annualreport 2013

Botswana Development Corporation Limited

"Your Investment Partner"

Corporate Profile

The Full side view of the BDC fairscape

Structure
The control of the Corporation is vested in a Board of Directors. All directors are appointed (and removed) by the Minister of Finance and Development Planning. The Corporation is managed by the Managing Director, who is assisted by two General Managers.

Objective
To assist in the establishment and development of commercially viable businesses in Botswana.

Vision
To be the Leading Investment and Development Financier.

Mission
The Premier, innovative investment partner offering diverse financial products to promote development and economic diversification.

BDC's Role is to:
Provide financial assistance to investors with commercially viable projects.

Support projects that generate sustainable employment for Batswana and add to the skills of the local workforce.

Encourage citizen participation in business ventures. Furthermore, BDC supports the development of viable businesses which perform one or more of the following functions:

- Use locally available resources.
- Produce products for export or to substitute imports.
- Foster linkages with the local industry.
- Contribute to the development of Botswana's resources and overall economy.

As far as possible, BDC wishes to limit its involvement in new projects to a minority interest but will bear the major burden of development where this is in the national interest.

BDC's Products/Services:
BDC provides the following services:
- Equity Participation
- Loan Financing
- Provision of commercial, industrial and residential premises
- Invoice Discounting

For further information, contact:

The Manager
Corporate Communications and Public Relations
Botswana Development Corporation Limited
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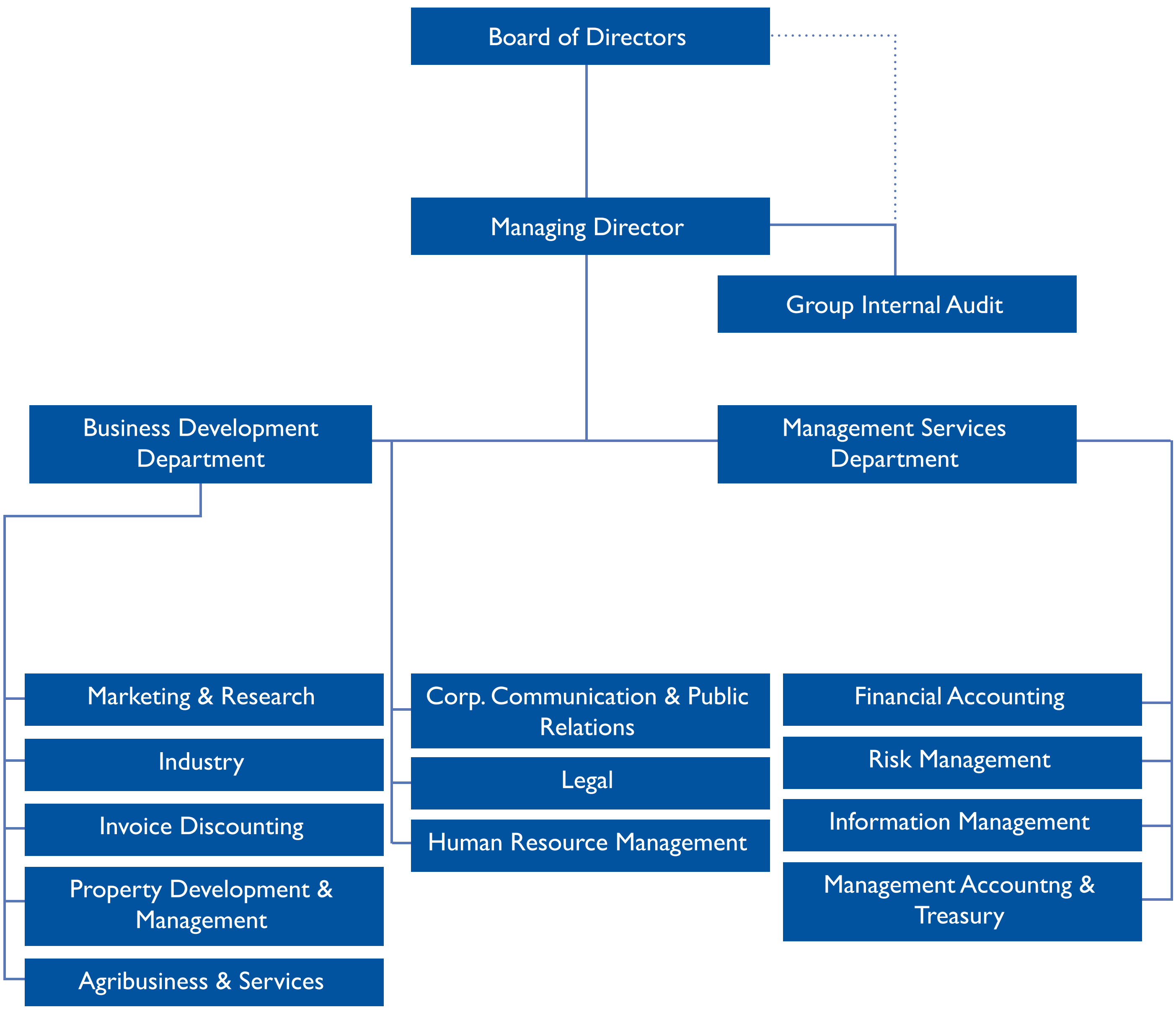
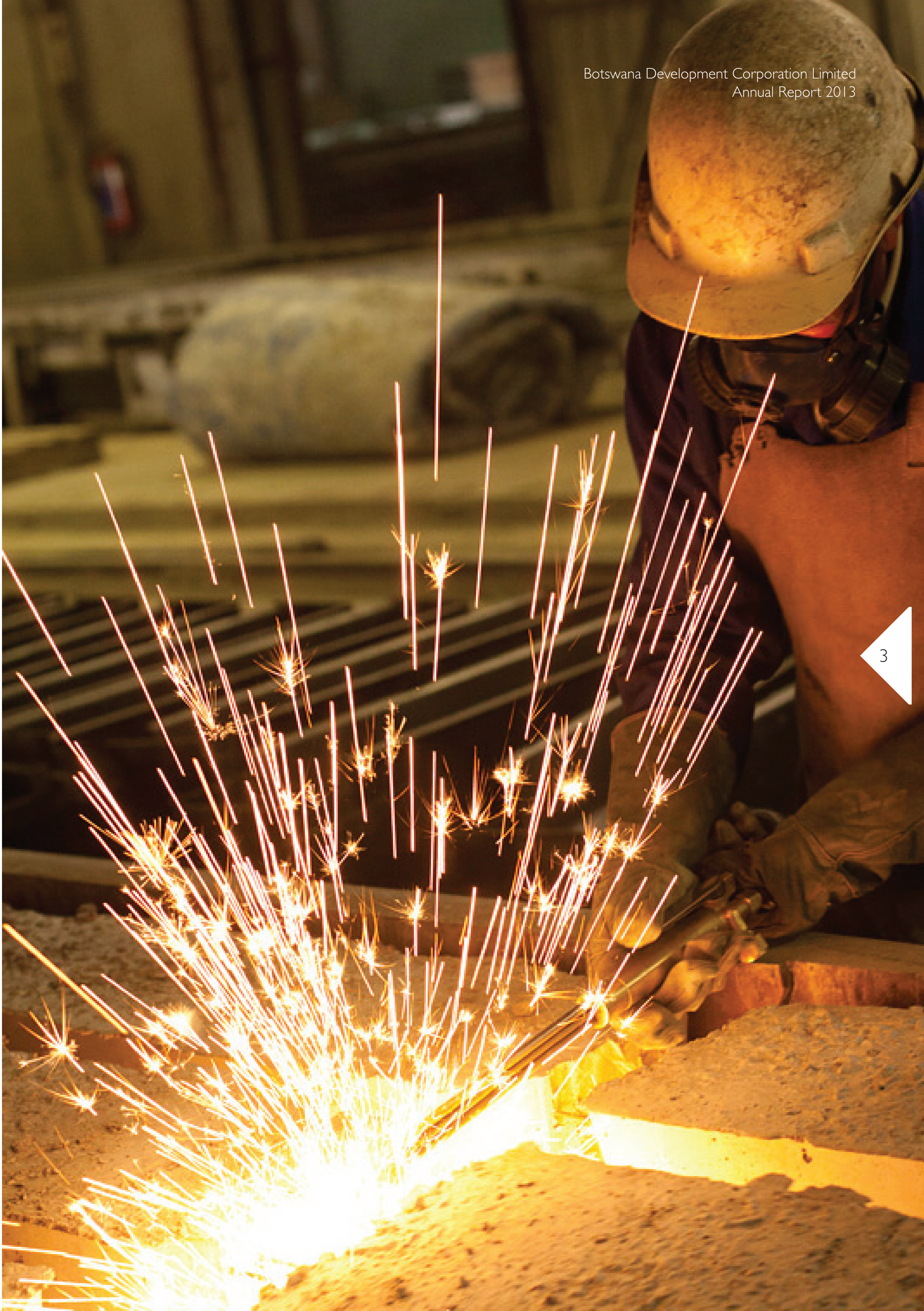
Organisational Structure

An organisational structure defines how activities such as task allocation, coordination and supervision are directed towards the achievement of organisational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment.





Value Created 2003 - 2013

	2003	2004 Restated	2005 Restated	2006	2007	2008
Income from trade						
Interest Income	49,105	50,205	73,991	84,628	62,866	56,143
Dividend	98,281	68,506	95,363	92,593	117,865	106,953
Sundry income	7,026	14,966	2,474	5,282	11,227	8,527
Profit on sale of investment /Assets	-	-	27	-	8,065	-
	154,412	133,677	171,855	182,503	200,023	171,623
Less: Cost of supplies and services	19,979	15,187	16,613	19,905	17,440	21,022
Total Value Added	**134,433**	**118,490**	**155,242**	**162,598**	**182,583**	**150,601**
Distributed as follows:						
To employees payroll cost	10,949	12,282	16,058	18,387	22,512	25,570
To providers of finance interest on loans	20,917	20,324	39,616	37,987	38,911	31,525
To Government Company taxation on profits	-	9,459	12,151	15,866	23,772	15,426
To providers of permanent capital Dividends to shareholder	-	15,000	20,000	17,126	18,050	20,000
To maintain and expand the corporation Depreciation and provisions against investments	42,230	10,893	18,803	18,160	31,830	47,090
Profit retained	60,337	50,532	48,614	55,072	47,508	10,990
Totals	**134,433**	**118,490**	**155,242**	**162,598**	**182,583**	**150,601**

Value Created 2003 - 2013 (cont.)

2009	2010	2011	2012 Restated	2013
39,740	47,373	52,929	79,762	64,440
108,042	129,827	365,616	81,557	74,646
8,300	21,797	12,617	10,765	12,514
-	95,741	-	-	-
156,082	294,738	431,162	172,084	151,600
18,865	33,212	37,893	79,481	25,849
137,217	**261,526**	**393,269**	**92,603**	**125,751**
31,540	35,089	45,703	33,312	33,660
36,179	33,670	31,108	33,023	46,964
7,733	14,494	73,140	(22,877)	(2,459)
12,000	-	33,000	-	-
197,349	21,986	86,753	202,242	267,278
(147,584)	156,287	123,565	(153,097)	(219,692)
137,217	**261,526**	**393,269**	**92,603**	**125,751**

Board Profile & Responsibility

1. Blackie Marole: Chairman of the Board was appointed with effect from November 14th, 2011.

An Economist by profession, Mr Marole spent 21 years of his career in the civil service where he excelled to reach the highest post in the Ministry of Energy, Water and Minerals Resources, as its Permanent Secretary.

Mr Marole has provided oversight as Director and Chairman of the following national and international Boards: African Energy Resources; Associated Fund Administrators (AFA); Alternate Director Botswana Diamond Valuing company; Alternate Director for Debswana Diamond Company; Director Diamond Manufacturing Botswana; Alternate Director Diamond Trading Company; Alternate Director for Debswana Pension Fund Board of Trustees; Chairman of Botswana Power Corporation; Chairman of Water Utilities Corporation; Alternate Director BCL; Chairman of Water Apportionment Board; Chairman Teemane Manufacturing Company; Chairman Botswana Diamond Valuing Company; Director and Chairman Debswana Diamond Company; Director De Beers Centenary AG/De Beers Consolidated Mines; Director BCL Limited; Director Botswana Ash; Director Debswana Diamond Company; Director De Beers Prospecting (Pty) Ltd; Director De Beers Botswana (Pty) Ltd; Chairman Barclays Bank of Botswana; Director CIC Energy among others.

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

2. Banny K Molosiwa, appointed Director with effect from 1st August 2004 and is the current Vice Chairperson of the BDC Board.

An economist, Ms Molosiwa is Permanent Secretary in the Ministry of Trade and Industry. She was Secretary for Economic Affairs in the Ministry of Finance and Development Planning. She previously served in different capacities at the Ministry of Finance and Development Planning, including being Secretary for Economic Affairs, Deputy Secretary for Economic Affairs, and Director for Development Programmes.

Ms Molosiwa's professional experience includes serving on the Boards of several key institutions, including Botswana Housing Corporation, Water Utilities Corporation, Botswana Technology Centre, Botswana Export Development and Investment Authority (now Botswana Investment & Trade Centre), Selebi Phikwe Economic Diversification Unit, Okavango Diamond Company, Bank of Botswana, National Employment Manpower Incomes Council, National AIDS Council, and the Rural Development Council. She was also the Alternate Governor for Botswana on the African Development Bank (ADB) Board of Governors.

Ms Molosiwa holds a Masters Degree in Development Economics from the Institute of Social Studies at the Hague in the Netherlands.

As and where appropriate the Board brings in independent professionals to assist the Board to better execute its duties and responsibility. The current independent members and their profiles are as follows:

3. Bashi Gaetsaloe, appointed Managing Director with effect from 1st April, 2014.

Mr. Gaetsaloe joins the BDC from Accenture Botswana where he was the Country Managing Director. Bashi has held CEO positions of growing responsibility and profile for the past 18 years - initially as a partner and Director of HRMC Management Consultants and later as Chief Executive Officer of two global entities KPMG Consulting and most recently Accenture Botswana.

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.

In his capacity as Country Managing Director at Accenture, he was responsible for developing local competitive strategies based on the overall global direction and policy of the firm. He has held leadership roles in South Africa where he was appointed Head of Management Consulting for the Public Sector serving both national and provincial clients. Bashi also worked as part of a wider geographic team reporting into Europe Middle East and Africa (EMEA) where he has developed strong international networks and business relationships.

Bashi has broad experience working across various sectors covering business strategy, organisational transformation, business start-ups and business turn-around, change management, and financial management. Through these experiences, Bashi has developed an invaluable understanding of business in Botswana and the factors that ensure business success across various sectors. In particular he has demonstrated the competencies required to transform and grow both private and public enterprises.

Bashi is a respected business leader and brings to BDC a wealth of knowledge and expertise which will benefit the Corporation as it re-positions itself as the premier business and development financier in Botswana and globally. Mr. Gaetsaloe holds an MA in Economics from Yale University, New Haven, USA and a Bachelor of Arts in Economics from Connecticut College, New London, USA.

Board Profile & Responsibility (cont.)

4. Verily Molatedi, Appointment with effect from February 1st, 2012. She also chairs the Board Audit Committee and is a member of the Board Human Resources Committee.

A Certified Chartered Accountant with more than 20 years hands on experience. Ms Molatedi is currently the Chief Executive Officer of Botswana Institute of Chartered Accountants (BICA) with effect from April 2014, where she is responsible for driving the strategic direction of the Institute.

Prior to joining BICA she served as Deputy Chief Executive Officer (Support Services) at the Local Enterprise Authority (LEA) responsible for driving the strategies of Corporate Services, Human Recourses, Research and Development as well as Stakeholder Engagement and Communications.

Previously, she worked in both the parastatal and private sectors at Management level where she demonstrated her ability to lead diverse teams of professionals to new levels of success in areas of Strategic Planning, Corporate Governance, Project Management and implementation, Financial Management and systems of Internal Control improvements. Some of the organisations that she has worked for are Water Utilities Corporation, Botswana Housing Corporation, Botswana Meat Commission and Standard Chartered Bank.

Ms Molatedi has served on a number of National and Regional Boards as a Director. These include Botswana Medical Aid Society, Botswana Railways, Rural Industries Promotion Company and SADCAS which is a subsidiary of SADC.

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

5. Solomon M Sekwakwa, Member of the Board. Appointed Board Chair from 2009 to 2011, and rejoined the Board as Director from November 2011.

An Economist, Mr Sekwakwa is the Permanent Secretary in the Ministry of Finance and Development Planning. Mr Sekwakwa started as an Industrial Planner for the Selibe-Phikwe mine in 1979.

He then joined the Southern District Council as an Assistant Economist where he rose through the ranks to become Senior Economist in 1994, Principal Economist for the Central District Council and Ministry of Finance and Development Planning from 1995 to 1998 respectively. In 2000, he was again promoted to Chief Economist (Projects), and subsequently re-designated Chief Economist (Macro). In 2001, he was further promoted to Director of Economic Affairs (Macro).

In 2007, Mr Sekwakwa became Secretary, Development and Budget Division and a year later, he was appointed 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 (as Chairman), National Development Bank, Vision 2016 Council, Bank of Botswana, De Beers Societe Anonyme Board, Debswana Board and Debswana Investment Board. Mr Sekwakwa holds a Masters of Arts Degree in Development Economics from the University of Sussex in the United Kingdom and has a Bachelor of Arts degree in Economics from the University of Botswana.

6. Richard Vaka, appointed with effect from on February 1st, 2012. He also chairs the Board Human Resources Committee and is a member of the Board Audit Committee.

A human resources practitioner, Mr Richard Vaka is currently the Group Employee Relations Manager for Debswana Diamond Company.

He joined Debswana in 1988 as a Graduate Trainee, rose to Chief Personnel Officer in 1990, Industrial Relations Manager for Orapa Mine in 1991, Human Resources Manager, Botswana Diamond Valuing Company in 1994, Deputy Group Human Resources Manager, Debswana HQ (2000) and transferred to Jwaneng and Orapa mines as Senior Human Resources Manager between 2001 and 2005.

From March 2005, Mr Vaka was appointed Group Employee Relations Manager, at Debswana Headquarters, a post which he holds to date.

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

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

Board Profile & Responsibility (cont.)

7. Reetsang Willie Mokgatlhe, appointed Director with effect from December 2012. He also chairs the Board Risk and Investment Committee and is a member of the Board Audit Committee.

A Business Executive, Mr Mokgatlhe is currently the founding Chief Executive Officer of Botswana Oil Limited, a company wholly owned by the Government of Botswana tasked with the responsibility of implementing the Government mandate of ensuring security of supply and facilitation of citizen participation in the petroleum sector. He is the former Managing Director of Vivo Energy Botswana and Vivo Energy Namibia where he was entrusted with formulating and implementing strategic goals and objectives of the two organisations. He brings valuable experience in the Private and Quasi-Government sectors having held senior positions in large private and parastatal organisations in Botswana, Namibia, South Africa and the Netherlands.

Willie has worked in international organisations with diverse cultures and excelled in such environments. He has successfully implemented change management during change in strategic direction; led privatisation of Air Botswana, managing staff and other stakeholder expectations; successfully set up, and created new structures of senior staff for Shell Namibia; successfully led stakeholder engagements in order to implement Shell downstream strategy for Africa, together with the introduction of new investors leading to timely regulatory approvals.

Positions held include the following: Shell International, Netherlands as the Government Relations Adviser-Africa from January 2010 to December 2011; Shell Namibia as country chairman from December 2005 to July 2009; and was Chief Executive Officer at Air Botswana from September 2002 to June 2005. Prior to that Mr. Mokgatlhe had held senior positions at both Shell and Air Botswana. Mr. Mokgatlhe has been a Director in several companies; Shell Namibia Limited - Chairman, Shell Oil Botswana – Chairman, National Development Bank – Chairman, Botswana Post – Director , Air Botswana – Director and Chairman of Airline Association of Southern Africa.

Mr. Mokgatlhe holds a Masters Degree from Cranfield Institute of Technology in the UK, which he obtained in 1991. He also holds a Bachelor of Commerce Degree from the University of Botswana.

8. Mpho Moremong-Gobe, appointed Director with effect from December, 2012. She is also a member of the Board Tender Committee and Board Risk and Investment Committee

A Real Estate Practitioner, Ms Mpho Moremong-Gobe, a member of the Royal Institute of Chartered Surveyors (RICS), UK; Real Estate Institute of Botswana and Real Estate Advisory Council is currently the Managing Director for MG Properties, a position she has held from June 2010, where she is responsible for property valuations, management, commercial lettings, as well as sales. A seasoned business woman with a thorough knowledge in Estate Management, which she acquired through her training and experience over a long period of time, Mrs. Moremong-Gobe has held numerous high profile positions steering different business entities in the private and public sector.

Previously she was Managing Director for Pam Golding International Botswana. She has also worked with Knight Frank Botswana (KFB) as an Associate Partner.

Mrs. Moremong-Gobe has valuable experience in different Boards including; Chairperson of Gaborone City Council Adjudication Board; Africa Representative in the RICS Governing Council in the UK from 2004 to July 2009; Chairperson of Board of Royal Institution of Chartered Surveyors Botswana Group between 2004 and 2009; Vice President of the Real Estate Institute of Botswana; and Chairperson of the Real Estate Advisory Council, amongst others. She holds a Bachelor of Science (BSc) Hons. in Estate Management from Oxford Brookes University, UK and Masters in Business Administration (MBA), University of North West, South Africa, jointly with the University of Liverpool, UK.

9. Christopher Brutus Gwere was appointed Director with effect from March, 2014.

A Certified Chartered accountant by profession with more than 20 years' experience in the field, Mr. Gwere is currently Head of Risk at Stanbic Bank Botswana. In his current role at Stanbic, he is charged with ensuring proper governance by guiding the standards and policies through the Board approval process; engaging with all the stakeholders to ensure their commitment to adherence to the standards and policies; overseeing the daily market risk, compliance, financial crime control and operational risk in line with set guidelines, among other things. He has served Stanbic Bank for 16 consecutive years, having joined the Bank as Head of Finance in 1998 before assuming his current role in 2004.

Mr. Gwere is an Associate Member of the following professional bodies: Chartered Global Management Accountants (CGMA) and Botswana Institute of Chartered Accountants (BICA). He also sits in different committees including; Executive Committee (Exco), Assets & Liabilities (ALCO), Projects Steering Committee ,Stanbic Pension Fund Trustees Board (Principal Officer), Credit Risk Management Committee, Pricing Committee, and the Bank/Union Negotiating Committee as a Management Representative.

Prior to joining Stanbic, Mr. Gwere worked for recognised institutions the like of Deloitte & Touche (1986 - 1988) where his career commenced as a Trainee Accountant. He then joined Debswana in 1989 and rose through the ranks to Assistant Accountant before joining Teemane Manufacturing Company in 1996 as Financial Accountant, progressing to Management Accountant, before leaving in 1998 to join Stanbic.

Mr. Gwere holds professional qualifications with the Chartered Institute of Management Accountants (CIMA), Association of Accounting Technicians (AAT), Senior Leadership Development Programme (Certificate) and ACI Operations Certificate.

10. Amando Vasco Lionjanga, Appointment with effect from February 1st, 2012. He also Chairs the Board Tender Committee.

A Civil Engineer, Mr. Lionjanga, is currently the Registrar (CEO) of Engineers Registration Board, a statutory body entrusted with the responsibility of regulating the activities and conduct of registered engineers.

He started his working career as an Assistant Roads Engineer in 1975 under the then Ministry of Works, Transport & Communications (WTC). He rose through the ranks to become Roads Engineer, Senior Roads Engineer, Chief Roads Engineer (1982 to 1989), Deputy Permanent Secretary (1989 to 1992) and ultimately Permanent Secretary in the same Ministry of WTC from 1992 to 1999. Mr. Lionjanga was appointed

Board Profile & Responsibility (cont.)

Chairman of a number of statutory bodies including: Air Botswana, Botswana Railways, Botswana Telecommunications Corporation and Botswana Railways.

