Sechaba Brewery Holdings Limited

Sustainable Development Report 2013

SBHL

An affiliate of SABMiller plc

General Information

Administration
Sechaba Brewery Holdings Limited
(company registration number 5271)

Postal Address
P O Box 631
Gaborone, Botswana

Registered Office
Plot 20768, Kubu Road
Broadhurst Industrial Estate
Gaborone, Botswana
Telephone: +267 395 3619
Facsimile: +267 390 1447

Transfer Secretaries
DPS Consulting Services (Pty) Ltd
Plot 50371, Fairground Office Park
P O Box 294
Gaborone, Botswana
Telephone: +267 395 2011

External Auditor
PricewaterhouseCoopers
Plot 50371, Fairground Office Park
P O Box 294
Gaborone, Botswana
Telephone: +267 395 2011

We understand that our own interests and those of the wider community are interwoven.

Our business is at one and the same time an employer, a customer, a supplier and a taxpayer and our commercial success depends on the health and well-being of the communities in which we operate.

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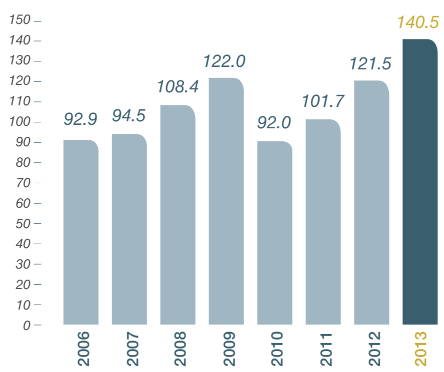
Perfomance Summery

Sechaba recorded growth in after tax profit of 17.4%, enabling an increase in the total net dividend declared during the year, from 95 thebe to 99 thebe per share

Earnings Per Share (thebe)*



Turnover

+11.6%

from P1,565,116 to P1,747,379

Profit Before Tax

+21.1%

from P335,038 to P405,723

Profit After Tax

+17.4%

from P280,642 to P329,422

Total Net Dividend

+4.20%

from 95 to 99 thebe

Operating Profit

+19.7%

from P343,221 to P410,936

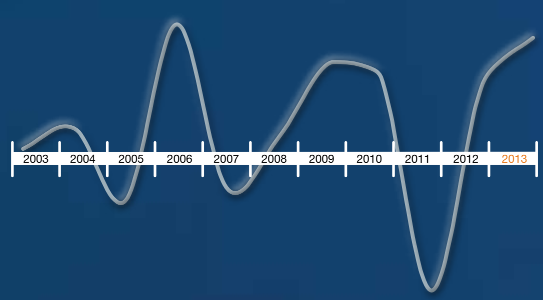
Highlights on consolidated basis*

	Year ended 31/03/2013 P'000	Year ended 31/03/2012 P'000	Change
Turnover	1,747,379	1,565,116	11.6%
Gross profit	754,331	622,249	21.2%
Operating profit	410,936	343,221	19.7%
Profit before tax	405,723	335,038	21.1%
Profit after tax	329,422	280,642	17.4%
Total net dividend per share (thebe)	99	95	4.20%

Earnings Per Share (thebe)*

Year ended **March**	EPS* **(thebe)**
2003	90.5
2004	82.3
2005	99.9
2006	92.9
2007	94.5
2008	108.4
2009	122.0
2010	92.0
2011	101.7
2012	121.5
2013	140.5

Growth (%)



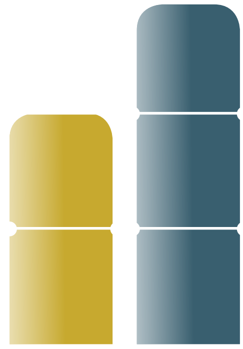
Company Profile

Sechaba Brewery Holdings Limited (SBHL) (incorporated in Botswana) is an investment company with interests in Kgalagadi Breweries (Pty) Limited (KBL) and Botswana Breweries (Pty) Limited (BBL).

Sechaba Brewery Holdings Limited has a 60% shareholding in the two companies while SABMiller Botswana B.V. holds 40%. One of the world's largest brewers, SABMiller Plc, has management control in both operating companies.

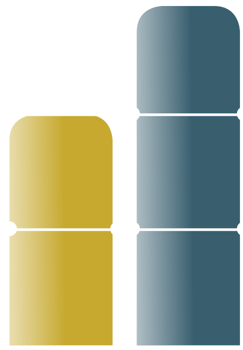
Both BBL and KBL benefit considerably from SABMiller's insight and experience with regard to management, technical, brand building and distribution expertise. The two operating companies employ about 1000 people throughout the country.

They operate four traditional beer breweries, a clear beer brewery, a sparkling soft drinks production plant and six sales and distribution depots.



40% | SABMiller Botswana BV

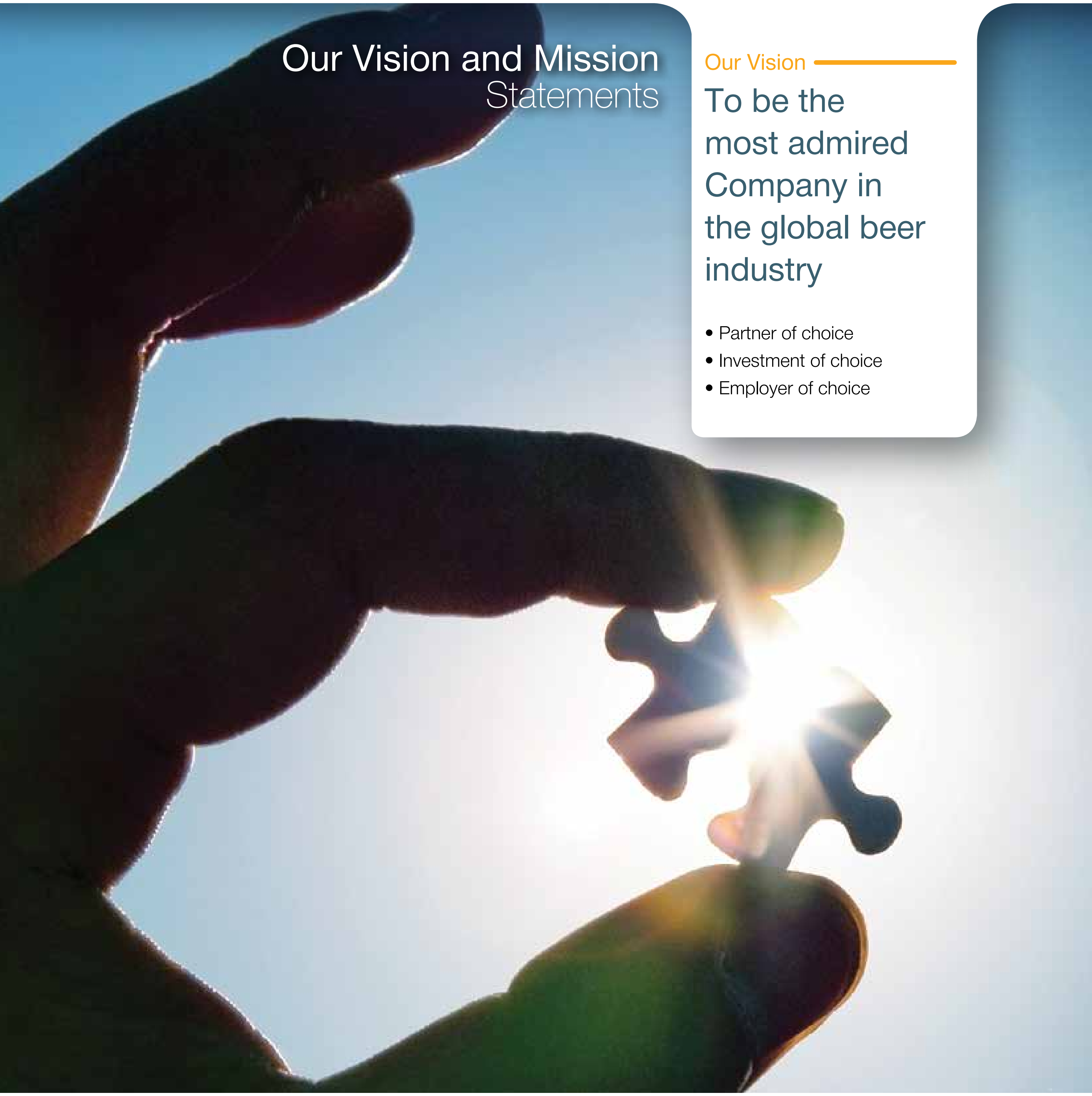
60% | Sechaba Brewery Holdings Limited



40% | SABMiller Botswana BV

60% | Sechaba Brewery Holdings Limited

Our Vision and Mission Statements



Our Vision

To be the most admired Company in the global beer industry

- Partner of choice
- Investment of choice
- Employer of choice

Our Mission

To own and nurture local and international brands that are the consumer's first choice

Our Values

Our people our enduring advantage

- the calibre and commitment of our people set us apart
- we value and encourage diversity
- we select and develop people for the long term
- performance is what counts

Accountability is clear and personal

- we favour decentralised management and a practical maximum of local autonomy
- goals and objectives are aligned and clearly articulated
- we prize both intellectual rigour and emotional engagement
- we are honest about performance
- we require and enable self-management

We work and win in teams

- we actively develop and share knowledge within the group
- we consciously balance local and group interests
- we foster trust and integrity in internal relations
- we encourage camaraderie and a sense of fun

Our Group Behaviours

Our Values

- we are endlessly concerned with our customers' needs and perceptions
- we build lasting relationships based on trust
- we aspire to offer the preferred choices of product and service
- we innovate and lead in a changing world

Our reputation is indivisible

- our reputation relies on the actions and statements of every employee
- we build our reputation for the long term
- we are fair and ethical in all our dealings
- we benefit the local communities in which we operate

Board of Directors


1


2


3


4


5


6


7


8


9


10


11


12

1. **Edward W Komanyane**
Non-Executive Director
Chairman

2. **James Kamyuka**
Non-Executive Director
Bcomm, FCMA, FCA (Bots)

3. **Lehlohonolo J Matsela**
Executive Director
Bsc Biology & Chemistry
Associate Institute of Brewing

4. **Johan de Kok**
(Incoming Managing Director)
BCom(Hons) Bus. Econ.
BCom (Marketing)

5. **Trevor Sanderson**
Non Executive Director
Bcom, Bsc Mech.Eng, MBA
• Resigned 7 May 2013

6. **Sametsi Ditshupo**
Non Executive Director
BA Econ/Acc, Msc Economics
• Resigned 18 January 2013

7. **Kate Maphage**
Non Executive Director
Bcom,MBL

8. **Brian Hirsch**
Executive Director
CA (SA)

9. **Sean Smuts**
Non Executive Director
Bcom (Hons) Acc. , CA (SA)

10. **Batlang Mmualefe**
Non Executive Director
BA Econ.& Stats
MA Dev. Econ.

Alternate Directors

11. **Tsaone Semausu**
(Alternate to Johan de Kok)
(Bsc Food Science & Tech)

12. **Peter H. Kgomotso**
(Alternate to Brian Hirsch)
AAT, ACCA, ACA (Bots)

Chairman's Statement

Volumes at KBL grew by a satisfactory 8% due largely to robust growth of 27% in the Stills portfolio and the continuing success of our returnable glass bottle (RGB) packs. However, overall volumes at Sechaba were 8% below prior year.

Edward W Komanyane
Chairman

Profit before tax

21.2%

Gross profit was up by 21.2%.

Gross profit was up by 21.2%.

Total Net Dividend was up by 4,2%

Earnings per share was 140.5

Dear Shareholder

Despite continued challenges, both on the economic and regulatory fronts, I am happy to be able to report that this has been another comparatively good year for Sechaba Brewery Holdings Limited. The slow global economic recovery continues to impact negatively on the local economy.

Botswana's overall growth rate for 2012 was 3.7%, well below the 6.1% recorded in 2011, due largely to an 8% contraction of the mining sector as a result lower diamond output. Several other sectors, including manufacturing, government, construction, water and electricity also showed slower growth in 2012 than 2011.

In spite of the sluggish overall performance, the private sector, particularly the non-mining private sector, grew at a healthy rate of 7.5% in 2012. Inflation has remained relatively high, rising from 7.4% in January to 7.6% in March 2013, although it is expected to decline later in the year.

Higher oil prices driven in part by the depreciation of the Pula against the Dollar remain a risk. Exchange rates have been volatile, driven by Rand weakness, with the Pula notching a 3-year high against the Rand and a 3-year low against the US dollar, impacting negatively on commodity costs. Ongoing volatility in some oil producer countries and unstable commodity prices, are likely to continue to impact negatively on the local economy and business activity.

Medium term projections suggest moderate economic growth of around 6% per annum through to 2014, though uncertain global prospects and the associated slow recovery of the mining sector may render these projections optimistic. Diversification of the economy is becoming increasingly important as the country continues to face challenges related to its overdependence on the mining sector; though both India and China have expressed strong interest in securing thermal coal supplies from Botswana as the two Asian nations look for sources of energy to support their fast growing economies.

Other major challenges confronting the government include the national unemployment rate of 17.5% and a poverty rate higher than 20%, combined with high income inequality. As part of the country's National Development Plan (NDP-10), the government is addressing these challenges through a number of initiatives including the adoption of a new National Economic Diversification Strategy, which focuses on private-sector-led economic diversification.

The relocation of the DTCI from London to Gaborone continues to open increased opportunities for the local cutting and polishing industry which is expected to continue to expand. There are some emerging opportunities for local entrepreneurs in joint venture operations entering the industry, and also for local support services.

Performance

The implementation of the traditional beer regulations (TBR) on 1st July 2012 has been the most significant challenge we faced during the year. Along with the increase from 40% to 45% of the alcohol levy which occurred on October 1st 2012, the TBR impacted negatively on sales volumes, particularly at BBL. Our opaque beer volumes fell by a very significant 24% for the year, though the actual decline in the wake of the implementation of the TRB in the second quarter of the year was higher as the ban on residential sales took effect. The traditional home-based vending channel had previously accounted for almost two-thirds of our opaque beer volumes.

Volumes at KBL grew by a satisfactory 8% due largely to robust growth of 27% in the Stills portfolio and the continuing success of our returnable glass bottle (RGB) packs. However, overall volumes at Sechaba were 8% below prior year. The increased levy placed additional pressure on prices, driving some consumers to seek cheaper alternatives. The apparent rise in home brews would suggest that a segment of the opaque beer market has been driven from a commercialised and controlled product to unregulated and potentially unsafe substitutes.

Sechaba's financial performance has once again registered an improvement against prior year. The Group's turnover grew by 11.6% and operating profit increased by 19.7% over prior year. Gross profit was up by 21.2% and profit after tax up by 17.4% on the previous year, enabling an increase in the total net dividend declared during the year, from 95 thebe to 99 thebe per share.

Achieving our vision

We regard sustainable development as central to the successful implementation of our business vision. At Sechaba Brewery Holdings Limited we approach all our business activity in cognisance of the Ten Priorities for our One Future - Ten Priorities. One Future. These priorities articulate the core issues affecting our business, our employees and external stakeholders; and focus the Company on the main environmental, social and economic risks and opportunities that we face. They provide firm and consistent principles that management uses as the basis for integrating sustainable development into business strategy, planning and decision-making.

Sustainable development is integrated into the day-to-day management of our business and we understand that our long-term profitability depends on being part of a successful economy where jobs are created, incomes increase and the quality of life for our communities improves. We have a clear and well-embedded approach that is delivering tangible benefits for our business and the communities in which we work.

At Sechaba Brewery Holdings Limited we pride ourselves in our observance of the highest standards of corporate governance. At each meeting the Board of Directors comprehensively deals with all matters reserved for its attention, including the approval of budgets and profit forecasts, annual financial statements and capital expenditure budgets. Various Board committees, each with its own terms of reference, augment the Board's functions. These include the Group Finance and Audit Committee and the Nominations Committee.

