group Managing Director and the Group Finance Director.

### Skills diversity

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

## Corporate Governance Report (continued)

### Board Committees

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

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

#### 1. Nominations Committee

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

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

- |   |                                    |   |                       |   |                   |
|---|------------------------------------|---|-----------------------|---|-------------------|
| a | Dr Ponatshego Kedikilwe (Chairman) | b | Mr Reginald Motswaiso | c | Dr Keith Jefferis |
|---|------------------------------------|---|-----------------------|---|-------------------|

#### 2 Remuneration Committee

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

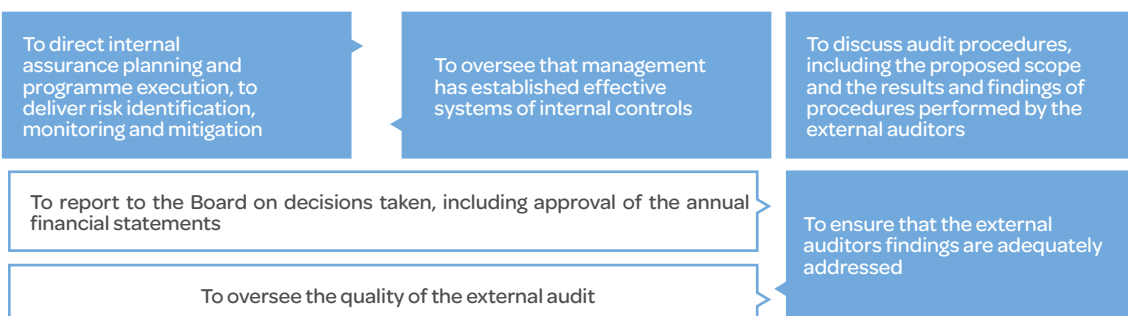
The Remuneration Committee reports to the Board on its activities after every meeting held. The Group has established a formal and transparent procedure for developing policies on Executive remuneration and for setting the remuneration packages of individual Directors. No Executive Director is involved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

The Remuneration Committee comprises of the following Non - Executive Directors:

- |   |                              |   |                |   |   |
|---|------------------------------|---|----------------|---|---|
| a | Dr Keith Jefferis (Chairman) | b | Mr Elias Dewah | c | Dr Ponatshego Kedikilwe (by invitation) |
|---|------------------------------|---|----------------|---|---|

#### 3 Audit and Risk Committee

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



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

- |   |                                  |   |                |
|---|----------------------------------|---|----------------|
| a | Mr Reginald Motswaiso (Chairman) | b | Mr Elias Dewah |
|---|----------------------------------|---|----------------|



FULL CREAM  
MILK

FULL CREAM  
MILK

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## Corporate Governance Report (continued)

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

### 4 Corporate Social Responsibility (CSR) Committee

This was a new committee established during the year, with its main objective to place adequate time and consideration into the CSR activities of the Group. The focus areas of the Committee include:

→ Providing guidance to the Group in its pursuit of being a responsible corporate citizen

→ Enhancing the performance of the Group within the economic, social and environmental aspects in which it exists

→ Development and implementation of Corporate Social Investment strategies which include assisting deserving and income generating projects.

The CSR Committee comprises of the following Directors:

**a** Dr Ponatshego Kedikilwe (Chairman) **b** Mr Elias Dewah **c** Dr Keith Jefferis **d** Mr Mohamed Osman

### Relationships with Shareholders

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

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

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

In this way, the Board ensures all relevant information is effectively communicated to the Company's Shareholders and on a timely basis. Attendance at Board and sub - committee meetings of Sefalana Holding Company Limited during the financial year ended 30 April 2016:

Member	Main Board		Nominations Committee		Remuneration Committee		Audit and Risk Committee		Corporate Social Responsibility Committee	
	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum	Attendance
Dr Ponatshego Kedikilwe	4	4	2	2	2	2			1	1
Mr Chandra Chauhan	4	4	2*	2*			3*	2*		
Mr Elias Dewah	4	4	2*	2*	2	2	3	3	1	1
Mr Hans Kampmann	4	4								
Dr Keith Jefferis	4	4	2	2	2	2			1	1
Mr Mohamed Osman	4	4	2*	2*			3*	3*	1	1
Mr Reginald Motswaiso	4	4	2	2			3	3		

\* Attendance by invitation



## Corporate Governance Report (continued)

## Compliance with KING III

King III was developed as a consequence of changing trends in international corporate governance and has been considered as leading guidance on best practice. As with King I and King II, the King Committee endeavoured to be at the fore front of governance internationally. Although King III is not mandatory for Botswana companies, Sefalana has assessed its governance structure against the principles of this code and is proud to be compliant in substantially all areas. The Group has also considered the enhanced aspects of King IV which is expected to be made effective in other parts of the world in 2017.

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

King III Chapter ref	King III Principle	2016	2015	Commentary
<b>Chapter 1 - Ethical Leadership and Corporate Citizenship</b>				
1.1	The Board should provide effective leadership based on ethical foundation.	Applied	Applied	The Board is governed by a Board Charter incorporating effective and responsible leadership.
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	Applied	Applied	The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy of 2013-2016. One of the values entrenched in the strategy is "...to be a model corporate citizen Group that is passionate and committed to uplifting our communities and safeguarding the environment". The Board through its newly established Corporate Social Responsibility Committee ensures that the Company supports and invests in the wellbeing of the economy, society and the natural environment
1.3	The Board should ensure that the Company's ethics are managed effectively.	Applied	Applied	The Group's ethics are managed through the Audit and Risk Committee. The Group Code of Conduct was developed in 2014.
<b>Chapter 2 - Boards and Directors</b>				
2.1	The Board should act as the focal point for and custodian of corporate governance.	Applied	Applied	The Company is headed by a Board that directs, governs and is in effective control of the Company as embedded in the Board Charter. For effective control The Board delegates some of its duties to its Board sub - committees which are also governed by committee charters. The Board meets at least four times a year.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	Applied	The Board monitors the implementation of strategy through the Group Strategy Coordinator who reports to the Board at quarterly meetings. The Group Internal Auditor also reports to the Audit and Risk Committee at all its meetings.
2.3	The Board should provide effective leadership based on an ethical foundation.	Applied	Applied	The Board is governed by a Board Charter incorporating effective and responsible leadership.  The Group's ethics are managed through the Audit and Risk Committee.  The Group Code of conduct was developed in 2014



— Since 1974 —

In 1974,  
Botswana was 8 years old  
when Sefalana first opened its doors  
for business.





Sir Seretse Khama



Sir Ketumile Masire



Festus Mogae



Lt. Gen. Dr. Seretse Khama Ian Khama



Together, Sefalana has grown with Botswana  
and is proud to be a truly local company for the  
people of our Country.  
Pula!





## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	Applied	Applied	The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy of 2013-2016. One of the values entrenched in the strategy is "...to be a model corporate citizen Group that is passionate and committed to uplifting our communities and safeguarding the environment".
2.5	The Board should ensure that the Company's ethics are managed effectively.	Applied	Applied	The Group's ethics are managed through the Audit and Risk Committee. The Group Code of conduct was developed in 2014.
2.6	The Board should ensure that the Company has an effective and independent Audit and Risk Committee.	Applied	Applied	The Audit and Risk Committee has been established in terms of the Board Charter and the Committee is governed by a Committee Charter which is reviewed annually. All three members of the Committee are suitably skilled and experienced independent Non-Executive Directors.
2.7	The Board should be responsible for the governance of risk.	Applied	Applied	The Board governs risk through its Audit & Risk Committee which reports directly to the Board at each meeting of the Board.
2.8	The Board should be responsible for Information Technology (IT) governance.	Applied	Applied	The Board has endorsed the Group IT Policies and Procedures and a revised Group IT Strategy has been adopted. The Group IT manager reports to the Audit and Risk Committee at all its meetings.

*A-Star Flour.  
Made from premium Wheat.*



The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy of 2013-2016. One of the values entrenched in the strategy is "...to be a model corporate citizen Group that is passionate and committed to uplifting our Communities and safeguarding the environment".

## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence on non-binding rules, codes and standards.	Applied	Applied	The Company complies with applicable laws and non – binding rules. The Company Secretary certifies that such rules are adhered to. The Company also seeks professional legal advice from time to time as and when required.
2.10	The Board should ensure there is an effective risk – based Internal Audit	Applied	Applied	The Audit & Risk Committee plays a key role in ensuring that the Company's Internal Audit function has the necessary resources, budget standing and authority within the Company to enable it to discharge its functions. The Group Internal Auditor reports directly to the Audit & Risk Committee.
2.11	The Board should appreciate that stakeholder's perceptions affect the Company's reputation.	Applied	Applied	The Board, through the Sefalana Group Strategy monitors legitimate stakeholder interests and expectations, relevant to the Company's strategic objectives and long-term sustainability. The Group Strategy Coordinator reports directly to the Board.
2.12	The Board should ensure the integrity of the Company's Integrated Report.	Partially Applied	Partially Applied	A full Integrated Report has not been prepared. However, through the Audit and Risk Committee, the Board has placed controls to enable it to verify and safeguard the integrity of its reporting. The Audit and Risk Committee reviews and considers the financial statements prior to publishing.
2.13	The Board should report on the effectiveness of the Company's system of internal controls.	Applied	Applied	The Board is accountable for risk management and the system of internal control and issues annual disclosures that an adequate system of internal control is in place to mitigate the significant risks faced by the organisation.
2.14	The Board and its Directors should act in the best interest of the Company.	Applied	Applied	The Directors make decisions giving due regard to their fiduciary duties and as such act with an independence of mind. The Directors also declare their direct and indirect interests at each Board meeting and the Company Secretary maintains a register of Director's interests.
2.15	The Board should consider business rescue proceedings or other turn around mechanisms as soon as the Company is financially distressed as defined in the Act.	Applied	Applied	A review of cash resources and cash forecast is done on a continuous basis, the Board assesses this annually to satisfy itself that the Group operates as a going concern. No instances of concern were noted during the year.
2.16	The Board should elect a Chairperson of the Board who is an independent Non-Executive Director.  The CEO of the company should not also fulfil the role of Chairman of the Board.	Applied	Partially Applied	The Board elected an independent Chairman with effect from 1 December 2014.  The role of CEO and Chairman are performed by separate individuals.

## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	Applied	Applied	The CEO is given certain decision making power. Decisions over this threshold are considered by the Board. This ensures effective and timely decision - making.
2.18	The Board should comprise a balance of power, with a majority of Non - Executive Directors. The majority of Non - Executive Directors should be independent.	Applied	Applied	The Board ensures that there is an appropriate balance of power and authority in its composition. The majority of Non - Executive Directors are independent. The Nominations Committee meets from time to time to consider the diversity and appropriateness of the Board.
2.19	Directors should be appointed through a formal process.	Applied	Applied	Procedures of appointment to the Board are formal and transparent and are a matter of the whole Board on recommendation of the Nominations Committee, subject to Shareholder approval.
2.20	The induction of and ongoing training and development of Directors should be conducted through formal processes.	Partially Applied	Partially Applied	New Directors receive an induction pack which includes background information, understanding of fiduciary duties and key Board matters.
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	Applied	Applied	The appointment of the Company Secretary is a matter of the Board. The Board has appointed a Chartered Company Secretary in terms of section 162 of the Companies Act.
2.22	The evaluation of the Board, its committees and the individual Directors should be performed every year.	Applied	Applied	Board evaluations are done annually, alternating between external evaluation by independent consultants and internally by the Chairman of the Board.
2.23	The Board should delegate certain functions to well -structured committees but without abdicating its own responsibilities	Applied	Applied	The Board has well developed committees which have been established with clear reporting procedures. The Committee Charters are reviewed annually.
2.24	A governance framework should be agreed between the Group and its subsidiary Boards.	Applied	Applied	The Group and its subsidiaries have well established governance procedures and respective charters.
2.25	Companies should remunerate Directors and executives fairly and responsibly.	Applied	Applied	The Company has adopted remuneration practices which create value for the Company and are aligned with the Company's strategy. The Remuneration Committee assists the Board in its responsibility for setting and administering remuneration.

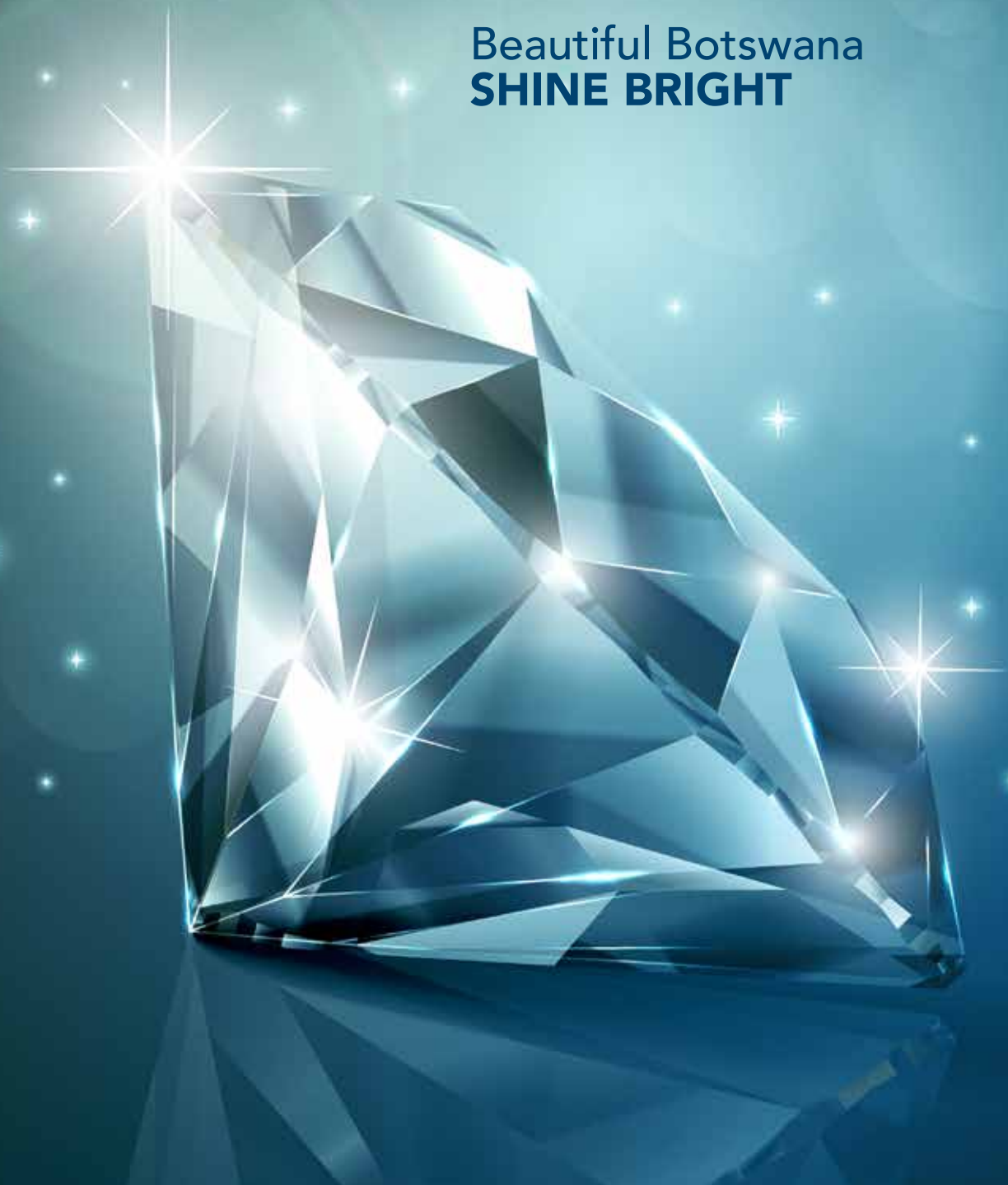




Your basket of opportunities

— Since 1974 —

Beautiful Botswana  
**SHINE BRIGHT**



## Corporate Governance Report (continued)



The Group has considered the enhanced aspects of King IV which is expected to be made effective in other parts of the world in 2017

The Board has an independent and effective Audit & Risk Committee in place. All members of the Committee are suitably qualified and experienced independent Non-Executive Directors.

King III Chapter ref	King III Principle	2016	2015	Commentary
2.26	Companies should disclose the remuneration of each individual Director and certain senior executives.	Not Applied	Not Applied	If this requirement becomes mandatory, appropriate disclosures will be made.
2.27	Shareholders should approve the Company's remuneration policy.	Partially Applied	Partially Applied	Directors' fees in aggregate are disclosed in the annual report and tabled for Shareholders' approval at Annual General Meetings.
Chapter 3 - Audit and Risk Committee				
3.1	The Board should ensure that the Company has an effective and independent Audit and Risk Committee.	Applied	Applied	The Board has an Independent and effective Audit & Risk Committee in place. All members of the Committee are suitably qualified and experienced independent Non-Executive Directors.
3.2	Audit and Risk Committee members should be suitably skilled and experienced independent Non-Executive Directors.	Applied	Applied	All members of the Audit and Risk Committee are suitably qualified and experienced independent Non-Executive Directors. The composition of the Committees is evaluated periodically by the Nominations Committee.

## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
3.3	The Audit and Risk Committee should be chaired by an independent Non-Executive Director.	Applied	Applied	The Chairman of the Audit and Risk Committee is an independent Non-Executive Director.
3.4	The Audit and Risk Committee should oversee integrated reporting.	Partially Applied	Not Applied	<p>Through the Audit and Risk Committee, the Board has placed controls to enable it to verify and safeguard the integrity of its report.</p> <p>The Audit and Risk Committee evaluates significant judgments on reporting decisions such as changes in accounting policies. The Committee seeks clarity from Management on significant transactions and also considers the views of the external auditors.</p> <p>The Audit and Risk Committee's review of financial reports encompasses the Annual Financial Statements, interim results, any intended release of price-sensitive information and prospectuses, trading statements and circulars.</p>
3.5	The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	Applied	Partially Applied	<p>The Audit and Risk Committee ensures comprehensive implementation of and adherence to internal controls. Internal Audit provides a written assessment on the effectiveness of internal controls to the Audit and Risk Committee each year. The overall control environment of the Group has improved during the year.</p> <p>There is a sound collaboration between assurance providers. The Internal Audit team has been enhanced during the year and ensures greater reliance is placed on Internal Audit work by external audit.</p> <p>A culture of zero tolerance to fraud and corruption is taken in all activities of the Group. A comprehensive anti - fraud program incorporating all elements of prevention, detection, investigation and resolution is coordinated through Internal Audit. Instances of fraud are reported through the Anonymous tip – off line and these are investigated and the outcome reported to the Audit and Risk Committee.</p> <p>During the year the Board met to identify the key risks that the Group faces in achieving its objectives. Related root causes and mitigating controls were also identified and are being rolled out across the Group.</p> <p>A more co - ordinated approach has now been adopted.</p>
3.6	The Audit and Risk Committee should satisfy itself of the resources and experience of the Company's finance function.	Applied	Applied	The finance functions consist of suitably qualified individuals, headed by the Group Finance Director.
3.7	The Audit and Risk Committee should be responsible for overseeing of Internal Audit.	Applied	Applied	The Audit and Risk Committee approves the annual internal audit plan. The Group Internal Auditor and the Risk Manager report to the Committee at all its meetings.



## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
3.8	The Audit and Risk Committee should be an integral part of the risk management process.	Applied	Applied	The Board has assigned oversight of the Group's risk management function to a well-established Audit & Risk Committee.
3.9	The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and oversees the external audit process.	Applied	Applied	Audit & Risk Committee appoints the external auditors and approves their remuneration, ensuring that the level of remuneration is appropriate to enable an effective audit. The external auditor's remuneration is put to Shareholder's vote at Annual General Meetings.
3.10	The Audit and Risk Committee should report to the Board and shareholders on how it has discharged its duties.	Applied	Applied	The Chairman of the Audit & Risk Committee reports to the Board at all its meetings and minutes of the Audit & Risk Committee are provided to the Board.
Chapter 4 – Governance of Risk				
4.1	The Board should be responsible for the governance of risk.	Applied	Applied	The Audit & Risk Committee acts in accordance with its statutory duties and the delegated authority of the Board in terms of governance of risk. The Audit & Risk Committee is an integral component of the risk management process and oversees the development of policies.
4.2	The Board should determine the levels of risk tolerance.	Applied	Applied	Recommendations concerning the levels of tolerance and appetite, and monitoring that risks are managed within these parameters, are considered by the Board.
4.3	The Risk Committee or Audit and Risk Committee should assist the Board in carrying out its risk responsibilities.	Applied	Applied	The Board is assisted by an independent and effective Audit & Risk Committee. The Chairman of the Committee reports to the Board at all its meetings.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Applied	Applied	The Company has established practices on risk management.  The risk management policy was developed during the year and considered by the Audit & Risk Committee.
4.5	The Board should ensure that the risk assessments are performed on a continuous bases.	Applied	Applied	Risk assessments are conducted on a continuous basis and reported to the Board through the Audit & Risk Committee.

## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	Applied	<p>The Audit and Risk Committee provide oversight over risk management. Assurance of good governance is achieved through the regular measurement and reporting of risk management. To achieve this, recent risk management initiatives included:</p> <ul style="list-style-type: none"> <li>□ A documented, approved Risk Management Policy, Framework and Plan.</li> <li>□ Board and Executive management assessment of risks impacting on the Group's strategic objectives.</li> </ul> <p>During the year, the Board and Executive Management held independent risk assessments to identify, and consolidate all potential risks that impact its strategy. A strategic risk register with core risks is maintained and these shall be monitored on a continuous basis by the Board.</p>
4.7	The Board should ensure that management considers and implements appropriate risk responses.	Applied	Applied	Risks are identified, assessed and monitored by Internal Audit and reported to the Board through the Audit & Risk Committee.
4.8	The Board should ensure continuous risk monitoring and management.	Applied	Applied	Risk reports are submitted to Audit & Risk Committee at all its meetings.
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	Applied	Applied	Updates on management risk mitigation are reported to the Audit & Risk Committee at all its meetings.
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Partially Applied	Not Applied	<p>The following processes serve to promote appropriate risk disclosures and assurance:</p> <ul style="list-style-type: none"> <li>□ Management provides assurance to the Board that the risk management plan is integrated in the daily activities of the company.</li> <li>□ Internal Audit provides a written assessment of the effectiveness of the system of internal controls and risk management.</li> </ul> <p>A summary of the Groups' key risks is reported in this Annual Report.</p>
Chapter 5 - Governance of Information Technology				
5.1	The Board should be responsible for Information Technology (IT) Governance.	Applied	Applied	The Board has endorsed Group IT Policies and Procedures and the Group IT Strategy was developed during the year. The Group IT Manager reports to the Audit & Risk Committee at all its meetings.
5.2	IT should be aligned with the performance and sustainability of objectives of the Company.	Applied	Applied	The Board ensures that the IT strategy is integrated into the Sefalana Group's strategic and business processes, and that IT is in alignment with the achievement of the Group's business objectives.

## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
5.3	The Board should delegate to management the responsibility for the implementation of an IT Governance Framework.	Applied	Applied	Group management is mandated by the Audit & Risk Committee to guide IT governance framework within the Group. The framework supports effective and efficient management and decision making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT related risk.
5.4	The Board should monitor and evaluate significant IT investments in expenditure.	Applied	Applied	The Group management monitors and evaluates significant IT investments, expenditure and disposal of IT assets. A report in this regard is tabled at each meeting of the Audit & Risk Committee. The Board also ensures that the information and intellectual property contained in the information systems are protected.
5.5	IT should form an integral part of the Company's risk management.	Applied	Applied	The IT risk management framework includes the assessment and management of all significant IT risks. IT risk management includes disaster recovery planning, IT legal risks and compliance to laws, rules, codes and standards that are an integral part of the Group's risk management.
5.6	The Board should ensure that information assets are managed effectively.	Applied	Applied	The Board ensures that processes are in place to ensure information assets are effectively managed.
5.7	A Risk or Audit Committee should assist the Board in carrying out its IT responsibilities.	Applied	Applied	IT is represented at Audit & Risk Committee meetings by the IT Director and Group IT Manager. Detailed feedback is made to the Audit and Risk Committee on the IT governance framework and progress reports are provided to ensure that any IT risk is appropriately managed and mitigated.
<b>Chapter 6 - Compliance with Laws, Rules, Codes and Standards</b>				
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	Applied	The Company complies with applicable laws and non-binding rules. The Company Secretary certifies that such rules are adhered to. The Company also seeks professional legal advice from time to time.
6.2	The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.	Applied	Applied	Any changes in laws and rules which affect the Company are included in the Board's agenda as and when applicable.
6.3	Compliance should form an integral part of the Company's risk management process.	Applied	Applied	The risk of non-compliance is monitored, assessed and responded to through the Company's risk management process.
6.4	The Board should delegate to management the implementation of an effective Compliance Framework and processes.	Partially Applied	Partially Applied	Compliance is monitored, assessed and responded to through the Company's risk management process. A formal Compliance policy has not yet been developed.







## Corporate Governance Report (continued)



The Board has also considered the enhanced aspects of King IV which is expected to be effective in parts of the world in 2017.

King III Chapter ref	King III Principle	2016	2015	Commentary
Chapter 7 - Internal Audit				
7.1	The Board should ensure that there is an effective risk-based internal audit.	Applied	Applied	An Internal Audit function is in place and is expanding with the growth of the Group.
7.2	Internal audit should follow a risk-based approach to its plan.	Applied	Applied	Internal Audit follows a risk-based approach in its annual audit planning which is considered and approved by the Audit and Risk Committee.
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management.	Applied	Applied	A written assessment of internal controls is issued to the Audit and Risk Committee in accordance with an agreed timetable.
7.4	The Audit and Risk Committee should be responsible for overseeing Internal Audit.	Applied	Applied	The Audit and Risk Committee is responsible for overseeing of Internal Audit; the Committee approves the audit plan and receives quarterly activity reports from Internal Audit.
7.5	Internal Audit should be strategically positioned to achieve its objectives.	Applied	Applied	The Company has an effective Internal Audit function which reports to the Audit & Risk Committee and has the respect and cooperation of both the Board and Management.

## Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2016	2015	Commentary
<b>Chapter 8 - Governing Stakeholder Relationships</b>				
8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation.	Applied	Applied	The Board, through the Sefalana Group Strategy monitors legitimate stakeholder interests and expectations, relevant to the Group's strategic objectives and long - term sustainability. The Group Strategy Coordinator reports directly to the Board every quarter.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	Applied	Applied	The Board not only encourages proactive stakeholder engagement through attending Annual General Meetings but also through informal processes such as direct contact, advertising and press releases. The Sefalana website was recently launched to improve interaction with various stakeholders.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, In the best interests of the Company.	Applied	Applied	The Board strives to achieve an appropriate balance between the interests of various stakeholders in its decision-making.
8.4	Companies should ensure the equitable treatment of Shareholders.	Applied	Applied	The Company acts in accordance with the requirements of the Companies Act and the BSE Listings Requirements regarding the treatment of Shareholders. The Chairman of the Board encourages all Shareholders to participate at the Annual General Meetings and opens the floor for questions and discussion.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	Applied	The Company ensures that information to stakeholders is sent timeously and that it is clear and comprehensive.
8.6	The Board should ensure that disputes are resolved effectively, efficiently and expeditiously as possible.	Applied	Applied	The Board sees itself as a champion of ethical leadership and behavior in the Group and as such strives to resolve disputes amicably.
<b>Chapter 9 - Integrated Reporting and Disclosures</b>				
9.1	The Board should ensure the integrity of the Company's integrated report.	Partially Applied	Partially Applied	Through the Audit and Risk Committee, the Board has placed controls to enable it to verify and safeguard the integrity of its integrated reporting. The Audit and Risk Committee reviews and considers the financial statements prior to publishing. Integrated reporting will be developed in time.
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	Partially Applied	Partially Applied	Sustainability reporting is treated as part of the Corporate Social Responsibility Report in this annual report. Further developments in this area are on-going.
9.3	Sustainability reporting and disclosure should be independently assured.	Not Applied	Not Applied	The Company has considered seeking independent third party assurance and has decided not to seek external assurance this year, as it believes that reporting processes have improved and are still improving. However independent assurance may be sought in the future.

## Enterprise Risk Management Report



**We are committed to effective risk management in pursuit of our strategic objectives, with the aim of sustainably growing Shareholder value. In the past year, we have significantly enhanced our risk management capability to anticipate risks and respond with confidence in managing them.**

### Our approach and Governance of Risk Management

Our Board of Directors recognises that proactive risk management is an essential element of sound corporate governance and provides oversight to the group wide process. The Audit and Risk Management Committee is delegated responsibility from the Board for considering strategic, operational, financial and compliance risks and ensures these risks are monitored and mitigated on a continuous basis.

We have continued to evolve our risk management approach during the year to ensure relevance to Sefalana business needs in the changing business environment. Our structured risk management process, which is aligned to the industry standards, was rolled out across the Group during the year.

Management at each subsidiary entity, operating business unit and group functions are responsible and accountable for the management of risks in their respective areas. Oversight of risk management at each organisational level takes place through relevant Executive Committees.

The risk management process involves a formalised system to identify and assess risk, both at a strategic and operational level. Mitigating controls, and other assurances in identifying and assessing the risks, are continuously evaluated.

### Mitigating our top risks to enable achievement of the Group's objectives

We determined our top risks through a review process that analyses the risks facing business units in relation to Sefalana strategy and key priorities. The top risks are those that could negatively impact our value chain, cause deviation from expected strategic outcomes and negatively influence Sefalana reputation.

The Board considers the identified risks to be the most significant risks faced by the Group which may impact the achievement of our strategic objectives. This does not comprise all of the risks associated with our business but summarises the key risks identified.



## Enterprise Risk Management Report (continued)

### OUR TOP PRIORITIES

### TOP RISKS

### RISK MITIGATION

#### Business strategy

1. Non alignment of the strategic objectives to business initiatives
2. Uncertainty of public policy and regulatory developments

The approach to mitigating these risks is based on:

- Actions to ensure alignment in communication, stakeholder engagement, coordinated intervention in the regulatory development process
- Alignment of the business strategy to all subsidiary business operations to ensure the aggregate achievement the overall Group objectives
- Implementation of systems in place to ensure compliance with applicable laws and regulations

#### Market position

3. Ineffective market analysis
4. Changing competitiveness dynamics

Our key business enhancement objective is to ensure that the Group is able to respond more effectively, efficiently and competitively to the changing dynamics of our local and regional market place

#### Procurement and strategic sourcing

5. Failure to deliver effective product availability and growth initiatives

- Strong sourcing capabilities with established buying operations continue to be leveraged to maintain optimal procurements costs
- Proactive management in procurement and strategic sourcing
- Continuous review our product range and introduction of new products and services





# HOUSE-

## COMPANY PROFILES

Our Management Teams	84
Sefalana Cash & Carry Botswana	96
Sefalana Cash & Carry Namibia (Metro)	100
Foods Botswana	104
Commercial Motors	106
Mechanised Farming	110
Sefalana Properties	112
KSI	116
Natural Value Foods	117

# BRAND

GIVING OUR CUSTOMERS CHOICE THROUGH A  
PORTFOLIO OF CAREFULLY SELECTED, GOOD  
QUALITY PRODUCTS AT AFFORDABLE PRICES

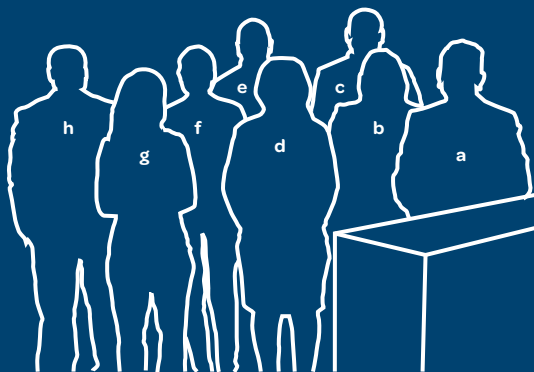


**a Mohamed Osman**  
Group Finance Director (GFD)

**b Wame Leshwiti**  
Group Strategy Coordinator

**c Michael Simaye**  
Group IT Manager

**d Otsile Chapo**  
Office Cleaner



**e Yule Madikwe**  
Group Internal Auditor

**f Nkongi Makosha**  
Group Company Secretary

**g Izdiyar Salim**  
Group Financial Accountant

**h Tapiwa Muzembe**  
Group Brand Custodian



i **Chandra Chauhan**  
Group Managing Director (GMD)

j **Bofithlile Malesela**  
Property Accountant

k **Saju Peter**  
Group Financial Controller

l **Mosetsana Disela**  
Receptionist



m **Lorato Modise**  
Head of Internal Audit

n **Omphemetse Mokgosi**  
PA to GMD and GFD

o **Kgositsile Setumo**  
Messenger





# Sefalana

Sa Rona - Your family value store



**Oteng Yezo**  
Head of HR

**Godfrey Ndwapi**  
Head of Risk

**Gilbert Buchler**  
Head of Merchandise

**Moagi Buzwani**  
Head of Wholesale



**Hans Kampmann**  
Sefalana Cash & Carry -  
Managing Director

**David Levin**  
Head of Corporate Services

**Zane Hoosen**  
Head of Retail

**Mike Makin**  
Sefalana Cash & Carry -  
Finance Director





**Sefalana**  
GRO  
A Sefalana Group Company



1 ▶ **Milton Shiimi**  
HR Executive

2 ▶ **Bryan Davis**  
Metro Cash & Carry Namibia -  
Managing Director

3 ▶ **Sinsikus Amwiigidha**  
Finance Executive



4

**Armand du Preez**  
Risk Executive

5

**Kobus Boshoff**  
Merchandising Executive

6

**Philip Nel**  
Operations Executive



## Management Teams (continued)



1 Khumo Christos  
Finance Manager

2 Upul Kalansooria  
Workshop Manager  
(TATA)

3 Allan Ryan  
Workshop Manager  
(Honda, MAN)

4 Akhtar Nanuck  
Dealer Principal

5 Nazim Shaikh  
Parts Manager  
(Honda, MAN, Tata)



1 Lemogang Makuo  
Sales Executive

2 Kabo Baile  
Workshop Administrator

3 Dlamini Lethokuhle  
Tractor Mechanic

4 Dintle Selepe  
Sales Executive

5 Yazeed Meyer  
Sales Executive

6 Thato Sikunyana  
Senior Accountant

7 Dave Marsh  
General Manager

8 Jacob Tshipinare  
Parts Manager

9 Maitumelo  
Mosweunyane  
MF Group HR  
Manager

10 Igobe Osupile  
Senior Workshop  
Technician

11 Zeenat Malek  
Finance Manager

## Management Teams (continued)



1 Mogotsi Selebatso  
Production Supervisor

2 Phillip C. Motsemme  
Quality Control Officer

3 Omphemetse  
C. Letshwanyo  
Production Supervisor

4 Scharl Varnfield  
Operations Manager

5 Bobby Joseph  
General Manager

6 Kgakgamatso Monare  
Production Foreman

7 Zeenat Malek  
Finance Manager

8 Tirelo Danga  
Plant Technician

9 Keitumetse Ngwako  
HR Officer

10 Boikaego Discharge  
Warehouse Officer



1 Masego Morapedi  
Supplies Officer

2 Robert Mmerekhi  
Quality Officer

3 Mary Mosarwa  
Sales Manager

4 Mmoloki Teseletso  
Electrical Maintenance  
Manager

5 Blessing Mundaumimber  
Mechanical Maintenance  
Manager

6 Patrick Muzhingi  
Finance Manager

7 Oaitse Goitsemang  
General Manager - Production

8 Mavis Manyapelo  
Human Resources Officer

9 Kedireleng Keitseng  
Accounts Supervisor



## Management Teams (continued)



**naturalvaluefoods**  
A Sefalana Group Company

1 Sophie Motala  
Finance Accountant

2 Kevin Morris  
Managing Director

3 Truely Tshuma  
Warehouse Manager

4 Amande Morris  
Operations Director



**BSI**

**KGALAGADI SOAP INDUSTRIES**

1 Phemelo Hosia  
Finance Manager

2 Tim Yannitsaros  
General Manager

3 Molome Kesupile  
HR Manager





# long life **FULL CREAM MILK**

UHT PROCESS



**NEW**

Our full cream milk is free of preservatives. UHT processing and a specially designed package ensures our milk stays fresh and can be stored unopened for months.

**Fb**  
Foods Botswana  
A Sefalana Group Company









## Sefalana Cash and Carry Limited



Sa Rona – Your family value store



Sefalana Cash and Carry Limited operates in the fast - moving consumer goods (“FMCG”) sector. The company’s store portfolio is spread throughout Botswana.



Our store compliment consists of 19 retail supermarkets under the name “Sefalana Shopper”, 3 convenience stores under the name ‘Sefalana Quick’, 25 cash and carry outlets trading under the name “Sefalana Cash & Carry”, 3 Hyper Stores located in Gaborone, Francistown and Mahalapye, trading as “Sefalana Hyper”, 4 liquor stores trading as ‘Sefalana Liquor’ and 1 cigarette distribution outlet trading under the name “Capital Tobacco”. In addition, the Company has just under four hundred voluntary retail franchise members located throughout Botswana who trade under the names Supa 7, Supa Deal, Citi Saver, Bonanza, Pula Value and Triple Seven Liquor.

**400**

four hundred voluntary retail franchise members located throughout Botswana



**Sefalana Cash and Carry Limited (continued)**

Providing great quality products and a wide range of general merchandise at the right price, has been our passion for over 40 years as we strive to help our customers manage their weekly shopping. Our geographical spread over the years has been strategic with an aim to be located in all major urban and pre - urban centres across the country. We continue to grow strategically through a program of extensions and refurbishments of our stores.

In the latter part of 2015 we commenced the rigorous process of rebranding all our stores. This continued into 2016 with a total of 21 stores being completed as at the reporting date. We look forward to having all our stores rebranded by the end of the next financial year. Our new fresher, more modern brand has proved to be very popular with our customers through well attended store relaunches and positive feedback from the general public. We pride ourselves on providing our customers with an improved shopping experience that they demand and look to being the store of choice in our market.

During the year we expanded our 'A Star' house brand range of products with over 30 different items instore. Our A Star brand ranges from perishables such as milk and flour to household toiletries and canned products. We also launched our very own popular range of flavoured fizzy drinks under the name 'Kwencha', which is already doing very well and has quickly been accepted and enjoyed by our customers.

The Botswana FMCG business continues to be the largest contributor to the Group's financial results. We believe that this sustained level of profitability is driven by our focus on improving the shopping experience for our customers, through innovating our offers, enhancing the layout of our stores, extending our product range, giving more variety to our consumers and strengthening our brand. Our convenience stores continue to deliver higher returns and make a valuable contribution to the local community, bringing with it increased trade and footfall as well as providing additional jobs for local people.

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

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

We continue to make considerable investment in our human capital, running our BQA accredited training programmes, facilitating developmental enrolment with Maccauley Learning Academy and partnering with the University of Stellenbosch in



the continual development of our training material. An annually revised plan is in place for all our departments and branches to ensure we respond to the latest developments in performance management. We constantly develop and evaluate our ability to bring the best out of our business and its people. These training initiatives have been very successful in attracting and retaining the best talent in the market.

Over time we have developed strong business relationships with our other stakeholders, focused on training and mentorship programmes for our staff, and supporting our Community through our Corporate Social Responsibility activities which become wider and more extensive each year.

Our outlook for this division continues to be very positive but we acknowledge that it is impacted by the limited size of the local market and the continued pressure on disposable consumer income driven by the sustained economic downturn. Whilst we take note of the shift in shopping trends over the past few years, we believe the growth of our business, in particular within the retail arena, will be supported by a return of consumer confidence and spending in the ensuing years. We are already seeing this positive effect in recent months.

Being innovative and developing channels and services that complement our existing supermarket business is a key part of our long term strategy for growth. Sefalanaonline.com was officially launched earlier this year providing our customers with an easier and more practical means of shopping.

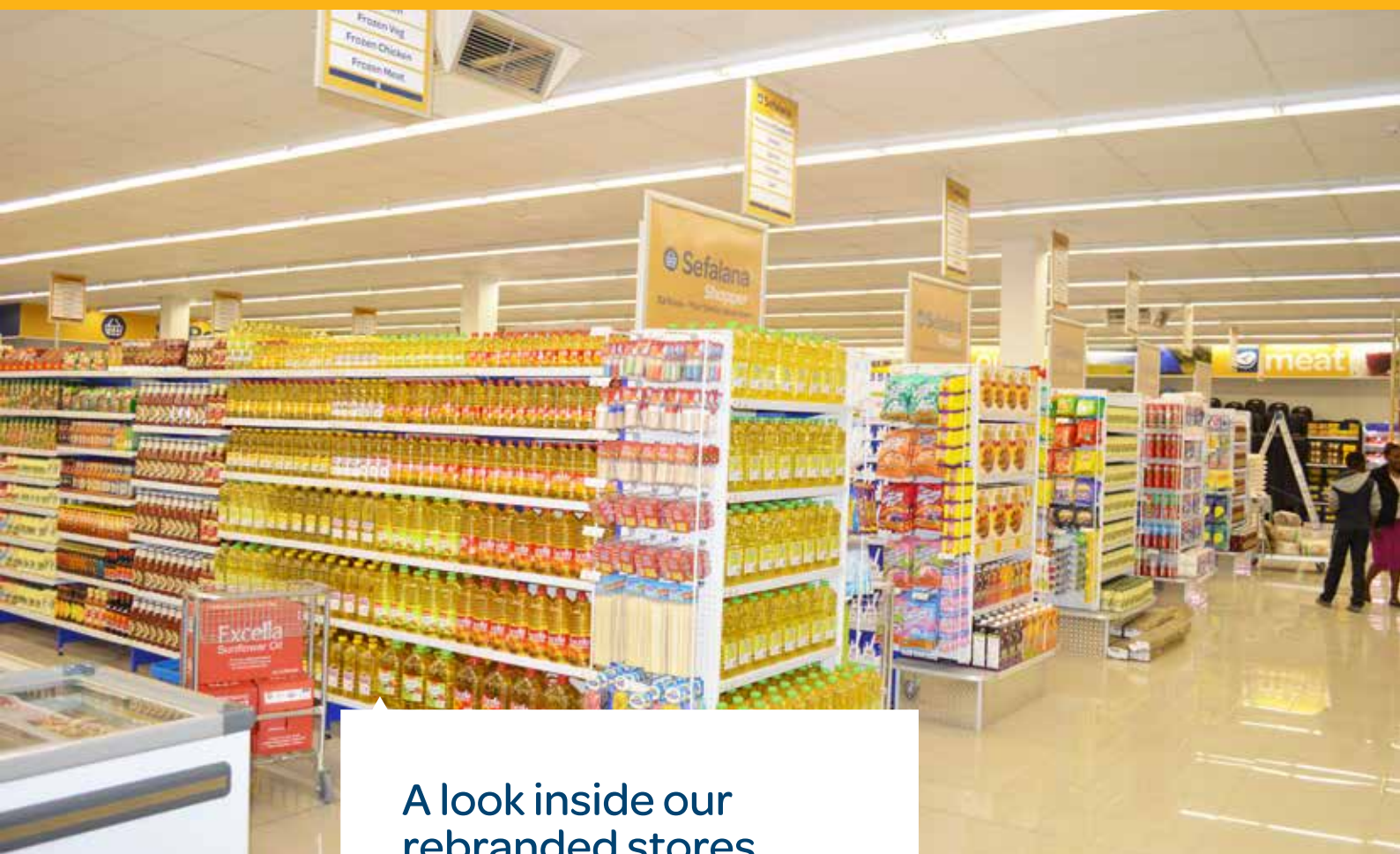
Our customers are now able to purchase items online and have the option of picking their shopping up instore or getting this delivered to their homes or an alternate place of their choosing within 24 hours. This service is currently being offered in Gaborone with a look to expand into neighbouring cities. We are proud to be the forerunners of such a service in Botswana and are also developing a customer loyalty programme which we expect to launch in the coming months. Further details are provided in the Group Finance Director's report.

