



— 2017 —

# ANNUAL REPORT



SECHABA BREWERY  
HOLDINGS LIMITED



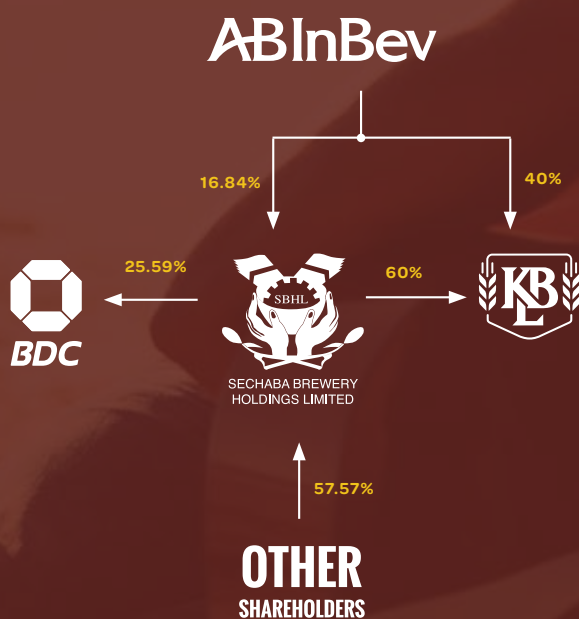
# TABLE OF CONTENTS

SECHABA BREWERY HOLDINGS LIMITED

COMPANY PROFILE	2
10 PRINCIPLES	4
LETTER TO OUR SHAREHOLDERS	6
BOARD OF DIRECTORS	6
GOVERNANCE REPORT	12
OPERATIONS REPORT	19
FINANCE & AUDIT COMMITTEE REPORT	26
COMPANY FINANCIAL STATEMENTS	29
SHAREHOLDER INFORMATION	60
NOTICE OF ANNUAL GENERAL MEETING	62
PROXY FORM	63

# COMPANY PROFILE

Sechaba Brewery Holdings Limited is an investment company listed on the Botswana Stock Exchange. Sechaba holds a 60% shareholding in its sole investment, Kgalagadi Breweries (Pty) Ltd (KBL), whilst Anheuser-Busch InBev (AB InBev) holds 40%. AB InBev holds a further direct stake of 16.84% in Sechaba. AB InBev is the largest brewer in the world, with more than 500 beer brands sold in more than 150 countries and some 200,000 employees in over 50 countries, following a merger with SABMiller Plc in October, 2016. AB InBev has management control over KBL, offering insight and experience with regard to management, technical, brand building and distribution expertise. KBL operates four traditional beer breweries, a clear beer brewery, a sparkling soft drinks production plant and four sales and distribution depots around the country.









# 10 Principles

## Dream

1. Our shared Dream energizes everyone to work in the same direction: Bringing people together for a better world.

## People

2. Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.
3. We recruit, develop and retain people who can be better than ourselves. We will be judged by the quality of our teams.

## Culture

4. We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.
5. The consumer is the boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in a responsible way.
6. We are a company of owners. Owners take results personally.
7. We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.
8. We manage our costs tightly, to free up resources that will support sustainable and profitable top line growth.
9. Leadership by personal example is at the core of our culture. We do what we say.
10. We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.





**ABInBev**



To Our Valued Shareholders,

# 2017 WAS A TRANSFORMATIVE YEAR

We are on our way to achieving a successful business integration. This is despite the contracted overall total beverage sales volume owing to a highly regulated market and slow economic growth. We have incorporated the best of both companies by bringing together talent, integrating best practices and deepening our understanding of consumers and occasions in our market.

## The best of both worlds



The combination with SABMiller and AB InBev in October 2016, has been progressive. However, as transformational change is designed to be organization-wide and is enacted over a period, it is our strong belief that this year has set the tone to deliver growth for the future.

KBL has now adopted a new way of looking at the beer category that recognizes our market expectations and the role of brand portfolios in driving category growth. As we look forward, we are excited about the growth opportunities.

The combination has created something greater than the sum of its parts. This has only been possible through our Dream-People-Culture platform, which we expect to drive performance going forward. KBL is set to benefit from the insights and experience with regard to management, technical, brand building and distribution expertise.

## Commercial performance



The company experienced challenging times, as is evident in the financial performance over the reporting period. Profit for the year declined -12.2% as compared to 12 month period ended 31 December 2016. The decline in the financial performance of the company is mainly attributable to the current tough regulatory environment in which the company operates largely driven by the impact of the Alcohol Levy and Traditional Beer Regulations.

## Economic overview



Botswana recorded strong real GDP growth of 4.3% in 2016, which was unexpectedly higher than the International Monetary Fund (IMF), World Bank and our own estimates.

Following the estimated improved y-o-y GDP growth rate of 4.7% recorded in 2017 from the previous year's 4.3%, the domestic economic outlook remains positive. Growth is expected to increase underpinned by an expected rise in demand for Botswana's mineral exports on account of an improved global economy based on improved growth prospects of advanced economies.



The Ministry of Finance and Economic Development's forecast for 2018 is for a growth rate of 5.3% for the domestic economy. Average inflation rose to 3.3% for 2017 compared to the previous year's 2.8%.

## Botswana Stock Exchange performance



Overall 11 counters on the domestic main bourse closed the year in the green, 1 was flat and 11 ended in the red. Sechaba contracted by 27.89% and 22.21% in Pula terms and USD terms, respectively, from BWP 27.00 at 04 January 2017 to BWP 19.47 at 29 December 2017, this was below overall market performance with the DCI having weakened by 5.75% in pula terms and strengthened by 1.68% in USD terms, to 8,860.13 pts during the period under review. The share price decline combined with a gross dividend of BWP 0.46 (0.28+0.18) per share, yielded overall capital losses of 26.19% per share for investors during the year ended 31 December 2017. In terms of share price performance, the counter ranked 22nd out of the 23 counters listed on the domestic main board for the period under review. Overall liquidity for the counter improved significantly y-o-y and was one of the top 10 most active stocks by volume.

A total of 17.3m shares worth BWP 353.1m transacted vs 3.1m shares worth BWP 89.9m that changed hands the previous year. Despite the tough regulatory environment which weighed down the company's earnings, Sechaba remains fundamentally strong registering a Return on Equity and Return on Assets of 19.85% and 18.71%, above the market averages of 12.78% and 7.54% respectively. Although uncertainty regarding the counter's operative environment (regulatory challenges); and the stock's declining financial performance have eroded investor confidence to a certain extent, this reflected by the weakening share price, the counter is trading at a Price to Earnings ratio of 23.08x, a 69.21% premium to the market average of 13.64x, indicative of some positive investor confidence.

## KBL volume performance



Overall total beverage sales volumes at Kgalagadi Breweries (Pty) Ltd contracted by -4.73% this decline was driven by three categories Traditional Alcoholic Beverages, All Non-Alcoholic brands combined and Clear Beer category which posted declines of -7.6%, -7.0% and -2.7% respectively.

Beer in both Traditional and clear beer had a tough start to the year on the backdrop of a slow economic downturn and unfavourable weather (Tropical Cyclone Dineo) impacting Botswana and the region with floods during the months of February and March

## The Coca Cola transaction



Shareholders are referred to announcements released by the Company in which they were advised that The Coca-Cola Company ("TCCC") had reached an agreement with Anheuser-Busch InBev SA/NV ("AB InBev") for the acquisition by TCCC of AB InBev's 54.4% stake in Coca-Cola Beverages Africa Proprietary Limited ("CCBA").

The Company's soft drinks business does not form part of CCBA but it does operate in terms of bottler's agreements that have been concluded between [the Company/KBL] and TCCC ("Bottler's Agreements"). In this regard, TCCC has notified [the Company/KBL] of its intention to terminate the Bottler's Agreements. Furthermore, shareholders were advised that AB InBev and TCCC reached an agreement in principle for TCCC (or an affiliate of TCCC) to acquire the non-alcoholic ready-to-drink business segment of the Company, subject to receipt of any requisite regulatory approvals and material consents ("the Transaction").

## Achieving our dream, people and culture vision



It is with great pleasure to state that, despite the challenges we face as a business, we continue to operate as a going concern that provides consistent valuable returns to our shareholders. As a subsidiary to the AB InBev Group, and as part of the 10 principles, we believe that our greatest asset is our people, we strive to recruit, develop and retain quality employees. Following the acquisition of SABMiller by AB InBev, I am more than confident that the performance of the Company will improve. We are building a company to last. Not just for a decade. But for the next 100+ years. We are committed to helping retailers, entrepreneurs and communities thrive. Through our brands – and our investment in communities – we will make our company an essential part of consumers' lives for generations to come and achieve our Dream of bringing people together for a better world.

## Safety health and environment



Environmental, health and safety practices remain a priority to the business and are effectively integrated into day-to-day business operations. The business continually strives for zero accidents and incidents, and all employees are continuously trained on the subject matter. It is our firm belief that the roll out of the full Safety Pillars, investments in improving the safety conditions in the facilities, the roll out of our behavioral safety programs and the challenging safety targets that have been allocated to the main stakeholders will drive further improvement.



## Contributing To A Better World



For centuries, the experience of sharing a beer has brought people and cultures together. Even in our hyper-connected, always-on world, this simple act is as powerful today as it was generations ago. To brew the highest-quality beers, we need a sustainable environment and thriving communities. Sustainability is not just related to our business, it is our business. Consumers increasingly demand a commitment to sustainability from the brands they purchase. As part of our commitment to make every experience with beer positive and empower consumers to make smart choices, we will in the future expand our portfolio of no- and low-alcohol beer products.

As a subsidiary of AB InBev, KBL strives to contribute to better living for our communities. This means that going forward, we aim to address issues that are most material to our business and where we can make the most impact on the community. The “Ikgalemele” campaign (“It’s your responsibility”) continued in various areas around the country, promoting the message of responsible drinking. The project consists of four components: The Responsible Trader Programme; the Responsible Youth Campaign; Parent-Teacher Engagements; and the Environmental Responsibility Programme. The media fraternity continues to be a valuable stakeholder in conveying information relating to the Company’s operations and products in a fair and balanced way. It is anticipated that such balance in reporting will ultimately assist consumers to make informed choices regarding alcohol consumption. Both radio and print media continue to be an effective channel through which stakeholders are informed and educated about developments within the business and the trading environment.

## Regulatory Challenges



The regulatory environment continued to present very real challenges. The levy rate for alcohol content of 5% and less remained at 50% and for alcohol content of above 5% is as it was at 55% for the year under review. Additionally the levy on locally produced alcoholic beverages was changed to include duty payable in terms of Customs and Excise Duty Act. This change has had a significant impact to the financial results of the company.

## Our Journey Continues



As we look forward, we are excited about the growth opportunities in our market despite a myriad of challenges that our industry faces. In line with our Africa Zone strategy, our Dream is to create the ideal company, one which grows a lot, is super-efficient, which everyone loves to work for and, very importantly, makes a real difference in society.