Upon his retirement from Public Service in 1999, he joined a firm of Consulting Civil Engineers from 1999 until June 2002 when he was then appointed founding Executive Chairman of the Public Procurement and Asset Disposal Board (PPADB), a position he held until 2010. During the same period, when he was with PPADB, he served as Board Member of the Botswana Bureau of Standards.

Mr. Lionjanga holds a Bachelor of Engineering (Civil) Degree from the University of Zambia, 1975 and Masters of Science in Highway Engineering from University of Birmingham, UK, 1979.

11. Michael Lesolle, Independent member of the Board Audit Committee, appointment with effect from February, 2012.

A Certified Chartered Accountant, Michael A Certified Chartered Accountant, Mr Lesolle is currently the Executive Director of Botswana Accountancy College (BAC), a role he has discharged for just over five years. A Fellow Member of the Association of Chartered Certified Accountants (ACCA), he has extensive experience in various aspects of business and the accountancy profession. The past fifteen years of his professional career were spent in organisational leadership and as architect/ designer of organisational transformation, strategy formulation and its implementation, as well as managing change.

His accountabilities at BAC and Botswana Savings Bank as CEO in both cases, entailed the engineering of teams' behavioral change dynamic, mindset change, the imperative of holding the customer in high esteem, embracing technology, anticipating market changes and wealth creation.

He has contributed extensively in the accountancy profession both locally at the Botswana Institute of Accountants (BIA, now BICA) where for many years he was Member of Council, and ultimately as President of the Institute. At international level, he was involved with several of ACCA Global initiatives. In a similar fashion, Mr Lesolle was an active member of the Botswana Institute of Bankers, and at some point the Institute President.

The formative years of his accountancy career were based in the United Kingdom where he studied and trained in "The City" with a firm of chartered accountants - Deloitte Haskins & Sells at the time.

He learnt the ropes within the firm in the statutory audits of the blue chip companies in various industry groupings, most of them listed in international exchanges. Within Deloitte, he had exposure to Corporate Finance, Consulting and Small Enterprise divisions of the firm.

He is non-executive director for a number of Boards, including being a member of the BDC Audit Committee, Chairman of VPB, former Member of University of Botswana Council and others. He spends a good deal of his time mentoring young people in believing in themselves and cultivating the spirit of entrepreneurship. Mr Lesolle holds an ACCA qualification and is also a Member of the Botswana Institute of Chartered Accountants.

12. Malebogo Itumeleng Mpugwa, Independent member of the Board Human Resources Committee, appointment with effect from 9th August 2012.

A seasoned Human Resources practitioner, Ms. Mpugwa is currently Head of Human Resources and part of the Executive Committee for De Beers Global Sightholder Sales (DBGSS) since May 2012, where her primary responsibility is to lead and manage the company's people management strategy to successfully achieve the Companies strategic purpose of "turning diamond dreams into lasting realities".

Previously, she held several human resources managerial and executive positions including Standard Chartered Bank where she was the Regional Head of Human Resources for Consumer Banking Business in Southern Africa, where she worked with others to develop HR solutions aligned to the Company's strategic pillar of "Massively Multiplying Our Leadership Capability".

She also previously worked for Debswana Diamond Company as the Group Organisational Design and Talent Manager, and before that as Head of Employee Relations and Head of Human Resources for Debswana Mines. She has successfully lead HR teams and dealt extensively with Unions in the mining industry.

She has been involved in major change projects in the diamond industry. She has extensive experience in the upstream diamond business and is now accelerating her learning and growth in the downstream side of the diamond business.

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

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

13. Sean Rasebotsa, an Independent member of the Board Risk and Investment Committee, appointment with effect from 8th October 2013.

A seasoned banker and risk manager, Sean Rasebotsa is the current Managing Director for the Coronation Fund Managers Botswana since August 2013, where he is responsible for co-ordination, formulation, implementation and review of the company's strategy, goals and objectives. He provides overall strategic leadership, direction and guidance, drives value creation through financial, customer base, reputation and organisational capacity, as well as building the company's capacity to sustain continual change in a competitive environment.

Previously he served as Chief Executive Officer at Glenrand MIB, and Risk Director at Barclays Bank Botswana. Before then he served as Country Credit Director for Barclays Bank Zambia PLC following the role of Associate Corporate Credit Director at Barclays regional office in South Africa.

Mr Rasebotsa holds a Bachelor of Commerce degree from the University of Botswana.

Management

1. **Ronald Phole**
   Group Internal Auditor

2. **Diketso Rantshabeng**
   Agribusiness Manager

3. **Kamogelo Kesiilwe**
   Invoice Discounting Manager

4. **Batlang G. Mmualefe**
   Manager, Marketing and Research

5. **Boitshwarelo Lebang**
   Acting Corporate Communications and Public Relations Manager

6. **Letsweletse M. Ramokate**
   Manager, Property Development & Management

7. **Magdeline Tsiane**
   Acting GM, Management Services

8. **Jazenga Uezesa**
   Manager, Industry

9. **Judith Dintwa**
   Acting Manager, Risk Management

10. **Montle Phuthego**
    General Manager, Business Development

11. **Kebareileng Lebalang**
    Acting Chief Information Officer

Management (cont.)

Montle Phuthego
General Manager -
Business Development

Magdeline Tsiane
Chief Financial Accountant

Ronald Phole
Group Internal Auditor

Emmanuel Maite
Human Resource Manager

Boitshwarelo Lebang
Corporate Communications
& Public Relations Manager (Ag)

Diketso Rantshabeng
Manager - Property Development
& Management

Jennifer Dube
Manager - Legal Division

Jazenga Uezasa
Manager - Industry

Judith Dlntwa
Acting Manager -
Risk Management

Kamogelo Kesiilwe
Invoice Discounting Manager

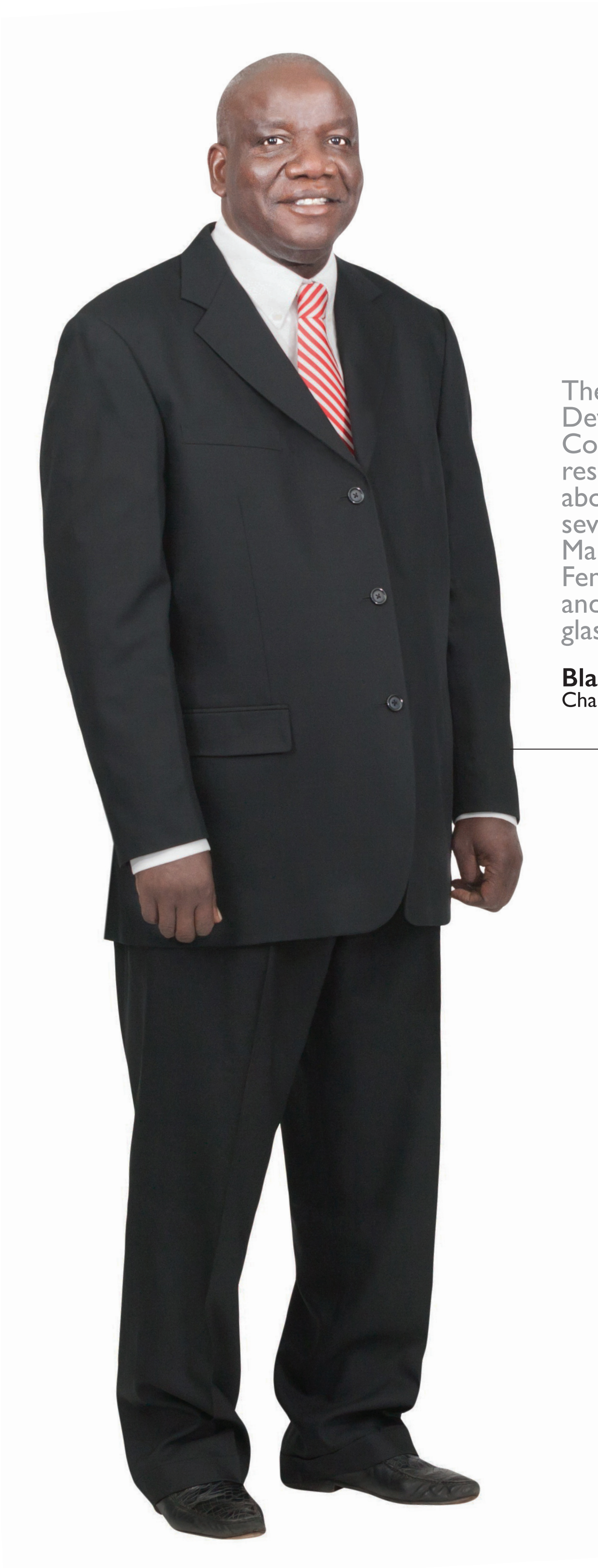
Batlang G. Mmualefe
Manager - Marketing and Research

Kebarileng Lebalang
Chief Information Officer (Ag)

Letsweletse M. Ramokate
Manager - Property Development
& Management

Benny Medupe
Management Accountant

Chairman's Statement



The year 2013 was a testing time for the Botswana Development Corporation (BDC) and its leadership. Continuous board engagement with various stakeholders resulted in the Board holding numerous meetings over and above its normal statutory quarterly meetings. Amongst several risk mitigation measures taken by the Board and Management was the inevitable closure of the multimillion Fengyue Glass project. The company took a very resolute and tough decision on this matter and placed the affiliate glass company under liquidation.

Blackie Marole
Chairman of the Board

In 2013, the Corporation's accountability and reporting lines changed from Ministry of Finance and Development Planning to Ministry of Trade and Industry, as part of the Government re-organisation and rationalisation of its overall responsibilities and accountability.

Following changes that took place in 2012 within both the management of the BDC and the Board itself, we spent considerable time building a relevant management team that could lead a new BDC at that level. We are pleased to report that the process successfully culminated in the identification of a world class Managing Director who brings to BDC several years of experience in managing and consulting for numerous business and government organisations within Botswana. With new management in place, BDC is now well placed to pursue its mandate and achieve its reformulated business goals.

In the same year, the BDC sought to progress by revisiting its mandate and the business framework on which it has been operating in order to carry out the mandate.

The Mandate and Business Model

It had become apparent to the Board that the 43-year-old BDC business model had not been reviewed to ensure that it was still relevant, competitive and sustainable since its establishment in 1970. It also became clear to the Board that the current BDC business model was no longer creating

Chairman's Statement (cont.)

value for the shareholder, nor was it able to support the sustainability of the BDC.

Part of the problem or cause was the lack of alignment on the interpretation and meaning of its "developmental" objectives, which is also enshrined in its name and corporate identity. As a result, the implementation of the company's outdated business model led it to taking on disproportionally higher risk exposure in projects than that of its partners. It also allowed the company to invest in projects that it should not have invested in, either because they were sub-optimal in a commercial sense or because BDC did not have the capacity or capability to handle such complex projects.

The consequence of the above has been a steady decline in the BDC's income generating projects, liquidations of mega projects and a resultant erosion of the BDC's balance sheet.

The Board, having duly considered all the above, resolved to review the current business mandate and business model. The results of the review were finalised at the start of this year and will assist the Board and the BDC management to resuscitate the Corporation.

Our Current Mandate

Our mandate remains to:

- Promote and facilitate the economic development of Botswana
- Develop new and existing industrial, commercial, property and agricultural businesses and property development
- Provide direct financial investment or assistance
- The procurement of financial or management assistance and participation with persons, firms or companies, both locally and externally; and
- To conduct its business on a commercial basis and exercise special care with regard to its economic and commercial merits.

The mandate was thoroughly assessed and benchmarked against other similar international Development Financial Institutions (DFI). Overall, the Board is satisfied that the terms of the mandate remain of relevance to the national economic agenda, especially in the short to medium term, but may require clarification as to the BDC's involvement in projects which do not meet strict commercial criteria for that of investment.

Our Business Model

The review has concluded and clearly reveals that the biggest issue identified is the BDC's Business Model. Changes need to be made and this is where the Board and the Management will be focusing their efforts for the year.

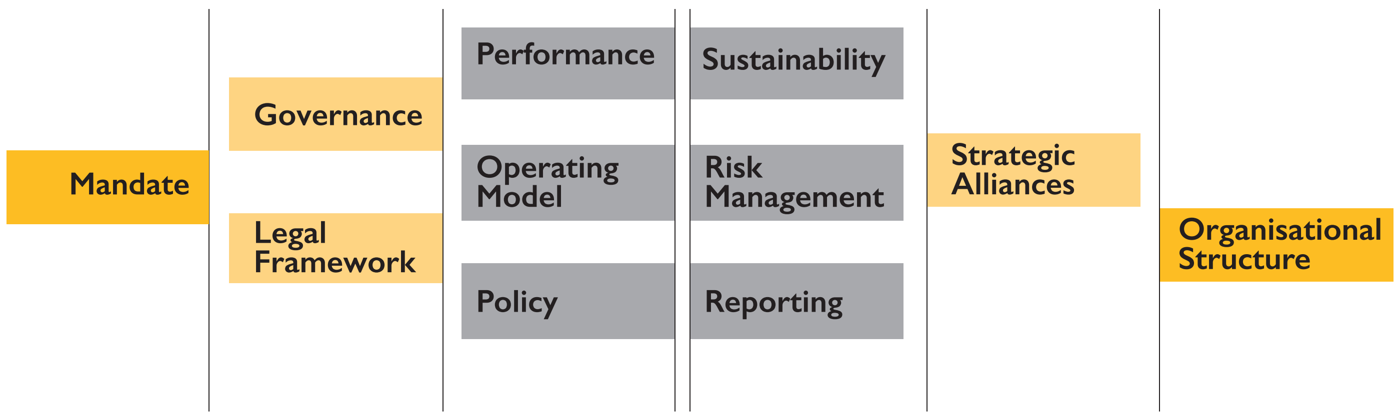
For over 40 years, the BDC has been implemental with pioneering business developments within Botswana and has assisted in setting up businesses in tourism, industry, agri-business and the property sector to name but a few.

The BDC offers financing in the form of equity or loan financing, as well as invoice discounting. The current investment portfolio has investments in industrial, manufacturing, property, services and the agricultural sector.

Towards the end of the year the Board evaluated the BDC's investment portfolio in terms of the old business model, and came to the conclusion that the BDC was now at a critical point in its business lifecycle and urgently needed to review its current processes in terms of its sustainability and its ability to deliver value to the Shareholder.

In light of this, the Board has taken the decision to analyse and design a new business model, which will focus on the following key components.

Our Business Model



Chairman's Statement (cont.)

At its conclusion, we intend to execute a business model that addresses the following criteria:

Mandate	The interpretation of the mandate and how it is translated throughout the BDC, from strategic planning down to operating levels
Strategy	A comprehensive strategy developed to ensure alignment with the business operations to the current mandate and that of government policies
Operating Model	An operating model that ensures segregation of duties, adequate capabilities to support the strategy, a relevant process framework and improved performance management
Organisational Structure	An organisational structure that brings new and existing capabilities of experienced and skilled personal, which will also leverage our strategic partners
Financial Structuring	A capital structure that identifies new sources of funding, reviews the cost of capital and assists in implementing new investment strategies and opportunities
Risk	A risk strategy that aligns to the operating strategy to ensure effective management of credit, market and liquidity risk.
Governance	Governance policies and structures that address monitoring and reporting, independence and delegation of authority issues and concerns, implemented across BDC and subs.

To our Management and Staff

The executives, management and staff of the BDC have been individually and collectively overcoming the current challenges faced by the BDC. All its personnel are anticipating the positive changes that will ensue from the review and implementation of the new BDC Business Model, which will commence in 2014. The Board is particularly appreciative of the contributions and efforts made by the management team, who have had to double up their normal duties with those of executives they had to act for in their absence. We would like to give particular mention to Ms Phuthego for also acting as Managing Director until the substantive MD was in place.

The Board believes that change is always inevitable and we need to remain prepared for it. If we are not equipped for change, we shall become irrelevant in today's fast evolving, competitive and borderless world economy.

On behalf of the BDC Board, I thank all our stakeholders for their understanding, continued commitment and loyalty in our endeavor to contribute to the national economy, which by itself contributes to national governance.

I am also glad to announce that as at the date of this report, the Board has welcomed Mr Bashi Gaetsaloe as the new Chief Executive Officer for Botswana Development Corporation with effect from April 15, 2014. Bashi brings with him a wealth of relevant experience which will be critical in reinventing a new BDC, and valuable in the implementation of a new business model. The Board and staff have undertaken to give him all the necessary guidance and support.

To our Shareholder

The Board collectively expresses our utmost gratitude to Minister Dorcus Malesu for her guidance and support in the execution of our mandate, and for the continuous recognition of the achievements of this treasured national asset.

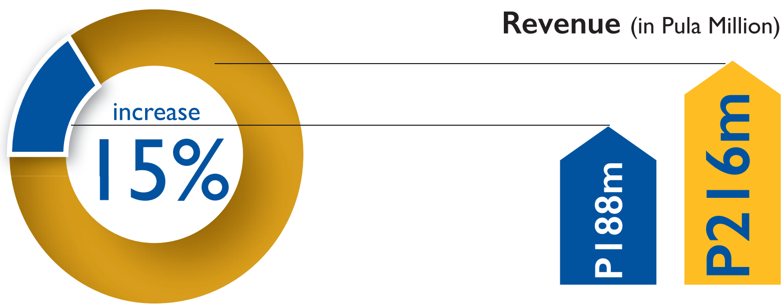
Blackie Marole
Chairman

Managing Director's Report

"the Corporation achieved a Total Comprehensive Income for the year of P107.1 million after taking into account net gains on investments and revaluation of Property Plant and Equipment."

Bashi Gaetsaloe
Managing Director

Revenue (in Pula Million)



Total Comprehensive Income (in Pula Million)

P107.1m

P74.1 Million
Commercial Holdings (Pty) Ltd

P12.5 Million
Western Industrial Estates (Pty) Ltd

P10.3 Million
Lobatse Clay Works (Pty) Ltd

P9..8 Million
Coast to Coast Inn (Pty) Ltd

I am pleased to report the Corporation's performance for the year ended June 2013.

The year under review was extremely challenging and saw the BDC being affected not only by several non performing subsidiaries but also by several of our investment companies facing difficult market challenges. Further, the decision to liquidate Fengyue Glass Manufacturing Botswana Pty Ltd, led to a full impairment of the investment, which further dampened our results. Given that the events that lead to the impairment commenced in previous years, the provision was staggered over three years resulting in a substantial provision in the current year and a re-statement of the 2011 and 2013 comparative information.

While the liquidation process by its nature is likely to take several months, we are confident that management's focus on improving the future will yield enhanced results for the coming financial year.

Managing Director's Report (cont.)

THE CORPORATIONS NEW BUSINESS MODEL

As outlined in the Chairman's statement, towards the end of the financial year, the Board of Directors initiated a strategic project to review the BDC's mandate and business model. The objective of the project being to ensure that there is clarity and relevance in the BDC's mandate and to develop a sustainable, efficient and value-adding business model that incorporates best practice and ensures its competitiveness and sustainability.

Through this exercise, BDC will review its processes, structures, capabilities, governance and risk management systems. This exercise will also review the BDC's portfolio and introduce more generally accepted standards for credit and risk assessment.

This unprecedented initiative aims to bring about not only structural change, but also cultural change. Our remodelling will look at ways to break away from the old corporate culture and introduce new ways of working, partnering, and executing. We are confident that through this remodelling exercise, BDC will not only rebuild trust with our stakeholders and partners, but will also emerge as the leading investment company in Botswana.

STRATEGIC PLAN

Given the Board's decision to review the BDC's mandate and business model, the current four year strategy was put on hold, with the intention of reviewing the strategy and aligning it to a new business model. A new strategic plan will therefore be developed in the new year.

FINANACIAL PERFORMANCE

In the year under review, revenue growth of 15% from P188 million to P216 million was achieved for the Group despite the challenging market conditions. While the Group incurred a loss of P22.5 million, the BDC achieved a Total Comprehensive Income for the year of P107.1 million after taking into account net gains on investments and revaluation of Property Plant and Equipment.

The Group's assets continue to grow at a healthy rate increasing to P3.09 billion in the year under review.

During the year the Corporation made further equity investments into the following companies amongst others:

Commercial Holdings (Pty) Ltd	**(P74.1 Million)**
Western Industrial Estates (Pty) Ltd	**(P12,5 Million)**
Lobatse Clay Works (Pty) Ltd	**(P10,3 Million)**
Coast to Coast Inn (Pty) Ltd	**(P9,8 Million)**

In addition, we funded 3 projects to a total loan amount of P107 millions.

DIVIDEND FOR THE YEAR ENDED 30 JUNE 2013

Given the subdued performance, the Corporation has not declared dividend for the financial year ended 30 June 2013 (2012: P6.5 million).

UPDATE ON FENGYUE GLASS MANUFACTURING BOTSWANA (PROPRIETY) LIMITED

The Corporation's investment in Fengyue Glass Manufacturing (Botswana) (Propriety) Limited, was assessed to be fully impaired due to the fact that the project failed to meet its targets, including the completion timelines, substantial budgeted cost over-runs, and significant governance failures. The Board of Directors assessed and took into consideration all possible options and factors and, in October 2013, decided on the liquidation of the glass project as the appropriate course of action.

A provisional liquidator was appointed and following their preliminary report, a substantial liquidator was appointed in March 2013. The liquidator is currently working with all the affected and interested parties to bring this matter to a close. Given the scale and complexity of this undertaking, we expect the liquidation process to be completed within the coming months.

HUMAN CAPITAL

The Corporation continues to place significant value in its human resources capital and skills development. The BDC is highly dependent on its staff compliment and strives to ensure adequate training and skills transfer.

The staff compliment for the year under review was 85 compared to 87 for the same period last year. The Corporation, however, experienced significant staffing challenges at Executive and Senior Management levels with most of the separations taking place at that level. The Board and Management are working around the clock to ensure that this situation is normalised during the next financial year.

HIV/AIDS

The Corporation continued with its multiple education campaigns in terms of its AIDS Program. This was mainly achieved through the utilisation of the Wellness Room which is a feature of disseminating information on HIV/AIDS in a raw form. Participation in the activities of the World AIDS Day was a success in December 2012. The Corporation continued to network with other relevant organisations which are geared at helping the community to effectively deal with HIV/AIDS pandemic. We are currently reviewing our HIV/AIDS Policy with a view to align it with the National HIV/AIDS Policy.

Managing Director's Report (cont.)

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Corporation is doing all it can to ensure that it is playing a meaningful role as a good corporate citizen, in the upliftment of the lives of individuals and communities within the nation. With regards to this, the Corporation continued to aggressively implement its social responsibility plan. The following interventions were brought to bear during the year under review:

1. **Tonota Special Needs Classroom:** The Corporation committed P1.57 million toward the building of a special needs classroom block for Tonota Primary School students with disabilities, where modern facilities would improve their learning experience. Kebo Holdings was engaged to construct the building at a cost of P1.57 million.

2. **Robelela Village Single Home Construction:** The Corporation, as part of the Vision 2016 commemorations, built a two-roomed house for the orphaned Oteng Thatogang Tebete family in Robelela Village in the Bobirwa Sub district. Kwena Concrete Products, a BDC subsidiary joined hands with the BDC to construct the house using their latest i-brick product. The CSR project amounted to P30,000.00.

3. **Sojwe Village Food and Clothing Donation:** The BDC Social Club and Corporate Social Responsibility Committee, through the assistance of the Kweneng District Council, donated foods, clothing, utensils and toiletries and other items to the Moleti family in Sojwe. This initiative amounted to P20,000.00.

4. **Talana Farms Food Donation:** The Corporation, through its Corporate Social Responsibility Committee donated food stuffs to victims of the floods that occurred at Talana Farms. This initiative amounted to P20,000.00.

THE JOURNEY AHEAD

We have a long and difficult journey ahead of us. As with all journeys, ours begins with an honest review of our challenges and shortcomings as well as a renewed energy to use these experiences to build a more resilient and prosperous company. I am confident that the steps we are taking are laying the foundation for our future success.

