



Botswana Development Corporation
Annual Report 2015

#NewBDC

LEADING THE WAY TOWARDS THE INDUSTRIALISATION OF BOTSWANA

HAS A MANDATE TO
INVEST OUTSIDE OF
BOTSWANA'S BORDERS

Funding starts from
BWP 30 MILLION
investments

Balance sheet of
BWP 4 BILLION
& a portfolio of
40 CLIENTS

PROVIDES DEBT AND
EQUITY FINANCING
TO INVESTORS (LOCAL
AND FOREIGN) WITH
COMMERCIALY
VIABLE PROJECTS

PROMOTES AND
FACILITATES ECONOMIC
DEVELOPMENT AND
DIVERSIFICATION

Investments across
10 INDUSTRIES
INCLUDING:
MANUFACTURING, SERVICES,
PROPERTY AND AGRICULTURE

PRODUCTS
EQUITY FINANCING
LOAN FINANCING



INTROD

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INTRODUCTION
VALUE CREATED

	2008 P'000	2009 P'000	2010 P'000	2011 P'000
Income from trade	171,623	156,082	294,738	431,162
Less: Cost of supplies and services	21,022	18,865	33,212	37,893
Total Value Added	150,601	137,217	261,526	393,269
Distributed as follows:				
Employees payroll cost	25,570	31,540	35,089	45,703
To providers of finance interest on loans	31,525	36,179	33,670	38,911
Company taxation on profits	15,426	7,733	14,494	23,772
Dividends to shareholder	20,000	12,000	-	18,050
Depreciation and provisions against investments	47,090	197,349	21,986	31,830
Profit retained	10,990	(147,584)	156,287	47,508
Total Value Added	150,601	137,217	261,526	182,583

At the heart of our business undertakings is our commitment to lead the development of Botswana towards success and growth in order to bring to fruition the establishment of a self-reliant economy.

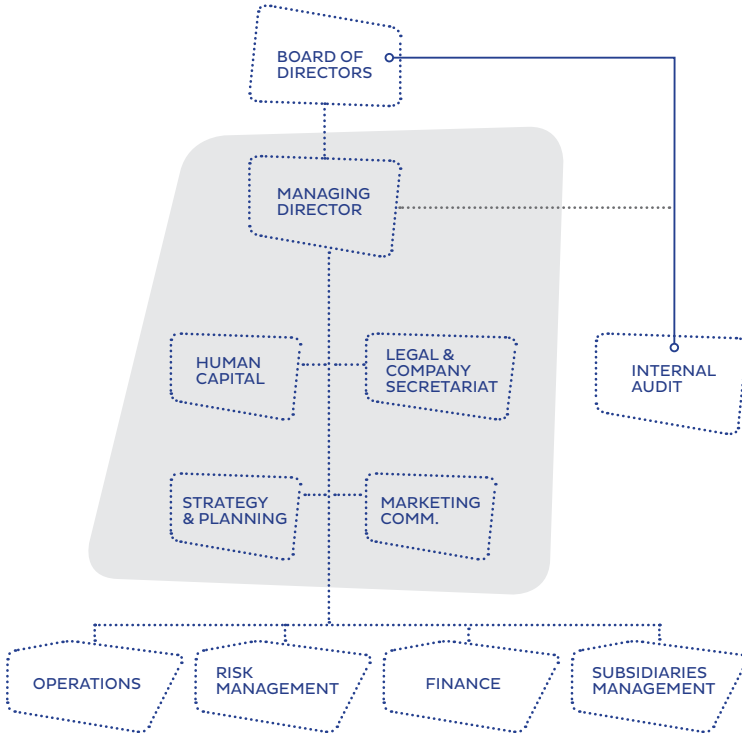
Botswana Development Corporation creates value for its shareholders through its business activities and interactions as captured by the Value Created report. This shows the Corporation's residual income after distribution amongst its stakeholders. Value is created by generating income that exceeds all economic costs incurred to earn that income.

2012	2013	2014	2015
P'000	P'000	P'000	P'000
172,084	151,600	211,182	310,689
79,481	25,849	109,075	54,103
92,603	125,751	102,107	256,586
33,312	33,660	33,787	31,036
33,023	46,964	50,588	58,211
(22,877)	(2,459)	10,491	20,405
-	-	-	-
202,242	267,278	84,822	57,533
(153,097)	(219,692)	(77,581)	89,401
92,603	125,751	102,107	256,586

INTRODUCTION

ORGANISATIONAL STRUCTURE

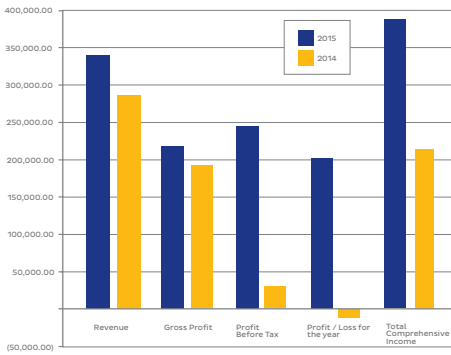
The Corporation approved a new organisational structure during the 2014 financial year and this was implemented in the year under review.



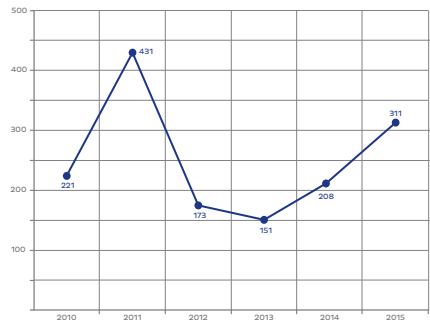
INTRODUCTION
FINANCIAL HIGHLIGHTS

▲ 215%	<p>COMPANY PROFIT AFTER TAX Company profit after tax increased by 215% from a loss of P77.6 mil in 2014 to P89.4 mil in 2015.</p>
▲ 19%	<p>GROUP REVENUE BDC Group revenue increased by 19% from P286.7 mil in 2014 to P339.9 mil in 2015.</p>
▲ 8%	<p>GROUP ASSET BASE BDC Group asset base increased by 8% from P3.6 bil in 2014 to P3.9 bil in 2015.</p>
▲ 9%	<p>COMPANY ASSET BASE Company asset base increased by 9% from P2.3 bil in 2014 to P2.5 bil in 2015.</p>

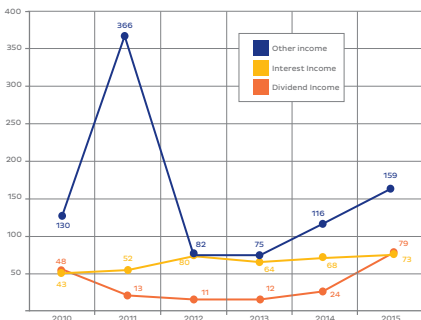
GROUP PERFORMANCE SUMMARY (P'000)



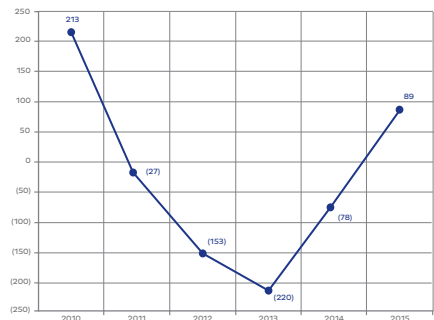
REVENUE (BWP1M)



REVENUE DISTRIBUTION (BWP1M)

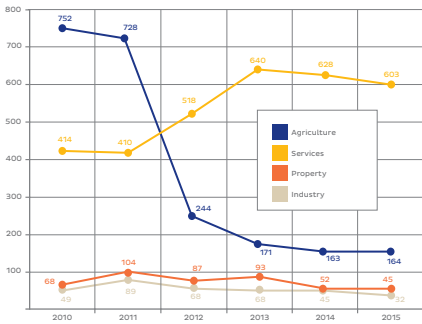


PROFITABILITY (BWP1M)

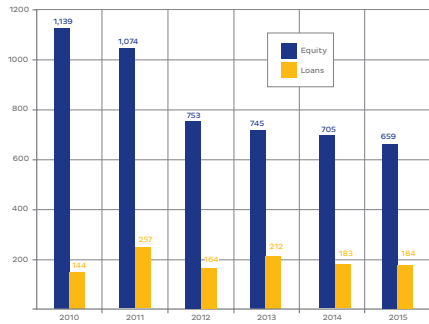


INTRODUCTION
FINANCIAL HIGHLIGHTS

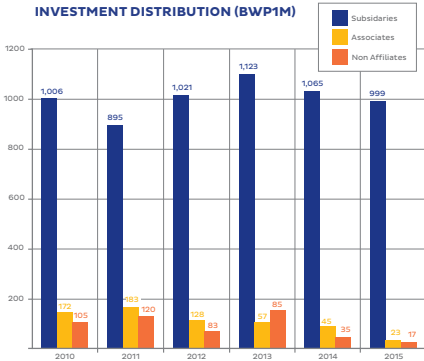
BUSINESS SECTOR DISTRIBUTION (BWP1M)



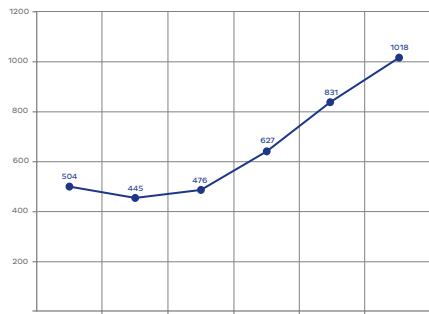
PRODUCT RANGE (BWP1M)



INVESTMENT DISTRIBUTION (BWP1M)



LISTED INVESTMENTS (BWP1M)



We continue to lead the change in driving debate and provoking impactful ideas on how to champion industry activities that break the glass ceiling and go beyond conventional thinking. BDC's strategy for the year ahead includes the building of a strong pipeline of commercially viable projects with a strong developmental impact.

**Pioneering new industries,
promoting exports, and creating
jobs are all key priorities for our
business and for our shareholder.
That's why we exist – to create an
impact in the Botswana economy.**



G O V E R

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GOVERNANCE
BOARD OF DIRECTORS



Blackie Marole

Chairman

Appointed November 14, 2011.

An Economist by profession, Mr. Marole spent 21 years of his career in the civil service where he reached 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 and Chairman, Botswana Diamond Valuing Company; Alternate Director, Director and Chairman, 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; Director De Beers Centenary AG/De Beers Consolidated Mines; Director BCL Limited; Director Botswana Ash; Director De Beers Prospecting (Pty) Ltd; Director De Beers Botswana (Pty) Ltd; Chairman Barclays Bank of Botswana; and Director CIC Energy among others.

Mr. Marole holds a Master of Arts Degree in Economics from Williams College, Massachusetts, USA. 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.



Bashi Gaetsaloe

Managing Director

Appointed April 01, 2014.

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

Mr. Gaetsaloe has specific expertise in the areas of business strategy, organisational transformation, business start-ups and business turnaround, and change management. He has led the BDC Transformation Programme for the past 15 months.

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



Banny K. Molosiwa

Appointed Director August 01 2004 and Vice Chairperson of the BDC Board (2014-2015). Resigned from Board (January 01, 2015).

An Economist, Ms. Molosiwa is the Deputy Director General in the National Strategy Office, Office of the President. She was previously Permanent Secretary in the Ministry of Trade and Industry. Prior to that, 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 BHC, WUC, BOTEK, BEDIA (now BITC), SPEDU, 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 Master's Degree in Development Economics from the Institute of Social Studies at The Hague in the Netherlands.



Verily Molatedi

Chair of the Board Finance and Audit Committee. Member of the Board Human Capital Committee. Appointed February 01, 2012.

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

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

Previously, she worked at management level in both the parastatal and private sectors including at 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.

GOVERNANCE
BOARD OF DIRECTORS



Peggy Onkutlwile Serame
Appointed January 01, 2015.

Peggy Onkutlwile Serame is the Permanent Secretary of the Ministry of Trade and Industry (MTI) assisting the Minister in overseeing Parastatals under MTI. Her duties include promoting industrial development, economic growth and diversification, as well as facilitating job and wealth creation. She is also responsible for coordinating work on regional integration and negotiation of trade agreements.

She brings over 20 years of leadership and experience which started at the Ministry of Finance and Development Planning where she served as Principal Economist and headed special assignments under the Ministry. She was also appointed to serve in the World Bank Voice Secondment Programme in 2007.

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

She sits on various boards including those of; Botswana Development Corporation as Board Director since 1st January 2015, Botswana Investment and Trade Centre (BITC) and Public Enterprises Evaluation and Privatisation Agency (PEEPA).

Ms. Serame holds a Master of Arts Degree in Economics from the University of Botswana and a Bachelor' of Arts degree in Economics and Statistics also from the University of Botswana.



Amando Vasco Lionjanga
Chairman, Board Tender Committee
Appointed February 01, 2012.

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

He started his working career as an Assistant Roads Engineer in 1975 with the Roads Department 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 Chairman of a number of statutory bodies under the Ministry of WTC including: Air Botswana, Botswana Railways, Botswana Telecommunications Corporation and Botswana Postal Services.

Upon his retirement from the Public Service in 1999, he joined Haas Consult, a local firm of Consulting Civil Engineers from 1999 till June 2002 when he was appointed founding Executive Chairman of the Public Procurement and Asset Disposal Board (PPADB), a position he held till 2010, after serving for two four year consecutive terms, a maximum that is provided for under the PPADB Act. During the same period when he was with PPADB he was 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 Master of Science in Highway Engineering from University of Birmingham, UK, 1979.



Solomon M. Sekwakwa

Former Board Chairman (2009 – 2011)
Director.

Appointed November 2011.

An Economist, Mr. Sekwakwa is the Permanent Secretary in the Ministry of Finance and Development Planning.

Mr. Sekwakwa started his career as an Industrial Planner for Selibe–Phikwe mine in 1979, 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 in 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; Debswana; Debswana Investment; De Beers Audit Committee; and Banyana Farm Pty Ltd.

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



Richard Vaka

Chair of the Board Human Capital Committee and member of the Board Finance and Audit Committee.

Appointed February 01, 2012.

An Industrial Relations and Human Capital 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. 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.

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

GOVERNANCE
BOARD OF DIRECTORS



Reetsang Willie Mokgathe
Chair of the Board Risk and Investment Committee and member of the Board Finance and Audit Committee.
Appointed December 01, 2012.

He has extensive 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.

Positions he has held include: Shell International, Netherlands as the Government Relations Adviser on Africa; Country Chairman of Shell Namibia; and CEO at Air Botswana.

Mr. Mokgathe has served on the Boards of several companies including Shell Namibia Limited – Chairman; Shell Oil Botswana – Chairman; National Development Bank – Chairman; Botswana Post – Director; Air Botswana – Director; and Chairman of the Airline Association of Southern Africa.

He holds a Master's Degree from Canfields Institute of Technology in UK. He also has a Bachelor of Commerce Degree from the University of Botswana.



