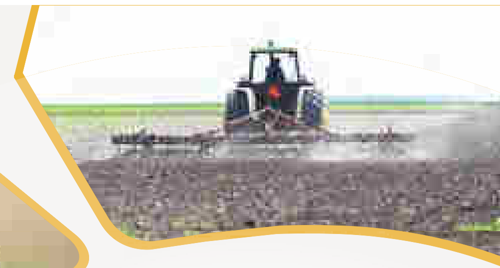






BAMB

BOTSWANA AGRICULTURAL
MARKETING BOARD

Annual Report &
Financial Accounts | **2015**


Boosting Trade & Food Security | Promoting HOME-GROWN agricultural produce

Contents




PROMOTING **HOME-GROWN**
AGRICULTURAL PRODUCE

BOOSTING
TRADE & FOOD SECURITY

Botswana Agricultural Marketing Board (BAMB) reaffirms its commitment to promoting home-grown agricultural produce by boosting trade and food security.

THEME 2015

Promoting Home-Grown Agricultural Produce:
Boosting Trade & Food

This has culminated in the nurturing of strategic relationships with farmers, millers, consumers and Ministries to better drive our efforts in growing the sector.

Our theme for this year is **"Promoting Home-Grown Agricultural Produce and Boosting Trade and Food Security"**. At BAMB our value chain is clear and cut right.

We appreciate the farmer who ensures each individual can eat three times a day. It is very strange how as a consumer we can eat breakfast, lunch and supper all because of that one farmer who took a stand to plough a seed and nourish life.

At BAMB we ensure that there is adequate supply of home-grown produce/grain available for sale at affordable prices by promoting fair trade and ensuring food security for all.

So next time you have a meal remember the farmer, miller, retailer and BAMB, because we each play a critical part in food security.

Corporate Profile

Our mandate:

The Botswana Agricultural Marketing Board (BAMB) was established by an Act of Parliament, No. 2 of 1974. It is mandated to provide a market for locally grown scheduled crops such as cereals, pulses/beans and oilseeds, and to ensure that adequate supplies exist for sale to customers at affordable prices.

POWERS OF BAMB - CONFERRED BY THE ACT

- Set prices for purchase or sale of produce
- Import or export any scheduled produce
- Arrange for transport, storage, processing and sale of scheduled produce
- Enter into any transaction which, in the Board's opinion, will facilitate proper discharge of its functions.

THE ACT ALSO REQUIRES BAMB TO

- Cover its operating costs from revenue generated from its trading activities
- Establish a Stabilization Fund through a Parliamentary appropriation – primarily to stabilize prices.

OUR VISION

To lead, to empower and grow the market for grain.

OUR MISSION VALUES

To provide stable grain market that is efficient and fair, in support of national food security.

VALUES

Innovation: we strive to become an innovation and forward thinking hub in the provision of agricultural services

Integrity: we uphold the highest professional standards with integrity and accountability

Team-work: we will work together to achieve a common goal

Efficiency: we will strive to become a centre of excellence by working more efficiently in a productive manner

3 New Branch Offices built

within the 2014-15 financial year

In our efforts to ensure quality service provision for both internal and external customers, Botswana Agricultural Marketing Board has built new offices at the following branches: Serowe, Palapye and Kanye. These facilities will go a long way in ensuring quality service is provided to all in a conducive environment.

Currently Gaborone West branch is being renovated to better service the needs of our customer. Kasane branch refurbishment has been completed.

Corporate Profile [continued]

PRODUCTS AND SERVICES

BAMB offers the following to the farming community and consumers:

- **Agricultural Produce:** buying, packaging, processing and selling locally grown produce such as:
  cereals: - sorghum, maize and millet.
  cowpeas and beans: - tswana cowpeas, purple cowpeas, black-eyed beans, white haricots, jugo beans and china peas.
  Oilseeds: - groundnuts and sunflower.
- **Processed Foods:**
  BAMB Sunflower cooking oil: Pure oil extracted from locally produced sunflower seeds.
  Mosutlhwane: dehulled sorghum grain with no added preservatives.
  Ntlatlawane: sorghum whole meal with no added preservatives
- **Agricultural Farming Inputs:** BAMB sells different types of fertilizers; hybrid seeds, vegetable seeds, agrochemicals and packaging materials for agricultural produce.
- **Animal Feeds:** BAMB stocks a wide range of animal feed, for cattle, poultry, piggery, game and small stock. BAMB has recently introduced sunflower cake to its line of products.
- **Custodians of Government Strategic Grain Reserve:** BAMB is contracted by the government of Botswana to manage the Strategic Grain Reserve (SGR) for national food security purposes. BAMB has been managing and maintaining the government SGR for more than twenty 20 years. The government has increased SGR from 10, 000Mt of sorghum to 70, 000Mt comprising 30, 000Mt of sorghum, 30, 000Mt of maize and 10, 000Mt of beans.
- **Product Development and Market Information:**
  BAMB provides guidance in product market development for locally grown rain fed produce and also informs farmers about market conditions ahead of planting to guide them to plan their production as well as to access financial support from leading institutions. The information imparted to farmers typically includes crops that the market demands, price projections and other market opportunities in the grain industry.
- **Contract Farming:** under this scheme BAMB identifies a market for a particular crop and contracts farmers to produce and supply BAMB with crops such as sorghum, maize, cowpeas or beans at agreed price and quantities prior to planting. This helps to minimize farmers' exposure to price risks due to price fluctuations dictated by market conditions, hence empowering local farmers to commercialize their arable farming operations. This arrangement facilitates forward buying and selling of commitments well ahead of delivery of the physical commodity. This facility is open to any farmer who produces locally provided he can produce 10 Mt or more per crop. Smaller farmers can combine their produce to meet the minimum of 10 Mt.

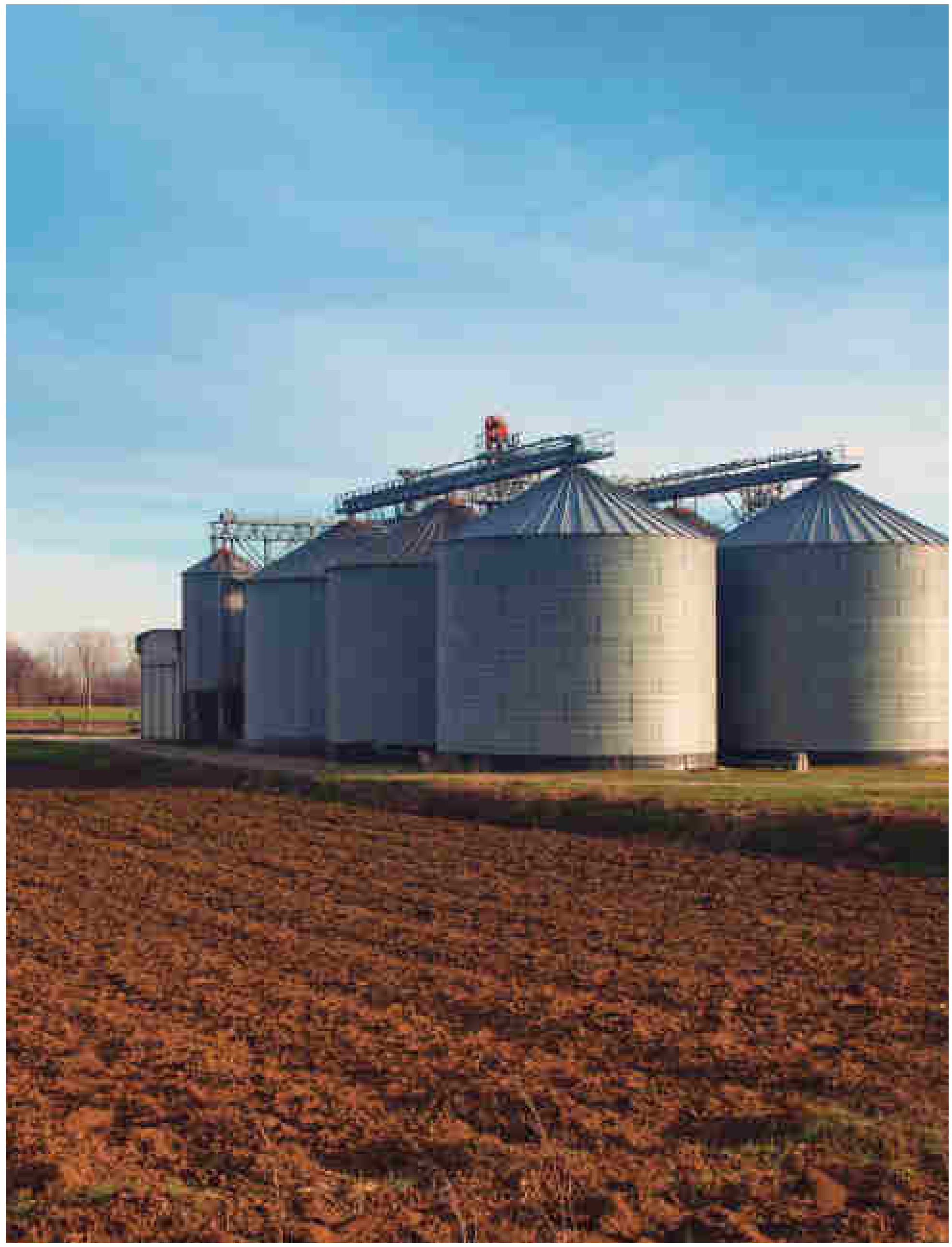
  The benefits include among others:
- Since these are minimum price contracts, they offer 100% guarantee on a minimum price for the product. In instances where buying (market) prices drop during harvest season, the farmer's income is secured.
- The producer also benefits if market prices rise above the contract price because BAMB will pay the higher of the two at delivery time.

- It gives the farmers the opportunity to budget and plan their farming operations well in time.
- On delivery, the producer is paid promptly (i.e. within 7 days).

SETTING OF PRODUCER PRICES

The grain market is highly competitive and influenced by supply and demand conditions. When shortages occur in the market, prices rise and conversely they drop when there is excess in the market. As a result market prices constantly fluctuate within a season and may vary widely from one year to another. Botswana being a net importer of grain is exposed to external market conditions since imports directly compete with locally produced grain because local agro-processors (millers) are free to import grain if it is cheaper to do so. As a result the Botswana Agricultural Marketing Board (BAMB) is forced to set producer (buying) prices in parity with imports using the South African Futures Exchange (SAFEX) as a benchmark.

In an effort to stabilize the ever fluctuating commodity prices and build confidence in the local market, BAMB sets producer prices on a monthly rather than daily basis during the harvest period of April to September. In some instances when market conditions permit and local produce is of higher quality than imports, BAMB is able to set buying prices above the market.

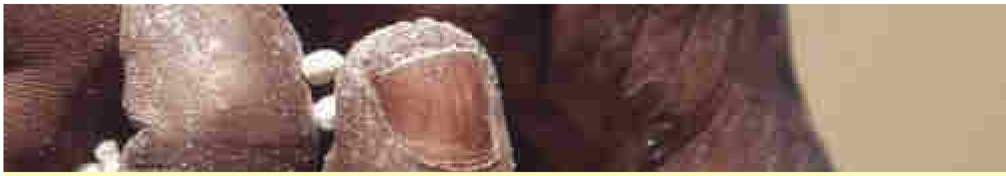



Three
Times a Day,
You Need a
Farmer.


"My grandfather used to say that once in your life you need a doctor, a lawyer, a policeman and a preacher, but every day, three times a day, you need a farmer."
Brenda Schoepp

The Board

A Board of Directors is a body of elected or appointed members who jointly oversee the activities of a company or organization. Other names include Board of Governors, Board of Managers, Board of Regents, Board of Trustees, and Board of Visitors.



1. David Tibe
CHAIRPERSON

Tibe, an Economist by profession is the Assistant Representative of the Food and Agricultural Organisation of the United Nations. He has served as a Consultant, Productivity and Quality at the BNPC, Senior Agric Economist (Policy Analysis and Management) at the Ministry of Agriculture and Planning Officer at the same Ministry.

He holds a Diploma in Education from the University of Swaziland, BSC-Agric from the University of Botswana and an MA in Economics from the University of Manchester.

2. Kabelo Binns
VICE CHAIRPERSON

Kabelo is the owner and Managing Director of Hotwire PRC and Wired Y&R, a Public Relations and Marketing Services company. He worked for Debswana from 2000 as a Communications Officer in Orapa and rose through the ranks, until he became Group Public Affairs Manager in 2004 to 2006.

He was the Corporate Social Investment Manager at the time he left the company. Kabelo has a Bachelor of Arts Degree with Honours, Public Relations with Information Technology from the University of Exeter, United Kingdom and holds professional qualifications such as Chartered Member of the Institute of Public Relations (CIPR- UK) and Chartered Public Relations Practitioner (PRISA- Southern Africa).

3. Oemetse Nkoane
BOARD MEMBER

Oemetse is currently Deputy Permanent Secretary, Corporate Services, Ministry of Agriculture. She has been in the position since 2012.

She has a long spanning career in the civil service having held positions of Education Officer, HIV/AIDS Coordinator and Deputy Director, Ministry Management. She has been senior Manager, Corporate services at the Ministry of Agriculture and Ministry of Education respectively where she provided strategic leadership in coordination and management of a range of resources (human, fleet, assets, information and performance among other things.) She holds a Bachelor of Arts Degree in Humanities from the university Botswana and Master of Education from University of Massachusetts Amherst USA.

4. Molefi Keaja
BOARD MEMBER

Molefi is currently the Deputy Permanent Secretary- Governance in the Ministry of Local Government, a position he has held since 2009. He is responsible for overseeing departments of Local Government Development Planning, Local Government Finance and Procurement Services as well as department of Tribal Administration.

He has previously served as Council Secretary, Deputy Clerk and Principal Economist. Molefi holds a Bachelor of Economics and Demography from the University of Botswana and an MSC Planning in Developing Countries from the London School of Economics.

5. Thembisile Phuthego
BOARD MEMBER

Thembisile is the Managing Director of Wall Street Investment, a company that provides financial advice, mentoring and financial management services to small, macro and medium enterprises. She has previously worked for Barclays Bank for a period of 25years. During this period she served in various management positions such as Retail Director, Sales and Marketing Director and Acting Managing Director.

She holds a Diploma in Management Studies from Buckinghamshire, UK, Associate Diploma in Banking, BA Administration from the University of Botswana and a Masters of Business Administration from Buckinghamshire Chilterns, UK.

