CELEBRATES BOTSWANA'S 50 Years OF INDEPENDENCE

BDC

Botswana Development Corporation

ANNUAL REPORT 2016


of Contents

Corporate Profile

Overview of BDC

- Established in 1970 as a private company
- Wholly owned by the Government of Botswana
- Provides debt and equity funding to investors (local and foreign) for commercially viable projects
- Funding starts from P30 Million
- Has a mandate to invest outside of Botswana's borders
- Promotes and facilitates economic development and diversification
- Investments across 10 industries including manufacturing, services, property, agriculture
- Consolidated balance sheet of P4Billion and a portfolio worth over P3.1 Billion investments

Our mandate

BDC's primary mandate is to drive the industrialisation of the country by providing financial assistance to investors with commercially viable projects. BDC provides both debt and equity funding to projects that perform one or more of the following functions:

- Pioneer new industries
- Unlock value in existing industries
- Stimulate private sector growth and foster linkages with the local industry
- Drive diversification and exports
- Create significant employment.

Mission

To provide, facilitate and support financing of commercially viable enterprises in order to contribute to the sustainable development and economic growth of the Botswana economy.

Vision

To be an innovative and sustainable development finance institution.

Values

Enterprising
Collaborative
Integrity

Products

- Equity Funding
- Debt Funding

Contacts

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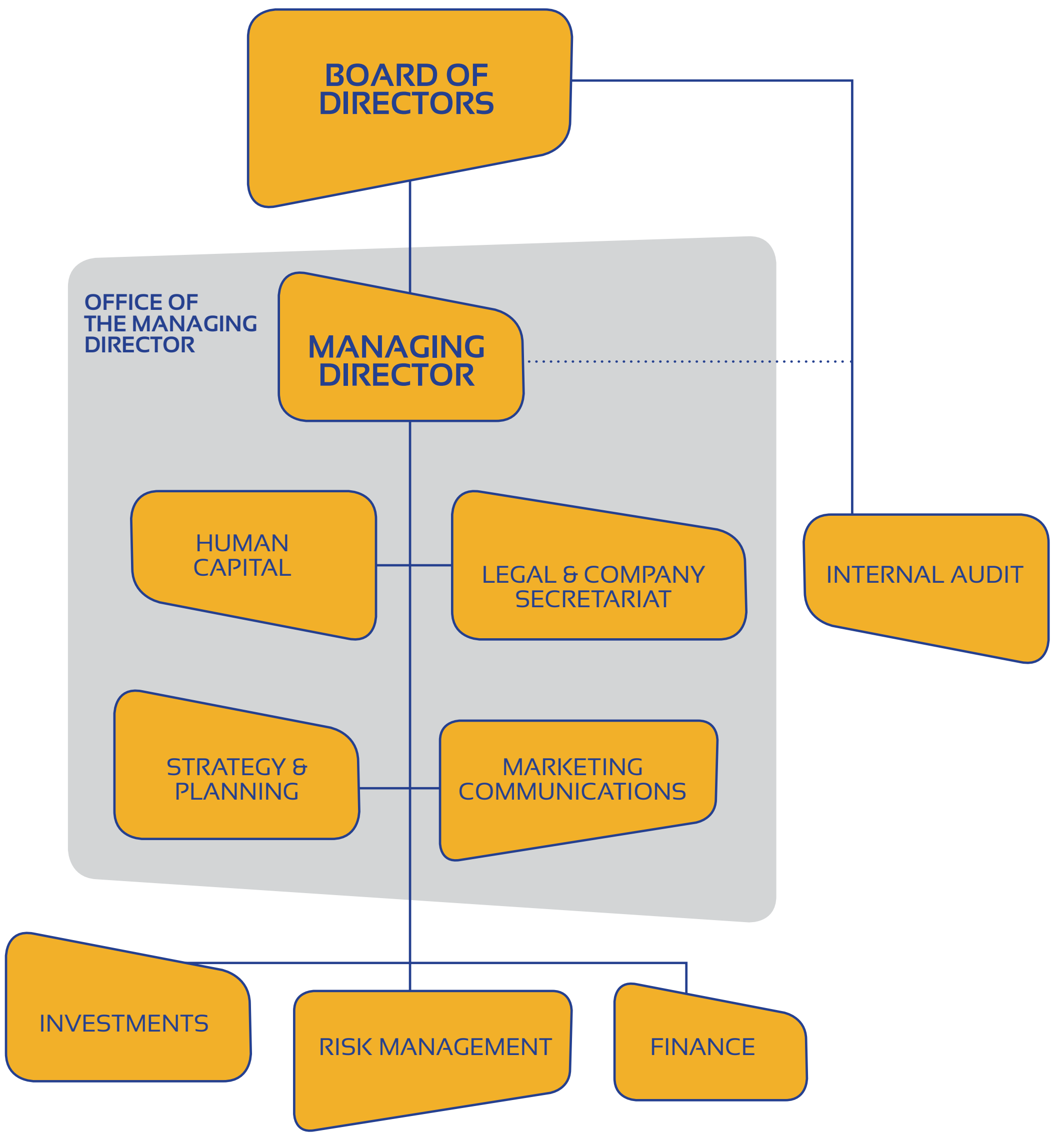
Organisational Structure



Value Created 2005-2016

Botswana Development Corporation creates value for its shareholder, through its business activities as captured by the value created report, which shows the Corporation's residual income after distribution amongst its stakeholders.

Value is created by generating income that exceeds all economic costs incurred to earn that income.

	2005 **Restated**	2006	2007	2008	2009	2010	2011	2012 **Restated**	2013	2014	2015	2016
Income from trade	171,855	182,503	200,023	171,623	156,082	294,738	431,162	172,084	151,600	211,182	310,689	380,662
Less:Cost of supplies and services	16,613	19,905	17,440	21,022	18,865	33,212	37,893	79,481	25,849	109,075	54,103	46,610
Total Value Added	**155,242**	**162,598**	**182,583**	**150,601**	**137,217**	**261,526**	**393,269**	**92,603**	**125,751**	**102,107**	**256,586**	**334,052**
Distributed as follows:												
To employees payroll cost	16,058	18,387	22,512	25,570	31,540	35,089	45,703	33,312	33,660	33,787	31,036	40,752
To providers of finance interest on loans	39,616	37,987	38,911	31,525	36,179	33,670	31,108	33,023	46,964	50,588	58,211	44,152
Company taxation on profits	12,151	15,866	23,772	15,426	7,733	14,494	73,140	-22,877	-2,459	10,491	20,405	15,744
Dividends to shareholder	20,000	17,126	18,050	20,000	12,000	-	33,000	-	-	-	-	
Depreciation and provisions against investments	18,803	18,160	31,830	47,090	197,349	21,986	86,753	202,242	267,278	84,822	57,533	25,163
Profit retained	48,614	55,072	47,508	10,990	-147,584	156,287	123,565	(153,097)	(219,692)	-77,581	89,401	208,241
Total Value Added	**155,242**	**162,598**	**182,583**	**150,601**	**137,217**	**261,526**	**393,269**	**92,603**	**125,751**	**102,107**	**256,586**	**334,052**

Board of Directors

BLACKIE MAROLE

Board Chairman.

Appointed 09 December, 2015 (Re-appointment).

An Economist by profession, Mr. Marole was previously the Managing Director of Debswana Diamond Company (Pty) Ltd. Prior to this, Mr. Marole spent 21 years in the civil service, rising to the position of Permanent Secretary at the then Ministry of Energy, Water and Minerals Resources. Mr. Marole has served on numerous national and international Boards including: African Energy Resources, Associated Fund Administrators (AFA), Botswana Diamond Valuing Company, Diamond Manufacturing Botswana, Diamond Trading Company, Debswana Pension Fund Board of Trustees, Botswana Power Corporation (Chairman), Water Utilities Corporation (Chairman), Water Apportionment Board (Chairman), Debswana Diamond Company (Director and Chairman), De Beers Centenary AG/De Beers Consolidated Mines, BCL Limited, Botswana Ash, De Beers Prospecting (Pty) Ltd, De Beers Botswana (Pty) Ltd; Barclays Bank of Botswana (Chairman), CIC Energy among others.

Mr. Marole holds a Master of Arts Degree in Economics from the Williams College, Massachusetts, United States. He also attained a Bachelor of Arts Degree in Economics from the University of Botswana, and an Economic Institute Diploma from the University of Colorado.

CHAIRMAN'S STATEMENT

I am pleased to report on the Corporation's performance for the year ended 30 June 2016. This past year marked the second full year of our post transformation journey and I am pleased that the Corporation has remained unwavering in its commitment to its Strategic Plan and its post Transformation imperatives. This commitment to our plans has resulted in a commendable performance over the past year.

Operating Environment

The economic environment in the year ended June 2016 has been characterised by a sense of apprehension. The major world economies experienced an economic slowdown. Such a situation is bound to impact on the economic performance of the lesser developed economies. The BDC Group of companies was not spared from the adverse impact resulting from such an environment.
The Corporation continues to search for commercially viable projects in order to successfully pursue its mandate of sustainable development. Bankable projects with a developmental impact are the cornerstone of our funding philosophy and the Corporation is continually increasing its efforts to identify and pursue such projects.

Financial Performance

Turnover for the group has increased to P318Million, representing a growth from prior year. The Asset base of the group also grew to P4.4Billion representing a 9% growth from prior year. The impairment charges for the year were at P37 Million, 33% lower than in 2015. Given the persistence of difficult trading conditions, managing impairments is key to our financial sustainability. We will, therefore, continue with initiatives that contain impairments within acceptable levels.

Strategic Focus

In terms of the new strategic thrust, we will deepen our focus on the following key sectors: Manufacturing, Infrastructure development, Energy, Technology as well as agro-processing and agriculture. We will also actively develop and support the development of new or emerging industries that, from a Botswana perspective, exhibit the potential to become job-rich and competitive in the years ahead.

Substantially changing our operating model and structure two years ago was necessary to implement our new approach, including changes to business units and departments, as well as the appointment of key human capital. Effectively implementing the plan also relies on developing critical skills and capability for the new strategy and change management to drive the culture change required to deliver BDC's values and goals. The Board continues to focus on safeguarding the Corporation's robust balance sheet to ensure that the Corporation remains financially sustainable while fulfilling its mandate.

Our business partners, including subsidiaries and associated companies, continued to experience a challenging operating environment. We are confident that our businesses will continue to show resilience into the future, ultimately delivering shareholder value.

Conclusion
Over the years the Corporation has continued to show resilience despite very trying times. The financial results for the year under review are testimony to the concerted effort and commitment on the part of Management and Staff. I congratulate them for a job well done. Let me also pay tribute to all Board Members as they continue to direct the Corporation to achieve success and provide leadership.

The challenges in the year ahead should not be under estimated. Past successes only serve to set a baseline at even a higher level. This Corporation is ready to face those challenges and will strive to deliver beyond stakeholders' expectations.

We are grateful to our shareholder, the Honourable Minister Vincent Seretse, for his strategic guidance in ensuring that the BDC achieves its developmental mandate.

BLACKIE MAROLE

Board Chairman.

Board of Directors

VERILY MOLATEDI
Vice- Chairperson
Appointed 01 February, 2012.

A Certified Chartered Accountant, Ms. Molatedi is the Chief Executive Officer of Botswana Institute of Chartered Accountants (BICA) where she is responsible for driving the strategic direction of the Institute.

Prior to joining BICA she was Deputy Chief Executive Officer (Support Services) at the Local Enterprise Authority (LEA) responsible for Corporate Services, Human Recourses, Research and Development as well as Stakeholder Engagement and Communications. Ms. Molatedi has worked in both the parastatal and private sectors for organisations such as Water Utilities Corporation, Botswana Housing Corporation, Botswana Meat Commission and Standard Chartered Bank. She brings on board extensive managerial experience, having worked in the areas of Strategic Planning, Corporate Governance, Project Management and implementation, Financial Management and systems of Internal Control improvements.

Ms. Molatedi has served on several National and Regional Boards including Botswana Medical Aid Society, Botswana Railways, Rural Industries Promotion Company and SADCAS, a subsidiary of SADC.

She holds a Bachelor of Commerce Degree from the University of Botswana and ACCA Qualification. She has attended a number of leadership development programmes and is a Fellow Member of ACCA and an Associate of the Botswana Institute of Chartered Accountants.

AMANDO VASCO LIONJANGA (Deceased)
Chairman, Board Tender Committee.
Appointed 01 February, 2012.

A Civil Engineer by profession, Mr. Lionjanga has previously served as the Registrar (CEO) of the Engineers Registration Board, a statutory body responsible for regulating the activities and conduct of registered engineers in Botswana. Mr. Lionjanga started his career in 1975 with the Department of Roads at the time under the Ministry of Works, Transport & Communications as an Assistant Roads Engineer. He rose through the ranks to become Permanent Secretary in the Ministry of Works, Transport & Communications, a position which he held from 1992 to 1999. Mr. Lionjanga was the Chairman of a number of statutory bodies and parastatals including: Air Botswana, Botswana Railways, Botswana Telecommunications Corporation, Botswana Bureau of Standards and Botswana Postal Services. He retired from Public Service in 1999 and joined Haas Consult, a local firm of Consulting Civil Engineers. In 2002, he was appointed founding Executive Chairman of the Public Procurement and Asset Disposal Board (PPADB), a position he held until 2010, at the time of his retirement.

He holds a Bachelor of Engineering (Civil) Degree from the University of Zambia and a Master of Science in Highway Engineering from University of Birmingham, UK.

RICHARD VAKA
Chairman, Human Capital Committee;
Member Finance and Audit Committee.
Appointed 01 February, 2012.

A seasoned Human Resources practitioner, Mr. Richard Vaka is Group Employee Relations Manager for Debswana Diamond Company (Pty) Ltd. He joined Debswana in 1988 as a Graduate Trainee and has held various Human Resources and Industrial Relations roles in the Debswana Group over the years. He was appointed to his current position in 2005.

Mr. Vaka holds a BSc (Honours) in Psychology and a Post Graduate Diploma in Occupational Psychology both from Hull University, UK. He also has a Bachelor of Laws Degree from the University of South Africa.

Mr. Vaka is currently Chairman of the Debswana Pension Fund and Debswana ART and Wellness Fund Boards. He is the former Chairman of the Botswana Medical Aid Society and Botswana Amateur Athletics Association.

WILLIE MOKGATLHE
Chairman, Board Risk and Investment Committee; Member, Board Finance and Audit Committee until July 2016.
Appointed 01 December 2012.

Mr. Mokgatlhe is the founding Chief Executive Officer of Botswana Oil Limited, a State Owned Enterprise tasked with ensuring security of supply and the facilitation of citizen participation in the petroleum sector. He is the former Managing Director of Vivo Energy Botswana and Vivo Energy Namibia.

Mr. Mokgatlhe has held a number of senior positions in large private and parastatal organisations in Botswana, Namibia, South Africa and the Netherlands including Government Relations Advisor - Africa at Shell International; Country Chairman, Shell Namibia; and Chief Executive Officer, Air Botswana.

He has sat on several Boards including Shell Namibia Limited (Chairman); Shell Oil Botswana (Chairman); National Development Bank (Chairman); Botswana Post; Air Botswana; and Airline Association of Southern Africa (Chairman).

Mr. Mokgatlhe holds a Master's of Science Degree in Air Transport Management from Canfields Institute of Technology, UK, and a Bachelor of Commerce Degree from the University of Botswana

Board of Directors

PEGGY ONKUTLWILE SERAME
Appointed 01 January 2015

Ms. Peggy Onkutlwile Serame is the Permanent Secretary in the Ministry of Investment Trade and Industry (MITI) assisting the Minister in providing oversight of Parastatals under MiTI. Amongst other duties she oversees the coordination of Cooperatives Development, Industrial Development and Trade Facilitation Laws, Policies, Strategies and Implementation thereof for wealth and employment creation, as well as economic diversification. She brings over 20 years of leadership and experience to the BDC Board.

Ms. Serame started her career with the Ministry of Finance and Development Planning as an Assistant Economist and subsequently rose to the position of Principal Economist and has led various special assignments from 2006 to 2008 including the Voice Secondment Program of the World Bank.

In 2007, she was appointed Chief Economist heading the Multilateral Institutions Cooperation Unit where she provided advice on issues relating to SADC, SACU, IMF, World Bank Group, and Commonwealth. Ms Serame has subsequently served as Director of Macroeconomic Policy Section, Economic and Financial Policy Division, under the Ministry coordinating the preparation of National Development Plans and annual Budget Speeches, and monitoring Economic Developments. From 2011 to 2014 she joined the Ministry of Trade and Industry as Deputy Permanent Secretary overseeing the Economic Diversification Drive.

She is currently serving on various Boards including Botswana Investment and Trade Centre, Public Privatisation and Evaluation Agency, Botswana Privatisation Asset Holdings Board and Citizen Entrepreneurial Development Agency Venture Capital Fund.

Ms Serame holds a Master of Arts Degree in Economics from the University of Botswana (Electives on International Trade; and Policy Analysis and Economic Management) and a Bachelor' of Arts degree in Economics and Statistics also from the University of Botswana.

SOLOMON M. SEKWAKWA
Former Board Chairman (2009-2011).
Appointed 01 November, 2011.

An economist, Mr. Sekwakwa, is the Permanent Secretary in the Ministry of Finance and Development Planning. He started his career as an Industrial Planner at the BCL mine in 1979, and subsequently joined the Southern District Council, first as an Assistant Economist and rose to the position of Senior Economist. He was appointed Principal Economist for the Central District Council and thereafter the Ministry of Finance and Development Planning where he subsequently rose to the position of Chief Economist and later, Director of Economic Affairs (Macro), Secretary, Development and Budget Division; and finally, Permanent Secretary in the Ministry of Finance and Development Planning.

Mr. Sekwakwa has served on a number of Boards including: Citizen Entrepreneurial Development Agency (CEDA), University of Botswana's Finance and Audit Committee (Chairman), National Development Bank, Vision 2016 Council, Bank of Botswana, De Beers Societe Anonyme, Debswana, Debswana Investment Board, De Beers Audit Committee and Banyana Farms (Pty) Ltd.

Mr. Sekwakwa holds a Masters of Arts Degree in Development Economics from the University of Sussex, UK, and a Bachelor of Arts Degree in Economics and Sociology from the University of Botswana.

MPHO MOREMONG-GOBE
Member, Board Tender Committee and Board Risk and Investment Committee.
Appointed 01 December, 2012

A Real Estate Practitioner, Mrs. Moremong-Gobe, is Managing Director of MG Properties and she is also a member of the Royal Institute of Chartered Surveyors (RICS), UK; and the Real Estate Institute of Botswana and Real Estate Advisory Council.

Previously, she was Managing Director at Pam Golding International Botswana and has worked with Knight Frank Botswana (KFB) as an Associate Partner. Mrs. Moremong-Gobe has served on numerous Boards including Gaborone City Council Adjudication Board (Chairperson); RICS Governing Council, UK (Africa Representative); Royal Institution of Chartered Surveyors Botswana Group (Chairperson); Real Estate Institute of Botswana (Vice President); and Real Estate Advisory Council (Chairperson), amongst others.

Ms. Moremong-Gobe holds a Bachelor of Science (BSc) Hons. in Estate Management from Oxford Brookes University, UK, and a Masters in Business Administration (MBA), University of North West, RSA, jointly with the University of Liverpool, UK.

ABEL MONNAKGOTLA
Member of the Board Tender Committee
Appointed 01 February 2015

Mr. Abel Monnakgotla is a prominent entrepreneur, especially in the transport, insurance and leisure/tourism industries where he presides over a successful group of enterprises.

Before he ventured into business, Mr. Monnakgotla, a qualified Telecommunications Engineer, worked at Botswana Tecommunications Corporation (BTC) from 1990 until 2004. At the time of his departure from BTC, he was the Corporation's Chief Telecommunications Engineer. Mr. Monnakgotla has chaired the Botswana Telecommunications Authority Technical Advisory Committee on the country code top level domain.

As an entrepreneur, Mr. Monnakgotla has actively participated in Business Botswana activities (Formerly BOCCIM) as the Transport Sector Chairperson and is the founding chairperson of the Botswana Road Transport Society. He was a Board Member of the Bosetu Funeral Scheme and is currently the deputy chair of Masiela Trust Fund. Mr. Monnakgotla is the chairperson of the Emmanuel Parish (Gaborone) of the Evangelica Lutheran Church in Southern Africa.

