

ANNUAL
REPORT '17



Navigating
through
**DIFFICULT
TIMES**



Your basket of opportunities





Energy saving lights

Our head office is fitted with energy saving lights, which has reduced our carbon emission considerably.



Our Board is **committed** to ensuring that the Company is a good corporate citizen as envisaged in our **Group Strategy** for 2016-2019. 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**



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Sefalana's Integrated Report

So why is this so important?

The **International** Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and Non - Governmental Organisations (NGOs). The coalition is **promoting communication** about **value creation** as the next step in the evolution of corporate reporting. Its vision is to align **capital allocation** and **corporate behaviour** to wider goals of financial stability and **sustainable** development through the cycle of **integrated reporting** and thinking.

The International Integrated Reporting Council (IIRC)'s Breakthrough Phase (2014-2017) is the move from the creation of the International Framework and market testing to development and early adoption by reporting organizations around the world. The IIRC's objective for this phase is to achieve a meaningful shift towards early adoption of the International Framework.

Companies around the world are being encouraged to embrace this way of thinking and reporting. We have noted a select number of companies which are listed on the Johannesburg Stock Exchange (JSE) and have a presence in Botswana, which have moved towards this style of reporting as a result of their requirements under the JSE rules.

We are proud to be **one of the first** companies in Botswana to adopt significant aspects of this Framework, despite this not being a requirement under the current rules of the Botswana Stock Exchange.



Sefalana celebrates Botswana's 50th birthday

Sefalana's Integrated Report (continued)

The IIRC's Framework's objectives can be summarised as follows:

Objectives	Sefalana's response
To improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital	Each year we enhance the level of reporting in our Annual Report through additional disclosure notes and with cognisance to latest trends in worldwide Corporate Governance. Currently King III and IV are the benchmark against which we measure ourselves as detailed in the Corporate Governance Report.
To promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of the organisation to create value over time	Material matters to the Group are detailed later in this section of the report. Refer also to the Group Managing Director's report and the Group Finance Director's report which captures the material aspects of our business and highlights the key risks and factors affecting our ability to generate returns for our Shareholders.
To enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their interdependencies	This is entrenched in the way we do business. This is demonstrated in our business model on page 11. Interdependencies of the various forms of capital are illustrated on page 10.
To support integrated thinking, decision – making and actions that focus on the creating of value over the short, medium and long term	The Group has regular Strategy workshops to ensure the overall objectives of the Group are identified and articulated. All relevant stakeholders are considered and decisions are made accordingly. Shareholder value is therefore maximised in line with this overall strategy as it is inherent in the way we do business.
To explain to Shareholders how an organisation creates value over time	<p>Formal detailed presentations are made to Shareholders every 6 months to provide an update on how the business is performing and to give an insight into the Group's plans for growth. Value creation is demonstrated both in terms of profitability but also in terms of capital growth in share price.</p> <p>On two occasions in the last 4 years we have carried out a Rights Issue program whereby a Circular was issued to Shareholders explaining our vision and plans for the Group. In both instances the Rights Issue shares were over subscribed demonstrating the effectiveness of our communication to Shareholders regarding value creation.</p>

Sefalana's Integrated Report (continued)

The IIRC makes reference to the need to highlight in the Integrated Report, the matters that are considered to be "Material". These are referred to as matters that substantially affect the Organisation's ability to create value over a short, medium and long term.

The following matters are considered Material to the Group in this regard and have been extracted from the Group's Risk Register which is used on an on-going basis by Internal Audit which reports on a quarterly basis to the Audit and Risk Committee:

Material matter

1

Government spending

Impact

Our manufacturing businesses rely significantly on Government tenders and levels of spend in relation to the Tsabana and Malutu feeding schemes along with the Children's UHT milk program.

These contracts usually run for no more than a 12-month period and therefore the sustainability of these manufacturing entities in our Group are largely dependent on successfully winning these orders each year.

We continually obtain tender invitations and ensure we submit for all tenders we believe we are capable of servicing. Being aware of tenders issued is critical for these entities in our Group.

We have a strong track record for ensuring that where we have been awarded tenders, all quantities are delivered on time and that quality is not compromised.

Raw materials are procured from reliable suppliers at the best possible prices thereby ensuring we are best placed to secure and deliver to any orders placed with us with little notice.

Risk mitigation

Material matter

2

Consumer spending and confidence

Impact

Customer spending and confidence is directly impacted upon by the level of employment and general economic sentiment.

During difficult times, this then results in increased pressure on margins as customers look for the best prices in the market.

The market is increasingly becoming price sensitive and therefore we need to ensure we are competitive wherever possible.

Efficient and effective procurement from suppliers helps us pass on discounts to customers.

Increasing basket size and offering a one - stop - shop helps retain market share in difficult economic conditions.

Risk mitigation

Material matter

3

Foreign exchange fluctuations

Impact

The purchase of products from South Africa is a significant proportion of the Group's procurement spend. The volatility of the Rand over the last 12 months has increased our exposure to pricing. Our grain procurement is linked to movements in the USD. Our rental stream in Zambia is also based on an underlying USD value.

Forward contracts are entered into where deemed to be appropriate and spot purchases of currency are carried out where a known cash outflow in a foreign currency is anticipated.

Risk mitigation

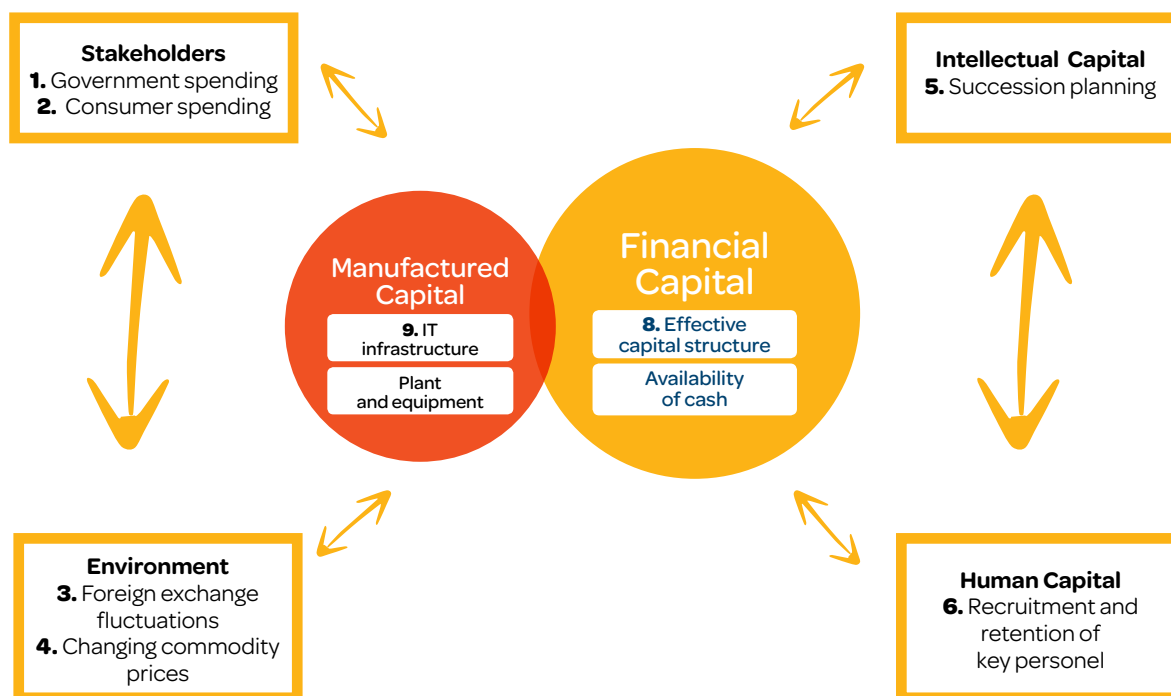
Sefalana's Integrated Report (continued)

4	Material matter Changing commodity prices	Impact	<p>The manufacturing businesses procure significant volumes of sorghum, soya and maize. These commodity prices can double or halve in any given financial year and this is largely driven by worldwide supply and demand.</p>	<p>Forward contracts are entered into where deemed to be appropriate and spot purchases of grain is carried out when prices appear to be at a low point. This helps us maintain manufacturing margins.</p>	Risk mitigation
5	Material matter Succession planning	Impact	<p>The Management team ensures that the objectives of the Group are achieved and that the success of the organisation is not reliant on one or a few key members of the organisation.</p>	<p>Recruitment of understudies is carried out for all significant positions and adequate training and mentoring is ensured on an ongoing basis.</p>	Risk mitigation
6	Material matter Recruitment and retention of key personnel	Impact	<p>Our people make our Group what it is. The culture that it fosters drives performance and to ensure this is in place the workforce needs to be motivated and aligned to the Group strategy.</p>	<p>The Group strategy is communicated throughout the organisation through workshops and seminars.</p> <p>High calibre staff are actively recruited from universities and other institutions. These are deemed to be the leaders of the future and therefore attractive remuneration and retention policies are in place to reward exceptional performance.</p>	Risk mitigation
7	Material matter Brand health and development (not a form of capital)	Impact	<p>We have built up our brand over more than 43 years and it is critical that we leverage off this brand value to maximise returns.</p>	<p>Our rebranding program commenced in the previous year and has been rolled out throughout the Group. We have received very positive feedback on this area and this has helped consolidate and strengthen our Botswana brand.</p>	Risk mitigation

Sefalana's Integrated Report (continued)

Material matter		Impact	Risk mitigation
8	Effective capital structure	In order to support the Group's plans for expansion, sufficient capital is required to ensure the net return to Shareholders is in line with their expectations.	
Material matter	IT infrastructure	Impact	Risk mitigation
9	IT infrastructure	In a constantly evolving world, the use of technology is essential to provide an organisation with the speed and efficiency for success. IT can enable an organisation to offer innovative new products and services to its customer base.	
		Computer software and hardware is updated on an ongoing basis.	
		The latest internet connections are installed in our stores to ensure data is captured quickly and accurately.	
		We have rolled out our internet shopping site and are in the process of offering this to other parts of the country.	
		We are also launching our new phone App before Christmas 2017.	

The inter-relationship of various forms of capital

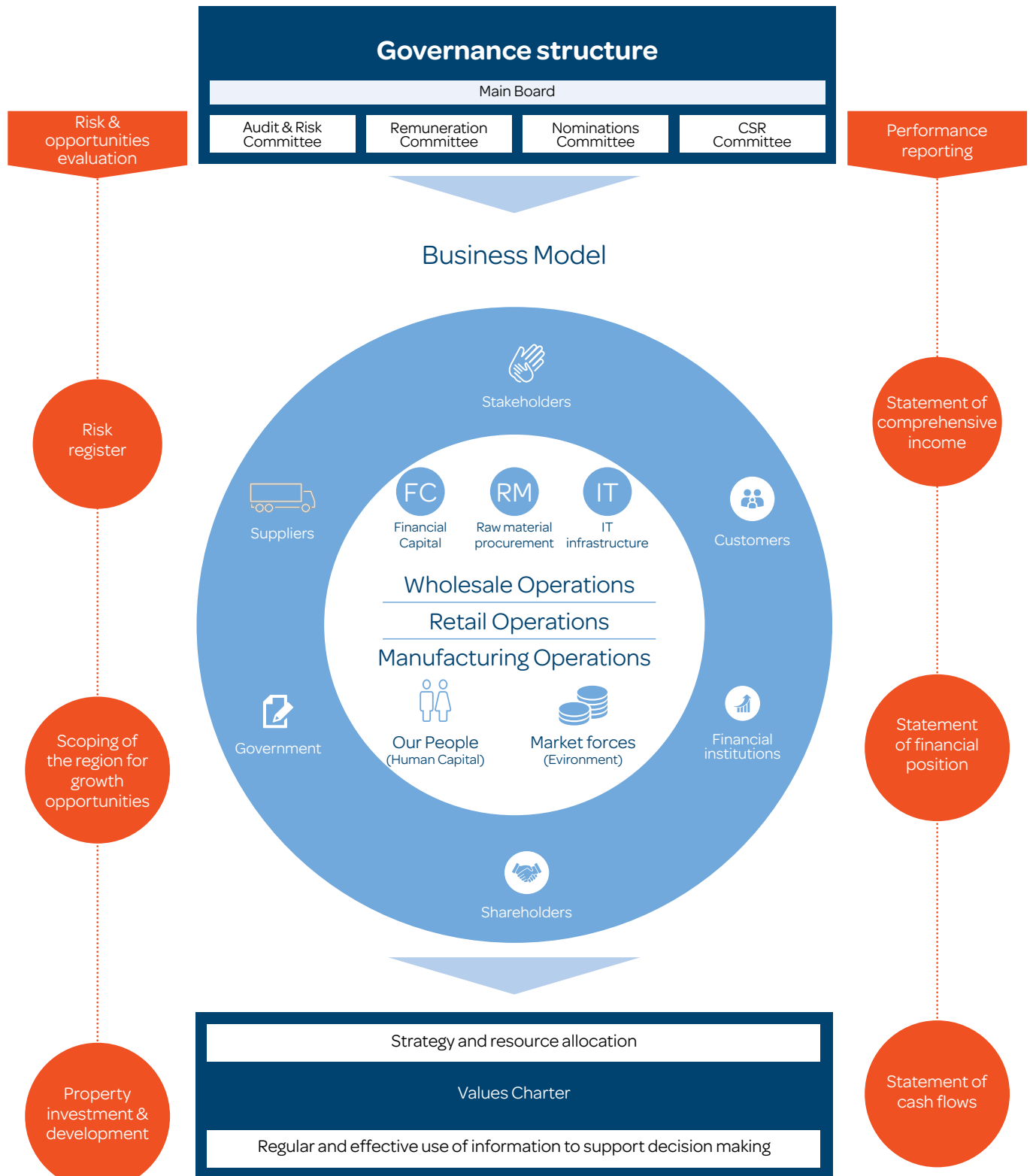


The inter dependencies and relationship between each form of capital are complex and constantly evolving.

The connectivity of each element relevant to the creation of value is expanded upon inherently in the Group Managing Director's and Group Finance Director's Reports.

Our Business Model

Our business model is designed to enable the Group to achieve its objectives through recognising the various Material matters and also recognising the interdependencies of the various forms of capital.



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OVERVIEW

Navigating
through
**DIFFICULT
TIMES**

The market is becoming increasingly competitive. Offering our customers a one-stop-shop is our goal. With the introduction of Botswana Post kiosks in some of our stores and the launch of our online shopping site where Botswana Post deliver to our customers within 24 hours, we are well on our way to achieving this goal



Sa Rona - Your family value store



Sefalana Timeline

1974



Sefalana
Sefalana Holding Company Limited

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



1975

Sefalana Botswana became the 1st publicly listed company in Botswana



1989

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



1994

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



2006

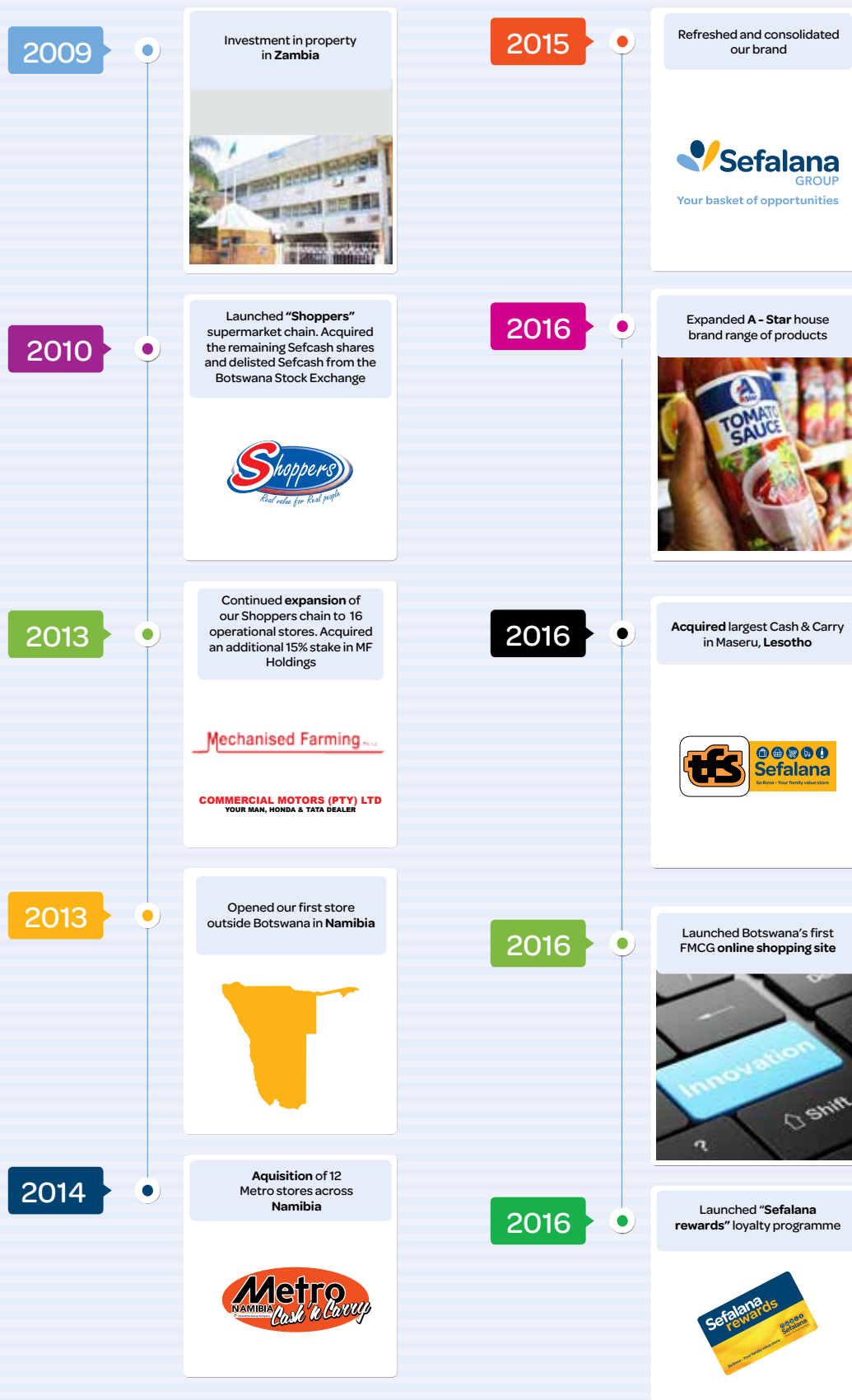
Acquired 55% of MF Holdings and acquired HJ Heinz Botswana, later renamed KSI Holdings. Acquired an additional 40% of Metsef equity and gained control of the entity, renaming it Sefalana Cash & Carry Limited (Sefcash)



SEFALANA CASH & CARRY LTD

Our Foundations

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



Our Sefalana

CORPORATE INFORMATION

SEFALANA HOLDING COMPANY LIMITED

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

SECRETARY

Mohamed Osman
Email : companysecretary@sefalana.com

BUSINESS ADDRESS

Private Bag 0080
Gaborone, Botswana
Telephone: (+267) 3913661
Fax: (+267) 3907614

REGISTERED OFFICE

Plot 10038
Corner of Nelson Mandela Drive and Kubu Road
Broadhurst Industrial
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, Botswana
P O Box 1583, AAD
Gaborone, Botswana

AUDITORS

PricewaterhouseCoopers
P O Box 294
Gaborone, Botswana

BANKERS

African Banking Corporation of Botswana Limited
Barclays Bank of Botswana Limited
First National Bank of Botswana Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Nedbank Lesotho Limited
Standard Lesotho Bank
Afrasia Bank Limited
Standard Bank (Mauritius) Limited
Standard Bank Namibia Limited
First National Bank of Namibia Limited
First National Bank of South Africa Limited
Zambia National Commercial Bank

Our Sefalana

Sefalana is one of Botswana's largest businesses in the Fast Moving Consumer Goods (FMCG) sector, with 66 stores across the Region. We are dedicated to delivering sustainable long term value for our Shareholders and being the market leader in Cash & Carry in the territories we choose to operate in.

In 1974, Sefalana was created and a year later was the first company to list on the Botswana Stock Exchange. After 43 years of operation and an ever changing business environment, our Group remains the only listed company in Botswana 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.

The Sefalana Group first emerged as a result of a takeover of Bechmalt Holdings Limited, a South African company consisting of 6 wholesale units, 1 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 predominantly in the Fast Moving Consumer Goods ("FMCG") sector within Botswana, Namibia and most recently, Lesotho and South Africa.

Our focus is on our core business of FMCG, but the Group remains well diversified, with a solid regional property portfolio encompassing Botswana, Zambia, Namibia and Lesotho, 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 supplying the Delta Fresh milk brand across Botswana. This diversification helps the Group navigate through difficult times.

As a Group, we are dedicated to our customers and to maximising return for our Shareholders, whilst at the same time improving the wellbeing of our employees, the people of Botswana and those in other regions where we are present. 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 2017, attesting Sefalana's promise of sustainability and capability of being an employer of choice!

This financial year brought on:

- * further regional expansion as we stepped onto Lesotho soil and acquired the country's largest cash & carry business in November 2016;
- * further expansion within Botswana through the opening of a new store in Kanye, providing the community with two Sefalana stores in the area;
- * the launch of Sefalana Rewards, a loyalty scheme allowing our customers to earn redeemable points every time they shop with us; and
- * consolidation of all our businesses through the continuation of our re-branding initiative, allowing our customers to easily identify the Sefalana brand.

We look forward to enhancing value for our stakeholders in the coming year and to continued growth with our nation – Sefalana Sa Rona – Your basket of opportunities.

Sefalana sa Rona

Sefalana ke nngwe ya dikgwebo tse di kgolo mo lekaleneng la tsa thekiso ya dijo le didirisiwa dingwe mo Botswana, e na le mabentlele a le masome a marataro le borataro (66) go ralala lefatšhe la Botswana. Re ikemiseditse go supa boleng jwa peeletso go ba beeletsi ba rona, le go nna baeteledipele mo mmarakeng wa theko le thekiso e re kgethileng go direla mo go one.

Kompone ya Sefalana e simolodisitswe ka ngwaga wa 1974, yare mo ngwageng oo lateng ya nna yone ya ntlha mo Botswana go kwadisa le ba kompone ya diabe ya Botswana Stock Exchange. Morago ga dingwaga tse di masome a mane le boraro (43 years) re ntse re direla mo seemong sa kgwebo se se nnang se fetoga, kompone ya rona e sala e ntse e le yone fela mo Botswana e diabe tsa yone di seng mo diatleng tsa batho ba le bangwe, mme di aname le batho ka bontsi. Ka jalo, se sa re fa seriti sa boammaruri sa go nna kompone ya Botswana e e diretsweng sechaba sa Botswana, ke batho ba Botswana.

Kompone ya Sefalana e simologile ka go reka madirelo a mo gae a kompone ya Bechmalt Holdings Limited e e neng e tlholega kwa Afrika Borwa, e na le makalana a kgwebo a le marataro (6), madirelo a tshilo ya mmidi, bodiredi bo le makgolo a mabedi le masome a mararo le boraro (233). Mo dingwageng tse di fetang masome a mane (40 years) madirelo a Sefalana ka bophara a bone kgolo e itsetsepetseng mo kgwebong di le mmalwa, segolo bogolo mo lekaleneng la tsa dijo le didirisiwa dingwe mo Botswana, Namibia le mo go a simolotsweng bosheng ko Lesotho le Afrika Borwa.

E re ntswa re remeletse mo kgwebong ya thekiso ya dijo le didirisiwa, re tswelletse ka go kabakanya madirelo a rona ka peeletso mo go tsa dikago mo Botswana le ko mafatsheng a Zambia, Namibia le Lesotho, madirelo a thekiso ya dikoloi a le mararo (3) (aa itsegeng ka MAN, TATA le HONDA) thekiso ya didirisiwa tsa madirelo le didirisiwa tsa temo, le madirelo a motia a tshilo kwa Serowe, go isa dijo tsa boleng ko sechabeng sa Botswana ka kakaretso, le madirelo a mashi a Delta Fresh a a anameng le lefatšhe la Botswana. Kabakanyo e e thusa madirelo a Sefalana a le mmalwa mo seemong sa itsholelo se se sa iketlang.

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 otlhe a eteletse pele ke bodiredi jo bo nang le kitso le bokgoni jwa tlhwalhwa, ka fa tlase ga tlhokomelo ya ofisi kgolo (Head Office). Maitlamo le maduo a boeteledipele ke one seriti sa ka fa re dirang ka teng. Bodiredi jwa 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 di le tharo (3000) mo ngwageng wa 2017, go netefatsa fa Sefalana e tshepisa, e ikemiseditse e bile e na le bokgoni jwa go nna mohiri wa boleng.

Mo ngwageng o no wa madi re bone;

- * kgolo e e tswelletseng ka go anamela ko lefatsheng la Lesotho ka theko ya madirelo a theko le thekiso a a magolo go di feta tsotlhe ka Kgwebo ya Ngwanatsele 2016;
- * tswelelo ya kgolo mo Botswana ka go bula le bentlele le lesa ko Kanye, e nna le bentlele la bobedi go banni ba kgaolo;
- * tshimolodiso ya lenaneo la go ikgobokanyetsa dintlha tse bareki ba ka di dirisang mo thekong go fokotsa ditlhwalhwa nako nngwe le nngwe ba tla go reka mo Sefalana;
- * kgolagano ya madirelo mo makalaneng otlhe a rona, le tsweliso ya ntshafatso ya tebegu ya madirelo, go tlhofatsa tshenolo ya Sefalana se sesha mo bareking.

Re lebelatse pele go tliša kgolo go ba beeletsi le bareki mo ngwageng oo tlang le go tsweladisa kgolo le Sechaba sa Botswana – Sefalana sa Rona – Mophuthelwana wa ditshono.

The
leader in
Cash &
Carry

in Botswana,
Namibia and Lesotho



Sefalana

Sa Rona - Your family value store

Financial highlights

Headline Performance

For the year ended 30 April	2017	2016
	P'000	P'000
Revenue	4 273 011	3 825 367
Profit for the year attributable to equity holders of the parent	125 371	150 654
Total comprehensive income attributable to equity holders of the parent	153 527	138 757
Shares in issue at beginning of year (number)	222 868 186	222 868 186
Additional shares from Rights Issue (number)	27 858 523	
Shares in issue at end of year (number)	250 726 709	222 868 186
Weighted average shares in issue during the year (number)	235 014 280	225 009 056
Basic earnings per share (thebe) (restated)*	53.35	66.95
Total comprehensive income per share (thebe) (restated)*	65.33	61.67

* Weighted average shares in issue for the 2015 / 16 financial year has been restated from 222 868 186 shares to 225 009 056 shares as per IAS 33, taking into account the bonus element on the Rights Issue which took place during the 2016 / 17 financial year.

