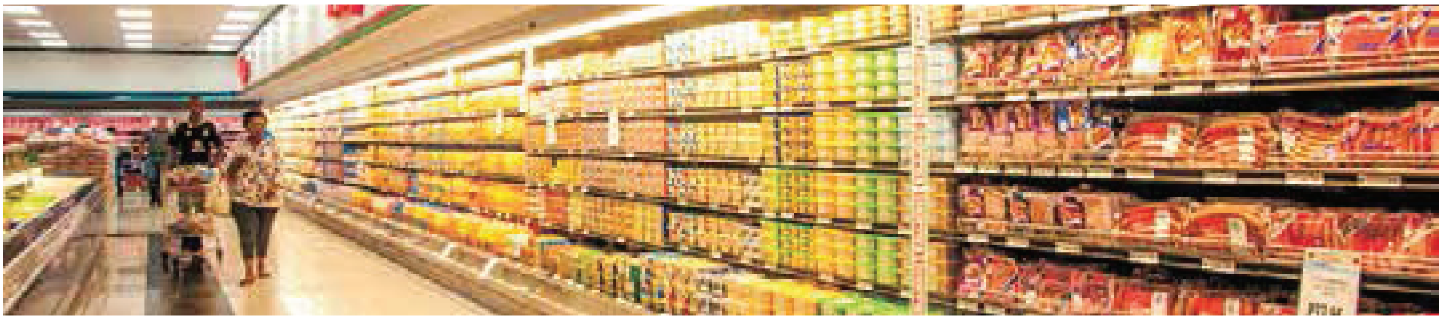
DRIVING GROWTH

CHOPPIES

VALUE FOR YOUR MONEY!

Annual Report 2013



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Choppies history and overview

The business was founded by the Chopdat family in 1986 when the first store, Wayside Supermarket (Pty) Limited, was opened in Lobatse. Following this, Lobatse again witnessed the opening of the second store in 1993. In 1999 the third store started its operations in Gaborone, this commenced the start of a rapid and very successful rollout of stores in Botswana. In 2008 the first store of Choppies was opened for the public of South Africa at Zeerust.

Today, the Group comprises of 83 stores; 64 in Botswana and 19 in South Africa, with a further 12 stores (six in Botswana and six in South Africa) scheduled for opening in the next financial year (See store map on page 4).

In the last 15 years, Choppies has grown to become the most preferred home brand in the retail sector in Botswana. Fuelled by explosive growth, Choppies presently enjoys a market share of 32% in the retail sector of Botswana.

Choppies owns the largest supermarket chain in Botswana, with a footprint extending to rural locations which have been traditionally under serviced in the retail sector. The Group created a paradigm shift in the Botswana retail market, by taking stores to population centres, and maintaining shop hours convenient to the consumer.

More recently, the Group extended its operations to South Africa, with a network of stores in the provinces of the North West, Limpopo and Free State. The company was listed in the Botswana Stock Exchange on 26 January 2012, in what is generally considered to be one of the largest and most successful listings on the exchange in the non-banking sector. Since listing, the share price has risen from P1,15 to P3,07 a share, nearly a three-fold increase in value for shareholders in the span of over 18 months.

Currently the Group is one of the largest employers in Botswana. Around 5200 people in Botswana and 2000 in South Africa are in the payroll of the organisation.

Customer profile

The core customer segment visiting the store falls in the lower and middle income segment of the society. Yet recently we are witnessing a change in this profile with upper middle class sect of consumers also frequenting our stores.

Product portfolio

Choppies stocks and distributes around 45,000 SKUs. World's leading FMCG Brands find their presence in our stores. The group's success lies in making these brands available to the vast population across both the countries in which it operates through a wide network of stores.

Current operations

Supermarkets

Choppies stores are categorised into Superstores and Hyperstores, based on the size of the floor area. In Botswana, each store functions as an individual subsidiary, and operates under a separate trade name. Choppies Supermarkets SA (Pty) Ltd owns and operates 19 stores in South Africa, and is 100% owned by Choppies Enterprises Limited.

Distribution and Supply

The Group operates four distribution and supply centres that function as the central sourcing point for Choppies stores. The KVI (Known Value Items) products find their way to the stores from these distribution points, while the others are delivered direct to the stores.

Sarfrosh (Pty) Limited is the Group's 100% owned meat distribution business in Botswana.

A distribution centre catering to the South African Choppies stores was opened in Rustenburg on 15 September 2012 and was fully operational by August 2013. This distribution centre, its infrastructure and the head office setup is capable of handling operations of 100 stores in South Africa going forward. This is also one of the reasons of heavy costs structure in South African operations initially.

Logistics

The Group operates a logistics company, Welldone (Pty) Limited, that supports the day-to-day operations of the stores in Botswana. Welldone comprises a fleet of 394 trucks and support vehicles, that ensures the efficient distribution and supply of products to the stores. This is essentially a 24 hour operation, under the full control of the Group.

The South African division also has efficient logistic infrastructure which supports the effective working of the stores.

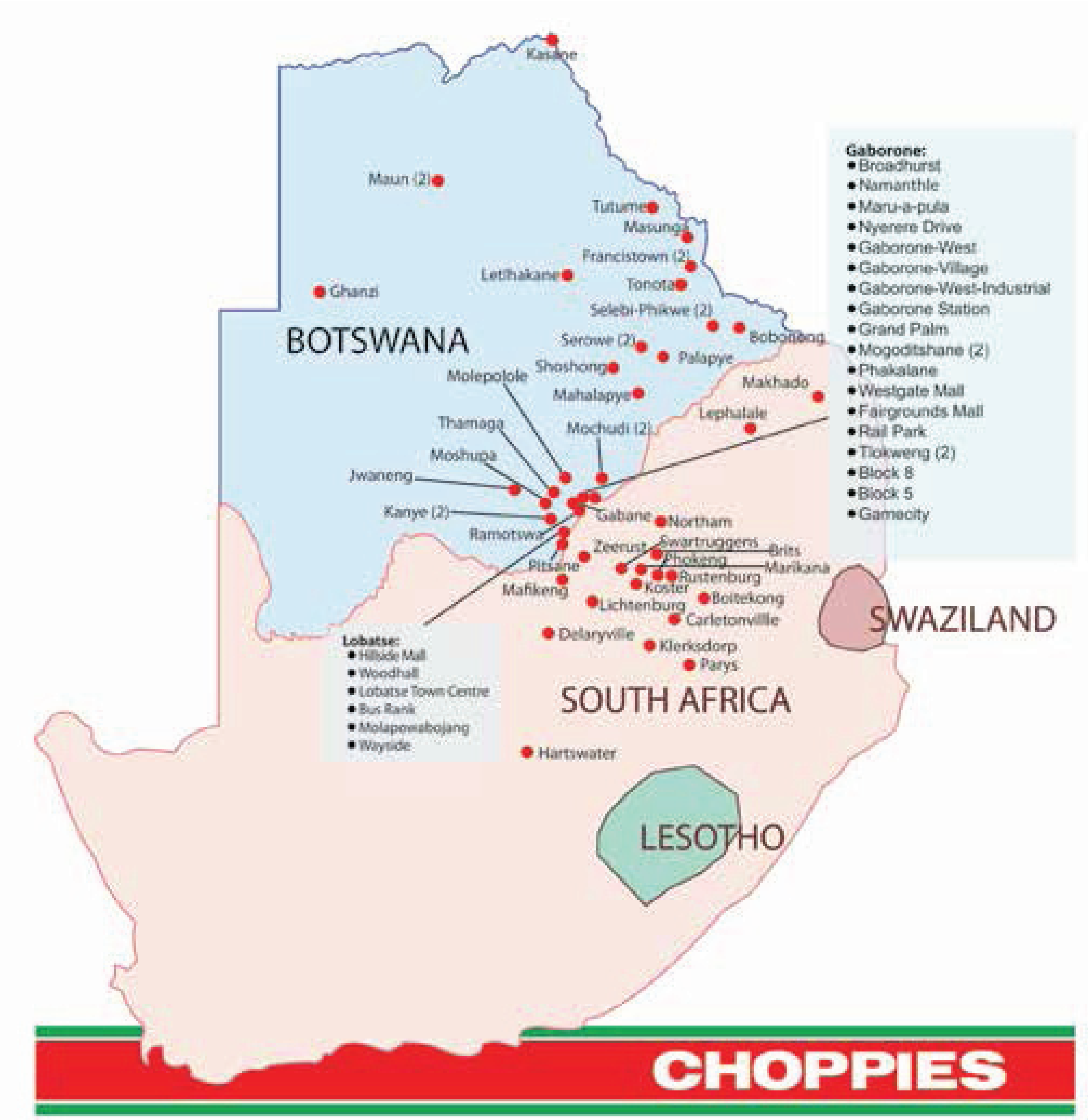
The fleet is branded with the Choppies logo which serves as a promotional tool for the Brand.

Services

Amphora (Pty) Limited is the Group's 100% owned maintenance subsidiary, catering to all maintenance-related services for the Group companies. These ventures help to reduce the downtime and overall cost to Choppies.

Each of these subsidiaries operate as stand-alone profit centres. As they are all 100% owned by Choppies Enterprises Limited, the profits are consolidated in the Group financials.

Our Footprint



Highlights

Retail space now exceeds 100,000 m^2

Gross proft up 28%

Revenue up by 22% to more than P4 billion

Number of stores increases by 10 during the year and 10 post financial year to a total of 83 in Botswana and SouthAfrica

Earnings up 11,4% to 13,06 per share

Long term debt reduces by 22% to P60,4 million

His Excellency F.G.Mogae - Chairman of the Board
His Excellency F.G.Mogae was elected as the President of the Republic of Botswana in 1998 and served the Nation in this position until 2008. His Excellency is currently the special envoy of the United Nations for HIV/AIDS and good governance in Africa, and was awarded the 2008 Mo Ibrahim prize for his achievement in African leadership.

Ramachandran Ottapathu - CEO
Ramachandran Ottapath (Ram), a Fellow member of the Institute of Chartered Accountants of India and associate member of Botswana Institute of Chartered Accountants, joined Choppies Group in 1992, where within a short period of time assumed a position of leadership as the CEO. Ram has been instrumental in the significant growth of Choppies within Botswana, its expansion into South Africa and will be driving the Group's growth into other areas of Southern Africa going forward.

Farouk Essop Ismail - Executive Director
Farouk was the founder of the Choppies Group of Companies, the group now known as Choppies Enterprises Limited. He opened the first store in Lobatse in 1986 under the name Wayside Supermarket (Pty) Ltd and since then has witnessed the exponential growth of the group.

Robert Neil Matthews - Non Executive Director
Robert Neil Matthews, a Fellow member of the Institute of Chartered Accountants in England & Wales and Botswana Institute of Chartered Accountants. He is also a qualified Certified Public Accountant (USA). He is a retired partner of PwC Botswana and is currently carrying out consulting and advisory services for various organisations.

Dorcas Kgosietsile - Non Executive Director
Dorcas Kgosietsile holds Bachelor of Arts degree in Accounts Statistics and Economics with M.Sc. in Management. She was appointed as the Counsel General of Botswana in South Africa. In 2006 she was the first resident High Commissioner of Botswana to India. She is currently the group CEO of FSG Limited.

Chairman's Statement

It is with great pleasure that I present to you the Group's second annual report subsequent to the listing on the Botswana Stock Exchange in January 2012.

The performance of Choppies' shares, with a nearly three-fold increase in price since listing, is reflective of the aggressive expansion path pursued by management over the last year. This comprises of 10 new stores opened over the period, six in Botswana and four in South Africa. The expansion in the store count has materially improved headline earnings, with turnover showing significant gains over the last financial year.

Currently Choppies has grown to be the largest retail chain in Botswana, and its shares - with more than 5,000 shareholders - it is one of the most widely held in the country. It is also a matter of great pride that Choppies is now Botswana's largest employer outside the public sector.

Not only was the Choppies Botswana Stock Exchange listing the largest and most successful outside the banking sector, the performance of the share price over the last 18 months has been a vindication of the faith placed in our management by the investment community. I am delighted that the rise in share value since listing has delivered such outstanding value to our broad spread of shareholders.

The retail sector in Botswana continues to grow on the back of relatively robust consumer spending. While the Choppies brand is now one of the most recognisable in the country, there remain pockets of the country still under-serviced by modern retail facilities. We are constantly exploring new avenues for growth, both in terms of new store openings and higher value-added product mix.

While there are still opportunities for growth in Botswana, we are looking further afield to South Africa, Zimbabwe, Zambia, Tanzania and other countries in the region for future expansion. We expect to be able to report back to shareholders on progress made in this regard in the course of the coming financial year.

Appreciation

Our staff and management performed superbly in the most challenging of times, given the pressures and demands placed on them in these times of rapid growth. This set of results is a testament to their dedication and persistence, and I cannot thank them enough. And, while we can never afford to become complacent, I believe we have assembled a world class team that has been tested under trying conditions.

I also want to thank our non-executive directors for their counsel and diligence. A word of thanks is also owed to our business clients for their continued support, feedback and encouragement, and - most important of all - to our loyal customers, each and every one of them, for helping to build the Choppies brand into what it is today.

Festus G Mogae
Chairman

CEO's statement

I am delighted to share with you our progress as a business concern since listing on the Botswana Stock Exchange (BSE) on 26 January 2012. It therefore gives us great pleasure to be able to report to those, who supported us in our capital raising efforts, that their faith in Choppies has been well rewarded. Choppies stock price has grown nearly 300% since listing, and the Group has achieved gains in virtually all key areas of the business.

Our financials

Revenue growth for the year under review was 22% for the Group as a whole, assisted by the opening of six new stores in Botswana and four in South Africa. To put this figure in context, 12.6% is attributable to new stores growth, and 9.40% is the like to like growth from the existing stores, largely due to an improved product mix and a higher percentage of margins from Choppies-branded goods being sold. There was also an improvement in overall footfall and spending by customers, which further contributed to revenue growth, which is a commendable achievement given the weaker economic conditions in both countries.

As far as the South African stores are concerned the growth from the new stores accounted for 39.5% and like to like growth from the existing stores was 24.4%, helped by better product mix and a competitive pricing strategy.

The above is particularly commendable given average retail sales growth of just 2-3% in both Botswana and South Africa. It shows that Choppies continues to gain market share in a highly competitive market.

Overall, the Group achieved an increase of 11,4% in earnings for the year under review, supplemented by new store openings, rigid cost control, better product mix and increased sales of higher margin house-brand products.

Our continuous monitoring and analysis of the markets in which we operate, buttressed by continued investment in supply chain management and company infrastructure, enabled us to maintain our price advantage without compromising on quality and profitability.

Gross margins improved to 20,4% (from 19,45% the previous year), while net profit margins remained steady at 3,81%.

The balance sheet remains healthy, with long-term debt accounting for just P60,4 million, out of total equity and liabilities of P1,3 billion.

The Group's cash position remains robust, with net cash from operating activities increasing by 9,3% to P212,3 million over the year.

Choppies increased inventories by 22.6% to P265.5 million primarily due to the expansion of the store network. The inventory turnover ratio for the year was a healthy 13.3, reflecting the Group's strong emphasis on inventory management and product mix.

We remain excited by the opportunities for growth that lie ahead, details of which are outlined in the operational review.

Our people
The key success factor of Choppies is our people. Their commitment, loyalty and hard work have been pivotal for the growth of this organisation over the years. I appreciate and thank each and everyone of this valuable team for their support and dedication.

Our brand
'Choppies' has become the most preferred home grown brand in Botswana and is the category leader in several of the businesses it operates. The revenue from the house brands have exceeded 16% of the total turnover in Botswana.

Our customers
The footfall continues to increase over these years. It shows the loyality of our customers and their support to our brand. I take this opportunity to appreciate the customer communities whole heartedly for their relentles support to the brand.

Corporate governance
We are proud of the tradition of integrity on which Choppies has been built and strive to always do the right thing for our customers, our people and our communities.

Our Board of Directors are a balanced and diverse group of leaders, well equipped to carry out their functions as a governing body on behalf of shareholders. We also have dedicated audit and remuneration committees, chaired by independent non executive Board Members.

In our commitment to be a world class organisation, we continually review and enhance our internal process and ensure all our employees abide by this tradition of excellence and integrity.

Milestones
I wish to share a few of our key successes with you, namely:

- Retail space now exceeds over 100,000 sq.mts
- Successful employment of over 7,200 employees in the Group
- Customer footfall exceeding 6 million a month

Before concluding I would like to take this opportunity to personally thank every employee of this dynamic organisation for their whole-hearted efforts resulting in this sterling growth and I also wish everyone all the best for 2014.

Ramachandran Ottapathu
CEO

Operational review

Market conditions

The Botswana economy has witnessed a noticeable cooling in the pace of growth over the last 12 months from the giddy levels of 8% of previous years. Economic growth for the 2013 calendar year is expected to reach 4.6%, which is likely to taper downwards in subsequent years.

According to African Economic Outlook, the recent deceleration in real Gross Domestic Product (GDP) is mainly due to the 8% decline in mining output in 2012, which was offset to some extent by growth of 9.7% in the non-mining sectors. Projections in the medium term indicate moderate economic growth of around 4.6% per annum continuing to 2014. This was predicted on the basis of gloomy global prospects and the associated slow recovery of the mining sector.