As KBL, this dream motivates and inspires us to believe we can achieve our targets and grow the company in a sustainable way. Our concerted efforts and leadership commitment coupled with AB InBev’s insights and experience with regards to management, technical, brand building as well as distribution expertise, would assist us to constantly drive towards a better future.





# THABO MATTHEWS

CHAIRMAN OF THE BOARD

A handwritten signature in black ink, which appears to read 'T. Matthews', is positioned above a horizontal dotted line.



# BOARD OF DIRECTORS



## THABO K MATTHEWS

### CHAIRMAN

Mr Matthews joined the Board on 6 March 2015 as an independent non-executive director. He was later appointed as Chairman of the Board on 25 September 2015. Mr Matthews holds a BA (Economics and Computer Science, Joint Majors). He has held several senior positions in various companies including Barclays Bank of Botswana (Head of Retail), Mascom Wireless (Chief Commercial Officer), Accenture (Senior Manager) and Deloitte (Head of Consulting). In May 2014, Mr Matthews left employment to establish himself as an Independent contractor providing management consulting services under the company Mamaleng Consulting.



## JOHAN DE KOK

### MANAGING DIRECTOR

Mr de Kok was the Managing Director of the Company and Executive Director of the Board, appointed on 7 May 2013. Furthermore, he was also the Managing Director of the associate company Kgalagadi Breweries (Pty) Ltd. He holds a BCom (Hons) in Business Economics and a BCom in Marketing. Mr de Kok left the employ of the Group on 31 December 2017.



## KATE C MAPHAGE

### MEMBER

Ms Maphage joined the Board on 12 November 2013 as an independent non-executive director. She has previously worked at Mascom Wireless and De Beers Botswana in senior capacities, and is an entrepreneur. She holds a BCom and MBL.



## KONRAD KAISER

### FINANCE DIRECTOR

Mr Kaiser was appointed as Executive Director of the Sechaba Board with effect from 25 April 2016, in his capacity as Finance Director of Kgalagadi Breweries (Pty) Ltd. Mr Kaiser holds a CA (SA) with BICA accreditation. Mr Kaiser left the employ of the Group on 30 August 2017 to join AB InBev Zone office in South Africa.



## NADIRA SHEIK

### MEMBER

Ms Sheik joined the Board as a non-executive Member of the Board on 23 June 2015. Ms Sheik holds a Bachelor of Commerce (Accounting) Honours and is a Certified Accountant with SAICA. She was employed by ABInbev - Africa zone as Finance Control Director and has held several other positions in the company since 2008. She has since left the employ of AB InBev and resigned as a Non-Executive Director on 31 October 2017.



## MYRA T SEKGOROROANE

### MEMBER

Ms Sekgororoane joined the Board on 29 October 2014 as an independent non-executive director. She is self-employed, and has served as the Chief Executive Officer of Botswana Tourism Organisation (BTO), as well as having held senior positions in Botswana Post and Cresta Hospitality (Pty) Ltd. Further, she served as the President of HATAB, Trustee Chairman of First National Bank of Botswana Foundation, Trustee of Mokolodi Nature Reserve, and Council Member of the Human Resources Development Advisory Council.



## BAFANA MOLOMO

### MEMBER

Mr Molomo joined the Board as a Non-Executive Director on 25 September 2015. He holds a Bachelor of Commerce (Economics and Finance) from the University of Cape Town, Chartered Financial Analyst (CFA®) – Level 1, Postgraduate Diploma in Business Administration (PDBA) from Gordon Institute of Business Science (GIBS), and Masters in Business Administration (MBA) from the University of Cape Town Graduate Business School. He is currently the Chief Operating Officer of Botswana Development Company (BDC), and has held senior positions at Vantage Risk Capital in Johannesburg, VPB Namibia, Venture Partners Botswana and Fleming Asset Management Botswana.



## SEAN SMUTS

### MEMBER

Sean is an experienced executive with global, Africa regional and in country operational experience. He has played a key role in strategy design and execution, business integration, commercial revenue management and pricing, external stakeholder engagement as well as his broad financial experience with a focus on business partnering and value creation. His financial experience spans governance and control oversight, financial planning & analysis, risk, information solutions, audit, tax planning, treasury management, credit management and stock market listing compliance. With a focus on efficiencies, process optimisation and innovation he has step changed several aspects of the finance teams he has led. He was employed by AB InBev – Africa Zone as Finance Director Southern Africa and has held various other senior positions in the company since 2004. He has since left the employ of AB InBev and resigned as a Non-Executive Director on 30 August 2017.



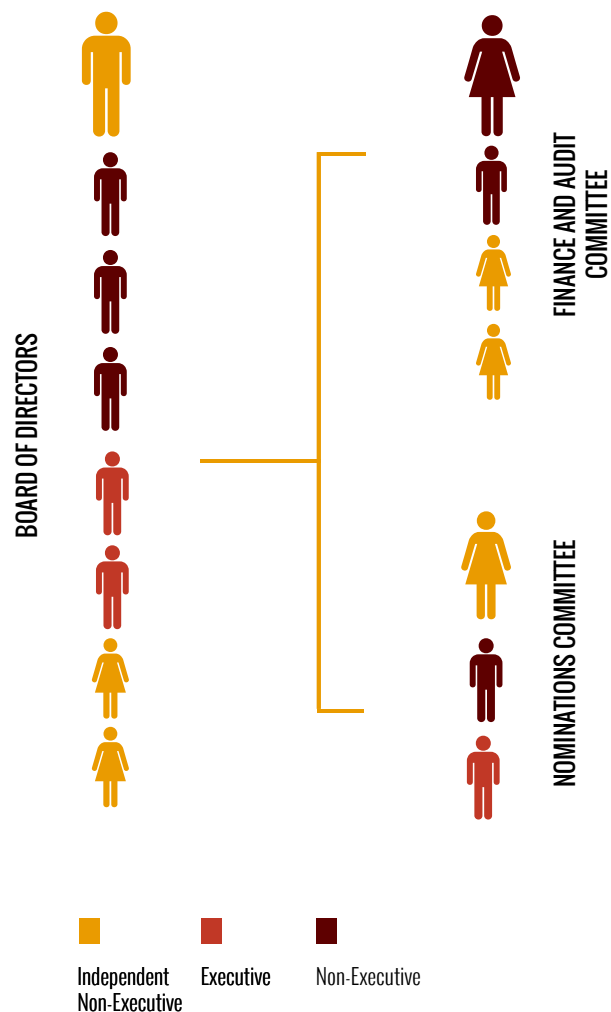
# Governance Report

The Directors provide guidance, leadership and strategic oversight to create a controlled environment for the business that will enhance Shareholder value. The Directors of Sechaba Brewery Holdings Limited continue to provide leadership and strategic direction in their quest to deliver improved returns to all shareholders. Directors have a collective responsibility to demonstrate that they are aware of their fiduciary duties towards all stakeholders. The Directors' report outlines the approach to corporate governance.

## Statement of Compliance

Sechaba Brewery Holdings Limited and its associate company, Kgalagadi Breweries (Pty) Ltd is committed to observing the highest standards of best practice in corporate governance. The Group endeavours to entrench the principles of good governance in all its daily operations.

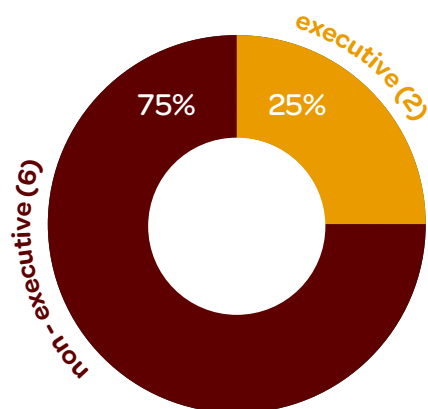
## BOARD STRUCTURE



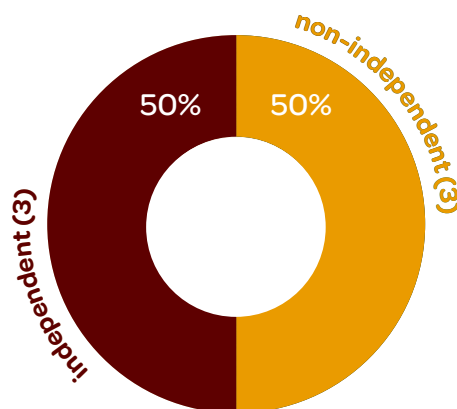
## Composition and Independence

The Board is chaired by Mr Thabo K Matthews, who joined the Board on 9 March 2015 but was appointed as Chairman on 25 September 2015. The majority of the Board are independent non-executive directors. The size and composition of the Board is determined by the company's Articles of Association which stipulates that the number of directors should be not more than twelve and not less than four.

### Composition of Board



### Independence of Non-Executives



## Membership of the Board of Directors as at 31 December 2017

	Name	Designation	Status	Appointment Date
1	Thabo Matthews	Chairman	Non-Executive, Independent	9 March 2015
2	Kate Maphage	Member	Non-Executive, Independent	12 November 2012
3	Myra Sekgororoane	Member	Non-Executive, Independent	29 October 2013
4	Nadira Sheik	Member	Non-Executive	23 June 2015
5	Bafana Molomo	Member	Non-Executive	25 September 2015
6	Johan de Kok	Managing Director	Executive	7 May 2013
7	Konrad Kaiser	Finance Director	Executive	25 April 2016
8	Sean Smuts	Member	Non-Executive	1 April 2017

## Resignations during the year ended 31 December 2017

	Name	Designation	Status
1	Johan de Kok	Managing Director	31 December 2017
2	Konrad Kaiser	Finance Director	30 August 2017
3	Nadira Sheik	Member	31 October 2017
4	S Smuts	Member	20 December 2017



## Board Meetings and Attendance

During the year under review, the Board met for all its scheduled meetings. The attendance register is shown below:

		Board Meeting Date				Overall Attendance
		27 March 2017	26 July 2017	31 October 2017	20 December 2017	
1	Thabo Matthews	Present	Present	Present	Present	4/4
2	Kate Maphage	Present	Present	Present	Present	4/4
3	Myra Sekgororoane	Present	Present	Present	Present	4/4
4	Nadira Sheik	Present	Present	Resigned	Resigned	2/2
5	Johan de Kok	Present	Present	Present	Present	4/4
6	Bafana Molomo	Present	Present	Apology	Present	3/4
7	Konrad Kaiser	Present	Present	Present	Resigned	3/3
8	Sean Smuts	N/A	Apology	Present	Resigned	1/2

### Matters Reserved for the Board

The Board has a schedule of matters reserved for its attention and these are dealt with at each meeting. These include, but are not limited to, the approval of budgets and profit forecasts, annual financial statements and capital expenditure budgets. Management provides regular reports to the Board on the operating and financial performance of the company and its associates. The Board is also informed of changes in relevant laws and any new legislation that may affect the business.

### Board Induction

An induction programme is in place to acquaint incoming Directors with their new found responsibilities. This induction programme consists of documentation provided to members on constitutional and other matters, and minutes of the previous meetings and visits to KBL production sites.

