CONTENTS

CORPORATE PROFILE

Botswana Development Corporation Limited (BDC) was established in 1970 to be the country's main agency for commercial and industrial development. The Government of Botswana owns 100 percent of the issued share capital of the Corporation which is P535,2 million.

Structure

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

Objective

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

Mission

To be "The Service-Plus Investment Corporation for Botswana"

Vision

To be recognised as a world-class institution known for service excellence, profitability, risk management and contribution to the economy of Botswana.

BDC's Role is to:

- Provide financial assistance to investors with commercially viable projects.
- Support projects that generate sustainable employment for Batswana and add to the skills of the local workforce.
- Encourage citizen participation in business ventures.

Furthermore, BDC supports the development of viable businesses which perform one or more of the following functions;

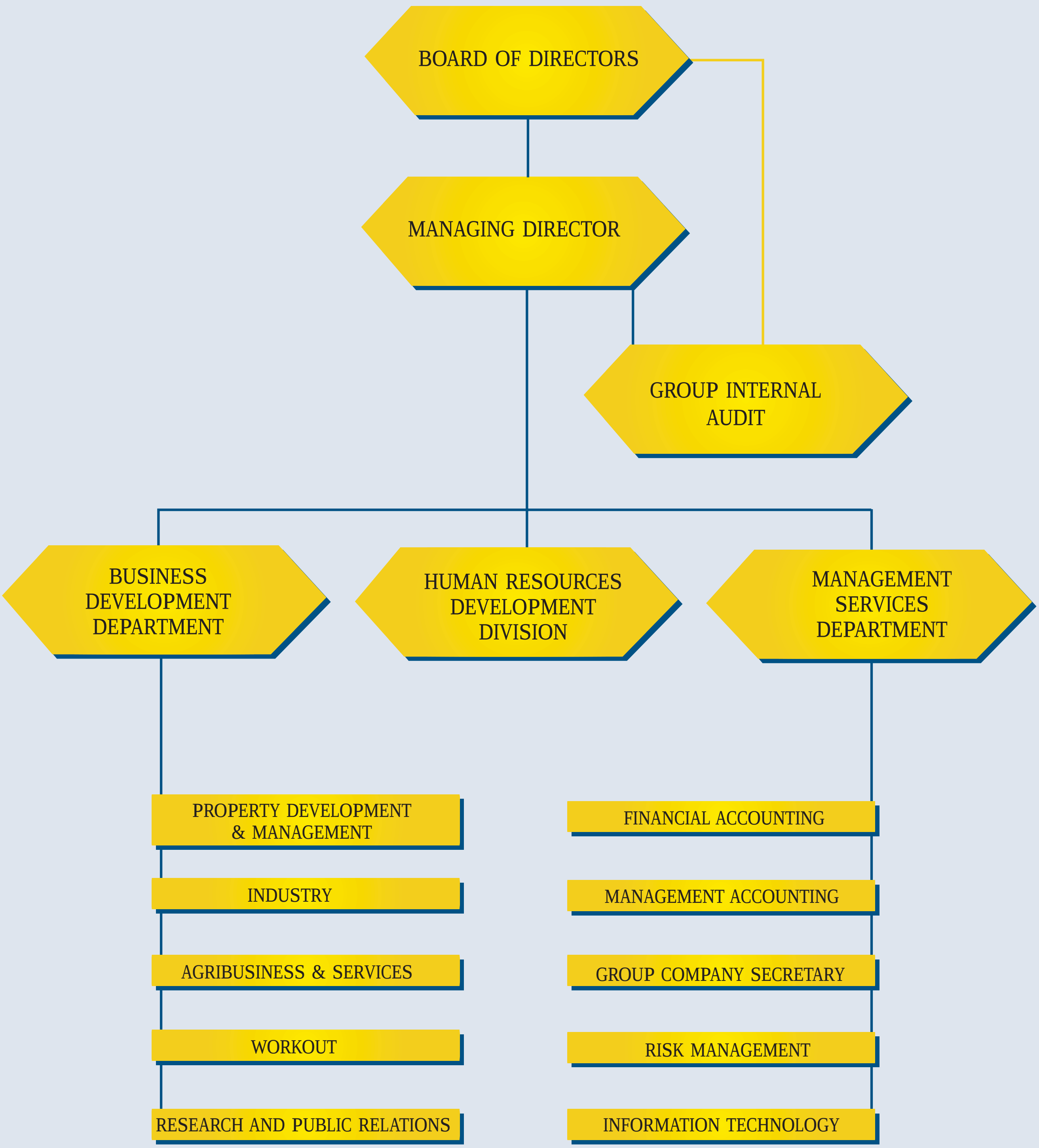
- Use locally available resources.
- Produce products for export or to substitute imports.
- Foster linkages with the local industry.
- Contribute to the development of Botswana's resources and overall economy.

- Subsidiary companies are independent and BDC influence is exercised through the directors it nominates to subsidiary boards (appointees do not have to be BDC employees).
- Directors are also nominated to the boards of associate and affiliate companies. Such appointees largely act in advisory and monitoring capacity.

For further information, contact:

The Manager
Research & Public Relations
Botswana Development Corporation Limited
Moedi, Plot 50380, Gaborone International Showgrounds
P/Bag 160, Gaborone, BOTSWANA
Tel: (267) 365 1300, Fax: (267) 390 3115, 390 4193, 391 3567
E-mail: enquiries@bdc.bw
website: www.bdc.bw

ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS

Mr S. S. G. Tumelo
Chairman

Ms. T. C. Moremi
Vice Chairperson

Mr O. K. Matambo
Managing Director

Mr. M. Chiepe

Mr. D. Inger

Ms. I. K. Kandjii

Ms. M. T. L. Maine

Ms. E. K. Mwila

Dr. S.E. Ndzinge

Mr. P. L. Steenkamp

MANAGEMENT

Mr. O. K. Matambo
Managing Director

Mr. V. J. Senye
General Manager
Business Development

Mr. J.N. Kamyuka
General Manager
Management Services

Mrs. W. Baipidi-Maje
Manager, Risk Management

Mrs. G. V. Garekwe
Group Company Secretary

Mr. N. P. Ketsitlile
Manager, Workout

Mr. O.C. Kgotlafela
Manager, Property Development
& Management

Mr. S. T. Meti
Manager, Human Resources
Development

Mr. B. G. Mmualefe
Manager, Research &
Public Relations

Ms. R. D. Mogorosi
Chief Financial Accountant

Mrs. M. M. Nthebolan
Manager, Industry

Mr. R. M. Phole
Group Internal Auditor

Mr. M. Sikalesele
Manager, Information
Technology

Mr. J. P. Sono
Manager, Agribusiness
& Services

Mr. M. Tau
Management Accountant

VALUE CREATED

Through its on-going activities, the Corporation creates wealth and value in many ways. Its primary objectives are to develop infrastructure and create employment by providing capital to fund investment and economic growth in Botswana. While achieving those objectives, the Corporation also adds value to people's lives by rewarding those who help it achieve its goals. Primarily these are its employees, its suppliers of finance and shareholder.

The table below shows the value that has been distributed from wealth created by the Corporation over the past ten years.

VALUE CREATED 1994-2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002 Revised	2003
Income from trade	4021	2332								
Interest on loan	27241	36295	40505	50121	67034	69967	57273	43206	45042	49105
Dividend	25110	13748	9028	18841	22477	26908	35461	32834	43029	98281
Sundry income	78	264	3230	649	5770	2247	7536	5986	4703	7026
Profit on sale of investment	21246	208171	28992	(1194)	11009	(15229)	0	1958	0	0
	77696	260810	81755	68417	106290	83893	100270	83984	92774	154412
Less:Cost of supplies and services	3396	5529	7001	7964	21221	12106	11577	17892	17985	19979
Total Value Added	**74300**	**255281**	**74754**	**60453**	**85069**	**71787**	**88693**	**66092**	**74789**	**134433**
Distributed as follows:										
To employees payroll cost	7714	8252	9134	9066	9066	10127	9283	10286	11171	10949
To providers of finance interest on loans	14808	18091	20046	23923	31505	31252	34440	22033	21578	20917
To Government Company taxation on profits		(1395)	(1857)	(2573)	0	0	0	(4183)	(7725)	(2416)
Dividends to shareholder	7086	36677	10149	5093	5	0	0	0	11273	0
Depreciations and provisions against investments	25658	113193	2678	14618	108230	175504	25379	10862	12404	42230
Profit retained	19034	80463	30890	10326	-63737	-145096	19591	27094	26092	62753
Totals	**74300**	**255281**	**74754**	**60453**	**85069**	**71787**	**88693**	**66092**	**74793**	**134433**

Mr S. S. G. Tumelo
Chairman

CHAIRMAN'S STATEMENT

I am very proud to be associated with the impressive performance which Botswana Development Corporation Limited has achieved annually over the past few years. Year-on-year the Corporation puts forth ever improving and impressive results and I wish, right from the on set to congratulate management and staff of the Corporation for a job well done once again. Of course I cannot forget the invaluable input of our clients and other stakeholders without whom this remarkable result would not have been achieved.

Operating Environment

As you will find mentioned again in this annual report, the Corporation undertook a business development and marketing strategy review during the course of the year. Further more a brand audit workshop was also held. All this was intended to keep the Corporation on a continuous improvement course essential in a dynamic business environment. During the year, the Corporation also revamped its internal operating processes and achieved the remarkable feat of obtaining the ISO 9001:2000 certificate within a period of six months.

The USA government has amended AGOA and thus re-classified Botswana to the least developed countries category for purposes of accessing raw materials for textile industries from other countries. This is a welcome development that the Corporation, its Group of companies and investors should position themselves to take advantage of. In fact I should mention that the Corporation has already entered into an agreement with a foreign investor the effect of which will be to resuscitate the operation of a local garment manufacturing entity.

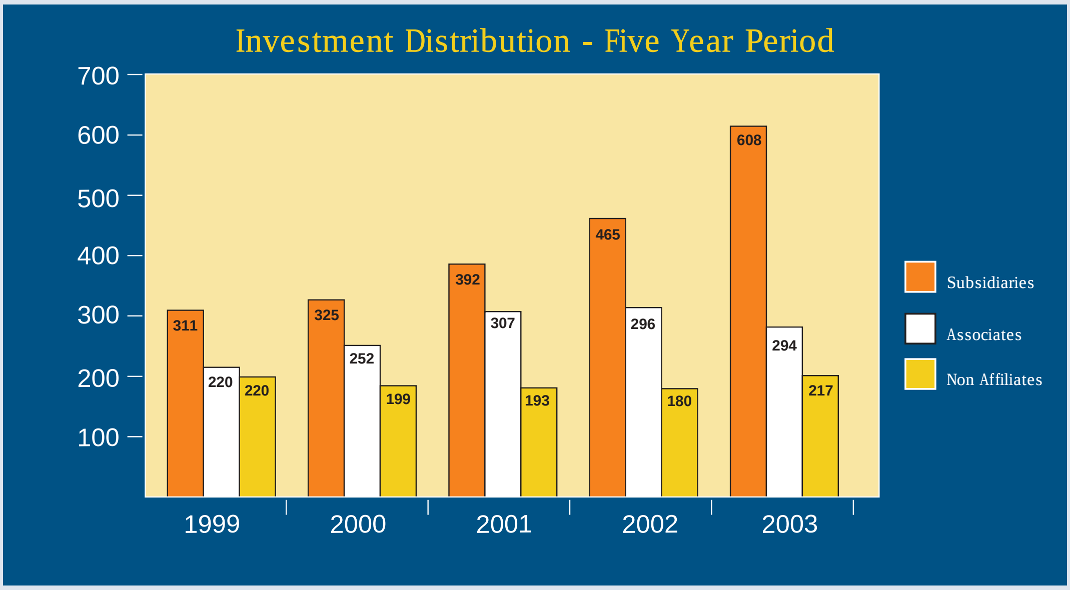
Financial Performance

Turnover for the group has increased to P281.3 million (P211.4 million for 2002), representing a 33% growth. Group profit before tax stands at P59.0 million (P70.7 million for 2002) representing a 16% decline over the previous year. This decline is not unexpected given the operating losses normally associated with start up projects, in this case Lobatse Tile (Pty) Ltd.

The balance sheet is more solid than ever, and boasts of retained earnings of P204.2 million (129.2 million for 2002). The Corporation paid out a dividend of P11.27 million to its shareholder during the year in respect of the financial year ended June 2002. This is obvious evidence that the Corporation is contributing positively to the overall growth in real domestic product and underscores its commitment to make a contribution to the government income stream.

CHAIRMAN'S STATEMENT

(continued)



The Corporation continues to focus on risk management. This has in some cases resulted in putting on hold certain investments which it had originally committed to finance. Consequently disbursements were P70.2 million during the year as opposed to the original budget of P105.7 million.

During the year under review, BDC acquired the remaining shares in Lobatse Tile (Pty) Ltd resulting in the company becoming a 100% BDC subsidiary.

Botswana International Financial Services Centre (IFSC)

The project to develop an active cross border financial services center in Botswana is now firmly established and has already attracted nine operational projects including major financial institutions. In March 2003, the government, together with BDC saw it fit to make the IFSC a stand alone entity and the Botswana International Financial Services Centre was incorporated as a company (limited by guarantee) with its own Board of Directors. The IFSC was created to promote economic diversification and increase the country's integration into the global economy. The Corporation has representation on the Board.

Corporate Governance

BDC is fully committed to the principles of fairness, accountability, responsibility and transparency associated with good corporate governance. Accordingly, the Board endorses and strives to apply the code of Corporate practices and conduct as set out in the King Report II on Corporate governance.

Conclusion

The challenges in the year ahead should not be under estimated. Past successes only serve to set the new base at even higher levels. This Corporation is ready to face those challenges and will strive to deliver beyond stakeholders beyond expectation.

Mr Serwalo S.G. Tumelo
Chairman

CORPORATE GOVERNANCE STATEMENT

Botswana Development Corporation Limited as a corporate citizen is committed to contribute to sustainable economic development, to work with its employees, the local community and society at large, to improve their quality of life.

In all its business pursuits the Management and the Board of Directors of the Corporation seek to hold a balance between economic and social goals and between individual and communal goals with the aim of aligning, as nearly as possible, the interests of the Corporation, Individuals, and the Community at large. The Corporation's Corporate Governance is demonstrated by its commitment to the following seven primary characteristics:

1.1. Discipline

The Corporation is committed to adhere to good corporate behavior that is recognised and accepted as correct and proper. For that reason, the Corporation subscribes to and is committed to the implementation of the underlying principles of good governance, as pronounced in globally accepted codes of Corporate governance and ISO 9001:2000 Quality Standards. Botswana Development Corporation Limited is a corporate member of the Directors Institute of Botswana, in good standing.

1.2. Transparency

The Corporation's management systems are sufficient to ensure visible transparency. Stakeholders are able to make meaningful analysis of a Corporation's actions, its economic fundamentals and the non-financial aspects pertinent to its business. Management provides all necessary information available in a candid, accurate and timely manner in the form of not only the audit data but also other general reports including press releases. Our investors are able to readily obtain information that gives a true picture of what is happening inside the Corporation.

1.3. Independence

The Corporation has robust mechanisms and controls systems in place to minimise or avoid potential conflicts of interest. To ensure this, the Corporation has strong management team, Internal Audit function and Board Audit Committee. The decisions made, internal processes established and the Quality Management System, are objective and do not allow for undue influence, from any party.

1.4. Accountability

The Board of Directors and its Committees, the Managing Director and the management team are all collectively and severally, as individuals or groups, held accountable for all decisions and actions they take on specific issues.