Sechaba Brewery Holdings and its subsidiaries have adopted the Ethics Policy to guide the behaviour of their employees. The policy encourages employees to conduct themselves in an ethical manner at all times. The Group subscribes to high levels of legal compliance, and policies and procedures are continuously reviewed and updated to align them with best practices.

Sechaba Brewery Holdings passionately supports any efforts directed at combating the irresponsible consumption of alcohol. During the year under review we have rolled out a new responsibility initiative, "Ikgalemele!" (It's Your Responsibility!) which through targeted interventions, namely the Responsible Trader Programme, the Responsible Youth Programme, Parent-Teacher Engagements and the Environmental Responsibility Programme, proactively promotes responsible alcohol consumption and the core concept that "the power to act responsibly lies with every individual".

After 6 years of dedicated and inspired leadership, our Managing Director, Hloni Matsela has been moved to SABMiller Headquarters in Johannesburg. He is replaced by the former SABMiller Nigeria MD, Johan "Kokkie" de Kok who comes to us with a wealth of experience from his quarter of a century with the Group in a number of countries, including four-and-a-half years with KBL from 2001 to 2005. I take this opportunity of welcoming him back to Botswana and to wish him every success at the helm of Sechaba Brewery Holdings Limited; and to assure him of the full support of the Board, management and employees.

The market in which we operate is dynamic and presents us with a myriad of challenges. I am confident that our company is in very capable hands and is well placed to face the conditions in the year ahead. I am happy to report that the business continues to operate successfully and to provide consistent returns for the shareholders. It is a pleasure and an honour to congratulate all KBL and BBL employees on their sterling efforts over the past year. On behalf of the Board and management of Sechaba Brewery Holdings I can assure you of our continued support in the knowledge that you will continue to deliver your best. To you all I extend my heartfelt thanks.

In conclusion, I wish to express my gratitude to the Board of Directors and the management team of Sechaba Brewery Holdings for continuing to provide the business with farsighted strategic direction and for their commitment to our long-term success.

Best regards,

E. W. Komanyane
Chairman

Managing Director's Report

Sechaba's turnover rose by 11.6%, while gross profit for the year increased by 21.2% on the back of continued improvements in operational efficiencies, despite some smaller margins associated with the growing returnable glass bottle offering.

Johan DeKok
Group Managing Director

Operating Profit

19.7%
increase in Operating Profit

Turnover up by 11.6%

Profit Before Tax increased by 21.1%

Profit After Tax grew by 17.4%

Total Net Dividend was up by 4.2%

Operating profit increased by 19.7%

Dear Shareholder

The performance of Sechaba Brewery Holdings Limited has continued to improve and show positive results. This is in spite of the continuing slow economic recovery and difficulties brought about by the alcohol levy and associated restrictions on trading in alcoholic beverages, particularly the Traditional Beer Regulations (TBR).

Overall beverage sales volumes at Kgalagadi Breweries (Pty) Ltd increased by 8%, while at Botswana Breweries (Pty) Ltd, opaque beer volumes decreased by 24%. The result for the Group was an overall decline in volumes of 8% during the financial year.

While clear beer sales volumes were negatively impacted by the increase in the alcohol levy from 40% to 45% on 1 October 2012, the returnable glass bottle (RGB) bulk pack option showed some encouraging growth. It must also be noted that the swing to the RGB pack has positive environmental implications.

Another success was recorded in the Local Worth More (LWM) category, with the Castle Lite share contribution up 5.6% on prior year and St Louis Export maintaining its share contribution. The expansion of Castle Lite and St Louis Export Lager, as an on-tap draught offering in the image outlets across the country, continued during the year.

Unfortunately, not all brands showed positive growth. Redds, Baron's and Sarita in the AFB category were affected negatively by various external factors, including the drawn out truck drivers' strike in South Africa during September and October 2012 and capacity issues at the source of supply, which significantly impacted on the availability of these imported brands. Although the locally produced Core Original brand took up some of the slack, the AFB category declined during the year.

Volumes of Chibuku declined significantly in the wake of the implementation on 1 July 2012 of the TBR which banned residential sales, as a result of which the opaque beer vending channel lost over 86% of its retail space, representing some 63% of total volume. Opaque beer sales volumes for the period fell by 24%, although the actual rate of decline was higher as the regulations were implemented only at the beginning of the second quarter of the year.

Evidence suggests that there has been an increase in the production of home brews in the wake of the prohibition of residential sales of opaque beer, driven by the dramatic decrease in the number of opaque beer outlets and the need of former retailers to supplement their income. There would appear to be poor regulation of home brewed alcoholic beverages, with the prescribed trading hours and hygiene standards not being enforced in many areas. It is further observed that the reduced availability and increased price of opaque beer has driven a significant segment of the market to these cheaper and less safe alternatives.

Non-alcoholic products at both companies continued to show pleasing increases through the continued success of Minute Maid Nectars and a resurgence of Mooka Mageu, now in a popular screw-top pack. These brands contributed to the Stills portfolio finishing almost 27.5% ahead of prior year, while Source grew only by a modest 1%, largely due to this product not being available in a 5000ml PET pack, which now accounts for almost 40% of the total water sector. Consumers have warmed to the new look Bonaqua, and together with the popular "traditional mouth" Powerade pack, a moderate recovery has been recorded in this sector. Further opportunities exist for the growing Source Sparkling product, while the Burn brand requires additional marketing initiatives to effectively penetrate the energy drink sector.

Overall financial performance has shown a satisfactory improvement against prior year. Sechaba's turnover rose by 11.6%, while gross profit for the year increased by 21.2% on the back of continued improvements in operational efficiencies, despite some smaller margins associated with the growing returnable glass bottle offering.

Operating profit increased by 19.7% and profit after tax (PAT) increased to 17.4% - an achievement of which the Company can be proud.

The net dividend increased from 95 thebe to 99 thebe per share, 4.4% over prior year. There are positive moves to strengthen the balance sheet by continuing to progressively pay down the P60m bond. The year has been dominated by the government's implementation of the TBR on 1 July 2012, and the Company continues to respond positively by investing in strategies intended to create a new route to market in the licensed trade.

The Chibuku Beer Gardens Programme targets those outlets that are ready for licensing as well as preparing existing Chibuku depots for licensing, now that the regulations have been implemented. Thus far, some beer gardens have been developed, with more in the pipeline.

The programme also seeks to make Chibuku available in what have previously been clear beer outlets, and to take advantage of existing licensed premises with suitable outdoor space. The intention is to encourage retailers to upgrade their premises by providing satellite television, pool tables, and the like, so as to improve the ambience of the outlets, for enhanced customer experience.

The principle of sustainable development is integral to the day to day management of our business. We understand that our long-term profitability depends on being part of a successful economy where jobs are created, incomes increased and the quality of life for communities improved. It therefore is essential for us to be an integral and involved member of society, as an employer, a customer, a supplier and a taxpayer.

Sechaba's approach to sustainable development is based on what we refer to as Ten Priorities. One Future. These priorities include discouraging irresponsible drinking, maximising operational efficiencies in our water and energy usage, encouraging reuse and recycling of our packaging as well as working towards zero-waste operations. On the social development side, they encompass encouraging enterprise development in our value chains, benefiting communities through mutually beneficial engagement, contributing to the reduction of HIV/ Aids and proactively respecting human rights. Through the Ethics Policy we ensure that we conduct our business in a transparent and ethical manner, promoting best practices in our policies and procedures.

The KBL and BBL CSI strategy is driven by the Kgalagadi Beverages Trust (KBT) and reflects the Group's strategic themes of benefiting communities and encouraging enterprise development; and at least 80% of the CSI spend is focused in these areas. Our CSI projects are independently evaluated, providing an unbiased appraisal of their effectiveness against specific targets and positive impact on society.

As a result of this level of commitment, Kgalagadi Beverages Trust, KBL and BBL are recognised by external stakeholders as national leaders in CSI. An exciting new initiative in the Company's alcohol responsibility programme is Ikgalemele ("It's your responsibility") which promotes responsible alcohol use through a responsible trader programme, parent-teacher engagements and an environmental responsibility campaign. The Ikgalemele interactive youth radio program which was launched with Yarona FM continues to promote healthy debate on the issues of irresponsible consumption of alcohol in Botswana. This program uses information from SABMiller's alcohol responsibility website, www.talkingalcohol.com, and focuses on educating the youth by providing them with balanced information about alcohol with the aim of encouraging individual responsibility.

Through the various initiatives on this front undertaken by the Company, issues involving self regulation, employee responsibility, drink diving, underage drinking and "drawing the line" have been vigorously pursued. The Company also continues to promote its responsibility programme through ongoing involvement in the Botswana Alcohol Industry Association (BAIA) which has made strides towards engaging with Government on policy matters. It has also engaged with the Botswana Unified Revenue Service (BURS) regarding the Association's concerns with the availability of very cheap alcoholic beverages in the market.

The KickStart programme has delivered first-class results year-on-year and continues to make a positive difference to the lives of young people all over Botswana, from the entrepreneurs themselves, the people they employ and the customers they serve. We celebrate KickStart as it falls squarely within our sustainable development model, helping to create jobs and wealth within our communities.

We continue to strengthen linkages with local suppliers by enhancing their capabilities to deliver. This is part of our ongoing drive to empower local business people and to assist them to derive maximum benefit from their relationship with us. Project Thusanang, an initiative to help selected local farmers to supply some of our bitter sorghum requirements for the manufacture of opaque beer, continues to develop, despite the difficult growing season and patchy rainfall in the project areas of Mmalore, Tswagare and Leshibitse Farms.

KickStart remains the flagship programme under the breweries' Corporate Social Investment portfolio; and is also the leading youth entrepreneurial development initiative by a private sector entity in Botswana. Over the past eight years, the programme has enabled more than 30 young Batswana entrepreneurs to realise their dreams of owning a business.

Our Supplier Guiding Principles Policy covers key areas regarding compliance with Botswana laws and regulations; safety, health and environmental standards; business conduct and ethics as well as compulsory membership of the Company's supplier partnership program. As a consequence of the implementation of the TBR, the Company now requires all its affiliates and customers to sign a code of conduct. The company also undertakes close monitoring of its client base to ensure that all parties are compliant with licensing requirements.

The guiding principles apply equally to our partners in the Company's enterprise development programme, through which the distribution function continues to be outsourced to former employees and other Batswana business people, thus furthering the national agenda of citizen economic empowerment.

'Our employees are our enduring advantage'. This phrase is one of our anchor values and we are totally committed to it. Our commitment to employee wellbeing is evidenced by our proactive response to the HIV/Aids scourge, life threatening diseases like hypertension and cancer, and a number of other ailments. KBL and BBL both have an in-house Life-Threatening Disease (LTD) Policy founded on the principles of non-discrimination, confidentiality and support.

Project Tshelang provides medical care and treatment to those affected by any of the diseases under this programme, also benefitting spouses or partners and up to three dependents of KBL or BBL employees. During the year under review, the Company introduced 100% medical aid contributions for all employees, thereby reiterating our determination to support the healthcare needs of our workforce.

The Company continues to be committed to minimising the environmental impact of its operations on the neighbourhoods and communities within which it operates. It also encourages the sustainable use of natural resources by promoting the recycling of materials, reduction of waste, and prevention of pollution, as well as facilitating full compliance with all Environment, Occupational, Safety and Health Policy (EOSH) standards.

Environmental, health and safety practices are effectively integrated into day-to-day business operations and each member of staff is held accountable as part of his or her conditions of employment. The business continually strives for zero accidents and incidents, and all employees are continuously trained on the requirements of the Environmental and Occupational Safety and Health (EOSH) programme. These approaches empower the group to self-regulate its EOSH programme with regular audits, documentation of findings and corrective actions.

All sites continue to receive high ratings in health and safety. A safe workplace is a top priority for the Company as it strives to ensure that the working environment does not pose any risk to its employees. The Company is proud to be compliant with the most highly recognised standards including the Hazard Analysis and Critical Control Points (HACCP) certification.

Managing Director's Report (CONTINUED)

BBL's Gaborone brewery underwent a National Occupational Safety Association (NOSA) audit in July 2012 and achieved a top 5-Star rating. A follow-up audit is scheduled for July 2013, and it is envisaged that the three other BBL breweries in the country will implement the NOSA environmental, safety and occupational health risk management system in the coming year.

The Company considers effective risk management to be extremely important. Risk is managed through the Group Finance and Audit Committee which regularly reviews the risk register in which all key operational and financial risks affecting the business are recorded.

There has been a significant shift in the structure of our company. Kgalagadi Breweries (Pty) Limited and Botswana Breweries (Pty) Limited have amalgamated into a single entity effective 9 April 2013. This new streamlined company will, I believe, be better placed to take on the challenges of the future.

Through persistent commitment to our principle of sustainable development, coupled with dedication and hard work, I am sure that the Company will demonstrate the robustness of its business model, and deliver continued success.

Johan de Kok
Group Managing Director.


St Louis

Corporate Governance Report

The Directors provide guidance, leadership and strategic oversight to create a controlled environment for the business that will enhance Shareholder value

The Directors' report on Corporate Governance

The Directors provide guidance, leadership and strategic oversight to create a controlled environment for the business that will enhance Shareholder value. Board members are individually and collectively aware of their responsibilities to the Company's various stakeholders. This report describes the Board's approach to corporate governance.

1. Statement of Compliance

Sechaba Brewery Holdings Limited and its subsidiary companies, Kgalagadi Breweries (Pty) Limited and Botswana Breweries (Pty) Limited , observe the highest standards of corporate governance. This is founded on the Board's continuous reference to guiding codes and a legal framework such as the King Code of Corporate Practices (King III), the Companies Act and our Articles of Association.

2. Board of Directors: Composition and Independence

The Board currently consists of the following Non-Executive Directors: Chairman, E W Komanyane, J N Kamyuka, K Maphage, S Smuts, B G Mmualefe, S Ditshupo (resigned January 2013) and T Sanderson (resigned May 2013) and the following Executives Directors; B Hirsch, J de Kok and L J Matsela.

The size and composition of the Board is determined by the Company's Articles of Association which stipulates that there should be not more than twelve and not less than four Directors. The Board, at all times, strives to maintain within its ranks a balance of skills and independence.

3. The functioning of the Board

3.1 Board meetings and attendance

During the year under review, the Board met for all its scheduled meetings. The attendance register is shown below:

Director	Board 8 May 2012	AGM 20 September 2012	Board 20 November 2012	Board 5 February 2013	Board 26 February 2013
E W Komanyane	✓	✓	✓	✓	✓
S Ditshupo	✓	✓	✓		
J N Kamyuka	✓	✓	✓	✓	✓
L J Matsela	✓	✓	✓	✓	✓
B G Mmualebe	—	—	—	—	✓
S Smuts	—	✓	✓	✓	✓
T Sanderson	—	✓	✓	✓	✓
K Maphage	—	—	—	✓	✓

3.2 Matters reserved for the Board

The Board dealt with a schedule of matters reserved for its attention at each meeting. These included, but were not limited to, the review and approval of budgets and profit forecasts, annual financial statements and capital expenditure budgets. Management provided regular reports to the Board on the operating and financial performance of the Company and its associates. The Board was also informed of legislative changes that affect the business.

An induction program to familiarise incoming Directors with their responsibilities has been in operation for a number of years. All new Directors receive an information pack containing the Board's constitutional documents, minutes of recent meetings and other relevant material. They also visit major production sites as part of their induction.

Brian Mphotho
Group Company Secretary
HNDA, ACIS

3.3 Retirement of Directors

In terms of the Articles of Association of the Company, the longest serving one-third of Directors is subject to retirement and re-election by shareholders. E W Komanyane and J N Kamyuka accordingly retired and offered themselves for re-election; and were duly re-elected. New Directors are eligible for election at the first annual general meeting following their appointment. Mr. S Smuts and T Sanderson were appointed to the Board.

