



BOTSWANA
INVESTMENT
& TRADE CENTRE

Annual Report **2016**





Untapped potential
Exponential growth



TOTAL GROSS DOMESTIC PRODUCT (GDP)

\$14.39^{BN}

2015 World Bank stats



CONSUMER PRICE INDEX (CPI)

181.9

2015 Bank of Botswana stats



2015 BANK RATE

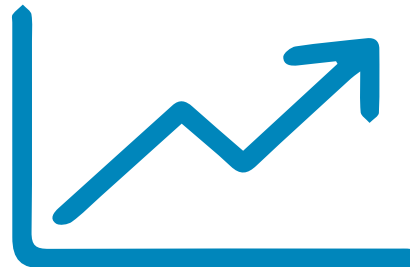
6 PERCENT



INFLATION RATE

3 PERCENT

2015 Bank of Botswana stats



STANDARD & POOR'S CREDIT RATING AT A2



Standard & Poor (S & P) has affirmed the long-term and short-term ratings of Botswana at “A-1” and “A-2”, respectively, in the results of the first of two annual reviews of the nation’s sovereign credit rating for 2015.

The ‘stable’ economic outlook has also been retained. The ratings were supported by the country’s robust institutions as well as the strong external and fiscal balance sheets, well managed economy and a long record of political stability.



DIAMONDS

According to statistics Botswana, total exports were valued at P4, 592.70 million July 2015 with 60% (P2755.62) attributed to diamond exports. The diamond trade is for both rough and polished diamonds.



ZERO TOLERANCE

Our country has an official policy of **ZERO TOLERANCE FOR CORRUPTION.**

15 PERCENT

CORPORATE TAX IS ONLY 15% for manufacturing companies and IFSC companies.



BOTSWANA IS HIGHLY RATED BY INTERNATIONAL ORGANISATIONS ON A NUMBER OF ECONOMIC INDICATORS

Based on its impressive performance, Botswana has also been consistently rated by Transparency International as the least corrupt country in Africa, and is ranked amongst the least corrupt countries in the world. This clearly shows that our Government institutions are efficient, effective and transparent, thus creating a conducive environment for the seamless operation of the private sector.



FOREIGN RESERVES

remain strong at USD 7.5 billion at end-2015, or about 65% of GDP



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ABOUT BOTSWANA

LOCATION WITHIN AFRICA:

Botswana is centrally located in the heart of Southern Africa. It shares borders with Zambia in the north, Namibia in the north and north-west, Zimbabwe in the north-east and South Africa in the south and south-east. Its central location in the Southern Africa region makes Botswana the perfect gateway for reaching the whole of the Southern African Development Community (SADC) region. Botswana is a perfect Investment and Trade hub.

AREA

Botswana has a surface area of 581,730 km².

CITIES

Gaborone is the capital and largest city with a population of 231,626 (Population and Housing Census 2011), which is approximately 10% of the total national population. With an area of 169 km², the city's wider agglomeration is home to 421,907 inhabitants.

 **INTRODUCTION**

01

CORPORATE PROFILE

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INTRODUCTION TO BITC

Botswana Investment and Trade Centre (BITC) is an integrated Investment and Trade Promotion Authority with an encompassing mandate of investment promotion and attraction; export promotion and development including management of the Nation Brand. The organisation plays a critical role of driving Botswana's economic growth through attraction of Foreign Direct Investment (FDI), domestic investment, facilitation of expansions and further spearheads the growth of exports by promoting locally manufactured goods to regional and international markets. BITC drives wealth creation for Botswana by creating platforms that will instigate and ensure increased citizen participation in the economy and create sustainable job opportunities.

Of great importance within the role of this organisation is building and maintaining a positive and impressive image of our country locally and internationally.

Focused, Selective and Targeted Investment Promotion

In our efforts to become a third generation Investment Promotion Agency, our focus on investment promotion is leveraged on undertaking research to identify growth sectors, packaging them and availing strategic go-to-market value propositions that will attract investors to the country. We have put great emphasis on pre-existing strategic national priorities that are focused on delivering economic growth,

development and diversification.

