


**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)
<b>Gross profit</b>	<b>340 125</b>	<b>294 510</b>
Other income and gains	48 897	46 779
Administrative expenses	(168 082)	(142 676)
<b>Earnings before interest tax and amortisation (EBITA)</b>	<b>220 940</b>	<b>198 613</b>
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)
<b>Profit before tax</b>	<b>258 670</b>	<b>231 709</b>
Income tax expense	(60 026)	(54 035)
<b>PROFIT FOR THE YEAR</b>	<b>198 644</b>	<b>177 674</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
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)
<b>Items that may be subsequently reclassified to profit or loss</b>		
Currency translation differences	(46 462)	(718)
Other comprehensive (loss) / income for the year (net of tax)	(36 710)	11 453
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>161 934</b>	<b>189 127</b>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>		
Owners of the parent	198 860	175 871
Non - controlling interests	(216)	1 803
<b>TOTAL PROFIT FOR THE YEAR</b>	<b>198 644</b>	<b>177 674</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Owners of the parent	162 150	187 324
Non - controlling interests	(216)	1 803
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>161 934</b>	<b>189 127</b>
<b>Number of shares in issue at beginning and end of year</b>	<b>250 726 709</b>	<b>250 726 709</b>
<b>Dividends per share (thebe) - ordinary - interim</b>	<b>10.00</b>	<b>10.00</b>
<b>Dividends per share (thebe) - ordinary - final</b>	<b>27.50</b>	<b>23.00</b>
<b>Basic and diluted earnings per share (thebe)</b>	<b>79.31</b>	<b>70.14</b>
<b>Total comprehensive income per share (thebe)</b>	<b>64.67</b>	<b>74.71</b>

**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
<b>Cash and cash equivalents at end of year</b>	<b>532 241</b>	<b>383 641</b>
Represented by:		
Cash and cash equivalents	537 566	407 835
Bank overdrafts	(5 325)	(24 194)
<b>Cash and cash equivalents at end of year</b>	<b>532 241</b>	<b>383 641</b>

**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
<b>ASSETS</b>		
<b>NON - CURRENT ASSETS</b>		
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
<b>Total non-current assets</b>	<b>1 281 237</b>	<b>1 242 100</b>
<b>CURRENT ASSETS</b>		
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
<b>Total current assets</b>	<b>1 401 757</b>	<b>1 283 718</b>
<b>TOTAL ASSETS</b>	<b>2 682 994</b>	<b>2 525 818</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
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
<b>Total equity</b>	<b>1 775 089</b>	<b>1 695 896</b>
<b>NON - CURRENT LIABILITIES</b>		
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
<b>Total non-current liabilities</b>	<b>218 792</b>	<b>220 332</b>
<b>CURRENT LIABILITIES</b>		
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
<b>Total current liabilities</b>	<b>689 113</b>	<b>609 590</b>
<b>Total liabilities</b>	<b>907 905</b>	<b>829 922</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 682 994</b>	<b>2 525 818</b>

### Manufacturing

This segment consists of Foods Botswana (Pty) Limited ("FB") and contributed 4% to both Group turnover and profit before tax for the year. This was lower than in previous years and is predominantly a result of delays in the awarding of Government tenders. Focus has therefore been placed on growing house brands across the business.

### Milling Division

During the year FB completed the supply of the previous year's Government tender for Tswana and Malutu, and commenced the supply of another short term interim order whilst the annual tender evaluation procedures were being completed. Due to the timing of the orders being placed, FB only manufactured and supplied the Government for 8 of the 12 month period.

Nonetheless, through a focus on private branded products, we were able to generate a respectable level of profit for the year. We now await the final outcome of the 24 month tender covering the 2019 - 2021 period. In the meantime, we progress with the supply for another interim four month order.

We are hopeful that our track record for delivery of a quality product in accordance with the required quantities and timetable over the years, will place us in a good position for the forthcoming award. We have procured the required grain and other raw materials, largely through BAMB, to be able to deliver the full tender quantities should this be awarded to us.

### Beverages Division

As previously reported, this division is heavily dependent on the manufacture and supply to Government for the children's feeding scheme. We reported that during the year, FB was awarded the tender for the 2018 - 2019 year however, this was contested by other parties who had not been awarded a part of the tender. This resulted in the award of the tender being postponed. FB therefore had not supplied Government for almost the entire 12 month period under review. We are pleased to provide an update in that the 24 month supply tender (2019 - 2020) was awarded to us in March 2019.

