ENGEN BOTSWANA LIMITED

Annual Consolidated Financial Statements

For the Year Ended

31 December 2020

Engen Botswana Limited
Consolidated Financial Statements

GENERAL INFORMATION

Directors	S Ndzinge	Motswana	(Chairman)
	C C Monga	Zambian	(Managing Director)
	A M Siwawa	Motswana	
	F J Kotze	South African	
	R N Matthews	British	(Removed 12 September 2020)
	L Makwinja	Motswana	
	S Williams	South African	
	H Morrison	South African	

Principal Activities	Petrochemical investments and property operations
Parent Company	Petroleum Investment Holding Limited (Incorporated in Mauritius)
Ultimate Parent Company	Petroliam Nasional Berhad (PETRONAS) (Incorporated in Malaysia)
Company Secretary	PricewaterhouseCoopers (Pty) ltd Fairgrounds Office Park Plot 50371 P O Box 1453, Gaborone
Company Number	BW00000748780
Registered Office	Plot 54026 Western Bypass P O Box 867 Gaborone
Auditor	Ernst & Young, Botswana
Bankers	First National Bank of Botswana Limited Absa Bank Botswana Limited Standard Chartered Bank Botswana Limited Stanbic Bank Botswana Limited
Country of Incorporation and Domicile	Botswana
Currency	Botswana Pula

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APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual consolidated financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors and are signed on their behalf by

DIRECTOR
23 March 2021

DIRECTOR

Engen Botswana Limited
Consolidated Financial Statements

DIRECTORS' REPORT

Nature of business

The core business of the group is petrochemical investments and property operations

There have been no material changes to the nature of the group's business from the prior year

Review of activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Botswana The accounting policies have been applied consistently compared to the prior year

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements

Financial Results

Revenue decreased by 20% mainly due to the Covid-19 lock downs and travel restrictions which were in force for the greater part of 2020 There were two price adjustments and an industry margin adjustment was effected in April 2020 for price controlled products Non price controlled products had market related price adjustments

Foreign exchange gains decreased from P8 8 million at the end of 2019 to P7 7 million at the end of 2020

The group exercised good margin management and cost control throughout the year

Overall the group's performance reflects a 24% decrease in net profit after tax

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

Stated capital

There were no changes to the stated capital during the year under review

Directors

Mr R Matthews passed away and was duly removed as a director on 12 September 2020 There were no other changes to directors during the year

Dividends

Dividends amounting to P165 472 220 (2019 P81 062 181) were paid during the year

Events after the reporting period

A final dividend of 12 7 thebe per share and a special dividend 40 7 thebe per share were declared on 23 March 2021 The directors are not aware of any other material event which occurred after the reporting date and up to the date of the approval of the annual financial statements

Conclusion

The Directors would like to thank our valued customers, suppliers, shareholders, management and staff and all other stakeholders for their ongoing support towards the performance of Engen Botswana Limited

Engen Botswana Limited
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Notes	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Revenue	2	2 344 081	2 920 788	178 997	87 743
Cost of goods sold		(2 110 949)	(2 624 855)	-	-
Gross profit		233 132	295 933	178 997	87 743
Other income	3 1	3 505	1 399	6 045	-
Foreign currency gains	3 4	7 736	8 769	-	-
Administrative expenses		(21 905)	(20 954)	-	-
Distribution and marketing expenses		(75 835)	(100 748)	-	-
Other operating expenses		(3 533)	(2 592)	(3 533)	(2 592)
Profit before finance costs and tax		143 100	181 807	181 489	85 151
Share of profit of joint ventures	8	4 097	4 164	-	-
Finance income		10 190	3 996	733	758
Finance costs	3 3	(10 175)	(9 781)	-	-
Profit before tax	3	147 212	180 186	182 242	85 909
Taxation	4	(49 203)	(51 021)	(14 261)	(7 477)
Profit for the year		98 009	129 165	167 981	78 432
Profit for the year attributable to equity holders of the parent		98 009	129 165	167 981	78 432
Other comprehensive income for the current year		-	-	-	-
Total comprehensive income for the year		98 009	129 165	167 981	78 432
Total comprehensive income for the year attributable to equity holders of the parent		98 009	129 165	167 981	78 432
Earnings per share (thebe)					
Basic earnings, profit for the year attributable to ordinary equity holders of the parent	5	61 4	80 9		
Diluted earnings, profit for the year attributable to ordinary equity holders of the parent	5	61 4	80 9		

Engen Botswana Limited
Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
	Notes	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	7	310 129	318 485	1 016	1 056
Right of use of assets	21	81 984	63 623	-	-
Investments in joint ventures	8	41 948	43 850	4 524	4 524
Investments	9	37	37	10	10
Investments in subsidiaries	10	-	-	72 209	72 209
		434 098	425 995	77 759	77 799
Current Assets					
Inventories	11	10 682	18 743	-	-
Trade and other receivables	12	104 336	138 985	-	-
Tax receivable	4	-	-	416	406
Forward exchange contract asset		861	965	-	-
Cash and cash equivalents	13	390 886	480 331	32 432	29 060
		506 765	639 024	32 848	29 466
TOTAL ASSETS		940 863	1 065 019	110 607	107 265
EQUITY AND LIABILITIES					
Equity					
Stated capital	14	8 138	8 138	8 138	8 138
Non distributable reserves		2 200	2 200	344	344
Retained earnings		571 078	638 541	99 559	97 050
Total equity		581 416	648 879	108 041	105 532
Non-Current Liabilities					
Deferred tax liabilities	4	4 622	4 131	19	20
Lease liabilities	21	77 628	63 691	-	-
Provisions	15	57 187	75 328	-	-
		139 437	143 150	19	20
Current Liabilities					
Trade and other payables	16	210 737	267 415	2 547	1 713
Tax payable	4	2 548	3 288	-	-
Lease liabilities	21	6 618	2 197	-	-
Forward exchange contract liability		107	90	-	-
		220 010	272 990	2 547	1 713
Total Liabilities		359 447	416 140	2 566	1 733
TOTAL EQUITY AND LIABILITIES		940 863	1 065 019	110 607	107 265

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		2020 P'000	2019 P'000	2020 P'000	2019 P'000
Cash flows from operating activities					
Profit before tax		147 212	180 186	182 242	85 909
Adjustments for					
Interest received		(10 190)	(3 996)	(733)	(758)
Profit on disposal and scrapping of property, plant and equipment	3 1	(310)	(1 152)	-	-
Dividends income from subsidiary inclusive of withholding tax	2	-	-	(178 889)	(87 635)
Dividends received from joint venture	3 1	-	-	(6 000)	-
Finance costs	3 3	10 175	9 781	-	-
Fair value on forward exchange contracts		46	(842)	-	-
Share of profit of joint ventures	8	(4 097)	(4 164)	-	-
Depreciation on property, plant and equipment	7	22 856	28 790	40	41
Profit on derecognition of lease liability/asset	3 1	(2 615)	-	-	-
Depreciation on right of use of assets	21	5 499	1 171	-	-
Operating profit/(loss) before working capital changes		168 576	209 774	(3 340)	(2 443)
Decrease in trade and other receivables		34 649	291 032	-	10
Decrease/(Increase) in inventories		8 061	(4 659)	-	-
(Decrease)/Increase in trade and other payables		(56 678)	12 499	834	204
Cash generated from (used in) operations		154 608	508 646	(2 506)	(2 229)
Interest received		10 190	3 996	733	758
Finance costs	3 3	(4 886)	(4 263)	-	-
Income taxes paid	4	(49 452)	(43 113)	(855)	(1 015)
Net cash flows from/(used in) operating activities		110 460	465 266	(2 628)	(2 486)
Cash flows from investing activities					
Acquisition of property, plant and equipment to expand operations	7	(37 868)	(23 158)	-	-
Proceeds on the disposal of property, plant and equipment		322	1 766	-	-
Dividends received from subsidiary		-	-	165 472	81 062
Dividend received from joint venture		6 000	-	6 000	-
Net cash flows (used in)/from investing activities		(31 546)	(21 392)	171 472	81 062
Cash flows from financing activities					
Dividends paid	6	(165 472)	(81 062)	(165 472)	(81 062)
Payment of principal portion of lease liabilities		(2 887)	(1 755)	-	-
Net cash flows used in financing activities		(168 359)	(82 817)	(165 472)	(81 062)
Net (decrease)/increase in cash and cash equivalents		(89 445)	361 057	3 372	(2 486)
Cash and cash equivalents at the beginning of the year		480 331	119 274	29 060	31 546
Cash and cash equivalents at end of the year	13	390 886	480 331	32 432	29 060