6. Jacob Van Der Westhuizen
BOARD MEMBER

Jacob is one of the Pandamatenga farmers. Having ventured into Farming in 2002, he farms mainly on sorghum, millet and beans. He cultivates a total of 1000ha annually, a third of which are legume crops and the rest cereals. These are supplied to BAMB, SMU, and Savannah Seeds. The farm also carries small stock and cattle. He has a Bcom Agricultural Economics from the University of Pretoria.

7. Shaboyo Motsamai
BOARD MEMBER

Shaboyo is the proprietor of Motsamai Attorneys and she has 23years of continuous practice, three of which were spent as a Prosecutor practising criminal law at the Attorney General's Chambers. She has been in private practice for the past 20years. She has an LLB from the University of Botswana and has a professional training in International Development Law.

She is a member of the Law Society of Botswana and has served in the law reform Committee of the Law Society and in the Dispute Resolution Committee of the Independent Electoral Commission.

8. Ruth Maphathi
BOARD MEMBER

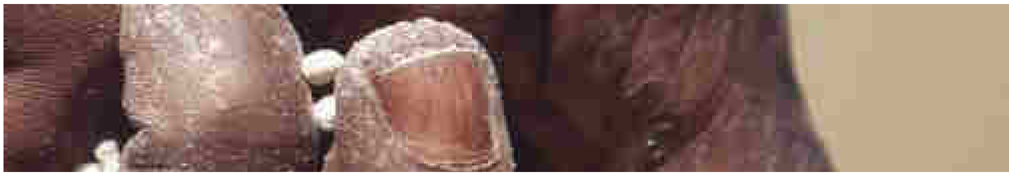
Ruth is the Head of Strategy and Governance at the BotswanaPost where she is responsible for strategic management, governance and coordination of the Botswana Savings Bank/ BotswanaPost merger activities within BotswanaPost and representation at Ministry Task Force level.

She has previously been at the helm of BotswanaPost as Acting Director General for a period of 12months. She has served as a Board Secretary for a substantial part of her career. Mphathi has also served in the Boards of the National Development Bank and Botswana Savings Bank. She holds a Bachelor of Commerce from the University of Botswana and a Masters Degree- Professional Accounting from the University of Washington.

Management

Senior Management or Executive Management, is a team of individuals at the highest level of organizational management who have the day-to-day responsibilities of managing a company or corporation.

1. **Edison Nyalalani Wotho**
   Chief Executive Officer
2. **Cornelius Mokgoko**
   Operations
3. **Keefentse Gaebowe**
   Human Resources & Administration
4. **Elvis Ncaagae**
   Finance
5. **Nonofo Kuriwa**
   Internal Audit
6. **Lorato Kwelagobe**
   Marketing & Communications

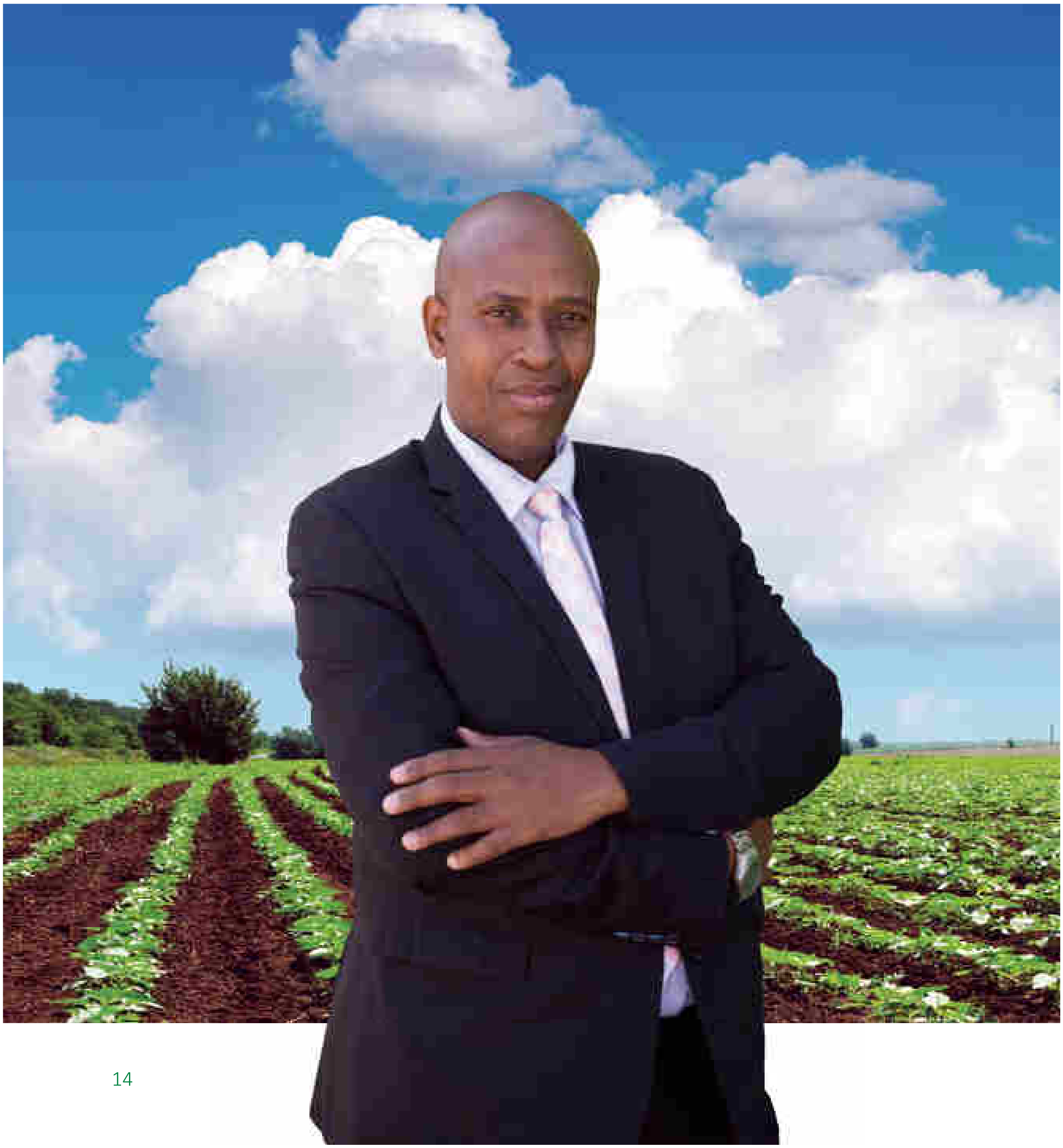


P278 Million

increase in turnover for the year ending 31 March 2015

The Board has developed a five year strategy for the years 2014 – 2019; this will incorporate a wide organisational review in the process. BAMB has shown bottom line growth attained through the implementation of various strategies that have indicated a turnover increase from P139 million in 2009 to P278 million year ending 31st March 2015.

Chairperson's Report



The Honourable Patrick Ralotsia MP
Ministry of Agriculture
Private Bag 003
Gaborone

Sir

In accordance with Section 17 (1) of the Botswana Agricultural Marketing Board (BAMB) Act, CAP. 74:06, I am pleased to present to you a report on the performance of the Botswana Agricultural Marketing Board (BAMB) for the year ended 31st March 2015. The accounts were approved by the Board of Directors at its meeting held on the 30th July 2015.

Financial Results

Audited Accounts for the year ended 31st March 2015 show a 34% increase in turnover from P209 million (2013/2014) to P278 million (2014/2015). This was mainly due to increased demand for agricultural inputs and produce. Audited Accounts for the year ended 31st March 2015 also show an operating loss of P3,468,044 which is not favourable compared to net profit of P4,129,090 (31st March 2014).

Corporate governance

The Board of Directors of BAMB established in accordance with Section 3 of the BAMB Act, CAP 74:06 remains committed to corporate governance principles of transparency, accountability and integrity. Although the mandate of the Board of Directors is spelt out by the Act, the Board found it necessary to develop a Board Charter to clearly spell out fiduciary responsibilities and to guide it in its deliberations, thus keeping up with current corporate governance trends.

Future

The Board has developed a five year strategy for the years 2015 to 2019; this will incorporate a wide organisational review in the process. BAMB has shown top line growth as compared to last year which is evident that results are being attained through the implementation of the strategies. This gives me confidence that with improvements in cost management and prudent application of resources, sustainability of BAMB will be achieved over the remainder of the plan period and beyond.

Mr. David Tibe
BOARD CHAIRPERSON

Chief Executive Officer’s Report

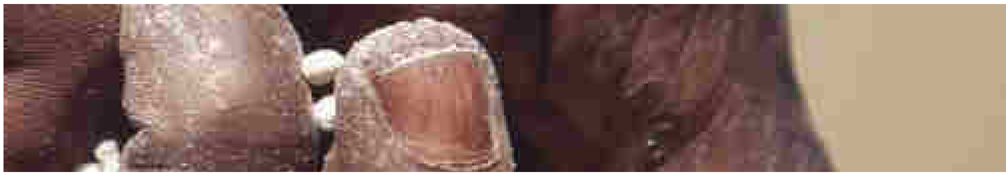
FINANCIAL PERFORMANCE
(Audited Accounts)

Revenue

Botswana Agricultural Marketing Board recorded total operational sales of P267, 727,541 in the financial year 2014/2015. This is a 34.7% growth from the previous operational sales of P198, 660, 899. BAMB derives its revenue from the sale of goods and management fees for the Strategic Grain Reserve (SGR) paid to BAMB by the Government of Botswana. Total Revenue for the year grew from P209, 821, 228 to P278,621,373 for the reporting period.

34.7% growth
in operational Sales from P198.6 million in 2014 to
P267.7 mil
in 2015

34% growth
in Total Revenue from P209 million in 2014 to
P278.6 mil
in 2015



	2011/12		2012/2013		2-13/2014		2014/2015	
Sale of Goods	221,645,224	88.50%	172,495,122	99.50%	198,660,900	94,7%	267,727,541	96%
SGR Management Fees	1,003,431	0.05%	1,003,431	1%	11,160,329	5,3%	10,893,832	4%
	222,648,656	**100%**	**175,012,169**	**100%**	**209,821,228**	**100%**	**278,621,373**	**100%**

The following products contributed to total sales. This year, for the first time, Pulses became the major contributor for the year at 21%, followed by sorghum at 19%. Sorghum has been relegated to second place as a result of low purchases from millers. During the reporting period a lot of Millers closed shop due to financial constraints.

Product	**2010/2011**		**2011/2012**		**2012/2013**		**2013/2014**		**2014/2015**	
	Sales (Pula)	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**
Sorghum	72,137,608	35%	71,671,457	32%	54,537,345.14	32%	148,343,606.08	70.70%	50,868,233	19%
Pulses	49,754,995	24%	49,116,230	22%	6,103,179	4%	11,414,274.64	5.44%	56,222,784	21%
Sunflower	33,966,115	17%	39,550,925	18%	39,075,528	23%		0%	40,159,131	15%
Maize	26,495,191	13%	23,709,216	11%	10,136,662	6%	15,023,199.71	7.16%	26,772,754	10%
	182,383,909	**89%**	**184,047,828**	**83%**	**109,852,714**	**65%**	**174,781,080.43**	**83.30%**	**174,022,902**	**65%**

Agricultural inputs contributed only 35% to total sales during the reporting period. Distribution by product as follows:

Product	**2010/2011**		**2011/2012**		**2012/2013**		**2013/2014**		**2014/2015**	
	Sales (Pula)	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**	**Sales (Pula)**	**(%) Total Sales**
Fertilizer	6,563,563	3%	20,127,513	9%	39,649,684	23%	6,399,547.36	3.05%	37,481,856	14%
Seeds	5,423,816	3%	6,990,433	3%	8,856,127	5%	5,434,369.73	2.59%	34,804,580	13%
Feeds	6,258,950	3%	5,954,015	3%	9,370,326	5%	12,715,166.24	6.06%	8,031,826	3%
Packaging Material & Others	3,631,578	2%	4,525,435	2%	4,766,270	2%	10,491,061.25	5%	13,386,377	5%
	21,877,907	11%	37,596,996	17%	62,642,408	35%	35,040,144.58	16.70%	93,704,639	35%

Chief Executive Officer's Report [continued]

The agricultural inputs business increased to P93,704,639 from P35,040,144 during financial year 2014/15. This staggering increase can be attributed to BAMB being awarded the government tender to supply fertilisers and seeds. BAMB also took deliberate actions to capture as much as possible the overly competitive ISPAAD coupon system to supply fertilisers and seeds.

Net Profit

Audited Accounts for the year ended 31st march 2015 show a net loss of P3,468,044 which is not favourable compared to a net profit of P4,129,090 (31st March 2014) . The loss position is largely due to narrow margins which BAMB achieved on the main products sold this year as prices were largely depressed to an extent that sunflower was sold below cost.

PRODUCT	QUANTITY PURCHASED (Mt)				
	2010/2011	**2011/2012**	**2012/2013**	**2013/2014**	**2014/2015**
Sorghum	23,803	11,504	21,279	43,321	27,803
Maize	6,898	9,317	2,574	13,669	239
Sunflower	23	11,437	3,891	4,703	-
Pulses	1202	953	3,000	4,151	6,062
Millet	159	520	339	2	-
	32,085	**33,767**	**31,083**	**65,846**	**34,104**

OPERATIONAL PERFORMANCE

Grain Purchases

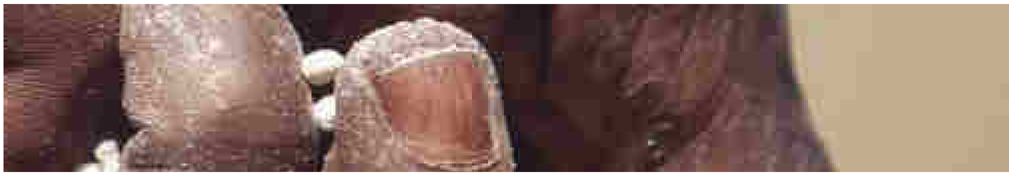
During the 2014/2015 harvesting season BAMB purchased a total of 34,104 Mt of grains. Pulses purchases increased by 2000Mt from the previous year, while there was a significant drop in Sorghum and maize purchases as a result of drought.

Contract Farming

In this scheme BAMB identifies a market for particular crop and contracts farmers to produce it at agreed prices and quantities ahead of planting. This helps to minimize the farmer's exposure to price risks due to price fluctuations dictated by the market. To make these contracts more attractive they are minimum price contracts, meaning that at the time of delivery BAMB pays a contract farmer whichever is higher; the contract or the market price. To further build confidence in contracts and encourage contract farmers to deliver whenever their crops are ready, BAMB pays the contract farmer the highest price of the harvest period, ie between May and September.