CORPORATE GOVERNANCE STATEMENT

(continued)

1.5.Responsibility

Management takes full responsibility for all actions and activities of the Corporation and takes necessary corrective action including taking corrective action in the event of mismanagement by an individual associated with the Corporation. Management has put in place an ISO 9001: 2000 quality management system that ensures that the Corporation remains on the right path in all its pursuits. While the Board is accountable to the Corporation, it ensures that at all times it acts responsively to and with responsibility towards all stakeholders of the Corporation.

1.6.Fairness

The Corporation has in place systems that are balanced to take into account all stakeholders who have an interest in the Corporation and its future. The rights of various groups are officially being acknowledged and respected in the Corporation's Code of Ethics, which is under preparation. In all its business dealings with its partners the Corporation respects the rights of minority shareholders to receive fair consideration.

1.7.Social responsibility

The Corporation is committed to be a good corporate citizen that responds positively to the needs of the community in which it conducts business, the society at large and the need to protect the environment.

Statement of Compliance

The Corporation has made tremendous strides in an attempt to comply with best corporate practices including King 2 Report on Corporate Governance, where relevant, and has been successfully accredited with ISO 9001:2000 certification. In all material respects the Corporation has complied with all codes of good corporate governance and has not made any decision to exclude any principles of good governance.

Internal Control Systems

The Board of Directors are satisfied with the effectiveness of the Corporation's framework of internal control and has taken steps to ensure that effective systems of risk management are established as part of its risk-control systems.

Board of Directors

The Corporation Board of Directors comprises of nine non-executive Directors and the Managing Director, who is the only executive Director. The Chairman of the Board, Mr. S.S.G Tumelo, and the Vice Chairperson, Ms T.C Moremi, are both non-executive directors.

The Board meets at the end of each calendar quarter and at such other times as the exigencies of the Corporation may dictate. The board further regularly reviews the Corporation's processes and procedures to ensure the effectiveness of internal control systems and the accuracy of its financial reporting, both at holding company level and at group level.

CORPORATE GOVERNANCE STATEMENT

(continued)

Board Sub-Committees

The Board of Directors discharges some of its key corporate governance responsibilities through well-balanced Audit Committee, Human Resource Committee and Board Tender Committee.

Human Resource Committee

The Human Resource Committee comprises of three non-executive Directors and the Managing Director. The Committee meets twice a year and is chaired by Mr. P.L Steenkamp, who is a non-executive Director. The Committee oversees all policy matters relating to human resources issues and remuneration issues for the Directorate. During the year the Corporation authorized payment of the following board fees to its Directors.

	BDC BOARD AND ITS SUB COMMITTEES					
	Main Board	Audit Committee	HR Committee	Board Tender Committee	Total Meetings Attended	Total Fees
Tumelo S.S.G (Board Chairman)	4,350	-	-	-	5	6,090
Moremi T.C (Vice Chair & Audit Comm. Chair)	1,959	1,740	-	-	5	2,806
Matambo O.K	-	-	-	-	10	-
Chiepe M	870	-	-	-	2	1,740
Inger D	435	-	1,305	-	4	2,610
Kandjii I.K (Board Tender Comm. Chair)	2,175	-	-	-	5	2,610
Maine M.T.L	870	435	-	-	3	1,740
Mwila E.K	870	-	870	-	4	4,153
Ndzinge S.E	870	-	-	-	2	870
Steenkamp P L (HR Comm. Chair)	2,175	435	3,480	-	10	6,525
Lamdin S (Independent Audit Comm. Member)	-	870	-	-	2	435
Total	14,574	3,480	5,655	-	-	29,579

Audit Committee

The Audit Committee was established by an Audit Committee Charter approved by the main Board of Directors. Members of the Committee are appointed by the Board of Directors from among its members. The Committee is composed of three non- executive Directors, and one executive Director. The Board also appointed Mr. S Lamdin as an independent member of the Audit Committee. Ms T.C Moremi who is also Vice Chairperson of the Board of Directors chairs the Committee. The Committee meets at least three times a year. The Group Internal Auditor and the External Audit partner attend all meetings of the Committee and both have full and unrestricted access to, and by the Chairperson.

The Audit Committee assists the Board in managing and reviewing its risk management processes and internal control environment to ensure that significant risks facing the Corporation are minimised.

Group Internal Audit

The Corporation has in place an effective Group Internal Audit function that has the respect and co-operation of both the Board and Management.

CORPORATE GOVERNANCE STATEMENT

(continued)

The purpose, authority and responsibility of the internal auditing activity are formally defined in an Internal Audit Charter, approved by the board, and which is consistent with the Institute of Internal Auditors (IIA) definition of internal auditing.

The internal audit plan is based on a continuous Risk Control Self Assessment methodology that identifies not only residual or existing risk but also emerging risks.

The Internal Audit function co-ordinates with other internal and external providers of assurance including ISO 9001:2000 quality auditors and the Corporation's external auditors to ensure proper coverage and to minimize duplication of effort.

Financial Statements

The financial statements, as set out, were prepared by management in accordance with International Financial Reporting Standards. The Financial statements were reviewed and recommended by the Audit Committee and have been approved by the Board of Directors for presentation at the annual general meeting of the shareholders where they were formally adopted.

The Directors are responsible for the preparation and approval and reporting of the financial statements of the Corporation and consolidated financial statements of the Group. The external auditors express an opinion on the fairness of those statements.

Going Concern Status

The Board of Directors and Management of the Corporation, and the financial statements herein, confirm that the Corporation is a going concern.

NON-FINANCIAL MATTERS

The Corporation is committed to social, ethical, safety, health and environment practices, as well as organizational integrity. To demonstrate this, the Corporation regularly reports to the Board of Directors on the policies, procedures and systems in place to ensure, monitor, communicate and verify its compliance to these practices including where there has been a departure thereon.

ISO 9001:2000

The Board of Directors, Management and Staff of the Corporation are committed to the implementation of quality in all the Corporation's activities. During the year the Corporation was audited by Bureau Veritas Quality International (BVQI) against ISO 9001:2000 Quality requirements and was formally accredited with the ISO 9001:2000 Certification.

CODE OF ETHICS

To reinforce its corporate governance practices the Corporation is in the process of finalising a Code of Ethics for adoption and implementation.

Mr. O. K. Matambo
Managing Director

MANAGING DIRECTOR'S REPORT

The Corporation continues to move in a positive direction and in the year under review made certain land mark achievements. Fresh in our minds is the opening of the Gaborone International Convention Center. Internally, the Corporation achieved yet another important milestone by obtaining a certificate of approval under the ISO 9001:2000 quality standard. All these show the Corporation's determination to face up to its mandate of being the Service-Plus Investment Corporation of Botswana.

Performance of the Corporation

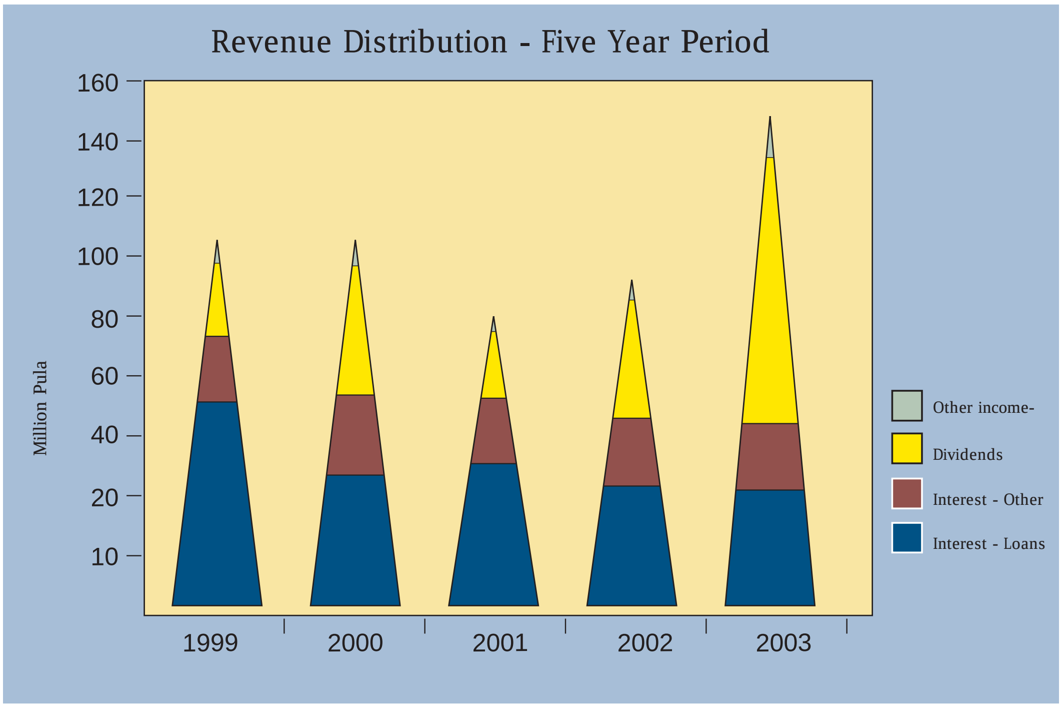
The year under review has seen the Corporation achieve remarkable results with a profit before tax of P60.33 million being achieved. This translates into a 61.5% growth over the previous year's achievement and is testimony that the recently implemented Credit and Risk Management processes are paying off handsomely. Of the total income, dividend receipts amount to P98.3 million and once again are the major contributor to revenue having grown from P43.0 million in the previous year. This represents growth of 128% in the dividend income. It is important to note that P19.6 million of the dividend income is directly from our property investments as they continue to mature and pay off. Interest income has grown to P33.9 million (P27.5 million for 2002) translating to a 23% increase.

With these results the Corporation has achieved a 7.07% return on shareholders funds as opposed to the required 6% return set by the Board of Directors. The rate of disbursement on the other hand has been lower than envisaged (P70.7 million 2003; target P105.7 million) due to certain difficulties at the implementation stage of some of our investments which could not be foreseen and others related to the due diligence exercise now routinely conducted as part of managing risk.

The Corporation's net worth is now recorded at P852.7 million and the capital employed at P1.19 billion. Equity invested to net worth is 0.63:1 while the investment guideline is 1:1. Although the Corporation received a pass-through loan for the construction of the Gaborone International Convention Centre (P89.5 million) the gearing ratio has remained acceptable at 55:1 and is still within the requirements of the Memorandum and Articles of Association of the Corporation.

MANAGING DIRECTOR'S REPORT

(continued)



Strategic Review

A review of the BDC Business Development and Marketing Strategy has been completed during the year. The Strategy focuses on three key areas that are considered critical in the development of new business. The focus areas involve BDC internal operations, business development within Botswana as well as foreign direct investment. Still on going is the brand audit exercise.

In order to make the Corporation competitive in terms of its cost of lending, a revision of the pricing policy was effected and approved by the Board during the year.

The Corporation is consistently aware of the need for continued self-improvement in pursuit of its growth strategy of leadership through service and sound business practice.

Risk Management

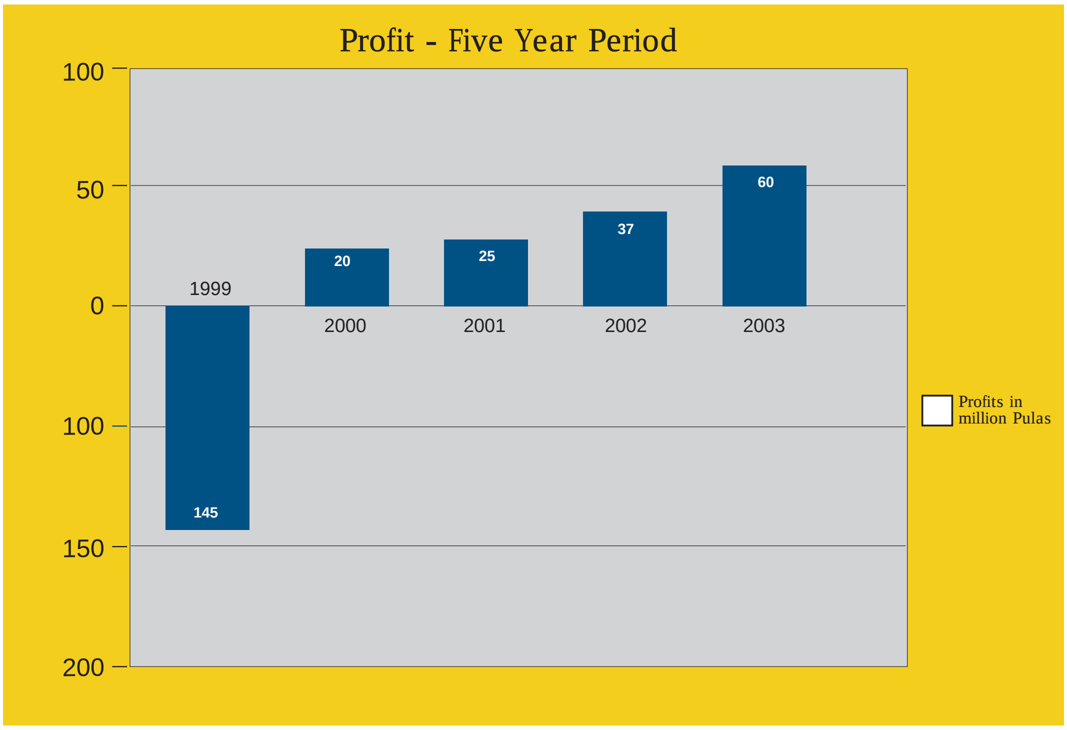
The continued review of the Corporation's investment policies coupled with consistent adherence to the credit policies has resulted in a high level of integrity and prudence in building a quality portfolio. Seventy Five (75) percent of the portfolio in value terms falls in the good performing grades.

MANAGING DIRECTOR'S REPORT

(continued)

Human Resources

The Corporation's commitment to ensure excellent performance and customer satisfaction is the cornerstone of our staff performance management system. Since 1999 when the new corporate strategy was implemented, we have maintained continuous improvement in the service delivery and standard of performance. In line with our vision to be recognized as a world-class institution, management ensures that training and development is given priority in the annual corporate budget. Whilst the Corporation continues to face severe human resource competition in our free labour market economy, we continue to make improvements in our corporate conditions of service, within the limitations of the environment we operate in.



Corporate Social Responsibility Programme (SRP)

This programme is aimed at assisting small community based projects and other activities. During the review period, the Corporation's Social Responsibility Programme received a number of requests for funding. The Corporation has assisted some of the institutions which it viewed as more deserving than others. The total amount donated during the review period was P150 000.00, which shows a slight increase when compared with the previous financial year.

MANAGING DIRECTOR'S REPORT

(continued)

Mr. Matambo handing over a computer to Mrs Gasennelwe of Botswana Red Cross Society.

Conclusion

We have seen an unprecedented year since the restructure of the Corporation in 1998. While the lack of new viable investment opportunities continues to be a challenge, the overall performance of the Corporation has continued to be impressive. The net profits have shown exceptional improvement and revenues have continued to grow handsomely. All these underscore our commitment to pursue the strategic objectives of the Corporation and to meet the needs and demands of the shareholders, our clients and other stake holders.