These include but are not limited to:

- i. Mining & Energy – Beneficiation (Diamond Hub)
- ii. Agriculture (Agriculture Hub)
- iii. Education (Education Hub)
- iv. Transport and Logistics (Transport Hub)
- v. Financial & Business Services
- vi. Tourism (Botswana Tourism Organisation)

Effective Stakeholder Engagement, Involvement and Alignment

Proactive and continuous collaboration with key stakeholders is at the forefront of BITC's strategy. This includes partnership with Botswana Foreign Missions that have a greater footprint within the international market and provide a platform through which foreign direct investment can thrive by identifying business partnerships, beneficial industry associations, and providing a point of information exchange for both international and domestic investors.

Effective Investor Facilitation and Aftercare

The organisation provides an in-house Business Facilitation Services Centre that provides the following services to local and international investors:

- Company and business registration
- Trade and business license applications
- Entry visas, work and residence permits
- Work Permit Exemptions

- Connection of utilities e.g. Power, telecommunications and water
- Income Tax and VAT registration
- Access to industrial and commercial land
- Allocation of BITC factory space (subject to availability)
- Environmental Impact Assessment (EIA) Compliance
- Provision of information on the Botswana business climate, regulatory regime and investment opportunities
- Opening a Bank Account

BITC operates a Resource and Reference Centre that was established through the Joint Integrated Technical Assistance Programme (JITAPI), a programme jointly implemented by ITC, UNCTAD and WTO. The Centre disseminates appropriate trade and investment promotion related information and is open to Government officials, the business community, academia, students and the general public.

Building a Competitive and Attractive Business Environment

BITC significantly contributes to improvements in the investment climate through policy advocacy aimed at ensuring facilitation of a competitive business and investment climate and to foster greater economic activity. This includes making recommendations for competitive changes to legislation and the national investment framework.

Sustainable Export Development and Promotion

Through local manufacturers, Botswana has the potential to export more products to various regions. To realise this potential, the current focus is to intensify the BITC Export Development Programme that will assist and support local manufacturers in terms of improvement of product quality, packaging and increased production, so as to be able meet potential buyers' requirements and expectations. BITC engages in intensive export promotion to facilitate participation by local manufacturers in regional and international expos with the aim of exposing their products to export markets and thereby increasing their export potential.

National Image Building and Global Awareness Creation

As BITC, we are privileged to have at our disposal the Nation Brand, which seeks to position Botswana to domestic, regional and international audiences as an attractive place to visit, work and invest. The Nation Brand highlights our national assets - our people, culture, tourist attractions, business potential and reputation for good governance.

National Roll out of Successful, Positive Impact SEZs

The Government of Botswana has adopted the Special Economic Zones (SEZ) Policy which is designed to attract top domestic and foreign investors on the basis of world class infrastructure, state of the art technology, targeted economic incentives, beneficial intersectoral linkages, and specially trained manpower with relevant modern industry skills. In its role as the Interim Special Economic Zones Authority (SEZA), BITC was mandated with the implementation of the SEZ programme. The generic functions of a SEZA are, among others, to:

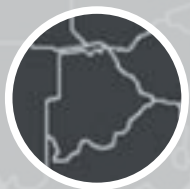
- Coordinate, promote and facilitate SEZs investments
- Identify locations for the purpose of establishing SEZs
- Ensure that basic infrastructure and utilities are in place for the purpose of operations in the SEZs

- Prepare national and international programmes for appropriate promotion of SEZs
- License SEZs investors.

Objectives

At a broader level the SEZ policy is intended to achieve the following;

- Diversify the economic and export base of Botswana into sectors that will continue to grow long after diamond mining
- Provide a hassle free business environment that offers investors a competitive edge in world markets
- Establish a one stop, full service business environment that caters for the needs of all businesses inside the SEZs areas
- Create business development opportunities for small, medium and micro-enterprise suppliers that will meet the expanding needs of SEZs enterprises
- Develop a portfolio of public sector, private sector and Public Private Partnership (PPP) SEZs as dictated by the market
- Develop SEZs that are integrated into domestic, regional and international markets
- Cluster business enterprises according to their trade with a view to achieving mutually beneficial intersectoral linkages and economies of agglomeration within SEZs
- Provide SEZs incentive packages that are consistent with Botswana's domestic and international trade obligations
- Develop SEZs labour laws that are consistent with the International Labour Organisation labour standards
- Create employment through the development of appropriate SEZs countrywide.