During the year, our focus was on branded products, Delta Fresh and A Star, where we are gaining market share as our products are becoming more popular.

Our expansion into fruit juice manufacturing and bottling of water will require us to develop a warehouse to accommodate additional plant and equipment and also for storage. This is expected to take place in the ensuing year.

### Our investment in South Africa

We invested into a South African consortium effective 1 July 2017. Under this transaction, Sefalana invested R250 million and earns a fixed annual return of R50 million for five years, after which point we will have the option to convert this investment into a 30% equity stake in the consortium. The consortium has been established with experienced players in the Fast Moving Consumer Goods (FMCG) market in South Africa.

The aim of the consortium is to acquire a number of existing chains and grow the store complement such that this is a significant business within a ten year period. We are pleased to report that this consortium is performing well and that almost two years into its operations, the future prospects still remain very positive. The reported results therefore include P37 million of income pertaining to this investment representing a full year's performance whereas the prior year included ten months return. A fair value gain of P11 million was also recorded in respect of this preference share investment, in accordance with IFRS.

The Consortium currently owns 15 stores across the country which are well located in areas where there is a strong population to support its trade. For all target chains acquired to date, performance has improved post take-over. Our model for South Africa is therefore working well, despite the economic and political climate, and we look forward to further growth in that segment over the ensuing years.

### Metro Namibia

The economic strain in the Namibian economy continues, and indeed we have noted lower growth in the FMCG sector than in previous years. Despite these macro-economic indicators, we continue to grow in Namibia through providing our customer base with an on-going enhanced product offering. We have established a strong name for ourselves and a reputation for being the leader in the country. We now have 18 stores across Namibia and have a number of additional potential stores in the pipeline as we look to expand our presence further in the area.

Metro Namibia contributed 31% and 24% of revenue and profit before tax for the year, respectively. Turnover amounted to P1.6 billion, a growth of 5% on the prior year. Profit before tax amounted to P61 million, up 13% from the prior year. Our operations in Namibia continue to grow from strength to strength, making a larger contribution to overall Group results each year, as we enhance our customer engagement and offering. A single new store was opened in Divundu in March 2019 while our main focus has been the refurbishment and expansion of several existing stores, together with the relocation of our Windhoek head office and Cash & Carry.

We continue to evaluate additional locations for store openings as we work towards our medium-term target of 20 stores. We are pleased with our accomplishments in the country over the last five years and look back at this investment as a very successful one.

### ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Stated capital	Reserves	Retained earnings	Total		P'000		
	P'000	P'000	P'000	P'000	P'000			
Balance at 30 April 2018	686 354	242 063	751 199	1 679 616	16 280	1 695 896		
Profit for the year			198 860	198 860	(216)	198 644		
Other comprehensive income for the year:								
Currency translation differences		(46 462)		(46 462)		(46 462)		
Gain on revaluation of land and buildings net of tax		9 752		9 752		9 752		
Dividends paid - 2018 final and 2019 interim			(82 741)	(82 741)		(82 741)		
<b>Balance at 30 April 2019</b>	<b>686 354</b>	<b>205 353</b>	<b>867 318</b>	<b>1 759 025</b>	<b>16 064</b>	<b>1 775 089</b>		