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Contracted Quantities (Mt)	38,206	39,986	40,479	15,735	68,094	43,774
Number of Farmers	35	62	80	46	183	209
Pandamatenga/ Northern	18	18	28	13	40	53
Southern Farmers	18	44	52	33	143	156

In the 2014/2015 ploughing/planting season BAMB signed production contracts for the supply of 43,774 Mt of only sorghum and maize. The total number of farmers who took part in contract farming increased by 26 farmers, the number grew from 183 to 209 farmers in 2014/2015.



Market Related Producer Prices

Like all commodity markets, the grain industry is highly competitive and prices are volatile as they are acutely influenced by supply and demand conditions. Typically when shortages occur in the market, prices tend to rise and they drop when there is excess in the market. As a result market prices may vary widely from one year to another and constantly fluctuate within a season. For example at the onset of the harvest season prices may be higher than later in the season as and when supply and demand conditions change.

As a net importer of grain, Botswana is exposed to external market conditions since imports directly compete with local produce because agro-processors/millers are free to import, if it is cheaper for them to do so. For local produce to compete with imports BAMB is forced to set producer (buying) prices at par with imports using the South African Futures Exchange (SAFEX) as a benchmark. However it sometimes happens that when local produce is of a higher quality than imports, BAMB sets buying prices for local produce above the market.

In an effort to stabilize the ever fluctuating commodity prices and build confidence in the local market, BAMB sets producer prices on a monthly rather than daily basis during the harvest period. Producer prices for 2014/2015 harvesting season, showed a downward movement for these crops, i.e. Sorghum, maize and sunflower. This was largely due to low prices in the region and the Pula gaining strength against the South African Rand. Producer prices for the years between 2009 and 2015 ranged as follows:

	PRODUCER AND CONTRACT PRODUCTION PRICE (Pula/Mt)				
Product	**2009/2010**	**2010/2011**	**2011/2012**	**2012/2013**	**2013/2014**
Sorghum	1,650-1,700	1,300-1,700	2222-2950	2,500-2,900	1,850-2,550
Millet	2,600-2,600	2,600-3,000	2,600-2,600	1,700-2,000	1,700
Maize (White/Yellow)	1,300-1,500	1,100-1,420	1,789-2,600	1,880-1,900	1,600-1,800
Sunflower	806-1,213	1,702-3,150	3,523-4,560	3,200-4,000	2,850-3,200
Groundnuts & Jugo Beans	7,000-7,000	8,000-8,000	8,400-8,800	9,900-9,900	9,200-9,900

Development and Implementation of Quality Management System

The development of BAMB Quality Management System (QMS) documentation has been completed. Implementation of the system has commenced and the certification of BAMB to ISO 9001: 2008 is planned for end of 2015. By implementing QMS the Board aims to improve efficiency of its business processes, so as to improve service delivery and provide a consistent service.

HUMAN RESOURCE MANAGEMENT

Two Executive Managers, Chief Executive Officer and Internal Audit Manager joined the Board during the year.

To improve staff retention BAMB participates in a remuneration and salary survey on an annual basis to establish whether BAMB salaries are aligned to the market.

CORPORATE GOVERNANCE

Botswana Agricultural Marketing Board is committed to safeguarding strong corporate governance throughout the Board. This involves participation of the Board of Directors in overseeing BAMB performance and providing strategic leadership, guidance and supervision to management. To achieve this, the Board meets management on quarterly basis and regularly reports the organization's activities to Government.

- **Finance and Audit Committee**
  The Finance and Audit committee assists the Board of Directors to effectively carry out its mandate relating to accounting policies, internal controls, and financial reporting practices.

Chief Executive Officer's Report [continued]

This committee is primarily supported by the Internal Audit Department which provides frequent, timely, accurate information and analysis of the operations of Board.

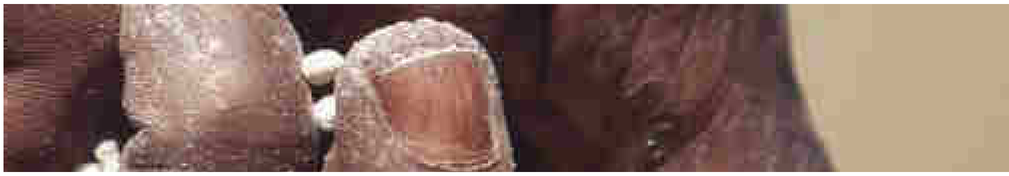
- **Marketing and Communication Committee**
  The Marketing and Communication Committee responsibilities involve overseeing and guiding BAMB management on issues of Marketing and Communications. This has been prompted by the fact that BAMB envisaged to be positioned as a world class market for agricultural products and services.

- **Tender Committee**
  This committee is responsible for evaluating and awarding tenders for procurement of goods and services within the set limits and in line with the Board procurement guidelines.

- **Human Resource Committee**
  This committee sets and oversees the overall human resources practices of the Board including recruitment and appointments of senior management staff. It also sets performance targets and monitors the performance of the Chief Executive Officer.

Meetings and attendance of the Board and its sub-committees were as follows:

	Main Board of Directors meeting		Finance & Audit Committee		Human Resource Committee		Tender Committee		Branding Committee	
Member	Maximum possible	Attended	Maximum possible	Attended	Maximum possible	Attended	Maximum possible	Attended	Maximum possible	Attended
D. Tibe	4	4								
R. Mphathi	4	4	4	4	-		4	4		
K.N. Binns	4	4	4	4	2	2			3	3
T. Phutego	4	2	4	4			4	4	3	2
O.S Nkoane	4	3	-				4	3	3	2
M. Keaja	4	1	4	1	2	2				
S. Motsamai	4	3	-		2	2	4	2	3	1
J.J Van Der Westhuizen	4	3	-	-	2	1				



CORPORATE SOCIAL RESPONSIBILITY POLICY

CORPORATE SOCIAL RESPONSIBILITY Botswana Agricultural Marketing Board through the Corporate Social Responsibility Committee successfully refurbished the outdoor cooking area and a play area at Ngarange (Shakawe area). The BAMB CSI policy seeks to develop the communities and the lives of the people of Botswana, hence the Ngarange project.

PROJECTS ENGAGED IN

RE-OPENING OF THE BANCH

In our continued drive to improve service delivery, Botswana Agricultural Marketing Board re-opened the Tutume branch on the 4th May 2015.this will boost farming activities in the area.

NEW BRANCHES

The board will open new branches at Molepolole, Hukuntsi and Jwaneng to increase the BAMB footprint and improve service delivery.

MOKGOMANE PROJECT

Building of Mokgomane weighbridge is still on going and upon completion; grading office, weighbridge house and guard office will also be built.

STAKEHOLDER ENGAGEMENT

LOCAL AUTHORITY MEETINGS

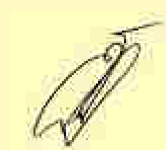
Botswana Agricultural Marketing Board engaged the local authorities through full council meetings. Honourable Councillors and Management were briefed on the mandate of BAMB and support to buy local produce.

FARMERS MEETING

Botswana Agricultural Marketing Board held a farmers meeting in November 2014 to negotiate contract farming prices and representatives from different farmers associations across the country were engaged.

CONTRACT FARMING

BAMB has also introduced a contract farming scheme. Under this scheme BAMB identifies a market for particular crop and contracts farmers to produce it at an agreed prices and quantities prior to planting. This helps to minimize their exposure to price risks due to price fluctuations dictated by market conditions. We have over the years seen a significant uptake of the scheme by farmers which indicates its relevance to the work they do.



Mr Edison Nyalalani Wotho
BAMB CEO

Celebrating the people behind every meal.

We thank the Farmer, Miller and Retailer for ensuring we have a meal each day

Botswana Agricultural Marketing Board

AUDITED ANNUAL FINANCIAL STATEMENTS

For the Year Ended 31 March 2015

General Information

Country of Incorporation and Domicile:
Botswana

Nature of business and principal activities:
The Board is a parastatal organisation established under an Act of Parliament (CAP 74:06, Act 2 of 1974) to market grain and agricultural produce in Botswana.

Members of the Board:
D M Tibe (Chairperson)
K N Binns (Deputy Chairperson)
M Keaja
J Van Der Westhuizen
T Phuthego
S Motsamai
O S Nkoane
R Mphathi

Company Secretary:
K Gaebowe

Registered Office:
Plot 130, Unit 3 & 4
Nkwe Square
Gaborone International Finance Park
Gaborone
Botswana

Postal address:
Private Bag 0053
Gaborone
Botswana

Auditor:
Ernst & Young
2nd Floor, Plot 22
Khama Crescent
Gaborone

Bankers:
Standard Chartered Bank of Botswana Limited
Barclays Bank of Botswana Limited
First National Bank of Botswana Limited

Company registration number:
687900

Measurement and Presentation Currency:
Botswana Pula

CONTENTS	PAGE

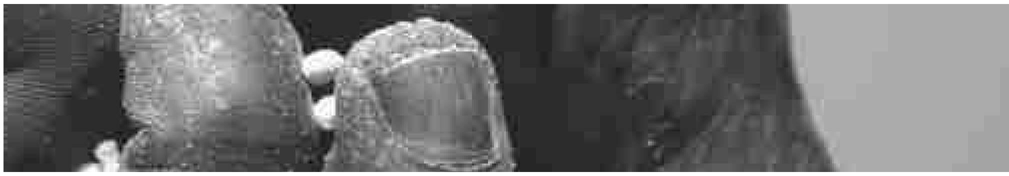
APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 March 2015 which have been prepared on the going concern basis, were approved by the members of the Board on 30 July 2015 and were signed on its behalf by:

....

DIRECTOR

15/9/15
....
DATE



Independent Auditor's Report to the Members of Botswana Agricultural Marketing Board

Report on the financial statements

We have audited the accompanying financial statements of Botswana Agricultural Marketing Board, which comprise the statement of financial position as at 31 March, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 68.

Directors' responsibility for the financial statements

The Board's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Agricultural Marketing Board Act (Chapter 74:06) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of the Botswana Agricultural Marketing Board as at 31 March, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Botswana Agricultural Marketing Board Act (Chapter 74:06).

Ernst + Young

Ernst & Young
Practicing Member: Bakani Ndwapi (19980026)

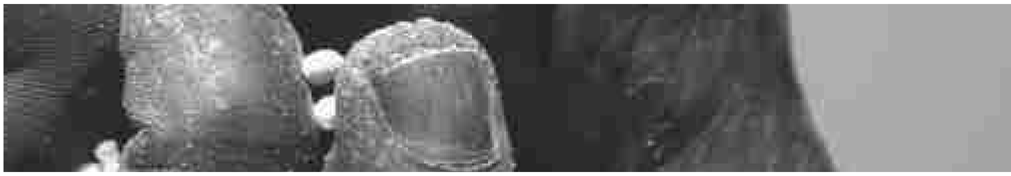
16/9/15
Gaborone

Certified Auditor

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year Ended 31 March 2015 P	2014 P
Revenue	14	278,621,373	209,821,229
Costs of sales	15	(236,138,976)	(166,512,032)
Gross Profit		**42,482,397**	**43,309,197**
Other income	16	7,702,293	1,599,252
Operating expenses	17	(50,638,001)	(41,932,701)
Operating (loss) / profit		**(453,311)**	**2,975,748**
Finance income	18	648,171	1,481,279
Finance costs	19	(3,662,904)	(327,937)
Profit / (Loss) for the year		**(3,468,044)**	**4,129,090**
Other comprehensive income:			
Gains and losses on property revaluation		17,059,623	-
Other comprehensive income (loss) for the year net of taxation		**17,059,623**	**-**
Total Comprehensive income		**13,591,579**	**4,129,090**



Statement of Financial Position

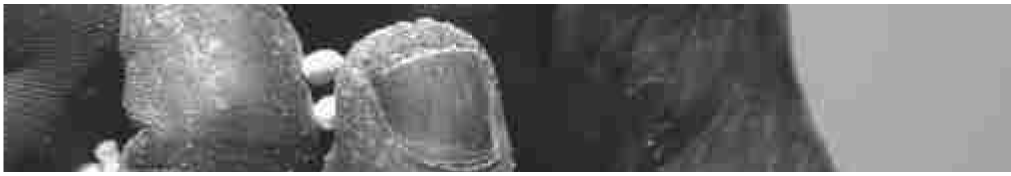
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year Ended 31 March 2015 P	2014 P
ASSETS			
Non current assets			
Property, plant and equipment	2	73,273,864	60,922,474
Investment property	2	16,455,000	11,114,640
Work in Progress (WIP)	2	3,139,191	-
		92,868,055	72,037,114
Current assets			
Inventories	4	82,475,897	59,040,369
Trade and other receivables	5	60,505,473	68,152,977
Cash and cash equivalents	6	9,451,220	44,705,837
		152,432,590	171,899,183
TOTAL ASSETS		**245,300,645**	**243,936,297**
EQUITY AND LIABILITIES			
Equity			
Government equity	7	27,455,061	27,455,061
Reserves	7	92,608,442	77,666,559
Retained earnings		15,615,773	16,966,077
Total equity		135,679,276	122,087,697
Current liabilities			
Bank Loan	8	3,594,684	-
Trade and other payables	11	103,261,737	118,192,532
Deferred income	9	1,701,701	2,630,176
Provisions	12	1,063,247	1,025,892
		109,621,369	121,848,600
TOTAL LIABILITIES		**109,621,369**	**121,848,600**
TOTAL EQUITY AND LIABILITIES		**245,300,645**	**243,936,297**

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2015

	Government Equity P	Revaluation Reserve P	Stabilisation Fund P	Development Fund P	Retained Earnings P	Total Equity P
As at 01 April 2014	27,455,061	67,648,891	9,017,668	1,000,000	16,966,077	122,087,697
Profit for the period	-	-	-	-	(3,468,044)	(3,468,044)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(3,468,044)	(3,468,044)
Dividends	-	-	-	-	-	-
Revaluation	-	17,059,623	-	-	-	17,059,623
Depreciation transfer	-	(2,117,740)	-	-	2,117,740	-
As at 31 March 2015	27,455,061	82,590,774	9,017,668	1,000,000	15,615,773	135,679,276