OUR VALUES



VISION

WE WILL BE THE GLOBALLY RECOGNISED LEADING INVESTMENT AND TRADE PROMOTION AGENCY IN AFRICA.

MISSION

WE EXIST TO TACTICALLY AND INNOVATIVELY PROMOTE BOTSWANA AS A LEADING DESTINATION TO VISIT, LIVE IN, TO INVEST AND TRADE IN AFRICA, WITH A FOCUS ON ACCELERATED ECONOMIC GROWTH AND DIVERSIFICATION, EMPLOYMENT CREATION AND EXPORT DEVELOPMENT.

TRANSPARENCY

We are completely open and transparent in all of our actions and activities. We trust others and are trustworthy, conducting our affairs in an ethical and admirable fashion.

INTEGRITY

Every action or decision we make is undertaken with consideration for proper process and fairness to all.

PROGRESS

We believe in the power of sustainable economic development with Botswana's interests at heart. We are defining a bright future for all.

PROFESSIONALISM

We conduct our business with skill, respect, confidence and acumen. We share a common ideal of professionalism, placing our nation at the leading edge of global investment and trade.

SUSTAINABILITY

We take pride in the strength of our well regulated, transparent and investor-friendly business environment. We are focused on continuing to build capacity, driving prosperity for generations to come.

02

GOVERNANCE

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Chairman's Statement

Victor Jakopo Senye



It gives me great pleasure to deliver to you the work that the Botswana Investment and Trade Centre (BITC) has been able to fulfil during the financial year 2015/2016.

“Our focus as is every year was to tactically grow our performance in delivery of our mandate of investment attraction, export promotion and development as well as our responsibility of ensuring heightened country awareness through the Nation Brand programme.”

Performance

During the period under review, our mineral export dependent economy was under pressure from developments in the global arena, specifically the slowdown in the economies of China and other major markets, and the related slump in the prices of commodities. This was particularly the case with diamonds, which are critical to the local economy and of course copper which has seen closure and scaling down of some of the local mines.

I am pleased to report that despite the challenges Botswana was able to successfully attract global capital and growth was recorded in the value of FDI into the country. BITC noted inflows into various sectors, particularly the financial services sector. Part of this growth was, however, due to

banks restructuring their balance sheets with minimal impact on employment creation for Botswana.

On the other hand, there was increase in the value of exports as a result of companies benefiting from the assistance BITC offers in securing new export markets in the region and abroad. A positive impact was also recorded in terms of new product lines for export, which is one of the organisation's priorities in export development.

It must be understood that in as much as we have increased our performance, we are still lagging behind internationally as Botswana is increasingly experiencing stiff competition from other countries for FDI as well as export market share for local products. Unfortunately, Botswana can no longer rely on its competitive advantage of being a beacon of democracy in Africa, as many countries have realised that without democracy, it is nearly impossible to compete effectively in the global space and hence this has become a priority for the majority.

Our competitors are going through these democratisation processes and equally looking at how to improve the way they do business. Although we acknowledge that Botswana is showing growth and moving forward in certain quarters, we must be mindful that we are increasingly losing ground to some of the emerging economies and this is a significant



Chairman's Statement

concern. We therefore need to realise as a country that we are in competition with other countries and that a conducive business environment is no longer a nice-to-have but rather a priority.

BITC continues to play a facilitatory role for a competitive and attractive business environment, by working with the different government departments and stakeholders. As the Board, we reiterate the urgent need for formulation of a business facilitation law that will ensure that government's regulatory framework, as far as it affects business, is put up in a speedy fashion. This law is critical if Botswana is to remain relevant in the competitive global landscape. Related to this is the need to strengthen the "One Stop Shop" concept and provide supporting legislation to render it effective.