3.4 Directors Fees

Total remuneration paid to Board members in the year under review is tabulated below:

Director	Position	Amount Paid
E W Komanyane	Independent Non - Executive Chairman	50,000.00
S Ditshupo	Independent Non - Executive Director	17,000.00
J N Kamyuka	Independent Non - Executive Director	34,000.00
B G Mmualebe	Independent Non - Executive Director	8,500.00
K Maphage	Independent Non - Executive Director	17,000.00
S Smuts	Non- Executive Director	—
T Sanderson	Non- Executive Director	—
L J Matsela	Executive Managing Director	—
Total		126,500.00

Board members are not paid fees for attending the AGM.

3.5 Directors declaration of interests

Directors declared their interests at every meeting throughout the year.

3.6 Company Secretary

The Company Secretary is responsible for ensuring Board compliance to all statutes, procedures and regulations necessary for the business of the Company. The Company Secretary, Brian Mphotho, acted as secretary of the Board and its committees and attended all meetings during the year under review. The Company Secretary is also responsible for Director training and ensures continuous enhancement of skills and understanding of Sechaba's business operations.

3.7 Board Committees

The following Board Committees report to the Board:

3.7.1 The Group Finance and Audit Committee

The Group Finance and Audit Committee consists of four Independent Non-Executive Directors, and one Non-Executive member from the Group, who is also a Director of the two associates, Kgalagadi Breweries (Pty) Ltd and Botswana Breweries (Pty) Ltd. The four independent non-executive members, (J N Kamyuka, I Nthomola, S Smuts and R Matthews), enhance the independence and the balance of the committee. S Smuts chaired the Committee during the year under review.

The committee met three times during the year. The Group Managing Director, Finance Director, Internal Auditor Manager and the External Auditors attended the meetings by invitation. Other members of the management team attended as required. The attendance register for the Audit Committee is shown below:

Member	Audit Meeting 8 May 2012	Audit Meeting 20 November 2012	Audit Meeting 26 February 2013
S Smuts	✓	✓	✓
JN Kamyuka	✓	✓	✓
I Nthomola	✓	✓	—
R Matthews	✓	✓	✓

Audit Committee Fees

Total remuneration paid to Audit Committee Members in the year under review is tabulated below:

Member	Position	Amount Paid (Pula)
S Smuts	Chairman - Non - Executive Member	—
I Nthomola	Independent Non - Executive Member	15,000.00
R Matthews	Independent Non - Executive Member	22,500.00
JN Kamyuka	Independent Non - Executive Member	22,500.00
Total		60,000.00

Audit Committee Members

Sean Smuts
Chairman, CA (SA)

James Kamyuka
Bcomm, FCMA (UK) FCA (Bots)

Rob Matthews
FCA-ICAEW (England and Wales) CPA - Washington DC, USA FCA (Bots)

Isaac Nthomola
BA - Econ. & Acc (UB) M.CAF (Australia)

The Audit Committee performed the following duties:

a) Monitored the integrity of the financial statements of the company and any announcements of the company's financial performance, reviewing significant financial reporting judgments contained in them, review and recommend for board and shareholders' approval quarterly and annual statements;

b) Reviewed the company's internal control, internal audit, compliance and risk management systems;

c) Oversaw the activities of the internal auditors;

d) Made recommendations to the board, for it to put to the shareholders for their approval in the General Shareholders Meeting (GSM), on the election of the external auditor, their proposed remuneration and the terms of engagement, subject to final approval by the shareholders;

e) Received and discussed the external auditors report including any issues and recommendations raised by the external auditor on internal control weaknesses;

f) Reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant national professional and regulatory requirements;

g) Invited external auditors to all AC meetings and discussed audit-related issues;

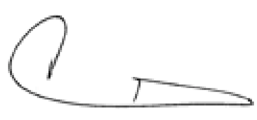
h) Reviewed the effectiveness of the system for monitoring compliance with laws and regulations;

i) Reviewed the Ethics Policy to guide the behaviour and conduct of the Group's employees. The policy encourages employees to conduct themselves in an ethical manner at all times. In this regard, policies and procedures are continuously reviewed and updated to align them with best practices.

j) Reviewed both operating entities' work towards delivering zero harm to the health and safety of employees and the general public; and to the environment.

3.7.2 Nominations Committee

During the year under review, the Nominations Committee comprised three members: E W Komanyane (chairman), S Ditshupo (resigned January 2013) and L J Matsela. The process of appointing one more member is ongoing. The Committee continuously reviews the composition of the Board and its Committees, evaluates the balance of skills, knowledge and experience and makes recommendations to the Board.



Brian Mphotho
Group Company Secretary

KBL / BBL - Operations Report

Sechaba Brewery Holdings Limited continued to perform well and to produce excellent results in the face of challenging market conditions.

Wayne Fouche
Sales & Operations Directorr

Amalgamation of BBL and KBL

Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd were amalgamated into one company, effective 9 April 2013.

The merging of the two companies is expected to streamline and enhance the operations of the business, and in cognisance of the anticipated event and in line with the future reporting configuration, this Operating Review encompasses the activities of both entities.

The traditional beer regulations (TBR) which were implemented on 1 July 2012, and an increase in the alcohol levy from 40% to 45% which came into effect on 1 October 2012, contributed to an 8% decline in overall volumes over prior year.

Distribution costs were up as a result of higher fuel prices. The additional costs associated with the growth in the returnable glass bottle (RGB) were also a significant factor.

Despite these challenges the Company performed admirably and returned a healthy profit after tax (PAT) of P329,4m, up 17.4% on the previous year.

Sales and Distribution

Volume Performance

Total volumes fell by 8% below prior year with KBL volumes up by 8% and BBL volumes down by 24%. The unfortunate consequence of the TBR was the closure of all informal Chibuku outlets at the end of the first quarter. These outlets had previously accounted for 86% of the opaque beer sales channel and 63% of total volume. The drop in volumes was most evident in the second, third and fourth quarters of the year. However, Minute Maid and Mooka Mageu were notable performers, ending the year 53% and 43% ahead of prior year respectively.

Overall alcohol beverage volumes were 13% below last year. The mainstream clear beer category showed satisfactory growth during the year driven by an encouraging performance by Black Label.

In the Local Worth More (LWM) sector, Castle Lite again performed extremely well, elevating the brand to the position of second largest contributor in the clear beer category (up 5.6% to 25%). Castle Lite continues to disadvantage imported brands which continued to lose market share while, St Louis Export performed well finishing a pleasing 8.3% ahead of prior year. Miller Genuine Draft (MGD) showed marginal growth driven largely by targeted promotions.

The development of Castle Lite and St Louis Export Lager as an on-tap draught offering in image outlets across the country, continued during the year.

Although opaque beer volumes closed 24% below prior year, the decline was cushioned by strong volume performance in the first quarter. It is anticipated that some recovery will occur in F14 and beyond as initiatives such as outlet recruitment, outlet development, pricing and promotions begin to bear fruit. The fledgling Phafana brand closed F13 89% up on previous year due to strong growth in the first quarter.

The Palapye brewery closed the year 38% down on prior year. The Francistown brewery also faced challenging market conditions, but to a lesser extent than Palapye, and closed the year at 26% below F12.

The key challenge for Francistown and other urban centres has been a lack of suitable opportunities to develop new outlets.

The Southern opaque beer breweries had a more promising year with Lobatse performing best, followed by Gaborone. This is due to the greater economic activity, particularly the current property development boom in Gaborone, as well as a lesser proliferation of home brews, in the southern part of the country. The effectiveness of the sales teams in the southern districts boosted performance in these areas.

The final month of the year produced positive sales figures, hopefully signalling a more sustained improvement in sales.

The outlet development program has shown some success with outlets being developed in Tlokweng, Morwa, Medie, Serinane and Kasane. As these outlets and others come online, an improvement in volumes is anticipated.

Sparkling soft drink (SSD) volumes were up 4.2% on F12. The core flavour of the Coke brand performed well, finishing 3.6% up on prior year, although it lost 0.4% in terms of overall contribution; the first decline in many years. The impact of the “flavour focused” strategy appears to have paid dividends with marginal growth in core flavours and better than average growth of non-core flavours.

The low kilojoules option remains under pressure with Coke Lite, Tab and Coke Zero all losing ground.

Fanta Orange performed well, finishing the year 12% up on prior year, while Sprite continued to struggle and volumes declined by 4%. The Crème Soda, Stoney and Sparletta flavours performed ahead of expectations; predominately as a result of the extension of the flavours into other pack offerings. Appletiser and Grapetiser showed moderate growth for the first time in two years, driven by the successful introduction of the 1250ml PET and improved sales execution.

Volumes in the Stills portfolio increased by a very significant 27.5% over F12; driven by the overwhelming success of Minute Maid Nectars (up 52.8%) and an aggressive resurgence of Mooka Mageu, which grew by 43.4%. The Source brand performed moderately, growing by only 0.9% over prior year. The new look Bonaqua and the "traditional mouth" Powerade pack showed a moderate recovery. The recent reintroduction of Source Sparkling saw the brand perform ahead of early expectations while the Burn product has made gradual strides in the right direction.

Pack Performance

The 340ml NRB pack again outperformed expectations and finished the year 21.2% ahead of prior year. The 750ml RGB pack grew by 4% in contribution for the year and is gaining momentum, averaging almost 48% for Q4. The 660ml pack also showed satisfactory performance with its contribution growing to 5.5% and averaged over 7% in the final quarter. The pack's achievement is evidence of the successful pricing strategy introduced over the last two years.

The 2-litre PET pack continued to show strong performance finishing the year at 13.8% up on prior year. The growth in new multinational supermarket chain brands combined with further growth in competitor 'B' brands, continued to impact consumer choice. It is anticipated that he commissioning of a PET line and blow moulder in late 2013 will improve the pack's profitability and the 2-litre pack is expected to continue growing in the coming months.

The 300ml returnable bottle pack performed better than expected, ending 7.8% ahead of prior year. The 1250ml pack was up a notable 17.6%. The 440ml can pack is displaying positive growth signs and should improve with greater availability while the 500ml PET, which is currently only available in Coke, made some progress ahead of rollout to other core flavours.

The introduction of the screw cap Mooka Mageu pack has been a major contributor to the excellent performance of the brand in F13. The new pack would appear to have greater customer appeal as it is perceived to be cleaner and more hygienic than the traditional pack.

Marketing

Continued investment in the Company's brands saw an increased marketing spend of 19% during the year under review.

A number of marketing initiatives were undertaken to counteract the negative effects of the 13% decline in alcoholic beverage brands in F13. These included:

- Increased investment in Castle Lager through sponsorship of the "English Premier League Perfect Moments" campaign in the upper mainstream and Image on-premise channels, to drive the brand's association with international football.
- The expansion of Castle Lite and St Louis Export into on-tap draught was very successful and this will continue to be rolled out across the country in the coming year. The sleek, sophisticated design of the taps emphasises the high quality and appeal of these premium brands.
- The Core Cider "the tang will get you" campaign was launched as an opportunity for consumers to understand the essentials of the crisp "Twisted Tang of Citrus" flavour.
- Following the success of the Summerfest in the third quarter, brand St Louis Lager ran an above-the-line thematic radio campaign on refreshment.
- In the last quarter of the year the St Louis Export Lager brand concluded the "Authentic Lifestyle" campaign, focused on driving consumer perception of the brand's association with premium products and emphasising the high quality of brand. This campaign was supported by both print and radio communications.
- The Retailer Advocacy Programme Mogwebi Promotion was completed in the third quarter and the final winners were identified. The main objectives of this promotion were to encourage traders to sell at the recommended retail price, instil a culture of returnable glass bottles, as well as to drive product availability and volume growth.
- The "Look of Success" (LOS) programme rollout continued across channels nationwide, with paper and board maintenance of the 80 outlets that were implemented in F12. Implementation of LOS in the additional outlets targeted for F13 exceeded the objective of

70 outlets, with 105 outlets being completed during the year. A further 50 outlets have been identified for LOS implementation in F14.

- Brand Coke continued with the Africa Happiness Manifesto (AHM), a campaign for hope and inspiration for Africans: "A billion reasons to believe in Africa". This campaign is supported by television, radio and print and will continue into F14 quarter one.
- The Summer Promotion of SSDs, in which consumers stood a chance to win cash and other prizes was supported through television, radio, print and activations at store level. The objective of the promotion was to build equity of all the Coca-Cola brands and to drive volume across all SSD Coca-Cola brands.
- As part of strengthening the core opaque beer brand, the Company ran a consumer promotion, "Aga Chibuku". This promotion incentivised consumers, by way of entering into a draw to win prizes to the value of P60 000. This promotion also contributed to the improved volume performance in the final month of the year.
- Phafana participated in a number of event sponsorships during F13, as part of increasing consumer awareness of the brand's association with culture, heritage and tradition. Phafana also took part in the 2013 Mascom Derby held in Maun in March. The objective was to drive Phafana's brand awareness in the Maun area. Phafana daily activations, which conducted in conjunction with Chibuku activations, continue to increase levels of Phafana brand awareness.

Manufacturing Performance

Clear beer manufacturing performance targets were largely exceeded for all plant performance criteria.

Unreliable electricity supplies and water shortages continue to affect overall factory efficiency for all plants.

Within the framework of technical stewardship and building pride in the technical fundamentals of our brands, KBL has been actively engaged in initiatives to reduce water, waste and electricity consumption in line with the Sustainable Development priorities.

Operations Report (CONTINUED)

The Energy Saver Tool has been successfully piloted and it is expected to facilitate continued reduction of energy usage through optimisation of maize cooker, pump and boiler operations.

It is pleasing to note a reduction of total energy consumption as a result of enhanced machine efficiencies and the implementation of improved condensate recovery. Our water usage ratio is continuously monitored and water balancing is reconciled daily with any unusual patterns investigated and corrected.

Manufacturing cost efficiencies were prioritised at the BBL breweries in the wake of the increased alcohol levy. Containment was effected by exercising rigid control of manufacturing cost through closer alignment with suppliers; enhancing raw material procurement efficiency and by exploring more cost effective raw material inputs in order to produce the same products without compromising quality. Emphasis was also given to enhanced raw material procurement efficiency and effective management of cash resources to provide adequate working capital funding. All cash is reinvested in order to acquire funded income from the market either through banks or from intercompany cash pooling arrangements.

CSR Initiatives

Through the KickStart and Thusanang projects, the Group continued its initiatives to support the communities in which it operates. In May 2012 it launched the "Ikgalemele" responsibility programme ("It's your responsibility") which has as its main objective the implementation of various campaigns calling for individual responsibility, targeting a variety of stakeholders.

The project consists of four components: The Responsible Trader Programme; the Responsible Youth Campaign; Parent-Teacher Engagements; and an Environmental Responsibility Programme. During the third quarter the programme focussed on the Responsible Trader Programme. The fourth quarter brought about a change of focus towards the Responsible Youth Programme.

The Youth Programme was launched through Yarona FM and promoted healthy debate and discussion on issues of irresponsible consumption of alcohol in Botswana. This program uses information from the SABMiller alcohol responsibility website, www.talkingalcohol.com, and focuses on educating the youth and providing them with balanced information about alcohol. Listeners interact with the panel through phone calls, SMS and the radio's Facebook page. Stakeholders that have been invited on the show include senior police officers from various departments, representatives of various NGOs, counsellors, psychologists, medical doctors and dieticians

The Thusanang Pilot Project continues to progress and provide valuable findings year-on-year. Through this project the Company seeks to empower local farmers while developing more cost effective ways of sourcing raw materials for its operations, particularly bitter sorghum for opaque beer production. The project has been expanded to include a new farming cluster at Leshibitse in the Kgatleng District; and continues in both Mmalore and Tswagare regions of Botswana. The previous year's acreage is being doubled and two clusters of 20ha each in the Southern region at Mmalore and Borolong are in the process of being activated.

