We understand that our own interests and those of the wider community are interwoven.
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</table>
**Highlights of Consolidated basis***

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31/03/2014 P'000</th>
<th>Year ended 31/03/2013 P'000</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>1,861,571</td>
<td>1,747,379</td>
<td>6.50%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>855,960</td>
<td>754,331</td>
<td>13.50%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>440,859</td>
<td>410,936</td>
<td>7.30%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>435,597</td>
<td>405,723</td>
<td>7.40%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>350,551</td>
<td>329,422</td>
<td>6.00%</td>
</tr>
<tr>
<td>Total net dividend per share (thebe)</td>
<td>101</td>
<td>99</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

*The Performance Summary has been prepared to reflect the unaudited results of operations of the company and its associate Kgalagadi Breweries (Pty) Ltd (KBL) as a consolidated group.
Sechaba Brewery Holdings Limited is an investment company with interests in Kgalagadi Breweries (Pty) Ltd (KBL). It holds 60% of the shares of this company, an affiliate of SABMiller plc, who through SABMiller B.V. holds a 40% share. KBL (Pty) Ltd is the sole brewer for its respective product categories in Botswana.

The head offices of KBL are located in Gaborone, Botswana’s capital city, where the company also maintains offices for technical, supply chain management, sales, distribution, marketing, human resources, and corporate affairs.

KBL has one clear beer brewery, a sparkling soft drinks plant and six sales and distribution depots. It also has three traditional beer breweries and five distribution depots strategically located in the east, north and south of the country.
SABMiller Plc has management control in the operating company in a partnership that dates back to 1977. As one of the largest brewing companies in the world, it contributes the benefit of its management, technical, brand building and distribution expertise to KBL.

KBL employs over 1000 people throughout the country. The mission, values and strategies of the broader SABMiller Group, tailored to the needs of the Botswana market, are firmly entrenched in the company. Botswana currently has a population of just over 2 million people and a beer consumption of about 8 litres per capita.
KBL Vision
To be the most admired Company in the global beer industry
- Partner of choice
- Investment of choice
- Employer of choice

KBL Mission
To own and nurture local and international brands that are the consumer’s first choice
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

KBL 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
Board of Directors

Edward Komanyane
Non-Executive Chairman*

Batlang G Mmualefe
Non-Executive Chairman
BA Econ. & Stats
MA Dev. Econ.
Appointed 26 February 2014

Johan de Kok
Managing Director
BCom(Hons) Bus. Econ.
BCom (Marketing)
Appointed 7 May 2013

Montle Phutego
Non-Executive Director
MSc Econ.
BA Econ.
Appointed 29 October 2013

Kate Maphage
Non-Executive Director
BCom.MBL

Trevor Sanderson*
Non-Executive Director
Board of Directors

Myra Sekgororoane
Non-Executive Director
MBA
Appointed 29 October 2013

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

Brian Hirsch
Executive Director
CA (SA)
BCom (Hons)
Appointed 7 May 2013

James Kamyuka*
BCom(Hons), FCMA
FCA (Botswana)

Myra Sekgororoane
Non-Executive Director
MBA
Appointed 29 October 2013

Sean Smuts*
CA (SA)
BCom (Hons)

* Resigned during course of financial year
Chairman's Statement

Dear Shareholder,

It is with pleasure that I report on the performance of Sechaba Brewery Holdings Limited for the financial year ended 31 March 2014. On an unaudited basis, the company and its associate recorded a 6.50% increase in turnover, with gross profit recording an increase of 13.50% during the period under review. The positive performance is attributed in large part to marked improvements in operational efficiencies and increased demand. However, total alcohol beverage volumes contracted by 1% compare to prior year, driven by the impact of the Alcohol Levy and Traditional Beer Regulations.

The period under review also marked the first full year following the amalgamation of Kgalagadi Breweries (Pty) Ltd and Botswana Breweries (Pty) Ltd, and I am happy to report that the process has resulted in improved efficiencies and synergies.

Batlang G Mmualefe
Chairman
Economic Overview

Botswana’s overall economic growth for 2013 was recorded at 5.9%, an increase from 4.3% in the prior year positive movement in GDP is aligned to the increased performance of the diamond-mining sector, where production rose 12.2% from the previous year. The economic growth has been forecasted to fall to around 5% for the 2014 calendar year, due to continued challenges in the water and electricity sectors. It is noteworthy that the growth rate in the non-mining private sector fell to 4.7% in 2013 from 8.1% in the previous year.

Exchange rates during the 2013 calendar year resulted in the Pula depreciating in nominal terms by 14.7%, 12.6%, and 10.9%, against the Euro, British Pound and United States dollar, respectively. However, the Pula appreciated by 9.7% against the South African Rand over the same period. During the year under review, the Bank of Botswana gradually reduced the prime lending rate by 200 basis points from 9.5% to the current 7.5%. Interest rates are forecasted to remain unchanged for the next reporting year.

Annual inflation increased to 4.4% as at March 2014 (up from 4.1% in the previous quarter) on the pack of the increase of the alcohol levy by 5% from 45% to 50% in December 2013, as well as the introduction of the tobacco levy during the same period. Inflation is projected to continue to increase for the remainder of the 2014 calendar year.

Achieving our vision

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 continuously 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 standards. A safe workplace is a top priority for the business as it strives to ensure that the working environment does not pose any risk to our employees, suppliers, customers, and other stakeholders. We are proud to be compliant with the most highly recognised standards including the Hazard Analysis and Critical Control Points (HACCP) certification.

Sechaba Breweries holds sustainable development as a key deliverable, as espoused across all its operations. To this end, we are proud to be aligned to the SAB Miller ‘Top Priorities for our One Future – Ten Priorities. One Figure’. 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. The company further continues to support communities in which it operates through the KickStart and Thusanang projects, as well as carrying out the ‘Ikgalemele – it’s your responsibility’ message through various media channels.

I am happy to report that, notwithstanding the regulatory challenges faced, the business continues to operate as a going concern and provide consistent returns for shareholders. On behalf of the Board and Management, I wish to thank the Managing Director and all employees for the success achieved during the financial year. I am confident that the business will continue to post positive results during the ensuing financial year and beyond.
Managing Director’s Report

The performance of Sechaba Brewery Holdings Limited has continued to show acceptable results. This is in spite of the continuing difficulties for our associate company brought about by the Alcohol Levy and associated restrictions on trading in alcoholic beverages, particularly the Traditional Beer Regulations (TBR).

Volume Pack and Brand Performance

Mageu performed extremely well growing both volumetrically and in share, attaining a growth of 14% over prior year. Minute Maid juices fell short of expectations due primarily to stiff competition and pricing of Minute Maid can. Mainstream lagers continue to gain momentum on the back of the successful 750ml returnable bottle. The star performers continued to be dominated by Black Label and Castle Lite brands. Competitors remain bullish in all categories and are expected to continue to invest.
Marketing Initiatives

The year under review saw many exciting and successful marketing campaigns in both the beer and sparkling soft drink divisions. The brand St. Louis Export’s Top 40 under 40 campaign came to its conclusion with the highly anticipated Top 40 under 40 Pinning Ceremony, reveal of the top three finalists. The expanded implementation of the nationwide ‘Look of Success’ campaign continued during the year, with 40 new outlets planned for implementation including the refurbishment of 60 existing outlets.

This year ended on a high with the conclusion of the Castle Lager and FC Barcelona partnership through a consumer focused activation during the FC Barcelona vs Real Madrid el classico football match on 23 March 2014. The “Look of Success” is a strategy aimed at providing internal and external signage to customers, raising brand awareness, and to stimulate trial and occasional purchases among consumers.

The financial year also saw the beginning of the Coca-Cola “Share your passion” summer promotion in conjunction with the FIFA 2014 World Cup, as well as the “Chibuku Road to Fame” and Chibuku Scratch and win promotions.

Our People

‘Our employees are our enduring advantage’. This phrase is one of our associate’s anchor values and we are totally committed to it. Our commitment to employee well-being is evidenced by our proactive response to the HIV/AIDS pandemic, life threatening diseases like hypertension and cancer, and a number of other ailments. KBL has an in-house Life-Threatening Disease (LTD) Policy founded on the principles of non-discrimination, confidentiality and support.

CSR Initiatives

Through the KickStart and Thusanang projects, KBL continued its initiatives to support the communities in which it operates. The “Ikgalemele” campaign (“It’s your responsibility”) continued in various areas around the country, promoting the message of responsible drinking. 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 Responsible 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, radio channels and 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 KBL 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 Tsawagare 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.

KBL 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. 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 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 cover to all employees.

Management has 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 50% in December 2013, compelling KBL 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. KBL is actively working towards building strong working relations with these authorities with the hope that combined efforts from all parties will mitigate future misunderstandings.

KBL 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 home brews continue to compete directly with opaque 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 KBL have positive, lasting effects on consumers and society as a whole.
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 of Sechaba Brewery Holdings Limited continue to provide leadership and strategic direction in their quest to deliver improved returns to all shareholders. Directors have a collective responsibility to demonstrate that they are aware of their fiduciary duties towards all stakeholders. The Directors’ report outlines the approach to corporate governance.
1. Statement of Compliance

Sechaba Brewery Holdings Limited and its associate company, Kgalagadi Breweries (Pty) Ltd is committed to observing the highest standards of best practice in corporate governance. The group endeavours to entrench the principles of good governance in all its daily operations.

2. Board of Directors: Composition and Independence

The Board is chaired by Mr B.G. Mmualefe, appointed 26 February 2014. The majority of the Board are independent non-executive directors. The size and composition of the Board is determined by the company’s Articles of Association which stipulates that the number of directors should be not more than twelve and not less than four.

<table>
<thead>
<tr>
<th>Membership of the Board of Directors as at 31 March 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>1</td>
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<tr>
<td>2</td>
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<tr>
<td>3</td>
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<tr>
<td>4</td>
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<tr>
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<tr>
<td>6</td>
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<tr>
<td>7</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Resignations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Sechaba Board of Directors Attendance Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>E. W. Komanyane</td>
</tr>
<tr>
<td>B. G. Mmualefe</td>
</tr>
<tr>
<td>J. De Kok</td>
</tr>
<tr>
<td>B. Hirsch</td>
</tr>
<tr>
<td>S. Smuts</td>
</tr>
<tr>
<td>J. Kamyuka</td>
</tr>
<tr>
<td>K. C. Maphage</td>
</tr>
<tr>
<td>M. Sekgororoane</td>
</tr>
<tr>
<td>M. N. Phuthego</td>
</tr>
</tbody>
</table>

P - Present; A - Apology; N/A - Not Applicable

3.2. Matters Reserved for the Board

The Board has a schedule of matters reserved for its attention and these are dealt with at each meeting. These include, but are not limited to, the approval of budgets and profit forecasts, annual financial statements and capital expenditure budgets. Management provides regular reports to the Board on the operating and financial performance of the company and its associates. The Board is also informed of changes in relevant laws and any new legislation that may affect the business.
3.3. Board Induction

An induction programme is in place to acquaint incoming Directors with their new found responsibilities. This induction programme consists of documentation provided to members on constitutional and other matters, and minutes of the previous three meetings. As part of the induction, visits are arranged to major sites, the KBL beer plant; the Carbonated Soft Drinks plant and KBL Opaque traditional beer brewery, and meetings with executive management are facilitated. A presentation is made on various policies such as the Treasury, Safety, Health and Environment and Dividend policy. Directors are also made aware of their fiduciary duties as per the Company’s act.

3.4. Retirement of Directors

New Directors are subject to election at the first annual general meeting following their appointment, and directors are subject to retirement and re-election by shareholders every three years.

3.5. Directors Fees

The Remuneration (sitting allowance) paid to Board Members during the year is tabulated below. Executive directors are not paid sitting allowances for their attendance. Members are further not paid sitting allowance for the attendance of the Annual General Meeting.

<table>
<thead>
<tr>
<th>Board/Committee Member</th>
<th>BWP</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. W. Komanyane</td>
<td>41,250</td>
</tr>
<tr>
<td>B. G. Mmualefe</td>
<td>41,800</td>
</tr>
<tr>
<td>J. Kamyuka</td>
<td>23,100</td>
</tr>
<tr>
<td>K. C. Maphage</td>
<td>28,500</td>
</tr>
<tr>
<td>M. Sekgororoane</td>
<td>9,350</td>
</tr>
<tr>
<td>M. N. Phuthego</td>
<td>28,500</td>
</tr>
<tr>
<td>R. Matthews</td>
<td>43,250</td>
</tr>
<tr>
<td>I. Ntlhomola</td>
<td>8,250</td>
</tr>
<tr>
<td>M. N. Phuthego</td>
<td>9,350</td>
</tr>
<tr>
<td>J. Kamyuka</td>
<td>8,250</td>
</tr>
<tr>
<td>Total</td>
<td>240,700</td>
</tr>
</tbody>
</table>

Below is the breakdown of remuneration by meeting type.

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>BWP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>179,000</td>
</tr>
<tr>
<td>Annual General Meeting</td>
<td>Nil</td>
</tr>
<tr>
<td>Finance and Audit Committee</td>
<td>61,600</td>
</tr>
<tr>
<td>Total</td>
<td>240,700</td>
</tr>
</tbody>
</table>
3.6. **Directors Declaration of Interests**

Directors declared their interests at every meeting throughout the year.

3.7. **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 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.

3.8. **Board Committees**

3.8.1. **Finance and Audit Committee**

The Finance and Audit Committee met three times during the year. The 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 Finance and 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 Finance and Audit Committee 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.