In addition to these slack prospects, the country continues to face challenges related to its overdependence on the mining sector. Among other major challenges confronting the country are the national unemployment rate of 17.5%, a poverty rate higher than 20%, and income inequality.

As part of the country's National Development Plan (NDP-10), the Government is addressing these challenges through a number of initiatives including the adoption of a new National Economic Diversification Strategy, which focuses on private sector led economic diversification, leading to large-scale investment in hotels, air services, the financial sector and other services. This farsighted planning is aimed at reducing Botswana's dependence on mineral resources in the years to come.

The inflation outlook is expected to be moderate, remaining in the Bank of Botswana's target range of 3-6%, due to restrained monetary expansion and moderate increases in the public-sector wage bill.

The South African economy faces serious headwinds in the form of rising inflationary pressures, high unemployment and ongoing labour unrest, particularly in the mining sector.

This is of particular relevance to Choppies, which operates its South African stores in and around the mining areas of the North West Province.

Key operational strategies

The investments made in management systems, logistics, warehousing and the establishment of Choppies-branded products have started to bear fruit, and created a solid platform for future growth. With our existing infrastructure, we are capable of virtually doubling the size of the current store network. We have built strong relationships with our supplier network, allowing for tighter integration into our business processes through our quality IT and logistics systems.

The implementation of an Enterprise Resource Planning (ERP) system will vastly improve the flow of information to key decision-makers in the organisation. This is a key element in our drive to contain costs, allow for faster and more accurate decision-making and procurement, while at the same time scaling up our operations for future expansion.

Prospects and challenges

Our focus in the next three years will be on improving margins in our existing stores, while expanding the network to smaller towns where fixed costs are lower, and margins are higher. At the same time, we continue to evaluate our product mix at store level so as to emphasise faster growing and higher margin line items.

A considerable amount of effort has been invested in smoothing our supply chain for faster and more efficient response times. This has started to yield benefits in terms of improved customer satisfaction and overall efficiency of supply.

Choppies business model, as indicated above, is to immunise itself as far as possible from external market threats and conditions by remaining extremely competitive on price and focusing on towns that are under serviced by the retail sector.

The challenge for Choppies is to maintain and increase its share of the Botswana retail market under trying conditions. The South African economy presents even greater challenges, particularly in the geographic locations around Rustenburg where we operate.

South African labour unrest has been a feature of the local economy in the last year and yet it is pleasing to note that our stores have performed well under these conditions.

South African operations incurred a small loss mainly due to:

1. Delay in rolling out stores due to various reasons like delayed licenses, permits and equipment supplies.

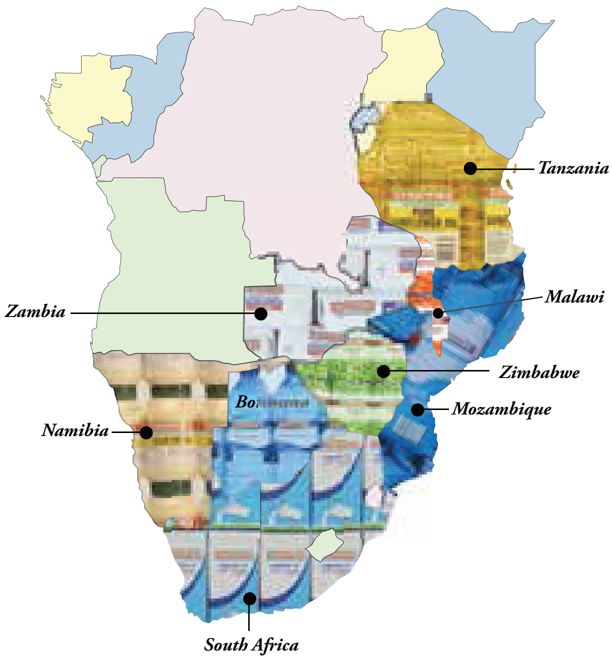
2. Stores break even time also longer in South Africa

3. The head office structure is already in place to cater for over 100 stores in South Africa. The economics of scale will start appearing when we cross 30 stores which will add to our profitability in South Africa.

Growth opportunities

As part of our plan to diversify and strengthen our income stream, our strategic plan calls for the store network to be expanded to new geographical areas, not just in Botswana and South Africa, but in other countries in the region such as Zimbabwe, Zambia and Tanzania. Our plans to expand into these countries are well advanced and further announcements in this regard will be made in due course.

The sub-saharan economy is expected to continue growing at rates in excess of 5% over the next five years, presenting excellent opportunities for growth going forward as consumer demand is expected to match or even exceed these levels.



Our larger dream..

Important ratios

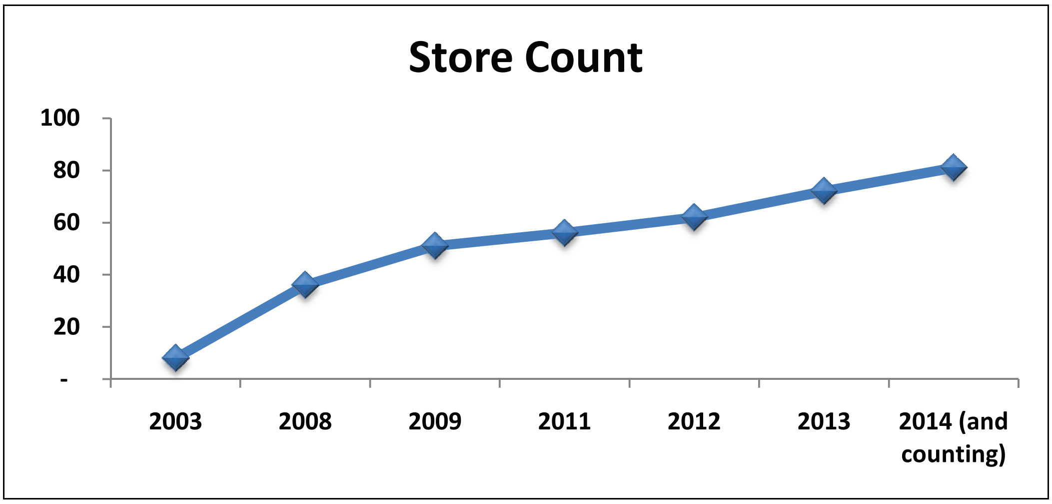
	2010-11	2011-12	2012-13
Gross Profit Margin	18.34%	19.45%	20.40%
Net Profit Margin	4.23%	3.90%	3.81%
EBIT Margin	6.17%	5.06%	4.97%
EBIDTA Margin	7.68%	6.77%	6.79%
Return on Capital Employed	33.35%	23.58%	25.06%
Return on Shareholders' Funds	28.30%	20.37%	20.76%
Return on Total Assets	11.12%	11.86%	11.73%
Debt Equity Ratio	0.34	0.18	0.12
Current Ratio	0.77	1.32	1.28
Quick Ratio	0.35	0.72	0.73
Inventory Turnover (In days)	25.00	30.00	27.00
Payables Turnover (In days)	30.00	39.00	40.00
Fixed Assets Turnover Ratio (in times)	16.75	12.03	12.00
Market cap (in BWP)		1 960 926 664	3 546 106 901
Total growth in revenue	13.69%	36.00%	22.00%
Total number of employees	4 455	5 267	7 209

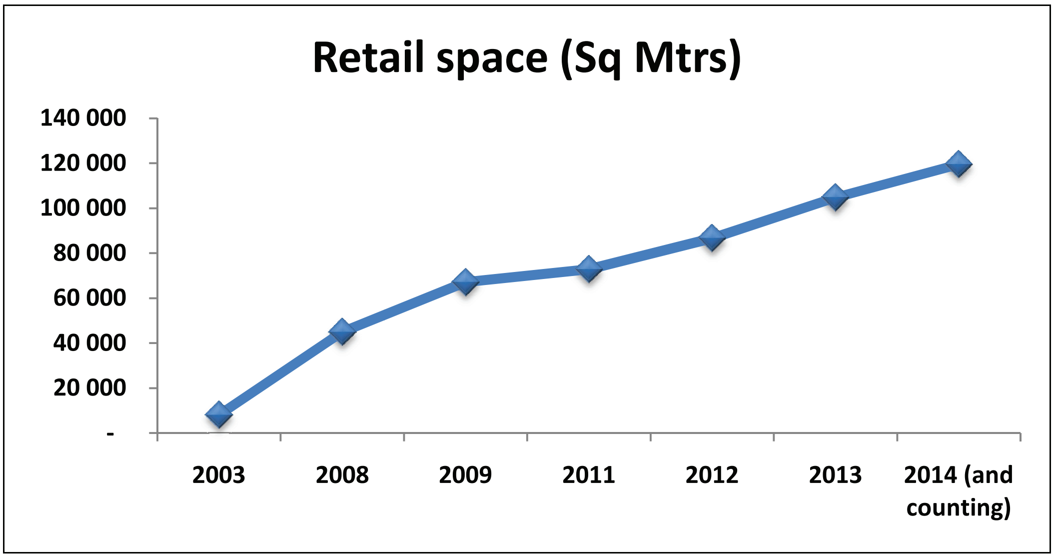
Post year end acquisition

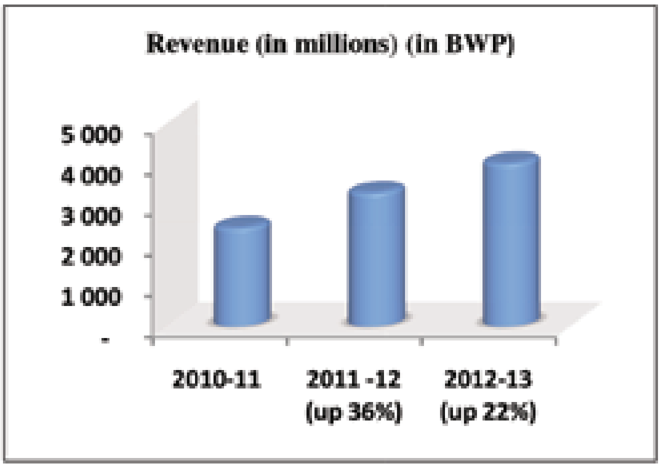
Subsequent to the close of the financial year end, Choppies acquired SupaSave and MegaSave retail businesses in Botswana, adding a total of 7,800 square metres to its retail space. This acquisition expands our presence in areas previously under-serviced by Choppies, and will make a material difference to sales and earnings figures for the Group in the coming financial year. As a socially responsible corporate group, Choppies has retained all the staff working in the acquired companies and also employed additional manpower as needed to boost the management team.

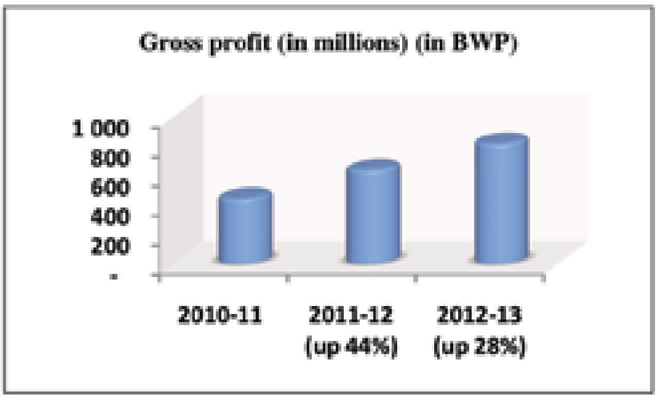
Our store growth for the past 10 years

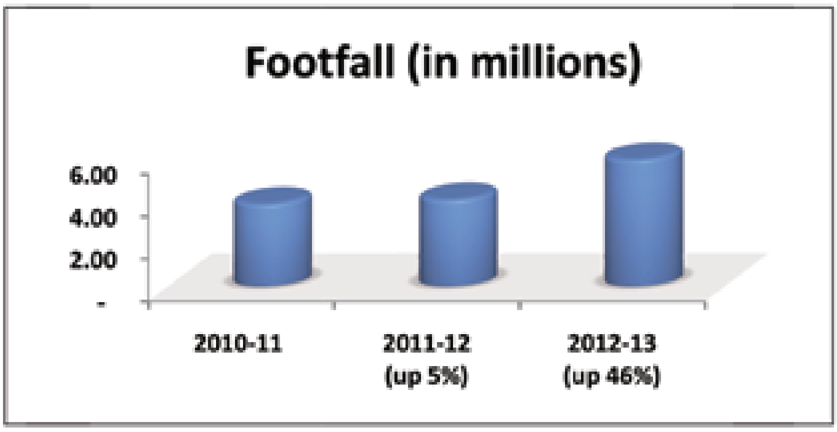
'Stepping up swiftly for yet another success'

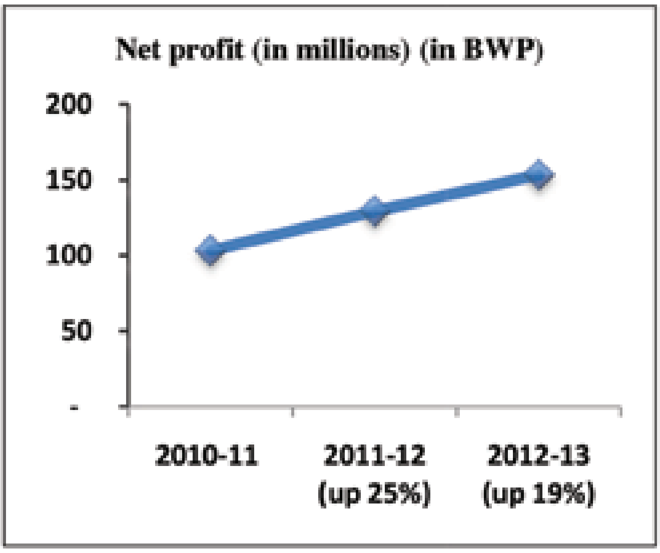


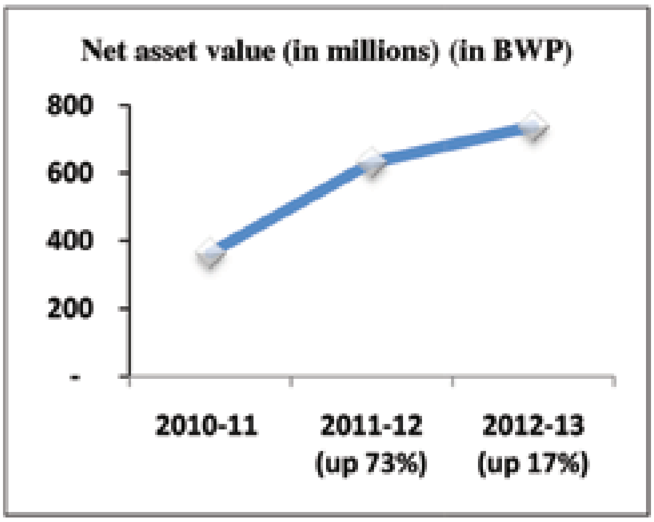


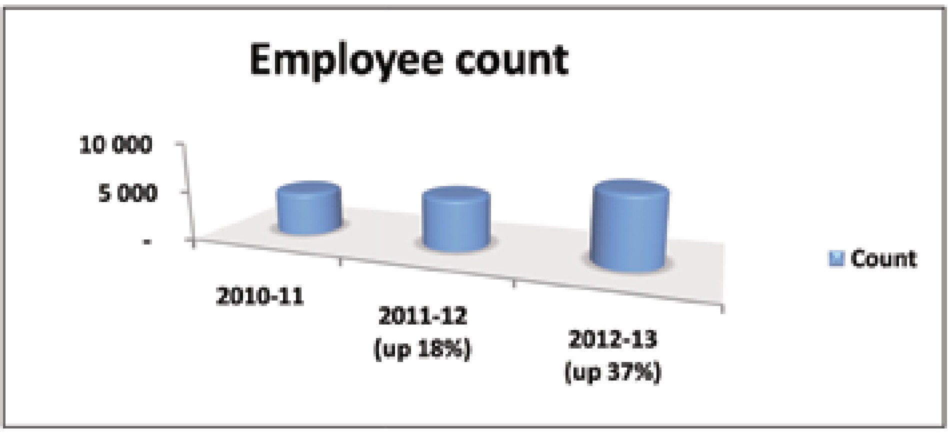

Revenue (in millions) (in BWP)
5 000
4 000
3 000
2 000
1 000
-
2010-11
2011 -12
(up 36%)
2012-13
(up 22%)


Gross profit (in millions) (in BWP)
1 000
800
600
400
200
-
2010-11
2011-12
(up 44%)
2012-13
(up 28%)


Footfall (in millions)
6.00
4.00
2.00
-
2010-11
2011-12
(up 5%)
2012-13
(up 46%)


Net profit (in millions) (in BWP)
200
150
100
50
-
2010-11
2011-12
(up 25%)
2012-13
(up 19%)


Net asset value (in millions) (in BWP)
800
600
400
200
-
2010-11
2011-12
(up 73%)
2012-13
(up 17%)


Employee count
10 000
5 000
-
2010-11
2011-12
(up 18%)
2012-13
(up 37%)
Count

Human resources

Choppies strives to be regarded as a preferred employer in the markets in which it operates. To this end, it offers bursaries, training, development, and motivational programmes to its employees. All employees are given skills-specific training and are afforded opportunities for self-advancement.