The Company continued its involvement in the Botswana Alcohol Industry Association (BAIA), which made strides towards engaging with Government on issues of policy formulation and strategies to curb alcohol related harm. The association gained support from His Honour, the Vice President, for the BAIA Adolescent Programme in Tswapong. This programme has also assembled a group of volunteer teachers for the "Training the Teachers"

program. The Vice President has been invited to launch the program.

BAIA also extended an invitation to the Commissioner of Police to be the Guest Speaker at the official launch of the BAIA's Mystery Shopping Programme which is to be conducted in Serowe. The industry association also engaged the Commissioner of the Botswana Unified Revenue Service (BURS) and five members of his senior team regarding the Association's concern at the availability of very cheap alcoholic beverages in the market. Since that meeting, a number of raids have been carried out on non-compliant distributors.

BAIA remains an important body in shaping government and public perception of the alcohol industry as a whole. It therefore remains an organ that may be effectively harnessed for collective lobbying of government on policy matters.

Project Tshelang, under which all KBL and BBL employees receive support for serious medical conditions continued to provide a full range of services. These included voluntary HIV testing, antiretroviral treatment, managed health care for a variety of conditions as well as condom distribution.

Costs related to Project Tshelang have declined significantly since the move to provide 100% medical aid to all Group employees through BOMaid.

KBL and BBL have continued to actively work towards significantly improving relations with Government at all levels through proactive stakeholder engagement. The engagements with local government authorities, by way of addressing full council meetings, have proved to be very constructive platforms as they bring together political and civic authorities in their respective areas; including the bye-law and legislative authorities.

The media fraternity continues to be a valuable stakeholder in conveying information relating to the Company's operations and products in a fair and balanced way. It is anticipated that such balance in reporting will ultimately assist consumers to make informed choices regarding alcohol consumption. Both radio and print media continue to be an effective channel through which stakeholders are informed and educated about developments within the business and the trading environment.

Regulatory Challenges

The regulatory environment continued to present very real challenges. The alcohol levy was increased to 45% on 1 October 2012, resulting in the Group being compelled to raise prices of all alcoholic products.

The traditional beer regulations (TBR) which were implemented on 1 July 2012 necessitated a major revision of the opaque beer business model, as some 86% of the traditional retail space was lost. The main challenge in complying with the TBR continues to be unavailability of suitable land. This has hindered the smooth rollout of the outlet development programme. Although there has been some recent improvement in this regard, there are still a number of misinterpretations by local authorities of the provisions of the Liquor Act and the TBR regarding applications for both change of land use and licences. Sechaba is actively working towards building strong working relations with these authorities with the hope that combined efforts from all parties will mitigate future misunderstandings.

The company has taken proactive steps towards assisting Beer gardens meet regulation requirements and assist in license renewal by engaging with local authorities on their behalf.

We welcome the efforts of local law enforcement agencies in policing the depots and traders that do not meet the licensing criteria. The onus is on us to make sure that these incidents are not repeated and that 100% compliance is achieved by all our outlets. Illegal homes brews continue to compete directly with BBL products, in many cases now the only beverages available to former Chibuku consumers, many of whom find themselves out of reach of formal channel outlets.

Prospects

Looking ahead, the trading environment for alcohol related products is expected to remain challenging. However, this does not make the task of producing world class beverages for local consumers impossible. We are adamant that the only way forward is to work hand in hand with government in ensuring that the beverages produced by Sechaba have positive, lasting effects on consumers and society as a whole.

Availability of utilities is a growing challenge for the business. Continued adequate water supply is particularly worrying as there are no easy remedies to counter the unavailability of water as it is a finite resource. We are hopeful that electricity outages are now a thing of the past and that the plants can function at an optimal level without interruptions.

Wayne Fouche
Sales & Operations Director

Corporate Social Responsibility and Sustainability Report

The Sechaba Brewery Holdings Limited is an investment company with interests in Kgalagadi Breweries (Pty) Ltd (KBL) and Botswana Breweries (Pty) Ltd (BBL).

A force for good

We believe that maximising the success of the business is the most effective way for Sechaba Brewery Holdings Limited (Sechaba) to meet its sustainable development objectives.

We are clear that our business is not something separate from society. It is, at one and the same time, an employer, a customer, a supplier and a taxpayer. The interests of Sechaba and the wider community are therefore inextricably linked.

Our activities provide high-quality products that society wants and enjoys. As long as our market remains free and competitive, our business will succeed if we manage our relationships well, use resources efficiently and meet the needs of our consumers and the communities in which we operate.

A well-managed and growing business is good for wider economic development: it leads to greater employment, more taxes paid and greater investment in our economy and communities.

This robust approach to sustainable development underpins our ability to grow and protects our licence to operate sustainably.

Ten Priorities. One Future.

Making a difference through beer

Making partnership a central part of our approach

We recognise that by building lasting partnerships we can ultimately create more value for our business and make a greater difference in the market than if we worked in isolation.

We have developed partnerships and projects with our stakeholders and communities who in turn enhance our ability to operate and enable us, with improved insight and understanding, to become effective in implementing meaningful programmes for the benefit of our communities.

Integrating sustainable development into business strategy

We believe that sustainable development needs to be integrated into our decision making and the way we run our business in order for Sechaba to achieve a sustainable competitive advantage – and ultimately enhanced profitability. In order to achieve this, sustainable development needs to be a fundamental part of our day-to-day activity.

Our strategic focus is underpinned by our 10 sustainable development priorities. These define the material issues for our business and have been developed through extensive consultation with both internal and external stakeholders.

We focus our resources on the priorities which we believe are the most material for our business. As a result, we have established four key focus areas, namely alcohol responsibility, HIV/Aids, water conservation and Corporate Social Investment (CSI). We feel that these are the issues which have the potential to impact on all parts of the business and which are best undertaken through an unswerving strategic focus.

Discouraging irresponsible drinking

We promote responsible consumption as part of our day-to-day activities, whether designing marketing campaigns targeting retailers and consumers, developing new products or selling our beers in the market. We also strive to ensure that our employees understand the risks that arise from irresponsible drinking and we expect high standards from them. Ninety percent of our employees are now trained in the six core principles of our Alcohol Framework.

Over the year, we launched our targeted alcohol responsibility programme, **Ikgalemele!** that has four focus areas being the Responsible Trader Programme, Responsible Youth Programme, Parent-Teacher Engagements and the Environmental Responsibility Programme.

We firmly believe that consumers are entitled to receive accurate and balanced information about responsible alcohol consumption. We also believe that targeted campaigns are more effective as the interventions focus on specific stakeholders and behaviours such as drink driving, underage drinking, etc.

We continue to promote TalkingAlcohol.com, a website that educates users about alcohol and responsible consumption in an engaging and readily understood format, employing the latest research and expert advice. Although the site includes some facts about certain brands, it contains no marketing information. Instead, visitors are provided with authoritative advice on topics related to drinking such as health, parenting and social considerations. Topics covered in detail include drink driving, underage drinking, women's issues and tips on how to drink sensibly. When it comes to promoting responsible alcohol consumption, we believe that education is key.

Íkgalemele
It's your responsibility

Tickey Pule
Corporate Affairs & Strategy Director
MA in Museum Studies (University of Leicester (UK)

Ikgalemele Responsible Trader Workshop in Gaborone

The Way to Win with Licence to Trade (The Way)

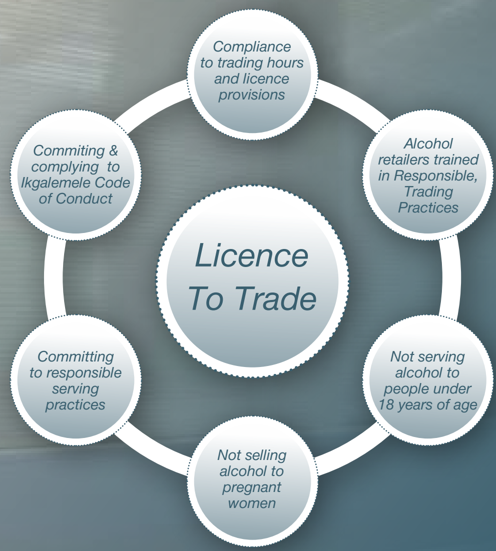
'The Way to Win with Licence to Trade' (LTT Way) is our approach to building organisational capability to assess and respond to the opportunities and risks arising as a consequence of being a producer and marketer of alcoholic beverages.

The changes and challenges that are impacting our shareholder value fall into three areas:

- Societal perceptions of our product and of us as a brewer and marketer
- The increasing regulation of alcohol marketing and availability
- The structure and rates of product taxation and levies on alcohol sale.

The LTT Way sets out steps to ensure that our business' commercial strategies and plans reflect the alcohol landscape and address licence to trade issues. It integrates alcohol and licence to trade issues into our strategy and planning processes. It demonstrates our concern about the harmful effects of irresponsible alcohol consumption and defines how we will enhance our licence to trade and achieve win-win regulatory and tax policies.

Our aim is to be prepared and proactive in defining and shaping our future so that we build credibility for the long term, provide organisational focus, achieve balanced regulatory outcomes and lead our industry peers in alcohol responsibility. Achieving this aim will in turn contribute to enhancing shareholder and stakeholder value.



Investing in local suppliers

Enterprise development supports the long-term growth and stability of both our business and the general economy. Sechaba recognises that using local suppliers for its raw material procurement supports local entrepreneurship and can add value to benefit the business commercially. Local sourcing is often more cost-effective than importing raw materials, and encouraging enterprise in our supply chains directly contributes to our economy.

Our close collaboration with suppliers ensures that we always procure superior quality goods and services and further protects us against reputational risk. At the same time we continue to facilitate employment creation and provide opportunities for local entrepreneurs to be empowered and to improve their standard of living and that of their employees.

Local spend for the Group increased to P 246, 331, 554, up from P220, 592, 785 in the previous year; a rise of 11.7%. We have increased our coal procurement from Morupule Colliery and raw materials such as maize grits and sugar from local suppliers.

We continue to encourage our suppliers' responsible sourcing practices and require that our suppliers act ethically by not polluting the environment, by adhering to policies and procedures that govern the use of natural resources and by promoting employee welfare through their own in-house HIV/Aids policies, programmes and activities.

A clear strategy

Our approach to sustainable development is based on 10 priorities that we refer to as Ten Priorities for our One Future (Ten Priorities. One Future). These articulate the key issues for our business, our employees and external stakeholders; and focus the business on the main environmental, social and economic risks and opportunities that we face. They articulate firm and consistent principles that management uses as the basis for integrating sustainable development into business strategy, planning and decision-making.

A focused and sensible approach

While we're committed to meeting minimum standards against each of the 10 priorities, our business focuses on the priorities most critical to our market. We understand that society and our economy are continually evolving and therefore take a pragmatic view, adapting our sustainable development work to adequately address different challenges as they manifest themselves; focussing on the areas of alcohol responsibility, enterprise development, HIV/Aids and benefiting communities.

Overview of progress: our performance at a glance

The table below summarises the progress we have made over the past year against our 10 sustainable development priorities.

Discouraging irresponsible drinking

Why this is a priority
Our beer adds to the enjoyment of life for the overwhelming majority of our consumers. We care about irresponsible alcohol consumption and we work collectively with stakeholders to address the harmful effects.

Targets we set ourselves
- Continue with Alcohol Behaviour and Communication (AB&C) training to have 100% of employees trained.
- Fully explore and articulate our strategy to promote responsible alcohol consumption and protect our Licence to Trade (LTT). Ensure that all communications on alcohol for sales promotions and advertisements are presented to the Sales and Marketing Compliance Committee (SMCC) and evaluated for compliance to our Policy on Commercial Communication (POCC) before being broadcast or implemented.

Progress we have made
- 90% of our employees have undergone Alcohol Behaviour & Communication training (AB&C). The training is now offered as a standing agenda in the induction programme for all new employees.
- A three-year alcohol strategic plan has been developed and plans are underway to focus on targeted interventions against irresponsible alcohol consumption.
- Comprehensive Sustainable Development and Licence to Trade Strategies have been developed and are being implemented to support our Responsible Alcohol Way and support our six alcohol principles that combine to form our alcohol position.

Making more beer using less water

Why this is a priority
We aim to be more efficient in our water use, understand our watersheds and engage with our suppliers. This will cut costs, reduce risks and benefit local communities.

Targets we set ourselves
- Make progress towards the Group Water Target.
- Our targets for the Year were 5.5hl/hl for the Beer Plant and 2.5hl/hl for the SSD Plant.
- Develop new stakeholder partnerships to address water supply and quality risks.
- Invest in the Can Line to restore the Can Pasteurizer to basic condition and consequently strive for ideal water consumption. Invest in the Bottle Washer Rinser and the Post Washer Coating

Progress we have made
- During the year, KBL's average water consumption reduced from 5.60 to 5.57 hectolitres of water for each hectolitre of beer produced and from 2.50 to 2.47 hectolitres of water per hectolitre of SSD produced.

CO_2

Reducing our energy and carbon footprint

Why this is a priority
We use energy to produce and transport our products. We aim to become efficient, manage our carbon footprint and explore cleaner sources of energy. This will save money and resources and reduce our greenhouse gas emissions.

Targets we set ourselves
- Make progress towards the new carbon target.
- Improve the combustion capability of coal in order to reduce usage and environmental impact.
- Improve our management of carbon in distribution and retail refrigeration.

Progress we have made
- Over the past year our average energy consumption for beer production improved from 272MJ/hl to 230 MJ/hl, representing a 15.4% improvement on the previous year.
- We now include coal additives in our boiler combustion mix to improve coal combustion, thereby reducing boiler fire-side tube scaling and emissions.

Packaging reuse and recycling

Why this is a priority
Packaging protects our products but has wider impacts. By reducing the weight of our packaging, reusing bottles and encouraging recycling we are saving money and raw materials and reducing pressure on local waste services.

Targets we set ourselves
Targets we set ourselves
- Develop a light-weighting system for our beverage cans.
- Improve the percentage of returnable bottles in support of the KBL Bottle Returns Policy thereby reducing the environmental impact of our packaging.

Progress we have made
Progress we have made
- We have conducted a light-weight trial run on our Canning Line to test the efficacy of the system for our market and environmental conditions.
- All our packaging is now free of heavy materials.
- Returnable bottles have increased from 20% of total sales in all categories in the previous year to 26% of total sales of all categories this year, representing a 25% growth.
- We continue to work closely with NGOs such as Tshomarelo Tikologo who collect and recycle our Non-returnable (NRB) bottle packs and Collect-A-Can to recycles our downstream can waste.

Working towards zero-waste operations

Why this is a priority
Much of our waste can be a valuable resource for farmers and food producers as well as a potential energy source. We aim to minimise the amount of waste we send to landfill, so reducing its environmental impact and saving money.

Targets we set ourselves
- Investigate more ways to reuse brewery waste.
- Increase the percentage of waste recycled/reused in line with our aspiration to achieve a zero-waste brewery system.

Progress we have made
- A review is currently underway to select vendors who can best recycle KBL and BBL boiler ash in ways that provide greatest benefit and impact to the community.
- 100% of our organic waste was reused or resold for further use.
- This year at least 23% of site waste (excluding hazardous waste and refrigerants) was recycled, sold for recycling or reused; while municipal and hazadous dumps were checked for integrity.

Encouraging enterprise development in our value chains

Why this is a priority
We recognise the fact that our influence extends beyond our immediate operations to include those of our value chain partners such as the suppliers of our raw materials and the distributors of our products.

Targets we set ourselves
- Increase the number of smallholder farmers in our pilot Project Thusanang.