3.8.2. **Nominations Committee**

The Committee meet as when require, and continuously reviews the composition of the Board and its Committees, evaluates the balance of skills, knowledge and experience and makes recommendations to the Board.
KBL Operations Report

- Profit after tax (PAT) up by 7.4%
- Clear Beer and Soft Drink volumes down by 1%
- Opaque beer volumes down by 11%
Volume Performance

Total volumes for Kgalagadi Breweries during the year under review fell by 1% below prior year. The mainstream clear beer category however showed satisfactory growth ending the year a refreshing 11% up on prior year while Opaque declined at an unsatisfactory 8%. The unfortunate consequence of the Traditional Beer Regulations and Alcohol Levy continued to negatively impact alcohol performance while the burgeoning growth in B-Brand soft drinks also slowed our performance in the soft drink category. Sparkling soft drink (SSD) volumes were flat on prior year.

Castle Lite, Carling Black Label, Core Original, Sparletta flavours and Mooka Mageu were notable performers, ending the year 27%, 20%, 131%, 13%, 18% and 14% ahead of prior year respectively.

Castle Lite continues to dominate the Local Worth More (LWM) sector while Carling Black Label extended its leadership position within the Mainstream sector. The Draught on Tap offering was enhanced with the introduction of CBL in selected outlets while distribution of Castle Lite & St Louis Export draught was also expanded. Miller Genuine Draft continued to make inroads into the highly competitive Global Brand/Super Premium sector and finished 8% ahead of prior year.

Opaque beer volumes closed 8% below prior year, with the full impact of the regulatory environment being realized in during the year. The decline was cushioned by volumes exported to South Africa in the fourth quarter. Though short-lived the export volumes, had a fair impact on volumes. Throughout the year, there was a gradual increase in the number of outlets as a result of deliberate outlet development initiatives.

The year under review also saw the introduction of the Chibuku 2L pack, rolled out initially Lobatse and then countrywide. Its lower retail price compared to the 1L pack has proved to be attractive to customers. This pack continues to grow significantly on a month-to-month basis, across all sites and will be a significant contributor to volume recovery in the coming year. Bulk sales have also shown good signs of improvement though they are currently a small portion of our overall Chibuku sales. Our southern breweries continued to lead the way in terms of volumes, notably the Lobatse brewery. This was mainly due to the economic activity in the southern part of the country.

Our northern breweries continued to struggle especially Francistown due to the closure of a number of mines in the area and the downscaling of existing mines. Despite this the Palapye area began to show signs of improvement and is currently being used as a distribution centre. The late rains in the past year resulted in a poor harvest which meant there was less inputs for the production of homebrews which had an effect on volumes.

The formalising of the market continued resulting in the further growth of multinational supermarket chains and bringing with it risks of increased house brands and greater competitor Influence. It is anticipated that this trend will continue in the near future as multinationals jostle for further market share at the expense of smaller independents.

The categories sluggish performance was predominately due to the aggressive 2000ml PET pricing regime adopted by competitors combined with the growth of house brands and B brands. However, a change in pricing strategy has made a positive impact, with Sparletta posting growth in excess of 19%. Performance of the stills portfolio was erratic with pleasing results being posted by Mooka Mageu and Bonaqua, growing 22% & 14% respectively. Source Water and Minute Maid juices, on the
other hand, came under pressure from a proliferation of new affordability based water and juice brands.

Pack Performance

Beer
The 750ml & 660ml RGB pack continued to gain share finishing the year at almost 62% contribution. These packs achievement is evidence of the successful pricing strategy introduced over the last 3 years. The 330ml Can and 340ml NRB remained constrained but the launch of the St Louis 40 year 440ml Anniversary can pack was a tremendous success garnering over 1.5% share in just a matter of a few months.

Soft Drinks
The 2-litre PET pack continued to dominate growth in the soft drink category and now contributes almost 43% of all sales. This is particularly evident in the growing Supermarket channel where a proliferation of B brands is now available offering the consumer a greater choice of brand and price. There is every likelihood that this pack will continue to grow and therefore the recent commissioning of the new ‘blow molder’ in late 2013 is expected to greatly improve the pack’s profitability.

The 1250ml returnable pack maintained a steady growth while the successful release of the new 500ml PET resulted in this pack already accounting for over 1.5% share. The pack is currently only available in Coke but the release of further flavours is imminent.

Mageu
The introduction of the Mooka Mageu “screw cap” pack in 2013 has been a major contributor to the excellent performance of the brand which continues to exceed expectations.

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
It is essential for us to be an integral and involved member of society, as an employer, a customer, a supplier and a taxpayer.
Corporate Social Responsibility and Sustainability Report
Joint Statement by: 
the Managing Director and the Corporate Affairs & Strategy Director

Sustainable development is fundamental to our business success. We have a clear and established approach that is delivering valued tangible benefits for our business and the communities in which we work.

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. It is therefore essential for us to be an integral and involved member of society, as an employer, a customer, a supplier and a taxpayer.

This report summarises the efforts of Sechaba Brewery Holdings Limited to embrace sustainable development as a critical factor for the Company’s success as represented through our sustainable development strategy- The Ten Priorities. One Future.
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.

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. It is also important that we maintain and advance our reputation, protect our licence to trade (LTT), and develop our businesses sustainably for the benefit of all our stakeholders.

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. To this end, we devote great care and effort to building alliances throughout our value chain, and recognise that partnerships are crucial to our success.

Focusing solely on improving efficiency at our operations will not on its own secure adequate long-term water, raw material supplies, and energy for our breweries and Plant. The resource challenges we jointly face with local communities are complex and interconnected. We can only effectively tackle these challenges by sharing knowledge and working in partnership with experts from non-governmental organisations (NGOs), government, and related agencies to deliver innovative solutions for our business and the communities in which we operate.

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. We also continue to invest socially in order to improve the economic and social impact of our businesses in local communities and working in partnership with local governments and NGOs.

Integrating sustainable development into business planning

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 sustainable competitive advantages – and ultimately enhanced profitability. In order to achieve this, sustainable development needs to be a fundamental part of our day-to-day activity, and through sustaining a strong culture of accountability, empowerment, and personal development. As such, we continually recognize strong performance through appropriate reward structures. One of KBL’s four strategic priorities is to ‘constantly raise the profitability of our business, sustainably’.

We structure the measurement of sustainable development through our 10 sustainable development priorities, which inform how we focus our efforts, priorities and resources
to more effectively define and meet the material issues for our business. Our focus is given to the four most instrumental areas for our business: alcohol responsibility, water, HIV/AIDS, and enterprise development. It is these areas that we believe have the greatest potential impact on business value, and can create the greatest benefits for communities in Botswana, and hence are undertaken through an unswerving strategic focus.

**Discouraging irresponsible drinking**

We actively 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 as we expect high standards from them. Over Eighty percent of our employees are now trained in the six core principles of our Alcohol Framework.

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. Over the year, we extended the scope and coverage of 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 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.

The Way to Win with Licence to Trade

‘The Way to Win with Licence to Trade’ (LTT Way) is our strategic approach to building organisational capability, enabling us to assess and respond to the opportunities and risks arising as a consequence of being a producer and marketer of alcoholic beverages. We advance a constructive criterion for engagement with government and all external stakeholders on alcohol-related issues and rigorously adhere to the principle of self-regulation backed by appropriate policies and a continual management review.

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 also serves to demonstrate 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.

KBL developed a two-pronged strategy that focused on protecting Licence to Trade and embarking in a targeted issues and stakeholder management strategy supported by the launch of targeted alcohol interventions and campaign through the mainstay alcohol responsibility programme – Ikgalemele! [translated to mean – be accountable, take self-control, take responsibility].

We realized early, that KBL needed to cultivate an indivisible
reputation when it comes to its societal role regarding alcohol responsibility – hence our core value that; “Our Reputation is indivisible”. A critical path to attain this was to, at the same time tackle issues relating to the use and abuse of alcoholic beverages [retailers, consumers, the general public] and effectively self-regulation in those aspects such as alcohol marketing and employee alcohol responsibility [internal programs]. In addition, marketing, advertising, and communications agencies working in the design of company alcohol brands are taken through the Alcohol Intelligence Quotient [AIQ] and this also mandatory for all members of our Sales and Marketing teams.

**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.

We have increased our coal procurement from Morupule Colliery as well as that of raw materials such as maize grits and sugar from local suppliers. Our aim is to keep enhancing operational performance through top-line growth and continuous improvement in costs, productivity, and sustainability.

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 and can be leveraged to bear the most positive impact 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; focusing on the areas of alcohol responsibility, enterprise development, HIV/AIDS and benefiting communities.
Overview of progress:
Our performance at a glance

The following table is a summary of the progress we have made over the past year against our 10 sustainable development priorities.
Annual Report 2014

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 work collectively with stakeholders to address the harmful effects. There is, sadly, a small minority of consumers who do not drink responsibly and who pose a risk to themselves, their families, and their communities.

Targets we set ourselves
- Continue with Alcohol Behaviour and Communication (AB&C) training to have 100% of employees trained by FY15.
- Fully articulate and embed our strategy to promote responsible alcohol consumption and protect our Licence to Trade (LTG).
- 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
- Over 80% 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 under the overarching banner of Igalaema! – our behavior/issue targeted alcohol responsibility program that has over the period of two years amassed an impressive public and stakeholder appeal.
- 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/l for the Beer Plant and 2.5hl/l for the SSD Plant.
- Develop new stakeholder partnerships to address water supply and quality risks.

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.

Reducing our energy and carbon footprint

Why this is a priority
We use energy to produce and transport our products. With this in mind, we aim to become efficient, balancing our carbon footprint and exploring cleaner sources of energy. In the long run, this will save money and resources and reduce our greenhouse gas emissions.

Targets we set ourselves
- Make progress towards the new carbon target.
- Improve our thermal energy usage, to reduce combustion of coal in order to reduce usage and environmental impact. Thermal energy usage increased from 180.4MJ/HL to 182.8MJ/HL in the Beer Plant and 5.59MJ/HL to 6.05MJ/HL for the Sparkling Soft Drinks (SSD) Plant.
- Improve our management of carbon in distribution and retail operations.

Progress we have made
- Over the past year our average energy consumption for beer production increased improved from 235.2MJ/HL to 238 MJ/HL, representing a 1.2% increase on the previous year despite an increased production rate.
- We now working to improve our boiler efficiency and move to cleaner coal, thereby reducing boiler fireside tube scaling and emissions.

Packaging reuse and recycling

Why this is a priority
Packaging protects our products but has wider implications. 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
- 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
- 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 this year, representing a 25% growth.
- We continue to work closely with NGOs such as Tshomarelo Tikologo who collect and recycle our Non-returnable (NRR) bottle packs and Collect-A-Cans to recycle 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.
- Continue to increase the percentage of waste recycled/reused in line with our aspiration to achieve a zero-waste brewery system.

Progress we have made
- 100% of our organic waste was reused or resold for further use.
- This year at least 22% of site waste (excluding hazardous waste and refrigerators) was recycled, sold for recycling or reused, while municipal and hazardous dumps were checked for integrity.

Packaging reuse and recycling
## 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 Tshanaleng.
- Develop and launch the KBL Corporate Social Investment (CSI) documentaries.
- Upscale communications about KBL CSI initiatives in order to increase public awareness and feedback as well as to encourage the participation of key stakeholders [RADAR 2013].

### Progress we have made
- Project Tshanaleng 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 is recognised by external stakeholders as national leaders in CSI.

### Why this is a priority
The prosperity of our local communities and that of our operations is mutually dependent. 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
- Review ways to refocus our enterprise development programme KickStart for further impact.
- Continue to lend support and funding to entrepreneurial networks, such as The Business Place, that reflect our values of inculcating the development of entrepreneurship in Botswana.

### Progress we have made
- While we have maintained the beneficiaries under Project Tshelang, we have up-skilled communications regarding HIV/Aids and managed healthcare through BOMaid: KBL provides 100% medical aid cover for all employees and their dependents.
- We now have 91 peer educators amongst our employees. This means that there are 10 peer educators for every 10 employees of KBL.

### Why this is a priority
We conduct our business with respect for our national culture, different local laws, norms and traditions. Being closely affiliated to SABMiller, the world’s second largest brewer, we promote the values of the international community, namely the Universal Declaration of Human Rights.

### Targets we set ourselves
- Complete adherence to the Employment Code of Conduct and Ethics, which applies to all 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 (BAAIA), 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.

## Transparency and ethics
- Actively promote our Code of Conduct and Ethics to all our employees and third parties acting on our behalf.
- Continue to focus on the implementation of international 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.
We continue to create opportunities to empower Batswana entrepreneurs and improve the standard of living for our communities.
Managing Sustainable Development

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

The Sustainability Assessment Matrix (SAM)

Our bespoke Sustainability Assessment Matrix (SAM) provides a detailed assessment of sustainable development performance twice a year, which informs business action planning and corporate governance through the SABMiller Africa Corporate Accountability and Risk Assurance Committee (CARAC). SAM 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. The Opaque Beer Division (previously BBL) began to pilot the SAM implementation over the past year, and for the year under review, they achieved an impressive 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 insights 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.

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

KBL maintained its SD performance with regard to Corporate Social Investment (CSI) at 4.7; Enterprise Development (from 3.2 to 3.4, Transparency and Ethics remained at 2.75 while the scores for Human Rights (from 2.75 to 2.5) and Water (from 2.82 to 2.6) on other hand unfortunately declined. The composite overall score achieved for the year also declined from 3.03 to 2.99.