Statement of Changes in Equity

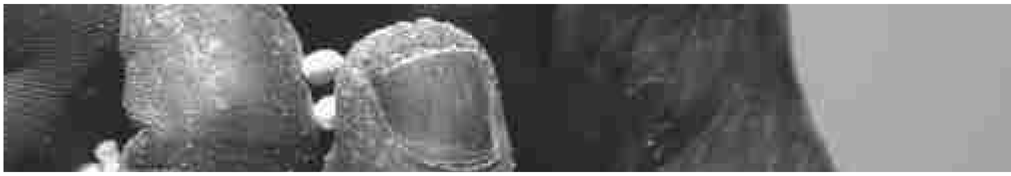
FOR THE YEAR ENDED 31 MARCH 2015

	Government Equity P	Revaluation Reserve P	Stabilisation Fund P	Development Fund P	Retained Earnings P	Total Equity P
As at 01 April 2013	27,455,061	69,383,478	9,017,668	1,000,000	12,296,201	119,152,408
Profit for the period	-	-	-	-	4,129,090	4,129,090
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	4,129,090	4,129,090
Dividends	-	-	-	-	(1,032,273)	(1,032,273)
Depreciation transfer	-	(1,734,587)	-	-	1,573,059	(161,528)
As at 31 March 2014	27,455,061	67,648,891	9,017,668	1,000,000	16,966,077	122,087,697

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year Ended 31 March 2015 P	2014 P
Cash flows from operating activities			
Profit / (Loss) for the year		(3,468,044)	4,129,090
Adjustments for:			
Depreciation	2	5,936,766	5,847,546
Bad debts expense	17	471,154	842,140
Deferred income utilised during the year	9	(928,475)	-
Gain/(Loss) on foreign exchange		606,837	(71,042)
Loss/(Profit) on sale of assets		20,104	18,000
Finance income	18	(648,171)	(1,481,279)
Finance costs	19	3,662,904	327,937
Provisions		37,355	696,736
Armotization of non ditributable reserve		(5,340,360)	-
Changes in working capital:			
Decrease /(Increase) in inventories		(23,435,528)	13,542,230
Decrease /(Increase) in trade and other receivables		7,647,504	(54,069,269)
Decrease/(Increase) in trade and other payables		(56,275,209)	33,178,556
Cash generated from operations		(71,713,163)	2,960,645
Interest received	18	648,171	1,481,279
Interest paid		(3,662,904)	(327,937)
Net cash from operating activities		**(74,727,896)**	**4,113,987**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,280,037)	(645,903)
Proceeds from disposal of property, plant and equipment		31,400	18,000
Net cash used in investing activities		**(1,248,637)**	**(627,903)**
Cash flows from financing activities			
Finance lease payments		-	(335,187)
Dividends paid		(522,894)	
Net cash flows used in financing activities		**(522,894)**	**(335,187)**
Net increase in cash and cash equivalents		(76,499,427)	3,150,897
Net foreign exchange difference		-	-
Cash and cash equivalents at beginning of year		44,705,837	41,554,940
Cash and cash equivalents at end of the year		**(31,793,590)**	**44,705,837**



Summary of significant accounting policies

FOR THE YEAR ENDED 31 MARCH 2015

1. Basis of Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Botswana Agricultural Marketing Board Act 1974 (CAP 74:06). The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain items which are measured at fair value, and incorporate the principal accounting policies set out below. The functional and presentation currency of the Board is the Botswana Pula.

These accounting policies are consistent with the previous period, except for the changes set out in accounting policy note 18 ***Changes in Accounting Policy.***

2. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Areas requiring significant judgements and estimates include:

2.1 Trade receivables

The Board assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Board makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

2.2 Allowance for slow moving, damaged and obsolete stock

An allowance for stock is raised to write down to the lower of cost or net realisable value. The Board has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note. This is decided by the disposal committee, based on expected cost to be realised, the quality of goods and the expiry date of the product.

2.3 Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the residual value assumption may change which may then impact the estimations and may then require a material adjustment to the carrying value of the assets.

The Board reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time.

Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

2. Significant judgements and sources of estimation uncertainty [continued]

2.4 Provisions

Provisions are recognized when the Board has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Board has determined based on current facts and circumstances that it is probable that there will be cash outflows resulting from pending litigation cases and has therefore recognized provisions in respect of pending litigation cases. Further details related to the provisions are disclosed in Note 12.

2.5 Revaluation of property, plant and equipment and investment properties

The Board measures land and buildings at revalued amounts with changes in fair value being recognised in OCI. The Board engaged an independent valuation specialist to revalue land and buildings in 2015. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. Motor vehicles and equipment are also carried at revalued amounts, determined by expert valuers in the motor industry, while for furniture and office equipment this is done using management assumptions upon considering factors such as the useful life of the asset and its current working condition. This valuation is done periodically (2 - 3 years).

Fair value of investment properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 31 March 2015, the properties' fair values are based on valuations performed by, an accredited independent local valuer.

Significant unobservable valuation input:	Range
Price per square metre	P20 - P50

2.6 Useful life and residual value of property, plant and equipment

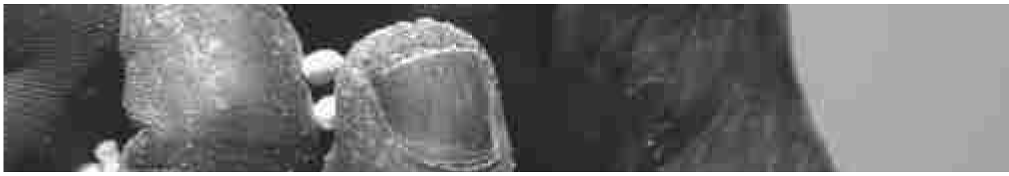
The estimates of useful lives as translated into depreciation rates are detailed in property, plant and equipment policy on the annual financial statements. These rates and residual lives of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the industry.

2.7 Investment property

Management considered property currently leased to third parties as investment property. The Board has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

2.8 Contingent liabilities

Management applies its judgement to facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.



Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

3. Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Board; and
- the cost of the item can be measured reliably.
- Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. Repairs and maintenance costs are not included in the carrying amount of the asset,the Board recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost incurred meet the recognition criteria stated above. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is subsequently carried at revalued amounts less accumulated depreciation and any impairment losses, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Any increase in the buildings, plant and equipment's carrying amount, as a result of a revaluation, is recorded in other comprehensive income and hence in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

A revaluation deficit is recognised in profit or loss , except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Item	Average useful life
Land & Buildings	40 years
Furniture & Fitting	3 - 5 years
Motor Vehicles	3 - 5 years
Plant and machinery	5 years

The residual value, useful life of each asset and, depreciation methods are reviewed at each financial period-end, and adjusted prospectively if appropriate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Property, plant and equipment may be derecognised when either the item of property plant and equipment is disposed of or no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Consumables and loose tools are written off in the year of purchase

Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

4. Financial instruments

The Board classifies financial assets and liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

4.1 Initial recognition

Financial instruments are recognised initially when the Board becomes a party to the contractual provisions of the instruments.

The Board classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus ,in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the asset or liability.

4.2 Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account all premiums and discounts as well as costs that are an integral part of the effective interest rate and the amortisation arising from the application of the effective interest rate is recorded as finance costs in profit or loss.

4.3 Loans to employees

These financial assets are classified as loans and receivables and are included under trade receivables as “Employee costs paid in advance”.

4.4 Trade and other receivables

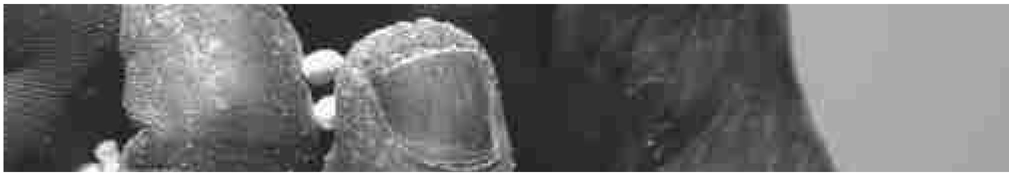
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the profit and loss.

Trade and other receivables are classified as loans and receivables.

4.5 Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.



Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

4. *Financial instruments* *[continued]*

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost. For the purpose of the statement of cash flows,cash and cash equivalents consist of cash and short term deposits net of outstanding bank overdrafts as they are considered an intergral part of of the Board's cash management.

4.7 Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

4.8 Impairment of financial assets

For financial assets carried at amortised cost, the Board first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Board determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan/ receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement

4.9 Derecognition

The Board derecognises financial assets when the contractual rights to the cash flows from the financial asset expire; or when the Board transfers the financial asset out.

When the Board transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset.

A financial asset is derecognised when:-

1) The rights to receive cash flows from the asset have expired;
2) The Board has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and;
3) Either (a) the Board has transferred substantially all the risks and rewards of the asset, or (b) the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

4 *Financial instruments [continued]*

4.9 *Derecognition [continued]*

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Board's continuing involvement in the asset.

In that case, the Board also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Board could be required to repay.

The Board derecognises financial liabilities when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

4.10 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

1) There is a currently enforceable legal right to offset the recognised amounts and;
2) There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5 Taxation

No provision for taxation is required as Botswana Agricultural Marketing Board is exempt from taxation in terms of second schedule, Part I of the Income Tax Act (CAP 52:01).

6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

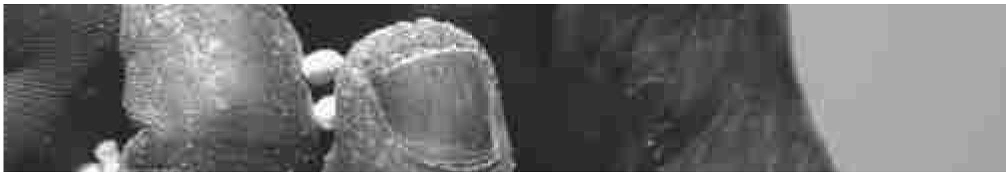
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

6.1 Finance leases - lessee

Finance leases are recognised as assets and liabilities at the commencement of the lease term in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance lease assets (lessee) are depreciated over its useful life, unless where there is no certainty that ownership will pass to the Board at the end of the lease term, in which case the asset will be depreciated over the shorter of its useful life and the lease term.



Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

6 *Leases* *[continued]*

6.2 Operating leases - lessor

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

Income for leases is disclosed under other income in profit and loss.

6.3 Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

7. Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The Board's inventory comprises of scheduled produce i.e. maize, sunflower, sorghum etc.

8. Impairment of non-financial assets

The Board assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Board estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is based on recent market transaction prices less costs that the Board assess will be required to be incurred in order to sell the asset.

Value in use is determined by discounting projected cash flows for the asset. The rate used to discount the cash flows is the real risk free rate i.e. government bond rate adjusted for the uncertainty of the projected cash flow.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the profit and loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

8. *Impairment of non-financial assets [continued]*

The Board assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

9. Government equity

Government equity comprises of equity capital and recallable capital. Equity capital is recorded at the value at which the loan and other payables to Government was converted on 14 September 2000 based on the Presidential Directive CAB30/2000. Recallable capital is recorded as the proceeds received. This comprises contributions by the Government of Botswana. There is no requirement to repay this capital.

10. Government grants/deferred income

Government grants are recognised when there is reasonable assurance that:
• the Board will comply with the conditions attached to them; and
• the grants will be received.

10.1 Government grants related to assets

These are government grants whose primary condition is that for the Board to qualify for them, the Board should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

The Board presents the grant in the statement of financial position by setting up the grant as deferred income. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

10.2 Government grants related to income

These are government grants other than those related to assets.

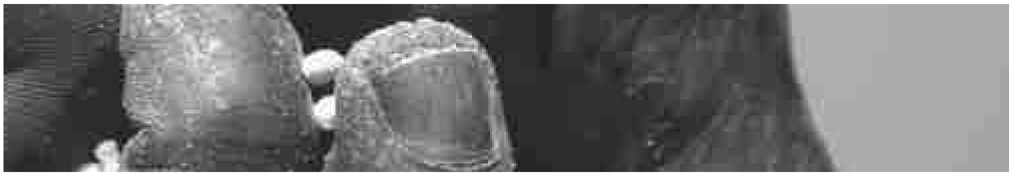
Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Board with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to income are presented as income in profit or loss (separately).

The utilisation of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Utilisation of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.



Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

11. Employee benefits

11.1 Short-term employee benefits

The cost of short-term employee benefits, (those benefits that are expected to be settled wholly before 12 months after the end of the reporting period in which employees render the related service, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Gratuities are paid to employees of the Board based on terms of employment contract over the period of employment and are not discounted.

11.2 Defined contribution plan

The Board has a funded defined contribution pension plan covering substantially all of its employees. The defined contribution plan came into effect on 1st January 2013 as the Board changed from the defined benefit plan. The assets of the funded plan are held independently of the Board's asset in separate trustee administered funds.

12. Provisions and contingencies

Provisions are recognised when:

- the Board has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

Where the Board expects some or all of the expenditure required to settle a provision to be reimbursed by another party if the Board settles the obligation. The reimbursement shall be treated as a separate asset if the receipt is virtually certain. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes to the financial statements.

13. Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Board has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Board retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Board; and

Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

13. Revenue [continued]

When the outcome of a transaction involving the sale of scheduled produce can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Board;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised at the fair value of consideration received. The Board sells scheduled produce on a daily basis i.e. sugar beans, sorghum, sunflower etc.

When the outcome of the transaction involving the sale of scheduled produce cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest method.

Service fees including management fees from the Strategic Grain Reserve, if any, are recognised as revenue over the period during which the service is performed. The Board derives management fees from managing the reserves of the Strategic Grain Reserve.

Government grants are recognised when there is reasonable assurance that the Board will comply with the conditions attaching to them and the grants will be received.

14. Cost of sales

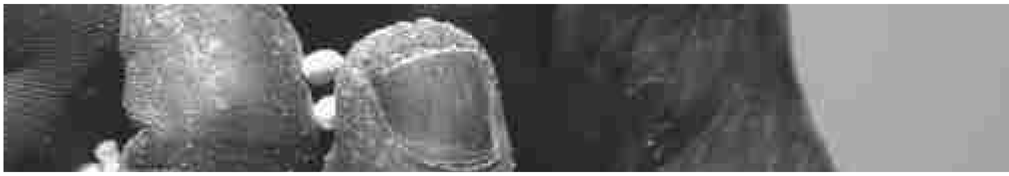
When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

15. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the Board on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.



Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

15. Borrowing costs [continued]

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

16. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in other income in profit or loss in the period in which they arise. Fair values are determined based on an evaluation performed by an accredited external independent valuer applying an appropriate valuation model. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

17 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in the profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

18. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new Standards and amendments effective 1 January 2014:

IFRS 9 Financial Instruments

IFRS 13 Fair Value Measurement - Short-term receivables and payables - (Amendment)
The amendment clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately. This amendment to IFRS 13 did not have a significant impact on the Board as the short-term receivables and payables were already measured at invoice amounts.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities - (Amendment)
The amendments clarify the meaning of "currently has a legally enforceable right to set-off".The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. It also clarifies that rights of set-off must not be contingent on a future event.