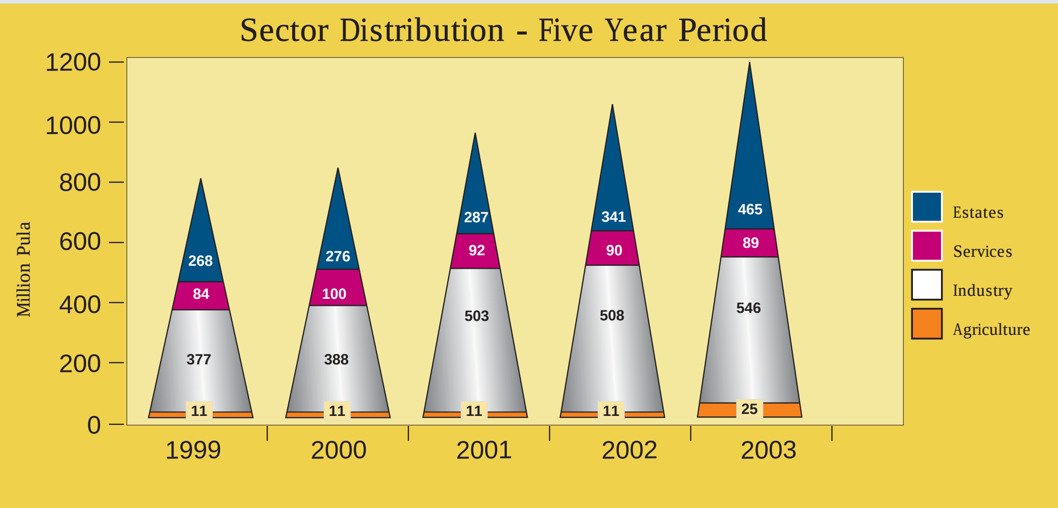
Mr O.K Matambo
Managing Director

Mr. V. J. Senye
General Manager, Business Development

BUSINESS DEVELOPMENT DEPARTMENT

The Business Development Department has an overall responsibility to identify, evaluate and monitor all projects that fall under the Corporation's portfolio. The department also markets the products and services of the Corporation. The Business Development Department is made up of five operating divisions namely Agribusiness and Services, Industry and Property Development and Management, Research and Public Relations and Workout. The Workout division handles the projects that are experiencing operational problems and its mandate is to turn them around. The Workout division also manages the Government's Citizen Entrepreneur Mortgage Assistance Trust Fund (CEMAEF Trust).

As captured elsewhere in this report, the overall performance of BDC continues to improve. The Corporation achieved a record turnover of P132,2 million (P70,5 million in 2002) and a profit before tax of P60.3 million, representing a 61.5 percent increase in profit. This high profit level was driven by the phenomenal increase in dividend income of 128 percent and a 22 percent rise in interest income. During the period under review, both dividend and interest income were P98.3 million and P33.9 million, respectively. These good results demonstrate the Corporation's commitment to its vision and mission statements

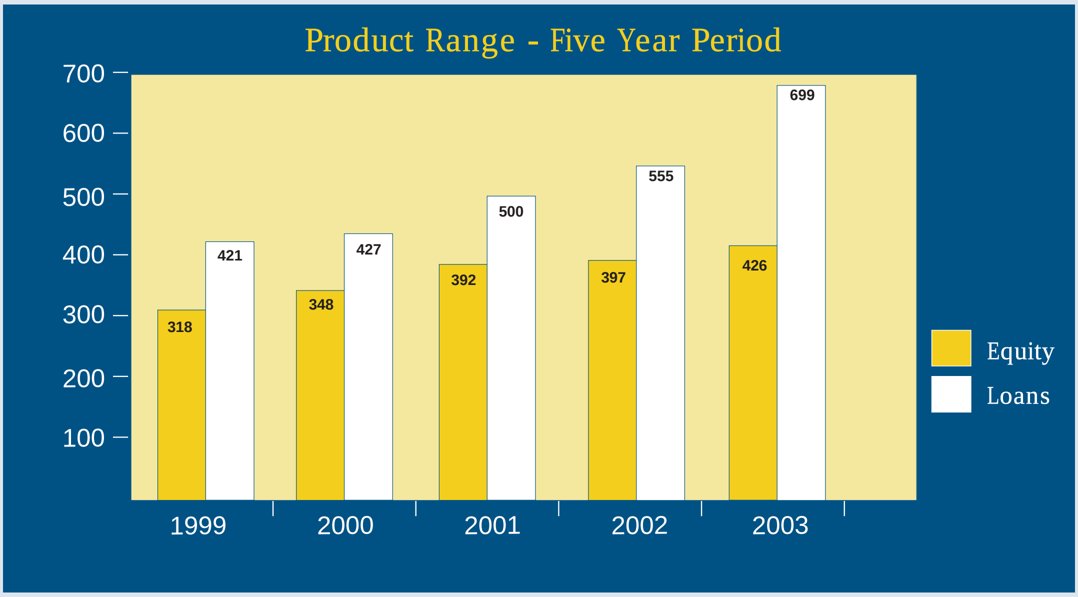


BUSINESS DEVELOPMENT DEPARTMENT
(continued)

The Corporation's total investments stood at P1,119 million in 2003. Of this total, P421 million were in loans and P698 million were in equity investments. In spite of the fierce competition that characterize the financial services sector in Botswana, the Corporation's total investments grew moderately by 18.3 percent, from P952 million in 2002 to P1,119 million in 2003.

In order to ensure continued and improved performance of the Corporation, the Department reviewed its business development and marketing strategy. This was necessary given the current scarcity of bankable projects in the local market. The marketing strategy is aimed at developing new business that is commercially viable and sustainable. The new business must also contribute to the growth and diversification of the economy of Botswana. As part of this strategy, the Corporation has commissioned the development of project profiles that cover a selected range of sectors, and will assist prospective investors with researched investment opportunities that are available in Botswana.

In response to growing competition, the Corporation during the year under review revised its pricing model with a view to making it more competitive. As a result, a new flexible pricing model with a reduced base rate was adopted. This has positioned the Corporation to actively compete in the marketplace.



AGRIBUSINESS AND SERVICES DIVISION

Overview

During the year under review the Division intensified its marketing efforts with the aim of attracting direct foreign investment into Botswana. Simultaneously, efforts were directed at improving the quality of the divisional portfolio by embarking upon aggressive monitoring of projects with a view to identifying problematic ones such that appropriate remedial measures could be taken. By year end, financial assistance had been approved for Irvine's Botswana, a subsidiary of Irvine's Day Old Chicks of Zimbabwe, and Malutu Enterprises (Pty) Ltd, a wholly owned BDC subsidiary set up as a vehicle through which a property in the outskirts of Gaborone popularly known as Lion Park could be bought. Irvine's' Botswana operates a chicken hatchery operation in Francistown. Another beneficiary of BDC assistance during the year was Botswana Ostrich Company which operates an ostrich abattoir in Gaborone. BDC's total exposure in these three projects was P10,3 million. As at year end, the division was actively involved in evaluating two tourism projects and one poultry project to be located in Kang, the other just on the boundary of the Central Kalahari Game Reserve and Odi village respectively.


Irvine's Botswana, a hatchery in Francistown

The existing portfolio registered mixed performances during the year under review. The agricultural sector's performance was an area of concern necessitating urgent corrective action. In view of the poor performance of the Motswedi Dairy Farm, The Lessee of Farm Development Company (Pty) Ltd assets, Management decided to dispose of all its movable assets through auction and direct sale of mature cows. The farm has since been advertised for leasing. Legola (Pty) Ltd, a horticultural operation based in Francistown traded under difficult conditions because of the ever increasing competition in its area of operation and its future looked gloomy. To this end, the Division was devising ways and means of arresting the situation.

In line with our divestment program, the Division has identified Gaborone Hotel (Pty) Ltd for divestment and as at end of the year, the project had been transferred to the appropriate Division to execute the sale process.

Below are sectoral highlights:

Agriculture

At the end of the year under review, the Division had five companies in this sector namely Farm Development Company (Pty) Ltd, Legola (Pty) Ltd, Hortulus (Pty) Ltd, which is a greenhouse operation in Gaborone, Irvine's Botswana and Talana Farms (Pty) Ltd, an agricultural landholding company.

Total employment stood at 120.

AGRIBUSINESS AND SERVICES DIVISION (continued)

Mowana Safari Lodge in Kasane

Hotels and Tourism

This sector includes Cresta Marakanelo (Pty) Ltd, Global Resorts (Pty) Ltd and Mashatu Nature Reserve (Pty) Ltd. Global Resorts registered good performance while the others posted mediocre results, mainly because of the adverse atmosphere in the sub region which impacted adversely on tourism.

Employment was at 1 046.

Financial Services

This sector was composed of three companies being Metropolitan Life of Botswana Ltd, Botswana Export Credit Insurance and Guarantee Company (Pty) Ltd (BECI), Investec Holdings (Botswana) Limited. The performance in this sector was satisfactory.

The number of employees in this sector was 57.

Others

This sector comprises Healthcare Holdings (Pty) Ltd, Information Trust Company Botswana (Pty) Ltd (ITC) and Malutu Enterprises (Pty) Ltd. The former was going through difficult times as it could not increase its tariffs due to its misunderstanding with medical aid funds. ITC remained an exceptional performer and continues to pay regular dividends.

Employment stood at 388.

Special Engagement

The Ostrich Abattoir has been recommended by the Department of Animal Health and Production for EU certification.

INDUSTRY DIVISION

Overview

The Industry Division continued to perform its role of identifying new industrial manufacturing projects and appraising business proposals for both new and expanding projects. The Division also monitors and supervises the Corporation's portfolio of companies engaged in a wide range of manufacturing activities. These activities include textile, building and construction, food and beverages, furniture and others.

As at 30th June 2003, the portfolio consisted of 20 companies, which had created 3 506 direct jobs for Batswana. The Corporation's exposure in these 20 companies stood at P240, 63 million. The exposure in the sector was made up of P108,08 million in ordinary shares, P 5,19 million in preference shares and P127,37 million in loans

The Division is developing a sub-marketing strategy focused on niche industries that have potential to contribute to the economy of Botswana. Competition for foreign direct investment (FDI) in the region remains high and the challenge is to attract quality investors.

Sectoral Performance

Construction Sector

Overall performance of companies in the sector during the year was below average. It is expected that the substantial increase in Government expenditure as budgeted will boost construction performance, which traditionally is dependent on Government projects. The range of products in the sector include manufacturing of concrete reinforced pipes, brick and railway sleepers, road surfacing, concrete culverts, gutters and ceramic tiles. In spite of the current difficult market conditions, Kwena Rocla (Pty) Ltd and Kwena Concrete Products (Pty) Ltd continued to dominate the local private market and performed well. These two companies increased their product ranges for diversification as well as an effort to withstand

INDUSTRY DIVISION (continued)

Lobatse Clay Works (Pty) Ltd, in Lobatse

competition. Lobatse Clay Works (Pty) Ltd expanded its product range to cater for the private market and reduce reliance on Government projects. ESO-2000 (Pty) Ltd, which manufactures domestic electric geysers, made its first sale in the first week of June 2003.

At year-end the Corporation had invested in 7 companies under the sector, with a total employment of 1 059. Total exposure was P184,78 million.

Textile Sector

The Corporation's exposure in the sector continued to be low. Despite guaranteed access of some textile products into the US market through AGOA, the sector registered a downward trend. The Division has only two companies in the sector, which employ 384 people. The sector nevertheless has potential and it is hoped that the re-negotiated AGOA II will remove obstacles inherent in the first policy and will attract more investment into the sector. Northern Textile Mills (Pty) Ltd, one of the two companies in the sector under-performed due to the difficult manufacturing climate.

Total exposure at year-end was P3,35 million, with employment of 384.

Food and Beverage Sector

Overall performance of companies in this sector was poor with the exception of Sechaba Brewery Holdings Limited that continues to pay dividends on a regular basis. The performance of the HJ Heinz subsidiary companies namely Kgalagadi Soap Industries (Pty) Ltd and Refined Oil Products (Pty) Ltd was moderate. The economic problems in Zimbabwe have affected the performance of these companies adversely.

INDUSTRY DIVISION (continued)

Kwality Foods (Pty) Ltd, a confectionary in Gaborone

Golden Fruit Botswana (Pty) Ltd, which is based in Ramotswa and specializes in high quality pure fruit juice processing and bottling as well as PET bottles manufacturing, increased its market share. Deltec (Pty) Ltd, a new entrant into this sector, processes beef and supplies various Government institutions through Fedics (Pty) Ltd. Kwality Foods Botswana (Pty) Ltd started commercial production in March 2003.

Total exposure at year end was P42,17 million, with employment of 1 682.

Furniture Sector

The division has three companies in the furniture sub-sector, namely Abes Furniture and Jobbing Services (Pty) Ltd, Terry Cooney and Electro Mech Engineering (Pty) Ltd. These companies manufacture a wide range of office, household, school furniture and veneer boards. Despite stiff competition from imported products, the overall performance of these companies continues to be satisfactory.

BDC exposure in this sub-sector at year-end was P6, 71 million, with employment of 227 people.

Others

This sector consists of companies involved in a range of activities such as Apex Pencil and Stationery Manufacturers (Pty) Ltd which manufacturers sealing wax and other educational and scholastic products. The company continued to enjoy significant growth and has captured a substantial share of the South African market. Imports of cheaper and low quality products particularly from Asia continue to discourage new investment in the sector. This sector is, however, among BDC priority areas and the Division is actively promoting industries that could use raw materials available locally. The possibilities of establishing tannery and glass manufacturing industries are as a result being pursued and efforts are being made to identify appropriate technical partners.

BDC exposure at year end was P3,62 million with employment of 154.

PROPERTY DIVISION

Gaborone International Convention Centre (GICC), in Gaborone

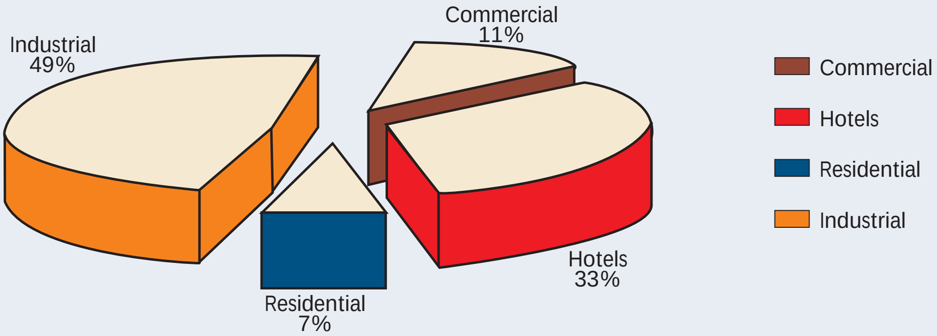
Overview:

BDC property portfolio has now been consolidated into four major sectors namely, residential, commercial, hotel and industrial properties. In general, the diversity of BDC property portfolio allows the portfolio to hedge against risk for non-performing sectors due to changing market conditions. The pie chart on the following page shows the current portfolio sectors of BDC wholly owned subsidiaries. As shown in the chart, the industrial sector at 49% accounts for the largest share of the property portfolio in value terms.

During the year under review, the property market continued to stabilise compared to last year. The retail market competition continued to intensify with both the Riverwalk and Game City shopping centres dominating the market. There were also two convenient shopping centres that were built during the year 2002/03 in Gaborone. These centres are Molapo Crossing and OK Foods shopping centres located along the Western-bypass. Gaborone has experienced a major increase in the supply of retail space during the year under review.

The residential property market also continued to grow with Phakalane Estate location still dominating the residential development market. There has been little change in industrial and hotel property market trend during the year. The major highlight in the hotel property sector was the opening of the Gaborone International Convention Centre. The existing portfolio in hotel and industrial sectors continued to perform satisfactorily. During the coming year, the Division plans to embark on major Cresta hotel

PROPERTY DIVISION (continued)



refurbishment, in order to improve structural and physical conditions of the properties.

Commercial Portfolio

Commercial property portfolio experienced more growth in new developments relative to residential, hotels and industrial portfolio. The existing portfolio has also performed with less vacancy during the year. New commercial property projects approved and under implementation for the year under review included major shopping centre in Francistown, provision of small retail facilities in Gaborone and infrastructure development to provide commercial plots in Fairgrounds Phase II.