**Sefalana sa rona – Your family value store.**









## Sefalana Cash and Carry Namibia (Proprietary) Limited ("Metro")



# 14

Stores across  
Namibia



In the prior year we extended our retail and wholesale operations into neighbouring Namibia and welcomed a new family of stores into the Sefalana FMCG business as our first step in the expansion into Southern Africa. We were welcomed into the country as we offered a wider choice of products and better pricing to the consumer, and also provided employment to over 250 people. This has now increased to just under 400 members of staff in a space of less than 2 years.

# 4

Properties  
bought



Staff team: Metro Hyper Windhoek - Namibia



## Sefalana Cash and Carry Namibia (Proprietary) Limited ("Metro") (continued)

Our first store in Namibia was opened in Katima Mulilo in January 2014 and through the purchase of the Metro Group in July 2014, we extended our footprint to a total of 13 stores across the country. In November 2015, we took over an additional store in Swakopmund, bringing this total to 14 stores. A strong management team leads the operations in Namibia from our Head Office in the capital, Windhoek, which is also home to our Hyper and Liquor store – both the largest in Namibia.

The business has a policy to support the communities in which it operates and has already contributed to a number of charities and old age homes in the country. Namibia offers an emergent economy and a budding population which have responded well to our presence. We are constantly on the lookout for other potential sites in Namibia which will be considered for additional store openings as the opportunities arise, building our presence and serving the population in both urban and rural areas.

We also purchased our first 4 properties in Namibia this year, and look to grow our property portfolio in the country in the same way we have done in Botswana over the years. Property prices in Namibia and Windhoek in particular are exceptionally high as a result of limited supply. A number of potential sites have been identified for purchase and these will be evaluated over the coming year. These are anticipated to yield long term growth.

During the current year we achieved record high levels of sales and we hope to continue to grow at an impressive rate as we provide the local market with the best offering for our customers.

We continue to be excited about this new division which is already a substantial contributor to the bottom line results of the Group and is expected to be a large contributor as we increase the number of stores across the country.

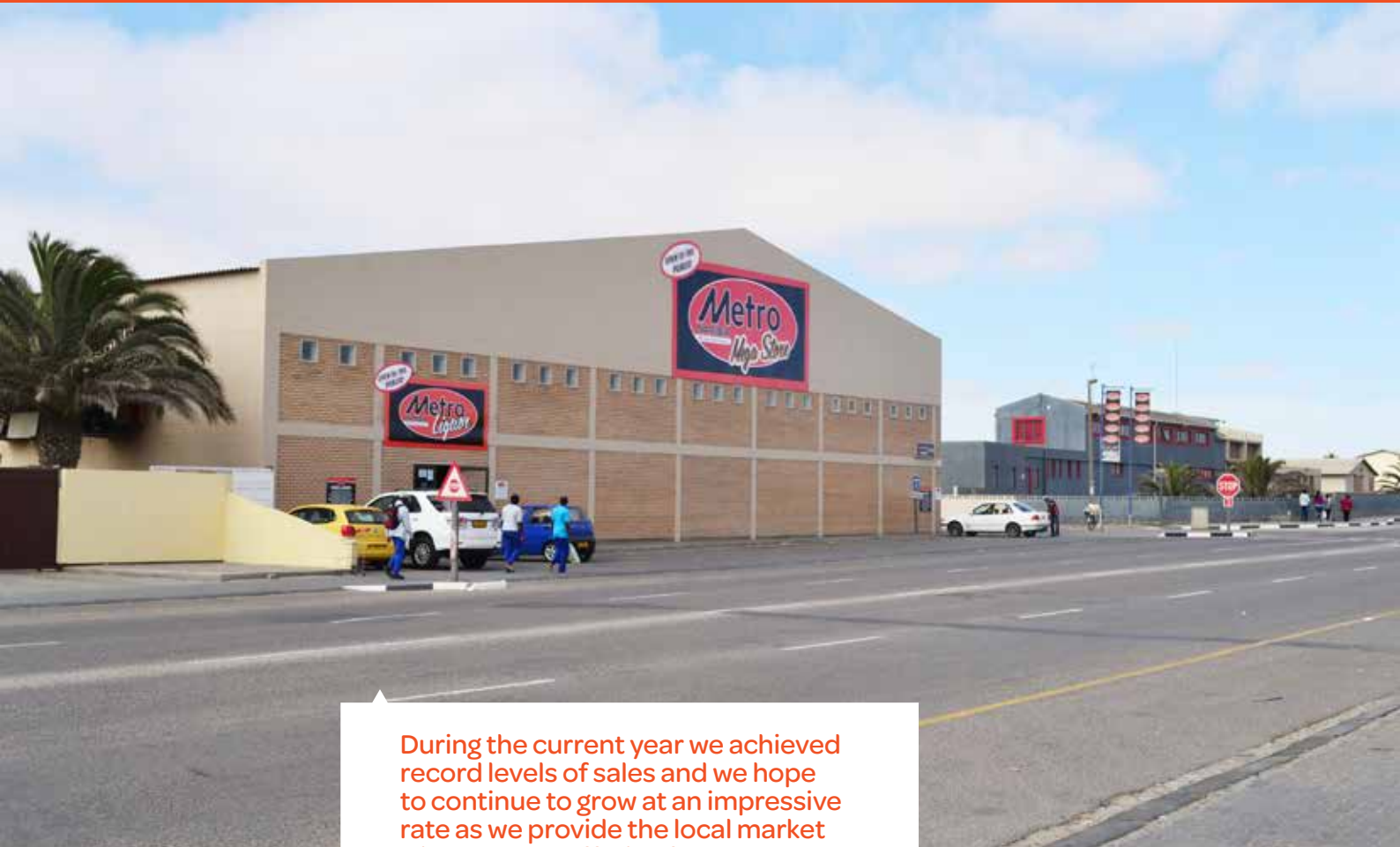


Staff team: Metro Gobabis - Namibia

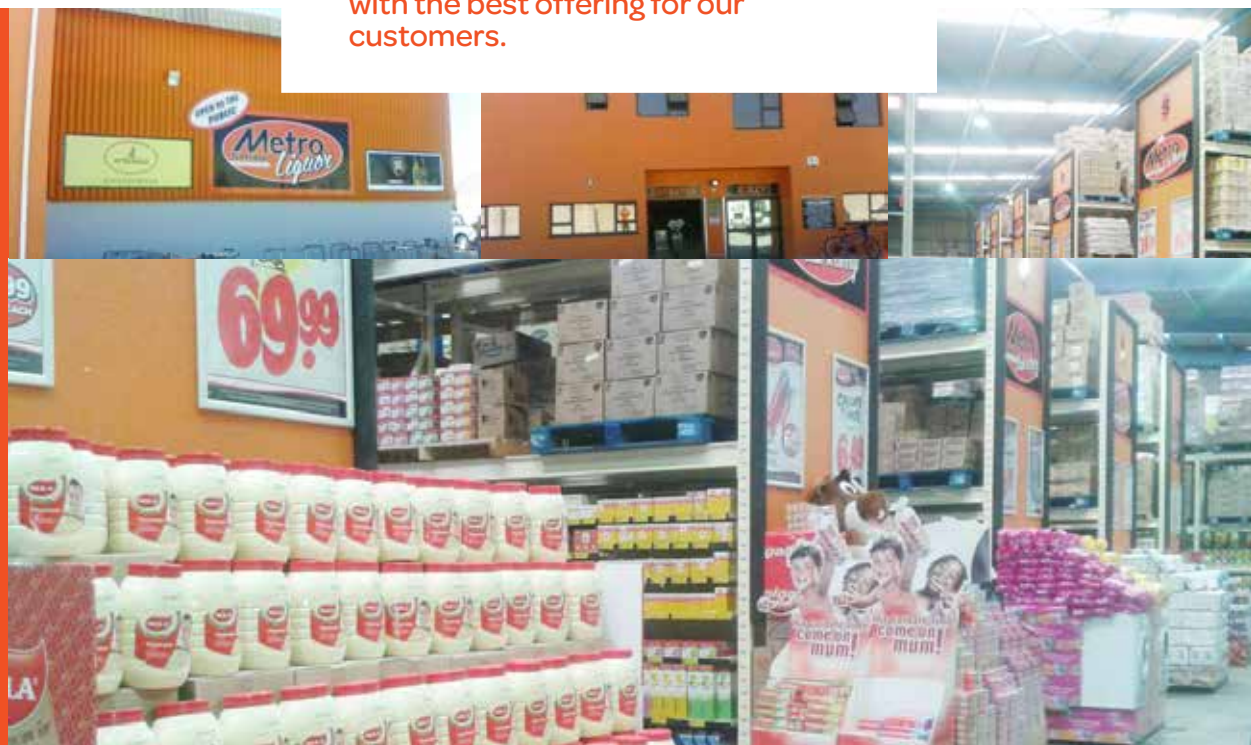








During the current year we achieved record levels of sales and we hope to continue to grow at an impressive rate as we provide the local market with the best offering for our customers.





Foods Botswana - Beverages Division



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

The products currently produced by this Company include:

Sarona Samp

Sechaba Mabele

Soya Sorghum Weaning Food (Tsabana) for infants up to 3 years

Soya Sorghum enriched foods (Malutu) for all age groups above 3 years

Tholo Malt

Tsabolthe (soya sorghum extruded product)

We pride ourselves on the production of our well established, nationally renowned products made 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, and improving quality.

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

Year on year, Foods Botswana devotedly continues to support the SOS Village and numerous schools within the vicinity through sponsoring fund raisers, supporting events and football clubs. Tsabolthe football club, a club initially formed by Foods Botswana has been playing in the first division for two years now and competes against other first division clubs. We wish Tsabolthe all the best in its competitions!

Despite our business being exposed to constantly shifting commodity prices, we have managed to mitigate this risk by ensuring effective and strategic procurement of grain. This year we found an improvement in yields and pricing which resulted in added profitability. Continual investment in plant and processes has also enabled us to further improve the quality of our products.

In the prior year, we increased operational capacity through the commissioning of two additional silos and a new maize plant in Serowe. This has enabled a better grain storage facility, improving the quality and value of our products and allowing for increased production and ultimately a greater share of the market. The new maize plant is being used to manufacture our own house - brand maize meal (A Star) which was previously being outsourced to a





third party. Our 50 FMCG stores helps facilitate the sale of this product which has become increasingly popular in the market.

At our Milling plant in Serowe we currently employ just over 200 staff, almost all of which are Batswana. We are one of the towns largest employers.

During the year we set up the Foods Botswana Beverages division of the Company, which includes a UHT milk plant purchased from the liquidated Delta Dairies business. Substantial capital was invested into this plant in order to bring it to a suitable standard of production. We are proud to have commenced production in January 2016 of our house brand A Star milk. We intend to introduce a low fat variant of this milk in the coming months as well as re-launch the Delta Fresh range of products.

We have provided employment to 60 members of staff to date at the Beverages Division and anticipate increasing this by around 40 by the end of the next financial year.

We are optimistic about the future and the further development of our Foods Botswana business and look forward to a productive year ahead.



Foods Botswana - Milling Division - new maize and sorghum silos

## Commercial Motors (Pty) Limited

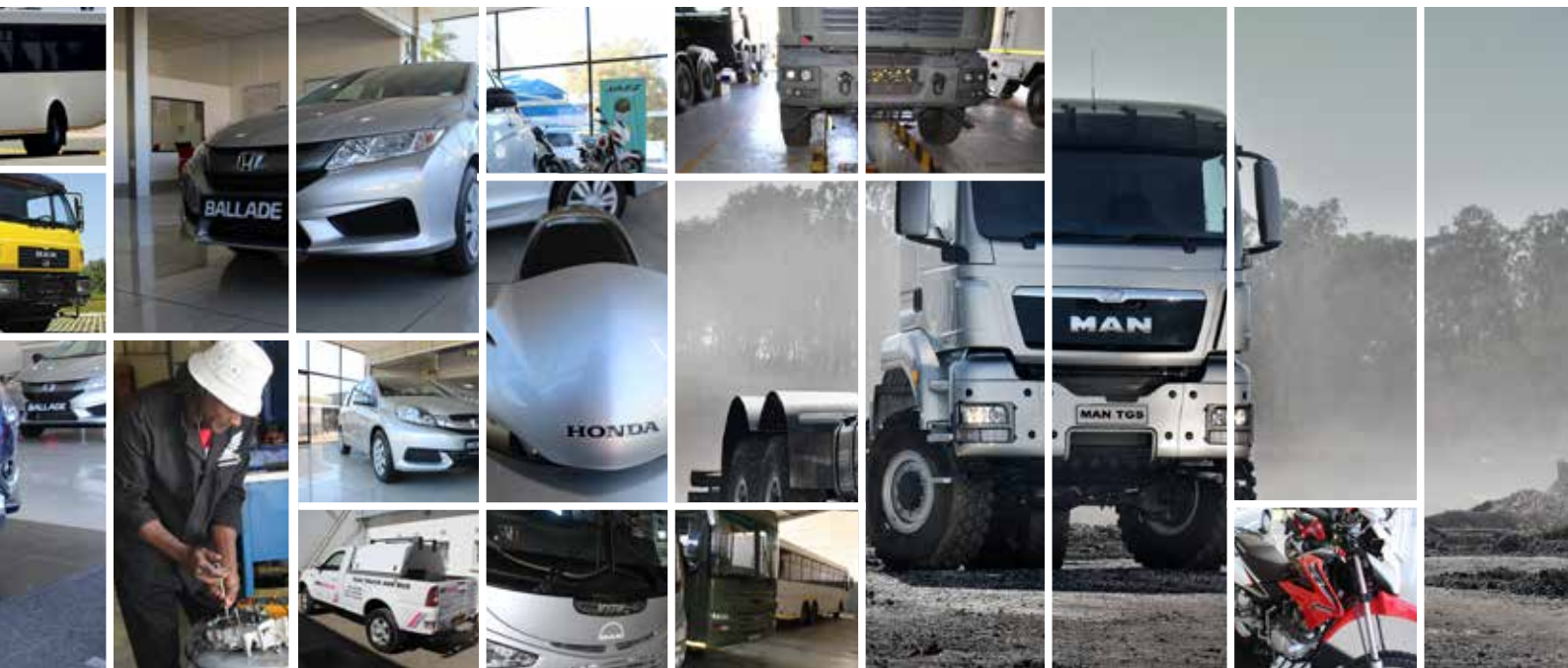


A Sefalana Group Company

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





**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. Focused on key technology, the company offers a variety of innovative commercial vehicles and power engineering products. The maturity of the brand, longevity and durability of its vehicles continues to generate a growing customer interest. Our model range includes short and long range haulage, commuter MCV range bus services, garbage trucking, and a range of military applications. The Trucknology Generation range (CLA/TGM/TGS) continues to offer truck owners efficiency and dependability and provides drivers with a better, safer drive. MAN's believes that its TGM 13.290 4x4 model is 'a vehicle that can do everything' through versatile engineering and its ability to meet the highest customer demands. Through MAN's excellence in ergonomics, efficiency, eco - design, safety and engineering, it has won such awards as "Green Truck of the year", and "International Truck of the Year" several 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 technologies used in the workshops and back - office conform to international standards and with the leadership and support of our management team, working efficiencies and communication with principals, performance in this business continues to improve year on year. This has translated into faster, smarter service delivery and greater customer satisfaction and loyalty.





## Commercial Motors (Pty) Limited (continued)



### Tata (light and heavy commercial motor vehicles)

TATA Prima (below) was recently introduced to the heavy commercial vehicles market. This range of trucks offers increased productivity and longer life making the range an indispensable asset for large captive users, miners, transporters or owner-drivers.

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

Our Tata range predominantly specialises in the construction, sales and after - sales service of Tata Buses and Tata Trucks. Tata Buses and Trucks surpass many of their competitors in power, speed, carrying capacity and operating economy. Tata Trucks have set the new benchmark in life - cycle costs, design and technology, offering class - leading features, reliability, comfort and safety at an affordable price. Our Tata buses offer three models with seating capacity for 28, 38 and 65 passengers.

Tata vehicle models incorporate technologies acquired from Tata Group subsidiaries ranging from Daewoo Motors to Jaguar, Land Rover and strategic partners including Marco Polo, that enable Tata to produce a competitive range that is efficient in capital and running costs, as well as promoting a reduced environmental impact from its products. Tata has a remarkable collection of awards for vehicle efficiency and enviro-friendliness. TATA Prima was recently introduced to the heavy commercial vehicles market. This range of trucks offers increased productivity and longer life making the range an indispensable asset for large captive users, miners, transporters or owner-drivers. The range includes tractor-trailers and tippers apt for several applications and thus meeting varied end-user requirements. We are excited about the TATA Ultra Truck range to be released later this year. The new range of world-standard intermediate and light trucks is designed for superior performance by virtue of its world class features which include tubeless radial tyres with a low aspect ratio and the strongest chassis in its class with a bolted design.



*Tata Prima 6x4 truck tractor*

**Commercial Motors (Pty) Limited (continued)****HONDA****Honda (passenger vehicles)**

Honda as a car manufacturer has in recent years received, amongst others, the following awards: "Car of the Year", "World Green Car of the Year", "Top Safety Pick" and "Best Retained Value". Our brand continues to deliver class leading dynamics with the highest level of driver and passenger safety, durability, reliability and economy. We added the long awaited Honda Type R into our showroom this year and have recently confirmed our first sale of this model. The highly anticipated Type R is the highest performance version of the Honda Civic. It features a lightened and stiffened body, specially tuned engine and upgraded brakes and chassis. The Group is proud to be the sole distributor of Honda vehicles in Botswana, supporting a long - established blend of unbeatable Honda safety and security, value for money, performance and handling, comfort and convenience capped with a fun drive.

*2016 Honda Ballade*

We welcome our current and potential customers to visit our showrooms in Broadhurst to test drive and see our motorcycles and vehicles first hand. Details are also available on our corporate website at [www.sefalana.com](http://www.sefalana.com)

Honda as a car manufacturer has in recent years received, amongst others, the following awards: "Car of the Year", "World Green Car of the Year", "Top Safety Pick" and "Best Retained Value".

**Honda (motorcycles)**

The motorcycle models supported by us range from Superbikes to Cruisers and from Commercial and Commuting bikes to off - road 4 wheelers. The Honda motor cycle brand is recognised both locally and abroad as a leading brand in its segment.

Our focus for the coming year is to improve on our customer service through offering technically advanced support, maintenance and repairs. We ensure our workshop staff are kept up to date with the latest servicing techniques and technology through regular training and development. During the year we showcased our brands at various events such as the Botswana International Airshow and are proud to have taken part in Botswana's 49th Independence Day Parade celebrations.

We welcome our current and potential customers to visit our showrooms in Broadhurst to test drive and see our motorcycles and vehicles first hand. Details are also available on our corporate website at [www.sefalana.com](http://www.sefalana.com).

*Honda MSX - 125*

## Mechanised Farming (Proprietary) Limited (“Mechanised Farming”)



Mechanised  
Farming

A Sefalana Group Company

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

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

Mechanised Farming represents the following brands in Botswana:

Barloworld Agriculture – Massey Ferguson Tractors, Implements & Perkins engines spare parts. Massey Ferguson tractors have proven to be a leading brand in Botswana in the agricultural industry;

Honda RSA – Honda Power products which include electric generator sets, engines, water pumps, lawn mowers, etc. We provide comprehensive stock holdings of spares for after sales service with a dedicated engineering workshop;

Electromotive Diesels (EMD) USA – sole authorized dealer for supply of imported diesel electric locomotives and spares.

CASE Equipment RSA – Case heavy plant machines, construction equipment and golf carts;

Radium Engineering – Agricultural implements and equipment and tractor-powered bush cutting;

Agrinet – Yanmar engines and water pumps;

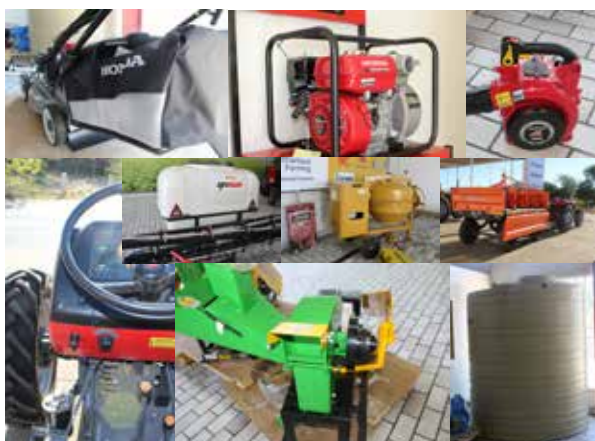
Turner Morris – Concrete mixers, compacters and general construction equipment.

During the year we introduced the following additional brands to the Mechanised Farming family:

Field king – Various farming equipment that has been manufactured in India since 1978 and has grown to be a brand of choice amongst farmers in over 75 countries. The brand has contributed to agricultural growth through the provision of innovative implements at the most affordable prices and is being well accepted by local customers.

Jojo tanks – A South African owned brand that has been manufacturing polyethylene plastic storage tanks for more than 30 years. Jojo products are predominantly used in the agricultural, domestic and chemical industries for the storage of water, fertilizers, chemicals and other liquids. Due to water shortages experienced throughout the Country last year, Jojo tanks have proved popular with our customers with their 8-year warranty cover.