Mpho Moremong-Gobe
Member of the Board Tender Committee and Board Risk and Investment Committee.
Appointed December 01, 2012.

Mpho Moremong-Gobe is the Managing Director of MG Properties, where she is responsible for property valuations, management, commercial lettings as well as sales. She is a member of the Royal Institute of Chartered Surveyors (RICS), UK; and the Real Estate Institute of Botswana and Real Estate Advisory Council. A seasoned business woman with a thorough knowledge in Estate Management, she has held numerous high profile positions steering different business entities in the private and public sectors.

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

Ms. Moremong-Gobe served on numerous Boards of Directors including: Gaborone City Council Adjudication Board – Chairperson; Africa Representative on the RICS Governing Council, UK; Board of Royal Institution of Chartered Surveyors Botswana Group – Chairperson; Real Estate Institute of Botswana – Vice President; and Real Estate Advisory Council – Chairperson.

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, RSA, jointly with the University of Liverpool, UK.



Abel Monnakgotla

Appointed Board Director on April 01, 2015.

Mr. Abel Monnakgotla is an entrepreneur operating a diversified portfolio of businesses. He started his business career in his family's informal public transport company which grew to become a the Monnakgotla Group of companies incorporating AT&T Monnakgotla Travel & Tour, AT&T Travel, AT&T Insurance Brokers, Macheng Investments and AT&T Gas. Before venturing into business, Mr. Monnakgotla, who is a qualified Telecommunications Engineer, worked at Botswana Telecommunications Corporation (BTC), rising to the position of Chief Telecommunication engineer.

Mr. Monnakgotla chaired the Botswana Telecommunications Authority Technical Advisory Committee on the country code top level domain and has actively participated in BOCCIM as the Transport Sector Chairperson. He is the founding chairperson of the Botswana Road Transport Society. He was a board member of the Bosetu Funeral Scheme and is currently the deputy chairperson of Masiela Trust Fund. He is also the chairperson of the Emmanuel Parish (Gaborone) of the Evangelical Lutheran Church in Southern Africa.

GOVERNANCE

INDEPENDENT BOARD COMMITTEE MEMBERS

As and when appropriate, the Board brings in independent professionals to assist it to better execute its duties and responsibilities. The current independent members are:



Michael Lesolle

Independent member of the Board Finance and Audit Committee.

Appointed February 01, 2008, and re-appointed February 2012.

A Certified Chartered Accountant, Mr. Lesolle is the Executive Director of Botswana Accountancy College (BAC), a role he has discharged for several 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 15 years of his professional career were spent in the organisational leadership role at the apex, and as architect/designer of organisational transformation, strategy formulation and its implementation, as well as managing change.

He has served as CEO of both BAC and Botswana Savings Bank and 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 also served as President of the Institute. At international level, he was involved with several of ACCA Global initiatives. He was also an active member of the Botswana Institute of Bankers, including holding the position of Institute President.

The formative years of his accountancy career were in the UK where he studied and trained in 'The City' with the firm of chartered accountants which gave him exposure to the firm's Corporate Finance, Consulting and Small Enterprise divisions. He is a non-executive Director on a number of Boards including the BDC Audit Committee, Chairman of VPB, former Member of University of Botswana Council and others. He spends much of his time mentoring young people into 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.



Malebogo Itumeleng Mpugwa

Independent member of the Board Human Capital Committee.

Appointment August 09, 2012 and re-appointed August 2015.

A seasoned Human Resources practitioner, Ms. Malebogo Itumeleng Mpugwa is Head of Human Resources and part of the Executive Committee for De Beers Global Sightholder Sales (DBGSS.),

Previously she held several human resources managerial and executive positions including Regional Head of Human Resources for Consumer Banking Business in Southern Africa at Standard Chartered Bank.

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 the Debswana mines.

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.



Sean Makhula Rasebotsa

Independent member of the Board Risk and Investment Committee.

Appointed October 08, 2013.

A seasoned former banker and risk manager, Sean Rasebotsa is the current General Manager of JC Decaux Botswana (formerly Continental Outdoor Media Botswana), a position he assumed in April 2015. In his role, he is primarily responsible for development and implementation of the company's country strategy. 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. JC Decaux is the largest Out of Home Advertising specialist company in the world and is represented in more than 70 countries.

Previously, he served as Managing Director of Coronation Fund Managers Botswana, Chief Executive Officer of Glenrand MIB, and is a former 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

POST REPORTING PERIOD APPOINTMENT:

Mosimolodi Biggie Lefhoko

Independent member of the Board Tender Committee.

Appointed July 30, 2015.

Mr. Mosimolodi Biggie Lefhoko is a Project Manager/Quantity Surveyor at Complant Botswana (Pty) Ltd, where amongst other duties he tenders for construction work; pricing Bills of Quantities, checking for tender compliance prior to submission as well as business development through sourcing of tenders. As Project Manager ,he manages the company's projects on site ensuring they are completed within time, cost and to the required quality and specification.

With over 20 years' experience, Mr. Lefhoko's career began as an Assistant Quantity Surveyor, the Department of Architecture and Building Services , before being appointed as Principal Quantity Surveyor, BHC; Divisional Manager and later Executive Director for Works, PPADB; participating in the adjudication and award of works, supplies and services tenders.

While at PPADB, he acted as CEO and also chaired all Board Meetings in the Position of Executive Chairman for two years prior to the appointment of the substantive Chairperson. Mr. Lefhoko is also a Board Member at the Building Regulations Board in the Ministry of Infrastructure, Science & Technology, where he has been a member for the last 16 years. Mr. Lefhoko holds an MSc in Construction Management (Project Management), and BSc. Building Economics & Quantity Surveying both from University of Heriot-watt, Edinburgh.

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

GOVERNANCE
MANAGEMENT
AS AT DEC 2015







Bashi Gaetsaloe
Managing Director

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

Mr. Gaetsaloe has specific expertise in the areas of business strategy, organisational transformation, business start-ups and business turnaround, and change management. He has led the BDC Transformation Programme for the past 15 months.

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



Mbako Mbo
Chief Risk Officer

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

Mbako has previous experience from Deloitte, Barclays, Botswana Telecommunications Corporation, and Botswana Power Corporation where he held various roles including: financial accounting, management accounting, financial planning, and auditing.

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



Bafana Molomo
Chief Operations Officer

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

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

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

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



Marina Khan
Chief Audit Executive

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

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

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



Boitshwarelo Lebang
Head, Marketing Communications

Boitshwarelo Lebang is the Head of Marketing Communications at Botswana Development Corporation, a position she assumed on 1st November 2014. She is tasked with overall Marketing Communications function and strategic direction at the Corporation as well as playing an advisory role to EXCO and the Board. Her long service has played an invaluable contribution towards the Corporation as she has previously served as Manager of Corporate Communications and Public Relations (CC&PR) and as Principal Public Affairs Officer.

Ms. Lebang experience spans over 13 years in the media and communications industry, 8 of which have been at managerial level in Corporate Communications. In her career she has also worked as a media practitioner on both television and radio and holds extensive knowledge of the local media landscape. Prior to working for BDC, she had worked as a consultant specialising in training different high level officers in various government departments. She has also worked as an Information Technology and Management lecturer at Botswana Institute of Administration and Commerce (BIAC) for several years and has experience as a government consultant. She is a body member of the International Association of Business Communicators (IABC) and is Board Director of Kwena Concrete Products, a leading local Concrete Products Manufacturer.

Ms. Lebang holds an Msc. Strategic Management- Marketing Communications (University of Derby, UK) 2007 and a Bsc. Computer Science – Business Information Systems and Management (University of Botswana) 2001.



Jennifer Dube
Head, Legal and Company Secretary

She was Manager Legal at Botswana Development Corporation from August 2010 to October 2014 prior to the reorganisation of the Corporation. Previously she was Company Secretary at Botswana Telecommunications Corporation, and before that Head of Legal and Regulatory at Orange Botswana (Pty) Ltd.

Ms. Dube's professional experience spans to over 17 years of legal experience, five of which were as a practicing attorney, Conveyancer and Notary Public, over 12 years as an in-house commercial lawyer. Ms. Dube has a strong telecommunications and banking or financial institution background, specialising in the areas of corporate and commercial law, regulatory and compliance, legal risk, company secretarial and corporate governance.

Ms. Dube holds a Bachelor of Laws (LLB –UB) degree from the University of Botswana, and has various & extensive management and legal short courses that includes a Certificate in Senior Management Development Programme from the University of Stellenbosch Business School, contract management, finance for non-financial managers, debt collection, detecting fraud in the workplace, among others.

Ms. Dube serves on the boards of Cresta Marakanelo Limited, Botswana National Productivity Centre, and Kwena Rocla (Pty) Ltd.



Thabile Moipolai
Head, Human Capital

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

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

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




Maranyane Makhondo
Acting, Chief Finance Officer

Ms. Maranyane Makhondo is currently the acting Chief Financial officer of the Corporation, her substantive position being Group Financial Accountant. As the acting CFO, her role is centered on overseeing the entire finance function of the Corporation including corporate planning, financial reporting, internal controls and group reporting and consolidation.

Prior to joining the Corporation Ms. Makhondo had accumulated a wealth of experience in both the private and quasi-public institutions in manufacturing and property industries where her roles included financial accounting, credit control, capital accounting and overall financial management.

Ms. Makhondo has a Bachelor of Accounting degree from the University of Botswana and ACCA Qualification. She is a member of the Association of Chartered Certified Accounts (ACCA) and currently pursuing a Master's Degree in Finance and Investments.



Our results show that BDC has turned the corner with growth in all the major indicators of revenue, profit, and development impact showing positive gains.

Mr. B Marole
Chairman

The year ending June 2015 was a particularly busy one for BDC. The year marked the first anniversary since implementation of the Transformation Programme which began in April 2014. It also marked the first full year of our Strategic Plan 2014 - 2019. Our main focus for the year was to bed-down the changes initiated under the Transformation Programme and to return to profitability after our previous historic loss making position. We believe we have achieved both of those objectives.

We have diligently executed many of our Transformation Programme initiatives. We have revised all our major processes to reflect industry best practise; revised our risk management and governance policies; revised our legal agreements; deployed a new organisational structure and right-sized the organisation; and, we have recruited new skills and capabilities, including the key roles of Chief Risk, Chief Operations and Chief Audit.

Our Transformation Programme also focused on addressing key issues of restructuring our portfolio and balance sheet. To this end we have successfully completed Wave 1a of our divestment strategy and have commenced Wave 1b and Wave 2 of this strategy. This has not only raised cash for the Corporation, but

FINANCIAL HIGHLIGHTS

▲	81%	COMPREHENSIVE INCOME BDC Group comprehensive income increased to P390.4m in 2015 from P215.3m in 2014.
▲	16%	GROUP TOTAL EQUITY The Group's total equity yielded an increase to P2.9b in 2015 from P2.5b in 2014.
▲	47%	GROUP RETAINED EARNINGS BDC Group realised retained earnings of P703.6m, a significant increase from P479.5m in 2014.
▲	23%	QUOTED INVESTMENTS Quoted investments yielded growth, increasing from P831m in 2014 to P1.02b in 2015.

has also empowered Batswana as most of these businesses ended up in the hands of local citizens.

During the year, we developed and implemented a clear and robust fund-raising strategy which has seen encouraging appetite from the capital markets to partner with BDC on its long-term journey. As a growing business we believe we will be in the capital markets for the next few years and remain committed to seeking a healthy balance of raising funds from both domestic and international sources.

We also strengthened our Board with the addition of Ms. Peggy Serame and Mr. Abel Monnakgotla as full Board Members as well as Mr. Duke Lefhoko as an Independent Member of the Board Tender Committee. These three members bring practical business experience to our Board and we look forward to their contributions.

Overall, we are pleased that our Transformation Programme seems to be bearing fruit. Our target was to break even at the end of the financial year from an operational profit perspective and we believe we have achieved this target. Our results show that BDC has turned the corner with growth in all the major indicators of revenue, profit, and development impact showing positive gains. This is in no


small part due to the hard work, perseverance and determination of the BDC staff and Board Members. I want to take this opportunity to thank them all for their contributions.

I also want to thank all our stakeholders for their consistent feedback and support over the year. In particular, I want to thank our line Ministry, Trade and Industry, for giving us the leeway to fully execute our mandate and for lending the full weight of the Ministry to our initiatives.

This coming year will continue to be challenging as we face an uncertain economic climate and difficult market conditions. We remain confident, however, that we have a clear plan and that we are on the right path. We remain focussed on executing our strategic plan and on achieving our goal of doubling the business in five years.



Mr B Marole
Chairman



“While I expect that BDC will return to profitability only in 2016, I am pleased that we are already achieving some early successes.”

Mr. B Gaetsaloe
Managing Director

I am pleased to report the Corporation's performance for the year ended June 2015. Over the past 12 months we have dedicated ourselves to executing our Transformation Programme objectives and returning BDC to profitability. This was an enormous challenge given that midway into the year we separated with over half our staff complement and that we continued to wrestle with the effects of financial losses accumulated over the past few years.

Execution of this plan – dubbed the Business Re-Modelling Programme – was approved by the Board in March 2014 and an accelerated Financial Restructuring Plan approved a month later. During the year we merged these two programmes into a single unified strategic plan with the overarching and ambitious goal of doubling the business in five years. An uncompromising execution of this plan was a priority for BDC and we believe that after 12 months, we have made measurable and positive progress against this plan.

While I expect that BDC will return to profitability only in 2016, I am pleased that we are already achieving some early successes.

FINANCIAL HIGHLIGHTS

▲	215%	COMPANY PROFIT AFTER TAX Company profit after tax increased by 215% from a loss of P77.6 mil in 2014 to P89.4 mil in 2015.
▲	19%	GROUP REVENUE BDC Group revenue increased by 19% from P286.7 mil in 2014 to P339.9 mil in 2015.
▲	8%	GROUP ASSET BASE BDC Group asset base increased by 8% from P3.6 bil in 2014 to P3.9 bil in 2015.
▲	9%	COMPANY ASSET BASE Company asset base increased by 9% from P2.3 bil in 2014 to P2.5 bil in 2015.

Strategic Plan and Business Re-Modelling Programme

The Board approved our unified Strategic Plan in the first quarter of the year. This ambitious plan seeks to bed down the transformation initiatives while setting the foundation for future growth and profitability. We have achieved significant milestones against both of these objectives.

Through the Business Re-Modelling Programme we have revised our processes, polices, structures and capabilities to allow the business to be more responsive to market opportunities and customer needs, while adhering to the strictest governance and risk management guidelines. We have also introduced new tools and frameworks to allow for a faster, yet more rigorous assessment of opportunities. Key achievements over the past year include:

- A detailed review and implementation of all our policies – including key polices of Credit and Investment
- A detailed review and implementation of our risk management and governance processes, frameworks and policies. Key to this workstream is the development of a robust and rigorous credit risk and enterprise risk management framework and associated tools.