Hotel Portfolio

There was little movement in hotel property development in 2002/03 except for the completion of the Gaborone International Convention Centre (GICC) at the Grand Palm Hotel. GICC is currently operating satisfactorily. More business opportunities in Gaborone and the surrounding areas are expected in future due to this facility. Gaborone has also experienced some new small private hotel and lodges developments including the New Syringa Lodge.

In order to continue maintaining a good quality hotel property portfolio, the Division will embark on major refurbishment programme in some selected Cresta hotel properties in the coming year.

Residential Portfolio

Residential property portfolio is the smallest sector in the overall BDC property portfolio. The existing residential portfolio has performed moderately well during the year under review. Although there has been an increase in supply in this market segment, the demand for prime or upmarket residential properties is still continuing to rise. BDC continues to search for upmarket residential development opportunities. Some residential development projects approved and others under implementation during the year under review include the redevelopment of selected dilapidated residential properties, completion of upmarket residential units near the Grand Palm hotel, and provision of finance for infrastructure development to service residential plots in Phakalane Golf Estates.

Industrial Portfolio

There has been little movement in new developments of industrial properties. The existing industrial portfolio has performed moderately during 2002/03. This slow performance of the industrial sector was mostly influenced by shortage of new manufacturing businesses. Selebi-Phikwe continued to experience depressed property market conditions. Most activities during the year in this sector were major refurbishment works which included former City Steel factory in Gaborone, former Hyundai factory premises in Gaborone – (office component of the building now occupied), and the former Flowtite factory in Gaborone.

RESEARCH AND PUBLIC RELATIONS

The research and corporate communications functions are domiciled within the Business Development Department. The Division reports directly to the General Manager, Business Development and provides research and communications support functions to the Corporation. The division also plays a leading role in the marketing and promotion of the products and services of Botswana Development Corporation Limited (BDC).

To this end, during the financial year under review the division participated in a number of international and regional print and electronic special supplements with a view to promoting Botswana and BDC products and services. The Corporation participated in the South Africa's Business Report special supplement organized under the auspices of Botswana Export Development and Investment Authority (BEDIA) and which published in October 2002. The Corporation also took part in the New York Times special report supplement and a television special supplement run by CNBC cable network. The Corporation further took part in a special supplement that featured BDC Group of Companies in a local business magazine.

The division also successfully hosted a number of events. These include the ISO certification of BDC in April 2003, official opening of the Gaborone International Convention Centre in December 2002 and the hosting of business luncheons for BDC customers, among others. On the advertising front, the division negotiated and signed an advertising contract with a local outdoor advertising company to advertise at the airport. The division has secured two advertising sites for illuminated lightboxes at the airport, one in the main check-in hall and another in the departure lounge, and is also sponsoring fifty-six trolleys. This has given the Corporation some clear visibility within the airport. Plans are under way to enhance the visibility of the Corporation even better in other places of strategic importance around the country.

As the first point of contact in the organization, the division continued to handle and assist potential investors and respond to their inquiries. We have also continued to support operating divisions with investment information kits and offer research services. During the year under review, the division prepared a paper entitled "BDC position in the loans, equity investments and property market in Botswana". The objective of the paper was to establish BDC market share in the financial services sector in Botswana. The division also embarked on a brand audit exercise that will culminate in the production of a Communications Strategy and Plan for the Corporation for 2003/2004.

BDC Corporate Lunch

Mr. J.N. Kamyuka
General Manager, Management Services

MANAGEMENT SERVICES DEPARTMENT

Overview

The department has operational responsibility for Management Services support to the Corporation. Such support is directed at ensuring that the Corporation delivers the highest level of customer service to its clients.

Management Services covers the following functions:

- Financial Accounting
- Management Accounting and Corporate Treasury
- Risk Management
- Company Secretariat and Legal
- Information Technology

Management Services Department is responsible for ensuring that BDC honours its Service-Plus promise to its customers. To this end, agreed service standards are in place to address the Business Development Department's needs for:

- Quality IT support, providing up to date customer information and efficient workflow solutions.
- Efficient management of the Corporation's resources ensuring timely funding of all commitments
- Timely and accurate portfolio management information
- Team-based performance management information
- Readily available professional in-house legal and company secretarial services
- Sustained risk monitoring of the entire investment portfolio and enterprise-wide risk management.

MANAGEMENT SERVICES DEPARTMENT (continued)

Risk Management Division

The Risk Management Division deals with the identification, measurement and management of risks at all times, at an integrated level, while operational Divisions are responsible for managing the risks associated with individual transactions. The Division constantly monitors and reviews sector exposures, determines concentration levels in each sector, and recommends measures to avoid over exposures in individual sectors, in relation to the Corporation's capital base.

Credit Risk

The year saw a continued intensity in the monitoring of credit risk, as it forms a major risk that easily filters into our books due to the nature of the lending business of the Corporation. The risk management policies take care of the measurement and monitoring of credit risks, at product and portfolio level. These policies are designed to match best practice methodologies, suited specifically to the business of the Corporation.

Emphasis for the year ended 2002/2003 was more on achieving a good portfolio mix, in terms of both the business sectors or economic sectors, and financial instruments. Decisions of where we would advance equity or loans or mixture of both, had to be strongly backed up by good financial facts. In addition, there was a continued review of the Corporation's investment policies, aimed at achieving better risk evaluation and monitoring, and as well defining the Corporation's risk tolerance per sector.

Consistent adherence to Credit and Investment Policies has resulted in a high level of integrity and prudence involved in building a good quality portfolio. These policies are continually reviewed and updated, to match up the Corporation's growth strategy of leadership through service and sound business practice; and to reach new products and markets.

Market Risk

During the year, the Corporation's flexible pricing policy was reviewed, and a more competitive pricing model was adopted, in line with the prevailing market trends and the much more favorable cost of funding obtained for the Corporation.

In terms of currency risk, the Rand has continued to firm up against the Pula and major currencies. This might have an adverse effect on our portfolio companies who depend largely on South Africa for both marketing of their products and sourcing of raw materials. However, the Corporation continues to be vigilant in terms of currency hedging.

Operational Risk

There is a strong management commitment to various internal control procedures especially efficient accounting controls, administrative controls, I.T security procedures, and inculcation of the culture of adherence to good standards and set values.

A lot of attention has been given to issues of corporate governance and compliance to best practice to ensure that the business of BDC is run in line with the requirements of the Industry regulations. BDC, although self-regulating, is committed to industry best practice in all respects.

MANAGEMENT SERVICES DEPARTMENT (continued)

Information Technology

The Information Technology Division has continued to provide computing and support services to the Corporation and in doing so have undertaken several initiatives during the year to further enhance delivery on the key objective of supporting the Corporation's business processes.

The IT Division successfully implemented new systems in the areas of customer relationship management for the IFSC, human resources, desktop productivity software and security software. In addition, the key financial applications deployed in the Corporation were upgraded to the latest versions.

Major projects undertaken included the implementation of a comprehensive disaster recovery plan and the redevelopment of the BDC website to take advantage of technological developments and to enable BDC to fully realise the potential of web technology as a key business tool.

HUMAN RESOURCES DEVELOPMENT DIVISION

In line with good management practice, the Corporation continues to review its existing policies to align them to the challenges of the day. It was highlighted in the past year that the Corporation reviewed its strategic plan. The review period saw this mindset of continuous improvement being taken to the next level – the revision of the BDC Standards. This is a process which involved all employees. Consultation and workshops have been held for various levels of employees and review committee is now compiling the input from all employees.

As already mentioned elsewhere in this annual report, following its ISO 9001:2000 certification, the Corporation can boast of its virtual Policy and Procedure Manual. An employee does not need to be in the office or in the country for that matter to access the entire Corporation policies and forms. Likewise, employees of the Corporation no longer require to go into HRD Division's offices to get forms or procedure manual – all these are now available to all employees via the intranet by just clicking into the intranet and accessing any form or procedure online real time. We can truly say we have a "virtual human resource division". This is yet another first for the Corporation and all employees must take pride in that – the challenge for us is to keep the intranet live and up to date. This is a clear demonstration that the Corporation is indeed leading through service and sound business practices.

The review period saw the Corporation affected by high staff turnover in recent times, While the Corporation suffered a loss of such useful individuals, we believe they have played their part in the Corporation and will continue to carry the BDC flagship for the rest of their careers.

Training

Human capital forms the core of the Corporation's existence and continuous training is not an option but a must. During the year under review just over 100 man-days were invested in seminars and workshops (internal and external).

Certain members of staff continue to receive support from the Corporation in their pursuit of part time studies like MBA; ACCA; Post Graduate in Strategic Management and Corporate Governance.

We currently have one officer pursuing a two-year MSc – Property in University of South Australia and is expected back in the first quarter of 2004.

Two staff members successfully completed their postgraduate programmes during the year under review – MBA from University of Stellenbosch and Master of Business Leadership (MBL) from University of South Africa. We congratulate them on their achievements.

HIV/AIDS In The Workplace

The Corporation continues to successfully implement its HIV/AIDS Programme. Peer education commenced

HUMAN RESOURCES DEVELOPMENT DIVISION (continued)

BDC staff

last year as a way of getting the trained peer educators to be in close contact and develop an on-going relationship with staff members. This was successful because staff members were able to voluntarily approach the educators to seek assistance on issues relating to HIV/AIDS.

This year, the Corporation continued with peer education but at a reduced level. Dissemination of relevant information on HIV/AIDS was a priority together with an education campaign on Antiretroviral Therapy (ARVT). It was important for staff to know and understand about ARVT so that they could make informed decisions. Their response on ARVT issues demonstrated that they were very much interested in this important aspect relating to HIV/AIDS.

Activities aimed at enhancing the body's immune system at times became necessary and were a more than a one-time effort. External resource persons were engaged to sensitize staff on ways of boosting the body's immune system. This included presentations on such issues as colon health, physical wellness, nutrition to wellness, and psychological therapy.

The Corporation moved a step-forward this year in preparing to achieve an effective multiple approach education campaign, in line with its HIV/AIDS Programme. One such approach is the preparation of an AIDS/Wellness Room, which is now open to staff for consultation. This room is specially designed to disseminate even sensitive information on HIV/AIDS/Wellness to staff in its actual/factual or "raw" form without any censorship, limitation or barrier.

The Corporation will continue to subscribe to AIDS related organizations such as Botswana Business Coalition on AIDS (BBCA), Botswana Network of AIDS Service Organisations (BONASO), as well as participate in the Workplace AIDS Advisory and Parastatal Fund Raising Committees. Participation by the Corporation on external activities on HIV/AIDS will continue from time to time.

DIRECTORS' STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2003

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Botswana Companies Act (CAP 42:01).

The directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect mis-statement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during he year under review.

The financial statements have been prepared in the going concern basis, since the directors have every reason to believe that the Group has adequate resources in place to continue in operation for the forseeable future.

The financial statements set out on pages 36 to 67 were approved by the board of Directors on 21 October, 2003, and are signed on their behalf by:

CHAIRMAN

DIRECTOR

REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF BOTSWANA DEVELOPMENT CORPORATION LIMITED

We have audited the accompanying financial statements of Botswana Development Corporation Limited and the group set out on pages 36 to 67 for the year ended 30 June 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Botswana Companies Act (Chapter 42:01) and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We have examined the books, accounts and vouchers of the company to the extent we considered necessary and have obtained all the information and explanations which we required. We have satisfied ourselves as to the existence of the securities. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- the company and the group have kept proper books of account with which the financial statements are in agreement; and
- the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2003 and of the results of their operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Botswana Companies Act (Chapter 42:01).

PricewaterhouseCoopers

21 October 2003
Gaborone

Certified Public Accountants

DIRECTORS' REPORT

The directors have pleasure in submitting their annual report to the shareholders together with the audited financial statements for the year ended 30 June 2003 in accordance with the requirements of the Botswana Companies Act (CAP 42:01).

FINANCIAL RESULTS

1. The financial results for the company and the group are set out on pages 36 to 67

2. A zero dividend is proposed in respect of the ordinary shares.

DIRECTORS

3. The following were directors of the company during the year under review:

M Chiepe	T C Moremi-Vice Chairman
D Inger	E K Mwilwa
I K Kandjii	Dr. S E Ndzinge
M T L Maine	P L Steenkamp
O K Matambo - Managing	S S G Tumelo - Chairman

AUTHORISED SHARE CAPITAL

4. The authorised share capital of the company is P250 000 000 divided into 246 000 000 ordinary shares of P1 each and 4 000 000 cumulative redeemable non-voting preference shares of P1 each.

ISSUED SHARE CAPITAL

5. The issued share capital is as follows:

Ordinary shares	P 238 199 000
Share premium	P 297 000 000

INVESTMENTS

6. During the year the company acquired shareholding in the following companies:

a) Western Industrial Estates (Pty) Ltd	- P1 298 000
b) Lobatse Tile (Pty) Ltd	- P15 531 000
c) Malutu Investments (Pty) Ltd	- P10 000 000
d) Asphalt Botswana (Pty) Ltd	- P192 000

DISINVESTMENTS

7. The company divested partly as follows:

a) Preference shares in Northern Textiles (Pty) Ltd for P300 000.

DIRECTORS' FEES AND EXPENSES

8. It is recommended that directors' fees and expenses of P29 579 and directors' emoluments of P311 436 for the year to 30 June 2003 be ratified.