Dividends per share (thebe) - ordinary - paid	5.00	10.00
Dividends per share (thebe) - ordinary - proposed	25.00	20.00
Dividend cover (times)	1.78	2.23
Net asset value per share (thebe)	643	527
Market price per share at year end (thebe)	1 078	1 325

Value added statement

	2017	2016
	P'000	P'000
Wealth created		
Revenue	4 273 011	3 825 367
Payments to suppliers and providers of services	(3 855 168)	(3 386 110)
Value addition	417 843	439 257
Share of results from associate and joint venture	636	210
Interest income from bank deposits	14 994	12 829
Total wealth created	433 473	452 296
Wealth distribution		
To employees	206 891	207 507
To providers of capital	70 775	74 121
Government for taxes	44 845	49 549
Total wealth distributed	322 511	331 177
Wealth retained in the business		
To maintain and develop operations of the Group	110 962	121 119
Number of employees of the Group	3 126	3 217

Shareholder information

Analysis of Shareholders

	30 April 2017		30 April 2016	
Shareholders with an individually significant interest in Sefalana Holding Company Limited				
Botswana Public Officers’ Fund	114 950 728	45.85%	95 489 773	42.85%
Motor Vehicle Accident Fund	25 083 138	10.00%	23 996 123	10.77%
Debswana Pension Fund	14 827 067	5.91%	12 547 610	5.63%
Chandra Chauhan	12 871 200	5.13%	11 287 322	5.06%
	167 732 133	66.90%	143 320 828	64.31%
Summary by class of Shareholders:				
Insurance companies, pension funds and nominee companies	228 342 113	91.07%	199 355 805	89.45%
Individuals and others	22 384 596	8.93%	23 512 381	10.55%
Total	250 726 709	100.00%	222 868 186	100.00%
Shares held by citizens (individuals and institutions)	231 904 695	92.49%	204 755 062	91.87%

Stock Market Information

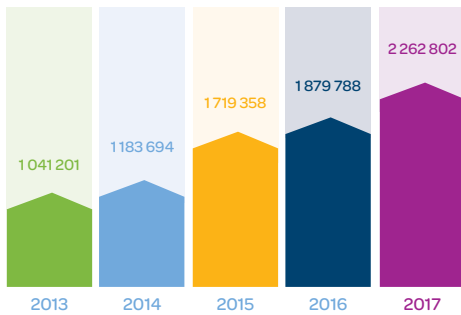
Number of shares traded (000)	23 753	29 219
Value of shares traded (P'000)	305 885	373 208
Share price for the period (thebe):		
Lowest	1 264	1 195
Highest	1 400	1 380
Closing	1 078	1 325
Market Capitalisation at year end (P'000)	2 682 762	2 952 987

Shareholders' calendar

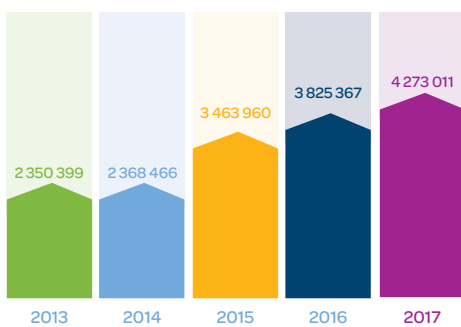
Financial year end	30 April 2017
Announcement of audited results	28 July 2017
Annual General Meeting	27 October 2017
Announcement of half year results	end of January 2018

Five year trending

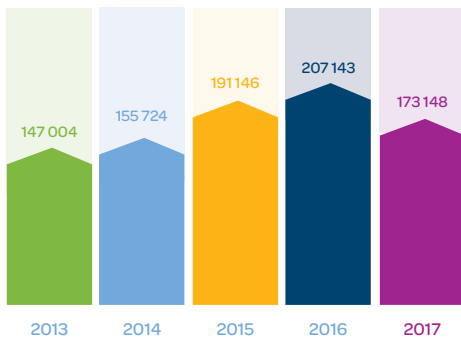
Total Assets (P'000)



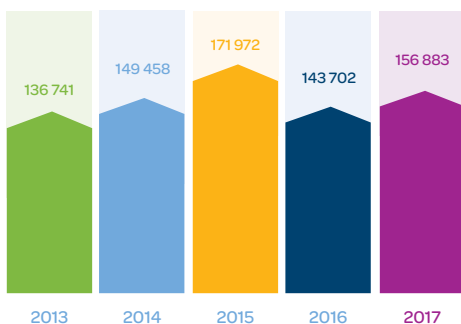
Revenue (P'000)



Total Profit Before Tax (P'000)



Total Comprehensive Income (P'000)



Record of financial performance

	30 April 2017	30 April 2016	30 April 2015	30 April 2014	30 April 2013
	P'000	P'000	P'000	P'000	P'000
Comprehensive Income					
Revenue	4 273 011	3 825 367	3 463 960	2 368 466	2 350 399
Profit from operations	172 512	206 933	190 563	155 689	147 004
Share of results from associate and joint venture	636	210	583	35	
Profit before tax	173 148	207 143	191 146	155 724	147 004
Income tax expense	(44 845)	(49 549)	(38 676)	(30 094)	(26 787)
Profit for the year	128 303	157 594	152 470	125 630	120 217
Other comprehensive income / (loss)	28 580	(13 892)	19 502	23 828	16 524
Non - controlling interests	(3 356)	(4 945)	(9 774)	(6 940)	(7 507)
Total comprehensive income for the year attributable to equity holders of the parent	153 527	138 757	162 198	142 518	129 234
Earnings per share (thebe)	53.35	66.95	65.39	62.83	61.50
Total comprehensive income per share (thebe)	65.33	61.67	74.53	75.78	69.73
Dividends per share (thebe)	30.00	30.00	30.00	22.50	29.00
	30 April 2017	30 April 2016	30 April 2015	30 April 2014	30 April 2013
	P'000	P'000	P'000	P'000	P'000
Financial position					
Property, plant and equipment	543 765	486 931	427 123	356 682	322 969
Investment property	262 923	260 494	176 479	171 165	132 281
Intangible assets	150 332	133 884	144 369	31 680	28 414
Leasehold rights			741	1 482	2 221
Investment in associate	5 030	4 579	3 466	2 335	
Investment in joint venture	1 314	1 979	1 631		
Property development loan				198	435
Deferred rental	2 033	2 033	2 510	2 073	2 388
Deferred tax assets	13 546	17 764	13 066	10 594	8 067
Retirement benefit assets			7 334	13 187	16 493
Current assets	1 275 859	964 124	935 475	594 298	527 933
Asset classified as held for sale	8 000	8 000	7 164		
Current liabilities	(434 218)	(530 024)	(481 453)	(374 374)	(333 373)
Non - current liabilities	(215 714)	(174 403)	(139 386)	(87 637)	(78 029)
Non - controlling interests	(47 100)	(59 766)	(54 821)	(46 507)	(39 565)
Equity attributable to equity holders of the parent	1 565 770	1 115 595	1 043 698	675 176	590 234

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EXECUTIVE REPORTS

Navigating
through
**DIFFICULT
TIMES**

We strive to improve our annual report each year, through ensuring we are abreast of all the latest trends and thinking in financial reporting and governance around the world. Our reports are intended to be user friendly and to provide information that will help our shareholders and potential investors understand what is important to the Group and what progress we have made in achieving our long term objective of maximising Shareholder return.

This year our annual report has an additional 15% of content.

Our Board of Directors

Mohamed Osman (40)
Group Finance Director

Chandra Chauhan (55)
Group Managing Director



Hans Kampmann (54)
Sefalana Cash and Carry - Managing Director

Keneilwe P Mere (44)

Dr Ponatshego Kedikilwe (79)
Chairman

Reginald Motswaiso (53)

Elias Dewah (75)

Dr Keith Jefferis (60)



Board of Directors



Dr Ponatshego Kedikilwe (79)
Chairman - Non - Executive

Dr Kedikilwe is Chairman of Sefalana Holding Company Limited. He brings a wealth of experience to Sefalana having served in various positions in his illustrious career. This includes being Vice President of Botswana, Minister of Minerals, Energy and Water Resources; Minister of Education; Minister of Finance and Development Planning; Minister of Trade and Industry; Minister of Presidential Affairs and Public Administration; Assistant Minister of Finance and Development Planning; and Member of Parliament for the 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. In March 2016 he was appointed Chairman of the Presidential Inspectorate Task Team.



Chandra Chauhan (55)
Group Managing Director - Executive

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 P2.7 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 and he is the Chairman of the Board of Botswana Insurance Fund Management. Mr. Chauhan has a BAcc (Hons) from the University of Zimbabwe, ACA (England & Wales) and FCA (Botswana).



Mohamed Osman (40)
Group Finance Director - Executive

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 Group 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 Accountants 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 Pension Fund, and is the Botswana representative for the ICAEW. Mohamed is also an Audit Committee member for the University of Botswana.



Keneilwe P Mere (44)
Non - Executive

Keneilwe is an attorney of the High Court of Botswana with over 16 years of experience. She is one of the founding partners of Moribame Matthews, a law firm whose services include civil litigation, corporate and commercial law, intellectual property, conveyancing and alternative dispute resolution. She attained her Bachelor of Law degree (LLB) with the University of Botswana in 2001. After a short period with Lesetedi & Company in 2001 she joined Collins Newman & Company as a Pupil Attorney and left in 2007 as a Senior Associate Attorney. Keneilwe's speciality lies in civil litigation and commercial law with specific clientele in the finance, insurance, mining and property industries.

Keneilwe is a member of the Law Society of Botswana, an Associate Arbitrator of the Southern African Institute of Arbitrators and a member of the International Bar Association.

Keneilwe is a Board member of Botswana Couriers and Logistics and First Sun Insurance Brokers (Pty) Ltd. She is also the past Vice Chairperson of the Cancer Association of Botswana. Keneilwe is passionate about female empowerment and the advancement of youth in the economic sphere. As an active member of the Law Society of Botswana, Keneilwe's focus is on the progression of women attorneys in private commercial legal practice. She joined the Sefalana Holding Company Board of Directors on 1 March 2017.


Elias Dewah (75)
Non – Executive

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 and General Business Administration and Management. Elias received the Presidential Order for Meritorious Service (PMS) in 2007. Elias has recently joined the Free Enterprise and Democracy Network (FEDN).


Dr Keith Jefferis (60)
Non – Executive

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


Reginald Motswaiso (53)
Non – Executive

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.

Reginald is an alumnae of the Harvard University – Kennedy School of Governance – Cambridge, Massachusetts. He attended the University of Pennsylvania – Wharton School of Property Finance – Zell/Lurie Real Estate Centre. Reginald also attended the University of Stanford – Graduate School of Business Leadership in Palo Alto.

Reginald held Board positions at PEEPA, the BSE and Standard Chartered Bank Botswana. He is a Board member of other regional bodies including the African Union for Housing Finance (AUHF), of which he was the Chairman (2009 – 2013) and the Southern African Development Community Development Finance Institutes (SADC DFI). His interests and experiences are in the field of Finance, Banking, Strategy and Leadership. He is currently the Chief Executive Officer of Botswana Housing Corporation. Reginald was appointed to the Sefalana Board in January 2008.


Hans Kampmann (54)
Sefalana Cash and Carry – Managing Director – Executive

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.



Chairman's report

The 2016/2017 financial year has marked my third year-end as Chairman of this diverse and evolving Group. This year has proved both **exciting** and **challenging** for us as we **expanded** our African footprint into **new markets** whilst navigating through the tough local economic and competitive business environment. Despite these challenges, we have closed the year with a **respectable level of profit**, albeit lower than the prior year.

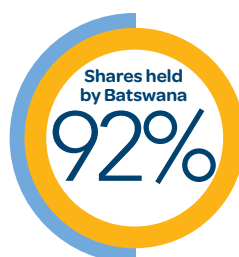


We are committed to the values and relationships that underpin our business. Our suppliers, customers and most importantly, our people at Sefalana make our brand what it is. Our promise is to deliver our best at all times to all our stakeholders.

We are proud about the manner in which our Group is run. Our priority is to ensure sustainability, and maintenance of the highest levels of governance and reporting.

Sefalana works tirelessly to provide the finest service offering and customer care possible. During the year, we enhanced our online shopping website to better suite our evolving customer base, streamlining the online shopping experience. We now plan to extend this offering outside Gaborone to Francistown and other parts of the country.

We launched Sefalana Rewards, a loyalty program allowing our valued customers to earn redeemable points through "Sefbacks" every time they shop with us.



We've grown the total number of stores to 66 and expanded our trading business into Lesotho, making us the leader in Cash and Carry in that country along with Botswana and Namibia.

The development of a clear vision and strategy with measurable outcomes has resulted in an integrated Group focus, an understanding of our key objectives and dedicated effort in bringing our Group to where we are today.

Our Performance...

The economic environment in Botswana during the year was very challenging and this made doing business more difficult than it has been for some years. Our performance during the year was not as favourable as we had hoped, and this was largely a result of a reduced level of spending in the economy and an increase in unemployment levels. Other businesses in our sector have also experienced these challenges. Our Group's diversification has helped the overall results as the Namibian business continues to grow from strength to strength.



We've grown the total number of stores to 66 and expanded our trading business into Lesotho, making us the leader in Cash and Carry in that country along with Botswana and Namibia.

Chairman's report (continued)



Botswana's **50th birthday**, a milestone for our nation and its people



Our longest serving employees share a rich, illustrious career history, some going back 36 years in a **#Bot50** documentary series flighted on our digital media.

The videos can be viewed on Sefalana Trading Facebook page or Youtube:

<https://www.youtube.com/watch?v=75XbOLuE17k>

<https://www.youtube.com/watch?v=uDJKMixLBaA>

<https://www.youtube.com/watch?v=W6wjpNfmV64&t=17s>

<https://www.youtube.com/watch?v=75XbOLuE17k&t=197s>



Nelson Mandela foot-bridge branded with a colourful message "Happy 50th Birthday - Bridging progress together"

Sefalana joined the nation in celebrating years of success.



Sefalana Trading awarded A - Star **#Bot50** food hampers to lucky customers via several campaigns run on our popular digital media platform.



The Group donated water to multitudes of Batswana who attended the country's 50th birthday celebrations at the stadium.



#Bot50 celebration dance video featuring head office staff went viral on social media.

The video can be viewed on Sefalana Trading Facebook page or Youtube:

<https://www.youtube.com/watch?v=jWKIOhNZBXQ>





Gaborone Skyline

We are hopeful that the Botswana economy recovers quickly and that the trading conditions improve so that we can get back to our historic trend of growth.

Further analysis of our results is contained in the reports by the Group Managing Director and Group Finance Director.

Future prospects...

As we move into the next financial year, we are focused on further strengthening our position as a modern, profitable business rooted in fulfilling the needs of our customers. We do this through building on our infrastructure and capabilities with a particular focus on innovation and evolving with our customers in the way in which they shop. We have another busy year ahead and I am confident that we are on the right track to generate additional value for our Shareholders.

We continue to seek opportunities for further expansion, both in Botswana and regionally, growing market share for our Shareholders - the people of Botswana, who own 92% of our shares. We are excited about our recent entry into the South African market which we believe will yield a strong return. We also look to grow the newly acquired Lesotho business.

We undertake to build and unite our Brand, strengthening the Sefalana name across our business units regionally – a brand in which you place pride, a brand in which you place trust.

Our Board...

The Group has a strong Board composition 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.

I am delighted to welcome a new Non-Executive Director to the Board during the year, Mme Keneilwe Mere, who brings with her a wealth of experience, in particular legal expertise, that will prove invaluable to Sefalana. I am confident that our Board is well-equipped to deliver on all aspects in the challenging times ahead.

We completed an annual Board evaluation in the year 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 5 of our 8 Directors being independent.

I personally would like to thank my fellow Board members for their strong and loyal support and the expert guidance they provide to our Group. I commend the Board and management teams across our Group for helping us navigate through these challenging, yet exciting times.

Sincere and special thanks to our dedicated staff for their immense contribution in growing our business and being a part of the Group's achievements this year.

Lastly, we thank our customers, investors and stakeholders for their continued support and dedication to our Group. We look forward to growing with you and bringing our Basket of Opportunities – Our Sefalana, closer to you.

Dr. PHK Kedikilwe, PH, NYB
Chairman

Our people make our Group what it is. We believe **happy staff** are **productive** and **motivated** staff. With a number of employees being part of the Sefalana family for over 30 years, we are **proud** to be a **leading employer** of choice for many Batswana.







Group Managing Director's report



This year has been one of the most **difficult** years for Sefalana in quite some time. The **economy** as a whole has been somewhat depressed and the level of spending, both by **Government** and the average **consumer** on the street has fallen significantly. This in turn has had an impact on consumer confidence and ultimately on **spending** patterns.

Financial results of the Group

This year has been one of the most difficult years for Sefalana in quite some time. The economy as a whole has been somewhat depressed and the level of spending, both by Government and the average consumer on the street has fallen significantly. This in turn has had an impact on consumer confidence and ultimately on spending patterns. This has translated into difficult trading conditions for not just us in the Fast Moving Consumer Goods ("FMCG") sector, but also a number of other sectors in the country, where Groups are reporting a drop in earnings.

We are hopeful that this is temporary and that in the ensuing year we will see a level of recovery. In the meantime we have attempted to further diversify our businesses by the

introduction of other products and services into our stores, by focusing on the entire supply chain to extract efficiencies, and through continued focus on expansion into the Region where the respective countries are at different stages of their economic cycles.

We have also completed our rebranding initiative which commenced in 2015, and are pleased to report that all our stores now have the new look and feel which our customers have welcomed and now expect from us. We have taken a conservative approach to new store openings in Botswana as we did not see this year as the right time to increase our overhead base when consumer spending has fallen. Our pipeline of new stores is still in place and being progressed over the coming years but at a steady rate until the economy improves.

Group Managing Director's report (continued)

Overall the Group generated a profit before tax of P173 million for the year to 30 April 2017. Although this represents a 16% drop in profit compared to the comparative year to 30 April 2016 ("the prior year"), total comprehensive income of P157 million is 9% higher than the prior year (P144 million).

The Group continued to focus on its core segments, being the FMCG businesses, but noted a downward trend across most of the Botswana businesses. The Namibian business trading under the "Metro" brand name, which was acquired in July 2014, has proven to be a very successful acquisition contributing even more substantially to the current year results.

Financial highlights

For the year to 30 April 2017, the Group's:

- Revenue was P4.3 billion – up 12% on prior year;
- Gross profit was P297 million – down 4% on prior year;
- Earnings before interest, tax and amortization ("EBITA") was P173 million, down 16% on prior year;
- Profit before tax was P173 million – down 16% on prior year; and
- Total comprehensive income for the year was P157 million – up 9% on the prior year.

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 & Carry Limited contributed 58% and 44% of the Group's revenue and profit before tax for the reporting year, respectively. Turnover amounted to just under P2.5 billion which was 2% up on the prior year. Profit before tax amounted to P75.6 million which was 23% down on the prior year due to unprecedented pressure on margins. The Retail division is now growing 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 continue to be the focus for the ensuing year.

At the beginning of the financial year, Sefalana operated 3 Hyper Stores ("Sefalana Hyper"), 25 Cash & Carry stores ("Sefalana Cash & Carry") and 22 supermarket retail stores ("Sefalana Shopper") across the country. During the reporting year, we increased our market presence by opening only one additional Sefalana Shopper supermarket in Kanye, bringing our current total of retail outlets to 23 and total number of Sefalana stores across Botswana to 51. We are proud to retain our leadership position in Cash & Carry in Botswana and to be growing our presence in Retail.

Historically this segment has been a dominant part of the Group and the decline year on year has been disappointing. We look forward positively to an increase in consumer spending to help support growth in this sector in the ensuing year.

Sefalana Rewards

In November 2016 our customer loyalty scheme, Sefalana Rewards, was launched which has received tremendous response from our customers.

This product allows customers to earn "Sefbacks" on all purchases through giving back a percentage of the purchase value to our customer in the form of points that can be redeemed for cash at any time. This also enables us to understand and monitor our customer behaviour better, and to offer specific products and promotions that will be of interest, whilst at the same time giving something back each time one shops with us.

Refreshing our brand and image

As previously reported, we commenced a brand refresh exercise in early 2016 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 been completed. All stores are now named Sefalana with one of five icons representing the format of the store; Sefalana Hyper, Sefalana Cash & Carry, Sefalana Shopper, Sefalana Quick and Sefalana Liquor. This has 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 members of the public now have a better appreciation for the Group and what it consists of.

"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 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.

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. We have received a lot of positive feedback from our customers and have improved the site and overall offering as a result. Convenience and simplicity are key for many customers who are at work or who are looking after their families. This 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 look to introduce this offering to the Francistown area later this year and intend to roll out to other parts of the country in due course. This is not intended to be a significant proportion of total sales, but has been introduced to give our valued customer greater choice and convenience.



We introduced a number of additional house brand products under our **A Star** brand name



Won two **Awards** for Best Published Annual Report - 2016



The roll out of our **new look** has been completed. All stores are now named Sefalana with one of five icons representing the format of the store



A **strong brand** that has been built up over the last 43 years

43
Years
of being
Awesome



Our customer loyalty scheme, **Sefalana Rewards**, was launched and has received tremendous response from our customers



Botswana's first FMCG online shopping site. **Convenience** and simplicity are key for many customers.

www.sefalanaonline.com

Group Managing Director's report (continued)

On 1 November 2016 Sefalana entered the **Lesotho** market through the takeover of the country's largest Cash & Carry outlet, TFS Wholesalers, located in Maseru. This acquisition gave us a very **strong presence** in that market from our first day of trading and increased Group turnover by **P155 million** in the first 6 months of operation.



Sefalana Trading - Lesotho store

"Sefalana Trading" - our Facebook page

Our Facebook page "Sefalana Trading" had approximately 2000 followers at the start of 2016. Through an improved focus on customer engagement and living up to modern trends, we are proud to now have close to 50 000 followers with more and more of the public showing an interest in our Group.

This platform allows us to communicate directly with our customers, provide feedback and resolve problems faster. We are grateful for our followers and will continue to keep them at the forefront of what is happening at Sefalana through listing promotions, competitions, news, videos and much more! All our videos are linked to our Sefalana Trading YouTube channel for direct viewing and download.

Botswana Post Kiosks in - store

During the year we extended our relationship with Botswana Post who operate post office kiosks inside four of our main stores in Gaborone. Further roll outs are expected over the forthcoming year. We are excited about being able to offer our customers the services of their local post office in our stores whilst they do their grocery shopping.

Metro (Sefalana) Namibia

Metro Namibia contributed 31% and 26% of the Group's revenue and profit before tax for the year, respectively. Turnover amounted to just over P1.3 billion which was 23% up on the prior year. Profit before tax amounted to P45 million which was more than double that of the prior year. We have once again 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.

We currently operate from 14 stores across the country and have a pipeline of other potential store locations. Our medium term target is to reach 20 stores across Namibia.

We are proud to also be the leader in Cash & Carry in Namibia.

In the prior year, the weakening of the Namibian Dollar had resulted in a loss in the translation of the net investment value of the Namibian business. This amounted to P18 million recorded under other comprehensive income. Fortunately there was less currency volatility during the current year and as a result the Group did not suffer a similar foreign exchange impact.

Sefalana Lesotho

On 1 November 2016 Sefalana entered the Lesotho market through the takeover of the country's largest Cash & Carry outlet, TFS Wholesalers, located in Maseru. This acquisition gave us a very strong presence in that market from our first day of trading and increased Group turnover by P155 million in the first 6 months of operation. This segment made a loss of P1.1 million (EBITA) in the current year and is expected to generate a profit in the forthcoming year as we establish ourselves in that market. Other potential sites in Maseru are being considered for additional store openings which will be rolled out in due course.

Trading - others

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed to 3% of both Group turnover and profit before tax. Profitability was significantly down on the prior year.

The performance of CML is very much dependent on Government tenders placed in the market. The values of the tenders this year were significantly 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 disappointing. We are exploring the viability of moving the showroom to the A1 at Setlhoa which we believe will give our motor division better visibility and exposure.

At MFL, a number of tractors were sold during the year and the product range for farming implements was extended. The very limited rainfall in the previous year unfortunately made it difficult for farmers and this inevitably has had an adverse impact on this business even in the current year. As previously reported, an agreement was entered into with Botswana Railways to supply 8 locomotives. This is however, a medium term project that will only generate profits for the company in the forthcoming year. Results from this business for the year were satisfactory.

Manufacturing

This segment consists of Foods Botswana (Pty) Limited ("FB") and contributed 5% and 3% to Group turnover and profit before tax for the year respectively.

FB - Milling Division

FB completed its portion of the 2015/16 Government tender for Tsabana and Malutu in April 2016. Thereafter, the company received a 6 month extension to October 2016. In the second half of the financial year however, there was almost a 4 month gap between orders, during which time we were not producing for Government. As a result, total volumes sold to Government were lower than the comparative year. We now await the outcome of the 2017/18 tender and have ensured we are ready to commence production should we be awarded the tender. We are pleased to report that we satisfied all the required quantities for this feeding scheme during the year demonstrating our ability to meet volume and quality expectations.

The Milling business closed with a satisfactory result considering the four month gap 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.

Group Managing Director's report (continued)



A look inside our
Sefalana Trading
Lesotho store





Group Managing Director's report (continued)



FB - 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. The manufacture of milk commenced in December 2015 with the supply of the "A Star" brand of milk to the Sefalana stores.

The 2015 children's milk feeding scheme tender was awarded prior to our purchase of the plant and therefore FB were not able to secure the tender for that year. The tenderer who was awarded the contract was not however, able to adequately supply the milk to the Government. Foods Botswana was approached during the year to supply part of the contract volumes which amounted to 2 months of production and at very low margins. FB was able to supply the full order quantity in less than the prescribed time. No tender was issued in 2016. FB has successfully won the 2017 tender and commenced supply in May 2017.

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.

The Delta Fresh range of products was re-launched in August 2016 with a newer and fresher look. We are happy with the progress this product is making in the market and anticipate growth of this premium brand during 2017.

Group properties

Botswana

Our property portfolio held in Botswana performed well, contributing 18% to Group profit before tax.

Almost all properties are tenanted and leases are in place for between 3 and 7 years. We carried out some restoration and renovations at some of our properties but these have been routine in nature. In late 2017 we expect to convert the property in Ramotswa (Golden Fruit) into a Cash & Carry.

18%

Our property portfolio held in Botswana performed well, contributing 18% to Group profit before tax.



Metro Liquor store - Windhoek, Namibia

The KSI property development of 5,000 sqm of warehouse space has now been completed and is almost fully let.

In November 2016 we commenced development of a large Cash & Carry in Mogoditshane. For the last year we have been actively searching for suitable sites in that area and we look to establish a significant presence there by late 2017.

Towards the end of 2017 we intend to commence development of a series of warehouses at the Setlhoa site. This is likely to include a flagship Sefalana Shopper store along with a number of strong high street names which is expected to attract additional feet to the area.

Namibia

After over a year of actively searching, we are pleased to report that we have identified a prime location for our Namibian Head Office and a Cash & Carry. This is following the expiry of the existing lease at the property currently being utilised. The new site is better located and will allow a tailor made warehouse to be built for the store. We expect to move into the office block (which already exists) by December 2017 and have the store open in early 2018.

Subsequent to the year end, we have acquired a property in Keetmanshoop where we intend on building a new store in the coming year. With the property market strong in Namibia, we look to cautiously grow our property portfolio in a similar manner to what we have done over the years in Botswana.

Lesotho

With the entry into the Lesotho market, we purchased a warehouse of just over 2,500 sqm in Maseru. We previously reported that we were looking to acquire an additional warehouse of 5,500 sqm from which we are operating. Since then we have decided to look for a better site where we can build a tailor made store as the current store needs some restoration work and has some access limitations. We hope to find a suitable site in the coming months.

We are also in search of further sites for additional stores as we look to grow our presence in that country over the next few years.

Zambian property

Our Zambian property was previously fully let and generates a good rental stream. Two of our largest tenants have now vacated to smaller premises. We are therefore currently in search of replacement tenants. We have already received a number of enquiries and we are hopeful that replacement tenants will be secured in the coming months.

We have managed to maintain the remaining leases in US Dollar despite some rumours in the market that formal legislation would be passed to mandate that all leases be converted into Kwacha based agreements.

In the previous year we reported a significant loss of P10 million in other comprehensive income relating to the translation of this foreign investment as a result of large fluctuations in currency during that year. During the current year however, there was greater stability in foreign exchange and as a consequence a lower translation impact.

Prospects

Entry into South Africa

Our Rights Issue program completed in December 2016 and was significantly oversubscribed. The proceeds of this Rights Issue (P351 million) have been partly utilised for the Lesotho transaction and a large part of the balance of funds will be utilised to support our expansion plans into South Africa. This investment is expected to significantly enhance the profitability of the Group. We believe that the model we have structured for our entry into South Africa will help mitigate risk where possible, but will also allow us to have a significant presence in a relatively short period of time.

Sefalana Phone App

We are pleased to be leaders of innovation in our industry once again and look forward to providing our customers with the ability to shop with us using their smart phones. This is an exciting new offering to be released later this year, that is expected to make shopping that much more convenient and accessible to a wider population.

Sefalana remains positive about its future and expects to grow its business through continued focus on its core FMCG and related business segments in line with our Group strategy. We also look to evaluate other countries in the Region for further expansion.

Directors

We were very pleased to welcome Mrs Keneilwe Mere to the Board of Sefalana on 1 March 2017. Mrs Mere is a Partner at Moribame Matthews law firm and brings to the Board a wealth of experience and legal expertise which will assist in a range of matters relating to the Group.

Dividend

On 26 July 2017, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 25.00 (twenty five) thebe per ordinary share. This dividend was paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on Friday 1 September 2017 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 11 August 2017.



CD Chauhan
(Group Managing Director)



Mr Chauhan sprinting to the finish line at the Diacore 2017 marathon

Marathons - In addition to being a principal sponsor of the Diacore Gaborone City Marathon, Sefalana supported the Lady Khama Charitable Trust Half Marathon. A significant number of Sefalana staff participated in these events. We also provided a sponsorship to the Selebe Phikwe national marathon for the first time this year - something we look to continue in future years.

Sefalana Group Structure

Structure

We have refreshed our Group identity and that of every one of our divisions to unite under the Sefalana name reflecting our history and heritage and what we do for our people and the people of Botswana.