The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion.The adoption of these amendments did not have a significant impact on BAMB, since it does not set off any financial assets or liabilities.

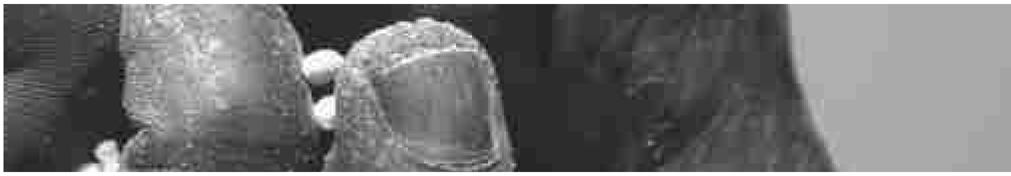
IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The IFRIC was retrospectively applied. The adoption of this interpretation did not have a significant impact on the Board as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

IAS 24 Related Party Disclosures – Key Management Personnel (Amendment)
Effective for annual period beginning on or after 1 July 2014 the amendment clarifies that a management entity that is an entity that provides key management personnel services is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment must be applied retrospectively.

This is not expected to impact BAMB as it does not use a management entity that provides key management services.

IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19
Effective for annual periods beginning on or after 1 July 2014.IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit.

The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.The amendments must be applied retrospectively.This is not expected to impact BAMB as it has a defined contributions plan.



Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

18. New and amended standards and interpretations [continued]

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36

Effective for annual periods beginning on or after 1 January 2014.The amendments to IAS 36 Impairment of Assets clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant.

In addition, there two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.The amendments must be applied retrospectively.The adoption of these amendments did not have a significant impact on the Board, since there was no impairment recognized in the current year.

Standards issues but not effective in the current year

Standard issued but not yet effective up to the date of issuance of the Board's financial statements are listed below. This listing is of standards and interpretations issued, which BAMB reasonably expects to be applicable at a future date. It intends to adopt those standards when they become effective.

IAS 1 Disclosure Initiative – Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2016 the amendments clarify, rather than significantly change, existing IAS 1 requirements:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.
This is expected to impact the disclosure of the Board's future financial statement (though not significantly) but not the measurement.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Board is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Summary of significant accounting policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

18. *New and amended standards and interpretations [continued]*

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases.

Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

The Board is currently assessing the impact of IFRS 9 on the financial position and performance.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38

Effective for annual periods beginning on or after 1 January 2016.The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

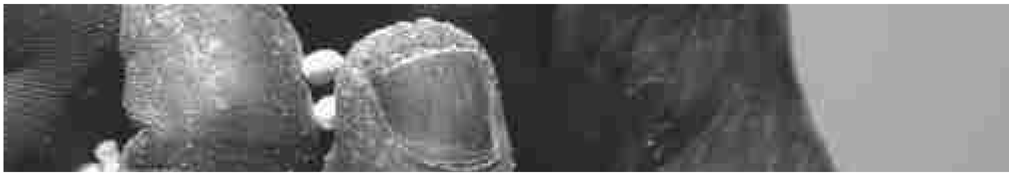
The standard is not expected to have a significant impact on BAMB since it does not use revenue-based amortisation methods for property, plant and equipment.

IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41

Effective for annual periods beginning on or after 1 January 2016. The amendments to IAS 16 and IAS 41 Agriculture change the scope of IAS 16 to include biological assets that meet the definition of bearer plants. Agricultural produce growing on bearer plants will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16 including the choice between the cost model and revaluation model for subsequent measurement.

In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of IAS 41.

The standard is not expected to have an impact on BAMB since it does not have biological assets.



Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

2.1 PROPERTY, PLANT AND EQUIPMENT

2015	Land and Buildings P	Furniture and Fixtures P	Motor vehicles P	Plant and Machinery P	Total Pula P
Cost					
At beginning of year	60,415,761	980,755	11,226,465	5,777,512	78,400,493
Additions	4,768	67,921	-	1,207,348	1,280,037
Disposals	-	-	(111,009)	-	(111,009)
Revaluation	17,059,623				17,059,623
At end of year	77,480,152	1,048,676	11,115,456	6,984,860	96,629,144
Accumulated Depreciation					
At beginning of year	6,685,500	478,584	6,580,436	3,733,499	17,478,019
Charge for the year	1,600,482	197,870	3,236,414	902,000	5,936,766
Disposals	-	-	(59,505)	-	(59,505)
At end of year	8,285,982	676,454	9,757,345	4,635,499	23,355,280
Carrying amount					
At beginning of year	**53,730,261**	**502,171**	**4,646,029**	**2,044,013**	**60,922,474**
At end of year	**69,194,170**	**372,222**	**1,358,111**	**2,349,361**	**73,273,864**

2014	Land and Buildings P	Furniture and Fixtures P	Motor vehicles P	Plant and Machinery P	Total Pula P
Cost					
At beginning of year	60,350,311	961,249	11,294,478	5,216,565	77,822,603
Additions	65,450	19,506	-	560,947	645,903
Disposals	-	-	(68,013)	-	(68,013)
At end of year	60,415,761	980,755	11,226,465	5,777,512	78,400,493
Accumulated Depreciation					
At beginning of year	5,172,265	279,410	3,312,363	2,916,448	11,680,486
Charge for the year	1,513,235	199,174	3,318,086	817,051	5,847,546
Disposals	-	-	(50,013)	-	(50,013)
At end of year	6,685,500	478,584	6,580,436	3,733,499	17,478,019
Carrying amount					
At beginning of year	55,178,046	681,839	7,982,115	2,300,117	66,142,117
At end of year	**53,730,261**	**502,171**	**4,646,029**	**2,044,013**	**60,922,474**

Revaluation of assets during the 2015 financial year

Assets were revalued by the Board effective 31 March 2015 which resulted in a revaluation gain of P17.05 million.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

2.1 PROPERTY, PLANT AND EQUIPMENT *[continued]*

If property,plant and equipment were measured using the cost model, the carrying amounts would be as follows:

2015	Land and Buildings P	Furniture and Fixtures P	Motor vehicles P	Plant and Machinery P	Total Pula P
Cost					
Accumulated depreciation and impairment	70,992,363	1,048,676	11,115,456	6,984,860	90,141,355
Net carrying amount	1,830,481	761,893	4,928,162	4,468,433	11,988,969
	69,161,882	286,783	6,187,294	2,516,427	78,152,386

Revaluation of assets during the 2015 financial year

Property, plant and equipment were revalued by the Board effective 31 March 2015 which resulted in a revaluation gain of P17.05 million. Motor vehicles and equipment have not been revalued as the carrying amount of these assets does not differ materially from their fair value at the Statement of Financial Position date.

2.2 INVESTMENT PROPERTY

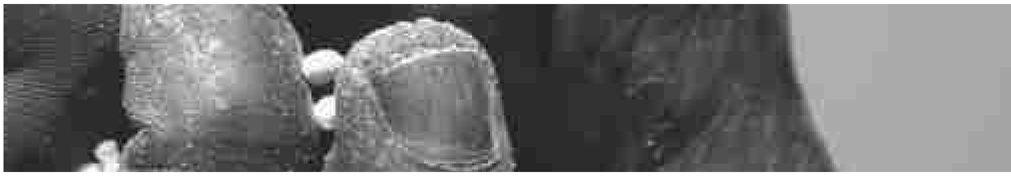
The Board's investment properties consist of commercial properties leased out around the country.
Management have opted to value this property at fair value.

The fair value is based on the valuation carried by Realreach International Property Consultants who are professional valuers and have been doing the work of property valuation for the last 35 years.

The Board has no restrictions on the realisability of its investment properties and no contractual obligation to either sale or develop investment properties or for repairs, maintenance and enhancement.nt properties or for repairs, maintenance and enhancement.

	Year Ended 31 March 2015 P	2014 P
Opening balance at 1 April	11,114,640	11,114,640
Net gain/ (loss) from fair value adjustment	5,340,360	-
Closing balance	16,455,000	11,114,640
Rental income derived from investment properties	1,608,002	1,583,399
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Profit arising from investment properties	1,608,002	1,583,399

Description of valuation techniques	Valuation technique	Significant unobservable input
Commercial properties	DCF method	Estimated rental value per square metre(sqm) P20 - P50 Growth rate - 7.5%



2.2 PROPERTY, PLANT AND EQUIPMENT *[continued]*

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by:
(a) A directionally similar change in the rent growth per annum and discount rate (and exit yield)
(b) An opposite change in the long term vacancy rate

Investment properties are categorised as level 3 within the fairly value hierarchy.

2.3 WORK IN PROGRESS

The Board is in the process of constructing new offices at Gaborone West branch,Serowe and Palapye. The gross carrying value of such works was P3 139 191 at valuation. Upon completion these offices will be all recognised under Property,Plant and equipment and accounted for in accordance with accounting policy 3.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	**2014**
	P	**P**

3 FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2015	Loans and Receivables	Total
Cash and cash equivalents	9,451,220	9,451,220
Trade and other receivables	60,505,473	60,505,473
	69,956,693	69,956,693

2014	Loans and Receivables	Total
Cash and cash equivalents	44,705,837	44,705,837
Trade and other receivables	68,152,977	68,152,977
	112,858,814	112,858,814

The carrying value less impairment provision of trade receivables and cash and cash equivalents are assumed to approximate their fair values.

4 INVENTORIES

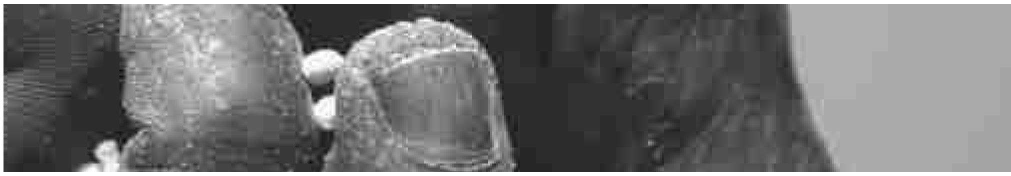
	2015	2014
Merchandise	85,490,192	62,477,186
Inventory write-downs	(3,014,296)	(3,436,817)
	82,475,897	59,040,369

The Board maintains Strategic Grain Reserves (SGR) on behalf of the government of Botswana.

The values of the inventories are excluded from the year end inventory value recorded in the books of the Board. These are separately recorded in the financial records of the Strategic Grain Reserve.

The Reserve's inventory balance at reporting date was valued at P119,240,458 (2014:P55,643,399)

The inventories held by the Board are sorghum, maize, pulses, fertilizers and seeds.



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

5 TRADE AND OTHER RECEIVABLES

	Year Ended 31 March 2015 P	Year Ended 31 March 2014 P
Prepayments	266,273	856,233
Trade receivables	67,321,411	73,907,801
Provision for doubtful debts	(7,082,211)	(6,611,057)
	60,505,473	68,152,977

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The fair value of financial assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Board for similar financial instruments, unless the carrying value of the assets or liabilities are deemed to approximate their fair value.

The impairment provision is made based on the review of an individual debtors current credit situation, past performance and other factors.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

At 31 March, 2015, P15,032,266 (2014: P29,828,300) were past due but not impaired. These debts are expected to be realised.

The Board has assessed the credit worthiness of the debts and has concluded that the debts are realisable.

The ageing of the amounts past due but not impaired is as follows:

	2015 P	2014 P
1 month past due	7,050,028	15,848,475
2 months past due	4,551,039	8,844,945
3 months past due	1,196,659	2,072,942
More than 3 months past due	2,234,540	3,061,938
	15,032,266	29,828,300

Trade and other receivables impaired

As of 31 March, 2015, the trade and other receivables of P7 080 192 (2014: P6 611 057) were impaired and provided for.

The ageing of these loans is as follows:

	2015 P	2014 P
Over 3 months	7,082,211	6,611,057
	7,082,211	6,611,057

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	**2014**
	P	**P**

5 TRADE AND OTHER RECEIVABLES *[continued]*

Reconciliation of provision for impairment of trade and other receivables	6,611,057	5,768,917
Opening balance	471,154	842,140
Additional amounts raised	7,082,211	6,611,057

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss (Note 17).

The Board does not hold any collateral as tangible security.

In order to establish whether trade receivables were impaired the Board assesses the payment history as well as the length of time that the debt had been outstanding.

6 CASH AND CASH EQUIVALENTS

Bank balances	2,853,631	18,510,666
Cash on hand	70,751	78,573
Short term deposits (28 days)	6,526,838	26,116,598
	9,451,220	44,705,837

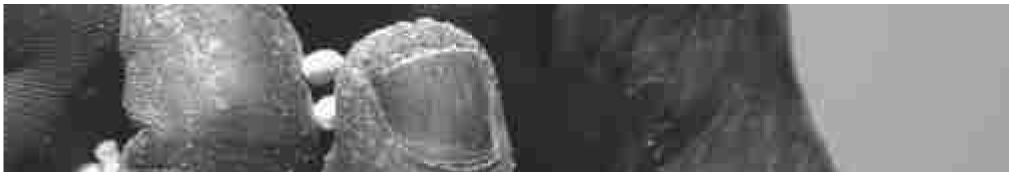
Reconciliation of Cash & Cash Equivalents to the Statement of Cashflow:		
Cash & cash equivalents	9,451,220	44,705,837
Bank Overdraft	(41,244,810)	-
Cash and cash equivalents at end of the year per SOCF	(31,793,590)	44,705,837

The Board's overall banking facility with Standard Chartered Bank Botswana Limited, consist of various facilities as follows:-

Botswana Pula Overdraft facility of P30million is to be utilised for general working capital requirements; repayable on demand; carries an interest rate at Bank's prime lending rate less 2.65% per annum.

The Board earns interest of around 2% on call accounts and 5.85% on short term fixed deposits and these rates varies from time to time depending on the Bank of Botswana prime rate.

United States Dollars letter of credit facility limit of USD2million to be utilised for securing various guarantees in favour of Government of Botswana and fees for this facility will be based on 1% of the value of the guarantee issued.



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	2014
	P	P

6 CASH AND CASH EQUIVALENTS *[continued]*

Botswana Pula guarantee facility limit of P11million is to be utilised for issuance of various guarantees in favour of the Government of Botswana and fees for this facility will be based on 0.1% of the value of the guarantee issued.

The Board's overall banking facility with First National Bank Botswana Limited, consist of various facilities as follows:-

Botswana Pula Overdraft facility of P10million is to be utilised for general working capital requirements; repayable on demand; carries an interest rate at Bank's prime lending rate per annum.