I wish to thank all our stakeholders for supporting and showing interest in The Corporation's dealings, more importantly the Board for its guidance and the BDC staff for all their hard work over the year.

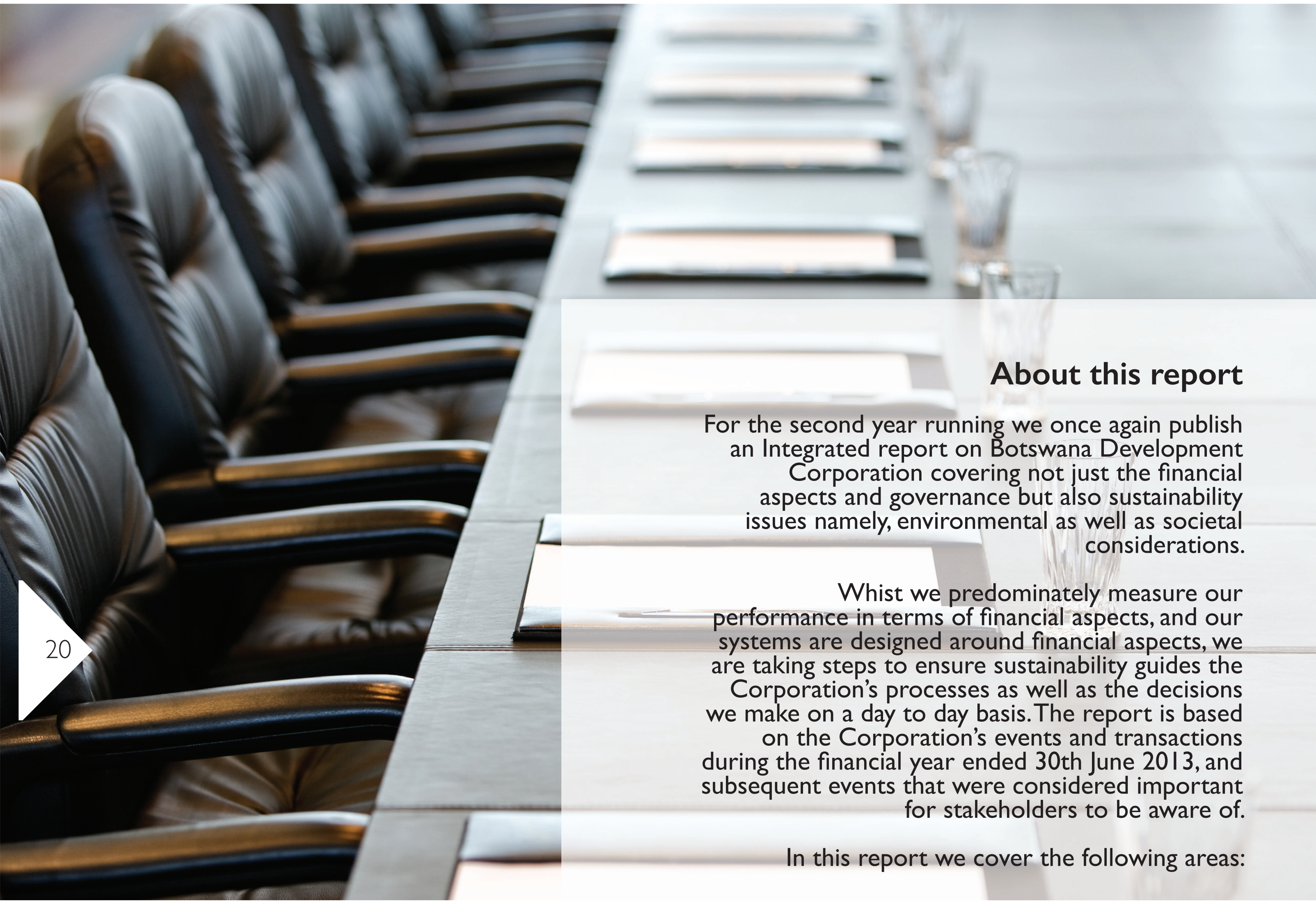
Finally, I want to assure our stakeholders and partners that the BDC remains firmly committed to transforming the economic landscape of Botswana through investments in commercially viable projects and programmes which yield sustainable socio-economic development.

Bashi Gaetsaloe
Managing Director

Tonota Special Needs Classroom


Value of all subdivisions
Best subdivision value
Subdivision 1
Subdivision 2
Subdivision 3
Detailed information of changing business activity of subdivisions of main company
Product placement in different regions
Main company
Competitors
Others
Subdivisions

Integrated Report



About this report

For the second year running we once again publish an Integrated report on Botswana Development Corporation covering not just the financial aspects and governance but also sustainability issues namely, environmental as well as societal considerations.

Whist we predominately measure our performance in terms of financial aspects, and our systems are designed around financial aspects, we are taking steps to ensure sustainability guides the Corporation's processes as well as the decisions we make on a day to day basis. The report is based on the Corporation's events and transactions during the financial year ended 30th June 2013, and subsequent events that were considered important for stakeholders to be aware of.

In this report we cover the following areas:

Integrated Report (cont.)

The Corporation

1. Legal Persona

Botswana Development Corporation Limited, the "Corporation" or "BDC", incorporated in 1970, is a state owned enterprise, with separate legal persona, distinct from its members and employees and all stakeholders.

Incorporated as a private limited company with shareholding 100% owned by Botswana Government, the shareholding and control is through a delegated Ministry. Since incorporation, the Ministry of Finance and Development Planning had the oversight responsibility, which continued until January 2013, when the Ministry of Trade and Industry assumed the majority shareholder's oversight role.

2. How The Corporation Survives

As enshrined in its mandate, BDC's focus is that of a provider of equity and debt finance, as well as short term working capital requirements, primarily to start-up entrepreneurs and the rest of the corporate world that can benefit from a financier who has the balance sheet, the resources and processes robust enough to be able to understand their business and support them in their pursuit for success on the same triple bottom line basis.

To date the market niche for these products and services has been primarily in property development and management, manufacturing industries, agro-based large scale processing, as well as in service and hospitality industries, and in the same order of concentration.

Without question, 2011 was a challenging year for the global economy, characterised by slow economic growth, diminished output volumes and strained margins. Whilst 2012 had indications of improvement in terms of financial performance, the impact of poor past performance on society and environments will see longer recovery periods - an important consideration for the BDC as a development arm of Government.

3. The BDC Brand

BDC has a strong brand that has been around for 43 years. Our Corporate Brand values; Customer Primacy, Professionalism and Employee Development act as a benchmark to measure the behavior and performance of the Botswana Development Corporation Limited and its employees. They remain a code by which our employees pride themselves on and are known for.

The BDC logo is the visual representation of who we are and what we do. It is a graphic representation of the BDC and the important role we play as a development finance institution.

The BDC brand logo represents the four "pillars"of the Botswana Development Corporation Limited and a "round table".

The "pillars" element represents the BDC's continued support of local and foreign investors through providing financial support to commercially viable projects, for the benefit of Botswana's economic development.

Integrated Report (cont.)

The pillars identify and reinforce Botswana Development Corporation Limited 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 Botswana Development Corporation Limited Brand promise is therefore; "To promote and facilitate economic development for Botswana" through:

- Providing financial assistance to investors with commercially viable projects.
- Supporting projects that generate sustainable employment for Batswana as well as add to the skills of the local workforce.
- and encouraging citizen participation in all business ventures.

The Botswana Development Corporation Limited 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 Limited as the leader in equity investments and as an agency that is worthy of its stakeholders' trust to improve their quality of life.

4. Our Performance

We herein set out the Corporation's detailed performance on key Corporate Governance perspectives on a triple bottom line approach, encompassing Social, economic and environmental considerations and progress made during the financial year. The purpose of this is to ensure that readers gain a better understanding of the governance systems and processes that the Board of Directors deployed to control and manage the affairs or the Corporation and the BDC Group as a whole.

The Board and Management of the Corporation recognise that they have a duty to make an informed assessment of the sustainability of the Corporation's business before investing the Corporation's ultimate beneficiaries' equity.

The Board is also aware that the ultimate beneficiaries of the Corporation are all the over two million citizens of Botswana, and the intended reader of this report.

This report therefore forms part of the non-financial information essential for integrated reporting, to assist the ultimate beneficiaries regarding who runs the Corporation's operations, how it is run, how it makes its money, how it deals with its customers and how it creates value addition to society, the environment and the economy.

Integrated Report (cont.)

5. Financial Year Timeline at a glance: Environmental, Social, Governance

July 2012	August	September	October	November	**December 2012**
Botswana Consumer Fair Property Expo 2012 Y-Care Charity Walk and Sponsorship	BOCCIM Golf Day	Vision 2016 Commemoration Activities World tourism Day Commemoration Activities	Global Expo Botswana - International Investor Exhibition	BDC confirmed for continued accreditation against ISO9001: 2008	National World Aids Day Commemorations activities

January 2013	February	March	April	May	**June 2013**
Donations: House to disadvantaged family in Robela	Approval of 2012 financials	Young Farmers Field Day	Board approves 2013 budget SADC DFI Games	Durban Indaba - Tourism Indaba BOCCIM Northern Trade Fair Namibian Tourism Expo	Board launches Business Model Review Project Botswana Exporters Manufacturers Association Exhibition

As a global financial institution, we acknowledge that our obligations reach beyond a singular focus on achieving returns for our shareholders, and realise that how we approach every aspect of our corporate responsibilities has a real effect on our ability to be successful in the long term.

6. Corporate Social Responsibility

This is how we do it:

ECONOMY

We create Economic Opportunity

By supporting entrepreneurs and supporting Entrepreneurship

SOCIAL

We act responsibly to build trust.

By using responsible governance, Financing and human resources practices.

ENVIRONMENTAL

We support Environmental Sustainability

By using greener practices, helping entrepreneurs to do the same

Integrated Report (cont.)

"Investment in Clean Technologies is an emerging industry focused on creating sustainable sources of energy with zero to very low carbon emissions"

7. Environment

At Botswana Development Corporation we understand that whilst as a financial institution the Corporation will not by itself participate in the operations of projects which may have negative impact on the scarce natural resources, in particular: air, water and environment, it is possible that entities we finance may lose sight of the need to ensure that their operations do not have a negative impact on the environment.

Investment in Clean Technology

In redefining the Corporation's business model the Management and the Board of Directors are conscious that Investment in Clean Technologies is an emerging industry focused on creating sustainable sources of energy with zero to very low carbon emissions and hold great promise in helping our nation and the globe's transition to a low-carbon based economy.

We hope that in the future we can extend our commitment to supporting renewable energy by setting aside specific funds for investing in clean tech companies over the next decade.

Minimizing the environmental impact from the group operations is therefore another essential component of environmental framework and especially in three priority areas.

- Promoting energy-efficiency and reducing our group carbon footprint, with a goal of managing our carbon emissions to the minimum possible;
- Maximizing the use of universal green building standards; and
- Responsibly managing waste and the sustainability of our supply chain.

Environmental Impact

Through our continuous monitoring of projects and through independent Boards of entities that we invest in, the Boards of the BDC Group of companies have to ensure that minimizing environmental impact is an essential component of a sound policy framework.

The Corporation will continue to report in a candid manner the performance of entities that we have invested in which have the potential to impact the environment and need to be carefully managed.

To-date the Corporation has interests in entities that by nature of their business would be so categorised.

Integrated Report (cont.)

7. Environment (cont.)

Environmental Impact

Based on the assurance and the facts made available to the BDC Board, we are able to confirm that such investments pose no negative impact on the environment in either the short or long term. Sustainability strategies implemented by some of the BDC related companies include:

I. Producing final products with less water by following staged processes to better manage water in the business value change that protects limited water supply, reduces wastage, and promotes reuse and recycling. A continuous evaluation is done where water is used for other processes such as cooling, cleaning and pasteurisation, with efforts made to use new processes to reduce water consumption, including recycling it for use in secondary processes such as cooling and cleaning.

II. Our group companies are also encouraged and are making good efforts to conserve energy use, especially in production. An example is seen with one of the BDC's related company's beverage plant which recently automated its boilers and corrected the power factors of all major equipment at manufacturing sites. This has reduced the electricity used during periods of peak demand.

III. Similarly efforts are made to ensure that waste becomes a valuable resource for food producers and farmers, as well as being a potential energy source, hence saving money on transportation to landfills as well as reducing impact on the environment. Where possible waste generated from operations is either resold or recycled.

IV. In plants where considerable dust is produced such as in brick molding, the dust generated in the process is collected by dust collectors and re-used in the process, thereby reducing dust emissions to the environment and the effects on health for the employees and surrounding environment. Where appropriate the Department of Waste Management is also engaged to monitor such emissions to ensure that they fall within safe limits for the environment

V. In the large scale commercial agricultural entities, where substantial electricity and water are used for irrigation systems, processes are put in place to monitor the moisture and thereby minimise the possibility of over irrigation and water and electricity waste. One of the strategies used is drip irrigation which is believed to use up to 40% less water than overhead irrigation.

At the end of it all, we believe that when we help our subsidiaries and clients develop business strategies that take advantage of opportunities and reduce the adverse environmental impacts of their business, we help to build the foundation for a sustainable future, because we understand that a healthy environment is a necessary condition for individuals, communities, businesses and economies to thrive. We view environmental stewardship both as an important responsibility and as an opportunity to bring our knowledge and resources to bear on initiatives that will shape the future for our business, the global economy and society.

Integrated Report (cont.)

> "At BDC, we define our social value by what we contribute to making markets robust and the economy strong."

8. SOCIETY

Since economic growth is essential to "a prosperous society" whereby it creates jobs, improves standards of living and ultimately expands the tax base that supports the infrastructure and social services that our communities require, we believe that whether it is the construction of our new offices, new hospital, hotel or residential houses, a growing economy is a vital component for meeting these public needs, and this is part of our mandate.

Our role and contribution as an investment financier of projects countrywide is therefore by itself a deliberate action that will contribute to the creation of sustainable jobs and poverty alleviation. By working tirelessly to fund both new and mature businesses with the capital available, we are therefore contributing to social governance.

Throughout our partners identification and selection process, and project appraisals that follow potential projects, we aim to be diligent and apply good judgment, with an awareness of social and environmental issues that touch our people, the society at large, our clients and stakeholders in general. We recognise that lasting contributions to a strong and sustainable economy are possible only if we are committed to the well-being of our people and our communities.

Corporate Social Investment

The tradition of individual philanthropy remains a core tenet of our culture. In recent years, we assisted a number of deserving groups as part of our Corporate Social investment program, including but not limited to the need for the Corporation to play a part in the upliftment of economically challenged communities, caring for the physically and mentally challenged and under privileged, as well as playing a role in the empowerment of the youth and women.

These we do through financial assistance, community engagement as well as through targeting new investments to areas that may not be attractive on the basis of short term economic indicators alone and hence we go where no commercial banker can easily venture into.

Our People Governance

In 2013, we devoted considerable resources to ensure that our people receive the support they need to serve our clients and communities. The investment we make in our employees begins at the onset of their career and continues through every step they take with us along the way. Our goal is to maximise their potential, increase commercial effectiveness, reinforce our culture of consensus and empowerment, expand their professional opportunities, and help them make lasting contributions to their clients and their communities, whether they spend just a few years or their entire professional careers at the BDC.

8. Society (cont.)

The values that guides the Corporation Executives

At the BDC we all understand that how we do business and how we project ourselves is as equally important as the business we do and hence the need to always uphold our Corporate Values. At the BDC we say:

- We do business with professionalism and will display the highest levels of ethics; adhere to standards; uphold Integrity; and act in a fair and honest manner in all our dealings with both internal and external stakeholders
- We ensure that because our Stakeholders have dynamic needs we shall be continuously innovative and through our teamwork, guarantee delivery on all our promises; and
- We will always be customer centric, excited and committed when dealing with our customers, stakeholders and colleagues alike.

Our Human Capital

The BDC's human capital management strategies and programs are designed to ensure that its people are the single most important source of excellence and competitive advantage. During the course of 2012/13, the Corporation continued to consolidate the development of its key human capital management infrastructure.

Staffing

The staff compliment for the year under review was 85 compared to 87 for the same period last year. Staff turnover for the year stood at 5.8%, while the vacancy rate stood at 14% of the approved establishment. The Board and Management continued to intensify efforts towards filling all Senior Management positions - including the position of the Corporation's Managing Director.

Training & Development

The Corporation continued to focus on the development of senior management capabilities. A number of Senior Managers attended the Senior Management Development Program with Stellenbosch University. In addition to this, employees attended both on-the-job and public training programs. There was significant emphasis on skills acquisition. This was intended to achieve a higher level of effectiveness and efficiency at all levels within the business.

During the year the Corporation also arranged a number of training programs aimed at empowering its people to further enhance their skills and enable them to grow into the leaders of tomorrow.

Integrated Report (cont.)

8. Society (cont.)

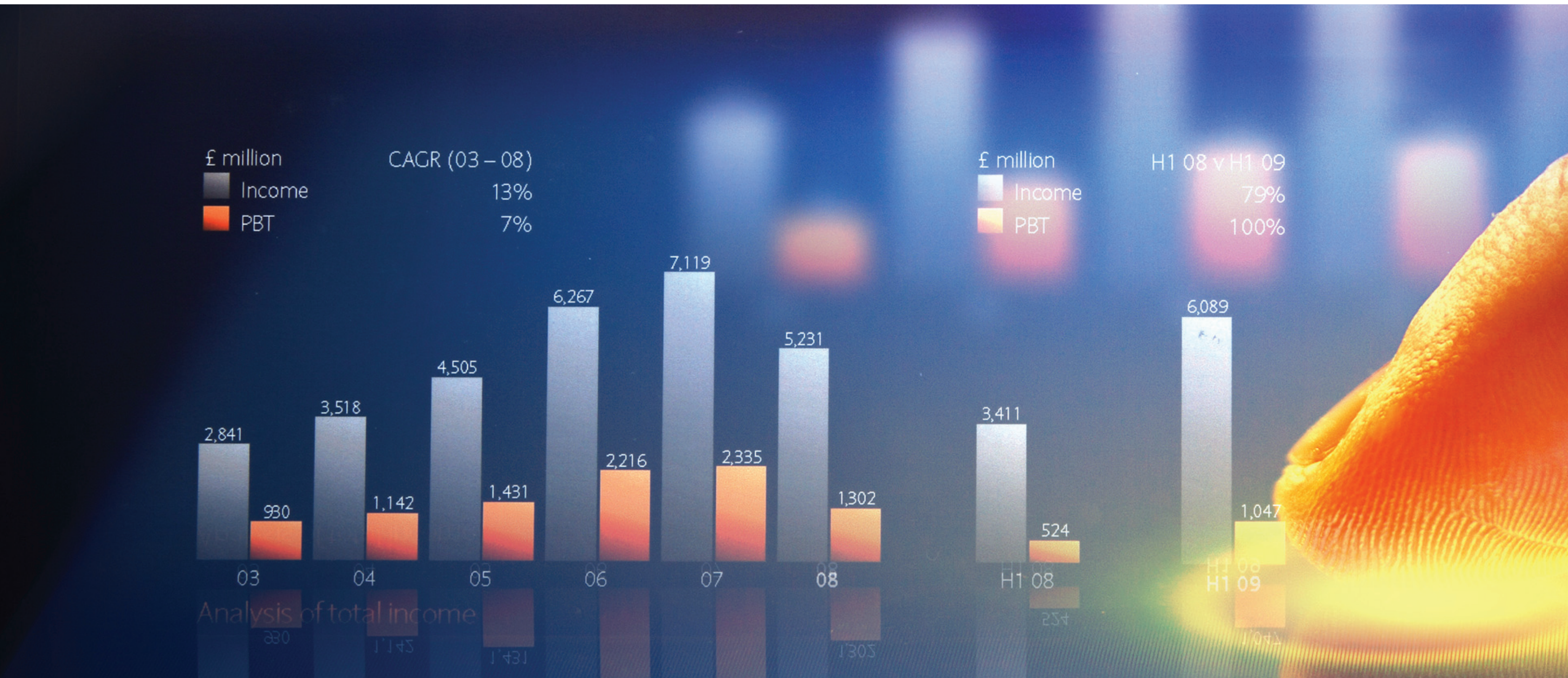
Workforce Demographics

Our employment statistics reflect our recognition of the need for youth, gender equity and the provision of opportunities for the physically challenged.

Whilst we have succeeded on this front, as at year end we had not yet succeeded in providing opportunities to the handicapped, as an occasion had not yet arisen. This we plan to review in the coming years. Our current workforce demographics as at 29th February 2014 are as illustrated below.

Personnel	Total	Male	Female	Youth <35	Older >35	Graduates	Post Graduates	Other
Management	11	7	4	0	11	1	10	0
Supervisory	35	18	17	7	28	16	19	0
Officers	22	9	13	12	10	15	1	6
Industrial Staff	11	7	4	1	10	0	0	11
Internship Students	15	4	11	14	1	13	1	1
Total	94	45	49	34	60	45	31	18
Prior Year Total	92	40	52	27	65	43	29	20

Intergated Report (cont.)



9. Risk and Financial Performance and Indicators

The Board and its Committees oversee governance and risk management.

The Board approves risk policies, appetite and strategies; ensures BDC's risk management is effective; reviews portfolio and treasury risks; reviews capital adequacy; sets clear levels of delegation of authority for various transactions; and ensures an appropriate link between risk and reward.

Although all committees consider risk in their deliberations, as appropriate, three committees - the Board Credit and Risk Committee, and the Audit Committee have specific responsibilities for managing risk.

The Board Credit and Risk Committee advises the Board on BDC's effectiveness in identifying and managing significant risks, and regularly reviews the Corporation's risk management framework. The Committee also approves investment decisions within its delegated authority limits.

The Audit Committee advises the Board on BDC's oversight and assesses its financial performance and financial statements, internal controls, financial reporting, accounting standards, and disclosure controls. It also keeps the Board informed of the BDC's quality output and corporate independence.

Risk Management

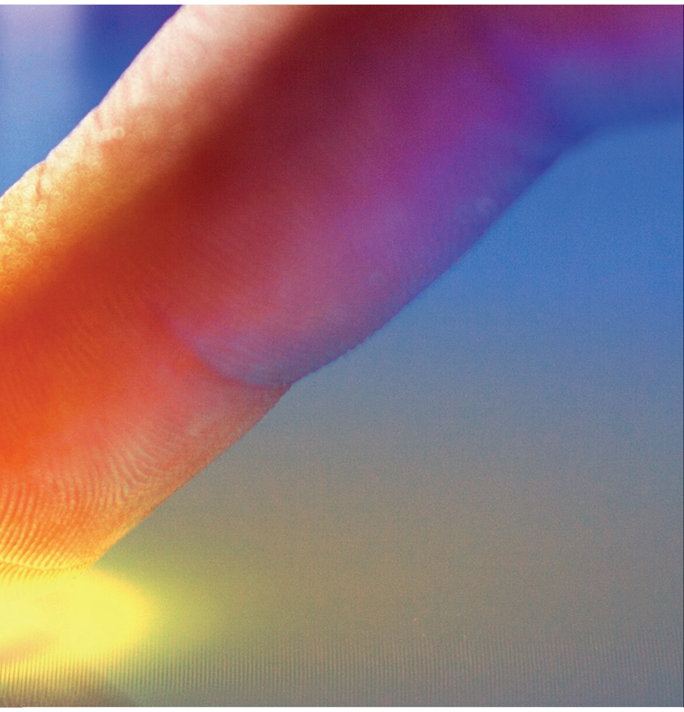
BDC takes on risk while remaining financially sustainable. Our strong risk management culture enables us to take appropriate risks while offering relevant services.

We manage our risks by using formal risk reviews and rigorous processes. These include developing risk policies, and setting delegated authorities and limits.