Operating Divisions



Sa Rona - Your family value store







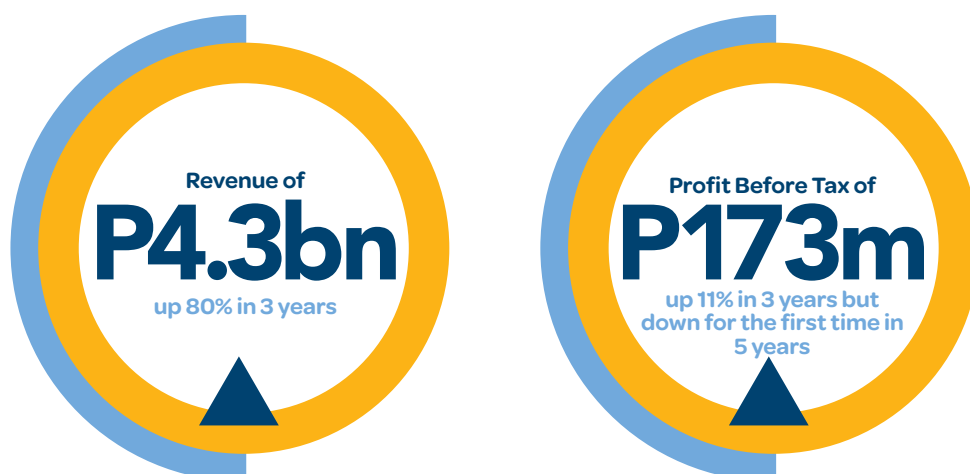
The roll - out of our **new look** has been completed. All stores are now named Sefalana with one of five icons representing the format of the store



Group Finance Director's report

Sefalana Group **did very well** despite the **difficult economic** and trading **environment** in the **local** market.

The results this year were supported strongly by the **exceptional** performance in **Namibia** illustrating the positive impact of diversification and expansion into the Region three years ago.



Our **focus** has **continued** to be on our **core segments** where we believe we will grow our business and extract the **greatest** shareholder return. This includes not only the **wholesale and retail** businesses but also the supporting **manufacturing** entities.

Group Finance Director's report (continued)

In my report, I would like to **emphasise** the following key areas of performance:



Key milestones

We are proud to have been able to achieve the following key milestones during the reporting year:

Expansion into Lesotho – We take a cautious approach to expansion and evaluated the Lesotho market earlier in the year. We are proud to have acquired the largest existing Cash & Carry outlet in the country in Maseru and have established the position of being the leader in Cash & Carry in not just Botswana and Namibia but now also in Lesotho. This gives us the speed to further grow our business and become a household name for that market in a very short space of time. We anticipate opening an additional two stores in Lesotho in the ensuing year.



Groundwork for our expansion into South Africa – Over the last year we had been in discussions with a third party in South Africa with a view of entering into the market. Our planned model which has been developed over this somewhat long negotiation period is intended to provide us with the best possible formula for an accelerated and meaningful presence in the country. We are very excited about this new venture which has an effective date of 1 July 2017. We are looking to be one of the top 10 FMCG groups in South Africa within a space of 10 years.



Extending our 'A Star' house brand – We increased the range of our 'A Star' house brand products, providing our customers with a wider variety of products as high quality alternatives to traditional brands. We are pleased to report that this has been welcomed by our shoppers who have shown an increased affinity towards these products. Through regular dialogue with customers and continuous monitoring of consumer purchasing patterns, we work towards growing the A Star family to be the leading choice for our shoppers.



Launch of Sefalana Rewards – In November 2016 we were proud to be the first local FMCG Group to launch a loyalty card. Sefalana Rewards allows our customers to earn redeemable points through collecting 'Sefbacks' every time they shop with us. This has proven popular with our customers and loyalty now accounts for approximately 1 in 5 sales. We are looking to use information derived from this program to influence buying behaviour and better understand our customer needs.



1

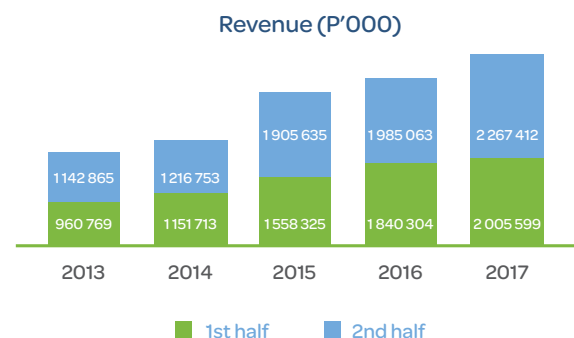
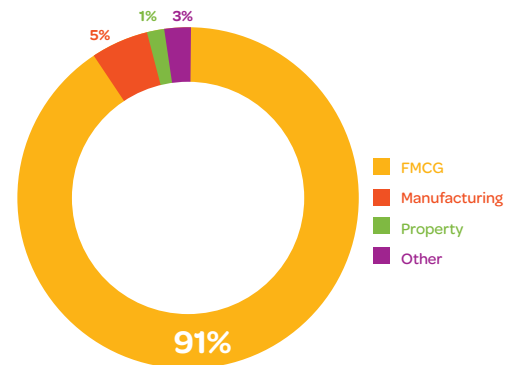
Revenue of P4.3bn, up 80% in 3 years

We have seen a significant growth in revenue over the last 3 years, which has increased from P2.4 billion in 2014 to P4.3 billion in 2017. This represents an average annual growth rate of over 20%.

Our FMCG business continues to be the largest contributor to revenue with our Botswana business, trading under the name Sefalana Cash & Carry Limited leading this contribution at 58% of total Group revenue. This is closely followed by our Namibian FMCG business trading as Metro Cash & Carry, which contributed 31% to Group revenue. Our newest member to the FMCG family, Sefalana Trading (Pty) Limited in Lesotho, contributed to 4% of Group revenue after just 6 months of trading. In total, our FMCG businesses constituted 91% to total Group revenue.

Revenue in the Botswana market has declined year on year and this is largely due to the increased level of unemployment and reduction in Government and consumer spending. We are hopeful that there is a recovery in the coming 12 – 18 months.

We are nonetheless delighted to have achieved our goal of crossing the P4 billion revenue mark this year and look forward to an even stronger performance in the ensuing year.

Revenue split by segment

- 1 Get your Sefalana Rewards card at the till point
- 2 Link your card via the in-store self service kiosk
- 3 Earn SefBack\$ by swiping your card when you shop with us
- 4 Collect as many SefBack\$ as you like
- 5 Redeem your SefBack\$ on purchases in-store

Group Finance Director's report (continued)

Postal services convenience at your select Sefalana stores

Pensioners payments

Vehicle Licensing

Send & Receive Money Order

Stamp Sales

Motshidisi Funeral Plan

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We deliver, whatever wherever



2 Profit Before Tax of P173m, up 11% in 3 years but down for the first time in 5 years

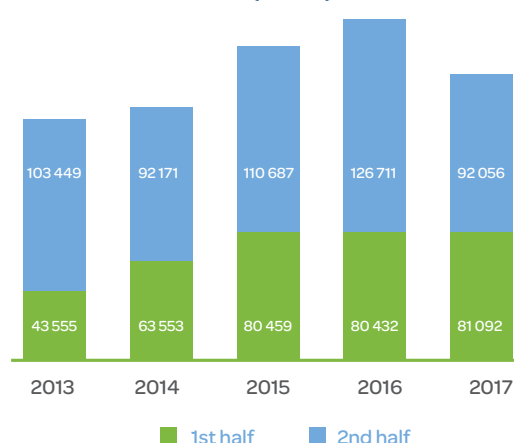
Over a number of years, we have experienced an upward trend in the level of profit before tax (PBT) and this has primarily been achieved through a greater focus on our core business segments and careful monitoring of our day to day expenses.

During the current year however, we saw a decline in PBT of 16%. This is predominantly due to:

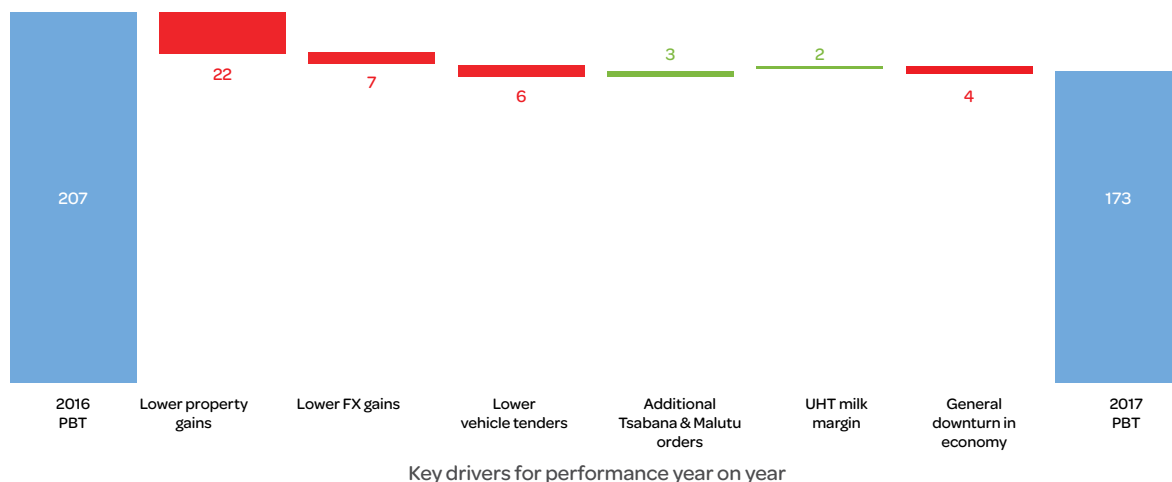
- Property revaluation gains were significantly lower than the previous year as the property market showed signs of tapering off over the last 12 months; and
- the increased competitive environment which inevitably resulted in the squeezing of margins in order to maintain and increase market share. Each 1% reduction in margin results in a P25 million to P30 million drop in gross profit;

We are optimistic about the forthcoming year and expect profitability to increase through the entry into South Africa and through increasing efficiencies across the Group enhancing margins wherever possible.

PBT (P'000)



The main drivers for the overall reduction in PBT year on year can be summarised as follows in P'millions:

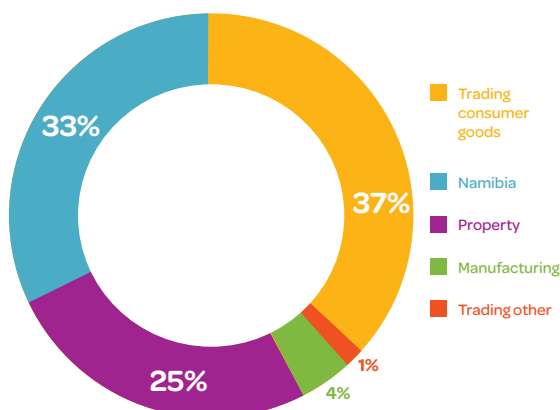


3

Segmental EBITA contribution

Despite an increased overall Group turnover, our FMCG business in Botswana experienced a decline in performance as compared to the prior year with a 16% drop in EBITA profitability. This is mainly due to a significant reduction in Government spending and greater unemployment in the economy which has in turn resulted in lower consumer spending. This was offset by a significant contribution by our Namibian FMCG sector, which increased its EBITA by over 60% at P63 million. This business has proved itself as an excellent investment which has exceeded its expected performance since the acquisition in 2014.

Segment contribution - EBITA



Our newest FMCG sector in Lesotho incurred a marginal loss of P1.1 million representing its first 6 months of trading. We look forward to strong profits from this business in the coming year.

Trading others consists of our motor division and sale of farming implements, both of which did not perform as well as previous years. This was mainly due to reduced Government spending and minimal rainfall experienced.

Our manufacturing business also suffered from reduced Government spending, which inevitably led to lower levels of production in the current year as compared to prior year. We expect the relaunch of the Delta Fresh brand, successful delivery of the 2017 Government Children's Milk Feeding Scheme tender and increased Government spending on Tsabana and Malutu to improve the results of this business.

Both Botswana and Zambia property divisions delivered a steady performance with results marginally in line with that of the prior year and yielded a combined PBT of 23% of total Group profit before tax. We maintained a moderate level of property gains in the current year which is introspective of the current property market in both Botswana and Zambia.

Further commentary on each segments performance has been presented in the Group Managing Directors' Report and Company Profiles section.

Analysis of segmental results

	Revenue (P'million)			EBITA (P'million)		
P'million	2017	2016	Movement	2017	2016	Movement
Trading consumer goods	2 485.8	2 440.0	2%	71.1	94.7	(25)%
Trading – other	118.0	148.8	(21)%	3.9	16.5	(76)%
Manufacturing	228.5	163.6	40%	8.5	18.6	(54)%
Property	49.2	42.3	16%	48.2	57.3	(16)%
Namibia	1 345.8	1 093.9	23%	63.1	39.1	61%
Lesotho	154.6		n/a	(1.1)		n/a
Inter - segment	(108.9)	(63.2)		(20.2)	(19.4)	
	4 273.0	3 825.4	12%	173.5	206.8	(16)%



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sefalanaonline.com
SAVES YOU TIME AND MONEY

I'm a working mum,
shopping on sefalanaonline.com allows
me to get home early and spend time
with my kids. Thank you Sefalana for
bringing convenience to my family.

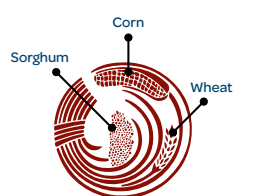
P50 **HOME** drops **FREE** **B2B** **CLUSTER**
DROPS



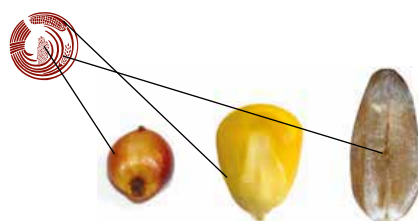
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We deliver, whatever wherever

Group Finance Director's report (continued)

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.



Sefalana Old Logo icon



Sorghum

Corn

Wheat



Sorghum

Corn

Wheat





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



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.



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



Logo Transition



Group Finance Director's report (continued)

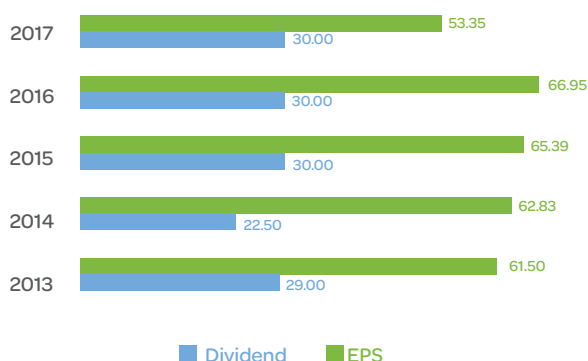
4

Shareholder value and return

Average dividend pay - out of approximately 46%

Over the last 5 years we are proud to have maintained a dividend to earnings ratio of just under 50%. In the last 3 years, we have ensured a constant total annual dividend pay - out of 30 thebe per share. In the current year, our pay - out ratio amounted to 56% of earnings despite a fall in profitability.

We look to continue to provide our Shareholders with a long term predictable and sustainable level of return.



5

Balance Sheet Strength

In November 2016, we undertook a Rights Issue program in which 1 share was on offer for every 8 shares held by our Shareholders. This Rights Issue was oversubscribed by 16% and allowed us to raise P351 million, the majority of which will be utilised in our expansion plans into Lesotho and South Africa.

This Rights Issue helped strengthen the already solid balance sheet. Our working capital ratio (defined as the relationship between current assets and current liabilities) of 2.93 as compared to 1.82 in the prior year has been achieved through optimizing inventory levels and through effective cash management.

Overall, with a relatively low level of gearing, we support a robust balance sheet that will put us in a good position as we enter the forthcoming year and move towards greater regional expansion and the introduction of other exciting initiatives.

Mohamed Osman
Group Finance Director












The image shows the interior of a large Cash & Carry store. In the foreground, a man in a white short-sleeved shirt and dark trousers stands looking towards the right. Behind him, several other people are visible, including a woman in a green skirt and a man in a yellow shirt. They appear to be shopping or working. The store has high ceilings with exposed metal beams and fluorescent lighting. In the background, there are shelves stocked with various goods, including what looks like bottled water. A sign on the right side of the image reads "Thank you for shopping with us".

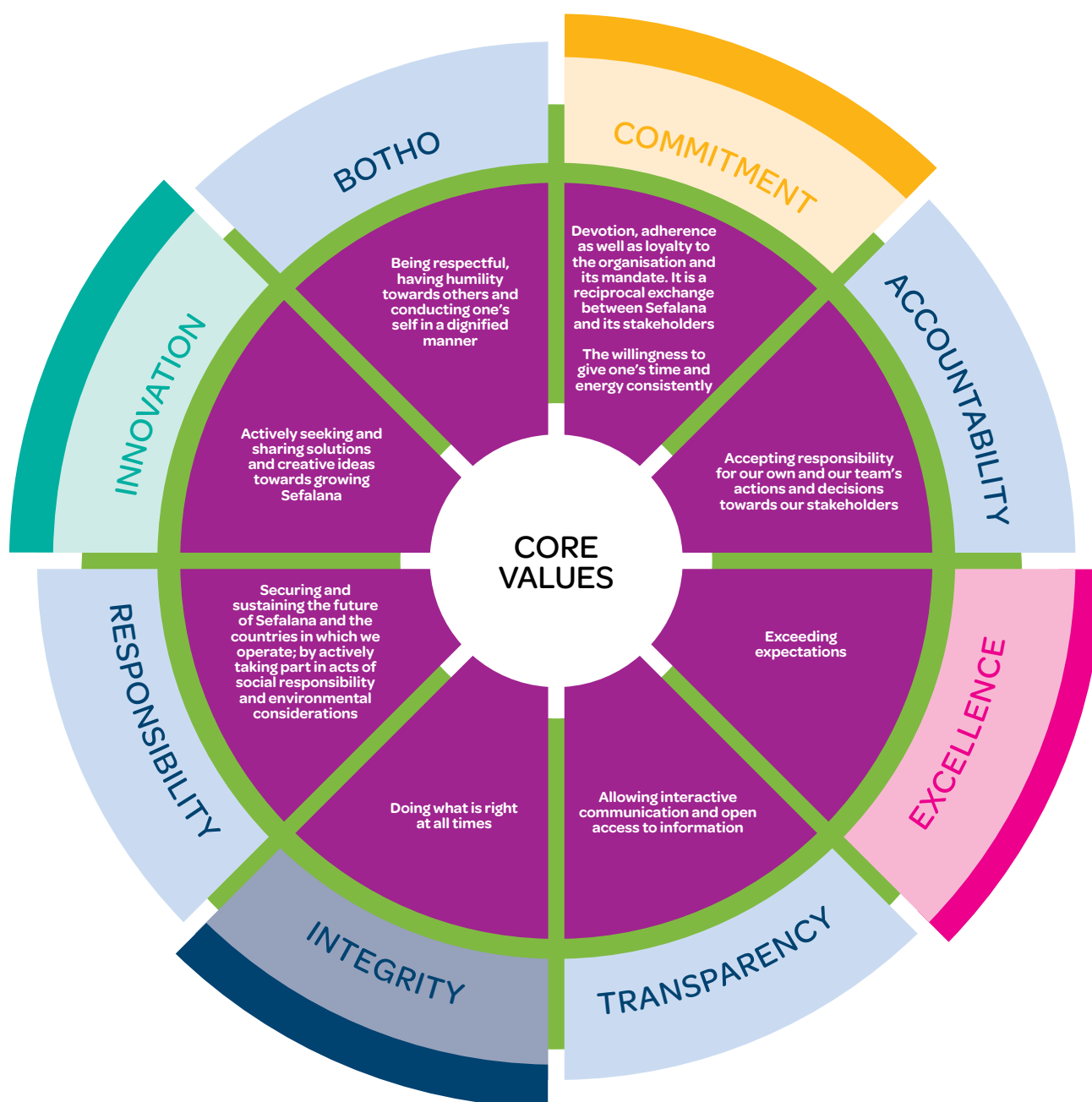
Our **Pilane Sefalana Cash & Carry** store was **re-opened** on 24 November 2016 following a fire. This set us back for almost a year when construction took place. We now have an even **bigger and better offering** for our **customers** in the area.

Corporate Social Responsibility Report

Our Values Charter

At Sefalana we pride ourselves on conducting business responsibly. This is critical to our success as a Group. We place considerable focus on social, ethical and environmental matters so that we bring value to all of our stakeholders, in particular to our valued customers and Shareholders. We take full responsibility for our actions and carefully consider the impact our choices have on others, continuously ensuring our ethics and values are integrated into our business policies, practices, plans and generally everything we do.

Our Values Charter established over the years, and has been fine tuned in recent years, setting 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.





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

Corporate Social Responsibility Report (continued)

During the year, we have made significant progress in achieving our values through sustaining and extending our Corporate Social Responsibility ("CSR") initiatives, and striving to give back even more to our community wherever possible.

A dedicated CSR Board sub - committee was set up in the prior year. It is the duty of the CSR committee to evaluate

all CSR applications and initiatives and carefully consider which projects are in line with the Group's strategy and values. Selected projects are then supported with the aim of assistance and empowerment, enabling them to move closer towards self-sufficiency and sustainability rather than to simply support an event or initiative. We believe that in this way, we provide the tools necessary to assist needing and deserving groups, to achieve a sustainable way forward.

Our Focus on CSR

The following substantial areas enhance our corporate responsibility and citizenship:

Growing our own business and presence

Key Consideration

Looking after our people



Achieved through...

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 in line with our recent re - branding exercise. New uniforms were issued to all our staff to ensure everyone in the Sefalana family is presentable at all times. Training is provided to staff on an on - going basis to ensure their level of skills is continuously being upgraded.

Key Consideration

Expanding our store footprint for the Community



Achieved through...

a focus on aligning all existing stores with the rebranding of the Group. We are proud of our presence in the majority of urban and pre-urban areas across the country. We have opened our second Sefalana Shopper store in Kanye this year. At a regional level, further expansion has been achieved through the opening of our first store in Lesotho, bringing the total number of stores across the region to 66. We now look forward to our entry into the South African market.

Key Consideration

Seizing new business opportunities to maximise Shareholder value



Achieved through...

focusing on our core businesses and continuously looking for new opportunities to enhance our instore offering. Our Foods Botswana Beverages division is now fully operational and manufactures UHT milk. We intend to expand this division for the manufacture of juices this coming year. We now also have ten fully let warehouses in the Broadhurst Industrial area earning good rental streams.

Developing a strong and sustainable team

Key Consideration

Attracting, retaining and developing the right people



Achieved through...

our ability to identify suitable talent and provide the ideal working environment that will allow our people to achieve their potential. 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.

Key Consideration

Maintaining the Sefalana Culture



Achieved through...

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 used to provide 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 into what is needed as we continue to build our teams.

Key Consideration

Succession Planning



Achieved through...

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.

Corporate Social Responsibility Report (continued)

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 is critical. The restoration of a single brand across our Group has assisted in building our market presence. Significant focus has been placed on marketing this year as we grow this function and identify different ways to advertise the Sefalana brand and reach our customers. The development of a customer loyalty program has assisted in growing and retaining our customer base through direct communication with our members. We have further developed our A Star range of products and improved our online shopping website to include Francistown. Further emphasis will be placed on educating the public of our offerings.

Key Consideration

Advancement of strategic retail skills



Achieved through...

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 which is now expanding to include larger urban areas outside Gaborone. All our stores also receive regular training and updates on Sefalana Rewards, allowing staff to easily assist customers and provide them with a swift service delivery.

Our CSR activities are driven by our Group Strategy which focuses on the following underlying themes which define the way in which we operate:

1 Conducting ourselves responsibly at all times;

2 Maintaining ethical supply chain management, compliance and corporate governance;

3 Developing human capital;

4 Promoting conservation and eco - friendliness; and

5 Giving back to our Community.

1

Conducting ourselves responsibly at all times

Every company within Sefalana contributes towards 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.

Modern methods of customer engagement such as online shopping and communicating to our customers through our Facebook page have been developed to allow us to evolve with our customers, providing them with contemporary shopping methods and a quick response to queries.

Being responsible in what we offer our customers

Sefalana is committed to delivering value to its customers through improving quality and remaining competitively priced. We know that our customers expect a wide range of products at a consistent high quality – products that are fresh and readily available.

We have expanded on our 'A Star' house brand of products, thereby widening the range of products available to customers at competitive prices. During the year, we launched our customer loyalty program, Sefalana Rewards, allowing our customers to earn redeemable points in the form of "Sefbacks" every time they shop with us. This initiative has proved successful with close to 100 000 cards registered to date. We continue to work hard in listening to our customers, understanding their needs and providing them with the best possible service offerings.



Our online shopping facility provides customers the ability to shop at a time **convenient** for them and have goods **delivered** to a location of their choice within **24 hours**

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 for their goods to be delivered to a location of their choice within 24 hours. We are in the process of extending this offering into the Francistown area and plan to roll out further across Botswana in due course, thereby allowing a larger customer base to benefit from this offering.

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 high quality as failure to do so would result in a direct negative impact on our service quality and ultimately our reputation. This was for example, a key consideration when developing our A Star house brand range.

Our maize plant in Serowe is now up and running, and greater emphasis is being placed in the FMCG sector and supporting businesses. We are also proud of our UHT milk plant which has enabled us to bring the manufacturing of our A Star milk brand in-house and to re-launch the Delta Fresh range of UHT milk across the Botswana market.



Corporate Social Responsibility Report (continued)



Our commitment to providing **quality** and reliable products is pivotal to our business, and we do this through working closely with our suppliers to ensure our **supply chain** is both resilient and efficient. This has led to the formation of a **best practice code** that is carefully scrutinised for compliance. Constant **communication** is maintained with our manufacturers and suppliers to ensure levels of **product quality** and safety are not compromised.



2

Maintaining ethical supply chain management, compliance and corporate governance

Regulating and monitoring the supply chain

Our commitment to providing quality and reliable products is pivotal to our business, and we do this through working closely with our suppliers to ensure our supply chain is both resilient and efficient. This has led to the formation of a best practice code that is carefully scrutinised for compliance. Constant communication is maintained with our manufacturers and suppliers to ensure levels of product quality and safety are not compromised.

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

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

Through our UHT milk plant in Gaborone and maize plant in Serowe, we have been able to bring in – house, parts of the supply chain, enabling the Group to internally enforce efficient supply chain initiatives.

Our reputation

In our efforts to being a good corporate citizen, we remain steadfast in ensuring compliance with all applicable laws and regulations. Our trade is fair and transparent, giving the business community a long term partner that can be trusted and held in good faith. We are proud of the reputation we have built over 4 decades and this is vitally important for our continued success both across Botswana and the wider Region.

Corporate Social Responsibility Report (continued)

3

Developing human capital

People – Our most important asset

Having the right people on the team is the difference between success and failure.

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. Sefalana strives to be an employer of choice and endeavors to keep its employees motivated and enthusiastic in everything they do. Over 99% of our staff are Botswana citizens.