- A detailed review and implementation of over 45 processes to ensure compliance with best practice and introduce a higher level of efficiency.
- A detailed review and implementation of all our legal agreements to ensure the Corporation is adequately protected in all its transactions.
- A detailed re-design of the structure and recruitment of key skills and capabilities – including four new executive staff members.
- A detailed review of the BDC portfolio including execution of our divestment strategy.

Our Transformation Programme was extensive but also necessary to achieve the results we needed in the shortest space of time. Ultimately, our Transformation Programme will achieve a new culture of accountability and collaboration. These two values are central to what we do and will be a necessary ingredient in our quest to rebuild trust with our stakeholders.

Development Impact

During the year, BDC took a deliberate decision to slow down the funding of projects while executing the Transformation Programme. However, we continued to focus on preserving value within our portfolio through increased

monitoring of our subsidiary companies.

The result of these efforts are reflected in our pipeline which stands at P10billion worth of projects of which close of P1billion has been fully qualified. Disbursing against this pipeline will prove to be the engine that fuels growth for BDC and drives private sector development and job creation.

During the year BDC disbursed P54.6 mil to existing project and created 244 jobs. In all our funding initiatives, BDC remains committed to the highest standards of governance, transparency and integrity.

Financial Performance

In the year under review, revenue for the BDC Company grew by 29% from P150.4m to P194.4m and profit before tax went up 264% from a loss of P67m to a healthy profit of P109.8m. Our growth was fuelled by a rise in

interest income, increased dividends as well as significant value being realised from the sale of assets as part of our divestment programme. Overall profit for the year reached P89.4M.

Without the effect of the sale of assets, BDC revenue and profit before tax still showed healthy growth to achieve revenue of P194m and a PBT of P38.8m. This we believe, is a sign of the strong underlying business and a reflection of the early success of our Transformation Programme.

At a Group level, revenue increased by 19% from P286.8m in the previous year to P339.9m in the current year. While we continue to experience performance challenges within our subsidiary and associate companies, this increase in top line revenue growth is reflective of our efforts



Under the current Strategic 5-Year Plan, we are confident that we have laid the foundation for future success and remain resolute to double the business, return BDC to profitability and make a meaningful impact towards the industrialisation of Botswana.

to drive higher returns within our subsidiary and associate company structures. Profit before tax at the Group level grew by 592% from P35.7m to P247.3m. Overall profit for the year for the BDC Group was P202.2m. This is a marked improvement from our overall loss of P7.7m in 2014.

The Group's assets continued to grow at a healthy rate increasing from P3.64b to P3.956b. BDC will continue to leverage this asset base as it seeks growth in the coming years.

Driving this performance is an unwavering commitment to executing our Strategic Plan. Indeed, we believe this strong performance – both with and without the effect of the sale of assets – is a clear indication that the organisation is on track to achieve the objectives of the Transformation Programme.

The Journey Ahead

We are confident that we have laid the foundation for future success and remain resolute in our ambition to double the business, return BDC to profitability, and contribute to the industrialisation of Botswana.

I want to thank the BDC team for their commitment and drive over this past challenging year. Their support for me and for

the BDC vision is humbling and I look forward to another successful year together. I also thank the BDC Board of Directors for their tireless guidance over the past year. Our journey has not been an easy one and the achievements of the past 12 months bear testament to the teamwork between Management and the Board.

Finally I extend a heartfelt thank-you to all our partners, the business community, and the ultimate shareholders of BDC – the public – for your patience, goodwill, and support.

Mr B Gaetsaloe
Managing Director

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1. THE CORPORATION

1.1 Legal Persona

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

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

1.2 The Corporation's Mandate

The Corporation derives its mandate from its incorporation documents such as the Constitution. The Corporation's constitution, as per the Companies Act Cap 42:01, sets out

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



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

2. THE BDC BRAND



BDC has a brand that has been around for 45 years. Our Corporate Brand values – enterprising, collaboration and integrity – are a benchmark against which to measure the behaviour and performance of Botswana Development Corporation and its employees. These values are a code by which our employees are known and on which they pride themselves.

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

Providing financial assistance to investors with commercially viable projects that:

- Pioneer new industries
- Unlock value in existing industries
- Stimulate private sector growth and linkages
- Drive diversification and exports

- Create significant employment
- Generate wealth from outside the country

The Corporation's Brand Differentiator – "Your Investment Partner" – emphasises the mutual cooperation and responsibility of both the Corporation and its stakeholders towards a sphere of common interest. It depicts BDC as the leader in investments and as an agency that is worthy of its stakeholders' trust.

3. OUR OPERATIONS

The Operations Division was created in the new BDC structure to lead business development to grow the balance sheet of the Corporation and increase the shareholder's value. The division continuously seeks opportunities in Botswana and beyond. Operations Division is the anchor of the Corporation's objective of industrialising the country through financing of sustainable and commercially viable projects. The division also monitors and manages the current portfolio to ensure efficiency, sustainability and financial returns. There are more than 40 projects across manufacturing, property, agriculture and services in the portfolio that need close monitoring and this number is expected to increase in FY2016 as the Corporation continues to accelerate its funding activities.

3.1 New Business Investments

The 2015 financial year marks the first year of BDC's transformation journey and its revised approach to business for funding. New investments were realised in the hospitality and manufacturing sectors. The Corporation has developed an extensive pipeline of opportunities that are expected to be closed and funded in the next financial year.

3.2 Business Divestments/Exits

During the period under review, the Corporation divested from five investments in the hospitality, manufacturing and financial services sectors. The divestments are part of a key deliverable in the BDC Corporate Strategy. BDC creates industries and divests when the private sector matures sufficiently to take over. The objective is to achieve a best practice balance sheet to ensure sustainability of operations and effective utilisation of assets and cash reserves.



Divestments made in the hospitality sector were in Cumberland Hotel, Khawa Lodge, and Toro Lodge. The divestment in the manufacturing sector was in Golden Fruit 97 (Pty) Ltd. The Corporation also divested from Metropolitan Life Botswana (Pty) Ltd.

As part of its normal investment cycle, the Corporation' continues to initiate exits to realise value or dilution in other investments where it has significant equity holdings. The targeted investments are those that are in sectors of the economy where the private sector is sufficiently developed to lead the investments, where investments have been held for long periods or where investments are underperforming.

4. SUBSIDIARIES MANAGEMENT

As part of the business remodelling exercise which was initiated in the previous financial year, BDC created the Subsidiaries Management Division whose mandate is to:

- i. Manage all the 100% owned BDC property companies (Commercial Holdings; Residential Holdings; Botswana Hotel Development Company and Western Industrial Estates). In addition, the Division has been contracted to manage the operations of Letlole La Rona Limited (LLR).
- ii. Create a strategic business centre whose responsibility will be to provide support services to BDC subsidiaries. These services are: financial accounting, property development and management, Board Secretarial services and Information Technology services.
- iii. Houses BDC IT Department.

These services are all provided to subsidiary companies at a fee, making the division a profit centre.

5. CORPORATE SOCIAL RESPONSIBILITY

For the period under review, the Corporation continued to refine its Corporate Social Responsibility policy to ensure its alignment to the Corporation's mandate as it continued to support communities within which we operate through donations and sponsorships.

BDC's revised Corporate Social Responsibility is premised on the following:

1. The need to align the CSR Policy to the Corporation's business strategy, objectives, vision, mission, and values.
2. The need to align of the CSR Policy to best practice standards with regard to BDC mandate, management, operation, budget, administration and reporting structures.
3. The need to clearly define how the CSR budget is allocated and distributed towards deserving projects, donations and sponsorships and how these fit into the overall BDC Corporate strategy.

6. OUR HUMAN CAPITAL

Creating Value through Human Resource

One of the key factors of high performing organisations, is putting its people first. At #NewBDC we are committed to the creation of effective and efficient, yet simple, people management solutions that will enable the building of a fit-for-purpose team capable of delivering value for this development financial institution.

During the year under review, the Corporation introduced a new Performance Management System that is focused on value creation, business improvement and people development initiatives, in order to create value through its people. Employees are challenged to deliver results for the business while living the company's core values of collaboration, enterprising and integrity. **It is for that reason that 'Living the company values' also forms part of the performance management framework, where employees' behaviours are assessed, and rewarded where applicable.**

As part of the development of the new strategic objectives, the company embarked on an exercise aimed at identifying short and long term training and development needs. The short term needs were geared towards empowering employees to effectively deliver on their plan for the financial year, while the long term plan looks beyond this period.

Human Capital intends to deliver an exciting Employee Value Proposition, with appropriate policies and a robust talent management strategy that will promote a culture of high performance and accountability to deliver value for the Corporation.

7. RISK MANAGEMENT AND SUSTAINABILITY

Risk Management

The year under review marked the implementation of a Risk Management Policy Framework adopted by Management and approved by the Board towards the end of the last financial year. The framework lays a foundation of cohesive, consistent and interlinked risk management practices across the Corporation. To ensure a more effective and pro-active assessment, quantification and controlling of risk, the Risk Management Policy Framework is further supported by the following risk orientated policies, which were at various stages of implementation as at the close of the period under review:

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

Owing to complexities inherent in the nature of our business, management recognises the need to proactively manage corporate wide risk in a highly coordinated and timely manner and to achieve this, an Enterprise- Wide Risk Management framework was developed and adopted during the period under review. The framework integrates the following components:

- Business Impact Analysis
- Business Continuity Planning
- Standardised Risk Assessment Criteria
- A guiding Risk Response Matrix
- Control effectiveness assessment criteria
- An integrated Risk Register

The framework retains risk ownership at business division level, with the line managers assuming total ownership of all risks pertaining to their line whilst the Risk Division assumes the responsibility of consolidated monitoring and reporting in the context of approved Risk Management Policy framework.

Risk Governance

The Board has the ultimate responsibility for identifying and controlling all risks that

affects the Corporation. The responsibility for managing and monitoring risks has been delegated to the relevant Board sub-committee being the Risk and Investment Committee and a management committee being the Asset & Liability Committee (ALCO).

The Risk Division maintains sufficient independence from other divisions and departments and is led by a Chief Risk Officer who assumes overall responsibility over an efficient and effective governance of BDC's significant risks and related opportunities. The successful implementation and enforcement of adequate risk management practises and policies requires appropriate governance structures to be established with clearly defined responsibilities. Within the context of risk management, the following risk governance elements informs risk management within BDC (refer to table below):

Sustainability

In pursuit of its development agenda, the Corporation invests in businesses with potential environmental and social harms that if not well managed, can cause damage or severe disturbance to the environment (flora, fauna,

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

land, air and other natural resources) and people (communities, employees, customers and other stakeholders). For this reason, BDC endeavours to ensure that appropriate measures are timely taken to avoid or minimize environmental and social impacts associated with any of the Corporation's investments in any direct or indirect way. In the context of BDC, environmental and social impacts refer to: i) any change to the physical, natural, or cultural environment, and ii) impacts on people resulting directly or indirectly from businesses or any activities supported by BDC.

For the purposes of ensuring a more cohesive response mechanism to potential environmental and social impacts arising from BDC activities the Corporation has embarked on setting up an Environmental and Social Management System (ESMS) which aims at ensuring that;

- All projects and activities are screened to identify and evaluate their environmental and social impacts;
- All projects are evaluated for environmental and social impacts and an appropriate mitigation hierarchy is adopted in avoiding or reducing all negative impacts in compliance with all applicable laws and standards, whilst stimulating positive ones;
- Grievances from persons affected, directly or indirectly by BDC activities and communications from any other stakeholders are responded to and managed effectively;
- Environmental and social performance is improved through adherence to agreed upon management measures typically outlined in applicable legislation and Environmental and Social Management Plans (ESMPs) of individual activities and projects.
- Credit approval processes include appropriate categorization of projects in terms of potential environmental and social impacts and portfolio monitoring systems include continuous assessment of client's capacity to responsibly manage the environment and social risks associated with their business.

The ESMS framework preparation was at an advanced stage by the close of the reporting period, with the intention to obtain necessary

board approvals for full implementation during the coming financial year.

8. 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.

In line with the new business model, in December 2014, the BDC Board approved a revised governance framework, which includes a new Governance Policy, a revised Board Charter, a robust Delegation of Authority Policy with its Authority Arrangements, and a Shareholder Compact. An existing detailed Conflict of Interest Policy complements all these. In addition to the new framework, BDC's strategic essence is to leverage good governance and partnerships to create and grow commercially viable businesses. The new governance framework aims at ensuring the following:

- 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 ability to compete in the market by providing its full services with competitive packages;
- To strengthen the BDC group governance framework to ensure that the companies in which the BDC invests are self-sufficient and structured so as to be able to compete in their own right; and
- To enhance the Corporation's risk management framework to ensure that the Corporation is able to do business by taking opportunities where it should, while continuously managing risk.

Our Commitment to Good Governance

As alluded to above, entrenched in BDC's Strategic Plan is BDC's strategic essence, which is to leverage good governance and



partnerships to create and grow commercially viable businesses. Good governance is not only the basis of our strategic essence: compliance to governance also forms part of BDC's top 10 KPI's for the strategic period. This approach demonstrates BDC's commitment to governance and everything around it as a foundation of a well-run company, embodying principles and commitments that share fundamental aspirations: increasing value for shareholders, promoting valued service to clients, managing risks, and making lasting contributions to the communities in which 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.

BDC is committed to and espouses to the fact that quality governance starts at the very top, 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 12-19 of this report.

Shareholder Engagement

The Ministry of Trade and Industry has shareholder oversight of BDC including making regular reports on national issues to Cabinet and Parliament. The Board Chairman, Board members and management engage with the shareholder throughout the year to ensure that at all times there is alignment between the Shareholder's national vision about the Corporation and the Board and Management execution of that vision. To augment the continuous engagement and reporting to the shareholder, the Board has approved a

Shareholder Compact between the Botswana Government and BDC which not only introduced performance contracting as an instrument for monitoring performance, but also to state the parameters of the relationship between the Shareholder and BDC, articulating the shareholders expectations, setting performance targets, monitoring and evaluating performance and confirming the performance targets as indicated in the Strategic Plan of BDC.

Board Oversight

The Board's mandate is enshrined not only in the BDC Constitution, but also in the Board Charter and Governance Policy. According to the Board Charter, the Board plays a pivotal role in the strategic functioning of the Corporation and setting the direction and pattern of governance, in mobilising resources and ensuring change. In addition, the Board shall ultimately be responsible for and shall take necessary steps to ensure an effective system of internal control, effective compliance, risk management and shall ensure true and fair presentation of the Corporation's affairs in the annual financial statements over areas of risk to our business.

These independent control functions 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 Finance and Audit Committee.

Governance and Internal Control Systems

The Board, through the Finance and Audit Committee, its assurance providers such as the

external auditors, internal auditor and company secretary, is responsible for managing BDC's internal control and risk management systems. It ensures there is continuous process for identifying, valuating and managing significant risks faced by the Corporation. The Board is confident that following the implementation of the reviewed business model, the Corporation has 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. Based on the information availed to the Board through assurance providers during the year under review, the Board is of the opinion that the system of internal controls can be reasonably relied upon.