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

GROUP

	Notes	Attributable to equity holders of the parent			
		Stated capital P'000	Non Distributable Reserves (2) P'000	Retained earnings P'000	Total equity P'000
31 December 2020					
Balance, beginning of year		8 138	2 200	638 541	648 879
Profit for the year		-	-	98 009	98 009
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	98 009	98 009
Dividends (1)	6	-	-	(165 472)	(165 472)
At 31 December 2020		8 138	2 200	571 078	581 416
31 December 2019					
Balance, beginning of year		8 138	2 200	603 644	613 982
Effect of adoption of IFRS 16 Leases		-	-	(13 206)	(13 206)
Restated opening balance after adoption of IFRS 16 Leases		8 138	2 200	590 438	600 776
Profit for the year		-	-	129 165	129 165
Other comprehensive income for the year		-	-	-	
Total comprehensive income for the year		-	-	129 165	129 165
Dividends (1)	6	-	-	(81 062)	(81 062)
At 31 December 2019		8 138	2 200	638 541	648 879

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company All ordinary shares carry one vote per share without restriction All ordinary shares have similar rights

(2) Non distributable reserves arose from the capitalisation of a shareholder loan account

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY

	Notes	Stated capital P'000	Non Distributable Reserves (2) P'000	Retained earnings P'000	Total equity P'000
31 December 2020					
Balance, beginning of year		8 138	344	97 050	105 532
Profit for the year		-	-	167 981	167 981
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	167 981	167 981
Dividends (1)	6	-	-	(165 472)	(165 472)
At 31 December 2020		8 138	344	99 559	108 041
31 December 2019					
Balance, beginning of year		8 138	344	99 680	108 162
Profit for the year		-	-	78 432	78 432
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	78 432	78 432
Dividends (1)	6	-	-	(81 062)	(81 062)
At 31 December 2019		8 138	344	97 050	105 532

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company All ordinary shares carry one vote per share without restriction All ordinary shares have similar rights

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are presented in Botswana Pula The functional currency is also the Botswana Pula The amounts in the financial statements have been rounded to the nearest thousand The financial statements have been prepared on a historical cost basis except as modified by the revaluation of certain financial instruments to fair value as indicated in the notes below

The consolidated and separate financial statements are prepared on the going concern basis

The accounting policies adopted are consistent with those applied in the prior period

Statement of compliance

The financial statements have been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the requirements of the Companies Act of Botswana (CAP 42 01)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020 Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee Specifically, the Group controls an investee if and only if the Group has

- Power over the investee (i e existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction If the Group loses control over a subsidiary, it

- Derecognises the assets and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currency translation

Functional currency

Transactions in foreign currency are initially recorded in the functional currency at a rate of exchange ruling on transaction date Monetary assets and liabilities designated in foreign currencies are subsequently translated at rates of exchange ruling at the reporting date Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction

Foreign exchange translation gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those used when translating at initial recognition during the period or in previous financial statements are taken to the statement of profit or loss and other comprehensive income in the year they arise

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the separate financial statements of the Company

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries

The Group's investments in joint ventures are accounted for using the equity method

Under the equity method, the investment in a joint venture is initially recognised at cost The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date The statement of profit or loss reflects the Group's share of the results of operations of the joint venture Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture

The financial statements of the joint venture are prepared for the same reporting period as the Group When necessary, adjustments are made to bring the accounting policies in line with those of the Group

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of loss of a joint venture' in the statement of profit or loss and other comprehensive income

Upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income Joint ventures are carried at cost in the separate financial statements of the company

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation It is stated at historical cost excluding the costs of day to day servicing that are expensed, less accumulated depreciation and any impairment in value Cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met

Costs also include the estimated costs of dismantling and removing the assets where the obligation has been incurred when the asset was acquired or as a consequence of using the asset

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

Depreciation commences when the assets are available for their intended use Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or is included in a disposal group that is classified as held for sale or the date that the asset is derecognised

The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount If it does, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount

Useful lives of the property, plant and equipment, the depreciation method, depreciation rates, and residual values are reviewed on an annual basis Estimated useful lives of the assets are as follows

Leasehold buildings	shorter of period of lease or 50 years
Plant, equipment, and other	4 – 30 years

Land is not depreciated as it is deemed to have an indefinite life No depreciation is provided on capital work-in-progress

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying of the asset) is included in the statement comprehensive income in the year the asset is derecognized

Improvements to assets held under leases where the company is the lessee are capitalized and depreciated over the remaining lease term

Capital work in progress is carried at cost less accumulated impairment Cost comprises of amounts incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset Assets remain in capital work in progress until they are available for use At that time they are transferred to the appropriate class of property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment continued

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset In determining fair value less costs of disposal, recent market transactions are taken into account If no such transactions can be identified, an appropriate valuation model is used These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated These budgets and forecast calculations generally cover a period of five years For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased If such indication exists, the Group estimates the asset's or CGU's recoverable amount A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years Such reversal is recognised in the statement of profit or loss and other comprehensive income

The carrying amounts of assets are reviewed at each reporting date to assess if there are any indications of impairment If any such indication exists and where assets are recorded in excess of their recoverable amounts, assets or cash generating units are written down to their recoverable amounts A cash generating unit is considered only when the recoverable amount for the individual asset cannot be determined

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Decommissioning and rehabilitation of assets

The provision for dismantling and restoration costs is initially recognised at the expected cost of any committed decommissioning or restoration programme and is discounted to its net present value using a real pre tax discount rate provided at the beginning of each project

Subsequent changes in the initial estimates of rehabilitation and decommissioning costs that results from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation or a change in the discount rate are added to or deducted from the cost of the related asset in the current period The estimated timing of the outflow of resources is the earlier of the useful lives of the equipment that contain petroleum products and the lease term of leased properties Where the change results in a reduction in the liability, the cost deducted from the asset shall not exceed the carrying amount of the related asset If a decrease in the liability exceeds the carrying amount of the related asset, the excess is recognised immediately in the statement of profit or loss and other comprehensive income
Where the change results in an increase in the cost of the asset, the amount is capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate If there is any indication that the carrying amount of the related asset is not fully recoverable, an impairment test is conducted in accordance with the impairment policy These estimates are reviewed annually
The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is taken to profit or loss as incurred
Where a retail site or a depot is disposed of, the unutilised portion of the Disaster, Remediation and Restoration (DRR) costs will be released to the statement of profit or loss and other comprehensive income

Health, safety and environment costs

Costs associated with the remediation of the environment where the company operates retail and commercial sites and depots are recognized in the statement of profit or loss and other comprehensive income The best estimate of the cost is made taking into account probabilities of the occurrence of spillages

Inventories

Inventories consist of petroleum products and are initially recognised at cost and subsequently measured at the lower of cost and net realisable value Cost is determined on the first-in-first-out (FIFO) method The cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale

The amount of any write-down of inventory to net realisable value and all losses of inventory are recognised as an expense in the period that the write-down or loss occurs and is included under distribution and marketing expenses

The carrying value of inventories derecognised is included in the cost of sales in the statement of profit or loss and other comprehensive income

Cost of goods sold

Cost of goods sold is normally the carrying value of inventories sold and any net realizable value adjustments Upon re-measurement product loaned/borrowed is revalued and the corresponding entry is included in the cost of sales in the statement of profit or loss and other comprehensive income

Dividend distribution

Dividend distributions to the Group's shareholders are recognized as a liability in the period in which the dividends are declared by the Group's shareholders Dividends distributed are recognized in equity Tax is withheld on dividends distributed at the statutory rate of 7 5%

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Employee benefits

During the year, employees contributed to the Engen Botswana Retirement Fund The fund is a defined contribution fund The fund is governed by the Retirement Funds Act of 2014 Membership of this fund is compulsory for all employees

In terms of the rules of the Fund, the company is committed to contribute 9 5% of the employees' pensionable emoluments The defined contribution funds are not required to be actuarially valued The Group's contributions to the defined contribution plan are charged to the statement of profit or loss and other comprehensive income in the year to which they relate

Employee entitlements to annual leave, bonuses, and pension and severance benefits are recognised as incurred A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date Provision for bonuses is recognised when a present obligation exists to make such payments and a reliable estimate of the amount can be made

Long term benefits

Long-term employee benefits are those benefits that are expected to be settled more than 12 months after the end of the reporting period, in which the services have been rendered and are discounted to their present value An accrual is recognised for accumulated leave and other employee benefits when the Group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made

Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from the marketing and distribution of petroleum products, as well as convenience store income Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods Revenue is recognised at a point in time when control of the goods has transferred to the customer The point at which control passes depends on the terms and conditions of the contract and related transport terms and is effective either once physical delivery or receipt of the products at the agreed location has occurred, or when products are loaded onto the specific mode of transport Transfer of control usually coincides with title passing to the customer The normal credit term is 30 days upon delivery