Independent Board Committee Members

Good governance is enshrined in the Board Committees which have been established to deal with specific functions of the Board. It is in this regard; independent professional experts have been appointed to sit on all the Board Committees in order to assist the Board to effectively execute its duties. The current independent members are:

MICHAEL LESOLLE
Independent member, Board Audit Committee.
Appointed February 2012.

A Certified Chartered Accountant, Mr. Lesolle was the Executive Director of Botswana Accountancy College (BAC) and the former CEO of Botswana Savings Bank. He is a Fellow of the Association of Chartered Certified Accountants (ACCA) and has extensive experience in various aspects of business and the accountancy profession as well as in business leadership, organisational transformation, strategy formulation and its implementation, and managing change.

Mr. Lesolle has contributed immensely in the accountancy profession both locally at the Botswana Institute of Accountants (BIA, now BICA) where for many years he was a Member of Council, and ultimately as President of the Institute. He is a Non-Executive Director for a number of Boards including the Chairman of Venture Partners Botswana, and amongst other professional bodies, former Member of University of Botswana Council.

MALEBOGO ITUMELENG MPUGWA
Independent member, Human Capital Committee, Appointed 9 August, 2012

Ms. Mpugwa is the Head of Human Resources and part of the Executive Committee for De Beers Global Sightholder Sales (DBGSS) where her primary responsibility is to lead and manage the company's people management strategy.

She has previously held several Human Resources Managerial and Executive positions at Standard Chartered Bank; including, Regional Head of Human Resources for Consumer Banking Business in Southern Africa, Debswana Diamond Company and Debswana mines.

She is a Board member of Botswana Fibre Networks (BoFiNet) and the De Beers Global Sight Holder Sales (DBGSS).

Ms. Mpugwa hold a Bachelor of Arts Degree in Public Administration and Political Science from the University of Botswana and several professional certifications including Executive Leadership Programme (London Business School); and Certificate Programme in Labour Relations.

SEAN MAKHULA RASEBOTSA

Independent member, Risk and Investment Committee. Appointed 8 October, 2013.

Mr. Rasebotsa is the Chief Executive Officer of African Alliance. A seasoned former banker and risk manager, Mr. Rasebotsa has extensive experience in Risk Management, Strategic Leadership, direction and guidance. Previously, he has held the position of General Manager at Continental Outdoor Media (Botswana). Prior to this appointment, he was the Managing Director of Coronation Fund Managers (Botswana). Mr. Rasebotsa has previously served as Chief Executive Officer at Glenrand MIB and has held various senior positions including Risk Director at Barclays Bank in Botswana, Country Credit Director for Barclays Bank of Zambia PLC and Associate Corporate Credit Director at Barclays regional office in South Africa. Mr. Rasebotsa holds a Bachelor of Commerce Degree.

MOSIMOLODI BIGGIE LEFHOKO

Independent member of the Board Tender Committee
Appointed 30 July 2015.

Mr. Lefhoko is a Project Manager/Quantity Surveyor with the Department of Building and Engineering Services (DBES). Prior to his appointment at DBES, Mr. Lefhoko was employed as a Project Manager/Quantity Surveyor with Complant Botswana (Pty) Ltd, where he obtained extensive experience in construction tenders; pricing Bills of Quantities, checking for tender compliance prior to submission as well as business development through sourcing of tenders. As Project Manager, Mr. Lefhoko has extensive experience in on-site Management, ensuring they are completed within time, cost and to the required quality and specification.

With over 20 years' experience, Mr Lefhoko's career began as an Assistant Quantity Surveyor, with the Department of Architecture and Building Services. Mr. Lefhoko has held several senior positions including Principal Quantity Surveyor at Botswana Housing Corporation; Divisional Manager and later Executive Director for Works, with the Public Procurement and Asset Disposal Board (PPADB); participating in the adjudication and award of works, supplies and services tenders.

Whilst at PPADB, he acted as CEO and also chaired all Board Meetings, for a period of two years, prior to the appointment of the substantive Chairperson. Mr Lefhoko is also a Board Member at the Building Regulations Board in the Ministry of Infrastructure, Science & Technology, and has held such membership for the last 16 years.

Mr Lefhoko holds an MSc in Construction Management (Project Management), and BSc. Building Economics & Quantity Surveying both from University of Heriot-watt, Edinburgh.

He is a Professional Member of the Royal Institution of Chartered Surveyors (MRICS), and a member of the Institute of Botswana Quantity Surveyors (MIBQS). He is also a Certified Public-Private Partnership Specialist (Certified PPP Specialist).

Manag

As at Dec 2016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Management

MR BASHI GAETSALOE
Managing Director

Mr Bashi Gaetsaloe is the Managing Director of Botswana Development Corporation.

He joined BDC from Accenture Botswana where he was the Country Managing Director. He has held Director / CEO positions of growing responsibility and profile for the past 18 years, initially as a Director of HRMC Management Consultants and later as Managing Director of two global entities, KPMG Consulting and Accenture. He has advised and consulted to the Botswana Government as well as to Botswana's leading companies across the banking, telecommunications, insurance, manufacturing and mining industries.

Mr Gaetsaloe has specific expertise in the areas of business strategy, organisational transformation, business start-ups, business turnaround, and change management.
He has successfully led the BDC Transformation Programme for the past two years

He holds a MA in Economics from Yale University, New Haven, USA and a Bachelor of
Arts in Economics from Connecticut College, New London, USA.

MD'S REPORT

I am pleased to report our performance for the year ended June 2016. The past year was a positive one characterised by a set of consolidated gains from the transformation exercise. These gains have translated into an overall improvement in financial performance over the prior year, as a result of both an increase in revenue and a decline in expenditure.

Significant progress has also been made in our stated objectives of pioneering new industries, growing exports and contributing to the diversification of the Botswana economy. These developments are clear signs that our transformation programme is bearing fruit.

Overall, the business remains on course with respect to our ambitious strategic objectives of "doubling the business in 5 years" or #DTB5 for short. Indeed, our results reflect a P2 billion net worth against a P2,8 billion targeted by 2019.

Strategic Plan
This past year marked the half-way point in our Strategic Plan and we remain committed to achieving our Strategic Goal of doubling the business in five years (#DTB5). To this end, Management has developed 5 Priorities that reflect the current challenges and realities of the business. These priority areas are the corner stone of our strategy and reinforce our transformation objectives of building a more relevant, capable and results driven Corporation:

1. Growing the pipeline and accelerating funding of projects.
2. Improving the skills, capabilities, and engagement of the workforce.
3. Accelerating culture change initiatives – especially around controls, governance and accountability.
4. Driving efficiencies through the rapid adoption of innovative technologies and smart processes.
5. Concluding long term funding raising initiatives.

We have made significant progress against these objectives and believe that our business is getting stronger and our recovery more stable. Over the past year we have approved funding to projects of P520Million; we have recruited specialist investment and risk management teams; we have improved our control environment through improved internal audit functions; we have embraced technology - including a roll out of our MS 365 and associated collaboration tools; and finally, we have secured funding of P2Billion for our ambitious growth plans.

The difficult economic conditions of the past year have challenged us to be innovative, collaborative, and agile in our business practice. This has meant rigorous monitoring and well-timed adjustments in our investment strategies. I commend my entire team for responding to these challenges and remaining committed to delivering value for all our stakeholders.

Financial Performance of the Corporation

The financial results for the year under review show a sustained growth in revenues as well as in bottom line performance. Total revenue increase to P262 Million, out of which P238 Million accrued from dividends recieved from various group of companies. The contribution of dividend income to total revenues, while remaining significant, is expected to gradually slow down as we reconstitute the makeup of our investment with an objective of diluting our exposure to equity assets. Other income was at P115 Million.

The Corporation has achieved a profit before tax of P224 million against the previous year's P110 Million. Despite challenging economic conditions, the Corporation has a marked improvement in the performance of its subsidiaries and associates. The Corporation's turnover has improved by a healthy 36% from P194 Million to P262 Million. Dividend income from subsidiaries and associates increased by 50% from P159 Million to P238 Million. The Corporation invested an additional amount of P61 Million towards equity stakes in key industries during the year. The Cost containment initiative has yielded positive outcomes, as the growth in the administrative expenditure was contained within a 14% year-on-year increase, driven mainly by the growth in business activity during the year. This growth rate however, is expected to be reduced into the medium term. Finance costs remain a significant cost component in our business, but experienced a temporary reduction during the year mainly due to the re-adjustment of the debt structure that occurred during the year. A controlled upward trend is expected within finance costs as we continue to source optimal debt facilities to support our growing business. One of such facilities is a Domestic Medium Term Notes Program that was set up during the last quarter of the year, and out of which a total of P225 Million worth of unsecured notes were issued by year end.

Following a decisive portfolio clean-up and a robust credit control campaign instituted at the close of the prior year, loss provisions have experience a corrective trend during the year under review, recording an impressive 58% reduction from the P55 Million booked in 2015. A further downward trend on provisions is expected as a more robust credit risk and control framework has been instituted, and firm plans are underway to transform the stressed assets into profitable undertakings.

Our improving operational and financial performance have over the past year continued to consolidate into an improving net worth of the business, which closed the year at P2.1 billion, up from P1.8 billion in the prior year. This has been driven by a combination of an increase in distributable reserves and net investment assets.

As part of our core strategy, we continue to exit from certain business enterprises by selling them to local private investors. During the year, we divested from a total of 15 enterprises, and raised significant amounts of cash that is being used to fund new investments. A clear intention of our

divestment programme was to actively manage our balance sheet size and I am pleased to report that we have continued to grow our asset base as reflected by a 3% year-on-year growth during the past year.

The Corporation has also been successful in addressing the substantial capital funding gaps which the business has been facing for a long time. An initial note issuance from the listed bond program has taken place, and legal documentation is being finalised with the African Development Bank (AfDB) for a longer dated Line of Credit. On the other hand, important milestones have been recorded with respect to the investment pipeline, with just under P400m worth of new investments approved during the year and another P800 worth of potential investments at different stages of Due Diligence as at year end.

Development Impact

To complement our financial return, the Corporation also actively seeks a development return, defined as our ability to: pioneer new industries, grow exports, contribute to diversification, all culminating in increased job creation. Our approvals in the year under review are expected to facilitate the creation of 830 direct jobs and approximately 2500 indirect ones respectively. Of the total number of jobs expected to be created, 60% will be in the manufacturing

Management

MD'S REPORT CONT..

sector. The Corporation continues to seek opportunities that lead to import substitution and export promotion, pioneer new sectors as well as unlock value in existing ones. In the coming year, our projects, some of which are under implementation will contribute to the overall exports,our divestment programme has seen 5 companies valued at over P280 Million placed in the hands of the private sector.

Corporate Social Responsibility Programme (CSR)
During the year under review, the Corporation continued to exercise its role as a responsible Corporate Citizen. Donations and sponsorships were undertaken in different forms in accordance with CSR strategy. As our contribution to BOT50 celebrations and future focused developments, BDC undertook to actively support the Initiative under the theme "Botswana – 50 Years Forward". The Corporation took a position to contribute to celebrating the past 50 years of Botswana's Independence and success, while actively creating dialogue around the next 50 years of our country and our economy. The Corporation participated in an Inward Investment Symposia which was focused at forging partnerships with Investors in the US economy. Additionally, a targeted approach for the year was towards Arts, Culture, and Education with a view of helping develop the sub-sector as it has been identified as a potential job-creation sector especially for youth. During the year under review BDC supported CSR initiatives approximately amounting to P500 000.00.
I would like to extend my special thanks to the management and employees of the BDC for their dedication and tireless efforts in ensuring that the Corporation fulfils its mandate.

My sincere gratitude goes to Board Chairperson, Mr Blackie Marole and Board members for their quality leadership and enormous contribution over the past year.
END.

MR BASHI GAETSALOE
Managing Director

MR BAFANA MOLOMO
Chief Investment Officer

Mr Bafana Molomo officially joined BDC on the 1st of June 2015 from Vantage Capital - a leading mezzanine fund manager based in Johannesburg and operating across Sub-Saharan Africa. As a member of the Vantage Investment Team managing the ZAR 2 Billion Vantage Pan-Africa Mezzanine Debt Fund, he has been involved in deal origination, design of complex deal structures, financial modelling, investment analysis, due diligence, portfolio value enhancement, and exit management.

At Vantage, Bafana was a Senior Associate originating and structuring deal of in South Africa, Botswana, Namibia and Mozambique. He brings extensive experience in: Private equity, corporate finance, venture capital, mezzanine finance, structured finance, project finance, deal origination, market research and strategy.

He was previously with VPB in Botswana and Namibia as a senior investment professional. He began his career as an investment analyst with Fleming Asset Management Botswana.

Bafana earned a Bachelor of Commerce (Economics and Finance) and an MBA from University of Cape Town. He also holds a Post-graduate Diploma in Business from University of Pretoria's Gordon Institute of Business Science.

MR MBAKO MBO
Chief Financial Officer

Mr Mbako Mbo officially joined BDC on the 1st of May 2015 from African Development Bank where he held the position of Financial Management Expert responsible for: Project appraisals, risk assessments, designing financial management systems for new investments, review of financial reports, formulation of the Bank's Country and Regional Strategy.

Mbako has previous experience from Deloitte, Barclays, Botswana Telecommunications, Botswana Power Corporation where he held various roles including: financial accounting, management accounting, financial planning, Risk and auditing prior to his appointment as CFO, Mbako was the corporation's Chief Risk Office (CRO).

Mbako holds a BA Accounting, BSc Honours Applied Accounting, an MBA, and is also a Member of the Association of Chartered Accountants (ACCA) and a Member of the Association of Corporate Treasurers (AMCT). Mbako is also completing his PhD in Business Administration and Management from the University of Stellenbosch.

MS MARINA KHAN
Chief Audit Executive

Ms Marina Khan officially joined BDC on the 15th of June 2015. She joined BDC as Chief Audit Executive. Ms Khan joins BDC from Standard Chartered Bank Botswana
– where she held the position of Regional Head of Operational Risk for Botswana. Prior to that she was Head of Audit where she provided oversight, guidance, and support to ensure an effective Country Audit function that provided independent assurance to relevant stakeholders on the state of the country control environment and control disciplines.

Ms Khan has a broad finance and audit background – including major roles in the Financial Services sector. Key past roles include: Head of Internal Control, Barclays Bank Botswana, Country Head of Audit, Barclays Bank Botswana and Principal Internal Auditor, Botswana Power Corporation.

Ms Khan holds an MSc Strategic Management from Derby and Bachelor of Commerce from UB. She is a Member of the Institute of Supervisory Management, a Member of the Institute of Internal Auditors, and a Member of Botswana Institute of Accountants.

Management

MS BOITSHWARELO LEBANG
Head - Marketing Communications

Boitshwarelo Lebang is the Head of Marketing Communications at Botswana Development Corporation, a position she assumed from the 1st November 2014. Tasked with overall Marketing Communications function and strategic direction of the same at the Corporation. Her role entails image optimization, stakeholder engagement and management, branding, publicity, corporate citizenship management as well as promotion of products and services. The role offers advisory services to EXCO and the Board. Previously, she was Manager, Corporate Communications and Public Relations (CC&PR), overseeing the Corporation's and Public Relations function in an acting capacity.

In her current role she oversees: Stakeholder Management & Engagement, Branding, Marketing Publicity, Events Management and Corporate Social Responsibility.
Ms. Lebang has a 13 years' experience in the media and communications industry combined, 8 of which have been at management level in Corporate Communications. She has worked as a free-lance media practitioner on both television and radio and has extensive knowledge of the local media landscape. Prior to working for BDC, she had worked as a consultant with DCDM Consulting as well as lecturer at the now Public Service College.

She holds an in M.Sc. Strategic Management - Marketing Communications (University of Derby, UK) 2007 and Bsc. Computer Science - Business Information Systems and Management (University of Botswana) 2001

Professional Bodies: International Association of Business Communicators (IABC)

MS LINDIWE MAFAVUNEH
Head - Risk

Ms Lindiwe Mafavuneh joined BDC on the 1st of July 2016 as Head of Risk. Lindiwe has over 11 years of Financial Services experience and joins BDC from JP Morgan Chase in Dublin Ireland where she worked in various functions including: Risk Management and Financial Reporting. Ms Mafavuneh also has experience in asset management, insurance and banking.

Her qualifications include: Bachelor of Science in Business Administration (BSBA); MBA (concentration in Finance); and ACCA (UK). In addition, Lindiwe is a member of the Beta Alpha Psi National (USA) Honour Society and the Beta Alphi Psi International Honour Society.

MS THABILE FAITH MOIPOLAI
Head - Human Capital

Thabile Faith Moipolai is the Head of Human Capital, having joined the Corporation in July 2015. She was previously with De Beers Group of Companies where she held various HR roles, most recently that of Human Resources Business Partner. During her stay at De Beers, her key achievement included successfully driving the 'future world of work' project which was aimed at looking at the business using an innovative and future focused lense in order to ensure business sustainability. She was also responsible for driving the Talent Management & Organizational Effectiveness agenda for the Midstream (DTC's), which included South Africa, Namibia and Botswana. She has worked for the Exploration wing of the De Beers Group where she was reporting to Group and responsible for managing the people agenda, including union relationships.

Prior to working for De Beers, Thabile was employed by Botswana Insurance Fund Management as HR Business Partner. Her early career background includes a one year stint at Commercial Federal Bank, Omaha, USA as Learning & Development Assistant. Thabile has great expertise in driving the people agenda and is passionate about Talent Acquisition and interrogating the readiness of leaders to meet the current and future needs of the business and its strategy.

She holds a BSBA (Bachelor of Science in Business Administration) with a Major in Human Resources Management from the University of Nebraska, Omaha USA.

MS DOROTHY MATIZA
Head - Legal & Company Secretary (Ag)

Dorothy Matiza joined Botswana Development Corporation on March 1, 2015 from private practice, as the Board Secretary, Subsidiaries Management Division.

Dorothy's professional experience spans over 13 years as a Private Practitioner and Corporate Lawyer, Conveyancer and Notary Public with the firms Doreen Khama Attorneys and Rahim Khan & Co., as well as secondment to South View (Proprietary) Limited (the Administrators of the BOMAID Fund) as Legal services Manager and Company Secretary for the group of companies which includes MRI Medical Rescue and Alpha Access (Pty) Ltd.

Ms Matiza has a strong background in commercial and corporate law, regulatory and compliance matters, negotiating and management of commercial agreements, enterprise and legal risk management, company secretarial and corporate governance. In addition, Dorothy specialises in litigation, insolvency law and practice.

She holds a Bachelor of Laws (LLB UB) degree from the University of Botswana and Post Graduate Certificate in Enterprise Risk Management from Botswana Accountancy College. Dorothy is currently pursuing an MSc Masters in Strategic Management, with the University of Derby.

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1. THE CORPORATION

1.1 Legal Persona

Botswana Development Corporation Limited, the "Corporation" or "BDC", incorporated under the Companies Act Cap 42:01 in 1970, is a state-owned enterprise, with separate legal persona, distinct from its members, employees and all stakeholders.

Incorporated as a private limited company, 100% owned by Botswana Government, the shareholding and control is through the Ministry of Investment Trade and Industry, which has assumed the shareholder's oversight role since 2013.

1.2 The Corporation's Mandate

The Corporation derives its mandate from its incorporation documents such as the Constitution. The Corporation's constitution, as per the Companies Act Cap 42:01, sets out its objects, the issue and transfer of shares, declaration of dividends, powers reserved for the shareholder and meetings, and powers and duties of the directors including meetings and appointment provisions. As enshrined in its mandate, the Corporation's focus is to promote and facilitate the economic development of Botswana by identifying opportunities for development of new and existing industrial, commercial, and agricultural business undertakings as well as property development, and to prepare, implement and execute plans for the establishment or improvement of such undertakings by whatever means appropriate. This includes but is not limited to, direct financial investment in such undertakings, or procurement of financial or management assistance, or active participation therein with persons, firms or companies, whether locally or externally based.

To date the market niche for these products and services has been predominantly in property development and management, manufacturing industries, agro-based largescale processing as well as in the service and hospitality industries and in the same order of concentration. BDC has however, through the review of its business model in 2014, expanded its products and services to infrastructure, mining, energy and communications through collaboration and partnerships with other institutions.