A presentation is made on various policies such as the Treasury, Safety, Health and Environment and Dividend policy. Directors are also made aware of their fiduciary duties as per the Company's Act.

### Retirement and Rotation of Directors

New Directors are subject to election at the first annual general meeting following their appointment, and directors are subject to retirement and re-election by shareholders every three years.

### Directors' Remuneration

The Remuneration (sitting allowance) paid to Board Members during the year is tabulated below. Executive directors are not paid sitting allowances for their attendance. Members are further not paid sitting allowance for the attendance of the Annual General Meeting.

### Director Sitting Allowances for the Year

		27 March 2017	26 July 2017	31 October 2017	20 December 2017	Overall Fees
1	Thabo Matthews	P 13, 500	P 13,500	P 13,500	P 13,500	P 54, 000
2	Kate Maphage	P 4,675	P 4,675	P 4,675	P 4,675	P 18, 700
3	Myra Sekgororoane	P 9,350	P 9,350	P 9,350	P 9,350	P 37, 400
4	Bafana Molomo	P 9,350	P 9,350	-	P 9, 350	P 28, 050
5	Nadira Sheik*	-	-	-	-	-
6	Johan de Kok**	-	-	-	-	-
7	Konrad Kaiser**	-	-	-	-	-
8	Sean Smuts*	-	-	-	-	-
		TOTAL BOARD FEES FOR THE PERIOD:P 138, 150				

\*Non-Executive Directors from the ABInBev group do not receive sitting allowances

\*\*Executive Directors do not receive sitting allowances

## Directors' Declaration of Interests

Directors declared their interests at every meeting throughout the year.

## Company Secretary

The Company Secretary is responsible for ensuring Board compliance to all statutes, procedures and regulations necessary for the business of the Company. The Company Secretary acted as secretary of the Board and its committees and attended all meetings during the year under review. The Company Secretary is also responsible for

Director training and ensures continuous enhancement of skills and understanding of Sechaba's business operations.

## Nominations Committee

The Committee meet as and when required, and continuously reviews the composition of the Board and its Committees, evaluates the balance of skills, knowledge and experience and makes recommendations to the Board. The Nominations Committee did not meet during the year under review.

## Finance and Audit Committee



**Nadira Sheik**

Chairperson



**Bafana Molomo**

Member, Non-Executive



**Kate Maphage**

Member,  
Non-Executive,  
Independent



**Gosego Janaury**

Member,  
Non-Executive,  
Independent

### Composition

The Group Finance and Audit Committee consists of four (4) Members: Three members of the Board and two (2) independent external members.

### Attendance

The Committee met three times during the year under review, and Members duly attended as illustrated below:

		Committee Meeting Date			
		27 March 2017	26 July 2017	31 October 2017	Overall Attendance
1	Nadira Sheik	Present	Present	Resigned	2/2
2	Gosego January	Present	Apology	Apology	1/3
3	Bafana Molomo	Present	Apology	Present	2/3
4	Kate Maphage	Present	Present	Present	3/3

		Committee Sitting Allowances for the Year			
		27 March 2017	26 July 2017	31 October 2017	Overall Attendance
1	Nadira Sheik*	-	-	-	-
2	Gosego January	P 8,250	-	-	P 8,250
3	Bafana Molomo	P 8,250	-	P 8,250	P 16,500
4	Kate Maphage	P 8,250	P 8,250	P 8,250	P 24,750
		Total Committee Fees for the year: P49,500			

\*Non-Executive Directors from the ABInBev group do not receive sitting allowances

\*\*Executive Directors do not receive sitting allowances



# ROLES AND RESPONSIBILITIES OF THE GROUP FINANCE AND AUDIT COMMITTEE

The Group Managing Director, Finance Director, Internal Audit Manager and the External Auditors attended the meetings by invitation. Other members of the management team attended as required. The duties of the Committee include, amongst others:

## 1. FINANCIAL REPORTING

Review and challenge where necessary, the Group's half year and full year financial reporting. Enquire as to whether they are complete and consistent with the information known to the Committee Members, paying particular attention to:

- Significant accounting policies and practices, and any changes in them;
- Consistency of accounting policies on a year to year basis to group accounting requirements;
- Major judgmental areas, for example those involving the valuation of assets and liabilities, warranty, product and environmental liability, Litigation reserves and other commitments and contingencies.
- The impact and disclosure of significant, complex and/ or unusual transactions, especially where the accounting treatment is open to different approaches.
- Major tax and litigation matters involving uncertainty.
- Major treasury matters.

## 2. INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM

Review representations as to the internal control environment within the Group, in particular:

- Integrity of internal financial controls and by exception matters arising from management testing at appropriate materiality thresholds;
- By exception, policies and procedures for fraud detection and ensuring compliance with relevant regulatory and legal requirements;
- The operational effectiveness of the internal control environment

Review the scope and effectiveness of the system established by management to identify, assess, manage and monitor financial and non-financial risks, and when reviewing risk reports during the year, and to:

- Consider what the significant risks are and assess how they have been identified, evaluated and managed
- Assess the effectiveness of the risk management system in managing the significant risks, having regard in particular to any significant failings or weaknesses in risk control that have been reported.

## 3. EXTERNAL AUDIT

Oversee the relationship with the External Auditor including (but not limited to):

- Recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
- Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the Auditor as a whole, including the provision of any non-audit services;
- Seeking to ensure co-ordination with the activities of the internal audit function.

Meet with the External Auditor at least once a year, without management present, to discuss the Auditor's remit and any issues arising from the audit, unless mutually agreed otherwise;

Review and approve the annual External Audit Plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

Recommend to the Board the approval of the external audit fee and pre-approve any fees in respect of non-audit services provided by the External Auditors.

Review the reports of the External Auditors on the scope, planning and findings of the audit.

## 4. INTERNAL AUDIT

Review and approve the Internal Audit Charter and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for Internal Auditors;

Review and assess the annual Internal Audit work plan;

Review and monitor management's responsiveness to the Internal Auditor's findings and recommendations;

Review periodically the results of work performed by the internal audit function. Discuss their findings with the Head of Internal Audit, as well as the SABMiller Africa Hub Internal Audit Manager.

## 5. COMPLIANCE WITH LAWS AND REGULATIONS

Receive and review regular updates from management regarding compliance matters, including tax compliance, litigation, disputes and claims.





# Terms of Reference

The Group Managing Director, Finance Director, Internal Audit Manager and the External Auditors attended the meetings by invitation. Other members of the management team attended as required. The Audit Committee performed the following duties:

- a. Monitored the integrity of the financial statements of the company and any announcements of the company's financial performance, reviewing significant financial reporting judgments contained in them, review and recommend for board and shareholders' approval quarterly and annual statements;
- b. Reviewed the company's internal control, internal audit, compliance and risk management systems;
- c. Oversaw the activities of the internal auditors;
- d. Made recommendations to the board, for it to put to the shareholders for their approval in the General Shareholders Meeting(GSM), on the election of the external auditor, their proposed remuneration and the terms of engagement, subject to final approval by the shareholders;
- e. Received and discussed the external auditors report including any issues and recommendations raised by the external auditor on internal control weaknesses;
- f. Reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant national professional and regulatory requirements;
- g. Invited external auditors to all Finance and Audit Committee meetings and discussed audit related issues;
- h. Reviewed the effectiveness of the system for monitoring compliance with laws and regulations;
- i. Reviewed the Ethics Policy to guide the behaviour and conduct of the Group's employees. The policy encourages employees to conduct themselves in an ethical manner at all times. In this regard, policies and procedures are continuously reviewed and updated to align them with best practices.
- j. Reviewed both operating entities' work towards delivering zero harm to the health and safety of employees and the general public; and to the environment.



# Operations Report

**Sechaba Brewery Holdings Limited's results are directly related to that of its sole associate, Kgalagadi Breweries (Pty) Ltd (KBL). All commentary on the performance below relates to that of the associate.**

Overall total beverage sales volumes at Kgalagadi Breweries (Pty) Ltd contracted by -4.73% this decline was driven by three categories Traditional Alcoholic Beverages , All Non-Alcoholic brands combined and Clear Beer which posted declines of -7.5%, -7.0% and -2.7% respectively. Beer both traditional and clear beer had a tough start to the year on the backdrop of a slow economic downturn and unfavourable weather (Tropical Cyclone Dineo) impacting Botswana and the region with floods during the months of Feb and March.

## CLEAR BEER

Clear Beer category ended the year under review with a decline of -2.7% which was attributed to adverse performance of the Castle Lite 660ml as well as non-performance of convenience packs across all brands posting results of -12.6% and -11% respectively. The only positive recovery was posted by Carling Black Label brand with a positive result of +3.5% versus prior year.

## THE FRUIT ALCOHOLIC BEVERAGES

The Fruit Alcoholic Beverages' category has been our fastest growing consistently posting double-digit growth versus prior year and budget. Key performer brand is driven by Redds Vodka Lemon (RVL) which is gaining the position category captaincy. This stellar performance placed KBL amongst the best in the region and for the first time within C17 strolling into pole position ahead of competitor brands. We intend and expect more from this category as we are still driving and gaining share in this segment of the market.

## TRADITIONAL ALCOHOLIC BEVERAGES

Traditional Alcoholic Beverages were the hardest hit with a negative performance from January to December leading to a decline of -7.6% versus Prior year. This subdued performance was further worsened by a much softer December which declined by -24% when compared with prior year. A deep dive into the pack performance indicate that 1L and 2L packs were the hardest hit posting full year results of -10.1% and -6.6% versus prior year.

## NON-ALCOHOLIC BEVERAGES

Non-alcoholic Beverages were the hardest hit resulting in a full year negative outcome of -7.0% versus prior year. Our returnable bottles, 300ml and 1250ml were rationed and delisted respectively exiting the year at -73.7% lower than prior year. The cans had a very tough year as they battled being the least affordable offering with decreased volume of -15.3% when compared with prior year.

## MARKETING ACTIVITIES

The year 2017 marketing overview is filled with key initiatives which assisted with closing the gap of the deficit of -6% to -4% due to a robust second half of the year. For Carling Black Label brand the Carling Black Label Cup sports extravaganza which touches the hearts and minds of our local Kaizer Chiefs and Orlando Pirates fans and followers was a spectacular event which culminated in a significant volume growth of 28.1% of the 440ml pack within the month of May which spurred on the overall growth for the year. Mid-year there was much excitement as we launched our brand new 500ml pack across Castle Lite, St Louis and Black Label which were introduced at the same price as the discontinued 440ml pack, this led to the pack contribution to the portfolio to rise to just under 20% share of our monthly volume. Quarter 4 was dominated by St Louis Fresh festival which stimulated the performance of St Louis posting growth of 16.6% and enhancing our national brand. This activity has boosted the equity of brand with more acceptability of the brand giving us a very optimistic outlook for 2018.







In October 2016, following the combination of SABMiller and AB InBev, an updated Better World strategy was introduced, aligning our environmental, social and alcohol responsibility efforts around three core pillars to make the world a better place. Using the scale of its operations, resources and passion of our colleagues, KBL is working to bring this vision to life.