The Group acts as principal in its revenue arrangements as it typically controls the goods and services before transferring to the customer

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue from contracts with customers continued

Determining the transaction price

The majority of the Group's revenue is derived from contracts which define a fixed price per unit sold

In certain contracts the consideration includes a variable element in the form of retrospective volume rebates and discounts The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved Certain contracts for the sale of petroleum and related products provide customer elements of variable consideration in the form of volume rebates and discounts

Customers are entitled to volume rebates and discounts, provided that they meet specific criteria Historical experience enables the Group to estimate reliably the value of discount to be granted or rebates to be paid and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned In its estimation, the Group considers the expected value of discounts or rebates that would be applicable to the transaction
Rebates are not offset against the customer but recognised as a separate refund liability

Allocating amounts to performance obligations

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated

For most contracts, there is a quoted per unit price for each product sold, with reductions given for bulk orders placed at a specific time Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts

Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices, as all product lines are capable of being, and are, sold separately

Practical expedients applied

The Group's contracts with customers are short term in nature (less than 12 months) Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of the consideration for the effects of a significant financing component if it expects at contract inception that the period between the transfer of the promised goods to the customer and when the customer pays for the goods will be one year or less

Furthermore, the Group has elected to apply the optional practical expedient for costs incurred to obtain a contract and expenses any incremental costs related to a contract when they are incurred as the amortisation period would be less than one year

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue from contracts with customers continued

Contract balances (other than contract assets)

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier) Contract liabilities are recognised as revenue when the Group performs under the contract

Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer The Group updates its estimates of refund liabilities at the end of each reporting period Refer to the accounting policy on variable consideration

Other revenue streams of the Group include the following
- Rental income,
- Interest income, and
- Dividend income,

Recognition and measurement of rental income, interest income and dividend income are scoped and described in other accounting policies (leases and financial instruments, respectively)

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss Withholding taxes are paid to the government and they are a portion of the total dividend that is declared Where the Group receives a dividend on which withholding tax is levied, that withholding tax is recognised as a current tax expense

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax liabilities are recognised for all taxable temporary differences, except

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date Also taking into account the manner of recovery of the underlying asset or liability

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement The Group has recognised provisions for dismantling and restoration costs and health, safety and environment costs

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Finance income and finance costs
Interest income on deposits is included in finance income

Finance costs consist of interest expense on term loans and bank overdraft and the unwinding of the discount of the dismantling and removal provision

Financial instruments
Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories
- Financial assets at amortised cost (debt instruments), and
- Financial assets at FVTPL

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group The Group measures financial assets at amortised cost if both of the following conditions are met

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired
The Group's financial assets at amortised cost includes trade receivables and debt instruments

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without a material delay to a third party under a 'pass-through' arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement In that case, the Group also recognises an associated liability The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECLs are recognised for those credit exposures for which there has been a significant increase in credit risk since initial recognition, over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL)
A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment

For trade receivables, the Group applies a simplified approach in calculating ECLs The entity is not required to keep track of significant changes to credit risk given that only lifetime ECLs are measured
The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

The Group considers a financial asset in default when contractual payments are past due However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR The EIR amortisation is included as finance costs in the statement of profit or loss

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability
The difference in the respective carrying amounts is recognised in the statement of profit or loss

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ADOPTED IN THE CURRENT PERIOD

The following new standards and amendments became effective as at 1 January 2020

- Amendments to IFRS 3 – Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- The Conceptual Framework of Financial Reporting

All the amendments and annual improvements above did not have an impact on the entity

The following new standards, new interpretations and amendments to standards have been issued but are not yet effective

- Amendment to IFRS 16 - Covid-19 Related Rent Concessions (Effective 1 June 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Effective 1 January 2021)
- Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January 2022)
- Amendments to IAS 16 – Property, Plant & Equipment Proceeds before Intended Use (Effective 1 January 2022)
- Amendments to IAS 37 – Onerous Contracts Costs of Fulfilling a Contract (Effective 1 January 2022)
- AIP IFRS 1 First-time Adoption of International Financial reporting Standards – Subsidiary as a first-time adopter (Effective 1 January 2022)
- AIP IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (Effective 1 January 2022)
- AIP IAS 41 Agriculture – Taxation in fair value measurements (Effective 1 January 2022)
- IFRS 17 Insurance Contracts (Effective 1 January 2023)
- Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (Effective 1 January 2023)
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting)

The above new standards and amendments to existing standards issued but not yet effective are not expected to have an impact on the entity

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Significant accounting judgments and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable In the process of applying the groups accounting policies, management has made the following estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year

Significant accounting judgments and estimates

Allowances for slow moving inventory
Based on prior management practice, inventory that has not moved for a 12-month period is considered to be obsolete Obsolete and discontinued products are considered to have no value The provision is raised based on the full cost or net realisable values of the product Refer to note 12

Allowances for credit losses
The expected loss rates derived are based on the payment profiles of sales over a 36-month period before 31 December 2020 (being 1 January 2018 to 31 December 2020) and the corresponding historical credit losses that occurred over the same period The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables The group has identified the gross domestic product, consumer price index and the unemployment rate of Botswana to be the most relevant indicators affecting a customers' ability to pay, and accordingly adjusts the historical loss rates based on expected changes in these factors A specific provision is made for credit losses where customer accounts are handed over to lawyers for recovery and where it is probable that the receivable may not be recovered Refer to Note 20

Asset retirement and removal obligations
Estimating the future costs of these obligations is complex and requires management to make estimates and judgments regarding future cash flows and discount rates because most of the obligations will only be fulfilled in the future Changing technologies, political, environmental, safety, business and statutory considerations, could also influence the resulting provisions

Management judgement is exercised when determining the present value of expected future cash flows when the obligation to dismantle or restore the sites arises as well as the estimated useful life of the related asset The useful lives of the assets are considered to be equal to the remaining lease term under the assumption that the lease will not be renewed, and this impacts on the obligation The provision for the costs of decommissioning these sites at the end of their economic lives has been estimated using existing technology, at current prices and discounted using a real discount rate of 5 10% (December 2019 – 7 14%) The decline in the discount rate was due to a change in the bond rate that was used in the calculations

The Group's asset retirement obligations are coupled with the estimated remaining useful lives of the asset to which they relate The carrying value of the dismantling and removal costs provision as at 31 December 2020 is P57 187 403 (December 2019 P72 254 479) (Note 16) There is uncertainty regarding both the amount and timing of incurring these costs

Allowance for health safety and environment

This allowance is based on probabilities of spillages of petroleum products occurring at each retail, commercial or fuel depot The costs are based on the point in time costs

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Significant accounting judgments and estimates continued

Slate receivable
Management makes a significant degree of judgment in assessing the recoverability of the slate receivable balance by assessing available evidence based on negotiations with the Government If indications exist that the balance will not be recoverable, an impairment allowance is raised to reflect the balance which will be recovered from Government

Estimating the incremental borrowing rate used in lease liabilities
The Group applied judgement in determining the interest rate implicit in its lease liabilities The Group uses its incremental borrowing rate, which reflects what the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment This requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease The Group estimates the incremental borrowing rate using observable inputs, such as comparable market interest rates for similar financed transactions (where and when available), and is required to make certain entity specific estimates, such as the adjustments to the rates for the subsidiaries' stand-alone credit rating and country specific risks

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
2 REVENUE					
Revenue from contracts with customers					
Petroleum turnover		2 317 028	2 891 060	-	-
Convenience income		14 340	15 560	-	-
Revenue from contracts with customers		2 331 368	2 906 620	-	-
Rental income		12 713	14 168	108	108
Dividend income from subsidiary		-	-	178 889	87 635
		2 344 081	2 920 788	178 997	87 743

Disaggregation of revenue

The company has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount and uncertainty of revenue and cash flows are affected by economic date

	Petroleum and related products P'000	Convenience income P'000	Total P'000
2020			
Primary geographic markets			
Botswana	2 317 028	14 340	2 331 368
Product type			
Petroleum products	2 177 895	-	2 177 895
Petrochemical products	30 548	-	30 548
Lubricants	108 585	-	108 585
Convenience	-	14 340	14 340
	2 317 028	14 340	2 331 368
Timing of transfer of goods			
Point in time	2 317 028	14 340	2 331 368