Botswana Pula guarantee facility limit of P6.42million is to be utilised for issuance of various guarantees in favour of the Government of Botswana and fees for this facility will be based on 0.1% of the value of the guarantee issued. The gurantee issued on behalf of Local Governemnt was P4.8 million as at year end.

The Board's overall banking facility with BankABC is;
Botswana Pula Overdraft facility of P20million is to be utilised for general working capital requirements; repayable on demand; carries an interest rate at Bank's prime lending rate per annum.

The credit quality of cash at bank and short term deposits, excluding cash on hand are placed with reputed financial institutions which are registered in Botswana.

The Board's bankers in Botswana are not rated but each of these banks are subsidiaries of major South African or United Kingdom registered institutions.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	2014
	P	P

7 EQUITY AND RESERVES

Government Equity	27,455,061	27,455,061
Equity Capital	27,455,061	27,455,061

The Government equity represents the amount converted from the short term loan and long term loan as per Presidential Directive (CAB 30/2000 dated 14 September 2000).

Revaluation Reserve

Revaluation surplus representing the difference between carrying value and open market value of the properties credited directly to the revaluation reserve and amortised on a yearly basis directly to retained earnings to the extent of the difference between depreciation based on the revalued amount and depreciation based on original costs

At the beginning of the year	67,648,891	69,383,478
Revaluation surplus amount	17,059,623	-
Amortised during the year	(2,117,740)	(1,458,951)
Reversal of revaluation reserve	-	(275,636)
	82,590,774	67,648,891

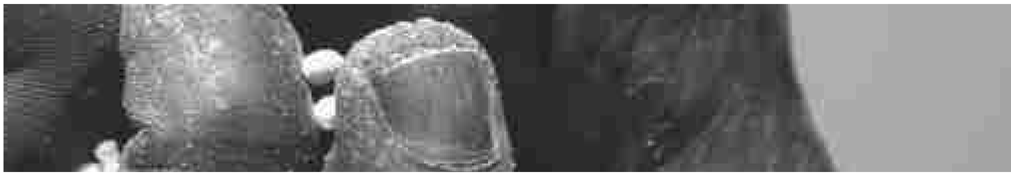
Stabilisation Fund

The stabilisation fund represents the fund established by the Board in terms of Section 12 of the Botswana Agricultural Marketing Board Act 1974 (CAP: 74:06).

This fund is created with the amount allocated by the Government and/or any amounts set aside by the Board from time to time. As per the provisions of Section 12, the maximum amount of stabilisation fund shall not exceed such amount as approved by the Government time to time, which is currently P 9,017,688.

The amount credited to the stabilisation fund would be utilised to stabilise the prices paid for the scheduled produce; to meet any deficiency created by way of excess of expenditure over the revenues for each of the financial years or for such other purpose as approved by the Minister responsible for Agriculture and Minister responsible for finance.

At the beginning of the year	9,017,668	9,017,668
At end of the year	9,017,668	9,017,668



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

7 RESERVES *[continued]*

Development Fund

The development fund represents the fund established by Board in terms of Section 13 of the Botswana Agricultural Marketing Board Act 1974 (CAP: 74:06).

This fund is created with the amount allocated by the Government and/or any amounts set aside by the Board from time to time not exceeding an amount equivalent to two times of the tonnage of schedule produce handled by the Board in each of the financial years.

The amount credited to the development fund would be utilised to meet any deficiency created by way of excess of expenditure over the revenues for each of the financial years or for various development programmes approved by the Minister responsible for Agriculture.

	Year Ended 31 March	
	2015	**2014**
	P	**P**
At the beginning of the year	1,000,000	1,000,000
	1,000,000	1,000,000

8 BANK LOAN

	2015	2014
The Board has a one year loan facility with Barclays Bank Botswana.	3,594,684	-

9 DEFERRED INCOME

Deferred income mainly relates to unexpended balance of grants received from the Government of Botswana for the refurbishment of storage facilities. No funds have been received this year.

	2015	2014
Opening balance	2,630,176	2,630,176
Utilised balance during the year	(928,475)	-
	1,701,701	2,630,176

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	2014
	P	P

10 DIVIDENDS PAYABLE

Under the presidential directive Cab 40/2004, each parastatal which is not subject to tax on its profits is required to pay 25% of its annual profits as dividend to the Government. A dividend paid of P522,899 relates to the 2013 financial year. P1,032,273 is to be paid to the Government since the Board made a profit in 2014.No dividend will be paid in respect of the March 2015 financial year as the Board incurred a loss.

11 TRADE AND OTHER PAYABLES

Trade payables	55,570,477	113,642,051
Payroll accruals	5,414,176	2,992,235
Cashbook overdraft	41,244,810	3,079.00
Dividends accrued	1,032,273	1,555,167
	103,261,737	118,192,532

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Board for similar financial instruments.

The trade and other payables attract no interest and settlement is normally done within 30 days.

12 PROVISIONS

At the beginning of the year	1,025,892	329,156
Provision for probable legal losses charged during the year	37,355	696,736
At the end of the year	1,063,247	1,025,892

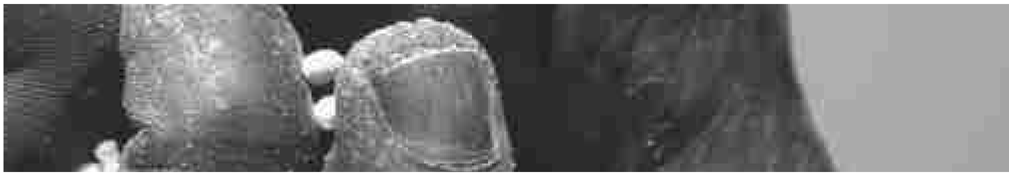
The provision relates to probable losses from current legal proceedings in which the Board is currently a party to. These are claims against BAMB by former employees for unlawful dismissal and wages withheld. Due to the uncertainties surrounding the judgement of the legal proceedings the Board has provided for the probable legal losses based on consultations with the Board's legal counsel.

13 FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Financial liabilities at amortised cost:	103,261,737	118,192,532
Trade and other payables	103,261,737	118,192,532

The carrying values of financial liabilities is deemed by the Board to approximate their fair values due to their short term nature.



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	**2014**
	P	**P**
14 REVENUE		
Strategic Grain Reserve management fees	10,893,832	11,160,329
Sale of goods	267,727,541	198,660,900
	278,621,373	209,821,229

The Board houses stock of the Strategic Grain Reserve in its silos. The Board receives an administration fee from the Strategic Reserve for use of its silos and these administrative fees are included in the Strategic Grain Reserve management fees.

15 COST OF SALES

Cost of goods sold	225,979,038	161,224,751
Inventory losses and allowances	3,014,296	3,436,817
Transport subsidy received from Ministry of Agriculture	(3,561,150)	(4,349,705)
Distribution costs	13,704,414	8,013,517
Discounts received	(2,997,621)	(1,813,348)
	236,138,976	166,512,032

16 OTHER INCOME

Rent received	1,608,002	1,583,399
Bad debt recovered	-	-
Sundry income	753,931	6,581
Bad debt provision recovered	-	9,272
Investment property revaluation	5,340,360	-
	7,702,293	1,599,252

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	2014
	P	P

16.1 *Operating lease —Board as a lessor*

The Board has entered into commercial property leases on its Board's surplus office and warehouses.
These cancellable leases have remaining terms of between five (5) and ten (10) years.

All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under cancellable operating leases as at 31 March are as follows:

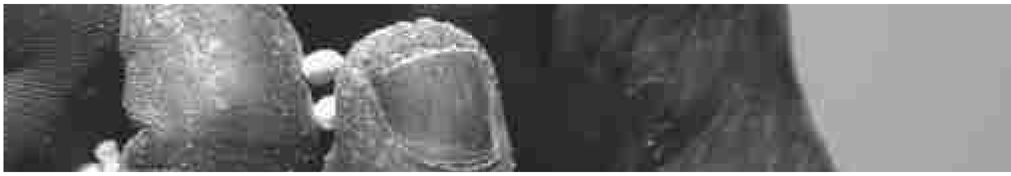
	2015	2014
Within one year	28,270	293,570
After one year but not more than five years	7,378,874	7,389,560
More than five years	-	2,684,487
	7,407,144	10,367,617

17 OPERATING PROFIT / (LOSS)

	2015	2014
OPERATING PROFIT / (LOSS)	**(453,311)**	**2,975,748**

Operating profit (loss) for the year is stated after accounting for the following:

	2015	2014
Board members' sitting fees and expenses	-	75,710
Loss/(Profit) on sale of property plant and equipment	20,104	45,463
Deferred income utilised during the year	(928,475)	-
Rental income	(1,608,002)	(1,583,399)
Travelling and accommodation	2,783,612	2,344,115
(Profit)/Loss on foreign exchange	606,837	71,042
Repairs and maintenance	2,628,855	675,787
Telephone and fax	760,273	569,109
Office and general expenses	12,230,912	4,305,484
Motor vehicle expenses	2,479,456	733,476
Impairment of trade and other receivables	-	842,140
Advertising	2,545,910	942,256
Insurance	948,887	1,074,557
Security	1,155,827	1,109,028
Depreciation on property, plant and equipment	5,936,766	-
Employee costs	17,348,841	14,244,576
Pension contribution expense	2,120,198	2,305,354



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

		Year Ended 31 March	
		2015	2014
		P	P
18	FINANCE INCOME		
	Interest revenue	608,787	1,462,615
	Bank	39,384	18,664
	Interest charged on trade and other receivables	648,171	1,481,279
19	FINANCE COSTS		
	Bank	3,662,904	319,072
	Finance leases	-	8,865
		3,662,904	327,937
20	AUDITORS REMUNERATION		
	Fees	177,430	143,920
		177,430	143,920
21	COMMITMENTS		
	Authorised capital expenditure		
	Not yet contracted for and authorised by the board	-	6,500,000

The Board has approved the budgets for the commitments summarised below, however, specific contracts are not yet in place. The summary of the authorised expenditure is as follows:-

	2015	2014
Commitment		
Purchase of motor vehicles	-	-
Refurbishment of BAMB warehouses	-	6,500,000
	-	6,500,000

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	2014
	P	P

22 CONTINGENCIES

The Board has an uncommitted facility in place with its bankers, First National Bank Botswana Limited to issue guarantees/letters of credit whenever is required in the normal course of its business. The total guarantees outstanding as at the reporting date is P4,787,276 (2014: P 1,586,322).

The Board has an uncommitted facility in place with its bankers, Standard Chartered Bank Botswana Limited to issue guarantees/letters of credit whenever is required in the normal course of its business. The total guarantees outstanding as at the reporting date is ZAR 300 000.00 (2014: P0.00).

23 RELATED PARTY DISCLOSURES

Relationships

Owner with significant influence	Government of Botswana
Members of the Board	Refer to general information page
Members of key management	E N Wotho (Chief Executive Officer)
	E Ncaagae
	G Gaebowe
	L.Kwelagobe
	N Kuriwa
	C Mokgoko

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	**2014**
	P	**P**
23 RELATED PARTY DISCLOSURES *[continued]*		
All related party balances are unsecured and are settled on the normal business repayment terms of 30 days.		
Amounts included in Trade Payables regarding related parties:		
Government of Botswana - Strategic Grain Reserve	34,487,630	99,656,974
Amounts included in Trade Receivables regarding related parties		
Department of Crop Production	17,663,530	2,099,389
Department of Local Government Finance and Procurement	19,953,889	4,694,687
Related party transactions		
Purchases from related parties		
Government of Botswana - Strategic Grain Reserve	5,179,401	60,189,200
Board member fee and expenses		
Sitting fees and expenses	78,446	75,710
Grants and fees received from Government of Botswana		
Strategic Grain Reserve management fees	10,893,832	11,160,329
Transport subsidy - Ministry of Agriculture	3,561,150	4,349,705
Sales to related parties		
Department of Crop Productions	57,863,057	42,194,189
Department of Local Government Finance and Procurement	39,894,469	1,970,368
Ministry of Agriculture	36,537,513	238,630
Compensation of key management personnel		
Short term employee benefits	3,459,387	3,824,228
Gratuity and leave pay	1,551,023	3,149,482

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT

Capital management

The Board's objective when managing capital are to safeguard the board's ability to continue as a going concern in order to provide returns to owners and benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Board consists of debt, which includes the overdrafts, finance lease obligations, cash and cash equivalents disclosed in note 6, and Government equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements. There has been no change in the way the Board manages its capital. The Board may approach the Government of Botswana for additional capital in the form of capital grants, subventions or deferred income as and when the need arises since the Board is a statutory corporation set up by an Act in the Parliament.

The Board monitors its capital structure through the use of gearing ratios, cost of capital calculations, and debt/equity ratios.

Financial risk management

The Board's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Board's financial performance.

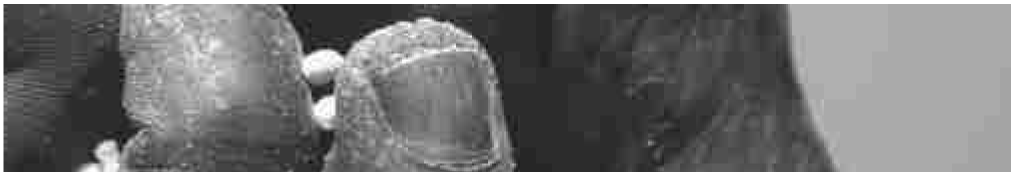
Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Board's liquidity risk arises due to its exposure to trade payables, overdrafts and financial leases .Significant part of its payables relate to amounts owed to Strategic Grain Reserve, a directive managed by the Board. The Board will approach Government with funding requirements when necessary. The Board also has significant obligations on its employee benefit accruals such as leave pay and gratuity.

These liabilities are met out of the operational funds of the Board.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining at reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March, 2015	Not later than 1 month	Between 1 and 3 months	Between 1 and 3 months
Trade and other payables	10,064,096	7,875,151	86,578,738
Loan obligations	-	3,594,684	-

At 31 March, 2014	Not later than 1 month	Between 1 and 3 months	Between 1 and 3 months
Trade and other payables	16,679,114	111,553	100,369,616

The Board is exposed to market risk, including primarily changes in interest rates and currency exchange rates. The Board does not hold or issue derivative financial instruments for trading purposes. The main risks arising from the Board's financial instruments are liquidity risk and credit risk on other receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Board is exposed to interest rate risk on balances maintained with its bankers and also overdraft facilities with them. The management liaise with its bankers to make use of the optimal interest rate that is applicable.