2. THE BDC BRAND

BDC has been around for 46 years. Our Corporate Brand values; enterprising, collaboration and integrity are a benchmark to measure the behaviour and performance of Botswana Development Corporation and its employees. They are a code by which employees pride themselves and are known for.

Our logo is the visual representation of who we are and what we do: a graphic representation of BDC and the important role we play as a development finance institution. The BDC brand logo represents four "pillars"of Botswana Development Corporation and a "round table".

BDC

The "pillars "element represent the Corporation's continued support to local and foreign investors through providing financial support to commercially viable projects, for the benefit of Botswana's economic development. The pillars identify and reinforce Botswana Development Corporation as a commercial and industrial development agency that occupies a central and responsible position in Botswana. The "roundtable" depicts a discussion type atmosphere where viable partnerships are forged, cementing lasting relationships meant to improve the quality of life, and strengthen the Corporation's brand values and promise.

The Brand Promise is by extension the mandate of a brand. The BDC Brand promise is therefore; "To promote and facilitate economic development for Botswana" through:

Providing financial assistance to investors with commercially viable projects that:

- Pioneer new industries
- Unlock value in existing industries
- Stimulate private sector growth and linkages
- Drive diversification and exports
- Create significant employment
- Generate wealth from outside the country

The Botswana Development Corporation Brand Differentiator, "Your Investment Partner" puts emphasis on the mutual cooperation and responsibility of both the Corporation and its stakeholders towards a sphere of common interest. It depicts Botswana Development Corporation as the leader in equity investments and as an agency that is worthy of its stakeholders' trust to improve their quality of life.

3. OUR INVESTMENT

During the year FY2015/16, the Investment Division has undertaken significant origination efforts to source new investments and convert the same into possible investments for the Corporation. Other key activities during the year include portfolio management and review of the existing portfolio in a bid to improve performance and returns to the Corporation as well as divestment activities in line with the Corporation's divestment strategy. Over the period, the Division continuously sought opportunities in Botswana and beyond, with 36% of the Corporation's pipeline as at year end domiciled outside of Botswana. The Division maintained its mandate of attracting Foreign Direct Investment, diversification of the local economy, creating employment and earning foreign currency for the country.

The Investment Division maintained its efforts to improve business performance of the Corporation's existing portfolio through the designing and implementation of several value adding growth and turnaround strategies in a bid to ensure efficiency, sustainability and improve financial returns and shareholder returns. As at the end of the financial year, following the divestments undertaken during the year, there are currently thirty-two (32) existing, three (3) new approvals and five (5) advanced companies within the portfolio with the number expected to increase in FY2016/17 as the Corporation continues to invest in new business.

3.1 New Business Investments

The financial year FY2015/16 represents the second year of BDC's transformation journey and its revised approach to business for funding. With the transformation exercise now concluded, the Corporation is now geared for strong growth going into the last three years of its #DTB5 strategy. During the financial year, the Corporation made new investments in the Agribusiness, Infrastructure, Education and Property Sectors.

The Corporation further has a pipeline of five (5) new opportunities at advanced stages of evaluation in the education, financial services, energy, information technology and manufacturing sectors that are expected to be closed in the next financial year.

During the year FY2015/16, BDC approved a consolidated BWP 419.4 million for various projects as follows:

3.1.1 Agribusiness Sector

Dairy production: The facility is in the form of Debt and Equity for a primary milk production project in Lobatse. This is a development project expected to stimulate milk supply within the country.

3.1.2 Infrastructure development

Bulk Infrastructure Development: BWP 293 million: the facility is for the provision of primary infrastructure development of a township in Francistown. The promoters seeking to develop a residential area in Francistown expected to support home ownership in a well serviced area in the second city.

3.1.3 Services (Education)

Private Tertiary Education: A funding line of P50m in the form of a debt facility for the expansion of the Gaborone campus. The Company is private tertiary institution providing short, medium and full educational programmes (certificate to doctorate) for both private and government sponsored students. Development of its facilities in order to be able to continue housing the growing student population at the Gaborone campus. This is a homegrown university expected to support government in reduction of education expenditure through reduced spending on external institutions.

3.1.4 Property

Western Industrial Estates: BWP36 million, the facility is for an existing subsidiary within the portfolio for a warehouse development to cater for expansion plans for an existing client / tenant.

3.2 Divestments / Exits

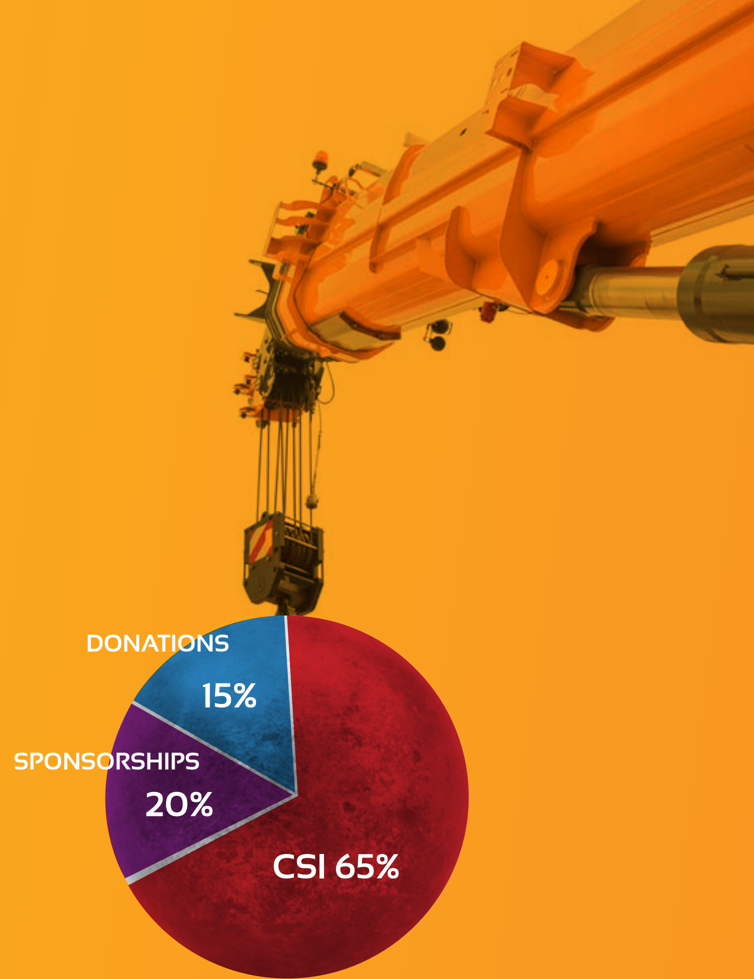
During the financial year FY2015/16, the Corporation maintained its divestment efforts with significant success achieved in this regard. The Corporation was able to conclude exits for ten assets within the portfolio over the period. These divestments included the disposal of residential properties under one of its subsidiaries, the sale of its interests in the DBN partnership and the sales of Healthcare Holdings, Toro Lodge, Cumberland Hotel, Khawa Lodge, Golden Fruit, Metropolitan, Asphalt Botswana and Kwena Rocla. Divestments remain a key deliverable in the BDC Corporate Strategy and investment process and are expected to continue as and when any investment has reached its life cycle within the Corporation. BDC creates industries and divests when the private sector matures sufficiently to take over, or if a commercially attractive offer is received. Exits in this case become a function of each investment. The objective remains to achieve best practice in the balance sheet to ensure sustainability of operations and effective utilisation of assets and cash reserves. During the period, the Corporation continued to seek and initiate partial-exits or dilutions in some of the investments where it owns 100% of the shares.

Corporate Social Responsibility

As the investment arm of Botswana Government with a mission to develop the commercial and Industrial sectors in the country through funding of projects, giving back is a virtue Botswana Development Corporation (BDC) remains steadfast not to overlook. During the year under review, the Corporation continued to exercise its role as a responsible Corporate Social Citizen. Donations and sponsorships were undertaken in different forms in accordance with budget. Below is an indication of our commitment to Corporate Social Responsibility:

- **Donations programme** is more reactive and short term, where the Corporation responds to requests for funding or donations most of which are once off.
- **Sponsorships programme** is also more of short term and driven primarily aimed at improving Corporate brand image.
- **Corporate Social Investment programme** is more pro-active and long term where the Corporation pro-actively identifies one or two community initiatives/projects within its current geographic area of operations

In continued efforts to make prudent use of its resources and to engage with communities across Botswana, BDC donated a 17-seater Mini bus to the Ramotswa Centre for the Deaf. This was to demonstrate our Corporation's commitment to the development of quality education in Botswana.



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5. OUR HUMAN CAPITAL

Human Capital will continue to play an instrumental role in securing the future success of BDC. The success of our Strategy 2019 will depend in part on our ability to retain, motivate, develop, and continue to attract employees with the requisite skills and experience to help BDC overcome challenges and make the most of opportunities. Investing in our employees remains one of our key priorities. The role of Human Capital has been enhanced in that more than ever, it operates in partnership with the business through its' business partnering model.

Our key focus areas were and continue to be:

- Creating a Strong Corporate Culture for long term sustainability
- Developing employees and creating future leaders
- Talent acquisition and management: A balanced Approach
- Diversity and Inclusiveness

A Strong Corporate Culture remains a focus area for BDC's long term success and its stakeholder relationships. The aggressive approach to strengthening our corporate culture has been driven from the top with a strong tone, focused on actively engaging employees and actively bringing the Corporations' values and beliefs to life through incorporation into critical business and people processes. Governance, controls and greater personal accountability were of utmost importance to driving this culture. This year being the second following the implementation of our performance management system, we have continued to focus on how our employees go about their work as on the results they achieve.

Employee Engagement has been driven by the leadership team working collaboratively with engagement champions to instill a sense of PRIDE in working for a high performing company where learning, growth and change are the norm and Integrity, Enterprising and Collaboration are embraced as our way of work.

BDC recognises the need to remain relevant in the ever changing volatile and complex world of work, and for this reason embraces the need to Develop Employees and Create Future Leaders that are fluid and progressive. This is done through development of bespoke leadership development and graduate development programmes, competency based learning and development and emphasizing on the importance of coaching and mentoring. Fostering partnerships with regional and international DFIs has also been beneficial to our employee development agenda.

A balanced 'buy and build' approach towards talent acquisition and management was adopted, by relying both on leveraging the skills and experiences already available in the Corporation whilst bringing in the necessary capabilities that would help position BDC for long term sustainable performance. Over and above talent acquisition, a particular focus was placed on facilitating cross departmental moves based on our employees' skills and aspirations which offers breadth of experience, synonymous of a future relevant employee. In an effort to create a broader and more flexible talent pool for the future, we have segmented our graduate development programmes' to reflect business requirements with a focus on building investment capability, developing a fluid talent pool through cross functional experiential learning, and student attaches'. Human Capital remains cognizant of the need to Retain Key Skills for business continuity.

The future outlook of Human Capital at BDC is to continue fostering development, driving employee engagement, ensuring that diversity and inclusion are part of our agenda, attraction and retention of key skills to efficiently deliver our strategy. Underpinning all of this will be leadership effectiveness and our ability to create a conducive working environment for our employees.

6 RISK MANAGEMENT AND SUSTAINABILITY

Risk Management

A disciplined approach to risk is important in a diversified organization like BDC in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated. We made tremendous strides during the year to ensure that the Corporation is compliant with the Risk Management Policy Framework, Enterprise-Wide Risk Management Framework and other risk oriented policies listed below;

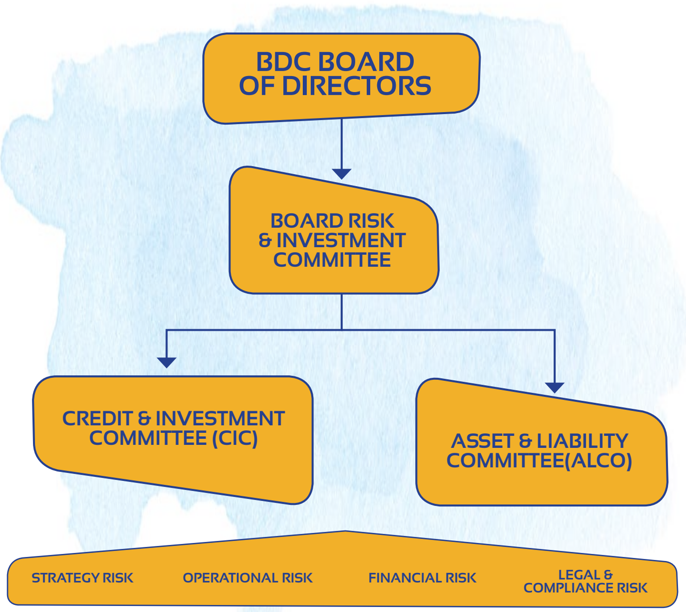
- Credit Risk and Portfolio Management Framework
- Credit Pricing Policy
- Capital Management Policy Framework
- Credit and Investment Policy

The successful completion of funding initiatives with the African Development Bank for P850 Million and Botswana Stock Exchange approved P1 Billion Bond programme has improved the Corporation's capital availability.

Our extensive portfolio clean up initiatives have started to yield results, with a significant 33% reduction in impairment provisions during 2016. Such initiatives are continuing into the future, with a focus of bringing down the NPL ration further down below 20% in the next year, and maintain it below 10% thereafter.

We are extremely excited to have rejuvenated our Business Continuity Programme during the year ended, the implementation is envisaged to go in to the early months of the next financial year and value realisation thereafter.

Risk Governance
How We Oversee Risk



Board of Directors
The Corporation's Board of Directors has oversight for risk management with a special focus on the most pertinant risks facing the Corporation, emanating from Strategic, Operational, Financial, Legal and Compliance fronts. Throughout the year, the Board and its committees to whom it has delegated responsibility dedicate a portion of their meetings to review and discuss specific risk topics in greater details. Strategic, Operational and Reputational risks are presented and discussed in more details within the context of the Managing Director's report to the Board.

Committees
BDC Board of Directors has delegated responsibility for the oversight of specific risks to Board Committees as follows;

Risk and Investment Committee ("RIC")
RIC oversees risks related to BDC and jointly meets throughout the year to make determinations on them, as well as updating BDC Board of Directors. The Committee does not only focus its efforts on the Corporations investment activity but rather extend their mandate to incorporate the Enterprise Wide Risk Management which covers the whole Corporation and take special interest on how management goes about mitigating identified risks.

These risks are discussed both at its meetings and full updates are brought before BDC Board of Directors.

Credit and Investment Committee ("CIC")
The objective of the CIC is to make a determination on proposed specific investments applications and to oversee the control and management of all credit and investment policies, processes and procedures related to the Corporation's investment function. All new deals initiated in the year under review went through CIC approval process.

Asset and Liability Committee ("ALCO")
ALCO was developed and implemented in the year ended 30 June 2016. The committee oversees the management of assets and liabilities in order to maximise shareholder value, to enhance profitability, to promote growth in capital, and to protect the Corporation from adverse financial consequences through the optimising the Corporation's balance sheet.

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Responsibilities
The Risk Division maintains sufficient independence from other divisions and departments. It assumes overall responsibility for the efficient and effective governance of BDC's significant risks and related opportunities.

The successful implementation and enforcement of adequate risk management practices and policies requires appropriate governance structures to be established with clearly defined responsibilities. Within the context of risk management, the following risk governance elements inform risk management within BDC:

Risk Governance Elements		Core Content
	Environment	Risk and Industry Environment
		Stakeholder Expectations
	Strategy	BDC's Corporate Mandate and Strategic Objectives
		Risk Appetite and Tolerance
		Risk Management Objectives
	Policy and Communication	Internal Control Environment
		Risk Management Policy and Application
		Communication
	Building a Structure	Board/Executive and Committee Operations
		Risk Management Organisational Structure
		Scope of Oversight and Review Activities
	Enabling People	Roles and Responsibilities
		Accountability
		Skills and Training

Sustainability
In pursuit of its development agenda, the Corporation invests in businesses with potential environmental and social harms that if not well managed, can cause damage or severe disturbance to the environment (flora, fauna, land, air and other natural resources) and people (communities, employees, customers and other stakeholders). For this reason, BDC endeavours to ensure that appropriate measures are taken timeously to avoid or minimise negative environmental and social impacts associated directly or indirectly with any of the Corporation's investments and/or support of any businesses or activities. In the context of BDC, environmental and social impacts refer to:

i) any change to the physical, natural, or cultural environment; and
ii) impacts on people

In order to ensure a more cohesive response mechanism to potentially negative environmental and social impacts arising from its activities, the Corporation is implementing an Environmental and Social Management System (ESMS) to ensure that:

- All projects and activities are screened to identify and evaluate their potential environmental and social impacts;
- Where potential environmental and social impacts are identified, an appropriate mitigation hierarchy is adopted to avoid or reduce all negative impacts in compliance with applicable laws and standards, whilst stimulating positive ones;
- Grievances from persons affected, directly or indirectly by BDC activities and communications from any other stakeholders are responded to and managed effectively;
- Environmental and social performance is improved through adherence to agreed management measurers typically outlined in applicable legislation and the Environmental and Social Management Plans (ESMPs) of individual activities and projects; and
- Credit approval processes include appropriate categorisation of projects in terms of potential

environmental and social impacts; and portfolio monitoring systems include continuous assessment of the client's capacity to responsibly manage the environment and social risks associated with their business.

7. GOVERNANCE FRAMEWORK

The BDC Board is dedicated to implementing effective structures, policies and practices that improve corporate governance and create sustainable value for its shareholder and stakeholders. Strong and sustainable corporate performance cannot be achieved without sound governance. It is in this regard, that BDC continues to commit considerable resources to ensure effective governance, recognising the principles of fairness, accountability, transparency and responsiveness.

BDC is governed by a Board of Directors. In terms of its Constitution, the Board shall comprise of a minimum of seven members and a maximum of thirteen. The Board is the custodian of corporate governance and is responsible for ensuring that the business of BDC is conducted according to sound corporate governance principles, in order to promote and facilitate the economic development of Botswana.

In carrying out its duties, the Board ensures that the business affairs of BDC are conducted on a commercial basis, and in a prompt, efficient and economic manner. The preponderance of non-executive Directors is encouraged, with the Board consisting of nine non-Executive Directors and only one Executive Director. The Chairman has no Executive function and interacts with the Board Members and Executive in order to discuss relevant issues and give guidance.

The Board is made up of a diverse composition of Directors comprising various captains of industry and professionals with expertise spanning over 20 years in Credit Risk, Procurement, Human Resources Specialist, Law, Economics, Finance, Property Law and Project Management, Engineers, Strategy development and implementation, as well as Private Sector and Business Development. The BDC Board consists of eminent professionals ranging from Economists, Business Strategists, Chartered Accountants, Civil and Telecommunications Engineers, Industrial Relations and Human Capital Practitioner and Entrepreneurs.

The BDC Board of Directors ensures that in conducting its business and in interacting with stakeholders, due regard is given to conformance to the Corporation's Corporate Values in force from time to time, or as defined in the Corporation's Strategy document.

Strong and sustainable corporate performance is achieved across all aspects, in line with the new business model adopted in December 2014, together with the revised governance framework, which includes a new Governance Policy, a revised Board Charter, a robust Delegation of Authority Policy with its Authority arrangements, and a Shareholder Compact. An existing detailed Conflict of Interest Policy complements all these. In addition to the new framework, BDC's strategic essence is to leverage good governance and partnerships to create and grow commercially viable businesses. The new governance framework aims at ensuring the development of an environment wherein those charged with governance and assurance have the ability to perform their duties. In addition to the above, the Board and Management engage with the Shareholder throughout the year, in order to ensure that there is alignment between the Shareholder's national vision and the corporate strategy.

Delegation of Authority

Certain functions of the Board are facilitated through the main Sub-Committees, particularly the Audit, Human Capital and Risk functions. Enshrined in the Delegation of Authority Policy is the delegated mandate of the Board to Management Committees. Whilst these functions of the Board are facilitated through the Committees, the Board retains accountability and liability concerning the exercise of its delegated authority. It is in this regard, internal controls and internal audit ensures the proper discharge of delegated authority, in line with the principles of good governance. The Board and its Committees each convene at least four ordinary meetings annually. Additional special meetings, are held based on the dictate of business requirements.

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In fulfilling its responsibilities, the Board is assisted by the following Committees:

1.1 Finance and Audit Committee;
1.2 Risk and Investment Committee;
1.3 Human Capital Committee;
1.4 Board Tender Committee;
1.5 A Management Credit and Investment Committee; and
1.6 A Management Tender Committee.