***A healthier world,  
where every experience  
with beer is a positive  
one, for lives well lived.***



20 SECHABA ANNUAL REPORT 2017

Throughout our operations and supply chain, we are aligning our Better World pillars to the UN Sustainable Development Goals (SDGs) that address areas most material to our business and critical to our stakeholders. We have placed a deliberate focus on driving progress towards the goals where we can use our scale and partnerships to drive meaningful positive change. This diagram illustrates how the most material SDGs for our business are aligned to our Better World strategy.



**A Growing World**



**A Cleaner World**



**A Healthier World**



## A Growing World

### Empowering entrepreneurial small businesses to grow and thrive

As part of our commitment to help communities thrive, we have a responsibility to help the small businesses in our supply chain. From the suppliers that help power our production to the retailers that connect with our consumers every day, small businesses play a vital role as an engine of economic growth and employment.

These are critical to the success of our business operations. We value our relationships with our small business partners and recognize the challenges many face in sustaining and growing their operations, such as limited business skills and the need for affordable financial services and infrastructure. As their business partner, we believe we can help them address these barriers to unlock their entrepreneurial potential and enable us to grow together.

Our Retailer Development Program (RDP) is a tailor-made program that aims to build and enhance business skills to grow trader profitability and business sustainability. It is aimed at fostering self-regulation and growing sustainable businesses, empowering retailers in our value chain to become better business people, with the benefits being three-fold, that is, for not only KBL but the retailer and their families and the community at large.

### Improving environmental & community sustainability

We depend on natural resources to brew our beers and strive to use resources responsibly and preserve them for the future. That is why we factor sustainability into how we do business, including how we source energy and raw materials. We develop innovative programs across our supply chain to improve our sustainability performance with our business partners.

## A Cleaner World

### Increasing water efficiency and availability

Water quality and availability are critical to brewing. Without water, there is no beer. We must also be responsible stewards of water supplies for the communities where we operate.

In 2017, we made measurable progress in reducing the amount of water we use to brew beer. We achieved this year-on-year reduction by creating efficiencies in on-site water use. We have also focused on managing our water-related risks, protecting local watersheds and engaging our colleagues in our efforts. KBL is currently targeting three (3) major projects, Reclamation of ACFs backwash water to reuse, Bright Beer Tank (BBT) rinsing water for surrounding cleaning and installation of smart water meters for rationing of brewing area. These are set to have a significant impact on conserving water at all KBL plants.

### Conserving energy and lowering our carbon footprint

Climate change has far-reaching consequences for our business and for the communities where we live and work. Believing we can make a difference through our global reach and scale, AB InBev has committed to securing 100% of our purchased electricity from renewable sources by 2025. This commitment, which will reduce our operational carbon footprint by 30%, enabled us to join RE100, a collaborative global initiative uniting more than 100 influential businesses committed to using 100% renewable electricity and KBL is set to benefit directly from this initiative.

### Rethinking packaging and reducing waste

Packaging is one of the most significant components of our beer's carbon footprint. We are constantly looking for ways to increase the recycled material in our packaging, support recovery and re-use of bottles and reduce the amount of material in our packaging through actions such as light-weighting our containers.

Part of our commitment to the environment is reducing waste. We use a lot of glass and aluminum and we have a responsibility to promote circular packaging methods of these materials.

Our products are sold in a variety of recyclable package types, from aluminium cans, glass and PET bottles. The recycled content in our packing has increased and continue to make progress in protecting the use of returnable packaging.



Beyond our packaging, we seek to minimize the amount of waste we send to the landfill from our brewery, through recycling initiatives. KBL has upped its recycling initiatives thereby tremendously reducing the amount of waste sent to landfill. Currently KBL recycles 83% of total waste generated on its sites. We have also partnered with local NGOs to develop some recovery and recycling solutions.

## A Healthier World

### Promoting smart drinking

Part of our dream for a better world is aspiring to make every experience with beer a positive one. Through Ikgalemele – KBL's Smart Drinking initiative, borrowing from AB InBev's Global Smart Drinking Goals, we aim to reduce the harmful use of alcohol and foster a culture of smart drinking and road safety.

Alcohol adds to the enjoyment of life for the overwhelming majority of consumers when consumed in moderation. However, excessive or irresponsible consumption of alcohol is associated with various diseases, health conditions and negative social consequences. Being sensitive to these concerns about excessive intake and alcohol abuse because of the impact they have on society, KBL conceptualised the Ikgalemele Alcohol Responsibility program.

KBL's experience from running alcohol responsibility campaigns was that there is a rejection of messages which are seen to be preachy or judgemental or threatening. We wanted a key message which will be an interjection of conscience, one that will be easy to remember and become top of mind for consumers. Therefore, we developed a theme and symbol which was more of a call to responsible action. That is, one that will serve as a reminder to all stakeholders and consumers that "the power to ACT responsibly lies with every individual". Ikgalemele became the call to alcohol retailers, consumers, drivers, parents, and the youth to assume and exercise personal responsibility when it comes to alcohol consumption, attitude, and behaviours whilst or following imbibing. The core message is intended to inculcate an ethos of conscience and accountability.

The Ikgalemele responsibility campaign has the following key focus areas:

#### a. Responsible Retailer Training Program

Over the years, KBL has been hosting retailer training workshops around the country across urban and rural centers. The retailers who undertook the programme were challenged to be 'proud and responsible traders' with an enhanced sense of responsibility and accountability to the communities in which they operate. Participants also renewed their commitment to the Ikgalemele Code of Conduct to which all our retailers subscribe. The workshops were also attended by government authorities such as members of the Botswana Police Service, Non-Governmental Organizations (NGOs), community leaders and Bye-Law Officers. Feedback from retailers and other external stakeholders was overwhelmingly positive.

#### b. Ikgalemele Consumer Responsibility Program

KBL hosted roadshows across the major urban and rural centers of Botswana in-line with the legal drinking age of 18 years in Botswana. The roadshows were aimed at educating and engaging with communities around Botswana to deliver a consistent message especially to the youth of legal drinking age, calling for the responsible use of alcohol. The programme strives to facilitate informed choice by creating awareness of the impact of alcohol, demonstrating what alcohol abuse does to one's health and by discouraging under-age drinking. As part of the engagements, emphasis was placed on young people taking greater personal responsibility for their behaviour. The participation by the public was a key part of the delivery, including

support from various local artists, the Botswana Police Service, and the Ikgalemele Drama Group.

People of all ages and from all walks of life attended the educational roadshows that also included activations and a huge stage presence by young rising artist of various genres to help in spreading key responsibility messaging and obtaining a commitment and personal pledges from public audiences on the ways they were going to be careful when consuming alcoholic beverages. The roadshows were also supported by daily radio interviews broadcast over Radio Botswana II, Gabz FM and Duma FM.

### Expanding our product portfolio

More consumers are looking for alternatives to traditional beer that are light, refreshing and in-sync with their active lifestyles. An ideal choice for occasions like a work lunch, a casual afternoon with friends and those of people with active lifestyles, we believe the market for No- and Lower-Alcohol beers is likely to grow significantly in the next decade.

Reducing the alcohol content in beverages has been advocated by leading researchers as one of the viable mechanisms through which to reduce harmful alcohol use. AB InBev's goal is to have No- and Lower-Alcohol beers represent 20% of its global beer volumes by 2025. We define No-Alcohol products as having an alcohol by volume (ABV) of 0.0%–0.5% and Lower-Alcohol products as having an ABV between 0.51% and 3.5%. KBL's very own St. Louis Lager meets the requirements as it is currently at 3.5% ABV.

### Extending our reach through partnerships

As our approach matures and our understanding and capability grows, we have developed valuable partnerships with organisations that can provide us with the expertise and insights required for tackling our priority issues. Such partnerships include the Botswana Alcohol Industry Association (BAIA), Cancer Association of Botswana, Matsosa Welfare Foundation, Journey of Hope, and A Re Chencheng, Home Rra and Home Mma and other complementary organizations. This enables us to extend our reach into local communities in a way that makes the most difference to them whilst also generating the greatest impact for our business. Partners include government, NGOs, academic institutions and suppliers.







**Our leaders set the tone for our company. We expect our colleagues to deliver results and to inspire each other through our passion for brewing and a sense of ownership. Most importantly, we never take shortcuts. Integrity, hard work, quality and responsibility are essential to our growth.**

## Business Ethics

### Preventing corruption and bribery

Our anti-corruption compliance program is managed by a global team that oversees policy implementation, investigations, operational dashboards, and organizational change across all Zones. AB InBev has invested in data analytics systems to provide signposts as to operational and compliance-related risk in every market such as KBL.

Compliance officers are available around the clock to advise employees around the world on specific issues. Colleagues can ask questions or raise concerns in person, via a mobile app or website, or anonymously through a global compliance hotline. In 2017, KBL launched its toll-free whistleblowing hotline. Employees are regularly encouraged to report unethical behavior or unlawful activity anonymously to the secure and confidential whistleblowers hotline or make the report online. The intention of the initiative is to assist the company in maintaining a zero tolerance attitude towards fraud, theft, corruption including other business malpractices.

During the year under review, most KBL employees were trained on the Global Code of Business Conduct and the Global Anti-Corruption Policy. The Policy defines our colleagues' responsibilities and expected behavior, and strictly prohibits our colleagues from offering or giving anything of value to someone with the aim of obtaining or retaining business or influencing decision-making in connection with our commercial activities.

### Supporting human rights

We believe in treating people with respect and dignity and providing safe working conditions. Through our global company, we embrace all internationally recognized human rights frameworks, including the International Bill of Human Rights, the International Convention on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights and others.

Our commitment to upholding human rights extends to our supply chain. We require our suppliers to commit to our Global Responsible Sourcing Policy through our contracting process. This policy sets out our standards, general expectations, and commitments with respect to key areas of corporate responsibility. This is because we are committed to upholding high standards of responsible behaviour in our operations and we encourage a similar commitment amongst our business partners.





DPO is the blue print or an operational manual for Logistics implemented in Distribution Centres at KBL (and all other AB InBev Operations); it forms a guideline in all aspects and operations of the Distribution Centre such as Warehousing, Delivery, Fleet, People, Management, Planning and Safety. VPO is at the heart of our efforts to create a better world in our global management system within our breweries. This system is used to manage every aspect of our brewery operations, including environmental performance. It is the centralized framework we use to benchmark our water and energy use, quantify performance gaps, identify and disseminate best practices in order to better monitor our continuous improvement efforts.



