INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
SECHABA BREWERY HOLDINGS LIMITED

Our opinion
In our opinion, the financial statements give a true and fair view of the financial position of Sechaba
Brewery Holdings Limited (the “Company”) as at 31 December 2016, and of its financial performance and its
cash flows for the nine months then ended in accordance with International Financial Reporting Standards
(“IFRS”).

What we have audited
Sechaba Brewery Holdings Limited’s financial statements set out on pages 44 to 69 comprise:
● the statement of financial position as at 31 December 2016;
● the statement of comprehensive income for the nine months then ended;
● the statement of changes in equity for the nine months then ended;
● the statement of cash flows for the nine months then ended; and
● the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities
under those standards are further described in the Auditor’s responsibilities for the audit of the financial
statements section of our report.

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

Independence
We are independent of the Company in accordance with the Botswana Institute of Chartered Accountants
Code of Ethics (the “BICA Code”) and the ethical requirements that are relevant for our audit of financial
statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with those
requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards
Board for Accountants’ Code of Ethics for Professional Accountants (Parts A and B).
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.
How we tailored our audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

In doing so, full scope audits were performed at the Company and its only associate as the financial results and position of the associate will have a material impact on the financial statements of the Company.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. The matter reported on was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Accounting for investment in associate
Although the company owns the majority of the issued share capital of Kgalagadi Breweries (Pty) Ltd ("KBL"), the constitution of the investee and operation of various shareholder and management agreements provide, inter alia, for the minority shareholder to control the Board of Directors of the investee, and assigns additional voting rights to the minority shareholders in most matters affecting the operational and budgetary controls of the investee.

Accordingly, the investee company is effectively controlled by the minority shareholder and the investment is thus accounted for as an associate rather than a subsidiary.

We inspected
- the constitution of KBL,
- agreements between the shareholders of KBL, and
- management agreements between KBL and various affiliates of ABInBev plc and noted that
- the Company does not control the Board of Directors of KBL, and
- the Company’s voting rights at shareholder meetings of KBL are limited below fifty percent in instances other than where the company has protective rights.
The Company makes an assessment of the potential impairment of the investment in associate 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 associate and its ability to maintain positive dividend payout policies. The Company also assesses the potential impact of changes in the business and operating environments of the associate. These include monitoring of the economic and regulatory environments under which the associate operates, the status of its business agreements with various strategic partners, etc.

The Company did not identify any impairment of its investment in associate during the current year.

The accounting for the investment in associate was considered a matter of most significance to our audit as the carrying value of the investment is material and due to the judgement exercised in determining the basis of accounting for the investment, and in determining whether there are indicators that the investment in the associate may be impaired.

The disclosures associated with the investment in associate are set out in the financial statements in the following notes:

- Note 4 – Critical accounting estimates and judgements, Impairment of investment in associate (page 61), and
- Note 5.6 – Investment in associate (page 63-67).

In assessing the Company’s assertion that there was no indication of impairment of the investment in the associate at the financial year-end:

- We noted that - based on the audited financial statements for the nine months ended 31 December 2016 - KBL
  - remained profitable during the nine months to 31 December 2016,
  - paid dividends in the amount of P144,870,000 to the Company during the nine months to 31 December 2016 (P57,480,000 during the year ended 31 March 2016), and
  - maintained a positive equity balance of P741,836,000 at 31 December 2016 (P790,222,000 at 31 March 2016),
- We tested budgets of KBL for the ensuing financial year to ensure that these were
  - approved by those charged with governance of the entity,
  - consistent with confirmed business plans,
  - consistent with our understanding of economic and sectoral developments, and reflected continued profitability, positive cash flows and ability to pay dividends,
- We tested the reliability of KBL’s budgets and forecasts by comparing the actual results against the historical budgets and forecasts,
- We discussed with KBL management the potential impact that events such as changes in the basis of calculation of the alcohol levy and intimated exit from the bottling of Coca-Cola products may have on the KBL business, and how these would be mitigated to minimise any negative impact on the overall business.

We found no material exceptions in these tests, which would have indicated that it was inappropriate to account for the investment in KBL as an associate, or that there were indicators of impairment at 31 December 2016.
Other information

The directors are responsible for the other information. The other information comprises the Corporate Information and Directors’ Statement of Responsibility, which we obtained prior to the date of this auditor’s report, and other sections of the Sechaba Brewery Holdings Limited December 2016 Annual Report, which are expected to be made available to us after that date. Other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The 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 misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the associate to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Individual practicing member: Rudi Binedell
Registration number: 20040091
Gaborone
15 May 2017
Sechaba Brewery Holdings Limited

Statement Of Comprehensive Income

For the 9 months period ended 31 December 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>31 Dec 2016 P’000</th>
<th>31 Mar 2016 P’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of results of associate</td>
<td>5.1</td>
<td>106,774</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>5.2</td>
<td>(2,241)</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td>104,533</td>
</tr>
<tr>
<td>Finance income</td>
<td>5.3</td>
<td>24</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td></td>
<td>104,557</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>5.4</td>
<td>(8,277)</td>
</tr>
<tr>
<td>Profit for the period / year</td>
<td></td>
<td>96,280</td>
</tr>
<tr>
<td>Share of other comprehensive income of associate</td>
<td>5.1</td>
<td>9,064</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td>105,344</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (thebe)</td>
<td>5.5</td>
<td>72.4</td>
</tr>
</tbody>
</table>

The accounting policies and notes on pages 48 to 69 are an integral part of these financial statements.