The training, development, and motivational programmes have built corporate knowledge and passion amongst employees. The Group has been rewarded by low staff turnover, and an employee cadre of significant experience and knowledge in the Group's niche, in a competitive industry.

At management level, the Group employs key management personnel who are experienced in the industry, qualified in their area of responsibility, and who are passionate about the business. The result is an effective management team that works to build on the established success of the business, and to achieve its strategic goals and objectives. We also offer ample opportunities for all staff to rise through the ranks and achieve supervisory or management positions. Hence, there is a high degree of skills transfer in the Group that is promoted and encouraged.

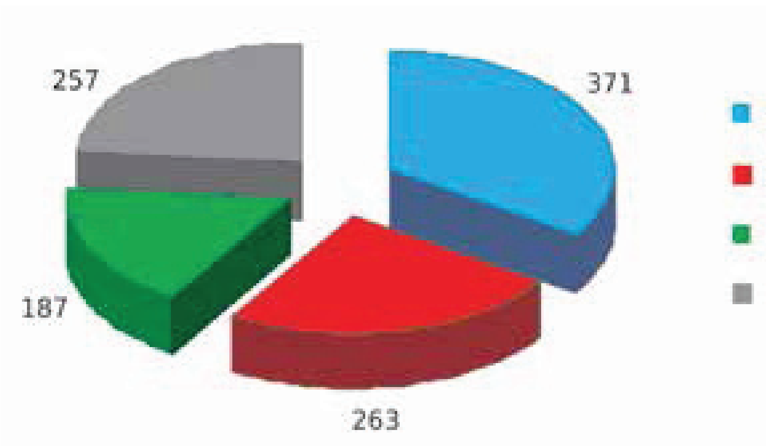
'Our brand our soul'

'Our people our asset'

HR training

Choppies is committed to raise skill competence at every level of the organisation.

Choppies Retail Academy imparts training programmes and hands on training to our employees, thus enabling them to develop the requisite skill sets needed for the competitive retail environment. The following chart illustrates the number of staff trained at the Choppies Retail Academy for the financial year under review.



■	Retail Management	371
■	Merchandising	263
■	Office Administration	187
■	Sales Transaction	257

Social responsibility

The Group takes its social responsibility seriously and is actively involved in the communities within which it operates. It employs over 100 physically handicapped persons and contributes significant amounts to charities, inter alia Botswana Red Cross, SOS Children's Villages, The Lady Khama Charitable Trust Fund, and sponsors sports and recreational entities and events.

PMR Africa awards

We are particularly delighted with the recognition the Group received from PMR Africa for its various social responsibility activities. The following PMR Africa Awards were received during the year:

- Companies doing most to enhance the Presidential Task Group's Vision 2016 (a national manifesto for the people of Botswana) – 1st Overall
- Retail Stores (fresh produce) – 1st Overall
- Companies/institutions doing most for economic empowerment – 1st Overall
- Retail Stores (food) – 4th Overall
- Companies held in high esteem as good corporate citizens based on their corporate social responsibility initiatives and investments over the past 12 months – 1st Overall.

Choppies is proud to be associated with the Lady Khama Charitable Trust Fund. We remain one of the single largest donors to this most worthwhile cause.The Group is a Gold Sponsor of the University of Botswana Foundation, which is a non-profit trust intended to engage the public and private sectors and other stakeholders in partnerships with the University of Botswana.

His Excellency The President of Botswana receiving houses donated by Choppies

Cake cutting at Therisanyo Primary School in celebration of World Happiness Day

Social Responsibility *(continued)*

Choppies donates wheelchairs to the Office of the President

Handing over food hampers to the needy

The Group was the main sponsor of the My Star Talent Show, which showcases and promotes local talent in Botswana. Choppies was an associate sponsor of the Kabelano Charity Cup, which is an annual soccer event intended to provide a vehicle for the country's budding footballers to put their talents on display. Other noteworthy social responsibility activities include:

- Donation of wheelchairs to the Office of the President
- Provided a bursary for a selected Sans student to undertake studies at the Sans Research Centre, part of the University of Botswana.

The group built and handed over 26 houses towards the Presidential Housing Appeal.

Donations

In the year ended 30 June 2013, the company paid donations amounting to **P2,842,077.** The directors seek ratification of these donations by a resolution of the shareholders at the annual general meeting.

Choppies employees visiting patients at a hospital in Botswana

Choppies employees entertaining school children

OUR GREATER TEAM

Corporate governance

The main board, audit and remuneration committees are constituted in terms of best corporate governance practice, with non executive and independent board members appointed to chair each committee.

Note: Our independent non executive director Mr. Timothy Gordon Marsland resigned from the board on the 24th September 2013. A replacement to the Board will be made in due course.

We acknowledge the contribution from Mr. Marsland over the years of service to Choppies Enterprises Limited and wish him all the success in his future endeavours.

The board is still well-balanced with two executive directors, two non executive independent directors and one independent chairman.

The recently commenced Rustenburg warehouse facility.

CHOPPIES ENTERPRISES LIMITED

The following table outlines the composition of the various boards and the meetings held throughout the year.

Directors' attendance at Board and committee meetings during the financial year ended 30 June 2013

Board	**Date of Meeting**							
	September 27, 2012		**February 19, 2013**		**March 19, 2013**		**June 18, 2013**	
	Present	Absent	Present	Absent	Present	Absent	Present	Absent
H.E Festus G Mogae	-	✓	-	✓	✓	-	✓	-
Mr.Timothy Gordon Marsland *	✓	-	-	✓	✓	-	✓	-
Mr.Robert Neil Matthews	✓	-	✓	-	✓	-	✓	-
Mrs.Dorcas Kgosietsile	✓	-	✓	-	✓	-	✓	-
Mr.Farouk Ismail	✓	-	✓	-	✓	-	✓	-
Mr.Ramachandran Ottapathu	✓	-	✓	-	✓	-	✓	-

Audit Committee	**Date of Meeting**					
	September 20, 2012		**March 12, 2013**		**May 31, 2013**	
	Present	Absent	Present	Absent	Present	Absent
Mr.Robert Neil Matthews	✓	-	✓	-	✓	-
Mrs.Dorcas Kgosietsile	✓	-	✓	-	✓	-
Mr.Ramachandran Ottapathu **	✓	-	✓	-	✓	-

Remuneration Committee	**Date of Meeting**			
	January 10, 2013		**March 12, 2013**	
	Present	Absent	Present	Absent
Mrs.Dorcas Kgosietsile	✓	-	✓	-
Mr.Timothy Gordon Marsland *	✓	-	✓	-
Mr.Ramachandran Ottapathu	✓	-	✓	-
Mr.Robert Neil Matthews **	✓	-	✓	-

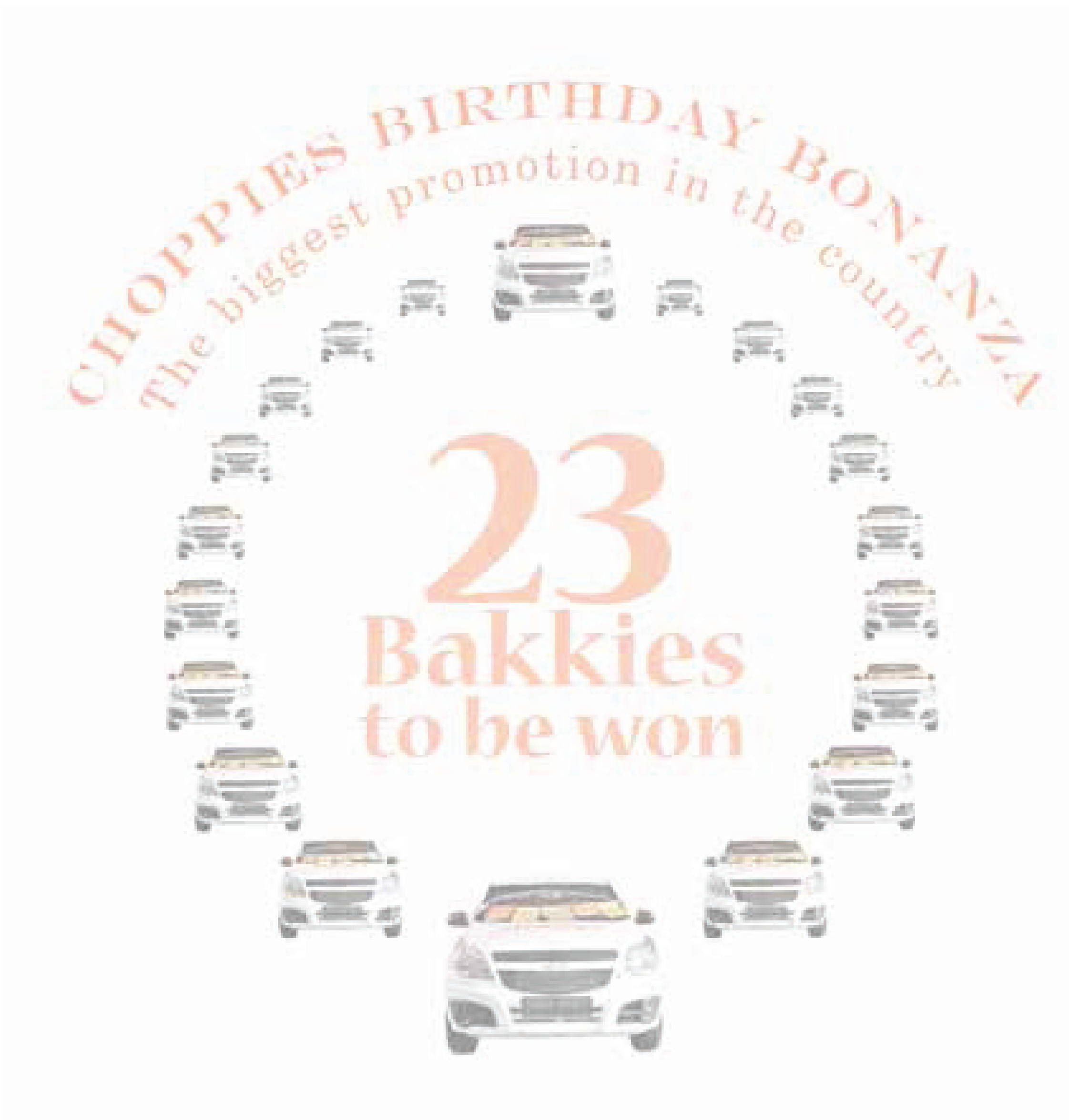
* Resigned on 24 September 2013

** Attendance by invitation

Directors remuneration paid during the year				
Directors	**Salary**	**Sitting Fees**	**Retainer Fee**	**Total**
H.E Festus G Mogae	573 508	75 000		648 508
Mr. Timothy Gordon Marsland	-	150 000	260 000	410 000
Mr. Robert Neil Matthews	-	200 000	220 000	420 000
Mrs. Dorcas Kgosietsile	-	250 000	120 000	370 000
Mr. Farouk Ismail	9 810 299	-	-	9 810 299
Mr. Ramachandran Ottapathu	10 934 036	-	-	10 934 036
Total	**21 317 843**	**675 000**	**600 000**	**22 592 843**

Value added statement

		2013			2012	
Particulars		**Amount**	**%**		**Amount**	**%**
Revenue (including other income)		4 045 215 333			3 313 654 444	
Less : Direct expenses		(3 521 601 556)			(2 899 862 279)	
Value added		**523 613 778**	100%		**413 792 165**	100%
Contribution to employees		237 090 630	45.28%		182 477 297	44.10%
Community investments		2 842 077	0.54%		4 014 245	0.97%
Providers of capital		61 338 403	11.71%		56 941 585	13.76%
Central and local governments		45 591 706	8.71%		27 954 224	6.76%
Re investment into the group						
- Depreciation	73 374 972			56 225 322		
- Profits ploughed back for the expansion	103 375 990			86 179 492		
		176 750 962	33.76%		142 404 814	34.41%
Value applied		**523 613 778**			**413 792 165**	



2013

Group
Annual Financial Statements

Choppies Enterprises Limited

Group annual financial statements
for the year ended 30 June 2013
(Company Reg. No: 2004/1681)

Choppies Enterprises Limited
Directors' report
for the year ended 30 June 2013

The directors have pleasure in presenting their report and the annual group and company financial statements of Choppies Enterprises Limited for the year ended 30 June 2013.

General information
Choppies Enterprises Limited is a company domiciled in the Republic of Botswana and listed on the Botswana Stock Exchange (BSE). The company Registration Number is 2004/1681.

Nature of business
The primary business of the group is concentrated in the retail supermarket industry. Choppies Enterprises Limited and its subsidiaries operate principally in Botswana and South Africa. Choppies Enterprises Limited operates as an investment holding company.

Financial position and results
The financial position and results for the year under review are reflected in these financial statements set out on pages 28 to 56.

Stated capital
There was no movement in the company's stated capital during the year (2012: 130 434 781 ordinary shares at a value of P138 072 116 were issued).

Preference shares
60 000 preference shares at a value of P105 were issued in the Group (2012: 550 000 preference shares at a value of P85 060 were issued). The total number of preference shares in issue at 30 June 2013 was 610 000 (2012: 550 000).

Dividends
A gross dividend of P43 143 909 was declared and paid during the current financial year (2012: Nil).

Events after reporting date
The acquisition of Mega Save (Pty) Ltd and Supa Save (Pty) Ltd for a consideration of P 42 374 270 was finalised and is effective from 01 July 2013.

Directors
His Excellency Festus Gontebanye Mogae
Farouk Essop Ismail
Ramachandran Ottappathu
Timothy Gordon Marsland
Dorcas Kgosietsile
Robert Neil Matthews

Secretary
Corporate Services (Pty) Ltd
P O Box 406
Kgale Mews, Gaborone
Botswana

Registered address
Unit 5, Plot 115
Kgale Mews, Gaborone
Botswana

Independent auditors
KPMG
Plot 67977, Off Tlokweng Road
Fairground Office Park
PO Box 1519
Gaborone
Botswana

Bankers
Barclays Bank of Botswana Limited
First National Bank Botswana Limited
Absa Bank South Africa Limited
Bank of Baroda (Botswana) Limited
Capital Bank Botswana Limited
Nedbank South Africa Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Standard Bank South Africa Limited
First National Bank (South Africa) Limited

Choppies Enterprises Limited
Directors' responsibility statement
for the year ended 30 June 2013

The directors are responsible for the preparation and fair presentation of the group annual financial statements and the annual financial statements of Choppies Enterprises Limited, comprising the statements of financial position at 30 June 2013 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards (IFRSs).

The directors are also responsible for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management. The directors believe that the reported position at 30 June 2013 is materially accurate.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the foreseeable future.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements of the company are fairly presented in accordance with the applicable financial reporting framework.