# FINANCE AND AUDIT COMMITTEE REPORT

## RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

	31-Dec-17 12 Months Audited P'000	31-Dec-16 12 Months Normalised P'000	31-Dec-16 9 Months Audited P'000	% Change vs Prior Normalised
Share of results of associate	125,201	142,804	106,775	-12.3%
Profit for the year/period	111,640	127,091	96,280	-12.2%
Share of other comprehensive income of associate	176	10,268	9,064	-98.3%
Total comprehensive income	111,816	137,359	105,344	-18.6%
	<b>Thebe</b>	<b>Thebe</b>	<b>Thebe</b>	
Basic and diluted earnings per share (thebe)	83.9	95.5	72.4	-12.2%
KBL volume (HL)	2,080,723	2,184,136	1,670,934	-4.7%

### FINANCIAL REVIEW

Sechaba Brewery Holdings Limited's results are directly related to that of its sole associate, Kgalagadi Breweries (Pty) Ltd (KBL). All commentary on the performance below relates to that of the associate.

### VOLUME PERFORMANCE

Volume declined by 4.7% compared with the 12 months period ended 31 December 2016 with beer and soft drink down 3.5% and 7.0% respectively. The subdued volume performance was driven by a slow start in 2017 due to heavy rains and declining available income per capita, with performance slightly improving in the last quarter but not enough to reverse the negative trend.

### FINANCIAL PERFORMANCE

The decline in the financial performance of the company is mainly attributable to the current regulatory challenges environment in which the company operates combined with the decline in the overall sales volume.

### INVESTMENT IN ASSOCIATE

Investment in the associate refers to investment in Kgalagadi Breweries (Pty) Ltd ("KBL"), a company registered in Botswana involved in the manufacturing, import, distribution and marketing of a portfolio of clear beers, alcoholic fruit beverages

### FINANCIAL INFORMATION

The accounting policies adopted for the year comply, in all material respects, with International Financial Reporting Standards (IFRS). These policies are consistent with those applied in prior periods.

### LEVY ON ALCOHOLIC BEVERAGES

The Alcohol Levy Regulation was amended effective 1 April 2016. The levy rate for alcohol content of 5% and below was changed to 50% and for alcohol content above 5% remained at 55%. Additionally the calculation for levy on locally produced alcoholic beverages was revised to include excise duty payable in terms of Customs and Excise Duty Act.

### OUTLOOK 2018

Following the last quarter of 2017's performance and current momentum as well as focused distribution, new product development and organisational structure changes, we expect performance to improve in 2018 notwithstanding the tough regulatory environment.









ABInBev



SECHABA BREWERY  
HOLDINGS LIMITED

# COMPANY FINANCIAL STATEMENTS

SECHABA BREWERY HOLDINGS LIMITED

COMPANY INFORMATION	30
DIRECTORS' STATEMENT OF RESPONSIBILITY	31
INDEPENDENT AUDITOR'S REPORT	32
STATEMENT OF OTHER COMPREHENSIVE INCOME	38
STATEMENT OF FINANCIAL POSITION	39
STATEMENT OF CHANGES IN EQUITY	40
STATEMENT OF CASH FLOWS	41
ACCOUNTING POLICIES	42
NOTES TO THE FINANCIAL STATEMENTS	49
SHAREHOLDER INFORMATION	60
NOTICE OF ANNUAL GENERAL MEETING	62
PROXY FORM	63



# SECHABA BREWERY HOLDINGS LIMITED

# COMPANY

# INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2017

Sechaba Brewery Holdings Limited ("the company") is an investment company with interests in Kgalagadi Breweries (Proprietary) Limited ("KBL")

## DIRECTORS:

Name	Directors
T K Matthews (Chairman)	Non-Executive
K Maphage	Non-Executive
M T Sekgororoane	Non-Executive
B Molomo	Non-Executive
J R de Kok	Executive - Managing Director
K Kaiser	Executive - Finance Director
N Sheik	Non-Executive
S Smuts	Non-Executive

## RESIGNATIONS:

Name	Designation	Date Resigned
J R de Kok	Executive - Managing Director	31-Dec-17
K Kaiser	Executive - Finance Director	30-Aug-17
N Sheik	Non-Executive	31-Oct-17
S Smuts	Non-Executive	20-Dec-17

## SECRETARY:

T Kerekang

## INDEPENDENT AUDITORS:

PricewaterhouseCoopers

## REGISTERED OFFICE:

Plot 20768  
Kubu Road  
Broadhurst Industrial Site  
Gaborone

## BANKERS:

Standard Chartered Bank Botswana Limited

The financial statements are expressed in Pula, the currency of Botswana.

## PRIOR YEAR FINANCIAL STATEMENTS

Due to the change in the financial year of the company from 31 March to 31 December in 2016, prior year statement of comprehensive income and statement of cashflows are for 9 months period ended 31 December 2016.

SECHABA BREWERY HOLDINGS LIMITED

# DIRECTORS' STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 31 DECEMBER 2017

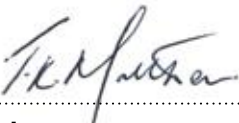
The directors of the company are responsible for the financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of financial statements in accordance with International Financial Reporting Standards.

The company maintains 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 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 period under review.

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

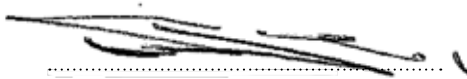
Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters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

The financial statements for the year ended 31 December 2017, and which appear on pages 38 to 59 were authorised for issue by the Board of Directors on 22 March 2018 and are signed on its behalf by:



.....

**Director**



.....

**Director**





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECHABA BREWERY HOLDINGS LIMITED

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### *Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Sechaba Brewery Holdings Limited (the "Company") as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### **What we have audited**

Sechaba Brewery Holdings Limited's financial statements set out on pages 38 to 59 comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the 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 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 Company in accordance with the Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code") and the ethical requirements that are relevant for our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with those 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).

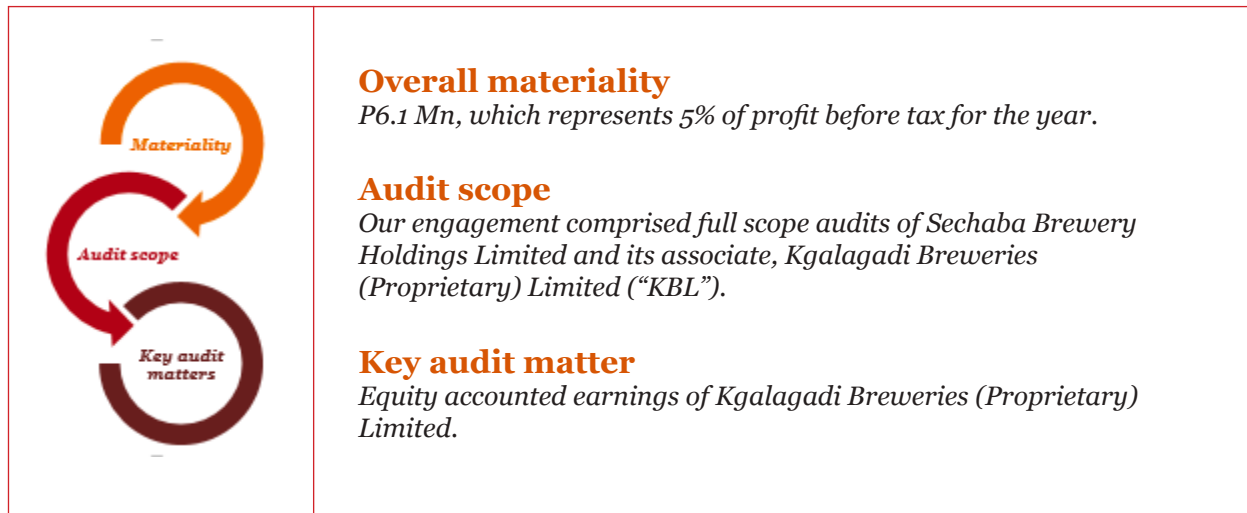
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Country Senior Partner: B D Phirie  
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena

## Our audit approach

### Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the 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.



<b>Overall materiality</b>	<i>P6,100,000</i>
<b>How we determined it</b>	<i>5% of profit before tax</i>
<b>Rationale for the materiality benchmark applied</b>	<i>We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5%, which is consistent with the quantitative materiality thresholds used for profit-oriented companies in this sector.</i>

### How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

In doing so, full scope audits were performed at the Company and its associate as the financial results and financial position of the associate has a material impact on the financial statements of the Company.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Equity accounted earnings of Kgalagadi Breweries (Proprietary) Limited</b> <p>The Company's income primarily comprises of the share of results of associate for the year. This arises from its investment in Kgalagadi Breweries (Proprietary) Limited ("KBL"). The investment in KBL is equity accounted and also represents the majority of the company's total assets. Refer to note 5.6 to the financial statements for the related disclosures.</p> <p>Given the significance of this investment to the Company's financial statements, most of the audit team's focus was aimed at determining whether the Company's share of associate's results was complete and accurate. For this reason this was determined to be a matter of most significance to the audit.</p>	<p>We assessed the control environment of the associate by obtaining an understanding of the revenue and receivables process, purchasing and payable process, production and inventory process, and the controls implemented, through discussions with management and inspections of underlying documents. We also assessed the IT general controls.</p> <p>We performed substantive testing over selected account balances of the associate, including revenue, receivables, cost of sales, inventories, cash at bank and property, plant and equipment.</p> <p>We selected a sample of journal entries passed by KBL management and tested these through corroboration to underlying supporting information and did not find exceptions.</p> <p>We compared the dividend received from KBL to the dividend payments recorded by KBL and did not identify any exceptions.</p> <p>We agreed the share of results of the associate recognised by the Company to the share of associate's profit after tax per KBL's financial records for the year ended 31 December 2017 and did not find exceptions.</p>

*Other information*

The directors are responsible for the other information. The other information comprises information included in the Sechaba Brewery Holdings Limited Financial Statements for the year ended 31 December 2017 which we obtained prior to the date of this auditor's report, which includes the Company Information and Directors' Statement of Responsibility, and the other sections of the Sechaba Brewery Holdings Limited 2017 Annual Report, which are expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 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.

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*Responsibilities of the directors for the financial statements*

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

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

---

*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company and the associate to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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.

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**Individual practicing member: Lalithkumar Mahesan**  
**Registration number: 20030046**

**Gaborone**  
**29 March 2018**





# SECHABA BREWERY HOLDINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

		For the 9 months ended	
	Note	31-Dec-17 P'000	31-Dec-16 P'000
Share of profit after tax of associate	5.1	125,201	106,775
Administrative expenses	5.2	(2,990)	(2,242)
<b>Operating profit</b>		<b>122,211</b>	<b>104,533</b>
Finance income	5.3	23	24
<b>Profit before income tax</b>		<b>122,234</b>	<b>104,557</b>
Income tax expense	5.4	(10,594)	(8,277)
<b>Profit for the year/period</b>		<b>111,640</b>	<b>96,280</b>
<b>Other comprehensive income</b>			
Share of other comprehensive income of associate	5.1	176	9,064
<b>Total comprehensive income</b>		<b>111,816</b>	<b>105,344</b>
<b>Basic and diluted earnings per share (thebe)</b>	5.5	<b>83.9</b>	<b>72.4</b>

The accounting policies and notes on pages 38 to 59 are an integral part of these financial statements.