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

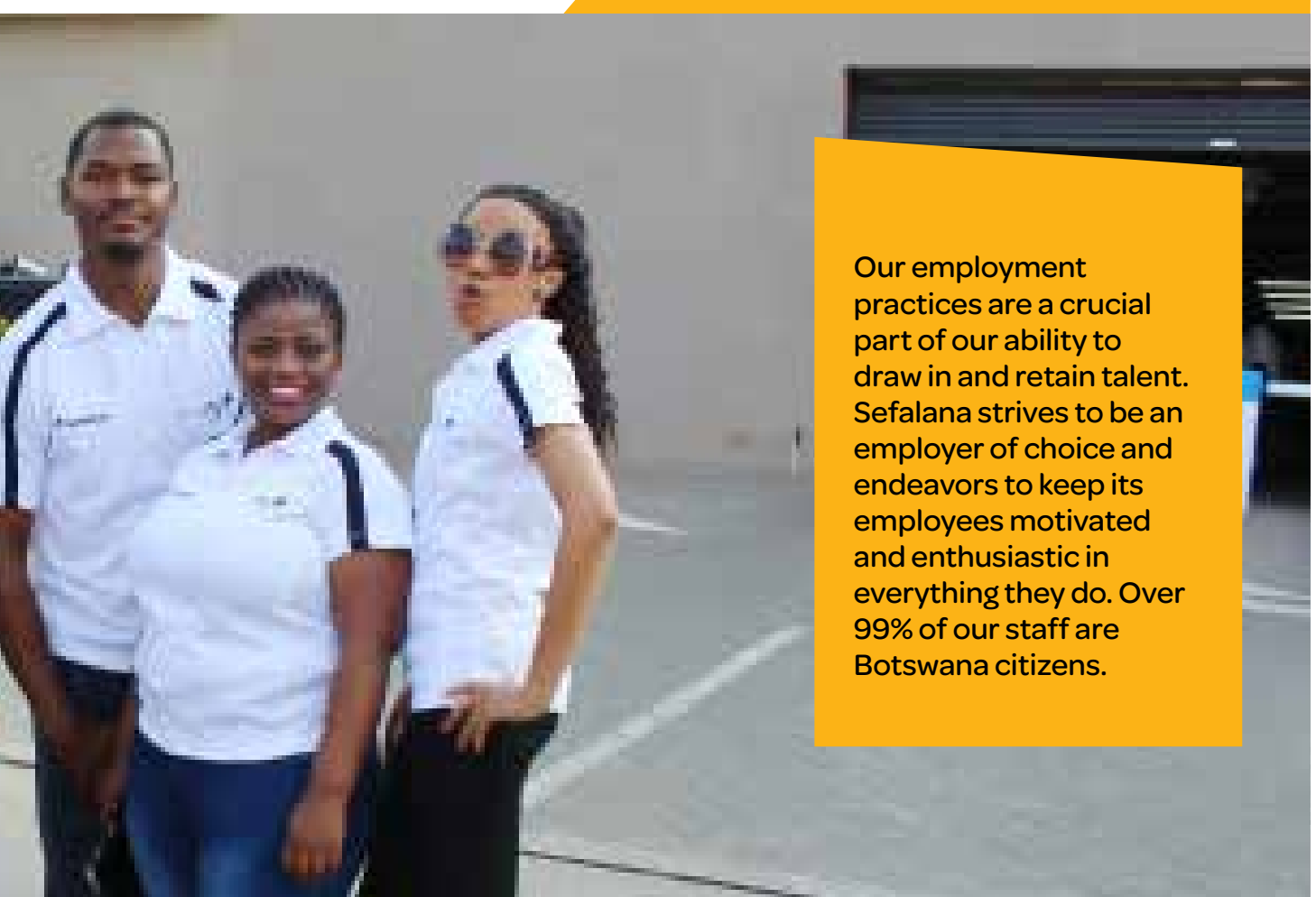
Sefalana commits to a high level of health and safety practices through providing our employees with a safe, stable and healthy environment in which to work. Health and safety form a crucial part of the food industry and are therefore monitored, managed and assessed on an on - going basis through the Group's risk management framework. Providing a prudent and hygienic place to work improves the morale and performance of our staff. Our staff is now well settled in our new head-office and enjoy and appreciate the more modern, roomier and fresher working environment. Our rebranding exercise also continued, with all our stores across Botswana now reflecting the refreshed Sefalana logo, providing a rejuvenated Group feel for the Sefalana family.

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

We believe happy people work better and more effectively.

Health and Safety, Basic Food Hygiene and First Aid training 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.

In an effort to promote health and fitness, the Group partook in the annual Diacore Gaborone City Marathon. Over 200 staff members of our Group woke up bright and early in order to get to the start line for the 10km race. Sefalana is proud to be a leading sponsor of the Diacore Marathon sponsoring the "goodie bag" with contents to the value of P100 000. The Group looks forward to participating in similar events going forward.



Our employment practices are a crucial part of our ability to draw in and retain talent. Sefalana strives to be an employer of choice and endeavors to keep its employees motivated and enthusiastic in everything they do. Over 99% of our staff are Botswana citizens.

Corporate Social Responsibility Report (continued)

3

Developing human capital (continued)

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 maximise 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 a wide range of 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 37 individuals were put through these programs. We are one of the leading training providers for staff in the sector and unfortunately this often means we serve as the recruitment platform for other organisations looking for good quality, skilled employees!

Developing tomorrow's 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.

Bonang Moitsoi **Branch Manager – Sefalana Cash and Carry Broadhurst**



Born and bred in Mochudi, Bonang Moitsoi is currently the branch manager of Sefalana Broadhurst, the flag-ship hybrid Cash and Carry of the Group. Bonang joined the Sefalana team in 2000 as a shop assistant in Sefalana Cash & Carry Phikwe and managed to progress through the ranks. He was selected to undertake a protégé / mentorship program in 2003.

Through hard work and determination, Bonang was promoted to the position of Team-leader Receiving, a position that he performed diligently. During that time he also enrolled for a part-time Diploma in Business Management (ICM). Driven by passion, hard work and determination, Bonang was selected for the Sefalana Cash and Carry Management Accelerated Training Program (ATP) in 2006, a program that enabled him to train in all functions of store management at Sefalana Cash and Carry Gaborone West in accordance to company systems and procedures. After a six month vigorous on-the-job training course on day to day activities, he was appointed Assistant Branch Manager for Sefalana Cash and Carry Molepolole where he received further exposure and acquired good managerial and retailing skills. In 2007, Bonang was appointed Branch Manager for Sefalana Kang where he performed exceptionally well. During his time at Sefalana, Bonang has managed to scoop various awards including the Branch Manager of the Year Award in the 2008/2009 financial year and the Merit of the Year Awards in both the 2009/2010 and 2010/2011 financial year respectively.

Katlego Veerni **Foods Buyer – Sefalana Cash & Carry Limited**



With only a degree in Business Information Technology, Katlego started with the company in 2013 as a management trainee in Sefalana Shopper Molepolole where she received training for a year before being appointed Assistant Branch Manager for Sefalana Shopper Nkoyaphiri. During this time Katlego took up a part time course in risk management to try and enhance her management skills and understand the business more. In February 2015 she was selected for an interview at the Sefalana Head Office for a buying trainee position. She was successful and commenced her new role in February 2016. During this time Katlego also enrolled in a part time diploma in Purchasing and Supply to better understand the dynamics of her new professional environment. Katlego successfully completed the course and has recently been given the opportunity to manage a new purchasing portfolio on her own.

Senwelo Arabang **BICA Intern – Sefalana Holding Company Limited**



Senwelo is a final-year Chartered Accountancy student, who through the Botswana Institute of Chartered Accountants (BICA) learnt that Sefalana is an Approved Training Employer (ATE). Students studying for their CA through BICA are required to complete some technical work experience with ATEs in order to fulfil an important component of their studies. Earlier this year, Senwelo secured such a training opportunity at Sefalana after successfully passing her interviews with the Qualified Person Responsible for Training (QPRT), the Group Finance Director and also with the Group Head of Internal Audit.



Thero Molefe
Assistant Branch Manager – Sefalana Cash and Carry Broadhurst

Thero joined Sefalana through the Management Trainee programme in March 2015 with a Bachelor of Commerce in Human Resource Management. Her journey began at Sefalana Hyper Gaborone where she learnt and trained in various departments on the Systems and Procedures of Sefalana Cash and Carry. After having been certified competent in areas such as Receiving, Buying, Administration and Merchandising, she excelled in her role which led to Thero being awarded the National Intermediate Certificate in Wholesale and Retail (Level 2).

An opportunity for academic growth arose in 2016 and thus began Thero's journey of pursuing a Master's Degree in Strategic Management through the University of Derby (Botswana Accountancy College). This is a 15 months course which Thero is currently progressing. As the Assistant Branch Manager at Sefalana Cash and Carry Broadhurst, an opportunity which will further assist in her career growth, Thero aims to bring change as the store pursues its transition from a traditional wholesale store to that catering both Retail and Wholesale. Personal, career and academic growths are endeavours she hopes to achieve as an employee of and through Sefalana Cash and Carry Limited.



Izdihar Salim
Group Financial Accountant – Sefalana Holding Company Limited

Having obtained top IGCSE results in Al-Nur Unified School in 2005, Izdihar was one of the fortunate Batswana to be granted a sponsorship by the Botswana Government to pursue her tertiary education. She used this to enrol for a professional accountancy qualification (CIMA) at the Botswana Accountancy College. In 2009, while studying for CIMA, she joined KPMG as the youngest audit trainee at the time. In 2012, with a passionate desire to enhance her professional development, she applied for an MBA program with the London School of Business and Finance and was awarded a part sponsorship by the school. Sefalana acted as a binary sponsor, turning Izdihars' MBA dream into a reality.

On completion of her postgraduate degree in 2014, she was able to join the Sefalana team on a full time basis. Izdihar is now in her fourth year at Sefalana which has enabled her to develop her competences and progress further in her profession. Izdihar looks forward to growing with this dynamic Group as it expands its operations, ventures into new markets and strives to be the brand of choice for its customers.



Kago Rebaagetse
Senior Internal Auditor – Sefalana Cash and Carry Limited

Kago joined the company through a management trainee program in March 2015 at Sefalana Hyper Gaborone where, upon completion was awarded a Certificate in Retail and Wholesale (Level 2). Kago also possesses a degree in Commerce and has specialised in Risk Management. Upon completing his training program at the Hyper store, Kago was later appointed as a Senior Internal Auditor under the Risk and Audit Department.



Tiroyaone Osele
Assistant Compensation Manager – Sefalana Cash and Carry Limited

Tiro joined Sefalana Cash and Carry through their internship program in 2012. At the time, she held a Business information Systems Degree from the University of Botswana and CISA certification from ISACA. During a year and half of the program, Tiro undertook an Enterprise Risk Management Certification with the Botswana Accountancy College. In 2013 she was appointed to the position of Assistant Compensation Manager, under the payroll and employee benefits department. In 2014, through the assistance of the company, Tiro pursued a Master's Degree In Business Administration with the University of Botswana and is currently in her final year. Tiro believes that through Sefalana, she has learnt a lot and has matured into a young responsible professional.

Corporate Social Responsibility Report (continued)

4

Promoting conservation and eco – friendliness

Water

Our Head office is fitted with a **water resevoir** that collects rain water from gutters used to wash company vehicles and other amenities.

Recycling

All scrap cardboard boxes from our stores is collected for recycling by a third party contractor.

Used cooking oil

All **used cooking oil** from our delis and bakeries is collected and disposed of by a third part contractor.



Everyday masses of paper and **cardboard boxes** are used and discarded in our operations, particularly in our retail and cash and carry businesses and in our manufacturing entities. We believe in giving back to our **environment** and as such, the majority of paper waste is **recycled**, allowing it to be converted 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.



Corporate Social Responsibility Report (continued)

4

Promoting conservation and eco – friendliness (continued)

E - environment

Our staff are encouraged to limit printing and use of paper wherever possible and are provided with all the necessary IT hardware and software to promote an e-environment.

Cash & Carry Namibia - Green energy solar project

The following stores in our Namibian business were converted to solar power this year, with plans afoot to roll out to more of our stores in the region;

- ➔ Oshakati
- ➔ Ondangwa
- ➔ Gobabis
- ➔ Hyper Windhoek
- ➔ Otjiwarongo

Head Office

We moved to our new head office, allowing us to operate our management teams from fewer location thereby reducing our carbon footprint.

Energy saving lights

Head office is fitted with energy saving lights, which has reduced our carbon emission considerably.



Our Hyper store in Windhoek, Namibia is fitted with eco-friendly solar technology

5

Giving back to our Community

The underlying motivation for our CSR activities is to make a positive difference to our Community. Our newly established Corporate Social Responsibility (CSR) committee considers and evaluates applications received and reports its recommendations directly to the Board. This committee meets on a quarterly basis to consider potential CSR projects that will benefit the wider community in and around Botswana. Community investment is achieved through donations, support and being a part of local events.

The projects that we were involved in during the year can be classified into 4 main areas:

Improving the lives of Batswana

- i) The Botswana Mine Workers Union received assistance through a donation of groceries in an effort to assist families of miners who died during an accident that occurred at the Phikwe mine.
- ii) The Botswana Society for Human Development was supported through the provision of food hampers for disadvantaged members of the society in Tsabong.
- iii) The Hajji Gulam Mustapha (HGM) children's home was provided with a year's food requirement for their orphanage. 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 and a family structure.

Developing Youth and supporting local education

- i) Sefalana participated in a joint annual Banner Group donation. This year, the donation went to St Peter's Primary School Special Education Unit to assist in the purchase of specialized equipment for Children with Learning Disabilities.
- ii) A printer and 250 breakfast plates worth P25 000 donated to Maralaleng Primary School.



Maralaleng Primary School kids enjoying their breakfast using plates donated by Sefalana.



A printer and 250 breakfast plates worth P25 000 donated to Maralaleng Primary School

Corporate Social Responsibility Report (continued)

5

Giving back to our Community (continued)

- iii) University of Botswana - Sefalana was proud to donate a number of **laptops** to the University's Disability Support Services **IT laboratory** in previous years. We continued to support this function through the sponsoring of additional computers and related **equipment** to the laboratory. We also provided a significant contribution towards this cause through the building of a new laboratory for **visually impaired students** and are happy that the laboratory is now complete and in use.



We have also offered to consider these students for employment at Sefalana once they graduate, and are happy to report that employment opportunities have already been provided at our Gaborone Hyper store.

- iv) Sponsoring BICA students – We have employed a number of students who are studying the BICA (Botswana Institute of Chartered Accountants) program. Sefalana is an approved Training Employer of the BICA qualification and is a provider of suitable work experience that is required for students wishing to complete this professional qualification. We are pleased to be able to support this Botswana based qualification which has been aligned to the UK based Institute of Chartered Accountants in England & Wales (ICAEW) program.
- v) Newton, Bakwena Kgari and Mogorosi Community Junior Secondary School in Serowe benefited from donations by Foods Botswana. Computers were provided to Newton school, while each school also benefited from annual prize giving day donations.



University of Botswana
visually impaired students
undergoing training on
new equipment donated
by Sefalana

Corporate Social Responsibility Report (continued)

5

Giving back to our Community (continued)

Promoting health and wellbeing

- i) Diabetes Association of Botswana – this organisation hosts an annual Youth Camp of which Sefalana is a proud sponsor. This event helps bring 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.
- ii) The Botswana Cancer Association – this group received support in the form of monthly food hampers from our Hyper store. The Cancer Association was established in 1998 and is motivated with the mission to increase awareness and education of cancer and to promote a healthier lifestyle.
- iii) Disease awareness - Journey of Hope charity group received support for the sponsorship of one participant during the annual Bike Ride to educate women about Breast Cancer country wide.
- iv) Marathons - In addition to being a principal sponsor of the Diacore Gaborone City Marathon, Sefalana supported the Lady Khama Charitable Trust Half Marathon. Several Sefalana staff participated in these events. We also provided sponsorship to the Selebe Phikwe national marathon for the first time.
- v) Football - Tsabotlhe, is a football club formed and supported by Foods Botswana which plays for first division clubs in Botswana. Uniforms and support for ongoing expenses is provided as the need arises. We are proud to promote our loyalty and commitment to our staff and the wider community through this initiative.



Sefalana
supports
breast cancer
awareness



Sefalana participated in a joint annual Banner Group donation. This year, the donation went to **St Peter's Primary School** Special Education Unit to assist in the purchase of specialized equipment for **children with learning disabilities**.



Corporate Social Responsibility Report (continued)



Sefalana ran a **“buy-on-sefalaonline.com”** promotion and gave away Samsung Galaxy tabs to **online shopping winners**



Sefalana staff celebrating **May Day**



Sefalana is a principal sponsor of the Diacore Gaborone City Marathon, with over 200 staff members having participated this year!





Sefalana supported the **Lady Khama Charitable Trust Half Marathon**



Sefalana awarded hampers on **Mother's Day** to lucky customers



Sefalana supports breast cancer awareness



P250 000 cash handed out to loyal customers in a Buy & Win promotion



Corporate Social Responsibility Report (continued)

5

Giving back to our Community (continued)

Other initiatives

- i) Botswana Society for the Prevention of Cruelty to Animals (BSPCA) - The society 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 products from our Hyper Store. A donation was also given towards their fund raising concert held in Kasane this year.
- ii) Blessing Sunrise Society – this group received funds to support the purchase of Christmas hampers, allowing patients admitted into the Oncology Ward at Princess Marina Hospital to feel a bit of the Christmas spirit.
- iii) The Aglow Polokong Elderly Care Project received a donation of soap products from our Group company, Kgalagadi Soap Industries during the Christmas period.

Supporting our Nation as we turn 50!

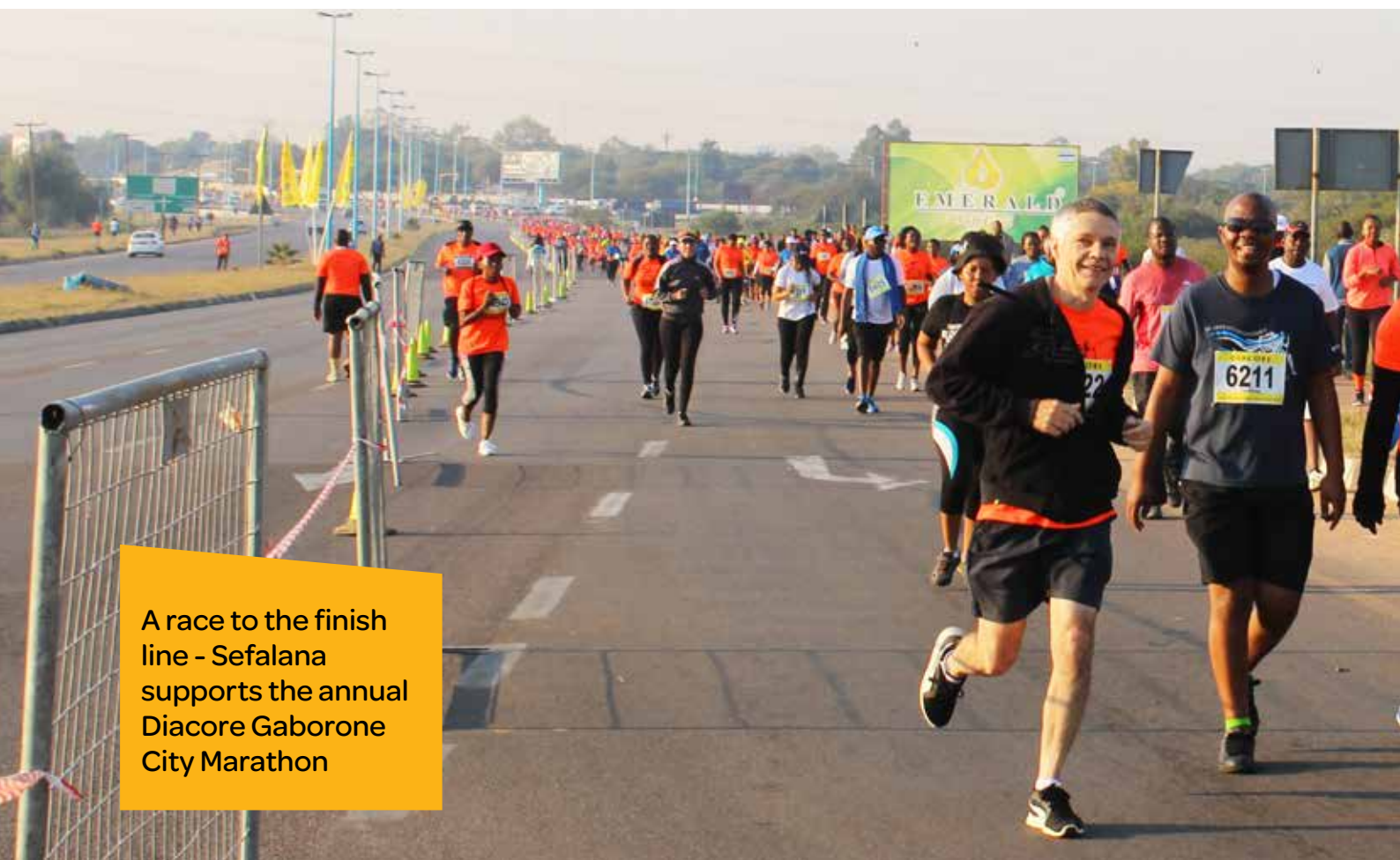
In the prior year, 20 Sefalana staff members took part in the national 49th Independence Day Parade. It marked the first year in which the private sector was invited to showcase their history in Botswana and how they have grown with the country. Sefalana is proud to have led the parade and exhibit their brands of Massy Ferguson tractors, MAN, HONDA and TATA vehicles.

In the current year, Sefalana showed support through the donation of water to all members of the public that came together and brought the national stadium alive in celebration of Botswana's golden jubilee. We are honoured to have assisted with the event and are proud to have received special appreciation for our participation from His Excellency, our President.

To applaud our country on its 50th birthday, Sefalana staff wore specially made Bot50 t-shirts every Friday up until Independence and continues with this trend. Sefalana turned 43 this year and is proud to celebrate its existence since the early years of Independence.

Sefalana sa Rona – Your family value store!

A race to the finish line - Sefalana supports the annual Diacore Gaborone City Marathon





To applaud our country on its 50th birthday, Sefalana staff were specially made Bot50 t-shirts every Friday up until Independence and continues with this trend. Sefalana turned 43 this year and is proud to celebrate its existence since the early years of Independence.





We give away **10 tractor and plough** combos to lucky customers every year in our Birthday Promotion. This competition has greatly **transformed** the **livelihood** of many Batswana looking for a break in life to get them started.



Corporate Governance Report

Statement of Commitment

Global sentiments and developments have resulted in a holistic measure of corporate governance relating to ethical leadership and various business orientations. 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 (King III). Sefalana strives to align itself to good corporate governance with reference to the newly constituted King IV which raises the importance of ethical and effective leadership with an objective of achieving an ethical culture, better performance, effective control and legitimacy. 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.

The Board is committed to the highest standards of business integrity, ethical values and governance and as such looks forward to the full implementation of King IV in due course.

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 financial, economic and other 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 Board Charter 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 reports submitted to the Board for approval;
- ➔ Review of the business operations of the Group;
- ➔ Establishing sound accounting and financial control principles, as well as principles of financial planning;
- ➔ Ensuring compliance with legal and ethical standards;
- ➔ 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; and
- ➔ Review of Board sub - committees for purposes of delegation of power and duties in order to enhance the overall effectiveness of the Board

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	11 233 (2016: 7 318)
Mr Chandra Chauhan	12 871 200 (2016: 11 287 322)
Mr Elias Dewah	Nil (2016: Nil)
Mr Hans Kampmann	Nil (2016: Nil)
Mr Keith Jefferis	27 304 (2016: 20 225)
Mrs Kenielwe Mere	Nil (2016: N/A)
Mr Mohamed Osman	158 543 (2016: 74 260)
Mr Reginald Motswaio	247 620 (2016: 200 000)

Board appointments and resignations

The Board considers, on an on-going basis the appropriateness of the mix of skills, experience, diversity and independence of each of its members. We were pleased to announce the appointment of Mrs. Keneilwe Mere to the Board effective 1 March 2017. Mrs Mere is one the founding partners of Moribame Mathews, a law firm offering corporate and commercial services. Mrs Mere also sits on the Audit and Risk Committee.

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 - thereby promoting objectivity. Non - Executive Directors bring objective judgement and experience to the deliberations of the Board.

Name of Director	Independent Non - Executive Director	Executive Director
Dr Ponatshego Kedikilwe (Chairman)	✓	
Mr Keith Jefferis	✓	
Mrs Keneilwe Mere	✓	
Mr Elias Dewah	✓	
Mr Reginald Motswaio	✓	
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 ensures 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 Directors' profile section.



One of our ten winners who walked away with a brand new tractor and plough combo in our Sefalana birthday promotion.

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 and re-election of 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. Through the Committee, annual review of the Board composition is conducted to ensure that the appropriate skill set is met.

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

- Dr Ponatshego Kedikilwe (Chairman)
- Mr Reginald Motswaiso
- 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 each 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 consists of the following Non - Executive Directors:

- Dr Keith Jefferis (Chairman)
- Mr Elias Dewah
- Mr Reginald Motswaiso
- Dr Ponatshego Kedikilwe (by invitation)

Remuneration structure for Executive Directors

Monthly salary

All Executive Directors are paid a salary for services rendered to the Group. These are market based and are determined by the Remuneration Committee after taking into account the detail of the role, the responsibilities assumed and performance. Salaries are reviewed annually. Any proposed changes are put forward to the main Board for final approval.

Incentives

(i) Cash bonus

In addition to the monthly salary, Executive Directors are entitled to an annual bonus, provided a threshold percentage of budgeted profit is achieved. In the event that this threshold is not met, the Executive Directors are not entitled to a bonus for that year, unless discretionally awarded.

In the event that the Executive Director is entitled to a bonus for the respective year, the amount due to the Executive Director is determined by a set formula which incorporates a number of matrix relating to the statement of comprehensive income and the statement of financial position and a 3 year look-back period.

The Remuneration Committee may recommend to the Board a discretionary cash amount to be paid to any of the Executive Directors should it consider it appropriate to do so.

(ii) Deferred remuneration – retention component

The Group Managing Director is entitled to a deferred shadow share reward equating to the cash payment referred to above. This amount is converted into a notional number of shares based on the share price as at the respective year end. The deferred shadow payment is payable after 3 years have lapsed and is only payable in the event that the Group Managing Director is still employed by the Group. The amount payable is the growth in value attributable to the notional shadow shares during the three-year period.

The Group Finance Director is also entitled to a deferred remuneration component, similar to that of the Group Managing Director.

This deferred remuneration component is designed to retain those considered to be critical to the Leadership team.

Executive Directors' Emoluments:

	2017			2016		
	Salary	Incentives	Total	Salary	Incentives	Total
Total Executive Remuneration	7 673 571	5 999 778	13 673 349	7 285 115	14 305 953	21 591 068

The above amounts are included within Administrative expenses in the Statement of Comprehensive Income.

Remuneration structure for Non - Executive Directors

All Non - Executive Directors are paid a monthly retainer for services rendered to the Group. These are market based and are determined by the Remuneration Committee after taking into account the complexity of the role and the responsibilities assumed.

In addition, Non - Executive Directors are paid sitting fees in respect of each meeting held. Details of the frequency of these meetings are included on page 95 of this report.

Out-going Non - Executive Directors are paid an additional once - off fee equivalent to one year's Main Board sitting fees (i.e. excluding any fees earned relating to sub committees).

Fees relating to Non - Executive Directors are reviewed periodically. Any proposed changes are put forward to the main Board for final approval.

Non - Executive Directors' Emoluments:

	2017			2016			
	Retainer	Sitting fees	Total	Retainer	Sitting fees	Other*	Total
Total Non - Executive Remuneration	588 000	503 250	1 091 250	684 000	429 000	118 000	1 231 000

The above amounts are included within Administrative expenses in the Statement of Comprehensive Income.

* Other payments relate to a once - off payment made to Ms Marinelli who resigned from the Board in 2016.

3

Audit and Risk Committee

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

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

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

- Mr Reginald Motswaiso (Chairman)
- Mr Elias Dewah
- Mrs Keneilwe Mere

4

Corporate Social Responsibility (CSR) Committee

The CSR Committee advises the Board on the Group's corporate responsibility objectives and strategy. It also ensures that Sefalana's corporate responsibility priorities deliver our core purpose which 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; and
- Development and implementation of Corporate Social Investment strategies which include assisting deserving and income generating projects.

Corporate Governance Report (continued)

4

CSR Committee (continued)

The committee reviewed and assisted various causes including supporting NGO's for vulnerable and orphaned children, supplying resources and equipment to disadvantaged schools and aiding various charities which seek to assist underprivileged communities.

The CSR Committee comprises of the following Directors;

- Mr Ponatsego Kedikilwe (Chairman)
- Mr Elias Dewah
- Mr Keith Jefferis
- Mr Mohamed Osman

Relations with Shareholders

The Board uses the Annual General Meeting and Special General Meetings to communicate with

Shareholders and potential investors and encourage their participation. Frequent announcements through the press and mailing of information for the attention of Shareholders are practiced wherever required. The Company circulates with every Notice of General 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.

Participants gearing up for the Lady Khama Run 21km event proudly wearing Sefalana sponsored goodie bags



Attendance at Board and sub - committee meetings of Sefalana Holding Company Limited during the year ended 30 April 2017:

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 Possible	Attended
Mr Chandra Chauhan	4	4	2*	2*			3*	3*		
Mr Elias Dewah	4	4	2*	2*	2	2	3	3	1	1
Dr Keith Jefferis	4	4	2	2	2	2			1	1
Mr Hans Kampmann	4	4								
Dr Ponatshego Kedikilwe	4	4	2	2	2*	2*			1	1
Mrs Keneilwe Mere	1	1					2	1		
Mr Reginald Motswaiso	4	4	2	2	2	1	3	3		
Mr Mohamed Osman	4	4	2*	2*	2*	2*	3*	3*	1	1

* Attendance by invitation



Corporate Governance Report (continued)

Compliance with KING III and King IV

King III was developed as a consequence of changing trends in **international** corporate governance and has been considered as **leading** guidance on best practice. **King IV** highlights the **importance** of outcomes and disclosures in promoting **ethical** culture, good performance, **effective** control and **legitimacy**

Although the King Codes are 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.

A summary of this evaluation based on the King III index and the King IV application register 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	2017	2016	Commentary
Chapter 1 - Ethical Leadership and Corporate Citizenship				
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 for 2016-2019. 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.
Chapter 2 - Boards and Directors				
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 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.

