



**ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Unaudited 6 months ended 31 October 2018	Unaudited 6 months ended 31 October 2017	Audited year ended 30 April 2018
	P'000	P'000	P'000
<b>Revenue</b>	<b>2 556 312</b>	<b>2 270 655</b>	<b>4 785 500</b>
Cost of sales	(2 403 852)	(2 131 228)	(4 490 990)
<b>Gross profit</b>	<b>152 460</b>	<b>139 427</b>	<b>294 510</b>
Other income and gains	10 394	3 002	46 779
Administrative expenses	(77 336)	(71 852)	(142 676)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>85 518</b>	<b>70 577</b>	<b>198 613</b>
Amortisation	(2 915)	(3 042)	(6 380)
Investment income	27 057	22 439	50 117
Finance costs	(5 035)	(5 587)	(9 898)
Profit before share of results of associate and joint venture	104 625	84 387	232 452
Share of results of associate	(1 067)	(1 173)	(382)
Share of results of joint venture		(37)	
<b>Profit before tax</b>	<b>103 558</b>	<b>83 077</b>	<b>231 709</b>
Income tax expense	(27 210)	(21 538)	(54 035)
<b>PROFIT FOR THE PERIOD</b>	<b>76 348</b>	<b>61 539</b>	<b>177 674</b>

**Other comprehensive income:**  
**Items that will not be reclassified to profit or loss**  
 Net gain on revaluation of land and buildings 12 171  
 Gross gain on revaluation of land and buildings 15 275  
 Income tax on gain on revaluation of land and buildings (3 104)  
**Items that may be subsequently reclassified to profit or loss**  
 Currency translation differences (45 208) (14 047) (718)  
 Other comprehensive (loss) / income for the period (net of tax) (45 208) (14 047) 11 453  
**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** **31 140** **47 492** **189 127**

**PROFIT FOR THE PERIOD ATTRIBUTABLE TO:**

	2018	2017	2018
Owners of the parent	76 404	60 457	175 871
Non - controlling interests	(56)	1 082	1 803
<b>TOTAL PROFIT FOR THE PERIOD</b>	<b>76 348</b>	<b>61 539</b>	<b>177 674</b>

**TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:**

	2018	2017	2018
Owners of the parent	31 196	46 410	187 324
Non - controlling interests	(56)	1 082	1 803
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>31 140</b>	<b>47 492</b>	<b>189 127</b>

**Dividends per share (thebe) - ordinary - interim** **10.00** **10.00** **10.00**

**Dividends per share (thebe) - ordinary - final** **23.00**

**Basic earnings per share (thebe)** **30.47** **24.11** **70.14**

**Total comprehensive income per share (thebe)** **12.44** **18.51** **74.71**

**ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Unaudited 6 months ended 31 October 2018	Unaudited 6 months ended 31 October 2017	Audited Year ended 30 April 2018
	P'000	P'000	P'000
Net cash generated from operating activities	234 233	129 572	218 306
Net cash flows utilised in investment activities	(11 384)	(37 369)	(295 352)
Dividends paid	(57 667)	(65 198)	(90 270)
Net cash flows from other financing activities	(4 508)	(784)	(3 959)
Net movement in cash and cash equivalents	160 674	26 221	(171 275)
Cash and cash equivalents at beginning of period (adjusted for exchange movement)	383 641	554 916	554 916
<b>Cash and cash equivalents at end of period</b>	<b>544 315</b>	<b>581 137</b>	<b>383 641</b>

**COMMENTARY**

**Basis of preparation and accounting policies**  
 The unaudited abridged consolidated financial results of Sefalana Holding Company Limited and its subsidiaries ("Sefalana" / the "Group") are extracted from the interim Group financial information that has 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 and investment properties which are carried at fair value.

The accounting policies applied in the preparation of the unaudited financial information for the six-month period ended 31 October 2018 (the "period"), 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), which have had no significant impact on these financial results.