By order of the Board

G V Garekwe
Group Company Secretary

FINANCIAL STATEMENTS

INCOME STATEMENTS

For the year ended 30 June 2003

		Group		Company	
			Restated		
		2003	2002	**2003**	2002
	Notes	**P 000**	P 000	**P 000**	P 000
REVENUE	**1**	**281,341**	211,456	**132,158**	70,525
Cost of revenue		**(154,850)**	(84,592)	-	-
Gross profit		**126,491**	126,864	**132,158**	70,525
Other operating income		**11,492**	13,751	**7,026**	5,499
Distribution costs		**(2,865)**	(2,816)	-	-
Administrative expenses		**(33,326)**	(28,200)	**(19,979)**	(17,985)
Other operating expenses		**(76,669)**	(60,163)	**(45,610)**	(16,227)
OPERATING PROFIT	**2**	**25,123**	49,436	**73,595**	41,812
Net finance income/(cost)	**4**	**3,571**	8,197	**(13,258)**	(4,447)
Share of associates profit		**30,385**	13,163	-	-
PROFIT BEFORE TAXATION		**59,079**	70,796	**60,337**	37,365
Taxation	**5**	**(3,660)**	(9,214)	**2,416**	7,725
NET PROFIT before outside shareholders		**55,419**	61,582	**62,753**	45,090
Minority interest in losses/(profits)	**24**	**17,790**	(9,600)	-	-
NET PROFIT attributable to ordinary shareholders		**73,209**	51,982	**62,753**	45,090

BALANCE SHEETS

At 30 June 2003

		Group		Company	
			Restated		
	Notes	2003 P 000	2002 P 000	2003 P 000	2002 P 000
ASSETS					
NON-CURRENT ASSETS					
Investment properties	6	350,446	234,414	-	-
Property, plant and equipment	7	264,068	187,665	3,281	4,183
Subsidiaries	8	-	-	496,456	386,823
Associated companies/partnerships	9	107,221	97,778	65,446	60,339
Unquoted investments	10	69,217	44,876	69,217	44,876
Quoted investments	12	280,726	292,047	280,726	292,047
Due from group companies	13	-	-	27,362	24,946
Subsidiaries not consolidated	14	13,072	79,263	-	-
		1,084,750	936,043	942,488	813,214
CURRENT ASSETS					
Inventories	15	14,116	5,008	-	-
Receivables and prepayments	16	73,920	61,428	45,425	46,749
Taxation recoverable		11,784	4,042	1,262	1,262
Short-term loans and advances	17	20,200	25,169	37,982	42,660
Available for sale of investments	18	148,360	148,552	114,161	108,585
Cash and cash equivalents	19	110,576	191,429	51,904	127,006
		378,956	435,628	250,734	326,262
TOTAL ASSETS		1,463,706	1,371,671	1,193,222	1,139,476
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	20	238,199	238,199	238,199	238,199
Share premium	20	297,000	297,000	297,000	297,000
Contribution to factory premises	21	24,070	24,070	24,070	24,070
Fair value reserve	22	202,593	198,567	187,246	198,567
Revaluation reserve		323	7,786	-	-
Other reserves	23	13,927	6,241	5,504	5,504
Proposed dividends		-	11,273	-	11,273
Retained earnings		204,252	129,259	89,981	27,228
		980,364	912,395	842,000	801,841
Minority interest	24	34,288	34,798	-	-
NON-CURRENT LIABILITIES					
Borrowings	25	293,811	213,844	292,796	213,587
Government grants	26	36,103	37,980	-	-
Claims equalisation reserve	27	998	922	-	-
Deferred taxation	28	13,659	9,794	-	-
		344,571	262,540	292,796	213,587
CURRENT LIABILITIES					
Borrowings	25	11,394	10,777	11,101	10,740
Taxation payable		-	8,271	-	-
Capital gains tax		245	245	245	245
Dividend payable		13,141	13,141	13,141	13,141
Trade and other payables	29	76,042	129,153	33,939	99,922
Bank overdrafts	30	3,661	351	-	-
		104,483	161,938	58,426	124,048
TOTAL LIABILITIES		449,054	424,478	351,222	337,635
TOTAL EQUITY AND LIABILITIES		1,463,706	1,371,671	1,193,222	1,139,476

STATEMENTS OF CHANGES IN EQUITY
For the year ended 30 June 2003

	Note	Share capital P 000	Share Premium P 000	Capital redemption reserve P 000	Donated capital P 000	Capitalisation of bonus shares P 000	Contribution to factory premises P 000	Fair value reserve P 000	Revaluation reserve P 000	Contingency reserve P 000	Statutory capital/solvency reserve P 000	Goodwill on consolidation P 000	Retained earnings P 000	Proposed dividends P 000	Total P 000
Group															
Year eneded 30 June 2002															
Balance at 1 July 2001															
-As previously reported		237,699	266,366	4,060	4	1,829	24,070	-	12,383	190	152	-	100,700	-	647,453
-Prior year adjustments	31	-	(16,570)	-	-	-	-	155,144	(4,598)	-	-	-	(9,600)	-	124,376
-As restated		237,699	249,796	4,060	4	1,829	24,070	155,144	7,785	190	152	-	91,100	-	771,829
Shares issued during the year		500	49,500	-	-	-	-	-	-	-	-	-	-		50,000
Fair value adjustment for quoted investments		-	-	-	-	-	-	43,423	-	-	-	-	-	-	43,423
Goodwill acquired during the year		-	-	-	-	-	-	-	-	-	-	(2,461)	-		(2,461)
Transfer from retained earnings		-	-	-	-	-	-	-	-	-	-	2,461	(2,461)	-	-
Movement during the year		-	(2,296)	-	-	-	-	-	1	(83)	89	-	(89)	-	(2,378)
Dividends for the year		-	-	-	-	-	-	-	-	-	-	-	(11,273)	11,273	-
Net profit for the year		-	-	-	-	-	-	-	-	-	-	-	51,982	-	51,982
Balance at 30 June 2002		238,199	297,000	4,060	4	1,829	24,070	198,567	7,786	107	241	-	129,259	11,273	912,395
Year ended 30 June 2003															
Balance at 1 July 2002															
-As previously reported		238,199	313,570	4,060	4	1,829	24,070	198,567	12,384	107	241	-	148,366	11,273	952,670
-Prior year adjustments	31	-	(16,570)	-	-	-	-	-	(4,598)	-	-	-	(19,107)		(40,275)
-As restated		238,199	297,000	4,060	4	1,829	24,070	198,567	7,786	107	241	-	129,259	11,273	912,395
Goodwill acquired during the year		-	-	-	-	-	-	-	-	-	-	4,955	-	-	4,955
Fair value adjustment of quoted investments		-	-	-	-	-	-	(11,321)	-	-	-	-	-	-	(11,321)
Movement during the year		-	-	-	-	-	-	-	205	-	167	-	(167)	-	205
Arising from fair value adjustments in associated companies/patnerships		-	-	-	-	-	-	9,258	-	-	-	-	-	-	9,258
Transfers		-	-	3,000	(4)	(325)	-	6,089	(7,668)	(107)	-	-	1,951	-	2,936
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	(11,273)	(11,273)
Net profit for the year		-	-	-	-	-	-	-	-	-	-	-	73,209	-	73,209
Balance at 30 June 2003		**238,199**	**297,000**	**7,060**	**-**	**1,504**	**24,070**	**202,593**	**323**	**-**	**408**	**4,955**	**204,252**	**-**	**980,364**

STATEMENTS OF CHANGES IN EQUITY (continued)

For the year ended 30 June 2003

	Note	Share capital P 000	Share premium P 000	Capital redemption reserve P 000	Capitalisation of bonus shares P 000	Contribution to factory premises P 000	Fair value reserve P 000	Retained earnings P 000	Proposed dividends P 000	Total P 000
Company										
Year ended 30 June 2002										
Balance at 1 July 2001										
-As previously reported		237,699	247,500	4,000	1,504	24,070	-	(8,511)	-	506,262
-Prior year adjustement	31	-	-	-	-	-	155,144	1,922	-	157,066
-As restated		237,699	247,500	4,000	1,504	24,070	155,144	(6,589)	-	663,328
Shares issued during the year		500	49,500	-	-	-	-	-	-	50,000
Fair value adjustment for quoted investments		-	-	-	-	-	43,423	-	-	43,423
Dividends for the year		-	-	-	-	-	-	(11,273)	11,273	-
Net profit for the year		-	-	-	-	-	-	45,090	-	45,090
Balance at 30 June 2002		238,199	297,000	4,000	1,504	24,070	198,567	27,228	11,273	801,841
Year ended 30 June 2003										
Balance at 1 July 2002		238,199	297,000	4,000	1,504	24,070	198,567	27,228	11,273	801,841
Dividends paid		-	-	-	-	-	-	-	(11,273)	(11,273)
Fair value adjustment for quoted investments		-	-	-	-	-	(11,321)	-	-	(11,321)
Net profit for the year		-	-	-	-	-	-	62,753	-	62,753
Balance at 30 June 2003		**238,199**	**297,000**	**4,000**	**1,504**	**24,070**	**187,246**	**89,981**	**-**	**842,000**

CASH FLOW STATEMENTS
for the year ended 30 June 2003

	Note	Group 2003 P 000	Group Restated 2002 P 000	Company 2003 P 000	Company 2002 P 000
Operating activities					
Cash generated from operations	37	**3,020**	130,589	**44,158**	112,956
Interest received	4	**29,427**	30,747	**15,228**	17,546
Interest paid and exchange loss	4	**(25,856)**	(22,550)	**(28,486)**	(21,993)
Tax paid		**(13,969)**	(10,530)	-	-
Net cash from operating activities		**(7,378)**	128,256	**30,900**	108,509
Investing activities					
Acquisition of subsidiaries, net of cash acquired	38	**(64,857)**	-	-	-
Additions to investment properties	6	**(111,710)**	(50,323)	**-**	-
Disposal of investments		**300**	66	**300**	66
Proceeds from disposal of property, plant and equipment		**355**	1,163	**-**	106
Government grants received		**-**	1,100	**-**	-
Investment in subsidiaries not consolidated		**72,191**	(10,809)	**-**	-
Loans disbursed to associated companies / partnerships		**(1,965)**	(9,739)	**(1,965)**	(9,739)
Loans disbursed to non-affiliated companies		**(31,121)**	(21,237)	**(31,121)**	(21,237)
Loans disbursed to subsidiaries		**-**	-	**(115,934)**	(100,465)
Loans repaid by associated companies / partnerships		**5,391**	19,712	**5,391**	20,290
Loans repaid by non-affiliated companies		**2,881**	25,664	**2,881**	25,006
Loans repaid by subsidiaries		**-**	-	**2,786**	31,083
Purchase of property, plant and equipment	7	**(12,886)**	(40,719)	**(533)**	(267)
Purchase of shares in associated companies / partnerships		**(192)**	-	**(192)**	-
Purchase of shares in non-affiliated companies		**-**	(10)	-	-
Purchase of shares in subsidiaries		**-**	-	**(29,975)**	(4,510)
Real estate development		**1,739**	(1,566)	**-**	-
Net cash used in investing activities		**(139,874)**	(86,698)	**(168,362)**	(59,667)
Financing activities					
Dividends paid to group shareholders		**(11,273)**	-	**(11,273)**	-
Dividends paid to minority shareholders	24	**(3,656)**	(1,407)	**-**	-
Increase/(decrease) in long term borrowings		**79,565**	(6,530)	**79,209**	(10,870)
Issue of shares		**-**	50,000	**-**	50,000
Net cash generated from financing activities		**64,636**	42,063	**67,936**	39,130
(Decrease)/increase in cash and cash equivalents		**(82,616)**	83,621	**(69,526)**	87,972
Movements in cash and cash equivalents					
Start of year		**337,269**	253,648	**235,591**	147,619
(Decrease)/increase		**(82,616)**	83,621	**(69,526)**	87,972
End of year		**254,653**	337,269	**166,065**	235,591
Cash and cash equivalents	19	**110,576**	191,429	**51,904**	127,006
Available for sale investments	18	**147,738**	146,191	**114,161**	108,585
Bank overdraft	30	**(3,661)**	(351)	**-**	-
		254,653	337,269	**166,065**	235,591

ACCOUNTING POLICIES

For the year ended 30 June 2003

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

A. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

The following are the more important accounting policies used by the group which are consistent with those of the previous year.

B. Group accounting

Subsidiaries

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The accounting year end of Cresta Marakanelo (Pty) Ltd is not coterminous with that of the holding company and, accordingly unaudited management accounts as at 30 June 2003 have been used for consolidation purposes. The directors are satisfied as to the reliability of the management accounts and have confirmed that the financial year-end of Cresta Marakanelo (Pty) Ltd will be changed to 30 June with effective from the forthcoming financial year.

Associates

Investments in associates are accounted for by the equity method of accounting. Under this method the company's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence, but which it does not control. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ACCOUNTING POLICIES (continued)

For the year ended 30 June 2003

B. Group accounting (continued)

Associates (continued)

The group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not to recognise further losses, unless the group has incurred obligations or made payments on behalf of the associates.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary at the date of acquisition. Such goodwill is recognised as an asset and amortised using the straight-line method over a period not exceeding five years. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies. At each balance sheet date the group assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Excess of the group's interest in the fair values of the identifiable assets and liabilities acquired over the cost of acquisition is recognised as negative goodwill. Negative goodwill is recognised in the income statement when the future losses and expenses identified at the time of the acquisition are recognised.

C. Property, plant and equipment

Apart from minor properties held by certain group companies, property, plant and equipment are included at historical cost less depreciation. Cost includes all costs directly attributable to bringing the assets to working conditions for their intended use.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives 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

Land is not depreciated as it is deemed to have an infinitive life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit. When revalued assets are sold, the amounts included in fair value and other reserves are transferred to retained earnings.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

ACCOUNTING POLICIES (continued)

For the year ended 30 June 2003

C. Property, plant and equipment (continued)

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.

D. Development costs

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and have probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Direct costs comprise mainly staff costs of the software development team.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight –line method over their useful lives, not exceeding a period of 5 years.

E. Investment properties

Investment properties, principally comprising industrial, commercial and residential buildings, are held for long-term rental yields and are not occupied by the group. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation as allowed under International Accounting Standard 40: Investment Property.

Depreciation is calculated on the straight-line method to write off the cost of investment properties to their residual values over their estimated useful lives of 25 to 50 years.

F. Impairment of long lived assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

G. Investments

The group classifies its investments in debt and equity securities into the following categories: trading, held-to-maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Trading

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these financial statements short term is defined as 3 months.

ACCOUNTING POLICIES (continued)

For the year ended 30 June 2003

G. Investments (continued)

Held-to-maturity

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date which are classified as current assets.

Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Available-for-sale investments also include real estate development. Real estate development is stated at cost. Cost includes all direct costs which includes certain overheads. The surplus on revaluation of the property is taken to a revaluation reserve and is being released to income statement on sale of properties. Payments that have been received from the customers prior to transfer of the title to the properties are treated as advance payments. The cost of development and advance payments are set off against each other in the financial statements.

Purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise. Unrealised gain and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. The fair value of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

H. 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.

I. Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off when identified.

J. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short highly liquid investment s with original maturities of three months and bank overdrafts. Bank overdrafts are included in current liabilities on the balance sheet.

ACCOUNTING POLICIES (continued)

For the year ended 30 June 2003

K. Share capital

Ordinary shares and non-redeemable preferred shares with discretionary dividends are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

Where the company or its subsidiaries purchases the company's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

Non-refundable grants received from the Government of Botswana for construction of properties are included in non-current liabilities and are amortised on the same method for charging depreciation on the properties.

M. Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Preferred shares, which are redeemable on a specific date or at the option of the shareholder or which carry non-discretionary dividend obligations, are classified as long-term liabilities. The dividends on these preferred shares are recognised in the income statement as interest expense.

N. Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

O. Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on depreciation on property, plant and equipment, investment properties and government grants, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

ACCOUNTING POLICIES (continued)

For the year ended 30 June 2003

P. Taxation

Taxation is provided at current rates on the taxable income for the year after taking account of income and expenditure which is not subject to taxation and the tax effects of charges and credits, including depreciation, attributable to periods other than the current year.

Q. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the group are not provided in advance.

Provision is made for the estimated value of future claims and related costs arising from premiums earned, using the best information available at the time. The provision includes reported claims not yet paid as well as estimated claims incurred but not yet reported.

R. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year –end rates.

In the case of foreign loans, exchange gains or losses arising on repayment are covered by agreements for partial protection entered into with the Government of Botswana. Such loans are translated to Botswana Pula at the rates of exchange ruling at the end of the financial year and the amount of exchange losses or gains which would be borne by or accrue to the Government in terms of these agreements, if these loans were to be repaid at these rates of exchange, is adjusted in arriving at the amount which these loans are stated in the balance sheet.

S. Financial instruments

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced sale. Investment in financial assets are initially recognised at cost. Subsequently, financial assets are remeasured at fair value, except for held to maturity investments such as debt and loans which are carried at amortised cost. Financial liabilities are recognised at the original debt less principal repayments and amortisation.

Disclosure about financial instruments as to their fair value are provided in note 35.

ACCOUNTING POLICIES (continued)

For the year ended 30 June 2003

T. Employee benefits

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. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

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.

U. Revenue recognition

Dividends and other income are accounted for when the group's right to receive payment is established.

Interest income on loan investments is recognised on an effective yield basis. Interest on short term investments is recognised on an accrual basis.

Rental income from investment properties is recognised once a lease agreement has been signed and is recorded on an accrual basis.

Sales are recognised upon delivery of products and customer acceptance or on the performance of service.

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.

V. Dividends

Dividends are recorded in the group's financial statements in the period in which they are approved by the group's shareholders and are shown as a component of equity.

W. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2003

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
1. REVENUE				
Income from trade	**201,121**	175,912	**-**	-
Interest on loans:				
- Subsidiaries	**-**	-	**17,002**	19,362
- Associated companies/partnerships	**6,228**	2,978	**6,228**	2,978
- Unquoted investments	**10,647**	5,156	**10,647**	5,156
Dividends received:				
- Subsidiaries	**-**	-	**28,318**	12,474
- Associated companies/partnerships	**-**	-	**6,618**	3,173
- Unquoted investments	**63,345**	27,410	**63,345**	27,382
	281,341	211,456	**132,158**	70,525
2. OPERATING PROFIT				
The following items have been charged/(credited):				
Amortisation of Government grant (note 26)	**(777)**	(753)	**-**	-
Auditors' remuneration	**772**	648	**120**	120
Depreciation:				
-Investment properties (note 6)	**5,477**	4,083	**-**	-
-Property, plant and equipment (note 7)	**26,255**	11,442	**1,436**	1,461
Directors' fees	**208**	185	**30**	29
Directors' emoluments	**311**	298	**311**	298
Impairment of plant and equipment (note 7)	**10,190**	-	**-**	-
Provision for losses				
-Investments (note 11)	**20,041**	4,268	**33,425**	10,915
-Reorganisation	**-**	294	**-**	294
(Profit)/loss on disposal of plant and equipment	**441**	(90)	**-**	(36)
Transfer to claims equalisation reserve (note 27)	**76**	54	**-**	-
De-recognition of financil liability	**(2,986)**	-	**-**	-
Cost recoveries	**(4,301)**		**(6,109)**	
Bad debts recovered	-	(1.735)	**-**	(1,735)
Operating lease rentals	**2,229**	1,128	**-**	-
3. STAFF COSTS				
Salaries and wages	**47,083**	39,435	**9,873**	10,112
Terminal benefits	**3,048**	2,548	**1,076**	1,059
	50,131	41,983	**10,949**	11,171
Average number of employees	**5,060**	5,830	**56**	60
4. NET FINANCE INCOME/(COST)				
Interest income				
- short term bank deposits	**12,090**	13,955	**4,937**	8,174
- Bank of Botswana certificates	**17,337**	16,792	**10,291**	9,372
	29,427	30,747	**15,228**	17,546
Interest expense				
- bank borrowings	**(3,372)**	(22)	**-**	-
- bonds	**(7,038)**	(7,025)	**(7,038)**	(7,025)
- long-term borrowings	**(13,879)**	(14,553)	**(13,879)**	(14,552)
- finance leases	**(9)**	(384)	**-**	-
	(24,298)	(21,984)	**(20,917)**	(21,577)
Exchange loss	**(1,558)**	(566)	**(7,569)**	(416)
	3,571	8,197	**(13,258)**	(4,447)

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

5. TAXATION

	Group		Company	
	2003 P 000	2002 P 000	**2003 P 000**	2002 P 000
Botswana company taxation				
-basic tax at 15%/5%	**(6,595)**	(7,493)	**-**	-
-additional tax at 10%	**(3,796)**	(4,664)	**-**	-
	(10,391)	(12,157)	**-**	-
Prior year under provision	**(381)**	(5,646)	**-**	-
Capital gains tax	**-**	(245)	**-**	(245)
Group tax relief	**12,816**	7,970	**2,416**	7,970
	2,044	(10,078)	**2,416**	7,725
Transfer (to)/from deferred taxation (note 28)	**(3,865)**	2,860	**-**	-
Share of associated company taxation	**(1,839)**	(1,996)	**-**	-
Charge for the year	**(3,660)**	(9,214)	**2,416**	7,725

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

	Group 2003	Group 2002	Company 2003	Company 2002
Profit before taxation	**59,079**	70,796	**60,337**	37,365
Tax calculated at 25%/15%	**14,770**	17,699	**15,084**	9,341
Income not subject to tax	**(24,570)**	(10,809)	**(24,570)**	(10,809)
Expenses not deductible for tax purposes	**7,440**	4,419	**7,287**	4,345
Utilisation of previously unrecognised losses	**(80,366)**	(79,886)	**(75,155)**	(77,799)
Temporary differences	**(9,826)**	512	**(82)**	(89)
Expenses subject to double deduction	**(143)**	(144)	**(135)**	(144)
Unutilised losses carried foward	**93,882**	80,366	**72,530**	75,155
Losses fallen away	**2,721**	-	**2,625**	-
Losses utilised by subsidiaries	**6,483**	-	**2,416**	-
	10,391	12,157	**-**	-

Tax Losses

There is no company taxation charge for the company in view of the tax losses available for carry forward of approximately P290 million (2002:P301 million), which will expire five years after the tax year in which they arose:

Tax year	Group 2003	Group 2002	Company 2003	Company 2002
1997/1998	**-**	10,498	**-**	10,498
1998/1999	**72,486**	72,870	**72,486**	72,486
1999/2000	**219,709**	234,599	**217,636**	217,636
2000/2001	**26,784**	1,575	**-**	-
2001/2002	**30,206**	1,921	**-**	-
2002/2003	**26,344**	-	**-**	-
	375,529	321,463	**290,122**	300,620

6. INVESTMENT PROPERTIES

	Group 2003	Group 2002	Company 2003	Company 2002
Opening net book value	**234,414**	188,174	**-**	-
Additions	**111,710**	50,323	**-**	-
Transfer in (note 7)	**12,589**	-	**-**	-
Transfer out (note 7)	**(2,790)**	-	**-**	-
Depreciation (note 2)	**(5,477)**	(4,083)	**-**	-
Closing net book value	**350,446**	234,414	**-**	-
Cost	**377,146**	257,481	**-**	-
Accumulated depreciation	**(26,700)**	(23,067)	**-**	-
	350,446	234,414	**-**	-

The directors estimate the fair value of the group's investment properties at P519 million (2002: P313 million). Directors valuation is based on future expected cash flows from the properties. Included in the income statement are the following in respect of investment properties:

	Group 2003	Group 2002	Company 2003	Company 2002
Rental income	**20,034**	18,604	**-**	-
Repairs and maintenance	**1,489**	2,025	**-**	-

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Freehold land and buildings	Computers	Motor vehicles	Plant and machinery	Furniture and fittings	Capital work in progress	Total
	P 000	P 000	P 000	P 000	P 000	P 000	P 000	P 000
Group								
Year ended 30 June 2002								
Opening net book value	118,893	7,116	6,654	1,110	10,995	13,718	976	159,462
Additions	6,639	-	635	37	421	4,140	28, 845	40,717
Disposals at cost	-	-	(174)	(62)	-	(2,743)	-	(2,979)
Depreciation on disposals	-	-	118	55	-	1,734	-	1,907
Depreciation (note 2)	(3,345)	(238)	(2,043)	(298)	(1,474)	(4,044)	-	(11,442)
Closing net book value	122,187	6,878	5,190	842	9,942	12,805	29,821	187,665
At 30 June 2002								
Cost	151,816	7,371	12,488	4,159	24,981	33,942	29,821	264,578
Accumulated depreciation	(29,629)	(493)	(7,298)	(3,317)	(15,039)	(21,137)	-	(76,913)
Net book value	122,187	6,878	5,190	842	9,942	12,805	29,821	187,665
Year ended 30 June 2003								
Opening net book value	122,187	6,878	5,190	842	9,942	12,805	29,821	187,665
Additions	1,138	73	1,137	255	6,702	3,068	515	12,888
Acquisition of subsidiaries (note 38)	20,228	-	-	916	88,441	665	-	110,250
Transfer to investment property (note 6)	(12,589)	-	-	-	-	-	-	(12,589)
Transfer	-	784	-	-	29,363	-	(30,147)	-
Revaluation	-	305	-	-	-	-	-	305
Transfer from investment property (note 6)	2,790	-	-	-	-	-	-	2,790
Disposals at cost	(5)		(13)	(2,360)	(178)	(790)	-	(3,346)
Depreciation on disposals	5	-	-	1,938	-	607	-	2,550
Depreciation (note 2)	(6,556)	(246)	(2,197)	(827)	(12,568)	(3,861)		(26,255)
Impairment charge	-	-	-	-	(10,190)	-	-	(10,190)
Closing net book value	**127,198**	**7,794**	**4,117**	**764**	**111,512**	**12,494**	**189**	**264,068**
At 30 June 2003								
Cost	156,982	8,533	13,611	2,970	149,310	36,885	189	368,480
Impairment loss	-	-	-	-	(10,190)	-	-	(10,190)
Accumulated depreciation	(29,784)	(739)	(9,494)	(2,206)	(27,608)	(24,391)	-	(94,222)
Net book value	**127,198**	**7,794**	**4,117**	**764**	**111,512**	**12,494**	**189**	**264,068**

The impairement loss of P10 190 000 represents the write -down of carrying value of plant and machinery of a subsidiary company. The recoverable amount was based on value in use and was determined by taking the Net Present Value of future cash flows and the discounted residual value of the plant in the fifth year. In determining value in use, the net future cash flows were discounted at a nominal rate of 8% on a pre-tax basis.

Ceratin assets are secured as set out in note 30.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Improvements to leasehold buildings	Computers	Motor vehicles	Furniture and fittings	Total
	P 000	P 000	P 000	P 000	P 000
Company					
Year ended 30 June 2002					
Opening net book value	97	5,010	-	340	5,447
Additions	-	88	36	143	267
Disposals at cost	-	-	-	(443)	(443)
Depreciation on disposals	-	-	-	373	373
Depreciation (note 2)	(4)	(1,330)	(4)	(123)	(1,461)
Closing net book value	**93**	**3,768**	**32**	**290**	**4,183**
At 30 June 2002					
Cost	220	7,194	36	1,973	9,423
Accumulated depreciation	(127)	(3,426)	(4)	(1,683)	(5,240)
Net book value	**93**	**3,768**	**32**	**290**	**4,183**
Year ended 30 June 2003					
Opening net book value	93	3,768	32	290	4,183
Additions	-	485	-	48	533
Depreciation (note 2)	(4)	(1,315)	(4)	(112)	(1,435)
Closing net book value	**89**	**2,938**	**28**	**226**	**3,281**
At 30 June 2003					
Cost	220	7,679	36	2,021	9,956
Accumulated depreciation	(131)	(4,741)	(8)	(1,795)	(6,675)
Net book value	**89**	**2,938**	**28**	**226**	**3,281**

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

8. SUBSIDIARIES	Shares at cost P 000	Held to maturity Short term loan P 000	Long term loan P 000	Total loan P 000	**2003 Total investment P 000**	2002 Total investment P 000	% of shares held	Loan interest rate pa %
Agriculture								
Farm Development Company (Pty) Ltd	3,552	138	1,894	2,032	**5,584**	5,584	100	17.5
Malutu Investments (Pty) Ltd	10,000	-	-	-	**10,000**	-	100	
Talana Farms (Pty) Ltd	3,033	-	-	-	**3,033**	3,033	100	
	16,585	138	1,894	2,032	**18,617**	8,617		
Industry								
Kwena Concrete Products (Pty) Ltd	6,529	-	-	-	**6,529**	6,529	50	
Lobatse Clay Works (Pty) Ltd	23,719	9,750	35,486	45,236	**68,955**	62,660	100	17.5
Lobatse Tile (Pty) Ltd	60,656	2,459	41,558	44,017	**104,673**	77,826	100	17.5
	90,904	12,209	77,044	89,253	**180,157**	147,015		
Services								
Cresta Marakanelo (Pty) Ltd	11,100	-	-	-	**11,100**	11,100	60	
Export Credit Insurance & Guarantee (Pty) Ltd	10,000	-	-	-	**10,000**	10,000	100	
Gaborone Hotel (Pty) Ltd	1,532	-	-	-	**1,532**	1,532	100	
Tswana Project (Pty) Ltd	1,188	-	-	-	**1,188**	1,188	100	
	23,820				**23,820**	23,820		
Property management								
Apollo Holdings (Pty) Ltd	1,443	-	440	440	**1,883**	1,443	76	16.25
Botswana Hotel Development Co. (Pty) Ltd	17,858	-	-	-	**17,858**	17,060	100	
Broadhurst Industrial Estate (Pty) Ltd	-	-	-	-	**-**	3,846	100	
Coleraine Holdings (Pty) Ltd	1,250	544	2,640	3,184	**4,434**	4,804	65	16.25
Commercial Holdings (Pty) Ltd	9,516	540	27,384	27,924	**37,440**	28,155	100	11
Fairground Holdings (Pty) Ltd	8,615	-	-	-	**8,615**	8,615	51	
Holding Company 2574 (Pty) Ltd	18,948	200	89,300	89,500	**108,448**	18,948	100	
Holding Company 2680 (Pty) Ltd	-	-	-	-	**-**	19,695	100	16.5
Hotel Development Company (Pty) Ltd	-	-	-	-	**-**	798	100	
Lobatse Industrial Estate (Pty) Ltd	-	-	-	-	**-**	2,888	100	
Madirelo (Pty) Ltd	-	-	-	-	**-**	38,542	100	
NPC Investments (Pty) Ltd	1,321	-	-	-	**1,321**	1,321	100	
Phakalane Property Developments (Pty) Ltd	510	-	-	-	**510**	510	100	
Residential Holdings (Pty) Ltd	15,652	379	9,201	9,580	**25,232**	19,291	100	11
SP Factory No.1 (Pty) Ltd	-	-	-	-	**-**	25,200	100	
SP Factory No.2 (Pty) Ltd	-	-	-	-	**-**	6,257	100	
Town House Development (Pty) Ltd	-	-	-	-	**-**	347	100	
Waterloo (Pty) Ltd	-	-	-	-	**-**	68,987	100	14
Western Industrial Estate (Pty) Ltd	108,206	3,773	68,255	72,028	**180,234**	19,288	100	
	183,319	5,436	197,220	202,656	**385,975**	285,995		
Total all sectors	314,628	17,782	276,158	293,941	**608,569**	465,447		
Less: Current portion of loans included in short-term loans and advances (note 17)					**(17,782)**	(17,491)		
					590,787	447,956		
Less: Provision for losses (note 11)					**(94,331)**	(61,133)		
					496,456	386,823		

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

8. SUBSIDIARIES (continued)

All the subsidiaries are registered in Botswana.
Long-term loans are repayable over periods varying from 2 to 10 years and analysed as follows:

	2003 P000	2002 P000
Between 1 and 2 years	**17,644**	17,491
Between 2 and 5 years	**11,096**	41,097
Over 5 years	**265,201**	122,205
	293,941	180,793