Targetted Marketing & Sector Specialisation

Touching on some major points of strategy as discussed and adopted by the Board during the period under review, I would like to share that we reviewed the manner in which the organisation approached marketing and investment promotion. The drive is towards a sector focus, drawing upon our competitive and comparative advantages.

Botswana's marketing of itself to the world needs to focus on particular attributes in which we have a competitive and comparative advantage. Some countries approach investment promotion successfully by selling their market size and purchasing power, while others position themselves as regions with low cost, but highly productive labour forces.

Similarly, Botswana's attributes in the areas of mining, beef, and tourism presents real opportunity. Sector profiles for investors are being developed, subject to our budgetary constraints.

Skills Development & Organisational Structure

In our efforts to effectively compete as an Investment and Trade Promotion Agency (ITPA), BITC recognises the need to plug the skills gap, as well as develop and place officers so that they effectively interact with the investment community. Officers must be able to understand key drivers within specific sectors so that they can engage meaningfully with potential investors. Currently there exists a gap in terms of sector knowledge and overall business experience to engage in meaningful discussions with potential investors. In addition, as the Board we have begun to assess whether the organisational structure is robust enough to deliver the strategy.

This is viewed in the context of other best practice ITPAs around the world. Inevitably, this also calls into focus our mandate as an organisation. To this extent, the placing of the nation branding under the BITC ambit is under review. The experience from other ITPAs indicates that Global Expo could be privatised.

One other area we are focussing on is the Special Economic Zones (SEZ), which have been domiciled under BITC's mandate. SEZ's are an industry and skill set on their own and with Parliament having passed the enabling Act for the SEZ Authority in the period under review, BITC should pass along that mandate to the Authority.

Business Ambassadors

Looking ahead, the Board has adopted the principle of 'business ambassadors' where BITC will identify successful domestic businesses that can participate in investment promotion missions by providing testimony. Such testimony is best delivered through a successful private sector entity that can testify to the conducive business environment.



Chairman's Statement

We believe identifying business ambassadors and engaging them in investment promotion, allows the private sector in Botswana to speak directly to its fellow private sector in the target market. In addition, this creates a mentoring platform for BITC staff in general.

Appreciation

The staff members employed by BITC are the reason we continue to forge ahead despite the challenges we face. It is for this reason that I wish to commend and thank them all for their hard work and diligence.

However, the journey for staff self-development and overall high performance continues to take centre stage as competition for investment among nations intensifies.

Special thanks to the outgoing Board Members Ms Esther Kanaimba-Senai and Ms Wilhemina Makwinja for the unwavering contribution, insight and expertise they contributed to the success of BITC over the past three years. A warm welcome to incoming Board Members Ms Macie Keneilwe Molebatsi, Ms Palesa Semele, and Ms Belinda Mosweu.

Great appreciation and gratitude goes to our Ministry of Investment, Trade and Industry and all key and relevant stakeholders for their support and mutual partnership as we pursue our mandate. We understand and acknowledge that their contribution to the investment and trade process is key to our performance as an entity.

Finally, my thanks go to all the members of the Board for their commitment to the success of BITC and the assiduous support they continue to afford each other as we navigate the challenges of delivering on our organisational and national objectives.

Victor Jakopo Senye
Board Chairman



Board of Directors



Victor Jakopo Senye
Board Chairman



Peggy Onkutlwile Serame
Board Member



Christopher Roy Garland
Board Member



Terence Dambe
Board Member



Wilhemina Tebogo Makwinja
Board Member
(Retired)



Ellen Lopang Richard-Madisa
Board Member



Esther Vamanuka Kanaimba-Senai
Board Member
(Retired)



The Board & Governance

The Board of Directors is the governing body appointed by the Honourable Minister of Investment, Trade and Industry (MITI). It is the governing body of the organisation charged with governance, risk management and financial reporting responsibilities.