Governance at Subsidiaries

In line with good business practice, the Board of BDC, being 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 the Executive Committee.

Efforts are being made to ensure that there is a clear separation of roles and to avoid any inherent conflict of interest, the Corporation ensures there is healthy mix between executive and independent non-executive directors in subsidiary Boards as a way of effectively running those companies.

Plans are underway to develop a Group governance framework and put in place shareholder compacts to effectively manage and monitor the governance and direction of subsidiaries. Currently the Boards of those subsidiaries are nominated and/or appointed by the holding company, and they are expected to, though informally, follow the same principles of good corporate governance and best practice as that of the Corporation.

Director Development

With the fast changing governance landscape and the increased demand for Boards to provide leadership and take accountability, BDC has, following the successful implementation of the new business model, undertaken a training



workshop for the Board on governance and the effective boards. BDC's independent Board Committee members formed part of the training. The topics, drawn from King III and other governance trends, covered detailed definition of corporate governance, the principle aspects of good corporate governance, as well as practical examples of governance from the global context and the Companies Act Cap 42:01.

Corporate governance is viewed as playing a critical role in creating competitiveness thereby contributing to the development of the economy. As such, BDC intends to put in place a continuous development programme aimed at empowering and upskilling the Board with current key trends of good corporate governance principles.

Director Evaluation

In line with the commitment made by the Board under the Board Charter, the Board and its

independent Board Committee members were recently evaluated on their performance for the past year. The annual evaluation exercise is aimed at finding a balance between the increased demands for boards on accountability and leadership, and the effective performance of the board. The focus of the assessment was on fiduciary duties, leadership and strategic direction. Subsequent to the evaluation, recommendations and action points for the attention of the Board are being implemented.

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 but have become the very fabric of the enterprise of today. It is with this in mind that at Botswana Development Corporation, information systems are being aligned with



the long-term strategy of the Corporation, to ensure achievement of the latter.

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

Board Governance

The Shareholder appoints the Corporation's Directors, 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. Four Board Committees assist the Board.

Delegation of Authority

Enshrined in the Delegation of Authority Policy is the delegated mandate of the Board Committees and Management. While the Board has delegated some of its authority, the Board understands that it retains 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.

Committees of the Board

The Board Committees have been established to deal with specific mandates of the Board in detail and make appropriate recommendations to the Board, where necessary. The standing Committees of the Board are the Board Finance and Audit Committee, the Risk and Investment Committee, the Board Tender Committee and the Human Capital Committee whose roles and responsibilities are enunciated in the Governance Policy.

The Board and its Committees each convene at least four ordinary meetings in a year. Additional meetings, known as special meetings, are held as and when business requirements dictate.

Board Finance and Audit Committee

The Governance Policy spells out the overall objectives of the Board Finance and Audit Committee which includes: 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 recommend the appointment of external auditors to the Board.

The Board Finance and Audit committee's role also includes assisting the Board of Directors in discharging its responsibilities in relation to audit, finance, corporate governance and to enhance the credibility and objectivity of BDC's financial reporting. This Committee considers any matters relating to the financial affairs of BDC and its controlled entities. It also considers matters concerning the BDC's Internal and External Audit as well as taking into account reports by management and Auditors on financial, business and strategic risk issues. In addition, the Committee monitors the BDC's appetite for risk and mitigating controls.

Board Human Capital 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 evaluation of the performance of the Managing Director and 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

In line with the new business model and the overall new governance framework, in

October 2014, the Board approved a revised and robust Procurement and Disposal of Assets Policy. When revising the Policy, BDC took into account the various process challenges previously encountered, and the PPADB guidelines. The policy spells out a clear and unambiguous procurement and disposal of assets process, with new and improved approval limits delegated to senior management, the Management Tender Committee and the Board Tender Committee. Robust and clear responsibilities have been enshrined in the policy with new methods of procurement added.

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 citizen 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 the risk function within the BDC; outline the scope of risk management; review and assess the integrity of the risk control systems; ensure that the risk policies and strategies are effectively managed; provide independent and objective oversight; review credit and investment risk as well as review and approve or make recommendations on new investments and financing. Its mandate as well as approval limits will be determined during the current financial year.

Board Performance and Emoluments

Directors are paid a seating allowance at prevailing rates issued by the shareholder from time to time. During the financial year under review, seating allowances were paid at P840 for Directors and P1,050 for the Chairperson of the Board and Chairpersons of each Board Committee, both amounts being net of withholding tax.

In recognition of the need and importance of attracting and retaining competent Directors

to drive the Corporation's mandate, efforts are underway to recommend a compensation mechanism that will achieve this.

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

	Executive Directors	Board Audit Committee	Board HR Committee	Board Tender Committee	Board Risk & Investment Committee
B. Marole (Chairman of the Board)					
P.O. Serame					
A.V. Lionjanga				✓ Chair	
V. Molatedi		✓ Chair	✓		
S.M. Sekwakwa					
R. Vaka		✓	✓ Chair		
M.M. Gobe				✓	✓
R.W. Mokgathe		✓			✓ Chair
B. Gaetsaloe	✓	✓	✓	✓	✓
M. Lesolle (Independent Audit Comm member)		✓			
M. Mpungwa (Independent HR Comm member)			✓		
S. Rasebotsa (Independent Risk & Investment Comm member)					✓
M.B. Lefhoko (Independent Tender Comm Member)				✓	

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 Ordinary Board	Main Special Board	Finance and Audit Committee	Human Capital Committee	Tender Committee	Risk and Investment Committee
Total meeting Convened by 30 June 2015	3	6	5	8	8	4

Special Boards also includes attendance at the 2014 Annual General Meeting. Human Capital Committee meetings also include special meetings and recruitment interviews by the Committee. The Board Tender Committee meetings include special meetings due to the disposal of investments and assets embarked on by the Corporation since 2014.

Fees Paid to Retired members in 2015

	Main Ordinary Board	Board Audit Comm	Board HR Comm	Board Tender Comm	Board Risk & Investment	Special Events	Total Meetings Attended	Total Fees Due BWP
B. Molosiwa	2	1	-	-	-	-	3	2,750.00

B. Molosiwa retired from the Board effective 1 January 2015.

Current Board Members Fees Paid

	Main Ordinary Board	Special Boards	Board Finance & Audit Comm	Board HR Comm	Board Tender Board	Board Risk & Investment comm	Total fees Paid
B. Marole (Chairperson)	3/3	3/6					P 6,300.00
V. Molatedi (Deputy Chair and FAC Chair)	2/3	5/6	5/5	6/8			P16,170.00
A.V. Lionjanga							
P.O. Serame							P0.00
S.M. Sekwakwa	2/3	4/6					P5,040.00
R. Vaka (Human Capital Chair)	2/3	5/6	4/5	8/8			P 17,640.00
M.M. Gobe	2/3	5/6			8/8	4/4	P15,120.00
R.W. Mokgathe (Risk and Investment Chair)	1/3	6/6	3/5			4/4	P12,600.00
A.T. Monnakgotla	1/3	1/6					P1,680.00
M. Lesolle (Independent Audit Comm member)			4/5				P3,360.00
M. Mpugwa (independent)				3/8			P2,520.00
S. Rasebotsa (Independent)						3/4	P2,520.00
M. Lefhoko							P0

A.T. Monnakgotla joined the Board in April 2015. M Lefhoko joined the Board Tender Committee as an independent member in July 2015.

BDC Governance Checklist

Statement of Compliance:

The Board is satisfied that every effort is being made to comply with all principles of good governance.

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 good corporate governance principles:

	Key
✓	Applied
*	Partially applied
■	Not applied
x	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
✓	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

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 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
✓	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 approves 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

The governance of risk	
✓	The Board is responsible for the governance of risk and setting levels of risk tolerance
✓	The Board monitors the levels of risk tolerance through the approved risk framework
✓	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 INTERNAL AUDIT

Governance Assurance and Internal Audit

Group Internal Audit (GIA) provides independent assurance to senior management, the Finance and Audit Committee and the Board, that significant risks in the business and those of its subsidiaries and affiliates, have been appropriately identified; that management has designed controls to manage those risks and that controls are working effectively. GIA is led by a Chief Audit Executive reporting functionally to the chairperson of the Finance and Audit Committee and administratively to the Managing Director. This ensures that the department has the necessary authority to exercise judgement, express opinions and make recommendations in an impartial manner.

GIA has no line responsibility for any of the activities it examines. This ensures independence of the division.

The Finance and Audit Committee monitors the adequacy and effectiveness of the Internal Audit function by recommending the appointment of the Chief Audit Executive, approving and reviewing the internal audit plans.

Tip-Off Anonymous

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

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

ISO Certification

Yearly audits are conducted by an external ISO certified auditor to assess compliance with the Quality Management System requirements. Through this exercise, the Corporation remains certified.

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





FINANCIAL

RESULTS

DIRECTORS' REPORT

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

The Directors have pleasure in submitting their annual report to the Shareholder together with the consolidated and separate audited financial statements for the year ended 30 June 2015 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 57 to 60. The Company has not declared dividend for the year ended 30 June 2015 (2014:P Nil).

DIRECTORS

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

B Marole (Chairman)
B Gaetsaloe (Managing Director)
S M Sekwakwa
V Molatedi
A V Lionjanga
B K Molosiwa
R Vaka
R W Mokgathe
M Moremong-Gobe
A Monnakgotla (Appointed 1 April 2015)
P Serame (Appointed 1 January 2015)

STATED CAPITAL

The total number of ordinary shares issued and fully paid is 517,699,462 (2014: 517,699,462).

INVESTMENTS

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

	P
- Talana Farms (Pty) Ltd	59,024
- Botswana Ventures (Pty) Ltd	2,791,000
- Coast-to-Coast Inn (Pty) Ltd	1,560,136
- Thakadu & Kwena Hotels (Pty) Ltd	3,696,054

DIRECTORS' FEES AND EXPENSES

It is recommended that directors' fees, expenses and directors' emoluments of P3 228 247 (2014: P635 226) for the year to 30 June 2015 be ratified.

By Order of the Board



J Dube
Group Company Secretary

07 December 2015

30 June 2015

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Botswana Development Corporation Limited ("the Group"), comprising the statements of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The Directors are required by the Companies Act of Botswana (Companies Act, 2003) to maintain adequate accounting records and are responsible for the content and integrity of the financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company as at 30 June 2015 and the results of their operations and cash flows for the year then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements and their report is presented on page 56.

The Directors' are responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Disclosure of audit information

Each of the directors at the date of approval of this report confirms that:

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

Directors' approval of the financial statements

The consolidated and separate financial statements set out on pages 57 to 107, which have been prepared on the going concern basis, were approved by the Board on 07 December 2015 and are signed on its behalf by:



.....
Mr B Marole
Chairman



.....
Ms V Molatedi
Director

TO THE MEMBERS OF BOTSWANA DEVELOPMENT CORPORATION LIMITED

We have audited the accompanying consolidated and separate financial statements of Botswana Development Corporation Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2015, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 61 to 105.

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 2015, 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.

Deloitte Touche

Deloitte & Touche
Certified Auditors
Practicing Member: F C El's (19980074)

GABORONE
8 December 2015

STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Notes	Consolidated		Company	
		2015 P 000	2014 P 000	2015 P 000	2014 P 000
REVENUE					
Income from trade	1	233,415	188,894	194,403	150,379
Rental income		106,469	97,849	-	-
• Contract rental		101,330	93,420	-	-
• Straight line lease rental adjustment		5,139	4,429	-	-
		339,884	286,743	194,403	150,379
Cost of sales		(119,931)	(91,312)	-	-
GROSS PROFIT		219,953	195,431	194,403	150,379
Finance income	2	26,569	21,464	37,689	33,130
Other operating income	3	20,537	36,249	78,597	27,673
Fair value gain of investment properties	6	101,392	110,515	-	-
• As per valuation		106,531	114,944	-	-
• Straight-line rental adjustment		(5,139)	(4,429)	-	-
Share of profits of associates	10	102,445	53,272	-	-
Amortised cost of borrowings	27	599	(1,611)	599	(1,611)
Distribution costs		(2,180)	(3,403)	-	-
Marketing expenses		(4,177)	(3,649)	(2,631)	(1,941)
Occupancy expenses		(23,647)	(15,833)	(13,258)	(7,728)
Administrative expenses		(99,615)	(149,756)	(51,696)	(90,119)
Other operating expenses		(22,358)	(145,369)	(75,686)	(126,285)
Finance costs	2	(72,251)	(61,596)	(58,211)	(50,588)
PROFIT/(LOSS) BEFORE TAX	4	247,267	35,714	109,806	(67,090)
Income tax expense	5	(45,087)	(43,496)	(20,405)	(10,491)
PROFIT/(LOSS) FOR THE YEAR		202,180	(7,782)	89,401	(77,581)
OTHER COMPREHENSIVE INCOME					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Net gain on revaluation of property, plant and equipment	23	3,744	808	-	-
Share of other comprehensive (loss)/income of associates	10	(2,628)	18,701	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net gain on available-for-sale investments	22	187,060	203,606	187,060	203,606
Other comprehensive income for the year		188,176	223,115	187,060	203,606
TOTAL COMPREHENSIVE		390,356	215,333	276,461	126,025
Profit/(Loss) attributable to:					
Owners of the Company		182,953	(74,880)	89,401	(77,581)
Non-controlling interests	26	19,227	67,098	-	-
		202,180	(7,782)	89,401	(77,581)
Total other comprehensive income attributable to:					
Owners of the Company		188,176	223,115	187,060	203,606
Non-controlling interests		-	-	-	-
		188,176	223,115	187,060	203,606