Approval of the group annual financial statements and annual financial statements of the company:

The group annual financial statements and annual financial statements of the company, as identified in the first paragraph, were approved by the directors on Wednesday 24 September 2013 and are signed on their behalf by:

KPMG

Chartered Accountants
Audit
Plot 67977, Off Tlokweng Road,
Fairground Park
PO Box 1519, Gaborone, Botswana

Telephone +267 391 2400
Fax +267 397 5281
Web http://www.kpmg.com/

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHOPPIES ENTERPRISES LIMITED

We have audited the accompanying consolidated annual financial statements and the annual financial statements of Choppies Enterprises Limited, which comprise the consolidated and separate statements of financial position at 30 June 2013, and the consolidated and separate statements of profit or loss and other 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 28 to 56.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment, 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 and fair presentation of the financial statements 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 consolidated and separate financial position of Choppies Enterprises Limited at 30 June 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG
Practicing member: Francois Roos
Membership number: 20010078.45

Date: 1 October 2013
Place: Gaborone

Choppies Enterprises Limited

Statements of profit or loss and other comprehensive income
for the year ended 30 June 2013

In Pula	*Notes*	Group 2013	Group 2012	Company 2013	Company 2012
Revenue		4 028 826 000	3 302 051 918	-	-
Dividend income		-	-	43 143 909	-
Cost of sales		(3 206 857 837)	(2 659 882 749)	-	-
Gross profit		821 968 163	642 169 169	43 143 909	-
Other income		6 270 715	8 368 412	-	-
Operating income		828 238 878	650 537 581	43 143 909	-
Expenditure		(628 051 397)	(482 696 394)	(187 083)	(1 627)
Administrative expenses		(489 706 550)	(366 351 519)	(187 083)	(1 627)
Selling and distribution expenses		(33 256 662)	(26 411 139)	-	-
Other operating expenses		(105 088 185)	(89 933 736)	-	-
Operating profit or loss before interest		200 187 481	167 841 187	42 956 826	(1 627)
Interest paid		(11 413 415)	(13 797 676)	-	-
Interest received		10 118 618	3 234 114	-	-
Profit or loss before taxation	*1*	198 892 684	157 277 625	42 956 826	(1 627)
Taxation	*2*	(45 591 706)	(27 954 224)	-	-
Profit or loss for the year		153 300 978	129 323 401	42 956 826	(1 627)
Items that will never be reclassified to profit or loss:					
Foreign currency translation differences from foreign operations		(3 526 014)	106 731	-	-
Profit or loss and total comprehensive income for the year		149 774 964	129 430 132	42 956 826	(1 627)
Profit or loss and total comprehensive income attributable to owners of the company		149 774 964	129 430 132	42 956 826	(1 627)
Earnings per share – Thebe Basic and diluted	*20*	13.06	11.72		
Dividend per share – Thebe	*20*	3.67	-		

Choppies Enterprises Limited

Statements of financial position at 30 June 2013

In Pula	*Notes*	Group 2013	Group 2012	Company 2013	Company 2012
Assets					
Non-current assets		683 270 752	610 879 548	325 840 529	325 839 029
Property, plant and equipment	*3*	346 611 836	274 581 060	-	-
Deferred taxation	*5*	14 108 564	11 259 455	-	-
Investment in subsidiaries	*19*	-	-	325 840 529	325 839 029
Investment in new projects	*4.2*	21 311 143	23 799 824	-	-
Goodwill	*6*	301 239 209	301 239 209	-	-
Current assets		623 265 136	474 231 485	136 330 955	136 515 484
Inventories	*7*	265 534 517	216 648 895	-	-
Investments	*4.1*	2 900	2 900	-	-
Advances and deposits	*8*	54 761 254	26 013 537	-	-
Trade and other receivables	*9*	51 606 163	28 160 756	-	64 860
Amounts due from related entities	*10.1*	4 521 641	5 335 849	136 129 285	136 346 831
Cash and cash equivalents	*12*	246 838 661	198 069 548	201 670	103 793
Total assets		1 306 535 888	1 085 111 033	462 171 484	462 354 513
Equity and liabilities					
Equity		738 600 846	631 969 686	448 586 803	448 773 886
Stated capital	*13.1*	421 474 313	421 474 313	421 474 313	421 474 313
Preference shares	*13.2*	85 165	85 060	-	-
Retained earnings		320 460 651	210 303 582	27 112 490	27 299 573
Foreign currency translation reserve		(3 419 283)	106 731	-	-
Non-current liabilities		80 641 928	93 839 198	-	-
Long term borrowings	*14*	60 381 063	77 272 897	-	-
Deferred lease liabilities	*15*	20 260 865	16 566 301	-	-
Current liabilities		487 293 114	359 302 149	13 584 681	13 580 627
Trade and other payables	*16*	373 993 018	290 904 824	57 015	53 061
Amounts due to related entities	*10.2*	33 486 110	2 564 684	13 527 666	13 527 566
Taxation payable		19 000 528	10 443 548	-	-
Current portion of deferred lease liabilities	*15*	2 850 369	1 866 609	-	-
Current portion of long term borrowings	*14*	26 254 446	34 122 420	-	-
Bank overdraft	*12*	31 708 643	19 400 064	-	-
Total equity and liabilities		1 306 535 888	1 085 111 033	462 171 484	462 354 513

Choppies Enterprises Limited

Statements of changes in equity for the year ended 30 June 2013

In Pula	Stated capital	Preference shares	Retained earnings	Foreign currency translation reserve	Total
Group					
Balance at 01 July 2011	283 402 197	-	80 980 181	-	364 382 378
Total comprehensive income for the year	-	-	129 323 401	106 731	129 430 132
Transactions with owners					
Issue of ordinary shares	138 072 116	-	-	-	138 072 116
Issue of preference shares	-	85 060	-	-	85 060
Balance at 30 June 2012	421 474 313	85 060	210 303 582	106 731	631 969 686
Total comprehensive income for the year	-	-	153 300 978	(3 526 014)	149 774 964
Transactions with owners					
Dividend declared	-	-	(43 143 909)	-	(43 143 909)
Issue of preference shares	-	105	-	-	105
Balance at 30 June 2013	**421 474 313**	**85 165**	**320 460 651**	**(3 419 283)**	**738 600 846**
Company					
Balance at 01 July 2011	283 402 197	-	27 301 200	-	310 703 397
Total comprehensive loss for the year	-	-	(1 627)	-	(1 627)
Transactions with owners					
Issue of ordinary shares	138 072 116	-	-	-	138 072 116
Balance at 30 June 2012	421 474 313	-	27 299 573	-	448 773 886
Total comprehensive income for the year	-	-	42 956 826	-	42 956 826
Transactions with owners					
Dividend declared	-	-	(43 143 909)	-	(43 143 909)
Balance at 30 June 2013	**421 474 313**	**-**	**27 112 490**	**-**	**448 586 803**

Choppies Enterprises Limited

Statements of cash flows for the year ended 30 June 2013

	Group		Company	
In Pula	2013	2012	2013	2012
Operating activities				
Profit/(loss) before taxation	198 892 684	157 277 625	42 956 826	(1 627)
Adjusted for:				
Depreciation	73 374 972	56 225 322	-	-
Interest paid	11 413 415	13 797 676	-	-
Interest received	(10 118 618)	(3 234 114)	-	-
Profit on disposal of plant and equipment	(3 205 710)	(4 382 285)	-	-
Increase in operating lease liabilities	4 678 324	3 012 883	-	-
Foreign currency translation (loss)/ gain	(3 526 014)	106 731	-	-
Fair value adjustment of quoted investment	-	(251)	-	-
Operating profit/(loss) before changes in working capital	271 509 053	222 803 587	42 956 826	(1 627)
Movement in trade and other receivables	(23 445 407)	1 374 949	64 860	(64 860)
Movement in balances with related entities	31 735 634	17 417 732	217 646	(139 743 754)
Movement in advances and deposits	(28 747 717)	(6 247 570)	-	-
Movement in trade and other payables	83 088 194	44 192 703	3 954	(956 411)
Movement in inventories	(48 885 622)	(46 734 117)	-	-
Operating profit/(loss) from normal activities	285 254 135	232 807 284	43 243 286	(140 766 652)
Taxation paid *(note 2.1)*	(39 883 835)	(41 880 691)	-	-
Interest received	10 118 618	3 234 114	-	-
Dividends paid	(43 143 909)	-	(43 143 909)	-
Net cash flows generated from/(used in) operating activities	**212 345 009**	**194 160 707**	**99 377**	**(140 766 652)**
Investing activities				
Acquisition of property, plant and equipment	(143 933 900)	(89 907 345)	-	-
Proceeds on disposal of property, plant and equipment	23 190 772	7 926 950	-	-
Investment in new projects	(18 968 229)	(22 315 783)	(1 500)	(400)
Net cash flow used in investing activities	**(139 711 357)**	**(104 296 178)**	**(1 500)**	**(400)**
Financing activities				
Financing obtained from third parties	24 386 241	30 626 130	-	-
Capital repayment of long term liabilities	(49 146 049)	(42 011 667)	-	-
Net proceeds from issue of ordinary shares	-	150 000 000	-	150 000 000
Share issue costs	-	(11 927 884)	-	(11 927 884)
Proceeds from issue of preference shares	105	85 060	-	-
Interest paid	(11 413 415)	(13 797 676)	-	-
Repayments to shareholders	-	(33 269 705)	-	-
Repayment from shareholders	-	1 289 184	-	2 796 365
Net cash flow (used in)/ generated from financing activities	**(36 173 118)**	**80 993 442**	**-**	**140 868 481**
Increase in cash and cash equivalents	36 460 534	170 857 971	97 877	101 429
Cash and cash equivalents at beginning of year	178 669 484	7 811 513	103 793	2 364
Cash and cash equivalents at end of year	**215 130 018**	**178 669 484**	**201 670**	**103 793**
Represented by:-				
Cash on hand	5 884 419	4 830 755	-	-
Cash at bank	240 954 242	193 238 793	201 670	103 793
Bank overdraft	(31 708 643)	(19 400 064)	-	-
	215 130 018	**178 669 484**	**201 670**	**103 793**

Choppies Enterprises Limited

Significant accounting policies for the year ended 30 June 2013

Choppies Enterprises Limited is a company domiciled in the Republic of Botswana and listed on the Botswana Stock Exchange. The company Registration Number is 2004/1681. The consolidated financial statements comprise the company and its subsidiaries (collectively referred to as the "Group"). These financial statements are the company and the Group's statutory financial statements.

Statement of compliance

The group and company financial statements ('the financial statements') are prepared in accordance with the International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial statements are presented in Botswana Pula, which is also the functional currency. The financial statements are prepared on the historical cost basis, except for financial instruments which are disclosed at fair value. The financial statements incorporate the following accounting policies which are consistent with those applied in the previous year. The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS's that have a significant effect on the financial statements and estimates with a significant risk of material adjustment relates to the evaluation of goodwill for possible impairment (per note 6), the evaluation of related party balances receivable for possible impairment (per note 10), the evaluation of investments in subsidiaries for possible impairment (per note 19), the evaluation of depreciation rates and residual values applied to property, plant and equipment items (per note 3), the evaluation of investments for possible impairment (per note 4), the evaluation of trade and other receivables balances for possible impairment (per notes 8 and 9), the calculation and accrual of income and deferred taxation (per notes 2 and 5) and the evaluation of inventory balances for possible impairment (per note 7).

Basis of consolidation

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Intra-group balances, and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment in value.

Depreciation

Depreciation is charged to the statements of comprehensive income on a straight-line basis over the estimated useful life of each part of property, plant and equipment. The items of property, plant and equipment are depreciated at the following annual rates except for freehold land:

1.	Leasehold improvements	Over the lease term
2.	Buildings	2.5%
3.	Plant and machinery	15 - 20%
4.	Computer equipment	25%
5.	Furniture and fittings	10%
6.	Motor vehicles	25%
7.	Aircraft	25%

Freehold land is not depreciated as it is considered to have an indefinite economic life.
The residual value of each part of property, plant and equipment, if not insignificant, is reassessed annually. The useful lives of property, plant and equipment are reassessed annually.
Each part of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Property, plant and equipment (continued)

Gains and losses on disposal are determined by comparing proceeds with the carrying amounts and included in the profit or loss.

Repairs and maintenance costs are recognised to the statements of comprehensive income during the financial period in which these costs are incurred. The cost of a major renovation is included in the carrying amount of the related asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of the financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.
Significant financial assets are assessed for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of the impairment loss is recognised in the profit or loss.

Non-financial assets

The carrying values of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. Impairment losses are recognised in the profit or loss. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in the prior periods are assessed at each reporting date for any indication that these losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment was recognised.

Leases

A lease is classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance Leases

Finance leases are recognised as liabilities in the statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in the profit or loss as an integral part of the total lease expense.

Recognition and de-recognition of assets and liabilities

The Group recognises an asset when it obtains control of a resource as a result of past events and future economic benefits are expected to flow to the Group. A financial asset is derecognised when the Group loses control over the contractual rights that comprise the asset and consequently transfers the substantive risks and benefits associated with the asset. A financial liability is derecognised when it is legally extinguished.

Goodwill

Goodwill represents amounts arising on acquisition of business units. The goodwill consists of the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to the individual cash-generating units and is tested annually for impairment. An impairment loss is recognised if the present value of the estimated future cash flows arising from the identified units is exceeded by the carrying amount of goodwill. An impairment loss is recognised in the profit or loss in the year in which it is identified.

Investments in subsidiaries

An investment in a subsidiary is recognised when the parent company is able to significantly influence or control the operations and financial performance of the entity in which it has an interest.
The investments in subsidiaries are carried at cost less any accumulated impairment losses.
The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred and equity instruments issued by the holding company, and
- any costs directly attributable to the purchase of the subsidiary.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.
The cost of inventories is based on the average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

Deferred taxation

Deferred taxation is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Taxation

Taxation comprises current and deferred taxation. Taxation is recognised in the profit or loss and other comprehensive income except to the extent that it relates to an item recognised directly in equity in which case the related taxation is also recognised in equity. Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, after taking account of income and expenditure which is not subject to taxation, and any adjustment to tax payable in respect of previous years.
Withholding tax of 7.50% is payable on the gross value of dividends.

Employee benefits

Short term employee benefits

Employee entitlements to annual leave, bonuses, medical aid, housing benefits and severance benefits are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by the employee up to the reporting date.

Severance benefits

Employees who are not members of an approved pension scheme or an in-service gratuity are entitled to severance benefits as regulated by the Botswana Employment Act. An accrual is recognised for the estimated liability for services rendered by employees up to the reporting date.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to approved defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered.

Revenue
Revenue is measured at the fair value of the consideration received or receivable for goods provided and services rendered in the normal course of business.
Revenue from the sale of goods is exclusive of value added tax and discounts granted and are recognised in the profit or loss when the following conditions have been satisfied:
- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is exclusive of value added tax and discounts granted and are recognised in the profit or loss when the following conditions have been satisfied:
- The amount of revenue can be measured reliably;
- The stage of completion of the transaction at the reporting date can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest received
Interest received is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest paid
Interest paid is recognised in the profit or loss in the period in which these expenses are incurred using the effective interest rate method.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) information for its ordinary shares. Basic EPS is calculated by dividing the profit or loss after taxation attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss after taxation attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which may comprise convertible notes and share options granted to employees.

Dividend per share
Dividend per share is calculated based on the dividends declared during the year compared to the number of ordinary shares in issue at the time of declaration.

Stated capital
Ordinary shares are classified as stated capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares
Preference shares are classified as equity if they are non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the company's shareholders. Preference shares are classified as a financial liability if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Dividend income
The Group recognises dividends when the Group's right to receive payment is established. This is on the 'last day to trade' for listed shares, and on the 'date of declaration' for unlisted shares.

Dividends paid
Dividends paid are recognised against equity in the period in which they are approved by the directors. Dividends declared after the reporting date are not recognised as a liability in the statements of financial position.

Segmental reporting

The Group discloses segmental financial information which is being used internally by the entity's Chief Operating Decision Maker (CODM) in order to assess performance and allocate resources. Operating segments are individual components of an entity that engage in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the entity's CODM and for which discrete financial information is available. Operating segments which display similar economic characteristics are aggregated for reporting purposes.

Foreign currency transactions

Transactions in foreign currencies

Transactions in foreign currencies are translated to Pula at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Pula at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at the monthly weighted average rate of exchange for the year. Profits or losses arising on the translation of assets and liabilities of foreign entities are recognised in other comprehensive income and presented within equity and shown separately in a foreign currency translation reserve.

Financial instruments

Financial assets

The principal financial assets comprise of the following:

Cash and cash equivalents

Bank balances and cash are defined as cash on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Quoted investments

Quoted equity securities are originally recognised at the fair value of consideration paid to acquire the securities. The equity securities are subsequently measured at their quoted price, which is derived from the stock exchange on which these securities are listed. Changes in the fair value of the investment are recognised in the profit or loss at each reporting date.

Trade and other receivables

Trade and other receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less impairment losses. Impairment losses are recognised in the profit or loss when collection of the full amount is no longer probable.

Amounts due from related entities

The amounts due from related parties are stated at original invoice amount less impairment losses. Impairment losses are recognised in the profit or loss when collection of the full amount is no longer probable.

Advances and deposits

Advances and deposits consist of balances paid to third parties either in advance or to comply with contractual requirements. These amounts are recognised at the original amounts paid. Impairment losses, based on the credit risk assessment of the parties to whom amounts have been advanced or with whom they have been deposited, are recognised in the profit or loss when it is probable that the full amount paid will not be recoverable.

Financial liabilities

The principal financial liabilities comprise of the following:

Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30 to 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised at cost, being the fair value of the consideration received and include acquisition charges associated with the borrowing/loan. After initial recognition, all interest-bearing loans and borrowings, other than liabilities held for trading, are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement.

Financial instruments (*continued)*

Financial liabilities (continued)

For liabilities carried at amortised cost (which are not part of hedging relationship), any gain or loss is recognised in the profit or loss when the liability is derecognised or impaired, as well as through the amortisation process.

Amounts due to related entities

The amounts due to related parties are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments are included in the profit or loss in the period in which the change arises.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial guarantees

Financial guarantee contracts are accounted for as insurance contracts in terms of IFRS 4 Insurance Contracts and are measured initially at cost and thereafter in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

New standards and interpretations not yet effective

The following are new standards, amendments to standards and interpretations which are not yet effective for the year ended 30 June 2013 and have not been applied in preparing these financial statements:

IFRS 9 (2009) Financial Instruments: The standard introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard will be incorporated into the Group's 2016 financial statements.

IFRS 9 (2010) Financial Instruments: The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting. The standard will be incorporated into the Group's 2016 financial statements.

IFRS 10 Consolidated Financial Statements: The standard introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about the relevant activities are made,
- Assess whether the entity has power over the relevant activities by considering only the entity's substantive rights,
- Assess whether the entity is exposed to variability in returns, and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit.

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change. The standard will be incorporated into the Group's 2014 financial statements.

IFRS 11 Joint Arrangements: The standard will be applied retrospectively, subject to certain transitional provisions. The standard establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities. According to the standard, joint arrangements are divided into two types, each having its own accounting model:

- Joint operations whereby the jointly controlling parties, known as joint operators, have rights and obligations for the liabilities, relating to the arrangement, or
- Joint ventures whereby the jointly controlling parties, known as joint ventures, have rights to the net assets of the arrangement.