Our Risk Management Principles

1. Risk management is everyone's responsibility, from the Board of Directors to all employees.
2. We shall manage risk by balancing it with appropriate return.
3. We shall integrate risk management into key business processes, such as strategic business and budget planning, lending, investing and consulting activities.
4. The ERM policy codifies a comprehensive, disciplined and continuous process that we use to identify, analyze, accept, mitigate, monitor and report risks within approved risk tolerances.
5. BDC's policies and processes shall be consistent with ERM best practices.
6. In risk management-related policies, the Board shall set the acceptable levels of risk that BDC will tolerate.

Integrated Report (cont.)



"The Board approves risk policies, appetite and strategies; ensures BDC's risk management is effective; reviews portfolio and treasury risks; reviews capital adequacy; sets clear levels of delegation of authority for various transactions..."

9. Risk and Financial Performance and Indicators (cont.)

How we define Risk

Risk is a defining, unavoidable feature of the financial services sector. It is inherent in virtually all of BDC's activities. Risk is also a defining feature of entrepreneurial activity. And as we enter into business relationships with entrepreneurs, we must identify and manage several kinds of risk—to the greatest degree possible—to succeed.

BDC intends to have has a strong risk management culture that emphasizes risk identification, risk management, transparency and accountability.

Our Board of directors provide essential, independent oversight on BDC's exposure to risk.

ENTERPRISE RISK MANAGEMENT POLICY

BDC's Board of directors undertake to annually review and approve the Enterprise Risk Management (ERM) policies, that codifies the integrated, enterprise-wide process to be used to identify, analyze, accept, mitigate, monitor and report risks..

MAJOR RISK CATEGORIES FOR BDC

STRATEGIC RISK

Strategic risk is the risk that BDC will set inappropriate objectives, will adopt strategies based on inaccurate knowledge of the market or will not allocate enough resources to achieve its objectives.

How we manage it

Our dedicated team annually updates our four-year corporate plan using a rigorous process. The plans will reflect BDC's knowledge, which is based on its research capacity and on its relationships with knowledgeable stakeholders and entrepreneurs. Executive Management, the Board of Directors, approve the plan.

Financial RISK

BDC is exposed to the following financial risks:

1. Credit Risk, 2. Market Risk and 3. Liquidity Risk. This section should be read in conjunction with the Note on Risk Management to the Consolidated Financial Statements.

1. CREDIT RISK

Credit risk is the direct or indirect risk of loss related to an investee, or of loss due to default by a borrower, a counterparty with whom BDC does business or an asset issuer.

9. Risk and Financial Performance and Indicators (cont.)

1. Credit Risk (cont.)

How we manage it?

The most important risk for BDC to manage is the credit risk related to its term lending - which currently counts for 20% of BDC's portfolio, including our Invoice discounting facility in particular. It is the Board priority to ensure that all our executives and managers are trained to assess credit risk. The Corporation's decisions shal be based on our experience with similar clients. Personnel shall use policies, corporate directives, procedures and risk assessment tools to help the Board make sound decisions. In addition to managing credit risk on an individual, transactional basis, BDC manages it on a portfolio basis.

2. Market Risk

Market risk is the risk of financial loss from developments in marketplace dynamics or from our inability to forecast poor economic conditions quickly enough to mitigate losses in our business and our portfolio. It represents market value fluctuations of BDC's assets and liabilities arising from volatility in interest rates, equity and commodity prices, and foreign currency levels. For BDC, market risk also arises from volatile and unpredictable market events affecting the value of equity investments.

How we manage it?

Where appropriate BDC will use derivatives to reduce exposure to equity markets, commodity prices, foreign currencies and interest rates in foreign markets.

3. Liquidity Risk

Liquidity risk is the risk that BDC could be unable to honour all or part of its contractual debts as they become due.

How we manage it?

To avoid business disruptions, BDC shall invest the minimal required level of cash in highly liquid and high-quality securities with active secondary markets that it can sell to a wide range of counter-parties.

Operational Risk

Operational risk is the risk of losses from day-to-day errors caused by people, breakdowns in processes or systems, or events beyond our control, such as natural disasters. It includes but is not limited to the following four categories of risk: 1. human capital, 2. reputational, 3. environmental, and 4. legal and regulatory risks.

How we manage it?

Operational risk is present in all our daily operations. As such, all of BDC's policies and corporate directives help the Corporation identify, analyze, mitigate and monitor this risk. They govern the way BDC manages its human capital and processes, safeguards information, administers loans and investments, and carries out its activities. These activities are subject to regular internal and external audits. In addition, as part of its reodelling BDC intends to implement an internal control framework based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and an internal certification process.

HUMAN CAPITAL RISK

BDC's long-term business success depends on its people. Its ability to attract, develop and engage the right people dictate its organizational capacity and enable it to fulfill its mission to help Botswana entrepreneurs succeed.

How we manage it?

To achieve optimal performance levels, the Board has undertaken to continuously assess the workforce factors and human resources practices that could affect performance. We shall develop strategies and plans to address these issues and mitigate human capital risks.

Learning and development are powerful means to prepare employees to achieve their full professional potential, as well as foster engagement and to ensure that we have the right qualified people needed to achieve strategic objectives and adapt to the dynamic, challenging business environment.

Reputational Risk

Reputational risk is the risk that the activities or relationships of BDC or its employees or its associated companies will breach, or appear to breach, its mandate, culture, values or applicable laws. That could damage BDC's reputation and affect its ability to do business.

BDC must meet Botswanas' expectations in various ways, including:

- Meeting the shareholder's expectation that BDC will support entrepreneurship;
- Carrying out its mandate effectively;
- Meeting legal and broadly held ethical standards;
- Refusing to support clients who fail to meet societal expectations of responsible behaviour; and
- Doing business in an an environmentally responsible manner.

Integrated Report (cont.)

9. Risk and Financial Performance and Indicators (cont.)

Reputational Risk (cont.)

How we manage it?

Complying with BDC's ERM principles shall be the cornerstone of managing reputational risk. BDC shall use its corporate social responsibility framework with strategic purpose and rigour to manage reputational risk.

At a corporate level, BDC shall track the interests of key opinion leaders and stakeholders through stakeholder surveys, dialogue and media monitoring, including social media monitoring.

At an operational level (transactions), BDC considers reputational risk when pre-screening clients, and carrying out due diligence and approvals to verify that the potential clients are not involved in money laundering or other corrupt activities.

Reputational risk management is part of our corporate risk policies and corporate directives, which shall include the following, to name a few:

the Board Charter;

- the BDC employee code of conduct, ethics and values and client rights;
- policy on authorisation limits and levels of authority;
- the ERM framework and related policies
- the policy on the environment; and
- the policy on the handling of referrals and enquiries by members of Parliament, ministerial staff and BDC Directors.

Environmental Risk

Environmental risk is the risk of damage to the environment or reputational harm caused when BDC's operations, financing or investments fail to meet applicable laws or society's expectations of environmental stewardship. It is often embedded in other risks, such as credit, legal or regulatory risk.

How we manage it?

The Board has undertaken to ensure that the Corporation has well-defined processes to identify, assess and mitigate environmental risk throughout the loan and investment lifecycle. These processes are intended to minimise direct losses due to environmental impairment of assets under BDC's conctrol and ensure that BDC deals only with clients who respect environmental regulations and best practices. The Board shall also ensure that the Corporation does not fund projects that could significantly harm the environment.

Legal and Regulatory Risk

Legal and regulatory risk is the risk that our failure to comply with laws, regulations, public sector guidelines, industry codes, corporate governance or ethical standards will harm our business activities, earnings, regulatory relationships or reputation. It includes the effectiveness with which we prevent and handle litigation.

How we manage it?

Though its assurance providers, namely External and Internal Audit, Legal and Company Secretariat that Board shall ensure that personnel of BDC and associated companies comply with laws and regulations.

Assurance providers provide the Board of directors with information needed to ensure compliance and assist in monitoring compliance with laws and corporate governance, and to oversee BDC's management of its legal and governance and regulatory risks.

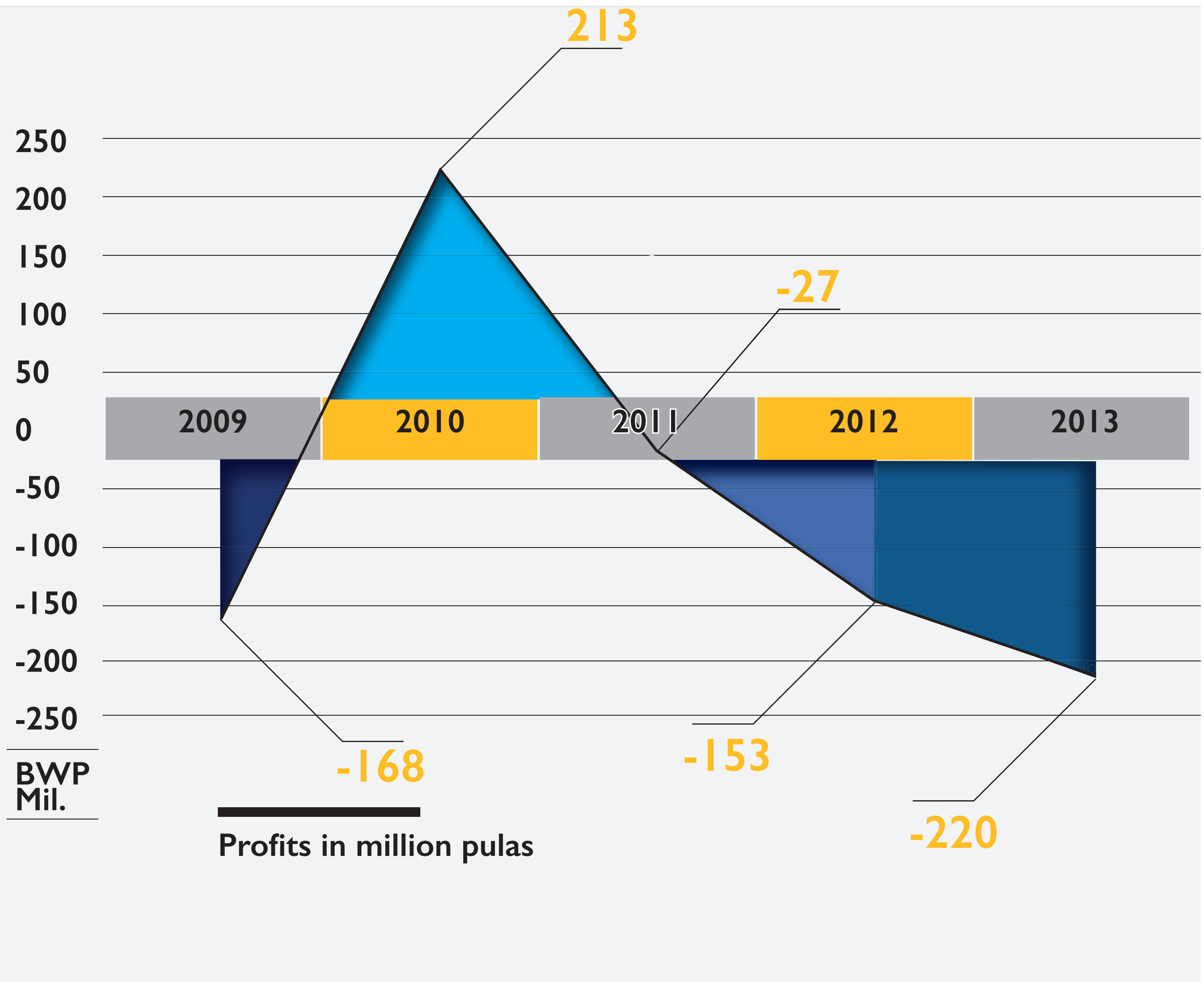
Integrated Report (cont.)

9. Risk and Financial Performance and Indicators (cont.)

Profitability

Since 2010 the profitability of the Corporation has been declining and therefore not sustainable, hence giving impetus for the organisation to review its business model.

Profitability



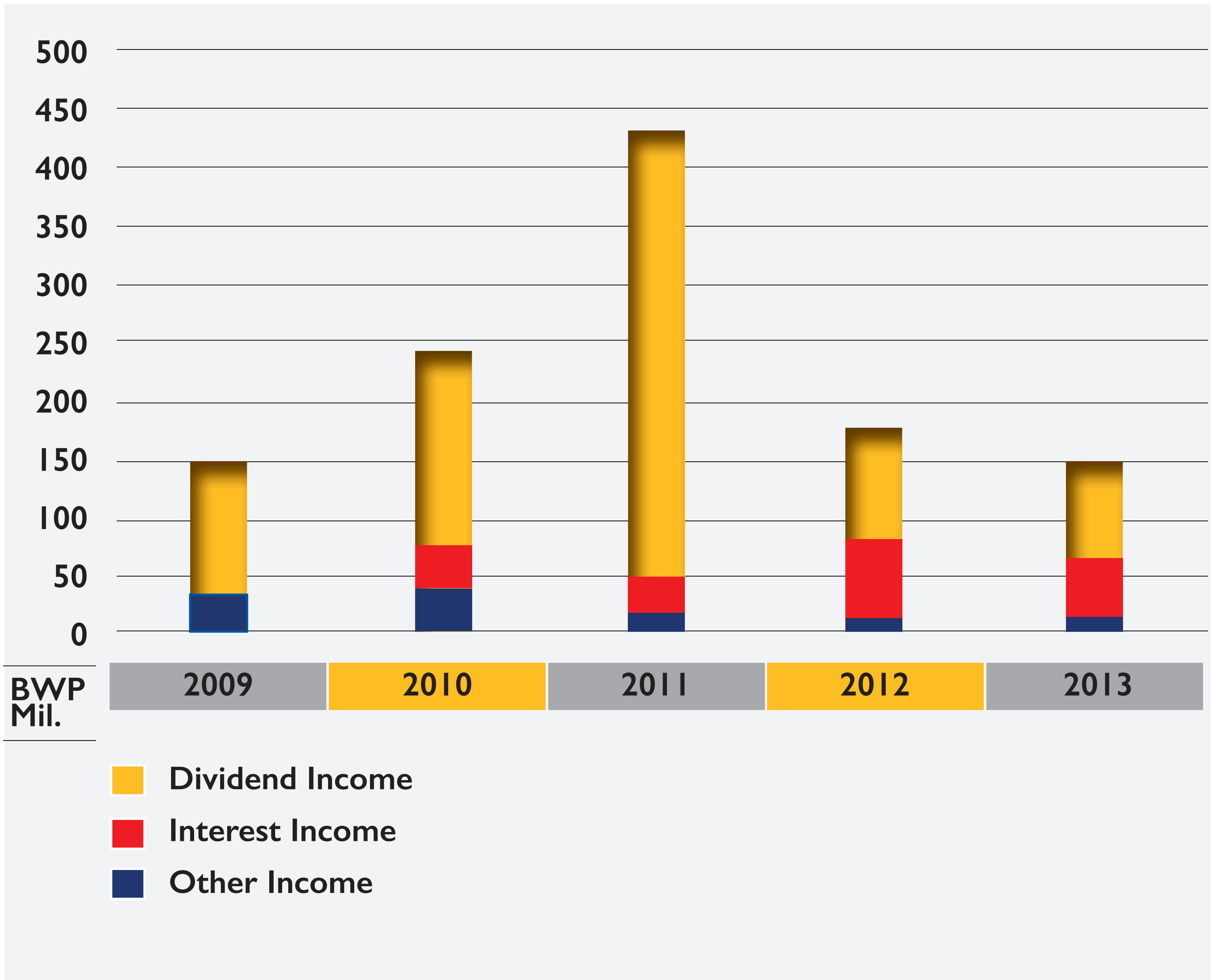
Integrated Report (cont.)

9. Risk and Financial Performance and Indicators (cont.)

Revenue Distribution

Given that the Corporation portfolio is close to 80% equity and 20% loans, it is not surprising that the bulk of its revenues are from dividends.

Revenue Distribution

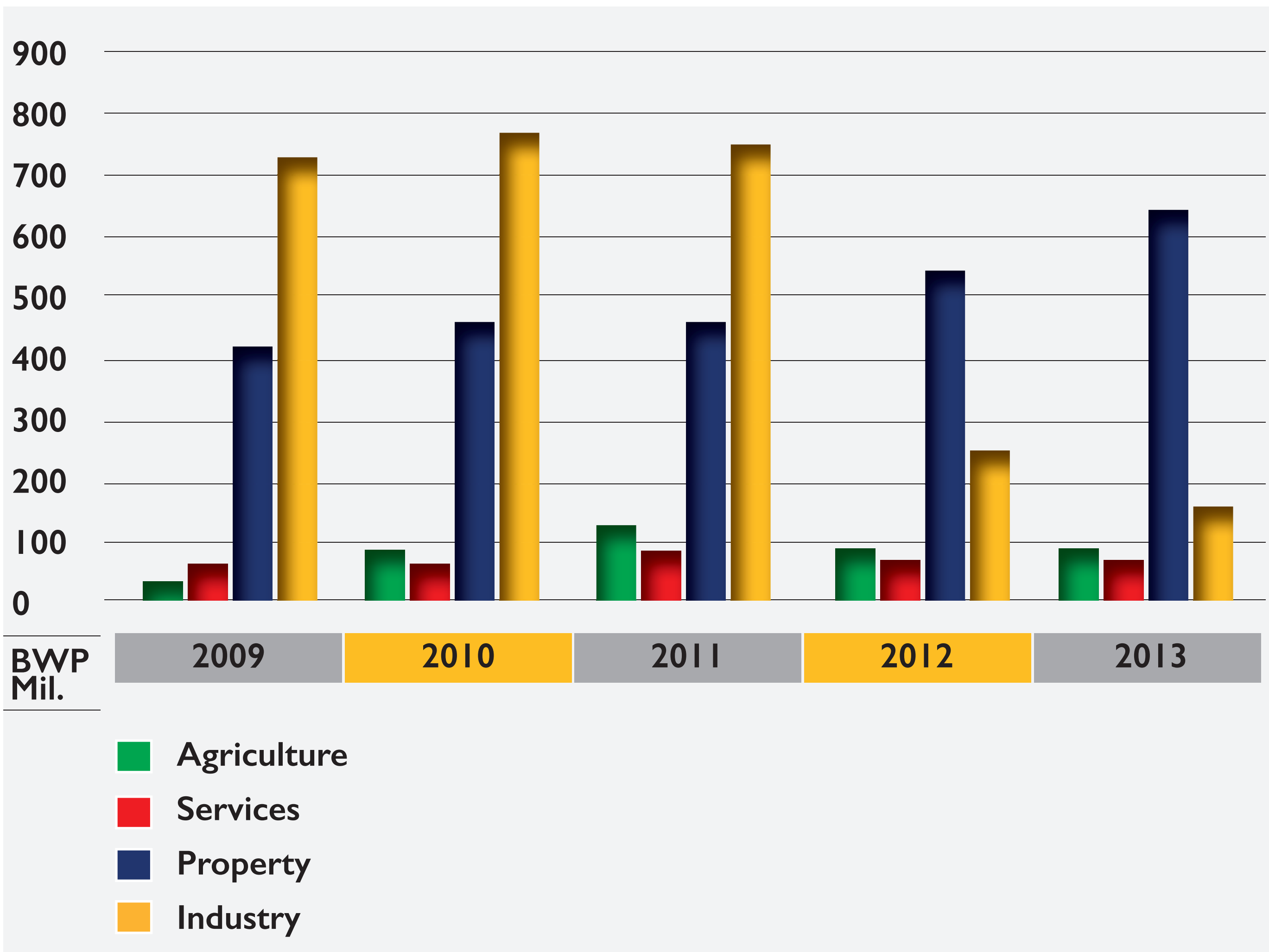


Integrated Report (cont.)

9. Risk and Financial Performance and Indicators (cont.)

Business Sector Distribution

Whilst historically, the industrial or manufacturing sector accounted for a greater part of the Corporations Portfolio, over the years and especially since 2009, this sector has been experiencing a decline. As a result, a number of mega projects in this sector had to be provided against and occasionally written off. This has resulted in the Property Portfolio, which has consistently performed satisfactorily, becoming the dominant portion of the BDC portfolio.



Integrated Report (cont.)

9. Risk and Financial Performance and Indicators (cont.)

Audited Financial Statements

The Directors confirm their responsibility for the preparation, approval and reporting of the financial statements of the Corporation and consolidated financial statements of the Group. The External Auditors have reviewed the financial statements as set out and have expressed a modified audit opinion on the fairness of the Corporation's Financial Statements. External auditors, Deloitte, have issued an unqualified report, however with an emphasis of matter highlighting significant prior year adjustments as a result of the impairment of the Corporations investment in Fengyue glass project, now under liquidation.

As set out in the Statement of Comprehensive Income, the Statement of Financial Affairs and the notes thereto, the financial statements were prepared in accordance with International Financial Reporting Standards. The financial statements were reviewed and recommended by the Board Audit Committee and have been approved by the Board of Directors for presentation at the Annual General Meeting held on 31st January 2013 for formal adoption.

Financial Performance Highlights for the year

The Corporation recorded a loss before tax of P222.1 million compared to the previous year's restated loss of P176.0 million. This loss is mainly attributable to the impairment of the Fengyue Glass project, which is now under liquidation. The impairment has been staggered over three years resulting in the financials for 2012 and 2011 being restated. Revenue has decreased by 2% over the past year from P104.1 million to P101.7 million. The investment portfolio has seen additional equity acquired of P120.9 million (P216.6 million in 2012) and disposals of P11.3 million made during the year with disposals of 71.2 million in the previous year. Loan disbursements amounted to P231.7 million (P103.1 million in 2012).

	Audited Results YEAR-END 30TH JUNE 2013			
	Corporation		Group	
	2013	2012	2013	2012
Measurement	P 000	P 000	P 000	P 000
Revenue	101 744	104 151	317 933	274 417
Gross Profit	101 744	104 151	221 517	178 129
Profit/ (Loss) Before tax	(222 151)	(175 974)	13 433	(65 950)
Other Comprehensive Income, Tet of tax	151 660	30 509	129 562	23 690
Total Comprehensive Income For The Year	(68 032)	(122 588)	107 089	35 798

Statement of Financial Position

	Audited Results YEAR-END 30TH JUNE 2013			
	Corporation		Group	
	2013	2012	2013	2012
Measurement	P 000	P 000	P 000	P 000
Non- Current Assets	1 997 785	1795 592	2 672 472	2 314 658
Current Assets	179 842	275 841	417 765	492 705
Total Assets	2 177 627	2 071 433	3 090 237	2 807 363
Capital & Reserves	1 319 476	1 387 508	2 008 633	1 917 577
Non Controlling Interests			185 041	163 395
Non current Liabilities	284 539	63 933	484 443	263 357
Current Liabilities	573 612	619 992	412 120	463 034
Total Equity and Liabilities	2 177 627	2 071 433	3 090 237	2 807 363

The Board reaffirms its commitment to ensure that corrective action is taken on any issues that may have been raised by the external assurance providers, irrespective of how immaterial they may appear to be.

The Board of Directors, Management and the Auditors of Botswana Development Corporation Limited confirm that the Corporation is expected to continue as a going concern in the foreseeable future.

Integrated Report (cont.)

9. Risk and Financial Performance and Indicators (cont.)

Performance Indicators

Below is a time series summary of the Corporations performance since 2010

Audited Results YEAR-END 30TH JUNE 2013								
Measurement	2010 Target	Actual	2011 Target	Actual	2012 Target	Actual	2013 Target	Actual
Return on Investment (ROI)	13%	14%	4%	9%	3%	-9%	-1%	-5%
Return on Capital Employed	7%	17%	7%	15%	2%	-5%	2%	-1%
Return on Assets (ROA)	16%	12%	4%	11%	2%	-3%	1%	-1%
Gearing	39%	5%	36%	7%	45%	5%	36%	22%
PORTFOLIO GROWTH	10%	-0.2%	10%	25%	25%	6%	39%	11%

Integrated Report (cont.)

We provide shelter

"Since incorporation in 1970, BDC has provided residential accommodation in major cities especially for the middle to high income families, we have provided numerous factory shells for start-up entrepreneurs and hotels country wide to facilitate mobility both to the business communities and the general citizenry as they explore opportunities nationwide."

