



## Botswana Development Corporation Limited

A limited liability public company incorporated in Botswana under the Companies Act, 2003 (as amended).

#NewBDC

#SeriousAboutBusiness

# AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2014

## GROUP PROFIT BEFORE TAX

▲ **166%**

2014 P35,714 mil

2013 P13,433 mil

## GROUP LOSS FOR THE YEAR

▼ **65%**

2014 P7,782 mil

2013 P22,473 mil

## COMPANY REVENUE

▲ **48%**

2014 P150.4 mil

2013 P101.7 mil

## GROUP ASSET BASE

▲ **15%**

2014 P3.6 bil

2013 P3.2 bil

	GROUP		COMPANY	
	2014 P'000	2013 P'000	2014 P'000	2013 P'000
<b>ABRIDGED STATEMENTS OF COMPREHENSIVE INCOME</b>				
Revenue	286,743	317,933	150,379	101,744
Gross profit	195,431	221,517	150,379	101,744
Share of profits of associates	53,272	71,809	-	-
Fair value gain of investment properties	110,515	89,089	-	-
Other income and expenses	(323,504)	(368,982)	(217,469)	(323,895)
<b>Profit/(loss) before tax</b>	<b>35,714</b>	<b>13,433</b>	<b>(67,090)</b>	<b>(222,151)</b>
Income tax (expense)/credit	(43,496)	(35,906)	(10,491)	2,459
<b>Loss for the year</b>	<b>(7,782)</b>	<b>(22,473)</b>	<b>(77,581)</b>	<b>(219,692)</b>
<b>Other comprehensive income</b>				
Net gain on investments designated as at fair value through other comprehensive income	203,606	151,660	203,606	151,660
Net gain on revaluation of property, plant and equipment	808	5,075	-	-
Share of other comprehensive profit/(loss) of associates	18,701	(27,173)	-	-
<b>Other comprehensive income for the year</b>	<b>223,115</b>	<b>129,562</b>	<b>203,606</b>	<b>151,660</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>215,333</b>	<b>107,089</b>	<b>126,025</b>	<b>(68,032)</b>
<b>Profit/(loss) attributable to:</b>				
Owners of the Company	(74,880)	(46,070)	(77,581)	(219,692)
Non-controlling interests	67,098	23,597	-	-
	(7,782)	(22,473)	(77,581)	(219,692)
<b>Total other comprehensive income attributable to:</b>				
Owners of the Company	223,115	129,562	203,606	151,660
Non-controlling interests	-	-	-	-
	223,115	129,562	203,606	151,660

	GROUP		COMPANY	
	2014 P'000	2013 P'000	2014 P'000	2013 P'000
<b>ABRIDGED STATEMENTS OF FINANCIAL POSITION</b>				
Non-current assets	3,193,937	2,741,973	2,085,249	1,997,785
Current assets	439,106	415,255	179,295	179,842
Assets classified as held for sale	2,510	2,510	-	-
<b>Total assets</b>	<b>3,635,553</b>	<b>3,159,738</b>	<b>2,264,544</b>	<b>2,177,627</b>
Capital and reserves	2,234,521	2,078,134	1,445,501	1,319,476
Non-controlling interests	313,751	185,041	-	-
Non-current liabilities	492,493	484,443	123,587	284,539
Current liabilities	594,788	412,120	695,456	573,612
<b>Total equity and liabilities</b>	<b>3,635,553</b>	<b>3,159,738</b>	<b>2,264,544</b>	<b>2,177,627</b>

	GROUP		COMPANY	
	2014 P'000	2013 P'000	2014 P'000	2013 P'000
<b>ABRIDGED STATEMENTS OF CASH FLOWS</b>				
Opening cash balance	204,120	273,296	74,867	185,673
Net cash (used in) /from operating activities	(35,903)	36,351	(44,493)	22,151
Net cash (used in)/from investing activities	(93,019)	(230,394)	78,627	(266,307)
Net cash from/(used in) financing activities	136,527	124,867	(69,436)	133,350
<b>Closing cash balance</b>	<b>211,725</b>	<b>204,120</b>	<b>39,565</b>	<b>74,867</b>

	Segment revenue		Segment profit/(loss) before tax	
	2014 P'000	2013 P'000	2014 P'000	2013 P'000
<b>SEGMENTAL REVENUE AND RESULTS</b>				
Agribusiness and Services	28,515	49,641	(2,605)	2,774
Industry	75,470	67,874	(18,355)	(8,938)
Property	134,671	122,951	160,412	170,670
Holding Company	150,379	101,744	(67,090)	(222,151)
	389,035	342,210	72,362	(57,645)