9. ASSOCIATED COMPANIES/PARTNERSHIPS

Group	Shares / capital accounts cost	Held to maturity Short term loan	Long term loan	Total loan/ debenture	Post acquisition reserves	**2003 Total investment**	2002 Total investment	%of shares held	Loan interest rate
	P 000	P 000	P 000	P 000	P 000	**P 000**	P 000	P 000	
Agriculture									
Hortulus (Pty) Ltd	74	-	-	-	(74)	**-**	(24)	48	
Legola (Pty) Ltd	498	-	1,607	1,607	(498)	**1,607**	1,607	40	17.5
	572	-	1,607	1,607	(572)	**1,607**	1,583		
Industry									
Algo Spinning and Weaving (Pty) Ltd	6,402	-	-	-	-	**6,402**	6,402	22.73	
Asphalt Botswana (Pty) Ltd	1,092	1,280	1,445	2,725	3,576	**7,393**	6,947	48	12
Cisco (Pty) Ltd	2,239	-	42,385	42,385	-	**44,624**	44,624	20	17.5
Flowtite Botswana (Pty) Ltd	21,052	-	26,133	26,133	-	**47,185**	25,043	37.21	Various
H J Heinz (Botswana) (Pty) Ltd	2,101	-	-	-	1,256	**3,357**	3,854	20	
Haltek (Pty) Ltd	11,164	-	88,516	88,516	-	**99,680**	100,390	22.5	17.5
Kwena Rocla (Pty) Ltd	4,900	-	-	-	1,934	**6,834**	7,097	49	
	48,950	1,280	158,479	159,759	6,766	**215,475**	194,357		
Services									
Global Resorts (Pty) Ltd	4,819	-	-	-	4,676	**9,495**	10,605	40	
Healthcare Holdings (Pty) Ltd	7,384	2,338	14,750	17,088	(2,054)	**22,418**	22,318	29.65	Various
Investec Holdings (Botswana) Ltd	13,500	-	-	-	3,283	**16,783**	17,160	24.24	
Information Trust Company Botswana (Pty) Ltd	147	-	-	-	10	**157**	87	49	
Mashatu Nature Reserve (Pty) Ltd	4,543	213	932	1,145	(2,825)	**2,863**	2,465	30	5
Metropolitan Life of Botswana Ltd	5,000	-	-	-	4,278	**9,278**	9,262	25	
	35,393	2,551	15,682	18,233	7,368	**60,994**	61,897		

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

9. ASSOCIATED COMPANIES/PARTNERSHIPS (continued)

	Shares / capital accounts cost	Held to maturity Short term loan	Long term loan	Total loan/ debenture	Post acquisition reserves	**2003 Total investment**	2002 Total investment	%of shares held	Loan interest rate
	P 000	P 000	P 000	P 000	P 000	**P 000**	P 000	P 000	
Group (continued)									
Property management									
DBN Developments Partnership	1,500	1,196	1,247	2,443	6,046	**9,989**	9,320	33.33	11
The Liaison Partnership	1,763	-	-	-	(904)	**859**	930	40	
NBC Developments	1,531	541	3,230	3,771	1,551	**6,853**	9,002	33.33	11.5
Diplomatic Services (Pty) Ltd	1,000	4	-	4	333	**1,337**	1,688	40	
Riverwalk (Pty) Ltd	4,125	1,441	13,045	14,486	7,188	**25,799**	17,219	20	16
	9,919	3,182	17,522	20,704	14,214	**44,837**	38,159		
Total all sectors	94,834	7,013	193,290	200,303	27,776	**322,913**	295,996		

	2003	2002
Less: Current portion of loans included in short-term loans and advances (note 17)	**(7,013)**	(15,244)
	315,900	280,752
Less: Provision for losses (note 11)	**(208,679)**	(182,974)
	107,221	97,778

Company

	2003	2002
Shares/capital accounts at cost		
-group investment as given above	**94,834**	100,648
-amount invested in DBN Developments by NPC Investments (Pty) Ltd	**(1,500)**	(1,500)
	93,334	99,148
Loans	**200,303**	197,723
	293,637	296,871
Less: Current portion of loans included in short-term loans and advances (note 17)	**(7,013)**	(15,244)
	286,624	281,627
Less: Provision for losses (note 11)	**(221,178)**	(221,288)
	65,446	60,339

Long-term loans are repayable over periods varying from 2 to 10 years and analysed as follows:

	2003 P000	2002 P000
Between 1 and 2 years	**7,013**	15,244
Between 2 and 5 years	**5,751**	21,177
Over 5 years	**187,539**	161,302
	200,303	197,723

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

10. UNQUOTED INVESTMENTS

	Group and Company 2003 P 000	2002 P 000
Shares at cost	**12,718**	13,017
Held to maturity loans	**204,510**	176,272
	217,228	189,289
Provision for losses (note 11)	**(134,824)**	(134,488)
	82,404	54,801
Less: Current portion of loans included in short-term loans and advances (note 17)	**(13,187)**	(9,925)
	69,217	44,876

Long-term loans are repayable over periods varying from 2 to 10 years and analysed as follows:

	2003 P 000	2002 P 000
Between 1 and 2 years	**13,187**	9,925
Between 2 and 5 years	**16,840**	24,013
Over 5 years	**174,483**	142,334
	204,510	176,272

11. PROVISIONS FOR LOSSES ON INVESTMENTS

	Group 2003 P 000	Group 2002 P 000	Company 2003 P 000	Company 2002 P 000
At 1 July	**323,462**	319,194	**416,908**	405,994
Movement during the year (note 2)	**20,041**	4,268	**33,425**	10,915
At 30 June	**343,503**	323,462	**450,333**	416,909
Represents provisions against:				
Subsidiaries (note 8)	-	-	**94,331**	61,133
Associates (note 9)	**208,679**	182,974	**221,178**	221,288
Unquoted investments (note 10)	**134,824**	134,488	**134,824**	134,488
Subsidiaries not consolidated (note 14)	-	6,000	-	-
	343,503	323,462	**450,333**	416,909

12. QUOTED INVESTMENTS

	Group and Company 2003 P 000	2002 P 000
Shares at cost	**93,480**	93,480
Net gain transferred to fair value reserve (note 21)	**187,246**	198,567
Shares at market value	**280,726**	292,047
Comprising:		
Sechaba Breweries Holdings Ltd.,	**262,141**	279,164
PPC South Africa Ltd.,	**18,585**	12,883
	280,726	292,047

The company holds 34,044,315 (2002: 34,044,315) and 287,187 (2002:287,187) ordinary shares in Sechaba Breweries Holdings Ltd and PPC South Africa Ltd., respectively.

Although the company owns 25% (2002: 25%) of Sechaba Breweries Holdings Ltd issued capital, the equity method of accounting is not followed as the company does not exercise significant influence over its financial and operating policies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

13. DUE FROM GROUP COMPANIES

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

14. SUBSIDIARIES NOT CONSOLIDATED

	Group	
	2003	2002
	P 000	P 000
Equity		
Tswana Project (Pty) Ltd	**1,189**	1,189
Coleraine Holdings (Pty) Ltd	**-**	1,250
Malutu (Pty) Ltd	**10,000**	-
Apollo Holdings (Pty) Ltd	**1,444**	1,444
Lobatse Tile (Pty) Ltd	**-**	41,978
	12,633	45,861
Loans		
Coleraine Holdings (Pty) Ltd	**-**	3,554
Lobatse Tile (Pty) Ltd	**-**	35,848
Apollo Holdings (Pty) Ltd	**439**	-
	439	39,402
Less: Provision for losses	**-**	(6,000)
	13,072	79,263

The above subsidiaries have not been consolidated because they are either non-operational or audited financial statements are not available. Non consolidation of these subsidiaries has no material effect on the group's results or financial position.

15. INVENTORIES

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
Raw materials	**5,943**	1,023	**-**	-
Work in progress	**307**	424	**-**	-
Finished goods	**5,884**	955	**-**	-
Livestock	**81**	744	**-**	-
Moulds and patterns	**533**	453	**-**	-
Consumables	**1,368**	1,409	**-**	-
	14,116	5,008	**-**	-

Inventories of subsidiaries amounting to P11.8million (2002:P9.9 million) have been pledged as security for bank overdrafts.

16. RECEIVABLES AND PREPAYMENTS

	Group 2003 P 000	Group 2002 P 000	Company 2003 P 000	Company 2002 P 000
Gross trade receivables	**37,131**	32,449	**-**	-
Less: Provision for bad and doubtful debts	**(17,882)**	(16,017)	**-**	-
Net trade receivables	**19,249**	16,432	**-**	-
Prepayments	**179**	203	**-**	-
Other	**54,492**	44,793	**45,425**	46,749
	73,920	61,428	**45,425**	46,749

Receivables of P.5 million (2002:P6.4 million) in subsidiaries have been pledged as security for bank overdrafts. Movement for the provision for bad and doubtful debts is as follows:

	Group 2003 P 000	Group 2002 P 000	Company 2003 P 000	Company 2002 P 000
At 1 July	**16,017**	14,378	**-**	-
Current year provision	**1,865**	1,639	**-**	-
At 30 June	**17,882**	16,017	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
17. SHORT-TERM LOANS AND ADVANCES				
Short-term portion of loans to:				
Subsidiaries (note 8)	**-**	-	**17,782**	17,491
Associated companies (note 9)	**7,013**	15,244	**7,013**	15,244
Unqouted investments (note10)	**13,187**	9,925	**13,187**	9,925
	20,200	25,169	**37,982**	42,660
18. AVAILABLE FOR SALE INVESTMENTS				
Bank of Botswana certificates	**147,738**	146,191	**114,161**	108,585
Land for resale	**622**	2,361	**-**	-
	148,360	148,552	**114,161**	108,585

Bank of Botswana certificates

Bank of Botswana certificates are held for a maximum period of 90 days. Interest is earned at an effective rate of 12.5% (2002:12%). The proportionate amount of interest up to 30th June added to the cost of investment approximate the fair value.

Land for resale

A subsidiary company of the group has about 19.9 hectares of land within the Gaborone Showgrounds acquired from the Government of Botswana for development and resale.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
Cash and bank deposits	**110,576**	191,429	**51,904**	127,006

	Group and Company	
	2003	2002
	P 000	P 000
20. SHARE CAPITAL AND SHARE PREMIUM		
Authorised		
Ordinary shares of P1 each	**246,000**	246,000
Cumulative redeemable non-voting preference shares of P1 each		
Class A	**1,200**	1,200
Class B	**1,000**	1,000
Class C	**500**	500
Class D	**800**	800
Class E	**500**	500
	250,000	250,000
Issued and fully paid		
Ordinary shares of P1 each	**238,199**	238,199
Share premium	**297,000**	297,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

21. CONTRIBUTION TO FACTORY PREMISES

The balance comprises of non- refundable contributions received from the Government of Botswana in respect of funding for the construction of factories of the subsidiary companies.

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
22. FAIR VALUE RESERVE				
At 1 July (as restated)	**198,567**	155,144	**198,567**	155,144
Movement during the year	**4,026**	43,423	**(11,321)**	43,423
At 30 June	**202,593**	198,567	**187,246**	198,567
Comprising				
Quoted investments (note 13)	**187,246**	198,567	**187,246**	198,567
Investment property of an associated company	**15,347**	-	**-**	-
	202,593	198,567	**187,246**	198,567
23. OTHER RESERVES				
Capital redemption reserve	**7,060**	4,060	**4,000**	4,000
Donated capital	**-**	4	**-**	-
Capitalisation of bonus shares	**1,504**	1,829	**1,504**	1,504
Contingency reserve	**-**	107	**-**	-
Statutory capital and solvency reserves	**408**	241	**-**	-
Goodwill on consolidation	**4,955**	-	**-**	-
	13,927	6,241	**5,504**	5,504

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

	Group	
	2003	2002
	P 000	P 000
24. MINORITY INTEREST		
At 1 July	**34,798**	26,605
Share of net (loss)/profit of subsidiaries	**(17,790)**	9,600
Share of reserves	**34,990**	-
Dividend paid	**(3,656)**	(1,407)
Acquired during the year	**(14,054)**	-
At 30 June	**34,288**	34,798

NOTES TO THE FINANCIAL STATEMENTS (continued)

30 June 2003

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
25. BORROWINGS				
Government of Botswana				
Unsecured loan bearing interest at 10% per annum repayable in half-yearly instalments of P183,000 each over the period to 2008	**1,417**	1,626	**1,417**	1,626
Unsecured loan bearing interest at 10% per annum repayable in half-yearly instalments of P137,000 each over the period to 2008	**1,059**	1,216	**1,059**	1,216
Unsecured loan bearing interest at 2% per annum repayable in half-yearly instalments of P253,000 each over a period of 17 years	**5,774**	6,159	**5,774**	6,159
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P564,000 each over the period to 2021	**8,204**	8,328	**8,204**	8,328
Unsecured loan bearing interest at 10% per annum repayable in half-yearly instalments of P165,000 each over the period to 2011	**1,733**	1,873	**1,733**	1,873
Unsecured loan bearing interest at 10% per annum repayable in half-yearly instalments of P145,000 each over the period to 2011	**1,634**	1,752	**1,634**	1,752
Unsecured loan bearing interest at 8.5% per annum repayable in half-yearly instalments of P231,000 each over the period to 2011	**2,760**	2,974	**2,760**	2,974
Unsecured loan bearing interest at 10% per annum repayable in half-yearly instalments of P261,000 each over the period to 2012	**3,356**	3,578	**3,356**	3,578
Unsecured loan bearing interest at 7.5% per annum repayable in half-yearly instalments of P316,000 each over the period to 2014	**4,669**	4,935	**4,669**	4,935
Unsecured loan bearing interest at 7.5% per annum repayable in half-yearly instalments of P750,000 each over the period to 2014	**11,426**	12,035	**11,426**	12,035
Unsecured loan bearing interest at 8% per annum repayable in half-yearly instalments of P1,100,000 each over the period to 2015	**17,140**	17,578	**17,140**	17,578
Unsecured loan bearing interest at 8% per annum repayable in half-yearly instalments of P1,580,000 each over the period to 2016	**25,797**	26,830	**25,797**	26,830
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P221,000 each over the period to 2006	**3,499**	3,602	**3,499**	3,602
Unsecured loan bearing interest at 9.5% per annum repayable in half-yearly instalments of P2,515,000 each over the period to 2017	**39,793**	40,960	**39,793**	40,960
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P300,000 each over the period to 2017	**4,151**	4,240	**4,151**	4,240

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

	Group		Company	
	2003	2002	**2003**	2002
25. BORROWINGS (continued)	**P 000**	P 000	**P 000**	P 000
Government of Botswana (continued)				
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, 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	**89,500**	-	**89,500**	-
Unsecured loan bearing interest at 12.1% per annum repayable in half-yearly instalments of P834,000 each over the period to 2020	**11,909**	12,116	**11,909**	12,116
	233,821	149,802	**233,821**	149,802
European Investment Bank				
Loan bearing interest at 3% per annum, guaranteed by the Government of Botswana, repayable by 2006 (loan number 17210)	**5,702**	8,494	**5,702**	8,494
Unsecured loan bearing interest at 1% per annum repayable in 10 annual payments from 2000 (loan number 70948)	**1,172**	1,396	**1,172**	1,396
Loan bearing interest at 2% per annum, guaranteed by the Government of Botswana, repayable by 2017 (loan number 70893)	**8,557**	9,464	**8,557**	9,464
Loan bearing interest at 3% per annum, guaranteed by the Government of Botswana, repayable by 2005 (loan number 1630)	**3,370**	6,408	**3,370**	6,408
Loan bearing interest at 5% per annum, guaranteed by the Government of Botswana, repayable by 2008 (loan number 70699)	**5,311**	5,874	**5,311**	5,874
	24,112	31,636	**24,112**	31,636

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
25. BORROWINGS (continued)				
Bond				
Bearing interest at 14% per annum redeemable on 30 November 2004	**50,000**	50,000	**50,000**	50,000
Mortgage loan and finance leases				
Liabilities under finance leases held over three, four and five years at varying interest rates	**1,308**	294	**-**	-
Gross borrowings	**309,241**	231,732	**307,933**	231,438
Less: Portion of exchange loss borne by the Government of Botswana	**(4,036)**	(7,111)	**(4,036)**	(7,111)
	305,205	224,621	**303,897**	224,327
Less: Current portion included under current liabilities	**(11,394)**	(10,777)	**(11,101)**	(10,740)
	293,811	213,844	**292,796**	213,587
Analysis of gross borrowings				
Not later than 1 year	**11,394**	10,777	**11,101**	10,740
Later than 1 year, but not later than 5 years	**174,273**	84,696	**96,111**	100,542
Later than 5 years	**123,574**	136,259	**200,721**	120,156
	309,241	231,732	**307,933**	231,438

Finance leases are repayable over a period of four years in monthly instalments of P3,112 each bearing interest at a rate of 18.52% per annum and are secured by motor vehicles with a net book value of P17 498 at 30 June 2003.