In terms of the standard, all joint ventures will have to be equity accounted. The standard, which becomes effective for the Group's 2014 financial statements, is not expected to have any impact on its financial statements.

New standards and interpretations not yet effective (continued)

IFRS 12 Disclosure of Interests in Other Entities: The standard combines the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities in a single standard. The required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The adoption of the new standard will increase the level of disclosure provided for an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard, which becomes effective for the Company's 2014 separate financial statements, will require additional disclosure with regards to its investments in other entities.

IFRS 13 Fair Value Measurement: The standard will be applied prospectively and comparatives will not be restated. The standard introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in the standard are as follows:

- Fair value is an exit price;
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics;
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants;
- Price is not adjusted for transaction costs;
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs; and
- The three-level fair value hierarchy is extended to all fair value measurements.

The adoption of the new standard will increase the level of disclosure provided for the Group's fair value measurements. This standard would be incorporated into the Group's 2014 financial statements, and will require additional disclosures with regards to models and fair value measurements of the Group's financial and non-financial assets and liabilities.

Amendments to IFRS 7 Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities: The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position; or are subject to enforceable master netting arrangements or similar agreements. The amendment, which becomes effective for the Group's 2014 financial statements, is not expected to have a significant impact on its financial statements.

Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities: The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendment, which becomes effective for the Group's 2014 financial statements, is not expected to have a significant impact on its financial statements.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: This interpretation sets out principles for the recognition of production stripping costs in the statement of financial position. The interpretation recognises that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalising such costs. The interpretation, which becomes effective for Group's 2014 financial statements, is not expected to have any impact on its financial statements.

IFRS 1 amendment Government Loans: The amendment addresses, how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance* in relation to accounting for government loans. The amendment, which becomes effective for the Group's 2014 financial statements, is not expected to have any impact on its financial statements.

New standards and interpretations not yet effective (continued)

Amendments to IAS 19 Employee Benefits: Defined benefit plans: This amendment requires actuarial gains and losses to be recognised immediately in other comprehensive income. The corridor method and the recognition of actuarial gains and losses in profit or loss are no longer permitted. Past service costs as well as gains and losses on curtailments/settlements are recognised in the statement of comprehensive income. Expected returns on plan assets are calculated based on the rates used to discount the defined benefit obligation. The definitions of short-term and other long-term employee benefits have been amended and the distinction between the two depends on when the entity expects the benefit to be settled. The amendment, which becomes effective for the Group's 2014 financial statements, is not expected to have any impact on its financial statements.

IAS 27 (2011) Separate Financial Statements: IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The standard will be incorporated into the Group's 2014 financial statements.

IAS 28 Investments in Associates and Joint Ventures (2011): IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. The amendments specify that IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest. The standard, which becomes effective for the Group's 2014 financial statements, is not expected to have any impact on its financial statements.

Notes to the financial statements for the year ended 30 June 2013

In Pula	Group		Company	
	2013	2012	2013	2012
1. Profit/(loss) before taxation				
The profit/(loss) before taxation is stated after taking into account the following:				
Movement in deferred lease liabilities	4 678 324	3 012 883	-	-
Depreciation	73 374 972	56 225 322	-	-
Audit fees	2 985 150	2 133 850	-	-
Rent expense – cash payments	78 575 286	50 977 295	-	-
Interest paid – borrowings	9 976 824	12 288 160	-	-
Interest paid - bank overdraft	1 436 591	1 509 516	-	-
Interest received - fixed deposits	(10 118 618)	(3 234 114)	-	-
Donations	2 842 077	2 754 092	-	-
Salaries and wages	203 815 000	151 786 770	-	-
Pension fund contributions	1 210 048	1 060 321	-	-
Profit on disposal of property, plant and equipment	(3 205 710)	(4 382 285)	-	-
Training levy	8 970 094	7 550 778	-	-
Directors' remuneration	22 592 843	21 965 050	-	-
2. Taxation				
Basic company taxation	47 952 242	36 763 157	-	-
Prior year under provision of company taxation	488 573	2 993 537	-	-
Deferred taxation movement	(2 849 109)	(11 802 470)	-	-
Taxation per statements of comprehensive income	45 591 706	27 954 224	-	-
Tax losses available for set off against future taxable income are as follows:				
Unutilised tax losses	88 587 826	62 640 574	-	-
Tax losses include:				
- P46 147 826 (2012: P24 190 539) for the subsidiaries in Botswana and				
- P42 440 000 (2012: P38 450 035) for the subsidiary in South Africa.				
Tax losses in Botswana fall away after five years if not utilised.				
Tax losses are analysed as follows:				
- 2008	-	607 638	-	-
- 2009	8 440 474	8 440 474	-	-
- 2010	15 948 622	15 948 622	-	-
- 2011	16 741 101	16 741 101	-	-
- 2012	20 902 739	20 902 739	-	-
- 2013	28 684 257	-	-	-
- Effect of movements in exchange rates	(2 129 367)	-	-	-
Total	88 587 826	62 640 574	-	-

Reconciliation of effective tax rates:

Group	2013	2013	2012	2012
Profit before taxation		198 892 684		157 277 625
Normal income tax at statutory rate	22.00%	43 756 390	22.00%	34 601 078
Effect of tax rates in foreign jurisdictions	0.44%	885 066	0.57%	893 344
Non-deductable expenses	0.23%	461 677	0.81%	1 268 735
Recognition of previously unrecognised tax losses	-	-	(2.86%)	(4 491 887)
Change in recognised deductible temporary differences	-	-	(4.65%)	(7 310 583)
Under provision of taxation	0.25%	488 573	1.90%	2 993 537
Taxation per statements of comprehensive income	22.92%	45 591 706	17.77%	27 954 224
Company				
Profit/(loss) before taxation		42 956 826		(1 627)
Normal income tax at statutory rate	22.00%	9 450 502	22.00%	(358)
Increment of tax losses	(0.10%)	(41 158)	(22.00%)	358
Non-taxable income	(21.90%)	(9 409 344)	-	-
Taxation per statements of profit or loss and other comprehensive income	-	-	-	-

2.1 Taxation paid

Group

	2013	2012
Taxation payable is reconciled as follows:		
Opening balance	10 443 548	12 567 545
Basic company taxation	47 952 242	36 763 157
Prior year under provision of company taxation	488 573	2 993 537
Taxation payments made	(39 883 835)	(41 880 691)
Closing balance	19 000 528	10 443 548

3. Property, plant and equipment

Group

2013

In Pula

Cost	**At beginning of year**	**Additions**	**Disposals**	**At end of year**
Buildings	37 906 588	8 890 909	(20 600 540)	26 196 957
Plant and machinery	186 667 947	90 855 668	(349 988)	277 173 627
Computer equipment	15 846 221	8 702 538	-	24 548 759
Office equipment	3 947 574	-	-	3 947 574
Furniture and fittings	76 534 552	26 139 480	(21 250)	102 652 782
Aircraft	23 940 332	-	-	23 940 332
Motor vehicles	128 798 133	30 802 215	(6 788 424)	152 811 924
	473 641 347	165 390 810	(27 760 202)	611 271 955
Accumulated depreciation	**At beginning of year**	**Charge for the year**	**Disposals**	**At end of year**
Buildings	2 552 349	88 441	(2 136 227)	504 563
Plant and machinery	84 227 148	30 543 306	(207 957)	114 562 497
Computer equipment	11 895 566	2 714 201	-	14 609 767
Office equipment	1 340 134	168 419	-	1 508 553
Furniture and fittings	29 032 339	8 317 559	(10 671)	37 339 227
Aircraft	16 277 787	5 268 512	-	21 546 299
Motor vehicles	53 734 964	26 274 534	(5 420 285)	74 589 213
	199 060 287	73 374 972	(7 775 140)	264 660 119
Net book value	**274 581 060**			**346 611 836**

Group

2012

Cost	**At beginning of year**	**Additions**	**Disposal**	**At end of year**
Land and buildings	35 648 931	2 357 657	(100 000)	37 906 588
Plant and machinery	138 675 261	49 459 050	(1 466 364)	186 667 947
Computer equipment	12 511 503	3 467 358	(132 640)	15 846 221
Office equipment	3 947 574	-	-	3 947 574
Furniture and fittings	59 382 774	17 630 991	(479 213)	76 534 552
Aircraft	23 940 332	-	-	23 940 332
Motor vehicles	105 790 997	37 010 790	(14 003 654)	128 798 133
	379 897 372	109 925 846	(16 181 871)	473 641 347
Accumulated depreciation	**At beginning of year**	**Charge for the year**	**Disposals**	**At end of year**
Land and buildings	1 921 156	631 193	-	2 552 349
Plant and machinery	66 876 124	18 571 008	(1 219 984)	84 227 148
Computer equipment	10 268 364	1 759 842	(132 640)	11 895 566
Office equipment	1 292 588	47 546	-	1 340 134
Furniture and fittings	22 764 854	6 297 219	(29 734)	29 032 339
Aircraft	10 891 212	5 386 575	-	16 277 787
Motor vehicles	41 457 873	23 531 939	(11 254 848)	53 734 964
	155 472 171	56 225 322	(12 637 206)	199 060 287
Net book value	**224 425 201**			**274 581 060**

Motor vehicles with a net book value of P53 869 718 (2012: P73 133 027) and plant and machinery with a net book value of P2 603 116 (2012: P6 259 691) are encumbered under finance leases with various financial institutions as per note 14.

Land and buildings held by the group in the prior year were disposed during the current financial year (except for lease improvements) and consisted of the following:

— Lease Area 1934-KO, on Lot 38805 in the Gaborone Administrative District, freehold measuring 523 square metres, held under notarial deed of lease No MA 312/2004 commencing 7th October 2004;

— Plot 213, Maun;

— Section 9, Door number 009, Elsienora;

— Lot 1110 Lobatse, measuring 312 square metres held under certificate of registered state title No.334/78 and deed of fixed period state grant no: 671/80 for a period of fifty years commencing 26 January 2009;

— Lot 17488, Gaborone, measuring 300 square metres held under state grant No.462/96 for fifty years commencing 21 June 1996;

— Lot 17489, Gaborone, measuring 300 square metres held under state grant No.335/85 for fifty years commencing 03 June 1985;

— ERF 461 Koster Township, South Africa, registration division, J.P. Province of North-West, freehold measuring 1 139 square metres first transferred by deed of transfer no. T.005874/1915 and held by deed of transfer no. T.099444/2007 commencing on 13 February 2009;

— ERF 462 Koster Township, South Africa, registration division, J.P. Province of North-West, freehold measuring 1 118 square metres first transferred by deed of transfer no. T.005874/1915 and held by deed of transfer no. T.099443/2007 commencing on 13 February 2009;

— ERF 880 Koster Township, South Africa, registration division, J.P. Province of North-West, freehold measuring 2 659 square metres first registered by Certificate of Consolidated Title T115447/2002 with diagram S.G No. 334/2002 relating thereto and held by deed of transfer T99461/2004 commencing on 13 February 2009;

— ERF 676 Rodeon Township, South Africa, registration division, J.P. Province of North-West, freehold measuring 1 664 square metres first registered by Certificate of Consolidated Title T28310/1999 with diagram S.G No. 12323/06 relating thereto and held by deed of transfer T154001/2004 commencing on 23 July 2008;

— ERF 229 Northam Extension 2 Township, South Africa, registration division, K.Q. Province of Limpopo, freehold measuring 1 311 square metres first transferred by deed of transfer T52112/1983 with general plan L.G. A4257/1979 relating thereto and held by deed of transfer T142022/2001 commencing on 10 February 2009;

— ERF 230 Northam Extension 2 Township, South Africa, registration division, K.Q. Province of Limpopo, freehold measuring 1 095 square metres first transferred by deed of transfer T16327/1984 with general plan L.G. A4257/1979 relating thereto and held by deed of transfer T99122/1996 commencing on 10 February 2009; and

— Portion 12 (A portion of portion 4) of the farm Leeuwkopje number 415, registration division K.Q. Province of Limpopo, freehold measuring 4 283 square metres first transferred by deed of grant 18/1935 with diagram annexed thereto and held by deed of transfer T30426/2002 commencing on 10 February 2009.

All properties were encumbered as per note 14.

	In Pula	Group	
4.	**Investments**	**2013**	**2012**
4.1	***Financial investments***		
	Investment in shares – listed	2 900	2 900

The investment consists of 1 000 shares in First National Bank Botswana Limited. The quoted price at 30 June 2013 was P3.65 (2012: P2.90 per share). No fair value adjustment was processed in the current year.

		Group	
4.2	***Investments in new projects***	**2013**	**2012**
	Investments in new projects is reconciled as follows:		
	Opening balance	23 799 824	21 502 542
	Amounts reclassified during the year	(21 456 910)	(20 018 501)
	Capital advanced for the year	18 968 229	22 315 783
	Closing balance	21 311 143	23 799 824

These amounts relate to capital expenditure incurred with regards to new stores to be opened in the following financial year.

In Pula

		Group	
5.	**Deferred taxation**	**2013**	**2012**
	Deferred taxation is reconciled as follows:		
	Opening balance	11 259 455	(543 015)
	Movement for the year – statements of comprehensive income	2 849 109	11 802 470
	Closing balance	14 108 564	11 259 455
	Comprising of the following temporary differences:		
	Tax losses carried forward	21 307 255	16 087 928
	Accelerated capital allowances on items of property, plant and equipment	(11 720 139)	(9 203 526)
	Unrealised foreign exchange loss	(33 644)	-
	Deferred lease liabilities	4 555 092	4 375 053
		14 108 564	11 259 455

		Group	
6.	**Goodwill**	**2013**	**2012**
	On acquisition of business units	301 239 209	301 239 209

The goodwill arose on acquisition of business operations' net assets. The goodwill was recognised with reference to the consideration paid and the fair values of these entities' net assets. The valuation of goodwill at year end was determined by comparing the present value of estimated incremental future cash flows against the carrying amount. This was based on five year cash flow projections on the most recent budgets approved by management and extrapolations of cash flow. The growth rates incorporated in the projections do not exceed the average long term growth rates for the market.

The following assumptions were applied in the evaluation of goodwill:

		Group	
		2013	**2012**
Discount rate	(%)	16.3	16.3
Average sales growth rate per year:			
In Botswana	(%)	4 – 15	4 – 15
In South Africa	(%)	8 – 60	8 – 60
Terminal value growth rate	(%)	4	4

		Group	
7.	**Inventories**	**2013**	**2012**
	Finished goods	263 679 012	213 985 914
	Goods in transit	1 855 505	2 662 981
		265 534 517	216 648 895

Due to the fast moving nature of the inventories, no impairment allowance was recognised (2012: PNil). The average inventory turnover days for the Group is 27 days (2012: 30 days). Inventories of P47 197 067 (2012: P38 109 924) are encumbered under the BIFM Promissory Note as per note 14.

		Group	
		2013	**2012**
8.	**Advances and deposits**		
	Deposits	1 778 949	1 472 469
	Prepayments	45 192 781	18 237 306
	Rent advances	5 621 699	4 628 542
	Salary advances	2 076 125	1 584 689
	Other advances	91 700	90 531
		54 761 254	26 013 537

In Pula

		Group		Company	
		2013	2012	2013	2012
9.	**Trade and other receivables**				
	Trade receivables	18 088 033	16 788 013	-	-
	Other receivables	33 518 130	11 372 743	-	64 860
		51 606 163	28 160 756	-	64 860

Trade and other receivables of P17 574 335 (2012: P14 327 734) are encumbered as per note 14.
Trade receivables of P3 141 956 (2012: P3 125 070 are guaranteed by the Group's executive directors.

10. Related party balances

Related party transactions consist of amounts due to and from entities under common ownership or control of directors and shareholders. The directors confirm that transactions with related parties are carried out at arm's length basis at prevailing market related prices and rates in the normal course of business.

Balances with related parties for the company and group are disclosed by nature below.

10.1 *Amounts due from related entities*

The following amounts were due from entities which are considered related parties through common ownership and were excluded from being consolidated into the Choppies Enterprises Limited Group:

	Group		Company	
	2013	2012	2013	2012
Amounts due from related entities	4 521 641	5 335 849	136 129 285	136 346 831

These balances are unsecured, interest free and are repayable under normal trading terms.

10.2 *Amounts due to related entities*

The following amounts were due to entities which are considered related parties through common ownership and were excluded from being consolidated into the Choppies Enterprises Limited Group:

	Group		Company	
	2013	2012	2013	2012
Amounts due to related entities	33 486 110	2 564 684	13 527 666	13 527 566

These balances are mainly trading related, are at arm's length and are unsecured and interest free and are payable under normal trading terms. Refer to note 23 for the details of related party balances and transactions.

11. Amounts paid to key personnel

Key personnel comprise of executive directors who are involved in the day to day operations of the Group.

Amounts paid to key personnel during the year as short term employee benefits/remuneration for services rendered were P22 592 843 (2012: P21 965 050). This consisted of P20 744 335 (2012: P21 029 658) for executive directors and P1 848 508 (2012: P935 392) for non-executive directors.