10. The Impact of Investments on Society and Environment

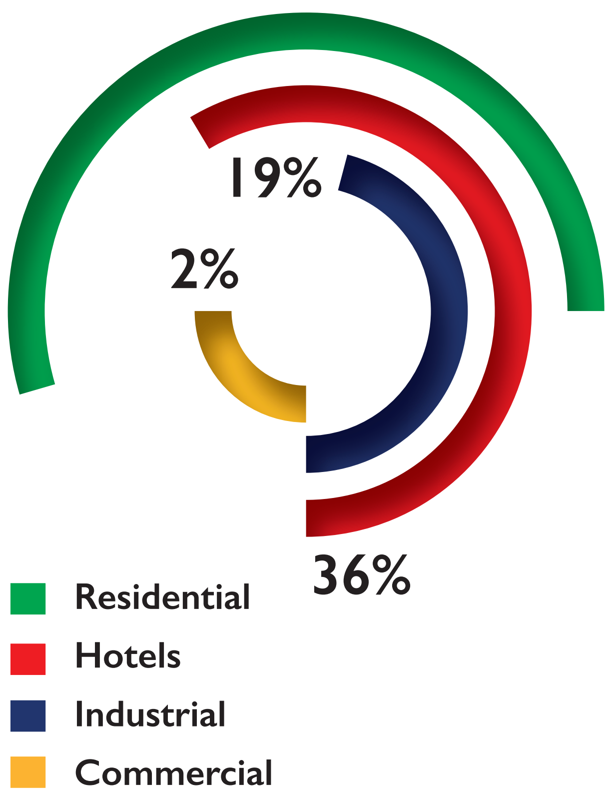
Our Successes

Since 1970, BDC contributed to the promotion and facilitation of Botswana's economic development. Over the past forty two years the Corporation has financed private sector start-ups and expansions in partnership with local foreign Direct Investment with emphasis on investments meeting the long term commercial viability analysis.

Starting with meagre investments of R71 000 in 1971, rising to P11,2 million in 1981 and P230,5 million in 1991, P1.26 billion in 2011, the Corporation's investments have now reached P1.9 billion, spread across the different sectors of the economy. In 2013 BDC's total assets reached P2.18 billion from P2.07billion in 2012. On the other hand the consolidated group total assets grew from P2.8billion to P3.09billion.

Some of the projects financed by the Corporation are also shining stars amongst Botswana success stories. This includes Cresta Marakanelo now a public listed company with hotel operations spread across the country and now growing regionally, Sechaba Breweries another public listed company dominating the supply of refreshments and beverages throughout the country and also exporting regionally. Letlole La Rona LTD another public listed entity formed through consolidation of the Corporation's previously 100% owned properties, and empowering citizens with a stake in this top-end property market. The latest addition to the BDC portfolio is an iconic 20 story building to be known as Fairscape Office Park located in fairground, in Gaborone.

Value



Integrated Report (cont.)

10. The Impact of Investments on Society and Environment (cont.)

Over the year, the Corporation, through its property subsidiary Commercial Holdings Pty Ltd, commenced with the construction of new mixed use complex, and one of the noticeable developments that promise to transform the landscape of Gaborone and the lifestyle of a number of its citizens. This mixed use development is to be undertaken in three phases, consisting of offices, a hotel, penthouses, retail space including restaurants, cafes, boutiques, and convenience stores, together with three level basement parking. The design development is centred around a central piazza with all buildings in phase 1 looking into the piazza, making it the first of its kind in Botswana. This development will, in addition to being the new headquarters of BDC, also house upmarket office accommodation, restaurants, penthouses, hotel and day and night 24/7 convenience-lifestyle facilities, making it a paradise for every tourist.

The project was conceived and approved as an upmarket mixed use development with an iconic and distinct design. The fifteen storey tower provides the centre piece of the development.

11. Our Future Governance framework

Strong and sustainable corporate performance cannot be achieved without sound governance. Across all aspects, BDC continues to commit considerable resources to ensure effective governance, recognising that we are stewards for our shareholder, our clients, our people and our communities.

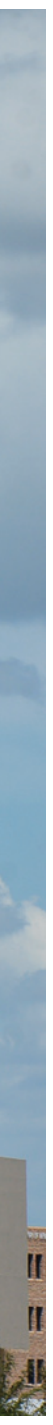
At BDC, engagement with stakeholders and other important constituents is not a one-day event.

In the new year, the Board engaged independent consultants, as part of the business model review project, to conduct an extensive internal and external stakeholders engagements in order to solicit their views about the corporation's governance structures. The ultimate objective of designing a new governance framework is that it will ensure sustainability of the Corporation. A new governance framework has therefore been developed and the implementation process is in full swing. The key principles of the future governance framework include the following:

- To ensure that there is clarity and proper translation of the Corporation's mandate by all stakeholders and those charged with the responsibility to guide the Corporation

- To enforce division of responsibilities so that there is role clarity between those charged with the customer relations responsibilities and those who have to enforce the obligations that go with that relationship.

Integrated Report (cont.)



11. Our Future Governance framework (cont.)

- To develop an environment wherein those charged with governance and assurance have both the obligations and conditions to perform their duties
- To improve the Corporation's financial governance which will result in improving the Corporation's capability to raise funds and to be able to compete in the market by providing its full services, along with competitive packages.
- To strengthen the BDC group governance framework that will ensure that the companies that BDC invests in are self sufficient and structured to be able to compete in their own right
- To enhance the Corporation's risk management framework to ensure that the Corporation is able to do business by taking opportunities where it should but continuously managing risk at the same time

Our Commitment to Good Governance

We prefer to approach the governance of the Corporation, and everything around it, as a foundation of a well-run company, embodying principles and commitments that share our fundamental aspirations, namely that of:

- Increasing value for shareholder;
- Promoting valued services to clients;
- Managing risks and;
- Making lasting contributions to the communities where we do business.

Successful governance for the Corporation is a vibrant process that involves the diversity of our businesses, the global nature of our partners, and the rapidly changing needs of our clients.

We are conscious of the fact that quality governance starts at the very top, with the Board. For that reason nine of our ten Board members are independent from management. Mr Blackie Marole, an independent non-executive director (NED) chairs the Board.

Profiles and relevant details of all current members of the Board and independent members are set out on page 6 of this report.

Shareholder Engagement

The Board Chairman, Board members and management continued to engage with the shareholders throughout the year to ensure that at all times there was alignment between the Shareholder vision about the Corporations and the Board and Management execution of that vision.

Board Oversight

Our Board executes independent oversight over areas of risk to our business, the performance of our senior management team, succession planning, compensation issues, and overall business strategy. Our commitment to good stewardship on behalf of clients, shareholders, regulators and the broader public is illustrated by the fact that approximately half of our employees sit on the "control" side of the Corporation, in the form of Risk Management, Financial Accounting, Legal, Information Management and Internal Audit, to name but a few.

These independent, control function's primary goal is to ensure that we meet the control and reporting obligations required of a self-regulated financial institution such as BDC.

Our credit risk professionals are independent of the revenue producing sides of our businesses and are expected to evaluate the potential for loss due to counterparty default, and seek to mitigate risk through limits, collateral, hedging and other techniques.

Our Group Internal Audit professionals are independent of the management activities of the Corporation and report to the Board through the Board Audit Committee.

Governance and Internal Control Systems

The Board is confident, following the implementation of the reviewed business model, that the Corporation will have robust policies, systems and procedures that provide reasonable assurance in safeguarding assets, prevention and detection of errors, accuracy and completeness of management information, accounting records and reliability of financial statements.

The internal checks serve management and the Board by performing independent evaluations of the adequacy and effectiveness of financial reporting mechanisms, records, and operations as well as protecting the interests of the Corporation.

Governance at Subsidiaries

In line with good business practice, the Board of the holding company has vested the control and direction of its subsidiaries - set up as separate legal entities - in the Boards that it appoints directly, or through Management.

Whist effort is being made to ensure that there is a clear separation of roles, and to avoid any inherent conflict of interest, the Corporation appoints personnel to participate in the Boards of those companies. In the governance and direction of subsidiaries, the Boards of those subsidiaries are expected to follow the same principles of good corporate governance and best practice, as that of the Corporation.

11. Our Future Governance framework (cont.)

IT Governance

In today's world, the information systems of enterprises are now pervasive, no longer only used to enable a company to work more efficiently, they are now the very fabric of the enterprise.of today. It is with this in mind that the Botswana Development Corporation information systems are being aligned with the long-term strategy of the Corporation, to ensure achievement in this regard.

Over and above information systems, critical to IT Governance is Information Management especially as it relates to Information Security. The Corporation continuously reviews its information and data security to ensure that critical information of both the Corporation and its clients is fully secured, in particular from external threats.

12. Board Governance

The Corporation has a unitary Board structure appointed by the Shareholder, including the Chairperson and the Managing Director. The unitary structure enables the Board to obtain the desired level of objectivity and independence in Board deliberations and decision-making. The Board is assisted by four Board Committees.

Delegation of Authority

Whilst the Board has delegated some of its authority, the Board understands that it still retains the accountability and liability concerning the exercise of its delegated authority, and hence has put in place internal control and internal audit to ensure the proper discharge of the delegated authority. In the interest of promoting efficiency and effective management, the Board has delegated some of its authority to its Committees and Management

Committees of the Board

The Board performs its overall oversight on the Corporation and Management's activities by reviewing reports from Management and its auditors through its normal meetings and in detail through its Sub Committees as set out below:

Board Audit Committee

The overall objectives of the Board Audit Committee are to monitor the adequacy of financial controls and reporting, review audit plans and adherence to these by external and internal auditors, ascertain the reliability of accounting records, ensure that financial statements comply with International Financial Reporting Standards (IFRS) and the Companies Act, review and make recommendations on all financial matters and to recommend the appointment of external auditors to the Board. The Board Audit committee's role also includes setting out the nature, role, responsibility and authority of the risk management function within the Corporation; outlining the scope of risk management; reviewing and assessing the integrity of the risk control systems; ensuring that the risk policies and strategies are effectively managed; providing independent and objective oversight; reviewing the information presented by management; as well as taking into account reports by management and Auditors on financial, business and strategic risk issues. The Committee also monitors the BDC's appetite for risk and mitigating controls.

Board Human Resources Committee

The Committee assists the Board in the development of Human Resource strategies, plans and performance goals, as well as specific compensation levels for BDC. The Committee annually manages the Board's evaluation of the performance of the Managing Director and also assists the Board in fulfilling its oversight responsibilities relating to succession planning as well as overall compensation and human resource policies for all BDC employees.

Board Tender Committee

Central to the Committee's key consideration in procurement is a continued effort to promote citizen economic empowerment, both through development of policies to guide the bigger picture, as well as the taking of deliberate decisions that promote our citizen's economic empowerment in awarding contracts.

Board Risk and Investment Committee

The Committee was formed and constituted subsequent to the end of the financial year. The Committee's main role is to ensure effective management of credit and investment risk, as well as to review and approve or make recommendations on new investments and financing. Its mandate as well as approval limits will be determined during the course of the new year.

Board Performance and Emoluments

The Corporation recognises the need and importance of both attracting and retaining competent Directors to drive the Corporation's mandate, and efforts are underway to establish a compensation mechanism that will achieve the same. As a 100% government owned entity, the Corporation complies with the government directives that govern the payment of fees to Directors.

In accordance with the Corporations Board Charter, Directors make efforts to attend all meetings of the Board and its Committees. In line with best practice, non-executive Directors meet at least once without the Executive Director and Management being present.

Integrated Report (cont.)

11. Our Future Governance framework (cont.)

Currently Directors are paid a seating allowance at prevailing rates, issued by the shareholder from time to time. During the financial year, seating allowances were paid at P840 for Directors and P1050 for Chairperson of the Board, and as Chairperson for each Board Committee, both amounts being net of withholding tax.

Board members are also paid the equivalent of a seating allowance for any other official engagements that they are involved in. Fees for civil servants who also serve on the Board are payable directly to the Botswana Government. Consequently all fees for both S.M Sekwakwa and B.K Molosiwa were paid to the Botswana Government.

Directors Responsibility

	Executive Directors	Board Audit Committee	Board HR Committee	Board Tender Committee	Board Risk & Investment Committee
Marole B (Chairperson)					
Molosiwa B.K (Deputy Chair)					
Lionjanga A.V				●	
Molatedi V		●	●		
Sekwakwa S.M					
Vaka R		●	●		
Gobe M.M				●	●
Mokgatlhe W		●			●
Gaetsaloe B	●	●	●	●	
Gwere C.B		●			
M.Lesolle (Independent Audit Com member)					
Mpungwa M (Independent HR Com Member)			●		
S Rasebotsa (Independent Risk & Investment Com member)					●

Integrated Report (cont.)

11. Our Future Governance framework (cont.)

Directors Board Fees and Attendance record

A summary of the total Meetings scheduled, Directors Fees and Attendance Record for Board and Committee meetings is set out below:

	Main Board	Main Board Special	Board Audit Committee	Board HR Committee	Board Tender Committee	Special Events
Total Meetings Convened by 30 June 2013	3	8	4	4	5	17

These meetings include outside town Board engagements including projects site visits. Main Board Special also includes attendance of Annual General Meeting.

Fees Paid to Retired members

	Main Board	Board Audit Committee	Board HR Committee	Board Tender Committee	Board Risk & Investment Committee	Special Events	Total Meetings Attended	Total Fees Due BWP
Tumelo S.S.G	1	-	-	-	-	-	-	840
Modise M.D	1	-	-	2	-	-	3	2,520

Integrated Report (cont.)

11. Our Future Governance framework (cont.)

Current Board Members Fees Paid

	Main Board	Board Audit Committee	Board HR Committee	Board Tender Committee	Board Risk & Investment Committee	Special Events	Total Meetings Attended	Total Fees Due BWP
Marole B (Chairperson)	11	-	-	-	-	4	15	15,540
Molosiwa B.K (Deputy Chair)	9	-	-	-	-	-	9	7,560
Lionjanga A.V (Board Tender Com Chair)	6	-	-	5	-	10	21	20,160
Molatedi V (Audit Com Chair)	10	4	3	-	-	4	21	18,480
Sekwakwa S.M	5	-	-	-	-	-	5	4,200
Vaka R (HR Com Chair)	10	3	4	1	-	6	24	21,630
Gobe M.M	5	-	-	2	1	-	8	6,720
Mokgatlhe W	5	1	-	-	1	-	7	6,090
M.Lesolle (Independent Audit Com member)	-	4	-	-	-	-	4	3,360
Mpungwa M (Independent HR Com Member)	-	-	2	-	-	2	4	3,360
TOTAL BOARD FEES								**110,460**

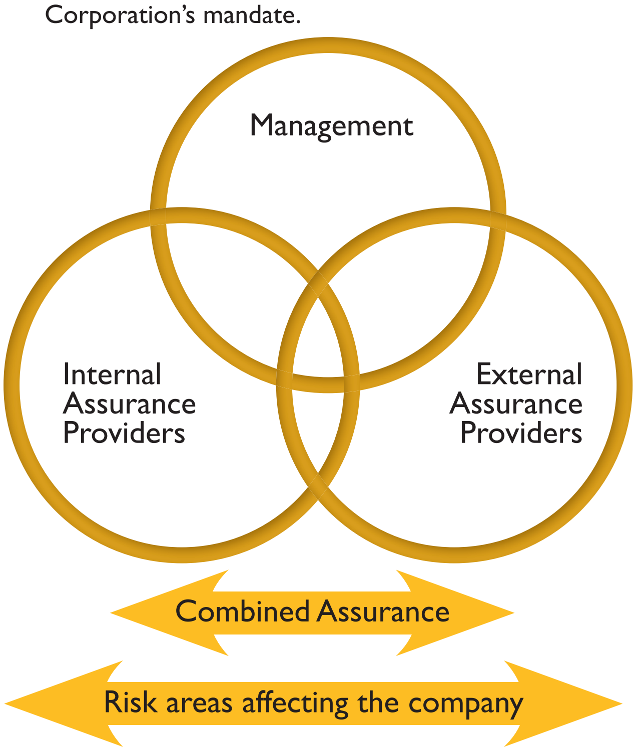
Table: 2 Schedule of attendance record and Board Fees

11. Our Future Governance framework (cont.)

Governance Assurance and Internal Audit

Due to the fast moving electronic-based and pervasive nature of today's business environment, the Board relies on the combined assurance from management, internal auditor and external auditors, as illustrated below, in the management and balancing of both risks affecting the Corporation, as well as pursuing the returns associated therewith.

At all times, the Board seeks to ensure the promotion of an effective internal audit function. To that end, the Corporation's Group Internal Auditor is central to the strategy planning, execution, monitoring and assurance of the audit function and is a key contributor to the achieving of strategy, and an objective provider of assurance on the Corporation's mandate.



The Board recognises that internal audit is central to the combined assurance provided by internal audit and external auditors, and especially important for a non-executive Director.

As both a loan financier and a venture capitalist the Corporation faces governance challenges as it operates within the global village. Similarly we recognise that our partners also depend on the Corporation's combined assurance to ensure that the efforts they make, and the strategic and operational decisions they take, are supported by a robust partner which will also seek to ensure that their interests are protected, even if they are in the minority.

Therefore the internal audit function provides a helicopter view and audit assurance to the holding company, as well as to the minority interests, to the extent that they may not have their own internal audit assurance. The Board through the Board Audit Committee ensures that swift and decisive action is taken especially on significant issues, as reported by Internal Audit.

The Board Audit Committee has oversight over the internal auditor who in turn has open access to the Chairman of the Audit Committee and the Chairman of the Board.

The Board appreciates that the internal auditor, as the right arm of the Board, provides overall key checks and balances on the veracity and quality of the information within the Board pack.

24 hours Anonymous tip-off Service

During the year, the Corporation commenced with the implementation of a 24 hour, 7 days a week, anonymous tip-off service to be run by an independent call centre entity. The service forms part of the mechanisms that assist the Corporation in both fraud and corruption deterrence and detection. The Boards in turn has a whistle-blowers protection policy to support the service by ensuring that both the whistle-blowers are protected and the whistleblowees are afforded fair treatment in dealing with any alleged reports.

Integrated Report (cont.)

13. BDC Governance Checklist

Statement of Compliance

The Board is satisfied that every effort is being made to comply in all material respects to all principles of good governance, as pronounced in King III Corporate Governance Code and the Companies Act 2003, as well as the principles as set out in the proposed corporate governance Code for Botswana, as issued by the Directors Institute of Botswana.

The Corporation's compliance is further verified by the various assurance providers including the Internal and External Auditors as well as the ISO9001:2008 Quality Auditors. Below is an assessment of the Corporation's compliance with Botswana Corporate Governance Code and King III:

	Key
✓	Applied
★	Partially applied
♦	Not applied
✕	In progress
◘	Not applicable

	Ethical leadership and corporate citizenship
✓	Effective leadership based on an ethical foundation
✓	Responsible corporate citizen
✓	Effective management of company's ethics

	Board and Directors
✓	The Board is the custodian of corporate governance
✓	Strategy, risk, performance and sustainability are inseparable
★	The Board should consider business rescue proceedings when appropriate
✓	Directors act in the best interests of the company
✓	The Chairman of the Board is an independent non-executive director
★	Framework for the delegation of authority has been established
✓	The Board comprises a balance of power, with a majority of non-executive directors who are independent
♦	Directors are appointed through a formal process
✓	Formal induction and ongoing training of directors is conducted
✓	The Board is assisted by a competent, suitably qualified and experienced Company Secretary
♦	Regular performance evaluations of the Board, its committees and the individual directors
✓	Appointment of well-structured committees and oversight of key functions
★	A governance framework is agreed between the Corporation and its subsidiaries*
♦	Directors are fairly and responsibly remunerated
✓	Remuneration of directors is disclosed in the annual report
♦	The Corporation's remuneration policy is approved by its shareholders

Integrated Report (cont.)

	Internal Audit
✓	Effective risk based Internal Audit
✓	Written assessment of the effectiveness of the company’s system of internal controls and risk management
♦	Internal Audit is strategically positioned to achieve its objectives

	Audit Committee
✓	Effective and independent
✓	Suitably skilled and experienced independent non-executive directors
♦	Chaired by an independent non-executive director
✓	Oversees integrated reporting
✓	A combined assurance model is applied to improve efficiency in assurance activities
✓	Satisfies itself of the expertise, resources and experience of the company’s finance function
✓	Oversees the external audit process
✓	Reports to the Board and shareholders on how it has discharged its duties

	Compliance with laws, codes, rules and standards
✓	The Board ensures the company complies with relevant laws
✓	The Board and its directors have a working understanding of the relevance and implications of non-compliance
♦	Compliance risk forms an integral part of the company’s risk management process
✓	The Board has delegated to management the implementation of an effective compliance framework and process

	Governing stakeholder relationships
✓	Appreciation that stakeholders’ perceptions affect a company’s reputation
✓	Management actively deals with stakeholder relationships
✓	There is an appropriate balance between its various stakeholder groupings
□	Equitable treatment of shareholders
✓	Transparent and effective communication to stakeholders
✓	Disputes are resolved effectively and timeously

	The governance of information technology
✓	The Board is responsible for information technology (IT) governance
✓	IT is aligned with the performance and sustainability objectives of the Corporation
✓	Management is responsible for the implementation of an IT governance framework
✓	The Board monitors and evaluates significant IT investments and expenditure
✓	IT is an integral part of the Corporation’s risk management
✓	Information assets are managed effectively
♦	The Risk Committee assists the Board in carrying out IT responsibilities

Integrated Report (cont.)

The governance of risk	
✓	The Board is responsible for the governance of risk and setting levels of risk tolerance
♦	The Board determines the levels of risk tolerance
✓	The Audit and Risk Committees assist the Board in carrying out its risk responsibilities
♦	The Board delegates the risk management plan to management
♦	The Board ensures that risk assessments and monitoring are performed on a continual basis
♦	Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
♦	Management implements appropriate risk responses
✓	The Board receives assurance on the effectiveness of the risk management process
♦	Sufficient risk disclosure to stakeholders

Integrated reporting and disclosure	
✓	Ensures the integrity of the Corporation's integrated report
✓	Sustainability reporting and disclosure is integrated with the Corporation's financial reporting
✓	Sustainability reporting and disclosure is independently assured

GROUP ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

DIRECTORS' REPORT

for the year ended 30 June 2013

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 audited financial statements for the year ended 30 June 2013 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 6 to 62. The Company's investment in Fengyue Glass Manufacturing (Botswana) (Pty) Limited (Fengyue Botswana), was assessed to be fully impaired due to the fact that the project failed to meet its targets, including the completion timelines and substantial budgeted cost over-runs.

As a result the comparative information for the financial years 2012 and 2011 were restated. The total prior year adjustment amounted to P363 million (i.e 2012: P179 million and 2011: P184 million).

The Company has not declared dividend for the year ended 30 June 2013 (2012:P6,494,000).

DIRECTORS

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

B Marole **(Chairman)**
S M Sekwakwa
V Molatedi
A V Lionjanga
B K Molosiwa
R Vaka
R W Mokgatlhe
M Moremong-Gobe

STATED CAPITAL

The total number of ordinary shares issued and fully paid is 517,699,462 (2012: 517,699,462).

INVESTMENTS

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

	BWP
- Commercial Holdings (Pty) Ltd	74,137,243
- Western Industrial Estates (Pty) Ltd	12,553,254
- Lobatse Clay Works (Pty) Ltd	10,310,984
- Coast-to-Coast Inn (Pty) Ltd	9,824,115
- Golden Fruit 97 (Pty) Ltd	8,552,795
- Can Manufacturers (Pty) Ltd	4,707,125
- LP Amusements (Pty) Ltd	747,023

DIRECTORS' FEES AND EXPENSES

It is recommended that directors' fees and expenses of P103 740 (2012: P291 185) and directors' emoluments of P3 176 397 (2012: P1 375 231) for the year to 30 June 2013 be ratified.