* In line with best practice, it is significant and noteworthy to point out that each Committee has an independent member who does not sit on the main Board.

Board Tender Committee
The Committee was set up in terms of the Board Charter to adjudicate on procurement of works, services, supplies and disposal of assets and to address matters relating to these procedures. The Board Tender Committee is the forum in which BDC Board Members review formal procurements processes which are above the maximum threshold for submission to the Management Tender Committee. The Committee further warrants that Procurement Plans developed by BDC are aligned to the budget and that they are consistent with organisational goals and objectives. More importantly, the Board Tender Committee ensures that recommendations of the Evaluation Committees and negotiation teams, as reflected in the evaluation/negotiation reports, are sound and responsive to the qualification, evaluation and award criteria indicated in the solicitation documents. The Board Tender Committee is accountable to the Board of BDC.

The Board Tender Committee comprises:
- Three non-executive Directors (one acting as the Chair)
- An Independent member
- Managing Director
- The Secretary shall be the BDC Company Secretary.

The Members are:
- A. V Lionjanga – Chairperson (Deceased)
- M. Moremong-Gobe – Vice Chairperson
- B. Gaetsaloe
- A. T Monnakgotla
- M. B Lefhoko

Board Finance and Audit Committee
The mandate of the Committee is to establish a clear channel of communication between Management, Internal Auditors, External Auditors and the Board of Directors; to improve the ability of the Board as a whole to ensure that proper and effective control and ethical practices are preserved at every level of delegation by providing a special focus on these subjects in an Audit committee of the Board; and to provide a means by which Directors can be informed of marginal and contentious points that have to be resolved in the preparation of the annual accounts and budgets.

The Board Finance and Audit Committee comprises:
- Three non-executive Directors (one acting as the Chair)
- An Independent member
- Managing Director
- The Secretary shall be the BDC Company Secretary.

The Members are:
- V. Molatedi – Chairperson
- R. W. Mokgatlhe (Resigned June 2016)
- B. Gaetsaloe
- R. Vaka
- M. Lesolle

Board Risk and Investment Committee
The mandate of the Committee is to review the Investment strategy for the Corporation, and make the relevant recommendations to the Board for approval; to ensure compliance with the Corporation's Credit and Investment Policies and Investment Procedures in place; to review quarterly, the implementation and compliance of the Corporations' Risk Management activities as contained in the ERM Framework; to review quarterly the Strategic Risk Register, the Performance of Investments at strategic level; to ensure Compliance with legislation, rules and regulations affecting the corporation's investment activities, and provide oversight; to review, consider and approve all investment and divestment proposals in line with the Corporation's approved Risk Appetite and Delegation of authority Policy; and to review, consider and recommend to the Board, all project investments and Divestments proposals above the Committee limit, in line with the Risk Appetite and Delegation of Authority Policy. The Board Risk and Investment Committee comprises:

- Three non-executive Directors (one acting as the Chair)
- An Independent member
- Managing Director
- The Secretary shall be the BDC Company Secretary.

The Members are:
- R. W. Mokgatlhe – Chairperson
- M. Moremong-Gobe
- B. Gaetsaloe
- S. M Rasebotsa

Board Human Capital Committee
The mandate of the Committee is to monitor and advise on the human intellectual capital of BDC, as well as the welfare of staff, so as to ensure adherence to the general conditions governing employees the Corporation, in order to attain the Corporate's objectives.

The Board Human Capital Committee comprises:
- Three non-executive Directors (one acting as the Chair)
- An Independent member
- Managing Director
- The Secretary shall be the BDC Company Secretary.

The Members are:
- R. Vaka – Chairperson
- V. Molatedi – Vice Chairperson
- B. Gaetsaloe
- M. Mpugwa

Credit and Investment Committee
The Committee is made up of Management. The Committee ensures that all investment proposals are subjected to rigorous examination prior to recommendation to the Board Risk and Investment Committee and the Board, depending on the threshold. The Credit & Investment Committee approves transactions, in particular investments to be made, financing of projects and approval of divestments.

The Credit and Investment Committee comprises:
- Managing Director
- The Head, Risk
- Chief Financial Officer
- Chief Investments Officer
- Head Legal and Company Secretary

Governance Framework and Governance Checklist
The Board's mandate is enshrined not only in the BDC Constitution, but also in the Board Charter and Governance Policy. The Board is dedicated towards the implementation of effective structures, policies and practices that improve corporate governance and create sustainable value for our Shareholder, by ensuring an effective system of internal control, effective compliance and risk management. The primary goal of these independent control functions is to ensure that we meet the control and reporting obligations required of a self-regulated Development Financial Institution such as BDC.

Director Evaluation
In line with the commitment made by the Board under the Board Charter, the Board and its independent Board Committee members are evaluated on their performance for the past year. The annual evaluation exercise is aimed at finding a balance between the increased demands for Boards to be accountable, effective leadership, and the effective performance of the Board. The focus of the assessment will be on fiduciary duties, risk management, strategic leadership and direction.

Director Development
With the fast changing governance landscape and the increased demand for Boards to provide leadership and to take accountability, following the successful implementation of the new business model, BDC has undertaken a training workshop for the Board on Corporate Governance. In light of the fact that BDC is a private company, working extensively within the private sector, it is incumbent that the Board is continuously trained and upskilled on the nature of the business in particular, venture capital, private equity, DFI funding, Financial skills, as well as risk management. As such, BDC continues to put in place continuous development programmes aimed at empowering and upskilling the Board with current key trends. Below is the governance checklist as well as the Board and Committee attendance matrix.

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BDC GOVERNANCE CHECKLIST	ADHERANCE
BDC Constitution	√
Board Charter	√
BDC Corporate Strategy	√
Shareholder compact	√
BDC Risk Appetite Statement	√
Treasury Policy and Framework	√
BDC Processes Manual	√
Credit and Investment Policy	√
Credit Pricing Policy	√
Credit Risk and Portfolio Management Framework	√
IT Security Policy	√
BDC Committee Terms of Reference	√

BOARD ATTENDANCE MATRIX

KEY: Present | Absent | N/A

Board Member	Q1						Q2							
	HCC	HCC2	BTC	RIC	FAC	BoD	HCC	HCC2	BTC	RIC	RIC2	FAC	BoD	BoD2
Marole	N/A	N/A	N/A	N/A	N/A	Present	N/A	N/A	N/A	N/A	N/A	N/A	Present	Present
Gaetsaloe	Present	Absent	Absent	Present	Present	Present	Absent	Present	Present	Absent	Present	Present	Absent	Present
Molatedi	Present	Present	N/A	N/A	Present	Present	Present	Present	N/A	N/A	N/A	Present	Present	Present
Serame	N/A	N/A	N/A	N/A	N/A	Absent	N/A	N/A	N/A	N/A	N/A	N/A	Absent	Present
Sekwakwa	N/A	N/A	N/A	N/A	N/A	Absent	N/A	N/A	N/A	N/A	N/A	N/A	Present	Absent
Monnakgotla	N/A	N/A	Present	N/A	N/A	Absent	N/A	N/A	Present	N/A	N/A	N/A	Present	Present
Mokgatlhe	N/A	N/A	N/A	Present	Present	Present	N/A	N/A	N/A	Present	N/A	Absent	Present	Absent
Gobe	N/A	N/A	Present	Absent	N/A	Present	N/A	N/A	Present	Present	Present	N/A	Absent	Present
Lionjanga	N/A	N/A	Present	N/A	N/A	Present	N/A	N/A	Absent	N/A	N/A	N/A	Absent	Present
Vaka	Present	Present	N/A	N/A	Present	Present	Present	Present	N/A	N/A	N/A	Present	Present	Absent
Lefhoko	N/A	N/A	Present	N/A	N/A	N/A	N/A	N/A	Present	N/A	N/A	N/A	N/A	N/A
Mpugwa	Present	Present	N/A	N/A	N/A	N/A	Present	Present	N/A	N/A	N/A	N/A	N/A	N/A
Lesolle	N/A	N/A	N/A	N/A	Absent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rasebotsa	N/A	N/A	N/A	Present	N/A	N/A	N/A	N/A	N/A	Present	Present	N/A	N/A	N/A

Board Member	Q3								Q4						Total
	HCC	HCC2	BTC	RIC	FAC	FAC2	BoD	BoD2	RIC	HCC	FAC	BTC	BoD	BOD2	
Marole	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Present	Present	'5/7
Gaetsaloe	Present	Present	Absent	Present	Present	Present	Present	Present	Present	Present	Present	N/A	Present	Present	'21/28
Molatedi	Present	N/A	N/A	N/A	Present	Absent	Present	Present	N/A	Absent	Absent	N/A	Present	Present	15/18
Serame	N/A	N/A	N/A	N/A	N/A	N/A	Absent	Absent	N/A	N/A	N/A	N/A	Absent	Present	2/7
Sekwakwa	N/A	N/A	N/A	N/A	N/A	N/A	Absent	Absent	N/A	N/A	N/A	N/A	Present	Absent	2/7
Monnakgotla	N/A	N/A	Absent	N/A	N/A	N/A	Present	Absent	N/A	N/A	N/A	N/A	Present	Present	7/10
Mokgatlhe	N/A	N/A	N/A	Present	Present	Present	Present	Present	Present	N/A	N/A	N/A	Present	Absent	13/15
Gobe	N/A	N/A	Present	Present	N/A	N/A	Present	Present	Present	N/A	N/A	N/A	Present	Present	13/15
Lionjanga	N/A	N/A	Present	N/A	N/A	N/A	Absent	Present	N/A	N/A	N/A	N/A	Present	Present	7/10
Vaka	Present	Present	N/A	N/A	Present	Absent	Absent	Present	N/A	Present	Absent	N/A	Present	Present	15/19
Lefhoko	N/A	N/A	Present	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3/3
Mpugwa	Present	Present	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Present	N/A	N/A	N/A	N/A	7/7
Lesolle	N/A	N/A	N/A	N/A	Absent	Present	N/A	N/A	N/A	N/A	Present	N/A	N/A	N/A	2/5
Rasebotsa	N/A	N/A	N/A	Present	N/A	N/A	N/A	N/A	Absent	N/A	N/A	N/A	N/A	N/A	4/5

8. GROUP INTERNAL AUDIT

Governance Assurance and Internal Audit function overview

During FY16, the Board, through the Finance and Audit Committee, External and Internal auditors continued to provide assurance on the status of governance and the internal control system in BDC and its subsidiaries. The Board has ensured that risk identification is an ongoing process and has ensured that adequate resources are in place to identify, evaluate and mitigate risks in place. The Group Internal Audit division work plan is risk based and adequately covers the Group audit universe.

The Board and management have ensured that adequate policies and procedures are in place to guide Group operations, safeguard assets as well as ensuring completeness of management information, accounting records and reliability of financial statements. Work done by assurance providers has indicated that the corporation's system of internal control is adequate and effective. The monitoring activities in place give assurance to the Board on an on-going basis on the status of the control environment. The Board also ensures that adequate resources are in place for these monitoring activities.

Tip-Off Anonymous

Internal audit oversees and provides liaison between the Corporation's structures and an independent 24 hours Anonymous tip-off Service

The service forms part of the mechanisms that assist the Corporation in fraud and corruption deterrence as well as detection. The Corporation in turn has a whistle-blowers' protection policy to support the service by ensuring that both the whistle-blowers are protected and the whistle-blowees are afforded fair treatment in dealing with any alleged reports. Internal Audit performs investigations arising from whistle blowing reports made and provides the Executive management and the Board with updates on issues arising from the investigations as well as any trends identified.

Tip-offs Anonymous

Trust Us, Talk To Us Anytime
Call the Tip-offs Anonymous free hotline with any information you may have regarding fraud, corruption or other workplace crime.

Toll free: 0800 600 644 (BTC)
1144 (Orange) | 71119773 (Mascom)

Free fax: 0800 00 77 88
Website: www.tip-offs.com
Email: bdc@tip-offs.com

All reports made are treated with complete anonymity. The Hotline covers BDC and all its group of companies

Group Financial Statements


PULA
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PULA
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Botswana Development Corporation Limited
Consolidated and Separate Financial Statements
30 June 2016

Directors' Report
30 June 2016

DIRECTORS' REPORT

The Botswana Development Corporation Limited (the Company) is a public entity set up by the Government of the Republic of Botswana (GRB) to promote development through equity and loan investment finance. The Company is registered under the Companies Act of Botswana (Companies Act, 2003).

The Directors have pleasure in submitting their annual report to the Shareholder together with the consolidated and separate audited financial statements for the year ended 30 June 2016 in accordance with the requirements of the Companies Act of Botswana (Companies Act, 2003).

FINANCIAL RESULTS

The financial results for the Company and the Group are set out on pages 42 to 96. The Company has declared a dividend of 25, 000 000 for the year ended 30 June 2016 (P Nil).

DIRECTORS

At the date of authorisation of these financial statements the following were directors of the Company:

B Marole	(Chairman)
B Gaetsaloe	(Managing Director)
S M Sekwakwa	
V Molatedi	
A V Lionjanga	
R Vaka	
R W Mokgatlhe	
M Moremong-Gobe	
A Monnakgotla	
P Serame	

STATED CAPITAL

The total number of ordinary shares issued and fully paid is 541,769,462 (2015: 517,699,462).

INVESTMENTS

During the year the Company invested further equity (ordinary and preference shares) in the following entities:

	P
- Commercial Holdings (Pty) Ltd	6,969,326
- Coast-to-Coast Inn (Pty) Ltd	2,199,199
- Western Industrial Estates (Pty) Ltd	55,000,000

DIRECTORS' FEES AND EXPENSES

It is recommended that directors' fees, expenses and directors' emoluments of P2 349 449 (2015: P1 778 311) for the year to 30 June 2016 be ratified.

By Order of the Board

D. T. Matiza
Acting Group Company Secretary

Directors' responsibility statement and approval of the Financial Statements
30 June 2016

Directors' responsibility statement
The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Botswana Development Corporation Limited ("the Group"), comprising the statements of financial position as at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The Directors are required by the Companies Act of Botswana (Companies Act, 2003) to maintain adequate accounting records and are responsible for the content and integrity of the financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company as at 30 June 2016 and the results of their operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements and their report is presented on page 4.

The Directors' are responsible for such internal controls 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.

The consolidated and separate financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the financial statements.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead. The Directors are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Disclosure of audit information
Each of the directors at the date of approval of this report confirms that: in so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information.

Directors' approval of the financial statements
The consolidated and separate financial statements set out on pages 5 to 58, which have been prepared on the going concern basis, were approved by the Board on 02 December 2016 and are signed on its behalf by:

Mr B Marole
Chairman

Mr A T Monnakgotla
Director

Independent auditor's report to the members of Botswana Development Corporation Limited

Deloitte.

We have audited the accompanying consolidated and separate financial statements of Botswana Development Corporation Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2016, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 64.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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 consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Development Corporation Limited as at 30 June 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

Note 40 describes the circumstances and effect of the restatement of comparative information. Prior to 2016 certain subsidiaries had carried land and buildings at cost, which was not in compliance with the Group accounting policy. In 2016, all subsidiaries revalued their land and buildings and the results of the revaluation indicated that the land and buildings balances reported in previous financial years were significantly understated. In addition, prior to 2014 Botswana Development Corporation Limited estimated the potential impairment of property, plant and equipment of its loss-making subsidiaries, which was not reflected in their standalone financial statements. Subsequently, impairment was recorded by certain of the subsidiaries and other ones valued their property, plant and equipment to estimate its recoverable amount. As a result, the impairment recognised at a Group level have been reversed as at the 2014 year end.

Deloitte & Touche

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Deloitte & Touche
Certified Auditors
Practicing Member: F C Els (19980074)

Gaborone
23 December 2016

Statements of Comprehensive Income
For the year ended 30 June 2016

	Notes	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
REVENUE					
Income from trade	1	198,470	206,604	262,200	194,403
Rental income		119,441	106,469	-	-
- Contract rental		108,481	101,330	-	-
- Straight line lease rental adjustment		10,960	5,139	-	-
		317,911	313,073	262,200	194,403
Cost of sales		(96,555)	(90,964)	-	-
GROSS PROFIT		221,356	222,109	262,200	194,403
Finance income	2	17,122	26,569	15,931	37,689
Other operating income	3	70,867	18,269	102,531	78,597
Fair value gain of investment properties	6	32,197	101,392	-	-
- As per valuation		43,157	106,531	-	-
- Straight-line rental adjustment		(10,960)	(5,139)	-	-
Share of profits of associates	10	29,561	102,445	-	-
Amortised cost of borrowings	26	675	599	675	599
Distribution costs		(2,160)	(2,180)	-	-
Marketing expenses		(3,179)	(4,100)	(1,855)	(2,631)
Occupancy expenses		(25,702)	(23,632)	(15,948)	(13,258)
Administrative expenses		(154,819)	(90,557)	(59,768)	(51,696)
Other operating expenses		(14,479)	(22,358)	(35,630)	(75,686)
Finance costs	2	(57,998)	(72,251)	(44,152)	(58,211)
PROFIT BEFORE TAX	4	113,441	256,305	223,985	109,806
Income tax expense	5	(44,915)	(47,441)	(15,744)	(20,405)
PROFIT FROM CONTINUING OPERATIONS		68,526	208,864	208,241	89,401
Loss after tax for the year from discontinued operations	41	(10,304)	(6,684)	-	-
PROFIT FOR THE YEAR		58,223	202,180	208,241	89,401
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of land and buildings	23	12,395	13,593	-	-
Deferred tax effect of the revaluation	23	(2,270)	(3,714)	-	-
Share of other comprehensive income/(loss) of associates	10	7,990	(2,628)	-	-
Discontinued operations - gain on revaluation of land and buildings		406	7,708	-	-
		18,521	14,959	-	-
Items that may be reclassified subsequently to profit or loss:					
Net gain on available-for-sale investments	22	30,096	187,060	30,096	187,060
Other comprehensive income for the year		48,617	202,019	30,096	187,060
TOTAL COMPREHENSIVE INCOME		106,839	404,199	238,337	276,461
Profit attributable to:					
Owners of the Company		34,841	182,953	208,241	89,401
Non-controlling interests	25	23,382	19,227	-	-
		58,223	202,180	208,241	89,401
Total other comprehensive income attributable to:					
Owners of the Company		48,617	202,019	30,096	187,060
Non-controlling interests		-	-	-	-
		48,617	202,019	30,096	187,060

