Executive Comments

During the first half of the year, global economic recovery was experienced which positively affected the Botswana economy. Government expenditure still remained subdued which in turn had a negative effect on petroleum products demand. The industry also experienced a proliferation of new fuel retail facilities which increased the level of competition in this sales channel. A number of construction projects that drew fuel from the commercial business channel also came to an end in Q4 of 2013. Notwithstanding these challenges sales volumes declined by only 1 pct compared to the previous year. It is expected that sales will recover in the second half of the year after the implementation of planned marketing programs and the streamlining of new retail outlets.

Fuel supplies into our facilities from our primary supply locations continued to be stable and the prices of crude oil remained relatively flat inspite of the tensions in the Middle East.

The company enjoyed a positive cash position for the entire first half of the year and it is expected that the company will continue to generate cash from its operations for the remainder of the financial year.

It is expected that the company will deliver robust financial performance during the 2014 financial year.

Financial Performance

Turnover and gross profit both decreased by 3% during the period under review compared to the previous year. This was mainly due to the marginal decline in sales and the non-adjustment of government controlled industry margins over a prolonged period. Operating profit decreased by 14% due to increased transport costs and a once-off HSEQ provision that was absorbed in January.

The earnings per share decreased from 44.1 thebe per share during the same period in 2013 to 36.8 thebe per share for the period under review.

Operating Review

The company introduced Primax Unleaded 95 and Dynamic Diesel 50 ppm at selected retail outlets as a response to market demand for cleaner fuels. The demand for these fuels continues to grow. Turner.

Lubricants sales continued to grow during the period under review and it is expected that this channel will continue to contribute significantly to the gross margin of the company.

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 Ndzinge (Chairman)
C C Monga (Managing Director)
30 July 2014

Declaration of Interim Dividend No. 46

Notice is hereby given that an interim dividend of ten thebe per share has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 29 August 2014.

In compliance with the requirements of the Income Tax Act, withholding tax at the rate of 7.5% will be deducted by the company from all dividends.

Dividend cheques will be dispatched by the Transfer Secretaries on or about 9 September 2014. A shareholder who requires the company to make any changes in regard to the payment of their dividend must lodge a written request with the Transfer Secretaries on or before 4 September 2014.

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