The Board oversees and guides the strategic direction of the Centre and determines the policies and courses of action for giving effect to the objectives and purposes of the Centre as per the BITC Act. In the year under review the BITC board comprised of eight non-executive directors as stated below;

Board of Directors

Mr. Victor Senye	Board Chairperson
Mr. Christopher R. Garland	Member
Mr. Terence Dambe	Member
Ms. Wilhemina T. Makwinja (retired)	Member
Ms. Ellen Richard – Madisa	Member
Ms. Esther Kanaimba–Senai (retired)	Member
Ms. Peggy O. Serame	Member

Board Sub-committees

The Board has the power to establish sub-committees as it considers necessary to assist it in the performance of its duties. These sub-committees work on key issues in greater detail and provide feedback to the main Board. The BITC Board has in place three sub-committees, namely:

Audit Committee

The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities in terms of the financial reporting process, management of systems of internal controls, the Centre’s compliance with laws and regulations and performance of the internal audit function and the external auditor. The Audit Committee derives its mandate from the Audit Committee Charter.

Members: Mr. C. Garland, Ms. E. Richard-Madisa, Ms. W.T. Makwinja (retired), Ms. P.A. Semele

Remuneration Committee

The mandate of the Remuneration Committee is to support and advise the Board on Human Resource policies and practices. The Committee also reviews and approves remuneration structures for appropriate and equitable compensation of BITC employees.

Members: Ms M.K. Molebatsi, Mr. C. Garland, Ms. P.A. Semele, Ms. W.T. Makwinja (retired)

Welcome to our new board members:



Macie Keneilwe Molebatsi
Board Member
Appointed
1 November 2015



Belinda Mosweu
Board Member
Appointed
1 February 2016



Palesa Audrey Semele
Board Member
Appointed
1 February 2016



The Board & Governance

Board Tender Committee

The Board Tender Committee is charged with the responsibility to ensure that there are adequate guidelines, controls, measures and standards to regulate fair and transparent procurement of goods and services.

Members: Mr. T. Dambe, Ms. P. O. Serame, Ms. B. Mosweu, Ms. E.V. Kanaimba-Senai.

Internal Audit Function

The Internal Audit function within the BITC provides an independent and objective assurance to the Audit Committee and Executive Management on the effectiveness of the Centre's Governance processes, Risk Management and Control Environment.

The Internal Audit purpose, authority and responsibility have been formally enshrined in the Internal Audit Charter, which was approved by the Audit Committee. Risk Based Audit Plans are approved and implemented to ensure relevance and alignment of the internal audit activity, consistent with organisational goals.

Risk Management

The BITC Board of Directors recognises Risk Management as a fundamental element of corporate governance. Management is responsible for establishing and operating the risk management framework on behalf of the Board.

The Risk Management function within the Risk and Compliance department established a Risk Management Framework for the BITC. A Risk Register has been developed, which aids quarterly assessment of current risks and identification of new and emerging risks. Risks continue to be mitigated and monitored actively.

Fraud and Corruption

BITC is committed to eradicate fraud, corruption and misappropriation of public funds and promote high standards of integrity. The Centre desires to be a model of public probity by affording maximum protection to the funds it administers. To deliver the Centre's corporate strategy it has to maximize the financial resources available to it. In order to do this the Centre must reduce fraud and misappropriation of funds to an absolute minimum. In the year under review BITC developed a Fraud and Whistle Blowing Policy.

The aim of the Policy is to deter staff and BITC suppliers from committing acts of corruption and economic crime. The Policy also addresses all matters pertaining to fighting corruption, inclusive of prevention measures and actions to be taken in case of such occurrences. The Centre partnered with Deloitte to administer its anonymous toll free lines which is used by whistle blowers to report any acts of corruption.

BITC FRAUD AND ETHICS HOTLINE.

"We are Transparent, Professional and uphold integrity in fighting corruption, theft and fraud to achieve a Progressive and Sustainable economy".