STATEMENTS OF FINANCIAL POSITION
For the year ended 30 June 2015

	Notes	Consolidated		Company	
		2015 P 000	2014 P 000	2015 P 000	2014 P 000
ASSETS					
Non-current assets					
Investment properties	6	1,837,635	1,842,473	-	-
Property, plant and equipment	7	139,141	159,716	4,764	1,155
Intangible assets	8	1,401	1,742	-	-
Subsidiaries	9	-	-	998,672	1,064,785
Associated companies/partnerships	10	253,264	301,246	23,422	45,459
Unquoted investments	11	17,202	34,926	17,202	34,926
Quoted investments	13	1,018,033	830,973	1,018,033	830,973
Due from group companies	14	-	-	109,643	107,951
Rental straight-line adjustment		31,890	22,861	-	-
Deferred tax assets	30	5,658	-	-	-
		3,304,224	3,193,937	2,171,736	2,085,249
Current assets					
Inventories	15	33,962	31,194	-	-
Trade and other receivables	16	88,196	76,430	83,751	49,035
Short-term loans	17	52,882	20,124	80,892	39,851
Short-term investments	18	21,391	20,175	-	-
Cash and cash equivalents	29	262,090	241,233	143,985	86,551
Taxation recoverable		56,473	49,390	8,047	3,858
		514,994	438,546	316,675	179,295
Assets classified as held for sale	6	127,380	3,070	-	-
		642,374	441,616	316,675	179,295
Total assets		3,946,598	3,635,553	2,488,411	2,264,544
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	20	864,199	864,199	864,199	864,199
Share application	21	24,070	24,070	24,070	24,070
Fair value reserve	22	867,481	680,421	867,481	680,421
Other reserves	23	133,862	135,385	-	-
Dividend reserve	24	-	45,194	-	45,194
Claims equalisation reserve	25	6,774	5,737	-	-
Retained earnings/(accumulated losses)		703,609	479,515	(33,788)	(168,383)
Equity attributable to owners of the Company		2,599,995	2,234,521	1,721,962	1,445,501
Non-controlling interests	26	297,354	313,751	-	-
Total equity		2,897,349	2,548,272	1,721,962	1,445,501
Non-current liabilities					
Borrowings	27	531,085	381,467	304,353	123,587
Government grants	28	12,479	12,834	-	-
Provision for restoration costs	29	15,259	13,771	-	-
Deferred tax liability	30	97,368	84,421	-	-
		656,191	492,493	304,353	123,587
Current liabilities					
Current portion of borrowings	27	137,125	386,290	117,631	383,652
Trade and other payables	31	109,195	120,238	203,696	226,318
Bank overdrafts	32	142,755	49,683	136,786	46,986
Remodelling provision		3,983	38,500	3,983	38,500
Taxation payable		-	77	-	-
		393,058	594,788	462,096	695,456
Total equity and liabilities		3,946,598	3,635,553	2,488,411	2,264,544

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Notes	Stated capital P 000	Share application P 000	Fair value reserve P 000	Other reserves P 000	Dividend reserve P 000	Claims equalisation reserve P 000	Retained earnings/ losses) P 000	Total attributable to members P 000	Non-controlling interests P 000	Total P 000
Group											
Year ended 30 June 2015											
Balance at 1 July 2014		864,199	24,070	680,421	135,385	45,194	5,737	479,515	2,234,521	313,751	2,548,272
Total comprehensive income for the year		-	-	187,060	1,116	-	-	182,953	371,129	19,227	390,356
Profit for the year		-	-	187,060	(2,639)	-	-	182,953	182,953	19,227	202,180
Other comprehensive income for the year		-	-	-	(2,639)	(45,194)	1,037	46,796	(188,176)	-	188,176
Transfers during the year		-	-	-	-	-	-	-	-	-	-
Debtenture interest declared during the year	26	-	-	-	-	-	-	-	-	(12,519)	(12,519)
Acquisition of shares from minority interests	26	-	-	-	-	-	-	-	-	(23,010)	(23,010)
Dividend paid	26	-	-	-	-	-	-	-	-	(95)	(95)
Other movements		-	-	-	-	-	-	(5,655)	(5,655)	-	(5,655)
Balance at 30 June 2015		864,199	24,070	867,481	133,862	-	6,774	703,609	2,599,995	297,354	2,897,349
Year ended 30 June 2014											
Balance at 1 July 2013		864,199	24,070	476,815	115,697	45,194	4,956	547,203	2,078,134	185,041	2,263,175
Total comprehensive income for the year		-	-	203,606	19,509	-	-	(74,880)	148,235	67,098	215,333
(Loss)/profit for the year		-	-	203,606	19,509	-	-	(74,880)	(74,880)	67,098	(7,782)
Other comprehensive income for the year		-	-	-	-	-	-	(960)	223,115	-	223,115
Transfers during the year		-	-	-	179	-	781	(960)	-	-	-
Taxation attributable to debtenture interest		-	-	-	-	-	-	8,152	8,152	-	8,152
Debtenture interest declared during the year	26	-	-	-	-	-	-	-	-	(12,933)	(12,933)
Issue of shares to minority interests	26	-	-	-	-	-	-	-	-	74,633	74,633
Dividend paid	26	-	-	-	-	-	-	-	-	(88)	(88)
Balance at 30 June 2014		864,199	24,070	680,421	135,385	45,194	5,737	479,515	2,234,521	313,751	2,548,272
Company											
Year ended 30 June 2015											
Balance at 1 July 2014		864,199	24,070	680,421	-	45,194	-	(168,383)	1,445,501	-	1,445,501
Total comprehensive income for the year		-	-	187,060	-	-	-	89,401	276,461	-	276,461
Profit for the year		-	-	187,060	-	-	-	89,401	89,401	-	89,401
Other comprehensive income for the year		-	-	-	-	-	-	-	187,060	-	187,060
Transfers during the year		-	-	-	-	(45,194)	-	45,194	-	-	-
Balance at 30 June 2015		864,199	24,070	867,481	-	-	-	(33,788)	1,721,962	-	1,721,962
Year ended 30 June 2014											
Balance at 1 July 2013		864,199	24,070	476,815	-	45,194	-	(90,802)	1,319,476	-	1,319,476
Total comprehensive income/(loss) for the year		-	-	203,606	-	-	-	(77,581)	126,025	-	126,025
Loss for the year		-	-	203,606	-	-	-	(77,581)	(77,581)	-	(77,581)
Other comprehensive income for the year		-	-	-	-	-	-	-	203,606	-	203,606
Transfers during the year		-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2014		864,199	24,070	680,421	-	45,194	-	(168,383)	1,445,501	-	1,445,501

STATEMENTS OF CASH FLOWS
For the year ended 30 June 2015

	Notes	Consolidated		Company	
		2015 P 000	2014 P 000	2015 P 000	2014 P 000
Cash flows from operating activities					
Cash used in operations	38	(11,371)	(54,038)	(166,406)	(146,252)
Tax paid		(33,314)	(14,018)	(26,286)	(14,014)
Net cash used in operating activities		(44,685)	(68,056)	(192,692)	(160,266)
Cash flows from investing activities					
Purchase of investment properties	6	(7,905)	(191,200)	-	-
Purchase of property, plant and equipment	7	(11,163)	(40,559)	(5,352)	(9)
Purchase of intangible assets	8	(18)	(10)	-	-
Purchase of shares in subsidiaries		-	-	(1,619)	(25,222)
Purchase of shares in associates		(2,791)	-	(2,791)	-
Purchase of shares in unquoted investment companies		(3,696)	-	(3,696)	-
Redeemed shares		-	5,602	-	5,602
Purchase of short-term investments	18	(1,216)	-	-	-
Loans disbursed to subsidiaries		-	-	(16,909)	(20,439)
Loans disbursed to associated companies		-	(23,973)	-	(23,973)
Loans disbursed to unquoted investment companies		(30,061)	(8,544)	(30,061)	(8,544)
Loans repaid by subsidiaries		-	-	21,046	10,600
Loans repaid by associated companies		780	1,032	780	1,032
Loans repaid by unquoted investment companies		32,274	-	32,274	-
Proceeds from disposal of property, plant and equipment		857	523	581	-
Proceeds from disposal of investment properties and assets held for sale		6,090	-	-	-
Proceeds from disposal of short-term investments	18	-	2,080	-	-
Net movement in the reserves of associates		17,174	4,804	-	-
Proceeds on disposal of investments		112,577	39,133	112,577	39,133
Write-offs of investments		-	67,317	-	67,317
Dividends received		39,822	32,153	158,671	115,773
Interest received	2	26,569	30,601	37,689	33,130
Net cash from/(used in) investing activities		179,293	(81,041)	303,190	194,400
Cash flows from financing activities					
Long term borrowings raised		-	259,614	-	93,094
Long term borrowings repaid		(98,948)	(123,103)	(84,653)	(111,942)
Debt interest and dividends paid to minority interests	26	(12,614)	(13,021)	-	-
(Acquisition)/issue of shares to minority interests		(23,010)	74,633	-	-
Finance costs	2	(72,251)	(61,596)	(58,211)	(50,588)
Net cash (used in)/from financing activities		(206,823)	136,527	(142,864)	(69,436)
Movement in cash and cash equivalents		(72,215)	(12,570)	(32,366)	(35,302)
Movement in cash and cash equivalents					
Beginning of the year		191,550	204,120	39,565	74,867
Movement during the year		(72,215)	(12,570)	(32,366)	(35,302)
End of the year		119,335	191,550	7,199	39,565
Cash and cash equivalents comprise:					
Cash and cash equivalents	19	262,090	241,233	143,985	86,551
Bank overdrafts	32	(142,755)	(49,683)	(136,786)	(46,986)
		119,335	191,550	7,199	39,565

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.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

New and revised Standards and Interpretations effective for the current period:

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 2014.

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

IFRS 10 Consolidated Financial Statements (IFRS 10), IFRS 12 Disclosure of Interests in other Entities (IFRS 12) and IAS 27 Separate Financial Statements (IAS 27)

These standards have been amended to include an exemption to the consolidation requirement for entities that meet the definition of an investment entity in terms of IFRS 10.

IAS 19 Employee Benefits (IAS 19)

Clarification of the requirements relating to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

IAS 32 Financial Instruments: Presentation (IAS 32)

The amendments clarify the existing requirements relating to the offsetting of financial assets and financial liabilities.

IAS 36 Impairment of Assets (IAS 36)

The amendment removes the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36.

IAS 39 Financial Instruments: Recognition and Measurement (IAS 39)

The standard has been amended to provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

IFRIC 21 Levies (IFRIC 21)

This is a new interpretation that provides guidance on when to recognise a liability for a levy imposed by a government.

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
30 June 2015

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

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

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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.

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.

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding

adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 July 2010 were accounted for in accordance with the previous version of IFRS 3 Business Combinations.

INVESTMENTS IN ASSOCIATES

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable 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.

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).

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. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

The Group as lessee

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

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

recognised as expenses in the periods in which they are incurred.

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.

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 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.

PROPERTY, PLANT AND EQUIPMENT

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

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate

categories of property when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Freehold land is not depreciated.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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.

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

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.

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

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.

Restructurings

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

Contingent liabilities acquired in a business combination

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

RELATED PARTY TRANSACTIONS

Related parties are defined as those parties:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

(ii) has an interest in the entity that gives it significant influence over the entity; or

(b) that are members of the key management personnel of the entity or its parent including close members of the family.

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

FINANCIAL INSTRUMENTS

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

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

Financial assets

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

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

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

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

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

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

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

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

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.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound instruments

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

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

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of

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

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

Financial liabilities

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

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

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial

liability and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Other financial liabilities

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

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

Financial guarantee contracts

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

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

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

Derecognition of financial liabilities

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

Critical accounting estimates and judgements in applying accounting policies

In the application of the Group's accounting policies, the Directors and Management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Notes	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
1. REVENUE				
Income from trade:				
Revenue from the sale of goods and rendering of services	173,583	136,152	-	-
Interest on loans:				
• Subsidiaries	-	-	15,722	14,017
• Associated companies/joint ventures	1,346	1,270	1,346	1,270
• Unquoted investments	13,254	12,781	13,254	12,781
• Invoice discounting	5,410	6,538	5,410	6,538
Dividends received:				
• Subsidiaries	-	-	85,562	54,308
• Associated companies/joint ventures	-	-	33,287	29,312
• Quoted investments	39,822	32,153	39,822	32,153
	233,415	188,894	194,403	150,379
2. FINANCE INCOME AND FINANCE COSTS				
Finance income:				
• Bank	26,090	20,180	2,926	1,139
• Debenture interest	-	-	26,978	23,747
• Preference shares	479	1,284	7,785	8,244
	26,569	21,464	37,689	33,130
Finance costs:				
• Bank borrowings	(34,953)	(46,448)	(21,931)	(34,747)
• Long-term borrowings	(36,280)	(16,225)	(36,280)	(15,841)
• Finance leases	(26)	(229)	-	-
• Botswana Unified Revenue Service (BURS)	-	(41)	-	-
• Unwinding of discount on restoration costs (note 29)	(992)	1,347	-	-
	(72,251)	(61,596)	(58,211)	(50,588)
3. OTHER OPERATING INCOME				
Cost recoveries	-	1,505	5,334	6,846
Directors' fees received	54	173	54	305
Loan negotiating fees	-	87	64	87
Invoice discounting service fees	1,321	1,732	1,321	1,732
Bad debts recovered (note 16)	-	7,893	-	7,584
(Loss)/Profit on disposal of investments	(3,312)	7,075	71,047	7,075
Sundry income	22,474	17,784	777	4,044
	20,537	36,249	78,597	27,673

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Notes	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
4. PROFIT/(LOSS) BEFORE TAX				
The following items have been (credited)/charged in arriving at profit/(loss) before tax, in addition to the amounts already disclosed in notes 1, 2 and 3 and 6:				
Amortisation of Government grant (note 28)	(355)	(357)	-	-
Auditor's remuneration - current year	1,907	1,837	427	428
- prior year	-	47	-	-
- other	-	23	-	-
Operating lease payments	300	677	13,258	7,728
Amortisation of intangible assets (note 8)	359	356	-	-
Depreciation (note 7)	17,323	13,023	1,130	613
Impairment of property, plant and equipment (note 7)	2,117	27,720	-	-
Directors' fees	1,510	1,324	109	158
Directors' emoluments	1,669	477	1,669	477
Key management emoluments	11,653	1,797	3,228	914
Net foreign exchange losses	2,642	733	1,612	804
Impairment on investments (note 12)	5,096	43,701	54,598	108,182
Bad and doubtful debts (note 16)	13,527	11,699	6,677	4,253
Rates	2,821	3,496	-	-
Utilities	8,083	7,152	748	551
Repairs and maintenance	5,794	4,292	412	391
Staff costs (as below)	70,076	74,827	29,645	32,396
Loss/(Profit) on disposal of investments	3,312	(7,075)	(71,047)	(7,075)
(Profit)/loss on disposal of property, plant and equipment	(24)	(99)	32	-
Staff costs				
Salaries and wages	61,707	67,146	25,110	27,861
Terminal benefits	8,369	7,681	4,535	4,535
	70,076	74,827	29,645	32,396
5. INCOME TAX EXPENSE				
Botswana company taxation				
Normal taxation at 22%/15%	1,468	4,698	-	-
Normal taxation - prior year	(442)	(4,541)	-	(3,619)
Withholding tax paid on dividends	15,002	17,633	15,002	17,633
Group tax relief	-	-	(4,723)	(3,523)
Total normal taxation	16,028	17,790	10,279	10,491
Deferred taxation (note 30) - current year	982	10,418	-	-
- prior year	(974)	(1,511)	-	-
- capital gains tax	6,225	2,515	-	-
Capital gains tax on sale of investments	10,126	-	10,126	-
Share of associate company taxation (note 10)	12,700	14,284	-	-
Charge for the year	45,087	43,496	20,405	10,491