Mechanised Farming has always focused on cultivating relationships with its valued customers and providing excellent and timely services for all maintenance jobs. This, together with an increased emphasis on advertising has resulted in pleasing results from this entity during the financial year. Going forward, we aim to improve performance through increased visibility, the introduction of new products and the extension of our market presence. As a Group, we look forward to an increased contribution from this entity.







WACKER

290 MASSEY FERGUSON

Ultra

Mf

THOMAS MEXICO

HONDA

ELECTRA

## Sefalana Properties



Historically Sefalana has made significant strategic investments in property, and as at 30 April 2016, the Group holds over 600,000 square meters of land, of which just under 150,000 square meters is developed property. Sefalana and its subsidiaries occupy roughly three quarters of this developed property and the Group earns a considerable rental income from its third party tenants.

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

During the year, we completed the building of our new head office in Broadhurst which we have recently occupied. The new head office brings with it a new look and feel for Sefalana which compliments the rebranding exercise and gives the Group greater visibility in the market.



**Sefalana Properties (continued)**

In Lusaka, Zambia we have a first class well positioned property which is currently fully let. This property is rented out to third parties and provides the Group with a substantial income stream and has shown significant increases in market value over the years. Leases are denominated in US Dollars and the favourable final tax rate of 10% of turnover makes this a very strong investment. Some legislative changes in the country in late 2015 have required transactions to be carried out in Zambian Kwacha but this does not seem to have had a negative impact on the value of the property or its underlying rental stream.

A number of properties were acquired during the year (details contained in the Group Managing Director's report) and this has helped grow our Group's property portfolio.

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

We are currently developing a number of our properties in Botswana which is expected to yield some very positive returns in coming years.





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







## Kgalagadi Soap Industries (Proprietary) Limited ("KSI")



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



In 2014, the Group entered into an agreement with a strategic partner and diluted its shareholding in the Company. This entity which was previously a 50% owned subsidiary, has since been accounted for as an associate company with an effective 25% interest.

With the increased demand for warehousing space over recent years, a development of 5000sqm of high quality warehouse units were completed during the year. Almost all of these units are already tenanted and occupation commenced shortly after the year end. These units will generate a strong rental steam for the business in the ensuing years.



A look inside the KSI factory



## Natural Value Foods (Botswana) (Proprietary) Limited



**naturalvaluefoods**  
A Sefalana Group Company

*A Star Peanut Butter.*



HouseBrand

In 2014, Natural Value Foods Botswana was established as a joint venture between Sefalana and Natural Value Foods (Proprietary) Limited (South Africa). The entity is a wholesaler of fresh fruits and vegetables and supplies its produce to Sefalana retail and wholesale stores throughout the country.

This business was set up with an aim of improving the quality of fresh produce on offer in our stores. Produce is procured from local farmers wherever possible and we are pleased to note very positive feedback from our customers in this regard.

Natural Value Foods is a well - known brand in South Africa and prides itself on its ability to harvest the finest conventional and organic produce selections, fulfilling customer needs of quality, price and condition.

# FINANCIAL



## ANNUAL FINANCIAL STATEMENTS

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# CIALS



## 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 122 to 182 for the year ended 30 April 2016 were authorised for issue by the Board of Directors on 25 July 2016 and are signed on their behalf by:



**Dr. PHK Kedikilwe, PH, NYB**  
Chairman



**Chandra Chauhan**  
Group Managing Director

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



### Report on the Financial Statements

We have audited the Group annual financial statements and annual financial statements of Sefalana Holding Company Limited, which comprise the consolidated and separate statement of financial position as at 30 April 2016, 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 122 to 182.

### Directors' Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of Sefalana Holding Company Limited as at 30 April 2016, 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.

Gaborone  
29 July 2016

PricewaterhouseCoopers  
Individual practicing member: Rudi Binedell  
Membership number: 20040091

PricewaterhouseCoopers, Plot 50371, Fairgrounds Office Park, Gaborone, P O Box 294, Gaborone, Botswana  
Tel: (+267) 3952011, Fax: (+267) 3973901, [www.pwc.com/bw](http://www.pwc.com/bw)

Country Senior Partner: B D Phirle  
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena

## Statement of Comprehensive Income

For the year ended 30 April 2016

	Note (s)	Group		Company	
		2016	2015	2016	2015
		P'000	P'000	P'000	P'000
<b>REVENUE</b>	5	3 825 367	3 463 960		
Cost of sales		(3 515 221)	(3 181 308)		
Gross profit		310 146	282 652		
Other income and gains	8	44 715	29 693		
Administrative expenses		(148 059)	(127 050)	(1 395)	(2 154)
<b>Earnings / (loss) before interest tax and amortisation (EBITA)</b>		<b>206 802</b>	<b>185 295</b>	<b>(1 395)</b>	<b>(2 154)</b>
Amortisation	16 & 17	(5 437)	(4 874)		
Net finance income		5 568	10 142	67 655	70 672
Investment income	7	12 829	17 668	81 296	73 505
Finance costs	9	(7 261)	(7 526)	(13 641)	(2 833)
Profit before share of results of associate and joint venture		206 933	190 563	66 260	68 518
Share of results of associate	18	1 113	1 131		
Share of result of joint venture	19	(903)	(548)		
<b>Profit before tax</b>		<b>207 143</b>	<b>191 146</b>	<b>66 260</b>	<b>68 518</b>
Income tax expense	10	(49 549)	(38 676)	(7 992)	(5 757)
<b>PROFIT FOR THE YEAR</b>	11	<b>157 594</b>	<b>152 470</b>	<b>58 268</b>	<b>62 761</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Gain on revaluation of land and buildings		14 437	23 034		
Gross gain on revaluation of land and buildings	14	18 328	29 207		
Income tax on gain on revaluation of land and buildings		(3 891)	(6 173)		
<b>Items that may be subsequently reclassified to profit or loss</b>					
Currency translation differences		(28 329)	(3 532)		
<b>Other comprehensive (loss) / income for the year (net of tax)</b>		<b>(13 892)</b>	<b>19 502</b>		
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>143 702</b>	<b>171 972</b>	<b>58 268</b>	<b>62 761</b>
Owners of the parent		150 654	142 300	58 268	62 761
Non - controlling interests		6 940	10 170		
<b>TOTAL PROFIT FOR THE YEAR</b>		<b>157 594</b>	<b>152 470</b>	<b>58 268</b>	<b>62 761</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Owners of the parent		138 757	162 198	58 268	62 761
Non - controlling interests		4 945	9 774		
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>143 702</b>	<b>171 972</b>	<b>58 268</b>	<b>62 761</b>
<b>BASIC EARNINGS PER SHARE (THEBE)</b>	13	<b>67.60</b>	<b>65.39</b>		
<b>TOTAL COMPREHENSIVE INCOME PER SHARE (THEBE)</b>	13	<b>62.26</b>	<b>74.53</b>		



## Statement of Financial Position

30 April 2016

	Note	Group		Company	
		2016	2015	2016	2015
		P'000	P'000	P'000	P'000
<b>ASSETS</b>					
<b>NON - CURRENT ASSETS</b>					
Property, plant and equipment	14	486 931	427 123		
Investment property	15	260 494	176 479		
Intangible assets	16	133 884	144 369		
Leasehold rights	17		741		
Investment in associate	18	4 579	3 466		
Investment in joint venture	19	1 979	1 631	3 430	1 631
Deferred lease assets	20	2 033	2 510		
Deferred tax assets	21	17 764	13 066		
Retirement benefit assets	39		7 334		
Investment in subsidiaries	22			209 134	179 134
Amount due from related parties	25			121 817	
Total non - current assets		907 664	776 719	334 381	180 765
<b>CURRENT ASSETS</b>					
Inventories	23	408 100	353 816		
Trade and other receivables	24	134 902	156 005	1 832	1 710
Amounts due from related parties	25				138 972
Current tax assets	10	3 432	4 127	264	2 301
Cash and cash equivalents	26	417 690	421 527	76 729	89 138
Total current assets		964 124	935 475	78 825	232 121
Asset classified as held for sale	27	8 000	7 164		
<b>TOTAL ASSETS</b>		<b>1 879 788</b>	<b>1 719 358</b>	<b>413 206</b>	<b>412 886</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Stated capital	28	335 712	335 712	335 712	335 712
Other reserves	29	184 864	196 761		
Retained earnings		595 019	511 225	47 726	56 318
Equity attributable to owners of the parent		1 115 595	1 043 698	383 438	392 030
Non - controlling interests		59 766	54 821		
Total equity		1 175 361	1 098 519	383 438	392 030
<b>NON - CURRENT LIABILITIES</b>					
Deferred lease obligations	31	12 385	10 317		
Loans and borrowings	32	77 765	58 076	6 695	8 076
Deferred tax liabilities	21	84 253	70 993		
Total non - current liabilities		174 403	139 386	6 695	8 076
<b>CURRENT LIABILITIES</b>					
Trade and other payables	33	415 294	401 316	1 918	1 712
Amounts due to related parties	25			18 652	6 298
Finance lease obligations	30	333			
Loans and borrowings	32	3 554	16 526	2 503	2 296
Current tax liabilities	10	6 966	7 371		2 474
Bank overdrafts	26	44 368	11 243		
Provisions and accruals	37	59 509	44 997		
Total current liabilities		530 024	481 453	23 073	12 780
Total liabilities		704 427	620 839	29 768	20 856
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 879 788</b>	<b>1 719 358</b>	<b>413 206</b>	<b>412 886</b>

## Statement of Changes in Equity

For the year ended 30 April 2016

	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
<b>Group</b>							
At 30 April 2014		79 243	176 863	419 070	675 176	46 507	721 683
Profit for the year				142 300	142 300	10 170	152 470
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			22 747		22 747	287	23 034
Currency translation differences			(2 849)		(2 849)	(683)	(3 532)
Disposal of subsidiary	22					(1 225)	(1 225)
Rights Issue of shares	28	256 469			256 469		256 469
Dividends paid - 2015 interim and 2014 final				(50 145)	(50 145)	(235)	(50 380)
At 30 April 2015		335 712	196 761	511 225	1043 698	54 821	1098 519
Profit for the year				150 654	150 654	6 940	157 594
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			14 363		14 363	74	14 437
Currency translation differences			(26 260)		(26 260)	(2 069)	(28 329)
Dividends paid - 2016 interim and 2015 final				(66 860)	(66 860)		(66 860)
<b>At 30 April 2016</b>		<b>335 712</b>	<b>184 864</b>	<b>595 019</b>	<b>1115 595</b>	<b>59 766</b>	<b>1175 361</b>

Other reserves consist of land and buildings revaluation reserve and currency translation reserve as set out in note 29.

	Note	Stated capital	Retained earnings	Total equity
		P'000	P'000	P'000
<b>Company</b>				
At 30 April 2014		79 243	43 702	122 945
Profit for the year			62 761	62 761
Rights Issue of shares		256 469		256 469
Dividends paid - 2015 interim and 2014 final	13		(50 145)	(50 145)
At 30 April 2015		335 712	56 318	392 030
Profit for the year			58 268	58 268
Dividends paid - 2016 interim and 2015 final	13		(66 860)	(66 860)
<b>At 30 April 2016</b>		<b>335 712</b>	<b>47 726</b>	<b>383 438</b>

## Statement of Cash Flows

For the year ended 30 April 2016

		Group		Company	
	Note (s)	2016	2015	2016	2015
		P'000	P'000	P'000	P'000
		re - presented			
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		157 594	152 470	58 268	62 761
Income tax expense	10	49 549	38 676	7 992	5 757
Finance costs	9	7 261	7 526	13 641	2 833
Investment income	7	(12 829)	(17 668)	(81 296)	(73 505)
Movement on retirement benefit assets		7 334	5 853		
Gain on revaluation of investment property	8	(21 853)	(13 975)		
Gain on revaluation of property held for sale		(836)			
Share of profit from associate		(1 113)	(1 131)		
Share of loss from joint venture		903	548		
Net effect of straight - line rental		(1 782)	1 470		
Impairment of property, plant and equipment	14		569		
Gain on disposal of property, plant and equipment	8	(5 362)	(230)		
Gain on disposal of subsidiary			(1 884)		
Amortisation of intangible assets and leasehold rights	16 & 17	5 437	4 874		
Depreciation of property, plant and equipment	14	31 888	28 462		
Cash generated by / (utilised in) operating activities before working capital changes		216 191	205 560	(1 395)	(2 154)
Movements in working capital:					
Trade and other receivables		21 103	(31 007)	(670)	1 310
Inventories		(54 284)	(15 485)		
Provisions, trade and other payables		28 490	174 291	206	412
Loan to related parties					(137 192)
Cash generated by / (utilised in) operations		211 500	333 359	(1 859)	(137 624)
Interest on loans and finance leases paid		(7 261)	(7 526)	(13 641)	(2 833)
Income taxes paid		(44 588)	(48 994)	(8 429)	(6 351)
Net cash generated by / (utilised in) operating activities		159 651	276 839	(23 929)	(146 808)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7	12 829	17 668	20 215	19 505
Dividend received from subsidiaries				61 081	54 000
Purchase of computer software rights	16	(923)	(2 483)		
Net cash paid on business combination		(6 961)	(177 367)		
Purchase of property, plant and equipment	14	(99 598)	(64 840)		
Proceeds from disposal of property, plant and equipment		12 357	654		
Payment in respect of investment in subsidiary	22				(44 841)
Proceeds from disposal of subsidiary			5 040		
Redistribution of cash on disposal of subsidiary			(6 886)		
Additions to investment property	15	(53 256)	(2 272)		
Investment in joint venture	19	(1 251)	(2 179)	(1 251)	(2 179)
Additional investment in subsidiary	22			(30 000)	
Decrease in loan to related parties	25			29 509	
Receipts from loans advanced			198		
Net cash flows (utilised in) / generated by investing activities		(136 803)	(232 467)	79 554	26 485
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in loan	32 & 43	22 121	63 854		
Repayment of loan	32 & 43	(15 404)	(55 949)	(1 174)	(840)
Rights issue			256 469		256 469
Movement in finance lease obligations	30	333	(3 920)		
Cash dividends paid:					
To owners of the parent	13	(66 860)	(50 145)	(66 860)	(50 145)
To non - controlling interests			(235)		
Net cash flows from financing activities		(59 810)	210 074	(68 034)	205 484
Net movement in cash and cash equivalents		(36 962)	254 446	(12 409)	85 161
Cash and cash equivalents at beginning of year		410 284	155 838	89 138	3 977
Cash and cash equivalents at end of year		373 322	410 284	76 729	89 138
Represented by:					
Bank overdrafts	26 & 35	(44 368)	(11 243)		
Cash and cash equivalents	26	417 690	421 527	76 729	89 138
		373 322	410 284	76 729	89 138



## Notes to the financial statements

For the year ended 30 April 2016

### 1 GENERAL INFORMATION

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

The consolidated Group and separate Company's financial statements for the year ended 30 April 2016 were authorised for issue by the Board of Directors on 25 July 2016.

### 2 BASIS OF PREPARATION

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

The consolidated financial statements are prepared in the Botswana Pula (BWP) which is the Company's functional currency.

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

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

#### IAS 16 - Property Plant and Equipment and IAS 38 Intangible Assets

##### Use of revaluation model

This amendment to IAS 16 and 38 has been adopted by the Group for the first time in the current financial reporting period. The amendment to the standard has been applied prospectively and comparatives have not been restated.

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

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount,

and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or

- the accumulated depreciation is eliminated against the gross carrying amount

The adoption of this amendment did not result in any material effect on the Group's consolidated financial statements.

#### IAS 19 - Employee Benefits

##### Defined Benefit Plans

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

This amendment to IAS 19 applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

The adoption of this amendment did not result in any effect on the Group's consolidated financial statements.

#### IAS 24 - Related Party Disclosures

This amendment to IAS 24 has been adopted by the Group for the first time in the current financial reporting period.

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

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

The adoption of this amendment did not result in any effect on the Group's consolidated financial statements.

#### IFRS 8 - Operational Segments

This amendment to IFRS 8 has been adopted by the Group for the first time in the current financial reporting period.

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

The adoption of this amendment did not result in any effect on the Group's consolidated financial statements.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

(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-16
IAS 7 (amendment)	Cash flow statements	1-Jan-17
IAS 12 (amendment)	Income taxes	1-Jan-17
IAS 16 & 38 (amendment)	Property, Plant and Equipment & Intangible Assets - depreciation and amortization	1-Jan-16
IAS 19 (amendment)	Employee Benefits – Estimation of the discount rate	1-Jan-16
IAS 27 (amendment)	Separate financial statements	1-Jan-16
IAS 34 (amendment)	Interim financial reporting	1-Jan-16
IFRS 5 (amendment)	Non - current assets held for sale and discontinued operations	1-Jan-16
IFRS 7 (amendment)	Financial Instruments: Disclosures	1-Jan-16
IFRS 9	Financial Instruments (2009 & 2010)	1-Jan-18
IFRS 9 (amendment)	Financial Instruments – General hedge accounting	1-Jan-18
IFRS 10 & IAS 28 (amendment)	Consolidated financial statements & Investments in associates and joint ventures – Sale or contribution of assets	Postponed (initially 1-Jan-16)
IFRS 10 & IAS 28 (amendment)	Consolidated financial statements & Investments in associates and joint ventures – Applying the consolidation exemption	1-Jan-16
IFRS 11 (amendment)	Joint Arrangements	1-Jan-16
IFRS 15	Revenue from contracts with customers	1-Jan-18
IFRS 16	Leases	1-Jan-19

**IAS 1 – Presentation of Financial Statements**

This amendment will be adopted by the Group for the first time in its financial reporting period ending 30 April 2017. The amendment clarifies guidance provided in IAS 1 on materiality and aggregation, the presentation of sub-totals, the structure of financial statements and the disclosure of accounting policies.

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

**IAS 7 – Cash flow statements**

This amendment will be adopted by the Group for the first time in its financial reporting period ending 30 April 2018. This amendment introduces an additional disclosure that will enable users of financial statements to evaluate changes in the liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. We will consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

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

**IAS 12 – Income taxes**

This amendment will be adopted by the Group for the first time in its financial reporting period ending 30 April 2018. The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

The Group is in the process of assessing the potential impact to the financial statements.

### IAS 16 – Property Plant and Equipment and IAS 38 Intangible Assets

#### Depreciation and Amortization

This amendment will be adopted by the Group for the first time for its financial reporting period ending 30 April 2017. The amendment to the standard will be applied prospectively and comparatives will not be restated.

In this amendment, the IASB has clarified that the use of revenue based methods to calculate the depreciation of assets is not appropriate as revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It has also been clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

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

### IAS 19 – Employee Benefits

#### Estimation of Discount Rate

This amendment will be adopted by the Group for the first time for its financial reporting period ending 30 April 2017. The amendment to IAS 19 clarifies that the high-quality corporate bonds that an entity uses in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high-quality corporate bonds should be assessed at currency level).

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

### IAS 27 – Separate financial statements

This amendment to IAS 27 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2017. In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

The Group is in the process of assessing the potential impact to the financial statements.

### IAS 34 – Interim financial reporting

This amendment to IAS 34 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2017.

The amendment deals with the disclosure of information 'elsewhere in the interim financial report'. It states that the required interim disclosures must either be in the interim financial statements or incorporated by cross - reference between the interim financial statements and wherever they are included within the greater interim financial report.

The IASB specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The Group is in the process of assessing the potential impact to the financial statements.

### IFRS 5 – Non - current assets held for sale and discontinued operations

This amendment to IFRS 5 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2017.

This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification.

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

### IFRS 7 – Financial Instruments: Disclosures

The amendments to IFRS 7 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2017.

#### Applicability of the offsetting disclosures to condensed interim financial statements

The amendment clarifies that these IFRS 7 disclosures are not required in the condensed interim financial report. However, if the events or transactions are significant to an understanding of the changes in financial position and performance of the entity, these will need to be disclosed in conformance with IAS 34.

#### Servicing Contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in order to assess whether the disclosures are required.

The Group is in the process of assessing the potential impact to the financial statements.

### IFRS 9 – Financial Instruments (2009 & 2010)

- Financial liabilities
- Derecognition of financial instruments
- Financial assets
- General hedge accounting



## Notes to the financial statements (continued)

For the year ended 30 April 2016

IFRS 9 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2019. The standard forms part of the IASB's project to replace IAS 39. It will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The standard also includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, without change, except for financial liabilities that are designated at fair value through profit or loss.

The Group is in the process of assessing the potential impact to the financial statements.

#### IFRS 9 – Financial Instruments on general hedge accounting

This amendment will be adopted by the Group for its financial period ending 30 April 2019.

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles - based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities Classification and measurement (C&M) requirements for financial assets
- C&M requirements for financial assets and financial liabilities
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting)

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

The Group is in the process of assessing the potential impact to the financial statements.

#### IFRS 10 – Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

##### Sale or contribution of assets

This amendment was to be adopted by the Group for its financial period ending 30 April 2017, but has been postponed by the IASB. The postponement applies to changes introduced by the IASB in 2014 through narrow - scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how

entities account for their investments in associates and joint ventures.

The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The amendment aims to eliminate the inconsistency between IFRS 10 and IAS 28. If non - monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

##### Acquisition of an interest in a joint operation

This amendment will be adopted by the Group for its financial period ending 30 April 2017. The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The Group is in the process of assessing the potential impact to the financial statements.

#### IFRS 11 – Joint Arrangements

This amendment will be adopted by the Group for its financial period ending 30 April 2017.

The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

The Group is in the process of assessing the potential impact to the financial statements.

#### IFRS 15 – Revenue from contracts with customers

This amendment will be adopted by the Group for its financial period ending 30 April 2019.

This standard aims to be a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfer to a customer.

The Group is in the process of assessing the potential impact to the financial statements.

#### IFRS 16 – Leases

This amendment will be adopted by the Group for its financial period ending 30 April 2020.