King III Chapter ref	King III Principle	2017	2016	Commentary
2.3	The Board should provide effective leadership based on an ethical foundation.	Applied	Applied	<p>The Board is governed by a Board Charter incorporating effective and responsible leadership.</p> <p>The Group's ethics are managed through the Audit and Risk Committee.</p> <p>The Group Code of conduct was developed in 2014.</p>
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 for 2016-2019. 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.
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.	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 Report. The Audit and Risk Committee reviews and considers the financial statements prior to publishing.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2017	2016	Commentary
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 forecasts 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 Chairman of the Board who is an independent Non - Executive Director. The CEO of the company should not also fulfil the role of Chairman of the Board.	Applied	Applied	The Board elected an independent Chairman with effect from 1 December 2014. The role of CEO and Chairman are performed by separate individuals.
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	Applied	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.



Mr. Kampmann congratulating 1 of the 10 winners of a brand new tractor and plough combo in our Birthday promotion.

King III Chapter ref	King III Principle	2017	2016	Commentary
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.
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.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2017	2016	Commentary
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 Committee is evaluated periodically by the Nominations Committee.
3.3	The Audit and Risk Committee should be chaired by an independent Non - Executive Director.	Applied	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.	Applied	Partially 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. It also identifies and manages matters considered “material” to the Group, and how they inter-relate to various forms of capital.</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 & 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	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 continued to improve during the year.</p> <p>There is a sound collaboration between assurance providers. The Internal Audit team has been further 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>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.

King III Chapter ref	King III Principle	2017	2016	Commentry
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.
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.



Sefalana Trading Hyper Store - Gaborone General Manager, handing over a queen size bed to the winner of the Mother's Day competition run on our popular social media.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2017	2016	Commentary
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 in the prior year and has been considered by the Audit & Risk Committee.
4.5	The Board should ensure that the risk assessments are performed on a continual basis.	Applied	Applied	Risk assessments are conducted on a continuous basis and reported to the Board through the Audit & Risk Committee.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	Applied	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: <ul style="list-style-type: none"> □ A documented, approved Risk Management Policy, Framework and Plan □ Board and Executive management assessment of risks impacting on the Group's strategic objectives <p>In the prior 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 the 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 of 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.	Applied	Partially Applied	The following processes serve to promote appropriate risk disclosures and assurance: <ul style="list-style-type: none"> □ Management provides assurance to the Board that the risk management plan is integrated into the daily activities of the company. □ Internal Audit provides a written assessment of the effectiveness of the system of internal controls and risk management. <p>A summary of the Groups' key risks is reported in the Annual Report, under the Enterprise Risk Management Report along with the matters considered "material" to the Group including how these inter-relate with the various forms of capital.</p>

King III Chapter ref	King III Principle	2017	2016	Commentary
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 prior 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.
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 Head of IT and Group IT Manager. Detailed feedback is made to the Audit and Risk Committee on the IT governance framework and progress reports are provided to ensure that any IT risk is appropriately managed and mitigated.
Chapter 6 - Compliance with Laws, Rules, Codes and Standards				
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	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.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	2017	2016	Commentary
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.
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.
Chapter 8 - Governing Stakeholder Relationships				
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 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.

King III Chapter ref	King III Principle	2017	2016	Commentary
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.
Chapter 9 - Integrated Reporting and Disclosures				
9.1	The Board should ensure the integrity of the Company's integrated report.	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.
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.

In **reinforcing good governance** as well as reconciling the King III code application illustrated above with the **King IV Code**, the Company has adapted its practices to the principles of King IV and its intended outcomes. These outcomes include ethical culture, good performance, **effective control and legitimacy**. Further, Sefalana upholds the aspirations of King IV in that its “governing body steers and sets direction of the organization, approves policy and planning, oversees and **monitors management** and provides for accountability on organizational performance...”.

Enterprise Risk Management



Our approach and Governance in respect of Risk Management

We are committed to effective risk management in pursuit of our strategic objectives, with the aim of sustainably growing Shareholder value.

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 ensuring that 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's 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 in the prior year.

Management at each subsidiary entity, operating business units 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's 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.



COMPANY PROFILE

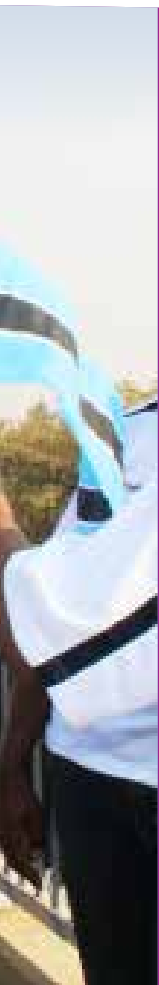
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COMPANY PROFILES

Navigating
through
**DIFFICULT
TIMES**

The Group strategy is communicated throughout the organisation through workshops and seminars. High calibre staff are actively recruited from universities and other institutions. These are deemed to be the leaders of the future and therefore attractive remuneration and retention policies are in place to reward exceptional performance.



- | | | |
|---|--|---|
| a) Mohamed Osman
Group Finance Director (GFD) | d) Yule Madikwe
Group Internal Auditor | g) Senwelo Arabang
BICA Intern |
| b) Michael Simaye
Group IT Manager | e) Zeenat Mia
Group Data Analyst | h) Tapiwa Muzembe
Group Brand Custodian |
| c) Otsile Chapo
Office Cleaner | f) Mosetsana Disela
Receptionist | i) Nkongi Makosha
Group Assistant Company Secretary |



- j) **Omphemetse Mokgosi**
PA to GMD and GFD
- k) **Kgositsile Setumo**
Messenger
- l) **Izdiyar Salim**
Group Financial Accountant

- m) **Saju Peter**
Group Financial Controller
- n) **Lorato Modise**
Head of Internal Audit
- o) **Bofithile Malesele**
Property Accountant

- p) **Chandra Chauhan**
Group Managing Director (GMD)





Sa Rona - Your family value store



a) **Sunil Urath**

Head of Retail

b) **Hans Kampmann**

Sefalana Cash & Carry -
Managing Director

c) **Moagi Buzwani**

Head of Wholesale

d) **David Levin**

Head of Corporate Services

e) **Delores Adul**

Head of Merchandise

f) **Godfrey Ndwapi**

Head of Risk

g) **Mike Makin**

Sefalana Cash & Carry - Finance Director





- a) **Milton Shiimi**
HR Executive
- b) **Philip Nel**
Operations Executive
- c) **Sinsikus Amwiigidha**
Finance Executive

- d) **Kobus Boshoff**
Merchandise Executive
- e) **Bryan Davis**
Metro Cash & Carry Namibia -
Managing Director
- f) **Armand du Preez**
Risk Executive





e

f

b

c

Company Profiles



Lesotho



- a) **Sadik Patel**
Senior Buyer and Sales Manager
- b) **Gerhard Scheepers**
Country General Manager

- c) **Rapelang Maubelle**
Finance Officer
- d) **Naeem Wahab**
Branch General Manager

- e) **Mary Moloi**
Branch Administration Manager



A Sefalana Group Company



a) Akhtar Nanuck
Dealer Principal

b) Rejeesh Kumar
Assistant Workshop
Manager (TATA)

c) Khumo Christos
Finance Manager

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

e) Upul Kalansooria
Workshop Manager
(Honda & MAN)



A Sefalana Group Company



a) Lemogang Makuo
Sales Executive

b) Zeenat Malek
Finance Manager

c) Jacob Tshipinare
Parts Manager

d) Maitumelo Mosweunyane
MF Group HR Manager

e) Otsile Mokate
Workshop Administrator

f) Dave Marsh
General Manager

Company Profiles (continued)



- | | | | |
|---|--|--|--|
| a) Omphemetse C. Letshwanyo
Production Supervisor | d) Zeenat Malek
Finance Manager | g) Boby Joseph
General Manager | j) Scharl Varnfield
Operations Manager |
| b) Boikaego Discharge
Warehouse Officer | e) Mogotsi Selebatso
Production Supervisor | h) Mary Mosarwa
Sales Manager | k) Phillip C. Motsemme
Quality Control Officer |
| c) Kgakgamatso Monare
Production Foreman | f) Keitumetse Ngwako
HR Officer | i) Tirelo Danga
Plant Technician | |



- | | | |
|--|--|---|
| a) Randas Siziba
Miller | c) Mavis Manyapelolo
Human Resources Officer | f) Oaitse Goitsewang
General Manager - Production |
| b) Blessing Mundaumimberi
Mechanical Maintenance Manager | d) Robert Mmereki
Quality Officer | g) Patrick Muzhingi
Finance Manager |
| | e) Bautlwatsi Golekanye
Power Station Supervisor | |

naturalvaluefoods

A Sefalana Group Company



a) Kevin Morris
Managing Director

b) Sophie Montshiwa
Finance Accountant

c) Amande Morris
Operations Director

d) Truely Tshuma
Warehouse Manager



Kgalagadi Soap Industries



a) Fanie Schoeman
Factory Manager

b) Phemelo Hosia
Finance Manager

c) Tim Yannitsaros
General Manager

d) Molome Kesupile
HR Manager

Sefalana Cash and Carry Limited



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 20 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 400 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.



Sefalana birthday promotion

400

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.

Providing great quality products and a wide range of general merchandise at the right price, has been our objective 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 centres across the country. We continue to grow strategically through a program of extensions and refurbishments of our stores. During the year we opened up a new store in Kanye, providing the community with two Sefalana stores in the area.

In the latter part of 2015, we commenced the rigorous process of rebranding all our stores. We are happy to report that this exercise is now complete. 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. Our enhanced signposting within stores has also made it easier to navigate within store for our customers. We pride ourselves on providing our customers with an improved shopping experience that they demand. We look to be the store of choice in our market.

This year we continued the **expansion** of our 'A Star' range of branded products with over 30 different items in-store and introduced our very own "A Star" water. Our A Star brand ranges from perishables such as milk and flour to household toiletries and **canned products**. This has allowed us to offer our customers quality products at **competitive** prices. We are also pleased with our Kwencha range of soft drinks, which continues to gain popularity with customers.

Despite the continued strain on the economic climate in the country, the Botswana FMCG business continues to be the largest contributor to the Group's financial results albeit gradually reducing as we diversify the Group and enter different markets in the Region. We believe that this core level of profitability is driven by our focus on improving the shopping experience for our customers and being competitive in the currently challenging market through offering innovative solutions, products and services, and enhancing the layout of our stores, extending our product range, giving more variety to our consumers and ultimately 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.

Our dedicated store management team is supported by regional managers and a central leadership structure. 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 again illustrating their growing loyalty to us.

43
Years
of being
Awesome



Our customer loyalty scheme, "**Sefalana rewards**", was launched during the year and has received tremendous response from our customers.

Sefalana Cash and Carry Limited (continued)





Sefalana Cash and Carry Limited (continued)

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 have always made considerable investment in our human capital, running our BQA accredited training programmes, facilitating developmental enrolment with Maccauvlei Learning Academy and partnering with the University of Stellenbosch in the continual development of our training material. An annually revised plan is in place for all our departments and branches to ensure we respond to the latest developments in performance management. We constantly develop and evaluate our ability to bring the best out of our business and employees. 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** initiatives.

Our outlook for this division is 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 closure of a number of institutions in the year leading to a general 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.

Being innovative and developing channels and services that complement our existing supermarket business is a key part of our long term strategy for growth. As a result, sefalanaonline.com was officially launched in the prior 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 in-store pick - ups or having goods delivered within 24 hours. During the year we enhanced our website, providing a refreshed look and feel for our customers with larger product displays. This service is currently being offered in Gaborone and has recently been extended into Francistown. We are proud to be the leaders in the market in this regard.

Sefalana Rewards, our customer loyalty program was launched in November 2016, illustrating Sefalana's ability to evolve with its ever-changing customer base. We have received a tremendous response from our customers with close to 100 000 customers registered to date. Our loyalty program allows customers to earn "Sefbacks" in the form of redeemable points every time they shop with us. This service is offered nation-wide and our staff is provided with on-going training ensuring that they are well equipped to assist with changing customer behaviour.

During the year, we further developed our relationship with Botswana Post who now operates post office kiosks inside 4 of our main stores in Gaborone. This facility allows our customers to benefit from a variety of services such as the renewal of their vehicle licences and the collection of their pensions. Further roll-outs are expected in the forthcoming year.

In order to quickly and easily communicate with our customers, inform them of our latest offerings and provide quick feedback to any queries, we have enhanced our Sefalana Trading Facebook page which has grown from approximately 2000 followers at the start of the year to over 47 000 followers to date. We look to continue being at the forefront of technology and providing additional innovative shopping methods to our customers.



Sefalana rewards

Giving back to you everytime
you shop with us

Sefalana's new Rewards Card allows you to **earn** SefBack\$ (points) for every Pula you spend in our stores. It helps you **save money** by redeeming your SefBack\$ on future purchases.



How it works

- 1 Get your Sefalana Rewards card at the till point
- 2 Link your card via the in-store self service kiosk or online
- 3 Earn SefBack\$ by swiping your card when you shop with us
- 4 Collect as many SefBack\$ as you like
- 5 Redeem your SefBack\$ on purchases in-store

Sefalana Rewards, our customer loyalty program was launched in November 2016, illustrating Sefalana's ability to evolve with its ever-changing customer base. We have received a tremendous response from our customers with close to 100 000 customers registered to date. Our loyalty program allows customers to earn "Sefbacks" in the form of redeemable points every time they shop with us. This service is offered nation-wide and our staff is provided with on-going training ensuring that they are well equipped to assist with changing customer behaviour.

Sefalana Cash and Carry Namibia

(Proprietary) Limited ("Metro")



In 2014, we extended our wholesale and retail operations into neighbouring **Namibia** and welcomed a new family of stores into the Sefalana FMCG business as the first step in our **expansion** into the **region**, in line with our Group strategy.



500

over 500
employees
across our
Namibian
stores



Metro Birthday Promotion Main Prize Winner



Metro Cash & Carry - Walvis Bay

We were warmly welcomed into the country as we offered a wider choice of products and better pricing to consumers. We also provided employment to over 250 people at the time. This has increased to just over 500 employees across our Namibian stores currently.

Our first store in the country was opened in Katima Mulilo in January 2014. In July 2014 Sefalana purchased the Metro Group of 12 stores. In November 2015, we took over an additional store in Swakopmund, bringing the total store compliment 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 stores – both of which are the largest such outlets 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 as we look to achieve our medium term target of 20 stores.

In the prior year, we purchased our first 4 properties in Namibia, and look to grow our property portfolio 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. We are constantly on the lookout for potential sites and have recently purchased a property in Keetmanshoop that will allow us to extend our existing store and provide our customers with a wider range of products. We have also purchased a large property in Windhoek where we will build a modern new head office, similar to our Botswana head office as well as a new Cash & Carry, Liquor outlet and Distribution Centre.

We are of the view that the Namibian business will continue to grow and make a larger contribution to the overall Group profit.

We are constantly on the lookout for other potential sites in Namibia as we look to achieve our medium term target of 20 stores.



Megastore - Swakopmund

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





Sefalana Trading (Pty) Limited

T/A Sefalana Cash & Carry Lesotho



On 1 November 2016, Sefalana **entered** into the Lesotho market through **takeover** of the country's largest distribution and logistics company, TFS Wholesalers, Distribution and Logistics in Maseru. This **acquisition** has given us a strong presence in the market in a short space of time.



Sefalana Cash & Carry Lesotho



With a staff complement of just over 80 people, the Lesotho business is led by a strong management team, which will help grow this business as we look to open a second store in Maseru later this year. Further sites for additional store openings are being identified as we look to expand in the country.

Lesotho offers an **emergent economy** with a growing population of close to **2 million people**, who have responded well to our presence. The official opening of this business will take place later this year as we **refurbish** and rebrand our store to be aligned with the rest of the Group.

We are excited about this new division which is expected with time, to be a sizeable contributor to the bottom line results of the Group.



Our Lesotho team

Foods Botswana (Pty) Limited ("Foods Botswana")



Foods Botswana
Milling

A Sefalana Group Company



Milling Division

Foods Botswana Milling operates a factory in Serowe from which it mills and produces sorghum, soya and maize - based products, malt and diastatic malt. 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 enriched Foods (Malutu) for all age groups above 3 years**
- **Soya Sorghum Weaning Food (Tsabana) for infants up to 3 years**
- **Tholo Malt**
- **Tsabotlhe (soya sorghum extruded product)**
- **Maatla (enriched maize meal 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.

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Foods Botswana (Pty) Limited

("Foods Botswana")



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 rather than sourcing grain from outside the country.

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 requires **significant** working capital. Continual investment in plant and processes has also enabled us to further **improve** the quality of our products.

In 2015, 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, improved the quality and value of our products and allowed for increased production. The maize plant is now used to manufacture our own house - brand maize meal (A Star) which was previously being outsourced to a third party. Our 51 FMCG stores across the country provide outlets for the sale of these products which have become increasingly popular in the market.

We currently employ 259 employees at our milling plant with 118 of staff being permanent. We are proud to be one of Serowe's largest employers with almost all staff being Batswana, especially following the unemployment caused by the mine closures in the area.

Year on year, Foods Botswana continues to support the SOS Village and numerous schools within the vicinity through sponsoring fund raisers, supporting events and football clubs. Tsabotlhe football club, a club initially formed by Foods Botswana play against other local football clubs on an on-going basis. We wish Tsabotlhe all the best in its competitions!



Foods Botswana Milling Division Silos

Foods Botswana (Pty) Limited ("Foods Botswana")



Foods Botswana
Beverages

A Sefalana Group Company



In late 2015 the Group acquired a UHT milk processing plant from the liquidated Delta Dairies business. There was a need to **restore** the plant which had remained switched off for over 18 months. For a large part of 2015, the plant **upgrade** took place. In 2016, the Beverages Division commenced production of milk for the **A Star** house brand and also the re-launch of the **Delta Fresh** brand. In late 2016, this division also produced milk for the Government infant feeding scheme. This is a new division but is expected to compliment other parts of the business and generate a **sizable profit** for the Group. The long term objective is to expand the range of products **manufactured** at this site and to introduce our own range of fruit juices and **milk** blend juices.



Commercial Motors (Pty) Limited



As the official franchised **local** representative for MAN (Heavy commercial vehicles), HONDA (Passenger vehicles and motorcycles) and TATA (Light and heavy commercial vehicles) in **Botswana**, Commercial Motors remains an important and **integral** component of the Sefalana Group.

The Company is proud of its **impressive showrooms** and workshops in the Broadhurst Industrial area of 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 team won the TATA Business Impact Award - Southern African Region 2016

The technologies used in our 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)



trucking and a range of military applications. The Truckology Generation range (CLA / TGM / TGS) continues to offer truck owners efficiency and dependability and provides drivers with a better, safer drive. MAN believes that it's 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.



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



Tata (light and heavy commercial motor vehicles)

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

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

Commercial Motors (Pty) Limited (continued)



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. The Group is proud to be the sole distributor of Honda vehicles in Botswana, supporting a long - established blend of unbeatable Honda safety and security, value for money, performance and handling, comfort and convenience capped with a fun drive.



Honda (motorcycles)

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



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

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



We gave away 2 Honda MSX125 Motorbikes to lucky customers, in a competition ran on our digital media.

Mechanised Farming (Pty) Limited ("Mechanised Farming")



Mechanised Farming is situated in the Broadhurst Industrial area from where it operates a showroom and workshop. The Company brings together the knowledge and heritage of leading agricultural brands; Massey Ferguson, Wacker, Electromotive Diesel and Honda. 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, EDM locomotives and related spares. Our engineering workshop for repairs and maintenance provides exceptional after sales service on all machinery and equipment for our brands.

Mechanised Farming represents the following brands in Botswana:

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

Honda RSA – 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.

Agrinet – Yanmar engines and water pumps;

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

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.



During the year, Mechanised Farming focused on cultivating relationships with its valued customers and providing excellent and timely services for all maintenance jobs. 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 business.



Sefalana Properties

Historically Sefalana has made **significant** strategic **investments** in property, and holds over **550 000 square meters** of land, of which just under 130 000 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.

In Lusaka, Zambia we have a first class well positioned property which until recently was fully let. This property provides the Group with a substantial income stream and has shown significant increases in market value over the years. During the year the Group purchased the minority shareholding and now fully owns this Group.



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



Kgalagadi Soap Industries

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.

Natural Value Foods (Botswana) (Proprietary) Limited

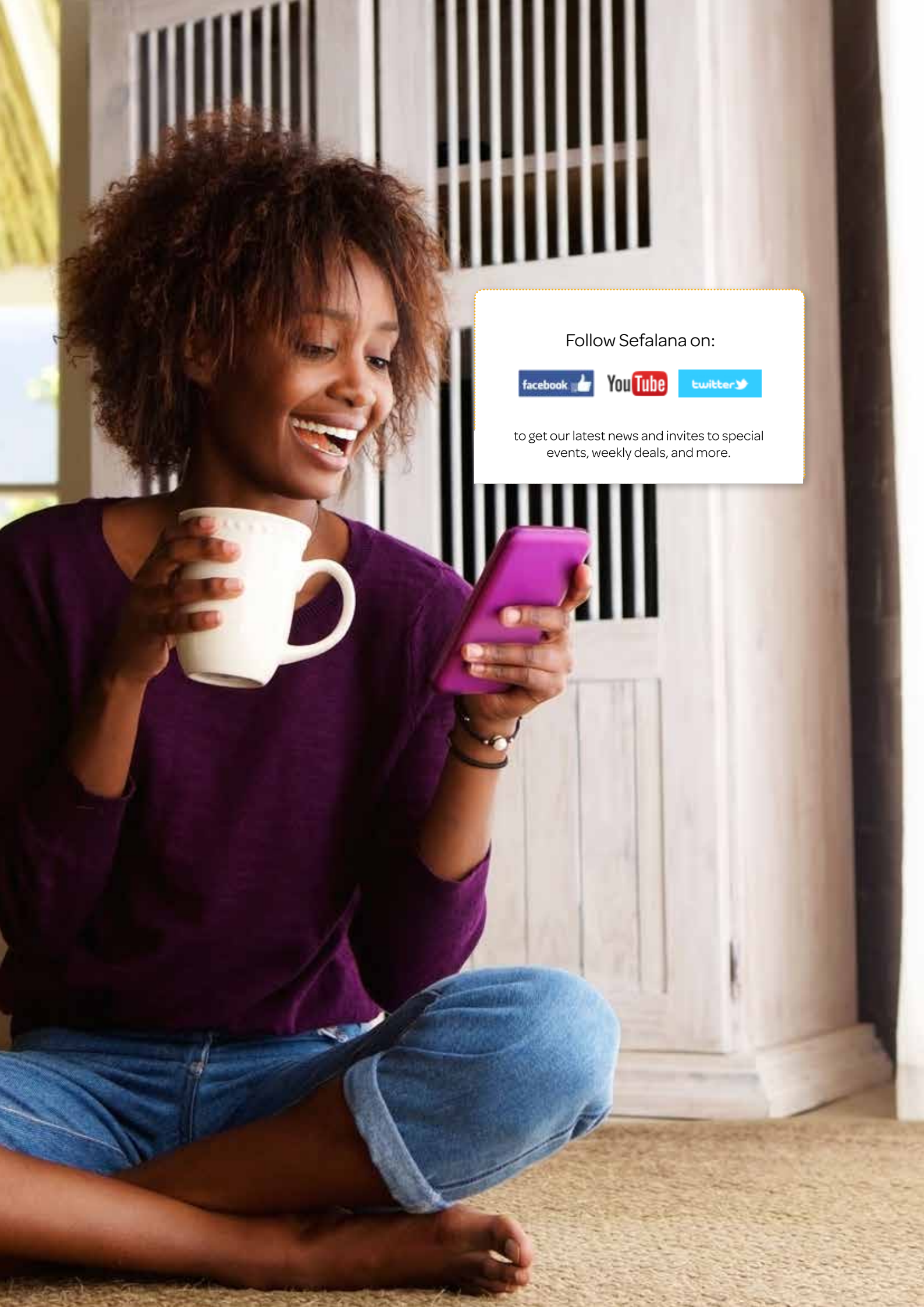
In 2014, Natural Value Foods was established as a joint venture between Sefalana and Natural Value Foods (Proprietary) Limited (South Africa). The entity is a wholesaler of fresh fruits and vegetables and supplies its produce to Sefalana retail and wholesale stores throughout the country.

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.

NATURALVALUEFOODS
A Sefalana Group Company





Follow Sefalana on:



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



FINAN

356	+2.5	+8.
2,256	+2.5	+6.
23,256	+2.5	-10
2,258	+2.5	+2.



ICIALS



ANNUAL FINANCIAL STATEMENTS

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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 154 to 209 for the year ended 30 April 2017 were authorised for issue by the Board of Directors on 26 July 2017 and are signed on their behalf by:



Dr. PHK Kedikilwe, PH, NYB
Chairman



Chandra Chauhan
Group Managing Director

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



Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Sefalana Holding Company Limited (the "Company") and its subsidiaries (together the "Group") as at 30 April 2017, and of 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 ("IFRS").

What we have audited

Sefalana Holding Company Limited's consolidated and separate financial statements set out on pages 154 to 209 comprise:

- the consolidated and separate statements of financial position as at 30 April 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B).

Our audit approach

Overview

	Overall group materiality <ul style="list-style-type: none"> • P8 650 000, which represents 5% of the consolidated profit before tax
	Group audit scope <ul style="list-style-type: none"> • Our engagement comprised of the statutory audit of Sefalana Holding Company Limited and the audit of the Group's consolidated annual financial statements for the year ended 30 April 2017. • The Group consists of the Company and its operating subsidiaries in Botswana, Namibia, Zambia and Lesotho. Full scope audits were performed at all these companies.
	Key audit matters <ul style="list-style-type: none"> • Impairment of goodwill • Valuation of investment property and land and buildings • Allowances for slow-moving, obsolete and damaged retail inventory

Independent Auditor's Report to the Shareholders of Sefalana Holding Company Limited (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	P 8 650 000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. In doing so, full scope audits were performed at the Company and its operating subsidiaries as - based on materiality and risk - these could individually or in aggregate have a material impact on the consolidated financial statements.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or component auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table on pages 150 - 152. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the separate financial statements of the Company for the current period.