### The Sustainability Assessment Matrix (SAM): 2014 results

<table>
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<tr>
<th>Sustainable Development Priority</th>
<th>2013</th>
<th>2014</th>
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<tr>
<td>Alcohol</td>
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<tr>
<td>Communities - CSI</td>
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<td>Energy and Carbon</td>
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<td>1.61</td>
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<tr>
<td>Enterprise Development and Value Chain Management</td>
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<td>HIV/Aids</td>
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<td>Human Rights</td>
<td>2.75</td>
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<tr>
<td>Packaging and Packaging Waste</td>
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<tr>
<td>Water</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>3.03</td>
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</tr>
</tbody>
</table>
Discouraging Irresponsible Drinking

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

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.

Alcohol abuse and associated societal issues such as violence, drunk driving, and underage drinking and the impact on non-communicable diseases are a cause for concern around the world. Most critically for KBL, the increasing focus by both government and NGOs on these social and health challenges is leading to increased regulatory intervention and a stronger expectation for the business to play a greater role in leading to stakeholder participation and action to tackle these problems.
As a brewer, we recognise that, along with the wider community, we have a role to play in tackling alcohol abuse, as has the government, NGOs, and the media. We have clear principles that guide the way we operate as a business, and we uphold high standards in all aspects of alcohol production and marketing.

Our business is committed to engaging in partnerships to encourage responsible drinking, educate consumers about the impact of alcohol related harm, and address the wider societal issues resulting from alcohol abuse.

Building our capabilities and knowledge

Our Alcohol Framework, which sets out our Six Alcohol Principles, has been in place for the past seven years. These principles build on our long-standing commitment to address irresponsible drinking and reduce alcohol-related harm.

In order for KBL 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.

We are also committed to training all new employees on alcohol responsibility as they join KBL and over the term. 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 two-part, specially designed programme that consists of Alcohol Behaviour and Communication (AB&C) and Alcohol Intelligence Quotient (AIQ) modules aims to embed our principles and best practice regarding alcohol communication and consumption. Alcohol Behaviour & Communication is training is designed for everyone at KBL whilst the Alcohol Intelligence Quotient provides additional in-depth training for employees and external agencies and parties providing KBL with services related to marketing, sales, trade marketing, legal and communication functions. These general modules are supported by specific training elements for employees in marketing and sales. So far, 80% of our employees have undergone AB&C and close to 70% of sales and marketing employees, AIQ training.

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.

This year we continued with our programme, Ikgalemele! (It’s Your Responsibility), a holistic alcohol responsibility campaign that recognizes that “the power to act responsibly lies with every individual”. Ikgalemele is a call to consumers to assume and exercise personal responsibility when it comes to alcohol consumption, attitude, and behaviours whilst or following imbibing. 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 at Shakawe, Gumare, Kasane, Hukuntsi, Tsabong, Ghanzi, Selebi- Phikwe, Serowe, and Palapye and Mahalapye. 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.

**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.

Over the year, a weekly drama programme called Ikgalemele! “It’s Your Responsibility” was launched at national commercial broadcaster RB2. This programme has a high level of appeal and a growing following across the country as it provides a relevant and accessible forum that facilitates a discourse between stakeholders and the public regarding the legally and socially acceptable ways to consume and enjoy alcoholic beverages. Ikgalemele also recommends anecdotes and other solutions and ways to curb irresponsible alcohol consumption in Botswana.

As a call to action, Ikgalemele! “has been highly effective in engaging as well as reaching out to the youth, parents, teachers, retailers, consumers, NGO’s and other key stakeholders through its relevance and appeal to interested parties. 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**

In Botswana, 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 successfully achieved through engagements and presentations at different parts of the country. These included presentations to a cluster comprising the three Community Junior Secondary schools at Moshupa, a presentation and educational awareness campaign and walk with 300 students in Lobatse [from nine Community Junior Secondary Schools. These were undertook together with concerned stakeholders being the Botswana Police Service, the Botswana Substance Alcohol and Substance Abuse Network [BOSASnet, the Ministry of Health [Fokotsa Dino], and Sbarana Hospital. In addition, Ikgalemele Youth Responsibility engagement forums were held in for over 300 youth in Maun that was also broadcast on national
television platform Botswana Television [Btv], thereby further helping to empower both the youth and parents across the country on the facts about alcohol abuse and responsible alcohol consumption. The primary objective of this program is to teach, engage, and to demonstrate and the huge risks and imminent dangers of underage alcohol consumption, which, regardless of how minuscule translates into a flagrant yet controllable form of alcohol abuse in society.

**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. 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. This also helps us to further reinforce the requisite sense of accountability and the responsibility that is premised when one consumes alcoholic beverages. We recognized early that in these regards, awareness and education is the key to success against any propensity to abuse our alcoholic beverages.

**Our Six Core Principles on Alcohol**

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

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SECHABA BREWERY HOLDINGS LIMITED
Responsible Commercial Communication

Our Code of Commercial Communication (the “Code”) provides KBL with a consistent set of minimum content and placement standards for commercial communication. The Code is applied in relation to alcohol-related advertising in all media (including the internet and social media platforms), packaging, promotions, product placement, merchandising, sponsorship, and research and is implemented by the Sales and Marketing Compliance Committee (SMCC).

The SMCC comprises of an external Chairman, the Human Resources Director, the Sales Director, Marketing and Corporate Affairs teams at KBL. The committee meets regularly to ensure that:

- Responsible messaging on all packaging is strictly adhered to
- Prominent display of responsible messaging during all KBL-sponsored events is enforced
- Responsible consumption messages are carried in all our adverts and alcohol related promotional communications
- Marketing follows all policy requirements regarding procedure for the creation and sharing of market research
- A formal process to receive and address complaints from consumers on our commercial communication is accessible and functional
- Regular communications are provided for employees to understand the Code.
Making quality beverages using less water

Taking a holistic approach to tackle the water challenges faced by our business and the communities in which we work.

Why is this a priority?

By its nature, brewing is a water-intensive process. Making more quality beverages using less water is one of our focus priorities for sustainable development as it also determines the efficiency with which we utilize this most valuable natural resource.

Understanding our responsibilities

Botswana is a semi-arid country and water is a scarce and valuable resource. We are aware of the issues of scarcity and accessibility and understand that local water challenges are best solved in partnership with NGOs, government and other stakeholders. We continue to foster a collaborative approach to ensure the best outcome for our business and for the local community.

Water reduction is a long-term key performance indicator.
for all Sechaba operating plants. Our water strategy is based on the 5Rs (pRotect, Reduce, Reuse, Recycle and Redistribute), a comprehensive risk-based approach to managing water in our business and in the value chain. This model provides a consistent approach, recognising our local water issues and circumstances.

**Protect – tackling water scarcity**

Over the year, measures have been put in place to ensure that we do not regress from the noteworthy water conservation achievements made in the previous year. These include restoration of the Can Line Pasteurizer and the Bottle Line Washer and Rinsers which led to reduced water consumption and improved efficiencies of production.

Water Assessments for our operating plants were conducted during the year under review and led by the SABMiller Hub. These assessments considered all water stakeholders as a way to determine the level of risk posed to our operations by recurrent water shortages.

We consciously manage water conservation and our employees are continuously reminded of the need to conserve water, to report all leaks and to make sure that these are attended to immediately.

**Reduce, Reuse and Recycle – improving water efficiency in our operations**

The brewing process accounts for the majority of the water consumption within our breweries. Water is also used for other processes such as cooling, cleaning and pasteurisation. We are continually evaluating our usage and using new processes to reduce water consumption, including recycling it for use in secondary processes such as cooling and cleaning.

We have set our target to reduce our water use per hectolitre of clear beer by 25% between 2008 and 2015. Over the past year, KBL has made good progress in reducing water consumption.

We have taken innovative steps to adapt our manufacturing processes in order to reduce water consumption. For example, at the KBL Beer Plant, the dumping of condensate that is used to heat up boilers in the brewing process traditionally represented losses of valuable water which could be returned to the boiler at elevated temperatures. We have significantly improved our condensate recovery to above 90%, mainly through the implementation of a more rigorous approach to the maintenance regime for the Condensate Pumps and further recovery of water from bottle rinsing works to use in washing and cleansing the crate that we use to transport our packaging.

**Redistribute – supporting local communities**

As well as looking for efficient ways to recycle water within our production process, our spent water is sent to the Gaborone City Council (GCC) effluent treatment plants, a role that has recently been delegated to the Water Utilities Corporation (WUC). This water is further sent to the WUC effluent water treatment facility and re-distributed for community gardening and farming projects at Glen Valley and other locations in the vicinity of Gaborone. There are current plans by the government to further treat this water to be recycled for domestic use.

**Why is this a priority?**

The increasing concerns of climate change grow exponentially year on year, and the situation is no different in Botswana, or at KBL. Aside from its broader economic and
social impacts, climate change could directly affect many aspects of our business in the coming years, including availability of water and crops – the essential inputs of the brewing process.

**Being energy efficient**

We continue to challenge ourselves to make our breweries more energy efficient. This means using better measurement systems, improving staff awareness and investing in new technologies. At our KBL Beer, Technical Plant, we continually test new technologies and processes to help save energy. Over the past year, we have completed refrigeration audits and the commissioning of additional steam meters to increase awareness of energy conservation and to improve management efforts.

The introduction of third party coal analysis and the use of Botswana Bureau of Standards (BOBS) weighbridge to check coal weight now help to measure and adequately control the quantity of coal used in our operations; a process known as Coal Management Analysis (CMA). Our operating plants now cutting-edge technologies from John Thompson to manage boiler combustion through flue gas analysis in order to measure and manage the efficiency with which we combust coal to produce beer. To augment the value of this investment, we have continued with coal combustion optimisation and reducing boiler fireside tube-scaling.

Monitoring our consumption of steam and electricity to control usage continues to yield improved. Steam meters for the Beer Plant and electricity meters for the SSD plant were installed to monitor daily energy consumption in order to improve conservation and management. Variable Speed Drives for major consumers in refrigeration will be installed in the next year to reduce electricity consumption significantly and improve refrigeration optimisation by matching compressor and pump loadings specifically to plant cooling requirements. The benefit being, despite the addition of a New PET Line at the Sparkling Soft Drinks Plant, with onsite blow moulding, the electrical energy has stayed the same.

To reduce energy use and carbon emissions, the KBL beer plant has automated its boilers and corrected the power factors of all major equipment at manufacturing sites. This has reduced the electricity used during periods of peak demand. Boiler overhaul and optimisation audits have been completed and we have seen a reduction in our coal consumption.

Over the past year, our average energy consumption for beer production increased improved from 235.2MJ/hl to 238 MJ/hl, representing a 1.2% increase on the previous year. Throughout the business, employees are continually encouraged to switch off lights, air conditioners and other electrical equipment when they leave their offices for extended periods of time.
Packaging, Reuse and Recycling

We have adopted a new packaging sustainability strategy

Why is this a priority?

Packaging protects and ensures the quality of our products for the enjoyment of our consumers, and so needs to always be safe and fit for purpose. We recognise that the manufacture and disposal of our packaging substrates have their own environmental consequences which we must take into account.

Taking a holistic approach

Our packaging is also subject to a series of safeguards to ensure that it is safe for our consumers and meets relevant regulations in terms of its potential toxicity, environmental impact and safety.

Using returnable bottles and reducing product packaging

Using returnable bottles means that packaging only needs to be manufactured once and can be safely used many times over, saving raw materials and resources used in the manufacturing process. A number of marketing, sales, and igkalemele initiatives that started four years ago have continued in the outgoing year, focusing specifically on returnable glass bottles. The Returnable Glass Bottles (RGB) side of the business has grown significantly over the year under review, fulfilling our strategic drive to reduce our waste, and deliver a positive impact on the environment. While recycling of cardboard and cans and reusing bottles has been a major focus area in recent years, KBL has placed increased emphasis on bottle light-weighting which has resulted in the reduction in mass thereby reducing materials used for each bottle. Lighter packaging uses fewer raw materials and less energy to manufacture and transport. This integrates well into our sustainable development priorities on packaging for positive environmental impact.
Working towards zero-waste operations

Being innovative and using brewery waste as a valuable resource

Why is this a priority?

We recognized early, that much of our waste can be a valuable resource for food producers and farmers as well as being a potential energy source. By keeping the amount of waste we send to landfill at a minimum, we also save money and reduce our impact on the environment.

We follow the principles of waste hierarchy to reduce, reuse or recycle our waste in a more efficient and ultimately value-enhancing way. We seek to continually and proactively manage the materials that other companies regard as waste in order to achieve zero-waste in our operations.

Almost two-thirds of our waste is organic material produced as a by-product of the brewing process. This includes spent grains, waste yeast and trub (a residue created from the brewing process). Spent grain represents the largest by-product in the brewing process and all our spent grain for KBL is further reused and is highly demanded by local farmers for use as animal feed.
to complement Botswana’s largely semi-arid forage. All waste yeast produced for the period was sold on for further reuse.

Last year 24.8% of general site waste produced from our clear beer and sparkling soft drinks operations was recycled (paper, plastics, metal, cullet, pallets and crates) and over 80% of waste generated from our operations was either resold or recycled.

**KBL’s New Wooden Pallet Repair Area**

Wooden pallets are a crucial aspect of the packaging and transporting of our goods, and the business typically uses a lot of pallets throughout the year.