After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The Group is in the process of assessing the potential impact to the financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Consolidation

#### Subsidiaries

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

#### Business Combinations

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

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

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

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

Non-controlling interests are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the Group of its non-controlling interests in subsidiary companies where control is maintained subsequent to the disposal are accounted for as equity transactions. Consequently, the difference between the purchase price and the book value of non-controlling interest purchased is recorded in equity. All profits and losses arising as a result of the disposal of interests in subsidiaries to minorities, where control is maintained subsequent to the disposal, are also recorded in equity.

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

## Notes to the financial statements (continued)

For the year ended 30 April 2016

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

**Investment in subsidiaries**

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

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

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

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

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

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

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

**Associates**

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

carrying amount of the investment. The carrying amount of such interests is reduced to recognise any potential impairment, other than a temporary decline, in the value of individual investments.

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

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

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

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

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

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

**Joint Arrangements**

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

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



## Notes to the financial statements (continued)

For the year ended 30 April 2016

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

### Foreign Currency Translation

#### Functional and presentation currency

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

#### Transactions and balances

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

#### Group companies

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

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

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

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

### Property, Plant and Equipment

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

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

## Notes to the financial statements (continued)

For the year ended 30 April 2016

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

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

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

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

**Investment Property**

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

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

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

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

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

- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

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

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

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

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

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or 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.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

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

### Lease rights

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

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

### Intangible Assets

#### Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Groups interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

#### Brands, trademarks, licences and customer contracts

Separately acquired brands or trademarks and licences are shown at historical cost. Brands, trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

#### Software

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

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

### Impairment of Non - Financial Assets

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

### Leasing

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

#### The Group as lessor

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

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

#### The Group as lessee

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

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



## Notes to the financial statements (continued)

For the year ended 30 April 2016

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 the International Financial Reporting Standard, IAS 19 (Employee Benefits) and IFRIC 14 (IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction), the participating employers of the Sefalana Pension Fund and

the amalgamated Sefalana Group Staff Pension Fund are required to recognize the fair value of the Employer Reserve balance as an asset in its own financial statements. The fair value of the plan asset represents the cumulative sum total of the members' credits at the reporting date. The movement on the plan assets during the year represents the utilisation of part of the Employer Reserve and is included within staff costs.

#### Gratuities and severance plans

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

#### Profit - sharing and bonus plans

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

#### Current and Deferred Income Tax

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

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

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or 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.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

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

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

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

### Inventories

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

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

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

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

### Financial Assets

#### Classification

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

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

#### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group

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

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

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

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

#### De-recognition of financial assets

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

#### Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original

## Notes to the financial statements (continued)

For the year ended 30 April 2016

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. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the statement of comprehensive income.

**Cash and Cash Equivalents**

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

**Non - current assets held for sale and disposal groups**

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

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

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

**Stated Capital**

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

**Financial Liabilities****Classification**

The Group only has financial liabilities that are classified as 'financial liabilities at amortised cost'. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

**De-recognition of financial liabilities**

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

**Trade Payables**

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

**Provisions**

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

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

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

**Onerous Contracts**

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

**Warranties**

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

**Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is



## Notes to the financial statements (continued)

For the year ended 30 April 2016

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.

### Sales of goods - Others

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

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

### Sales of services

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

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

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

### Dividend and interest income

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate

applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Cost of sales

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

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

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

### Dividend Distribution

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

### Segmental Reporting

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

### Change in comparative figures

The comparative figures in the Statement of Cash Flows appearing under cash flows from financing activities have been re-presented to reflect gross inflows and outflows to conform to the current year presentation. There is no impact in net cash flows from financing activities.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

**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 full scope evaluation was carried out at 30 April 2015. 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 7% to 39%. A 1% increase in the capitalisation rate would result in a P4 million reduction in overall portfolio value. A 1% decrease in capitalisation rate would result in a P4 million increase in overall portfolio value. Undeveloped land has been valued based on recent market data on similar properties transacted on an arm's length basis.

**Impairment loss on receivables**

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

**Impairment of goodwill**

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

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

**Residual values and useful lives**

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

**Provision for shrinkage**

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

**Provision for warranties**

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

**Allowance for slow moving, damaged and obsolete inventory**

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

**Expected manner of realisation for deferred tax**

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

**Taxation**

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

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

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

	Group	
	2016	2015
	P'000	P'000
<b>5 REVENUE</b>		
An analysis of the Group's revenue is as follows:		
Revenue from trading and manufacturing	3 806 806	3 449 850
Property rental income	18 561	14 110
	<b>3 825 367</b>	<b>3 463 960</b>
Property rental income comprises:		
Contractual rental income	19 019	14 316
Straight - line lease rental adjustment	(458)	(206)
	<b>18 561</b>	<b>14 110</b>

**6 SEGMENTAL ANALYSIS**

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 earnings before interest, tax and amortisation (EBITA) and also on profit before tax. These measurement bases assess performance on the bases of recognition and measurement which are consistent with the accounting policies of the Group. Performance is monitored based on business and geographical segments.

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

**Trading - consumer goods:**

Wholesale and retail distribution of fast moving consumer goods. The segments for the Botswana business and the Namibian business are presented separately.

**Trading - other:**

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 and the manufacture of UHT milk.

**Property:**

Holding of commercial and industrial properties for own use as well as for generating income from lease arrangements with external tenants, along with capital appreciation in value.

With the exception of Trading - others and Manufacturing segments, revenue is derived from a very broad and diversified customer base, with no dependence on any significant customer.

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

The Group's most significant operations are in Botswana and Namibia where the Group engages in the wholesale and retail distribution of fast moving consumer goods. The Group also operates a property company in Zambia with operating leases in place with third party tenants. During the year the Group acquired certain land and buildings in Namibia as it embarks on establishing a property portfolio in the region. The operational results and financial position of the Zambian and Namibian business are reported as separate geographical segments.



## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 6 SEGMENTAL ANALYSIS (continued)

Segment results	Botswana				Zambia	Namibia		Group	
2016	Trading consumer goods	Trading others	Manufacturing	Property	Property	Property	Trading consumer goods	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	2 439 958	148 815	163 571	30 823	11 430		1 093 946	(63 176)	3 825 367
Cost of sales	(2 287 623)	(117 317)	(127 566)				(1 044 313)	61 598	(3 515 221)
Gross profit	152 335	31 498	36 005	30 823	11 430		49 633	(1 578)	310 146
Other income and gains	3 302	9 978	1 254	49 254	3 652		5 454	(28 179)	44 715
Administrative expenses	(60 953)	(24 979)	(18 652)	(36 216)	(1 663)	(20)	(15 936)	10 360	(148 059)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>94 684</b>	<b>16 497</b>	<b>18 607</b>	<b>43 861</b>	<b>13 419</b>	<b>(20)</b>	<b>39 151</b>	<b>(19 397)</b>	<b>206 802</b>
Amortisation	(1 084)						(4 353)		(5 437)
Investment income	5 221	1 512	911	1 197		22	2 931	1 035	12 829
Finance costs	(77)	(48)	(990)	(4 801)	(1 835)		(17 744)	18 234	(7 261)
Profit before share of results from associate and joint venture	98 744	17 961	18 528	40 257	11 584	2	19 985	(128)	206 933
Share of results from associate								1 113	1 113
Share of results from joint venture								(903)	(903)
<b>Profit before tax</b>	<b>98 744</b>	<b>17 961</b>	<b>18 528</b>	<b>40 257</b>	<b>11 584</b>	<b>2</b>	<b>19 985</b>	<b>82</b>	<b>207 143</b>

Total segment results above include:

Revenue from external customers	2 439 804	145 942	127 115	7 130	11 430		1 093 946		3 825 367
Depreciation and amortisation	17 136	1 221	3 137	9 381			6 450		37 325
Staff costs	118 877	10 545	13 498	22 303	537		33 288	1 231	200 279

Segment assets and liabilities	Botswana				Zambia	Namibia		Group	
2016	Trading consumer goods	Trading others	Manufacturing	Property	Property	Property	Trading consumer goods	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Assets	555 406	137 695	179 707	528 430	71 874	9 714	344 269	52 693	1 879 788
Liabilities	(422 020)	(34 177)	(22 915)	(204 993)	(2 132)	(2 246)	(158 368)	142 424	(704 427)
Inter - group balances	11 834			13 596		2 033	(133 651)	106 188	
Capital expenditure during the year	27 732	476	34 188	79 739		6 812	4 830		153 777

## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 6 SEGMENTAL ANALYSIS (continued)

Segment results	Botswana				Zambia	Namibia		Group	
2015	Trading consumer goods	Trading others	Manufac- turing	Property	Property	Property	Trading consumer goods	Inter- segment or unallocated	Consoli- dated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	2 234 917	246 622	184 238	24 360	8 795		807 544	(42 516)	3 463 960
Cost of sales	(2 103 676)	(210 170)	(139 429)				(771 198)	43 165	(3 181 308)
Gross profit	131 241	36 452	44 809	24 360	8 795		36 346	649	282 652
Other income and gains	102	10 269	2 059	40 126	11 022		4 266	(38 151)	29 693
Administrative expenses	(45 177)	(29 128)	(15 330)	(27 179)	(1 200)		(14 694)	5 658	(127 050)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>86 166</b>	<b>17 593</b>	<b>31 538</b>	<b>37 307</b>	<b>18 617</b>		<b>25 918</b>	<b>(31 844)</b>	<b>185 295</b>
Amortisation	(925)						(3 949)		(4 874)
Investment income	6 212	2 250	1 139	2 329			2 161	3 577	17 668
Finance costs	(1 381)	(48)	(2 203)	(2 607)	(939)		(13 443)	13 095	(7 526)
Profit before share of results from associate and joint venture	90 072	19 795	30 474	37 029	17 678		10 687	(15 172)	190 563
Share of results from associate								1 131	1 131
Share of results from joint venture								(548)	(548)
<b>Profit before tax</b>	<b>90 072</b>	<b>19 795</b>	<b>30 474</b>	<b>37 029</b>	<b>17 678</b>		<b>10 687</b>	<b>(14 589)</b>	<b>191 146</b>
Total segment results above include:									
Revenue from external customers	2 234 781	243 122	164 403	5 315	8 795		807 544		3 463 960
Depreciation and amortisation	15 978	1 085	2 092	8 862			5 319		33 336
Staff costs	102 496	11 750	13 126	22 303	537		24 462	970	175 644
Segment assets and liabilities	Botswana				Zambia	Namibia		Group	
2015	Trading consumer goods	Trading others	Manufac- turing	Property	Property	Property	Trading consumer goods	Inter- segment or unallocated	Consoli- dated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Assets	504 448	162 027	143 021	433 328	76 065		322 209	78 260	1 719 358
Liabilities	(263 159)	(72 490)	(33 685)	(142 409)	(6 385)		(268 240)	165 529	(620 839)
Inter - group balances	10 823		(19 014)	20 256	(4 460)		(145 337)	137 732	
Capital expenditure during the year	19 079	911	13 191	28 128			8 286		69 595

## Notes to the financial statements (continued)

For the year ended 30 April 2016

	Note	Group		Company	
		2016	2015	2016	2015
		P'000	P'000	P'000	P'000
<b>7 INVESTMENT INCOME</b>					
Interest income from:					
Bank deposits		12 494	17 259	3 717	5 389
Related party loans				16 498	14 116
Other loans and receivables		335	409		
Dividends from subsidiaries				61 081	54 000
		<b>12 829</b>	<b>17 668</b>	<b>81 296</b>	<b>73 505</b>
<b>8 OTHER INCOME AND GAINS</b>					
Gain on disposal of property, plant and equipment		5 362	230		
Gain on revaluation of investment property		21 853	13 975		
Gain on revaluation of property classified as held for sale		836			
Net effect of straight - line rental adjustment		458	206		
Net foreign exchange gains		8 329	6 472		
Gain on disposal of subsidiary company	22		1 884		
Insurance claims, rent and rebates		7 446	6 267		
Other		431	659		
		<b>44 715</b>	<b>29 693</b>		
<b>9 FINANCE COSTS</b>					
Interest paid on:					
Bank overdrafts and loans		5 096	5 430	375	1 882
Finance lease obligations			709		
Related party loans				255	946
Other		2 165	1 387	13 011	5
		<b>7 261</b>	<b>7 526</b>	<b>13 641</b>	<b>2 833</b>

The weighted average cost of borrowing for the Group is 6.26% (2015: 5.39%). Other finance costs mainly relate to foreign exchange losses arising on the US Dollar term loan.



**Notes to the financial statements** (continued)

For the year ended 30 April 2016

	Note	Group		Company	
		2016	2015	2016	2015
		P'000	P'000	P'000	P'000
<b>10 INCOME TAX EXPENSE</b>					
<b>Current tax</b>					
Basic Company Tax		40 510	36 383	3 411	2 474
Withholding tax on dividends		4 581	4 093	4 581	4 050
Adjustment in respect of prior years		(213)	(767)		(767)
<b>Total current tax</b>		<b>44 878</b>	<b>39 709</b>	<b>7 992</b>	<b>5 757</b>
<b>Deferred tax</b>					
Origination and reversal of temporary differences		4 379	18		
Adjustment in respect of prior years		292	(1 051)		
<b>Total deferred tax</b>	21	<b>4 671</b>	<b>(1 033)</b>		
<b>Income tax expense</b>		<b>49 549</b>	<b>38 676</b>	<b>7 992</b>	<b>5 757</b>

The Company and Group has used the single corporate tax rate of 22% for calculating the current and deferred taxes at the current and previous financial year end for the non - manufacturing entities in Botswana and for manufacturing entities, the current and deferred taxation rate applied is 15%. The applicable tax rates in Zambia is the final tax of 10% on the rental income from 1 January 2014. The Namibian corporate tax rate of 32% (2015: 33%) has been applied for the operations in Namibia.

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

	Group		Company	
	2016	2015	2016	2015
	P'000	P'000	P'000	P'000
<b>Profit before tax</b>	<b>207 143</b>	<b>191 146</b>	<b>66 260</b>	<b>68 518</b>
Tax calculated at current tax rates - 22% (2015: 22%)	45 571	42 052	14 577	15 074
Effect of differential tax rates	138	(2 182)	(8 856)	(7 830)
Expenses not deductible for tax purposes	18	494	(95)	666
Adjustment in respect of prior years	79	(1 818)		(767)
Final tax on dividend income	4 581	4 093		
Tax effect of income not subject to tax	(838)	(3 963)	2 366	(1 386)
<b>Income tax expense per statement of comprehensive income</b>	<b>49 549</b>	<b>38 676</b>	<b>7 992</b>	<b>5 757</b>
<b>Current tax assets and liabilities</b>				
Current tax assets:				
Income tax refund receivable	3 432	4 127	264	2 301
Current tax liabilities:				
Income tax payable	6 966	7 371		2 474

## Notes to the financial statements (continued)

For the year ended 30 April 2016

	Note (s)	Group		Company	
		2016	2015	2016	2015
		P'000	P'000	P'000	P'000
<b>11 PROFIT FOR THE YEAR</b>					
Profit for the year has been arrived at after charging / (crediting):					
Auditors' remuneration		3 153	2 982	24	10
Amortisation of intangible assets	16	4 696	4 133		
Amortisation of leasehold rights	17	741	741		
Cost of inventories expensed		3 466 978	3 129 627		
Depreciation of property, plant and equipment	14	31 888	28 462		
Impairment of property, plant and equipment	14		569		
Directors and employee benefits		200 279	175 644	1 231	970
Gain on disposal of subsidiary	8 & 22		(1 884)		
Impairment of receivables / (reversal of impairment)	24	874	(1 744)		
Operating lease costs:					
- properties		44 370	35 838		
- motor vehicles			557		
Movement in Pension Fund Employer Reserve	39	7 228	5 853		
Gain on revaluation of investment property	15	(21 853)	(13 975)		
Gain on disposal of property, plant and equipment	8	(5 362)	(230)		

## 12 DIRECTORS EMOLUMENTS

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

### Based on cash payments

Fees for services as Directors	1 231	970	1 231	970
Managerial services	24 183	13 925		
<b>Total</b>	<b>25 414</b>	<b>14 895</b>	<b>1 231</b>	<b>970</b>
Paid by subsidiary companies	24 183	13 925		
Paid by the Company	1 231	970	1 231	970
<b>Total</b>	<b>25 414</b>	<b>14 895</b>	<b>1 231</b>	<b>970</b>

Annual incentives are paid to the Executive Management in August following the respective year end.

### Based on amounts charged

Fees for services as Directors	1 231	970	1 231	970
Managerial services	21 591	23 600		
<b>Total</b>	<b>22 822</b>	<b>24 570</b>	<b>1 231</b>	<b>970</b>
Paid by subsidiary companies	21 591	23 600		
Paid by the Company	1 231	970	1 231	970
<b>Total</b>	<b>22 822</b>	<b>24 570</b>	<b>1 231</b>	<b>970</b>

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

	2016	2015
<b>13 EARNINGS AND COMPREHENSIVE INCOME PER SHARE</b>		
Profit attributable to owners of the parent (P'000)	150 654	142 300
Total comprehensive income attributable to owners of the parent (P'000)	138 757	162 198
Shares in issue at end of year (number)	222 868 186	222 868 186

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)	222 868 186	185 723 463
Additional shares from Rights Issue (number)		37 144 723
Shares in issue at end of the year (number)	222 868 186	222 868 186
Weighted average shares in issue during the year after considering the bonus element on Rights issue (number)	222 868 186	217 625 286
Basic earnings per share (thebe)	67.60	65.39
Total comprehensive income per share (thebe)	62.26	74.53

	2016	2015
	P'000	P'000
<b>DIVIDENDS</b>		
<b>Declared and paid during the year:</b>		
Interim 2016: 10 thebe per share and Final 2015: 20 thebe per share; (Interim 2015: 10 thebe per share and final 2014: 12.5 thebe per share)	66 860	50 145
Final 2016: 20 thebe per share; (Final 2015: 20 thebe per share)	44 574	44 574



## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Buildings capitalised under finance leases	Plant, fixtures and equipment	Motor vehicles	Total
	P'000	P'000	P'000	P'000	P'000
<b>Group</b>					
<b>Cost or valuation</b>					
At 30 April 2014	274 606	12 508	132 255	21 529	440 898
Additions	29 556		34 280	1 004	64 840
Gain on revaluation	29 207				29 207
Reversal of depreciation on revaluation	(10 254)				(10 254)
Business combination - acquisition			5 550	673	6 223
Currency translation			(128)		(128)
Disposal of subsidiary			(257)	(461)	(718)
Disposals		(1 500)	(454)	(467)	(2 421)
<b>At 30 April 2015</b>	<b>323 115</b>	<b>11 008</b>	<b>171 246</b>	<b>22 278</b>	<b>527 647</b>
At 30 April 2015	323 115	11 008	171 246	22 278	527 647
Additions	32 187		64 386	3 025	99 598
Gain on revaluation	18 328				18 328
Reversal of depreciation on revaluation	(10 150)				(10 150)
Business combination - acquisition			830		830
Currency translation			(1 065)	(64)	(1 129)
Reclassification	3 055		(3 055)		
Transfer to investment property (note 15)	(19 081)				(19 081)
Disposals	(4 400)		(10 648)	(580)	(15 628)
<b>At 30 April 2016</b>	<b>343 054</b>	<b>11 008</b>	<b>221 694</b>	<b>24 659</b>	<b>600 415</b>
<b>Depreciation and impairment</b>					
At 30 April 2014		11 278	60 507	12 431	84 216
Depreciation charge for the year	10 254	869	14 891	2 448	28 462
Disposals		(1 500)	(30)	(467)	(1 997)
Impairment loss			569		569
Disposal of subsidiary			(156)	(310)	(466)
Currency translation			(6)		(6)
Elimination of depreciation previously charged	(10 254)				(10 254)
<b>At 30 April 2015</b>		<b>10 647</b>	<b>75 775</b>	<b>14 102</b>	<b>100 524</b>
At 30 April 2015		10 647	75 775	14 102	100 524
Depreciation charge for the year	10 392	30	19 194	2 272	31 888
Disposals			(8 101)	(532)	(8 633)
Currency translation			(132)	(13)	(145)
Elimination of depreciation previously charged	(10 150)				(10 150)
<b>At 30 April 2016</b>	<b>242</b>	<b>10 677</b>	<b>86 736</b>	<b>15 829</b>	<b>113 484</b>
<b>Carrying amount</b>					
<b>At 30 April 2016</b>	<b>342 812</b>	<b>331</b>	<b>134 958</b>	<b>8 830</b>	<b>486 931</b>
At 30 April 2015	323 115	361	95 471	8 176	427 123

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**14 PROPERTY, PLANT AND EQUIPMENT** (continued)**Fair value of land and buildings**

The following table analyses the non - financial assets carried at fair value, by revaluation method. The different levels have been defined as follows:

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

Fair value measurements at 30 April 2016 arising			
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
<b>Recurring fair value measurements</b>			
Office buildings - Botswana			58 188
Retail sale outlets - Botswana			225 522
Manufacturing sites - Botswana			52 532
Retail sale outlet and employee houses - Namibia			6 812
			<b>343 054</b>

There were no transfers between levels during the year.

Fair value measurements at 30 April 2015 arising			
	P'000	P'000	P'000
	Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>			
Office buildings - Botswana			29 000
Retail sale outlets - Botswana			266 115
Manufacturing sites - Botswana			28 000
			<b>323 115</b>

There were no transfers between levels during the year.

**Valuation process**

An independent valuation of the Group's land and buildings was performed by a professional third party valuer at 30 April 2015. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on an arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

At 30 April 2016, an update was performed on the above valuations in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as at 30 April 2015. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties.

