The accounting policies adopted for the year comply in all material respects with International Financial Reporting Standards (IFRS) as well as the Botswana Companies Act, 2003. These policies are consistent with those applied in prior periods.

**Highlights**

- Turnover of Associates up 19% to P1.28 billion
- Operating profit up by 15.5%
- After Tax Profit attributable to shareholders increases by 15%
- Earnings per Share grew by 15% to 108.4 thebe
- Total net dividend for the year increased by 20% from 85 thebe to 102 thebe per share

**Business review:**

The Group has delivered good growth for the year resulting in a 20% increase in dividends over the previous year. Improving GDP for the year and lower inflation during the first half of the year enhanced disposable income leading to positive volume growth in both underlying associate companies, Kgalagadi Breweries (Pty) Ltd (KBL) and Botswana Breweries (Pty) Ltd (BBL) during the financial year. Despite continued inflationary pressure on input costs, driven by upward trends in fuel and food grain prices and currency depreciation the businesses reported double digit bottom line growth during the period under review.

**Volume performance:**

Clear beer and traditional beer volumes for the year grew by 7.8% and 5% respectively while Soft Drinks also grew by 5%. Various marketing, sales and distribution initiatives including portfolio expansion, product quality, affordability driven by returnable bottles and improved sales execution capacity are bearing fruit in the market place.

**Financial performance:**

The turnover of the associates grew by 19.3% during the financial year, despite both underlying operating entities restricting the annual price increases to below 90% of the prevailing inflation in the country. In line with global trends, the associates experienced severe pressure on input costs, especially on the cost of grain (barley, sorghum and maize), packaging material, fuel and the cost of utilities. This cost pressure was further worsened by the continued depreciation, during the financial year, of the Pula against the Euro (19%) and the US Dollar (11.7%) which, along with the ZAR, are the major trading currencies of KBL and BBL.

Finance costs of the associates decreased by about 28% during the year on account of lower cost of funds and improved working capital management. The profit after tax, available for distribution, grew by 15% with the earnings per share growing from 84.4 thebe per share to 102.8 thebe per share for the year.

**Strategic review**

Brand portfolio and marketing initiatives: During the year under review, KBL relaunched the packaging for St. Louis with a new label and can design keeping in line with the latest international trends. The new packaging has been a phenomenal success with Botswana consumers overwhelmingly endorsing the new look on their favourite beer.

KBL also launched new international beer brands such as "Penny" and "Hansa Marzen Gold", a new "Ready to Drink" beverage "Barons" and a new bottled water "Bonaqua" during the year. BBL is also testing some new product developments.

**Sales & Distribution:**

The owner-driver initiative continued to show improved productivity and customer service during the period under review. Coaching and mentoring of owner-drivers will continue during the coming financial year.

**CSR initiatives:**

KBL and BBL are committed to continued support of youth entrepreneurship through their "Kickstart" initiative. Five new projects were funded during the year with a total of P1.5 million spent on 46 projects since the inception of the Kickstart programme. The Kgalagadi Beverages Trust (KBT) has supported HIV/Aids initiatives through funding of Bachelor Children's Centre of Excellence. KBT has also spent P600,000 assisting the building of a kindergarten for SOS children in Serowe. Both companies have an in house Life Threatening Disease Policy founded on the principles of non-discrimination; confidentiality and support which provides assistance to employees who are HIV positive.

**Dividends**

The directors are pleased to announce the declaration of a net fourth and final dividend for the year amounting to 23 thebe per share, giving a total dividend for the year of 102 thebe per share, an increase of 20% over last year.

**Prospects**

The good trading and financial performance delivered during the current year were driven by favourable trading conditions and various transformational interventions initiated during the past couple of years. Management will continue to focus on its key market place strategies and drive volume and revenue growth during the forthcoming year, as well as continuing to drive productivity gains and cost savings to partially offset the input cost pressures currently being experienced worldwide.

The government introduced revised liquor regulations, which came into effect on 1 April 2008. While it is too early to predict the impact, if any, of these regulations on the businesses of the associate companies, management is closely monitoring the markets to decide on appropriate corrective steps.

**Financial Information**

The accounting policies adopted for the year comply in all material respects with International Financial Reporting Standards (IFRS) as well as the Botswana Companies Act, 2003. These policies are consistent with those applied in prior periods.