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

REVENUE continued

	Petroleum and related products P'000	Convenience income P'000	Total P'000
2019			
Primary geographic markets			
Botswana	2 891 060	15 560	2 906 620
Product type			
Petroleum products	2 807 574	-	2 807 574
Petrochemical products	27 208	-	27 208
Lubricants	56 378	-	56 378
Convenience	-	15 560	15 560
	2 891 060	15 560	2 906 620
Timing of transfer of goods			
Point in time	2 891 060	15 060	2 906 620

		Group		Company	
		Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
3	**PROFIT BEFORE TAX**				
3.1	**Other income**				
	Application fees for service station dealership	63	-	-	-
	Profit on disposal and scrapping of property, plant and equipment	310	1 152	-	-
	Claim for loss of profits	472	247	-	-
	Dividends received from joint venture	-	-	6 000	-
	Profit on derecognition of lease liability/asset	2 615	-	-	-
	Profit from the sale of scrapped motor vehicle	45	-	45	-
		3 505	1 399	6 045	-
3.2	**Expenses**				
	Auditors Remuneration				
	- current year	950	941	317	174
	Depreciation of Property, Plant & Equipment (Note 7)	22 856	28 790	40	41
	Depreciation of Right of Use Asset (Note 21)	5 499	1 171	-	-
	Management and computer fees (Note 17)	11 756	12 135	-	-
	Provision for bad & doubtful debts (Note 12)	(1 558)	669	-	-
	Salaries and employment benefits	16 164	16 557	-	-
	Contributions to defined contribution funds	1 137	1 053	-	-

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
3 PROFIT BEFORE TAX continued				
3.2 Expenses -continued				
Other operating expenses which are shown on the Statement of Profit or Loss and Other Comprehensive Income relate to expenses incurred by the Company which is not a trading entity The expenses mainly include listing fees for the Botswana Stock Exchange, directors' fees, company secretarial fees and annual report costs				
3.3 Finance costs				
Unwinding of dismantling, removal and restoration provision (Note 15)	5 289	5 518	-	-
Finance costs arising from financial liabilities	-	61	-	-
Interest expense on lease liability	4 886	4 202	-	-
	10 175	9 781	-	-
3.4 Foreign exchange gains				
Foreign exchange gains (Including gains on fair value movements due to financial assets and liabilities that are at fair value through profit and loss (P10 293 202) (2019 P9 175 691)	7 736	8 769	-	-
4 TAXATION				
Botswana normal taxation				
Current				
Company tax at statutory rate	35 295	45 230	845	905
Withholding tax on dividends from subsidiary	13 417	6 573	13 417	6 573
Deferred				
Attributable to temporary differences arising in the current year	491	(782)	(1)	(1)
	49 203	51 021	14 261	7 477

Reconciliation of tax rate	%	%	%	%
Standard tax rate	22 0	22 0	22 0	22 0
Adjusted for				
Exempt income	(0 2)	(0 5)	(14 6)	(14 8)
Non-allowable expenses	2 5	1 7	0.4	1 5
Withholding tax on dividends from subsidiary	9 1	5 1	-	-
Effective tax rate	33 4	28 3	7 8	8 7

Non allowable expenses mainly consist of unwinding costs of the dismantling and restoration provision, apportionment of expenses related to local dividend and donations

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
4 TAXATION continued				
Deferred tax liability				
Origination of temporary differences from Property, plant and equipment	(8 046)	(8 353)	(19)	(20)
Trade accounts receivable	596	1 059	-	-
Trade accounts payable	(598)	(602)	-	-
Right of use asset and liability	3 426	3 765	-	-
Deferred tax liability	(4 622)	(4 131)	(19)	(20)
Tax payable/(receivable)				
Opening balance	3 288	(5 402)	(406)	(296)
Tax paid	(49 452)	(43 113)	(855)	(1 015)
Charge for the year	48 712	51 803	845	905
Closing balance	2 548	3 288	(416)	(406)

5 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the group's total comprehensive income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year The following reflects the income and share data used in the basic earnings per share computations for the years 31 December 2020 and 31 December 2019

Profit for the year	98 009	129 165
Profit for the year attributable to ordinary shareholders	98 009	129 165
Weighted average number of ordinary shares in issue	159 722 220	159 722 220
Earnings Per Share (thebe)	61 4	80 9

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements There is no dilution effect

6 DIVIDENDS PAID AND PROPOSED

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
Dividends declared during the year	165 472	81 062	165 472	81 062
Amount paid	165 472	81 062	165 472	81 062

The total gross amounts of dividends paid in 2020 was P165 472 220 (2019 P81 062 181) Withholding taxes of 7 5% of gross dividends were deducted and paid to Botswana Unified Revenue Service and these amounted to P13 416 666 (2019 P6 572 609) in total Withholding taxes are paid by Engen Marketing Botswana (Pty) Ltd, the subsidiary company

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

DIVIDENDS PAID AND PROPOSED continued

	Group		Company	
	Dec 2020 Thebe Per share	Dec 2019 Thebe Per share	Dec 2020 Thebe Per Share	Dec 2019 Thebe Per Share
Declared and paid in the year				
- final dividend related to the prior year	25 4	39 9	25 4	39 9
- interim dividend for the current year	18 0	15 0	18 0	15 0
- first special dividend for the current year	37 2	-	37 2	-
- second special dividend for the current year	31 4	-	31 4	-
Proposed (not recognised as a liability)				
- final dividend for the current year	12 7	25 4	12 7	25 4
- special dividend	40 7	93 9	40 7	93 9

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

7 PROPERTY, PLANT & EQUIPMENT – GROUP

	Freehold Land	Leasehold Buildings	Plant, equipment and other	Capital work in progress (1)	Total
	P'000	P'000	P'000	P'000	P'000
31 December 2020					
Balance at beginning of year					
At cost	6 078	220 920	269 016	22 738	518 752
Accumulated depreciation	-	(92 918)	(107 349)	-	(200 267)
Net carrying amount	6 078	128 002	161 667	22 738	318 485
Additions	-	396	4 443	33 029	37 868
Disposals – At cost	-	-	(1 124)	-	(1 124)
- Accumulated depreciation	-	-	1 112	-	1 112
Dismantling and restoration costs (Note 16)	-	-	(23 356)	-	(23 356)
Transfers	-	208	1 711	(1 919)	-
Depreciation (Note 3 2)	-	(8 350)	(14 506)	-	(22 856)
Balance at end of year, net of accumulated depreciation	6 078	120 256	129 947	53 848	310 129
Balance at end of year					
At cost	6 078	221 524	250 690	53 848	532 140
Accumulated depreciation	-	(101 268)	(120 743)	-	(222 011)
Net carrying amount	6 078	120 256	129 947	53 848	310 129
31 December 2019					
Balance at beginning of year					
At cost	6 078	208 249	266 339	20 988	501 654
Accumulated depreciation	-	(77 789)	(100 860)	-	(178 649)
Net carrying amount	6 078	130 460	165 479	20 988	323 005
Additions					
Disposals – At cost	-	(723)	(7 062)	-	(7 785)
- Accumulated depreciation	-	344	6 828	-	7 172
Dismantling and restoration costs (Note 16)	-	-	1 725	-	1 725
Transfers	-	10 501	1 483	(11 984)	-
Depreciation (Note 3 2)	-	(15 473)	(13 317)	-	(28 790)
Balance at end of year, net of accumulated depreciation	6 078	128 002	161 667	22 738	318 485
Balance at end of year					
At cost	6 078	220 920	269 016	22 738	518 752
Accumulated depreciation	-	(92 918)	(107 349)	-	(200 267)
Net carrying amount	6 078	128 002	161 667	22 738	318 485

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

7 PROPERTY, PLANT & EQUIPMENT – COMPANY

	Freehold Land	Leasehold Buildings	Plant, equipment and other	Total
	P'000	P'000	P'000	P'000
31 December 2020				
Balance at beginning of year				
At cost	568	529	-	1 097
Accumulated depreciation	-	(41)	-	(41)
Net carrying amount	568	498	-	1 056
Depreciation (Note 3 2)	-	(40)	-	(40)
Balance at end of year, net of accumulated depreciation	568	458	-	1 016
Balance at end of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(283)	(352)	(635)
Net carrying amount	568	448	-	1 016
31 December 2019				
Balance at beginning of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(202)	(352)	(554)
Net carrying amount	568	529	-	1 097
Depreciation (Note 3 2)	-	(41)	-	(41)
Balance at end of year, net of accumulated depreciation	568	498	-	1 066
Balance at end of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(243)	(352)	(595)
Net carrying amount	568	974	-	1 056

(1) Capital work in progress includes all assets that are under construction and not yet in use as at the reporting date These items of property, plant and equipment will be reallocated to the respective asset class on completion of the construction

(2) No items of property, plant and equipment have been pledged as security for liabilities