		Group		Company	
12.	**Cash and cash equivalents**	2013	2012	2013	2012
	Cash on hand	5 884 419	4 830 755	-	-
	Cash at bank	240 954 242	193 238 793	201 670	103 793
		246 838 661	198 069 548	201 670	103 793
	Bank overdraft	(31 708 643)	(19 400 064)	-	-
	Total	215 130 018	178 669 484	201 670	103 793

The Group has the following banking facilities:

- P23 000 000 overdraft facility from Barclays Bank of Botswana Limited secured by a cross company guarantee of P27 000 000 issued by Choppies Enterprises Limited and its subsidiaries and a deed of hypothecation in favour of Barclays Bank of Botswana Limited over all movable assets limited to P27 000 000 issued by Choppies Enterprises Limited and its subsidiaries. At the reporting date P21 833 197 (2012: P19 400 064) of this facility was utilised.
- P10 000 000 overdraft facility from Standard Chartered Bank Botswana Limited secured by a cross guarantee of P34 411 200 issued by Choppies Enterprises Limited and executive directors. At the reporting date P9 875 446 (2012: P Nil) of this facility was utilised.
- P100 000 000 term loan facility from Botswana Investment Fund Management Capital (Bifm). At the reporting date P35 000 000 (2012: P35 000 000) of this facility was utilised. Refer note 14 for security details.
- USD100 000 000 term loan facility is being considered by the Group. This facility has been agreed in principle and not yet signed at the reporting date.

The banking facilities have been granted to Choppies Distribution Centre (Proprietary) Limited, a wholly owned subsidiary of Choppies Enterprises Limited, and have been allocated within the group as required. The facilities are thus reflected in both the financial statements of the individual subsidiaries and in the consolidated group financial statements.

In Pula

		Group		Company	
		2013	2012	2013	2012
13.	**Stated capital and preference shares**				
13.1	***Stated capital***				
	1 174 207 583 (2012: 1 174 207 583) authorised and issued ordinary shares at no par value	421 474 313	421 474 313	421 474 313	421 474 313

The holders of issued shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank pari passu with regards to the company's residual assets.

	Group		Company	
Reconciliation of the stated capital:	**Shares**	**Value**	**Shares**	**Value**
2013				
Opening and closing balance	1 174 207 583	421 474 313	1 174 207 583	421 474 313
2012				
Opening balance at 01 July 2011	1 043 772 802	283 402 197	1 043 772 802	283 402 197
Movements during the year	130 434 781	138 072 116	130 434 781	138 072 116
Issued ordinary shares	304 347 826	350 000 000	304 347 826	350 000 000
Repayment of existing shareholders	(173 913 045)	(200 000 000)	(173 913 045)	(200 000 000)
Capitalised prelisting expenses	-	(11 927 884)	-	(11 927 884)
Closing balance at 30 June 2012	1 174 207 583	421 474 313	1 174 207 583	421 474 313

In prior year, the company issued 260 869 565 shares through a private placement at a price of P1.15 each, and a public offer for a subscription of 43 478 261 shares at a price of P1.15 each. The company was subsequently listed on Botswana Stock Exchange on 26 January 2012. A payment to existing shareholders of P200 000 000 (173 913 045 ordinary shares) was made.

		2013	2012	2013	2012
13.2	***Preference shares***				
	610 000 (2012: 550 000) preference shares at no par value	85 165	85 060	-	-

These shares are redeemable at the sole option of the various subsidiaries. These preference shares do not carry (i) any voting rights and/or (ii) any rights to any distribution of capital or income other than limited profit participation. The profit participation is limited to 5% of profit after taxation (annually) depending on budgeted targets agreed with preference shareholders. No dividends were declared or paid to preference share holders during the current or previous financial year.

	Group 2013		Group 2012	
Reconciliation of the preference shares:	**Shares**	**Value**	**Shares**	**Value**
Preference shares at beginning of year	550 000	85 060	-	-
Preference shares issued during the year	60 000	105	85 060	85 060
Effect of the share consolidation during the year	-	-	(67 500)	-
Effect of the rights issue during the year	-	-	532 440	-
Preference shares at end of year	610 000	85 165	550 000	85 060

13.3 ***Capital management***

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, redeemable preference shares and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary and preference share shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the year.

		Group	
		2013	2012
14.	**Long term borrowings**		
	Bank of Baroda Botswana Limited	488 379	2 940 171
	Bank Gaborone Limited	3 653 414	8 046 509
	Botswana Investment Fund Management Capital (Bifm)	35 000 000	35 000 000
	Botswana Power Corporation	72 809	297 128
	First National Bank of Botswana Limited	-	1 869 311
	National Development Bank	-	1 497 221
	Nedbank South Africa Limited	-	179 537
	Scania Finance Southern Africa	46 008 431	50 833 311
	Standard Bank South Africa	139 594	8 471 034
	Wesbank Botswana Limited	1 272 882	2 261 095
		86 635 509	111 395 317
	Less : Current portion transferred to current liabilities	(26 254 446)	(34 122 420)
		60 381 063	77 272 897

14. Long term borrowings (continued)

The group's borrowings are secured as follows :

Bank of Baroda Botswana Limited
Finance lease liabilities:
Finance lease liabilities are secured over motor vehicles with a net book value of P461 611 (2012: P3 157 777). These liabilities bear interest at the Botswana prime lending rate less 1% per annum and are repayable in 36 monthly instalments.

Botswana Investment Fund Management Capital ("Bifm")
Promissory Notes:
Bifm subscribed to two (2) Promissory Notes, A & B issued by Winforever Investments (Proprietary) Limited (the holding company of the Choppies Group of Companies which legally changed its registered name to Choppies Enterprises Limited). Funds were disbursed for use by its wholly owned subsidiary, Choppies Distribution Centre (Proprietary) Limited ("CDC").
Promissory Note A:
The Note bears interest at a fixed rate of 12% per annum commencing at 12 December 2007 and is redeemable on 31 December 2015 for P15 million.
Promissory Note B:
The Note bears interest at a fixed rate of 12% per annum commencing at 12 December 2007 and is redeemable on 31 December 2017 for P20 million.
Securities:
- Principal shareholders' guarantees and pledge;
- Issuer deed of subordination, deed of cession and pledge;
- CDC guarantee, deed of hypothecation and deed of subordination;
- Insurance cover in respect of furniture and fittings; and
- CDC deed of hypothecation over trade and other receivables and inventory.

Bank Gaborone Limited
Finance lease liabilities:
-unlimited surety by Ramachandran Ottappathu, a director and shareholder in Choppies Enterprises Limited; and
-unlimited surety by Farouk Essop Ismail, a director and shareholder in Choppies Enterprises Limited.
These liabilities bear interest at the Botswana prime lending rate per annum and are repayable in 48 monthly instalments.

First National Bank of Botswana Limited
The facility did consist of a term loan of P2 200 000 secured by a first covering Mortgage Bond for P2 400 000 over Lease Area No 1934 - KO, a portion of Lot 38805, Gaborone and Lot 1110, Lobatse. The properties were owned by Choppies Distribution Centre (Proprietary) Limited, a wholly owned subsidiary of Choppies Enterprises Limited.
The loan was repaid in full during the year and did bear interest at the Botswana prime lending rate. The property was disposed during the year.

Nedbank South Africa Limited
Consisted of a mortgage loan secured by a mortgage bond over a property for the sum of R262 500 commencing on 1 January 2002 and concluding on 31 December 2021. The loan was repaid in full during the year and did bear interest at 10.10% per annum. The property was disposed during the year.

Scania Finance Southern Africa
Finance lease liabilities:
These lease liabilities are secured over motor vehicles with a net book value of P52 169 950 (2012: P65 487 215) and plant and equipment with a net book value of P2 603 116 (2012: P6 259 691). These liabilities bear interest at the South African prime lending rate less 2% per annum and are repayable in 48 monthly instalments.

Wesbank Botswana Limited
Finance lease liabilities:
These lease liabilities are secured over motor vehicles with a net book value of P1 107 196 (2012: P2 407 877). These liabilities bear interest at the Botswana prime lending rate less 2% per annum and are repayable in 36 monthly instalments.

Botswana Power Corporation
This balance is unsecured and bears interest at the Botswana prime lending rate less 0.25%, being repayable in 60 equal monthly instalments of P34 232 each, commencing 26 March 2010.

National Development Bank
The loan was repaid in full during the year and did bear interest at a fixed rate of 15% per annum repayable over 144 equal monthly instalments of P40 523 commencing 30 August 2006.

Standard Bank South Africa
Term loan:
The term loan was repaid in full during the year and did bear interest at the South African prime lending rate.
Finance lease liability:
The finance lease liability is secured over a motor vehicle with a net book value P130 961 (2012: P2 080 158). This liability bears interest at the South African prime lending rate per annum and is repayable in 60 monthly instalments.

In Pula

		Group	
		2013	2012
15.	**Deferred lease liabilities**		
	Opening balance	18 432 910	15 420 027
	Charge for the year	4 678 324	3 012 883
	Closing balance	23 111 234	18 432 910
	The deferred operating lease liabilities reverse as follows:		
	Within 1 year	2 850 369	1 866 609
	2 - 5 years	14 744 279	10 241 067
	6 - 10 years	5 516 586	6 325 234
		23 111 234	18 432 910
	Current portion of deferred lease liabilities	2 850 369	1 866 609
	Non-current portion of deferred lease liabilities	20 260 865	16 566 301
		23 111 234	18 432 910
	At year end the following future non-cancellable minimum operational lease rentals for premises occupied by the Group are payable:		
	Within 1 year	77 596 875	47 131 313
	2 - 5 years	241 666 025	151 683 155
	6 - 10 years	87 492 571	54 366 690
		406 755 471	253 181 158

The Group has entered into various non-cancellable operating lease agreements in respect of rented premises. Leases are contracted for periods of up to 10 years, some with renewal options, and escalate at fixed percentages of 5% to 10% per annum. Rentals comprise minimum monthly payments.

		Group		Company	
16.	**Trade and other payables**	2013	2012	2013	2012
	Trade payables	350 330 114	273 378 048	-	-
	VAT payable	6 518 752	299 699	-	-
	Withholding tax payable	1 721 158	1 217 271	-	-
	Other payables	15 422 994	16 009 806	57 015	53 061
		373 993 018	290 904 824	57 015	53 061

17. Financial instruments

Transactions in financial instruments result in the Group assuming financial risks. These include market risk, credit risk, foreign currency risk and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment.

Interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investments, giving rise to price risk. Other than ensuring optimum money market rates for deposits, the Group does not make use of financial instruments to manage this risk.

The Group invests with reputable institutions and has obtained borrowings and overdraft facilities, which are subject to normal market interest rate risk. The effective annual interest rates on the Group's call deposits, long term borrowings and bank overdrafts at year-end were as follows:

	Group 2013	Group 2012
Botswana		
Wesbank Botswana Limited	Prime less 2%	Prime less 2%
Bank of Baroda (Botswana) Limited	Prime less 1%	Prime less 1%
Bank overdraft	7.50%	8.50%
First National Bank of Botswana Limited	-	Prime lending rate
Bank Gaborone Limited	Prime lending rate	Prime lending rate
Botswana Investment Fund Management Capital (Bifm)	12.00%	12.00%
Botswana Power Corporation	Prime less 0.25%	Prime less 0.25%
National Development Bank	-	15%
South Africa		
Standard Bank South Africa	-	Prime lending rate
Scania Finance Southern Africa	Prime less 2%	Prime less 2%
Nedbank South Africa Limited	-	10.10%

17. Financial instruments (continued)

Interest rate risk **(continued)**

Botswana	**Group 2013**	**Group 2012**
Call account denominated in Pula	4.00% to 6.00%	4.00% to 6.00%
Call account denominated in foreign currencies	3.00%	3.00%
Fixed deposits with banks	5.50% to 7.00%	7.00% to 11.50%

The following are the Pula equivalent of the balances susceptible to interest rate risk:

	Group	
In Pula	**2013**	**2012**
Long term borrowings	(86 635 509)	(111 395 317)
Bank overdraft	(31 708 643)	(19 400 064)
Call accounts denominated in Pula	25 838 851	1 145 913
Call accounts denominated in foreign currencies	5 280 271	484 123
Fixed deposits with banks	149 540 975	103 263 157

With average interest rates as noted, a decrease of 50 basis points in the interest rates during the reporting period would have increased/(decreased) the Group's profit before taxation as shown below:

	Group	
In Pula	**2013**	**2012**
Long term borrowings	433 178	556 977
Bank overdraft	158 543	97 000
Call accounts denominated in Pula	(129 194)	(5 730)
Call accounts denominated in foreign currencies	(26 401)	(2 421)
Fixed deposits with banks	(747 705)	(516 316)
Net (decrease)/increase in profit before taxation	(311 579)	129 510

An increase of 50 basis points in the interest rates would have had an equal but opposite effect on the Group's profit before taxation to the amounts shown above, on the basis that all other variables remain constant.

Credit risk
The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:
- amounts due from related entities,
- trade and other receivables,
- cash and cash equivalents, and
- advances and deposits.

The Group limits the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparties. The Group has no significant concentration of credit risk and exposure to third parties is monitored as part of the credit control process.

Reputable financial institutions are used for investing and cash handling purposes. All money market instruments and cash equivalents are placed with financial institutions registered in Botswana and South Africa. Banks in Botswana are not rated but each of the banks concerned are subsidiaries of major South African or United Kingdom registered institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is summarised as follows:

	Group		**Company**	
In Pula	**2013**	**2012**	**2013**	**2012**
Trade receivables	18 088 033	16 788 013	-	-
Other receivables	33 518 130	11 372 743	-	-
Advances and deposits	54 761 254	26 013 537	-	-
Amounts due from related entities	4 521 641	5 335 849	136 129 285	136 346 831
Bank balances	240 954 242	193 238 793	201 670	103 793
	351 843 300	252 748 935	136 330 955	136 450 624

17. Financial instruments (continued)

Credit risk (continued)

The ageing of trade receivables (Group) at the reporting date is analysed as follows:

In Pula	**Gross 2013**	**Gross 2012**
Not past due	8 671 319	4 454 318
Past due 1 - 30 days	3 444 983	4 511 538
Past due 31 - 120 days	5 971 731	7 822 157
	18 088 033	16 788 013

Trade receivables were evaluated for impairment at the reporting date. The majority of amounts outstanding are either with Government bodies or reputable trading entities. No impairment accrual was therefore recognised at the reporting date as probable future cash flows are estimated to cover the carrying amounts of outstanding balances.

Liquidity risk

The Group is exposed to daily operational payments and payment of trade payables and long term borrowings. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demand.

The following financial instruments are classified as non-derivative financial liabilities:

	Group		**Company**	
In Pula	**2013**	**2012**	**2013**	**2012**
Long term borrowings	86 635 509	111 395 317	-	-
Amounts due to related entities	33 486 110	2 564 684	13 527 666	13 527 566
Bank overdrafts	31 708 643	19 400 064	-	-
Trade payables	350 330 114	273 378 048	-	-
Other payables	15 422 994	16 009 806	57 015	53 061
	517 583 370	422 747 919	13 584 681	13 580 627

The following are the contractual maturities of the non-derivative financial liabilities, excluding estimated interest payments and the impact of netting agreements:

In Pula				
Group 2013	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**More than 1 year**
Long term borrowings	86 635 509	(86 635 509)	(26 254 446)	(60 381 063)
Amounts due to related entities	33 486 110	(33 486 110)	(33 486 110)	-
Bank overdrafts	31 708 643	(31 708 643)	(31 708 643)	-
Trade payables	350 330 114	(350 330 114)	(350 330 114)	-
Other payables	15 422 994	(15 422 994)	(15 422 994)	-
	517 583 370	(517 583 370)	(457 202 307)	(60 381 063)
Group 2012				
Long term borrowings	111 395 317	(111 395 317)	(34 122 420)	(77 272 897)
Amounts due to related entities	2 564 684	(2 564 684)	(2 564 684)	-
Bank overdrafts	19 400 064	(19 400 064)	(19 400 064)	-
Trade payables	273 378 048	(273 378 048)	(273 378 048)	-
Other payables	16 009 806	(16 009 806)	(16 009 806)	-
	422 747 919	(422 747 919)	(345 475 022)	(77 272 897)
Company 2013				
Amounts due to related entities	13 527 666	(13 527 666)	(13 527 666)	-
Other payables	57 015	(57 015)	(57 015)	-
	13 584 681	(13 584 681)	(13 584 681)	-
Company 2012				
Amounts due to related entities	13 527 566	(13 527 566)	(13 527 566)	-
Other payables	53 061	(53 061)	(53 061)	-
	13 580 627	(13 580 627)	(13 580 627)	-

17. Financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk for transactions which are denominated in currencies other than the Botswana Pula. These transactions mainly relate to the Group's distribution and retail trading business and its investment in foreign operations. These transactions are predominantly denominated in South African Rand, United States Dollar and British Pound Sterling.

Foreign currency risks that do not influence the Group's cash flows (i.e. the risks resulting from the translation of assets and liabilities of foreign operations in the group's reporting currency) are not hedged.