**Income Statement for the Year Ended 31 March 2008**

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of results of associates before tax</td>
<td>185,643</td>
<td>160,942</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(1,346)</td>
<td>(1,371)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>184,297</td>
<td>159,571</td>
</tr>
<tr>
<td>Finance income</td>
<td>748</td>
<td>814</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>185,045</td>
<td>160,385</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(40,876)</td>
<td>(34,825)</td>
</tr>
<tr>
<td>Net Profit</td>
<td>144,169</td>
<td>125,560</td>
</tr>
<tr>
<td>Earnings per share (thebe)</td>
<td>108.4</td>
<td>94.4</td>
</tr>
<tr>
<td>Dividend per share (thebe)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First interim dividend - paid</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Second interim dividend - paid</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>Third interim dividend - paid</td>
<td>36</td>
<td>28</td>
</tr>
<tr>
<td>Fourth and final dividend - declared</td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td>Total dividends per share</td>
<td>102</td>
<td>86</td>
</tr>
</tbody>
</table>

**Balance Sheet as at 31 March 2008**

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in associates</td>
<td>142,687</td>
<td>134,693</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend receivable</td>
<td>36,000</td>
<td>30,720</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,197</td>
<td>3,381</td>
</tr>
<tr>
<td>Total assets</td>
<td>180,884</td>
<td>167,794</td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stated Capital</td>
<td>233,941</td>
<td>233,941</td>
</tr>
<tr>
<td>Accumulated loss</td>
<td>(84,721)</td>
<td>(83,215)</td>
</tr>
<tr>
<td>Total</td>
<td>149,220</td>
<td>140,726</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accruals</td>
<td>137</td>
<td>100</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>31,912</td>
<td>26,684</td>
</tr>
<tr>
<td>Tax payable</td>
<td>15</td>
<td>105</td>
</tr>
<tr>
<td>Related party balances</td>
<td>31,912</td>
<td>26,684</td>
</tr>
<tr>
<td>Total</td>
<td>180,884</td>
<td>167,794</td>
</tr>
<tr>
<td>CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash utilised in operations</td>
<td>(4,488)</td>
<td>(1,179)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(23,517)</td>
<td>(19,402)</td>
</tr>
<tr>
<td>Net cash utilised in operations</td>
<td>(28,005)</td>
<td>(20,581)</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends received</td>
<td>154,920</td>
<td>128,700</td>
</tr>
<tr>
<td>Interest received</td>
<td>748</td>
<td>814</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>155,668</td>
<td>129,514</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid to shareholders</td>
<td>(130,847)</td>
<td>(145,701)</td>
</tr>
<tr>
<td>Changes in cash and cash equivalents</td>
<td>14,297</td>
<td>(26,768)</td>
</tr>
<tr>
<td>Movement in cash and cash equivalents</td>
<td>14,297</td>
<td>(26,768)</td>
</tr>
<tr>
<td>At beginning of the year</td>
<td>3,281</td>
<td>39,149</td>
</tr>
<tr>
<td>Changes in cash and cash equivalents</td>
<td>(184)</td>
<td>(36,768)</td>
</tr>
<tr>
<td>At end of the year</td>
<td>2,197</td>
<td>2,381</td>
</tr>
</tbody>
</table>

**Balance at 31 March 2008**

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stated Capital</td>
<td>233,941</td>
<td>233,941</td>
</tr>
<tr>
<td>Accumulated loss</td>
<td>(84,721)</td>
<td>(83,215)</td>
</tr>
<tr>
<td>Total</td>
<td>149,220</td>
<td>140,726</td>
</tr>
</tbody>
</table>
CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

Sales 1,283,880 1,076,239 - -
Cost of sales (763,054) (637,480) - -

Gross profit 500,816 438,759 - -

Dividends income - - 160,200 133,980
Sales and distribution costs (14,583) (13,480) - -
Administrative expenses & Operating Expenses (171,209) (147,900) (1,346) (1,371)

Other income 3,965 6,442 - -

Operating profit 318,989 283,821 158,854 132,609

Profit before income tax expense 308,807 268,182 159,602 133,423

Income tax expense (52,588) (45,129) (23,427) (19,368)

Profit for the year 256,219 223,053 136,175 114,055

Attributable to:
Equity holders of the Company 144,169 126,063 - -
Minority interest 112,130 96,990 - -

Earnings per share for profit attributable to the equity holders of the company during the year (expressed in thebe per share)
- Basic 108.4 94.8 - -

