


ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 April 2019	Year ended 30 April 2018
	P'000	P'000
Revenue	5 305 981	4 785 500
Cost of sales	(4 965 856)	(4 490 990)
Gross profit	340 125	294 510
Other income and gains	48 897	46 779
Administrative expenses	(168 082)	(142 676)
Earnings before interest tax and amortisation (EBITA)	220 940	198 613
Amortisation	(5 819)	(6 380)
Investment income	55 409	50 117
Finance costs	(9 866)	(9 898)
Profit before share of results of associate and joint venture	260 664	232 452
Share of results of associate	(1 994)	(382)
Share of results of joint venture		(361)
Profit before tax	258 670	231 709
Income tax expense	(60 026)	(54 035)
PROFIT FOR THE YEAR	198 644	177 674
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net gain on revaluation of land and buildings	9 752	12 171
Gross gain on revaluation of land and buildings	12 398	15 275
Income tax on gain on revaluation of land and buildings	(2 646)	(3 104)
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(46 462)	(718)
Other comprehensive (loss) / income for the year (net of tax)	(36 710)	11 453
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	161 934	189 127
PROFIT FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	198 860	175 871
Non - controlling interests	(216)	1 803
TOTAL PROFIT FOR THE YEAR	198 644	177 674
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	162 150	187 324
Non - controlling interests	(216)	1 803
TOTAL COMPREHENSIVE INCOME	161 934	189 127
Number of shares in issue at beginning and end of year	250 726 709	250 726 709
Dividends per share (thebe) - ordinary - interim	10.00	10.00
Dividends per share (thebe) - ordinary - final	27.50	23.00
Basic and diluted earnings per share (thebe)	79.31	70.14
Total comprehensive income per share (thebe)	64.67	74.71

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 April 2019	Year ended 30 April 2018
	P'000	P'000
Net cash generated from operating activities	288 919	211 919
Net cash flows utilised in investment activities	(43 330)	(292 446)
Dividends paid	(82 741)	(90 270)
Net cash flows from other financing activities	(5 123)	(3 959)
Net movement in cash and cash equivalents ("IFRS")	148 600	(171 275)
Cash and cash equivalents at beginning of year	383 641	554 916
Effects of exchange rates on cash and cash equivalents	(9 125)	3 481
Cash and cash equivalents at end of year	532 241	383 641
Represented by:		
Cash and cash equivalents	537 566	407 835
Bank overdrafts	(5 325)	(24 194)
Cash and cash equivalents at end of year	532 241	383 641

Basis of preparation and accounting policies

The abridged consolidated financial results of Sefalana Holding Company Limited and its subsidiaries ("Sefalana" / the "Group") are extracted from the Group financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention except for the revaluation of certain non-current assets being land and buildings, investment properties and preference shares which are carried at fair value.

The accounting policies applied in the preparation of the audited financial statements for the year ended 30 April 2019 ("the year"), are consistent with those applied in the preparation of the audited financial statements for the year ended 30 April 2018 with the exception of the adoption of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers), which have had no significant impact on these financial results.

Financial results of the Group - overview

This time last year we proudly reported to our Shareholders that we had achieved our best performance to date following a period of difficult trading conditions. We had achieved this through focusing on cost saving initiatives and extracting greater value from our well diversified group of businesses across the Region. We also focused on margin improvements through enhancing our procurement activities.

We continued this approach throughout the current financial year and are pleased to report once again, that we have closed the year with our best ever results, with a profit before tax of just over P0.25 billion representing a 12% increase compared to the comparative year to 30 April 2018 ("the prior year").

We are confident that our Shareholders and potential investors will be pleased with our performance and will share our enthusiasm with the forward-looking prospects of our business and brand - a Brand you can trust.

Our focus on the Region

With the economic challenges experienced in the local market over recent times, our diversification into neighbouring countries has

been central to our strategy, and over the last five years has helped us improve the Group's overall performance.