Independent Auditor's Report to the Shareholders of Sefalana Holding Company Limited (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of goodwill</p> <p>The Group has recognised goodwill in the amount of P50 457 000 in the consolidated statement of financial position.</p> <p>Goodwill arose when the Group assumed control over a number of consumer goods trading and other trading operations in Botswana, Namibia and Lesotho. The Group determined the cash generating units ("CGU's") attributable to goodwill to be the relevant businesses which generate separately identifiable cash flows for each of the operating segments.</p> <p>The Group carries out an impairment review of goodwill at least annually or whenever there is an impairment indicator in accordance with IFRS.</p> <p>The Group determines the recoverable amount of each CGU based on value in use. At the financial year-end, the recoverable amounts were determined based on value in use, by using the discounted cash flow model.</p> <p>In carrying out its assessment, for the purposes of cash flow forecasts, the Group projects future cash flows based on approved budgets and expected long-term growth rates in the relevant economies where each CGU operates. These cash flows are discounted using discount rates appropriate to the relevant CGU.</p> <p>Based on calculations carried out by the Group, there was sufficient headroom between the carrying values of net assets (including goodwill) in the consolidated financial statements, and the calculated values in use of the respective CGUs. On this basis, no impairment of goodwill was recognised in either the consolidated or separate financial statements.</p> <p>This was considered a matter of most significance to our current year audit due to the magnitude of the carrying values of the goodwill balance and because the Directors' assessment of 'value in use' of the CGUs involves significant judgement about the future cash flows of the business and with respect to the discount rates applied to present value those cash flow forecasts.</p> <p>The disclosures associated with goodwill impairment assessment is set out in the financial statements in the following notes:</p> <ul style="list-style-type: none"> * Critical accounting estimates and judgements; Impairment of goodwill (Page 167) * Note 16 Intangible Assets (Page 181) 	<p>Our work included the following procedures:</p> <ul style="list-style-type: none"> * We tested the reliability of budgets and forecasts by comparing the actual results against the historical budgets and forecasts; * We tested whether the budgets and forecasts utilised to support the recovery of goodwill were approved by those charged with governance; were consistent with confirmed business plans; and were consistent with our understanding of the economic developments in the relevant operating environments as these may impact on the budgets and forecasts; and * We tested the mathematical accuracy of the impairment assessment. <p>We found that:</p> <ul style="list-style-type: none"> * Historical results were consistent with the historically budgeted results or, where there were deviations, such deviations occurred because of events which could not have been foreseen at the time of preparing the budgets; and * The annual budgets were subject to oversight and were consistent with the Board approved budgets. <p>For each of the CGUs we challenged the key inputs and assumptions the Group used in the forecasts of net cash flows as follows:</p> <ul style="list-style-type: none"> * Growth rates beyond the forecast period were compared to estimates published by the International Monetary Fund; * Growth rates during budget periods were assessed by understanding the basis and comparing these against historical trends and economic forecasts used in preparing the budgets; and * Discount rates were compared to our independently determined risk adjusted discount rate. <p>We found the inputs and assumptions to be within a reasonable range based on our expectations.</p> <p>We performed sensitivity analyses on the impairment calculations to determine the degree by which the key assumptions would need to change in order to trigger an impairment. We discussed the outcomes of these sensitivity analyses with the Group, considered the likelihood of such changes occurring and accepted that the key assumptions used by the Group fell within a reasonable range of likely outcomes.</p>

Independent Auditor's Report to the Shareholders of Sefalana Holding Company Limited (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment property and land and buildings</p> <p>The Group accounts for investment properties and land and buildings at fair value. The carrying value of investment properties at 30 April 2017 was P262 923 000 and the fair value adjustment recorded in net profit before tax in respect of investment properties amounted to P955 000 for the financial year. The carrying value of land and buildings at 30 April 2017 was P382 353 000 and the fair value adjustment recorded in other comprehensive income amounted to P20 413 000 for the financial year.</p> <p>At 30 April 2017, the Directors' valuation of the portfolio of Group properties was based on updated valuations carried out by independent valuers.</p> <p>Significant judgement is required to determine the fair value of investment properties and land and buildings, especially with respect to the determination of appropriate capitalisation rates and sustainable rental income, and we therefore considered the valuation of these assets to be a matter of most significance to the current year audit due to the significance of the balances, combined with the significant assumptions associated with determining the fair values.</p> <p>The disclosures relating to fair value assessments are set out in the financial statements in the following notes:</p> <ul style="list-style-type: none"> • Critical accounting estimates and judgements; Fair value of land and buildings and investment properties (Page 167) • Note 14 Property, Plant and Equipment (Page 175) • Note 15 Investment Property (Page 178) 	<p>We assessed the competence and capabilities of the Group's independent valuers by verifying their qualifications and past experience.</p> <p>We examined the terms of engagement in accordance with which the independent valuers performed their valuations and determined that these did not impose any restrictions which would affect their independence.</p> <p>We compared the valuation approaches used by the independent valuers against IFRS requirements and industry norms to confirm that the methodologies were appropriate under the circumstances. The valuation methods (income approach / market comparison) were comparable to those typically used in the market.</p> <p>We tested a selection of data inputs used in the independent valuations, including rental income, against appropriate supporting documentation (such as rental agreements, business plans and historical performance) to assess the accuracy and completeness thereof.</p> <p>We compared the capitalisation rates utilised in the valuation to those generally used in the market, rates used in historical valuations and general market factors, such as comparable long-bond yield rates. Capitalisation rates were found to be within a reasonable range of likely rates.</p> <p>We performed sensitivity analyses to assess the impact which reasonable changes in the capitalisation rates may have on the fair values as determined by the independent valuers. We found that no reasonable changes in the capitalisation rates would have a material impact on the fair value of investment property and land and buildings.</p>

Independent Auditor's Report to the Shareholders of Sefalana Holding Company Limited (continued)

Allowances for slow - moving, obsolete and damaged retail inventory

The Group's retail trading systems record the unit costs of inventory before allowances for deterioration in value due to slow moving, obsolete and damaged items.

In making an allowance for slow moving, obsolete and damaged items, the Group determines the ageing of inventory held at the year-end date based on historical sales quantities, its estimates of the likely sales discounts (below original cost), which the Group may have to offer in order to sell slow-moving items, and the extent of losses which the Group may incur when writing off obsolete and damaged items.

This allowance was a matter of most significance to our current year audit due to the magnitude of the allowance, and because of the judgements applied in determining the allowance.

The disclosures relating to inventory allowances are set out in the financial statements in the following notes:

- * Critical accounting estimates and judgements; inventory adjustments (Page 167)
- * Note 23 Inventory (Page 192)

As part of our audit of the carrying values of retail inventory we independently recomputed the ageing of inventory based on sales records for the preceding twelve months to assess the likelihood of inventory items becoming slow moving or obsolete and – using this analysis and our understanding of likely value loss rates based on our experience in the industry – we formed an independent view of a range of appropriate allowances for slow moving, obsolete and damaged items.

Our testing did not identify any material adjustments which would have been required to the allowances for slow - moving, obsolete and damaged inventory recorded by the Group.

Other information

The Directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibility, which we obtained prior to the date of this auditor's report, and other sections of the Sefalana Annual Report 2017, which are expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Shareholders of Sefalana Holding Company Limited (continued)

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- * Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- * Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Practicing member: Rudi Binedell
Membership number: 20040091

Gaborone
11 August 2017

Statement of Comprehensive Income

For the year ended 30 April 2017

	Note (s)	Group		Company	
		2017	2016	2017	2016
		P'000	P'000	P'000	P'000
REVENUE	5	4 273 011	3 825 367		
Cost of sales		(3 976 211)	(3 515 221)		
Gross profit		296 800	310 146		
Other income and gains	8	10 081	44 715	191	
Administrative expenses		(133 395)	(148 059)	(1 794)	(1 395)
Earnings / (loss) before interest, tax and amortisation (EBITA)		173 486	206 802	(1 603)	(1 395)
Amortisation	16 & 17	(5 775)	(5 437)		
Net finance income		4 801	5 568	105 183	67 655
Investment income	7	14 994	12 829	105 541	81 296
Finance costs	9	(10 193)	(7 261)	(358)	(13 641)
Profit before share of results of associate and joint venture		172 512	206 933	103 580	66 260
Share of results of associate	18	1 451	1 113		
Share of result of joint venture	19	(815)	(903)		
Profit before tax		173 148	207 143	103 580	66 260
Income tax expense	10	(44 845)	(49 549)	(8 556)	(7 992)
PROFIT FOR THE YEAR	11	128 303	157 594	95 024	58 268
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Gain on revaluation of land and buildings		15 942	14 437		
Gross gain on revaluation of land and buildings	14	20 413	18 328		
Income tax on gain on revaluation of land and buildings	21	(4 471)	(3 891)		
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		12 638	(28 329)		
Other comprehensive income / (loss) for the year (net of tax)		28 580	(13 892)		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		156 883	143 702	95 024	58 268
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the parent		125 371	150 654	95 024	58 268
Non - controlling interests		2 932	6 940		
TOTAL PROFIT FOR THE YEAR		128 303	157 594	95 024	58 268
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		153 527	138 757	95 024	58 268
Non - controlling interests		3 356	4 945		
TOTAL COMPREHENSIVE INCOME		156 883	143 702	95 024	58 268
Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company during the year:					
BASIC EARNINGS PER SHARE (THEBE)	13	53.35	66.95		
TOTAL COMPREHENSIVE INCOME PER SHARE (THEBE)	13	65.33	61.67		

Statement of Financial Position

As at 30 April 2017

	Note	Group		Company	
		2017	2016	2017	2016
		P'000	P'000	P'000	P'000
ASSETS					
NON - CURRENT ASSETS					
Property, plant and equipment	14	543 765	486 931		
Investment property	15	262 923	260 494		
Intangible assets	16	150 332	133 884		
Investment in associate	18	5 030	4 579		
Investment in joint venture	19	1 314	1 979	3 580	3 430
Deferred lease assets	20	2 033	2 033		
Deferred tax assets	21	13 546	17 764		
Investment in subsidiaries	22			242 520	209 134
Amounts due from related parties	25			188 549	121 817
Total non - current assets		978 943	907 664	434 649	334 381
CURRENT ASSETS					
Inventories	23	525 178	408 100		
Trade and other receivables	24	190 698	134 902	1 759	1 832
Amounts due from related parties	25			54 528	
Current tax assets	10	4 049	3 432	367	264
Cash and cash equivalents	26	555 934	417 690	296 774	76 729
Total current assets		1 275 859	964 124	353 428	78 825
Asset classified as held for sale	27	8 000	8 000		
TOTAL ASSETS		2 262 802	1 879 788	788 077	413 206
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	28	686 354	335 712	686 354	335 712
Other reserves	29	216 334	184 864		
Retained earnings		663 082	595 019	85 640	47 726
Equity attributable to owners of the parent		1 565 770	1 115 595	771 994	383 438
Non - controlling interests		47 100	59 766		
Total equity		1 612 870	1 175 361	771 994	383 438
NON - CURRENT LIABILITIES					
Finance lease obligations	30	1 610			
Deferred lease obligations	31	15 607	12 385		
Loans and borrowings	32	117 476	77 765	3 641	6 695
Deferred tax liabilities	21	81 021	84 253		
Total non - current liabilities		215 714	174 403	3 641	6 695
CURRENT LIABILITIES					
Trade and other payables	33	373 507	415 294	1 457	1 918
Amounts due to related parties	25			8 003	18 652
Finance lease obligations	30	592	333		
Loans and borrowings	32	3 866	3 554	2 459	2 503
Current tax liabilities	10	3 762	6 966		
Bank overdrafts	26	1 018	44 368	523	
Provisions and accruals	37	51 473	59 509		
Total current liabilities		434 218	530 024	12 442	23 073
Total liabilities		649 932	704 427	16 083	29 768
TOTAL EQUITY AND LIABILITIES		2 262 802	1 879 788	788 077	413 206

Statement of Changes in Equity

For the year ended 30 April 2017

		Attributable to owners of the parent				Non - controlling interests	Total equity
		Stated capital	Other reserves	Retained earnings	Total		
	Note	P'000	P'000	P'000	P'000	P'000	P'000
Group							
At 30 April 2015		335 712	196 761	511 225	1 043 698	54 821	1 098 519
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)
At 30 April 2016		335 712	184 864	595 019	1 115 595	59 766	1 175 361
Profit for the year				125 371	125 371	2 932	128 303
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			15 738		15 738	204	15 942
Currency translation differences			12 638		12 638		12 638
Acquisition of minority interest	22		3 094	(198)	2 896	(13 400)	(10 504)
Issue of shares	28	350 642			350 642	1 070	351 712
Dividends paid - 2017 interim and 2016 final				(57 110)	(57 110)	(3 472)	(60 582)
At 30 April 2017		686 354	216 334	663 082	1 565 770	47 100	1 612 870

Other reserves consist of land and buildings revaluation reserve, currency translation reserve, and other gains on purchase of minority interests as set out in note 29.

		Stated capital	Retained earnings	Total equity
	Note	P'000	P'000	P'000
Company				
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)
At 30 April 2016		335 712	47 726	383 438
Profit for the year			95 024	95 024
Right issue of shares	28	350 642		350 642
Dividends paid - 2017 interim and 2016 final	13		(57 110)	(57 110)
At 30 April 2017		686 354	85 640	771 994

Statement of Cash Flows

For the year ended 30 April 2017

	Note (s)	Group		Company	
		2017	2016	2017	2016
		P'000	P'000	P'000	P'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		128 303	157 594	95 024	58 268
Income tax expense	10	44 845	49 549	8 556	7 992
Finance costs	9	10 193	7 261	358	13 641
Investment income	7	(14 994)	(12 829)	(105 541)	(81 296)
Movement on retirement benefit assets			7 334		
Net exchange differences		(146)		(6 344)	
Gain on revaluation of investment property	8	(955)	(21 853)		
Gain on revaluation of property held for sale			(836)		
Share of profit from associate	18	(1 451)	(1 113)		
Share of loss from joint venture	19	815	903		
Net effect of movement in lease obligations		3 222	(1 782)		
Impairment of property, plant and equipment	14	1 937			
Loss / (gain) on disposal of property, plant and equipment	8	691	(5 362)		
Impairment of intangible assets	16	708			
Amortisation of intangible assets and leasehold rights	16 & 17	5 775	5 437		
Depreciation of property, plant and equipment	14	40 056	31 888		
Cash generated by / (utilised in) operating activities before working capital changes		218 999	216 191	(7 947)	(1 395)
Movements in working capital:					
Trade and other receivables		(41 058)	21 103	(73)	(670)
Inventories		(80 452)	(54 284)		
Provisions, trade and other payables		(49 823)	28 490	(461)	206
Finance lease obligations		1 869			
Loans to related parties				(68 124)	
Loans from related parties				2 947	
Cash generated by / (utilised in) operations		49 535	211 500	(73 658)	(1 859)
Interest on loans and finance leases paid		(10 193)	(7 261)	(358)	(13 641)
Income taxes paid		(52 266)	(44 588)	(8 658)	(8 429)
Net cash generated by / (utilised in) operating activities		(12 924)	159 651	(82 674)	(23 929)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7	14 994	12 829	34 654	20 215
Dividends received from subsidiaries	7			70 887	61 081
Distributions received from associate company		1 000			
Purchase of property, plant and equipment	14	(71 324)	(99 598)		
Additions to investment property	15	(4 662)	(53 256)		
Purchase of computer software rights	16	(227)	(923)		
Net cash paid on business combinations	16	(73 257)	(6 961)		
Investment in subsidiary	22			(22 882)	(30 000)
Transaction with non - controlling interests	22	(10 504)		(10 504)	
Loan from related party					29 509
Loan to related party				(59 515)	
Proceeds from sale of property, plant and equipment		1 287	12 357		
Investment in joint venture	19	(150)	(1 251)	(150)	(1 251)
Net cash flows (utilised in) / generated by investing activities		(142 843)	(136 803)	12 490	79 554
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	32	43 121	22 121		
Repayment of borrowings	32	(3 098)	(15 404)	(3 098)	(1 174)
Proceeds from issue of shares	28	350 642		350 642	
Proceeds from issue of shares to non-controlling interests		1 070			
Movement in finance lease obligations	30		333		
Cash dividends paid to:					
To owners of the parent	13	(57 110)	(66 860)	(57 110)	(66 860)
To non-controlling interest		(3 472)			
Net cash flows from financing activities		331 153	(59 810)	290 434	(68 034)
Net increase / (decrease) in cash and cash equivalents		175 386	(36 962)	220 250	(12 409)
Cash and cash equivalents at beginning of year		373 322	410 284	76 729	89 138
Effects of exchange rate changes on cash and cash equivalents		6 208		(728)	
Cash and cash equivalents at end of year		554 916	373 322	296 251	76 729
Represented by:					
Bank overdrafts	26 & 35	(1 018)	(44 368)	(523)	
Cash and cash equivalents	26	555 934	417 690	296 774	76 729
		554 916	373 322	296 251	76 729

Notes to the financial statements

For the year ended 30 April 2017

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 financial statements include the financial results and financial position of Sefalana Holding Company Limited and its subsidiaries as disclosed in note 22.

The consolidated Group and separate Company's financial statements for the year ended 30 April 2017 were authorised for issue by the Board of Directors on 26 July 2017.

2 BASIS OF PREPARATION

(i) Compliance with IFRS

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The consolidated and separate financial statements are prepared under the historical cost convention except for land and buildings, and investment property which are carried at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 May 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(iv) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are applicable to the Group with an effective date after the date of these financial statements, have not been applied in preparing these consolidated and separate financial statements. These include:

IFRS 9 Financial Instruments (effective for the Group for the financial year ending April 2019)

IFRS 9 replaces existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit

loss model for calculating impairment losses on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is in the process of assessing the potential impact to the financial statements.

IFRS 15 Revenue from Contracts with Customers (effective for the Group for the financial year ending April 2019)

IFRS 15 establishes a comprehensive framework detailing the principles an entity must apply when measuring and recognising revenue. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group is in process of assessing the potential impact on its Group financial statements regarding the application of IFRS 15. It is anticipated that some changes in the classification of statement of comprehensive income disclosure line items, such as revenue and other trading income, may occur.

IFRS 16 Leases (effective for the Group for the financial year ending April 2020)

The objective of the project was to develop a new leases standard that sets out the principles that both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar manner to finance leases under IAS 17. The Group has an extensive operating lease portfolio, acting as both lessor and lessee (refer to note 20). The application of IFRS 16 May result in changes in the manner in which such agreements are accounted for on a prospective basis (as and when new leases are entered into or leases existing at 1 May 2019 are modified). Given the prospective nature of application of this standard, the exact impact cannot be fully modelled at this time, however, it may result in key balance sheet metrics such as leverage and finance ratios, and income statement metrics, such as earnings before interest, taxes, depreciation and amortisation (EBITDA), being impacted.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Consolidation

(i) 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 its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the financial statements (continued)

For the year ended 30 April 2017

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Company or its subsidiaries have 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. The Group's shareholding in associates is as disclosed in note 18.

(iii) 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.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.7.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Sefalana Holding Company Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying

amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(vi) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Notes to the financial statements (continued)

For the year ended 30 April 2017

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(vii) 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.

3.2 Foreign currency translation

Functional and presentation currency

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- 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
- 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.

3.3 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.

Notes to the financial statements (continued)

For the year ended 30 April 2017

Buildings capitalised under finance leases comprise retail outlets which were designed and developed specifically for the Group's use and are leased by the Group under long-term lease agreements. These buildings are accounted for at cost (being the present value of the minimum committed lease payments at inception of the respective lease contracts) less accumulated depreciation and accumulated impairment adjustments.

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

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

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

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

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

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

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

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

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

3.4 Investment property

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

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

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

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

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

Notes to the financial statements (continued)

For the year ended 30 April 2017

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 the statement of comprehensive income.

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

3.5 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.

3.6 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.

3.7 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

Notes to the financial statements (continued)

For the year ended 30 April 2017

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.

3.8 Leasing

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

The Group as lessor

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

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

The Group as lessee

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

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

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

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

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

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

3.9 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.

3.10 Employee benefits

Pension obligations

The Sefalana Group Staff 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.

Notes to the financial statements (continued)

For the year ended 30 April 2017

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.

3.11 Current and deferred income tax

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

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

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

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

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

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

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

3.12 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.

3.13 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.

Notes to the financial statements (continued)

For the year ended 30 April 2017

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.

3.14 Trade receivables

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

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 Trade payables

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

3.20 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

Notes to the financial statements (continued)

For the year ended 30 April 2017

the obligation at the reporting date, and are discounted to the present value where the effect is material.

3.21 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.

3.22 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.

3.23 Revenue recognition

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

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

Sale of goods - merchandise

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

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.

3.24 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 that are specifically chargeable to the customer under the terms of the contract.

3.25 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.

Notes to the financial statements (continued)

For the year ended 30 April 2017

3.26 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, the Kingdom of Lesotho and the Republic of Zambia during the reporting periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4.1 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.

4.2 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.

4.3 Inventory adjustments

Unit cost adjustments

The Group adjusts recorded unit costs for rebate income and settlement discount. Unit cost is recorded gross of rebate income and the adjustment is thus required to bring the unit cost to a post-rebate level; and

The Group also adjusts inventory by foreign exchange difference to account for the variance between standard exchange rates utilised in the unit cost calculation and actual achieved exchange rates.

Provision for shrinkage

Shrinkage is estimated as a percent of sales for the period from the last inventory date to the end of the fiscal period. Physical inventories are taken at least quarterly and inventory records are adjusted accordingly. The shrinkage rate from the most recent physical inventory, in combination with current events and historical experience, is used as the standard for the shrinkage accrual rate for the next inventory cycle.

Inventory net realisable value allowances

The Group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Allowances are made against slow moving, obsolete and damaged items. Damaged inventories are identified and written down through inventory verification processes.

Allowance for slow moving and obsolete inventories are assessed continuously. Obsolescence is assessed based on comparison of the level of inventory holding to the projected likely future sales taking into account factors existing at the reporting date.

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.

Notes to the financial statements (continued)

For the year ended 30 April 2017

		Group	
		2017	2016
		P'000	P'000
5	REVENUE		
An analysis of the Group's revenue is as follows:			
	Revenue from trading and manufacturing	4 252 486	3 806 806
	Property rental income	20 525	18 561
		4 273 011	3 825 367
Property rental income comprises:			
	Contractual rental income	20 525	19 019
	Straight - line lease rental adjustment		(458)
		20 525	18 561

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, Lesotho and Namibian businesses are presented separately.

Trading others:

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

Manufacturing:

Milling, production and sale of sorghum, soya and maize based extruded food products 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 building in Lesotho as it establishes itself in that market. The operational results and financial position of the Lesotho, Namibian and Zambian business are reported as separate geographical segments.

Notes to the financial statements (continued)

For the year ended 30 April 2017

6 SEGMENTAL ANALYSIS (continued)

Segment results

	Botswana				Zambia	Lesotho	Namibia	Group	
2017	Trading consumer goods	Trading others	Manufac- turing	Property	Property	Trading consumer goods	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	2 485 810	118 023	228 525	37 999	11 131	154 634	1 345 800	(108 911)	4 273 011
Cost of sales	(2 368 885)	(94 104)	(192 176)			(154 417)	(1 269 887)	103 258	(3 976 211)
Gross profit	116 925	23 919	36 349	37 999	11 131	217	75 913	(5 653)	296 800
Other income and gains / (losses)	(957)	2 793	794	26 897	(1 801)	146	5 773	(23 564)	10 081
Administrative expenses	(44 856)	(22 827)	(28 693)	(24 412)	(1 531)	(1 499)	(18 546)	8 969	(133 395)
Earnings before interest tax and amortisation (EBITA)	71 112	3 885	8 450	40 484	7 799	(1 136)	63 140	(20 248)	173 486
Amortisation	(455)					(820)	(4 500)		(5 775)
Investment income	5 042	1 212	369	998		240	5 396	1 737	14 994
Finance costs	(90)	(19)	(3 000)	(9 492)		(3 849)	(18 689)	24 946	(10 193)
Profit before share of results from associate and joint venture	75 609	5 078	5 819	31 990	7 799	(5 565)	45 347	6 435	172 512
Share of results from associate								1 451	1 451
Share of results from joint venture								(815)	(815)
Profit before tax	75 609	5 078	5 819	31 990	7 799	(5 565)	45 347	7 071	173 148

Total segment results above include:

Revenue from external customers	2 485 687	114 560	152 193	9 006	11 131	154 634	1 345 800		4 273 011
Depreciation and amortisation	18 308	1 243	5 853	11 579		1 287	7 561		45 831
Staff costs	120 434	10 545	20 075	17 853	537	3 069	33 288	1 090	206 891

Segment assets and liabilities

	Botswana				Zambia	Lesotho	Namibia	Group	
2017	Trading consumer goods	Trading others	Manufac- turing	Property	Property	Trading consumer goods	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	447 197	149 878	246 019	561 345	68 583	125 396	384 737	279 647	2 262 802
Liabilities	(329 339)	(46 852)	(83 081)	(211 714)	(1 583)	(44 817)	(151 478)	218 932	(649 932)
Inter-group balances	10 262		(58 394)	8 964	2 947	(65 107)	(137 803)	239 131	
Capital expenditure during the year	26 907	603	8 374	23 300		10 243	6 786		76 213

Notes to the financial statements (continued)

For the year ended 30 April 2017

6 SEGMENTAL ANALYSIS (continued)

Segment results

	Botswana				Zambia	Lesotho	Namibia	Group	
2016	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	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)		(15 956)	10 360	(148 059)
Earnings before interest tax and amortisation (EBITA)	94 684	16 497	18 607	43 861	13 419		39 131	(19 397)	206 802
Amortisation	(1 084)						(4 353)		(5 437)
Investment income	5 221	1 512	911	1 197			2 953	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		19 987	(128)	206 933
Share of results from associate								1 113	1 113
Share of results from joint venture								(903)	(903)
Profit before tax	98 744	17 961	18 528	40 257	11 584		19 987	82	207 143

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	Lesotho	Namibia	Group	
2016	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	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		353 983	52 693	1 879 788
Liabilities	(422 020)	(34 177)	(22 915)	(204 993)	(2 132)		(160 614)	142 424	(704 427)
Inter-group balances	11 834			13 596			(131 618)	106 188	
Capital expenditure during the year	27 732	476	34 188	79 739			11 642		153 777

Notes to the financial statements (continued)

For the year ended 30 April 2017

	Note	Group		Company	
		2017	2016	2017	2016
		P'000	P'000	P'000	P'000
7 INVESTMENT INCOME					
Interest income from:					
Bank deposits		14 815	12 494	3 978	3 717
Related party loans				23 458	16 498
Other loans and receivables		179	335	7 218	
Dividends from subsidiaries				70 887	61 081
		14 994	12 829	105 541	81 296
8 OTHER INCOME AND GAINS					
Management fees from subsidiaries				243	
(Loss) / gain on disposal of property, plant and equipment		(691)	5 362		
Gain on revaluation of investment property	15	955	21 853		
Gain on revaluation of property classified as held for sale			836		
Net effect of straight line - rental adjustment			458		
Net foreign exchange gains / (losses)		1 714	8 329	(176)	
Insurance claims, rent and rebates		6 707	7 446		
Other		1 396	431	124	
		10 081	44 715	191	
9 FINANCE COSTS					
Interest paid on:					
Bank overdrafts and loans		10 134	5 096	297	375
Finance lease obligations		59			
Related party loans				61	255
Other			2 165		13 011
		10 193	7 261	358	13 641

The weighted average cost of borrowing for the Group is 7.74% (2016: 6.26%). Other finance costs mainly related to foreign exchange losses arising on the US Dollar term loan. At a company level, other finance costs mainly related to a long term loan to Sefalana Cash and Carry (Namibia) (Proprietary) Limited.

Notes to the financial statements (continued)

For the year ended 30 April 2017

	Group		Company	
	2017	2016	2017	2016
	P'000	P'000	P'000	P'000
10 INCOME TAX EXPENSE				
Current tax				
Basic Company Tax	42 981	40 510	2 835	3 411
Withholding tax on dividends	5 721	4 581	5 721	4 581
Adjustment in respect of prior years	(257)	(213)		
Total current tax	48 445	44 878	8 556	7 992
Deferred tax				
Origination and reversal of temporary differences	(3 600)	4 379		
Adjustment in respect of prior years		292		
Total deferred tax	(3 600)	4 671		
Income tax expense	44 845	49 549	8 556	7 992

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 rate in Zambia is the final tax of 10% on rental income. The Namibian corporate tax rate of 32% has been applied for the operations in Namibia. The applicable tax rate of 25% and 15% has been applied to operations in Lesotho and Mauritius respectively.

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

	Group		Company	
	2017	2016	2017	2016
	P'000	P'000	P'000	P'000
Profit before tax	173 148	207 143	103 580	66 260
Tax calculated at current tax rates - 22% (2016: 22%)	38 092	45 571	22 788	14 577
Effect of differential tax rates	3 499	138		
Expenses not deductible for tax purposes	530	18		(95)
Adjustment in respect of prior years	(257)	79		
Final tax on dividend income	5 721	4 581	5 721	4 581
Tax effect of income not subject to tax	(2 740)	(838)	(19 953)	(11 071)
Income tax expense per statement of comprehensive income	44 845	49 549	8 556	7 992
Current tax assets and liabilities				
Current tax assets:				
Income tax refund receivable	4 049	3 432	367	264
Current tax liabilities:				
Income tax payable	3 762	6 966		

Notes to the financial statements (continued)

For the year ended 30 April 2017

	Note	Group		Company	
		2017	2016	2017	2016
		P'000	P'000	P'000	P'000
11 PROFIT FOR THE YEAR					
Profit for the year has been arrived at after charging / (crediting):					
Auditors' remuneration		3 492	3 153	18	24
Amortisation of intangible assets	16	5 775	4 696		
Amortisation of leasehold rights	17		741		
Cost of inventories expensed		3 908 997	3 466 978		
Depreciation of property, plant and equipment	14	40 056	31 888		
Impairment of property, plant and equipment	14	1 937			
Directors and employee benefits		206 891	200 279	1 091	1 231
Impairment of receivables	24	3 042	874		
Operating lease costs:					
- properties		44 941	44 370		
Movement in Pension Fund Employer Reserve	39		7 228		
Gain on revaluation of investment property	15	(955)	(21 853)		
Loss / (gain) on disposal of property, plant and equipment	8	691	(5 362)		

12 DIRECTORS EMOLUMENTS

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

Fees for services as Directors	1 091	1 231	1 091	1 231
Managerial services	13 673	21 591		
Total	14 764	22 822	1 091	1 231
In respect of subsidiary companies	13 673	21 591		
In respect of the Company	1 091	1 231	1 091	1 231
Total	14 764	22 822	1 091	1 231

Additional information has been provided in the Corporate Governance Report on page 92

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
13 EARNINGS AND COMPREHENSIVE INCOME PER SHARE		
Profit attributable to owners of the parent (P'000)	125 371	150 654
Total comprehensive income attributable to owners of the parent (P'000)	153 527	138 757
Shares in issue at end of year (number)	250 726 709	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	222 868 186
Additional shares from Rights Issue (number)	27 858 523	
Shares in issue at end of the year (number)	250 726 709	222 868 186
Weighted average shares in issue during the year allowing for the bonus element on Rights Issue (number)	235 014 280	225 009 056
Basic earnings per share as originally reported (thebe)	n/a	67.60
Basic earnings per share (thebe) (restated) *	53.35	66.95*
Total comprehensive income per share as originally reported (thebe)	n/a	62.26
Total comprehensive income per share (thebe) (restated)*	65.33	61.67*

* Weighted average shares in issue for the 2015 / 16 financial year has been restated from 222 868 186 shares to 225 009 056 shares as per IAS 33, taking into account the bonus element on the Rights Issue which took place during the 2016 / 17 financial year.

