

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2022				
	Unaudited 6 Months to 30.06.22 P'000	Unaudited 6 Months to 30.06.21 P'000	% change	Audited 12 Months to 31.12.21 P'000
Revenue	2,143,316	1,222,986	75%	2,723,001
Cost of Sales	(1,718,677)	(996,777)		(2,265,405)
Gross Profit	424,639	226,209	88%	457,596
Other income	586	52		185
Forex gains	3,949	2,855		2,518
Administrative Expenses	(8,607)	(7,897)		(20,580)
Distribution & Marketing Expenses	(51,348)	(44,619)		(80,614)
Other Operating Expenses	(1,170)	(1,687)		(2,969)
Share of profit of joint ventures	1,698	1,458		1,044
Finance income	3,296	4,233		7,463
Finance costs	(5,945)	(5,950)		(9,798)
Profit before taxation	367,096	174,654	110%	354,845
Taxation	(88,163)	(42,410)		(93,945)
Profit for the period attributable to equity holders of the parent	278,935	132,244	111%	260,900
Other comprehensive income	-	-		-
Total comprehensive income for the period	278,935	132,244	111%	260,900
Profit before taxation is stated after taking into account the following:				
Depreciation	20,812	16,493		22,283
Staff costs	10,007	8,157		18,154

Note:

Accounting Policies

The financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) 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).

SUPPLEMENTARY GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2022				
	Unaudited 6 Months to 30.06.22 P'000	Unaudited 6 Months to 30.06.21 P'000	% change	Audited 12 Months to 31.12.21 P'000
Replacement cost results				
Historical cost net profit	278,935	132,244		260,900
Less: Inventory effects	238,866	74,672		151,164
Inventory profits/(losses)	306,239	95,733		193,800
Taxation @ 22%	(67,373)	(21,061)		(42,636)
Replacement cost net profit	40,069	57,572	-30%	109,736
Shares in issue	159,722,220	159,722,220		159,722,220
Historical cost earnings per share (thebe)	174.6	82.8		163.3
Replacement cost earnings per share (thebe)	25.1	36.0		68.7
Dividend per share paid and provided (thebe)	57.3	86.9		103.6
Historical cost dividend cover	3.0	1.0		1.6
Replacement cost dividend cover	0.4	0.4		0.7

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022				
	Unaudited As at 30.06.22 P'000	Unaudited As at 30.06.21 P'000	% change	Audited As at 31.12.21 P'000
ASSETS				
Non current assets				
Property, plant and equipment	339,828	302,438		351,468
Right of Use of Assets	75,956	79,880		78,232
Investments	37	37		37
Share of investments in joint ventures	39,889	43,405		40,992
Deferred tax asset	1,458	-		-
	457,168	425,760		470,729
Current assets				
Inventories	45,071	48,621		38,075
Trade and other receivables	796,646	302,983		442,616
Taxation receivables	-	-		3,528
Forward exchange contracts asset	-	149		224
Cash and cash equivalents	314,136	302,979		294,163
	1,155,853	654,732		778,606
Total Assets	1,613,021	1,080,492	49%	1,249,335
EQUITY AND LIABILITIES				
Equity				
Stated capital	8,138	8,138		8,138
Non distributable reserve	2,200	2,200		2,200
Retained income	856,068	624,426		668,702
	866,406	634,764		679,040
Non current liabilities				
Deferred tax liabilities	-	2,166		4,134
Lease liability	82,561	79,541		79,472
Provisions	84,588	59,832		87,482
	167,149	141,539		171,088
Current Liabilities				
Trade and other payables	513,624	274,135		393,878
Taxation payable	57,869	24,691		-
Lease liability	2,867	4,074		4,245
Forward exchange contracts liability	5,106	1,289		1,084
	579,466	304,189		399,207
Total Liabilities	746,615	445,728		570,295
Total Equity and Liabilities	1,613,021	1,080,492	49%	1,249,335

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2022				
	Stated Capital P'000	Non Distributable Reserves P'000	Retained Income P'000	Total P'000
Balance at 31 December 2021	8,138	2,200	668,702	679,040
Profit for six months ended 30 June 2022	-	-	278,935	278,935
Other comprehensive income for the period	-	-	-	-
Dividends on ordinary shares	-	-	(91,569)	(91,569)
Balance at 30 June 2022	8,138	2,200	856,068	866,406

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2021				
	Stated Capital P'000	Non Distributable Reserves P'000	Retained Income P'000	Total P'000
Balance at 31 December 2020	8,138	2,200	571,078	581,416
Profit for six months ended 30 June 2021	-	-	132,244	132,244
Other comprehensive income for the period	-	-	-	-
Dividends on ordinary shares	-	-	(78,896)	(78,896)
Balance at 30 June 2021	8,138	2,200	624,426	634,764