Namibia continues to grow and generate enhanced profitability. Lesotho, despite its political climate, is also showing top line growth.

Our most recent entry into the South African market has resulted in a sizeable contribution to the bottom line results for the current and prior year.

Expansion into the Region naturally exposes the Group to foreign exchange gains and losses. At the half year we reported a P45 million re-translation loss, mainly relating to the Namibian, South African and Lesotho businesses which are all ZAR denominated. At the year end this re-translation loss amounted to P46 million since the currency movements have not been significant over the latter six month period. These translation differences, recorded in other comprehensive income and losses are however, temporary and will reverse as the ZAR normalises.

Strategically, we continue to focus on our core segments, primarily the FMCG business. This segment in particular, has seen a significant improvement this year. Further details have been provided under the Trading - consumer goods section of this report.

Financial highlights

For the year ended 30 April 2019, the Group's:

- Revenue was P5.3 billion - up 11% on prior year;
- Gross Profit was P340 million - up 15% on prior year;
- Profit before tax was P259 million - up 12% on the prior year; and
- A final dividend of 27.5 thebe is to be paid to our Shareholders.

Segmental Reporting

The Group's business and geographical segments are reported separately. Inter-segment transactions are eliminated, and accounted for in a separate ("Intersegment or Unallocated") segment. The new segment presented this year relates to our South African business given its increased contribution to the overall Group results. For comparative purposes

the prior year contribution from this segment has also been presented.

The Botswana environment - getting back on its feet

During the year, we have noted some positive signs of recovery in the market, as consumer spending and confidence appears to be improving. Our customers are visiting our stores more often and basket sizes are increasing. There is generally an improved level of activity in the market.

We continue to take a slow and measured approach to store openings to caution against cannibalising our existing stores but have in the pipeline, plans to open a number of new retail stores in the coming 12 months. This is estimated to generate an additional 600 jobs by the end of 2019. We believe that it is the duty of all large employers in the market to create employment wherever possible so as to help stimulate the economy.

We aim to assist the Farming industry through our significant procurement of grain through Botswana Agricultural Marketing Board ("BAMB") where we recently signed a P57 million deal for the year. We have also focused strongly on developing our fruit and vegetable business and the underlying farming community.

Our manufacturing businesses and motor divisions, which employ large staff complements, are heavily dependent on Government procurement, and to the extent that there have been delays in the awards of the annual tenders, this has adversely impacted us.

Whilst we have focused on top line growth, we also embarked on an overhead cost reduction program across the Group, streamlined processes where possible and re-negotiated input prices with service providers.

Overall, our Botswana businesses have generated P130.6 million of profit, up 4% on the prior year.

Trading consumer goods

Sefalana Cash & Carry Limited contributed 55% and 30% of the Group's revenue and profit before tax for the year, respectively. Turnover amounted to P2.9 billion, which was 15% up on the prior year.

We experienced increased pressure on margins in both our Wholesale and Retail operations over the last few years, however through better procurement and pricing strategies, and by focusing more on what customers want, we were able to improve our gross profit margins and overall profitability.

At the beginning of the financial year, Sefalana operated 4 Hyper Stores ("Sefalana Hyper"), 25 Cash & Carry stores ("Sefalana Cash & Carry") and 26 supermarket retail stores ("Sefalana Shopper") across the country, giving the Group a total of 55 stores in Botswana. During the year, we expanded our national footprint through the opening of additional Sefalana Shopper retail stores in Letlhakane and Charles Hill. We also recently relocated our Cash & Carry in Old Industrial area to Gaborone West alongside Trade World, increasing competition in the area.

This year, as part of our annual birthday promotion, our Cash & Carry business gave away 26 mobile kiosks worth just under P2 million thereby empowering local Botswana entrepreneurs, and our Retail birthday promotion consisted of giving away cash prizes amounting to P1.7 million. This generated a lot of excitement in the market as we found a number of our retail customers preferred cash rather than prizes in kind, especially during a time where there has been a strain in the economy.