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Notes	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
5. INCOME TAX EXPENSE (Continued)				
The tax on the profit/(loss) before tax differs from the theoretical amount as follows:				
Profit/(Loss) before tax	247,267	35,714	109,806	(67,090)
Tax calculated at 22%/15%	37,060	7,857	24,157	(14,760)
Income not subject to tax	(31,954)	(5,945)	(50,538)	(25,470)
Normal taxation - prior year	-	(4,541)	-	(3,619)
Deferred taxation - prior year	(974)	(1,511)	-	-
Capital gains tax	10,349	4,839	10,126	-
Expense not deductible for tax purposes	2,496	34,844	-	40,230
Allowable deductions - debenture interest	(8,100)	(8,070)	-	-
Fair value adjustments subject to capital gains tax	(17,222)	(19,193)	-	-
Share of associated company taxation	12,700	14,284	-	-
Withholding tax paid on dividends	15,002	17,633	15,002	17,633
Unutilised losses carried forward	0	3,299	-	-
Utilised tax losses	(1,582)	-	-	-
Unrecognised deferred tax assets	27,313	-	26,381	-
Group tax relief	-	-	(4,723)	(3,523)
	45,087	43,496	20,405	10,491
Botswana Development Corporation has not recognised a deferred tax asset on its accumulated tax losses carried forward and on the tax temporary differences because of the uncertainty over the future utilisation of such an asset against taxable profits.				
Tax losses:				
In accordance with the Income Tax Act (Chapter 52: 01), Section 46, assessed tax losses in relation to any tax year are deductible in ascertaining the relevant chargeable income for the subsequent tax year. No assessed tax losses shall be carried forward as a deduction for a period of more than the five years succeeding the tax year in which such losses arose.				
At the end of the year, the assessed and estimated tax losses available for deduction are as follows:				
Tax year:				
2010/2011	-	-	-	-
2011/2012	67,703	68,250	6,524	6,524
2012/2013	91,117	92,700	76,131	76,131
2013/2014	212,639	149,861	144,342	110,398
2014/2015	134,552	-	96,647	-
	506,011	310,811	323,644	193,053

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated	
	2015 P 000	2014 P 000
6. INVESTMENT PROPERTIES		
Land and buildings at fair value	1,888,982	1,888,681
Straight line lease rental adjustment	(51,347)	(46,208)
Balance at end of year	1,837,635	1,842,473
Reconciliation of fair value		
Balance at beginning of the year	1,842,473	1,538,849
At valuation	1,888,681	1,580,628
Straight line lease rental adjustment	(46,208)	(41,779)
Additions during the year	7,905	191,200
Transfers from property, plant and equipment (note 7)	54,025	1,909
Transfers to property, plant and equipment (note 7)	(37,760)	-
Transfer to assets classified as held for sale	(130,400)	-
Fair value of investment properties	101,392	110,515
Increase in fair value during the year	106,531	114,944
Straight line lease rental adjustment	(5,139)	(4,429)
Balance at end of the year	1,837,635	1,842,473
Fair value of investment properties		
The investment properties of the Company measured at fair value at the end of the reporting period fall under Level 3 – Significant unobservable inputs.		
The fair value of the investment properties has been arrived at on the basis of valuations carried out at 30 June 2015 by professional internal and external valuers. Both the internal and external valuers are members of the Real Estate Institute of Botswana and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.		
The valuations were done in conformity with and are subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organisations with which the valuers are affiliated. The market values were determined by the valuers using investment valuation models for industrial and commercial properties. The effective date of the valuations was 30 June 2015.		
All of the Company's investment property is held under freehold interests.		
Investment properties available for sale		
Certain subsidiary companies are in the process of negotiating the sale of investment properties. As a result the investment properties have been disclosed as "Assets classified as held for sale". Investment properties valued at P127 380 000 (2014: P3 070 000) were not disposed as at year end as management was in the process of negotiating the sales price with the potential purchasers.		
Transactions associated with investment properties are:		
Rental income	106,469	97,849
Repairs and maintenance expenses	(1,760)	(2,552)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

7. PROPERTY, PLANT AND EQUIPMENT

	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
Consolidated							
Year ended 30 June 2015							
Balance at beginning of the year	103,828	946	1,847	908	6,538	45,649	159,716
Revaluation	4,800	-	-	-	-	-	4,800
Additions	1,742	2,155	423	1,559	4,311	973	11,163
Transfers	20,863	-	-	24,307	161	(45,331)	-
Transfers to investment properties (note 6)	(54,025)	-	-	-	-	-	(54,025)
Transfers from investment properties (note 6)	37,760	-	-	(9,141)	(1,817)	-	37,760
Depreciation (note 4)	(4,323)	(1,018)	(1,024)	-	(1,200)	(798)	(17,323)
Disposals	-	(721)	(77)	-	(1,200)	-	(2,796)
Depreciation on disposals	-	689	77	-	1,197	-	1,963
Impairment loss through profit and loss (note 4)	(2,117)	-	-	-	-	(2,117)	-
Balance at end of the year	108,528	2,051	1,246	17,633	9,190	493	139,141
At 30 June 2015							
Cost/Valuation	113,666	13,254	4,792	259,435	21,302	493	412,942
Accumulated depreciation and impairment	(5,138)	(11,203)	(3,546)	(241,802)	(12,112)	-	(273,801)
Net book value	108,528	2,051	1,246	17,633	9,190	493	139,141
Year ended 30 June 2014							
Balance at beginning of the year	92,694	743	2,226	30,789	6,554	29,649	162,655
Additions	8,684	751	324	6,004	2,584	22,212	40,559
Transfers	6,183	-	-	29	(422)	(6,212)	-
Transfers to investment properties (note 6)	(1,909)	-	-	-	-	-	(1,909)
Depreciation (note 4)	(1,824)	(545)	(413)	(8,063)	(2,178)	-	(13,023)
Disposals	-	(3)	(290)	(131)	-	-	(424)
Impairment loss through profit and loss (note 4)	-	-	-	(27,720)	-	-	(27,720)
Balance at end of the year	103,828	946	1,847	908	6,538	45,649	159,716
At 30 June 2014							
Cost/Valuation	-	11,820	4,446	233,569	18,030	45,649	416,040
Accumulated depreciation and impairment	1,302	(10,874)	(2,599)	(232,661)	(11,492)	-	(256,324)
Net book value	103,828	946	1,847	908	6,538	45,649	159,716

The impairment loss of P2.1 million (2014: P27.7 million) represents the write-down of carrying value of lodge buildings (2014: plant and machinery) of subsidiary companies. The recoverable amount was based on fair value less costs of disposal (2014: value in use). The fair value falls under Level 3 – Significant unobservable inputs and was determined by Management based on their best estimate, the operational performance of the lodge and the prevailing market conditions. Certain assets are encumbered as set out in notes 27 and 32.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Computers P 000	Motor vehicles P 000	Furniture & fittings P 000	Total P 000
7. PROPERTY, PLANT AND EQUIPMENT (Continued)				
Company				
Year ended 30 June 2015				
Balance at beginning of the year	325	384	446	1,155
Additions	2,558	-	2,794	5,352
Depreciation (note 4)	(726)	(204)	(200)	(1,130)
Disposals	(613)	-	-	(613)
Balance at end of the year	1,544	180	3,040	4,764
At 30 June 2015				
Cost	4,784	885	4,866	10,535
Accumulated depreciation	(3,240)	(705)	(1,826)	(5,771)
Net book value	1,544	180	3,040	4,764
Year ended 30 June 2014				
Balance at beginning of the year	568	587	604	1,759
Additions	-	-	9	9
Depreciation (note 4)	(243)	(203)	(167)	(613)
Balance at end of the year	325	384	446	1,155
At 30 June 2014				
Cost	2,226	885	2,072	5,183
Accumulated depreciation	(1,901)	(501)	(1,626)	(4,028)
Net book value	325	384	446	1,155
8. INTANGIBLE ASSETS				
			2015	2014
			P 000	P 000
Group				
Computer software:				
Balance at beginning of the year			1,742	2,088
Additions			18	10
Amortisation charge (note 4)			(359)	(356)
Balance at end of the year			1,401	1,742
At 30 June				
Cost			3,627	3,627
Accumulated amortisation			(2,226)	(1,885)
Net book value			1,401	1,742

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

9. SUBSIDIARIES

	Ordinary shares at cost P 000	Preference shares at cost P 000	Short term loan P 000	Long term loan P 000	Total loan P 000	2015 Total investment P 000	2014 Total investment P 000	% shares held	Loan interest rate p.a (%)
Agriculture									
Farm Development Company (Pty) Ltd	52,833	8,000	14,225	-	14,225	75,058	72,070		%
Talana Farms (Pty) Ltd	2	-	-	-	-	2	2	100	-
LPA Musement (Pty) Ltd	9,237	-	-	-	-	9,237	9,178	100	-
Malutu Investments (Pty) Ltd	27,398	8,000	14,225	-	14,225	49,623	46,694	100	17,50
	16,196	-	-	-	-	16,196	16,196	100	-
Industry									
Kwena Concrete Products (Pty) Ltd	293,151	79,467	10,603	7,560	18,163	390,781	376,947		
Lobatse Clay Works (Pty) Ltd	11,880	-	-	-	-	11,880	11,880	100	-
Golden Fruit 97(Pty) Ltd	133,110	30,000	-	-	-	163,110	161,122	100	-
Can Manufacturers (Pty) Ltd	25,496	13,796	-	-	-	39,292	38,834	100	-
	122,665	35,671	10,603	7,560	18,163	176,499	165,111	100	11,75
Services									
Export Credit Insurance & Guarantee (Pty) Ltd	25,997	5,200	-	6,803	6,803	38,000	35,768		
Coast-to-Coast Inn (Pty) Ltd	13,437	-	-	-	-	13,437	13,437	100	-
	12,560	5,200	-	6,803	6,803	24,563	22,331	100	13,00

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

10. ASSOCIATED COMPANIES/PARTNERSHIPS

Consolidated

Agriculture

Botswana Ventures (Pty) Ltd
 Kwalape (Pty) Ltd
 Marekisetso A Mierogo (Pty) Ltd

Industry

Asphalt Botswana (Pty) Ltd
 Fengyue Glass Manufacturing (Botswana) (Pty) Ltd
 Kvena Roela (Pty) Ltd

Services

Peermont Global (Botswana) Ltd
 Healthcare Holdings (Pty) Ltd
 Investec Holdings Botswana Ltd
 TransUnion (Pty) Ltd
 Mashatu Nature Reserve (Pty) Ltd
 Metropolitan Life Botswana Ltd

	Ordinary shares at cost P 000	Preference shares at cost P 000	Short term loan P 000	Long term loan P 000	Total loan/debenture P 000	Post acquisition reserves P 000	2015 Total investment P 000	2014 Total investment P 000	% shares held	Loan interest rate p.a (%)
	13,269	10,000	-	9,898	9,898	(16,096)	17,071	19,257		
	6,627	7,500	-	7,003	7,003	(11,338)	9,792	10,915	39	17.50
	2,210	2,500	-	2,895	2,895	(663)	6,942	7,145	40	17.50
	4,432	-	-	-	-	(4,095)	337	1,197	23	-
	141,969	57,232	-	328,089	328,089	27,480	554,770	559,931		
	6,804	-	-	-	-	18,609	25,413	28,334	48	-
	132,470	57,232	-	328,089	328,089	-	517,791	517,791	43	11.75
	2,695	-	-	-	-	8,871	11,566	13,806	49	-
	18,713	-	-	-	-	154,126	172,239	211,522		
	3,000	-	-	-	-	54,172	57,172	52,459	40	-
	3,809	-	-	-	-	21,435	25,244	18,814	29	-
	870	-	-	-	-	1,969	2,839	2,227	25	-
	147	-	-	-	-	4,608	4,755	1,878	49	-
	10,287	-	-	-	-	71,942	82,229	82,318	33	-
	-	-	-	-	-	-	-	53,826	24	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

10. ASSOCIATED COMPANIES/PARTNERSHIPS
Consolidated

	Ordinary shares at cost P 000	Preference shares at cost P 000	Short term loan P 000	Long term loan P 000	Total loan/ debenture P 000	Post acquisition reserves P 000	2015 Total investment P 000	2014 Total investment P 000	% shares held	Loan interest rate p.a (%)
Property management	3,031	-	-	-	-	62,632	65,663	61,822		%
DBN Developments Partnership	1,500	-	-	-	-	27,559	29,059	25,737	33	-
NBC Developments	1,531	-	-	-	-	35,273	36,804	36,085	33	-
Total all sectors	176,382	67,232	-	337,987	337,987	228,342	809,943	852,532		
Less: Accumulated impairment (note 12)						(548,933)	(546,237)			
						261,010	306,295			
Less: Current portion of loans included in short-term loans and advances (note 17)						(7,746)	(5,049)			
						253,264	301,246			
Company										
Ordinary and preference shares at cost							243,614	260,822		
- group investment as disclosed above							(1,500)	(1,500)		
- amount invested in DBN Developments by NPC Investments (Pty) Ltd							242,114	259,322		
Loans							337,987	337,423		
							580,101	596,745		
Less: Accumulated impairment (note 12)							(548,933)	(546,237)		
							31,168	50,508		
Less: Current portion of loans included in short-term loans and advances (note 17)							(7,746)	(5,049)		
							23,422	45,459		
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							7,746	5,049		
Between 2 and 5 years							330,241	332,374		
							337,987	337,423		
Included in post acquisition reserves are the following:										
Current year share of associates profits							102,445	53,272		
Current year share of associates tax charge (note 5)							(12,700)	(14,284)		
Net profit after tax							89,745	38,988		
Share of other comprehensive loss of associates, net of tax							(2,628)	(18,701)		
							87,117	57,689		

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Preference shares at cost P 000	Short term loan P 000	Long term loan P 000	Total loan P 000	2015 Total investment P 000	2015 Total progress P 000	Loan interest rate p.a.%
11. UNQUOTED INVESTMENTS							
Agriculture							
Chicken Zone (Pty) Ltd	-	3,388	5,448	8,836	8,836	10,656	%
	-	3,388	5,448	8,836	8,836	10,656	13.00
Industry	3,192	22,112	30,372	52,484	55,676	54,312	-
United Refineries (Pty) Ltd	-	-	12,058	12,058	12,058	-	13.00
Delta Diaries (Pty) Ltd	-	3,445	2,137	5,582	5,582	4,881	13.00
Philisa Day Care Centre (Pty) Ltd	-	860	1,725	2,585	2,585	2,594	17.25
Hypen Holdings (Pty) Ltd	-	-	-	-	-	308	13.75
Crates & Pallets Botswana (Pty) Ltd	3,192	4,928	2,555	7,483	10,675	9,811	12.75
Prima Foods (Pty) Ltd	-	-	-	-	-	3,540	13.25
Seven Star Steel Pipe Group (Pty) Ltd	-	12,879	11,897	24,776	24,776	33,178	
Services	6,654	7,969	35,521	43,490	50,144	31,345	
Lavender Projects (Pty) Ltd	-	4	-	4	4	3,997	12.50
Afri-Media (Pty) Limited	-	1,299	-	1,299	1,299	1,112	14.00
Thakadu & Kwena Hotels (Pty) Ltd	6,654	-	16,777	16,777	23,431	2,958	
Gloryland Guest Lodge (Pty) Ltd	-	6,666	18,744	25,410	25,410	23,278	13.25
Property management	-	-	-	-	-	-	-
-	-	-	-	-	-	3,606	
Agronet (Pty) Ltd	-	-	-	-	-	3,606	13.25
Total all sectors	9,846	33,469	71,341	104,810	114,656	99,919	

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated & Company	
	2015 P 000	2014 P 000
11. UNQUOTED INVESTMENTS (Continued)		
Total all sectors	114,656	99,919
Accumulated impairment (note 12)	(52,318)	(49,918)
	62,338	50,001
Less: Current portion of loans included in short-term loans and advances (note 17)	(45,136)	(15,075)
	17,202	34,926
All unquoted investments are registered in Botswana.		
The loans and advances are repayable over periods varying from 2 to 10 years and analysed as follows:		
Maturity of short and long term loans		
Up to 1 year	45,136	15,075
Between 2 and 5 years	59,674	78,694
	104,810	93,769
Securities pledged for the above loans	228,355	201,025

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.