Over the years, pallets have increasingly become critical enablers of efficient logistics, handling and storage, promoting the maintenance of the integrity of our products and packaging from production to end user. As the need to control and better maintain pallets became more apparent, a cost management exercise was assigned to pallets, just as is the case for any other stock item required by the business. This exercise quickly highlighted the need for pallets to be treated with more care and accorded an increased level of quality control and safekeeping. The need for our pallets to be maintained and repaired led to the commissioning of the Pallet Repair Function. The Pallet Repair Area that is under the supervision of the Gaborone Depot Warehouse is manned by a Pallet Repair Supervisor and two Repair Specialists. Over the year, this function has become central to KBL distribution efficiencies through the pallet maintenance and repair process that receives worn pallets and repairs and reinstates them in a condition fit for reuse for production and distribution applications. The pallet repair and maintenance process has led to fewer product breakages and higher safety levels.

Each and every pallet that returns to KBL is received at the Pallet Repair Area, sorted according to brand or supplier origin, and inspected and repaired as is necessary. All damaged panels and exposed nails are removed and new panels are produced as required.

A daily average of 600 pallets is repaired, demonstrating the inherent value of this service to the business as well as ensuring the safe stacking of goods from the production lines all the way to the distribution warehouses and ultimately to the retailer’s doorstep.
Encouraging enterprise development in our value chains

Promoting enterprise development and sourcing materials locally.

Why is this a priority?

Encouraging enterprise development in our value chains is one of our focus areas for sustainable social development. KBL has a reach that extends well beyond our immediate operations.

The decisions we make about where we buy our raw materials, capital equipment and business services can affect the communities in which we work. There are also advantages to be gained by working in partnership with our suppliers to deliver more cost-effective and better quality materials.

Beer is a local product – brewed, sold and consumed locally in Botswana. By delivering high-quality products
that consumers enjoy, our business creates jobs, pays taxes whilst developing people, and encouraging value chain enterprise development. It makes sense for us to source the raw materials that we can locally, thereby contributing to a healthy, growing economic environment. We continue to work closely with our suppliers to secure supplies of quality goods and services, protect against reputation risk while at the same time creating employment and opportunities to empower Batswana entrepreneurs and improve the standard of living for our communities.

As our business grows, develops and our contribution to the economy increases, understanding the role we play helps to influence the decisions we make across the business.

**Chibuku Beer Gardens Programme**

The Opaque Beer Division continued to suffer unrelenting challenges in its trading environment. These came as a result of the Traditional Beer Regulations that were implemented in July 2012, effectively banning the sale of traditional beer in residential areas; a channel that previously represented approximately 80% of the trade for the Opaque Beer Division’s products. As a result, the Opaque Division’s performance for the year declined significantly when compared to prior years. Other factors such as the unavailability of land to set up Chibuku trading depots in preferred areas, ill-defined licensing issues and the current lack of understanding by some local authorities regarding the application of the new Traditional Beer Regulations have impacted on the route to market for this product.

Prior to the implementation of the Traditional Beer Regulations, our opaque beer strategy was to expedite the development of Chibuku Beer Gardens and to recruit clear beer retailers to carry opaque beer as part of their trading stock. This has not been easily achieved owing to the inherently different consumption habits of the two consumer segments. The Opaque Division has however redoubled its efforts towards recruitment of additional outlets.

Through the Outlet Development Programme, the Opaque Division is developing beer gardens and depots through the maximisation of available licensed space to create new trading facilities with adequate seating areas and shaded surroundings; as well as enforcing robust hygiene standards. This channel formalisation exercise seeks to create new markets in the licensed trade by identifying suitable greenfield plots as well as existing structures (brownfields) for development in line with the aspirations of the Outlet Development Programme.

In order to mitigate the impact of the regulations, KBL set aside P10 million to assist those retailers with access to commercial land with infrastructural developments to set up greenfield depots for trading. As a CSI intervention, the project will also help to empower the predominantly female headed, single parent households that made up the vast majority of Chibuku outlets, while at the same time helping them to comply with the regulations. The programme also assists those retailers who seek to upgrade their existing structures to comply with the licensing requirements and to upscale marketing efforts to support retailers’ efforts to capture the volumes lost when residential outlets were discontinued.

This initiative has unfortunately faced challenges due to poor availability of commercial land. Most of the commercial plots identified in focus villages and towns fall within the 500 meter radius of schools, churches and major roads where alcohol trading prohibited.

Our business recognises that in Botswana, as in other countries, health, economic and environmental concerns continue to manifest themselves and that to be sustainable as a business; we need to understand the issues and find relevant, practical solutions to address them through working in close partnership with our stakeholders and communities.
Engaging local farmers and supporting smallholders

Sourcing raw materials from smallholder farmers is an increasingly important element of our procurement strategy. This is particularly relevant in a developing market such as Botswana; hence our decision to continue with Pilot Project Thusanang, our sorghum-growing smallholder arable farming scheme, that has been in pilot for the past three years now.

Through Project Thusanang, we work in partnership with local smallholder farmers to improve their farming practices and consequently the quality and yield of their produce as well as the reliability of supply. In the process, we aim to support the government of Botswana’s initiatives of creating employment, alleviate poverty and build more visible supply chains.

To support this process, we have adopted best-practice guidance on how to expand the pilot project for it to eventually be sustainable and add value to both our operations and the farmers we work with. We have engaged an agro-consultant to work with the smallholder farmers and assist them in overcoming some of the challenges they face such as access to market, sustainable soil management, the correct use of soil nutrients and pest control management.

Project Thusanang pilot scheme

This project, which KBL believes in continues to support, is structured to empower local small-scale subsistence farmers by forging mutually beneficial relationships in promoting the local sourcing of bitter sorghum for use in the production of opaque beer. The pilot project was initiated at Mmalore farms in the first year and following some promising results was expanded to include a cluster at Tswagare Farms and another at Leshibitse.

To date, the pilot phase of the project has yielded good results, as all the farmers contracted during this phase have continuously been able to realize yields far improved from the national averages for the focus areas.
as well as better yields beyond which the engaged farmers are accustomed. Importantly, the project has significantly benefited the participating subsistence farmers by enhancing land productivity and focusing on scientific farming methods. Through their participation, the farmers have embraced farming methods that demand continuous monitoring and record keeping; a development that has improved the way they approach farming.

Project Thusanang is earmarked to continue in its current form and the number of clusters involved is envisaged to increase so that new areas of farmland are included and the project scope broadened. One of the key achievements of the pilot phase over the past two years has been the successful evolution of the Hub and Spoke Model where a lead farmer is identified to oversee, assist and encourage other farmers in the cluster and help drive the objectives of the project. Mmalore and Tswagare are now being overseen by two lead farmers.

Project Thusanang continues to generate a huge level of interest from the arable farming community and the progress, achievements and challenges of the project have been communicated to stakeholders, particularly the farmers and the Ministry of Agriculture whose cooperation and understanding are critical.

**Responsible sourcing principles**

KBL is committed to creating sustainable supply chains and to working with suppliers to help them improve their working practices in order to meet our standards. In this regard, the business has engaged key suppliers within our value chain to ensure that there is adherence to the company’s Supplier Guiding Principles that address key areas such as business ethics and adherence to legislation, whilst also ensuring that there is continuity of supply in the long term.

Our Supplier Guiding Principles Policy covers key areas regarding compliance to Botswana laws and regulations, safety, health and the environment, business conduct and ethics. Our suppliers are required to accept compulsory membership of our supplier partnership programme that seeks to achieve improvements in quality, cost efficiency and service levels. This policy applies to all KBL suppliers and service providers and provides a framework governing the appropriate conduct of our suppliers.

All spending for services valued at P 50,000 or more, which are non-stock, were routed through the Group Tender Committee to ensure transparency and adherence to our corporate governance principles. Despite this being a relatively new initiative, there has been a significant improvement in this area compared to prior year as more employees are complying with the policies and procedures following awareness presentations that were held during the year.

The Procurement Department structure for the business is now fully resourced to maximise corporate governance, cost savings and improve value-adds.
Benefiting communities

Supporting entrepreneurship and making a valuable contribution in the communities in which we work

Why is this a priority?

Sechaba can only prosper when our communities prosper.

We believe that the prosperity of our business is closely aligned to the health and well-being of our communities and that investment in communities will repay itself in terms of reputation, the commitment of our employees and the loyalty of our customers and consumers. We endeavour to make our country a better place by developing entrepreneurs, educating our consumers and alleviating poverty.
In 2004, Kgagadi Beverages Trust (KBT) launched KickStart, a youth entrepreneurship development programme aimed at 18 to 30-year-olds who want to either start businesses or expand their existing businesses. KickStart provides business skills training, mentoring and grants to assist small businesses. The programme is implemented in such a way that it covers topics such as budget-setting, panel reviews, training and mentoring.

KickStart gives support to winning businesses in the form of grants, business training and mentorship in order to kick-start them. Traditionally, these grants ranged from P10,000 to P100,000 per grant, and business mentorship for a period of 12 months. The over the past year, the Kgagadi Beverages Trust Board reviewed the grant disbursements, and it was agreed to increase the grant capital up to P250,000. To better reflect the demographic depiction of the youth in Botswana, KickStart was opened up to cater for Batswana youth aged between 18 and 35 years rather than the previous 18 to 30 years – much to the delight of our focus stakeholders, and leading to a huge renewed interest in KickStart from the youth across Botswana.

KickStart is administered by Kgagadi Beverages Trust (KBT), the social investment arm of Kgagadi Breweries Limited.

Celebrating its 10th year, KickStart is the largest and most successful enterprise development programme run by a group of private sector companies in Botswana.

Many KickStart businesses have grown into highly successful companies employing significant numbers of people. To date, KickStart has distributed over P9 million to youth entrepreneurship projects and provided business skills training to up to 150 young entrepreneurs. The programme has enabled more than 45 young Batswana entrepreneurs to realize their dreams of owning a business.

Our focused approach to corporate social investment

We define corporate social investment (CSI) as ‘a contribution or investment of cash, knowledge, employee time and equipment to people or communities to enable them to flourish and help sustain the environment in which we can be a successful business’.

We base our CSI projects on a rigorous understanding of the needs of communities in Botswana. Effective implementation of these projects is crucial and we apply the same rigour in planning and analyzing the outcome of these projects as we do for any other business investment.

Projects and initiatives are selected on the basis of a thorough understanding of local needs and associated benefits. That said, we aim to ensure consistency of these investments with our 10 sustainable development priorities (Ten Priorities. One Future).

Our definition of CSI excludes investment in our responsible drinking programmes, the provision of HIV/AIDS testing and treatment to employees and the procurement of goods and services from our smallholder farmers. These areas are considered as a corporate social responsibility (CSR) and are deemed fundamental to the responsible operation of our business; hence, they are budgeted and managed separately.

KickStarting fledgling businesses

Sustainable development and enterprise development are integral parts of our business’ long term sustainability, helping to create jobs and wealth within our communities. Successful entrepreneurs meet the needs of consumers, create jobs and improve local incomes. In turn, economic growth provides greater market opportunities, better qualified employees and healthier communities for our companies.
The Business Place

Since it was opened in 2006, The Business Place has become the centre of choice for youth entrepreneurship assistance in Botswana. It is also the first entrepreneurship development centre in Botswana which has successfully forged a true public-private partnership.

The Business Place is a one-stop walk-through entrepreneurial centre that provides practical advice and support to anyone wanting to start, improve, or expand a business. Kgalagadi Beverages Trust [KBT] continues to support The Business Place as a way of promoting enterprise development and supporting fledgling businesses in Botswana. As one of the Institutional Board Members of the Centre, KBT has in the recent past offered financial pledges towards the operating costs of The Business Place in order to ensure sustainability. In the same period, The Business Place received 1,349 visitors, trained 987 entrepreneurs in business management. It assisted 119 aspiring business owners to write business plans, and facilitated funding for 10.

Services offered by The Business Place’s upgraded Resource and Information Centre include one-on-one consultations, weekly workshops as well as client referrals to credible service providers.
Reducing the spread of HIV/AIDS in Botswana

Why is this a priority?

The joint United Nations Programme on HIV/AIDS estimates that 33.4 million people across the world are living with HIV, according to the latest published figures. Of these, 22 million live and work in sub-Saharan Africa. In Botswana there are over 354,000 people living with HIV. Aside from the social and moral imperative to take action, it makes commercial sense that we take steps to address the issue.

HIV/AIDS has the potential to affect our workforce, erode the disposable income of our consumers, damage the supply of raw materials as farmers become unable to tend their crops and ultimately, weaken the economic development and stability of our communities. The extent and consequences of the HIV/AIDS pandemic make managing the issue an operational priority.

The loss of adults in their productive years has serious economic implications as families and communities get pushed into poverty as a result of the high costs of HIV and Aids medical care, loss of income, bereavement, etc. The economic output of Botswana has been reduced by the loss of workers and skills, with agriculture and mining being amongst the worst affected sectors. The loss of adults to Aids has also had a significant impact in leading to growing numbers of destitute minors in Botswana; an estimated 93,000 children have lost at least one parent to the epidemic.

Our aim is to reduce the impact of HIV/AIDS through our sphere of influence, namely our employees and their families, our supply chain and the communities in which we operate.

Project Tshelang

KBL launched Project Tshelang twelve years ago as a way of reducing and managing the spread of HIV/AIDS in our sphere of influence.