	2017	2016
	P'000	P'000
DIVIDENDS		
Declared and paid during the year:		
Interim 2017: 5 thebe per share and Final 2016: 20 thebe per share; (Interim 2016: 10 thebe per share and final 2015: 20 thebe per share)	57 110	66 860
Final 2017: 25 thebe per share; (Final 2016: 20 thebe per share)	62 682	44 574

Notes to the financial statements (continued)

For the year ended 30 April 2017

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Buildings capitalised under finance leases	Plant, fixtures and equipment	Motor vehicles	Total
	P'000	P'000	P'000	P'000	P'000
Group					
Cost or valuation					
At 30 April 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 (note 16)			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	(4 642)		(10 648)	(580)	(15 870)
At 30 April 2016	342 812	11 008	221 694	24 659	600 173
At 30 April 2016	342 812	11 008	221 694	24 659	600 173
Additions	27 068		36 373	7 883	71 324
Gain on revaluation	20 413				20 413
Reversal of depreciation on revaluation	(12 253)				(12 253)
Business combination - acquisition (note 16)			3 522	622	4 144
Currency translation	320		716	59	1 095
Transfer from investment property (note 15)	3 993				3 993
Disposals			(1 180)	(1 312)	(2 492)
At 30 April 2017	382 353	11 008	261 125	31 911	686 397
Depreciation and impairment					
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	(242)		(8 101)	(532)	(8 875)
Currency translation			(132)	(13)	(145)
Elimination of depreciation previously charged	(10 150)				(10 150)
At 30 April 2016		10 677	86 736	15 829	113 242
At 30 April 2016		10 677	86 736	15 829	113 242
Depreciation charge for the year	12 253	30	24 920	2 853	40 056
Impairment loss			1 937		1 937
Disposals				(512)	(512)
Currency translation			147	15	162
Elimination of depreciation previously charged	(12 253)				(12 253)
At 30 April 2017		10 707	113 740	18 185	142 632
Carrying amount					
At 30 April 2017	382 353	301	147 385	13 726	543 765
At 30 April 2016	342 812	331	134 958	8 830	486 931

Notes to the financial statements (continued)

For the year ended 30 April 2017

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 2017 arising			
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			59 643
Retail sale outlets - Botswana			251 267
Manufacturing sites - Botswana			54 400
Retail sale outlet and employee houses - Namibia			7 217
Warehouse - Lesotho			9 826
			382 353

There were no transfers between levels during the year.

Fair value measurements at 30 April 2016 arising			
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			58 188
Retail sale outlets - Botswana			225 280
Manufacturing sites - Botswana			52 532
Retail sale outlet and employee houses - Namibia			6 812
			342 812

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 2017, 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)

	2017	2016
	P'000	P'000
Opening fair value	342 812	323 115
Additions	27 068	32 187
Disposals		(4 642)
Reclassification / transfers / currency translation	4 313	(16 026)
Gain on revaluation recognised in other comprehensive income	20 413	18 328
Reversal of depreciation on revaluation	(12 253)	(10 150)
Closing fair value	382 353	343 812

Notes to the financial statements (continued)

For the year ended 30 April 2017

14 PROPERTY PLANT AND EQUIPMENT(continued)

2017

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

Description	Fair value at 30 April 2017 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	382 353	Income capitalisation	P15 per sqm to P70 per sqm (weighted average of P40 per sqm) and capitalisation factor range from 8% to 37% with a weighted average of 12%	The higher the price per square meter, the higher the value of the property

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	342 812	Income capitalisation	P15 per sqm to P70 per sqm (weighted average of P40 per sqm) and capitalisation factor range from 10% 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 P3.3 million (2016: 1.7 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 P22.3 million (2016: P18.4 million) and P17.7 million (2016: P14.8 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:

	2017	2016
	P'000	P'000
Cost	139 446	112 378
Accumulated depreciation	(19 389)	(15 903)
Net carrying amount	120 057	96 475

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
	P'000	P'000
15 INVESTMENT PROPERTY		
Group		
Freehold and leasehold land and buildings at fair value	264 956	262 527
Straight - line lease rental adjustment	(2 033)	(2 033)
Balance at end of year	262 923	260 494
Reconciliation of fair value:		
Opening fair value	260 494	176 479
Additions during the year	4 662	53 256
Transfer (to) / from property, plant and equipment (note 14)	(3 993)	19 081
Currency translation differences	805	(9 717)
Gain on revaluation of properties	955	21 853
Straight - line lease rental adjustment		(458)
Closing fair value	262 923	260 494

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 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 2017		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			150 856
Office buildings - Zambia			66 967
Retail sale outlets - Botswana			24 100
Manufacturing site - Botswana			21 000
			262 923

There were no transfers between levels during the year.

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

There were no transfers between levels during the year.

Notes to the financial statements (continued)

For the year ended 30 April 2017

15 INVESTMENT PROPERTY (continued)

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

2017

	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening fair value	192 701	67 793	260 494
Additions	4 662		4 662
Transfer to property, plant and equipment (note 14)	(3 993)		(3 993)
Currency translation differences		805	805
Gain on revaluation of properties	2 783	(1 828)	955
Straight - line lease rental adjustment and others	(199)	199	
Closing fair value	195 954	66 969	262 923

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	103 196	73 283	176 479
Additions	53 256		53 256
Transfer from property, plant and equipment (note 14)	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)
Closing fair value	192 701	67 793	260 494

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 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 2017, 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 2017

15 INVESTMENT PROPERTY (continued)

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

2017

Description	Fair value at 30 April 2017 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings (Botswana)	195 954	Income capitalisation method	P22 per sqm to P93 per sqm (weighted average of P55 per sqm) and capitalisation factor range from 10% to 14% with a weighted average of 13%	The higher the price per square meter, the higher the value of the property
Land and buildings (Zambia)	66 969	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
Total	262 923			

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
Total	260 494			

A 10 basis point increase / decrease in capitalisation rate on each property would increase / decrease the overall valuation by P1.1 million (2016: P1.3 million).

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

	2017	2016
	P'000	P'000
Contractual rental income from investment property	20 525	19 019
Expenses directly attributable to investment property	(884)	(1 405)

Lease agreements exist for all let properties and range from 12 months to 10 years with options to renew.

No contingent rentals are charged. Most leases include escalation clauses which approximate to expected inflation rates over the period of the respective leases.

Notes to the financial statements (continued)

For the year ended 30 April 2017

16 INTANGIBLE ASSETS

	Goodwill	Brand value	Computer software	Customer contract	Total
	P'000	P'000	P'000	P'000	P'000
Group					
Cost					
At 30 April 2015	45 978	95 655	14 141	4 454	160 228
Additions			923		923
Currency translation	(1 696)	(9 028)	(222)	(421)	(11 367)
Business combination	4 281				4 281
At 30 April 2016	48 563	86 627	14 842	4 033	154 065
Additions			227		227
Business combination	1 371			16 377	17 748
Currency translation	966	4 070	100	190	5 326
At 30 April 2017	50 900	90 697	15 169	20 600	177 366
Amortisation and impairment					
At 30 April 2015	443	3 188	11 856	372	15 859
Currency translation		(301)	(38)	(35)	(374)
Charge during the year		3 465	828	403	4 696
At 30 April 2016	443	6 352	12 646	740	20 181
Currency translation		298	37	35	370
Impairment charge			708		708
Charge during the year		3 628	905	1 242	5 775
At 30 April 2017	443	10 278	14 296	2 017	27 034
Carrying amount					
At 30 April 2017	50 457	80 419	873	18 583	150 332
At 30 April 2016	48 120	80 275	2 196	3 293	133 884

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.

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 a straight-line basis. Its useful life is reviewed at each reporting date.

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.

Customer contracts

This arises from the long standing contractual agreements in place with credit customers of Sefalana Cash & Carry (Namibia) (Proprietary) Limited and Sefalana Trading (Proprietary) Limited Lesotho.

Notes to the financial statements (continued)

For the year ended 30 April 2017

16 INTANGIBLE ASSETS (continued)

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

	2017	2016
	P'000	P'000
Sefalana Cash and Carry Limited	21 375	21 375
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	22 254	22 254
Sefalana Trading (Proprietary) Limited, Lesotho	1 371	
MF Holdings (Proprietary) Limited	3 794	3 794
Wholesale operations in South West Botswana	2 393	2 393
Currency translation	(730)	(1 696)
Total	50 457	48 120

The increase in goodwill of P1.4 million during the year relates to the Group's acquisition of a trading operation in Maseru, Lesotho. In the previous year, the Group acquired a single store in Swakopmund, Namibia, increasing goodwill accordingly by P4.3 million.

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

	2017					2016			
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	Sefalana Trading (Pty) Limited, Lesotho	MF Holdings (Pty) Limited	Wholesale operations in South West Botswana	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	MF Holdings (Pty) 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%	14.50%
Growth rates	0.70%	2.20%	0.00%	8.80%	0.70%	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.

	2017					2016			
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	Sefalana Trading (Pty) Limited, Lesotho	MF Holdings (Pty) Limited	Wholesale operations in South West Botswana	Sefalana Cash and Carry Limited"	Sefalana Cash and Carry (Namibia) (Pty) Limited	MF Holdings (Pty) Limited	Wholesale operations in South West Botswana
Discount rates	25.00%	25.00%	25.00%	30.00%	25.00%	25.00%	25.00%	30.00%	25.00%
Growth rates	3.12%	(8.70%)	8.70%	8.70%	3.12%	(2.20%)	2.20%	0.70%	(2.20%)

Analysis of amortisation of intangible assets

	2017	2016
	P'000	P'000
Computer software	905	828
Brand value	3 628	3 465
Customer contract	1 242	403
Leasehold rights (note 17)		741
Total	5 775	5 437

Notes to the financial statements (continued)

For the year ended 30 April 2017

16 INTANGIBLE ASSETS (continued)

Business combination during the year

On 1 November 2016 the Group acquired TFS Distribution and Logistics, a Fast Moving Consumer Goods business in Maseru Lesotho for a consideration of Loti 94 million (P73 million). In performing the purchase price allocation with respect to this acquisition 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 Trading (Proprietary) Limited Lesotho:

Separately Identifiable asset	Basis of recognition and measurement	2017 Value assigned (P'000)
Fixed property	Not recognised as no fixed property was acquired. Properties are leased based on a market - related contract with the landlord thus there was no fair value to be assigned to the lease contract	
Movable assets	Recognised based on a blended depreciated historical cost and depreciated replacement cost basis	4 144
Net current assets	Assets recognised at the lower of cost or net realisable value. Liabilities recognised at fair value.	51 365
Cash and cash equivalents	Cash and cash equivalents	78
Customer relationships	The acquired business relies on a significant portion of its customer base in the form of credit, who have contracts in place and typically pay after an agreed period. These customers have a long standing relationship with the acquired business. The assigned value is derived from the present value of the incremental benefit derived from these credit customers.	16 377
Assembled workforce	Not significant, thus not separately valued	
Fair value of net assets acquired before deferred tax adjustment		71 964
Deferred tax adjustment (deemed to be immaterial)		
Fair value of net assets acquired after deferred tax adjustment		71 964
Fair value of purchase consideration		73 335
Goodwill recognised		1 371

The net assets acquired were as follows:

	LSL'000	P'000
Total identifiable assets - Note 1	92 040	71 964
Fair value of consideration - cash	93 796	73 335
Goodwill	1 756	1 371
Note 1: Total identifiable assets		
Property, plant and equipment	5 300	4 144
Customer contracts	20 946	16 377
Inventories	46 844	36 627
Trade and other receivables	18 850	14 738
Cash and cash equivalents	100	78
	92 040	71 964

The above transaction was financed through a Rights Issue of 1 share for every 8 shares held. Total proceeds received through the Rights Issue net of expenses amounted to P351 million. The exercise price was P12.60 which amounted to a 10% discount at the exercise date of 2 November 2016. These shares were fully subscribed and resulted in an increase in the stated capital number of shares by 27 858 523.

As a result of this acquisition the Group has gained significant access into the Lesotho market. The remaining funds raised through the Rights Issue has been utilised to fund the Group's entry into the South African market on 1 July 2017.

Notes to the financial statements (continued)

For the year ended 30 April 2017

16 INTANGIBLE ASSETS (continued)

Business combination during the prior year

In performing the purchase price allocation with respect to the Swakopmund Megastore business acquisition on 1 November 2015, the Group applied its judgment to determine the assets which were 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

Separately identifiable asset	Basis of recognition and measurement	Value assigned (P'000)
Fixed property	Not recognised as no fixed property was acquired. Properties are leased based on a market - related contract with the landlord, thus there was no fair value to be assigned to the lease contract	
Movable assets	Recognised based on a blended depreciated historical cost and depreciated replacement cost basis	830
Net current assets	Assets recognised at the lower of cost or net realisable value. Liabilities recognised at fair value	1 850
Customer relationships	The customers of the company are mainly cash customers who are not contractually bound. Further the company does not operate any customer loyalty programmes. Accordingly, any value assigned to these relationships would be best assigned to the location of the company and is thus included in goodwill	
Brand value	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	
Assembled workforce	Not significant, thus not separately valued	
Fair value of net assets acquired before deferred tax adjustment		2 680
Deferred tax adjustment (deemed to be immaterial)		
Fair value of net assets acquired after deferred tax adjustment		2 680
Fair value of purchase consideration		6 961
Goodwill recognised (prior to foreign currency retranslation)		4 281

17 LEASEHOLD RIGHTS

Group	P'000
Cost	
At 30 April 2015, 2016 and 2017	4 444
At 30 April 2017	4 444
Amortisation and impairment	
At 30 April 2015	3 703
Charge during the year	741
At 30 April 2016	4 444
At 30 April 2017	4 444

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 2017

18 INVESTMENT IN ASSOCIATE

		2017	2016
		P'000	P'000
	Kgalagadi Soap Industries (Proprietary) Limited		
	Total	Total	
	P'000	P'000	P'000
Investment at 1 May	4 579	4 579	3 466
Add: Share of profit	1 451	1 451	1 113
Less: Dividend received net of tax	(1 000)	(1 000)	
Carrying value at 30 April	5 030	5 030	4 579

Kgalagadi Soap Industries (Proprietary) Limited

At 30 April 2017, the fair value and carrying value of the Group's interest in Kgalagadi Soap Industries (Proprietary) Limited was P5.0 million (2016: P4.6 million).

Kgalagadi Soap Industries (Proprietary) Limited is a private company and there is no quoted market price available for its shares. There are 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.

Summarised balance sheet

	2017	2016
	P'000	P'000
Non - current assets		
Property, plant and equipment	4 479	4 837
Deferred tax	127	100
Total non - current assets	4 606	4 937
Current assets		
Cash and cash equivalents	6 846	3 250
Other current assets	10 902	11 416
Total current assets	17 748	14 666
Current liabilities		
Financial liabilities	(2 697)	(2 518)
Other current liabilities	(9 364)	(7 532)
Total current liabilities	(12 061)	(10 050)
Net assets	10 293	9 553

Notes to the financial statements (continued)

For the year ended 30 April 2017

18 INVESTMENT IN ASSOCIATE (continued)

Summarised statement of comprehensive income

	2017	2016
	P'000	P'000
Revenue	36 711	26 542
Depreciation and amortisation	(439)	(411)
Interest income	37	36
Interest expense	(179)	(192)
Profit before tax	3 414	2 534
Income tax expense	(512)	(380)
Total comprehensive income for the year	2 902	2 154

Reconciliation of summarised financial information

Opening net assets at 1 May	9 553	7 329
Profit for the year	2 902	2 154
Less: dividend paid	(2 000)	
Other adjustments	(162)	70
Closing net assets at 30 April	10 293	9 553
Less: impairment recognised at KSI Group	(395)	(395)
Other adjustments	162	
Closing balance net of impairment at 30 April	10 060	9 158
Interest in associate at 50%	5 030	4 579

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 2017

		2017	2016
		P'000	P'000
19 INVESTMENT IN JOINT VENTURE			
	Natural Value Foods Botswana (Proprietary) Limited	Total	Total
	P'000	P'000	P'000
Shares at cost			
Loan to joint venture	3 580	3 580	3 430
Total cost of investment	3 580	3 580	3 430
Share of loss	(2 266)	(2 266)	(1 451)
Carrying value at 30 April	1 314	1 314	1 979

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 2017, the fair value and carrying value of the Group's interest in Natural Value Foods Botswana (Proprietary) Limited was P1.3 million.

Natural Value Foods Botswana (Proprietary) Limited is a private company and there is no quoted market price available for its shares. There are 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 2017

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

	2017	2016
	P'000	P'000
Non - current assets		
Property, plant and equipment	1 992	2 350
Loan receivable	45	101
Total non - current assets	2 037	2 451
Current assets		
Cash and cash equivalents	652	2 257
Other current assets	5 115	2 650
Total current assets	5 767	4 907
Current liabilities		
Financial liabilities	(7 170)	(6 870)
Other current liabilities	(5 166)	(3 390)
Total liabilities	(12 336)	(10 260)
Net equity	(4 532)	(2 902)
Interest in joint venture (50%)	(2 266)	(1 451)

Notes to the financial statements (continued)

For the year ended 30 April 2017

19 INVESTMENT IN JOINT VENTURE (continued)

Summarised statement of comprehensive income	2017	2016
	P'000	P'000
Revenue	39 858	39 167
Depreciation and amortisation	(366)	(353)
Interest income	6	17
Loss for the year	(1 630)	(1 806)
Total comprehensive loss for the year	(1 630)	(1 806)
Share of loss at 50 %	(815)	(903)
Reconciliation of summarised financial information		
Opening net liabilities at 1 May	(2 902)	(1 096)
Loss for the year	(1 630)	(1 806)
Closing net liabilities at 30 April	(4 532)	(2 902)
Interest in joint venture 50%	(2 266)	(1 451)

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

	2017	2016
	P'000	P'000
Group		
At beginning of year	2 033	2 510
Movement during the year		(477)
At end of year	2 033	2 033

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 2017

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 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)	(1 300)		1 300	(3 891)
At 30 April 2016	(7 265)	(72 881)	9 322		4 335	(66 489)
At 30 April 2016	(7 265)	(72 881)	9 322		4 335	(66 489)
Current year movement	(42)	(120)	2 975		787	3 600
Currency translation					(115)	(115)
Gain on revaluation of land and building included in Other Comprehensive Income		(4 471)				(4 471)
At 30 April 2017	(7 307)	(77 472)	12 297		5 007	(67 475)
					2017	2016
					P'000	P'000
Disclosed as:						
Deferred tax assets					13 546	17 764
Deferred tax liabilities					(81 021)	(84 253)
					(67 475)	(66 489)

22 INVESTMENT IN SUBSIDIARIES

Company

Held directly:

		2017	2016	2017	2016
				P'000	P'000
	% holding	% holding			
Ceybay Investments (Proprietary) Limited	*	100			
Foods (Botswana) (Proprietary) Limited		100	100	32 524	32 524
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 Mauritius (Proprietary) Limited	**	100		22 882	
Sefalana Properties Limited, Zambia	***	100	80	10 561	57
Sefalana Cash and Carry Limited, Zambia	***	100	80	61	61
				242 520	209 134

Notes to the financial statements (continued)

For the year ended 30 April 2017

22 INVESTMENT IN SUBSIDIARIES (continued)

	% holding by the controlling entity	
	2017	2016
Held indirectly, through:		
KSI Holdings (Proprietary) Limited		
Refined Oil Products (Proprietary) Limited	100	100
Kgalagadi Soap Industries (Proprietary) Limited	50	50
Sefalana Cash and Carry Limited		
Welcome Serowe (Proprietary) Limited	100	100
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	100	100
Sefalana Properties (Namibia) (Proprietary) Limited	100	100
MF Holdings (Proprietary) Limited		
Commercial Motors (Proprietary) Limited	100	100
Ellerry Holdings (Proprietary) Limited	100	100
Mechanised Farming (Proprietary) Limited	100	100
Sefalana Mauritius (Pty) Limited	**	
Sefalana Lesotho (Proprietary) Limited	100	
Sefalana Properties (Lesotho) (Proprietary) Limited	100	
Sefalana Trading (Proprietary) Limited	95	

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 18 April 2017, the Group acquired 100% of the share capital of Ceybay Investments (Proprietary) Limited, a dormant shelf company. The principal activity of this company will be determined in the forthcoming year.

** On 18 October 2016 Sefalana Holding Company Limited incorporated a 100% subsidiary, Sefalana Mauritius (Proprietary) Limited a private limited company registered under Companies Act of Mauritius. This entity will monitor the foreign investments of the Group as it expands into the Region. This entity then acquired a 100% interest in the share capital of a newly registered entity, Sefalana Lesotho (Proprietary) Limited which in turn purchased 95% of the share capital of Sefalana Trading (Proprietary) Limited, which acquired the trading business of TFS Wholesale, Distribution and Logistics, Lesotho, an existing and well established business in the Fast Moving Consumer Goods sector in Maseru. Sefalana Lesotho (Proprietary) Limited also purchased 100% of the share capital of a newly incorporated property company, Sefalana Properties (Proprietary) Limited, to enable Sefalana to grow its property portfolio in the country.

*** On 1 November 2016, Sefalana Holding Company Limited entered into a Share Purchase Agreement with the minority shareholders of its Zambian subsidiary, Sefalana Properties Limited to purchase their entire shareholding for a consideration of US\$1 million. Immediately prior to the purchase, the carrying value of the existing 20% non-controlling interest in Sefalana Properties Limited, Zambia was P13.4 million. The Group recognised a decrease in non-controlling interest of P13.4 million and an increase in equity attributable to owners of the parent of P2.9 million. The effect on the equity attributable to the owners of the parent during the year is summarised as follows:

	2017
	P'000
Carrying amount of non-controlling interest acquired	13 400
Consideration paid to non-controlling interest	(10 504)
Excess of carrying amount of non-controlling interest against the consideration paid recognised within equity	2 896

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
	P'000	P'000
23 INVENTORIES		
Group		
Purchased for resale	464 714	373 168
Finished goods	1 215	4 096
Raw materials	70 103	36 363
Work in progress	1 901	1 439
Less: provision for obsolescence	(12 755)	(6 966)
	525 178	408 100

Inventory stated at net realisable value amounts to P2.2 million (2016: P9.5 million). Inventory written off during the year amounted to nil (2016: nil)

24 TRADE AND OTHER RECEIVABLES

Group		
Trade receivables	168 435	100 775
Impairment provision	(11 047)	(9 703)
	157 388	91 072
Prepaid expenses	5 521	5 699
Advances	929	3 294
Other receivables	26 860	34 837
	190 698	134 902

The average credit period on sale of goods is 40 days (2016: 40 days).

Included in trade and other receivables are amounts due in foreign currencies being South African Rand, ZAR0.8 million (2016: ZAR0.8 million), Namibian Dollar, N\$26.7 million (2016: 26.2 million), United States Dollar, US\$0.4 million (2016: US\$0.1 million), Zambian Kwacha K0.1 million (2016: K0.5 million) and Lesotho Loti, LSL28.4 million (2016: LSL nil) all of which equates to P47.7 million (2016: P22.0 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 P66.0 million (2016: P16.7 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 (2016: 60 days).

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
	P'000	P'000
24 TRADE AND OTHER RECEIVABLES (continued)		
Ageing of past due but not impaired:		
Group		
30 - 60 days	33 062	13 725
60 - 90 days	25 014	2 438
90 - 120 days	7 932	536
Total	66 008	16 699
Movement in allowances for impairment:		
Group		
Balance at beginning of year	9 703	10 458
Impairment losses recognised during the year	3 042	874
Amounts written off as uncollectible	(1 700)	(1 629)
Balance at end of year	11 045	9 703

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 P196.5 million (2016: P138.9 million).

Company		
Trade receivables	1 759	1 832
	1 759	1 832

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

Included in the above amount is P nil (2016: P1.7 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 prime bank rate, which represents the Company's borrowing rate from its main banker in Botswana. There are no fixed terms for repayment.

Company		
Amount due from local subsidiaries		
Ceybay Investments (Proprietary) Limited	1 000	
Foods (Botswana) (Proprietary) Limited	37 211	
Meybeernick Investments (Proprietary) Limited	12 221	
Sefalana Cash and Carry Limited	127 541	121 817
Amounts due from foreign subsidiary:		
Sefalana Mauritius (Proprietary) Limited	65 104	
Total amounts due from related parties	243 077	121 817
Non - current asset	188 549	121 817
Current assets	54 528	
Total	243 077	121 817

Notes to the financial statements (continued)

For the year ended 30 April 2017

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 and Sefalana Mauritius (Proprietary) Limited has resulted in the entire amount receivable being classified as non - current.

	2017	2016
	P'000	P'000
Amounts due to local subsidiaries:		
Sefalana sa Botswana Limited	5 056	5 056
Meybeernick Investments (Proprietary) Limited		13 596
Amounts due to foreign subsidiary:		
Sefalana Properties Limited, Zambia	2 947	
Total amounts due to related parties (current liabilities)	8 003	18 652

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.

Company		
Interest income from loans to subsidiaries		
Foods (Botswana) (Proprietary) Limited	1 582	73
Refined Oil Products (Proprietary) Limited		151
Meybeernick Investments (Proprietary) Limited	86	
Sefalana Cash and Carry Limited	17 941	16 274
Sefalana Mauritius (Proprietary) Limited	3 849	
	23 458	16 498
Interest paid on loans from subsidiaries		
Meybeernick Investments (Proprietary) Limited		255
MF Holdings (Proprietary) Limited	33	
Mechanised Farming (Proprietary) Limited	28	
	61	255
Dividends from subsidiaries		
Sefalana Cash and Carry Limited	61 000	61 081
KSI Holdings (Proprietary) Limited	500	
Sefalana Properties Limited, Zambia	5 887	
MF Holdings (Proprietary) Limited	3 500	
	70 887	61 081
Rent paid (Group only)		
Sefalana Group Staff Pension Fund	5 554	5 405
Cost recovery from subsidiaries		
Commercial Motors (Proprietary) Limited	136	
Mechanised Farming (Proprietary) Limited	107	
	243	
Contribution to pension fund (Group only)		
Sefalana Group Staff Pension Fund	7 226	10 324

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
	P'000	P'000
26 CASH AND CASH EQUIVALENTS		
Group		
Cash on hand	14 483	6 821
Bank balances	173 589	245 894
Short term deposits	367 862	164 975
	555 934	417 690
Cash and cash equivalents represented by:		
Cash on hand and bank balances	555 934	417 690
Bank overdraft	(1 018)	(44 368)
	554 916	373 322
Company		
Bank balances	36 536	76 729
Short term deposits	260 238	
	296 774	76 729

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 5.4% based on the money market interest rates and are redeemable on demand.

Cash and cash equivalents represented by:

Cash on hand and bank balances	296 774	76 729
Bank overdraft	(523)	
	296 251	76 729

27 NON - CURRENT ASSET HELD FOR SALE

Asset classified as held for sale	8 000	8 000
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In January 2015, Plot 64260, at Broadhurst Industrial was marketed for sale. The Directors expected the sale of this property to have been completed within 12 months of the previous reporting date, however delays had been experienced. This asset continues to be 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 2017

	2017	2016	2017	2016
	Number of shares	Number of shares	P'000	P'000
28 STATED CAPITAL				
Group and Company				
Issued and fully paid				
At beginning of the year	222 868 186	222 868 186	335 712	335 712
Additional shares issued during the year	27 858 523		350 642	
At end of year	250 726 709	222 868 186	686 354	335 712

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

On 19 December 2016 the company issued 27 858 523 Rights Issue Shares at a price of P12.60 per share, at a ratio of 1 offer share for every 8 shares held. These shares were fully subscribed. The total proceeds received amounted to P351 million and were utilised to fund the Group's acquisition of the Lesotho business and to support the Group's entry into the South African Market.