- Develop and launch the KBL and BBL corporate social (CSI) investment documentaries.
- Upscale communications about KBL and BBL CSI initiatives in order to increase public awareness and feedback as well as to encourage the participation of key stakeholders

Progress we have made
- Project Thusanang has been expanded to serve in three farming clusters. The size of the individual farm holdings has increased as has the number of farmers per cluster: from 4 to 5.
- KBL and BBL are recognised by external stakeholders as national leaders in CSI.

Benefiting communities

Why this is a priority

The prosperity of our local communities and that of our operations is mutually dependant. Our corporate social investment (CSI) initiatives aim to improve the quality of life for local people, helping us build strong relationships with communities, consumers and our employees

Targets we set ourselves
- Continue the funding of our enterprise development programme KickStart.
- Continue to lend support and funding to entrepreneurial vehicles, such as The Business Place, that reflect our values of inculcating the development of entrepreneurship in Botswana.

Progress we have made
- Enterprise development continues to be a critical aspect of empowering our communities through KickStart and our distribution owner-driver model that has positively impacted on involved entrepreneurs.
- KickStart continues to invest towards improving the prospects and lives of youth entrepreneurs in Botswana. Over the past year, KBL donated the sum of P150, 000 to support The Business Place, bringing the total support over the past three years to P400, 000.

Contributing to the reduction of HIV/Aids

Why this is a priority

Managing the HIV/Aids pandemic is of critical relevance in Botswana. Our HIV/Aids program, Project Tshelang, provides extensive support for employees and their families. We ultimately seek to develop programmes for our communities and suppliers to ensure the well-being and health of staff and the communities in which we operate.

Targets we set ourselves
- Further increase the percentage of HIV-positive employees and spouses on our managed healthcare programme, Project Tshelang.

Progress we have made

Progress we have made
- 80% of employees went for Voluntary Testing and Counselling (VCT).
- While we have maintained the beneficiaries under Project Tshelang, we have up-skilled communications regarding HIV/Aids and managed health care through BOMAid: KBL and BBL provide 100% medical aid cover for all employees and dependants.

  We now have 80 peer educators amongst our employees. This means that there are 10is one peer educators for every 10 employees at KBL and BBL.

Respecting human rights

Why this is a priority

We conduct our business with respect for our national culture, different local laws, norms and traditions. We promote the values of the international community, namely the Universal Declaration of Human Rights.

Targets we set ourselves
- Complete adherence to ensure that the Employment Act of Botswana underpins all our employment policies and practices.
- Improve the Group Sustainable Assessment Matrix (SAM) stairway for Respecting Human Rights.

Progress we have made
- Potentially significant
- Our SAM stairway for respecting human rights has grown from level 2.5 to 2.75
- KBL and BBL are recognised by stakeholders as being employers of choice.
- A Diversity Policy has been agreed and implemented covering ethnicity, gender and disability.
- KBL and BBL are equal opportunity employers.

Transparency and ethics

Why this is a priority

We're committed both to transparent sustainable development reporting and to high ethical standards in general. To this end, we have a Code of Business Conduct and Ethics which applies to all employees and third parties acting on our behalf.

Targets we set ourselves
- Actively promote our Code of Conduct and Ethics to all our employees and third parties acting on our behalf.
- Continue stakeholder dialogues on alcohol, water and enterprise development through our wide-ranging partnerships and initiatives.
- Continue to aspire to the highest levels of corporate governance and transparency in our reporting.
- Conform to international reporting standards and practices for our businesses.

Progress we have made
- Our Transparency and Ethics rating has increased from 3.6 to 3.9 on the SAM stairway.
- We have broadened our stakeholder engagements on alcohol through the Botswana Alcohol Industry Association and our own initiatives employing various media and messaging.
- Our Whistle Blowing policy is regularly communicated to all employees and suppliers to ensure that we maintain the highest standards of ethics and corporate governance.

Managing Sustainable Development

Meeting our 10 sustainable development priorities requires a robust, rigorous and transparent management approach.

Meeting our 10 sustainable development priorities requires a robust, rigorous and transparent management approach

The Sustainability Assessment Matrix (SAM)

We integrate sustainable development into the day-to-day management of our business.

Both KBL and BBL now measure sustainable development performance using a bespoke Sustainability Assessment Matrix (SAM), which is a system used for collecting, storing and presenting performance in Sustainable Development against the 10 sustainable development priorities.

Each priority has a 'stairway' that plots a course through the five levels of performance from minimum standard to leading-edge. To achieve each performance step (or level), our business must meet a series of assessment criteria which include both quantitative and qualitative measurements. Progress is assessed every six months.

BBL began to pilot the SAM implementation over the year under review and achieved a highly commendable rating of 2.84.

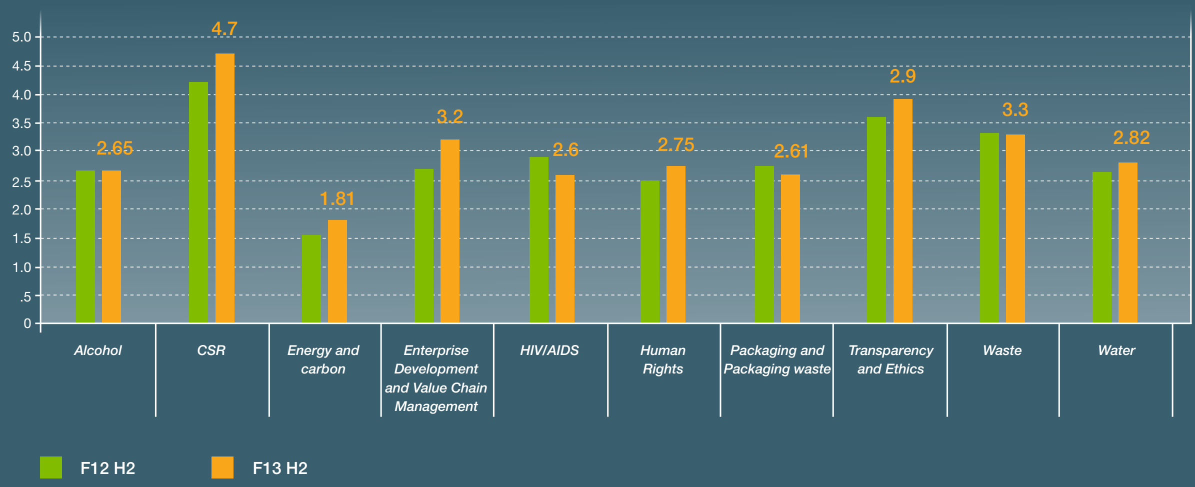
Extending our reach through partnerships

As our approach matures and our understanding and capability grows, we have developed valuable partnerships with organisations that can provide us with the expertise and insight required for tackling our priority issues. Such partnerships include the Botswana Alcohol Industry Association (BAIA) and the Tripartite Alliance comprising KBL, Botswana Medical Aid (BOMAID) and the Motor Vehicle Accident Fund (MVA). This enables us to extend our reach into local communities in a way that makes the most difference to them whilst also generating the greatest impact for our business. Partners include government, NGOs, academic institutions and suppliers.

The Sustainability Assessment Matrix (SAM): 2013 results

SAM 2013 Performance

Priority	2012	2013
Alcohol	2.65	2.65
Communities - CSI	4.2	4.7
Energy and Carbon	1.54	1.81
Enterprise Development and Value Chain Management	2.7	3.2
HIV/Aids	2.9	2.6
Human Rights	2.5	2.75
Packaging and Packaging Waste	2.73	2.61
Transparency and Ethics	3.6	3.9
Waste	3.3	3.3
Water	2.63	2.82
TOTAL	2.87	3.03



Kgalagadi Breweries Limited 2013: SAM Highlights

Over the year, creditable progress was made in the performance of sustainable development as action plans were developed and fulfilled.

4.7

level growth in CSI compared to 4.2 the previous year

KBL saw increased SD performance with regard to Corporate Social Investment (CSI), which grew from level 4.2 to 4.7; Enterprise Development (from 2.7 to 3.2) and Transparency and Human Rights (from 2.5 to 2.75). The composite overall score achieved for the year improved from 2.87 to 3.03.

Discouraging Irresponsible Drinking

Providing balanced and accurate information to consumers and taking direct action to discourage irresponsible drinking.

In order for KBL and BBL to be credible partners in reducing alcohol related harm, all our employees must aspire to high standards of conduct in relation to alcohol consumption and take the possibility of irresponsible alcohol consumption into account when conducting business.

Why is this a priority?

Discouraging irresponsible drinking is one of our four focus areas for sustainable development. We know that every day the majority of our consumers drink and enjoy our products responsibly. However, we also know that a minority drink to excess, drink underage, or drink and drive.

Building our capabilities and knowledge Our Alcohol Framework which sets out our Six Alcohol Principles has been in place for the past six years. These principles build on our longstanding commitment to address irresponsible drinking and reduce alcohol related harm.

In order for KBL and BBL to be credible partners in reducing alcohol related harm, all our employees must aspire to high standards of conduct in relation to alcohol consumption and take the possibility of irresponsible alcohol consumption into account when conducting business.

Over the year we continued training our employees in order for them to understand the debate and embrace their role in promoting alcohol responsibility in the workplace, at home and within their communities. The training programme consists of Alcohol Behaviour and Communication (AB&C) and Alcohol Intelligence Quotient (AIQ) modules and aims to embed our principles and best practice regarding alcohol communication and consumption.

These general modules are supported by specific training elements for employees in marketing and sales. So far, 90% of our employees have undergone training for both AB&C and AIQ.

Ikgalemele Alcohol Responsibility Programme

Our considerable experience of running alcohol responsibility campaigns suggests that there is a rejection of messages which are seen to be patronising, preachy or judgemental.

Last year, we developed Ikgalemele! (It's Your Responsibility.), a holistic alcohol responsibility campaign under the banner "the power to act responsibly lies with every individual". Ikgalemele is a call to consumers to assume personal responsibility. The core message is intended to inculcate an ethos of conscience and accountability.

The Ikgalemele responsibility campaign has four key focus areas:

Responsible Trader Programme

Alcohol retailers have extensive contact with consumers and are a crucial element to any targeted alcohol responsibility campaign. By virtue of their trading licence, retailers are premised to comply with the law and trade responsibly. It is important that alcohol retailers remain focused on protecting their customers and the communities in which they operate. We believe that serving alcohol is not impersonal, but is a social function that should be engaged in responsibly.

The objectives of the programme are to:

i. Create awareness of the harm associated with the abuse of alcohol
ii. Enlighten traders in their role in the reduction of alcohol abuse
iii. Empower traders to drive behavioural change in their establishments
iv. Build trader competence in responsible trading and dealing with different kinds of customers
v. Establish a clear picture of what it means to be a 'Proud and Responsible Trader'
vi. Employ drama and role plays depicting different targeted behaviours, with solutions, learning and reinforcement of responsible serving practices
vii. Demonstrate to retailers the extent to which their licence to trade depends on their efforts to help consumers make the right choices in relation to responsible consumption

Workshops were held for retailers of both clear and opaque beer and 210 retailers in Gaborone, 130 in Francistown, 95 in Maun and 50 in Charles Hill attended. Retailers who undertook the programme were challenged to be 'proud and responsible traders' with an enhanced sense of responsibility and accountability to the communities in which they operate.

Participants also renewed their commitment to the Ikgalemele Code of Conduct to which all our retailers subscribe. Mystery shoppers will be engaged at a later stage to verify compliance with the code of conduct.

The workshops were also attended by government authorities including members of the Botswana Police Service, Non-Governmental Organizations (NGOs), community leaders and bye-law officers. Feedback from retailers and other external stakeholders was overwhelmingly positive. The next areas to be covered include Shakawe, Gumare, Hukuntsi, Tsabong, Kanye, Lobatse, Molepolole, Ramotswa, Ghanzi, Selebi- Phikwe, Serowe, Kanye, Mochudi, Palapye and Molopolole.

Responsible Youth Programme

The objective of the Responsible Youth Programme is to deliver a consistent message to the youth calling for responsible use of alcohol. The programme strives to facilitate informed choice by creating awareness of the impact of alcohol, demonstrating what alcohol abuse does to one's health and by discouraging under-age drinking. A weekly Radio programme on youth radio Yarona FM called "Talking Alcohol – Ikgalemele!" was used to engage the youth and other stakeholders to facilitate discussion on the issues pertaining to youth alcohol consumption. This initiative will be extended to other radio stations and an online version on the KBL website that is currently under development.

Parent-Teacher Engagements

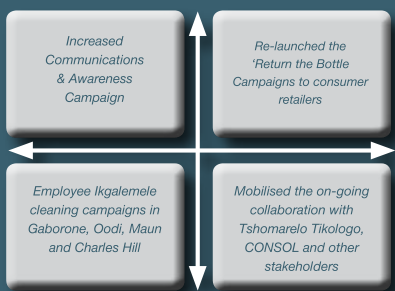
It is illegal to sell alcohol or purchase alcohol for anybody below 18 years of age.

We believe that parents and teachers play a critical role in shaping desirable values, behaviours and attitudes in young people and need to recognise that they can have a great influence on whether a young person decides to drink alcohol and if so, whether this will be done responsibly. We therefore envisage that scheduled engagements with parents and teachers are essential, and during the year we conducted Parent-Teacher Engagements examining the influence that they can have on children, exploring the underlying reasons why teenagers drink, discussing the negative impact of alcohol and reinforcing why children should not drink. Emphasis was placed on discovering ways to create an environment conducive to assisting children to resist peer pressure and on techniques that parents can use when talking to their children about the dangers of abusing alcohol.

The Responsible Youth Programme seeks to engage parents and teachers utilising existing platforms such as parent teacher associations (PTAs), youth cluster meetings, etc. Parent-Teacher engagements over the year were fulfilled through various presentations and discussions which took place in different parts of the country at secondary and tertiary School Wellness Days including Tloga-Tloga Secondary School, Gaborone Technical College, University of Botswana, Mmankgodi Cluster, Moshupa Cluster and the Botswana Student Network to name a few.

Ikgalemele Environmental Programme

We seek to develop consumers and retailers who are conscious of the consequences of not caring for the environment. This is supported by increased communications highlighting the importance of environmental responsibility and the value of principles of reducing, recycling and reusing waste as well as how to handle the different types of litter effectively.



Employee Alcohol Policy

Our Employee Alcohol Policy sets out the Group expectations relating to the consumption of alcohol by employees of KBL and BBL. The Policy seeks to ensure the health and safety of our employees, to maintain high levels of individual behaviour, and to establish uniform standards for responsible alcohol consumption by employees. We actively communicate, outline and enforce procedures with respect to company events, company pubs, and alcohol testing.

Our internal Alcohol Policy is regularly communicated to employees and is applicable to all employees (including part-time employees) and forms a significant aspect of our induction programme. This includes all procedures regarding employee alcohol assistance and discipline.

Twice during the year, the World Health Organization (WHO) Alcohol Use Disorders Identification Test (AUDIT), an employee self-assessment tool that is used to indicate the likelihood of alcohol dependence, was provided to all employees to help them to periodically determine the degree of risk associated with their drinking patterns.

Our Six Core Principles on Alcohol

- Our beer adds to the enjoyment of life for the overwhelming majority of our consumers.
- We care about the harmful effects of irresponsible alcohol consumption.
- Information provided to consumers about alcohol consumption should be accurate and balanced
- We engage stakeholders and work collectively with them to address irresponsible consumption
- Alcohol consumption is for adults and is a matter of individual judgment and accountability
- We expect our employees to aspire to high levels of conduct in relation to alcohol consumption

Finance Director's Report

The 2012-2013 financial year has been one of mixed fortunes, with KBL performing relatively well and BBL experiencing a dramatic downturn. Overall, given the challenging circumstances, Sechaba Brewery Holdings Limited has returned satisfactory results.