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000

8 INTERESTS IN JOINT VENTURES

The Group has a 40% and 25% interest in the joint arrangements, Engen Palapye Partnership and Engen Maun Partnership, respectively, which are involved in property letting

The Group's interest in both joint arrangements is accounted for using the equity method in the consolidated financial statements The financial year end of both joint ventures is 31 December and is the same as the group Summarised financial information of the joint arrangements, based on their IFRS financial statements, and the reconciliations with the carrying amounts of the investments in the consolidated financial statements are set out below

Engen Palapye Partnership

Current assets, Including cash and cash equivalents of P6 063 369 (2019 P15 269 014)	7 587	15 813	-	-
Non current assets	75 518	74 855	-	-
Current liabilities	(638)	(1 149)	-	-
Equity	82 467	89 519	-	-
Group's carrying amount of the investment	31 209	34 103	-	-

Engen Maun Partnership

Current assets, Including cash and cash equivalents of P11 077 756 (2019 P8 574 623)	11 402	8 900	-	-
Non current assets	31 104	30 109	-	-
Current liabilities	(649)	(775)	-	-
Equity	41 857	38 234	-	-
Group's carrying amount of the investment	10 739	9 747	-	-
Total carrying amount of the investments	41 948	43 850	-	-

Engen Palapye Partnership

Rental income	7 449	7 406	-	-
Rentals	6 707	6 752	-	-
Other	742	654	-	-
Fair value gains on property	1 600	2 100	-	-
Interest income	454	420	-	-
Direct operating expenses	(1 742)	(1 842)	-	-
Profit for the year	7 761	8 084	-	-
Share of profit of joint venture – Palapye	3 105	3 234	-	-

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
Engen Maun Partnership				
Rental income	3 849	3 920	-	-
Rentals	3 515	3 593	-	-
Other	334	327	-	-
Fair value gains on property	900	800	-	-
Interest income	343	198	-	-
Direct operating expenses	(1 124)	(1 195)	-	-
Profit for the year	3 968	3 723	-	-
Share of profit of joint venture - Maun	992	930	-	-
Total share of profits of the joint ventures – Palapye and Maun	4 097	4 164	-	-

Non current assets comprise of the total investment properties owned by the joint arrangements

The Engen Maun investment property is held by way of a 50 year lease with the Tawana Land Board commencing 12 November 2003 with an option to renew for a further 50 years The joint arrangement was entered into on 16 July 1993

The Engen Palapye investment property comprises of a shopping complex erected on Lot 68 in Palapye, measuring 16500 square metres held in terms of Tribal Lease Number L/E/4/788, commencing on 6 June 1982, for fifty years and registered under title deed number 9/83 dated 7 September 1983 The joint arrangement was entered into on 7 November 1991

Investment properties are stated at fair value, which has been determined, based on valuations performed by an independent professionally qualified valuer, as at 31 December 2020 and 31 December 2019 for the current and previous year respectively The valuer has recent experience in the location and category of the investment property being valued The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date The fair value is based on recent prices of similar properties in the same category and location

The joint arrangements had no contingent liabilities or capital commitments as at 31 December 2020 and 2019 The joint arrangements cannot distribute their profits until they obtain consent from the four venture partners

A dividend of P6 000 000 (2019 nil) was paid by Engen Palapye Partnership to all joint venture partners

The values of the investment in joint arrangements in the company are shown below

Unlisted				
- Engen Palapye Partnership (At cost)	-	-	2 762	2 762
- Engen Maun Partnership (At cost)	-	-	1 762	1 762
	-	-	4 524	4 524

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
9	**INVESTMENTS**				
	Unlisted				
	- School debentures (At fair value through profit and loss)	37	37	10	10
		37	37	10	10

The investments in debentures have no maturity date and no interest applies to them

10	**INVESTMENT IN SUBSIDIARIES**				
	Unlisted Holding				
	Shares at cost				
	- Engen Marketing Botswana (Pty) Ltd 100%	-	-	72 209	72 209

A listing of the Group's principal subsidiaries is set out in Note 22

11	**INVENTORIES**				
	Petroleum products purchased for resale - at cost	11 147	19 046		-
	Provision for obsolete stock	(465)	(303)	-	-
		10 682	18 743	-	-

There was no write down and reversal of inventory that was recognised as an expense during the year

12	**TRADE AND OTHER RECEIVABLES**				
	Financial assets				
	Trade receivables, net of allowance for impairment	85 001	104 203	-	-
	Other receivables	3 387	682	-	-
		88 388	104 885	-	-
	Non-financial assets				
	Slate receivable	-	29 419	-	-
	Other receivables	15 948	4 681	-	-
		104 336	138 985	-	-

Trade and other receivables are non-interesting bearing and are generally on 30-60 days' terms with the exception of the slate receivable from Government which has no set terms The directors consider the carrying value to approximate the fair value Other receivables comprise of staff loans and value added tax receivable The other receivables included in financial assets consist mainly of accruals that do not form part of trade receivables

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

12 TRADE AND OTHER RECEIVABLES continued

	Group		Company	
	2020	2019	2020	Dec 2019
	P'000	P'000	P'000	P'000
Trade and other receivables at 31 December				
Neither past due nor impaired	71 991	100 679	-	-
Past due but not impaired				
Less than 30 days	12 569	2 066	-	-
Between 30 days and 60 days	3 828	14	-	-
Between 60 days and 90 days	-	64	-	-
More than 90 days	-	2 062	-	-
Total	88 388	104 885	-	-

Past due but not impaired is based on time since recognition and after 30 days, the balances have no factors that would evidence impairment, management still considers these balances as fully recoverable The directors consider the carrying amount to approximate the fair value

As at 31 December 2020, trade receivables at nominal value of P9 278 977 (December 2019 P10 878 619) were impaired and fully provided for Movements in the allowance for expected credit losses of receivables were as follows

	Dec 2020	Dec 2019	Dec 2020	Dec 2019
	P'000	P'000	P'000	P'000
At beginning of year	10 879	3 879	-	-
Charge for the year	-	8 861	-	-
Utilised during the year	(42)	(95)	-	-
Reversal of unused provision	(1 558)	(1 766)	-	-
At end of year	9 279	10 879	-	-

The allowance represents impairment losses on individually assessed financial assets and expected credit losses

Refer to Note 20 for additional information in respect of allowances for expected credit losses

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
13	**CASH AND CASH EQUIVALENTS**				
	For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following				
	Cash on hand and at bank	287 33	251 048	1 746	2 047
	Short term deposits	103 553	229 283	30 686	27 013
	Cash resources	390 886	480 331	32 432	29 060

The short term deposits had variable effective interest rates of between 1 0% and 4 2% (December 2019 – 1 1% and 3 65%) for the year At year end the short-term deposits were maturing within 90 days (December 2019 60 days) No interest is earned on cash amounts maintained in the Group's current accounts The Group has unutilised banking facilities with First National Bank of Botswana Limited of Nil (December 2019 P2 500 000)

		Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
14	**STATED CAPITAL**				
	159 722 220 authorised and issued ordinary shares at no par value, fully paid	8 138	8 138	8 138	8 138
		8 138	8 138	8 138	8 138

For capital management disclosures refer to Note 20

15	**PROVISIONS**				
	Dismantling and restoration costs				
	Balance at beginning of year	75 254	69 189	-	-
		(23 356)	1 725	-	-
	Additional provision (Note 7)	1 178	2 211		
	Change in estimate (Note 7)	(24 534)	(486)	-	-
	Finance costs (Note 3 3)	5 289	5 518	-	-
	Utilised during the year	-	(1 178)	-	-
		57 187	75 254	-	-
	Long term leave liability				
	Balance at the beginning of the year	74	-	-	-
	Charge for the year	-	74	-	-
	Transfer to short term leave liability	(74)	-	-	-
	Balance at the end of the year	-	74	-	-
		57 187	75 328	-	-

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
16	**TRADE AND OTHER PAYABLES**				
	Financial liabilities				
	Trade payables	22 909	48 380	-	-
	Related party payables (Note 17)	119 927	157 741	-	-
	Other payables	5 844	4 983	2 547	1 713
		148 680	211 104	2 547	1 713
	Non-financial liabilities				
	Duties & Levies	41 284	44 994	-	-
	Leave pay	1 222	765	-	-
	Slate payable	10 690	-	-	-
	Other payables	8 861	10 552	-	-
		210 737	267 415	2 547	1 713

Trade payables are non interest bearing and are normally settled on 30-60 day terms

Other payables, duties and levies are non-interest bearing and have an average term of 30 – 60 day terms Other payables included in financial liabilities consist of accruals Other payables in non-financial liabilities consist of accruals, value added tax payable, provision for bonus and the health and safety provision