**Financial results of the Group - overview**

At the April 2018 year end, we reported to our Shareholders, our best ever results to date. We had focused on cost saving initiatives and identified ways in which to extract additional value from our existing businesses. We had also benefited from the first tranche of returns from our South African investment following over 18 months of refining our model of investment.

Our focus for the ensuing six months ended 31 October 2018 remained very much aligned with this approach. We further progressed overhead cost saving programs and improved processes and structures within the Group, streamlining operations so as to maximise return from these businesses.

It is through this perseverance and focus on value creation, that we have, despite continued strain in the economic environment, been able to deliver once again, results we are very proud of.

Overall the Group exceeded the P2.5 billion turnover threshold, and generated a profit before tax of P103.6 million for the six months ended 31 October 2018 representing a 25% increase compared to the comparative period to 31 October 2017 ("the prior period").

As Botswana's first Fast Moving Consumer Goods (FMCG) business, we believe that over the last four decades, we

**ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited 31 October 2018	Unaudited 31 October 2017	Audited 30 April 2018
	P'000	P'000	P'000
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	629 593	577 936	617 064
Investment property	253 643	263 769	260 685
Intangible assets	135 211	142 042	145 823
Investment in preference shares	184 857		198 114
Investment in associate	1 549	1 660	2 616
Investment in joint venture		2 176	
Deferred lease assets	1 898	1 817	1 090
Deferred tax assets	18 599	15 335	16 708
<b>Total non - current assets</b>	<b>1 225 350</b>	<b>1 004 735</b>	<b>1 242 100</b>

**CURRENT ASSETS**

Inventories	567 661	555 998	615 791
Trade and other receivables	200 551	269 082	254 464
Current tax assets	10 516	12 320	5 628
Cash and cash equivalents	546 052	583 587	407 835
<b>Total current assets</b>	<b>1 324 780</b>	<b>1 420 987</b>	<b>1 283 718</b>

Assets classified as held for sale 10 865

**TOTAL ASSETS** **2 550 130** **2 436 587** **2 525 818**

**EQUITY AND LIABILITIES**

**EQUITY**

Stated capital	686 354	686 354	686 354
Other reserves	196 855	202 287	242 063
Retained earnings	769 936	660 857	751 199
Equity attributable to owners of the parent	1 653 145	1 549 498	1 679 616
Non - controlling interests	16 224	45 666	16 280
<b>Total equity</b>	<b>1 669 369</b>	<b>1 595 164</b>	<b>1 695 896</b>

**NON - CURRENT LIABILITIES**

Finance lease obligations	2 068	1 963	2 244
Deferred lease obligations	21 496	17 758	19 399
Loans and borrowings	111 421	115 774	112 103
Deferred tax liabilities	86 247	80 781	86 586
<b>Total non - current liabilities</b>	<b>221 232</b>	<b>216 276</b>	<b>220 332</b>

**CURRENT LIABILITIES**

Trade and other payables	586 104	566 753	515 393
Finance lease obligations	570	654	633
Loans and borrowings	1 517	3 786	5 280
Current tax liabilities	13 418	9 005	4 465
Bank overdrafts	1 737	2 450	24 194
Provisions and accruals	56 183	42 499	59 625
<b>Total current liabilities</b>	<b>659 529</b>	<b>625 147</b>	<b>609 590</b>

**Total liabilities** **880 761** **841 423** **829 922**

**TOTAL EQUITY AND LIABILITIES** **2 550 130** **2 436 587** **2 525 818**

Overall profitability for this division was up 2% compared to the prior period. This follows a period where we had seen a reduction in profitability as a result of heightened competition. Efforts continue to find ways in which to improve the overall margins. We look towards further improved results in the remaining six months of the financial year.