# SECHABA BREWERY HOLDINGS LIMITED

# STATEMENT OF

# FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	31-Dec-17 P'000	31-Dec-16 P'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in associate	5.6	593,394	535,757
<b>Current assets</b>			
Other receivables	1	427	
Cash and cash equivalents	5.7	4,385	5,822
		<b>4,386</b>	<b>6,249</b>
<b>Total assets</b>		<b>597,780</b>	<b>542,006</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	5.8	233,941	233,941
Retained earnings		327,146	276,693
Hedging reserves		2,310	2,134
		<b>563,397</b>	<b>512,768</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	5.13	27,140	21,632
		<b>27,140</b>	<b>21,632</b>
<b>Current liabilities</b>			
Other payables		267	224
Dividends payable	5.11	6,964	7,361
Tax payable		12	21
		<b>7,243</b>	<b>7,606</b>
<b>Total liabilities</b>		<b>34,383</b>	<b>29,238</b>
<b>Total equity and liabilities</b>		<b>597,780</b>	<b>542,006</b>

The accounting policies and notes on pages 38 to 59 are an integral part of these financial statements.



# SECHABA BREWERY HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company			
	Stated Capital	Hedging Reserve	Retained Earnings	Total
	P'000	P'000	P'000	P'000
<b>Balance at 1 April 2016</b>	<b>233 941</b>	<b>(6,930)</b>	<b>312 097</b>	<b>539 108</b>
Profit for the period	-	-	96,280	96,280
Other comprehensive income	-	9,064	-	9,064
Total comprehensive income for the period	-	9,064	96,280	105,344
Dividends	-	-	(131,684)	(131,684)
Total transaction with owners	-	-	(131,684)	(131,684)
<b>Balance at 31 December 2016</b>	<b>233 941</b>	<b>2,134</b>	<b>276,693</b>	<b>512,768</b>
38 to 59				
<b>Balance at 1 January 2017</b>	<b>233,941</b>	<b>2,134</b>	<b>276,693</b>	<b>512,768</b>
Profit for the year	-	-	111,640	111,640
Other comprehensive income	-	176	-	176
Total comprehensive income for the year	-	176	111 640	111 816
Dividends	-	-	(61,187)	(61,187)
Total transaction with owners	-	-	(61,187)	(61,187)
<b>Balance at 31 December 2017</b>	<b>233,941</b>	<b>2,310</b>	<b>327,146</b>	<b>563,397</b>

The accounting policies and notes on pages 38 to 59 are an integral part of these financial statements.

# SECHABA BREWERY HOLDINGS LIMITED

# STATEMENT OF

# CASH FLOWS

	Note	31-Dec-17 P'000	For the 9 months ended 31-Dec-16 P'000
<b>Cash flows from operating activities</b>			
Net cash utilised in operations	5.10	(2,520)	(1,929)
Income tax paid		(5,096)	(10,874)
<b>Net cash utilised in operating activities</b>		<b>(7,616)</b>	<b>(12,803)</b>
<b>Cash flows from investing activities</b>			
Dividends received	5.12	67,740	144,870
Interest received	5.3	23	24
<b>Net cash used in investing activities</b>		<b>67,763</b>	<b>144,894</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders	5.11	(61,584)	(131,287)
<b>Net cash used in financing activities</b>		<b>(61,584)</b>	<b>(131,287)</b>
<b>Changes in cash and cash equivalents</b>		<b>(1,437)</b>	<b>804</b>
<b>Movement in cash and cash equivalents</b>			
At beginning of the year/period		5,822	5,018
Changes in cash and cash equivalents		(1,437)	804
<b>At end of the year/period</b>	5.7	<b>4,385</b>	<b>5,822</b>

The accounting policies and notes on pages 13 to 32 are an integral part of these financial statements.

# SECHABA BREWERY HOLDINGS LIMITED

# ACCOUNTING

# POLICIES

## 1 General information

Sechaba Brewery Holdings Limited is an investment Company with interests in Kgalagadi Breweries (Proprietary) Limited (KBL). The financial statements have been approved by the Board of Directors on 22 March 2018.

The Company is a public limited company, which is listed on the Botswana Stock Exchange and incorporated and domiciled in Botswana. The address of its registered office is Plot 20768, Kubu Road, Broadhurst Industrial Site, Gaborone.

### Prior year financial statement

Due to the change in the financial year of the Company from 31 March to 31 December in 2016, prior year statement of comprehensive income and statement of cashflows are for 9 months period ended 31 December 2016.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention. These financial statements are the economic interest financial statements of the Company and its associate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's annual financial statements are disclosed in the "Critical accounting estimates and judgements" section.

All amounts in the notes are shown in Pula, unless otherwise stated.

### 2.1.1 New Standards and Interpretations

#### Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### Standards and interpretations effective and adopted in the current year

##### Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The Company has adopted the amendment for the first time in the 2017 annual financial statements.

The impact of the amendment is not material.

### 2.2 Accounting for associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under this method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

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



# SECHABA BREWERY HOLDINGS LIMITED

# ACCOUNTING

# POLICIES

CONTINUED

## 2 Summary of significant accounting policies (continued)

### 2.2 Accounting for associates (continued)

The Company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

### 2.3 Dividend distribution

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

### 2.4 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject

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

### 2.5 Financial assets and liabilities

#### Financial assets

##### Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (a) Loans and receivables

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 end of the reporting period, which are classified as non-current assets. The Company's loans and receivables comprise 'other receivables' 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 Company 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.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

# SECHABA BREWERY HOLDINGS LIMITED

# ACCOUNTING

# POLICIES

CONTINUED

## 2 Summary of significant accounting policies (continued)

### 2.5 Financial assets (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss as part of other income when the Company's right to receive payments is established.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### Impairment of financial assets

##### Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognised in the statement of comprehensive income.

#### Financial liabilities

Financial liabilities other than trading liabilities are initially recognised at fair value and subsequently carried at amortised cost using effective interest rate method.

#### Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

### 2.6 Cash and cash equivalents

Cash and cash equivalents includes 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.

### 2.7 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

### 2.8 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.

# SECHABA BREWERY HOLDINGS LIMITED

# ACCOUNTING

# POLICIES

CONTINUED

## 2 Summary of significant accounting policies (continued)

### 2.9 Dividend income

Dividend income is recognised when the right to receive payment is established.

### Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### 2.10 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities arising from taxable temporary differences between the tax bases and carrying amounts of investments in associates are recognised, except to the extent that the Company can control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences between the tax bases and carrying amounts of the investments in associates are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred income tax assets are recognised only 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 and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

### 2.11 Related parties

Related parties comprise directors of the Company, its associates and companies with common control or significant influence.

Transactions with related parties are in the normal course of business and on normal commercial terms.

### 2.12 Earnings per ordinary share

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.



# SECHABA BREWERY HOLDINGS LIMITED

# ACCOUNTING

# POLICIES

## CONTINUED

## 2 Summary of significant accounting policies (continued)

### 2.13 Segmental reporting

The Company operates as an investment holding Company, currently holding one investee. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers.

The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. In this capacity, the Board monitors the overall financial results and financial positions of the associate company, and its ability to pay dividends to the Company.

The key financial indicators and performance of this investment as monitored by the Board of Directors are clearly presented in the annual financial statements of the Company, specifically through disclosures of dividend income and detailed disclosures of the summarised statement of profit or loss and other comprehensive income and statement of financial position of the associate company in note 5.6.

### 2.14 Employee benefits

The Company is an investment holding company and has no staff of its own. Therefore the Company does not operate any employee pension schemes. The qualifying members of the staff of its associate company contribute to a defined contribution plan.

### 2.15 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

## 3 Financial Risk management

### 3.1 Financial risk factors

The Statement of financial position includes assets and liabilities which are subject to market risks, credit and liquidity risks. Details of these assets and liabilities are set out in the notes to the financial statements.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

#### a) Market risk

##### i) Foreign currency risk

In the normal course of business, the Company may enter into transactions denominated in foreign currencies. During the year, the Company did not have foreign currency assets and liabilities and therefore was not exposed to foreign currency risk.

##### ii) Price risk

The Company's financial results and position are not exposed to equity security price risk or commodity price risks. Due to the nature of their operations, the Company's associate is exposed to significant commodity price risks through their procurement of raw materials on international commodities markets. These are managed and monitored by the associate company.

##### iii) Cash flow and fair value interest rate risk

The Company may from time-to-time have interest-bearing assets and liabilities. The Company management ensures that cash resources are placed with financial institutions giving the best interest rates to mitigate any significant changes in interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

There were no significant interest-bearing assets or liabilities during the financial period.

# SECHABA BREWERY HOLDINGS LIMITED

# ACCOUNTING

# POLICIES

CONTINUED

## 3.1 Financial Risk factors (continued)

### b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions including outstanding receivables and committed transactions. For banks and financial institutions, only reputable parties are accepted.

The table below shows cash and cash equivalents and other receivables at their carrying value respectively as at the reporting date.

#### 31-Dec-17

Cash and cash equivalents

Other receivables

#### Total

#### 31-Dec-16

Cash and cash equivalents

Other receivables

#### Total

Total	Fully performing
P'000	P'000
4,385	4,385
1	1
<b>4,386</b>	<b>4,386</b>
Total	Fully performing
P'000	P'000
5,822	5,822
427	427
<b>6,249</b>	<b>6,249</b>

There were no assets at fair value through the profit and loss, liabilities at fair value through the profit and loss, derivatives used for hedging or available for sale financial instruments as at period end.

None of the financial assets that are fully performing have been renegotiated during the period.

### c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

# SECHABA BREWERY HOLDINGS LIMITED

## ACCOUNTING POLICIES CONTINUED

### 3.1 Financial Risk factors (continued)

#### c) Liquidity risk (continued)

Management monitors rolling forecasts of the Company's liquidity reserve (comprises cash and cash equivalents) on the basis of expected cash flows to ensure that the company has sufficient reserves available to meet its obligations as those arise in the ordinary course of business.

Surplus cash above balance required for working capital management is invested in interest bearing current and time deposits accounts, choosing instruments to provide sufficient headroom as determined by the above mentioned forecasts.

At the reporting date, the Company held liquid cash assets of P4,385,000 (31 December 2016: P 5,822,000) for managing liquidity risk.

In addition cash for expansion or dividends payouts to shareholders is fully funded through dividends receipts from the associate company.

#### Maturity analysis based on contractually undiscounted amounts

The table below analyses the Company's liabilities that will be settled on gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Less than 1 year P'000	Total P'000
267	267
224	224

#### 31 December 2017

Other payables

#### 31 December 2016

Other payables

### 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital employed is calculated as equity.

There are no externally imposed capital requirements.