Through Project Tshelang, we provide education and awareness programmes to all KBL employees, including access to Voluntary Counselling and Testing (VCT), and we actively encourage employee participation. In the past year 91% of our employees participated in Voluntary Counselling and Testing. In the event that an employee is diagnosed as HIV-positive, we continue to offer counselling and other support to help them talk about their diagnosis to their spouse or partner so that they can also get treatment and support.

We continue to address the prejudice and stigma surrounding HIV/AIDS through the advocacy of our own employees and, increasingly, the communities in which we work. We’ve appointed employee peer educators to help change attitudes and behaviour among their colleagues and currently have 80 trained and active peer educators at KBL. This means we now have approximately one peer educator for every 10 employees.
Respecting human rights

Working to protect the human rights of our employees and other stakeholders in our value chain

Why is this a priority?

We are aware of the diverse cultures, norms and traditions that exist in Botswana and the need to acknowledge and respect them accordingly.

At the same time, we acknowledge and respect the values of the international community, in particular, the United Nations Declaration of Human Rights. We are also committed to conducting our business in line with the International Labour Organisation (ILO) Core Conventions on Labour Standards. The Employment Act of Botswana underpins all our employment policies and practices. These agreements form the basis of our Human Rights Principles which define the minimum standards of conduct expected of our businesses and suppliers.

We promote a culture of honesty, pragmatism and openness and have robust whistle blowing policies to help prevent breaches and abuse of our principles.

Our Human Rights Principles

Our Human Rights Principles cover all employees and contract workers and are incorporated into our policies and practices.

They cover:

- freedom of association and recognition of the right of collective bargaining
- prohibition of forced compulsory labour
- abolition of child labour
- intolerance to discrimination
- establishing fair and competitive wages and benefits
- providing a safe and healthy work environment
- employee security
- community commitment; and
- guiding principles for suppliers.

We recognise the need to be sensitive in order to support, rather than undermine, the development of a stable society. We take precautions which aim to ensure we do not contribute directly or indirectly to human rights abuses.

Our businesses promote Human Rights throughout their value chains. This is done through our Supplier Guiding Principles Policy which we seek to communicate to, and agree with all our suppliers.
Transparency and ethics

Communicating effectively and clearly with our stakeholders

Why is this a priority?

High standards of ethical behavior and transparency underpin all that we do. We have a Code of Business Conduct and Ethics which applies to all employees at KBL as well as third parties acting on our behalf.

Transparency underpins our approach to sustainable development and our wider business activity. Consumers want to know that our beers and soft drinks are of a consistently high quality; our employees want to work for companies that they know are honest and committed to behaving responsibly; our suppliers and business partners want a fair relationship. On the other hand, our stakeholders and communities want to know that we operate in a way that will not damage the environment or quality of life.

We place a high value on reporting and communicating in an open and honest way to our stakeholders, and have a dedication sustainable development report for the past 4 years of which two have won the ‘Best Corporate Social Responsibility Reporter Award at the national
PricewaterhouseCoopers Annual Reporting Awards for two years.

**Promoting transparency through open reporting**

This report is a summary of our sustainable development activities, detailing our performance and achievements in that regard. As such, it is part of a much wider reporting process that explains our on-going activity.

**Understanding our stakeholders**

We realized early, that focusing solely on improving efficiency at our operations will not on its own secure adequate long-term water, agricultural supplies, and energy for our breweries and beverage production plants – and would hence, be unsustainable. The resource challenges we jointly face with local communities are complex and interconnected. We can only effectively tackle these challenges by sharing knowledge and working in partnership with experts from non-governmental organisations [NGOs], government, and academic institutions to enable the development and delivery of innovative solutions. External stakeholders should be able to access information easily to enable them to assess our performance against stated values and to make informed judgments about the business.

We aim to improve our reporting in response to stakeholder needs and to continue commissioning regular independent stakeholder surveys across the business to get a better understanding of their opinions of our companies and their view of the most important issues for the business. These surveys give us useful insights into stakeholders’ perceptions of KBL and where we can improve. For example, following the Botswana RADAR Globescan Reputational Survey, 2013, the trend analyses revealed that:

Previous issues and concerns previously highlighted in the Botswana RADAR Globescan Reputational Survey, 2010 were formally addressed through our 10 sustainable development priorities and aligned initiatives such as the ‘Ikgalemele’ campaign and our Licence to Trade Strategy.

**Communicating internally with our employees**

We recognise that our employees are our most important advocates and are fundamental to meeting our sustainable development goals.

Our internal surveys indicate a growing interest among employees regarding how the group reports on their business performance and responds to social and environmental concerns. This presents an opportunity for closer alignment between employees’ own values and beliefs and Sechaba’s strategic priorities.

Over the past year our internal communications strategy was developed and plans implemented to proactively and consistently provide KBL employees with information to assist in the delivery of our business objectives, values and standards while also improving employee engagement. The internal communications strategy actively focused on

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<th>Reputational Driver</th>
<th>Outcome - RADAR 2013</th>
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<td>Trust</td>
<td>Trust and economic contribution were KBL’s key strengths among the General Public, Media and Government stakeholders</td>
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<tr>
<td>Stakeholders’ perceptions</td>
<td>Overall, stakeholders’ perceptions of KBL have steadily improved in the risk areas identified in 2010 – being responsible consumption, support for local organizations and charities, and environmental management (water and energy management are now seen as strengths); improvements are also seen on stakeholder engagement, although further work is required here.</td>
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<tr>
<td>Stakeholder engagement</td>
<td>Media stakeholders were increasingly satisfied with KBL’s engagement strategy while government were more likely in 2013 than in 2010 to believe KBL listens and responds to them.</td>
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of the following:

- supporting the business by sensitising employees about performance and issues facing the business
- leading in communications regarding the company’s Sustainable Development Strategy and the Ten Priorities. One Future drive
- using internal communications as a way of building employee trust and to address issues raised in reputation and other surveys

Public policy engagement

We believe that is essential to engage with all levels of government on issues that have a major impact on our business and on stakeholder’s interests. The knowledge and expertise we have accumulated over the years in areas such as discouraging irresponsible drinking and enterprise development makes us well placed to contribute positively to the formulation and implementation of government policy.

When we engage with government, we aim to do it in ways that accord with our values, business principles and the standards our stakeholders expect of us. Our engagement with public bodies is founded on a commitment to openness and transparency regarding the methods we use as we conduct our daily business. To do otherwise would damage our reputation and potentially challenge our right to participate in discussion of these issues in the future.

Business ethics and conduct

Sechaba has a Code of Business Conduct and Ethics which applies to all employees as well as to third parties acting on behalf of KBL. This Code sets out how to report a potential breach of its terms and includes contact details for external whistle blowing phone lines. It also makes provision for the protection of people alleging breaches of the Code in good faith.

Anti-bribery Policy

Our Anti-Bribery Policy, together with a number of supporting procedures and practices has been implemented and rolled out across the operations of KBL. The rollout included communicating the policy to employees, providing additional training and awareness-raising measures for relevant staff, ensuring that local Gifts and Entertainment policies meet the standards required by the Policy. This also meant reviewing and adopting appropriate procedures in relation to the engagement of agents and other third parties who pose a risk of paying a bribe on behalf of KBL; as well as considering what steps are appropriate by way of monitoring, reviewing and providing oversight of these anti-corruption policies and procedures. Our Anti-bribery policy is now a standing feature at our Induction academy for new employees.

The Anti-Bribery Policy is a key element of ensuring that KBL complies with industry best practice in relation to anti-corruption compliance. Compliance with the policy is mandatory for all employees, directors and officers of KBL. Any employee who engages in corrupt acts or otherwise violates the policy may be subject to disciplinary action, up to and including dismissal.

Corporate governance

There has been a concerted effort towards greater transparency in spending, while simultaneously preventing wasteful and fruitless expenditure. The Group Tender Committee continues to significantly improve our transparency and corporate governance structure as a means of alignment and endorsement for major purchases. Our supply chain processes are guided by a laid down and established Procurement Policy that enables the company to regulate the conditions pertaining to the purchase and outsourcing of raw materials, goods, and services by all KBL employees for the purposes of producing, marketing, and promoting the offerings and activities of the Company.
People are our enduring advantage
Valuing and empowering our employees

Background
We believe that people are our enduring advantage and therefore it is essential that we develop, improve and maintain management capability. Our success depends on the calibre and skills of our people. We need to attract and retain employees with the right skills and attributes to help grow our business. Our belief is grounded in the foresight that should we fail to identify, develop, and retain a sufficient pipeline of talented employees, managers, and engineers, then the business will be far less capable of achieving its current and future strategies.

At the same time, we need to create an environment in which employees feel valued and support our values, strategies and priorities. We believe that a highly engaged workforce, imbued with a passion for our brands, is a key sustainable competitive advantage.
Getting the basics right for our employees

We strive to ensure that our employees are rewarded fairly, work in a safe and motivating environment, and are offered equal opportunities to develop themselves and have a fulfilling career within the Sechaba Brewery Holdings Limited Group.

Our employees are paid a fair wage and entitled to paid holiday and sick leave. Importantly, we provide access to life insurance and medical care for many employees, particularly those that need it most. For example, we provide free anti-retroviral treatment for HIV-positive employees, their spouses and immediate family members.

Developing people

We invest substantially in capability development and we use blended learning approaches as our preferred methods of development, which include on-the-job training (as a predominant method) as well as coaching and lastly classroom based training. Over the past year, we have completed and recorded 147 training interventions across all areas of the business, for 1391 learners, over a period of 3122 training days. A preference for local suppliers when outsourcing training continues to be at the center of the group's learning and Development procurement strategy.

We have adopted and implemented a series of “Ways” that define a consistent approach for a range of different business processes. At the heart of our approach to developing people are The Talent Management and The Performance Ways. These articulate how Line Managers should work with employees to help them reach their potential and achieve personal goals aligned to the business. Further, they lead to a standardization of key processes and best practices with global SABMiller operations.

Significant resources are focused on training development of leadership, management and technical skills – in particular, on identifying those who could occupy key roles in the future. Ensuring a talent pipeline able to provide the required numbers and calibre of managers and specialists in the future is a major strategic issue.

Employee Promotions

We believe that the calibre and dedication of our people is the sole, distinctive business advantage that helps us become more knowledgeable, unique and competitive. We aim to attract, acquire and retain good employees with the right skills, attitudes and drive to help KBL’s goals and strategic objectives. This enabled by the recognition of strong performance through relevant and appropriate reward structures, We also seek to develop an environment where employees are willing to work, develop and grow. That is why we nurture and talent-manage our people for future leadership roles.
This year there were a total of thirty-one employee promotions awarded at KBL; amongst these, three were promotions to the SABMiller Africa Hub, serving to illustrate the high levels of professionalism and aspiration that KBL employees exemplify.

Recognizing Loyal Service

Another way that shows gratitude to our employees is through the annual Long Service Awards that celebrate employees who have been with KBL for 10, 15, 20 and up to 40 years. This year, 104 employees received long service awards based upon their stay with KBL for 10, 15, 20, and 35 years. There is also an amount granted to loyal employees depending on the number of years of service. For example, the award in recognition of 25 years loyal service is the sum of P25, 000.

Last year, the Long Service Awards events were held at Gaborone, Francistown, Palapye, Phikwe, Lobatse, Kanye, and Maun.

A total of 65 employees were rewarded and recognized for their loyal and dedicated service to the business over the past four decades. As follows
KBL is an equal opportunity employer and is committed to encouraging diversity amongst its workforce, suppliers and consumers. We believe that having diversity amongst our employees enhances the quality of business planning, decisions and results, while better reflecting the demographics of our society, thereby enhancing our corporate reputation.

We aim to ensure that each employee feels respected and works in an environment that is motivating and conducive to giving their best.
Finance Director’s Report

This report has been prepared on the basis of the unaudited results of operations of the company and its associate Kgalagadi Breweries (Pty) Ltd (KBL) as a consolidated group.

Highlights

Volume Performance

Total volumes for the year were in line with the prior year. This was driven by an increase in export sales as local sales were 2.4% below the prior year. Alcoholic beverages declined by 3% against prior due to the continued impact of the traditional beer regulations and the levy being increased to 50% on 1 December 2013. Soft drinks declined by 1% as competition in this category increased with competitors often selling well below KBL prices.
### Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31/03/2014 (P’000)</th>
<th>Year ended 31/03/2013 (P’000)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>1,861,571</td>
<td>1,747,379</td>
<td>6.50%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>855,960</td>
<td>754,331</td>
<td>13.50%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>440,859</td>
<td>410,936</td>
<td>7.30%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>435,597</td>
<td>405,723</td>
<td>7.40%</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>350,551</td>
<td>329,422</td>
<td>6.00%</td>
</tr>
<tr>
<td>Total net dividend per share (thebe)</td>
<td>101</td>
<td>99</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Turnover increased by 6.5% on the back of excise tax, an increase in alcohol levy and price adjustments. Gross profit was 13.5% ahead of the prior year due to savings on production costs as consumers moved to the 660ml and bulk packs. Operating profit however was 7.3% ahead of prior year due mainly to increase in depreciation charges, related to further capital expenditure during the year, distribution costs increase of 13% due to fuel price increases and traditional beer reorganizing its route to market.

Net finance costs reduced as the long term debt continued to decline which resulted in positively affecting the profit before tax which improved by 7.4% over prior year. Income tax charge increased due to the deferred tax arising on the increase of returnable containers in the business.