ABRIDGED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2022				
	Unaudited 6 Months to 30.06.22 P'000	Unaudited 6 Months to 30.06.21 P'000	% change	Audited 12 Months to 31.12.21 P'000
Net cashflow from operations	425,913	188,414		383,828
Movement in working capital	(241,280)	(173,188)		(182,532)
Taxation paid	(60,740)	(15,969)		(100,509)
Cash flow available (used in) from operations	123,893	(743)		100,787
Dividend paid	(91,569)	(78,896)		(163,276)
Net cash flows (used in) from operating activities	32,324	(79,639)		(62,489)
Net cash flows from investing activities	(7,497)	(7,192)		(28,228)
Net cash flows from financing activities	(4,574)	(1,076)		(3,343)
Net increase/(decrease) in cash and cash equivalents	20,253	(87,907)		(94,060)
Net foreign exchange differences	(280)	-		(2,663)
Cash and Cash equivalents at the beginning of the period	294,163	390,886		390,886
Cash and Cash equivalents at the end of the period	314,136	302,979	4%	294,163

SEGMENTAL REPORTING FOR THE HALF YEAR ENDED 30 JUNE 2022				
Operating segments	Petrochemical Activities P'000	Property Letting P'000	Consolidated P'000	
2022				
Revenues	2,143,316	-	2,143,316	
Profit before taxation	365,400	1,698	367,098	
Taxation	(88,163)	-	(88,163)	
Net profit for the period	277,237	1,698	278,935	
Total assets	1,573,132	39,889	1,613,021	
Total liabilities	746,615	-	746,615	
2021				
Revenues	1,222,986	-	1,222,986	
Profit before taxation	173,196	1,458	174,654	
Taxation	(42,410)	-	(42,410)	
Net profit for the period	130,786	1,458	132,244	
Total assets	1,037,087	43,405	1,080,492	
Total liabilities	445,728	-	445,728	

EXECUTIVE COMMENTS

The challenges from the Covid-19 pandemic are significantly over mainly due to the vaccination programmes that took place worldwide together with other measures that were implemented to curb the virus. All our facilities were able to trade at the normal hours and movement within the country took place without any restrictions.

The increased business activity enabled the company to significantly improve its performance when compared to the same period in 2021.

Real GDP growth was 13.1% for the first quarter and this was a significant improvement when compared to minus 4.4% for the same period in 2021. This increase was driven mainly by the growth in the mining sector with diamonds in particular. All sectors, with the exception of agriculture, experienced growth during the period. There was a marked increase in tourist activity during the period owing to the relaxation of international travel restrictions. The Russia/Ukraine conflict has continued and will affect the global economic outlook.

ECONOMIC OUTLOOK

Inflation for the first time in many years breached the 12% mark rising above the Bank of Botswana upper limit of the target range. This was due to increases in VAT, and fuel prices. It is expected that inflation will continue to be high for the remainder of the year.

INDUSTRY ISSUES

Crude oil prices steadily rose during the period under review resulting in significant inventory revaluation gains accruing during the period. Gains accruing during the period, however created a negative impact on working capital.

FINANCIAL PERFORMANCE

Net Profit Before Tax increased by 110% during the period under review compared

to the previous year. This was mainly as a result of the improvement in business conditions as a result of easing of Covid-19 restrictions compared to the prior year and the significant increase in global crude oil prices. The slate receivable from Government was P537 million as at 30 June 2022 compared to P151 million as at 30 June 2021.

Earnings per share increased from 82.8 thebe per share during the same period in 2021 to 174.6 thebe per share for the period under review.

OPERATING REVIEW

The performance of the retail sales channel of the business declined by 9% in comparison to the same period in 2021 due to a general reduction in disposable income caused by high inflation and some areas of the economy that have not yet recovered from Covid-19. There were no new retail outlets that were streamed in this period, however, we expect that there will be two new to industry service stations before the end of the year. This is in line with our strategic intent to leverage on a strong retail position. It is expected that the performance of this sales channel will improve for the remainder of the year.

The commercial sales channel grew by 56% compared to the previous year. This performance was mainly attributable to the acquisition of new supply contracts which offset some of the effects of Covid-19.

The lubricants sales channel continued to perform well albeit with challenges in the rising costs of base oils and additives. These increases in the cost of goods sold affected margins negatively. It is expected that this performance will be enhanced during the second half of the year.

The company achieved an outstanding level of Health, Safety, Environment and Quality performance with no injuries and no loss of primary containment or contaminations, which are critical KPIs, recorded

in the period under review.

CONCLUSION

The Directors of the company acknowledge the contribution of the management, staff, valued customers, shareholders and all other stakeholders for the support toward the success of Engen Botswana Limited during the first half of 2022.

By order of the Board

Dr. S Ndzinge
(Chairman)



B F Sameke
(Acting Managing Director)



22 September 2022

Declaration of Interim Dividend

There Board has not declared an interim dividend for the half year ended 30 June 2022.

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