### SEGMENT RESULTS

	BOTSWANA				ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	GROUP	
	Trading consumer goods	Trading others	Manufacturing	Property					Trading consumer goods	Trading consumer goods
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
<b>For the year ended 30 April 2019</b>										
Revenue	2 941 668	120 472	209 679	48 994	4 344	438 638	1 629 985		(87 799)	5 305 981
Cost of sales	(2 806 026)	(96 533)	(172 106)			(426 796)	(1 547 889)		83 494	(4 965 856)
<b>Gross profit</b>	<b>135 642</b>	<b>23 939</b>	<b>37 573</b>	<b>48 994</b>	<b>4 344</b>	<b>11 842</b>	<b>82 096</b>		<b>(4 305)</b>	<b>340 125</b>
Other income and gains / (losses)	10 274	8 479	900	1 431	5 265	253	14 147	11 202	(3 054)	48 897
Administrative expenses	(70 508)	(19 472)	(28 919)	(12 407)	(1 247)	(5 890)	(20 465)		(9 174)	(168 082)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>75 408</b>	<b>12 946</b>	<b>9 554</b>	<b>38 018</b>	<b>8 362</b>	<b>6 205</b>	<b>75 778</b>	<b>11 202</b>	<b>(16 533)</b>	<b>220 940</b>
Amortisation	(247)					(1 584)	(3 988)			(5 819)
Investment income	4 043	1 135	1 095	355	44	113	7 318	37 339	3 967	55 409
Finance costs	(1 895)	(11)	(78)	(9 750)		(7 406)	(18 090)		27 364	(9 866)
Profit / (loss) before share of results of associate	77 309	14 070	10 571	28 623	8 406	(2 672)	61 018	48 541	14 798	260 664
Share of results of associate									(1 994)	(1 994)
<b>Profit / (loss) before tax (PBT)</b>	<b>77 309</b>	<b>14 070</b>	<b>10 571</b>	<b>28 623</b>	<b>8 406</b>	<b>(2 672)</b>	<b>61 018</b>	<b>48 541</b>	<b>12 804</b>	<b>258 670</b>

	BOTSWANA				ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	GROUP	
	Trading consumer goods	Trading others	Manufacturing	Property					Trading consumer goods	Trading consumer goods
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
<b>For the year ended 30 April 2018</b>										
Revenue	2 564 579	130 136	215 814	41 444	4 007	387 759	1 549 684		(107 923)	4 785 500
Cost of sales	(2 466 953)	(108 878)	(170 850)			(376 780)	(1 470 457)		102 928	(4 490 990)
<b>Gross profit</b>	<b>97 626</b>	<b>21 258</b>	<b>44 964</b>	<b>41 444</b>	<b>4 007</b>	<b>10 979</b>	<b>79 227</b>		<b>(4 995)</b>	<b>294 510</b>
Other income and gains / (losses)	625	22 053	2 578	25 564	4 155	315	11 181		(19 692)	46 779
Administrative expenses	(47 415)	(23 094)	(25 476)	(28 162)	(1 357)	(1 779)	(19 122)		3 729	(142 676)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>50 836</b>	<b>20 217</b>	<b>22 066</b>	<b>38 846</b>	<b>6 805</b>	<b>9 515</b>	<b>71 286</b>		<b>(20 958)</b>	<b>198 613</b>
Amortisation	(452)					(1 640)	(4 288)			(6 380)
Investment income	2 381	1 437	444	237	32	1 203	6 240	32 625	5 518	50 117
Finance costs	(9)	(9)	(1 414)	(9 544)		(6 975)	(19 392)		27 436	(9 898)
Profit before share of results of associate and joint venture	52 765	21 645	21 096	29 539	6 837	2 103	53 846	32 625	11 996	232 452
Share of results of associate									(382)	(382)
Share of results of joint venture									(361)	(361)
<b>Profit before tax (PBT)</b>	<b>52 765</b>	<b>21 645</b>	<b>21 096</b>	<b>29 539</b>	<b>6 837</b>	<b>2 103</b>	<b>53 846</b>	<b>32 625</b>	<b>11 253</b>	<b>231 709</b>

### SEGMENT ASSETS AND LIABILITIES

	BOTSWANA				ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	GROUP	
	Trading consumer goods	Trading others	Manufacturing	Property					Trading consumer goods	Trading consumer goods
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
<b>30 April 2019</b>										
Assets	732 480	85 513	188 949	582 501	62 771	168 462	537 603	197 895	126 820	2 682 994
Liabilities	(598 824)	(25 165)	(25 069)	(207 121)	(1 052)	(46 926)	(371 555)		367 807	(907 905)
<b>30 April 2018</b>										
Assets	524 400	142 578	211 445	569 969	65 690	151 613	470 065	198 114	191 944	2 525 818
Liabilities	(394 000)	(26 400)	(86 174)	(218 283)	(645)	(61 600)	(196 784)		153 964	(829 922)

### Sefalana Lesotho

We are now into our third year of operation in Lesotho and are making good progress in increasing our presence in the country through our two stores in Maseru. We are the leader in Cash & Carry in Lesotho and look to continue our slow and steady expansion plan.