We continue to strive to work towards offering our customers a one-stop-shop experience and this approach has proven to help enhance earnings from this segment during the year. We have improved our in-store offerings with a greater number of stores accepting the RCS credit facility we launched a few years ago. In the coming months, RCS customers will now have the ability to settle their RCS credit card balances in-store, bringing additional convenience to their shopping experience.

Our recently introduced "Cash Withdrawal" offering is now available at all our stores in association with FNB. All FNB card holders can now withdraw cash at any of our tills. This is particularly helpful in areas where banks or ATM machines are not close by.

We undertook a significant exercise to analyse our pricing files and product ranges and through the use of our Business Intelligence tool and reports we were able to identify areas for

improved margins and offerings. There is still further work to be done in this area as the tool is only partially implemented. We look towards further benefits arising from this exercise as we progress into the ensuing year.

Subsequent to the year end we opened our new Sefalana Catering business. This division will focus on serving the large hospitality industry with frozen foods in wholesale size units. We are very excited about this new offering. Further updates will be provided as part of our 2019/20 half year report.

Trading - others

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 2% and 5% to Group turnover and profit before tax, respectively. This therefore remains a relatively small Group segment.

CML historically relied on tender business, but over recent years has focused on growing its private sales as a result of a general decline in tender activity.

We are currently exploring plans to relocate the MAN, Tata and Honda dealerships to the A1 highway, alongside our new Setlho development. This will provide the dealership with better visibility and access, which is essential given the focus on private customer sales. This will also provide us with additional efficiencies relating to a single site rather than the two sites we currently operate from.

MFL continued to focus on the supply of equipment to Botswana Railways ("BR") and the supply of wholesale farming and electrical equipment rather than on walk-in retail trade. This is in-line with the Group's strategy to focus on the core activities of operation and to downscale less profitable areas of the business. We have noted an improvement in the results from this business as a result of a lower overhead base required to support the on-going activities.

Included in the prior year results for this segment was a once off margin generated in respect of the supply of eight locomotives to BR which enhanced the prior year performance.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 April 2019	30 April 2018
	P'000	P'000
ASSETS		
NON - CURRENT ASSETS		
Property, plant and equipment	641 720	617 064
Investment property	287 166	260 685
Intangible assets	134 546	145 823
Investment in preference shares	197 895	198 114
Investment in associate		2 616
Deferred lease assets	2 656	1 090
Deferred tax assets	17 254	16 708
Total non-current assets	1 281 237	1 242 100
CURRENT ASSETS		
Inventories	607 640	615 791
Trade and other receivables	254 882	254 464
Current tax assets	1 669	5 628
Cash and cash equivalents	537 566	407 835
Total current assets	1 401 757	1 283 718
TOTAL ASSETS	2 682 994	2 525 818
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	686 354	686 354
Other reserves	205 353	242 062
Retained earnings	867 318	751 199
Equity attributable to:		
Owners of the parent	1 759 025	1 679 616
Non - controlling interests	16 064	16 280
Total equity	1 775 089	1 695 896
NON - CURRENT LIABILITIES		
Finance lease obligations	1 360	2 244
Deferred lease obligations	17 653	19 399
Loans and borrowings	110 831	112 103
Deferred tax liabilities	88 948	86 586
Total non-current liabilities	218 792	220 332
CURRENT LIABILITIES		
Trade and other payables	607 336	515 393
Finance lease obligations	775	633
Loans and borrowings	1 429	5 280
Contract liabilities	14 119	
Current tax liabilities	11 655	4 465
Bank overdrafts	5 325	24 194
Provisions and accruals	48 474	59 625
Total current liabilities	689 113	609 590
Total liabilities	907 905	829 922
TOTAL EQUITY AND LIABILITIES	2 682 994	2 525 818