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

	2016	2015
	P'000	P'000
Opening balance at 1 May	323 115	274 606
Additions	32 187	29 556
Disposals	(4 400)	
Reclassification / transfers	(16 026)	
Gain on revaluation recognised in other comprehensive income	18 328	29 207
Reversal of depreciation on revaluation	(10 150)	(10 254)
<b>Closing balance at 30 April</b>	<b>343 054</b>	<b>323 115</b>

## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

## 2016

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

Description	Fair value at 30 April 2016 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	343 054	Income capitalisation	P15 per sqm to P70 per sqm (weighted average of P40 per sqm) and capitalisation factor range from 7% to 39% with a weighted average of 13%	The higher the price per square meter, the higher the value of the property

A 10 basis point increase / decrease in capitalisation rate on each property would decrease / increase the overall valuation by P1.7 million. Revaluation surpluses net of deferred tax relating to property, plant and equipment is credited to other reserves in shareholder's equity and are included in the Statement of Comprehensive Income.

Depreciation expenses of P18.4 million (2015: P14.4 million) and P14.8 million (2015: P14.1 million) are charged to "cost of sales" and "administrative expenses" respectively in the Statement of Comprehensive Income.

## 2015

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

Description	Fair value at 30 April 2015 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	323 115	Income capitalisation	P14 per sqm to P59 per sqm (weighted average of P33 per sqm) and capitalisation factor range from 11% to 28% with a weighted average of 13%	The higher the price per square meter, the higher the value of the property

A 10 basis point increase / decrease in capitalisation rate on each property would decrease/ increase the overall valuation by P1.7 million. Revaluation surpluses net of deferred tax relating to property, plant and equipment is credited to other reserves in shareholder's equity and are included in the Statement of Comprehensive Income.

Depreciation expenses of P14.4 million (2014: P12.9million) and P14.1 million (2014: P11.1 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:

	2016	2015
	P'000	P'000
Cost	112 378	80 191
Accumulated depreciation	(15 903)	(13 898)
<b>Net carrying amount</b>	<b>96 475</b>	<b>66 293</b>



**Notes to the financial statements** (continued)

For the year ended 30 April 2016

	2016	2015
	P'000	P'000
<b>15 INVESTMENT PROPERTY</b>		
<b>Group</b>		
Freehold and leasehold land and buildings at fair value	260 952	176 685
Straight - line lease rental adjustment	(458)	(206)
<b>Balance at end of year</b>	<b>260 494</b>	<b>176 479</b>
<b>Reconciliation of fair value:</b>		
Opening fair value	176 479	171 165
Additions during the year	53 256	2 272
Transfer from property, plant and equipment (note 14)	19 081	
Asset classified as held for sale		(7 164)
Currency translation differences	(9 717)	(3 563)
Gain on revaluation of properties	21 853	13 975
Straight - line lease rental adjustment	(458)	(206)
<b>Closing fair value</b>	<b>260 494</b>	<b>176 479</b>

**Asset classified as held for sale**

In January 2015, Plot 64260, Broadhurst was marketed for sale. The Directors expect the sale of this property to be completed within 12 months of reporting date (note 27). This asset has therefore been classified as held for sale and is valued based on the Directors best estimate of its value at the reporting date, supported by an external third party valuation carried out on all the Group's properties as detailed below.

**Fair value of land and buildings**

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

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

	Fair value measurements at 30 April 2016		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
<b>Recurring fair value measurements</b>			
Office buildings - Botswana			149 800
Office buildings - Zambia			67 794
Retail sale outlets - Botswana			2 900
Manufacturing site - Botswana			40 000
			<b>260 494</b>

There were no transfers between levels during the year.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

### 15 INVESTMENT PROPERTY (continued)

	Fair value measurements at 30 April 2015		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
<b>Recurring fair value measurements</b>			
Office buildings - Botswana			76 526
Office buildings - Zambia			73 282
Retail sale outlets - Botswana			2 900
Manufacturing site - Botswana			23 771
			176 479

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

2016	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening fair value 1 May 2015	103 196	73 283	176 479
Additions	53 256		53 256
Transfer from property, plant and equipment	19 081		19 081
Currency translation differences		(9 717)	(9 717)
Gain on revaluation of properties	18 622	3 231	21 853
Straight - line lease rental adjustment and others	(1 454)	996	(458)
<b>Closing balance at 30 April 2016</b>	<b>192 701</b>	<b>67 793</b>	<b>260 494</b>

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

2015	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening fair value 1 May 2014	105 341	65 824	171 165
Additions	2 272		2 272
Asset classified as held for sale	(7 164)		(7 164)
Currency translation differences		(3 563)	(3 563)
Gain on revaluation of properties	2 953	11 022	13 975
Straight - line lease rental adjustment	(206)		(206)
<b>Closing balance at 30 April 2015</b>	<b>103 196</b>	<b>73 283</b>	<b>176 479</b>

#### Valuation process

An independent valuation of the Group's investment properties was performed by a professional third party valuer at 30 April 2015. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on 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.

At 30 April 2016, an update was performed on the above valuations in the form of a desktop valuation. This assessment was carried out by the same Independent valuer and on the same basis as at 30 April 2015. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties.

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**15 INVESTMENT PROPERTY (continued)****Information about fair value measurements using significant unobservable inputs (level 3)****2016**

Description	Fair value at 30 April 2016 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings (Botswana)	192 701	Income capitalisation method	P26 per sqm to P93 per sqm (weighted average of P60 per sqm) and capitalisation factor range from 10% to 13% with a weighted average of 13%	The higher the price per square meter, the higher the value of the property
Land and buildings (Zambia)	67 793	Comparable market transactions	Market price per square metre	The higher the price per square meter of a comparable property, the higher the value of the property
<b>Total</b>	<b>260 494</b>			

**Information about fair value measurements using significant unobservable inputs (level 3)****2015**

Description	Fair value at 30 April 2015 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings (Botswana)	103 196	Income capitalisation method	P23 per sqm to P89 per sqm (weighted average of P58 per sqm) and capitalisation factor range from 11% to 18% with a weighted average of 13%	The higher the price per square meter, the higher the value of the property
Land and buildings (Zambia)	73 283	Comparable market transactions	Market price per square metre	The higher the price per square meter of a comparable property, the higher the value of the property
<b>Total</b>	<b>176 479</b>			

A 10 basis point increase / decrease in capitalisation rate on each property would increase / decrease the overall valuation by P1.3 million (2015: P0.6 million).

Revaluation surpluses relating to investment property is included in other income and gains (note 8).

	2016	2015
	P'000	P'000
<b>Contractual rental income from investment property</b>	<b>19 019</b>	<b>14 316</b>
<b>Expenses directly attributable to investment property</b>	<b>(1 405)</b>	<b>(588)</b>

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 fixed escalation clauses which approximate to expected inflation rates over the period of the respective lease.



## Notes to the financial statements (continued)

For the year ended 30 April 2016

### 16 INTANGIBLE ASSETS

	Goodwill	Computer software	Brand value	Customer contract	Total
	P'000	P'000	P'000	P'000	P'000
<b>Group</b>					
<b>Cost</b>					
At 30 April 2014	31 745	11 661			43 406
Additions		2 483			2 483
Currency translation	(113)	(3)			(116)
Business combination	14 346		95 655	4 454	114 455
At 30 April 2015	45 978	14 141	95 655	4 454	160 228
Additions		923			923
Currency translation	(1 696)	(222)	(9 028)	(421)	(11 367)
Business combination	4 281				4 281
At 30 April 2016	48 563	14 842	86 627	4 033	154 065
<b>Amortisation and impairment</b>					
At 30 April 2014	443	11 283			11 726
Charge during the year		573	3 188	372	4 133
At 30 April 2015	443	11 856	3 188	372	15 859
Currency translation		(38)	(301)	(35)	(374)
Charge during the year		828	3 465	403	4 696
At 30 April 2016	443	12 646	6 352	740	20 181
<b>Carrying amount</b>					
At 30 April 2016	48 120	2 196	80 275	3 293	133 884
At 30 April 2015	45 535	2 285	92 467	4 082	144 369

#### 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.

#### 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.

#### Brand value

Brand value arose on the acquisition of the trading business of Metro Cash and Carry Namibia in July 2014. This value is being amortised over 25 years on straight - line basis. Its useful live will be reviewed at each reporting date.

#### Customer contracts

Arose from the long standing contractual agreements in place with credit customers of Sefalana Cash & Carry (Namibia) (Proprietary) Limited.

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**16 INTANGIBLE ASSETS (continued)**

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

	2016	2015
	P'000	P'000
Sefalana Cash and Carry Limited	21 375	21 375
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	20 558	17 973
MF Holdings (Proprietary) Limited	3 794	3 794
Wholesale operations in South West Botswana	2 393	2 393
<b>Total</b>	<b>48 120</b>	<b>45 535</b>

The increase in goodwill for P2.6 million (net of foreign currency translation) during the year relates to the Group's acquisition of a single store in Swakopmund, Namibia. In the previous year, the Group acquired the trading business of Metro Cash and Carry Namibia (note 22), increasing goodwill accordingly by P14.3 million (net of foreign currency translation).

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

	2016				2015			
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Proprietary) Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Proprietary) Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana
Discount rates	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%
Growth rates	3.00%	5.00%	5.00%	3.00%	3.00%	5.00%	5.00%	3.00%

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

	2016				2015			
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Proprietary) Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Proprietary) Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana
Discount rates	25.00%	25.00%	30.00%	25.00%	70.00%	27.50%	21.80%	70.00%
Growth rates	(2.20%)	2.20%	0.70%	(2.20%)	(7.80%)	2.50%	(2.00%)	(7.80%)

**Analysis of amortisation of intangible assets**

	2016	2015
	P'000	P'000
Computer software	828	573
Brand value	3 465	3 188
Customer contract	403	372
Leasehold rights (note 17)	741	741
<b>Total</b>	<b>5 437</b>	<b>4 874</b>

## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 16 INTANGIBLE ASSETS (continued)

**Business combination during the year**

In performing the purchase price allocation with respect to the acquisition of the Swakopmund Megastore business, made during the year, the Group applied its judgment to determine the assets which are separately identifiable and recognisable, and on the basis of recognition and measurement. These judgments are summarised as follows:

Accounting for the investment by Sefalana Cash and Carry (Namibia) (Proprietary) Limited

		2016	2015
Separately Identifiable Asset	Basis of recognition and measurement	Value assigned (P'000)	Value assigned (P'000)
Fixed property	Not recognised as no fixed property was acquired. Properties are leased based on a market - related contracts with the landlord, thus there was no fair value to be assigned to the lease contracts.		
Movable assets	Recognised based on a blended depreciated historical cost and depreciated replacement cost basis.	830	6223
Net current assets	Assets recognised at the lower of cost or net realisable value. Liabilities recognised at fair value.	1849	56 883
Customer relationships	The customers of the company are mainly cash customers who are not contractually bound. Further the company does not operate any customer loyalty programmes. Accordingly, any value assigned to these relationships would be best assigned to the location of the company and is thus included in goodwill.		4 454
Brand value	Present value of the additional expected net cash flow arising as a result of the Metro brand established and developed over a number of years.		95 655
Assembled workforce	Not significant, thus not separately valued.		

Fair value of net assets acquired before deferred tax adjustment	2 679	163 215
Deferred tax adjustment (deemed to be immaterial)		
Fair value of net assets acquired after deferred tax adjustment	2 679	163 215
Fair value of purchase consideration	6 961	177 561
Goodwill recognised (prior to foreign currency retranslation)	4 282	14 346

**Business combination during the prior year**

Sefalana Cash and Carry (Namibia) (Proprietary) Limited entered into an agreement to acquire the trading business of Metro Cash and Carry Namibia. This transaction was completed on 1 July 2014. The purchase consideration was N\$215 million (P178 million). On the basis that this was a significant acquisition for the Group, further disclosure is provided on the net assets acquired.



**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**16 INTANGIBLE ASSETS (continued)**

The purchase price allocation for this transaction was arrived at as follows:

	N\$'000	P'000
Total identifiable assets - note 1	197 931	163 215
Fair value of consideration - cash	215 326	177 561
Goodwill	17 395	14 346
<b>Note 1: Total identifiable net assets</b>		
Property plant and equipment	7 546	6 223
Inventories	66 400	54 754
Trade and other receivables	6 632	5 469
Cash and cash equivalents	235	194
Trade and other payables	(4 282)	(3 534)
Brand value	116 000	95 655
Customer contracts	5 400	4 454
	197 931	163 215

The above transaction was financed through a Rights Issue of 1 offer share for every 5 shares held. Total proceeds received through the Rights Issue net of expenses amounted to P256 million. The exercise price was P6.95 which amounted to a discount of 7% at the exercise date of 24 June 2014. These shares were fully subscribed and resulted in an increase in the stated capital number of shares by 37 144 723 shares. The total number of shares after the Rights Issue amounted to 222 868 186.

As a result of this acquisition the Group has gained significant access into the Namibian market. It has also reduced cost through economies of scale.

The goodwill arising from these acquisitions is mainly attributable to economies of scale to be derived from combining the operations of Metro Cash and Carry Namibia with the existing activities of the Group.

The Namibian operation is considered to be a single cash generating unit and therefore the goodwill relating to the first acquisition into Namibia in Katimo Mulilo in December 2013 has been combined with the goodwill paid on the purchase of the Metro Cash and Carry business.

**17 LEASEHOLD RIGHTS**

Group	P'000
<b>Cost</b>	
At 30 April 2014, 2015 and 2016	4 444
<b>At 30 April 2016</b>	<b>4 444</b>
<b>Amortisation and impairment</b>	
At 30 April 2014	2 962
Charge during the year	741
At 30 April 2015	3 703
Charge during the year	741
<b>At 30 April 2016</b>	<b>4 444</b>
<b>Carrying amount</b>	
<b>At 30 April 2016</b>	
At 30 April 2015	741

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 "Sefalana Shopper".

## Notes to the financial statements (continued)

For the year ended 30 April 2016

		2016	2015
		P'000	P'000
<b>18 INVESTMENT IN ASSOCIATE</b>			
	<b>Kgalagadi Soap Industries (Proprietary) Limited</b>	<b>Total</b>	<b>Total</b>
		P'000	P'000
Investment at beginning of the period	3 466	3 466	2 335
Add: Share of profit	1 113	1 113	1 131
<b>Carrying value at 30 April 2016</b>	<b>4 579</b>	<b>4 579</b>	<b>3 466</b>

### Kgalagadi Soap Industries (Proprietary) Limited

As at 30 April 2016, the fair value and carrying value of the Group's interest in Kgalagadi Soap Industries (Proprietary) Limited was P4.6 million.

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

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

<b>Summarised balance sheet</b>	2016	2015
	P'000	P'000
<b>Non - current assets</b>		
Property, plant and equipment	4 837	4 578
Deferred tax	100	69
<b>Total non - current assets</b>	<b>4 937</b>	<b>4 647</b>
<b>Current assets</b>		
Cash and cash equivalents	3 250	4 315
Other current assets	11 416	10 891
<b>Total current assets</b>	<b>14 666</b>	<b>15 206</b>
<b>Current liabilities</b>		
Financial liabilities	(2 518)	(2 680)
Other current liabilities	(7 532)	(9 844)
<b>Total current liabilities</b>	<b>(10 050)</b>	<b>(12 524)</b>
<b>Net assets</b>	<b>9 553</b>	<b>7 329</b>

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**18 INVESTMENT IN ASSOCIATE (continued)**

Summarised statement of comprehensive income	2016	2015
	P'000	P'000
Revenue	26 542	39 547
Depreciation and amortisation	(411)	(371)
Interest income	36	10
Interest expense	(192)	(259)
Profit before tax	2 534	2 662
Income tax expense	(380)	(399)
Total comprehensive income for the year	2 154	2 263
<b>Reconciliation of summarised financial information</b>		
Opening net assets at 1 May	7 329	5 066
Profit for the year	2 154	2 263
Closing net assets at 30 April	9 483	7 329
Less: impairment recognised at KSI Group and	(397)	(397)
Other adjustments	72	
Closing net asset at 30 April	9 158	6 932
Interest in associate at 50%	4 579	3 466

Other information pertaining to the associate company include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital at KSI Holdings (Proprietary) Limited level	50%
Effective interest in stated capital at Sefalana Holding Company Limited level	25%
Principal activity	Manufacture and distribution of soaps and oil products



## Notes to the financial statements (continued)

For the year ended 30 April 2016

		2016	2015
		P'000	P'000
<b>19 INVESTMENT IN JOINT VENTURE</b>			
	<b>Natural Value Foods Botswana (Proprietary) Limited</b>	<b>Total</b>	<b>Total</b>
	<b>P'000</b>	<b>P'000</b>	<b>P'000</b>
Shares at cost			
Loan to joint venture	3 430	3 430	2 179
Total cost of investment	3 430	3 430	2 179
Share of loss	(1 451)	(1 451)	(548)
<b>Carrying value at 30 April 2016</b>	<b>1 979</b>	<b>1 979</b>	<b>1 631</b>

### Natural Value Foods Botswana (Proprietary) Limited

On 7 October 2014, Sefalana Holding Company Limited established a Joint Venture with Natural Value Foods (Proprietary) Limited South Africa and two individual shareholders. A Shareholder Agreement and Management Agreement has been entered into. All decisions are made between the parties with equal voting powers and no one party exerts control or significant influence over the other. As a result this entity is classified as a joint venture.

The joint venture shareholding structure is as follows:

	Shareholding %
Sefalana Holding Company Limited	50
Natural Value Foods (Proprietary) Limited, South Africa	40
Mr. Kevin Morris	5
Mrs. Amande Morris	5

At 30 April 2016, the fair value and carrying value of the Group's interest in Natural Value Foods Botswana (Proprietary) Limited was P2 million.

Natural Value Foods Botswana (Proprietary) Limited is a private company and there is no quoted market price available for its shares. There is no contingent liabilities relating to the Group's interest in the joint venture.

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**19 INVESTMENT IN JOINT VENTURE** (continued)

Set out below is the summarised financial information for Natural Value Foods Botswana (Proprietary) Limited which is accounted for using the equity method.

Summarised balance sheet	2016	2015
	P'000	P'000
<b>Non - current assets</b>		
Property, plant and equipment	2 350	2 253
Loan receivable	101	152
Total non - current assets	2 451	2 405
<b>Current assets</b>		
Cash and cash equivalents	2 257	1 718
Other current assets	2 650	2 127
Total current assets	4 907	3 845
<b>Current liabilities</b>		
Financial liabilities	(6 870)	(4 365)
Other current liabilities	(3 390)	(2 981)
Total liabilities	(10 260)	(7 346)
<b>Net equity</b>	(2 902)	(1 096)
Interest in joint venture (50%)	(1 451)	(548)

## Notes to the financial statements (continued)

For the year ended 30 April 2016

### 19 INVESTMENT IN JOINT VENTURE (continued)

	12 months	7 months
Summarised statement of comprehensive income	2016	2015
	P'000	P'000
Revenue	39 167	3 572
Depreciation and amortisation	(353)	(363)
Interest income	17	5
Loss for the year / period	(1 806)	(1 096)
Income tax expense		
Total comprehensive loss for the year / period	(1 806)	(1 096)
<b>Reconciliation of summarised financial information</b>		
Opening net liabilities at 1 May 2015	(1 096)	
Loss for the year / period	(1 806)	(1 096)
Closing net liabilities at 30 April 2016	(2 902)	(1 096)
Interest in joint venture 50%	(1 451)	(548)

Other information pertaining to the joint venture include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital at Sefalana Holding Company Limited level	50%
Principal activity	Supply and distribution of fruit and vegetables

	2016	2015
	P'000	P'000

### 20 DEFERRED LEASE ASSETS

Group		
At beginning of year	2 510	2 073
Movement during the year	(477)	437
At end of year	2 033	2 510

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



## Notes to the financial statements (continued)

For the year ended 30 April 2016

### 21 DEFERRED TAX ASSETS AND LIABILITIES

#### Group

Deferred tax assets (liabilities) arise from the following:

	Accelerated tax depreciation	Revaluation of land and buildings	Inventory net realisable value adjustments	Retirement benefit assets	Other	Total
	P'000	P'000	P'000	P'000	P'000	P'000
At 30 April 2014	(7 895)	(56 409)	9 010	(2 910)	5 417	(52 787)
Current year movement	(2 011)	(1 460)	24	1 298	3 182	1 033
Gain on revaluation of land and building included in Other Comprehensive Income		(6 173)				(6 173)
<b>At 30 April 2015</b>	<b>(9 906)</b>	<b>(64 042)</b>	<b>9 034</b>	<b>(1 612)</b>	<b>8 599</b>	<b>(57 927)</b>
At 30 April 2015	(9 906)	(64 042)	9 034	(1 612)	8 599	(57 927)
Current year movement	2 641	(4 948)	1 588	1 612	(5 564)	(4 671)
Gain on revaluation of land and building included in Other Comprehensive Income		(3 891)				(3 891)
<b>At 30 April 2016</b>	<b>(7 265)</b>	<b>(72 881)</b>	<b>10 622</b>		<b>3 035</b>	<b>(66 489)</b>

	2016	2015
	P'000	P'000
Disclosed as:		
Deferred tax assets	17 764	13 066
Deferred tax liabilities	(84 253)	(70 993)
	<b>(66 489)</b>	<b>(57 927)</b>

## Notes to the financial statements (continued)

For the year ended 30 April 2016

		2016	2015	2016	2015
				P'000	P'000
<b>22 INVESTMENT IN SUBSIDIARIES</b>					
<b>Company</b>		<b>% holding</b>	<b>% holding</b>		
<b>Held directly:</b>					
Foods (Botswana) (Proprietary) Limited	*	100	100	32 524	2 524
KSI Holdings (Proprietary) Limited		50	50	4 250	4 250
Meybeernick Investments (Proprietary) Limited		100	100	1 504	1 504
MF Holdings (Proprietary) Limited		70	70	15 961	15 961
Sefalana Cash and Carry Limited		100	100	154 777	154 777
Sefalana sa Botswana Limited		100	100		
Sefalana Properties Limited, Zambia		80	80	57	57
Sefalana Cash and Carry Limited, Zambia		85	85	61	61
				<b>209 134</b>	<b>179 134</b>
<b>Held indirectly, through:</b>					
				<b>% holding by the controlling entity</b>	
				<b>2016</b>	<b>2015</b>
<b>KSI Holdings (Proprietary) Limited</b>					
Refined Oil Products (Proprietary) Limited				100	100
Kgalagadi Soap Industries (Proprietary) Limited				50	50
<b>Sefalana Cash and Carry Limited</b>					
Welcome Serowe (Proprietary) Limited				100	100
Sefalana Cash and Carry (Namibia) (Proprietary) Limited				100	100
Sefalana Properties (Namibia) (Proprietary) Limited	**			100	
<b>MF Holdings (Proprietary) Limited</b>					
Commercial Motors (Proprietary) Limited				100	100
Ellerry Holdings (Proprietary) Limited				100	100
Mechanised Farming (Proprietary) Limited				100	100

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**22 INVESTMENT IN SUBSIDIARIES (continued)**

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

- \* On 1 November 2015, the Group acquired 30 182 shares in Foods (Botswana) (Proprietary) Limited at P994 per share at total cost of P30 million. The shares were issued to raise funding for the working capital required in respect of the newly established Beverages Division.
- \*\* On 28 October 2014 the Group incorporated a property holding company in Namibia under the name Sefalana Properties (Namibia) (Proprietary) Limited. This is a 100% subsidiary of Sefalana Cash and Carry (Namibia) (Proprietary) Limited. The principal activity of the newly established company will be to build a property portfolio in Namibia. During the year, the company purchased property at a cost of N\$9.2 million (P6.8 million).