Statements of Financial Position
At 30 June 2016

		Consolidated			Company	
ASSETS	Notes	2016 P 000	2015 P 000 Restated	2014 P 000 Restated	2016 P 000	2015 P 000
Non-current assets						
Investment properties	6	**1,784,238**	1,837,635	1,842,473	**-**	-
Property, plant and equipment	7	**246,399**	266,497	334,328	**8,677**	4,764
Intangible assets	8	**1,066**	1,401	1,742	**-**	-
Investment in subsidiaries	9	**-**	-	-	**998,317**	998,672
Associated companies/partnerships	10	**159,083**	253,264	301,246	**10,373**	23,422
Unquoted investments	11	**75,336**	17,202	34,926	**75,336**	17,202
Quoted investments	13	**1,048,129**	1,018,033	830,973	**1,048,129**	1,018,033
Due from group companies	14	**-**	-	-	**130,091**	109,643
Rental straight-line adjustment	29	**42,851**	31,890	22,861	**-**	-
Deferred tax assets		**2,574**	5,658	4,231	**-**	-
		3,359,676	3,431,580	3,372,780	**2,270,922**	2,171,736
Current assets						
Inventories	15	**22,642**	29,303	31,194	**-**	-
Trade and other receivables	16	**104,631**	76,947	72,199	**18,048**	83,751
Short-term loans	17	**64,733**	52,882	20,124	**101,163**	80,892
Short-term investments	18	**19,351**	21,391	20,175	**-**	-
Cash and cash equivalents	19	**541,316**	262,090	241,233	**307,530**	143,985
Taxation recoverable		**49,094**	56,473	49,390	**2,668**	8,047
		801,768	499,086	434,315	**429,410**	316,675
Assets classified as held for sale	6	**151,407**	127,380	3,070	**-**	-
		953,175	626,466	437,385	**429,410**	316,675
Assets pertaining to discontinued operations	41	**70,352**	79,665	-	**-**	-
Total assets		**4,383,203**	4,137,711	3,810,165	**2,700,333**	2,488,411
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	20	**888,269**	864,199	864,199	**888,269**	864,199
Share application	21	**-**	24,070	24,070	**-**	24,070
Fair value reserve	22	**897,577**	867,481	680,421	**897,577**	867,481
Other reserves	23	**217,330**	199,618	187,298	**-**	-
Dividend reserve		**-**	-	45,194	**-**	-
Claims equalisation reserve	24	**4,207**	6,774	5,737	**-**	-
Retained earnings/(accumulated losses)		**855,141**	816,342	592,248	**174,453**	(33,788)
Equity attributable to owners of the Company		**2,862,524**	2,778,484	2,399,167	**1,960,299**	1,721,962
Non-controlling interests	25	**313,909**	297,354	313,751	**-**	-
Total equity		**3,176,433**	3,075,838	2,712,918	**1,960,299**	1,721,962
Non-current liabilities						
Borrowings	26	**318,509**	531,085	381,467	**146,648**	304,353
Bonds outstanding	26	**214,964**	-	-	**214,964**	-
Government grants	27	**12,123**	12,479	12,834	**-**	-
Provision for restoration costs	28	**19,779**	15,259	13,771	**-**	-
Deferred tax liabilities	29	**113,488**	108,115	94,387	**-**	-
		678,863	666,938	502,459	**361,612**	304,353
Current liabilities						
Borrowings						
Tax payable	26	**257,428**	137,125	386,290	**234,900**	117,631
Trade and other payables		**5,398**	-	77	**-**	-
Bank overdrafts	30	**139,260**	106,942	120,238	**63,465**	203,696
Provisions	31	**120,659**	142,755	49,683	**80,056**	136,786
		-	3,983	38,500	**-**	3,983
Liabilities directly associated with discontinued		**522,746**	390,805	594,788	**378,422**	462,096
operations						
	41	**5,161**	4,130	-	**-**	-
Total equity and liabilities						
		4,383,203	4,137,711	3,810,165	**2,700,333**	2,488,411

Statements of Changes in Equity
For the year ended 30 June 2016

	Notes	Stated capital P 000	Share application P 000	Fair value reserve P 000
Consolidated				
Year ended 30 June 2016				
Balance at 1 July 2015		864,199	24,070	867,481
Total comprehensive income for the year		-	-	30,096
Profit for the year		-	-	-
Other comprehensive income for the year		-	-	30,096
Transfers during the year		24,070	(24,070)	-
Debenture interest declared during the year	25	-	-	-
Dividend paid	25	-	-	-
Other movements		-	-	-
Balance at 30 June 2016		888,269	-	897,577
Year ended 30 June 2015				
Balance at 1 July 2014 as prevuously reported		864,199	24,070	680,421
Restatement of previously reported balance		-	-	-
Restated balance at 1 July 2014		864,199	24,070	680,421
Total comprehensive income for the year		-	-	187,060
Restatement of previously reported amount		-	-	-
Restated other comprehensive income for the year		-	-	187,060
Profit for the year		-	-	-
Other comprehensive income for the year as previously reported		-	-	187,060
Transfers during the year		-	-	-
Debenture interest declared during the year	25	-	-	-
Acquisition of shares from minority interests	25	-	-	-
Dividend paid	25	-	-	-
Other movements		-	-	-
Balance at 30 June 2015		864,199	24,070	867,481
Company				
Year ended 30 June 2016				
Balance at 1 July 2015		864,199	24,070	867,481
Total comprehensive income for the year		-	-	30,096
Profit for the year		-	-	-
Other comprehensive income for the year		-	-	30,096
Transfers during the year		24,070	(24,070)	-
Balance at 30 June 2016		888,269	-	897,577
Year ended 30 June 2015				
Balance at 1 July 2014		864,199	24,070	680,421
Total comprehensive income for the year		-	-	187,060
Loss for the year		-	-	-
Other comprehensive income for the year		-	-	187,060
Transfers during the year		-	-	-
Balance at 30 June 2015		864,199	24,070	867,481

Other reserves P 000	Dividend reserve P 000	Claims equalisation reserve P 000	Retained earnings/ (accumulated losses) P 000	Total attributable to members P 000	Non-controlling interests P 000	Total P 000
199,618	-	6,774	816,342	2,778,484	297,354	3,075,838
18,521	-	-	34,841	83,457	23,382	106,839
-	-	-	34,841	34,841	23,382	58,223
18,521	-	-	-	48,617	-	48,617
(809)	-	(2,567)	3,376	-	-	-
-	-	-	-	-	(5,951)	(5,951)
-	-	-	-	-	(876)	(876)
-	-	-	582	582		582
217,330	-	4,207	855,141	2,862,524	313,909	3,176,433
135,385	45,194	5,737	479,515	2,234,521	313,751	2,548,272
51,913	-	-	112,733	164,646	-	164,646
187,298	45,194	5,737	592,248	2,399,167	313,751	2,712,918
1,116	-	-	182,953	371,129	19,227	390,356
13,843	-	-	-	13,843		13,843
14,959	-	-	182,953	384,972	19,227	404,199
-	-	-	182,953	182,953	19,227	202,180
1,116	-	-	-	188,176	-	188,176
(2,639)	(45,194)	1,037	46,796	-	-	-
-	-	-	-	-	(12,519)	(12,519)
-	-	-	-	-	(23,010)	(23,010)
-	-	-	-	-	(95)	(95)
-	-	-	(5,655)	(5,655)	-	(5,655)
199,618	-	6,774	816,342	2,778,484	297,354	3,075,838
-	-	-	(33,788)	1,721,962	-	1,721,962
-	-	-	208,241	238,337	-	238,337
-	-	-	208,241	208,241	-	208,241
-	-	-	-	30,096	-	30,096
-	-	-	-	-	-	-
-	-	-	174,453	1,960,299	-	1,960,299
-	45,194	-	(168,383)	1,445,501	-	1,445,501
-	-	-	89,401	276,461	-	276,461
-	-	-	89,401	89,401	-	89,401
-	-	-	-	187,060	-	187,060
-	(45,194)	-	45,194	-	-	-
-	-	-	(33,788)	1,721,962	-	1,721,962

Statements of Cash Flows
For the year ended 30 June 2016

	Notes	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
Cash flows from operating activities					
Cash generated from/(used in) operations	37	**27,328**	(11,371)	**(208,510)**	(166,406)
Tax paid		**(21,093)**	(33,314)	**(30,813)**	(26,286)
Net cash generated from/(used in) operating activities		**6,235**	(44,685)	**(239,323)**	(192,692)
Cash flows from investing activities					
Purchase of investment properties	6	**(41,439)**	(7,905)	**-**	-
Purchase of property, plant and equipment	7	**(12,453)**	(11,163)	**(6,625)**	(5,352)
Purchase of intangible assets	8	**-**	(18)	**-**	-
Purchase of shares in subsidiaries		**-**	-	**(9,179)**	(1,619)
Purchase of shares in associates		**-**	(2,791)	**-**	(2,791)
Purchase of shares in unquoted investment companies		**-**	(3,696)	**-**	(3,696)
Redeemed shares		**-**	-	**34,508**	-
Purchase of short-term investments	18	**-**	(1,216)	**-**	-
Loans disbursed to subsidiaries		**-**	-	**-**	(16,909)
Loans disbursed to unquoted investment companies		**(71,777)**	(30,061)	**(71,777)**	(30,061)
Loans repaid by subsidiaries		**-**	-	**1,000**	21,046
Loans repaid by associated companies		**458**	780	**776**	780
Loans repaid by unquoted investment companies		**2,098**	32,274	**17,450**	32,274
Proceeds from disposal of property, plant and equipment		**17,602**	857	**1,657**	581
Proceeds from disposal of investment properties and assets held for sale		**111,988**	6,090	**-**	-
Net movement in the reserves of associates		**61,277**	17,174	**-**	-
Proceeds on disposal of investments		**111,040**	112,577	**109,000**	112,577
Dividends received		**40,628**	39,822	**235,805**	158,671
Interest received	2	**17,122**	26,569	**15,931**	37,689
Net cash from investing activities		**236,545**	179,293	**328,546**	303,190
Cash flows from financing activities					
Long term borrowings raised		**121,128**	-	**121,128**	-
Proceeds from issued bonds		**230,332**	-	**219,460**	-
Long term borrowings repaid		**(228,094)**	(98,948)	**(165,385)**	(84,653)
Debenture interest and dividends paid to minority interests	25	**(6,826)**	(12,614)	**-**	-
Acquisition of shares to minority interests		**-**	(23,010)	**-**	-
Finance costs	2	**(57,998)**	(72,251)	**(44,152)**	(58,211)
Net cash from/(used in) financing activities		**58,542**	(206,823)	**131,051**	(142,864)
Movement in cash and cash equivalents		**301,322**	(72,215)	**220,275**	(32,366)
Movement in cash and cash equivalents					
Beginning of the year		**119,335**	191,550	**7,199**	39,565
Movement during the year		**301,322**	(72,215)	**220,275**	(32,366)
End of the year		**420,657**	119,335	**227,474**	7,199
Cash and cash equivalents comprise:					
Cash and cash equivalents	19	**541,316**	262,090	**307,530**	143,985
Bank overdrafts	31	**(120,659)**	(142,755)	**(80,056)**	(136,786)
		420,657	119,335	**227,474**	7,199

General information
Botswana Development Corporation Limited (the Company) is a public entity set up by the Government of the Republic of Botswana (GRB) to promote development through equity and loan investment finance. The Company is registered under the Companies Act of Botswana (Companies Act, 2003) and holds investments in companies involved in various business categories, for example, agriculture, manufacturing, properties and services provision. The Company's address, registered office and principal place of business are disclosed in the introduction to the annual report.

Statement of compliance and basis of preparation
The consolidated and seperate financial statements ("Financial Statements"), which are presented in Botswana Pula (the functional currency), have been prepared in accordance with IFRSs and on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Adoption of new and revised International Financial Reporting Standards
New and revised Standards are effective for the current period:
In the current year, the Group has adopted all the new and revised Standards of the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2014.

The Group adopted the following amendments to existing Standards in the current period:
Amendments to IAS 19: Defined benefit plans - Employee contributions
Annual Improvements 2010-2012 Cycle - Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 24
Annual Improvements 2011-2013 Cycle - Amendments to IFRS 3, IFRS 13 and IAS 40

New and revised Standards in issue but not yet effective
At the date of authorisation of these financial statements, the following Standards and Interpretations which are applicable to the Group were issued but were not yet effective:

New/Revised International Reporting Standards		Effective Date
IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendments resulting from 2012-2014 Annual Improvements Cycle)	1 January 2016
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments resulting from 2012-2014 Annual Improvements Cycle)	1 January 2016
IFRS 7	Financial Instruments: Disclosures (Amendments resulting from September 2014 Annual Improvements to IFRSs)	1 January 2016
IFRS 9	Financial Instruments (Reissue of a complete standard with all the chapters incorporated)	1 January 2018
IFRS 10	Consolidated Financial Statements	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IFRS 12	Disclosure of Interests in Other Entities (Amendments related to the application of the investment entities exceptions)	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IAS 1	Presentation of Financial Statements (Amendments arising under the Disclosure Initiative)	1 January 2016
IAS 16	Property, Plant and Equipment	1 January 2016
IAS 19	Employee Benefits	1 January 2016
IAS 27	Separate Financial Statements: Investment Entities	1 January 2016
IAS 28	Investments in Associates and Joint Ventures (Amended)	1 January 2016
IAS 34	Interim Financial Reporting (Amendments resulting from 2012-2014 Annual Improvements Cycle)	1 January 2016
IAS 38	Intangible Assets	1 July 2016
IAS 41	Agriculture	1 January 2016

The Directors have not yet had the opportunity to consider the potential impact of the adoption of the above new and amended standards.

Significant accounting policies (continued)
30 June 2016

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity. Any fair value gain or loss on initial recognition is recognised in the statement of comprehensive income.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Business combinations (Continued)
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.
Business combinations that took place prior to 1 July 2010 were accounted for in accordance with the previous version of IFRS 3 Business Combinations.

Investments in associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets or the associates, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Significant Accounting Policies (continued)
30 June 2016

Investments in associates (Continued)
Any excess of the cost of acquisition over the Group's share of the net fair value of the identification assets, liabilities and contingent liabilities of the associate recognised as the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are 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 entity; and
the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

installation fees from a recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

The Group's policy for recognition of revenue from construction contracts is described separately below.

Dividend and interest revenue
Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life if the financial asset to that asset's net carrying amount on initial recognition.

Significant Accounting Policies (continued)
30 June 2016

Revenue recognition (Continued)

Premium income
Premium income is recognised in the period in which the related risk is notified to the Group. A provision for unearned premiums, which represents the estimated portion of net premiums written relating to unearned risks, is made at end of the financial year. Salvage income is recognised as and when realised.

Rental income
The Group's policy for recognition of revenue from operating leases described under leasing below.

Construction contracts
Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under the finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finances lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Leasing (Continued)
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Foreign currencies
In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowing costs related to the establishment of borrowing facilities are recognised as transaction costs of the debt to the extent that it is probable that some or all of the facility will be drawndown. Such costs are capitalised and armotised through the income statement over the tenor of the related borrowings using the effective interest rate method. On presentation, these are reflected as a net off against the carrying amounts of the specific borrowings to which they relate.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Significant Accounting Policies (continued)
30 June 2016

Government Grants (Continued)
Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefit costs

Pension obligations
Group companies have various defined contribution pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension plan under which the group pays fixed regular contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Severance pay and gratuity
Citizen employees are entitled to statutory severance benefits and gratuities at end of every five years. Non-citizen employees receive gratuities at end of every two-year contract. Provision is made in respect of these benefits on an annual basis and included in operating results.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Taxation (Continued)

Deferred tax (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (when in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment
Properties held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income and accumulated under the heading of revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such property is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.
Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Significant Accounting Policies (continued)
30 June 2016

Property, plant and equipment (Continued)
Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
The estimated useful lives of property, plant and equipment are as follows:

Buildings	25 - 50 years
Plant and machinery	14 - 25 years
Furniture, fittings and equipment	4 - 10 years
Computer equipment	3 - 5 years
Motor vehicles	3 - 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the 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.

Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets
Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets (Continued)

Internally-generated intangible assets - research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination
Intangible assets that are acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Significant Accounting Policies (continued)
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Impairment of tangible and intangible assets (Continued)
Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made for obsolete, slow- moving and defective inventory.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short highly liquid investments with original maturities of three months and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provisions (Continued)

Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Contingent liabilities acquired in a business combination
Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue.

Related party transactions
Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, the party:
(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
(ii) has an interest in the entity that gives it significant influence over the entity; or
(b) that are members of the key management personnel of the entity or its parent including close members of the family.

All dealings with related parties are transacted on an arm's length basis and accordingly included in profit or loss for the year.

Financial instruments
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Significant Accounting Policies (continued)
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Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

- A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "net gains and losses on investments in other comprehensive income. Fair value is determined in the manner described in note 39.

Financial assets (Continued)

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)
AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 43. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and related party balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

significant financial difficulty of the issuer or counterparty; or breach of contract, such as a default or delinquency in interest or principal payments; or
it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
the disappearance of an active market for that financial asset because of financial difficulties.

Significant Accounting Policies (continued)
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Financial assets (Continued)
For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments
The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to stated capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to stated capital. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Compound instruments (continued)
Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in

Significant Accounting Policies (continued)
30 June 2016

the consolidated statement of comprehensive income.

Other financial liabilities
Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Critical accounting estimates and judgements in applying accounting policies
In the application of the Group's accounting policies, the Directors and Management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty
The following are assumptions concerning the future and other key sources of estimation uncertainity at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- the recognition of revenue and contract incentives;
- the recognition of penalties and claims on contracts;
- the calculation of the allowance for doubtful debts;
- the calculation of the allowance for obsolete inventories;
- the determination of income tax and deferred taxation liabilities;
- the calculation of any provision for claims, litigation and other legal matters;
- the assessment of impairments and calculation of the recoverable amounts of assets (including investments);
- the estimation of the fair value of investment properties;
- the calculation of any other provisions including warrantees, guarantees and bonuses; and
- the determination of useful lives and residual values of items of property, plant and equipment.

1. REVENUE

	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Income from trade:				
Revenue from the sale of goods and rendering of services	**146,136**	146,772	-	-
Interest on loans:				
- Subsidiaries	**-**	-	13,962	15,722
- Associated companies/joint ventures	**357**	1,346	357	1,346
- Unquoted investments	**10,695**	13,254	10,695	13,254
- Invoice discounting	**654**	5,410	1,381	5,410
Dividends received:				
- Subsidiaries	**-**	-	168,102	85,562
- Associated companies/joint ventures	**-**	-	27,075	33,287
- Quoted investments	**40,628**	39,822	40,628	39,822
	198,470	206,604	262,200	194,403

2. FINANCE INCOME AND FINANCE COSTS

	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Finance income:				
- Bank	**15,526**	26,090	2,822	2,926
- Debenture interest	**-**	-	11,512	26,978
- Preference shares	**1,596**	479	1,596	7,785
	17,122	26,569	15,931	37,689
Finance costs:	**(22,250)**	(34,953)	(12,336)	(21,931)
- Bank borrowings	**(30,372)**	(36,280)	(30,372)	(36,280)
- Long-term borrowings	**(1,443)**	-	(1,443)	-
- Bonds	**(2)**	(26)	-	-
- Finance leases	**(3,930)**	(992)	-	-
- Unwinding of discount on restoration costs (note 28)	**(57,998)**	(72,251)	(44,152)	(58,211)

3. OTHER OPERATING INCOME

	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Cost recoveries	**25**	-	5,179	5,334
Directors' fees received	**56**	54	56	54
Loan negotiating fees	**711**	-	711	64
Invoice discounting service fees	**448**	1,321	448	1,321
Profit/(Loss) on disposal of investments	**44,586**	(3,312)	95,692	71,047
Profit on disposal of investment properties	**1,211**	-	-	-
Sundry income	**23,830**	20,206	445	777
	70,867	18,269	102,531	78,597

Notes to the Financial Statements (continued)
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		Consolidated		Company	
4. PROFIT BEFORE TAX		**2016 P 000**	**2015 P 000**	**2016 P 000**	**2015 P 000**
The following items have been (credited)/charged in arriving at profit before tax, in addition to the amounts already disclosed in notes 1, 2, 3 and 6:					
Amortisation of Government grant (note 27)					
		(356)	(355)	-	-
Auditor's remuneration	- current year	1,638	1,907	415	427
	- prior year	687	-	443	-
Operating lease payments		560	300	15,948	13,258
Amortisation of intangible assets (note 8)		335	359	-	-
Depreciation (note 7)		12,391	17,323	2,474	1,130
Impairment of property, plant and equipment (note 7)		8,013	2,117	-	-
Directors' fees		3,261	1,510	148	109
Directors' emoluments		2,349	1,778	2,349	1,778
Key management emoluments		16,942	11,653	2,665	3,228
Net foreign exchange (gains)/losses		(2,896)	2,642	(1,063)	1,612
Impairment on investments (note 12)		26,091	5,096	36,792	54,598
Bad and doubtful debts (note 16)		2,567	13,527	-	6,677
Rates		3,645	2,821	-	-
Utilities		7,434	8,083	454	748
Repairs and maintenance		8,019	5,794	1,278	412
Staff costs (as below)		74,360	70,076	40,752	29,645
(Profit)/loss on disposal of investments		(44,586)	3,312	(95,692)	(71,047)
		(1,211)	-	-	-
Profit on disposal of investment properties		(92)	(24)	(47)	32
(Profit)/loss on disposal of property, plant and equipment					
Staff costs		63,981	61,707	34,134	25,110
Salaries and wages		10,379	8,369	6,618	4,535
Terminal benefits		74,360	70,076	40,752	29,645
5. INCOME TAX EXPENSE					
Botswana company taxation					
		1,276	1,468	-	-
Normal taxation at 22%/15%		2,471	(442)	2,471	-
Normal taxation - prior year		4,904	15,002	4,904	15,002
Withholding tax paid on dividends		-	-	(5,953)	(4,723)
Group tax relief		8,651	16,028	1,422	10,279
Total normal taxation		(132)	982	-	-
Deferred taxation (note 30)	- current year	6,013	1,380	-	
	- prior year	306	6,225	-	-
	- prior year	25,219	10,126	14,322	10,126
	- capital gains tax	4,858	12,700	-	-
Capital gains tax paid		44,915	47,441	15,744	20,405
Share of associate company taxation (note 10)					
Charge for the year					

5. INCOME TAX EXPENSE (Continued)

The tax on the profit before tax differs from the theoretical amount as follows:

	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
Profit before tax	**113,441**	256,305	**223,985**	109,806
Tax calculated at 22%/15%	**70,605**	39,425	**49,277**	24,157
Income not subject to tax	**(74,730)**	(31,954)	**(72,929)**	(50,538)
Normal taxation - prior year	**2,471**	-	**2,471**	-
Deferred taxation - prior year	**6,013**	(982)	**-**	-
Capital gains tax	**25,219**	10,126	**14,322**	10,126
Expense not deductible for tax purposes	**6,240**	2,716	**-**	-
Allowable deductions - debenture interest	**(8,131)**	(8,100)	**-**	-
Fair value adjustments subject to capital gains tax	**(6,692)**	(17,222)	**-**	-
Share of associated company taxation	**4,859**	12,700	**-**	-
Withholding tax paid on dividends	**4,904**	15,002	**4,904**	15,002
Utilised tax losses	**-**	(1,582)	**-**	-
Unrecognised deferred tax assets	**14,158**	27,313	**23,653**	26,381
Group tax relief	**-**	-	**(5,953)**	(4,723)
	44,915	47,441	**15,744**	20,405

Botswana Development Corporation has not recognised a deferred tax asset on its accummulated tax losses carried forward and on the tax temporary differences because of the uncertainty over the future utilisation of such an asset against taxable profits.