For terms and conditions relating to related parties, refer to Note 17

	Group		Company	
	Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000

17 RELATED PARTY DISCLOSURES

Related party transactions where control exists include Petroleum Investment Holdings Limited, which owns 70% of the Company's shares The remaining 30% of the shares are widely held The ultimate parent of the Group is Petroliam Nasional Berhad (PETRONAS) of Malaysia

During the year, the Group entered into transactions with fellow subsidiaries Those transactions along with related balances at 31 December 2020 and 31 December 2019 are presented in the following table

(i) Purchase of goods/services:

Purchase of refined oil products - Engen Petroleum Limited	1 309 628	2 007108	-	-
Purchase of refined oil products - Engen Namibia (Pty) Ltd	27 362	12 956	-	-
Service fees for the provision of technical, accounting and computer support - Engen Petroleum Limited (Note 3 2)	11 756	12 135	-	-
Dividends received from Engen Marketing Botswana (Proprietary) Limited	-	-	178 889	87 635
Rent paid to Joint Ventures	685	210	-	-

Engen Petroleum Limited, a company incorporated in the Republic of South Africa, is a subsidiary of PETRONAS of Malaysia and is therefore an entity related through common control Engen Namibia (Pty) Ltd, a company incorporated in the Republic of Namibia, is a subsidiary of PETRONAS of Malaysia and is therefore an entity related through common control The above transactions were carried out on commercial terms and conditions

(ii) Outstanding balances arising from purchases of goods/services

Purchase of refined oil products and services fees for technical, accounting and computer support -				
Engen Petroleum Limited (Note 16)	119 570	157 447	-	-
Engen Namibia (Pty) Ltd (Note 16)	357	294	-	-
(iii) Compensation of key management personnel				
Short-term employee benefits	4 906	6 500	1 663	1 362
Post-employment benefits	267	272	-	-
Total compensation of key management personnel	5 173	6 772	1 663	1 362

The non-executive directors do not receive pension entitlement from the Group A listing of the members of the Board of Directors is shown on page 1 of the financial statements

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash There have been no guarantees provided or received for any related party receivables or payables For year ended 31 December 2020, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (December 2019 Nil) This assessment is undertaken every financial year through examining the financial position of the related parties and the market in which the related parties operate Related party balances are normally settled on 30 -60 days terms

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		Dec 2020 P'000	Dec 2019 P'000	Dec 2020 P'000	Dec 2019 P'000
18	COMMITMENTS AND CONTINGENCIES				
18.1	**Capital expenditure commitments**				
	The Group has the following purchase commitments for property, plant and equipment incidental to the ordinary course of business				
	Approved and committed	-	-	-	-
	Approved but not committed	64 245	80 385	-	-
		64 245	80 385	-	-
18.2	**Contingent liabilities**				
	The Group, through its bankers, has provided the following guarantees at 31 December				
	Bond to the Department of Customs & Excise for the movement of petroleum products from the Republic of South Africa and Namibia to Botswana and whilst in transit	248	248	-	-
	Guarantee to Botswana Railways in respect of security for compliance with performance obligations in accordance with the fuel supply contract	300	300	-	-
		548	548	-	-

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

18.3 COMMITMENTS AND CONTINGENCIES continued

The Group's bankers issued guarantees in favour of the Department of Customs and Excise and Botswana Railways in terms of which the bankers (as guarantors) will reimburse the Department of Customs and Excise and Botswana Railways in the unlikely event that Engen default on their payments This is limited to P248 000 and P300 000 respectively In accordance with the agreed terms, any amounts paid by the bankers will be recovered from Engen No liability is expected to arise

18.4 Lease rentals receivable – group as a lessor

Contingent lease rentals receivable are based on volumes sold and a value has not been attributed to these agreements Total contingent rentals recognised as income in the year amounted to P12 440 333 (2019 P13 889 406) Other lease rentals which are under cancellable lease arrangements relate to commercial property leases from third parties

18.5 Legal claims

In the ordinary course of business, the Group is a defendant in a litigation arising from trade claims Although there can be no assurances, the Group believes, based on information currently available, that the ultimate resolution of the legal proceedings would not likely have a material adverse effect on the results of its operations, financial position or liquidity of the Group The Group has not raised any liability in respect of these claims which amount to nil (2019 nil)

19 SEGMENT REPORTING

Operating segment information

The property letting segment is made up of the two joint ventures (Refer to Note 8) The Directors consider that on the basis of risks and returns and the Group's organisational and reporting structure for management purposes there are primarily two operating segments, petrochemical activities and property letting business Within the petrochemical activities there are two main business units, Commercial and Retail, the two segments have similar economic characteristics and the distribution channel is similar and as such have been aggregated as one segment, petrochemical activities segment Petrochemical activities primarily involve the selling and distribution of fuel All revenue is earned in Botswana and all assets are situated in Botswana Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties Amounts disclosed are based on the numbers included in the consolidated financial statements

19 SEGMENT REPORTING continued

Year ended 31 December 2020	Petrochemical Activities	Property Letting	Consolidated
	P'000	P'000	P'000
Segment Revenue			
External sales	2 331 368	-	2 331 368
Total Segment Revenue (Note 2)	2 331 368	-	2 331 368
Results			
Depreciation (Note 3 2)	31 681	-	31 681
Foreign exchange gains (Note 3 5)	7 736	-	7 736
Finance costs (Note 3 3)	(10 175)	-	(10 175)
Taxation (Note 4)	(49 203)	-	(40 203)
Share of profit of joint ventures	-	4 097	4 097
Profit for the year after tax	**93 912**	**4 097**	**98 009**
Total assets	**898 915**	**41 948**	**940 863**
Total liabilities	**359 447**	-	**359 447**
Capital Expenditure (Note 7)	**37 868**	-	**37 868**

Year ended 31 December 2019	Petrochemical Activities	Property Letting	Consolidated
	P'000	P'000	P'000
Segment Revenue			
External sales	2 906 620	-	2 906 620
Total Segment Revenue (Note 2)	2 906 620	-	2 906 620
Results			
Depreciation (Note 3 2)	31 536	-	31 536
Foreign exchange gains (Note 3 5)	8 769	-	8 769
Finance costs (Note 3 3)	(9 781)	-	(9 781)
Taxation (Note 4)	(51 021)	-	(51 021)
Share of profit of joint ventures	-	4 164	4 164
Profit for the year after tax	**125 001**	**4 164**	**129 165**
Total assets	**1 021 169**	**43 850**	**1 065 019**
Total liabilities	**416 140**	-	**416 140**
Capital Expenditure (Note 7)	**23 158**	-	**23 158**

19 SEGMENT REPORTING continued

	2020 P'000	2019 P'000
Geographic information		
Revenues from external customers		
Botswana (Note 2)	2 331 368	2 906 620
Total revenue from external customers per the consolidated statement of profit or loss and other comprehensive income (Note 2)	2 331 368	2 906 620

The revenue information above is based on the location of the customers

20 FINANCIAL INSTRUMENTS

Group

31 December 2020	*Note*	*Financial assets measured at amortised cost P'000*	*Financial liabilities measured at amortised cost P'000*	*Assets/(liabilities) held at fair value through P&L P'000*	*Total carrying amount P'000*
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	88 388	-	-	88 388
Cash at bank and in hand	13	390 886	-	-	390 886
Forward exchange contract asset		-	-	861	861
Financial liabilities					
Trade and other payables	16	-	(148 680)	-	(148 680)
Forward exchange contract liability		-	-	(107)	(107)
		479 274	(148 680)	791	331 385

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

20 FINANCIAL INSTRUMENTS continued

31 December 2019	Note	*Loans and receivables* *P'000*	*Financial liabilities measured at amortised cost* *P'000*	*Assets/(liabilities) held at fair value through P&L* *P'000*	*Total carrying amount* *P'000*
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	104 885	-	-	104 885
Cash at bank and in hand	13	480 331	-	-	480 331
Forward exchange contract asset		-	-	965	965
Financial liabilities					
Trade and other payables	16	-	(211 104)	-	(211 104)
Forward exchange contract liability		-	-	(90)	(90)
		585 216	(211 104)	912	375 024

Company

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below

31 December 2020	Note	*Financial assets measured at amortised cost* *P'000*	*Financial liabilities measured at amortised cost* *P'000*	*Assets held at fair value through P&L* *P'000*	*Total carrying amount* *P'000*
Financial assets					
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	32 432	-	-	32 432
Trade and other payables	16	-	(2 547)	-	(2 547)
		32 432	(2 547)	10	29 895