# SECHABA BREWERY HOLDINGS LIMITED

# NOTES TO THE

# FINANCIAL STATEMENTS

## 3.3 Categorisation of financial assets and liabilities

31 December 2017

### ASSETS

#### Non-current assets

Investment in associate	-	-	593,394	593,394
-------------------------	---	---	---------	---------

#### Current assets

Other receivables	1	-	-	1
Cash and cash equivalents	4,385	-	-	4,385
	4,386	-	-	4,386

#### Total assets

	4,386	-	593,394	597,780
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### EQUITY AND LIABILITIES

#### Capital and reserves

Stated capital	-	-	233,941	233,941
Retained earnings	-	-	327,146	327,146
Hedging reserves	-	-	2,310	2,310
	-	-	563,397	563,397

#### Non-current liabilities

Deferred tax liabilities	-	-	27,140	27,140
	-	-	27,140	27,140

#### Current liabilities

Other payables	-	267	-	267
Dividends payable	-	-	6,964	6,964
Tax payable	-	-	12	12
	-	267	6,976	7,243

#### Total equity and liabilities

	-	267	597,513	597,780
--	---	-----	---------	---------

FOR THE YEAR ENDED 31 DECEMBER 2017

# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 3.3 Categorisation of financial assets and liabilities

31 December 2016				
ASSETS	Loans and receivables	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
<b>Non-current assets</b>				
Investment in associate	-	-	535,757	535,757
<b>Current assets</b>				
Other receivables	427	-	-	427
Cash and cash equivalents	5,822	-	-	5,822
	6,249	-	-	6,249
<b>Total assets</b>	<b>6,249</b>	<b>-</b>	<b>535,757</b>	<b>542,006</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Stated capital	-	-	233,941	233,941
Retained earnings	-	-	276,693	276,693
Hedging reserves	-	-	2,134	2,134
	<b>-</b>	<b>-</b>	<b>512,768</b>	<b>512,768</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	-	-	21,632	21,632
	<b>-</b>	<b>-</b>	<b>21,632</b>	<b>21,632</b>
<b>Current liabilities</b>				
Other payables	-	224	-	224
Dividends payable	-	-	7,361	7,361
Tax payable	-	-	21	21
	<b>-</b>	<b>224</b>	<b>7,382</b>	<b>7,606</b>
<b>Total equity and liabilities</b>	<b>-</b>	<b>224</b>	<b>541,781</b>	<b>542,006</b>

# SECHABA BREWERY HOLDINGS LIMITED

# ACCOUNTING

# POLICIES CONTINUED

## 4. Critical accounting estimates and judgments

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Income taxes

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

### Impairment of investments in associates

The company makes an assessment of the potential impairment of the investment in associate whenever events or circumstances may indicate the presence of impairment indicators.

Key factors considered include the current and projected future financial results and financial positions of the associate, and its ability to maintain positive dividend payout policies. The company also assesses the potential impact of changes in the business and operating environments of the associate. These include monitoring of the economic and regulatory environments under which the associate operates, as well as the status of the associate's alliances and agreements with its strategic partner, the AB InBev group.

Following acquisition of SABMiller by ABInBev during late 2016, the associate has been notified that its bottling agreement with The Coca-Cola Company ("TCCC") will be terminated. Such termination may result in the sale of the associate's soft drinks business to TCCC. However, any such transaction remains subject to regulatory and shareholder approvals. While the discontinuation of the soft drinks business will impact on the associate's future operations, the associate is intent on ensuring that appropriate shareholder value is unlocked and / or maintained through the exit.

While the continuing impact of the regulatory environment cannot be accurately estimated, the associate has made reasonable efforts to mitigate these impacts and to account for these in its profit forecasts and budgets.

Based on the available information, the company had not identified any impairment of its investment in associate during the current year.

# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### CONTINUED

#### 5.1 Share of results of associate

Share of results of associate before tax

- Kgalagadi Breweries (Pty) Ltd

Share of income tax on profits

- Kgalagadi Breweries (Pty) Ltd

#### Share of other comprehensive income of associate

Fair value loss on cash flow hedges - Kgalagadi Breweries (Pty) Ltd

There is no income tax effect on other comprehensive income and it is accounted on gross basis  
Hedging reserve consist of unrealised fair value loss/gain on cash flow hedges and there are no specific restrictions on the reserve.

#### 5.2 Administrative expenses

Management fees

Audit committee fees

External Auditors' remuneration

Bank charges

Courier and postage

Directors' fees

Printing and publishing

Transfer costs

Professional fees

Insurance general

Stock exchange fees

Other expenses

#### 5.3 Finance income

Interest income - bank deposit

#### 5.4 Income tax expense

Company tax - current period

Withholding tax on dividends received

Outside basis deferred tax on investment in associate

#### Tax reconciliation

Profit before income tax

Tax at standard rate of 22%

Income subject to different tax rate

Expenses not deductible for tax purpose

Effect of deferred tax at different rate (outside basis)

Withholding tax on dividend

Effective tax rate

	For the 9 months ended
31-Dec-17	31-Dec-16
P'000	P'000
145,528	123,792
145,528	123,792
(20,327)	(17,017)
(20,327)	(17,017)
<b>125,201</b>	<b>106,775</b>
176	9,064
<b>176</b>	<b>9,064</b>

1,343	1,007
50	41
138	97
7	12
7	31
138	55
341	493
288	162
28	55
17	13
202	180
431	96
<b>2,990</b>	<b>2,242</b>
<b>23</b>	<b>24</b>
5	6
5,081	10,865
5,508	(2,594)
<b>10,594</b>	<b>8,277</b>
122,234	104,557
26,892	23,002
(27,544)	(23,490)
658	493
5,508	(2,593)
5,081	10,865
<b>10,594</b>	<b>8,277</b>
8.67%	7.92%



# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5.5 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. There were no changes to the number of shares during the period.

Net profit attributable to shareholders (P'000)

Weighted average number of ordinary shares in issue (thousand) (note 5.8)

Basic and diluted earnings per share (thebe)

31-Dec-17 31-Dec-16

P'000 P'000

111,640 96,280

133,015 133,015

83.9 72.4

### 5.6 Investment in associate

Balance at 1 January

Share of result of associate before tax (note 5.1)

Share of tax of associate (note 5.1)

Less : gross dividends received (note 5.12)

Other equity reserves

Closing balance

31-Dec-17 31-Dec-16

P'000 P'000

535,757 564,788

145,528 123,792

(20,327) (17,017)

660,958 671,563

(67,740) (144,870)

593,218 526,693

176 9,064

593,394 535,757

Details of the associate are as follows :

Name	Place of business/country of incorporation	Measurement method	% interest held
<b>31-Dec-17</b>			
Kgalagadi Breweries (Pty) Ltd	Botswana	Equity	60
<b>31-Dec-16</b>			
Kgalagadi Breweries (Pty) Ltd	Botswana	Equity	60

# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 5.6 Investment in associate (continued)

There are no contingent liabilities relating to the company's interest in the associate.

### Summarised financial information for associate

Set out below are the summarised financial information for Kgalagadi Breweries (Pty) Ltd for the year ended 31 December 2017, which is accounted for using equity method.

### Summarised statement of financial position

	31-Dec-17	31-Dec-16
	P'000	P'000
Cash and cash equivalents	133,584	4,443
Other assets (excluding cash)	303,737	461,224
<b>Total current assets</b>	<b>437,321</b>	<b>465,667</b>
Financial liabilities (excluding trade payables)	(1,407)	(6,047)
Other current liabilities (including trade payables)	(535,448)	(633,416)
<b>Total current liabilities</b>	<b>(536,855)</b>	<b>(639,463)</b>
Non-current assets	1,007,442	990,033
Non-current liabilities	(70,009)	(74,401)
<b>Net assets</b>	<b>837,899</b>	<b>741,836</b>
<b>Total equity</b>	<b>837,899</b>	<b>741,836</b>

# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 5.6 Investment in associate (continued)

#### Summarised financial information for associate

#### Summarised statement of comprehensive income

	For the 9 months ended	
	31-Dec-17	31-Dec-16
	P'000	P'000
Revenue	2,125,131	1,657,505
Cost of goods sold	(1,568,932)	(1,172,750)
Gross profit	<b>556,199</b>	<b>484,755</b>
Other operating income	29,805	3,133
Marketing costs	(27,173)	(33,254)
Depreciation	(114,223)	(56,716)
Operating expenses	(193,572)	(184,859)
Finance income	157	124
Finance cost	(8,645)	(6,864)
<b>Profit before income tax</b>	<b>242,547</b>	<b>206,319</b>
Income tax expense	(33,878)	(28,362)
<b>Profit for the period</b>	<b>208,669</b>	<b>177,957</b>
Other comprehensive income	294	15,107
<b>Total comprehensive income</b>	<b>208,963</b>	<b>193,064</b>

# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 5.6 Investment in associate (continued)

Although the company owns the majority of the issued share capital of Kgalagadi Breweries (Pty) Ltd, the constitution of the investee and operation of various shareholder and management agreements provide, inter alia, for the minority shareholder to control the Board of Directors of the investee, and assign additional voting rights to the minority shareholders in most matters affecting the operational and budgetary controls of the investee. Accordingly, the investee Company is effectively controlled by the minority shareholder and the investment is thus accounted for as an associate rather than subsidiary.

The balance of the investment in associate represents the following:

Cost of investment	241,778	241,778
Share of net post-acquisition movement in reserves	351,616	293,979

<b>593,394</b>	<b>535,757</b>
----------------	----------------

### Reconciliation of summarised financial information

Opening net assets 1 January	741,836	790,222
Profit for the period	208,669	177,957
Other comprehensive income	294	15,107
Dividends declared	(112,900)	(241,450)
Closing net assets	<b>837,899</b>	<b>741,836</b>

Interest in the associate (60%)	502,694	445,057
Goodwill	90,700	90,700
Carrying value	<b>593,394</b>	<b>535,757</b>



# SECHABA BREWERY HOLDINGS LIMITED

# NOTES TO THE

# FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

## 5.6 Investment in associate (continued)

Cost of the investment in associate includes goodwill of P90.7m (31 December 2016: P90.7m).