By Order of the Board

J Dube
31 January 2014
Group Company Secretary

DIRECTORS' RESPONSIBILITIES AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of the Group and Company annual financial statements of Botswana Development Corporation Limited (the Company), comprising the statements of financial position as at 30 June 2013 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRSs").

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 and related financial information included in this report. It is their responsibility to ensure that the Group and Company annual financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRSs. The external auditors are engaged to express an independent opinion on the Group and Company annual financial statements. 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 Group and Company annual financial statements are prepared in accordance with IFRSs 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 annual 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.

The external auditors are responsible for independently reviewing and reporting on the Group's and Company's annual financial statements, which were examined by the external auditors and their report is presented on page 4.

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 ANNUAL FINANCIAL STATEMENTS

The Group and Company annual financial statements set out on pages 54 to 110 which have been prepared on the going concern basis, were approved by the Board on 31 January 2014 and are signed on its behalf by:

Mr B Marole
Chairman of the Board

Ms V Molatedi
Director

Deloitte.

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Gaborone
Botswana

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Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA DEVELOPMENT CORPORATION LIMITED

for the year ended 30 June 2013

We have audited the Group annual financial statements and annual financial statements of Botswana Development Corporation Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2013, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 110.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 2013, 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.

Notes 34 and 43.1 describe the circumstances and effect of the restatement of comparative information. The carrying value of the Company's investment in Fengyue Glass Manufacturing (Botswana) (Proprietary) Limited of P511 million, an associated company accounted for by the equity method, was assessed as fully impaired. The same impairment indicators were present at the end of the 2012 and 2011 financial year-ends, hence the restatements of the comparative information for the 2012 and 2011 financial year-ends. The effect of the restatements is that the:

Group's and Company's profit for the 2012 year decreased from P120 million and P26 million to a loss of P59 million and P153 million, respectively; and Group's and Company's profit for the 2011 year decreased from P65 million and P157 million to a loss of P119 million and P27 million, respectively.

Deloitte Touche

Deloitte & Touche
Certified Auditors
Practicing Member: F C Els (19980074)
31 January 2014

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

	Notes	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
REVENUE					
Income from trade	1	216,557	188,648	101,744	104,151
Rental income		101,376	85,769	-	-
- Contract rental		88,665	75,498	-	-
- Straight line lease rental adjustment		12,711	10,271	-	-
		317,933	274,417	101,744	104,151
Cost of sales		(96,416)	(96,288)	-	-
GROSS PROFIT		**221,517**	**178,129**	**101,744**	**104,151**
Finance income	2	23,035	22,928	37,342	57,168
Other operating income	3	17,616	16,862	12,514	10,765
Fair value gain of investment properties	6	89,089	40,297	-	-
- As per valuation		101,800	50,568	-	-
- Straight-line rental adjustment		(12,711)	(10,271)	-	-
Share of profits of associates	10	71,809	46,760	-	-
Fair value of borrowings	28	(1,926)	(2,201)	(1,926)	(2,201)
Distribution costs		(5,545)	(8,059)	-	-
Marketing expenses		(5,877)	(6,091)	(3,719)	(3,517)
Occupancy expenses		(12,461)	(2,989)	(7,635)	(6,871)
Administrative expenses		(100,322)	(114,480)	(60,802)	(52,209)
Other operating expenses		(232,555)	(199,558)	(252,705)	(250,237)
Finance costs	2	(50,947)	(37,548)	(46,964)	(33,023)
PROFIT/(LOSS) BEFORE TAX	**4**	**13,433**	**(65,950)**	**(222,151)**	**(175,974)**
Income tax (expense)/credit	5	(35,906)	6,462	2,459	22,877
LOSS FOR THE YEAR		**(22,473)**	**(59,488)**	**(219,692)**	**(153,097)**
OTHER COMPREHENSIVE INCOME					
Net gain on investments designated as at fair value through other comprehensive income	23	151,660	30,509	151,660	30,509
Net gain/(loss) on revaluation of property, plant and equipment		5,075	(350)	-	-
Share of other comprehensive loss of associates	10	(27,173)	(6,469)	-	-
Other comprehensive income for the year, net of tax		**129,562**	**23,690**	**151,660**	**30,509**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**107,089**	**(35,798)**	**(68,032)**	**(122,588)**
(Loss)/profit attributable to:					
Owners of the Company		(46,070)	(66,915)	(219,692)	(153,097)
Non-controlling interests	27	23,597	7,427	-	-
		(22,473)	(59,488)	(219,692)	(153,097)
Total other comprehensive income attributable to:					
Owners of the Company		129,562	23,690	151,660	30,509
Non-controlling interests		-	-	-	-
		129,562	23,690	151,660	30,509

STATEMENTS OF FINANCIAL POSITION

for the year ended 30 June 2013

	Notes	Group 2013 P 000	Group Restated 2012 P 000	Group Restated 2011 P 000	Company 2013 P 000	Company Restated 2012 P 000	Company Restated 2011 P 000
ASSETS							
NON-CURRENT ASSETS							
Investment properties	6	1,538,849	1,200,253	1,068,847	-	-	-
Property, plant and equipment	7	162,655	254,374	201,760	1,759	2,346	1,892
Intangible assets	8	2,088	2,421	2,622	-	-	-
Subsidiaries	9	-	-	-	1,122,613	1,011,911	894,683
Associated companies/partnerships	10	216,292	269,466	298,968	56,570	127,632	183,379
Unquoted investments	11	85,019	83,290	119,657	85,019	83,290	119,657
Quoted investments	13	627,367	475,707	445,198	627,367	475,707	445,198
Due from group companies - net	14	-	-	-	104,457	94,706	54,964
Game stock	15	79	79	79	-	-	-
Rental straight-line adjustment		40,123	29,068	18,797	-	-	-
		2,672,472	2,314,658	2,155,928	1,997,785	1,795,592	1,699,773
CURRENT ASSETS							
Inventories	16	32,443	29,740	35,987	-	-	-
Trade and other receivables	17	82,598	113,439	116,614	51,047	58,281	173,917
Short-term loans and advances	18	16,224	23,073	24,724	21,960	26,915	32,851
Available for sale investments	19	2,640	10,396	307	-	-	-
Cash and cash equivalents	20	230,615	281,422	402,833	94,423	185,673	231,739
Taxation recoverable		50,735	34,635	10,794	12,412	4,972	2,435
		415,255	492,705	591,259	179,842	275,841	440,942
Assets classified as held for sale	6	2,510	-	-	-	-	-
		417,765	492,705	591,259	179,842	275,841	440,942
TOTAL ASSETS		**3,090,237**	**2,807,363**	**2,747,187**	**2,177,627**	**2,071,433**	**2,140,715**
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	21	864,199	864,199	864,199	864,199	864,199	864,199
Contribution to factory premises	22	24,070	24,070	24,070	24,070	24,070	24,070
Fair value reserve	23	476,815	325,155	294,646	476,815	325,155	294,646
Other reserves	24	46,196	68,208	75,832	-	-	-
Dividend reserve	25	45,194	45,194	38,700	45,194	45,194	38,700
Claims equalisation reserve	26	4,956	4,054	3,375	-	-	-
Retained earnings/ (accumulated losses)		547,203	586,697	650,801	(90,802)	128,890	288,481
Equity attributable to owners of the Company		2,008,633	1,917,577	1,951,623	1,319,476	1,387,508	1,510,096
Non-controlling interests	27	185,041	163,395	159,211	-	-	-
Total equity		2,193,674	2,080,972	2,110,834	1,319,476	1,387,508	1,510,096
NON-CURRENT LIABILITIES							
Borrowings	28	387,209	165,836	212,382	284,539	63,933	121,921
Government grants	29	13,191	13,546	13,482	-	-	-
Provision for restoration costs	30	10,236	15,084	6,404	-	-	-
Deferred tax liability	31	73,807	68,891	81,734	-	-	-
		484,443	263,357	314,002	284,539	63,933	121,921
CURRENT LIABILITIES							
Current portion of borrowings	28	244,037	281,465	46,180	241,548	277,784	44,711
Trade and other payables	32	141,588	171,736	266,508	312,508	342,208	463,987
Bank overdrafts	33	26,495	8,126	2,862	19,556	-	-
Taxation payable		-	1,707	6,801	-	-	-
		412,120	463,034	322,351	573,612	619,992	508,698
TOTAL EQUITY AND LIABILITIES		**3,090,237**	**2,807,363**	**2,747,187**	**2,177,627**	**2,071,433**	**2,140,715**

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Notes	Stated Capital P 000	Contribution of Factory Premises P 000	Fair Value Reserve P 000	Other Reserves P 000	Dividend Reserve P 000
GROUP						
YEAR ENDED 30 JUNE 2013						
Balance at 1 July 2012 - as restated		864,199	24,070	325,155	68,208	45,194
Total comprehensive income for the year		-	-	151,660	(22,098)	-
(Loss)/profit for the year		-	-	-	-	-
Other comprehensive income for the year		-	-	151,660	(22,098)	-
Transfers during the year		-	-	-	86	-
Taxation attributable to debenture interest	25	-	-	-	-	-
Debenture interest declared during the year	27	-	-	-	-	-
Issue of shares to minority interests		-	-	-	-	-
Dividend proposed	25	-	-	-	-	-
Dividend paid	27	-	-	-	-	-
BALANCE AT 30 JUNE 2013		**864,199**	**24,070**	**476,815**	**46,196**	**45,194**
YEAR ENDED 30 JUNE 2012 - AS RESTATED						
Balance at 1 July 2011 - as previously stated		864,199	24,070	294,646	75,832	38,700
Prior year adjustments	34	-	-	-	-	-
Balance at 1 July 2011 - as restated		864,199	24,070	294,646	75,832	38,700
Total comprehensive income for the year - as restated		-	-	30,509	(6,819)	-
(Loss)/profit for the year - as restated		-	-	-	-	-
Other comprehensive income for the year		-	-	30,509	(6,819)	-
Transfers during the year		-	-	-	(805)	-
Taxation attributable to debenture interest	25	-	-	-	-	-
Debenture interest declared during the year	27	-	-	-	-	-
Issue of shares to minority interests		-	-	-	-	-
Dividend proposed	25	-	-	-	-	6,494
Dividend paid	27	-	-	-	-	-
BALANCE AT 30 JUNE 2012 - AS RESTATED		**864,199**	**24,070**	**325,155**	**68,208**	**45,194**
COMPANY						
YEAR ENDED 30 JUNE 2013						
Balance at 1 July 2012 - as restated		864,199	24,070	325,155	-	45,194
Total comprehensive income for the year		-	-	151,660	-	-
Loss for the year		-	-	-	-	-
Other comprehensive income for the year		-	-	151,660	-	-
Dividend proposed	25	-	-	-	-	-
BALANCE AT 30 JUNE 2013		**864,199**	**24,070**	**476,815**	**-**	**45,194**
YEAR ENDED 30 JUNE 2012 - AS RESTATED						
Balance at 1 July 2011 - as previously stated		864,199	24,070	294,646	-	38,700
Prior year adjustments	34	-	-	-	-	-
Balance at 1 July 2011 - as restated		864,199	24,070	294,646	-	38,700
Total comprehensive income for the year - as restated		-	-	30,509	-	-
Loss for the year - as restated		-	-	-	-	-
Other comprehensive income for the year		-	-	30,509	-	-
Dividend proposed	25	-	-	-	-	6,494
BALANCE AT 30 JUNE 2012 - AS RESTATED		**864,199**	**24,070**	**325,155**	**-**	**45,194**

Claims Equalisation Reserve P 000	Retained Earnings P 000	Total Attributable to Members P 000	Non-controlling Interest P 000	Total P 000
4,054	586,697	1,917,577	163,395	2,080,972
-	(46,070)	83,492	23,597	107,089
-	(46,070)	(46,070)	23,597	(22,473)
-	-	129,562	-	129,562
902	(988)	-	-	-
-	7,564	7,564	-	7,564
-	-	-	(7,518)	(7,518)
-	-	-	5,628	5,628
-	-	-	-	-
-	-	-	(61)	(61)
4,956	**547,203**	**2,008,633**	**185,041**	**2,193,674**
3,375	834,634	2,135,456	159,211	2,294,667
-	(183,833)	(183,833)	-	(183,833)
3,375	650,801	1,951,623	159,211	2,110,834
-	(66,915)	(43,225)	7,427	(35,798)
-	(66,915)	(66,915)	7,427	(59,488)
-	-	23,690	-	23,690
679	126	-	-	-
-	9,179	9,179	-	9,179
-	-	-	(4,816)	(4,816)
-	-	-	1,631	1,631
-	(6,494)	-	-	-
-	-	-	(58)	(58)
4,054	**586,697**	**1,917,577**	**163,395**	**2,080,972**
-	128,890	1,387,508	-	1,387,508
-	(219,692)	(68,032)	-	(68,032)
-	(219,692)	(219,692)	-	(219,692)
-	-	151,660	-	151,660
-	-	-	-	-
-	**(90,802)**	**1,319,476**	**-**	**1,319,476**
-	472,314	1,693,929	-	1,693,929
-	(183,833)	(183,833)	-	(183,833)
-	288,481	1,510,096	-	1,510,096
-	(153,097)	(122,588)	-	(122,588)
-	(153,097)	(153,097)	-	(153,097)
-	-	30,509	-	30,509
-	(6,494)	-	-	-
-	**128,890**	**1,387,508**	**-**	**1,387,508**

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2013

	Notes	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(used in) operations	40	75,426	(47,127)	36,883	6,259
Tax paid		(39,075)	(28,558)	(14,732)	(19,402)
Net cash from/(used in) operating activities		36,351	(75,685)	22,151	(13,143)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment properties	6	(224,137)	(132,664)	-	-
Purchase of property, plant and equipment	7	(11,653)	(35,158)	(706)	(1,307)
Purchase of intangible assets	8	(22)	(154)	-	-
Purchase of shares in subsidiaries		-	-	(121,889)	(134,687)
Purchase of shares in associates		(16)	(81,869)	(16)	(81,869)
Purchase of shares in unquoted investment companies		(15)	(3,602)	(15)	(3,602)
Purchase of available for sale investments	19	(712)	-	-	-
Loans disbursed to subsidiaries		-	-	(108,304)	(622)
Loans disbursed to associated companies		(111,979)	(80,968)	(111,979)	(80,968)
Loans disbursed to unquoted investment companies		(13,538)	(19,130)	(13,538)	(19,130)
Loans repaid by subsidiaries		-	-	1,826	4,294
Loans repaid by associated companies		31,017	19,808	31,017	19,808
Loans repaid by unquoted investment companies		5,784	3,115	5,784	3,115
Proceeds from disposal of property, plant and equipment		503	134	-	21
Proceeds from disposal of investment properties		-	31,802	-	-
Proceeds from disposal of available for sale investments	19	8,468	-	-	-
Net movement in the reserves of associates		38,436	(7,668)	-	-
Write-off/disposal of investments		11,347	71,250	14,171	72,662
Dividends received from associates		13,088	23,106	-	-
Interest received	2	23,035	22,928	37,342	57,168
Net cash used in investing activities		(230,394)	(189,070)	(266,307)	(165,117)
CASH FLOWS FROM FINANCING ACTIVITIES					
Long term borrowings raised		401,751	240,478	400,000	225,000
Long term borrowings repaid		(221,862)	(61,607)	(219,686)	(59,783)
Debenture interest and dividends paid to minority interests	27	(7,579)	(4,874)	-	-
Issue of shares to minority interests		5,628	1,631	-	-
Finance costs	2	(50,947)	(37,548)	(46,964)	(33,023)
Finance costs capitalised to investment properties	6	(2,124)	-	-	-
Net cash from financing activities		124,867	138,080	133,350	132,194
Decrease in cash and cash equivalents		(69,176)	(126,675)	(110,806)	(46,066)
MOVEMENT IN CASH AND CASH EQUIVALENTS					
Beginning of the year		273,296	399,971	185,673	231,739
Decrease during the year		(69,176)	(126,675)	(110,806)	(46,066)
End of the year		204,120	273,296	74,867	185,673
CASH AND CASH EQUIVALENTS COMPRISE:					
Cash and cash equivalents	20	230,615	281,422	94,423	185,673
Bank overdrafts	33	(26,495)	(8,126)	(19,556)	-
		204,120	273,296	74,867	185,673

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2013

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.

Application of new and revised IFRSs

In the current year, the Group has adopted all the new and revised Standards and Interpretations 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 2012.

Standards and interpretations adopted:

The Group adopted the following amendments to existing Standards in the current period:

IAS 1: Presentation of Financial Statements - Disclosure requirements for comparative information
The amendment is effective for periods beginning on or after 1 January 2013. The amendment clarified that there is no need to present three (3) sets of balance sheet notes when a third (3rd) balance sheet is presented and that the third (3rd) balance sheet is only required if the restatement in terms of IAS 8 has a material impact on the 3rd balance sheet. The Group has early adopted this Standard.

IAS 1: Presentation of Other Comprehensive Income
The amendment is effective for periods beginning on or after 1 July 2012. The amended IAS 1 required an entity to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The adoption of this amendment did not impact on the Group.

IAS 12: Income taxes - Limited scope amendment (recovery of underlying assets)
The amendment is effective for periods beginning on or after 1 January 2012. The Group early adopted and applied the Standard in 2011 with certain non-significant group of companies applying the Standard in the current year. Its adoption affected the accounting for deferred tax. The impact of the application of IAS 12 was as follows:

The amended IAS 12 required an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale.

In addition the amendments introduced a rebuttable presumption that the carrying amount of fair valued investment property will be recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

New and revised Standards and Interpretations 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:

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

New/Revised Standard/Interpretation		Effective Date
IFRS 7	Financial Instruments - Disclosures : Assets and Liabilities offsetting	1 January 2013
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2015
IFRS 10	Consolidated Financial Statements - Identifying the concept of control	1 January 2013
IFRS 11	Joint Arrangements - Focusing on rights and obligations	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement - Providing a precise definition of fair value	1 January 2013
IAS 16	Property, Plant and Equipment - Clarification of spare parts and servicing equipment	1 January 2013
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 27	Consolidated and Separate Financial Statements	1 January 2013
IAS 28	Associate and Joint Ventures - Requirements for associates and joint ventures to be equity accounted following the issue of IFRS 11	1 January 2013
IAS 32	Presentation of Financial Instruments - Clarification of some of the requirements for offsetting financial assets and liabilities on the balance sheet	1 January 2014
IAS 34	Interim Financial Reporting - Annual improvements, bringing IAS 34 requirements in line with the requirements of IFRS 8: Operating Segments	1 January 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013

The Directors have not yet had the opportunity to consider the potential impact of the adoption of these amendments.

Statement of compliance

The financial statements have been prepared in accordance with IFRSs. The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements, which are presented in Botswana Pula (the functional currency), have been prepared 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Basis of consolidation (cont.)

Changes in the Group's ownership interests in existing subsidiaries

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 IFRSs).

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Business combinations (cont.)

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.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under investments in associates.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

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.

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.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, 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. The Group's share of interests, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination as described above.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Interests in joint ventures (cont.)

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity 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).

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Revenue recognition (cont.)

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Leasing (cont.)

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.

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Government Grants (cont.)

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.

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

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Taxation (cont.)

Deferred tax (cont.)

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.

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.

Biological assets and agricultural produce

The Group recognises a biological asset or agricultural produce only when:a group entity controls the asset as a result of past events;

- it is probable that future economic benefits associated with the asset will flow to the group entity; and
- the cost or fair value of the asset can be measured reliably.

Biological assets or agricultural produce are measured at their fair values less estimated costs to sell. A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less estimated costs to sell is included in profit or loss for the period in which it arises. Where market-determined prices or values are not available, 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 risk specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Property, plant and equipment (cont.)

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.

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 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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

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.

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 other than goodwill

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 (cont.)

for the year ended 30 June 2013

Impairment of tangible and intangible assets other than goodwill (cont.)

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Provisions (cont.)

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.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

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.

Dividend reserve

Dividends proposed or declared after the statement of financial position date are shown as a component of capital and reserves as required by the Standard, and not as a liability.

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 (cont.)

for the year ended 30 June 2013

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 41.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Financial assets (cont.)

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 (cont.)

for the year ended 30 June 2013

Financial assets (cont.)

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Financial assets (cont.)

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

Financial liabilities and equity instruments (cont.)

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 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.

SIGNIFICANT ACCOUNTING POLICIES (cont.)

for the year ended 30 June 2013

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 provision for doubtful debts;
- the calculation of the provision 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
1. REVENUE				
Income from trade:				
Revenue from the sale of goods and rendering of services	142,510	124,360	-	-
Interest on loans:				
- Subsidiaries	-	-	4,596	2,165
- Associated companies	3,232	1,166	3,232	1,166
- Unquoted investments	12,514	9,613	12,514	9,613
- Invoice discounting	4,083	6,350	6,756	9,650
Dividends received:				
- Subsidiaries	-	-	7,340	11,292
- Associated companies	-	-	13,088	23,106
- Unquoted investments	17,330	10,271	17,330	10,271
- Quoted investments	36,888	36,888	36,888	36,888
	216,557	188,648	101,744	104,151
2. FINANCE INCOME AND FINANCE COSTS				
Interest income:				
- Bank	20,384	22,310	873	1,910
- Debenture interest	-	-	26,866	33,108
- Preference shares	1,676	615	8,630	21,991
- Other	975	3	973	159
	23,035	22,928	37,342	57,168
Interest expense:				
- Bank borrowings	(25,572)	(13,434)	(24,633)	(12,697)
- Bonds	(1,532)	-	-	-
- Long-term borrowings	(23,288)	(20,956)	(20,851)	(20,326)
- Finance leases	(185)	(189)	-	-
- Botswana Unified Revenue Service (BURS)	(1,480)	-	(1,480)	-
- Borrowing costs capitalised to investment properties (note 6)	2,124	-	-	-
- Unwinding of discount on restoration costs (note 30)	(1,014)	(2,969)	-	-
	(50,947)	(37,548)	(46,964)	(33,023)
3. OTHER OPERATING INCOME				
Cost recoveries	2,653	189	7,096	5,432
Directors' fees received	165	581	408	581
Loan negotiating fees	123	197	123	197
Invoice discounting service fees	2,094	1,835	2,094	1,835
Bad debts recovered	295	-	40	-
Other income	12,286	14,030	2,753	2,720
	17,616	16,832	12,514	10,765

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
4. PROFIT/(LOSS) BEFORE TAX				
The following items have been (credited)/charged in arriving at profit before tax, in addition to the amounts already disclosed innotes 1, 2 and 3 above:				
(Amortisation)/reversal of Government grant	(355)	64	-	-
Amortisation of intangible assets	355	355	-	-
Auditor's remuneration				
- current year	2,102	1,892	409	430
- prior year	22	125	-	125
- other	40	50	-	50
Operating lease payments	653	1,524	7,635	7,896
Amortisation of intangible assets (note 8)	355	355	-	-
Depreciation (note 7)				
- Property, plant and equipment	14,226	17,467	711	659
Impairment of property, plant and equipment (note 7)	112,959	4,771	-	-
Directors' fees	104	291	104	291
Directors' emoluments	3,176	1,375	3,176	1,375
Key management emoluments	4,444	2,458	1,550	2,458
Net foreign exchange losses/(gains)	2,887	(1,494)	2,679	(1,233)
Provision for losses - investments (note 12)	153,608	185,161	266,567	201,583
Bad and doubtful debts (note 17)	9,720	15,026	6,006	12,558
Rates	1,483	2,479	-	-
Utilities	6,763	5,091	762	-
Repairs and maintenance	4,656	4,822	289	182
Staff costs (as below)	73,072	68,656	33,660	33,312
(Profit)/loss on disposal of investments	(38)	243	(38)	243
Loss/(profit) on:				
- disposal of property, plant and equipment	354	85	582	173
- disposal of investment properties	-	(336)	-	-
Staff costs				
Salaries and wages	64,237	67,281	28,836	33,312
Terminal benefits	8,835	1,375	4,824	-
	73,072	68,656	33,660	33,312
5. INCOME TAX EXPENSE/(CREDIT)				
Botswana company taxation				
Normal taxation at 22%/15%	18,067	10,471	-	-
Normal taxation - prior year	(4,166)	(16,729)	-	-
Withholding tax paid on dividends	7,292	5,365	7,292	5,365
Group tax relief	-	-	(9,751)	(28,242)
Total normal taxation	21,193	(893)	(2,459)	(22,877)
Deferred taxation (note 31)				
- current year	3,985	(16,581)	-	-
- prior year	1,031	(208)	-	-
- capital gains tax	(25)	4,462	-	-
Share of associate company taxation (note 10)	9,722	6,758	-	-
Charge/(credit) for the year	35,906	(6,462)	(2,459)	(22,877)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
5. INCOME TAX EXPENSE/(CREDIT) (Continued)				
The tax on the profit/(loss) before tax differs from the theoretical amount as follows:				
Profit/(loss) before tax	13,433	(65,950)	(222,151)	(175,974)
Tax calculated at 22%/15%	2,955	(12,251)	(48,873)	(38,714)
Income not subject to tax	(11,928)	(10,375)	(16,422)	(17,943)
Normal taxation				
- prior year	(4,166)	(16,729)	-	-
Deferred taxation				
- prior year	1,031	(208)	-	-
Capital gains tax	(1,288)	1,338	-	-
Expense/(income) not deductible for tax purposes	55,254	30,431	65,295	56,657
Fair value adjustments subject to capital gains tax	(22,966)	(10,791)	-	-
Share of associated company taxation	9,722	6,758	-	-
Withholding tax paid on dividends	7,292	5,365	7,292	5,365
Losses utilised by subsidiaries	-	-	(9,751)	(28,242)
	35,906	(6,462)	(2,459)	(22,877)

Tax Losses

In accordance with the Income Tax Act (Chapter 52: 01), Section 46, assessed tax losses in relation to any tax year are deductiblein ascertaining the relevant chargeable income for the subsequent tax year. No assessed tax losses shall be carried forward as a deduction for a period 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:

	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
2007/2008	-	52,735	-	31,593
2008/2009	115,541	115,541	98,608	98,608
2009/2010	15,377	15,377	15,058	15,058
2011/2012	68,250	68,250	-	-
2012/2013	92,964	-	76,395	-
	292,132	251,903	190,061	145,259

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group	
	2013 P 000	2012 P 000
6. INVESTMENT PROPERTIES		
Land and buildings at fair value	1,580,628	1,229,321
Straight line lease rental adjustment	(41,779)	(29,068)
Balance at end of year	1,538,849	1,200,253
Reconciliation of fair value		
Balance at beginning of the year	1,200,253	1,068,847
At valuation	1,229,321	1,087,644
Straight line lease rental adjustment	(29,068)	(18,797)
Additions during the year	224,137	132,664
Borrowing costs capitalised	2,124	-
Transfers from properties, plant and equipment (note 7)	25,756	-
Transfers to available for sale investments (note 19)	-	(10,089)
Transfer to assets classified as held for sale (see below)	(2,510)	-
Disposals during the year	-	(31,466)
Fair value of investment properties	89,089	40,297
Increase in fair value during the year	101,800	50,568
Straight line lease rental adjustment	(12,711)	(10,271)
Balance at end of the year	1,538,849	1,200,253

Fair value of investment properties

The fair value of the investment property has been arrived at on the basis of valuations carried out at 30 June 2013 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 value was determined by the valuers using an investment valuation model for industrial and commercial properties. The effective date of valuation was 30 June 2013.