### Outlook

Looking ahead, the trading environment for alcohol related products is expected to remain challenging as the impact of the levy increase continues to be felt by consumers. The tough trading environment in the Sparkling Soft Drink category is also expected to continue.

### Dividends

The declared dividend of P134.4m was up by 2% from P131.7m in the prior year. The total net dividend declared during the year increased from 99 to 101 thebe per share.
Annual Financial Statements

Directors’ Statement of Responsibility ............................................ 72
Report of the Independent Auditors ............................................... 73
Statement of Comprehensive Income ............................................ 74
Statement of Financial Position .................................................... 75
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Statement of Cash Flows ............................................................. 77
Accounting Policies ................................................................. 78-88
Financial Risk Management ....................................................... 89-90
Critical Accounting Estimates and Judgement ............................ 91
Notes to the Financial Statements .............................................. 92-99
SECHABA BREWERY HOLDINGS LIMITED
(Incorporated in Botswana)
COMPANY NUMBER: 5271

BUSINESS:
Sechaba Brewery Holdings Limited is an investment company with interests in Kgalagadi Breweries (Proprietary) Limited (KBL).

DIRECTORS:
Mr. B G Mmualefe – Appointed- 26 February 2014 - Chairman
Ms. K Maphage
Mr. S Smuts
Mr. J R de Kok – Appointed 7 May 2013
Mr. B Hirsch – Appointed 7 May 2013
Ms M Phuthego – Appointed 29 October 2013
Ms M Sekgororoane – Appointed 29 October 2013
Mr. T Sanderson – Resigned 7 November 2013
Mr. J N Kamyuka – Resigned 7 November 2013
Mr. L J Matsela – Resigned 25 September 2013
Mr. W E Komanyane – Retired 25 September 2013

SECRETARY:
B. Mphotho

INDEPENDENT AUDITORS:
PricewaterhouseCoopers

REGISTERED OFFICE:
Plot 20768
Kubu Road
Broadhurst Industrial Site
Gaborone

BANKERS:
Standard Chartered Bank Botswana Limited

The financial statements are expressed in Pula, the currency of Botswana.
The Company’s 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 Company 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 78 to 88.

The directors have reviewed the Company’s budget and cash flow forecasts for the year to 31 March 2015. On the basis of this review, and in the light of the current financial position and existing borrowing facilities of the Company and its associate, 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 page 73 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 Company’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 Company and the underlying associate.

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 2014 and which appear on pages 74 to 99 were authorised for issue by the Board of Directors on 15 May 2014 and are signed on its behalf by:
INDEPENDENT AUDITOR’S REPORT
FOR THE YEAR ENDED 31 MARCH 2014

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 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 74 to 99.

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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Individual Practising Member: Rudi Binedell (20040091)
Gaborone
30th June 2014
# Statement of Comprehensive Income

**For the Year Ended 31 March 2014**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P'000</td>
<td>P'000</td>
</tr>
</tbody>
</table>

**Share of results of associate**  
4.1 212,060 207,736

**Administrative expenses**  
4.2 (2,925) (2,593)

**Operating profit**  
209,135 205,143

**Finance income**  
4.3 64 69

**Profit before income tax**  
209,200 205,212

**Income tax expense**  
4.4 (17,421) (14,280)

**Profit after income tax**  
191,778 190,932

**Other comprehensive income:**  
Items that may be reclassified to profit or loss  
Share of associate’s other comprehensive income  
(627) (4,010)

**Total comprehensive income**  
191,152 186,922

**Number of shares in issue ('000)**  
133,015 133,015

**Basic and diluted Earnings per share (thebe)**  
4.5 143.7 140.5

**Net Dividend per share (thebe)**  
- first interim dividend - paid  
  22 21
- second interim dividend - paid  
  24 23
- third interim dividend - paid  
  37 37
- fourth and final interim dividend - declared  
  18 18

101 99

The notes on pages 92 to 99 are an integral part of the financial statements.
## STATEMENT OF FINANCIAL POSITION

### AS AT 31 MARCH 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014 P’000</th>
<th>2013 P’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong>&lt;br&gt;Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in associates</td>
<td>4.6</td>
<td>344,859</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax receivable</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Dividend receivable</td>
<td>4.12</td>
<td>25,995</td>
</tr>
<tr>
<td>Other receivables</td>
<td>307</td>
<td>445</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4.7</td>
<td>8,228</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>34,530</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stated capital</td>
<td>4.8</td>
<td>233,941</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>110,244</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(4,637)</td>
<td>(4,010)</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>339,548</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>4.13</td>
<td>7,731</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends payable</td>
<td>4.11</td>
<td>32,102</td>
</tr>
<tr>
<td>Tax Payable</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>32,111</td>
</tr>
<tr>
<td></td>
<td></td>
<td>379,389</td>
</tr>
</tbody>
</table>

The notes on pages 92 to 99 are an integral part of the financial statements.
## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

<table>
<thead>
<tr>
<th>Year ended 31 March 2013</th>
<th></th>
<th>Retained (Accumulated) losses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stated capital</td>
<td>Other reserves</td>
<td>earnings/</td>
</tr>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
<td>P’000</td>
</tr>
<tr>
<td>Balance at 1 April 2012</td>
<td>233,941</td>
<td>-</td>
<td>(6,437)</td>
</tr>
<tr>
<td>Total Comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>190,932</td>
</tr>
<tr>
<td>Fair value loss on derivative financial instruments</td>
<td>-</td>
<td>(4,010)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-2013 financial year- first interim</td>
<td>-</td>
<td>-</td>
<td>(27,933)</td>
</tr>
<tr>
<td>-2013 financial year- second interim</td>
<td>-</td>
<td>-</td>
<td>(30,593)</td>
</tr>
<tr>
<td>-2013 financial year- third interim</td>
<td>-</td>
<td>-</td>
<td>(49,216)</td>
</tr>
<tr>
<td>-2013 financial year- fourth and final</td>
<td>-</td>
<td>-</td>
<td>(23,943)</td>
</tr>
<tr>
<td>Balance at 31 March 2013</td>
<td>233,941</td>
<td>(4,010)</td>
<td>52,810</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 31 March 2014</th>
<th></th>
<th>Retained (Accumulated) losses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stated capital</td>
<td>Other reserves</td>
<td>earnings/</td>
</tr>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
<td>P’000</td>
</tr>
<tr>
<td>Balance at 1 April 2013</td>
<td>233,941</td>
<td>(4,010)</td>
<td>52,810</td>
</tr>
<tr>
<td>Total Comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>191,778</td>
</tr>
<tr>
<td>Fair value loss on derivative financial instruments</td>
<td>-</td>
<td>(627)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-2014 financial year- first interim</td>
<td>-</td>
<td>-</td>
<td>(29,263)</td>
</tr>
<tr>
<td>-2014 financial year- second interim</td>
<td>-</td>
<td>-</td>
<td>(31,924)</td>
</tr>
<tr>
<td>-2014 financial year- third interim</td>
<td>-</td>
<td>-</td>
<td>(49,216)</td>
</tr>
<tr>
<td>-2014 financial year- fourth and final</td>
<td>-</td>
<td>-</td>
<td>(23,943)</td>
</tr>
<tr>
<td>Balance at 31 March 2014</td>
<td>233,941</td>
<td>(4,637)</td>
<td>110,244</td>
</tr>
</tbody>
</table>

The notes on pages 92 to 99 are an integral part of the financial statements.
# STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2014**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

## Cash flows from operating activities

**Net cash utilised in operations**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

### Income tax paid

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

**Net cash utilised in operating activities**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

## Cash flows from investing activities

**Dividends received**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

### Interest received

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

**Net cash from investing activities**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

## Cash flows from financing activities

**Dividends paid to shareholders**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

**Net cash used in financing activities**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

## Changes in cash and cash equivalents

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

### Movement in cash and cash equivalents

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

**At beginning of the year**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

**Changes in cash and cash equivalents**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

**At end of the year**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
</tr>
</tbody>
</table>

The notes on pages 92 to 99 are an integral part of the financial statements.
1. General information

Sechaba Brewery Holdings Limited is an investment company with interests in Kgalagadi Breweries (Proprietary) Limited (KBL). The financial statements have been approved by the Board of Directors on 15 May 2014.

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 20788, 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.

1.1 Basis of preparation

The 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 Company 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

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

- Amendments to 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. The amendment has had an impact on the presentation of the statement of comprehensive income.
ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2014

1.1  Basis of preparation (continued)

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

- Amendment to 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. The amendment has no significant impact to the entity.

- 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. This amendment has been adopted during the year.

- 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. The amendment has no significant impact to 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. The amendment has no significant impact to the entity.

1.1.2 Adoption of standards in future financial periods

The following new standards, amendments and interpretations to existing standards are mandatory for the Company’s accounting periods beginning on or after 1 April 2014. These have not been early adopted by the Company.

New standards, amendments and interpretations which are relevant to the Company’s operations

- 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 2015). The amendment is not expected to significantly impact the entity.
New standards, amendments and interpretations which are relevant to the Company’s operations (continued)

- Amendments to 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). The impact of this amendment to the entity’s financial statements has not yet been determined.

- The IASB has issued IFRS 14, ‘Regulatory deferral accounts’ (‘IFRS 14’), an interim standard on the accounting for certain balances that arise from rate-regulated activities (‘regulatory deferral accounts’). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. (effective date 1 January 2016). Management is yet to assess the impact on the financial statements of the entity.

- Amendment to IFRS 13, ‘Fair value measurement’. When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. (effective date 1 July 2014). The amendment is not expected to significantly impact the entity.

- IAS 24, ‘Related party disclosures’. The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (‘the management entity’). (effective date 1 July 2014). The amendment is not expected to significantly impact the entity.

- IFRIC 21 – Accounting for levies. IFRIC 21, ‘Levies’, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised. (effective date 1 July 2014). Management is yet to assess the impact on the financial statements of 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. Under this method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee after the date of acquisition. The company’s investment in associates includes goodwill identified on acquisition.
1.2 Accounting for associates (continued)

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 company’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 company 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 company and its associate are recognised in the 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 Company’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 Cash Generating Units (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.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.
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 'other receivables' and 'cash and cash equivalents' in the Statement of financial position (notes 4.7 and 4.9).

(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.
1.7 Financial assets (continued)

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.

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

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’).
ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2014

1.7 Financial assets (continued)

(a) Assets carried at amortised cost

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.
ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2014

1.12 Revenue recognition (continued)

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.

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.
1.13 Current and deferred income tax (continued)
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.

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

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 one investee. 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 associate company, and its ability to pay dividends to the Company.

The key financial indicators and performance of this investment 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.

1.17 Employee benefits
The Company is an investment holding company and has no staff of its own. Therefore the Company does not operate any employee pension schemes. The qualifying members of the staff of its associate company contribute to a defined contribution plan.
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 was 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 associate is exposed to significant commodity price risks through their procurement of raw materials on international commodities markets. These are managed and monitored by the associate company.

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.

<table>
<thead>
<tr>
<th>31 March 2014</th>
<th>Total P’000</th>
<th>Fully performing P’000</th>
<th>Past due P’000</th>
<th>Impaired P’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables</td>
<td>307</td>
<td>307</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>307</td>
<td>307</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 March 2013</th>
<th>Total P’000</th>
<th>Fully performing P’000</th>
<th>Past due P’000</th>
<th>Impaired P’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables</td>
<td>445</td>
<td>445</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>445</td>
<td>445</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
For the year ended 31 March 2014

2. Financial Risk Management (continued)

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. 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 P8,228,000 (2013: P 27,705,000) for managing liquidity risk.

In addition cash for expansion or dividends payouts to shareholders is fully funded through dividends receipts from the associate company.

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 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 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 associate company’s business 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 2014

4.1 Share of total comprehensive income of associates

<table>
<thead>
<tr>
<th></th>
<th>2014 P'000</th>
<th>2013 P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of results of associates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Kgalagadi Breweries (Pty) Ltd</td>
<td>263,075</td>
<td>244,949</td>
</tr>
<tr>
<td>- Botswana Breweries (Pty) Ltd*</td>
<td>(51,015)</td>
<td>(37,213)</td>
</tr>
<tr>
<td>Share of income tax on profits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Kgalagadi Breweries (Pty) Ltd</td>
<td>(51,015)</td>
<td>(24,826)</td>
</tr>
<tr>
<td>- Botswana Breweries (Pty) Ltd*</td>
<td>-</td>
<td>(12,387)</td>
</tr>
<tr>
<td>Share of income tax on results of associates</td>
<td>212,060</td>
<td>207,736</td>
</tr>
</tbody>
</table>

Share of other comprehensive income of associates

<table>
<thead>
<tr>
<th></th>
<th>2014 P'000</th>
<th>2013 P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value loss on cash flow hedges- Kgalagadi Breweries (Pty) Ltd</td>
<td>(738)</td>
<td>-</td>
</tr>
<tr>
<td>Fair value loss on cash flow hedges-- Botswana Breweries (Pty) Ltd*</td>
<td>-</td>
<td>(4,718)</td>
</tr>
<tr>
<td>Income tax on fair value loss on cash flow hedges</td>
<td>111</td>
<td>708</td>
</tr>
<tr>
<td>Fair value loss on cash flow hedges after tax</td>
<td>627</td>
<td>(4,010)</td>
</tr>
</tbody>
</table>

* During the current year end Botswana Breweries (Pty) Ltd was amalgamated with Kgalagadi Breweries (Pty) Ltd in terms of section 224, of the Botswana Companies Act, 2003.

