Unaudited Group Results for the period ended 30 June 2016

Executive Comments

The second quarter of 2016 has seen some improvement in economic conditions mainly due to the stabilisation of global commodity markets. While this has been the case the Gross Domestic Product growth has remained flat during the first half of 2016. Underscoring the subdued growth, has been the modest performance of the mining sector output. This consequence has had an impact on disposable incomes and consumption of petroleum products. The forecast GDP growth for the remainder of the year has been revised from 3.3% to an estimated 2.9% from the beginning of the year.

Headline inflation in the first half of the year decreased to below the lower limit of the Botswana target range of 3% - 6%. It is forecast that CPI will continue to remain within the target range for the rest of the year.

Despite its middle-income status, Botswana has long struggled to find stability in its economic growth and the attendant over-dependence on the mining sector, in particular diamonds. While the government has a reputation for the prudent management of its economic growth and also boasts a good government record and stable democracy, the need for diversification remains critical. The Petroleum sector continued to grow with a number of new retail facilities being constructed during the period under review. Notwithstanding an increase in the level of competition the company continued to deliver strong performance from its operations. It is expected that performance will continue to be robust for the remainder of the year.

Financial Performance

Turnover decreased by 14% mainly as a result of decreases in controlled selling prices in January 2016. Net Profit Before Tax decreased by 14% during the period under review compared to the previous year. This was mainly as a result of inventory gains being lower than the comparative period due to movements in international crude oil prices. Sales volumes in 2016 were marginally lower than those recorded in 2015. Earnings per share decreased from 0.93 thebe per share during the same period in 2015 to 0.67 thebe per share for the period under review.

Operating Review

The retail channel of the business continued to perform well beyond expectation notwithstanding the modest performance of the economy and the significant levels of competition in the sector. This resulted in a growth in retail sales of over 9% over the same period in 2015. One new retail outlet streamed in June 2016 while another new retail outlet was opened in the second quarter of the period under review.

CONCLUSION

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

By order of the Board

Dr. S Ndingishe

(Co-Managing Director)

9 September 2016

Declaration of Interim Dividend No. 50

Notice is hereby given that an interim dividend of fifteen thebe per share has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 07 October 2016. Dividend cheques will be dispatched by the Transfer Secretaries on or about 21 October 2016. A shareholder who requires the company to make any changes in the payment of their dividend must lodge a written request with the Transfer Secretaries on or before the 17th October 2016.