On 31 December 2014 the Group disposed of its entire investment in the subsidiary Bargaen (Proprietary) Limited for a consideration of P5 million. The profit on disposal of this subsidiary was P1.8 million which has been included under other income.

**Disposal of subsidiary - carrying value of assets sold**

	2016	2015
	P'000	P'000
Total identifiable net assets:		
Property plant and equipment		252
Trade and other receivables		3 164
Cash and cash equivalents		6 886
Trade and other payables		(5 921)
Non - controlling interest		(1 225)
Net assets disposed		3 156
Profit on disposal		1 884
Cash consideration received		5 040

## Notes to the financial statements (continued)

For the year ended 30 April 2016

### 23 INVENTORIES

	2016	2015
	P'000	P'000
<b>Group</b>		
Purchased for resale	373 168	335 205
Finished goods	4 096	844
Raw materials	36 363	19 822
Work in progress	1 439	1 491
Less: provision for obsolescence	(6 966)	(3 546)
	<b>408 100</b>	<b>353 816</b>

Inventory stated at net realisable value amount to P 9.5 million (2015: P11.0 million). Inventory written off during the year amounted to nil (2015: nil)

### 24 TRADE AND OTHER RECEIVABLES

<b>Group</b>		
Trade receivables	100 775	139 691
Impairment provision	(9 703)	(10 458)
	91 072	129 233
Prepaid expenses	5 699	9 895
Advances	3 294	
Other receivables	34 837	16 877
	<b>134 902</b>	<b>156 005</b>

The average credit period on sale of goods is 40 days (2015: 40 days).

Included in trade and other receivables are amounts due in foreign currencies being South African Rand, ZAR0.8 million (2015: ZAR3.3 million), Namibian Dollar, N\$26.2 million (2015: N\$19.8 million), United States Dollar, US\$0.1 million (2015: US\$0.5 million), Zambian Kwacha, K0.5 million (2015: K0.1 million) and Euro, EUR nil (2015: EUR1.8 million) all of which equates to P22.0 million (2015: P44.3 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 P16.7 million (2015: P18.0 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 (2015: 60 days).



**Notes to the financial statements** (continued)

For the year ended 30 April 2016

	2016	2015
	P'000	P'000
<b>24 TRADE AND OTHER RECEIVABLES (continued)</b>		
Ageing of past due but not impaired:		
<b>Group</b>		
30-60 days	13 725	14 215
60-90 days	2 438	1 854
90-120 days	536	1 969
<b>Total</b>	<b>16 699</b>	<b>18 038</b>
Movement in allowances for impairment:		
<b>Group</b>		
Balance at beginning of year	10 458	13 568
Business combination		
Impairment losses recognised (reversed) during the year	874	(1 744)
Amounts written off as uncollectible	(1 629)	(1 346)
Amounts recovered during the year		(20)
<b>Balance at end of year</b>	<b>9 703</b>	<b>10 458</b>

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. Refer to note 40 for the credit quality analysis.

The maximum exposure to credit risk at year end is P138.9 million (2015: P157.7 million).

<b>Company</b>		
Trade receivables	1 832	1 710
	<b>1 832</b>	<b>1 710</b>

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

Included in the above amount in P1.7 million (2015: P1.6 million) past due but not impaired

**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 linked to the bank prime rate which represent the Company's borrowing rate from its main banker in Botswana. There are no fixed terms for repayment.

**Company****Amount due from local subsidiaries**

Sefalana Cash and Carry Limited	121 817	134 512
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**Amounts due from foreign subsidiaries:**

Sefalana Properties Limited, Zambia		4 460
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<b>Total amounts due from related parties</b>	<b>121 817</b>	<b>138 972</b>
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Non - current asset	121 817	
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Current assets		138 972
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<b>Total</b>	<b>121 817</b>	<b>138 972</b>
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## Notes to the financial statements (continued)

For the year ended 30 April 2016

### 25 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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. The terms of the loan agreement between Sefalana Holding Company Limited and Sefalana Cash and Carry Limited has resulted in the entire amount receivable now being classified as non - current.

	2016	2015
	P'000	P'000
<b>Amounts due to:</b>		
Sefalana sa Botswana Limited	5 056	5 056
Meybeernick Investments (Proprietary) Limited	13 596	1 242
<b>Total amounts due to related parties</b>	<b>18 652</b>	<b>6 298</b>
Current liabilities	18 652	6 298
<b>Total</b>	<b>18 652</b>	<b>6 298</b>

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

#### Amounts paid during the year

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

	2016	2015
	P'000	P'000
<b>Company</b>		
<b>Interest income from loans to subsidiaries</b>		
Foods (Botswana) (Proprietary) Limited	73	
Refined Oil Products (Proprietary) Limited	151	
Sefalana Cash and Carry Limited	16 274	14 116
	<b>16 498</b>	<b>14 116</b>
<b>Interest paid on loans from subsidiaries</b>		
Meybeernick Investments (Proprietary) Limited	255	946
<b>Dividends from subsidiaries</b>		
Sefalana Cash and Carry Limited	61 081	54 000
<b>Rent paid (Group only)</b>		
Sefalana Group Staff Pension Fund	5 405	5 215
<b>Contribution to pension fund (Group only)</b>		
Sefalana Group Staff Pension Fund	10 324	6 108

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

	2016	2015
	P'000	P'000
<b>26 CASH AND CASH EQUIVALENTS</b>		
<b>Group</b>		
Cash on hand	6 821	7 255
Bank balances	245 894	276 060
Short term deposits	164 975	138 212
	<b>417 690</b>	<b>421 527</b>
<b>Cash and cash equivalents represented by:</b>		
Cash on hand and bank balances	417 690	421 527
Bank overdraft	(44 368)	(11 243)
	<b>373 322</b>	<b>410 284</b>
<b>Company</b>		
Bank balances	76 729	89 138
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 1.25% to 5.5% based on the money market interest rates and have notice periods from 2 to 32 days.		
<b>Cash and cash equivalents represented by:</b>		
Cash on hand and bank balances	76 729	89 138
	<b>76 729</b>	<b>89 138</b>

**27 NON CURRENT ASSET HELD FOR SALE**

Asset classified as held for sale	8 000	7 164
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In January 2015, Plot 64260, at Broadhurst Industrial was marketed for sale. The Directors expect the sale of this property to be completed within 12 months of reporting date. This asset has therefore been classified as held for sale and is valued based on the Directors best estimate of its value at the reporting date, supported by an external third party valuation.

As at the reporting date an agreement has been entered into with a third party for the sale of this property. This sale is contingent on a number of events but is expected to be completed within 12 months of the reporting date.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

	2016	2015	2016	2015
	Number of shares	Number of Shares	P'000	P'000
<b>28 STATED CAPITAL</b>				
<b>Group and Company</b>				
Issued and fully paid				
At beginning of the year	222 868 186	185 723 463	335 712	79 243
Additional shares issued during the year		37 144 723		256 469
<b>At end of year</b>	<b>222 868 186</b>	<b>222 868 186</b>	<b>335 712</b>	<b>335 712</b>

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

On 24 June 2014 the company issued 37 144 723 Rights Issue Shares at a price of P6.95 per share, at a ratio of 1 offer share for every 5 shares held. These shares were fully subscribed. Total proceeds received amounted to P256 million and were utilised to fund the Group's acquisition of the Metro Namibia chain of stores in 2015 and the purchaser of a UHT milk plant and related assets in 2016.

**29 OTHER RESERVES**

<b>Group</b>			
	<b>Land and buildings revaluation</b>	<b>Currency translation</b>	<b>Total</b>
	<b>P'000</b>	<b>P'000</b>	<b>P'000</b>
At 30 April 2014	177 857	(994)	176 863
Movements during the year (net of tax)	22 747	(2 849)	19 898
At 30 April 2015	200 604	(3 843)	196 761
At 30 April 2015	200 604	(3 843)	196 761
Movements during the year (net of tax)	14 363	(26 260)	(11 897)
<b>At 30 April 2016</b>	<b>214 967</b>	<b>(30 103)</b>	<b>184 864</b>

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

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



**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**30 FINANCE LEASE OBLIGATIONS AND OTHER FINANCIAL LIABILITIES****FINANCE LEASE OBLIGATIONS**

Group				
	2016		2015	
	Future minimum lease payments	Present value of capital payments	Future minimum lease payments	Present value of capital payments
	P'000	P'000	P'000	P'000
Finance lease liabilities are payable as follows:				
Within one year	333	333		
	333	333		

The amount is in respect of a floor - plan facility utilised against the available facility of P 4.8 million from Wesbank, a division of First National Bank of Botswana Limited. The amount was stated at amortised cost and was settled in May 2016.

**31 DEFERRED LEASE OBLIGATIONS**

Group		
	2016	2015
	P'000	P'000
Balance at beginning of year	10 317	8 189
Raised during the year	2 068	2 128
<b>Balance at end of year</b>	<b>12 385</b>	<b>10 317</b>

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

**32 LOANS AND BORROWINGS**

Group		
Long term portion	77 765	58 076
Current portion	3 554	16 526
	<b>81 319</b>	<b>74 602</b>
Company		
Long term portion	6 695	8 076
Current portion	2 503	2 296
	<b>9 198</b>	<b>10 372</b>

## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 32 LOANS AND BORROWINGS (continued)

Loans and borrowings include the following:

## Company and Group

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

A second term loan from First National Bank of Botswana Limited for P15 000 000, bears interest at prime lending rate plus 0.85%, and is repayable over 120 months commencing October 2016. This loan is secured by a first Covering Mortgage Bond of P18 million over Plot 10247/50, Broadhurst Industrial, Gaborone, Botswana and by letter of suretyships from Sefalana Holding Company Limited and the minority shareholders of KSI Holdings (Proprietary) Limited.

## Group

The Group previously had issued a promissory note with face value of P50 million to Botswana Insurance Fund Management Limited. This promissory note carried interest at 6% and was fully repaid in December 2014, and replaced with an overdraft facility of the same value with Standard Chartered Bank Botswana.

The Group has entered into a P100 million facility arrangement with Botswana Insurance Fund Management Limited. The draw-down period was from March 2014 to May 2016, and is repayable in 2029. Interest is charged at 8.1% per annum. This arrangement is being utilised to fund the Group's planned capital projects. At 30 April 2016, P60 million of this facility had been drawn down.

The Group has complied with the financial covenants of its borrowing facilities during 2016 and 2015 reporting period.

## 33 TRADE AND OTHER PAYABLES

Group		
Trade payables	356 398	352 452
Accrued expenses	43 224	36 751
Advances from customers	4 775	4 534
Other payables	9 148	6 027
Unclaimed dividends	1 749	1 552
	<b>415 294</b>	<b>401 316</b>

Included above are liabilities denominated in foreign currencies being ZAR284.8 million (2015: ZAR109.4million) which equates to P212.6 million (2015: P90.2 million), US\$0.4 million (2015: US\$0.3 million) which equates to P4.4 million (2015: P2.8 million) and Euro, EUR nil (2015: EUR 2.0 million) which equates to P nil (2015: P22.0 million).

The average credit period for certain service cost liabilities is 30 days (2015: 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	428	459
Accrued expenses	54	61
Unclaimed dividends	1 436	1 192
	<b>1 918</b>	<b>1 712</b>

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**34 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:

	2016	2015
	P'000	P'000
<b>Category - loans and receivables</b>		
<b>Group</b>		
Trade and other receivables (excluding prepaid expenses)	129 203	146 110
Cash and cash equivalents	417 690	421 527
	<b>546 893</b>	<b>567 637</b>
<b>Company</b>		
Amounts due from related parties	121 817	138 972
Trade and other receivables (excluding prepaid expenses)	1 832	1 710
Cash and cash equivalents	76 729	89 138
	<b>200 378</b>	<b>229 820</b>

**35 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**

<b>Group</b>		
Trade and other payables	413 545	399 764
Loans and borrowings	81 319	74 602
Bank overdrafts	44 368	11 243
	<b>539 232</b>	<b>485 609</b>
<b>Company</b>		
Amounts due to related parties	18 652	6 298
Trade and other payables	1 918	1 712
Loans and borrowings	9 198	10 372
	<b>29 768</b>	<b>18 382</b>

## Notes to the financial statements (continued)

For the year ended 30 April 2016

### 36 SHORT TERM BANKING FACILITIES

The short term banking facilities of the Group are presented below. The term loan facilities available to the Group are detailed in note 32.

#### Group

Banker	Facility	Currency	Limit in foreign currency	Limit in equivalent reporting currency (P)
Standard Chartered Bank Botswana Limited	Overdraft	P	N/A	152.0 million
	Overdraft	US\$	1.0 million	10.6 million
	Letters of credits	ZAR	3.0 million	2.2 million
	Guarantee	P	N/A	26.0 million
Standard Bank Namibia Limited	Overdraft	N\$	30.0 million	22.4 million
Wesbank (a division of First National Bank of Botswana Limited)	Vehicles and equipments floor plan	P	N/A	4.8 million
First National Bank of Botswana Limited	Guarantee	P	0.1 million	0.1 million

The average interest rate on overdraft facilities utilised by the Group is at the commercial banks' prime rate less 2%. Lot 10243 Extention 20, Gaborone owned by a subsidiary company is encumbered by a mortgage bond for P5 million against the Group's banking facilities with First National Bank of Botswana Limited. The Wesbank floor plan facility is secured over vehicles and equipment under the floor plan, details of this facility is provided under note 30.

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 P203.0 million (2015: P302.0 million).



**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**37 PROVISIONS AND ACCRUALS**

	Accruals for employee benefit	Other provisions	Total
	P'000	P'000	P'000
<b>Group</b>			
At 30 April 2014	26 381	3 770	30 151
Arising during the year	31 991	819	32 810
Business combination	(428)		(428)
Utilised during the year	(17 536)		(17 536)
<b>At 30 April 2015</b>	<b>40 408</b>	<b>4 589</b>	<b>44 997</b>

<b>Group</b>			
At 30 April 2015	40 408	4 589	44 997
Arising during the year	39 904	1 989	41 893
Utilised during the year	(27 381)		(27 381)
<b>At 30 April 2016</b>	<b>52 931</b>	<b>6 578</b>	<b>59 509</b>

The provision for employee benefits represents annual leave and severance benefit entitlements as applicable. Other provisions include provisions for warranties and service plans.

**38 OPERATING LEASES****Group as lessor**

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

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

	2016	2015
	P'000	P'000
<b>Lease payments due</b>		
Within one year	11 414	10 133
Within two to five years	12 241	7 349
	<b>23 655</b>	<b>17 482</b>
<b>Group as lessee</b>		
Within one year	36 667	35 690
Within two to five years	118 934	114 849
Over five years	57 382	35 380
	<b>212 983</b>	<b>185 919</b>

## Notes to the financial statements (continued)

For the year ended 30 April 2016

**39 RETIREMENT BENEFIT ASSETS**

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

- a) the Sefalana Pension Fund: Members of this Fund were the qualifying employees of Sefalana Holding Company Limited and Foods Botswana; and
- b) the Sefcash Retirement Fund: Members of this Fund were the qualifying employees of Sefalana Cash and Carry Limited.

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

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

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

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

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 2015 and 30 April 2016. The Funds year end is 31 January. The Directors and Trustees are comfortable that there has been no significant movement in the valuation of the Fund and its assets between 31 January and 30 April of respective financial years.

The amalgamated Fund had a surplus balance on the Employer Reserve available to the participating employers (the Sefalana Group) of P nil (2015: P7.3 million).

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**39 RETIREMENT BENEFIT ASSETS (continued)**

	2016	2015
	P'000	P'000
<b>Plan assets consist of the following at fair value</b>		
Property occupied by the Group	52 000	50 000
Equity securities	38 491	987
Managed funds	139 243	178 257
Cash	22 006	6 161
Other assets	1 506	756
	<b>253 246</b>	<b>236 161</b>
<b>Plan liabilities consist of the following:</b>		
Payables	(5 521)	(7 256)
<b>Net surplus</b>	<b>247 725</b>	<b>228 905</b>
<b>Represented by:</b>		
Members Funds	211 722	187 989
Employer Reserve		7 334
Other Reserves	36 003	33 582
	<b>247 725</b>	<b>228 905</b>
Amounts recognised in the Statement of Comprehensive Income in respect of movement in Employer Reserve:		
Return on plan assets	832	1 309
Employer contributions	(6 409)	(5 679)
Other net costs	(1 651)	(1 483)
<b>Included in staff costs</b>	<b>(7 228)</b>	<b>(5 853)</b>

**Notes to the financial statements (continued)**

For the year ended 30 April 2016

**40 FINANCIAL INSTRUMENTS****Capital risk management**

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

**Gearing ratio**

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

**Significant accounting policies**

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

**Financial risk management objectives**

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

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

**Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the import of supplies throughout the Group. There were no outstanding forward exchange 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 (continued)

For the year ended 30 April 2016

### 40 FINANCIAL INSTRUMENTS (continued)

#### Foreign currency risk management

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

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

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

	Assets	Assets	Liabilities	Liabilities
	2016	2015	2016	2015
	000	000	000	000
South African Rand (ZAR)	45 573	103 465	100 744	109 390
Namibian Dollar (N\$)	113 493	109 046	184 119	130 423
United States Dollars (US\$)	1 265	1 604	2 021	1 336
Zambian Kwacha (K)	457	170		
Euro (EUR)	2 541	4 540		3 348
Pula equivalent	185 495	240 220	217 532	247 185

#### Foreign currency sensitivity analysis

The Group is exposed to the South African Rand and Namibian Dollar through its regional buying and selling operations; the Euro, as a result of holding deposits in that currency and United States Dollars through a long term borrowing facility and regional and international buying operations. 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.

## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 40 FINANCIAL INSTRUMENTS (continued)

	2016				2015			
	ZAR impact	N\$ impact	USD impact	EUR impact	ZAR impact	N\$ impact	USD impact	EUR impact
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
<b>On liabilities:</b>								
Profit if Pula strengthens by 10%	7 523	13 749	2 145		9 020	10 755	1 301	3 623
Loss if Pula weakens by 10%	(7 523)	(13 749)	(2 145)		(9 020)	(10 755)	(1 301)	(3 623)
<b>On assets:</b>								
Profit if Pula weakens by 10%	3 403	8 475	1 343	3 076	8 532	8 992	1 562	4 913
Loss if Pula strengthens by 10%	(3 403)	(8 475)	(1 343)	(3 076)	(8 532)	(8 992)	(1 562)	(4 913)

**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 2016 would decrease / increase by P293 000 (2015: decrease / increase by P544 000).

**Credit risk management**

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

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

**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**40 FINANCIAL INSTRUMENTS** (continued)

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**

	2016	2015
	P'000	P'000
<b>Group</b>		
Trade and other receivables (excluding prepaid expenses)	129 203	146 110
Bank balances with:		
African Alliance Botswana Management Company (Proprietary) Limited	22	24
African Banking Corporation Limited	52 584	99 099
Barclays Bank of Botswana Limited	4 827	1 690
BIFM Unit Trusts (Proprietary) Limited	51 528	
Botswana Savings Bank Limited	2 068	
Capital Bank Limited	2 943	6 373
First National Bank of Botswana Limited	30 763	21 328
First National Bank of Namibia Limited		2 109
First National Bank of South Africa Limited	12 950	10 619
Stanbic Bank Botswana Limited		1 280
Standard Chartered Bank Botswana Limited	138 929	206 685
Standard Bank Namibia Limited	65 183	64 852
Stanbic Bank Botswana Limited	1 363	
Zambia National Commercial Bank, Lusaka, Zambia	3 342	213
Other non - current financial assets		
	<b>495 705</b>	<b>560 382</b>
<b>Company</b>		
Trade and other receivables	1 832	1 710
Amount due from related parties	121 817	138 972
Bank balances with:		
African Banking Corporation Limited		25 900
BIFM Unit Trusts (Proprietary) Limited	51 528	
First National Bank of Botswana Limited	2 028	4 481
Standard Chartered Bank of Botswana Limited	23 163	58 758
Stanbic Bank Botswana Limited	10	
	<b>200 378</b>	<b>229 821</b>

## Notes to the financial statements (continued)

For the year ended 30 April 2016

## 40 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.

	Less than 1 year	Between 2 - 5 years	Above 5 years
	P'000	P'000	P'000
<b>Group</b>			
<b>At 30 April 2016:</b>			
Trade and other payable	415 294		
Loans and borrowings	8 009	30 581	85 359
Finance lease obligations	333		
Bank Bankoverdraft	44 368		
<b>Total</b>	<b>468 004</b>	<b>30 581</b>	<b>85 359</b>

**At 30 April 2015:**

Trade and other payable	401 316		
Loans and borrowings	20 986	25 370	86 450
Bank overdrafts	11 243		
<b>Total</b>	<b>433 545</b>	<b>25 370</b>	<b>86 450</b>

	2016	2015
	P'000	P'000
The Group has unused banking facilities available at the reporting date as follows:		
Overdraft	140 252	175 225
Wesbank floor plan	4 417	4 750
Letters of credit and guarantee	18 153	71 871
Loan for capital projects	40 000	50 000

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

## 41 CONTINGENT LIABILITIES

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

	Number of cases pending	Approximate claim value
		P'000
Commercial Motors (Proprietary) Limited	1	3 817
Sefalana Cash and Carry Limited	1	465



**Notes to the financial statements** (continued)

For the year ended 30 April 2016

**41 CONTINGENT LIABILITIES** (continued)

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

	Currency	Amount '000
Foods (Botswana) (Proprietary) Limited	P	9 474
Mechanised Farming (Proprietary) Limited	P	80
Mechanised Farming (Proprietary) Limited	US\$	5
Sefalana Cash and Carry Limited	P	147
Commercial Motors (Proprietary) Limited	ZAR	3 000

- c) Assets mortgaged by the Group companies for various banking facilities are as stated in notes 14, 15 and 32.