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	Stated Capital P'000	Contribution to factory premises P'000	Fair value reserve P'000	Other reserves P'000	Dividend reserve P'000	Claims equalisation reserve P'000	Retained earnings P'000	Total attributable to members P'000	Non- controlling interest P'000	Total P'000
<b>STATEMENTS OF CHANGES IN EQUITY</b>										
<b>GROUP</b>										
<b>Year ended 30 June 2014</b>										
Balance at 1 July 2013	864,199	24,070	476,815	115,697	45,194	4,956	547,203	2,078,134	185,041	2,263,175
Total comprehensive income/(loss) for the year	-	-	203,606	19,509	-	-	(74,880)	148,235	67,098	215,333
Transfers during the year	-	-	-	179	-	781	(960)	-	-	-
Taxation attributable to debenture interest	-	-	-	-	-	-	8,152	8,152	-	8,152
Debenture interest declared during the year	-	-	-	-	-	-	-	-	(12,933)	(12,933)
Issue of share to non-controlling interests	-	-	-	-	-	-	-	-	74,633	74,633
Dividend paid	-	-	-	-	-	-	-	-	(88)	(88)
<b>Balance at 30 June 2014</b>	<b>864,199</b>	<b>24,070</b>	<b>680,421</b>	<b>135,385</b>	<b>45,194</b>	<b>5,737</b>	<b>479,515</b>	<b>2,234,521</b>	<b>313,751</b>	<b>2,548,272</b>
<b>Year ended 30 June 2013</b>										
Balance at 1 July 2012-as restated	864,199	24,070	325,155	68,208	45,194	4,054	656,198	1,987,078	163,395	2,150,473
Reclassification	-	-	-	69,501	-	-	(69,501)	-	-	-
Total comprehensive income/(loss) for the year	-	-	151,660	(22,098)	-	-	(46,070)	83,492	23,597	107,089
Issue of share to non-controlling interests	-	-	-	-	-	-	-	-	5,628	5,628
Transfers during the year	-	-	-	86	-	902	(988)	-	-	-
Taxation attributable to debenture interest	-	-	-	-	-	-	7,564	7,564	-	7,564
Debenture interest declared during the year	-	-	-	-	-	-	-	-	(7,518)	(7,518)
Dividend paid	-	-	-	-	-	-	-	-	(61)	(61)
<b>Balance at 30 June 2013</b>	<b>864,199</b>	<b>24,070</b>	<b>476,815</b>	<b>115,697</b>	<b>45,194</b>	<b>4,956</b>	<b>547,203</b>	<b>2,078,134</b>	<b>185,041</b>	<b>2,263,175</b>
<b>COMPANY</b>										
<b>Year ended 30 June 2014</b>										
Balance at 1 July 2013	864,199	24,070	476,815	-	45,194	-	(90,802)	1,319,476	-	1,319,476
Total comprehensive income/(loss) for the year	-	-	203,606	-	-	-	(77,581)	126,025	-	126,025
<b>Balance at 30 June 2014</b>	<b>864,199</b>	<b>24,070</b>	<b>680,421</b>	<b>-</b>	<b>45,194</b>	<b>-</b>	<b>(168,383)</b>	<b>1,445,501</b>	<b>-</b>	<b>1,445,501</b>
<b>Year ended 30 June 2013</b>										
Balance at 1 July 2012-as restated	864,199	24,070	325,155	-	45,194	-	128,890	1,387,508	-	1,387,508
Total comprehensive income/(loss) for the year - as restated	-	-	151,660	-	-	-	(219,692)	(68,032)	-	(68,032)
<b>Balance at 30 June 2013</b>	<b>864,199</b>	<b>24,070</b>	<b>476,815</b>	<b>-</b>	<b>45,194</b>	<b>-</b>	<b>(90,802)</b>	<b>1,319,476</b>	<b>-</b>	<b>1,319,476</b>

### Basis of preparation

The consolidated and separate financial statements of the Botswana Development Corporation Limited (the "Corporation") have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards. They have been prepared using accounting policies that comply with International Financial Reporting Standards which are consistent with those applied in the prior year financial statements.

The consolidated and separate financial statements of the Corporation have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

### Independent auditor's report

The consolidated and separate financial statements of the Corporation have been audited by the external auditors and they have issued an unmodified audit opinion.

### Financial performance

In the year under review the Group's financial performance showed steady gains. The Group realised a Profit Before Tax of P35.7 million representing a 166% increase over the prior year. The Group's balance sheet also grew by a healthy 15% to P3.6 billion from P3.2 billion while the net assets of the Group were P2.5 billion, a 12% increase on prior year.

Revenue for the BDC Company grew from P101.7 million to P150.4 million representing a 48% increase from the previous year. The Group's revenue, however, declined by 10% from P317.9 million in the previous year to P286.7 million in the current year. The slow-down in revenue at the group level reflects the challenges and changes that the organisation is managing within its Subsidiary and Associate company structures.

At a company level, BDC experienced a loss before tax of P67.1 million against a loss before tax of P222.2 million in the previous year. This loss at a company level is substantially less than the loss in the previous year and is reflective of key initiatives to manage operating costs and improved collections. Indeed, despite incurring expenses on the remodelling exercise, total expenses for the Corporation were reduced by 26% which is reflective of key initiatives to manage operating costs.

Whilst the net loss for the Group was P7.8 million, a total comprehensive income of P215 million was achieved compared to P107 million in the previous year after taking into account of the net gains on investments revaluation of property plant and equipment.

This steady financial improvement is a positive development and demonstrates that the Re-Modelling Programme that begun towards the end of the year is starting to show early signs of success.

### Governance

The Board of Directors continue to recognise the need to conduct the business of the Corporation with integrity and in accordance with the generally accepted practises and endorses the internationally accepted principles of corporate governance and public responsibility.

### Business Outlook

In late 2013, BDC initiated the Business Re-Modelling Programme. This unprecedented exercise looked at ways to nurture a new corporate culture and introduce new ways to working, partnering and executing. Implementation of the programme begun in April 2014 with the objective of reducing wastage, preserving cash, preserving the integrity of the balance sheet, and creating a platform for sustainable and viable

growth. Priority areas for improvement included: financial restructuring, organisation structure review, process redesign, and the introduction of best practise risk management policies and frameworks.

This programme was completed in October 2014 and in the coming year, BDC will bed-down many of the changes that will be necessary for the Corporation to achieve long term success.

The Board is confident that through this re-modelling programme BDC will not only rebuild trust with our stakeholders, but will also emerge as the leading investment company in Botswana and the region.

The journey will be challenging and as always we look forward to working with the Board, Shareholder, and the business community on the important and urgent task of transforming BDC into a profitable and sustainable development finance institute.

**Mr. B. Marole**  
Chairman of the Board  
16 February 2015

**Mr. B. Gaetsaole**  
Managing Director