Tax losses:

In accordance with the Income Tax Act (Chapter 52: 01), Section 46, assessed tax losses in relation to any tax year are deductible in ascertaining the relevant chargeable income for the subsequent tax year. No assessed tax losses shall be carried forward as a deduction for a period of more than the five years succeeding the tax year in which such losses arose.

At the end of the year, the assessed and estimated tax losses available for deduction are as follows:

Tax year:	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
2011/2012	**67,703**	67,703	**6,524**	6,524
2012/2013	**91,117**	91,117	**76,131**	76,131
2013/2014	**212,639**	212,639	**144,342**	144,342
2014/2015	**134,552**	134,552	**96,647**	96,647
2015/2016	**145,112**	-	**110,567**	-
	651,123	506,011	**434,211**	323,644

Notes to the Financial Statements (continued)
30 June 2016

	Consolidated	
6. INVESTMENT PROPERTIES	**2016 P 000**	**2015 P 000**
Land and buildings at fair value		
Straight line lease rental adjustment	**1,846,545**	1,888,982
Balance at end of year	**(62,307)**	(51,347)
	1,784,238	1,837,635
Reconciliation of fair value		
Balance at beginning of the year		
At valuation	**1,837,635**	1,842,473
Straight line lease rental adjustment	**1,888,982**	1,888,681
Additions during the year	**(51,347)**	(46,208)
Disposals during the year	**41,439**	7,905
Transfer from property, plant and equipment (note 7)	**(41,534)**	-
	5,261	54,025
Transfer to assets classified as held for sale	**(148,270)**	-
Transfer from assets classified as held for sale	**57,510**	-
	32,197	101,392
Fair value of investment properties	**43,157**	106,531
Increase in fair value during the year	**(10,960)**	(5,139)
Straight line lease rental adjustment		
	1,784,238	1,837,635
Balance at end of the year		

Fair value of investment properties

The investment properties of the Company measured at fair value at the end of the reporting period fall under Level 3 - Significant unobservable inputs.

The fair value of the investment properties has been arrived at on the basis of valuations carried out at 30 June 2016 by professional internal and external valuers. Both the internal and external valuers are members of the Real Estate Institute of Botswana and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The valuations were done in conformity with and are subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organisations with which the valuers are affiliated. The market values were determined by the valuers using investment valuation models for industrial and commercial properties. The effective date of the valuations was 30 June 2016.

All of the Group's investment property is held under freehold interests.

Investment properties available for sale

Two subsidiary companies are in the process of negotiating the sale of investment properties. As a result the investment properties have been disclosed as "Assets classified as held for sale". These investment properties valued at P151 407 000 (2015: P127 380 000) were not disposed as at year end as management was in the process of negotiating the sales price with the potential purchasers.
Transactions associated with investment properties are:

	2016	2015
Rental income	**119,441**	106,469
Repairs and maintenance expenses	**(3,724)**	(1,760)

7. PROPERTY, PLANT AND EQUIPMENT	Land and buildings P 000	Computer equipment P 000	Motor vehicles P 000	Plant and machinery P 000	Furniture, fittings and equipment P 000	Capital work in progress P 000	Total P 000
Consolidated							
Year ended 30 June 2016							
Balance at beginning of the year							
Revaluation	174,996	2,051	1,231	73,836	10,314	4,069	266,497
Additions	12,395	-	-	-	-	-	12,395
Transfers	694	1,675	214	1,075	8,606	189	12,453
Transfer to investment properties (note 6)	3,650	-	-	90	-	(3,740)	-
Depreciation (note 4)	(5,261)	-	-	-	-	-	(5,261)
Disposals	(2,507)	(1,048)	(520)	(5,042)	(3,274)	-	(12,391)
Depreciation on disposals	(16,278)	(117)	(529)	(5,705)	(2,559)	-	(25,188)
Impairment loss through profit and loss (note 4)	83	32	368	3,465	1,959	-	5,907
Balance at end of the year	(4,420)	-	-	(3,593)	-	-	(8,013)
	163,352	2,593	764	64,126	15,046	518	246,399
At 30 June 2016							
Cost/valuation							
Accumulated depreciation and impairment	172,791	14,812	4,016	156,451	26,626	518	375,214
Net book value	(9,439)	(12,219)	(3,252)	(92,325)	(11,580)	-	(128,815)
	163,352	2,593	764	64,126	15,046	518	246,399
Year ended 30 June 2015							
Balance at beginning of the year as previously							
reported	103,828	946	1,847	908	6,538	45,649	159,716
Restatement of previously reported amounts	61,879	-	-	107,924	1,232	3,577	174,612
(note 40)	165,707	946	1,847	108,832	7,770	49,226	334,328
Restated balance at beginning of the year	13,593	-	-	-	-	-	13,593
Revaluation	1,742	2,155	423	1,559	4,311	973	11,163
Additions	20,863	-	-	24,307	161	(45,331)	-
Transfers	(54,025)	-	-	-	-	-	(54,025)
Transfers to investment properties (note 6)	37,760						37,760
Transfers from investment properties (note 6)	(4,323)	(1,018)	(1,024)	(9,141)	(1,817)	-	(17,323)
Depreciation (note 4)	-	(721)	(77)	-	(1,200)	(798)	(2,796)
Disposals	-	689	77	-	1,197	-	1,963
Depreciation on disposals	(2,117)	-	-	-	-	-	(2,117)
Impairment loss through profit and loss (note 4)	(4,204)	-	(15)	(51,721)	(109)	-	(56,049)
Reclassified to discontinued operations	174,996	2,051	1,231	73,836	10,313	4,070	266,497
Balance at end of the year							
At 30 June 2015	177,591	13,254	4,331	160,991	20,579	4,069	380,815
Cost/valuation	(2,595)	(11,203)	(3,100)	(87,155)	(10,265)	-	(114,318)
Accumulated depreciation and impairment	174,996	2,051	1,231	73,836	10,314	4,069	266,497
Net book value							

The impairment loss of P8 million (2015: P2.1 million) represents the write-down of carrying value of lodge buildings and plant and machinery of subsidiary companies. The recoverable amount was based on fair values as at 30 June 2016. The land and buildings were professionally valued by accredited independent valuers guided by guidelines stipulated by Real Estate Institute of Botswana. The plant and machinery's fair value less costs to sell was determined based on amounts expected to be paid on plant and machinery at a similar age less estimated costs that would be incurred in a sales transaction.

Certain assets are encumbered as set out in notes 26 and 31.

Notes to the Financial Statements (continued)
30 June 2016

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Computer equipment P 000	Motor vehicles P 000	Furniture, fittings and equipment P 000	Total P 000
Year ended 30 June 2016				
Balance at beginning of the year	1,544	180	3,040	4,764
Additions	498	-	6,127	6,625
Depreciation (note 4)	(730)	(136)	(1,608)	(2,474)
Disposals	-	(21)	(217)	(238)
Balance at end of the year	**1,312**	**23**	**7,342**	**8,677**
At 30 June 2016				
Cost	5,282	885	10,993	17,160
Accumulated depreciation	(3,970)	(862)	(3,651)	(8,483)
Net book value	**1,312**	**23**	**7,342**	**8,677**
Year ended 30 June 2015				
Balance at beginning of the year	325	384	446	1,155
Additions	2,558	-	2,794	5,352
Depreciation (note 4)	(726)	(204)	(200)	(1,130)
Disposals	(613)	-	-	(613)
Balance at end of the year	1,544	180	3,040	4,764
At 30 June 2015				
Cost	4,784	885	4,866	10,535
Accumulated depreciation	(3,240)	(705)	(1,826)	(5,771)
Net book value	1,544	180	3,040	4,764

8. INTANGIBLE ASSETS

	Group 2016 P 000	Group 2015 P 000
Computer software:		
Balance at beginning of the year	1,401	1,742
Additions	-	18
Amortisation charge (note 4)	(335)	(359)
Balance at end of the year	**1,066**	1,401
At 30 June		
Cost	3,627	3,627
Accumulated amortisation	(2,561)	(2,226)
Net book value	**1,066**	1,401

9. INVESTMENT IN SUBSIDIARIES	Ordinary shares at cost P 000	Preference shares at cost P 000	Short-term loan P 000	Long-term loan P 000	Total loan P 000	2016 Total investment P 000	2015 Total investment P 000	% of shares held	Loan Interest rate p.a
Agriculture	84,461	-	-	-	-	**84,461**	75,058		%
Farm Development Company (Pty)Ltd	2	-	-	-	-	**2**	2	**100**	-
Talana Farms (Pty) Ltd	9,237	-	-	-	-	**9,237**	9,237	**100**	-
LP Amusements (Pty) Ltd	59,026	-	-	-	-	**59,026**	49,623	**100**	-
Malutu Investments (Pty) Ltd	16,196	-	-	-	-	**16,196**	16,196	**100**	-
Industry	281,643	49,467	19,429	-	19,429	**350,539**	390,781		
Kwena Concrete Products (Pty) Ltd	11,880	-	-	-	-	**11,880**	11,880	**100**	-
Lobatse Clay Works (Pty) Ltd	121,602	-	-	-	-	**121,602**	163,110	**100**	-
Golden Fruit 97 (Pty) Ltd	25,496	13,796	-	-	-	**39,292**	39,292	**100**	-
Can Manufacturers (Pty) Ltd	122,665	35,671	19,429	-	19,429	**177,765**	176,499	**100**	11.75
Services	28,196	5,200	1,599	6,205	7,804	**41,200**	38,000		
Export Credit Insurance & Guarantee (Pty) Ltd	13,437	-	-	-	-	**13,437**	13,437	**100**	-
Coast-to-Coast Inn (Pty) Ltd	14,759	5,200	1,599	6,205	7,804	**27,763**	24,563	**100**	13.00

Notes to the Financial Statements (continued)
30 June 2016

9. INVESTMENT IN SUBSIDIARIES (Continued)	Ordinary shares at cost P 000	Preference shares at cost P 000	Short-term loan P 000	Long-term loan P 000	Total loan P 000	2016 Total investment P 000	2015 Total investment P 000	% of shares held	Loan Interest rate p.a
Property management	923,996	6,347	15,402	182,926	198,328	**1,128,671**	1,061,001		%
Botswana Hotel Development Co. (Pty) Ltd	104,098	-	-	67,693	67,693	**171,791**	176,617	**100**	11.00
Commercial Holdings (Pty) Ltd	222,901	-	15,402	115,233	130,635	**353,536**	336,040	**100**	8.80
Fairground Holdings (Pty) Ltd	8,615	-	-	-	-	**8,615**	8,615	**51**	-
NPC Investments (Pty) Ltd	1,321	-	-	-	-	**1,321**	1,321	**100**	-
Residential Holdings (Pty) Ltd	32,788	6,347	-	-	-	**39,135**	39,135	**100**	11.00
Western Industrial Estate (Pty) Ltd	277,463	-	-	-	-	**277,463**	222,463	**100**	-
Phakalane Property Development (Pty Ltd	510	-	-	-	-	**510**	510	**51**	-
Letlole la Rona Ltd	276,300	-	-	-	-	**276,300**	276,300	**66**	-
Total all sectors	1,318,296	61,014	36,430	189,131	225,561	**1,604,871**	1,564,840		
Less:									
Accumulated impairment (note 12)						**(502,431)**	(465,639)		
Amortised cost adjustment of loan provided at below market rate						**(67,693)**	(72,519)		
						1,034,747	1,026,682		
Less:									
Current portion of loans included in short-term loans and advances (note 17)						**(36,430)**	(28,010)		
						998,317	998,672		

All the subsidiaries are registered in Botswana.

The loans and advances are repayable over periods varying from 2 to 10 years and analysed as follows:

Maturity of short and long term loans	2016	2015
Up to 1 year	**36,430**	28,010
Between 2 and 5 years	**67,813**	72,789
Over 5 years	**121,318**	131,019
	225,561	231,818

10. ASSOCIATED COMPANIES/PARTNERSHIPS Consolidated	Ordinary shares at cost P 000	Preference shares at cost P 000	Short-term loan P 000	Long term loan P 000	Total loan/ debenture P 000	Post acquisition reserves P 000	2016 Total investment P 000	2015 Total investment P 000	% of shares held	Loan interest rate p.a %	% of shares held	Loan Interest rate p.a
Agriculture	13,269	10,000	8,789	1,775	10,564	(21,516)	**12,317**	17,071				%
Botalana Ventures (Pty) Ltd	6,627	7,500	8,089	-	8,089	(16,911)	**5,305**	9,792	39	17.50	39	17.50
Kwalape (Pty) Ltd	2,210	2,500	700	1,775	2,475	(173)	**7,012**	6,942	40	17.50	40	17.50
Marekisetso A Merogo (Pty) Ltd	4,432	-	-	-	-	(4,432)	**-**	337	23	-	23	-
Industry	-	-	-	-	-	-	**-**	554,770				
Asphalt Botswana (Pty) Ltd	-	-	-	-	-	-	**-**	25,413	48	-	48	-
Fengyue Glass Manufacturing (Botswana) (Pty) Ltd	-	-	-	-	-	-	**-**	517,791	43		43	
Kwena Rocla (Pty) Ltd	-	-	-	-	-	-	**-**	11,566	49	-	49	-
Services	14,304	-	-	-	-	133,525	**147,829**	172,239				
Peermont Global (Botswana) Ltd	3,000	-	-	-	-	49,070	**52,070**	57,172	40	-	40	-
Healthcare Holdings (Pty) Ltd	-	-	-	-	-	-	**-**	25,244	29	-	29	-
Investec Holdings Botswana Ltd	870	-	-	-	-	1,157	**2,027**	2,839	25	-	25	-
TransUnion (Pty) Ltd	147	-	-	-	-	4,228	**4,375**	4,755	49	-	49	-
Mashatu Nature Reserve (Pty) Ltd	10,287	-	-	-	-	79,070	**89,357**	82,229	33	-	33	-

Notes to the Financial Statements (continued)
30 June 2016

10. ASSOCIATED COMPANIES/PARTNERSHIPS (Continued)

Consolidated	Ordinary shares at cost P 000	Preference shares at cost P 000	Short term loan P 000	Long term loan P 000	Total loan/ debenture P 000	Post acquisition reserves P 000	2016 Total investment P 000	2015 Total investment P 000	% of shares held	Loan interest rate p.a
Property management	1,531	-	-	-	-	36,701	**38,232**	65,863		%
DBN Developments Partnership	-	-	-	-	-	-	**-**	29,059	33	-
NBC Developments Partnership	1,531	-	-	-	-	36,701	**38,232**	36,804	33	-
Total all sectors	29,104	10,000	8,789	1,775	10,564	148,710	**198,378**	809,943		
Less: Accumulated impairment (note 12)							**(30,506)**	(548,933)		
							167,872	261,010		
Less: Current portion of loans included in short-term loans and advances (note 17)							**(8,789)**	(7,746)		
							159,083	253,264		

	2016	2015
Company		
Ordinary and preference shares at cost		
- group investment as disclosed above	**39,104**	243,614
- amount invested in DBN Developments by NPC Investments (Pty) Ltd	**-**	(1,500)
	39,104	242,114
Loans	**10,564**	337,987
	49,668	580,101
Less: Accumulated impairment (note 12)	**(30,506)**	(548,933)
	19,162	31,168
Less: Current portion of loans included in short-term loans and advances (note 17)	**(8,789)**	(7,746)
	10,373	23,422

All associated companies/partnerships are registered in Botswana.
The loans and advances are repayable over periods varying from 2 to 10 years and analysed as follows:

Maturity of short and long term loans		
Up to 1 year	**8,789**	7,746
Between 2 and 5 years	**1,775**	330,241
	10,564	337,987

Included in post acquisition reserves are the following:		
Current year share of associates profits	**29,561**	102,445
Current year share of associates tax charge (note 5)	**(4,859)**	(12,700)
Net profit after tax	**24,702**	89,745
Share of other comprehensive income/(loss) of associates, net of tax	**7,990**	(2,628)
	32,692	87,117

The Company disposed its interest in the following associate companies during the year: Asphalt Botswana (Pty) Ltd, Kwena Rocla (Pty) Ltd, Health Care Holdings (Pty) Ltd and DBN Developments Pertnership.
Fengyue Glass Manufacturing (Botswana) (Pty) Ltd was written off during the year following the conclusion of its liquidation.

11. UNQUOTED INVESTMENTS	Preference shares at cost P 000	Short term loan P 000	Long term loan P 000	Total loan P 000	2016 Total investment P 000	2015 Total investment P 000	Loan interest rate p.a %
Agriculture	-	-	-	-	**-**	8,836	
Chicken Zone (Pty) Ltd	-	-	-	-	**-**	8,836	13.00
Industry	3,192	27,767	64,720	92,487	**95,679**	55,676	
United Refineries (Pty) Ltd	-	5,721	8,016	13,737	**13,737**	12,058	-
Delta Diaries (Pty) Ltd	-	-	-	-	**-**	5,582	13.00
Philisa Day Care Centre (Pty) Ltd	-	770	1,503	2,273	**2,273**	2,585	13.00
Pasdec Automotive (Pty) Ltd	-	-	52,100	52,100	**52,100**	-	
Crates & Pallets Botswana (Pty) Ltd	3,192	6,358	1,550	7,908	**11,100**	10,675	13.75
Seven Star Steel Pipe Group (Pty) Ltd	-	14,918	1,551	16,469	**16,469**	24,776	13.25
Services	6,654	28,177	37,798	65,975	**72,629**	50,144	
Lavender Projects (Pty) Ltd	-	-	-	-	**-**	4	12.50
Afri-Media (Pty) Limited	-	-	-	-	**-**	1,299	14.00
Thakadu & Kwena Hotels (Pty) Ltd	6,654	4,892	18,937	23,829	**30,483**	23,431	
Baisago	-	15,069	-	15,069	**15,069**	-	
Gloryland Guest Lodge (Pty) Ltd	-	8,216	18,861	27,077	**27,077**	25,410	13.25
Total all sectors	9,846	55,944	102,518	158,462	**168,308**	114,656	

Notes to the Financial Statements (continued)
30 June 2016

	Consolidated and Company	
11. UNQUOTED INVESTMENTS (Continued)	**2016 P 000**	**2015 P 000**
Total all sectors	**168,308**	114,656
Accumulated impairment (note 12)	**(37,028)**	(52,318)
	131,280	62,338
Less: Current portion of loans included in short-term loans and advances (note 17)	**(55,944)**	(45,136)
	75,336	17,202

All unquoted investments are registered in Botswana.

The loans and advances are repayable over periods varying from 2 to 10 years and analysed as follows:

Maturity of short and long term loans

	2016	2015
Up to 1 year	**55,944**	45,136
Between 2 and 5 years	**102,518**	59,674
	158,462	104,810
Securities pledged for the above loans	**275,762**	228,355

Securities pledged comprise immovable assets and Deeds of Hypothecation over movable assets.