## 5.7 Cash and cash equivalents

Cash at bank

## 5.8 Stated capital

133,014,875 (2016: 133,014,875) ordinary shares of no par value -fully paid

## 5.9 Related party transactions and balances

Related parties comprise directors of the company, the company's associate and entities under common control and ownership. Transactions with related parties carried out during the year/period are:

### Related party transactions

Kgalagadi Breweries (Pty) Ltd - Management fees (note 5.2)

Directors' fees (non-executive directors) (note 5.2)

Audit committee fees (note 5.2)

### Related party balances

Receivable from Kgalagadi Breweries (Pty) Ltd

31-Dec-17	31-Dec-16
P'000	P'000
4,385	5,822
233,941	233,941
1,343	1,007
138	55
50	41
-	384

# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

### 5.10 Cash utilised in operations

Operating profit  
Adjustment for :  
Share of profits from associates (note 5.1)

Working capital changes:

- other payables
- other receivables

Net cash utilised in operations

### 5.11 Dividends

Dividends declared and paid during the year

#### Dividend per share (thebe)

Prior year final dividend  
Current year interim dividend  
Total dividends per share

#### Dividends paid

Dividend payable at beginning of period  
Dividend for the period  
Dividend payable at end of period  
Dividend paid

### 5.12 Dividends received

Dividend receivable at beginning of period  
Dividends for the period  
Dividend receivable at end of period  
Dividends received

	For the 9 months ended	
	31-Dec-17	31-Dec-16
	P'000	P'000
	122,211	104,533
	(125,201)	(106,775)
	<b>(2,990)</b>	<b>(2,242)</b>
	45	224
	425	89
	<b>(2,520)</b>	<b>(1,929)</b>
	<b>61,187</b>	<b>131,684</b>
	18	69
	28	30
	<b>46</b>	<b>99</b>
	(7,361)	(6,964)
	(61,187)	(131,684)
	6,964	7,361
	<b>(61,584)</b>	<b>(131,287)</b>
	-	-
	67,740	144,870
	-	-
	<b>67,740</b>	<b>144,870</b>

# SECHABA BREWERY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5.13 Deferred tax liabilities

The analysis of deferred tax liabilities is as follows:

Deferred tax liabilities:

- Deferred tax liability to be recovered after more than 12 months

Deferred tax liabilities (net)

The gross movement on the deferred tax:

At 1 January

Deferred tax charge/credit on investment in associate

**Closing deferred tax**

31-Dec-17	31-Dec-16
P'000	P'000
27,140	21,632
<b>27,140</b>	<b>21,632</b>
21,632	24,226
5,508	(2,594)
<b>27,140</b>	<b>21,632</b>

### 5.14 Events after the reporting period

The directors declared and approved dividends of P0.32 per share after year end. There are no other material events after the reporting period.

### 5.15 Sale of Coca-Cola Bottling Operation

The Coca-Cola Company and AB InBev have reached an agreement in principle for The Coca-Cola Company to acquire AB InBev's interest in the bottling operations in KBL (The associate company). The transaction is subject to the regulatory and shareholders approval. The transaction is expected to close by the end of 2018.

## SECHABA BREWERY HOLDINGS LIMITED

# SHAREHOLDER INFORMATION

### TOP 20 SHAREHOLDERS

NAMES	TOTAL SHARES	% HOLDING
FNB NOMINEES (PTY) LTD RE: AGRAY BPOPF EQUITY	27,862,494	20.95%
BOTSWANA DEVELOPMENT CORPORATION LIMITED	26,820,924	20.16%
SABMILLER AFRICA B.V.	22,398,016	16.84%
MOTOR VEHICLE ACCIDENT FUND	6,568,980	4.94%
SCBN (PTY) LTD RE: NTGSLUX 010/03	6,143,739	4.62%
SCBN (PTY) LTD RE: JPM CORONATION AFRICA FRONTIERS F -U	5,459,293	4.10%
STANBIC NOMINEES BOTSWANA RE: ALLAN GRAY DEBSWANA PF	4,015,957	3.02%
FNB BW NOMS(PTY) LTD RE: IAM BPOPF EQUITY	3,911,164	2.94%
FNB NOMINEES BOTS RE: KGORI CAPITAL - BPOPF EQUITY	3,130,884	2.35%
FNB BOTSWANA NOMINEES (PTY) LTD RE: BIFM BPOPF-EQU	2,483,516	1.87%
SCBN (PTY) LTD RE: SSB SSB RUSSELL INVESTMENT CO	2,244,617	1.69%
STANBIC NOMINEES RE: BIFM	1,676,442	1.26%
FNB BOTSWANA NOMINEES (PTY) LTD RE: KGORI BPOPF WPPP	1,572,801	1.18%
STANBIC NOMINEES BOTSWANA RE: INVESTEC DPF	1,258,695	0.95%
SCBN (PTY) LTD RE: SSB PARAMETRIC EMERGING MARKETS F	1,220,550	0.92%
SCBN (PTY) LTD RE: SSB PARAMETRIC TAX-MANAGED EMERG MF	1,086,400	0.82%
STANBIC NOMINEES BOTSWANA RE: IBMF	1,009,604	0.76%
GUARANTEED LOANS INSURANCE FUND	966,613	0.73%
SCBN (PTY) LTD RE: IAM METROPOLITAN LIFE BOTSWANA POLICY	921,383	0.69%
FNB BOTSWANA NOMINEES (PTY) LTD RE: IAM BBDCSPF	659,268	0.50%
SCBN (PTY) LTD RE: AG ALEXANDER FORBES RETIREMENT FUND	578,178	0.43%
STANBIC NOMINEES BOTSWANA RE: BURSEPF	526,675	0.40%
SCBN(PTY) LTD RE: PLC CITI OLD MUTAL GLOBAL INVESTORS S	520,825	0.39%
STANBIC NOMINEES BOTSWANA RE: BNY MELLON SA/NV	401,237	0.30%
SCBN (PTY) LTD RE: IAM UB DEFINED CONTRIBUTION PF PRE-RET	378,976	0.28%
<b>TOTAL</b>	<b>123,817,231</b>	<b>93.09%</b>

### HOLDERS >5%

Names	Total Shares	% Holding
FNB NOMINEES (PTY) LTD RE: AGRAY BPOPF EQUITY	27,862,494	20.95%
BOTSWANA DEVELOPMENT CORPORATION LIMITED	26,820,924	20.16%
SABMILLER AFRICA B.V.	22,398,016	16.84%

### SHAREHOLDERS SPREAD (PUBLIC/NON-PUBLIC)

	Number of shareholders	Total Shares	% Holding
Total	1,753	133,014,875	100.00%
Public shareholders	1,751	83,795,935	63.00%
Non Public shareholders	2	49,218,940	37.00%

#### Analysis of non public shareholders

BOTSWANA DEVELOPMENT CORPORATION LIMITED  
SAB MILLER AFRICA B.V.

**49,218,940**

26,820,924 20.16%  
22,398,016 16.84%



# SHAREHOLDER INFORMATION CONTINUED

## SPREAD BY NUMBER OF SHARES

	Number of shareholders	% of Shareholders	Total Shares	% Holding
< 2,000	1,412	80.55%	721,721	0.54%
2,001 - 5,000	160	9.13%	547,747	0.41%
5,001 - 10,000	54	3.08%	393,902	0.30%
10,001 - 50,000	58	3.31%	1,367,017	1.03%
50,001 - 100,000	19	1.08%	1,389,876	1.04%
100,001 - 500,000	27	1.54%	5,557,594	4.18%
> 500,000	23	1.31%	123,037,018	92.50%
	<b>1,753</b>	<b>100.00%</b>	<b>133,014,875</b>	<b>100.00%</b>

## BOTSWANA STOCK EXCHANGE PERFORMANCE

Total number of shares traded FY 2017	17,346,948
As a % of shares in issue	13.04%
Total value of shares traded	353,148,746
Total number of trades	270
Average trade size (number of shares)	64,248
Share price 31 December 2016	27.00
Share price 31 December 2017	19.47
Growth in share price	-27.89%
DCI 31 December 2016	9,400.71
DCI 31 December 2017	8,860.13
Growth in DCI	-5.75%

## SHAREHOLDERS' DIARY

Financial Year End	31 December
Preliminary annual results announcements	March
Annual Report Posted	June
Annual General Meeting	June
Preliminary half year results announcement	August

## DIVIDENDS

	Declared	Paid
Interim	July	August
Final	March	May

SECHABA BREWERY HOLDINGS LIMITED

# NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the Annual General Meeting of Sechaba Brewery Holdings Limited will be held on 29 June 2018 at 15h00 at the Coca-Cola Boardroom, Coca-Cola Building, Kgalagadi Breweries Gaborone, to transact the following business;

## AGENDA

### ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements for year ended 31 December 2017 together with the report of the auditors.
2. To approve the interim dividend declared by the Directors on 26 July 2017 of 28 thebe per share, and on 22 March 2018 the final dividend of 32 thebe per share, respectively.
3. To confirm the appointment of the following Directors:
  - 3.1 To confirm the appointment of Martyn David Brunnock as Non-Executive Director;
  - 3.2 To confirm the appointment of Renaud Beauchamp as Executive Director;
  - 3.3 To confirm the appointment of Boitumelo Carolyn Paya as Executive Director;
  - 3.4 To confirm the appointment of Espinosa Villarreal Juan Carlos as Non-Executive Director;
4. To approve the remuneration of the Chairman and Non-Executive Directors;
5. To re-appoint PricewaterhouseCoopers as external auditors for the ensuing year and approve their remuneration for year ended 31 December 2017;
6. To transact any other business that may be transacted at an Annual General Meeting.

## VOTING & PROXIES

Any member entitled to attend and vote, if unable to attend for any reason, is entitled to appoint a proxy or proxies to attend, speak, and on a poll, vote in his/her stead, and such proxy need not also be a member of the Company. Proxy forms should be forwarded to reach the Registered Office of the Company at least 48 hours before the time fixed for holding the meeting.

## BY ORDER OF THE BOARD

# SECHABA BREWERY HOLDINGS LIMITED PROXY FORM



SECHABA BREWERY  
HOLDINGS LIMITED

## SECHABA BREWERY HOLDINGS LIMITED

I /We\* (name in block letters).....

of (address) .....

being a holder of ordinary shares in Sechaba Brewery Holdings Limited, hereby appoint

..... or failing him/her

..... or failing him/her

..... or failing him/her

the Chairman of the meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Annual General Meeting of the Company, to be held on 29 June 2018 at 15h00 at the Coke Boardroom, Coca-Cola Building Kgalagadi Breweries Gaborone, to transact the following business;

		For	Against	Abstain
1	To receive, consider and adopt the financial statements for the year ended 31 December 2017 together with the report of the auditors.			
2	To approve the interim dividend declared by the Directors on 26 July 2017 of 28 thebe per share, and on 22 March 2018 the final dividend of 32 thebe per share, respectively			
3	To confirm the appointment of the following Directors:			
3.1	To confirm the appointment of Martyn David Brunnock as Non-Executive Director			
3.2	To confirm the appointment of Renaud Beauchamp as Executive Director			
3.3	To confirm the appointment of Boitumelo Carolyn Paya as Executive Director			
3.4	To confirm the appointment of Espinosa Villarreal Juan Carlos as Non-Executive Director			
4	To approve the remuneration of the Chairman and non-executive directors			
5	To re-appoint PricewaterhouseCoopers as external auditors for the ensuing year and approve their remuneration for year ended 31 December 2017			
6	To transact any other business that may be transacted at an Annual General Meeting			

Signed: .....on this.....day of..... 2018

### Note:

- Each member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to act in the alternative, to attend and vote and speak in his/her stead. A proxy need not be a member of the company.
- Any alteration or correction made on this form of proxy (including the deletion of alternatives) must be initialled by the signatory/signatories.
- This form of proxy should be signed and returned so as to reach the Registered Office of the company, Plot 20768 Kubu Road, Broadhurst Industrial, P O Box 631, Gaborone, not later than 48 hours before the time fixed for holding of the meeting. By hand delivery or, E-mail ([contactus@corposervebotswana.com](mailto:contactus@corposervebotswana.com))

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## SECHABA BREWERY HOLDINGS LIMITED