At the beginning of the financial year, Sefalana operated 3 Hyper Stores ("Sefalana Hyper"), 26 Cash & Carry stores ("Sefalana Cash & Carry") and 26 supermarket retail stores ("Sefalana Shopper") across the country, giving the Group a total count of 55 stores in Botswana. During the period, we expanded our national footprint through the opening of an additional Sefalana Shopper retail store in Lethakane. We also recently relocated our Cash & Carry in Old Industrial area to Gaborone West alongside Trade World, bringing healthy competition to the area.

At all our stores, we have focused on enhancing the shopping experience and offering better deals and wider product ranges. We have developed our service lines and improved our fruit and vegetable offering.

Our Retail birthday promotion also moved away from giving away cars and instead gave away P1.7 million in the form of cash. 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.

We have placed a great level of emphasis this period on understanding our customer better and providing them with what they want. We are currently implementing a Business Intelligence tool which will utilise analytics to further enhance this approach of meeting our customer needs.

We have recently introduced a "Cash Withdrawal" offering at all our stores in association with FNB. All FNB card users can now withdraw cash at any of our tills, bringing convenience to our customer base. This is particularly helpful in areas where banks or ATM machines are not close by. An advertising campaign is currently underway to inform the public of this new offering which is widely found in other countries.

We continue to strive to work towards offering our customers a one-stop-shop experience and pride ourselves on being first to market with a number of initiatives.

**Metro (Sefalana) Namibia**  
 Metro Namibia contributed 31% and 24% of revenue and profit before tax for the period, respectively. Turnover amounted to P737 million, a growth of 9% on the prior period. Profit before tax amounted to P25 million, up 13% from the prior period. Our operations in Namibia continue to grow despite the economic conditions referred to previously, making significant contribution to overall Group results each year, as we enhance our customer engagement and offering.

At the start of the period, we had 16 stores across the country. No new stores have been opened as our focus has been the refurbishment and expansion of several existing stores, together with the relocation of our Windhoek Cash & Carry. We continue to look for additional locations for store openings as we work towards our medium-term target of 20 stores.

**Sefalana Lesotho**  
 We have now been operating in Lesotho for two years. We are delighted to have built a strong presence in the market in a very short space of time. Turnover of P191 million is up 14% on the prior period, and contributes just over 7% of total Group revenue.

Margins are however, very slim and the segment achieved a break even EBITA of P0.3 million for the period, and a loss before tax of P3.9 million after taking into account finance charges. We are disappointed with performance from this unit and look to improve in the second half of the year.

**Trading - others**  
 This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 3% and 7% to Group turnover and profit before tax, respectively. This is therefore a relatively small Group segment.

CML historically relied on tender business, and over recent years has been focusing on growing its private sales as a result of a general decline in tenders.

MFL continued to focus on the supply of equipment to Botswana Borealis 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 remaining activities.

**Manufacturing**  
 Foods Botswana (Pty) Limited ("FB") contributed 5% and 7% to Group turnover and profit before tax for the period respectively. A lower level of profitability was achieved as compared to the prior period, mainly due to timing of orders placed by Government in respect of the various feeding schemes.

**Milling Division**  
 During the period FB manufactured and supplied Tsabana and Malutu to Government for four of the six months. Production and supply to the latest tender ended in September 2018. We have in the meantime focused on the manufacture and supply of branded products to utilise factory capacity.

In December 2018 we were awarded a four month interim order which commenced in January 2019 whilst we await the outcome of the tender award for the 2018/19 period which is still under consideration. We are confident that our track record for delivery of

**ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Equity attributable to owners of the parent				Non-controlling interests	Total equity P'000
	Stated capital P'000	Reserves P'000	Retained earnings P'000	Total P'000		
Balance at 30 April 2018	686 354	242 063	751 199	1 679 616	16 280	1 695 896
Profit for the period			76 404	76 404	(56)	76 348
Other comprehensive loss for the period:						
Currency translation differences		(45 208)		(45 208)		(45 208)
Dividends paid - 2018 final			(57 667)	(57 667)		(57 667)
<b>Balance at 31 October 2018</b>	<b>686 354</b>	<b>196 855</b>	<b>769 936</b>	<b>1 653 145</b>	<b>16 224</b>	<b>1 669 369</b>