At 31 March, 2015, if interest rates on Pula-denominated borrowings had been 0.50% higher/lower with all other variables held constant, profit for the year would have been P487,298.98 (2014: P71,397) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

Cash flow interest rate risk

Financial instrument	**Current interest rate**	**Due in less than one year**	**Due in more than two years**
Interest-bearing Trade and other receivables	10.50%	421,116	-
Short term deposits	5.85%	6,526,838	-
BWP call deposits	2.50%	2,853,631	-
loans	9.0%	3,594,684	-
Interest charged on overdraft	8.50%	41,244,810	-

Credit risk

The Board is exposed to credit risk on its trade and other receivables, cash and cash equivalents and loans to its employees.

The management evaluate the credit worthiness of its customers before a credit facility is granted.

Also, many of the customers of the Board comprise of departments of Government of Botswana and her ministries.

Cash and bank balances are placed with reputable financial institutions.

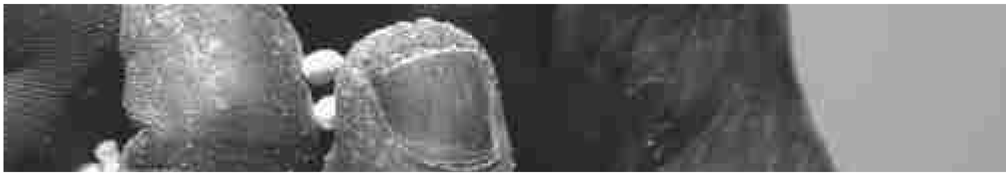
Frequent management meetings are held to determine the exposure limit to or fund placement with any particular bank.

Banks in Botswana are not rated but are subsidiaries of reputed and rated banks of Republic of South Africa and the United Kingdom.

The table below shows the maximum credit risk exposure on the Board's financial assets.

	Year Ended 31 March	
	2015	**2014**
	P	**P**
Financial instrument		
Trade receivables	60,505,473	68,152,977
Cash and cash equivalents	9,451,220	44,705,837

The Board does not hold any collateral as security.



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

Foreign exchange risk

The entity is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the South African Rand.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The entity does not hedge foreign exchange fluctuations.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the ZAR exchange rates, with all other variables held constant.

Calculation of 5% movement in foreign exchange rate (ZAR) Cash & cash equivalents:

1.25	1,500,716	1,057,541
(1.25)	(1,500,716)	(1,057,541)

Calculation of 5% movement in foreign exchange rate (ZAR) Trade & Other payables:

1.25	7,449,534	2,251,624
(1.25)	(7,449,534)	(2,251,624)

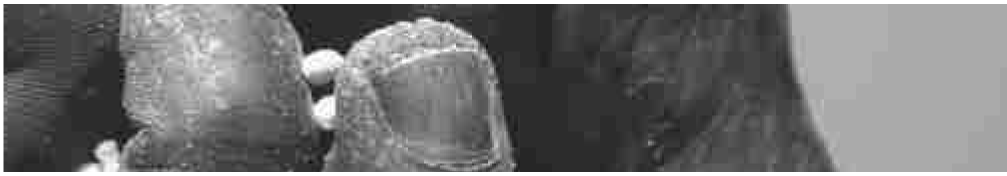
Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

At 31 March, 2015, if the currency weakened by 5% against the South African Rands with all other variables held constant, profit for the year would have been P391,100 (2014: P63,580 lower) lower, mainly as a result of foreign exchange gains or losses on translation of South African Rands denominated financial assets and financial liabilities.

	Year Ended 31 March	
	2015	**2014**
	P	**P**
Current assets		
Cash and cash equivalents, ZAR1,874,199.60 (2014:602)	1,575,752	516
Liabilities		
Trade payables, ZAR9,303,499 (2014: ZAR 2,707,127)	7,822,011	2,320,925
Exchange rates used for conversion of foreign items were:		
ZAR	1.1894	1.1664



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

Determination of fair values and fair values hierarchy

The following table shows an analysis of items recorded or disclosed fair value:

The Board uses the following hierarchy for determining and disclosing the fair value of items measured or disclosed at fair value:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table represents the company's assets and liabilities that are measured at fair value as at 31 March 2015

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2015:

		Fair value measurement using			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Investment properties					
- Physical properties	31-Mar-15	-	-	2,516,427	2,516,427
Property, plant and equipment					
- Land and buildings	31-Mar-15	-	-	69,194,170	69,194,170
- Furniture and fixture	31-Mar-15	-	-	372,222	372,222
- Motor vehicles	31-Mar-15	-	-	1,358,111	1,358,111
- Plant and machinery	31-Mar-15	-	-	2,349,361	2,349,361
		-	-	75,790,291	75,790,291

Notes to the Financial Statements *[continued]*

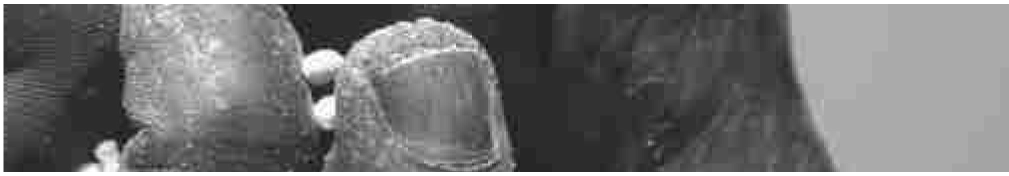
FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2014:

		Fair value measurement using			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Investment properties					
- Physical properties	31-Mar-12	-	-	78,152,386	78,152,386
Property, plant and equipment					
- Land and buildings	31-Mar-12	-	-	53,730,261	53,730,261
- Furniture and fixture	31-Mar-12	-	-	502,171	502,171
- Motor vehicles	31-Mar-12	-	-	4,646,029	4,646,029
- Plant and machinery	31-Mar-12	-	-	2,044,013	2,044,013
		-	-	139,074,860	139,074,860

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group, and those prices represent actual and regularly occurring market transactions on an arms length basis. These instruments are included in level 1.



Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

Determination of fair values and fair values hierarchy

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) are determined by using valuation techniques to maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 valuation

Investment Properties - Refer to accounting policy note 16 on how fair value is determined.

Property, plant and equipment - Refer to note 2b on the how the fair value is determined.

If one or more of the significant inputs is not based on observable market data, the asset is included in level 3.

Reconciliation of movements in level 3 financial instruments measured at fair value	Investment Properties	Land and buildings	Furniture and fixtures	Motor vehicles	Plant and machinery
Level 3 Financial Assets					
31 March 2015					
Balance	2,516,427	69,194,170	372,222	1,358,111	2,349,361
Adjusted due to IFRS 13	-	-	-	-	-
Total gains/(loss) in comprehensive income	-	-	-	-	-
Acquisitions	-	-	-	-	-
Settlements/ Repayments	-	-	-	-	-
	2,516,427	69,194,170	372,222	1,358,111	2,349,361

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

24 RISK MANAGEMENT *[continued]*

23.5 (c)Valuation techniques used in determining the fair value of financial instruments

Instrument	Applicable to level	Valuation basis	Main assumptions	Significant unobservable input	Quantitative data
Properties	3	Discounted cash flow model (DCF)	Consumer Price index	Capitalisation rate	9 - 14%
Furniture and fixtures	3	Management assess-ment of useful life and replacement costs	"Useful life Replacement costs"	Useful life	3 - 5 years
Motor vehicles and plant and machinery	3	The cost approach, which reflects the amount that would be required currently to replace the service capacity of an asset	Consumer Price index	N/A	181.3 index points

26 SUBSEQUENT EVENTS AFTER REPORTING DATE

There have been no events, facts or circumstances of a material nature that have occurred subsequent to the reporting date which necessitate an adjustment to the disclosure in these Annual Financial Statements or the notes thereto.

BAMB
BOTSWANA AGRICULTURAL MARKETING BOARD

STRATEGIC GRAIN RESERVE
ANNUAL FINANCIAL STATEMENTS
For the Year Ended 31 March 2015

General Information

COUNTRY OF INCORPORATION AND DOMICILE:
Botswana

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES:
Holding of Strategic Grain Reserve for the Government of Botswana.

The Botswana Agricultural Marketing Board is the managing agent appointed by the Government of Botswana to manage the Reserve. The Reserve was created by the Government as a storage facility for grain in the event of a nationwide natural disaster. The transactions executed between the Board and the Reserve are mainly purchase and sale of inventory. The Board periodically sells the Reserve inventory to avoid losses due to perishing of inventory.

MEMBERS OF THE BOARD
Edison Nyalalani Wotho (Chief Executive Officer of the managing agent)

COMPANY SECRETARY:
K.Gaebowe

REGISTERED OFFICE:
Plot 130, Unit 3 & 4
Nkwe Square
Gaborone International Finance Park
Gaborone
Botswana

POSTAL ADDRESS
Private Bag 0053
Gaborone
Botswana

AUDITOR:
Ernst & Young
2nd Floor, Plot 22
Khama Crescent
Gaborone

COMPANY REGISTRATION NUMBER
687900

MANAGING AGENT
Botswana Agricultural Marketing Board

MEASUREMENT AND PRESENTATION CURRENCY:
Botswana Pula

APPROVAL OF ANNUAL FINANCIAL STATEMENTS
The annual financial statements for the year ended 31 March 2015, which have been prepared on the going concern basis, were approved by the members of the Board on 30 July 2015 and were signed on its behalf by:

....
DIRECTOR DIRECTOR

11/09/15 11/09/15
....
DATE DATE

Independent Auditor's Report to the Members of the Strategic Grain Reserve

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Strategic Grain Reserve, which comprise the statement of financial position as at 31 March, 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 72 to 87.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Agency Agreement of 13 October 2009 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of, the financial position of the Strategic Grain Reserve as at 31 March, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Agency Agreement of 13 October 2009.

Ernst + Young

Ernst & Young
Practicing Member: Bakani Ndwapi (19980026)
Certified Auditor

16/9/15
Gaborone

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015	2014
		Year Ended 31 March	
		P	P
Revenue	8	7,660,851	60,602,830
Costs of sales	9	(17,180,879)	(59,261,121)
Gross Profit		**(9,520,028)**	**1,341,709**
Administration expenses	11	(10,898,228)	(11,176,146)
Operating expenses	12	(28,011,352)	(5,965,944)
Operating Profit /(Loss)		**(48,429,608)**	**(15,800,381)**
Finance income	10	469,883	3,041,979
Profit /(Loss) for the year		**(47,959,725)**	**(12,758,402)**
Other comprehensive income		**-**	**-**
Total Comprehensive income		**(47,959,725)**	**(12,758,402)**

Statement of Financial Position

FOR THE YEAR ENDED 31 MARCH 2015

		Year Ended 31 March	
	Notes	**2015**	**2014**
		P	**P**
Current assets			
Inventories	2	119,240,458	55,643,399
Trade and other receivables	3	34,487,627	99,732,998
Cash and cash equivalents	4	1,586,446	52,722,667
		155,314,531	208,099,064
TOTAL ASSETS		**155,314,531**	**208,099,064**
EQUITY AND LIABILITIES			
Equity			
Reserves	7	205,389,405	205,389,405
Accumulated profit /(loss)		**(50,077,536)**	**(2,117,811)**
Total equity		155,311,869	203,271,594
Current liabilities			
Trade and other payables	5	2,662	4,827,470
		2,662	4,827,470
TOTAL LIABILITIES		**2,662**	**4,827,470**
TOTAL EQUITY AND LIABILITIES		**155,314,531**	**208,099,064**

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Reserves	Accumulated Profit /(Loss)	Total Equity
		P	P	P
Balance at 31 March 2013	7	205,389,405	10,640,592	216,029,997
Total comprehensive income		-	-12,758,403	(12,758,403)
Balance at 31 March 2014	7	205,389,405	-2,117,811	203,271,594
Total comprehensive income		-	(47,959,725)	(47,959,725)
Balance at 31 March 2015		205,389,405	(50,077,536)	155,311,869

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year Ended 31 March 2015 P	2014 P
Cash flows from operating activities			
Profit/(Loss) for the year		(47,959,725)	(12,758,403)
Adjustments for:			
Profit/(Loss) on foreign exchange		(11,261)	1,000,192
Finance income	10	(469,883)	(3,041,979)
Changes in working capital:			
Decrease(increase) in inventories		(63,597,059)	(26,831,581)
Decrease(Increase) in trade and other receivables		65,245,371	(34,297,889)
Decrease in trade and other payables		(4,824,808)	4,824,808
Cash generated from /(Utilised in) operations		**(51,617,365)**	**(71,104,852)**
Interest received	10	469,883	3,041,979
Net cash from operating activities		(51,147,482)	(68,062,873)
Net increase/(decrease) in cash and cash equivalents		(51,147,482)	(68,062,873)
Net foreign exchange difference		11,261	(1,000,192)
Cash and cash equivalents at beginning of year	4	52,722,667	121,785,732
Cash and cash equivalents at end of the year	**4**	**1,586,446**	**52,722,667**

Summary of Significant Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2015

1 BASIS OF PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The functional and presentation currency of the Reserve is the Botswana Pula.

The accounting policies are consistent with the previous period, except where stated otherwise.

2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

2.1 Trade receivables

The Reserve assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, management makes judgements as to whether there is observable data indicating a measurable decrease in the net realisable value of the asset. Refer to policy notes 3.3 and 3.6 for impairment considerations.

2.2 Allowance for slow moving, damaged and obsolete stock

An allowance for stock is raised to write down to the lower of cost or net realisable value. The Board has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

3 FINANCIAL INSTRUMENTS

The Reserve classifies financial assets and liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

3.1 Initial recognition

Financial instruments are recognised initially when the Reserve becomes a party to the contractual provisions of the instruments.

The Reserve classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the asset or liability.

3.2 Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest metahod, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account all premiums and discounts as well as costs that are an integral part of the effective interest rate and the amortisation arising from the application of the effective interest rate is recorded as finance costs in profit or loss.

3.3 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Summary of Significant Accounting Policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

3 FINANCIAL INSTRUMENTS *[continued]*

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the profit and loss. Trade and other receivables are classified as loans and receivables.

3.4 Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost. Cash and cash equivalents are usually not discounted as they have short term maturities.

3.6 Impairment of financial assets

At each reporting date the Reserve assesses all financial assets, to determine whether there is objective evidence that a financial asset or a group of financial assets has been impaired.

For amounts due to the Reserve, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit and loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

3.7 Derecognition of financial asset

The Reserve derecognises financial assets when the contractual rights to the cash flows from the financial asset expire; or when the Board transfers the financial asset out. When the Board transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. A financial asset is derecognised when:-

1) The rights to receive cash flows from the asset have expired;
2) The Board has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and;
3) Either (a) the Board has transferred substantially all the risks and rewards of the asset, or (b) the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.8 Derecognition of financial liability

A financial liabilty is derecognised when it is extinguished.That is when the obligation under the liability is discharged or cancelled or expires.