The Group's exposure to foreign currency risk based on notional amounts is analysed as follows:

Group	**Foreign currency amount**	**Pula equivalent**
2013		
South African Rand denominated assets - balances with banks	20 844 677	18 770 533
United States Dollar denominated assets - balances with banks	335 391	2 942 024
British Sterling denominated assets - balances with banks	150 789	2 004 945
South African Rand denominated liabilities	(218 391 067)	(196 660 123)
Net exposure		(172 942 621)

Group	**Foreign currency amount**	**Pula equivalent**
2012		
South African Rand denominated assets - balances with banks	28 883 824	27 534 627
United States Dollar denominated assets - balances with banks	398 353	3 146 548
British Sterling denominated assets - balances with banks	150 678	1 853 189
South African Rand denominated liabilities	(213 695 823)	(203 713 845)
Net exposure		(171 179 481)

Year end translation rates:	**2013**	**2012**
South African Rand exchange rate	1.1105	1.049
United States Dollar exchange rate	0.114	0.1266
British Pound Sterling exchange rate	0.0752	0.0813

A 10 percent strengthening of the Botswana Pula against the above-mentioned foreign currencies at year-end would have increased the Group's profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group **2013**	**Pula**
South African Rand denominated assets - balances with banks	(1 706 412)
United States Dollar denominated assets - balances with banks	(267 457)
British Pound Sterling denominated assets - balances with banks	(182 268)
South African Rand denominated liabilities	17 878 193
Net increase in profit before taxation	15 722 056

Group **2012**	**Pula**
South African Rand denominated assets - balances with banks	(2 503 148)
United States Dollar denominated assets - balances with banks	(286 050)
British Pound Sterling denominated assets - balances with banks	(168 472)
South African Rand denominated liabilities	18 519 441
Net increase in profit before taxation	15 561 771

A 10% weakening of the Botswana Pula against the above-mentioned currencies at year-end would have had an equal but opposite effect on the Group's profit before taxation to the amounts shown above.

Fair value hierarchy

The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs in determining these measurements:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

In Pula

17. Financial instruments (continued)

Analysis of the Group's assets and liabilities:

Group

		Financial assets and liabilities				Current/ non-current distinction	
2013	**Total**	**Financial assets designated at fair value**	**Loans and receivables**	**Financial assets/ liabilities at amortised costs**	**Other assets and liabilities**	**Current assets and liabilities**	**Non-current assets and liabilities**
Assets							
Property, plant and equipment	346 611 836	-	-	-	346 611 836	-	346 611 836
Deferred taxation	14 108 564	-	-	-	14 108 564	-	14 108 564
Goodwill	301 239 209	-	-	-	301 239 209	-	301 239 209
Inventories	265 534 517	-	-	-	265 534 517	265 534 517	-
Investments	21 314 043	2 900	-	-	21 311 143	2 900	21 311 143
Advances and deposits	54 761 254	-	54 761 254	-	-	54 761 254	-
Trade and other receivables	51 606 163	-	51 606 163	-	-	51 606 163	-
Amounts due from related entities	4 521 641	-	4 521 641	-	-	4 521 641	-
Cash and cash equivalents	246 838 661	-	246 838 661	-	-	246 838 661	-
Total	**1 306 535 888**	**2 900**	**357 727 719**	**-**	**948 805 269**	**623 265 136**	**683 270 752**
Liabilities							
Long term borrowings	86 635 509	-	-	86 635 509	-	26 254 446	60 381 063
Trade and other payables	373 993 018	-	-	373 993 018	-	373 993 018	-
Amounts due to related parties	33 486 110	-	-	33 486 110	-	33 486 110	-
Taxation payable	19 000 528	-	-	-	19 000 528	19 000 528	-
Deferred lease liabilities	23 111 234	-	-	-	23 111 234	2 850 369	20 260 865
Bank overdraft	31 708 643	-	-	31 708 643	-	31 708 643	-
Total	**567 935 042**	**-**	**-**	**525 823 280**	**42 111 762**	**487 293 114**	**80 641 928**

		Financial assets and liabilities				Current/ non-current distinction	
2012	**Total**	**Financial assets designated at fair value**	**Loans and receivables**	**Financial assets/ liabilities at amortised costs**	**Other assets and liabilities**	**Current assets and liabilities**	**Non-current assets and liabilities**
Assets							
Property, plant and equipment	274 581 060	-	-	-	274 581 060	-	274 581 060
Deferred taxation	11 259 455	-	-	-	11 259 455	-	11 259 455
Goodwill	301 239 209	-	-	-	301 239 209	-	301 239 209
Inventories	216 648 895	-	-	-	216 648 895	216 648 895	-
Investments	23 802 724	2 900	-	-	23 799 824	2 900	23 799 824
Advances and deposits	26 013 537	-	26 013 537	-	-	26 013 537	-
Trade and other receivables	28 160 756	-	28 160 756	-	-	28 160 756	-
Amounts due from related entities	5 335 849	-	5 335 849	-	-	5 335 849	-
Cash and cash equivalents	198 069 548	-	198 069 548	-	-	198 069 548	-
Total	**1 085 111 033**	**2 900**	**257 579 690**	**-**	**827 528 443**	**474 231 485**	**610 879 548**
Liabilities							
Long term borrowings	111 395 317	-	-	111 395 317	-	34 122 420	77 272 897
Trade and other payables	290 904 824	-	-	290 904 824	-	290 904 824	-
Amounts due to related entities	2 564 684	-	-	2 564 684	-	2 564 684	-
Taxation payable	10 443 548	-	-	-	10 443 548	10 443 548	-
Deferred lease liabilities	18 432 910	-	-	-	18 432 910	1 866 609	16 566 301
Bank overdraft	19 400 064	-	-	19 400 064	-	19 400 064	-
Total	**453 141 347**	**-**	**-**	**424 264 889**	**28 876 458**	**359 302 149**	**93 839 198**

In Pula

17. Financial instruments (continued)

Company

	Total	Financial assets and liabilities: Financial assets designated at fair value	Loans and receivables	Financial assets/ liabilities at amortised costs	Other assets and liabilities	Current/ non-current distinction: Current assets and liabilities	Non-current assets and liabilities
2013							
Assets							
Investments in subsidiaries	325 840 529	-	-	-	325 840 529	-	325 840 529
Amounts due from related entities	136 129 285	-	136 129 285	-	-	136 129 285	-
Cash and cash equivalents	201 670	-	-	-	201 670	201 670	-
Total	**462 171 484**	**-**	**136 129 285**	**-**	**326 042 199**	**136 330 955**	**325 840 529**
Liabilities							
Other payables	57 015	-	-	57 015	-	57 015	-
Amounts due to related entities	13 527 666	-	-	13 527 666	-	13 527 666	-
Total	**13 584 681**	**-**	**-**	**13 584 681**	**-**	**13 584 681**	**-**
2012							
Assets							
Investments in subsidiaries	325 839 029	-	-	-	325 839 029	-	325 839 029
Amounts due from related entities	136 346 831	-	136 346 831	-	-	136 346 831	-
Amounts due from shareholders	64 860	-	64 860	-	-	64 860	-
Cash and cash equivalents	103 793	-	-	-	103 793	103 793	-
Total	**462 354 513**	**-**	**136 411 691**	**-**	**325 942 822**	**136 515 484**	**325 839 029**
Liabilities							
Other payables	53 061	-	-	53 061	-	53 061	-
Amounts due to related entities	13 527 566	-	-	13 527 566	-	13 527 566	-
Total	**13 580 627**	**-**	**-**	**13 580 627**	**-**	**13 580 627**	**-**

18. Contingent liabilities

The group had the following contingent liabilities at year-end:

Guarantees:

Choppies Enterprises Limited together with all its subsidiaries have provided a guarantee of P27 000 000 in favour of Barclays Bank of Botswana Limited in respect of an overdraft facility of P23 000 000 and a guarantee of P34 411 200 in favour of Standard Chartered Bank Botswana Limited in respect of an overdraft facility of P10 000 000.

Choppies Supermarkets SA (Pty) Ltd has the following guarantees with Standard Bank of South Africa:

Beneficiaries	Expiry Date	2013 Rand	2012 Rand	2013 Pula	2012 Pula
South African Revenue Service	01/01/2030	60 000	60 000	54 030	57 198
Parmalat SA (Pty) Ltd	01/01/2030	300 000	300 000	270 149	285 987
Unilever South Africa (Pty) Ltd	01/01/2030	500 000	500 000	450 248	476 644
Coca Cola Fortune (Pty) Ltd	01/01/2030	360 000	360 000	324 178	343 184
Tshwane Fresh Produce Market (Pty) Ltd	01/01/2030	500 000	-	450 248	-
		1 720 000	1 220 000	1 548 853	1 163 013

19. Investment in subsidiaries

Choppies Enterprises Limited held the following interests in the stated capital of subsidiaries consolidated into these financial statements. Voting rights attaching to the stated capital held by the company confer significant influence and control over these entities. The investments are measured at the cost of stated capital less impairment. The historical financial performance as well as the present value of reasonably estimable future cash flows and operating profits of these subsidiaries were considered when assessing each investment balance for impairment. Based on this evaluation, no impairment in these investments was recognised (2012: P Nil).

	2013		2012	
Name	**% Ownership**	**Carrying value of investment**	**% Ownership**	**Carrying value of investment**
Abbas Enterprises (Proprietary) Limited	100%	3 000	100%	3 000
Accrete Investments (Proprietary) Limited	100%	100	100%	100
Amphora (Proprietary) Limited	100%	100	100%	100
Asklite (Proprietary) Limited	100%	100	100%	100
Atladis (Proprietary) Limited	100%	100	100%	100
Beavers Investments (Proprietary) Limited	100%	4 779 146	100%	4 779 146
Bestlite Investments (Proprietary) Limited	100%	100	100%	100
Bowerbird (Proprietary) Limited	100%	2 364 913	100%	2 364 913
Catbird (Proprietary) Limited	100%	100	100%	100
Chathley Enterprises (Proprietary) Limited	100%	5 035 746	100%	5 035 746
Choppies Distribution Centre (Proprietary) Limited	100%	100	100%	100
Choppies Supermarkets SA (Proprietary) Limited	100%	266 686 757	100%	266 686 757
Choppies Warehousing Services (Proprietary) Limited	100%	900	-	-
Daisy Gardens (Proprietary) Limited	100%	290 273	100%	290 273
Deluxe (Proprietary) Limited	100%	5 778 525	100%	5 778 525
Dostana Investments (Proprietary) Limited	100%	1 000	100%	1 000
Flowting Ideas (Proprietary) Limited	100%	100	100%	100
F & A Enterprises (Proprietary) Limited	100%	734 973	100%	734 973
Freshtake Holdings (Proprietary) Limited	100%	4 033 916	100%	4 033 916
Genuine Passions (Proprietary) Limited	100%	688 755	100%	688 755
Gobrand Holdings (Proprietary) Limited	100%	100	100%	100
Godavari (Proprietary) Limited	100%	100	100%	100
Gritnit (Proprietary) Limited	100%	100	100%	100
Hoovernit (Proprietary) Limited	100%	100	100%	100
Highland Haven (Proprietary) Limited	100%	100	-	-
Himalayas (Proprietary) Limited	100%	100	100%	100
Jarapino Ventures (Proprietary) Limited	100%	100	100%	100
Jobfine Holdings (Proprietary) Limited	100%	100	100%	100
Kaar Distributors & Marketing Services (Proprietary) Limited	100%	2 170 082	100%	2 170 082
Kanye Friendly Grocer (Proprietary) Limited	100%	439 264	100%	439 264
Leaf Motifs (Proprietary) Limited	100%	100	-	-
Lisboa Trading (Proprietary) Limited	100%	3 017 120	100%	3 017 120
Macha Investments (Proprietary) Ltd	100%	2 489 757	100%	2 489 757
Million Touch (Proprietary) Ltd	100%	100	-	-
Motopi Holdings (Proprietary) Limited	100%	3 365 538	100%	3 365 538
Naivasha (Proprietary) Limited	100%	100	100%	100
Ndongolela Investments (Proprietary) Limited	100%	100	100%	100
New Page (Proprietary) Limited	100%	100	100%	100
Ollur Investments (Proprietary) Limited	100%	2 005 193	100%	2 005 193
Ourluck Investment (Proprietary) Limited	100%	425 020	100%	425 020
Pucko Investments (Proprietary) Limited (Mochudi)	100%	2 849 148	100%	2 849 148
Pearland (Proprietary) Limited	100%	100	-	-
Right Time Holdings (Proprietary) Limited	100%	100	100%	100
Rigil (Proprietary) Limited	100%	100	100%	100
S & F Enterprises (Proprietary) Limited	100%	100	100%	100
Sarfrosh Holdings (Proprietary) Limited	100%	16 331 720	100%	16 331 720
Shopper's Paradise (Proprietary) Limited	100%	1 300 000	100%	1 300 000
Smoothsail Holdings (Proprietary) Limited	100%	100	100%	100
Summer Queen (Proprietary) Limited	100%	100	100%	100
Sunrise Holdings (Proprietary) Limited	100%	239 247	100%	239 247
Taffeta Roses (Proprietary) Limited	100%	100	-	-
Tampatrail Investments (Proprietary) Limited	100%	100	100%	100
To Do More Holdings (Proprietary) Limited	100%	100	100%	100
Topshape Holdings (Proprietary) Limited	100%	1 000	100%	1 000
Torinby Investments (Proprietary) Limited	100%	100	100%	100
Roadtight (Proprietary) Limited	100%	100	100%	100
Velocity (Proprietary) Limited	100%	100	100%	100
Walrus (Proprietary) Limited	100%	100	100%	100
Wayside Supermarket (Proprietary) Limited	100%	805 936	100%	805 936
White Baite (Proprietary) Limited	100%	100	-	-
Well Done (Proprietary) Limited	100%	100	100%	100
		325 840 529		**325 839 029**

20. Basic and diluted earnings per share – Thebe

		Group
	2013	**2012**
Basic and diluted (note 20.1)	13.06	11.72

20.1 *Basic and diluted earnings per share*

The calculation of basic and diluted earnings per share is based on:

Basic earnings (profit for the year) – In pula	153 300 978	129 323 401
Number of shares		
The weighted average number of ordinary shares in issue during the year	1 174 207 583	1 103 555 410

Weighted average number of ordinary shares in issue:

	Number of shares	Number of shares
At 01 July	1 174 207 583	1 043 772 802
Net effect of ordinary shares issued and repaid in January 2012 (net shares issued and repaid - 130 434 781)	-	59 782 608
Weighted average for the year to 30 June	1 174 207 583	1 103 555 410

		Group and company
	2013	2012
20.2 *Dividend per share – Thebe*	3.67	-
Dividend declared and paid – In pula	43 143 909	-
Ordinary shares eligible for dividend	1 174 207 583	1 174 207 583

21. Segmental report

Group

Operating segments are identified based on financial information regularly reviewed by the Choppies Enterprises Limited Chief Executive Officer (identified as the Chief Operating Decision Maker of the Group for IFRS 8 reporting purposes) for performance assessments and resource allocations.

The Group has changed its strategic divisions from a services basis to a geographical basis. The Group's growth and controls are based on geographical areas. Prior year segmental report has been restated.

The Group has 2 operating segments, as described below, which are the Group's strategic divisions.

Performance is measured based on the profit before taxation as management believes that such information is most relevant in evaluating the results of the segments against each other and other entities which operate within the retail industry.

Botswana – Retail of fast moving consumer goods in Botswana. The business is supported by and includes a warehouse and services companies.

South Africa – Retail of fast moving consumer goods in South Africa. The business is supported by and includes a warehousing company.

2013	**Botswana**	**South Africa**	**Reconciling items**	**Total per annual financial statements**
Statement of comprehensive income				
Revenue:				
Trading income	3 115 434 267	936 313 241	(22 921 508)	4 028 826 000
Other income	5 741 810	528 905	-	6 270 715
Total segment revenue	3 121 176 077	936 842 146	(22 921 508)	4 035 096 715
Reportable segment profit/(loss) before taxation	200 518 845	(1 608 314)	(17 847)	198 892 684
Statement of financial position				
Reportable segment assets	1 205 436 968	249 510 474	(148 411 554)	1 306 535 888
Reportable segment liabilities	454 116 120	262 230 476	(148 411 554)	567 935 042

2012	**Botswana**	**South Africa**	**Reconciling items**	**Total per annual financial statements**
Statement of comprehensive income				
Revenue:				
Trading income	2 751 996 004	571 287 876	(21 231 962)	3 302 051 918
Other income	7 365 131	1 003 281	-	8 368 412
Total segment revenue	2 759 361 135	572 291 157	(21 231 962)	3 310 420 330
Reportable segment profit/(loss) before taxation	158 299 135	(1 021 510)	-	157 277 625
Statement of financial position				
Reportable segment assets	987 025 011	207 238 971	(109 152 949)	1 085 111 033
Reportable segment liabilities	345 719 421	216 574 875	(109 152 949)	453 141 347

22. Financial support

Choppies Distribution Centre (Proprietary) Limited, a wholly owned subsidiary of Choppies Enterprises Limited, has pledged its continued financial and operational support to certain subsidiaries of Choppies Enterprises Limited in order for these companies to continue operating as going concerns in the foreseeable future. Each of these companies is technically insolvent with their liabilities exceeding their equity and assets.

The financial support provided by the company will continue for each individual company until such time as the equity and assets, fairly valued, exceed the liabilities for each of the respective individual companies.