Dividends declared
- first interim dividend - paid 19 18 19 18
- second interim dividend - paid 24 20 24 20
- third interim dividend - paid 36 28 36 28
- fourth and final interim dividend - declared 23 19 23 19

BALANCE SHEETS AS AT 31 MARCH 2008

Consolidated Company
P'000 P'000 P'000 P'000

ASSETS

Non-current assets
Property, plant and equipment 206,365 189,672 - -
Intangible assets 92,375 93,241 - -
Investment in subsidiaries - - - -

Current assets
Inventories 94,506 87,388 - -
Trade and other receivables 253,816 255,984 28,187 28,187

Total assets 552,356 488,897 279,975 274,879

LIABILITIES

Current liabilities
Current income tax liabilities 3,469 2,434 17 15
Borrowings 69,559 68,176 - -

Total current liabilities 73,028 70,610 17 15

Non-current liabilities
Deferred income tax liabilities 9,506 8,203 - -
Borrowings 130,602 70,775 - -
Trade and other payables 101,962 105,822 192 192
Related party balances 7,188 23,924 179 179
Dividends payable 31,512 26,684 31,512 26,684

Total non-current liabilities 212,666 193,215 315,127 315,127

Total liabilities 285,694 263,825 315,144 315,144

Total equity and liabilities 552,356 488,897 279,975 274,879

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

Consolidated Company
P'000 P'000 P'000 P'000

Cash flows from operating activities
Cash generated from/(used in) operations 304,426 303,833 (1,488) (1,179)
Interest paid (14,693) (20,385) - -
Income tax paid (25,045) (20,034) (23,517) (19,402)
Net cash generated from/(used in) operating activities 265,299 272,315 (25,005) (20,591)

Cash flows from investing activities
Purchase of property, plant and equipment (41,879) (20,797) - -
Purchase of Intangible Assets - (2,549) - -
Proceeds from disposal of property, plant and equipment 854 488 - -
Dividends received - - - -
Interest received 4,511 4,746 746 814

Net cash generated from/(used in) investing activities (36,514) (19,112) 156,668 129,514

Cash flows from financing activities
Dividends paid to group shareholders (130,847) (145,701) (130,847) (145,701)
Dividends paid to minority interests (106,800) (85,800) (106,800) (85,800)

Net cash used in financing activities 237,647 (232,551) (130,847) (145,701)

Changes in cash and cash equivalents (18,936) (28,234) (184) (36,768)

Movement in cash and cash equivalents At beginning of the year (22,210) 3,959 2,381 39,149
Changes in cash and cash equivalents (36,936) (26,169) (184) (36,768)
At end of the year (59,146) (22,210) 2,197 2,381

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

Balance at 1 April 2007 233,941 (93,215) 140,726 49,816 190,542
Profit for the year 144,169 144,169 112,130 112,130 256,299
Dividends declared during the year
- 2008 financial year - first interim - (25,273) (25,273) - (25,273)
- 2008 financial year - second interim - (31,904) (31,904) - (31,904)
- 2008 financial year - third interim - (47,885) (47,885) - (47,885)
- 2008 financial year - fourth and final - (30,593) (30,593) - (30,593)

Dividends declared to minorities - (106,800) - (106,800)

Total equity 233,941 (94,721) 149,220 (6,646) 245,366

Dividends Declaration
Notice is hereby given that a net fourth and final dividend of 23 thebe per share, in respect of the year ended 31 March 2008 has been declared payable to shareholders registered at the close of business on 30th May 2008. Dividend cheques will be posted or on about 13th June 2008.

Unclaimed Dividends
The directors wish to bring to the notice of shareholders that there are certain amounts of unclaimed dividends in the Company’s records. Shareholders are reminded to contact the Transfer Secretaries to claim their outstanding dividends.

Shareholders’ Diary
Last date of registration for dividend 30th May 2008
Dividend cheques mailed 13th June 2008
Annual Financial Statements posted 30th June 2008
Annual General Meeting 31st July 2008

By order of the board
E.W. Komanyane
Chairman
6th May 2008

Registered Office
Kgatlaegi Breweries (Pty)Ltd
Cor Kupe Road & Nalson Mandela Drive
Gaborone
Gaborone
PO Box 631
Gaborone
DPS Consulting Services (Pty) Ltd
PO Box 50371, Fairgrounds Office Park
Gaborone
Gaborone
*South African