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
12. ACCUMULATED IMPAIRMENT OF INVESTMENTS				
Balance at beginning of the year	596,155	552,454	1,012,292	904,110
Increase in impairment during the year (note 4)	5,096	43,701	54,598	108,182
Balance at end of the year	601,251	596,155	1,066,890	1,012,292
Represents provision against:				
Subsidiaries (note 9)	-	-	465,639	416,137
Associated companies/partnerships (note 10)	548,933	546,237	548,933	546,237
Unquoted investments (note 11)	52,318	49,918	52,318	49,918
	601,251	596,155	1,066,890	1,012,292

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
13. QUOTED INVESTMENTS				
Shares at cost	150,552	150,552	150,552	150,552
Net gain transferred to fair value reserve (note 22)	867,481	680,421	867,481	680,421
Shares at market value	1,018,033	830,973	1,018,033	830,973
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 (2014: 34,044,315) and 50,283,975 (2014: 50,283,975) ordinary shares in Sechaba Breweries Holdings Ltd and Cresta Marakanelo Ltd, respectively.

Although the Company owns 25% (2014: 25%) of Sechaba Breweries Holdings Ltd's issued capital, the equity method of accounting is not followed as the Company does not exercise significant influence over Sechaba Breweries Holdings Ltd's financial and operating policies.

Although the Company owns 27% (2014: 27%) of Cresta Marakanelo Ltd's issued capital, the equity method of accounting is not followed as the company does not exercise significant influence over Cresta Marakanelo Ltd's financial and operating policies.

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

14. DUE FROM GROUP COMPANIES

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

Group company name	Company	
	2015 P 000	2014 P 000
Talana Farms (Pty) Ltd	336	591
Lobatse Clay Works (Pty) Ltd	(5,647)	(5,647)
Malutu (Pty) Ltd	5,194	3,974
Kwena Concrete Products (Pty) Ltd	(77)	65
Export Credit Insurance & Guarantee (Pty) Ltd	2,342	2,342
Botswana Hotel Development Co. (Pty) Ltd	25,110	25,109
Can Manufacturers (Pty) Ltd	(3,388)	(3,497)
Commercial Holdings (Pty) Ltd	4,277	7,308
NPC Investments (Pty) Ltd	7,082	7,082
Residential Holdings (Pty) Ltd	11,726	11,727
Western Industrial Estate (Pty) Ltd	62,688	58,897
	109,643	107,951

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated	
	2015 P 000	2014 P 000
15. INVENTORIES		
Raw materials	5,319	7,719
Work in progress	5,024	2,550
Finished goods	20,288	16,007
Moulds and patterns	1,688	1,617
Consumables	2,832	3,835
Obsolete inventory allowance	(1,189)	(534)
	33,962	31,194

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
16. TRADE AND OTHER RECEIVABLE				
Gross trade receivables	116,193	89,352	89,000	50,355
Allowance for doubtful debts	(58,433)	(48,022)	(36,172)	(29,495)
Net trade receivables	57,760	41,330	52,828	20,860
Prepayments	4,052	2,499	726	293
Loans to officers	1,108	3,450	1,108	3,450
Value Added Tax (VAT)	2,559	4,990	1,176	517
Due from related parties	7,624	4,126	7,624	14,255
Other	15,093	20,035	20,289	9,660
	88,196	76,430	83,751	49,035

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 sundry amounts receivable.

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

Ageing of past due but not impaired

31 - 60 days	4,774	3,499	-	-
61 - 90 days	4,268	2,787	-	-
91 - 120 days and above	7,820	3,007	-	-
Total	16,862	9,293	-	-

Movement in the allowance for doubtful debts

Balance at beginning of the year	48,022	45,893	29,495	32,826
Allowance recovered during the year (note 3)	-	(7,893)	-	(7,584)
Allowance charged during the year (note 4)	13,527	11,699	6,677	4,253
Amounts written off as uncollectable	(3,116)	(1,677)	-	-
Balance at end of the year	58,433	48,022	36,172	29,495

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
17. SHORT-TERM LOANS				
Short-term portion of loans and advances to:				
Subsidiaries (note 9)	-	-	28,010	19,727
Associated companies (note 10)	7,746	5,049	7,746	5,049
Unquoted investments (note 11)	45,136	15,075	45,136	15,075
	52,882	20,124	80,892	39,851
18. SHORT-TERM INVESTMENTS				
Balance at beginning of the year	20,175	24,130	-	-
Interest income - reinvested	1,179	1,165	-	-
Additions	37	1,000	-	-
Withdrawals	-	(6,120)	-	-
Balance at end of the year	21,391	20,175	-	-
The carrying value of short-term investments equals their fair value. The values of funds are based on valuation of units provided by fund managers.				
19. CASH AND CASH EQUIVALENTS				
Money market funds	36,351	65,740	-	438
Cash and bank deposits	225,739	175,493	143,985	86,113
	262,090	241,233	143,985	86,551
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 6.7% (2014: 7.1%). The proportionate amount of interest up to 30 June is added to the cost of investment to approximate the fair value.				
Cash and bank deposits				
Cash and bank deposits comprise cash and funds held in bank accounts. Included in cash and bank deposits is restricted cash amounting to P18 775 158 (2014: P30 000 255) relating to security bond deposits held on behalf of Group clients.				
20. STATED CAPITAL				
Issued and fully paid "Balance at beginning and end of the year - 517,699,462 (2014: 517,699,462) ordinary shares "	864,199	864,199	864,199	864,199
21. 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. The amount will be allocated to share capital.				
	24,070	24,070	24,070	24,070
22. FAIR VALUE RESERVE				
Balance at beginning of the year	680,421	476,815	680,421	476,815
Fair value during the year	187,060	203,606	187,060	203,606
Balance at end of the year	867,481	680,421	867,481	680,421
Comprising:				
Sechaba Breweries Holdings Ltd	897,651	718,918	897,651	718,918
Cresta Marakanelo Ltd	(30,170)	(38,497)	(30,170)	(38,497)
	867,481	680,421	867,481	680,421

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Repairs & maintenance reserve	Statutory capital & solvency reserves	Revaluation reserve	Total
23. OTHER RESERVES				
Balance at 30 June 2013	470	1,794	43,932	46,196
Transfers from/(to) retained earnings	59	374	(254)	179
Deferred tax adjustments during the year (note 30)	-	-	808	808
Balance at 30 June 2014	529	2,168	44,486	47,183
Transfers from/(to) retained earnings	146	94	(2,879)	(2,639)
Revaluations	-	-	4,800	4,800
Deferred tax adjustments during the year (note 30)	-	-	(1,056)	(1,056)
Balance at 30 June 2015	675	2,262	45,351	48,288
Associates				
Balance at 30 June 2013	-	-	69,501	69,501
Share of other comprehensive profit of associates (note 10)	-	-	18,701	18,701
Balance at 30 June 2014	-	-	88,202	88,202
Share of other comprehensive loss of associates (note 10)	-	-	(2,628)	(2,628)
Balance at 30 June 2015	-	-	85,574	85,574
Total Other reserves at 30 June 2013	470	1,794	113,433	115,697
Total Other reserves at 30 June 2014	529	2,168	132,688	135,385
Total Other reserves at 30 June 2015	675	2,262	130,925	133,862

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.

	Consolidated & Company	
	2015 P 000	2014 P 000
24. DIVIDEND RESERVE		
Balance at beginning of the year	45,194	45,194
Transfers to retained earnings	(45,194)	-
Balance at end of the year	-	45,194

	Group	
	2015 P 000	2014 P 000
25. CLAIMS EQUALISATION RESERVE		
Balance at beginning of the year	5,737	4,956
Transfers from retained earnings	1,037	781
Balance at end of the year	6,774	5,737

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 FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated	
	2015 P 000	2014 P 000
26. NON-CONTROLLING INTERESTS		
Balance at beginning of the year	313,751	185,041
Share of net profit of subsidiaries	19,227	67,098
Debenture interest declared during the year	(12,519)	(12,933)
Dividends paid	(95)	(88)
(Acquisition)/Issue of shares during the year	(23,010)	74,633
Balance at end of the year	297,354	313,751

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
27. BORROWINGS				
Debt Participation Capital Funding				
Unsecured loan bearing interest at 2% per annum repayable in half-yearly instalments of P253,000 each over the period to 2016	499	988	499	988
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P564,000 each over the period to 2020	4,719	5,230	4,719	5,230
Unsecured loan bearing interest at 7.5% per annum repayable in half-yearly instalments of P316,000 each over the period to 2014	-	-	-	-
Unsecured loan bearing interest at 7.5% per annum repayable in half-yearly instalments of P750,000 each over the period to 2014	-	723	-	723
Unsecured loan bearing interest at 8% per annum repayable in half-yearly instalments of P1,100,000 each over the period to 2015	-	2,074	-	2,074
Unsecured loan bearing interest at 8% per annum repayable in half-yearly instalments of P1,580,000 each over the period to 2016	4,384	7,033	4,384	7,033
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P221,000 each over the period to 2016	1,132	1,444	1,132	1,444
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P2,515,000 each over the period to 2017	12,870	16,423	12,870	16,423
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P300,000 each over the period to 2020	1,670	2,034	1,670	2,034
	6,121	6,970	6,121	6,970
	31,395	42,919	31,395	42,919
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)	9,782	14,118	9,782	14,118
Total Debt Participation Capital Funding and EIB loans	41,177	57,037	41,177	57,037

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
27. BORROWINGS (Continued)				
Total Debt Participation Capital Funding and EIB loans brought forward	41,177	57,037	41,177	57,037
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 8.0% (2014: 9%) minus 2.5% margin per annum and repayable in three years to 30 June 2016 by equal installments of P25 million, semi-annually.	-	125,680	-	125,680
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	72,519	77,346	72,519	77,346
Term loans				
Loans by First National Bank of Botswana Limited, bearing interest at prime lending rate, currently 8.0% (2014: 9%) per annum and repayable in equal installments of P263 359 over 10 years. The loan is secured by First Covering Mortgage Bond of P20 million over Lot 4821 Lobatse.	13,305	15,049	-	-
Unsecured loan by First National Bank of Botswana Limited, bearing interest at the discount rate payable at 91 days in respect of the Bank of Botswana Certificates (BOBCs) plus a margin of 225 basis points and is repayable in 18 months period on 15 September 2014.	-	333,652	-	333,652
Loan by Stanbic Bank Botswana Limited, accrues interest at prime lending rate (currently 8%) less 2%. The loan is repayable as follows:				
P2 million in each of the financial years 2016, 2017 and 2018, and P35 million in 2019. The loan is secured by a First Mortgage Bond of P34 million over plot 54233 and P7 million over plot 14398 as well as a cession of a material damage policy over those properties.	37,937	41,000	-	-
A maximum loan of P179 960 000 by Barclays Bank of Botswana Limited. The loan accrues interest at 2.1% below prime rate (currently 8%). The loan is repayable in 168 equal monthly instalments. The loan is secured by a first mortgage bond over Lot 70667 Gaborone.	121,767	125,520	-	-
A maximum unsecured loan of P450 000 000 by RMB Botswana and Stanbic Bank Botswana Limited, bearing interest at prime lending rate 8.0% minus 1% margin per annum and repayable in 12 installments of P25 000 000 paid quarterly and the balance of P150,000,000 payable in November 2019.	390,537	-	390,537	-
The loan is secured through BDC's shareholding in Letlole la Rona, Sechaba Breweries and Western Industrial Estate.				

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
27. BORROWINGS (Continued)				
Finance leases				
Liabilities under finance leases are held over three to five years at varying interest rates	698	1,603	-	-
Gross borrowings	677,940	776,887	504,233	593,715
Less: Portion of exchange loss borne by the Government of the Republic of Botswana	(6,718)	(6,718)	(6,718)	(6,718)
Amortised costs adjustment arising from valuation of loans at below market interest rates	(3,012)	(2,412)	(75,531)	(79,758)
	668,210	767,757	421,984	507,239
Less: Current portion included under current liabilities	(137,125)	(386,290)	(117,631)	(383,652)
	531,085	381,467	304,353	123,587
Analysis of gross borrowings				
Not later than 1 year	137,125	386,290	117,631	383,652
Later than 1 year, but not later than 5 years	408,042	236,674	314,083	132,717
Later than 5 years	132,773	153,923	72,519	77,346
Gross borrowings	677,940	776,887	504,233	593,715

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

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
Armortised cost of borrowings:				
Balance at beginning of the year	(2,412)	(4,023)	(79,758)	(86,195)
Transfer from provisions arising on repayments	-	-	4,826	4,826
Amortised costs adjustment arising from valuation of loans at below market interest rates	(599)	1,611	(599)	1,611
Balance at end of the year	(3,012)	(2,412)	(75,531)	(79,758)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

27. BORROWINGS (Continued)

Finance leases

Finance leases are repayable over a period of three to five years bearing interest at an average rate of 8% (2014: 9%) per annum and are secured by motor vehicles with a net book value as follows:

	Consolidated	
	2015 P 000	2014 P 000
Cost	1,485	4,503
Accumulated depreciation	(248)	(1,684)
Net book value	1,237	2,819

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 2015 are as follows:

Loan number	Currency	Consolidated & Company			
		Foreign amount 2015 Euro 000	Foreign amount 2014 Euro 000	Pula equivalent 2015 P 000	Pula equivalent 2014 P 000
70893	Euro	900	1,200	9,782	14,118

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.

	Consolidated	
	2015 P 000	2014 P 000
28. GOVERNMENT GRANTS		
Balance at beginning of the year	12,834	13,191
Amortisation during the year (note 4)	(355)	(357)
Balance at beginning of the year	12,479	12,834
Gross Government grants	32,456	32,456
Amortisation	(9,977)	(9,622)
Utilised as provision for impairment loss	(10,000)	(10,000)
	12,479	12,834

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

NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated	
	2015 P 000	2014 P 000
29. PROVISION FOR RESTORATION COSTS		
Balance at beginning of the year	13,771	10,236
Movement in provision for restoration costs during the year:	1,488	3,535
Charge/(Credit) to the statement of comprehensive income (note 2)	992	(1,347)
Change due to increase in mining area	496	4,882
Balance at end of the year	15,259	13,771

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

30. DEFERRED TAXATION

Balance at beginning of the year	84,421	73,807
Charge/(Credit) to the statement of other comprehensive income (note 23)	1,056	(808)
Charge to the income statement (note 5)	982	10,418
	(974)	(1,511)
	6,225	2,515
Balance at end of the year	91,710	84,421
Deferred tax liability	97,368	84,421
Deferred tax asset	(5,658)	-
Net deferred tax liability	91,710	84,421
Comprising temporary differences on:		
Investment properties and property, plant and equipment	111,494	84,421
Provisions	(2,289)	-
Accumulated tax losses	(15,823)	-
	93,382	84,421

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 2015. 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.