The mortgage loan is repayable over a period of ten years in monthly instalments of P10 650 each, bearing interest at 16.75% per annum and is secured by land building at Plot 115, Unit 6, Kgale Mews, Millennium Park, Gaborone with a book value of P777 660.

The borrowings from European Investment Bank are repayable in half-yearly instalments .

The composition of foreign currencies of the balances at 30 June 2003 and each instalment are as follows:

Loan number	**Currency**	**Foreign amount of each instalment 000**	**Foreign amount at 30 June 2003 000**	**Pula equivalent at 30 June 2003 000**
1630	Euro	39	112	
	Pounds Sterling	113	332	**3,370**
17210	Pounds Sterling	11	64	
	United States Dollar	7	38	
	Euro	55	873	**5,702**
70699	Euro	19	931	**5,311**
70893	Euro	30	1,500	**8,557**
70948	Euro	17	205	**1,172**
				24,112

Foreign loans have been translated to Pula at the rates of exchange ruling at the balance sheet date and are stated in the balance sheet net of the proportion of exchange losses which would be borne by the Government of Botswana in terms of exchange protection agreements .

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

26. GOVERNMENT GRANTS

	Group 2003 P 000	Group 2002 P 000
At 1 July	**37,980**	38,733
Realised during the year	**(1,100)**	-
Amortisation during the year (note 2)	**(777)**	(753)
At 30 June	**36,103**	37,980
Gross Government grants	**49,960**	49,960
Amortisation	**(2,757)**	(1,980)
Utilised as provision for impairment loss	**(10,000)**	(10,000)
Realised	**(1,100)**	-
	36,103	37,980

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

27. CLAIMS EQUALISATION RESERVE

	Group 2003 P 000	Group 2002 P 000
At 1 July	**922**	868
Transfer from income statement (note 2)	**76**	54
At 30 June	**998**	922

The balance represents provision for possible future insurance claims. 10% of commercial and domestic premium income is transferred annually to this reserve.

28. DEFERRED TAXATION

	Group 2003 P 000	Group 2002 P 000
At 1 July	**9,794**	12,654
Transfer from/(to) income statement (note 5)	**3,865**	(2,860)
At 30 June	**13,659**	9,794

The provision mainly comprises timing differences on property, plant and equipment, investment properties and Government grants.

29. TRADE AND OTHER PAYABLES

	Group 2003 P 000	Group 2002 P 000	Company 2003 P 000	Company 2002 P 000
Trade payables	**13,821**	9,378	**208**	32
Accruals	**15,420**	12,203	**2,225**	193
Other payables	**46,801**	111,494	**31,506**	99,697
	76,042	133,075	**33,939**	99,922

30. BANK OVERDRAFTS

The bank overdrafts of subsidiaries are secured by deeds of hypothecation over fixed and moveable assets and other charges on trade receivables and inventories in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

	Group		Company	
	2003	2002	**2003**	2002
	P 000	P 000	**P 000**	P 000
31. PRIOR YEAR ADJUSTMENTS				
Correction of fundamental errors				
Share premium overstated	**(16,570)**	(16,570)	**-**	-
Overstated post acquisition capital reserves of an associated company	**(4,598)**	(4,598)	**-**	-
Excess post acquisition profits of an associated company	**(19,107)**	(11,522)	**-**	-
	(40,275)	(32,690)	**-**	-
Change in accounting policy				
Quoted investments restated at fair value	**-**	157,066	**-**	157,066
	(40,275)	124,376	**-**	157,066
32. COMMITMENTS				
Approved capital expenditure	**2,107**	4,135	**-**	-
Approved equity and loan investments undisbursed	**97,020**	88,794	**88,794**	88,794
	99,127	92,929	**88,794**	88,794
33. CONTINGENT LIABILITIES				
Guarantees in respect of facilities granted to certain subsidiaries and third parties	**176**	176	**176**	176
Withholding tax payable on management fees and interest thereon	**8,088**	-	**-**	-
Other	**500**	502	**-**	-
	8,764	678	**176**	176

	Group and Company	
	2003	2002
	P 000	P 000
34. PENSION SCHEME ARRANGEMENTS		
The Corporation 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. The cost of providing retirement benefits was:		
	1,075,928	1,058,575

35. FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and bank balances, trade receivables, investments in and loans to subsidiaries, associates and non-affiliates, trade payables, related party balances and borrowings. The particular recognitionmethods adopted are disclosed in the individual policy statements associated with each item.

(I) Credit risk

Financial assets of the group which are subject to credit risk consist mainly of cash resources, loans and investments. Cash resources are placed with financial institutions. These institutions are of high standing. Provisions have been made for loans and investments where necessary.

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

35. FINANCIAL INSTRUMENTS (continued)

(ii) Foreign currency risk

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

(iii) Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks.

(iv) Fair value

At 30 June 2003 and 2002, 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.

36. RELATED PARTY TRANSACTIONS

Related party balances consists of amounts due from/(to) entities under common ownership or control other than the state, directors and shareholders. Transactions with related parties are carried out at arms length and in the normal course of business.

	Group	
	2003	2002
	P'000	P'000
Transactions during the year		
Subsidiaries		
Cresta Marakanelo (Pty) Ltd		
Directors fees	**12**	112
Management fees paid TA Botswana (Pty) Ltd, minority shareholder	**3,305**	4,026
Profit bonus paid to TA Botswana (Pty) Ltd, minority shareholder	**1,341**	792
Purchases from Cresta Hospitality (Pvt) Zimbabwe	**394**	-
Kwena Concrete Products (Pty) Litd		
Directors fees	**50**	40
Associated companies		
HealthCare Holdings (Pty) Ltd		
Directors fees	**170**	-
Finance costs on borrowings from Bifm Botswana Limited and Debswana Pension Fund	**1,450**	730
Metropolitan Life of Botswana Ltd		
Directors fees	**39**	39
Directors remuneration for executive services	**503**	463
Asphalt Botswana (Pty) Ltd		
Directors remuneration for executive services	**275**	259
Global Resorts (Pty) Ltd		
Management fees paid to Global SA (Pty) Ltd, the holding company	**5,148**	4,330
ITC Botswana (Pty) Ltd		
Directors remuneration for executive services	**272**	-
Management fees paid to ITC SA (Pty) Ltd, the holding company	**153**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

36. RELATED PARTY TRANSACTIONS (continued)

	Group	
Associated companies (continued)	**2003**	2002
	P 000	P 000
HJ Heinz Botswana (Pty) Ltd		
Directors fees	**(1)**	28
Directors remuneration for executive services	**952**	967
Royalties paid to Olivine Industries (Pvt) Zimbabwe	**104**	93
Kwena Rocla (Pty) Ltd		
Management fees paid to D and H Industrial Holdings (Pty) Ltd, immediate holding company	**280**	266
Purchases from D and H Industrial Holdings (Pty) Ltd, immediate holding company	**1,059**	2,250
Investec Holdings (Botswana) Ltd		
Directors fees	**49**	46
Directors fees for executive services	**2,131**	2,577
Finance income from fellow subsidiaries	**1,529**	8,379
Finance costs paid to fellow subsidiaries	**2,422**	1,575
Commission income from fellow subsidiaries	**4**	3
Asset management income/(expenses) from fellow subsidiaries	**415**	(350)
Year end balances		
Subsidiaries		
Cresta Marakanelo (Pty) Ltd		
Due to Cresta Hospitality (Pvt) Zimbabwe-fellow subsidiary	**244**	-
Due to TA Botswana (Pty) Ltd-minority shareholder	**668**	390
Coleraine Holdings (Pty) Ltd		
Due to Raven Investments (Pty) Limited- minority shareholder	**62**	-
Associated companies		
Global Resorts (Pty) Ltd		
Current account balance due to Global Resorts SA (Pty) Ltd, immediate holding company	**368**	1,521
ITC Botswana (Pty) Ltd		
Current account balance due to ITC SA (Pty) Limited, immediate holding company	**353**	171
HJ Heinz Botswana (Pty) Ltd		
Current account balance due to Olivine Industries (Pvt) Zimbabwe, fellow subsidiary	**637**	867
Mashatu Nature Reserves (Pty) Ltd		
Current account balance due to MalaMala Ranch (Pty) Ltd	**2,557**	2,000
Loan balance due to Mashatu Investments (Pty) Ltd	**4,504**	5,910
Investec Holdings (Botswana) Ltd		
Deposits due from fellow subsidiaries	**23,687**	18,298
Deposits received from fellow subsidiaries	**647**	283
Investment in Floating Rate Note by fellow subsidiaries	**6,326**	24,575
Demand and Savings deposits from fellow subsidiaries	**32**	-
Deposits from directors	**335**	327
Loans to directors	**342**	32
Opening balance	**32**	608
Loans issued during the year	**754**	8
Interest charged	**161**	26
Loan repayments	**(624)**	(610)
Prior year capital balance	**(772)**	-
Balance at end of the year	**342**	32
Healthcare Holdings (Pty) Ltd		
Debentures-Debswana Pension Fund	**9,306**	9,306
Debentures- *Bifm* Botswana Ltd	**9,331**	9,331

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

	Note	Group 2003 P'000	Group Restated 2002 P'000	Company 2003 P'000	Company 2002
37. CASH GENERATED FROM OPERATIONS					
Profit before taxation		**59,079**	70,796	**60,337**	37,365
Adjustmens for:					
Amortisation of Government grants	26	**(777)**	(753)	**-**	-
Depreciation					
- Investment properties	6	**5,477**	4,083	**-**	-
- Property, plant and equipment	7	**26,255**	11,442	**1,436**	1,461
Dividend received from associates		**6,618**	3,173	-	-
Finance (income)/costs		**(3,571)**	(8,197)	**13,258**	4,447
Depreciation relating to assets of subsidiaries acquired		**(14,299)**	-	**-**	-
Loss/(profit) on sale of plant and equipment	2	**441**	(90)	**-**	(36)
Provision for losses in investments	2	**20,041**	4,268	**33,425**	10,914
Transfer to claims equalisation reserve	27	**76**	54	**-**	-
Transfer of revenue to share of associates profits		**1,034**	-	**-**	-
Share of result before tax of associates		**(30,385)**	(13,163)	**-**	-
Changes in working capital					
-receivables and prepayments		**(10,369)**	5,300	**1,324**	(3,479)
-inventories		**(1,714)**	5,290	**-**	-
-short-term borrowings		**617**	(7,721)	**361**	1,905
-trade and other payables		**(55,503)**	56,107	**(65,983)**	60,379
		3,020	130,589	**44,158**	112,956

38. AQUISITION OF SUBSIDIARIES

Lobatse Tile (Pty) Ltd

On 1 July 2000 the group acquired 60% of the share capital for P45 125 000. On 25 June 2003, the minority interest of 40% was acquired for P15 531 000. The acquired business contributed revenues of P18 479 000 and losses before taxation of P30 050 000 to the group from 1 July 2001 to 30 June 2003, which have been included in the group results for the current year.

The financial statements of Lobatse Tile (Pty) Ltd were consolidated for the first time during the current financial year as no audited financial statements were available in the previous years and there was no material effect on the group's results or financial position.

Coleraine Holdings (Pty) Ltd

The group acquired 65% of the share capital during the year ended 30 June 2001. However, the financial statements of Coleraine Holdings (Pty) Limited have not been consolidated in the prior years as no audited financial statements were available. The results for the two year period ended 30 June 2003 have been included in the group results for the current year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
30 June 2003

	Lobatse Tile (Pty) Ltd	Coleraine Holdings (Pty) Ltd	Total
38. ACQUISITION OF SUBSIDIARIES (continued)	**P 000**	**P 000**	**P 000**
The details of net assets acquired and goodwill are as follows:			
Purchase consideration			
- cash paid	60,656	1,250	61,906
Fair value of net assets acquired	(65,183)	(1,678)	(66,861)
Goodwill	(4,527)	(428)	(4,955)
The fair value of net assets approximated to the book value of net assets acquired.			
The assets and liabilities arising from the acquisition are as follows:			
Property, plant and equipment			
- cost (note 7)	105,070	5,180	110,250
- accumulated depreciation	(14,040)	(259)	(14,299)
- impairment loss	(10,190)	-	(10,190)
	80,840	4,921	85,761
Inventories	7,394	-	7,394
Receivables and prepayments	2,061	62	2,123
Cash and cash equivalents	133	-	133
Minority interest	-	(646)	(646)
Borrowings			
- Holding company	(44,019)	(3,136)	(47,155)
- Finance leases	(402)	-	(402)
Trade and other payables	(7,790)	(2)	(7,792)
Bank overdraft	(3,084)	-	(3,084)
	35,133	1.199	36,332
Operating loss attributable to the group	30,050	479	30,529
Fair value of net assets acquired	65,183	1,678	66,861
Goodwill	(4,527)	(428)	(4,955)
Total purchase consideration	60, 656	1,250	61,906
Add:			
Net bank overdraft in subsidiary acquired	2,951	-	2,951
Cash ouflow on acquisition	63, 607	1,250	64,857

COMPARATIVE GROUP RESULTS

(Pula million)

	1994	1995	1996	1997	1998	1999	2000	2001 Restated	2002 Restated	2003
Sales	195.5	181.4	152.7	182.8	237.3	254.6	238.8	213.8	211.4	281.3
Net profit (before tax)	29.1	78.6	41	33.2	-18.8	-97.7	32.5	34.6	70.7	59.0
Interest paid	27.2	33.3	26.3	27.1	33.8	31.4	34.8	22.3	22.0	24.3
Equity	266	327.2	384.3	470.5	511.5	408.6	435.1	485.1	559.2	559.2
Capital employed	538.8	644.5	664.8	794.4	889.6	786.7	900.4	1,099.1	1,219.3	1,335.6
Employees	12674	12614	11855	13389	13648	11791	7165	5520	5830	5060
Return on capital employed	5.40%	12.20%	6.20%	4.10%	-2.10%	-12.40%	3.60%	3.14%	5.79%	4.41%
Net profit to sales	14.90%	43.40%	26.80%	18.20%	-7.90%	-38.40%	13.60%	16.20%	33.48%	21.00%
Interest to sales	13.90%	18.40%	17.20%	14.80%	14.20%	12.30%	14.60%	10.40%	10.40%	8.64%
Debt to sales	1.1	1	0.7	0.7	0.7	0.8	0.4	1.1	0.9	0.9
Assets to liabilities	1.8	1.8	2.1	2.2	2.2	1.9	2.7	3.6	3.3	3.3
BDC investment ratio	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7

BOTSWANA DEVELOPMENT CORPORATION LIMITED

NOTICE OF SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN THAT THE 33rd ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT MOEDI, PLOT 50380 GABORONE SHOWGROUNDS ON THURSDAY 4 DECEMBER 2003 AT 12H00

A G E N D A

1. To read the notice convening the meeting

2. To receive and consider the company's audited financial statements and the reports of the directors and auditors for the year ended 30 June 2003.

3. To approve that no dividend be declared for the year ended 30 June 2003.

4. To approve the payment of P29 579 for directors' fees in respect of the year ended 30 June 2003.

5. To approve the remuneration of the auditors for the past audit in the sum of P120 000.

6. To appoint auditors for the ensuing year.

11 November 2003
Gaborone

Gladys V Garekwe
Group Company Secretary
By Order of the Board

A member entitled to attend and vote may appoint a proxy to attend and vote for him, on his behalf, and such proxy need not also be a member of the company.

NOTES

NOTES

NOTES