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

Investment property available for sale

A subsidiary company is in the process of negotiating the sale of an investment property. As a result the investment property has been disclosed as an "Asset classified as held for sale". Proceeds from this sale will be utilised for other projects.

Transactions associated with investment properties are:

Rental income	101,376	85,769
Repairs and maintenance expenses	(2,552)	(1,677)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Land and buildings P 000	Computers 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
7. PROPERTY, PLANT AND EQUIPMENT							
Group							
Year ended 30 June 2013							
Balance at beginning of the year	88,292	1,268	2,345	106,191	7,724	48,554	254,374
Additions	151	346	854	645	1,356	8,301	11,653
Transfers	1,450	-	-	-	-	(1,450)	-
Transfers to investment properties (note 6)	-	-	-	-	-	(25,756)	(25,756)
Depreciation (note 4)	(2,199)	(486)	(723)	(8,514)	(2,304)	-	(14,226)
Disposals	-	(385)	(250)	-	(222)	-	(857)
Revaluation	5,000	-	-	45,426	-	-	50,426
Revaluation during the year (note 24)	5,000	-	-	-	-	-	5,000
Adjustment for revaluation on plant and machinery	-	-	-	45,426	-	-	45,426
Impairment loss through profit and loss (note 4)	-	-	-	(112,959)	-	-	(112,959)
Balance at end of the year	92,694	743	2,226	30,789	6,554	29,649	162,655
At 30 June 2013							
Cost/valuation	100,902	11,415	4,976	358,875	16,802	29,649	522,619
Accumulated depreciation	(8,208)	(10,672)	(2,750)	(328,086)	(10,248)	-	(359,964)
Net book value	92,694	743	2,226	30,789	6,554	29,649	162,655
Year ended 30 June 2012							
Balance at beginning of the year	90,409	1,546	1,923	63,991	4,956	38,935	201,760
Additions	329	336	1,247	3,791	4,415	25,040	35,158
Transfers	1,368	-	-	14,053	-	(15,421)	-
Depreciation (note 4)	(2,948)	(614)	(631)	(11,652)	(1,622)	-	(17,467)
Disposals	-	-	(194)	-	(25)	-	(219)
Revaluation	(866)	-	-	40,779	-	-	39,913
Revaluation during the year (note 24)	(866)	-	-	-	-	-	(866)
Adjustment for revaluation on plant and machinery	-	-	-	40,779	-	-	40,779
Impairment loss through profit and loss (note 4)	-	-	-	(4,771)	-	-	(4,771)
Balance at end of the year	88,292	1,268	2,345	106,191	7,724	48,554	254,374
At 30 June 2012							
Cost/valuation	95,751	11,069	4,122	199,845	15,446	48,554	374,787
Accumulated depreciation	(7,459)	(9,801)	(1,777)	(93,654)	(7,722)	-	(120,413)
Net book value	88,292	1,268	2,345	106,191	7,724	48,554	254,374

The impairment loss of P112.96 million (2012:P4.77 million) represents the write -down of carrying value of plant and machinery of a subsidiary company.The recoverable amount was based on value in use and was determined by taking the Net Present Value of future cash flows and the discounted residual value of the plant in the fifth year. Certain assets are secured as set out in notes 28 and 33.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Computers P 000	Motor vehicles P 000	Furniture & fittings P 000	Total P 000
Company				
Year ended 30 June 2013				
Balance at beginning of the year	1,008	791	547	2,346
Additions	183	-	523	706
Depreciation (note 4)	(255)	(204)	(252)	(711)
Disposals	(368)	-	(214)	(582)
Balance at end of the year	568	587	604	1,759
At 30 June 2013				
Cost	2,226	885	2,063	5,174
Accumulated depreciation	(1,658)	(298)	(1,459)	(3,415)
Net book value	568	587	604	1,759
Year ended 30 June 2012				
Balance at beginning of the year	980	217	695	1,892
Additions	301	858	148	1,307
Depreciation (note 4)	(273)	(90)	(296)	(659)
Disposals	-	(194)	-	(194)
Balance at end of the year	1,008	791	547	2,346
At 30 June 2012				
Cost	9,409	885	3,389	13,683
Accumulated depreciation	(8,401)	(94)	(2,842)	(11,337)
Net book value	1,008	791	547	2,346

	Group 2013 P 000	Group 2012 P 000
8. INTANGIBLE ASSETS		
Computer software:		
Balance at beginning of the year	2,421	2,622
Additions	22	154
Amortisation charge (note 4)	(355)	(355)
Balance at end of the year	2,088	2,421
At 30 June		
Cost	3,617	3,595
Accumulated amortisation	(1,529)	(1,174)
Net book value	2,088	2,421

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Ordinary shares at cost P 000	Preference shares at cost P 000	Held to short-term loan P 000	Maturity long-term loan P 000	Total loan P 000	2013 total invest-ment P 000	2012 total invest-ment P 000	% of shares held	Loan interest rate p.a %
9. SUBSIDIARIES									
Agriculture	51,213	7,576	453	8,355	8,808	67,597	64,874		
Farm Development Company (Pty) Ltd	2	-	-	-	-	2	2	100	-
Talana Farms (Pty) Ltd	8,138	-	-	-	-	8,138	8,138	100	-
LP Amusements (Pty) Ltd	26,877	7,576	453	8,355	8,808	43,261	40,538	100	17.50
Malutu Investments (Pty) Ltd	16,196	-	-	-	-	16,196	16,196	100	-
Industry	271,375	74,224	-	-	-	345,599	322,029		
Kwena Concrete Products (Pty) Ltd	11,880	-	-	-	-	11,880	11,880	100	-
Lobatse Clay Works (Pty) Ltd	112,460	30,000	-	-	-	142,460	132,150	100	-
Golden Fruit 97 (Pty) Ltd	24,863	8,553	-	-	-	33,416	24,863	100	-
Can Manufacturers (Pty) Ltd	122,172	35,671	-	-	-	157,843	153,136	100	-
Services	30,970	-	-	-	-	30,970	21,146		
Export Credit Insurance & Guarantee (Pty) Ltd	13,436	-	-	-	-	13,436	13,436	100	-
Coast-to-Coast Inn (Pty) Ltd	17,534	-	-	-	-	17,534	7,710	100	-
Property management	915,401	6,347	5,283	190,980	196,263	1,118,011	933,400		
Botswana Hotel Development Co. (Pty) Ltd	104,098	-	-	82,172	82,172	186,270	191,097	100	11.00
Commercial Holdings (Pty) Ltd	215,932	-	-	99,600	99,600	315,532	141,794	100	-
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	32,787	6,347	3,065	2,317	5,382	44,516	47,615	100	11.00
Western Industrial Estate (Pty) Ltd	222,463	-	2,218	6,891	9,109	231,572	209,961	100	-
Phakalane Property Development (Pty) Ltd	510	-	-	-	-	510	510	51	-
Letlole la Rona Ltd	329,675	-	-	-	-	329,675	332,487	80	-
Total all sectors	1,268,959	88,147	5,736	199,335	205,071	1,562,177	1,341,449		
Less:									
Provision for losses (note 12)						(351,656)	(238,697)		
Fair value adjustment of loan provided at below market rate						(82,172)	(86,999)		
						1,128,349	1,015,753		
Less:									
Current portion of loans included in short-term loans and advances (note 18)						(5,736)	(3,842)		
						1,122,613	1,011,911		

All the subsidiaries are registered in Botswana.The loans and advances are repayable over periods varying from 2 to 10 years andanalysed as follows:

Maturity of short and long term loans

	2013	2012
Up to 1 year	5,736	3,842
Between 2 and 5 years	117,163	12,580
Over 5 years	82,172	82,172
	205,071	98,594

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Ordinary shares at cost P 000	Preference shares at cost P 000	Held to short-term loan P 000	Maturity long-term loan P 000	Total loan debenture P 000	Post acquisition reserves P 000	2013 total investment P 000	Restated 2012 total investment P 000	% of shares held	Loan interest rate p.a %
10. ASSOCIATED COMPANIES/ PARTNERSHIPS										
Group										
Agriculture	10,477	10,000	-	8,937	8,937	(12,264)	17,150	21,965		
Botalana Ventures (Pty) Ltd	3,835	7,500	-	5,253	5,253	(5,999)	10,589	13,382	33	17.50
Kwalape (Pty) Ltd	2,210	2,500	-	3,684	3,684	(2,141)	6,253	7,982	40	17.50
Marekisetso A Merogo (Pty) Ltd	4,432	-	-	-	-	(4,124)	308	601	33	-
Industry	164,231	57,232	157	304,119	304,276	17,818	543,557	472,932		
Asphalt Botswana (Pty) Ltd	6,804	-	157	-	157	21,311	28,272	26,168	48	12.00
Fengyue Glass Manufacturing (Botswana) (Pty) Ltd	132,470	57,232	-	304,119	304,119	-	493,821	422,121	43	11.75
Kwena Rocla (Pty) Ltd	2,695	-	-	-	-	12,141	14,836	18,015	49	-
Tannery Industries (Botswana) (Pty) Ltd	22,262	-	-	-	-	(15,634)	6,628	6,628	32	-
Services	38,113	-	-	-	-	101,482	139,595	142,657		
Peermont Global (Botswana) Ltd	3,000	-	-	-	-	53,432	56,432	49,360	40	-
Healthcare Holdings (Pty) Ltd	3,809	-	-	-	-	13,275	17,084	23,319	30	Various
Investec Holdings Botswana Ltd	870	-	-	-	-	2,219	3,089	3,251	24	-
TransUnion (Pty) Ltd	147	-	-	-	-	2,150	2,297	2,700	49	-
Mashatu Nature Reserve (Pty) Ltd	10,287	-	-	-	-	13,157	23,444	26,057	30	-
Metropolitan Life of Botswana Ltd	20,000	-	-	-	-	17,249	37,249	37,970	25	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Ordinary shares at cost	Preference shares at cost	Held to short-term loan	Maturity long-term loan	Total loan debenture	Post acquisition reserves	2013 total investment	Restated 2012 total investment	% of shares held	Loan interest rate p.a
	P 000	P 000	P 000	P 000	P 000	P 000	P 000	P 000		%
10. ASSOCIATED COMPANIES/ PARTNERSHIPS (cont.)										
Group										
Property management	3,031	-	-	-	-	51,186	54,217	44,343		
DBN Developments Partnership	1,500	-	-	-	-	23,951	25,451	26,607	33	-
NBC Developments	1,531	-	-	-	-	27,235	28,766	17,736	33	-
Total all sectors	215,852	67,232	157	313,056	313,213	158,222	754,519	681,897		

	2013	2012
Less: Suspended interest (Fengyue Glass Manufacturing (Botswana) (Pty) Ltd)	-	(14,923)
Less: Provision for losses (note 12)	(538,070)	(392,045)
	216,449	274,929
Less: Current portion of loans included in short-term loans and advances (note 18)	(157)	(5,463)
	216,292	269,466

Company	2013	2012
Ordinary and preference shares at cost	P 000	P 000
- group investment as disclosed above	283,084	308,433
- amount invested in DBN Developments by NPC Investments (Pty) Ltd	(1,500)	(1,500)
	281,584	306,933
Loans	313,213	233,130
	594,797	540,063
Less: Suspended interest (Fengyue Glass Manufacturing (Botswana) (Pty) Ltd)	-	(14,923)
Less: Provision for losses (note 12)	(538,070)	(392,045)
	56,727	133,095
Less: Current portion of loans included in short-term loans and advances (note 18)	(157)	(5,463)
	56,570	127,632

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	157	5,463
Between 2 and 5 years	313,056	227,667
Over 5 years	-	-
	313,213	233,130

Included in post acquisition reserves are the following:

Current year share of associates profits (note 40)	71,809	46,760
Current year share of associates tax charge (note 5)	(9,722)	(6,758)
Net profit after tax	62,087	40,002
Share of other comprehensive loss of associates, net of tax	(27,173)	(6,469)
	34,914	33,533

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Preference shares at cost P 000	Held to short-term loan P 000	Maturity long-term loan P 000	Total loan P 000	2013 total investment P 000	2012 total investment P 000	Loan interest rate p.a %
11. UNQUOTED INVESTMENTS							
Agriculture	2,096	1,571	12,452	14,023	16,119	16,215	%
AOB-AGRIB (Pty) Ltd	2,096	1,149	3,556	4,705	6,801	6,801	13.00
Chicken Zone (Pty) Ltd	-	422	8,896	9,318	9,318	9,414	13.00
Industry	8,794	9,824	51,796	61,620	70,414	69,518	
Matsiloje Portland Cement (Pty) Ltd	5,602	-	-	-	5,602	5,587	-
Delta Diaries (Pty) Ltd	-	1,212	3,701	4,913	4,913	-	-
Philisa Day Care Centre (Pty) Ltd	-	143	2,141	2,284	2,284	-	-
Hypen Holdings (Pty) Ltd	-	190	1,224	1,414	1,414	1,992	17.25
Crates & Pallets Botswana (Pty) Ltd	3,192	20	4,371	4,391	7,583	6,996	13.75
Prima Foods (Pty) Ltd	-	1,068	3,675	4,743	4,743	5,948	12.75
Seven Star Steel Pipe Group (Pty) Ltd	-	7,191	36,684	43,875	43,875	48,995	13.25
Services	-	4,382	20,190	24,572	24,572	19,012	
Lavender Projects (Pty) Ltd	-	1,847	4,967	6,814	6,814	7,065	12.50
Afri-Media (Pty) Limited	-	182	774	956	956	813	14.00
Gloryland Guest Lodge (Pty) Ltd	-	2,353	14,449	16,802	16,802	11,134	13.25
Property management	-	290	4,075	4,365	4,365	2,956	
Agronet (Pty) Ltd	-	290	4,075	4,365	4,365	2,956	13.25
Total all sectors	10,890	16,067	88,513	104,580	115,470	107,701	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group & Company 2013 P 000	2012 P 000
11. UNQUOTED INVESTMENTS (Continued)		
Total all sectors	115,470	107,701
Provision for losses (note 12)	(14,384)	(6,801)
	101,086	100,900
Less: Current portion of loans included in short-term loans and advances (note 18)	(16,067)	(17,610)
	85,019	83,290

All unquoted investments are registered in Botswana.
The loans and advances are repayable over periods varying from 2 to 10 years and analyse as follows

	2013 P 000	2012 P 000
Maturity of short and long term loans		
Up to 1 year	16,067	17,610
Between 2 and 5 years	88,513	79,217
Over 5 years	-	-
	104,580	96,827
Securities pledged for the above loans	264,387	240,077

Securities pledged comprise immovable assets and Deeds of Hypothecation over movable assets.
At the financial year end the value of security obtained on individual loans was greater than the carrying amounts of the respective loans.

	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
12. PROVISION FOR LOSSES ON INVESTMENTS				
Balance at beginning of the year	398,846	213,685	637,543	435,960
Increase in provision during the year (note 4)	153,608	185,161	266,567	201,583
Balance at end of the year	552,454	398,846	904,110	637,543
Represents provision against:				
Subsidiaries (note 9)	-	-	351,656	238,697
Associated companies/partnerships (note 10)	538,070	392,045	538,070	392,045
Unquoted investments (note 11)	14,384	6,801	14,384	6,801
	552,454	398,846	904,110	637,543

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group 2013 P 000	Group Restated 2012 P 000	Company 2013 P 000	Company Restated 2012 P 000
13. QUOTED INVESTMENTS				
Shares at cost	150,552	150,552	150,552	150,552
Net gain transferred to fair value reserve (note 23)	476,815	325,155	476,815	325,155
Shares at market value	627,367	475,707	627,367	475,707
At cost comprising:				
Sechaba Breweries Holdings Ltd	72,612	72,612	72,612	72,612
Cresta Marakanelo Ltd	77,940	77,940	77,940	77,940
	150,552	150,552	150,552	150,552

The Company holds 34,044,315 (2012: 34,044,315) and 50,283,975 (2012: 50,283,975) ordinary shares in Sechaba Breweries Holdings Ltd and Cresta Marakanelo Ltd, respectively.

Although the Company owns 25% (2012: 25%) of Sechaba Breweries Holdings Ltd 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% (2012: 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.

14. DUE FROM GROUP COMPANIES - NET

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

	Company 2013 P 000	Company 2012 P 000
Group company name		
Talana Farms (Pty) Ltd	405	273
Lobatse Clay Works (Pty) Ltd	(5,647)	(5,648)
Malutu (Pty) Ltd	3,974	1,229
Kwena Concrete Products (Pty) Ltd	48	48
Export Credit Insurance & Guarantee (Pty) Ltd	2,342	2,342
Botswana Hotel Development Co. (Pty) Ltd	23,372	22,650
Commercial Holdings (Pty) Ltd	8,964	8,365
NPC Investments (Pty) Ltd	6,415	6,239
Residential Holdings (Pty) Ltd	10,185	8,673
Western Industrial Estate (Pty) Ltd	54,399	50,535
	104,457	94,706

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group	
	2013	2012
	P 000	P 000
15. GAME STOCK		
Relates to wildlife purchased and excludes donations and indigenous game	79	79

The directors are of the opinion that the carrying value of the game stock at year reflects its fair value.

	Group	
	2013	2012
	P 000	P 000
16. INVENTORIES		
Raw materials	8,946	8,116
Work in progress	41	299
Finished goods	19,953	17,724
Moulds and patterns	1,371	1,947
Consumables	2,132	1,654
	32,443	29,740

The cost of inventories recognised as an expense during the year in respect of write-downs of inventory to Net Realisable Value (NRV) was P2 400 062 (2012: P1 124 973).

	Group		Company	
	2013	2012	2013	2012
	P 000	P 000	P 000	P 000
17. TRADE AND OTHER RECEIVABLES				
Gross trade receivables	80,123	81,976	54,507	50,435
Allowance for doubtful debts	(45,893)	(36,173)	(32,826)	(26,820)
Net trade receivables	34,230	45,803	21,681	23,615
Prepayments	7,123	29,314	-	-
Loans to officers	6,331	8,578	6,331	8,578
Value Added Tax (VAT)	13,580	-	301	-
Due from related parties	2,595	-	1,956	20,025
Other	18,739	29,744	20,778	6,063
	82,598	113,439	51,047	58,281

The average credit period is 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 other amounts receivable.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
17. TRADE AND OTHER RECEIVABLES (cont.)				
Ageing of past due but not impaired				
31 - 60 days	449	-	-	-
61 - 90 days	1,207	921	-	-
91 - 120 days and above	3,791	1,567	-	566
Total	5,447	2,488	-	566
Movement in the allowance for doubtful debts				
Balance at beginning of the year	36,173	22,912	26,820	14,262
Allowance charged during the year (note 4)	9,720	15,026	6,006	12,558
Amounts written off as uncollectable	-	(1,765)	-	-
Balance at end of the year	45,893	36,173	32,826	26,820

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

18. SHORT-TERM LOANS AND ADVANCES

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
Short-term portion of loans and advances to:				
Subsidiaries (note 9)	-	-	5,736	3,842
Associated companies (note 10)	157	5,463	157	5,463
Unquoted investments (note 11)	16,067	17,610	16,067	17,610
	16,224	23,073	21,960	26,915

19. AVAILABLE FOR SALE INVESTMENTS

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
Land held for sale:				
Balance at beginning of the year	10,396	307	-	-
Repurchased during the year	712	-	-	-
Disposals during the year	(8,468)	-	-	-
Transfer from investment properties (note 6)	-	10,089	-	-
Balance at end of the year	2,640	10,396	-	-

Land held for sale

During the year the Group subdivided and offered for sale 50 plots totalling 200 hectares of Portion 12 (a portion of Portion 11) No 15-KO of the Farm Crocodile Pools. At 30 June 2013, the remaining land held for sale, represents 6 plots of 4 hectares each which are yet to be legally transferred to the buyers and 1 plot of 4 hectares repurchased as a result of a legal dispute from a previous sale.

In the opinion of the directors, based on the market conditions, the amount realisable through an arm's length sale will exceed its carrying value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group		Company	
	2013	2012	2013	2012
	P 000	P 000	P 000	P 000
20. CASH AND CASH EQUIVALENTS				
Money market funds	53,214	28,393	419	5,350
Cash and bank deposits	177,401	253,029	94,004	180,323
	230,615	281,422	94,423	185,673

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 7.50% (2012: 9.79%).The proportionate amount of interest up to 30th June is added to the cost ofinvestment approximating 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 P19 273 683 (2012: P12 348 283) relating to security bond deposits held on behalf of Group clients and a balance held in a call account amounting to P Nil (2012: P88 855 000) which is not available for use as it is pledged as security as detailed in note 28.