Brian Hirsch
Finance Director

Turnover

11.6%
growth in turnover

Despite the decline in volumes, turnover for Sechaba Brewery Holdings Limited grew by 11.6% on the back of excise tax, an increase in the alcohol levy and unit pricing adjustments.

Highlights

- Turnover up by 11.6%
- Gross profit up by 21.2%
- Operating profit up by 19.7%
- Profit before tax up by 21.1%
- Profit after tax (PAT) up by 17.4%
- Net dividend up by 4.2%

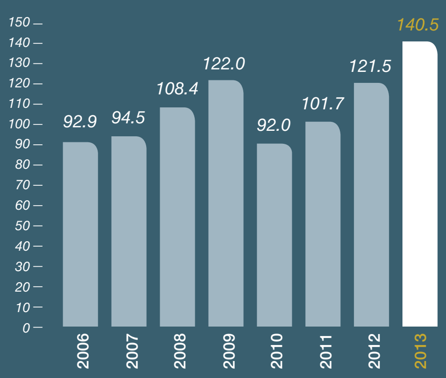
Volume Performance

The year saw volumes decline by some 8% over prior year. Overall alcoholic brands were down 13% on prior year as a result of the dramatic 24% decline in opaque beer volumes.

Financial Performance

Sechaba Brewery Holdings Ltd Consolidated performance summary	F13 (P'000)	F12 (P'000)	Change
Turnover	1,747,379	1,565,116	11.6%
Gross profit	754,331	622,249	21.2%
Operating profit	410,936	342,853	19.7%
Profit before tax	405,723	335,038	21.1%
Profit after tax	329,422	280,642	17.4%
Total net dividend per share (thebe)	99	95	4.20%

Earnings Per Share (thebe)*



Highlights

Despite the decline in volumes, turnover for Sechaba Brewery Holdings Limited grew by 11.6% on the back of excise tax, an increase in the alcohol levy and unit pricing adjustments. Gross profit was up by 21.2% over prior year driven by cost savings on production coming out of the Company's focus on total cost of manufacture and the swing to RGB, while operating profit rose by 19.7%; negatively influenced by increased variable distribution costs as a result of higher oil prices, increases in the distributor rates and continued investment in RGB and the associated increased container population as a result of higher RGB sales.

The Company continues to pay down its P60m bond resulting in reduced interest charges positively affecting profit before tax which improved by 21.1% over prior year.

After many years of lobbying, the sparkling soft drink operations have finally been classified as "manufacturing" for taxation purposes, reducing the effective tax rate from 22.5% to 15% for this category. This change came into effect at the beginning of the year under review, contributing to a 17.4% increase in profit after tax (PAT) for the year. Total earnings increased from 121.5 to 140.5 thebe per share.

The Company continued to invest judiciously in its brands, resulting in an increased marketing spend of 19% over prior year.

Lowlights

The implementation of the TBR and the consequent disruption of the opaque beer distribution channel was a significant factor influencing overall Company performance. The Company recorded a 24% decline in opaque beer volume sales, which translated into a 15% drop in revenue for BBL.

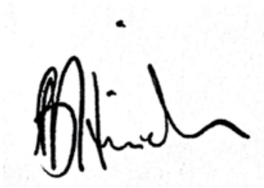
As a result, operating profit for BBL fell by 6%. There was a gain of efficiencies in the management of fixed costs and tight controls were put in place to ensure that there were no cost overruns. The main focus was on the recovery of fixed costs and the establishment of processes to ensure recovery of the Company's existing fixed cost base. Emphasis was given to enhanced raw material procurement efficiency and effective management of cash resources to provide adequate working capital funding. All cash is reinvested in order to acquire funded income from the market either through banks or from intercompany cash pooling arrangements.

The tax concession that BBL had previously enjoyed fell away and the full rate of 15% was applied - effectively 22.5% when the dividend withholding tax is taken into account.

Net profit for the year fell 9% at BBL. This was due to the increase in tax rate as well as lower interest earnings resulting from reduced cash flows.

Dividend

The declared dividend of P131.7m was up by 4.2% over P126.3m in the prior year. The total net dividend declared during the year increased from 95 thebe to 99 thebe per share.



Brian Hirsh
Finance Director

Annual Financial Statements

for the year ended 31 March 2013

Annual Financial Statements

Directors' Statement of Responsibility

for the period ended 31 March 2013

The directors are required by the Botswana Companies Act, 2003 to maintain adequate accounting records and to prepare financial statements for each financial year which show a true and fair view of the state of affairs of the reporting entity's at the end of the financial year and of the results and cash flows for the year. In preparing the accompanying financial statements, International Financial Reporting Standards have been followed, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the Company's Board of Directors and the effects thereof are fully explained in the financial statements. The financial statements incorporate full and responsible disclosure in line with the stated accounting policies of the Company noted on pages 54 to 67.

The directors have reviewed the Company's budget and cash flow forecasts for the year to 6 May 2014. On the basis of this review, and in the light of the current financial position and existing borrowing facilities of the Company and its associates, the directors are satisfied that Sechaba Brewery Holdings Limited is a going concern and have continued to adopt the going concern basis in preparing the financial statements. The Company's external auditors, PricewaterhouseCoopers, have audited the financial statements and their unqualified audit report appears on pages 49 of the financial statements.

The Board recognises and acknowledges its responsibility for the Company's systems of internal financial control. Sechaba Brewery Holdings Limited and its associates have adopted policies on business conduct, which cover ethical behavior, compliance with legislation and sound accounting practice and which underpin the reporting entity's internal financial control process. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating these systems is delegated to the executive director and management, who have confirmed that they have reviewed the effectiveness thereof.

The directors consider that the systems are appropriately designed to provide reasonable, but not absolute assurance, as to the reliability of financial statements and that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control systems is monitored through management reviews, comprehensive reviews and testing by internal auditors and the external auditors' review and testing of appropriate aspects of the internal financial control systems during the course of their statutory examinations of the reporting entity and the underlying associates.

The Company's directors have considered the results of these reviews, none of which indicate that the systems of internal control were inappropriate or operated unsatisfactorily. Additionally, no breakdowns involving material loss have been reported to the directors in respect of the year under review.

The financial statements for the year ended 31 March 2013 and which appear on pages 50 to 53 were authorised for issue by the Board of Directors on 7 May 2013 and are signed on its behalf by:

Director

Director

Independent Auditor's Report to the Members of Sechaba Brewery Holdings Limited

for the period ended 31 March 2013

Report on the financial statements

We have audited the accompanying annual financial statements of Sechaba Brewery Holdings Limited, which comprise the statement of financial position as at 31 March 2013, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 67.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sechaba Brewery Holdings Limited as at 31 March 2013, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Pricewaterhousecoopers

Certified Public Accountant
Individual Practising Member: Rudi Binedell
(20040091)

Gaborone
May 2013

Statement of Comprehensive Income

for the year ended 31 March 2013

	Notes	Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
Share of results of associates	4.1	207,736	177,893
Administrative expenses	4.2	(2,593)	(1,937)
Operating profit		205,143	175,956
Finance income	4.3	69	95
Profit before income tax		205,212	176,051
Income tax expense	4.4	(14,280)	(14,375)
Profit for the year		190,932	161,676
Other comprehensive income		(4,010)	—
Total comprehensive income		186,922	161,676
Number of shares in issue ('000)		133,015	133,015
Basic and diluted Earnings per share (thebe)	4.5	140.5	121.5
Net Dividend per share (thebe)			
- first interim dividend - paid		21	20
- second interim dividend - paid		23	22
- third interim dividend - paid		37	36
- fourth and final interim dividend - declared		18	17
		99	95

Statement of Financial Position

as at 31 March 2013

	Notes	Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
ASSETS			
Non-current assets			
Investments in associates	4.6	262,328	224,801
Current assets			
Tax recoverable		18	38
Dividend receivable	4.12	17,760	24,000
Other receivables		445	130
Cash and cash equivalents	4.7	27,705	1,148
		45,928	25,316
Total assets		308,256	250,117
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital		233,941	233,941
Other reserves		(4,010)	—
Retained earnings/(Accumulared losses)		52,810	(6,437)
		282,741	227,504
Current liabilities			
Dividends payable	4.11	25,515	22,613
		25,515	22,613
Total equity and liabilities		308,256	250,117

The notes on pages 68 to 72 are an intergral part of the financial statements

GROUP REPORT

ANNUAL FINANCIAL STATEMENTS

UNAUDITED SUPPLEMENTARY INFORMATION

Statement of Changes in Equity

for the year ended 31 March 2013

	Attributable to equity holders of the company			
	Stated Capital P'000	Other reserve P'000	Retained earnings/ (Accumulated losses) P'000	Total P'000
Year ended 31 March 2012				
Balance at 1 April 2011	233,941	—	(41,749)	192,192
Total Comprehensive income for the year	—	—	161,676	161,676
Dividends declared				
- 2012 financial year- first interim	—	—	(26,603)	(26,603)
- 2012 financial year- second interim	—	—	(29 263)	(29,263)
- 2012 financial year- third interim	—	—	(47 885)	(47,885)
- 2012 financial year- fourth and final	—	—	(22 613)	(22,613)
Balance at 31 March 2012	233 941	—	(6 437)	227 504
Year ended 31 March 2013				
Balance at 1 April 2012	233 941	—	(6 437)	227,504
Total Comprehensive income for the year	—	—	190 932	190,932
Fair value loss on derivative financial instruments	—	(4 010)	—	(4,010)
Dividends declared				
- 2013 financial year- first interim	—	—	(27 933)	(27,933)
- 2013 financial year- second interim	—	—	(30 593)	(30,593)
- 2013 financial year- third interim	—	—	(49 216)	(49,216)
- 2013 financial year- fourth and final	—	—	(23 943)	(23,943)
	233,941	(4,010)	52,810	282,741

The notes on pages 68 to 72 are an intergral part of the financial statements

Statement of Cash Flows

for the year ended 31 March 2013

	Notes	Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
Cash flows from operating activities			
Net cash utilised in operations	4.10	(2,908)	(1,991)
Income tax paid		(14,261)	(14,394)
Net cash used in operating activities		(17,169)	(16,385)
Cash flows from investing activities			
Dividends received	4.12	172,440	153,000
Interest received	4.3	69	95
Net cash generated from investing activities		172,509	153,095
Cash flows from financing activities			
Dividends paid to shareholders	4.11	(128,783)	(135,675)
Net cash used in financing activities		(128,783)	(135,675)
Changes in cash and cash equivalents		26,557	1,035
Movement in cash and cash equivalents			
At beginning of the year		1,148	113
Changes in cash and cash equivalents		26,557	1,035
At end of the year	4.7	27,705	1,148

The notes on pages 68 to 72 are an intergral part of the financial statements

1. General information

Sechaba Brewery Holdings Limited is an investment Company with interests in Kgalagadi Breweries (Proprietary) Limited (KBL) and Botswana Breweries (Proprietary) Limited (BBL). The financial statements have been approved by the Board of Directors on 7 May 2013.

The company is a public limited company, which is listed on the Botswana Stock Exchange and incorporated and domiciled in Botswana. The address of its registered office is Plot 20768, Kubu Road, Broadhurst Industrial Site, Gaborone.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.10 Basis of preparation

The economic entity financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the "Critical accounting estimates and judgements" section.

All amounts in the notes are shown in Pula, unless otherwise stated.

1.1.1 Changes in accounting policy and disclosures

(a) New and amended standards applicable to the current period which are relevant to the Company

- IFRS 7, Financial Instruments: Disclosures – Transfer of financial assets - The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets. The amendment has no impact to the entity.

(b) New and amended standards applicable to the current period but not relevant to the Company

Management assessed the relevance of the following amendments and interpretations with respect to the Company's operations and concluded that they are not relevant to the Group.

- IFRS 1, First time adoption of International Financial Reporting Standards (IFRSs) (on hyperinflation and fixed dates) (effective date 1 July 2011).
- IAS 12, Deferred tax: Recovery of underlying assets (effective date 1 January 2012).

1.1.2 Adoption of standards in future financial periods

The following new standards, amendments and interpretations to existing standards are mandatory for the Group's accounting periods beginning on or after 1 January 2013. These have not been early adopted by the Group.

(a) New standards, amendments and interpretations which are relevant to the Company's operations

- IFRS 7 Financial Instruments, disclosures – Asset and Liability offsetting - The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP (effective date 1 January 2013). The amendment is not expected to have an impact to the entity.
- IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI - The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI (effective date 1 July 2012). Management is yet to assess the impact on the financial statements of the entity.
- IAS 1, 'Presentation of financial statements' - The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. The amendment is not expected to have an impact to the entity (effective date 1 January 2013).
- IFRS 9 – Financial Instruments (2009) - This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value (effective date 1 January 2013). The amendment is not expected to significantly impact the entity.
- IFRS 9 – Financial Instruments (2010) - The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. The amendment is not expected to significantly impact the entity (effective date 1 January 2013).
- IFRS 12 – Disclosures of interests in other entities - This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles (effective date 1 January 2013). Management yet to assess the impact on the enity.
- IFRS 13 – Fair value measurement - This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP (effective date 1 January 2013). Management yet to assess the impact on the entity.
- IAS 28 (revised 2011) – Associates and joint ventures - This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11(effective date 1 January 2013). The standard is not expected to have an impact on the entity.

1.1.2 Adoption of standards in future financial periods (continued)

(a) New standards, amendments and interpretations which are relevant to the Company's operations (continued)

- IAS 32 – Financial Instruments: Presentation - The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP (effective date 1 January 2014). Management yet to assess the impact on the entity.
- IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities' - The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted - for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition. The standard has no impact to the entity (effective date 1 January 2013).
- IAS 32, 'Financial instruments: Presentation' -The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. The amendment is not expected to impact the entity (effective date 1 January 2013).
- IAS 34, 'Interim financial reporting' - The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements (effective date 1 January 2013).

(b) New standards, amendments and interpretations which are not relevant to the Company's operations

- IAS 19, "Employee benefits" - The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The amendment has no impact to the entity as it does not operate a defined benefit scheme (effective date 1 January 2013).
- IFRS 9 – Financial Instruments (2011) - The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified (effective date 1 January 2015).
- IAS 16, 'Property, plant and equipment' - The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The amendment is not expected to impact the entity (effective date 1 January 2013).

- IFRS 10 – Consolidated financial statements - This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The entity has assessed the principles and confirmed that the standard has no change to its existing consolidation principles (effective date 1 January 2013).
- IFRS 11 – Joint arrangements - This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed (effective date 1 January 2013).
- IAS 27 (revised 2011) – Separate financial statements- This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10 (effective date 1 January 2013). The standard has no impact to the entity

1.2 Accounting for associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting in these economic entity financial statements. Under this method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the company.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

1.3 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains – net'.

1.4 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved and declared by the Company's directors.

1.5 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.6 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the acquirer's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

1.7 Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets. During the year the Company did not have assets in this category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the Statement of financial position (notes 4.7).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

1.7 Financial assets (continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the Statement of comprehensive income as part of other income when the Company's right to receive payments is established.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

(a) Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists at an individual receivable level, whereafter assessments are made on a portfolio basis by comparing receivables with similar credit characteristics together (into 'portfolios').

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the Statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(b) Assets classified as available for sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of comprehensive income. Impairment losses recognised in the Statement of comprehensive income on equity instruments are not reversed through the Statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

1.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of financial position.

1.9 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Provisions

Provisions for restructuring costs and legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.11 Stated capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, levy, rebates and discounts.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities arising from taxable temporary differences between the tax bases and carrying amounts of investments in associates are recognised, except to the extent that the Company can control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

1.13 Current and deferred income tax (continued)

Deferred tax assets arising from deductible temporary differences between the tax bases and carrying amounts of the investments in associates are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Related parties

Related parties comprise directors of the Company, its associates and companies with common control.