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

	2016 P'000	2015 P'000
<b>42 CAPITAL COMMITMENTS</b>		
Capital expenditures approved by the Directors:		
Contracted for	3 000	24 053
Not contracted for	35 511	31 529
	<b>38 511</b>	<b>55 582</b>

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

**43 COMPARATIVE FIGURES**

Group	Re - presented	Previously reported
<b>Statement of cash flows</b>		
Net increase in loan		7 905
Increase in loan	63 854	
Repayment of loan	(55 949)	
	<b>7 905</b>	<b>7 905</b>

Impact on the Statement of Cash Flows - The Statement of Cash Flows has been amended to include amounts on a gross basis in accordance with IAS 7. In the prior year, these amounts were offset against each other and presented on a net basis.

**44 SUBSEQUENT EVENTS**

There are no significant reportable events occurring after the reporting date that has an impact on the results or disclosures as at 30 April 2016.

## 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 Head Office, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site Gaborone, on Friday 28 October 2016 at 16H00 for the purpose of transacting the following business:

### Ordinary business

#### 1. Ordinary Resolution :

To receive, consider and adopt the Group's audited consolidated financial statements for the year ended 30 April 2016 together with the Directors' and Auditor's reports thereon.

#### 2. Ordinary Resolution:

To ratify the dividends declared and paid during the period being a gross interim dividend of 10 thebe per ordinary share paid to shareholders on 4 March 2016 and a gross final dividend of 20 thebe per ordinary share paid to shareholders on 2 September 2016.

#### 3. Ordinary Resolution 3:

To re - elect the following Directors who retire in accordance with the Articles of Association and being eligible, offer themselves for re-election:

- a) Mr Chandra Chauhan
- b) Mr Hans Werner Kampmann

#### 4. Ordinary Resolution 4:

To approve the remuneration of the Directors for the year ended 30 April 2016 as required by the Articles of Association and as detailed on note 12 to the financial statements.

#### 5. Ordinary Resolution :

To approve the remuneration of the Auditors for the year ended 30 April 2016 as disclosed in note 11 to the financial statements.

#### 6. Ordinary Resolution :

To approve the appointment of PricewaterhouseCoopers as Auditors for the ensuing financial year.

### Any Other Business

To transact such other business as may be transacted at an Annual General Meeting.

### Voting and Proxies

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

Proxy forms must be deposited or received at Sefalana Head Office, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone, not less than 48 hours before the meeting.

By order of the board



Mohamed Osman  
Company Secretary  
30 September 2016

## Notes

## 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 Head Office, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Gaborone on Friday 28 October 2016 at 16H00.

I / We

(name/s in block letters)

of

(address)

Appoint (see note 1):

1. \_\_\_\_\_ or failing him / her \_\_\_\_\_

2. \_\_\_\_\_ or failing him / her \_\_\_\_\_

3. the Chairman of the Meeting, \_\_\_\_\_

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

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

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2016

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.



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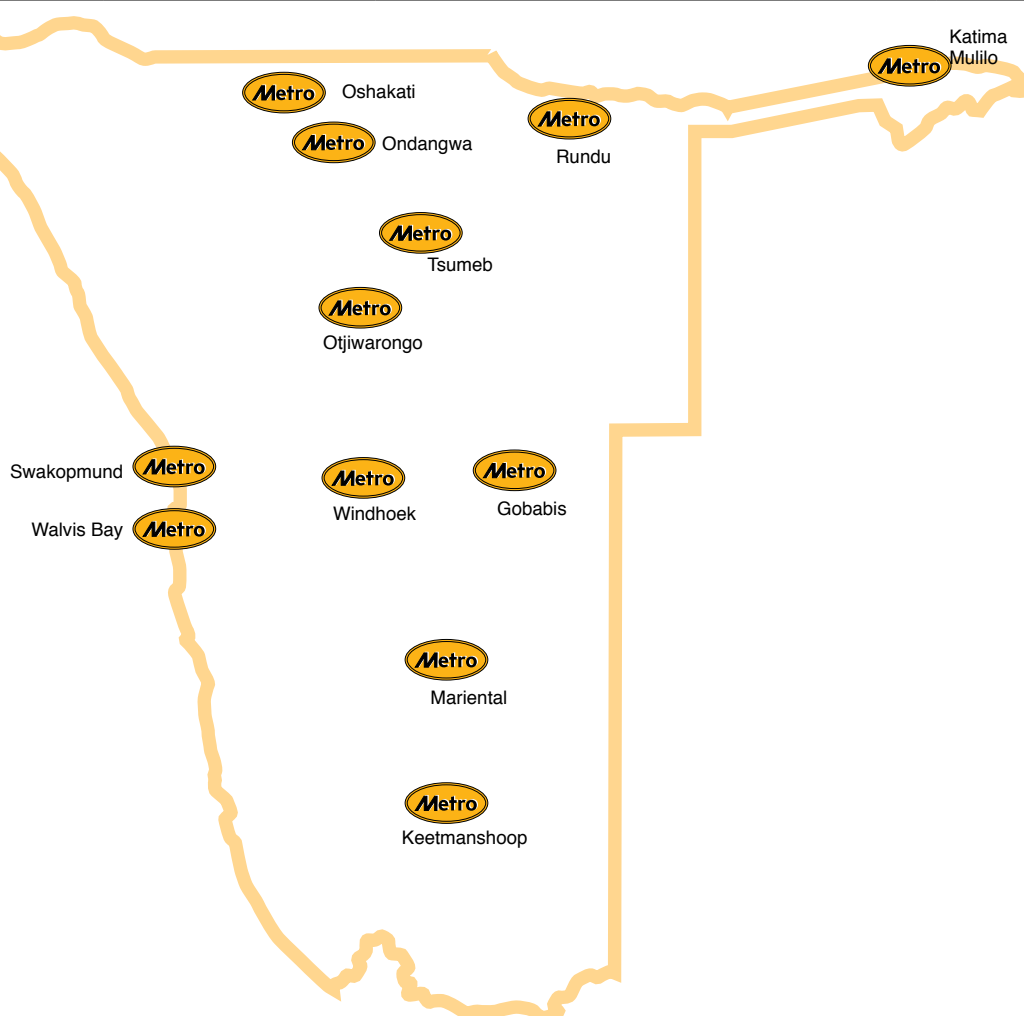
## Notes to Form of Proxy

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 a Company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.
8. Where Ordinary Shares are held jointly, all joint Shareholders must sign.
9. A minor must be assisted by his / her guardian, unless the relevant documents establishing his / her legal capacity are produced or have been registered by the Company.
10. Proxy forms must be received either at the Registered office at Plot 10038, corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone or at the Transfer Secretaries Office at Unit 206, Building 1, Showgrounds Close, Plot 64516, P. O. Box 1583 AAD, Poso House, Gaborone, Botswana.

## This image shows a full page of blank, lined paper. It features approximately 28 horizontal blue lines spaced evenly across the page, typical of standard notebook paper. The lines are thin and light blue, set against a plain white background. There are no margins, text, or other markings on the page.

## METRO NAMIBIA STORE CONTACT DETAILS

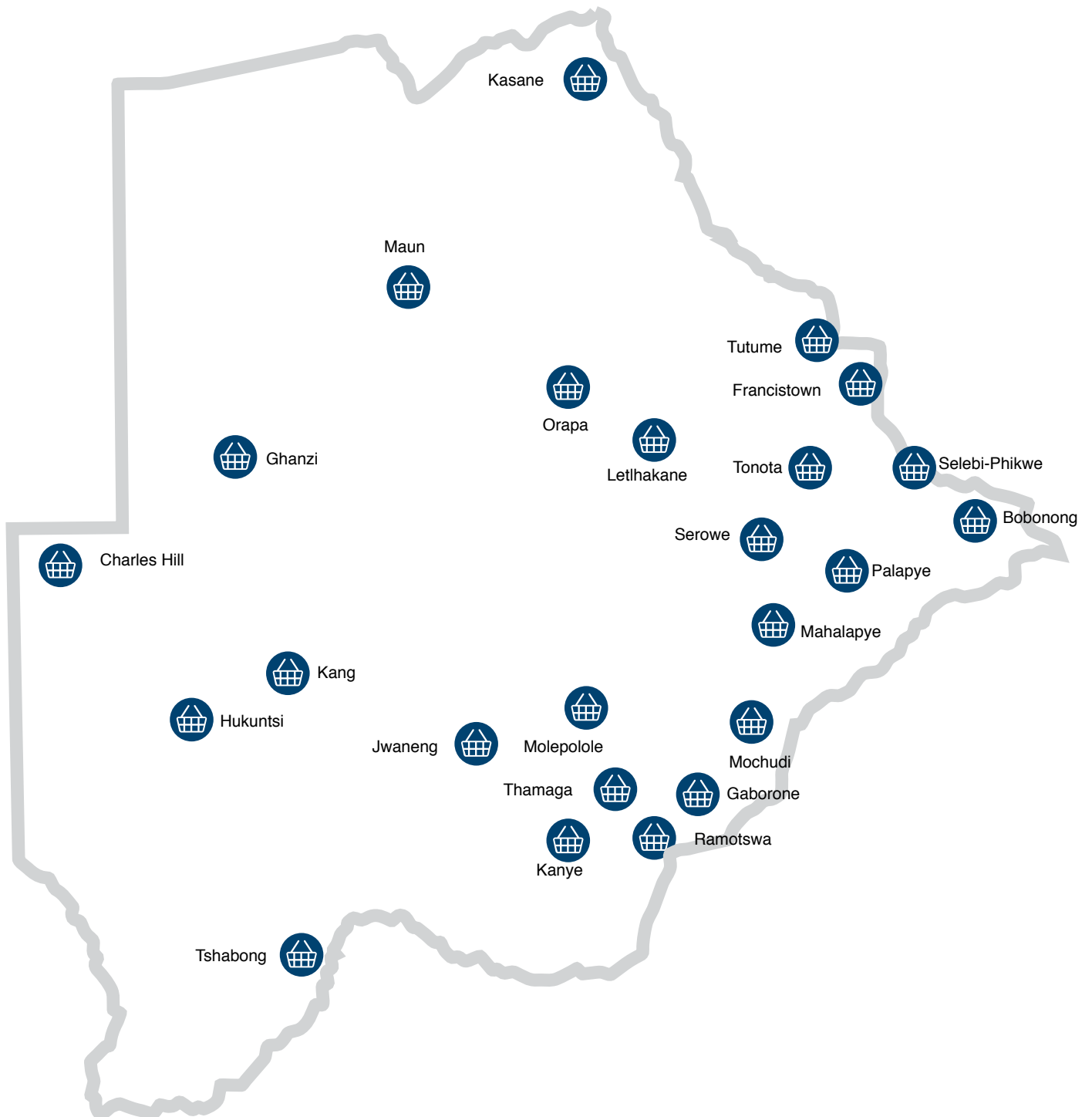
	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
Head Office - Namibia	Box 1417, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-216009	061-216724
Metro Hyper Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	061-254141	061-254438
Metro Hyper Liquor Store Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	061-254141	061-254438
Distribution Centre Windhoek	Box 30741 Pioniers Park Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-255550	061-256007
Metro Windhoek	Box 5067, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-262125/6	061-215081
Metro Windhoek Liquor	Box 368, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-263031	061-263127
Metro Ondangwa	Box 2349 Ondangwa	Main Road, Ondangwa	065-240967/8	065-240969
Metro Oshakati	Box 15116, Oshakati	Endola Road, Plot 1344, Oshakati	065-222177/139	065-222591
Metro Rundu	Box 1744, Rundu	Main Road, Rundu	066-256318/9	066-256322
Metro Tsumeb	Box 470, Tsumeb	Hage Geingob Drive, Tsumeb	067-220670/1	067-220676
Metro Otjiwarongo	Box 185, Otjiwarongo	1st Av Otjiwarongo	067-302661	067-302701
Metro Keetmanshoop	Box 715, Keetmanshoop	Stampriet Rd, Keetmanshoop	063-223327/8	063-222801
Metro Mariental	Box 215, Mariental	C/o Mark & Park, Street, Mariental	063-240741/742	063-240500
Metro Gobabis	Box 400, Gobabis	Kalahari Highway, Gobabis	062-564268/9	062-564270
Metro Swakopmund	Box 993, Swakopmund	McHugh Street, Industrial Area Swakopmund	064-461459	064-462021
Metro Mega Store Swakopmund	Box 993, Swakopmund	Erf 3935, c/o Hidipo Hamutenya & Watt Street	064-463055	064-463065
Metro Walvis Bay	Box 511, Walvis Bay	Circumferential, Walvis Bay	064-207697/8	064-206835
Sefalana Cash and Carry Katima Mulilo	Box 1952, Ngweze, Katima Mulilo	Lifasi Street, Katima Mulilo	066-252073	066-253316





## SEFALANA GROUP CONTACT DETAILS

	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
<b>SEFALANA GROUP COMPANY HEAD OFFICES</b>				
Sefalana Holding Company Limited	Private Bag 0080, Gaborone	Plot 10247/50, Broadhurst, Gaborone	3913661	3907613
Sefalana Cash and Carry Limited	Private Bag 00422, Gaborone	Plot 10235, Broadhurst, Gaborone	3681700	3907614
Foods Botswana (Pty) Limited - Milling Division	P O Box 1131, Serowe	Plot 98, Newtown, Serowe	4630268	4630965
Foods Botswana (Pty) Limited - Beverages Division	P.O. Box 1403 AAD	Plot 54233, Broadhurst Industrial	3913056	3913057
Commercial Motors (Pty) Limited	P O Box: 2276, Gaborone	Plot 10232, Broadhurst, Gaborone	3952652	3952643
Mechanised Farming (Pty) Limited	P O Box: 2276, Gaborone	Plot 10243, Broadhurst, Gaborone	3974336	3959086
Bargen (Pty) Limited T/A Vintage Travel & Tours	P O Box 202102, Gaborone	Plot 9821, Partial, Gaborone	3170993	3170994
Kgalagadi Soap Industries (Pty) Limited	Private Bag BR 33, Gaborone	Plot 10247/50, Broadhurst, Gaborone	3912791	3973590
Sefalana Properties Limited, Zambia	Private Bag 0080, Gaborone	Stand no: 5032, Lusaka, Zambia	3913661	3907613
<b>SEFALANA HYPER STORES</b>				
Francistown	P O Box 61, Francistown	Plot 22053, Donga, Francistown	2402222 / 2402235	2402250
Gaborone	Private Bag 0075, Gaborone	Plot 20608/9, Ext. 34, Western ByPass, Gaborone	3973866 / 3182406	3932487
Mahalapye	P O Box 122, Mahalapye	Botalaote Ward, Mahalapye	4710452 / 4710356	4710591
<b>SEFALANA CASH &amp; CARRY STORES</b>				
Bobonong	P O Box 1240, Bobonong	Sebaila Ward, Bobonong	2629555	2629542
Broadhurst	P O Box 1066, Gaborone	Plot 10038, Ext. 16, Kubu Road, Broadhurst, Gaborone	3912361 / 3975760	3973093
Charleshill	P O Box 197, Charleshill	Plots 6/7/8, Main Street, Charleshill	6592225 / 6592223	6592224
Francistown	P O Box 10444, Tatitown	Plot 6146, Sam Nujoma Road. Light Indus Area, Francistown	2412161 / 2414404	2412151
Gaborone West	P O Box 269, Gaborone	Plot 1217, Ext. 6, Nkrumah Road, Gaborone	3953241 / 3914964	3952058
Hukuntsi	P O Box 405, Hukuntsi	Plot 71, Mogobelelo Ward, Main Road, Hukuntsi	6510206	6510049
Jwaneng	P O Box 792, Jwaneng	Plot 2303, Industrial Sites, Jwaneng	5880327 / 5880953	5880878
Kang	Private Bag 9, Kang	Plot 35, Gamonyemana Ward, Kang	6517400	6517044
Kanye	Private Bag MH4, Kanye	Plot 771, Mafhikana Ward, Kanye	5440160 / 5440912	5440484
Kasane	Private Bag K11, Kasane	Plot 732/733/734, Kazungula Main Road, Kasane	6250248 / 6250311	6250195
Lethakane	Private Bag F43, Lethakane	Nkosho Ward, Lethakane	2978770 / 2978832	2976221
Lobatse	P O Box 11189, Lobatse	Plot 336, Mokgosi Avenue, Lobatse	5332588 / 5330815	5306781
Maun	P O Box 426, Maun	Plot 15, Nthayagodimo Ward, Maun	6860936 / 6862530	6860566
Molepolole	P O Box 1436, Molepolole	Thamaga Road, Industrial Site, Molepolole	5920404 / 5921070	5921600
Palapye # 1	P O Box 173, Palapye	Plots 6/7/29, Old Industrial Site, Palapye	4920273 / 4921617	4920402
Palapye # 2	Private Bag 87, Palapye	Plots 343/344, New Industrial Site, Palapye	4920013 / 4921180	4920019
Pilane	Private Bag 20, Mochudi	Plot 200, Industrial Site, Pilane	5729500 / 5729132	5729772
Ramotswa	Private Bag 00422, Gaborone	Plot 106, Ramotswa Station. Taung, Ramotswa	5391955 / 5391923	5391964
Serowe	P O Box 139, Serowe	Rasebolai Drive, Mere Ward, Swaneng, Serowe	4630315 / 4633679	4630848
Selebi-Phikwe	P O Box 21, Selebi-Phikwe	Plot 12385, Industrial Site, Selebi-Phikwe	2610711 / 2611381	2611052
Thamaga	Private Bag 00422, Gaborone	Plot 130, Marang Ward, Thamaga	5999117 / 5999398	5999397
Tonota	P O Box 182, Shashe	Plot 23, Semotswane Ward, Shashe, Tonota	2480193	2480192
Tsabong	Private Bag 0027, Tsabong	Plot 538, Ikageng Ward, Tsabong	6540077	6540850
Tutume	P O Box 340, Tutume	Magapatona Ward, Tutume	2987826 / 2987828	2987825
Capital Tobacco	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road, Gaborone	3911800 / 3937188	3937189
<b>SEFALANA SUPERMARKETS</b>				
Shopper Broadhurst	Private Bag 00422, Gaborone	Plot 10032, Ext. 20, Broadhurst, Gaborone	3937043	3937041
Shopper Gaborone - UB Campus	Private Bag 00422, Gaborone	Plot 4775, Ext. 15, Student Centre [Unit 34], Gaborone	3951174	3907095
Shopper Gaborone - G-West	Private Bag 00422, Gaborone	Plot 17872, Gaborone West Mall, Gaborone	3960495	3960496
Shopper Kanye	Private Bag 00422, Gaborone	Plot 751, Main Road, Kanye	5480632	5480631
Shopper Lethakane	Private Bag 45, Lethakane	Plot 1602, Tawana Ward, Lethakane	2976277	2976702
Shopper Mahalapye # 1	Private Bag 00422, Gaborone	Plot 3848, Botalaote Ward, Mahalapye	4720508	4720505
Shopper Mahalapye # 2	Private Bag 00422, Gaborone	Plot 1278, Main Mall, Mahalapye	4720485	4711774
Shopper Maun # 1	Private Bag 00422, Gaborone	Plot 1299, Old Mall, Riverside Ward, Maun	6863305	6863309
Shopper Maun # 2	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward, Maun	6864784 / 6864941	6864926
Shopper Mochudi	Private Bag 00422, Gaborone	Plot 979, Rammopyama Ward, Mochudi	5777510	5777517
Shopper Molepolole	Private Bag 00422, Gaborone	Plot 1728, Main Road, Borakalalao Ward, Molepolole	5910550	5910552
Shopper Nkoyaphiri	Private Bag 00422, Gaborone	Plot 12011, Shop 4, Nkoyaphiri	3947957	3947937
Shopper Palapye	Private Bag 00422, Gaborone	Lot 1077, Old Mall, Palapye	4924609	4922303
Shopper Selebi-Phikwe	Private Bag 00422, Gaborone	Plot 7062, Main Mall, Selebi-Phikwe	2610000	2610095
Shopper Tlokeng	Private Bag 00422, Gaborone	Plot 8 KO, Tlhakong Ward, Tlokeng	3104960 / 3104961	3104962
Shopper Tonota	Private Bag 00422, Gaborone	Plot 4594 Molebatsi Ward, Tonota	2484869 / 2484870	2484850
Shopper Tsabong	Private Bag 00422, Gaborone	Plot 316, Mothupi Ward, TM Complex, Tsabong	6540643	6540637
Liquor Shop Maun	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward, Maun	6864017 / 6864090	6864082
Sefalana Home Store Orapa	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2970268	2970210
Sefalana Liquor Store Orapa	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2970268	2970210





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