4.2 Administrative expenses

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fees</td>
<td>1,169</td>
<td>1,113</td>
</tr>
<tr>
<td>Audit committee fees</td>
<td>62</td>
<td>60</td>
</tr>
<tr>
<td>Audit fees</td>
<td>89</td>
<td>80</td>
</tr>
<tr>
<td>Bank charges</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>Courier and postage</td>
<td>38</td>
<td>67</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td>179</td>
<td>127</td>
</tr>
<tr>
<td>Printing and publishing</td>
<td>770</td>
<td>682</td>
</tr>
<tr>
<td>Transfer costs</td>
<td>106</td>
<td>108</td>
</tr>
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<td>Professional fees</td>
<td>279</td>
<td>64</td>
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<tr>
<td>Insurance general</td>
<td>15</td>
<td>14</td>
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<tr>
<td>Stock exchange fees</td>
<td>178</td>
<td>173</td>
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<tr>
<td>Other expenses</td>
<td>32</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>2,925</td>
<td>2,593</td>
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</table>

4.3 Finance income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income - bank deposit</td>
<td>64</td>
<td>69</td>
</tr>
</tbody>
</table>

4.4 Income tax expense

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company tax - current year</td>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>Withholding tax on dividends</td>
<td>9,668</td>
<td>14,265</td>
</tr>
<tr>
<td>Outside basis deferred tax on investment in associate</td>
<td>7,731</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>17,421</td>
<td>14,280</td>
</tr>
</tbody>
</table>

Tax reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before income tax</td>
<td>209,200</td>
<td>205,212</td>
</tr>
<tr>
<td>Tax at standard rate of 7.5%</td>
<td>15,690</td>
<td>15,391</td>
</tr>
<tr>
<td>Under/(over) provision of deferred tax for prior periods</td>
<td>1,731</td>
<td>(1,111)</td>
</tr>
<tr>
<td></td>
<td>17,421</td>
<td>14,280</td>
</tr>
</tbody>
</table>

Effective tax rate

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.33%</td>
<td>6.96%</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

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.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit attributable to shareholders (P'000)</td>
<td>191,152</td>
<td>186,922</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue (note 4.8)</td>
<td>133,015</td>
<td>133,015</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (thebe)</td>
<td>143.7</td>
<td>140.5</td>
</tr>
</tbody>
</table>

4.6 Investments in associates

Balance at 1 April

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of results of associates before tax (note 4.1)</td>
<td>262,328</td>
<td>224,801</td>
</tr>
<tr>
<td>Share of tax of associates (note 4.1)</td>
<td>263,075</td>
<td>244,949</td>
</tr>
<tr>
<td>(51,015)</td>
<td>(37,213)</td>
<td></td>
</tr>
<tr>
<td>474,388</td>
<td>432,538</td>
<td></td>
</tr>
<tr>
<td>(128,903)</td>
<td>(166,200)</td>
<td></td>
</tr>
<tr>
<td>345,486</td>
<td>266,338</td>
<td></td>
</tr>
<tr>
<td>(627)</td>
<td>(4,010)</td>
<td></td>
</tr>
<tr>
<td>Balance at 31 March</td>
<td>344,859</td>
<td>262,328</td>
</tr>
</tbody>
</table>

The Company share of the financial results of the associate, which is unlisted and have the same year-end as the company, is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Place of business/ country of incorporation</th>
<th>Measurement method</th>
<th>% interest held</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kgalagadi Breweries (Pty) Ltd</td>
<td>Botswana</td>
<td>Equity</td>
<td>60</td>
</tr>
<tr>
<td>Botswana Breweries (Pty) Ltd</td>
<td>Botswana</td>
<td>Equity</td>
<td>60</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kgalagadi Breweries (Pty) Ltd</td>
<td>Botswana</td>
<td>Equity</td>
<td>60</td>
</tr>
</tbody>
</table>
4.6 Investments in associates (continued)

From 8 April 2014, the operations of Botswana Breweries (Pty) Ltd were amalgamated with Kgalagadi Breweries (Pty) Ltd as per Section 224 of the Botswana Companies Act. From this date, all assets, liabilities and operations of Botswana Breweries (Pty) Ltd vested with Kgalagadi Breweries (Pty), and the company was deregistered. Kgalagadi Breweries (Pty) Ltd brews and distributes traditional beers, distributes, carbonated soft drinks, purified water, brews and imports clear beer. Kgalagadi Breweries (Pty) Ltd is a private company and there is no quoted market price available for its shares. There are no contingent liabilities related to the Company’s interest in the associates.

Summarised financial information for associate

Set out below is the summarised financial information for the associate(s) which are accounted for using the equity method.

Summarised statement of financial position

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash</td>
<td>30,390</td>
<td>20,791</td>
<td>17,386</td>
<td>30,390</td>
<td>38,177</td>
</tr>
<tr>
<td>equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets (excluding cash)</td>
<td>352,714</td>
<td>272,341</td>
<td>48,652</td>
<td>352,714</td>
<td>320,993</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>383,104</td>
<td>293,132</td>
<td>66,038</td>
<td>383,104</td>
<td>359,170</td>
</tr>
<tr>
<td><strong>Financial liabilities (excluding trade payables)</strong></td>
<td>(122,638)</td>
<td>(78,556)</td>
<td>(55,130)</td>
<td>(122,638)</td>
<td>(133,686)</td>
</tr>
<tr>
<td><strong>Other current liabilities (including trade payables)</strong></td>
<td>(421,852)</td>
<td>(274,948)</td>
<td>(50,124)</td>
<td>(421,852)</td>
<td>(325,072)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>(544,490)</td>
<td>(353,504)</td>
<td>(105,254)</td>
<td>(544,490)</td>
<td>(458,758)</td>
</tr>
<tr>
<td><strong>Non Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>647,148</td>
<td>365,208</td>
<td>57,094</td>
<td>647,148</td>
<td>422,302</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td>(12,604)</td>
<td>(11,079)</td>
<td>-</td>
<td>(12,604)</td>
<td>(11,079)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(49,559)</td>
<td>(19,894)</td>
<td>(3,671)</td>
<td>(49,559)</td>
<td>(23,565)</td>
</tr>
<tr>
<td><strong>Total non current liabilities</strong></td>
<td>(62,163)</td>
<td>(30,973)</td>
<td>(3,671)</td>
<td>(62,163)</td>
<td>(34,644)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>423,599</td>
<td>273,863</td>
<td>14,207</td>
<td>423,599</td>
<td>288,070</td>
</tr>
</tbody>
</table>
### Summarised Financial Information for Associate (continued)

#### 4.6 Investments in Associates (continued)

#### Summarised Statement of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>Kgalagadi Breweries (Pty) Ltd</th>
<th>Kgalagadi Breweries (Pty) Ltd</th>
<th>Botswana Breweries (Pty) Ltd</th>
<th>Total P'000</th>
<th>Total P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,861,571</td>
<td>1,413,575</td>
<td>333,804</td>
<td>1,861,571</td>
<td>1,747,379</td>
</tr>
<tr>
<td><strong>Cost of goods sold</strong></td>
<td>(1,005,611)</td>
<td>(873,296)</td>
<td>(119,752)</td>
<td>(1,005,611)</td>
<td>(993,048)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>855,960</td>
<td>540,279</td>
<td>214,052</td>
<td>855,960</td>
<td>754,331</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>8,071</td>
<td>6,129</td>
<td>3,044</td>
<td>8,071</td>
<td>9,173</td>
</tr>
<tr>
<td><strong>Sales and distribution costs</strong></td>
<td>(98,154)</td>
<td>(77,879)</td>
<td>(8,659)</td>
<td>(98,154)</td>
<td>(86,538)</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(9,574)</td>
<td>(6,876)</td>
<td>(15,219)</td>
<td>(9,574)</td>
<td>(22,095)</td>
</tr>
<tr>
<td><strong>Other operating expenditure</strong></td>
<td>(304,790)</td>
<td>(184,160)</td>
<td>(57,183)</td>
<td>(304,790)</td>
<td>(241,343)</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>498</td>
<td>881</td>
<td>3,041</td>
<td>498</td>
<td>3,922</td>
</tr>
<tr>
<td><strong>Finance cost</strong></td>
<td>(5,824)</td>
<td>(9,204)</td>
<td>-</td>
<td>(5,824)</td>
<td>(9,204)</td>
</tr>
<tr>
<td><strong>Profit or loss from continuing operations</strong></td>
<td>446,188</td>
<td>269,172</td>
<td>139,076</td>
<td>446,188</td>
<td>408,246</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(85,025)</td>
<td>(41,376)</td>
<td>(20,645)</td>
<td>(85,025)</td>
<td>(62,021)</td>
</tr>
<tr>
<td><strong>Post-tax profit from continuing operations</strong></td>
<td>361,163</td>
<td>227,796</td>
<td>118,431</td>
<td>361,163</td>
<td>346,225</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td>(7,729)</td>
<td>(4,683)</td>
<td>(2,001)</td>
<td>(7,729)</td>
<td>(6,684)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>353,435</td>
<td>223,113</td>
<td>116,430</td>
<td>353,435</td>
<td>339,541</td>
</tr>
</tbody>
</table>
4.6 Investments in associates (continued)

Although the company owns the majority of the issued share capital of Kgalagadi Breweries (Pty) Ltd, 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 assign 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 subsidiary.

The balance of the investments in associates represents the following:

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>P'000</td>
<td>P'000</td>
</tr>
<tr>
<td>241,778</td>
<td>241,778</td>
</tr>
<tr>
<td>241,778</td>
<td>146,950</td>
</tr>
<tr>
<td>94,828</td>
<td></td>
</tr>
<tr>
<td>103,081</td>
<td>20,550</td>
</tr>
<tr>
<td><strong>344,859</strong></td>
<td><strong>262,328</strong></td>
</tr>
</tbody>
</table>

Reconciliation of summarised financial information

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>P'000</td>
<td>P'000</td>
<td>P'000</td>
<td>P'000</td>
</tr>
<tr>
<td>Opening net assets 1 April</td>
<td>286,046</td>
<td>170,750</td>
<td>52,753</td>
</tr>
<tr>
<td>Profit/(loss) for the year</td>
<td>361,163</td>
<td>227,796</td>
<td>118,431</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(7729)</td>
<td>(4,683)</td>
<td>(2,001)</td>
</tr>
<tr>
<td>Dividends Declared</td>
<td>(215,881)</td>
<td>(120,000)</td>
<td>(157,000)</td>
</tr>
<tr>
<td>Closing net assets 31 March</td>
<td>423,599</td>
<td>273,863</td>
<td>12,183</td>
</tr>
</tbody>
</table>

Interest in the associate/associates (60%)

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>P'000</td>
<td>P'000</td>
</tr>
<tr>
<td>254,159</td>
<td>171,628</td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
</tr>
<tr>
<td>90,700</td>
<td>90,700</td>
</tr>
<tr>
<td>Carrying value</td>
<td></td>
</tr>
<tr>
<td>344,859</td>
<td>262,328</td>
</tr>
</tbody>
</table>
4.6 Investments in associates (continued)

Cost of the investments in associates includes goodwill of P90.7mn (2013: 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 P2.8bn at 31 March 2014 (2013: P2.1bn).

4.7 Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>8,228</td>
<td>27,705</td>
</tr>
</tbody>
</table>

4.8 Stated Capital

133 014 875 ordinary shares of no par value

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>233,941</td>
<td>233,941</td>
</tr>
</tbody>
</table>

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 transactions are entered into under normal business terms and in the ordinary course of business. Transactions with related parties carried out during the year are:

<table>
<thead>
<tr>
<th>Transaction Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kgalagadi Breweries (Pty) Ltd - Management fees (note 4.2)</td>
<td>1,169</td>
<td>1,113</td>
</tr>
<tr>
<td>Directors’ fees (note 4.2)</td>
<td>179</td>
<td>127</td>
</tr>
<tr>
<td>Audit Committee fees</td>
<td>62</td>
<td>60</td>
</tr>
<tr>
<td>Receivable from Kgalagadi Breweries (Pty) Ltd</td>
<td>307</td>
<td>234</td>
</tr>
</tbody>
</table>
4.10 Cash utilised in operations

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income before finance income and tax expenses</td>
<td>209,135</td>
<td>205,143</td>
</tr>
<tr>
<td>Adjustment for :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profits from associates (note 4.1)</td>
<td>(212,060)</td>
<td>(207,736)</td>
</tr>
<tr>
<td></td>
<td>(2,925)</td>
<td>(2,593)</td>
</tr>
<tr>
<td>Working capital changes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- other receivables</td>
<td>138</td>
<td>(315)</td>
</tr>
<tr>
<td>Net cash utilised in operations</td>
<td>(2,787)</td>
<td>(2,908)</td>
</tr>
</tbody>
</table>

4.11 Dividends

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends declared</td>
<td>134,345</td>
<td>131,685</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends per share (thebe)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First interim dividend -paid</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Second interim dividend -paid</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Third interim dividend -paid</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Fourth and final dividend -declared</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Total dividends per share</td>
<td>101</td>
<td>99</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend payable at beginning of year</td>
<td>(25,515)</td>
<td>(22,613)</td>
</tr>
<tr>
<td>Dividends for the year</td>
<td>(134,345)</td>
<td>(131,685)</td>
</tr>
<tr>
<td>Dividend payable at end of year</td>
<td>32,102</td>
<td>25,515</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(127,758)</td>
<td>(128,783)</td>
</tr>
</tbody>
</table>

4.12 Dividends received

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend receivable at beginning of year</td>
<td>17,760</td>
<td>24,000</td>
</tr>
<tr>
<td>Dividends for the year</td>
<td>128,903</td>
<td>166,200</td>
</tr>
<tr>
<td>Dividend receivable at end of year</td>
<td>(25,995)</td>
<td>(17,760)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>120,668</td>
<td>172,440</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2014

4.13 Deferred tax income tax

The analysis of deferred tax liabilities is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P'000</td>
<td>P'000</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Deferred tax liability to be recovered after more than 12 months</td>
<td>7,731</td>
<td>-</td>
</tr>
<tr>
<td>- Deferred tax liability to be recovered within 12 months</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Deferred tax liabilities (net)</strong></td>
<td><strong>7,731</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

The gross movement on the deferred income tax accounts is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income statement charge relating to outside basis deferred tax on investment in associate</td>
<td>7,731</td>
<td>-</td>
</tr>
<tr>
<td>At 31 March</td>
<td>7,731</td>
<td>-</td>
</tr>
</tbody>
</table>

4.14 Remuneration of Auditors

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P'000</td>
<td>P'000</td>
</tr>
<tr>
<td>Audit of financial statements</td>
<td>89</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td><strong>89</strong></td>
<td><strong>80</strong></td>
</tr>
</tbody>
</table>

The auditors did not provide any other services.