**SEGMENT RESULTS**

	BOTSWANA				ZAMBIA	LESOTHO	NAMIBIA	GROUP	
	Trading consumer goods P'000	Trading others P'000	Manufacturing P'000	Property P'000	Property P'000	Trading consumer goods P'000	Trading consumer goods P'000	Inter-segment or unallocated P'000	Consolidated P'000
<b>Revenue</b>	<b>1 417 907</b>	<b>68 021</b>	<b>131 531</b>	<b>24 609</b>	<b>1 829</b>	<b>191 352</b>	<b>796 836</b>	<b>(75 773)</b>	<b>2 556 312</b>
Cost of sales	(1 365 814)	(54 527)	(110 243)	21 288	24 609	(89 204)	(75 904)	73 834	(2 403 852)
<b>Gross profit</b>	<b>52 093</b>	<b>13 500</b>	<b>21 288</b>	<b>24 609</b>	<b>1 829</b>	<b>38 932</b>	<b>38 932</b>	<b>(1 939)</b>	<b>152 460</b>
Other income and gains / (losses)	(56)	4 459	139	(450)	1 188	2 148	4 968	146	10 394
Administrative expenses	(28 265)	(11 300)	(14 026)	(4 461)	(584)	(1 807)	(11 308)	(5 655)	(77 336)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>23 672</b>	<b>6 829</b>	<b>7 401</b>	<b>19 698</b>	<b>2 433</b>	<b>341</b>	<b>32 592</b>	<b>(7 448)</b>	<b>85 518</b>
Amortisation	(158)					(794)			(2 915)
Investment income	983	643	397	179	179	38	3 456	21 361	27 057
Finance costs	(399)	(7)	(39)	(4 971)		(3 520)	(8 935)	12 836	(5 035)
Profit before share of results of associate and joint venture	24 098	7 465	7 759	14 906	2 433	(3 935)	25 150	26 749	104 625
Share of results of associate								(1 067)	(1 067)
<b>Profit / (loss) before tax (PBT)</b>	<b>24 098</b>	<b>7 465</b>	<b>7 759</b>	<b>14 906</b>	<b>2 433</b>	<b>(3 935)</b>	<b>25 150</b>	<b>25 682</b>	<b>103 558</b>

**For the six months ended 31 October 2017 (unaudited)**

	BOTSWANA				ZAMBIA	LESOTHO	NAMIBIA	GROUP	
	Trading consumer goods P'000	Trading others P'000	Manufacturing P'000	Property P'000	Property P'000	Trading consumer goods P'000	Trading consumer goods P'000	Inter-segment or unallocated P'000	Consolidated P'000
<b>Revenue</b>	<b>1 220 268</b>	<b>75 956</b>	<b>100 274</b>	<b>20 159</b>	<b>2 253</b>	<b>168 557</b>	<b>730 829</b>	<b>(47 641)</b>	<b>2 270 655</b>
Cost of sales	(1 177 188)	(63 339)	(80 800)			(65 373)	(690 032)	45 504	(2 131 228)
<b>Gross profit</b>	<b>43 080</b>	<b>12 617</b>	<b>19 474</b>	<b>20 159</b>	<b>2 253</b>	<b>3 184</b>	<b>40 797</b>	<b>(2 137)</b>	<b>139 427</b>
Other income and gains / (losses)		4 784	1 609	12 045	390	2 922	18 748		3 002
Administrative expenses	(21 065)	(12 104)	(12 039)	(16 367)	(754)	(1 108)	(15 489)	5 105	(71 852)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>21 984</b>	<b>5 297</b>	<b>9 044</b>	<b>18 387</b>	<b>1 889</b>	<b>2 076</b>	<b>30 230</b>	<b>(15 780)</b>	<b>70 577</b>
Amortisation	(232)					(809)		(2 001)	(6 380)