Based on the ability of Choppies Distribution Centre (Proprietary) Limited to continue providing such support, the individual financial statements of these technically insolvent companies have been prepared on the going concern assumption. The shareholders' deficits at the reporting date for each of the companies are summarised as follows:

Subsidiary	2013	2012
Choppies Supermarket SA (Proprietary) Limited - ZAR	9 930 682	3 554 664
Highland Haven (Proprietary) Limited	3 225 148	-
Leaf Motifs (Proprietary) Limited	1 455 524	-
Million Touch (Proprietary) Limited	728 572	-
Pearland (Proprietary) Limited	1 528 667	-
Summer Queen (Proprietary) Limited	429 022	749 649
Taffeta Roses (Proprietary) Limited	383 671	-
Welldone (Proprietary) Limited	10 626 930	6 486 159
Walrus (Proprietary) Limited	-	1 298 294
White Baite (Proprietary) Limited	521 325	-

23. Details of related party balances and transactions

23.1 *Amounts due from related entities*

	Group	
Name	**2013**	**2012**
Browalia (Pty) Ltd	350 135	-
Choppies Investments (Pty) Ltd	-	417 310
Lumpsum Investments (Pty) Ltd	-	285 506
Montrose Investments (Pty) Ltd	1 973 334	1 935 757
Navy Blue (Pty) Ltd	117 066	72 512
Plot 20602 (Pty) Ltd		203 713
Pratham Holdings (Pty) Ltd	-	336 051
Princieton (Pty) Ltd	2 081 106	2 085 000
Total	**4 521 641**	**5 335 849**

23.2 *Amounts due to related entities*

	Group	
Name	**2013**	**2012**
The FAR Property Company (Pty) Ltd	63 020	-
Angarappa (Pty) Ltd	283 490	190 358
Electrometric Enterprises (Pty) Ltd	103 188	-
Feasible Investments (Pty) Ltd	1 042 261	149 739
Honey Guide (Pty) Ltd	6 082 496	464 338
ILO Industries (Pty) Ltd	2 255 655	335 024
Keriotic Investments (Pty) Ltd	16 252 984	29 534
Mediland Healthcare Distributors (Pty) Ltd	68 775	3 263
Mont Catering and Refrigeration (Pty) Ltd	3 109 297	305 247
Real Plastics & Moulds (Pty) Ltd	1 457 020	103 528
Solace (Pty) Ltd	920 000	350 044
Vet Agric Supplies (Pty) Ltd	1 477 734	403 727
Weal (Pty) Ltd	370 190	229 882
Total	**33 486 110**	**2 564 684**

23.3 *Amounts due from related entities*

	Company	
Name	**2013**	**2012**
Beavers Investments (Pty) Ltd	396 667	396 667
Daisy Gardens (Pty) Ltd	196 640	196 640
Kanye Friendly Grocer (Pty) Ltd	202 794	202 794
Choppies Distribution Centre (Pty) Ltd	135 333 184	135 550 730
Total	**136 129 285**	**136 346 831**

23. Details of related party balances (continued)

23.4 *Amounts due to related entities*

Name	Company 2013	Company 2012
Chathley Enterprises (Pty) Ltd	5 035 746	5 035 746
F & A Enterprises (Pty) Ltd	3 576 273	3 576 173
Kaar Distributors & Marketing Services (Pty) Ltd	2 170 082	2 170 082
Macha Investments (Pty) Ltd	2 489 757	2 489 757
Walrus (Pty) Ltd	255 808	255 808
Total	**13 527 666**	**13 527 566**

23.5 *Related party transactions*

Name	Nature of transactions	Group 2013	Group 2012
Keriotic Investments (Pty) Ltd	Purchase of goods	129 276 899	58 670 985
Honey Guide (Pty) Ltd	Purchase of goods	39 242 140	47 021 683
ILO Industries (Pty) Ltd	Purchase of goods	52 836 231	40 381 742
Feasible Investments (Pty) Ltd	Purchase of goods/services	17 179 326	10 775 988
Electrometric Enterprises (Pty) Ltd	Purchase of goods/services	1 077 318	586 216
Vet Agric Supplies (Pty) Ltd	Purchase of goods	35 524 773	16 812 217
Solace (Pty) Ltd	Purchase of goods	13 684 180	11 962 851
Weal (Pty) Ltd	Purchase of goods	237 483	151 283
Real Plastics & Moulds (Pty) Ltd	Purchase of goods	11 711 047	8 677 124
The FAR Property Company (Pty) Ltd	Rental paid	26 522 611	8 520 748
The FAR Property Company (Pty) Ltd	Disposal of properties	20 879 509	-
Angarappa (Pty) Ltd	Purchase of capital goods	6 973 056	4 153 508
Mont Catering and Refrigeration (Pty) Ltd	Purchase of capital goods	49 540 719	25 687 164
Mediland Healthcare Distributors (Pty) Ltd	Purchase of medicines.	2 060 300	1 273 509
Angarappa (Pty) Ltd	Sale of stock	1 498 537	490 804
Bagpiper (Pty) Ltd	Sale of stock	125 656	-
Electrometic Enterprises (Pty) Ltd	Sale of stock	25 342	-
Feasible Investments (Pty) Ltd	Sale of stock	418 874	-
Keriotic Investments (Pty) Ltd	Sale of stock	4 247 750	18 969 476
Honey Guide (Pty) Ltd	Sale of stock	3 925 077	2 198 278
ILO Industries (Pty) Ltd	Sale of stock	3 800 170	1 539 649
Mediland Healthcare Distributors (Pty) Ltd	Sale of stock	132 935	-
Mont Catering and Refrigeration (Pty) Ltd	Sale of stock	299 377	64 615
Montrose Investments (Pty) Ltd	Sale of stock	-	14 957
Princieton (Pty) Ltd	Sale of stock	169 826	-
Real Plastics & Moulds (Pty) Ltd	Sale of stock	1 728 030	-
Solace (Pty) Ltd	Sale of stock	421 876	-
The FAR Property Company (Pty) Ltd	Sale of stock	58 014	-
Vet Agric Supplies (Pty) Ltd	Sale of stock	2 714 658	-
Weal (Pty) Ltd	Sale of stock	36 596	-
ZCX Investments (Pty) Ltd	Sale of stock	690 468	-

24. Events after the reporting date

The 100% acquisition of Mega Save (Pty) Ltd and Supa Save (Pty) Ltd for a consideration of P42 374 270 was finalised and effective from 01 July 2013. The total assets acquired are P41 478 270 and attorney fees of P896 000 were incurred. No liabilities were acquired. Pro forma information about revenue and profit or loss of Mega Save (Pty) Ltd and Supa Save (Pty) Ltd is not disclosed as the initial accounting for the acquisition is in progress at the date of these financial statements. Management's expectations are that the acquisition will realise returns comparable to the existing activities in Botswana.

A net final dividend of P46 180 410, in respect of the year ended 30 June 2013, was declared on 24 September 2013, for distribution to those ordinary shareholders,registered in the books of the company at the close of business on 25 October 2013,at thebe 3.9329 per share.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS TO BE CONDUCTED AT THE ANNUAL GENERAL MEETING.

The Directors believe that distribution of circulars, notices, annual reports and financial statements in electronic format by electronic means, where possible, as opposed to distribution in hard copy paper printed format, would (a) accelerate receipt of information by shareholders (b) result in substantial cost saving to the company (which has 5598 shareholders) and (c) be environmentally responsible.

Recently, the Company sent a questionnaire to shareholders enquiring whether shareholders would prefer to receive information from the Company in electronic as opposed to the hard copy format. A substantial number indicated a preference for electronic format, whether by way of publication on the website, email or in digital format (CD or "flash stick" or equivalent)

Article 28 of the current Constitution dictates that notices, reports, accounts or documents to be sent to shareholders, be sent by ordinary mail, which restricts the format to hard copy printed paper format The Directors propose this Article be amended, to permit dispatch and delivery of notices, reports, accounts, circulars, and other documents to shareholders by electronic format and propose the following resolution:- "Article 28.2 of the Constitution of the Company registered on 1 November 2011 be amended, by deletion of the existing wording and replacing same with

"All notices, reports, accounts, circulars or documents required to be sent to a shareholder may be delivered by posting thereof to a website established by the company or dispatch by electronic format (including but not restricted to email, or readable instrument e.g. "CD or flash stick") or by delivery of "hard" copy printed paper format or posting of "hard" copy printed paper format, to the appropriate address provided by the shareholder.
and

"Article 28.3 of the said Constitution is amended by the replacement (a) word
"posted" where it appears with the words "delivered as envisaged in Article 28.2" and (b) of the word "posting" where it appears with the words "delivery as envisaged in Article 28.2".

CHOPPIES ENTERPRISES LIMITED

Notice is hereby given that the Annual General Meeting of shareholders of Choppies Enterprises Limited will be held at 15.30 hrs on Thursday, 5 December 2013 at Lansmore Hotel, Plot 54353, Masa Center, New CBD, Gaborone Botswana, for the purpose of transacting the following business:

AGENDA

Ordinary Business:

1. To read the notice convening the meeting

2. To receive, consider and adopt the group Audited Financial Statements for the year ended 30 June 2013 together with the Directors' and Auditor's reports thereon.

3. To approve the distribution of the dividend as recommended by the directors.

4. To elect directors of the company.

   Dorcas Kgosietsile and Robert Matthews who retire by rotation in terms of Article 20.9.1 of the Constitution being eligible, offer themselves for re-election.

5. To approve the remuneration for the Directors for the year ended 30 June 2013.

6. To approve the remuneration of KPMG for the past year's audit and their appointment for the ensuing financial year.

Special Business:

7. To consider and if thought fit, pass with or without amendment the following resolutions, as special resolutions:-.

   That the Constitution of the Company, registered on 1 November 2011, be amended as follows:-

   "Article 28.2 of the Constitution be amended, by deletion of the existing wording and replacing same with "All notices, reports, accounts, circulars or documents required to be sent to a shareholder may be delivered by posting thereof to a website established by the company or dispatch by electronic format (including but not restricted to email, or readable instrument e.g. "CD or flash stick") or by delivery of "hard" copy printed paper format or posting of "hard" copy printed paper format, to the appropriate address provided by the shareholder.

   And
   "Article 28.3 of the said Constitution is amended by the replacement (a) word "posted" where it appears with the words "delivered as envisaged in Article 28.2" and (b) of the word "posting" where it appears with the words "delivery as envisaged in Article 28.2".

8. To specially resolve in terms of Section 128 of the Companies Act Cap 42:01 and ratify the donations made by the Company for the year ended 30 June 2013 in the sum of P2,842,077.

9. The answering by the Directors and Management of questions put by shareholders in respect of the affairs and the business of the Company.

10. To transact such other business as may be transacted at an Annual General Meeting.

11. To close the meeting.

PROXIES

A member entitled to attend and vote may appoint a proxy to attend and vote for him on his behalf and such a proxy need not be a member of the company. The instrument appointing such a proxy must be deposited at the registered office of the company C/o Corporate Services (Pty) Ltd., Unit 5 Kgale Mews, Kgale Hill, P.O Box 406, Gaborone, not less than 48 hours before the meeting.

NOTE TO SHAREHOLDERS:-

Shareholders to note that a copy of the Minutes of the Annual General Meeting held on 7 December 2012 will be available for inspection at the Registered Office of the company and a copy of the same can be made available within 5 days from the date of receipt of a written request from a shareholder.

By order of the Board

Corporate Services (Pty) Ltd.

Company Secretaries
Unit 5 Kgale Mews,
Kgale Hill,
P O Box 406
Gaborone, Botswana

Date: 5 November 2013

NOTES

PROXY FORM

For completion by holders of Ordinary shares

Please read the notes overleaf before completing this form
For use at the Annual General Meeting of Shareholders of the company to be held at 3.30 pm on the 5th December **2013** at Lansmore Hotel, Plot 54353, Masa Center, New CBD, Gaborone, Botswana.

I/We
(Name in block letters)

Of
(Address)

Hereby appoint

1. ________________________________ or failing him/her, ________________________________

2. ________________________________ or failing him/ her, ________________________________

3. The Chairman of the meeting

As my /our proxy to act for me/us at the 2013 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name in accordance with the following instruction

Number of ordinary shares

		For	Against	Abstain
Ordinary resolution 1				
Ordinary resolution 2				
Ordinary resolution 3				
Ordinary resolution 4				
Ordinary resolution 5				
Special resolution 6				
Special resolution 7				

Signed at

Date:

Signature ____________________

Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be member/s of the company) to attend, speak and vote in place of the shareholder at the Annual General Meeting. Please read notes 1 -7 on the reverse side hereof

1. *A Shareholder must insert the names of two alternative proxies of the Shareholder's choice in the space provided with or without deleting "Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.*

2. *A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the Annual General Meeting as he/she deems fit in respect of the Shareholder's votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.*

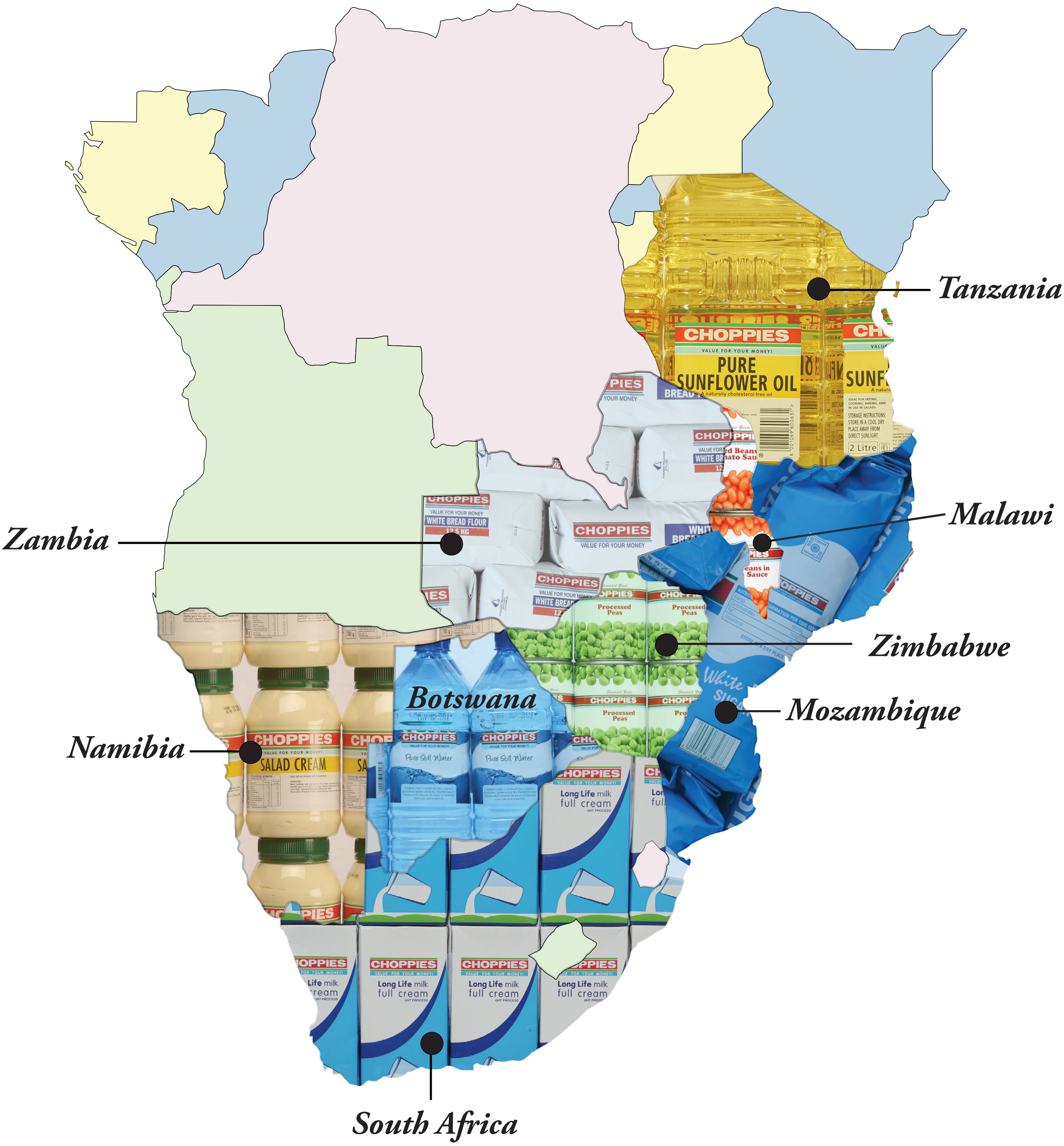
3. *The completion and lodging of this form will not preclude the relevant Shareholder from attending the Annual General Meeting.*

4. *The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.*

5. *An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.*

6. *The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.*

7. *Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.*



Our larger dream..

Registered Office
Choppies Enterprises Limited
(Incorporated in Botswana on 19 January 2004)
(Registration number 2004/1681)
Unit 5, Kgale Mews, Kgale Hill, Gaborone
P.O. Box 406, Gaborone, Botswana

Physical Address
Choppies Enterprises Limited
Plot 169, Gaborone International Commerce Park, Gaborone.
Pvt. Bag. 00278, Gaborone, Botswana.
Tel: +267 3186657/58
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CHOPPIES

VALUE FOR YOUR MONEY!

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