Transactions with related parties are in the normal course of business and on normal commercial terms.

1.15 Earnings per ordinary share

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

1.16 Segmental reporting

The Company operates as an investment holding Company, currently holding two investees which operate in essentially the same market and under the same economic circumstances. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers.

The chief operating decision makers, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. In this capacity, the Board monitors the overall financial results and financial positions of the two associate companies, and their ability to pay dividends to the Company.

1.13 Current and deferred income tax (continued)

The key financial indicators and performance of these investments as monitored by the Board of Directors are clearly presented in the annual financial statements of the Company, specifically through disclosures of dividend income and detailed disclosures of the summarised statements of comprehensive income and statements of financial position of the associate companies in note 4.6.

1.16 Employee benefits

The Company is an investment holding company and no staff of its own. Therefore the Company does not operate any employee pension schemes. Members of the staff of its associate companies contribute to respective funds.

2 Financial Risk management

2.1 Financial risk factors

The Statement of financial position includes assets and liabilities which are subject to market risks, credit and liquidity risks. Details of these assets and liabilities are set out in the notes to the financial statements. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

a) Market risk

i) Foreign currency risk

In the normal course of business, the Company may enter into transactions denominated in foreign currencies. During the year, the Company did not have foreign currency assets and liabilities and therefore is not exposed to foreign currency risk.

ii) Price risk

The Company's financial results and position are not exposed to equity security price risk or commodity price risks. Due to the nature of their operations, the Company's associates are exposed to significant commodity price risks through their procurement of raw materials on international commodities markets. These are managed and monitored by the respective associates.

iii) Cash flow and fair value interest rate risk

The Company may from time-to-time have interest-bearing assets and liabilities. The Company management ensures that cash resources are placed with financial institutions giving the best interest rates to mitigate any significant changes in interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

There were no significant interest-bearing assets and liabilities during the financial period.

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions including outstanding receivables and committed transactions. For banks and financial institutions, only reputable parties are accepted.

The table below shows an age analysis of other receivables at their carrying value respectively as at the Reporting date.

	31 March 2013			
	Total P'000	Fully performing P'000	Past due P'000	Impaired P'000
Receivables				
Other receivables	445	445	—	—
Total	445	445	—	—

	31 March 2012			
	Total P'000	Fully performing P'000	Past due P'000	Impaired P'000
Receivables				
Other receivables	130	130	—	—
Total	130	130	—	—

There were no assets at fair value through the profit and loss, liabilities at fair value through the profit and loss, derivatives used for hedging or available for sale financial instruments as at year end.

None of the financial assets that are fully performing have been renegotiated during the year.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

2.1 Financial risk factors (continued)

c) Liquidity risk (continued)

Management monitors rolling forecasts of the Company's liquidity reserve (comprises cash and cash equivalents) on the basis of expected cash flows to ensure that the Company has sufficient reserves available to meet its obligations as those arise in the ordinary course of business.

Surplus cash above balance required for working capital management is invested in interest bearing current and time deposits accounts, choosing instruments to provide sufficient headroom as determined by the above mentioned forecasts.

At the reporting date, the company held liquid cash assets of P27,705,000 (2012: P1,147,000) for managing liquidity risk.

In addition cash for expansion or dividends payouts to shareholders is fully funded through dividends receipts from Investec associated companies.

2.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The Company is subject to income taxes. Significant judgment is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of investments in associates

The Company makes an assessment of the potential impairment of the investments in associates whenever events or circumstances may indicate the presence of impairment indicators.

Key factors considered include the current and projected future financial results and financial positions of the associates, and their ability to maintain positive dividend payout policies. The Company also assesses the potential impact of changes in the business and operating environments of the associates. These include monitoring of the economic and regulatory environments under which the associates operate, as well as the status of the associates' alliances and agreements with their strategic partner, the SABMiller PLC group.

The alcohol levy introduced during late 2008 and subsequent other regulations have placed the associates' businesses under strain through reduction in sales volumes. Despite this, revenue from associates has increased compared to previous year due to management strategies to grow profits and maintain its competitive position.

While the continuing impact of the regulatory environment cannot be accurately estimated, the associates have made reasonable efforts to mitigate these impacts and to account for these in their profit forecasts and budgets.

Based on the available information, the Company had not identified any impairment of its investments in associates during the current year.

Notes to the Financial Statements

for the year ended 31 March 2013

		Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
4.1	**Share of results of associates**		
	Share of results of associates	244,949	215,956
	- Kgalagadi Breweries (Pty) Ltd	161,503	126,320
	- Botswana Breweries (Pty) Ltd	83,446	89,636
	Share of income tax on profits	(37,213)	(38,063)
	- Kgalagadi Breweries (Pty) Ltd	(24,826)	(26,701)
	- Botswana Breweries (Pty) Ltd	(12,387)	(11,362)
		207,736	177,893
4.2	**Administrative expenses**		
	Management fees	1,113	919
	Audit committee fees	60	26
	Audit fees	80	74
	Bank charges	50	34
	Courier and postage	67	46
	Directors' Fees	127	85
	General expenses	55	14
	Printing and stationery	682	446
	Transfer costs	108	129
	Professional fees	64	14
	Insurance general	14	15
	Stock exchange fees	173	135
		2,593	1,937
4.3	**Finance income**		
	Interest income - bank deposit	69	95
4.4	**Income tax expense**		
	Company tax - current year	15	20
	Withholding tax on dividends received	14,265	14,355
		14,280	14,375
	Tax reconciliation		
	Profit before income tax	205,212	176,051
	Tax at standard rate of 22%	45,147	38,731
	Income not subject to income tax	(45,702)	(39,136)
	Expenses not deductable for tax purposes	570	425
	Withholding tax on dividends received	14,265	14,355
		14,280	14,375
	Effective tax rate	6.96%	8.17%

		Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
4.5	**Basic and diluted earnings per share**		
	Basic and diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. There were no changes to the number of shares during the year.		
	Net profit attributable to shareholders	186,922	161,676
	Weighted average number of ordinary shares in issue (note 4.8)	133,015	133,015
	Basic and diluted earnings per share (thebe)	140.5	121.5
4.6	**Investments in associates**		
	Balance at 1 April	224,801	185,508
	Share of results of associates before tax (note 4.1)	244,949	215,956
	Share of tax of associates (note 4.1)	(37,213)	(38,063)
		432,538	363,401
	Less: Gross dividends received	(166,200)	(138,600)
		266,338	224,801
	Other equity reserves	(4,010)	—
	Balance at 31 March	262,328	224,801

The Company share of the financial results of the principal associates, all of which are unlisted and have the same year-end as the company, and aggregated assets (including goodwill) and liabilities, are as follows:

Name	Assets P'000	Liabilities P'000	Revenue P'000	Total comprehensive income P'000	% interest held
2012					
Kgalagadi Breweries (Pty) Ltd	617,337	446,587	1,181,027	166,032	60
Botswana Breweries (Pty) Ltd	147,461	94,684	384,089	130,456	60
	764,798	541,271	1,565,116	296,488	
2013					
Kgalagadi Breweries (Pty) Ltd	658,340	384,476	1,413,575	223,112	60
Botswana Breweries (Pty) Ltd	123,132	110,925	333,804	118,431	60
	781,472	495,401	1,747,379	341,543	

Both associates are incorporated in the Republic of Botswana. Kgalagadi Breweries (Pty) Ltd brews, imports and distributes clear beer, carbonated soft drinks and purified water. Botswana Breweries (Pty) Ltd brews and distributes traditional beers.

	Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
4.6 Investments in associates (continued)		
Although the company owns the majority of the issued share capital of these two companies, the constitutions of the investees and operation of various shareholder and management agreements provide, inter alia, for the minority shareholder to control the Boards of Directors of the investees, and assign additional voting rights to the minority shareholders in most matters affecting the operational and budgetary controls of the investees. Accordingly, these investee companies are effectively controlled by the minority shareholder and the investments are thus accounted for as assoiates rather than subsidiaries.		
The balance of the investments in associates represents the following:		
Cost of investment	241,778	241,778
Kgalagadi Breweries (Pty) Ltd	146,950	146,950
Botswana Breweries (Pty) Ltd	94,828	94,828
Share of net post-acquisition movement in reserves	20,550	(16,977)
	262,328	224,801
Cost of the investments in associates includes goodwill of P90.7mn (2011: P90.7mn).		
In the opinion of the directors, the fair value of the investments in associates approximates the market capitalisation of the company's shares on the Botswana Stock Exchange, which was P2.1bn at 31 March 2013 (2012: P1.5bn).		
4.7 Cash and cash equivalents		
Call and demand deposits	27,705	1,148
	27,705	1,148

		Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
4.8	Stated Capital		
	133 014 875 ordinary shares of no par value	233,941	233,941
4.9	Related party transactions		
	Related parties comprise directors of the company, the company's associates and entities under common control and ownership. Related party transaction are entered under normal business terms and in the ordinary course of business. Transactions with related parties carried out during the year are:		
	Kgalagadi Breweries (Pty) Ltd - Management fees (note 4.2)	1,113	919
	Directors' fees (note 4.2)	127	85
	Audit Committee fees (note 4.2)	60	26
4.10	Cash utilised in operations		
	Operating income before finance income and tax expenses	205,143	175,956
	Adjustment for:		
	Share of profits from associates (note 4.1)	(207,736)	(177,893)
		(2,593)	(1,937)
	Working capital changes:		
	- other payables	—	(16)
	- other receivables	(315)	(38)
	Net cash utilised in operations	(2,908)	(1,991)

	Year to 31 March 2013 P'000	Year to 31 March 2012 P'000
4.11 Dividends		
Dividends declared	131,685	126,364
Dividend per share (thebe)		
First interim dividends - paid	21	20
Second interim dividends - paid	23	22
Third interim dividends - paid	37	36
Fourth and final dividends - declared	18	17
Total dividends per share	99	95
Dividends paid		
Dividend payable at beginning of year	(22,613)	(31,924)
Dividend for the year	(131,685)	(126,364)
Dividend payable at end of year	25,515	22,613
Dividend paid	(128,783)	(135,675)
4.12 Dividends received		
Dividends receivable at beginning of year	24,000	38,400
Dividends for the year	166,200	138,600
Dividends receivable at end of year	(17,760)	(24,000)
Dividends received	172,440	153,000

4.13 Events after the reporting period

From April 2013, the operations of Botswana Breweries (Pty) Ltd, will be amalgamated with Kgalagadi Breweries (Pty) Ltd as per section 224 of the Botswana Companies Act. Other than this transaction, the directors confirm that there were no other significant post reporting date events requiring adjustment to the amounts and/or disclosures in the financial statements.

Unaudited Supplementary Information

for the year ended 31 March 2013

Unaudited Supplementary Information

Special Purpose Combined Statement of Comprehensive Income

for the year ended 31 March 2013

	Combined		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
Sales	1,747,379	1,565,116	—	—
Cost of sales	(993,048)	(942,867)	—	—
Gross profit	**754,331**	**622,249**	**—**	**—**
Dividends income	—	—	166,200	138,600
Sales and distribution costs	(86,538)	(79,178)	—	—
Administrative expenses and operating expenses	(264,917)	(214,581)	(2,593)	(1,937)
Other income	8,060	14,731	—	—
Operating profit	**410,936**	**343,221**	**163,607**	**136,663**
Finance income	1,024	1,416	69	95
Finance costs	(6,237)	(9,599)	—	—
Profit before income tax	405,723	335,038	163,676	136,758
Income tax expense	(76,301)	(54,396)	(14,280)	(14,375)
Net profit after income tax	**329,422**	**280,642**	**149,396**	**122,383**
Other Comprehensive Income	**(6,684)**	**—**	**—**	**—**
Profit for the year	**322,738**	**280,642**	**149,396**	**122,383**
Attributable to:				
Equity holders of the Company	186,922	162,046	149,396	122,383
Minority interest	135,816	118,596	—	—
	322,738	**280,642**	**149,396**	**122,383**
Earnings per share for profit attributable to the equity holders of the company during the year (expressed in thebe per share)				
— Basic	**141**	**122**	**112**	**92**
Dividends declared				
— first interim dividend - paid	21	20	21	20
— second interim dividend - paid	23	22	23	22
— third interim dividend - paid	37	36	37	36
— fourth and final interim dividend - declared	18	17	18	17
	99	**95**	**99**	**95**

Special Purpose Combined Statement of Financial Position

at 31 March 2013

	Combined		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
ASSETS				
Non-current assets				
Property, plant and equipment	422,302	397,856	—	—
Intangible assets	90,692	90,692	—	—
Investment in subsidiaries	—	—	241,778	241,778
	512,994	488,548	241,778	241,778
Current assets				
Inventories	133,453	112,688	—	—
Trade and other receivables	164,505	157,024	463	168
Derivative financial assets	2,682	—	—	—
Dividend receivable	—	—	17,760	24,000
Cash and cash equivalents	65,882	56,874	27,705	1,148
	366,522	326,586	45,928	25,316
Total assets	879,516	815,134	287,706	267,094
EQUITY				
Capital and reserves attributable to equity holders of the company				
Stated Capital	233,941	233,941	233,941	233,941
(Accumulated losses)/retained earnings	55,490	(6,430)	28,251	10,540
Other reserves	(6,684)	—	—	—
	282,747	227,511	262,192	244,481
Minority interest in equity	114,427	89,410	—	—
Total equity	397,174	316,921	262,192	244,481
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	23,567	22,507	—	—
Long term borrowings	11,225	32014	—	—
	34,792	54,521	—	—
Current liabilities				
Borrowings	41,513	19,049	—	—
Overdraft	29,532	2,122	—	—
Trade and other payables	292,961	335,876	—	—
Derivative financial liabilities	7,364	6,243	—	—
Related party balances	—	—	—	—
Dividends payable	25,515	22,613	25,515	22,613
Dividends payable to minorities	37,370	49,700	—	—
Current income tax liabilities	13,295	8,089	—	—
	447,550	443,692	25,515	22,613
Total equity and liabilities	879,516	815,134	287,707	267,094

Special Purpose Combined Statement of Changes in Equity

for the year ended 31 March 2013

	Stated capital P'000	(Accumulated loss)/Retained earnings P'000	Other Reserves P'000	Total P'000	Non controlling interest P'000	Total equity P'000
COMBINED						
Balance at 1 April 2011	233,941	(42,112)		191,829	63,214	249,646
Total comprehensive income for the year	—	162,046		162,046	118,596	284,193
Dividends declared	—	(126,364)		(126,364)	(92,400)	(218,764)
Balance at 31 March 2012	233,941	(6,430)		227,511	89,410	316,921
Balance at 1 April 2012	233,941	(6,430)		227,511	89,410	316,921
Total comprehensive income for the year	—	193,605	(6,684)	186,921	135,817	322,738
Dividends declared	—	(131,685)		(131,685)	(110,800)	(242,485)
Balance at 31 March 2013	233,941	55,490	(6,684)	282,747	114,427	397,174
COMPANY						
Balance at 1 April 2011	233,941	14,153	—	248,094	—	248,094
Total comprehensive income for the year	—	122,751	—	122,751	—	122,751
Dividends declared	—	(126,364)	—	(126,364)	—	(126,364)
Balance at 31 March 2012	233,941	10,540	—	244,481	—	244,481
Balance at 1 April 2012	233,941	10,540	—	244,481	—	244,481
Total comprehensive income for the year	—	149,396	—	149,396	—	149,396
Dividends declared	—	(131,685)	—	(131,685)	—	(131,685)
Balance at 31 March 2013	233,941	28,251	—	262,192	—	262,192

Special Purpose Combined Statement of Cash Flows

for the year ended 31 March 2013

	Combined		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
Cash flows from operating activities				
Cash generated from/(used in) operations	405,363	374,997	(2,912)	(1,991)
Interest paid	(6,237)	(9,599)	—	—
Income tax paid	(70,016)	(62,178)	(14,257)	(14,394)
Net cash generated from/(used in) operating activities	329,110	303,221	(17,169)	(16,385)
Cash flows from investing activities				
Purchases of property, plant and equipment	(78,582)	(85,331)	—	—
Proceeds from sale of property, and equipment	1,100	1,097	—	—
Proceeds from Related party borrowing	—	31,328	—	—
Dividends received	—	—	172,440	153,000
Interest received	1,024	1,416	69	95
Net cash (used in)/ Generated from investing activities	(76,458)	(51,490)	172,509	153,095
Cash flows from financing activities				
Dividends paid to group shareholders	(128,783)	(135,675)	(128,783)	(135,675)
Repayment of borrowings	(19,141)	78,163	—	—
Dividends paid to minority interests	(123,130)	(102,000)	—	—
Net cash used in financing activities	(271,054)	(159,512)	(128,783)	(135,675)
Changes in cash and cash equivalents	(18,402)	92,219	26,557	1,035
Movement in cash and cash equivalents				
At beginning of the year	54,752	(37,467)	1,148	113
Changes in cash and cash equivalents	(18,402)	92,219	26,557	1,035
At end of the year	**36,350**	**54,752**	**27,705**	**1,148**
Cash and cash equivalents comprises:				
Cash in hand and at bank	65,882	56,874	27,705	1,148
Bank overdraft	(29,532)	(2,122)	—	—
	36,350	**54,752**	**27,705**	**1,148**

Notes to the Special Purpose Combined Financial Statements

for the year ended 31 March 2013

1. Basis of preparation

These special purpose combined financial statements have been prepared to present the operations of Sechaba Holdings Limited, Kgalagadi Breweries (Pty) Ltd (KBL) and Botswana Breweries (Pty) Ltd (BBL) as a single economic entity, using the same accounting policies, estimates and judgements as used in the preparation of the statutory financial statements of Sechaba Brewery Holdings Limited, as set out elsewhere in the Annual Report, except as set out below.