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
31. TRADE AND OTHER PAYABLES				
Trade payables	29,794	25,285	-	11
Payroll accruals	7,765	9,051	1,781	4,534
Accruals	10,620	2,155	5,598	1,023
Value Added Tax (VAT)	9,646	1,881	4,519	-
Amounts due to related parties	489	73	19,179	220,750
Other payables	50,872	81,793	-	-
	109,186	120,238	203,696	226,318

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
32. BANK OVERDRAFTS				
Bank overdrafts	142,755	49,683	136,786	46,986
The Group's bank overdraft limits are as follows:				
• Standard Chartered Bank Botswana Limited	-	5,000	-	-
• First National Bank Botswana Limited	3,000	-	-	-
• Stanbic Bank Botswana Limited	153,500	153,500	150,000	150,000
	156,500	158,500	150,000	150,000

The facilities are secured over:

The Company's facilities are unsecured. The subsidiaries' facilities are secured as follows:

- WesBank assets amounting to P1 142 603 extended at 50%.
- First covering mortgage bond for P20 000 000 over Lot 4821, Lobatse.
- First covering mortgage bond for P4 720 000 over Lot 14405, Gaborone.

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
33. COMMITMENTS				
Operating lease receivables/(payables):				
Not later than one year	60,731	59,410	(11,464)	(9,705)
Later than one year to five years	241,436	144,001	(55,790)	(12,481)
Later than five years	3,451	37,213	(244,015)	-
	305,618	240,624	(311,269)	(22,186)
Other commitments:				
Not later than one year	(54,405)	(16,997)	(54,405)	(16,601)
Later than one year up to five years	(5,162)	(148,641)	(5,162)	(148,641)
Later than five years	(38,667)	(185,000)	(38,667)	(185,000)
	(98,234)	(350,638)	(98,234)	(350,242)
Other commitments are analysed as:				
Approved equity and loan investments undisbursed	(95,929)	(350,242)	(95,929)	(350,24)
Approved and contracted capital expenditure	(2,305)	(396)	(2,305)	-
	(98,234)	(350,638)	(98,234)	(350,242)
34. CONTINGENT LIABILITIES				
Legal matters against certain subsidiaries	(1,744)	(7,200)	-	-
Guarantees	(84,566)	(302,915)	(179,960)	(196,460)
	(86,310)	(310,115)	(179,960)	(196,460)

The amount of the potential future cash outflows in respect of legal matters as well as their timing depend on the outcome of the legal cases.

The amount of the potential future cash outflows in respect of guarantees as well as their timing depend on whether there will be instances of non-compliance with loan agreements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
35. 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.				
36. FINANCIAL RISK MANAGEMENT				
Financial instruments carried on the statement of financial include cash and bank balances, trade receivables, loans to subsidiaries, associates and non-affiliates companies, trade payables, related party balances and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.				
Financial assets				
Receivables from related parties	-	-	109,643	107,951
Loans and receivables	137,889	118,942	338,684	98,226
Quoted investments	1,018,033	830,973	1,018,033	830,973
Short-term investments	21,391	20,175	-	-
Cash and bank balances	262,090	241,233	143,985	86,551
	1,439,403	1,211,323	1,610,345	1,123,701
Financial liabilities				
Long term borrowings	668,210	767,757	421,984	507,239
Trade and other payables	91,775	109,306	197,396	221,784
Bank overdrafts	142,755	49,683	136,786	46,986
	902,740	926,746	756,166	776,009

36. FINANCIAL RISK MANAGEMENT (Continued)

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

(i) Capital risk management:

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 27, cash and cash equivalents and equity attributable to equity holders of the parent, comprising stated capital, reserves and retained earnings as disclosed in notes 20 to 25.

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 2015 and 2014, the carrying value of cash and bank balances, trade receivables, trade payables and related party balances reported in the financial statements approximate their fair values due to their short-term maturity. These financial instruments are held in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

37. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Consolidated	
	2015 P 000	2014 P 000
Transactions during the year		
Botswana Development Corporation (BDC)		
Directors' fees	109	158
Directors' remuneration for executive services	1,669	477
Key management remuneration - short-term benefits (BDC)	3,228	914
Key management remuneration - Group	11,653	1,797
Subsidiaries		
Botswana Hotel Development Company (Pty) Ltd		
Directors' fees	61	79
Commercial Holdings (Pty) Ltd		
Directors' fees	41	5
Can Manufacturers (Pty) Ltd		
Directors' fees	37	7
Export Credit Insurance & Guarantee (Pty) Ltd		
Directors' fees	186	147
Lobatse Clay Works (Pty) Ltd		
Directors' fees	149	66
Kwena Concrete Products (Pty) Ltd		
Directors' fees	15	54
Fairground Holdings (Pty) Ltd		
Directors' fees	174	150
NPC Investments (Pty) Ltd		
Directors' fees	2	2
Talana Farms (Pty) Ltd		
Rental income - Botswana Ventures	821	1,273
Letlole la Rona Ltd		
Directors' fees	736	656
Associated companies		
Asphalt Botswana (Pty) Ltd		
Finance costs on borrowings from BDC	144	144
Directors' fees	2,086	1,296
Malutu Enterprises (Pty) Ltd		
Sale of Land to Employees	1,456	-
Directors Fees	29	-
Peermont Global (Botswana) Ltd		
Directors' fees paid to BDC	22,354	32
Rental paid to a BDC subsidiary company	10,653	9,767
Management fees paid to Global SA (Pty) Limited, the holding company	-	22,756
Kwena Rocla (Pty) Ltd		
Sales to Rocla SA (Pty) Ltd	(14)	(350)
Purchases from Rocla SA (Pty) Ltd	2,767	48
Payments to key management	2,129	2,151
Management fees paid to D&H Piping Systems (Pty) Ltd, immediate holding company	1,216	558
Purchases from D&H Piping Systems (Pty) Ltd and related companies	-	5,987
Investec Holdings (Botswana) Ltd		
Asset management fees paid to fellow subsidiaries	-	6,139
Directors' remuneration for executive services	2,406	1,577
Finance income from fellow subsidiaries	-	5,397

NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated	
	2015 P 000	2014 P 000
37. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)		
Year end balances		
Phakalane Property Development (Pty) Ltd Due to -Phakalane Estates	587	60
Peermont Global (Botswana) Ltd Due from Peermont Global	8	-
Due to Peermont-Management Division	1,855	2,009
Due to Peermont-Mmabatho Palms Division	4,827	4,827
Peermont -Emporors Palace	201	410
Mashatu Nature Reserve (Pty) Ltd Loan owing to Rhodesdrift Investments	78,457	79,531
Loan owed by -Limpopo Valley Access	383,138	322,529
Kwena Rocla (Pty) Ltd Due from Rocla SA	14	19
Due to Rocla SA	1,556	684
Investec Holdings Botswana Ltd Due from Holding company	109	-
Due from fellow subsidiaries	1,464	-
Due to fellow subsidiaries	(3,691)	(875)
Kwalape (Pty) Ltd Borrowing from Mr Kachana	3,118	3,346
Marekisetso A Merogo (Pty) Ltd Due from Botswana Horticulture Council	43	37
Asphalt Botswana (Pty) Ltd Due to Civicon Motorglass	1	-
Due to directors	6	1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

Notes	Consolidated		Company	
	2015 P 000	2014 P 000	2015 P 000	2014 P 000
38. CASH USED IN OPERATIONS				
Profit/(loss) before tax	247,267	35,714	109,806	(67,090)
Adjustments for:				
Amortisation of Government grants	28 (355)	(357)	-	-
Amortisation of intangible assets	8 359	356	-	-
Depreciation of property, plant and equipment	7 17,323	13,023	1,130	613
Fair value adjustment of investment properties	6 (101,392)	(110,515)	-	-
Impairment of property, plant and equipment	7 2,117	27,720	-	-
Amortised cost adjustment of long term borrowings	27 (599)	1,611	(599)	1,611
Movement in provisions	(33,029)	3,535	(34,517)	-
(Profit)/loss on disposal of property, plant and equipment	4 (24)	(99)	32	-
Net loss/(profit) on disposal of investments	4 3,312	(7,075)	(71,047)	(7,075)
Share of profits of associates before tax	10 (102,445)	(53,272)	-	-
Movement in reserves	(5,655)	(19,688)	-	-
Movement in provisions for losses on investments	12 5,096	43,701	54,598	108,182
Interest received	(41,169)	(21,464)	(68,011)	(33,130)
Dividends received	1 (39,822)	(32,153)	(158,671)	(115,773)
Finance costs	2 72,251	61,596	58,211	50,588
Changes in working capital				
- rental straight-line adjustment	(9,029)	17,262	-	-
- trade and other receivables	(11,766)	6,168	(34,716)	2,012
- inventories	(2,768)	1,249	-	-
- trade and other payables	(11,043)	(21,350)	(22,622)	(86,190)
	(11,371)	(54,038)	(166,406)	(146,252)

39. FAIR VALUES OF FINANCIAL INSTRUMENTS

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the statement of financial position

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

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

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

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

Consolidated and Company	Level 1 P 000	Level 2 P 000	Level 3 P 000	Total P 000
Financial assets				
Quoted investments	1,018,033	-	-	1,018,033

There were no transfers between levels during the period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

40. INTERESTS IN OTHER ENTITIES

40.1. Entities with non-controlling interests and material associate companies

Subsidiary companies

NAME	Phakalane Property Development	Fairgrond Holdings(Pty) Ltd	Letlole La Rona Ltd
PRINCIPAL PLACE OF BUSINESS	Phakalane	Plot 50381,Fairground Office Park,Gaborone	Moedi House,Plot 50380,Fairgrounds,Gaborone
NATURE OF BUSINESS	Property Developers	Conference Facilities,Renting office Space, Operating a Restaurant, a bar and take away	Variable Loan Stock Company Engaged In Property Investment and Deriving Revenue In Property Rentals and Trade In Property
PROPORTION OF OWNERSHIP INTERESTS HELD BY NCI	49%	49%	34%
PROPORTION OF VOTING RIGHTS HELD BY NCI	49%	49%	34%
PROFIT OR LOSS ALLOCATED TO NCI OF SUB (in P'000)	(2 944)	5 015	17 156
ACCUMULATED NCI OF SUB (in P'000)	9 341	85 086	202 927
DIVIDENDS PAID TO NON CONTROLLING INTERESTS (in P'000)	-	-	95

Material associated companies

NAME	Peermont Global Resorts	Healthcare Holdings	Mashatu Nature Reserve
NATURE OF BUSINESS	Operation of Casinos, Hotels, Conference Centres in Botswana	Property Management. The company owns Hospital and residential buildings	Game safaris and accommodation in Northern Botswana
PRINCIPAL PLACE OF BUSINESS	Plot 17898,Molepolole Road,Gaborone	Gaborone	Tuli Block
PROPORTION OF OWNERSHIP INTEREST-HELD BY ENTITY	40%	29%	33%
INVESTMENT MEASURE-FAIR VALUE OR EQUITY METHOD	Equity Method	Equity Method	Equity Method
DIVIDENDS RECEIVED FROM ASSOCIATE (in P'000)	13 600	1 800	1 974

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

40. INTERESTS IN OTHER ENTITIES (Continued)

40.2 Summarised financial information for non-controlling interests and associate companies (Continued)

	Fairground Holdings P'000	Phakalane Property Development P'000	Letlole La Rona P'000
Subsidiary companies			
Statements of Comprehensive Income			
Revenue	30,558	50	67,187
Cost of sale	(14,234)	-	-
Gross profit	16,324	50	67,187
Operating income	8,241	-	4,411
Finance income	760	-	2,654
Fair value adjustment	-	(7,068)	36,538
Operating expenses	(12,524)	(546)	(13,532)
Profit before tax	12,801	(7,564)	97,258
Income tax expense	(2,567)	1,555	(9,700)
Profit for the year from continuing operations	10,234	(6,009)	87,558
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the year	10,234	(6,009)	87,558
Statements of Financial Position			
Non-current assets	166,836	23,647	628,146
Current assets	21,722	392	59,091
Total assets	188,558	24,039	687,237
Capital and reserves	173,644	23,379	596,844
Non-current liabilities	10,124	43	64,618
Current liabilities	4,790	617	25,774
Total equity and liabilities	188,558	24,039	687,236

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

40. INTERESTS IN OTHER ENTITIES (Continued)

42.2 Summarised financial information for non-controlling interests and material associate companies (Continued)

	Healthcare Holdings P'000	Peermont Global Resorts P'000	Mashatu Nature Reserve P'000
Associated companies			
Statements of Comprehensive Income			
Year end	September	December	September
Revenue	14,426	254,492	24,410
Operating income	498	516	2,407
Cost of sales and other expenses	(4,926)	(213,226)	(19,406)
Net finance income	83	202	505
Share of profit of associates	10,345	-	-
Profit before tax	20,426	41,984	7,916
Income tax expense	(1,796)	(14,440)	(1,742)
Profit for the year	18,630	27,544	6,174
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the year	18,630	27,544	6,174
Statements of Financial Position			
Non-current assets	56,362	144,668	239,243
Current assets	24,662	34,807	19,442
Total assets	81,024	179,475	258,685
Capital and reserves	79,619	135,509	253,010
Non-current liabilities	-	4,211	614
Current liabilities	1,405	39,755	5,061
Total equity and liabilities	81,024	179,475	258,685

41. EVENTS AFTER THE REPORTING PERIOD

As stipulated in its mandate to invest in viable and sustainable business, the Corporation continuously reviews its investment portfolio so as to invest in new business and divest from some of its existing investments.

Subsequent to the year end, BDC Group disposed of some of its property investments being Farm 150-NK Ghanzi, Tribal grant 76-RO Kazungula and Lot 474-6 Lobatse owned by Botswana Hotel Development Company (Pty) Ltd for total proceeds of P47 million. An amount of P20 million was received in respect of the disposal of Lot 69366 in Block 3 Gaborone owned by Western Industrial Estates (Pty) Ltd. The fair value of these investments properties was recorded at P65 million as at June 2015.

The Corporation also disposed of all of its 48% shareholding in Asphalt Botswana Limited and the 49% shareholding in Kwela Rocla Limited. Sale proceeds of P37 million were obtained in respect of these disposals. The details of the total investments held in these associates are disclosed in note 10.

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



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