4.15 Events after the reporting period

The directors confirm that there were no significant post reporting date events requiring adjustment to the amounts and/or disclosures in the financial statements.
Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Sechaba Brewery Holdings Limited will be held on 26 November 2014 at 15h00 at the KBL Beer Plant, Poelo Pub, Gaborone to transact the following business;

1. To receive, consider and adopt the financial statements for the year ended 31 March 2014 together with the report of the auditors.
2. To approve the interim dividends declared by the Directors on 7 November 2013 of 22 thebe per share, on 7 November 2013 of 24 thebe per share, on 25 February 2014 of 37 thebe per share and on 14 March 2014 the fourth and final dividend of 18 thebe per share respectively.
3. To re-elect directors who retire in accordance with the Articles of Association and, being eligible, offer themselves for election:
   3.1 To re-elect Batlang G Mmualefe a director retiring by rotation and being eligible offers himself for re-election;
   3.2 To re-elect Brian Hirsch a director retiring by rotation and being eligible offers himself for re-election;
   3.3 To re-elect Kate C Maphage a director retiring by rotation and being eligible offers herself for re-election;
4. To confirm the appointment of the following directors who were appointed during the course of last year:
   4.1 To confirm the appointment of Boyce L Sebetela as a director who was appointed during the course of last year;
   4.2 To confirm the appointment of Montle N Phuthego as a director who was appointed during the course of last year;
   4.3 To confirm the appointment of Myra N Sekgororoane as a director who was appointed during the course of last year;
   4.4 To confirm the appointment of Lipalesa G Makepe as a director who was appointed during the course of last year;
   4.5 To confirm the appointment of Gert H Nel as a director who was appointed during the course of last year;
   4.6 To confirm the appointment of Mike Baldachin as a director who was appointed during the course of last year;
5. To approve the remuneration of the Chairman and non-executive directors
6. To re-appoint PricewaterhouseCoopers as external auditors for the ensuing year and approve their remuneration for the year ended 31 March 2014
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.
BIOGRAPHY OF DIRECTORS
Tabled re-election and appointments for the Annual General Meeting of 26 November 2014

RE-ELECTION

Batlang G Mmualefe
Batlang Mmualefe was appointed to the Board on 26 February 2013 as an independent non-executive Chairman. He holds a BA Economics & Statistics and MA Development Economics and is currently employed at Botswana Development Corporation (BDC) as Manager – Marketing and Research. Mr. Mmualefe brings extensive knowledge in business development, marketing, market research, corporate communications, risk management and public relations. He has previously worked for Bank of Botswana and Ministry of Finance and Development Planning in various senior capacities.

Kate C Maphage
Kate Maphage joined the Board on 12 November 2012. She is a renowned business woman and holds a BCom and MBL. Ms Maphage previous worked as Commercial Director at Mascom Wireless and Assistant Group Company Secretary of De Beers Botswana. Ms Maphage has held board directorships in several companies, including Kgalagadi Breweries (Pty) Ltd, Funeral Services Group Ltd, Maemo Cell Insurance (Pty) Ltd, Solar One (Pty) Ltd, Mobility (Pty) Ltd, RDC Properties (Pty) Ltd, and Crown Investments (Pty) Ltd. She is also the chairperson of Kgalagadi Beverages Trust.

APPOINTMENT

Boyce L Sebetela
Boyce L Sebetela joined the board on 30 May 2014 as an independent non-executive director. He is an engineer by training who developed into an executive manager in the private sector, with several years’ experience in the public sector since 1986. Mr Sebetela brings a wealth of experience in strategic management, change management, stakeholder engagement and large scale organisational transformation. He is a board member of Botswana International University of Science and Technology (BIUST), Westwood International School, and Citizen Entrepreneurial Development Agency (CEDA), and is the Vice President of the Botswana Football Association. Mr Sebetela is currently employed as Group Manager – Strategy and Business Improvement at Debswana Diamond Company (Pty) Ltd since 2007.

Montle N Phuthego
Montle Nicola Phuthego joined the board on 26 August 2013. She is currently employed as General Manager – Business Development at Botswana Development Corporation (BDC), having previously worked at BITC (former BEDIA) BIPDA and CEDA. Ms Phuthego holds a BA an MSC in Economics and brings a wealth of experience in research, economics, and strategic leadership. She serves as director on the boards of Good Providers (Pty) Ltd, SPEDU, and Letlhole la Rona Limited.
BIOGRAPHY OF DIRECTORS

(continued)

Myra T Sekgororoane

Myra Tshepoyame Sekgororoane joined the Sechaba Board of Directors on 29 October 2014. She has served at the Chief Executive Officer of Botswana Tourism Organisation (BTO), as well as having held senior positions in Botswana Post and Cresta Hospitality (Pty) Ltd. Further, she serves the President of the HATAB, Trustee Chairman of First National Bank of Botswana Foundation, Trustee of Mokolodi Nature Reserve, and Council Member of the Human Resources Development Advisory Council. Ms Sekgororoane is renowned for her leadership qualities, application of corporate governance principles and general business acumen.

Lipalesa G Makepe

Lipalesa Gwynneth Makepe joined the board on 30 May 2014 as an independent non-executive director, and member of the Group Finance and Audit Committee. She is currently employed as Finance Director of Barclays Bank Botswana, and is a certified FCCA(UK) and CA(Botswana). Ms Makepe is the former Chairperson of the Botswana Stock Exchange (2009-2012), Capital Securities (Pty) Ltd, and Barclays Bank Staff Pension Fund. She brings financial and strategic expertise to the board.

Gert H Nel

Gert Hendrik Nel joined the Board as executive director on 1 May 2014. He is employed as Finance Director of Kgalagadi Breweries (Pty) Ltd (KBL). Dr. Nel holds a B Econ (University of Stellenbosch), Bcom (Hons) (University of South Africa), B (B&A) (Hons) (University of Stellenbosch), MBA (University of Stellenbosch) 1990, PhD (Knightsbridge University) and BA, Psychological Counselling cum laude (UNISA) 2011. He has held several positions within the SABMiller Group internationally since 1989, most recently serving as Group Head of Finance Excellence (SAB Miller Plc) 2008-2011, Senior Manager: Operations Finance (SABMiller Africa) 2011- 2014. Dr. Nel was appointed as Finance Director of KBL on 1 June 2014.

Mike Baldachin

Michael Anthony Baldachin joined the Sechaba Board of Directors on 7 May 2013 as an independent non-executive director. He is currently employed as the Financial Capability Manager of SABMiller Africa and has severed in senior finance roles in the beverages industry, and as director in several companies across the continent. Mr. Baldachin is a CA(SA) and BCompt Honours holder, and contributes to the Board his wealth of expertise in managerial finance, business planning, risk management, financial analysis and reporting as well as corporate finance.
To receive, consider and adopt the financial statements for the year ended 31 March 2014 together with the report of the auditors.

To approve the dividends declared by the Directors on 7 November 2013 of 22 thebe per share, on 7 November 2013 of 24 thebe per share, on 25 February 2014 of 37 thebe per share and on 14 March 2014 the fourth and final dividend of 18 thebe per share respectively.

To re-elect directors who retire in accordance with the Articles of Association and, being eligible, offer themselves for election:

3.1 To re-elect B G Mmualefe a director retiring by rotation and being eligible offers himself for re-election;
3.2 To re-elect B Hirsch a director retiring by rotation and being eligible offers himself for re-election;
3.3 To re-elect K C Maphage a director retiring by rotation and being eligible offers herself for re-election;

4 To confirm the appointment of the following directors who were appointed during the course of last year:

4.1 To confirm the appointment of Boyce L Sebetela as a director who was appointed during the course of last year
4.2 To confirm the appointment of Montle N Phuthego as a director who was appointed during the course of last year;
4.3 To confirm the appointment of Myra N Sekgororoane as a director who was appointed during the course of last year;
4.4 To confirm the appointment of Lipalesa G Makepe as a director who was appointed during the course of last year;
4.5 To confirm the appointment of Gert H Nel as a director who was appointed during the course of last year;
4.6 To confirm the appointment of Mike Baldachin as a director who was appointed during the course of last year;

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

6 To re-appoint PricewaterhouseCoopers as external auditors for the ensuing year and approve their remuneration for the year ended 31 March 2014

Signed: ....................................................on this…………………………day of………………………… 2014

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 initialled 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, P O Box 631, Gaborone, not later than 48 hours before the time fixed for holding of the meeting. By hand delivery or, E-mail (sechaba@bw.sabmiller.com).
This document is important and requires your immediate attention.

If you are in doubt as to the action you should take in relation to this document, please consult your stockbroker, banker, legal advisor or other professional advisor immediately.

Action required:
1. An election notice indicating preferred method of receiving your Annual Report for the financial year ended 31 March 2015 and hereafter. All shareholders must complete the attached form and return to the Company Secretary at Plot 20768 Kubu Road, Broadhurst Industrial, P O Box 631, Gaborone not later than 27 February 2015.

SECHABA BREWERY HOLDINGS LIMITED
Company No. CO 5271
("the Company")
Incorporated in the Republic of Botswana

CIRCULAR TO SHAREHOLDERS
Regarding
- the election of the method of receiving the Annual Report and incorporating
- a form to be completed and returned

Contents
Definitions Clause 1
Purpose of the circular Clause 2
Action required by the Shareholder Clause 3
Form of Request Clause 4

1. Definitions

1.1. In this Circular unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and vice versa, and words importing natural persons shall include juristic persons, whether corporate or incorporate, and vice versa:

1.1.1. “Directors” the board of directors of the Company;
1.1.2. “Company” Sechaba Brewery Holdings Limited, CO NO 5271, and listed on the Botswana Stock Exchange;
1.1.3. “Shareholders” holders of Ordinary shares in the Company;
2. Purpose of the Circular

2.1. The purpose of the circular is to furnish information to the shareholders as to the availability of the Annual Report in electronic form and to request that they respond by electing the preferred form of receiving the Annual Report for the year ended 31 March 2015 and thereafter.

3. Action required by the Shareholder

3.1. This form of request must be duly completed and returned before 27 February 2015. If no reply is received by that date, the financial statements will be sent to you on CD/storage device and/or email.

4. Form of request

4.1. Preferred method of receiving the Annual Report would be by

- [ ] Email to
- [ ] CD/storage device
- [ ] Printed hard copy

(Indicate your preference by putting a tick (✓) in the relevant box. Provide your email address in the space provided where applicable)

5. Personal Details

Name of shareholder
Telephone (landline) _______________________________ Cell Phone _______________________________
Email address ____________________________
Postal Address ________________________________

6. Dividend Payments

6.1. Bank account details for dividend payments:

Account holder: ____________________________
Bank: ____________________________
Branch name: ____________________________ Branch code: ____________________________
Account No. ____________________________

Signature……………………………………………………………………………………………………
Date……………………………………………………………………………………………………

Order of the Board

NOTE: All shareholders must complete the attached form and return to the Company Secretary of Sechaba Brewery Holdings Limited at Plot 20768 Kubu Road, Broadhurst Industrial, P O Box 631, Fax 3901447 or email: sechaba@bw.sabmiller.com Gaborone not later than 27 February 2015.
General Information:

Sechaba Brewery Holdings Limited
A company incorporated in Botswana
Company Registration Number CO5271
Registered Office
Plot 20768 Kubu Road
Broadhurst Industrial Estate
PO Box 631
Gaborone, Botswana
Telephone: +267 3953619
Facsimile: +267 3901447
Email: Sechaba@bw.sabmiller.com

Transfer Secretaries
DPS Consulting Services (Pty) Ltd
Plot 50371 Fairgrounds Office Park
P.O. Box 294
Gaborone, Botswana
Telephone +267 3952011

External Auditors
PricewaterhouseCoopers
Plot 50371 Fairgrounds Office Park
P.O. Box 294
Gaborone, Botswana
Telephone +267 3952011

Sponsoring Brokers
Imara Capital Securities (Pty) Ltd.
A Member of the Botswana Stock Exchange
Plot 74770 Western Commercial Road, New CBD
Private Bag 173
Gaborone, Botswana
Telephone +267 318 8886
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.