	Consolidated		Company	
12. ACCUMULATED IMPAIRMENT OF INVESTMENTS	**2016 P 000**	2015 P 000	**2016 P 000**	2015 P 000
Balance at beginning of the year	**601,251**	596,155	**1,066,890**	1,012,292
Increase in impairment during the year (note 4)	**26,091**	5,096	**36,792**	54,598
Write offs during the year	**(559,808)**	-	**(533,717)**	-
Balance at end of the year	**67,534**	601,251	**569,965**	1,066,890
Represents provision against:				
Subsidiaries (note 9)	**-**	-	**502,431**	465,639
Associated companies/partnerships (note 10)	**30,506**	548,933	**30,506**	548,933
Unquoted investments (note 11)	**37,028**	52,318	**37,028**	52,318
	67,534	601,251	**569,965**	1,066,890

Management has estimated the amount of the impairment on investments based on the investees' net asset value at year end and the total BDC exposure to each investee.

13. QUOTED INVESTMENTS	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
Shares at cost				
Net gain transferred to fair value reserve (note 22)	**150,552**	150,552	**150,552**	150,552
Shares at market value	**897,577**	867,481	**897,577**	867,481
	1,048,129	1,018,033	**1,048,129**	1,018,033
At cost comprising:				
Sechaba Breweries Holdings Ltd				
Cresta Marakanelo Ltd	**72,612**	72,612	**72,612**	72,612
	77,940	77,940	**77,940**	77,940
	150,552	150,552	**150,552**	150,552

The Company holds 34,044,315 (2015: 34,044,315) and 50,283,975 (2015: 50,283,975) ordinary shares in Sechaba Breweries Holdings Ltd and Cresta Marakanelo Ltd, respectively.

Although the Company owns 25% (2015: 25%) of Sechaba Breweries Holdings Ltd's issued capital, the equity method of accounting is not followed as the Company does not exercise significant influence over Sechaba Breweries Holdings Ltd's financial and operating policies.

Although the Company owns 27% (2015: 27%) of Cresta Marakanelo Ltd's issued capital, the equity method of accounting is not followed as the company does not exercise significant influence over Cresta Marakanelo Ltd's financial and operating policies.

The fair value of the quoted investments was determined by using level 1 inputs - the share price of the respective investee quoted on Botswana Stock Exchange as at year end.

14. DUE FROM GROUP COMPANIES

This comprises amounts due from Group companies as a result of the companies having claimed, under the provisions of the Fourth Schedule of the Income Tax Act, to offset their assessable income against the assessable losses of the Company.

Group company name	Company 2016 P 000	Company 2015 P 000
Talana Farms (Pty) Ltd	**336**	336
Lobatse Clay Works (Pty) Ltd	**-**	(5,647)
Malutu (Pty) Ltd	**5,797**	5,194
Kwena Concrete Products (Pty) Ltd	**-**	(77)
Export Credit Insurance & Guarantee (Pty) Ltd	**2,342**	2,342
Botswana Hotel Development Co. (Pty) Ltd	**30,415**	25,110
Can Manufacturers (Pty) Ltd	**(3,388)**	(3,388)
Commercial Holdings (Pty) Ltd	**7,308**	4,277
NPC Investments (Pty) Ltd	**8,316**	7,082
Residential Holdings (Pty) Ltd	**14,009**	11,726
Western Industrial Estate (Pty) Ltd	**64,956**	62,688
	130,091	109,643

Notes to the Financial Statements (continued)
30 June 2016

15. INVENTORIES

	Consolidated 2016 P 000	Consolidated 2015 P 000
Raw materials	**3,762**	3,710
Work in progress	**5,799**	5,024
Finished goods	**8,445**	17,434
Moulds and patterns	**1,546**	1,688
Consumables	**3,090**	2,636
Obsolete inventory allowance	**-**	(1,189)
	22,642	29,303

16. TRADE AND OTHER RECEIVABLES

	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
Gross trade receivables	**66,498**	106,706	**23,111**	89,000
Allowance for doubtful debts	**(26,651)**	(57,700)	**(12,962)**	(36,172)
Net trade receivables	**39,847**	49,006	**10,149**	52,828
Prepayments	**3,371**	3,838	**922**	726
Loans to officers	**274**	1,108	**274**	1,108
Value Added Tax (VAT)	**6,898**	2,559	**1,023**	1,176
Due from related parties	**515**	7,624	**240**	7,624
Other	**53,726**	12,812	**5,440**	20,289
	104,631	76,947	**18,048**	83,751

The average credit period is 30 days (2015: 30 days). No interest is charged on overdue trade debtors. The Group has provided for all trade debtors over 60 days based on estimated irrecoverable amounts.

Other receivables mainly comprise sundry amounts receivable.

Included in trade debtors are amounts past due at the reporting date which the Group has not impaired as they are still considered recoverable. There are no other impaired receivables not included in the bad debt allowance.

	Consolidated 2016	Consolidated 2015	Company 2016	Company 2015
Ageing of past due but not impaired				
31 - 60 days	**1,508**	4,774	**-**	-
61 - 90 days	**1,397**	4,268	**-**	-
91 - 120 days and above	**6,701**	7,820	**-**	-
Total	**9,606**	16,862	**-**	-
Movement in the allowance for doubtful debts				
Balance at beginning of the year	**57,700**	48,022	**36,172**	29,495
Allowance recovered during the year (note 3)	**(7,578)**	-	**(4,052)**	-
Allowance charged during the year (note 4)	**2,567**	13,527	**-**	6,677
Amounts written off as uncollectable	**(26,038)**	(3,849)	**(19,158)**	-
Balance at end of the year	**26,651**	57,700	**12,962**	36,172

At the reporting date, the Group considers the concentration of credit risk limited due to the customer base being unrelated. There are no other impaired trade debtors. Accordingly, the directors believe that there is no further impairment required in excess of the allowance for doubtful debts.

17. SHORT-TERM LOANS

	Consolidated 2016	Consolidated 2015	Company 2016	Company 2015
Short-term portion of loans and advances to:				
Subsidiaries (note 9)	**-**	-	**36,430**	28,010
Associated companies (note 10)	**8,789**	7,746	**8,789**	7,746
Unquoted investments (note 11)	**55,944**	45,136	**55,944**	45,136
	64,733	52,882	**101,163**	80,892

	Consolidated		Company	
	2016 P 000	2015 P 000	2016 P 000	2015 P 000

18. SHORT-TERM INVESTMENTS

	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Balance at beginning of the year	**21,391**	20,175	**-**	-
Interest income - reinvested	**1,068**	1,179	**-**	-
Additions	**-**	37	**-**	-
Withdrawals	**(3,108)**	-	**-**	-
Balance at end of the year	**19,351**	21,391	**-**	-

The carrying value of short-term investments equals their fair value. The values of funds are based on valuation of units provided by fund managers.

19. CASH AND CASH EQUIVALENTS

	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Money market funds	**378,458**	36,351	**263,181**	-
Cash and bank deposits	**162,859**	225,739	**44,350**	143,985
	541,316	262,090	**307,530**	143,985

Money market funds
Surplus cash funds are invested by the parent company on behalf of the Group in money market funds. The interest earned is at an effective rate of 3.1% (2015: 6.7%). The proportionate amount of interest up to 30 June is added to the cost of investment to approximate the fair value.

Cash and bank deposits
Cash and bank deposits comprise cash and funds held in bank accounts. Included in cash and bank deposits is restricted cash amounting to P12 904 056 (2015: P18 775 158) relating to security bond deposits held on behalf of Group clients.

20. STATED CAPITAL

	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Balance at the beggining of the year - 517 699 462 shares	**864,199**	864,199	**864,199**	864,199
Allocation from share application reserve - 24 070 000 shares	**24,070**	-	**24,070**	-
Balance at the end of the year - 541 769 462 shares	**888,269**	864,199	**888,269**	864,199

21. SHARE APPLICATION

	2016 P 000	2015 P 000	2016 P 000	2015 P 000
The amount relates to non-refundable contributions received from the Government of the Republic of Botswana in respect of funding for the construction of factories of the subsidiary companies. The amount has been allocated to share capital.	**-**	24,070	**-**	24,070

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22. FAIR VALUE RESERVE	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
Balance at beginning of the year	**867,481**	680,421	**867,481**	680,421
Fair value during the year	**30,096**	187,060	**30,096**	187,060
Balance at end of the year	**897,577**	867,481	**897,577**	867,481
Comprising:				
Sechaba Breweries Holdings Ltd	**914,673**	897,651	**914,673**	897,651
Cresta Marakanelo Ltd	**(17,096)**	(30,170)	**(17,096)**	(30,170)
	897,577	867,481	**897,577**	867,481

23. OTHER RESERVES	Consolidated "Repairs & maintenance reserve" P 000	Consolidated "Statutory capital & solvency reserves" P 000	Consolidated Revaluation reserve P 000	Consolidated Total P 000
Subsidiaries				
Balance at 30 June 2014 as previously reported	529	2,168	44,486	47,183
Restatement of previously reported amounts (note 40)	-	-	51,913	51,913
Restated balance as at 30 June 2014	529	2,168	96,399	99,096
Transfers from/(to) retained earnings	146	94	(2,879)	(2,639)
Revaluations net of tax	-	-	4,800	4,800
Restatement of previously reported amounts (note 40)	-	-	13,843	13,843
Restated revaluations	-	-	18,643	18,643
Deferred tax adjustments during the year (note 29)	-	-	(1,056)	(1,056)
Balance at 30 June 2015	**675**	**2,262**	**111,107**	**114,044**
Transfers to retained earnings	(675)	-	(134)	(809)
Revaluations net of tax	-	-	10,531	10,531
Balance at 30 June 2016	**-**	**2,262**	**121,504**	**123,766**
Associates				
Balance at 30 June 2014	-	-	88,202	88,202
Share of other comprehensive loss of associates (note 10)	-	-	(2,628)	(2,628)
Balance at 30 June 2015	**-**	**-**	**85,574**	**85,574**
	-	-	7,990	7,990
Share of other comprehensive income of associates (note 10)	**-**	**-**	**93,564**	**93,564**
Balance at 30 June 2016				
Total Other reserves at 30 June 2014	**529**	**2,168**	**184,601**	**187,298**
Total Other reserves at 30 June 2015	**675**	**2,262**	**196,681**	**199,618**
Total Other reserves at 30 June 2016	**-**	**2,262**	**215,068**	**217,330**

Statutory capital and solvency reserves
In terms of the Insurance Act (CAP 46:01), 15% of profit after taxation and 10% of profit before tax of a subsidiary company, which is providing export and domestic credit insurance, is transferred to statutory capital and solvency reserves respectively.

24. CLAIMS EQUALISATION RESERVE	Consolidated and Company Group 2016 P 000	Consolidated and Company Group 2015 P 000
Balance at beginning of the year	**6,774**	5,737
Transfers (to)/from retained earnings	**(2,567)**	1,037
Balance at end of the year	**4,207**	6,774

It is the policy of a subsidiary company to transfer 10% of the net commercial and domestic premium income from retained earnings into the claims equalisation reserve. The transfer from retained earnings ceases when the balance in the reserve account amounts to 150% of the highest gross premium income over the past five years.

25. NON-CONTROLLING INTERESTS

	Consolidated 2016 P 000	Consolidated 2015 P 000
Balance at beginning of the year	**297,354**	313,751
Share of net profit of subsidiaries	**23,382**	19,227
Debenture interest declared during the year	**(5,951)**	(12,519)
Dividends paid	**(876)**	(95)
Issue of shares during the year	**-**	(23,010)
Balance at end of the year	**313,909**	297,354

26. BORROWINGS

	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
Debt Participation Capital Funding				
Unsecured loan bearing interest at 2% per annum repayable in half-yearly instalments of P253,000 each over the period to 2016	**-**	499	**-**	499
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P564,000 each over the period to 2020	**4,144**	4,719	**4,144**	4,719
Unsecured loan bearing interest at 8% per annum repayable in half-yearly instalments of P1,580,000 each over the period to 2016	**1,519**	4,384	**1,519**	4,384
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P221,000 each over the period to 2016	**789**	1,132	**789**	1,132
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P2,515,000 each over the period to 2017	**8,971**	12,870	**8,971**	12,870
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P300,000 each over the period to 2017	**1,260**	1,670	**1,260**	1,670
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P834,000 each over the period to 2020	**5,166**	6,121	**5,166**	6,121
	21,850	31,395	**21,850**	31,395
European Investment Bank (EIB)				
Loan bearing interest at 2% per annum, guaranteed by the Government of the Republic of Botswana, repayable by 2017 (loan number 70893)	**7,453**	9,782	**7,453**	9,782
Total Debt Participation Capital Funding and EIB loans	**29,303**	41,177	**29,303**	41,177

Notes to the Financial Statements (continued)
30 June 2016

26. BORROWINGS (Continued)	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Total Debt Participation Capital Funding and EIB loans brought forward	**29,303**	41,177	**29,303**	41,177
Unsecured loan bearing no interest repayable annually in instalments amounting to 50% of the total incremental free cash flow generated by Gaborone International Conference Centre (GICC), subject to a minimum of P200 000 for the first year, escalated thereafter at a rate equal to the increase in Consumer Price Index for urban areas	**67,693**	72,519	**67,693**	72,519
Secured short term loan bearing interest at prime plus 2.50% per annum during months 0-3 of facility and prime plus 2.75% per annum during months 4-6	**129,299**	-	**129,299**	-
of facility.	132,000	-	132,000	-
Less: Debt issuance costs	(2,701)	-	(2,701)	-
Term loans				
Loans by First National Bank of Botswana Limited, bearing interest at prime lending rate, currently 8.0% (2014: 9%) per annum and repayable in equal installments of P263 359 over 10 years. The loan is secured by First Covering Mortgage Bond of P20 million over Lot 4821 Lobatse.	**11,389**	13,305	-	-
Loan by Stanbic Bank Botswana Limited, accrues interest at prime lending rate (currently 8%) less 2%. The loan is repayable as follows: P2 million in each of the financial years 2016, 2017 and 2018, and P35 million in 2019. The loan is secured by a First Mortgage Bond of P34 million over plot 54233 and P7 million over plot 14398 as well as a cession of a material damage policy over those properties.	**-**	37,937	-	-
A maximum loan of P179 960 000 by Barclays Bank of Botswana Limited. The loan accrues interest at 2.1% below prime rate (currently 8%). The loan is repayable in 168 equal monthly instalments. The loan is secured by a first mortgage bond over Lot 70667 Gaborone.	**115,127**	121,767	-	-
A maximum unsecured loan of P450 000 000 by RMB Botswana and Stanbic Bank Botswana Limited, bearing interest at prime lending rate 8.0% minus 1% margin per annum and repayable in 12 installments of P25 000 000 paid quarterly and the balance of P150 000 000 payable in November 2019. The loan is secured through BDC's shareholding in Letlole la Rona, Sechaba Breweries and Western Industrial Estate.	**239,726**	390,537	**239,726**	390,537
Total Loans	**592,537**	**677,242**	**466,021**	**504,233**
Bonds				
Issued	225,260	-	225,260	-
Debt issuance costs	(4,496)	-	(4,496)	-
	220,764		220,764	
Discount on bonds	(5,800)	-	(5,800)	-
	214,964		214,964	

During the year, the Botswana Stock Exchange approved a BDC BWP 1 billion Domestic Medium Term Notes Program, upon application by the Company. Under this program, the Company may issue both secured and non-secured Bond Notes to any participating investor as and when need arises. During the year, the first tranche was issued under the serries name BDC 0001 and subsequently listed under the BSE approved program. The Terms of the issuance are:
- Aggregade Principal amounts: BWP225 260 000
- Issue Price : 97.425 per cent of Aggregade Principal Amount
- Interest Basis: Botswana Prime Rate + 2.25%
- Maturity: June 2029
- Redemption basis: At par in 3 equal installments occuring in June 2027, June 2028 and June 2029.

Finance leases				
Liabilities under finance leases are held over three to five years at varying	**180**	698	**-**	-
interest rates	**807,681**	677,940	**680,985**	504,233
Gross borrowings				
Less: Portion of exchange loss borne by the Government of the Republic of Botswana	**(6,718)**	(6,718)	**(6,718)**	(6,718)
Amortised costs adjustment arising from valuation of loans at below market interest rates	**(3,686)**	(3,012)	**(71,379)**	(75,531)
Less: Debt Issuance costs	**(6,376)**	-	**(6,376)**	-
	790,901	668,210	**596,512**	421,984
Less: Current portion included under current liabilities	**(257,428)**	(137,125)	**(234,900)**	(117,631)
	533,473	531,085	**361,612**	304,353

26. BORROWINGS (Continued)	**2016 P 000**	**2015 P 000**	**2016 P 000**	**2015 P 000**
Analysis of term borrowings				
Term borrowings	**318,509**	531,085	**146,648**	304,353
Bonds outstanding	**214,964**	-	**214,964**	-
	533,473	531,085	**361,612**	304,353
Analysis of gross borrowings				
Not later than 1 year	**257,428**	137,125	**234,900**	117,631
Later than 1 year, but not later than 5 years	**275,035**	408,042	**163,428**	314,083
Later than 5 years	**275,218**	132,773	**282,657**	72,519
Gross borrowings	**807,681**	677,940	**680,985**	504,233

On 1 April 2004 the Government of the Republic of Botswana transferred its rights, title and interests and delegated its obligations under certain Public Debt Service Fund (PDSF) loan agreements to the Debt Participation Capital Funding (DPCFL). DPCFL had issued bonds to finance the acquisition of these loans from the Government of Botswana. The bonds which were listed on the Botswana Stock Exchange, were repaid during the year.

Armortised cost of borrowings:				
Balance at beginning of the year	**(3,012)**	(2,412)	**(75,531)**	(79,758)
Transfer from provisions arising on repayments	**-**	-	**4,826**	4,826
Amortised costs adjustment arising from valuation of loans at below market interest rates	**(675)**	(599)	**(675)**	(599)
Balance at end of the year	**(3,686)**	(3,012)	**(71,379)**	(75,531)

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Finance leases

Finance leases are repayable over a period of three to five years bearing interest at an average rate of 8% (2015: 8%) per annum and are secured by motor vehicles with a net book value as follows:

	Consolidated	
	2016 P 000	2015 P 000
Opening balance	1,237	1,485
Accumulated depreciation	(1,237)	(248)
Repayment	-	-
Net book value	-	1,237

European Investment Bank (EIB) loans

The borrowings from the European Investment Bank (EIB) are repayable in half-yearly instalments. The composition of the foreign currency of the balances at 30 June 2016 are as follows:

		Consolidated and Company			
Loan number	**Currency**	Foreign amount 2016 Euro 000	Foreign amount 2015 Euro 000	Pula equivalent 2016 P 000	Pula equivalent 2015 P 000
70893	Euro	600	900	7,453	9,782

Foreign loans have been translated to Pula at the rates of exchange ruling at the statement of financial position dates and are stated in the statement of financial position net of the proportion of exchange losses which would be borne by the Government of the Republic of Botswana in terms of the exchange protection agreements.

27. GOVERNMENT GRANTS

	Consolidated	
	2016 P 000	2015 P 000
Balance at beginning of the year	12,479	12,834
Amortisation during the year (note 4)	(356)	(355)
Balance at beginning of the year	12,123	12,479
Gross Government grants	32,456	32,456
Amortisation	(10,333)	(9,977)
Utilised as provision for impairment loss	(10,000)	(10,000)
	12,123	12,479

A provision for impairment loss of factory premises in Selebi Phikwe on lot 11270,11271 and 11272 was made in 2000. The provision was applied firstly to the grant of P10,000,000 which was received from the Government of Botswana as part of finance for construction costs.

28. PROVISION FOR RESTORATION COSTS

	2016 P 000	2015 P 000
Balance at beginning of the year	15,259	13,771
Movement in provision for restoration costs during the year:	4,520	1,488
Charge to the statement of comprehensive income (note 2)	3,930	992
Change due to increase in mining area	590	496
Balance at end of the year	19,779	15,259

Notes to the Financial Statements (continued)
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A subsidiary company has two mining sites which have been operational since 1992. Botswana legislation and the lease agreement for the mine require the company to restore the sites to their original condition on cessation of mining operations in 2017. The main uncertainty in respect of the estimated provision is the amount of costs to be incurred.