3.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

1) There is a currently enforceable legal right to offset the recognised amounts and;
2) There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4 TAX

Tax expenses

No provision for taxation is required as the Strategic Grain Reserve are exempt from taxation in terms of second schedule, Part I of the Income Tax Act (CAP 52:01) .

Summary of Significant Accounting Policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

5 INVENTORIES

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The inventories mainly comprise of maize, sorghum and, sunflower

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

6 REVENUE

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Reserve has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Reserve retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Reserve; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised at the fair value of consideration received. The Reserve generates revenue from the sale of inventory on a periodic basis to the Botswana Agricultural Marketing Board. The Reserve sells scheduled produce i.e. sugar beans, sorghum, sunflower, maize etc. This occur when the contract of sale is signed by both parties.

Interest is recognised, in profit or loss, using the effective interest rate method.

7 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

8 FOREIGN CURRENCY TRANSACTIONS

The Reserve is operating foreign currency denominated bank accounts . A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in the profit and loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

Summary of Significant Accounting Policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

9 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new Standards and amendments effective 1 January 2014:

IFRS 13 Fair Value Measurement - Short-term receivables and payables - (Amendment)
The amendment clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately. This amendment to IFRS 13 did not have a significant impact on SGR as the short-term receivables and payables were already measured at invoice amounts.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities - (Amendment)
The amendments clarify the meaning of "currently has a legally enforceable right to set-off".The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. It also clarifies that rights of set-off must not be contingent on a future event.

The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion.The adoption of these amendments did not have a significant impact on SGR, since it does not set off any financial assets or liabilities.

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The IFRIC was retrospectively applied. The adoption of this interpretation did not have a significant impact on SGR as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

IAS 24 Related Party Disclosures – Key Management Personnel (Amendment)
Effective for annual period beginning on or after 1 July 2014 the amendment clarifies that a management entity that is an entity that provides key management personnel services is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment must be applied retrospectively.

This is not expected to impact SGR as it already discloses the intercompany transactions.

10 Standards issues but not effective in the current year

Standard issued but not yet effective up to the date of issuance of the SGR's financial statements are listed below. This listing is of standards and interpretations issued, which the SGR reasonably expects to be applicable at a future date. It intends to adopt those standards when they become effective.

IAS 1 Disclosure Initiative – Amendments to IAS 1
Effective for annual periods beginning on or after 1 January 2016 the amendments clarify, rather than significantly change, existing IAS 1 requirements:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Summary of Significant Accounting Policies *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

9 STANDARDS ISSUES BUT NOT EFFECTIVE IN THE CURRENT YEAR *[continued]*

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

This is expected to impact the disclosure of the Strategic Grain Reserve's future financial statement (though not significantly) but not the measurement.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Strategic Grain Reserve is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 9 Financial Instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases.

Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

The adoption of IFRS 9 will have an effect on the classification and measurement of the financial assets, but no impact on the classification and measurement of the SGR's financial liabilities. The new impairment model is expected to impact the values of financial assets.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38

Effective for annual periods beginning on or after 1 January 2016.The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The standard is not expected to have a significant impact on the Reserve since it currently does not own any property,plant and equipment or Intangible assests.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2015

		Year Ended 31 March	
		2015	2014
		P	P
2	INVENTORY		
	Merchandise	129,120,463	55,643,399
	Inventory write-downs	-9,880,005	-
		119,240,458	55,643,399
3	TRADE AND OTHER RECEIVABLES		
	Trade Receivables	34,487,627	99,732,998
		34,487,627	99,732,998

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as shown above.

Trade receivables consist entirely of amounts owed by the managing agent, Botswana Agricultural Marketing Board. Botswana Agricultural Marketing Board has an option to settle either in cash or through the replenishment of stock.

The amounts are 100% secured against the inventory of Botswana Agricultural Marketing Board. The Reserve does not hold any collateral as tangible security.

Trade and other receivables past due but not impaired

The Reserve's receivable balances are all due from the Botswana Agricultural Marketing Board and these are due within 1 month. There has been no impairment of receivable balances at year end. At 31 March 2015, P0.00 (2014 P0.00) were past due but not impaired.

Credit quality of trade and other receivables.

The Botswana Agricultural Marketing Board has been a long standing customer of the Reserve and has settled all amounts outstanding in the past and based on the customer's payment history the Reserve believes the amounts due to be settled in full.

4	CASH AND CASH EQUIVALENTS		
	Bank Balances	1,586,445	2,767,703
	Short term deposits	-	49,954,964
		1,586,446	52,722,667

Credit quality of cash at bank and short term deposits, excluding cash on hand.

Cash at bank and short term deposits are placed with reputed financial institutions which are registered in Botswana.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

		Year Ended 31 March	
		2015	2014
		P	P
5	TRADE PAYABLES		
	Trade Payables	2,662	4,827,470
		2,662	4,827,470

The carrying amounts of trade and other payables approximates its fair value, due to the short term maturity of financial liabilities measured at amortised cost. The trade payables do not attract any interest and are normally settled within 30 days.

		Carrying Value 2015	Fair Value 2015
6	FINANCIAL INSTRUMENTS		
	FINANCIAL ASSETS		
	Loans and receivables;		
	Trade and other receivables	34,487,627	34,487,627
	Cash and cash equivalents	1,586,446	1,586,446
		36,074,073	36,074,073
	FINANCIAL LIABILITIES		
	Financial liabilities at amortised cost;		
	Trade payables	2,662	2,662
		2,662	2,662

	Carrying Value 2014	Fair Value 2014
FINANCIAL ASSETS		
Loans and receivables;		
Loans and receivables	99,732,998	99,732,998
Cash and cash equivalents	52,722,668	52,722,668
	152,455,666	152,455,666
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost;		
Trade payables	4,827,410	4,827,410
	4,827,410	4,827,410

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

		Year Ended 31 March	
		2015	**2014**
		P	**P**
7	**RESERVES AND CAPITAL**		
	Opening balance	205,389,405	205,389,405
	Amounts received during the year	-	-
		205,389,405	205,389,405

Strategic Grain Reserve is established through presidential directive to store and supplement the grain reserves of the country. The government funds the procurement through infuse of capital as and when required. The Reserve is disbursed by the Government of Botswana to buy inventory for the Strategic Grain Reserve.

When new funds are received they are accounted as the equity injection into the reserve. The reserve can be derecognized when the government reduces the strategic reserve by withdrawing the funds.

8	**REVENUE**		
	Sale of goods	7,660,851	60,602,830
		7,660,851	60,602,830

The Strategic Grain Reserve holds the strategic sorghum stock piles for the government of Botswana. Due to the perishability of stock items the Reserve has to sell its stock periodically. The Reserve sells its stock to the Botswana Agricultural Marketing Board only.

9	**COST OF SALES**		
	Cost of goods sold	7,300,874	59,261,121
	Inventory write down	9,880,005	-
		17,180,879	59,261,121
10	**FINANCE INCOME**		
	Interest Income	469,883	3,041,979
		469,883	3,041,979
11	**ADMINISTRATION EXPENSES**		
	Administration charges	10,893,832	11,120,394
	Bank charges	4,396	15,752
	Audit Fees	-	40,000
		10,898,228	11,176,146

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

		Year Ended 31 March	
		2015	2014
		P	P
12	OPERATING EXPENSES		
	Unrealised Exchange gain/loss	11,261	(1,000,192)
	Bean subsidy	28,000,091	6,966,136
		28,011,352	5,965,944

13 RELATED PARTIES

Relationships

Owner with significant influence	Government of Botswana
Members of the Reserve	Refer to general information page
Members of key management	E N Wotho (Chief Executive Officer)
	E Ncaagae
	C Mokgoko
	K Gaebowe
	L Kwelagobe
	N Kuriwa

	Year Ended 31 March	
	2015	2014
	P	P
Related party balances		
Terms and conditions		
All related party balances are settled on the normal business repayment terms of 30 days.		
Sales to related parties		
Botswana Agricultural Marketing Board	7,660,851	57,150,609
Amounts included in trade receivables regarding related parties		
Botswana Agricultural Marketing Board	34,487,627	99,656,974
Administration fees paid to related parties		
Botswana Agricultural Marketing Board	10,893,832	11,160,394

Security on related party balances due at year end.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

	Year Ended 31 March	
	2015	2014
	P	P

13 RELATED PARTIES *[continued]*

Security on related party balances due at year end.

All related party balances due at year end are not secured. These are mainly to the Government of Botswana.

The Botswana Agricultural Marketing Board is the managing agent appointed by the Government of Botswana to manage the Reserve. The Reserve was created by the Government as a storage facility for grain in the event of a natural disaster. The transactions executed between the Board and the Reserve are mainly purchase and sale of inventory. The Board periodically sells the Reserve inventory to avoid losses due to perishing of inventory. At the end of the year 2015, the reserve had P119,243,240 inventory to be sold to the Board next financial year.

14 RISK MANAGEMENT

Capital Management

The Reserve's objective when managing capital is to safeguard the Reserve's ability to continue as a going concern in order to provide returns and benefits for stakeholders.

There are no externally imposed capital requirements. There has been no change in the way the Reserve manages its capital. The Reserve may approach the Government of Botswana for additional capital in the form of capital grants, subventions or deferred income.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from previous year.

The Reserve monitors its capital structure through the use cost of capital calculation.

Financial risk management

The Reserve's principal financial liability is trade and other payables, while the principal financial assets are the trade and other receivables, cash and short term deposits that derive directly from its operations. The Reserve is exposed to market risk, credit risk and liquidity risk.

Market Risk

The Reserve is exposed to market risk, including primarily changes in interest rates and also changes in foreign currencies. The Reserve does not hold or issue derivative financial instruments for trading purposes. The main risks arising from the Reserve's financial instruments are liquidity risk and credit risk on receivables.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

14 RISK MANAGEMENT *[continued]*

Financial instrument

31 March 2015	Current interest rate	Due in less than one year	Due in more than two years
Bank balances	2.60%	1,586,445	-
31 March 2014			
Short term deposits	5.80%	52,722,668	-
Bank balances	2.50%	2,767,703	-

Credit risk

The main customers of the Reserve is the Botswana Agricultural Marketing Board. Cash and bank balances are placed with reputable financial institutions.

Frequent management meetings are held to determine the exposure limit to or fund placement with any particular bank. Banks in Botswana are not rated but are subsidiaries of reputed and rated banks of Republic of South Africa.

The Reserve does not hold any collateral.

Liquidity risk

Liquidity risk is the risk that the reserve will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Significant part of its payables relate to amounts owed to the Botswana Agricultural Marketing Board, the agent of the Reserve. The Reserve contemplates approaching Government with funding requirements when adequate funding resources are not available as the Reserve is in itself a Statutory Corporation.

Notes to the Financial Statements *[continued]*

FOR THE YEAR ENDED 31 MARCH 2015

14 RISK MANAGEMENT *[continued]*

Liquidity risk *[continued]*

At 31 March, 2015	Less than 1 Year	Between 2 and 5 years	Over 5 Years
Trade and other payables	**2,662**	-	**-**
At 31 March, 2014			
Trade and other payables	4,827,470	-	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Reserve's exposure to the risk of changes in foreign exchange rates relates primarily to the Reserve's operating activities (when foreign currency bank balances are revalued).

Foreign currency sensitivity

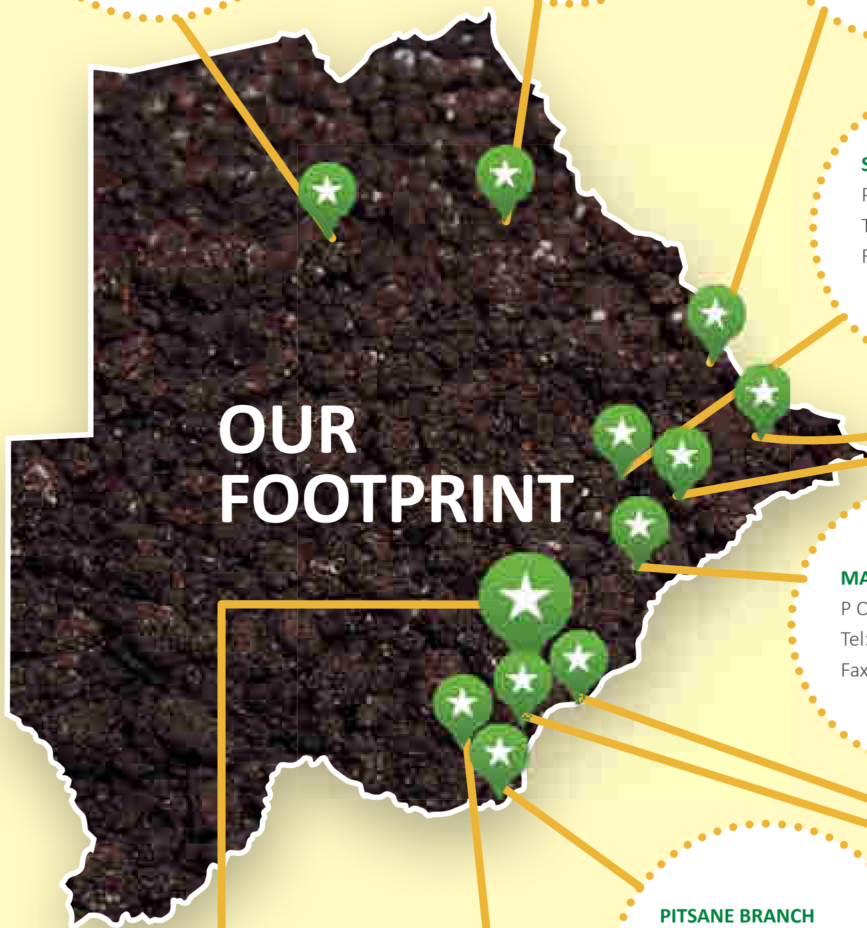
The following tables demonstrate the sensitivity to a reasonably possible change in the ZAR exchange rates, with all other variables held constant. The impact on the Reserve's profit before tax is due to changes in the fair value of monetary assets.

	Change in rate	Effect on profit before tax	Effect on equity
2015	+5%	74,988	74,988
	-5%	74,988	74,988
2014	+5%	(80,583)	(80,583)
	-5%	80,583	80,583

15 SUBSEQUENT EVENTS AFTER REPORTING DATE

There have been no events, facts or circumstances of a material nature that have occurred subsequent to the reporting date which necessitate an adjustment to the disclosure in these Annual Financial Statements or the notes thereto.

OUR FOOTPRINT



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