29 OTHER RESERVES

Group			
	Land and buildings revaluation	Currency translation	Total
	P'000	P'000	P'000
At 30 April 2015	200 604	(3 843)	196 761
Gain on revaluation of land and buildings (net of tax)	14 363		14 363
Currency translation differences		(26 260)	(26 260)
At 30 April 2016	214 967	(30 103)	184 864
At 30 April 2016	214 967	(30 103)	184 864
Gain on revaluation of land and buildings (net of tax)	15 738		15 738
Acquisition of minority interest		3 094	3 094
Currency translation differences		12 638	12 638
At 30 April 2017	230 705	(14 371)	216 334

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

The currency translation reserve comprises differences arising from the translation of foreign denominated assets and liabilities to the reporting currency at the year end. These assets and liabilities relate to the Namibian, Lesotho and Zambian entities. The cumulative amount will be retransferred to profit or loss when the net investment is disposed.

Transaction with Non-Controlling Interest (NCI) relates to the profit on acquisition of the NCI in Sefalana Properties Limited, Zambia.

Notes to the financial statements (continued)

For the year ended 30 April 2017

30 FINANCE LEASE OBLIGATIONS AND OTHER FINANCIAL LIABILITIES

FINANCE LEASE OBLIGATIONS

Group				
	2017		2016	
	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	663	592	333	333
Between two and five years	2 216	1 610		
	2 879	2 202	333	333
Unearned finance charges	(677)			
	2 202	2 202	333	333
			2017	2016
			P'000	P'000
Long term portion			1 610	
Current portion			592	333
			2 202	333

The amount is in respect of a floor plan facility utilised for P0.25 million against the available facility of P4.8 million from Wesbank, a division of First National Bank of Botswana Limited and a facility for the lease of forklifts for P1.9 million.

31 DEFERRED LEASE OBLIGATIONS

Group		
Balance at beginning of year	12 385	10 317
Raised during the year	3 222	2 068
Balance at end of year	15 607	12 385

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

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
	P'000	P'000
32 LOANS AND BORROWINGS		
Group		
Long term portion	117 476	77 765
Current portion	3 866	3 554
	121 342	81 319
Company		
Long term portion	3 641	6 695
Current portion	2 459	2 503
	6 100	9 198

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.

Group

The Group had entered into a P100 million facility arrangement with Botswana Insurance Fund Management Limited, with a draw-down period from March 2014 to May 2016. This facility will be fully repaid by 2029. Interest is charged at 8.1% per annum. This arrangement is being utilised to fund the Group's capital projects. At 30 April 2017, the full facility had been drawn down (2016 : P60 million).

The Group has complied with the financial covenants of its borrowing facilities during the current and previous year.

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.

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
	P'000	P'000
33 TRADE AND OTHER PAYABLES		
Group		
Trade payables	325 384	356 398
Accrued expenses	21 601	43 224
Advances from customers	10 976	4 775
Other payables	13 802	9 148
Unclaimed dividends	1 744	1 749
	373 507	415 294

Included above are liabilities denominated in foreign currencies being ZAR70 million (2016: ZAR100.8 million) which equates to P54.8 million (2016: P75.2 million), Namibian Dollar, N\$157.4 million (2016: N\$184 million) which equates to P123 million (2016: P137.4 million), US\$0.38 million (2016: US\$0.4 million) which equates to P3.9 million (2016: P4.4 million), and Lesotho Loti, LSL48.7 million which equates to P38 million (2016: P nil).

The average credit period for certain service cost liabilities is 30 days (2016: 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
Accrued expenses	20	54
Unclaimed dividends	1 437	1 436
	1 457	1 918

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:

Category - loans and receivables

Group		
Trade and other receivables (excluding prepaid expenses)	185 177	129 203
Cash and cash equivalents	555 934	417 690
	741 111	546 893
Company		
Amounts due from related parties	243 077	121 817
Trade and other receivables (excluding prepaid expenses)	1 759	1 832
Cash and cash equivalents	296 774	76 729
	541 610	200 378

Notes to the financial statements (continued)

For the year ended 30 April 2017

	2017	2016
	P'000	P'000

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

Group		
Trade and other payables	371 763	413 545
Loans and borrowings	121 342	81 319
Bank overdrafts	1 018	44 368
	494 123	539 232
Company		
Amounts due to related parties	8 003	18 652
Trade and other payables	1 457	1 918
Loans and borrowings	6 100	9 198
Bank overdrafts	523	
	16 083	29 768

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	10.4 million
	Letters of credits	ZAR	3.0 million	2.2 million
	Guarantee	P	N/A	18.0 million
Standard Bank Namibia Limited	Overdraft	N\$	30.0 million	23.4 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 P198.7 million (2016: P195.8 million).

Notes to the financial statements (continued)

For the year ended 30 April 2017

37 PROVISIONS AND ACCRUALS

	Accruals for employee benefits	Other provisions	Total
	P'000	P'000	P'000
Group			
At 30 April 2015	38 135	6 862	44 997
Arising during the year	39 904	1 989	41 893
Utilised during the year	(27 381)		(27 381)
At 30 April 2016	50 658	8 851	59 509
At 30 April 2016	50 658	8 851	59 509
Currency translation	473	107	580
Arising during the year	22 617	4 379	26 996
Utilised during the year	(34 764)	(848)	(35 612)
At 30 April 2017	38 984	12 489	51 473

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.

	2017	2016
	P'000	P'000
Lease payments due		
Within one year	13 055	11 414
Within two to five years	27 156	12 241
Over five years	3 465	
	43 676	23 655
Group as lessee		
Within one year	40 572	36 667
Within two to five years	135 197	118 934
Over five years	35 657	57 382
	211 426	212 983

Notes to the financial statements (continued)

For the year ended 30 April 2017

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, and was utilised to fund employer contributions to the pension Fund, and to meet certain other expenses of the amalgamated Fund.

The results of the Fund, although not coterminous with the Group's financial year have been included into the Group results for the year ending 30 April 2016 and 30 April 2017. 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 fully utilised the Employer Reserve available to the participating employers at both 30 April 2016 and 2017. This reserve may at a later date receive a distribution from other Reserves under certain circumstances. This surplus would then be utilised once again to fund employer contributions to the Pension Fund as was previously the case.

Notes to the financial statements (continued)

For the year ended 30 April 2017

39 RETIREMENT BENEFIT ASSET (continued)

	2017	2016
	P'000	P'000
Plan assets consist of the following at fair value:		
Property occupied by the Group	55 000	52 000
Equity securities	43 800	38 491
Managed funds	154 393	139 243
Cash	5 550	22 006
Other assets	2 406	1 506
	261 149	253 246
Plan liabilities consist of the following:		
Payables	(6 811)	(5 521)
Net surplus	254 338	247 725
Represented by:		
Members Funds	218 338	211 722
Other Reserves	36 000	36 003
	254 338	247 725

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

Return on plan assets		832
Employer contributions		(6 409)
Other net costs		(1 651)
Included in staff costs		(7 228)

Notes to the financial statements (continued)

For the year ended 30 April 2017

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 grain 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 2017

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 2017	Assets 2016	Liabilities 2017	Liabilities 2016
	000	000	000	000
South African Rand (ZAR)	134 643	45 573	70 061	100 744
Namibian Dollar (N\$)	131 748	113 493	157 353	184 119
Lesotho Loti (LSL)	72 561		48 728	
United States Dollar (US\$)	1 722	1 265	1 135	2 021
Zambian Kwacha (K)	10	457	1 404	
Euro (EUR)	2 603	2 541		
Pula equivalent	312 575	185 495	229 211	217 532

Foreign currency sensitivity analysis

The Group is exposed to the South African Rand, Namibian Dollar and Lesotho Loti through its regional buying and selling operations; the Euro, as a result of a holding deposits in that currency and United States Dollar 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 before tax 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 before tax and other equity.

Notes to the financial statements (continued)

For the year ended 30 April 2017

40 FINANCIAL INSTRUMENTS (continued)

	2017					2016			
	ZAR impact	N\$ impact	LSL 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	P'000
On liabilities:									
Profit if Pula strengthens by 10%	5 478	12 303	3 810	1 185		7 523	13 749	2 145	
Loss if Pula weakens by 10%	(5 478)	(12 303)	(3 810)	(1 185)		(7 523)	(13 749)	(2 145)	
On assets:									
Profit if Pula weakens by 10%	10 527	10 301	5 673	1 797	3 151	3 403	8 475	1 343	3 076
Loss if Pula strengthens by 10%	(10 527)	(10 301)	(5 673)	(1 797)	(3 151)	(3 403)	(8 475)	(1 343)	(3 076)

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 after tax for the year ended 30 April 2017 would decrease / increase by P517 000 (2016: decrease / increase by P452 000).

Credit risk management

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

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

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit - rating agencies.

Notes to the financial statements (continued)

For the year ended 30 April 2017

40 FINANCIAL INSTRUMENTS (continued)

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

	2017	2016
	P'000	P'000
GROUP		
Trade and other receivables (excluding prepaid expenses)	185 177	129 203
Bank balances with:		
African Alliance Botswana Management Company (Proprietary) Limited	23	22
African Banking Corporation Limited	13 708	52 584
Barclays Bank of Botswana Limited	6 226	4 827
BIFM Unit Trusts (Proprietary) Limited	162 103	51 528
Botswana Savings Bank Limited		2 068
Capital Bank Limited	2 935	2 943
First National Bank of Botswana Limited	31 107	30 763
First National Bank of Namibia Limited	1 259	
First National Bank of South Africa Limited	14 614	12 950
Nedbank Lesotho	77	
Standard Lesotho Bank	30 520	
Stanbic Bank Botswana Limited		
Standard Chartered Bank Botswana Limited	173 400	183 296
Standard Bank of South Africa Limited	31 688	
Standard Bank Namibia Limited	71 172	65 183
Standard Bank Mauritius	76	
Stanbic Bank Botswana Limited	1 392	1 363
Zambia National Commercial Bank, Lusaka, Zambia	1 151	3 342
Other non - current financial assets		
	726 628	540 072
COMPANY		
Trade and other receivables	1 759	1 832
Amount due from related parties	243 077	121 817
Bank balances with:		
African Banking Corporation Limited		
BIFM Unit Trusts (Proprietary) Limited	155 508	51 528
First National Bank of Botswana Limited	1 532	2 028
Standard Chartered Bank of Botswana Limited	139 725	23 163
Stanbic Bank Botswana Limited	9	10
	541 610	200 378

Notes to the financial statements (continued)

For the year ended 30 April 2017

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
Group			
At 30 April 2017:			
Trade and other payable	373 507		
Loans and borrowings	11 966	39 935	166 316
Finance lease obligations	592	1 610	
Bank overdraft	1 018		
Total	387 083	41 545	166 316
At 30 April 2016:			
Trade and other payable	415 294		
Loans and borrowings	8 009	30 581	85 359
Finance lease obligations	333		
Bank overdraft	44 368		
Total	468 004	30 581	85 359

	2017	2016
	P'000	P'000
The Group has unused banking facilities available at the reporting date as follows:		
Overdraft	150 582	140 252
Wesbank floor plan	4 500	4 417
Letters of credit and guarantee	11 492	18 153
Loan for capital projects		40 000

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	1 034
Foods Botswana (Proprietary) Limited	3	2 854
Sefalana Cash and Carry Limited	1	3 184

Notes to the financial statements (continued)

For the year ended 30 April 2017

41 CONTINGENT LIABILITIES

- 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	8 914
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 have issued letters of suretyships to support various banking facilities enjoyed by the companies within the Group.

	2017	2016
	P'000	P'000
Capital expenditures approved by the Directors:		
Contracted for		3 000
Not contracted for	46 438	35 511
	46 438	38 511

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

43 SUBSEQUENT EVENTS

On 1 July 2017 the Group invested in a consortium of companies in the Fast Moving Consumer Goods business in South Africa. The amount invested was ZAR250 million and is expected to generate a gross return of ZAR50 million per annum for 5 years. This investment is expected to provide Sefalana with access to the South African markets in line with its expansion plan into the Region. Funds raised through the Rights Issue were utilised to finance this investment (refer note 28).

There are no other significant reportable events occurring after the reporting date that has an impact on the results or disclosures as at 30 April 2017.

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 27 October 2017 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 2017 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 5 thebe per ordinary share paid to shareholders on 3 March 2017 and a gross final dividend of 25 thebe per ordinary share paid to shareholders on 1 September 2017.

3. Ordinary Resolution:

To re-elect Mr Elias M Dewah who retires in accordance with the Articles of Association and being eligible, offers himself for re-election.

4. Ordinary Resolution:

To re-elect Mr Reginald M Motswaiso who retires in accordance with the Articles of Association and being eligible, offers himself for re-election.

5. Ordinary Resolution:

To approve the appointment of Mrs Keneilwe P Mere who filled a casual vacancy on the Board during the year ended 30 April 2017.

6. Ordinary Resolution:

To approve the remuneration of the Executive Directors for the year ended 30 April 2017 as required by the Articles of Association and as detailed in note 12 to the financial statements and in the Corporate Governance Report.

7. Ordinary Resolution:

To approve the remuneration of the Non - Executive Directors for the year ended 30 April 2017 as required by the Articles of Association and as detailed in note 12 to the financial statements and in the Corporate Governance Report.

8. Ordinary Resolution:

To approve the remuneration of the Auditors for the year ended 30 April 2017 as disclosed in note 11 to the financial statements.

9. 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

29 September 2017

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 Sefalana Holding Company Limited, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Gaborone on Friday 27 October 2017 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			
7.	Ordinary resolution number 7			
8.	Ordinary resolution number 8			
9.	Ordinary resolution number 9			

Signed at

on

2017

Signature _____

Assisted by (where applicable) _____

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

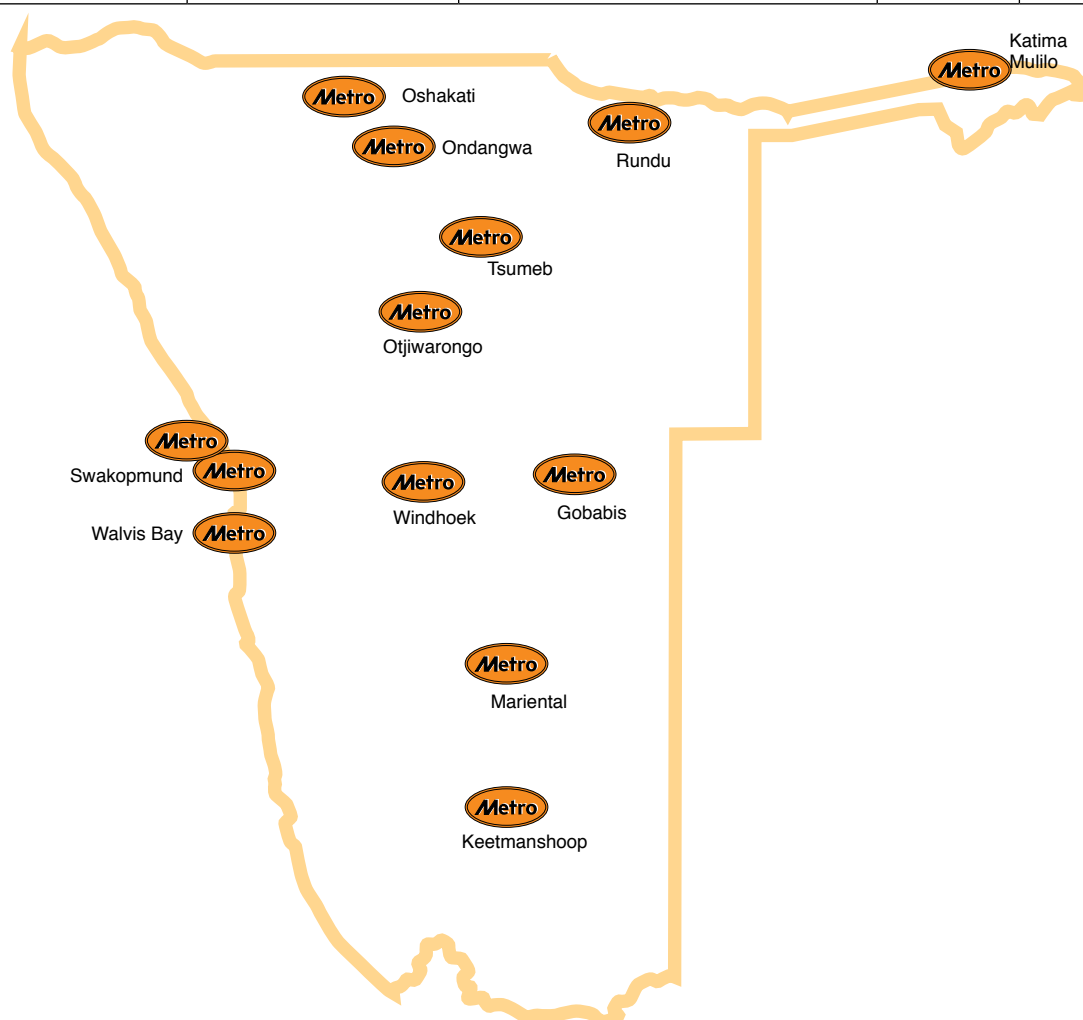
Please read the accompanying notes.

Notes to Form of Proxy

1. A Shareholder may insert the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the General Meeting." The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the General Meeting as he / she deems fit in respect of the Shareholder's votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A Shareholder or his / her / its proxy is obliged to use all the votes exercisable by the Shareholder or by his / her / its proxy.
3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.
4. The Chairman of the General Meeting may reject or accept any form of proxy not completed and / or received other than in accordance with these notes provided that he is satisfied as to the manner in which the Shareholder concerned wishes to vote.
5. An instrument of proxy shall be valid for the General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.
6. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the Shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the General Meeting or adjourned General Meeting at which the proxy is to be used.
7. The authority of a person signing the form of proxy under a power of attorney or on behalf of 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.

Namibia

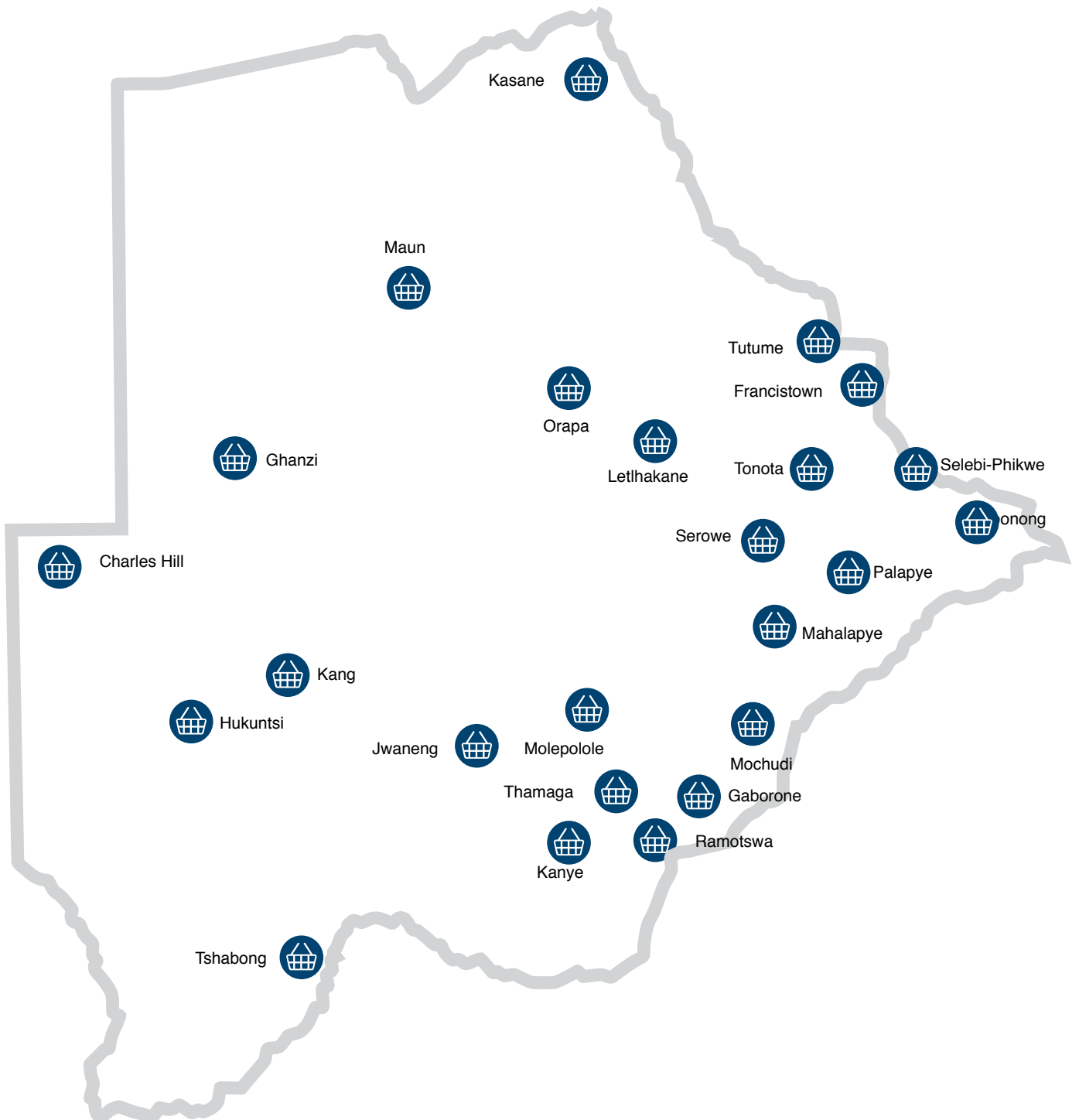
METRO NAMIBIA STORE CONTACT DETAILS				
LOCATION	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
Head Office - Namibia	Box1417, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-216009	061-216724
Metro Hyper Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	061-254141	061-254438
Metro Hyper Liquor Store Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	061-254141	061-254438
Distribution Centre Windhoek	Box 30741 Pioniers Park Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-255550	061-256007
Metro Windhoek	Box 5067, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-262125/6	061-215081
Metro Windhoek Liquor	Box 368, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-263031	061-263127
Metro Ondangwa	Box 2349 Ondangwa	Main Road, Ondangwa	065-240967/8	065-240969
Metro Oshakati	Box 15116, Oshakati	Endola Road, Plot 1344, Oshakati	065-222177/139	065-222591
Metro Rundu	Box 1744, Rundu	Main Road, Rundu	066-256318/9	066-256322
Metro Tsumeb	Box 470, Tsumeb	Hage Geingob Drive, Tsumeb	067-220670/1	067-220676
Metro Otjiwarongo	Box 185, Otjiwarongo	1st Av Otjiwarongo	067-302661	067-302701
Metro Keetmanshoop	Box 715, Keetmanshoop	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 - 463 055	064 - 463 065
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

LOCATION	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
SEFALANA GROUP COMPANY HEAD OFFICES				
Sefalana Holding Company Limited	Private Bag 0080, Gaborone	Plot 10038, Broadhurst, Gaborone	3913661	3907614
Sefalana Cash and Carry Limited	Private Bag 00422, Gaborone	Plot 10038, Broadhurst, Gaborone	3681700	3907614
Foods Botswana (Pty) Limited	P O Box 1131, Serowe	Plot 98, Newtown, Serowe	4630268	4630965
Commercial Motors (Pty) Limited	P O Box: 2276, Gaborone	Plot 10232, Broadhurst, Gaborone	3952652	3952643
Mechanised Farming (Pty) Limited	P O Box: 2276, Gaborone	Plot 10243, Broadhurst, Gaborone	3974336	3959086
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	3907614
SEFALANA HYPER STORES				
Francistown	P O Box 61, Francistown	Plot 22053, Donga, Francistown	2402222 / 2402235	2402250
Gaborone	Private Bag 0075, Gaborone	Plot 20608/9, Ext. 34, Western ByPass, Gaborone	3973866 / 3182406	3932487
Mahalapye	P O Box 122, Mahalapye	Botlaote Ward, Mahalapye	4710452 / 4710356	4710591
SEFALANA CASH & CARRY STORES				
Bobonong	P O Box 1240, Bobonong	Sebaila Ward, Bobonong	2629555	2629542
Broadhurst	P O Box 1066, Gaborone	Plot 10038, Ext. 16, Kubu Road, Broadhurst, Gaborone	3912361 / 3975760	3973093
Charleshill	P O Box 197, Charleshill	Plots 6/7/8, Main Street, Charleshill	6592225 / 6592223	6592224
Francistown	P O Box 10444, Tatitown	Plot 6146, Sam Nujoma Road, Light Indus Area, Francistown	2412161 / 2414404	2412151
Gaborone West	P O Box 269, Gaborone	Plot 1217, Ext. 6, Nkrumah Road, Gaborone	3953241 / 3914964	3952058
Hukuntsi	P O Box 405, Hukuntsi	Plot 71, Mogobelelo Ward, Main Road, Hukuntsi	6510206	6510049
Jwaneng	P O Box 792, Jwaneng	Plot 2303, Industrial Sites, Jwaneng	5880327 / 5880953	5880878
Kang	Private Bag 9, Kang	Plot 35, Gamonyemana Ward, Kang	6517400 / 6518114	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	Nkoshu 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
SEFALANA SUPERMARKETS				
Quick Broadhurst	Private Bag 00422, Gaborone	Plot 10032, Ext. 20, Broadhurst	3937043 / 3191912	3937041
Quick Shop Mogoditshane	Private Bag 00422, Gaborone	Shop # 3, Plot 13779, Block 5	3182757	3182748
Shoppers Gaborone West	Private Bag 00422, Gaborone	Plot 17872, Phase 1, G-West	3187607 / 3187606	3187606
Shoppers Ghanzi	Private Bag 00422, Gaborone	Shop # 1, Plot 32, Ghanzi	6597192 / 6597189	6597170
Shoppers Hukuntsi	Private Bag 00422, Gaborone	Macheng Mall, Unit G04a	6510414	6510412
Shoppers Kanye 1	Private Bag 00422, Gaborone	Plot 751, Main Road	5480632	5480631
Shoppers Kanye 2	Private Bag 00422, Gaborone	Mahube Mall, Tloung Ward	5443715	5443712
Shoppers Lethakane	Private Bag 45, Lethakane	Plot 1602, Tawana Ward	2976277	2976702
Shoppers Mahalapye # 1	Private Bag 00422, Gaborone	Plot 3848, Botlaote Ward	4720508	4720505
Shoppers Mahalapye # 2	Private Bag 00422, Gaborone	Plot 1278, Main Mall	4720485	4711774
Shoppers Maun # 1	Private Bag 00422, Gaborone	Plot 1299, Old Mall, Riverside Ward	6863305	6863309
Shoppers Maun # 2	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864784 / 6864941	6864926
Shoppers Mochudi	Private Bag 00422, Gaborone	Plot 979, Rammopyama Ward,	5777510	5777517
Shoppers Molepolole 1	Private Bag 00422, Gaborone	Plot 1728, Borakalalao Ward	5910550	5910552
Shoppers Nkoyaphiri	Private Bag 00422, Gaborone	Shop # 4, Plot 12011, Nkoyaphiri	3947957 / 3947961	3947937
Shoppers Orapa	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2971414 / 2970268	2970210
Shoppers Palapye	Private Bag 00422, Gaborone	Lot 1077, Old Mall	4924608 / 4924609	4922303
Shoppers Selebi-Phikwe	Private Bag 00422, Gaborone	Plot 7062, Main Mall	2610088 / 2610000	2610095
Shoppers Tlokweng	Private Bag 00422, Gaborone	Plot 8KO, Tlokweng: Shop Porion #2	3104961 / 3104960	3104962
Shoppers Tonota	Private Bag 00422, Gaborone	Plot 4594, Molebatsi Ward	2484869 / 2484870	2484850
Shoppers Tsabong	Private Bag 00422, Gaborone	Plot 316, Mothupi Ward, TM Complex	6540643	6540637
Shoppers UB Campus	Private Bag 00422, Gaborone	Plot 4775, Ext.15, Student Centre [Unit 34]	3951174	3907095
Distribution Centre				
Shoppers Distribution Centre	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road	3911800 / 3937188	3937189
Liquor stores				
Liquor Shop Hukuntsi	Private Bag 00422, Gaborone	Macheng Mall, 4a&4b, Tribal Lot 158	6510416	6510412
Liquor Shop Maun	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864017 / 6864090	6864082
Liquor Shop Mogoditshane	Private Bag 00422, Gaborone	Shop # 4, Plot 13779, Block 5	3182747	3182748
Welcome Bottle Store	P.O. Box 139, Serowe	Tribal Lot 223 - Main Mall, Serowe	4631530	4631530

Botswana



Lesotho

SEFALANA LESOTHO STORE CONTACT DETAILS

LOCATION	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE
Sefalana Trading (Pty) Limited	P.O. Box 0436, Maseru West, Maseru 100, Lesotho	2 Lioli Road, Maseru West, Station Area, Lesotho	(00266) 2232 6223