	Group 2013	Group 2012	Company 2013	Company 2012
21. STATED CAPITAL				
Issued and fully paid				
Balance at beginning and end of the year - 517,699, 462 (2012: 517,699, 462) ordinary shares	864,199	864,199	864,199	864,199
22. CONTRIBUTION TO FACTORY PREMISES				
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:	24,070	24,070	24,070	24,070
23. FAIR VALUE RESERVE				
Balance at beginning of the year	325,155	294,646	325,155	294,646
Fair value during the year	151,660	30,509	151,660	30,509
Balance at end of the year	476,815	325,155	476,815	325,155
Comprising:				
Sechaba Breweries Holdings Ltd	506,482	355,325	506,482	355,325
Cresta Marakanelo Ltd	(29,667)	(30,170)	(29,667)	(30,170)
	476,815	325,155	476,815	325,155

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group			
	Repairs & maintainance reserve P 000	Statutory capital & solvency reserves P 000	Revaluation reserve P 000	Total P 000
24. OTHER RESERVES				
Balance at 30 June 2011	364	5,666	69,802	75,832
Movement in associated companies' reserves	-	-	(6,469)	(6,469)
Transfers from/(to) retained earnings	51	(4,157)	3,301	(805)
Revaluation during the year (note 7)	-	-	(866)	(866)
Deferred tax adjustments during the year (note 31)	-	-	516	516
Balance at 30 June 2012	415	1,509	66,284	68,208
Movement in associated companies' reserves	-	-	(27,173)	(27,173)
Transfers from/(to) retained earnings	55	285	(254)	86
Revaluation during the year (note 7)	-	-	5,000	5,000
Deferred tax adjustments during the year (note 31)	-	-	75	75
Balance at 30 June 2013	470	1,794	43,932	46,196

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.

	Group & Company	
	2013 P 000	2012 P 000
25. DIVIDEND RESERVE		
Balance at beginning of the year	45,194	38,700
Dividend proposed	-	6,494
Balance at end of the year	45,194	45,194

	Group	
	2013 P 000	2012 P 000
26. CLAIMS EQUALISATION RESERVE		
Balance at beginning of the year	4,054	3,375
Transfers from other reserves	902	679
Balance at end of the year	4,956	4,054

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group 2013 P 000	Group 2012 P 000
27. NON-CONTROLLING INTERESTS		
Balance at beginning of the year	163,395	159,211
Share of net profit of subsidiaries	23,597	7,427
Debenture interest declared during the year	(7,518)	(4,816)
Dividends paid	(61)	(58)
Issue of shares during the year	5,628	1,631
Balance at end of the year	185,041	163,395

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
28. BORROWINGS				
Debt Participation Capital Funding				
Unsecured loan bearing interest at 2% per annum repayable in half-yearly instalments of P253,000 each over a period of 17 years	1,468	1,938	1,468	1,938
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P564,000 each over the period to 2020	5,684	6,089	5,684	6,089
Unsecured loan bearing interest at 10% per annum repayable in half-yearly instalments of P261,000 each over the period to 2012	-	250	-	250
Unsecured loan bearing interest at 7.5% per annum repayable in half-yearly instalments of P316,000 each over the period to 2014	598	1,153	598	1,153
Unsecured loan bearing interest at 7.5% per annum repayable in half-yearly instalments of P750,000 each over the period to 2014	2,092	3,363	2,092	3,363
Unsecured loan bearing interest at 8% per annum repayable in half-yearly instalments of P1,100,000 each over the period to 2015	3,992	5,765	3,992	5,765
Unsecured loan bearing interest at 8% per annum repayable in half-yearly instalments of P1,580,000 each over the period to 2016	9,482	11,746	9,482	11,746
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P221,000 each over the period to 2016	1,729	1,988	1,729	1,988
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P2,515,000 each over the period to 2017	19,660	22,612	19,660	22,612
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P300,000 each over the period to 2017	2,357	2,645	2,357	2,645
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P834,000 each over the period to 2020	7,724	8,396	7,724	8,396
	54,786	65,945	54,786	65,945

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group		Company	
	2013 P 000	2012 P 000	2013 P 000	2012 P 000
28. BORROWINGS (cont.)				
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)	16,484	14,354	16,484	14,354
Total Debt Participation Capital Funding and EIB loans	71,270	80,299	71,270	80,299
Total Debt Participation Capital Funding and EIB loans brought forward	71,270	80,299	71,270	80,299
Loans taken out by the Company				
A maximum unsecured loan of P225,000, 000 by Stanbic Bank Botswana Limited, bearing interest at prime lending rate currently 9.5% (2012: 11.0%) minus 2.5% margin per annum and repayable after twenty one (21) months period on 30 June 2013.	225,000	209,868	225,000	209,868
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	82,172	86,999	82,172	86,999
Discounted Letters of Credit (LC's) drawn by a Group entity bearing no interest and repayable after 720 days following each draw down. The LC's are secured as per note 20.	-	64,217	-	64,217
Term loans				
Loans by First National Bank of Botswana Limited, bearing interest at prime lending rate, currently 9.5% (2012:11.0%) per annum and repayable in 2021	16,868	13,351	-	-
Unsecured loan by First n National Bank of Botswna Limited, bearing interest at the discount rate payable at 91 days in respect of the Bank of Botswana Certificate (BOBCs) plus a margin of 225 basis points and is repayable in 18 months period on the 15 September 2014	240,558	-	240,558	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

28. BORROWINGS (cont.)

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
Mortgage loans				
Liabilities under mortgage loans are held over fifteen and twenty years and bear interest at prime lending rate, currently 10.0% (2012:11.0%) plus 1% per annum.	4,488	3,236	-	-
Finance leases				
Liabilities under finance leases are held over three to five years at varying interest rates	1,631	1,998	-	-
Gross borrowings	641,987	459,968	619,000	441,383
Less: Portion of exchange loss borne by the Government of the Republic of Botswana	(6,718)	(6,718)	(6,718)	(6,718)
Fair value adjustment arising from valuation of loans at below market interest rates	(4,023)	(5,949)	(86,195)	(92,948)
	631,246	447,301	526,087	341,717
Less: Current portion included under current liabilities	(244,037)	(281,465)	(241,548)	(277,784)
	387,209	165,836	284,539	63,933
Analysis of gross borrowings				
Not later than 1 year	244,037	281,465	241,548	277,784
Later than 1 year, but not later than 5 years	315,778	84,989	295,280	70,085
Later than 5 years	82,172	93,514	82,172	93,514
Gross borrowings	641,987	459,968	619,000	441,383

On 1 April 2004 the Government of the Republic of Botswana transferred its rights, title and interests and delegated its obligationsunder 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.

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
Fair value of borrowings:				
Balance at beginning of the year	(5,949)	(8,150)	(92,948)	(95,526)
Transfer from provisions arising on repayments	-	-	377	377
Fair value adjustment arising from valuation of loans at below market interest rates	1,926	2,201	6,376	2,201
Balance at end of the year	(4,023)	(5,949)	(86,195)	(92,948)

Mortgage loans

The mortgage loans are repayable over a period of fifteen and twenty years in monthly instalments of P52,237 (2012:P52,237) each, bearing interest at prime lending rate, currently 10.0% (2012:11.0%), plus 1.0% per annum and is secured by land and buildings at Plot 115, Farm Forest Hill, Kgale Mews and Plot 142, Farm Forest Hill, Gaborone International Finance Park.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

28. BORROWINGS (cont.)

Finance leases

Finance leases are repayable over a period of three to five years in monthly instalments of P70,936 (2012: P70,936) bearing interest at an average rate of 10.5% (2012: 11.5%) per annum and are secured by motor vehicles with a net book value as follows:

	Group 2013 P 000	Group 2012 P 000
Cost	2,511	3,805
Accumulated depreciation	(1,370)	(1,041)
Net book value	1,141	2,764

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 2013 are as follows:

Loan number	Currency	Group Foreign amount Euro 000	Company Foreign amount P 000	Group Pula equivalent P 000	Company Pula equivalent P 000
70893	Euro	1,500	1,500	16,484	14,354

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.

	Group 2013 P 000	Group 2012 P 000
29. GOVERNMENT GRANTS		
Balance at beginning of the year	13,546	13,482
(Amortisation)/reversal during the year (note 4)	(355)	64
Balance at beginning of the year	13,191	13,546
Gross Government grants	32,456	32,456
Amortisation	(9,265)	(8,910)
Utilised as provision for impairment loss	(10,000)	(10,000)
	13,191	13,546

A provision for impairment loss of factory premises in Selibe 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

		Group 2013 P 000	Group 2012 P 000
30. PROVISION FOR RESTORATION COSTS			
Balance at beginning of the year		15,084	6,404
Movement in provision for restoration costs during the year:		(4,848)	8,680
Charge to the statement of comprehensive income (note 2)		1,014	2,969
Change due to increase in mining area		(5,862)	5,711
Balance at beginning of the year		10,236	15,084

A subsidiary company has two mining sites which have been operational since 1992. The lease agreement for the mine require the company to restore the sites to their original condition on cessation of mining operations in 2017.

		Group 2013 P 000	Group 2012 P 000
31. DEFERRED TAXATION			
Balance at beginning of the year		68,891	81,734
(Credit)/charge to the statement of other comprehensive income (note 24)		(75)	(516)
Credit to the income statement (note 5)	- current year	3,985	(16,581)
	- prior year	1,031	(208)
	- capital gains tax	(25)	4,462
Balance at end of the year		73,807	68,891
Comprising temporary differences on:			
Investment properties, property, plant and equipment and Government grants		67,699	62,286
Capital gains tax deferred on acquisition of properties by a subsidiary		6,108	6,605
		73,807	68,891

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 2011. 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group		Company	
	2013	2012	2013	2012
	P 000	P 000	P 000	P 000
32. TRADE AND OTHER PAYABLES				
Trade payables	19,463	22,882	554	185
Payroll accruals	10,447	9,427	5,374	7,015
Accruals	17,299	14,910	14,624	1,734
Value Added Tax (VAT)	855	54	-	26
Amounts due to related parties	289	-	289,047	255,678
Other payables	93,235	124,463	2,909	77,570
	141,588	171,736	312,508	342,208

Trade and other payables comprise amounts owing for trade transactions and accruals of ongoing costs. The average credit period on purchases is 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.

33. BANK OVERDRAFTS

	Group 2013	Group 2012	Company 2013	Company 2012
The bank overdrafts of subsidiaries are secured by deeds of hypothecation over fixed and moveable assets and suretyship signed by the Company.	26,495	8,126	19,556	-
The Group's bank overdraft limits are as follows:				
- Standard Chartered Bank Botswana Limited	5,000	5,000	-	-
- Stanbic Bank Botswana Limited	153,500	78,500	150,000	75,000
	158,500	83,500	150,000	75,000

The facilities are secured over:
- The Company's facilities are unsecured.
- BDC's Corporate quarantee of P5,000,000.
- First covering mortgage bond for P4,720,000 over Lo 14405, Gaborone.

34. PRIOR YEAR ADJUSTMENTS

The carrying value of the Company's investment in the glass project, Fengyue Botswana, accounted for using the equity method, was assessed to be fully impaired due to the fact that the project failed to meet its targets, including the completion timelines and substantial budgeted cost over-runs. The same impairment indicators were present at the end of the 2011, 2012 and 2013 financial periods.

For the financial years 2012 and 2011 the impairment of the carrying value of this investment was the subject of a modified audit opinion in both years, hence the restatement of the prior years' comparative information.

The effect of the restatement on the comparative information is as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

		Group 2012 P 000	Group 2011 P 000	Company 2012 P 000	Company 2011 P 000
34. PRIOR YEAR ADJUSTMENTS (cont.)					
Assets					
Associated companies/partnerships - as previously stated		627,371	481,022	485,537	365,433
Adjustment for additional provision for losses on investments	- 2011	(182,054)	(182,054)	(182,054)	(182,054)
	- 2012	(175,851)	-	(175,851)	-
Associated companies/partnerships - as restated		269,466	298,968	127,632	183,379
Trade and other receivables - as previously stated		118,438	118,393	63,280	175,696
Adjustment for additional provision for bad debts	- 2011	(1,779)	(1,779)	(1,779)	(1,779)
	- 2012	(3,220)	-	(3,220)	-
Trade and other receivables - as restated		113,439	116,614	58,281	173,917
Equity and liabilities					
Retained earnings - as previously stated		949,601	834,634	491,794	472,314
Adjustment for additional provision for losses on investments	- 2011	(182,054)	(182,054)	(182,054)	(182,054)
	- 2012	(175,851)	-	(175,851)	-
Adjustment for additional provision for bad debts	- 2011	(1,779)	(1,779)	(1,779)	(1,779)
	- 2012	(3,220)	-	(3,220)	-
Retained earnings - as restated		586,697	650,801	128,890	288,481
Statement of comprehensive income					
Profit for the year - as previously stated		119,583	64,700	25,974	156,565
Adjustment for additional provision for losses on investments		(175,851)	(182,054)	(175,851)	(182,054)
Adjustment for additional provision for bad debts		(3,220)	(1,779)	(3,220)	(1,779)
Loss for the year - as restated		(59,488)	(119,133)	(153,097)	(27,268)

The restatement has no impact on taxation for both years.

35. COMMITMENTS

	Group 2012 P 000	Group 2011 P 000	Company 2012 P 000	Company 2011 P 000
Operating lease receivables/(payables):				
Not later than one year	51,538	70,270	(9,210)	(7,887)
Later than one year to five years	147,519	235,063	(12,481)	(30,218)
Later than five years	65,681	64,063	-	-
	264,738	369,396	(21,691)	(38,105)
Other commitments:				
Not later than one year	249,904	892,155	17,920	424,158
Later than one year up to five years	148,641	365,622	148,641	365,622
Later than five years	185,000	-	185,000	-
	583,545	1,257,777	351,561	789,780

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

	Group		Company	
	2013	2012	2013	2012
	P 000	P 000	P 000	P 000
35. COMMITMENTS (cont.)				
Other commitments are analysed as:				
Approved equity and loan investments undisbursed	351,561	789,780	351,561	789,780
Approved and contracted capital expenditure	231,984	467,997	-	-
	583,545	1,257,777	351,561	789,780

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

36. CONTINGENT LIABILITIES

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
Legal matters against certain subsidiaries	(1,000)	(1,000)	-	-
Guarantees in respect of facilities granted to the Group of companies	(476,155)	(461,685)	(16,500)	(43,367)
Letters of Credit (LC's) for the glass project	-	(109,416)	-	(109,416)
	(477,155)	(572,101)	(16,500)	(152,783)

37. 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.

38. FINANCIAL RISK MANAGEMENT

Financial instruments carried on the statement of financial position include cash and bank balances, trade receivables, investments in and 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.

	Group 2013 P 000	Group 2012 P 000	Company 2013 P 000	Company 2012 P 000
Financial assets				
Receivables from related parties	-	-	104,457	94,706
Loans and receivables	162,981	185,025	151,832	159,181
Quoted investments	627,367	475,707	627,367	475,707
Cash and bank balances	230,615	281,422	94,423	185,673
	1,020,963	942,154	978,079	915,267
Financial liabilities				
Long term borrowings	631,246	447,301	526,087	341,717
Trade and other payables	130,286	162,255	307,134	335,167
Bank overdrafts	26,495	8,126	19,556	-
	788,027	617,682	852,777	676,884

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

38. FINANCIAL RISK MANAGEMENT (cont.)

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 28, cash and cash equivalents and equity attributable to equity holders of the parent, comprising stated capital, reserves and retained earnings as disclosed in notes 21 to 26. 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 2013 and 2012, the carrying value of cash and bank balances, trade receivables, quoted and unquoted investments, 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

39. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are carried out at arm's length and in the normal course of business. 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.

	Group	
	2013 P 000	2012 P 000
Transactions during the year		
Other related parties		
Botswana Development Corporation (BDC)		
Directors' fees	104	291
Directors' remuneration for executive services	3,176	1,375
Key management remuneration	1,550	2,458
Can Manufacturers (Pty) Ltd		
Directors' fees	13	-
Export Credit Insurance & Guarantee (Pty) Ltd		
Directors' fees	34	47
Lobatse Clay Works (Pty) Ltd		
Directors' fees	-	34
Kwena Concrete Products (Pty) Ltd		
Directors' fees	26	59
Fairground Holdings (Pty) Ltd		
Directors' fees	18	-
Letlole la Rona (Pty) Ltd		
Directors' fees	520	393
Associated companies		
Asphalt Botswana (Pty) Ltd		
Finance costs on borrowings from BDC	144	252
Peermont Global (Botswana) Ltd		
Directors' fees paid to BDC	32	31
Rental paid to a BDC subsidiary company	9,767	5,085
Management fees paid to Global SA (Pty) Limited, the holding company	22,756	23,971

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

39. RELATED PARTY TRANSACTIONS AND BALANCES (cont.)

	Group 2013 P 000	Group 2012 P 000
Kwena Rocla (Pty) Ltd		
Sales to Murray & Roberts (Botswana) Ltd	(350)	(601)
Rental of plant and machinery from Rocla SA (Pty) Ltd	48	135
Management fees paid to D&H Piping Systems (Pty) Ltd, immediate holding company	558	525
Purchases fromD&H Piping Systems (Pty) Ltd and related companies	5,987	10,441
Investec Holdings (Botswana) Ltd		
Asset management fees paid to fellow subsidiaries	6,139	6,139
Directors' remuneration for executive services	1,577	1,577
Finance income from fellow subsidiaries	5,397	5,397
Year end balances		
Botalana Ventures (Pty) Ltd		
Current account balance due to BDC	937	-
Current account balance due to a BDC subsidiary company	919	-
Kwalape (Pty) Ltd		
Current account balance due to BDC	739	-
Letlole la Rona Ltd		
Current account balance due to Stanlib Investment Management Services (Pty) Ltd	(289)	(228)
Peermont Global (Botswana) Ltd		
Current account balance due to a BDC subsidiary company	(4,983)	(377)
Current account balance due to Global Resorts SA (Pty) Ltd, immediate holding company	(2,142)	(2,044)
Kwena Rocla (Pty) Ltd		
Current account balance due to Rocla SA (Pty) Ltd	(590)	(1,438)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

		Group		Company	
	Notes	2013 P 000	2012 P 000	2013 P 000	2012 P 000
40. CASH GENERATED FROM/ (USED IN) OPERATIONS					
Profit/(loss) before tax		13,433	(65,950)	(222,151)	(175,974)
Adjustments for:					
Amortisation of Government grants	29	(355)	64	-	-
Amortisation of intangible assets	4	355	355	-	-
Depreciation of property, plant and equipment	4	14,226	17,467	711	659
Fair value adjustment of investment properties	6	(89,089)	(40,297)	-	-
Impairment of property, plant and equipment	4	112,959	4,771	-	-
Revaluation of property, plant and equipment	7	(50,426)	(39,913)	-	-
Fair value adjustment of long term borrowings	28	1,926	2,201	1,926	2,201
Foreign exchange losses on long term borrowings		2,130	7,667	2,130	7,667
Movement in provision for restoration costs	30	(4,848)	8,680	-	-
Profit on disposal of investment properties	4	-	(336)	-	-
Loss on disposal of property, plant and equipment	4	354	85	582	173
Net profit on disposal of investments		(26)	-	(38)	238
Share of profits of associates before tax	10	(71,809)	(46,760)	-	-
Movement in other reserves	26	(21,859)	679	-	-
Movement in provisions for losses on investments	12	153,608	185,161	266,567	201,583
Interest received	2	(23,035)	(22,928)	(37,342)	(57,168)
Finance costs	2	50,947	37,548	46,964	33,023
Changes in working capital					
- rental straight-line adjustment		(11,055)	(10,271)	-	-
- trade and other receivables		30,841	3,175	7,234	115,636
- inventories		(2,703)	6,247	-	-
- trade and other payables		(30,148)	(94,772)	(29,700)	(121,779)
		75,426	(47,127)	36,883	6,259

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

41. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial instruments approximates their carrying values.

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).

	Level 1 P 000	Level 2 P 000	Level 3 P 000	Total P 000
Group and Company				
Financial assets				
Quoted investments	627,367	-	-	627,367

There were no transfers between levels during the period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

42. SEGMENT INFORMATION

42.1 Application of IFRS 8 Operating Segments

The Group complies with IFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

42.2 Products and services from which reportable segments derive their revenues

The Group's reportable segments under IFRS 8 are as follows:
- Agribusiness and Services
- Industry
- Property
- Holding Company

Information regarding the Group's reportable segments is presented below.

42.3 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment profit/(loss) before tax	
	2013 P 000	2012 P 000	2013 P 000	2012 P 000
Agribusiness and Services	49,641	22,530	2,774	(372)
Industry	67,874	78,872	(8,938)	(45,826)
Property	122,951	105,327	170,670	126,227
Holding Company	101,744	104,151	(222,151)	(175,974)
	342,210	310,880	(57,645)	(95,945)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment.

42.4 Segment assets and liabilities

	Total Assets 2013 P 000	2012 P 000	2013 P 000	Total Liabilities 2012 P 000
Agribusiness and Services	146,149	134,702	57,615	37,086
Industry	250,153	230,390	89,153	54,378
Property	1,910,995	1,583,082	383,205	351,180
Holding Company	2,177,627	2,071,433	858,151	683,925
	4,484,924	4,019,607	1,388,124	1,126,569

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

42. SEGMENT INFORMATION (cont.)

42.4 Segment assets and liabilities (cont.)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investments in associates, 'other financial assets' and tax assets.

	Depreciation		Additions to Non - current Assets	
	2013 P 000	2012 P 000	2013 P 000	2012 P 000
42.5 Other segment information				
Agribusiness and Services	1,802	1,655	3,737	5,758
Industry	9,261	13,393	6,668	24,434
Property	2,452	1,760	224,701	136,477
Holding Company	711	659	706	1,307
	14,226	17,467	235,812	167,976

An impairment loss of P112.96 million (2012: P4.77 million) was recognised in respect of the carrying value of plant and machinery of a subsidiary company.

43. EVENTS AFTER THE REPORTING PERIOD

43.1 Fengyue Glass Manufacturing (Botswana) (Proprietary) Limited

The Company invested in Fengyue Glass Manufacturing (Botswana) (Proprietary) Limited (associate), a company established to build a 450 tonne float glass production plant. The glass project was a venture between the Company and Shanghai Fengyue Glass Co. Limited (Shanghai Fengyue), a company incorporated in the British Virgin Islands. The Company and Shanghai Fengyue held 43% and 57% respectively.

On 24 October 2013, the Company, petitioned the High Court of Botswana for the liquidation of Fengyue Glass Manufacturing (Botswana) (Proprietary) Limited, as a result of the glass project having been assessed to no longer being viable. As disclosed in Note 34, the project failed to meet its targets, including the completion timelines and substantial budgeted cost over-runs.

The Board assessed and took into consideration all possible options and factors and hence decided on the liquidation of the glass project, as the appropriate course of action. Consequently, a full provision for the Company's investment value and all other funds spent on the glass project totalling P511 million, was made in the Group's financial statements.

Other than matter noted above, the Board is not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the Group's annual financial statements, which significantly affects the Group's financial position at 30 June 2013 or the results of its operations or cash flows for the year then ended.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

for the year ended 30 June 2013

43..2 Bank facility - Stanbic Bank Botswana Limited

The P225 million loan mentioned in note 28 became due on 30 June 2013 and was supposed to be settled by a one bullet payment in accordance with the agreement. The loan was re-negotiated into a Medium Term Loan facility with the following main conditions;

- Limited to P150 million;
- The loan is unsecured;
- Interest to be charged at the rate of 91 Day Bank of Botswana Certificates (BoBC) plus 3.43%; and
- Repayment period of three years to 30 June 2016 by equal installments of P25 million, payable semi-annually.

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This Annual Report, together with trading statements, presentations and previous Annual Reports is available at **www.bdc.bw**

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