Profitability in this segment improved in the second half of the year but there is still room for further improvements. The first-year trading losses of our second store in Maseru resulted in an overall loss reported by this segment. Turnover of P439 million has been achieved for the year, contributing 8% of total Group revenue. We currently do not have any immediate plans to increase this footprint other than the new store opening scheduled in September 2019 in Maputsoe.

We look forward to a recovery next year with a healthy profit being generated.

### Properties

#### Botswana property portfolio

Our property portfolio held in Botswana performed well, contributing 1% and 11% to Group revenue and profit before tax respectively. Almost all properties are tenanted, and leases are in place for between three and seven years.

Towards the end of 2017, we commenced the development of four plots at our Setlhoa site. This includes a flagship Sefalana Shopper store together with a service station, a CTM store and other amenities for our valued customers. We anticipate this new store to open in September 2019. The store will offer a wide range of products and service lines and will be our largest supermarket to date.

The KSI property development of 5,000 sqm of warehouse space is now fully let with on-going demand for the site.

We continually look for suitable sites for new store openings, or where we consider there to be forward upside potential in land situated in upcoming areas.

#### Zambia property

Following the significant increase in supply of warehouse and office space in Lusaka over the last few years, two of our largest tenants found alternative premises in April 2017. We are pleased to report that we have managed to secure replacement tenants and now have almost a 70% occupancy rate. We continue to look for additional tenants for the remaining space. Performance by this segment has improved compared to the previous year having secured the additional tenants.

#### Namibia property portfolio

Since our entry into Namibia, we have focused on establishing a property portfolio similar to the one developed over the years in Botswana. Most recently we acquired the new Head office site in Windhoek where we anticipate further development of a warehouse in due course. Further updates will be provided as we develop this site.

We are growing our property portfolio in the country to diversify our income stream where property has been seen to significantly hold its value.

Overall, fair value gains for the year on the Group's property portfolio have been minimal and are broadly in line with the prior year.

#### Our focus on CSR

Having established a formal Corporate Social Responsibility (CSR) Committee in recent years, our focus this period has been on increasing our participation in this area.

The Group focused largely on the Education sector this year, providing and enhancing learning facilities in these institutions, with a view of providing a better environment for the children of Botswana. Many of these schools are in less developed areas of the country

where we felt there was the greatest need. We are hopeful that our contribution will help towards uplifting skills in those areas.

We are pleased to report that over and above a number of on-going initiatives, we donated almost P0.5 million in the form of hampers to the Presidential Christmas appeal. We also built three houses for deserving families in villages across Botswana at an overall cost of P0.4 million. These houses were donated to the recipients in December 2018. We look to continuing these activities going forward.

#### Prospects

At our Group Strategy workshop held in November 2018, our Board re-affirmed our intention to continue to focus on our core segment of FMCG and supporting businesses. In particular we intend on expanding our manufacturing business with fruit juice and bottled water due to commence in late 2019.

We are excited about growing our recently launched Sefalana Catering division which we believe has significant potential. This division will focus on serving the large hospitality industry with frozen foods in wholesale size units as well as large corporates.

We will continue to pursue process improvements and efficiencies, including a focus on pricing and ranges to maximise returns from our existing businesses and look at providing our customer base with a wider product and service offering through better use of our Business Intelligence tool.

We will explore and evaluate other neighbouring regions as part of our Regional expansion drive. This will however, continue to be a cautious and measured approach which has been our model to date.

Our focus on CSR will also continue with the overall objective of improving the lives of Botswana and to create employment wherever possible to help stimulate our economy further.

### Directors

There were no changes made to the Board during the year.

### Dividends

On 18 July 2019, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 27.5 (twenty-seven and a half) thebe per ordinary share.

The final dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or about Wednesday 28 August 2019 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 16 August 2019, with an Ex-dividend date of Wednesday 14 August 2019.

### Auditor's report

The auditor, Deloitte & Touche, has issued its unmodified opinion on the Group's consolidated financial statements for the year ended 30 April 2019. These are available for inspection at the registered office of Sefalana Holding Company Limited. This publication has been extracted from those financial statements. This abridged financial information and any reference to future financial performance has however not been audited by the auditors.

PHK Kedikilwe  
(Chairman)

18 July 2019  
Gaborone, Botswana

CD Chauhan  
(Group Managing Director)