31 December 2019	Note	*Loans and receivables* *P'000*	*Financial liabilities measured at amortised cost* *P'000*	*Assets held at fair value through P&L* *P'000*	*Total carrying amount* *P'000*
Financial assets					
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	29 060	-	-	29 060
Financial liabilities					
Trade and other payables	16	-	(1 713)	-	(1 713)
		29 060	(1 713)	10	27 357

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

20. FINANCIAL INSTRUMENTS continued

Total interest income and total interest expense calculated using the effective interest method for financial assets or financial liabilities that are not at fair value through profit or loss are as follows

	Group			Company		
	Interest income	*Interest expense*	*Total net gains and losses*	*Interest income*	*Interest expense*	*Total net gains and losses*
December 2020						
Cash & cash equivalents/ payables	10 190	-	10 190	733	-	733
December 2019						
Cash & cash equivalents/ payables	3 996	61	3 935	758	-	758

Total exchange gains and losses for financial assets or financial liabilities that are at fair value through profit or loss are as follows

	Group		Company	
	Fair value gains/(losses)	*Total net fair value gains/(losses)*	*Fair value gains/(losses)*	*Total net fair value gains/(losses)*
December 2020				
Forward exchange contracts	10 293	10 293	-	-
December 2019				
Forward exchange contracts	9 175	9 175	-	-

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

20 FINANCIAL INSTRUMENTS continued

Financial risk management objectives and policies

The main risks arising from the group's and company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 13) Interest rates applicable to these financial instruments compare favourably with those currently available in the market and are only applicable to Botswana interest rates The group's policy is to minimise the interest rate risk exposure as such the group has no external debt and invests in the best interest yielding call and fixed deposits accounts

The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the group's and company's profit before tax (through the impact on floating rate financial instruments) and equity at reporting date The reasonable possible change is based on past trends of interest rates and expected future changes The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months There is no direct impact on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact

	Group		Company	
	2020	2019	2020	2019
	P'000	P'000	P'000	P'000
Effect on profit before tax				
Increase of 1% in interest rates	3 909	4 803	324	291
Decrease of 1% in interest rates	(3 909)	(4 803)	(324)	(291)

Foreign currency risk

The group purchases its petroleum products in other countries and, as a result, is exposed to movements in foreign currency exchange rates Foreign currency risk is managed at a senior level and monitored by the group management Foreign currency risk is only with regard to transactions with a fellow subsidiary in South Africa payable in Rands

The group and company use foreign currency forward exchange to manage foreign exchange exposure

The following table demonstrates the sensitivity to a reasonably possible change in the South African Rand exchange rate, with all other variables held constant, of the group's and company's profit before tax (due to changes in the fair value of monetary assets and liabilities) The reasonable possible change is based on past trends of foreign exchange rates and expected future changes The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months There is no effect on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact

	2020	2019
	P'000	P'000
Effect on profit before tax		
Increase of 10% in the ZAR rate	(14 635)	(18 019)
Decrease of 10% in the ZAR rate	14 635	18 019

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

20 FINANCIAL INSTRUMENTS continued

Financial Risk Management

The group mitigates the risk of foreign exchange rate movements through the use of forward exchange contracts The notional amount of coverage from forward contracts as at 31 December 2020 was P119 122 344 (31 December 2019 P128 285 022)

Currency profile

The Pula equivalent values of amounts translated from foreign currencies at year end are as follows

	2020 Pula	2020 Rand	2019 Pula	2019 Rand
Related party payables (Note 16)	119 926 754	162 260 898	157 741 865	209 796 681
Exchange rate	1 000	1 353	1 000	1 330

Credit risk management

Transactions are only conducted with approved counterparties that satisfy the assessment in terms of specific guidelines, rules, and parameters in terms of an approved counterparty selection list and limits The purpose of credit risk policies and processes is to set the foundation for the establishment of effective credit risk management across the Group

The Group's credit risk is primarily attributable to trade and other receivables The amounts presented in the Statement of Financial Position are net of allowances for expected credit losses For allowances for doubtful receivables disclosure, refer to note 11 An allowance for impairment is made based on the expected credit loss which is an amount expected of default based on the historical amount and adjusted by forward looking information

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses The provision rates are based on days past due for the customer segments There is no categorisation of customer segments as the loss patterns are similar

The Group has collateral against some of its trade and other receivables in the form of cessions over trade and other receivables, bonds over movable and immovable property and letters of guarantee The fair value of collateral held amounted to P68 916 000 (2019 P66 226 000) There was no collateral that was sold or repledged There were no obligations to return the collateral The entity had the right to use the collateral to extinguish the respective trade receivables that it was covering with no restrictions

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risks arises from default of the counter party The credit quality of these counterparties is good as all of these counterparties are reputable banking institutions

Maximum credit risk exposure per class in total is the carrying values of loans and receivables and financial assets at fair value disclosed in Note 12

For trade and other receivables, all new counterparties are subject to a credit risk assessment This is a process whereby a counterparty's credit worthiness is evaluated using qualitative and quantitative weighted criteria Use is made of outside vetting agencies to vet new potential customers The information obtained from these agencies is used in the Group's own credit risk rating system

As a result of these evaluations the customers are assigned a risk rating The credit risk rating framework is used as the primary credit evaluation tool Exposure limits, credit terms and security requirements are all set according to these risk ratings

All customers are grouped according to their risk category

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

The risk rating determines how often the counterparties risk rating will be reviewed If the counterparties risk rating is rated as average risk, low risk, or minimal risk the review takes place every 6 months High risk counter parties are reviewed every month Each business stream and division will monitor their credit exposure and credit risk for reporting to management on a monthly basis

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired

%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2020	99 55%	-	-	0 45%	100%

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired

%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2019	98%	-	-	2%	100%

Debtors in government and industry and commerce category are the main trade categories that fall into low risk, with industry and commerce being the main trade category in minimal risk Industry and commerce and retail are the main trade categories in average risk, and sales and distribution companies, fleet, retail and export debtors are the main categories in significant risk

Listed below is the age analysis of trade and other receivables The age analysis is based on credit terms

2020 P'000	Carrying Amount	Current	Less than 30 days	Between 30 and 60 days	Between 60 and 90 days	More than 90 days
Expected credit loss rate		0 20%	0 85%	4 0%		
Trade receivables at gross carrying amount	97 667	71 991	12 569	3 828	-	9 279
Expected credit losses	(9 279)	(143)	(107)	(153)	-	(8 876)
	88 388	71 848	12 462	3 675	-	403

2019 P'000	Carrying Amount	Current	Less than 30 days	Between 30 and 60 days	Between 60 and 90 days	More than 90 days
Expected credit loss rate				2 46%		5 57%
Trade receivables at gross carrying amount	115 764	100 679	2 066	123	5 210	7 686
Expected credit losses	(10 879)	-	-	(109)	(5 146)	(5 624)
	104 885	100 679	2 066	14	64	2 062

The specific provisions that are included in the Expected Credit Losses above amount to P8 876 658 (2019 10 299 965)

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

20 FINANCIAL INSTRUMENTS continued

Liquidity risk

Liquidity risk is the risk that the group and company have insufficient funds available to fulfil their existing and future cash flow obligations Several elements are regarded as fundamental in the management of liquidity These include the maintenance of minimum levels of marketable and liquid assets, effective cash flow management, implementation of long term funding strategies, diversification of funding, and adequate contingency plans
The group and company have access to banking facilities in excess of their current and anticipated future requirements The group's and company's borrowing powers are not limited by its Articles of Association
The following table summarises the maturity profile of the group's financial liabilities at 31 December 2020 based on contractual undiscounted payments

Group

31 December 2020	Less than 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	> 5 years P'000	Total P'000
Trade and other payables	-	148 680	-	-	-	148 680
Forward exchange contract liability	-	107	-	-	-	107
	-	148 787	-	-	-	148 787
31 December 2019						
Trade and other payables	-	211 104	-	-	-	211 104
Forward exchange contract liability	-	90	-	-	-	90
	-	211 194	-	-	-	211 194
Company						
31 December 2020						
Trade and other payables	-	2 547	-	-	-	2 547
31 December 2019						
Trade and other payables	-	1 713	-	-	-	1 713

FAIR VALUE MEASUREMENTS

The following table provides fair value measurement hierarchy of the group's assets and liabilities
Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2020

		Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
	Date of valuation	P'000	P'000	P'000	P'000
Foreign exchange forward contracts	31 December 2020	861	-	861	-
School debentures	31 December 2020	37	-	-	37
Liabilities measured at fair value					
Foreign exchange forward contracts	31 December 2020	107	-	107	-

There have been no transfers between level I and 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