29. DEFERRED TAXATION

Balance at beginning of the year		**102,457**	90,156
Charge to the statement of other comprehensive income		**2,270**	3,714
Charge to the income statement (note 5)	- current year	**(132)**	982
	- prior year	**6,013**	1,380
	- capital gains tax	**306**	6,225
Balance at end of the year		**110,914**	102,457
Deferred tax liability		**113,488**	108,115
Deferred tax asset		**(2,574)**	(5,658)
Net deferred tax liability		**110,914**	102,457
Comprising temporary differences on:			
Investment properties and property, plant and equipment		**128,532**	117,316
Provisions		**(2,183)**	(2,289)
Accumulated tax losses		**(15,435)**	(12,570)
		110,914	102,457

Capital gains tax deferred on acquisition of properties by a subsidiary
On the creation of a Variable Loan Stock Company, Letlole la Rona Ltd (LLR), exemption was obtained from Botswana Unified Revenue Services (BURS) for the payment of capital gains tax on transfer of properties from the subsidiaries of the Company ("the Vendors"), until such time as the properties are disposed of by LLR. This amount represents the potential deferred capital gains tax liability at 30 June 2016. The actual liability arising on the disposal of any of the properties will be settled by the vendors on disposal of the properties by LLR.

30. TRADE AND OTHER PAYABLES	2016 P 000	2015 P 000	2016 P 000	2015 P 000
Trade payables	**32,375**	28,597	**7,639**	-
Payroll accruals	**14,624**	7,765	**8,707**	1,781
Accruals	**30,641**	10,620	**24,648**	5,598
Value Added Tax (VAT)	**5,671**	9,646	**-**	4,519
Amounts due to related parties	**914**	489	**22,471**	191,798
Other payables	**55,035**	49,825	**-**	-
	139,260	106,942	**63,465**	203,696

Trade and other payables comprise amounts owing for trade transactions and accruals of ongoing costs. The average credit period on purchases is 60 days (2015: 60 days). Although no interest is charged on overdue trade payables, the company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

31. BANK OVERDRAFTS

Bank overdrafts	**120,659**	142,755	**80,056**	136,786
The Group's bank overdraft limits are as follows:				
- Standard Chartered Bank Botswana Limited	**100,000**	5,000	**100,000**	-
- First National Bank Botswana Limited	**3,000**	-	**-**	-
- Stanbic Bank Botswana Limited	**153,500**	153,500	**150,000**	150,000
	256,500	158,500	**250,000**	150,000

<u>The facilities are secured over:</u>
The Company's facilities are unsecured. The subsidiaries' facilities are secured as follows:
- WesBank assets amounting to P1 142 603 extended at 50%.
- First covering mortgage bond for P20 000 000 over Lot 4821, Lobatse.
- First covering mortgage bond for P4 720 000 over Lot 14405, Gaborone.

	Consolidated		Company	
32. COMMITMENTS	**2016 P 000**	**2015 P 000**	**2016 P 000**	**2015 P 000**
Operating lease receivables/(payables):				
Not later than one year	107,792	60,731	(12,876)	(11,464)
Later than one year to five years	537,552	241,436	(62,664)	(55,790)
Later than five years	127,498	3,451	(218,075)	(244,015)
	772,842	305,618	(293,615)	(311,269)
Other commitments:				
Not later than one year	(58,036)	(54,405)	(58,036)	(54,405)
Later than one year up to five years	(691)	(5,162)	(691)	(5,162)
Later than five years	-	(38,667)	-	(38,667)
	(58,727)	(98,234)	(58,727)	(98,234)
Other commitments are analysed as:				
Approved equity and loan investments undisbursed	(56,760)	(95,929)	(56,760)	(95,929)
	(1,967)	(2,305)	(1,967)	(2,305)
Approved and contracted capital expenditure	(58,727)	(98,234)	(58,727)	(98,234)

Other commitments will be financed by funds to be raised from shareholder equity injections, capital markets, bank borrowings and internal resources within the Group.

33. CONTINGENT LIABILITIES				
	(600)	(1,744)	-	-
Legal matters against certain subsidiaries	-	(84,566)	-	(179,960)
Guarantees	-	(86,310)	-	(179,960)

The amount of the potential future cash outflows in respect of legal matters as well as their timing depend on the outcome of the legal cases.
The amount of the potential future cash outflows in respect of guarantees as well as their timing depended on whether there will be instances of non-compliance with loan agreements. In 2016 the Corporation ceased issuing guarantees.

34. PENSION SCHEME ARRANGEMENTS

The Company operates a contributory pension scheme for its eligible employees which provides for a pension based on length of service. The defined contribution scheme was effected in March 2001.

35. FINANCIAL RISK MANAGEMENT

Financial instruments carried on the statement of financial position include cash and bank balances, trade receivables, loans to subsidiaries, associates and non-affiliates companies, trade payables, related party balances and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets				
Receivables from related parties	**-**	-	**130,091**	109,643
Loans and receivables	**225,642**	132,888	**147,383**	144,187
Quoted investments	**1,048,129**	1,018,033	**1,048,129**	1,018,033
Short-term investments	**19,351**	21,391	**-**	-
Cash and bank balances	**541,316**	262,090	**307,530**	143,985
	1,834,438	1,434,402	**1,633,133**	1,415,848
Financial liabilities				
Long term borrowings	**575,937**	668,210	**381,548**	421,984
Trade and other payables	**118,965**	89,531	**54,758**	197,396
Bank overdrafts	**120,659**	142,755	**80,056**	136,786
	815,562	900,496	**516,362**	756,166

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35. FINANCIAL RISK MANAGEMENT (Continued)

In the normal course of business the Group is exposed to capital, credit, interest rate, currency and liquidity risk. The Group manages its exposure by meeting on a regular basis to ensure the treasury activities are carried out in an orderly and efficient manner adhering to Management procedures and policies.

(i) Capital risk management:

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 26, cash and cash equivalents and equity attributable to equity holders of the parent, comprising stated capital, reserves and retained earnings as disclosed in notes 20 to 24.

The Group's risk management committee reviews the capital structure of the Group. The committee considers the cost of capital and the risks associated with each class of capital.

(ii) Credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics.

(iii) Interest rate risk:

Financial instruments that are sensitive to interest rate risk are bank balances and borrowings. Exposure to interest rate risk applicable to these financial instruments is managed through constant monitoring of prevailing interest rates in the market.

(iv) Foreign currency risk:

In the normal course of business, the Group enters into transactions denominated in foreign currencies. As a result, the Group is subject to exposure to fluctuation in foreign currency exchange rates.

(v) Liquidity risk management:

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(vi) Fair value:

At 30 June 2016 and 2015, the carrying value of cash and bank balances, trade receivables, trade payables and related party balances reported in the financial statements approximate their fair values due to their short-term maturity. These financial instruments are held in the ordinary course of business.

36. RELATED PARTY TRANSACTIONS AND BALANCES

Related party balances consist of amounts due from/(to) entities under common ownership or control other than the Government of the Republic of Botswana and its entities.

	Consolidated 2016 P 000	Consolidated 2015 P 000
Transactions during the year		
Botswana Development Corporation (BDC)		
Directors' fees	148	109
Directors' remuneration for executive services	2,349	1,778
Key management remuneration - short-term benefits (BDC)	2,665	3,228
Key management remuneration - Group	16,942	11,653
Subsidiaries		
Botswana Hotel Development Company (Pty) Ltd		
Directors' fees	61	79
Commercial Holdings (Pty) Ltd		
Directors' fees	41	5
Can Manufacturers (Pty) Ltd		
Directors' fees	37	7
Export Credit Insurance & Guarantee (Pty) Ltd		
Directors' fees	186	147
Lobatse Clay Works (Pty) Ltd		
Directors' fees	149	66
Kwena Concrete Products (Pty) Ltd		
Directors' fees	15	54
Fairground Holdings (Pty) Ltd		
Directors' fees	174	150
NPC Investments (Pty) Ltd		
Directors' fees	2	2
Talana Farms (Pty) Ltd		
Rental income - Botalana Ventures	821	1,273
Letlole la Rona Ltd		
Directors' fees	736	656
Associated companies		
Asphalt Botswana (Pty) Ltd		
Finance costs on borrowings from BDC	144	144
Directors' fees	2,086	1,296
Malutu Enterprises (Pty) Ltd		
Sale of Land to Employees	1,456	-
Directors Fees	29	-
Peermont Global (Botswana) Ltd		
Directors' fees paid to BDC	22,354	32
Rental paid to a BDC subsidiary company	10,653	9,767
Management fees paid to Global SA (Pty) Limited, the holding company	-	22,756
Kwena Rocla (Pty) Ltd		
Sales to Rocla SA (Pty) Ltd	(14)	(350)
Purchases from Rocla SA (Pty) Ltd	2,767	48
Payments to key management	2,129	2,151
Management fees paid to D&H Piping Systems (Pty) Ltd, immediate holding company	1,216	558
Purchases fromD&H Piping Systems (Pty) Ltd and related companies	-	5,987
Investec Holdings (Botswana) Ltd		
Asset management fees paid to fellow subsidiaries	-	6,139
Directors' remuneration for executive services	2,406	1,577
Finance income from fellow subsidiaries	-	5,397

Notes to the Financial Statements (continued)
30 June 2016

36. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	Consolidated 2016 P 000	Consolidated 2015 P 000
Year end balances		
Phakalane Property Development (Pty) Ltd		
Due to Phakalane Estates	**587**	60
Peermont Global (Botswana) Ltd		
Due from Peermont Global	**8**	-
Due to Peermont - Management Division	**1,855**	2,009
Due to Peermont - Mmabatho Palms Division	**4,827**	4,827
Peermont - Emperors Palace	**201**	410
Mashatu Nature Reserve (Pty) Ltd		
Loan owing to Rhodesdrift Investments	**78,457**	79,531
Loan owed by -Limpopo Valley Access	**383,138**	322,529
Kwena Rocla (Pty) Ltd		
Due from Rocla SA	**14**	19
Due to Rocla SA	**1,556**	684
Investec Holdings Botswana Ltd		
Due from Holding company	**109**	-
Due from fellow subsidiaries	**1,464**	-
Due to fellow subsidiaries	**(3,691)**	(875)
Kwalape (Pty) Ltd		
Borrowing from Mr Kachana	**3,118**	3,346
Marekisetso A Merogo (Pty) Ltd		
Due from Botswana Horticulture Council	**43**	37
Asphalt Botswana (Pty) Ltd		
Due to Civicon Motorglass	**1**	-
Due to directors	**6**	1

	Notes	Consolidated 2016 P 000	Consolidated 2015 P 000	Company 2016 P 000	Company 2015 P 000
37. CASH USED IN OPERATIONS					
Profit before tax - continued and discontinued operations		**113,441**	247,267	**223,985**	109,806
Adjustments for:					
Amortisation of Government grants	27	**(356)**	(355)	**-**	-
Amortisation of intangible assets	8	**335**	359	**-**	-
Depreciation of property, plant and equipment	7	**12,391**	17,323	**2,474**	1,130
Fair value adjustment of investment properties	6	**(32,197)**	(101,392)	**-**	-
Impairment of property, plant and equipment	7	**8,013**	2,117	**-**	-
Amortised cost adjustment of long term borrowings	27	**(675)**	(599)	**(675)**	(599)
Movement in provisions		**537**	(33,029)	**(3,983)**	(34,517)
(Profit)/loss on disposal of property, plant and equipment	4	**(92)**	(24)	**(47)**	32
Net (profit)/loss on disposal of investments	4	**(44,586)**	3,312	**(95,692)**	(71,047)
Net profit on disposal of investment properties		**(1,211)**	-	**-**	-
Share of profits of associates before tax	10	**(29,561)**	(102,445)	**-**	-
Movement in reserves		**-**	(5,655)	**-**	-
Movement in provisions for losses on investments	12	**(1,063)**	5,096	**(36,792)**	54,598
Interest received	1,2	**(15,352)**	(41,169)	**(31,598)**	(68,011)
Dividends received	1	**(40,628)**	(39,822)	**(235,805)**	(158,671)
Finance costs	2	**57,998**	72,251	**44,152**	58,211
Changes in working capital					
- rental straight-line adjustment		**(10,961)**	(9,029)	**-**	-
- trade and other receivables		**(27,684)**	(11,766)	**65,703**	(34,716)
- inventories		**6,661**	(2,768)	**-**	-
- trade and other payables		**32,318**	(11,043)	**(140,231)**	(22,622)
		27,328	(11,371)	**(208,510)**	(166,406)

38. FAIR VALUES OF FINANCIAL INSTRUMENTS

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the statement of financial position
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated and Company	Level 1 P 000	Level 2 P 000	Level 3 P 000	Total P 000
Financial assets				
Quoted investments	1,048,129	-	-	1,048,129

There were no transfers between levels during the period.

Notes to the Financial Statements (continued)
30 June 2016

39. INTERESTS IN OTHER ENTITIES

39.1 Entities with non-controlling interests and material associate companies

Subsidiary companies

a)	NAME	PHAKALANE PROPERTY DEVELOPMENT	FAIRGROND HOLDINGS(PTY)LTD	LETLOLE LA RONA LTD
b)	PRINCIPAL PLACE OF BUSINESS	Phakalane	Plot 50381,Fairground Office Park,Gaborone	Moedi House,Plot 50380,Fairgrounds,Gaborone
c)	NATURE OF BUSINESS	Property Developers	Conference Facilities,Renting office Space,Operating a Restaurant,a bar and take away	Variable Loan Stock Company Engaged In Property Investment and Deriving Revenue In Property Rentals and Trade In Property
d)	PROPORTION OF OWNERSHIP INTERESTS HELD BY NCI	49%	49%	34%
e)	PROPORTION OF VOTING RIGHTS HELD BY NCI	49%	49%	34%
f)	PROFIT OR LOSS ALLOCATED TO NCI OF SUB (in P'000)	348	1 395	21 885
g)	ACCUMULATED NCI OF SUB (in P'000)	9 498	86 481	224 812
h)	DIVIDENDS PAID TO NON CONTROLLING INTERESTS (in P'000)	-	828	95

Material associated companies

a)	NAME	PEERMONT GLOBAL RESORTS	INVESTEC ASSET MANAGEMENT BOTSWANA	MASHATU NATURE RESERVE
b)	NATURE OF BUSINESS	Operation of Casinos, Hotels, Conference Centres in Botswana	Portfolio management services and products to institutional clients in Botswana	Game safaris and accommodation in Northern Botswana
c)	PRINCIPAL PLACE OF BUSINESS	Gaborone	Gaborone	Tuli Block
d)	PROPORTION OF OWNERSHIP INTEREST-HELD BY ENTITY	40%	25%	33%
e)	INVESTMENT MEASURE-FAIR VALUE OR EQUITY METHOD	Equity Method	Equity Method	Equity Method
f)	DIVIDENDS RECEIVED FROM ASSOCIATE (in P'000)	16 000	3 293	2 303

39. INTERESTS IN OTHER ENTITIES (Continued)

39.2 Summarised financial information for non-controlling interests and material associate companies

Subsidiary companies **Statements of Comprehensive Income**	**Fairground Holdings P'000**	**Phakalane Property Development P'000**	**Letlole La Rona P'000**
Revenue	36,295	-	67,214
Cost of sales	(19,405)	-	-
Gross profit	16,890	-	67,214
Operating income	1,269	-	302
Finance income	-	-	1,777
Fair value adjustment	1,789	910	39,322
Operating expenses	(15,527)	(502)	(16,349)
		-	
Profit before tax	4,421	408	92,266
Income tax credit/(expense)	117	(200)	(10,259)
Profit for the year from continuing operations	4,538	208	82,007
Other comprehensive income	-	-	-
Total comprehensive income for the year	4,538	208	82,007
Statements of Financial Position			
Non-current assets	170,631	24,557	716,436
Current assets	21,516	193	24,824
Total assets	192,147	24,750	741,260
Capital and reserves	176,492	19,270	661,211
Non-current liabilities	9,648	4,560	36,785
Current liabilities	6,007	920	43,264
Total equity and liabilities	192,147	24,750	741,260

Notes to the Financial Statements (continued)
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40. RESTATEMENT OF PREVIOUSLY REPORTED AMOUNTS

Prior to 2016 certain subsidiaries had carried land and buildings at cost, which was not in compliance with the Group accounting policy. In 2016, all subsidiaries revalued their land and buildings and the results of the revaluation indicated that the land and buildings balances reported in previous financial years were significantly understated as analysed below:

	2015	2014
Non-current assets		
Land and buildings - as previously reported	108,528	103,828
Reclassified to discontinued operations	(4,204)	-
	104,324	103,828
Adjustment for revaluation of land and buildings	61,879	61,879
	16,501	-
Reclassified to discontinued operations	(7,708)	-
Land and buildings - as restated	174,996	165,707
Non-current liabilities		
Deferred tax liability - as previously stated	97,368	84,421
Reclassified to discontinued operations	(1,877)	-
	95,491	84,421
Deferred tax effect of the revaluation of land and buildings	9,966	9,966
	2,658	-
Deferred tax liability - as restated	108,115	94,387
Reserves		
Revaluation reserve - as previously stated	45,351	44,486
Adjustment for the net effect of the revaluation of land and	51,913	51,913
buildings	13,843	-
Revaluation reserve - as restated	111,107	96,399
Statement of comprehensive income		
Net gain on revaluation of land and buildings	3,744	808
Adjustment for the net effect of the revaluation of land and	-	51,913
buildings	13,843	-
Net gain on revaluation of land and buildings - as restated	17,587	52,721

Prior to 2014 BDC estimated the potential impairment of property, plant and equipment of its loss-making subsidiaries, which was not reflected in their stand alone financial statements. Subsequently, the impairment was recorded by certain of the subsidiaries and some valued their property, plant and equipment to estimate its recoverable amount. As a result, the impairment recognised at a Group level have been reversed as at 2014 year end as follows:

	2015	2014
Non-current assets		
Property, plant and equipment - as previously reported	153,764	221,595
Reversal of previously recognised impairment	112,733	112,733
Property, plant and equipment - as restated	266,497	334,328
Reserves		
Retained earnings - as previously stated	703,609	479,515
Reversal of previously recognised impairment	112,733	112,733
Retained earnings - as restated	816,342	592,248

41. DISCONTINUED OPERATIONS

The Corporation has been assessing a number of options to turn around one of its subsidiary companies, Can Manufactures (Pty) Ltd which has been making considerable losses since inception. In July 2016 an an agreement was reached with a third party specialising in the same line of business operations to enter into a strategic partnership with BDC. The transaction will involve the dissolution of the Company and plant and equipment being sold to the the third party. Further details pertaining to the subsidiary are as outlined below:

Loss for the year from discontinued operations	**2016 P 000**	**2015 P 000**
Revenue	**12,179**	26,811
Cost of sales	**(15,071)**	(28,967)
Gross loss	**(2,892)**	(2,156)
Other operating (loss)/income	**(267)**	55
Expenses	**(7,514)**	(6,937)
Impairment adjustments:		
Inventories	**(2,321)**	-
Receivables	**(3,192)**	-
Office equipment	**(185)**	-
Property, plant and equipment	**7,738**	-
Atributable income tax expense	**(1,671)**	2,354
Loss for the year from discontinued operations	**(10,304)**	(6,684)
Revaluation of land and buildings	**406**	7,708
Total comprehensive(loss)/income for the period	**(9,898)**	1,024
Cash flows from discontinued operations		
Net cash flow fom operating activities	**35**	(12,368)
Net cash flow fom investing activities	**(68)**	(110)
Net cash flow fom financing activities	**-**	11,388
Net cash flows	**(33)**	(1,090)
Assets		
Property, plant and equipment	**68,523**	63,757
Other assets	**1,829**	15,908
	70,352	79,665
Total liabilities	**(5,161)**	(4,130)
Net carrying amount	**65,191**	75,535

Notes to the Financial Statements (continued)
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42. EVENTS AFTER THE REPORTING PERIOD

As disclosed in Note 41, an agreement was reached with a third party specialising in the same line of business operations to enter into a strategic partnership with BDC in respect of Can Manufacturers (Pty) Ltd, which will include dissolution of the Company.

At the Annual General Meeting held on 2 December 2016, a dividend of P25 million for the year was proposed and approved. These financial statements do not reflect this dividend.

No other adjusting events or events requiring disclosure in the financial statements have occurred between the reporting date and the date of approval of the financial statements.

Notes

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