2. Segmental information

Sechaba Brewery Holdings Limited, through its operating entities manufactures, imports, markets and distributes a variety of alcoholic and non-alcoholic beverages in Botswana in accordance with trade, licensing and similar agreements SABMiller PLC, the ultimate controlling shareholder of KBL and BBL.

While strategic decision-making rights vests in the Boards of KBL and BBL, operational and managerial responsibility vest with Executive Management, which includes the Managing Director, Finance Director and BBL General Manager. For purposes of presenting segmental information, Executive Management has been identified as the Chief Operating Decision maker as defined in IFRS 8 (Operating segments).

"The main reporting segments reviewed by the Chief Operating Decision maker are:
- the manufacturing, import, marketing and distribution of clear beer under brands including St.Louis, St.Louis Export, Carling Black Label, Millers, Peroni, etc., as well as the manufacturing, import, marketing and distribution of carbonated soft drinks and purified water under the brand names Coke, Fanta, Sprite, Sparletta, Source, Bonaqua, etc.
- the manufacturing, marketing and distribution of traditional beer under the brand name Chibuku."

The Chief Operating Decision Maker reviews performance of each segment based on operating profit achieved, total assets employed and net assets employed.

	Clear Beer and Soft Drinks P'000	Traditional Beer P'000	Eliminations and Holding Company P'000	Combined P'000
Year ended 31 March 2013				
Sales	1,413,575	333,804	—	1,747,379
Cost of sales	(873,296)	(119,752)	—	(993,048)
Gross profit	**540,279**	**214,052**	—	**754,331**
Sales and distribution costs	(77,879)	(8,659)	—	(86,538)
Administrative expenses and operating expenses	(191,035)	(72,402)	(1,480)	(264,917)
Other income	6,129	3,044	(1,113)	8,060
Operating profit	**277,494**	**136,035**	**(2,593)**	**410,936**
Finance income				1,024
Finance costs				(6,237)
Profit before income tax				**405,723**
Income tax expense				(76,301)
Net profit after income tax				**329,422**
Other Comprehensive Income				(6,684)
Profit for the year				**322,738**
At 31 March 2013				
ASSETS				
Non-current assets	365,208	57,094	90,692	512,994
Current assets	293,132	66,038	7,352	366,522
Total assets	**658,340**	**123,132**	**98,044**	**879,516**
EQUITY	273,863	12,207	111,106	397,176
LIABILITIES				
Non-current liabilities	31,119	3,671	—	34,790
Current liabilities	353,358	107,254	(13,062)	447,550
Total equity and liabilities	**658,340**	**123,132**	**98,044**	**879,516**

Sales comprise the fair value of consideration received or receivable for the sale of goods in the ordinary course of business. Sales are shown net of value-added tax, returns, rebates, alcohol levy and discounts and after eliminating sales within the group.

Sales are recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific conditions of each sales arrangement.

2. Segmental information (continued)

	Clear Beer and Soft Drinks P'000	Traditional Beer P'000	Eliminations and Holding Company P'000	Combined P'000
Year ended 31 March 2012				
Sales	1,181,027	384,089	—	1,565,116
Cost of sales	(785,434)	(157,433)	—	(942,867)
Gross profit	395,593	226,656	—	622,249
Sales and distribution costs	(72,014)	(7,164)	—	(79,178)
Administrative and operating expenses	(135,936)	(77,995)	(650)	(214,581)
Other income	13,064	2,586	(919)	14,731
Operating profit	200,707	144,083	(1,569)	343,221
Finance income				1,416
Finance costs				(9,599)
Profit before income tax				335,038
Income tax expense				(54,396)
Net profit after income tax				280,642
At 31 March 2012				
ASSETS				
Non-current assets	340,256	57,600	90,692	488,548
Current assets	277,081	89,861	(40,356)	326,586
Total assets	617,337	147,461	50,336	815,134
EQUITY	170,750	52,777	93,395	316,922
LIABILITIES				
Non-Current liabilities	51,188	3,333	—	54,521
Current liabilities	395,399	91,351	(43,059)	443,691
Total equity and liabilities	617,337	147,461	50,336	815,134

	Leasehold land and buildings P'000	Plant machinery, equipment P'000	Motor vehicles P'000	Returnable containers P'000	Total P'000
3. Property, plant and equipment					
Year ended 31 March 2013					
Opening net book amount	64,872	207,405	32,503	93,076	397,856
Additions	614	38,104	4,550	—	43,268
Disposals	—	(46,272)	(14,501)	—	(60,773)
Container additions	—	—	—	31,599	31,599
Container Revaluations				(2,402)	(2,402)
Depreciation	(3,341)	(19,578)	(7,545)	(17,502)	(47,966)
Depreciation disposal	—	51,193	9,527	—	60,720
Closing net book amount	62,145	230,852	24,534	104,771	422,302
Year ended 31 March 2013					
Cost	102,966	385,428	76,373	154,857	719,624
Accumulated depreciation	(40,821)	(154,576)	(51,839)	(50,086)	(297,322)
Net book amount	62,145	230,852	24,534	104,771	422,302
Year ended 31 March 2012					
Opening net book amount	64,171	183,004	22,061	62,770	332,006
Additions	5,307	42,305	16,724	—	64,336
Disposals	—	(994)	(4,304)	—	(5,298)
Container additions	—	—	—	20,995	20,995
Container Revaluations	—	—	—	17,416	17,416
Transfer	(2,100)	—	2,100	—	—
Depreciation	(2,506)	(17,896)	(8,286)	(8,105)	(36,793)
Depreciation disposal	—	986	4,208	—	5,194
Closing net book amount	64,872	207,405	32,503	93,076	397,856
Year ended 31 March 2012					
Cost	103,725	392,224	86,322	125,662	707,933
Accumulated depreciation	(38,853)	(184,819)	(53,819)	(32,586)	(310,077)
Net book amount	64,872	207,405	32,503	93,076	397,856

Property, plant and equipment are stated at historical cost less accumulated depreciation. Freehold land is not depreciated. Leasehold land is depreciated over the period of the underlying lease. Depreciation on other assets is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives.

	Combined 2013 P'000	Combined 2012 P'000
4. Intangible assets		
Balance at 1 April	90,692	90,692
Amortisation for the year		
Balance at 31 March	90,692	90,692

Intangible assets consist of the amortised cost incurred on the upgrade and implementation of ERP Systems and goodwill on acquisition of the investments in KBL and BBL of P90 692 000 (2012: P90 692 000).

	Combined 2013 P'000	Combined 2012 P'000
5. Inventories		
Raw materials	66,363	52,484
Work in progress	3,841	3,748
Finished goods	47,814	46,433
Consumable stores and spares	15,435	10,023
	133,453	112,688

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method. The cost of packed clear beer, soft drinks and traditional beer comprises raw materials, packing material, direct labour and other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

	Combined	
	2013 P'000	2012 P'000
6. Trade and other receivables		
Trade receivables	117,724	138,382
Less: Debtors impairment provision	(4,363)	(4,069)
Related parties (within the SABMiller PLC Group of Companies)	51,144	22,711
Net trade receivables	164,505	157,024
The pre-impairment credit profile of trade receivables prior to impairment provisioning is summarised as follows:		
Receivables where no impairment provision has been raised:		
- Performance is within normal credit terms	146,012	150,813
- Performance is outside normal credit terms	22,756	10,280
Receivables where impairment provision has been raised	(4,263)	(4,069)
	164,505	157,024
7. Borrowings		
Current		
Fixed rate note	52,738	51,063
Bank overdrafts	29,532	2,122
	82,270	53,185

During 2011, KBL got a 3 year loan facility for P60million from Stanbic Bank Botswana. The Loan is unsecured, and attracts interest at 9% p.a. which is paid bi-annually on 31 March and 30 September.

The combined entities have banking facilities of P108 million, which facilities are unsecured and, at the financial year-end, bore interest at 8.44%p.a. to 9%p.a. These rates vary in accordance with the prime overdraft rate.

	2013 P'000	2012 P'000
The maturity profiles of borrowings are as follows:		
On demand	29,532	2,122
Within 12 months	41,513	19,049
Within 12 to 24 months	11,225	32,014
	82,270	53,185

Shareholders' Analysis

for the year ended 31 March 2013

Top 15 Shareholders	No. of Shares	% Held
BOTSWANA DEVELOPMENT CORPORATION LIMITED	34,044,315	25.6%
SAB MILLER AFRICA B.V.	22,398,016	16.8%
FNB NOMINEES (PTY) LTD RE: AGRAY BPOPF 10001010	12,509,668	9.4%
MOTOR VEHICLE ACCIDENT FUND	6,568,980	4.9%
FNB NOMS BW(PTY) LTD RE: BIFM BPOPF ACTIVE 10001025	6,256,369	4.7%
FNB BW NOMS (PTY) LTD RE: IAM BPOPFP 10001031	5,414,096	4.1%
SCBN (PTY) LTD RE: SSB 001/1	5,452,481	4.1%
SCBN (PTY) LTD RE: SSB 001/77	4,745,300	3.6%
SCBN (PTY) LTD RE: AG 211/002	4,628,127	3.5%
STANBIC NOMINEES RE: BIFM	4,514,956	3.4%
FNB NOMINEES (PTY) LTD RE: CFM BPOPF 10001011	4,337,906	3.3%
SCBN (PTY) LTD RE: IAM 203/001	1,404,075	1.1%
FNB NOMINEES (PTY) LTD RE: SIMS BPOPF 10001009	1,324,673	1.0%
STANBIC NOMINEES BOTSWANA RE: BNYFR	1,294,166	1.0%
FNB NOMS BW (PTY) LTD RE: BIFM BPOPLF WP 10001027	1,259,515	0.9%
	116,152,643	87.3%
Other Shareholders	16,862,232	12.7%
	133,014,875	100.0%

Shareholders' Diary

Event	Date
Financial Year End	31 March 2013
Annual General Meeting	26 September 2013
Reports	
Half Year Financial Announcement	November
Half Year Financial Announcement	May
Annual Report	August

Dividends	Declaration Date	Payment Date
First	August	September
Second	September	November
Third	January	February
Fourth and Final	March	April

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Sechaba Brewery Holdings Limited will be held on 26 September 2013 at 15h00 at the CSD Boardroom, Kgalagadi Breweries, Coke Plant, to transact the following business;

1. To receive, consider and adopt the financial statements for the year ended 31 March 2013 together with the report of the auditors.

2. To approve the dividends declared by the Directors on:

   - 30 August 2012: First interim dividend of 21 thebe per share
   - 26 September 2012: Second interim dividend of 23 thebe per share
   - 7 January 2013: Third interim dividend of 37 thebe per share
   - 14 March 2013: Fourth and final dividend of 18 thebe per share

3. To consider and elect directors Mr L J Matsela and E W Komanyane who retire in accordance with the Articles of Association and, being eligible, offer themselves for election.

4. To confirm the appointment of the following directors
   - Batlang Mmualefe
   - Kate Maphage
   - Brian Hirsch
   - Johan de Kok

5. To approve the remuneration of the Chairman and non-executive directors

6. To re-appoint Pricewaterhouse Coopers as external auditors for the ensuing year and approve their remuneration for the year ended 31 March 2013

7. To transact any other business that may be transacted at an Annual General Meeting

Any member entitled to attend and vote, if unable to attend for any reason, is entitled to appoint a proxy or proxies to attend, speak, and on a poll, vote in his/her stead, and such proxy need not also be a member of the Company.

Proxy forms should be forwarded to reach the Registered Office of the Company at least 48 hours before the time fixed for holding the meeting.

By Order of the Board

Brian Mphotho
Group Company Secretary


1,747,379

Proxy Form

SECHABA BREWERY HOLDINGS LIMITED
(Please complete in block letters)

I/We* ____

Of ____

being a member of Sechaba Brewery Holdings Limited, hereby appoint:

______________________________ or failing him/her

______________________________ or failing him/her

______________________________ or failing him/her

the Chairman of the meeting as my/our* proxy to vote for me/us* on my/our* behalf at the annual general meeting of the Company, to be held at Kgalagadi Breweries, Coke Plant, in the CSD Boardroom, on Monday 26 September 2013, at 15h00.

		For	Against	Abstain
1.	To receive, consider and adopt the financial statements for the year ended 31 March 2013 together with the report of the auditors.			
2.	To approve the dividends declared by the Directors on: • 30 August 2012: First interim dividend of 21 thebe per share • 26 September 2012: Second interim dividend of 23 thebe per share • 7 January 2013: Third interim dividend of 37 thebe per share • 14 March 2013: Fourth and final dividend of 18 thebe per share			
3.	To consider and elect directors Mr L J Matsela and E W Komanyane who retire in accordance with the Articles of Association and, being eligible, offer themselves for election.			
4.	To confirm the appointment of the following directors;			
	• Batlang Mmualefe			
	• Kate Maphage			
	• Brian Hirsch			
	• Johan de Kok			
5.	To approve the remuneration of the Chairman and non-executive directors			
6.	To re-appoint Pricewaterhouse Coopers as external auditors for the ensuing year and approve their remuneration for the year ended 31 March 2013.			

Signed: ____________________ **on this** ____________ **day of** ______________ **2013**

Note:

1. Each member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to act in the alternative, to attend and vote and speak in his/her stead. A proxy need not be a member of the Company.

2. Any alteration or correction made on this form of proxy (including the deletion of alternatives) must be initialed by the signatory/signatories.

3. This form of proxy should be signed and returned so as to reach the Registered Office of the Company, Plot 20768 Kubu Road, Broadhurst Industrial Estate, P O Box 631, Gaborone, not later that 48 hours before the time fixed for holding the meeting.

CHANGE OF ADDRESS

The attention of shareholders is drawn to the necessity of keeping the share register advised of any change in the name and /or permanent address.

(Please complete in block letters)

Shareholder's name in full: ______________________________

New address: ______________________________

Shareholder's signature: ____________________ Date: ____________________

Notes

Notes