FAIR VALUE MEASUREMENTS continued

Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2019

		Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
	Date of valuation	P'000	P'000	P'000	P'000
Foreign exchange forward contracts	31 December 2019	965	-	965	-
School debentures	31 December 2019	37	-	-	37
Liabilities measured at fair value					
Foreign exchange forward contracts	31 December 2019	90	-	90	-

Fair values
The directors consider the carrying amount of all financial instruments to approximate their fair value since the financial assets and liabilities have a short term to maturity and the interest rate on other receivables approximate the market rate The fair value of foreign forward exchange contracts (FEC) is determined by using quoted prices in a market that is not active for the identical item held by another party as an asset The fair value is measured using a valuation model The input to this model being exchange rates are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values

Capital management

The group and company define capital as the total equity of the group and company as noted in the statement of changes in equity The group's and company's long-term objective for managing capital is to deliver competitive, secure and sustainable returns to maximise long-term shareholder value Management is of the view that these objectives are being met The group and company are not subject to any externally-imposed capital requirements

The group and company aim to maintain capital discipline in relation to investing activities while growing the dividend per share The Group and company do not have any long term debt Cash retained in the group and company is used to self-fund investing activities

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

21 LEASES (GROUP AS LESEE)

Details pertaining to leasing arrangements, where the Group is lessee are presented below

Net carrying amounts of right of use assets

The carrying amounts of right of use assets are as follows

	Lease Properties	Total
Cost	**P'000**	**P'000**
1 January 2020	67 424	67 424
Additions	27 186	27 186
Derecognition of terminated lease	(3 426)	(3 426)
31 December 2020	91 184	91 184
Accumulated depreciation		
1 January 2020	3 801	3 801
Current year	5 499	5 499
Derecognition of terminated lease	(100)	(100)
31 December 2020	9 200	12 626
Net carry amount	81 984	81 984

	Lease Properties	Total
Cost	**P'000**	**P'000**
1 January 2019 (initial recognition)	50 720	50 720
Transfers from prepaid leases	16 704	16 704
31 December 2019	67 424	67 424
Accumulated depreciation		
1 January 2019 (initial recognition)	2 630	2 630
Current year	1 171	1 171
31 December 2019	3 801	3 801
Net carry amount	63 623	63 623

	2020	2019
	P'000	**P'000**
Other disclosures		
Interest expense on lease liabilities	4 886	4 202
Total cash outflow from leases within the scope of IFRS 16	(7 773)	(5 966)

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

LEASES (GROUP AS LESEE) (continued)

	2020 P'000	2019 P'000
Lease liabilities		
The maturity analysis of lease liabilities is as follows		
Within one year	6 618	2 197
Two to five years	6 711	6 780
More than five years and less than ten years	12 585	13 825
More than ten years	58 332	43 086
	84 246	65 888
Non-current liabilities	77 628	63 691
Current liabilities	6 618	2 197
	84 246	65 888
Lease liabilities		
Balance at the beginning of the year/initial recognition	65 888	67 652
Additions	27 186	-
Interest	4 886	4 202
Derecognition of terminated lease	(5 941)	-
Lease payments within the scope of IFRS 16	(7 773)	(5 966)
Balance at end of the year	84 246	65 888

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in Botswana It is customary for the lease contracts to provide for payments to increase each year by inflation or a constant percentage

22 SUBSIDIARY COMPANY

The subsidiary company of Engen Botswana Limited which is incorporated in Botswana, is as follows

	% Holding	Business Description
Engen Marketing Botswana (Pty) Ltd	100	Marketing of petroleum products

The major portion of the group's activities are conducted by Engen Marketing Botswana (Pty) Ltd

23 EVENTS AFTER THE REPORTING PERIOD

A final dividend of 12 7 thebe per share and a special dividend 40 7 thebe per share were declared on 23 March 2021 There are no other events that occurred after the reporting date that require adjustment or disclosure in the annual financial statements

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 31 DECEMBER 2020

24 IMPACT OF COVID-19

The Covid-19 outbreak was first reported near the end of 2019 At that time, a cluster of cases displaying the symptoms of a 'pneumonia of unknown cause' were identified in Wuhan, the capital of China's Hubei province On 31 December 2019, China alerted the World Health Organisation (WHO) of this new virus On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a 'Public Health Emergency of International Concern' On 11 March 2020, the WHO declared the Covid-19 outbreak to be a pandemic

Covid-19 has significantly impacted the world economy Many countries have imposed travel bans on millions of people and additionally people in many locations are subject to quarantine measures Businesses are dealing with lost revenue and disrupted supply chains While some countries have started to ease the lockdown, the relaxation has been gradual and, as a result of the disruption to businesses, millions of workers have lost their jobs The Covid-19 pandemic has also resulted in significant volatility in the financial and commodities markets worldwide Numerous governments have announced measures to provide both financial and non-financial assistance to the affected entities

The company was affected by declining revenues due to reduced economic activity in the country The lock downs, border closures and other Covid-19 restrictions that took place during the year also affected the company's performance Some customers delayed in their payments as they were facing cash flow difficulties The pandemic reduced the profitability of the company, however, the cash position remained stable The company is still able to continue its business operations into the foreseeable future without any significant constraints

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENGEN BOTSWANA LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Engen Botswana Limited and its subsidiaries (the Group) and company set out on pages 3 to 50, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, and the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Engen Botswana Limited as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act (CAP 42:01).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and other independence requirements applicable to performing audits of the Group and Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of the Group and Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters apply only to the audit of the consolidated financial statements.

Resident Partner: B Ndwapi (Managing Partner)
A full list of Partners is available from this office and the Register of Companies
Independent member of Ernst & Young Global Limited.

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Key Audit Matter – Consolidated Financial Statements	How the matter was addressed in the audit
Provision for dismantling and restoration cost of sites The Group has a provision for the dismantling and restoration cost of sites stated at P57.2 million at 31 December 2020 (2019: P75.3 million) representing 16% of the Group's total liabilities (2019: 18%). We considered the provision to be significant to the audit of Engen Botswana Limited Group due to the following reasons: The calculation of this provision requires management's judgement in estimating future decommissioning costs and events, both internal and external to the Group. A small change to the variables making up the costs, as well as a change to an event; for example a change in useful life, can result in a material impact to the valuation of the future obligation. The judgement required to estimate the dismantling and rehabilitation costs is primarily compounded by the fact that the restoration and rehabilitation of each site is unique, and there has been limited restoration and rehabilitation activity. Thus there is limited historical precedent against which to benchmark estimates of future costs. The influence of ongoing activity and the annual changes to costs, as well as the significant judgements and estimates relating to the rehabilitation obligation, are revised each year. The assumptions that we consider having a significant impact on the provision recognised are: ➢ Risk discount rate (which is influenced by the movement in the prime rate) ➢ Estimates of future costs and, ➢ Useful lives of sites In addition, in the current year the Government of Botswana reduced the prime lending rate as a result of the impact of the Coronavirus pandemic. This had a significant impact on the risk discount rate by reducing it from 7.14% in 2019 to 5.1% in the current year. Accordingly, the above audit matter is considered a Key Audit Matter. The provision for dismantling and restoration cost of sites is disclosed in Note 15 to the financial	Our audit procedures comprised the following in addressing the key audit matter: We recalculated the provision based on the inputs used by management. We assessed the provision and the appropriateness of the discount rate assumption used to arrive at the liability by performing the following: I. A sensitivity analysis of changes in the discount rate. II. We involved our internal valuation specialists to assist in evaluating the methodology applied in the discount rate calculations. We tested the reasonableness of the discount rate used by comparing the results of management's discount rate and EY specialist discount rates. III. We assessed whether the Group discount rate was adjusted for country specific risks. IV. We assessed the reasonability of management's discount rate by comparing it to the prime rate adjusted for country and entity specific risks. We assessed the reasonableness of the estimated future costs determined by the management's experts. This included assessing the key assumptions used in determining these costs. We evaluated the competence, capabilities and objectivity of the management expert who was used to estimate future costs. We agreed the lease terms used in the calculation to the terms in the lease contracts. We tested the accuracy of the inputs used by management in the calculation by evaluating the completeness of the number of sites used in the calculation against underlying information.

statements together with the key judgements and estimates described in Note 1.	We performed a recalculation of the unwinding of the discount rate arising from the present value calculations applied to the future cash flows. We assessed the completeness and accuracy of the disclosures relating to the provision in terms of the requirements of IAS 16 - Property, Plant and Equipment and IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 50 page document titled Engen Botswana Limited Annual financial statements, which includes the Directors' Report included on page 2 as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this report and the annual report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP42:01), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 intends to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

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Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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.

Ernst & Young
Practicing Member: Bakani Ndwapi
Partner
Certified Auditor
Membership number: 19980026
Gaborone

Date 31/3/2021