Report Fraud, Corruption and Unethical behaviour:

Orange - 1144
 BTC / Bemobile - 0800 600 644
 Mascom - 7119793
 E-mail - bitc@tip-offs.com
 Website - www.tip-offs.com





Chief Executive's Statement

Letsebe Sejoe



BITC's fourth year of operation was driven by focus on increasing Botswana's share of Africa's foreign direct investment by attracting more investment into the country and equally increasing citizen participation through domestic investment promotion. The organisation during the period under review developed and packaged value propositions for various prioritised sectors of the economy, largely driven by the desire to adopt a sector specific approach when attracting investment into Botswana that will require building in-house skills and domain expertise in the respective sectors.



The value propositions were developed in sectors such as automotive components manufacturing, leather, cargo and logistics, Soda Ash, Beef and ICT.

The value propositions are equally important to the local business community, as they highlight existing investment opportunities that Botswana may not have previously been aware of. In addition to articulating why Botswana is an attractive investment destination, the value propositions provide detailed information on Botswana's global positioning within the respective sector; global and regional market dynamics; Botswana's competitive advantage including available sector specific incentives; as well as the legal and regulatory framework that is to be complied with.

According to the World Investment Report 2016, FDI flows into Africa fell to \$54 billion in 2015, a decrease of 7% from the previous year. The top five FDI recipient economies were Angola, Egypt, Mozambique, Morocco and Ghana. An upturn in investment into North African economies such as Egypt was offset by decreasing flows into Sub-Saharan Africa, especially in the resource-based economies in West and Central Africa.



Chief Executive's Statement

In Southern Africa, FDI flows increased marginally by 2% to US\$17.9 billion, mainly driven by large inflows in Angola. After several years of negative flows, Angola attracted a record US\$8.7 billion of FDI in 2015, becoming the largest recipient in Africa, largely driven by loans provided to Angolan affiliates by their foreign parent companies. Major projects were in the oil and gas industry mainly dominated by global oil majors from Britain, Italy, France and the United States. Prospects reveal that FDI into Africa could return to a growth path in 2016, increasing by an average of 6%.

In 2015, the economy grew by about 1.2% according to Bank of Botswana, but in the face of declining mining output. This growth in national output (GDP) was attributed to strong performance by the non-mining sector which grew by 3.7% with strong performance posted by trade, hotels and restaurants (6.7%), transport and communications (5.4%), general government (5.4%) and social and personal services (5.1%) sectors respectively. During that period, mining output fell by 11.8% due to weak global demand although the sector still accounts for the largest share of GDP at 21.3%.

Performance Review

Despite intensified international competition for Foreign Direct Investment (FDI) and export markets, BITC achieved an overall annual organisational performance of 90% on the corporate scorecard during the period under review. Our targeted investment promotion efforts resulted in a total capital investment amounting to P3.12bn exceeding our annual target of P1.6bn.

From the total capital investment achieved, FDI companies contributed P1.49bn, while business expansions and domestic investments contributed P377.05m and P1.25bn respectively. The financial services sector represented the largest contribution to this performance at 58.7%.





Chief Executive's Statement

Other sectors that contributed to investment realised include Mining, Manufacturing, Agriculture, Property, Tourism and Transport and Logistics. The companies that invested were from countries such as South Africa, India, Canada, Ethiopia, Zimbabwe and China.

Total employment of 1,703 jobs resulted from these investments falling short of desired outcomes due to the capital intensive nature of the financial services sector, which was the largest contributor to the investment realised. The mining and manufacturing sectors contributed more significantly toward jobs created during the period under review.

BITC's export portfolio exceeded its target of P2bn reaching a total generated export value of P2.1bn contributed by forty four (44) BITC client companies exporting thirty six (36) product lines. A notable development in this regard was the diversification of export products resulting in an increase of nine (9) new products being introduced to the export market. Markets penetrated by the local products during the period include Zambia, Zimbabwe, Angola, Democratic Republic of Congo, Malawi, Mozambique, South Africa, Namibia, Hong Kong and the European Union. In an effort to grow BITC's product portfolio, the organisation diagnosed several companies for export readiness. The companies are to be supported with capacity building interventions through BITC's partnership with Senior Experten Services (from Germany) such that they are capacitated to provide goods and services of a standard quality that can compete effectively in the international market place.

Our investor value added services delivered through the Business Facilitation Services Centre (BFSC) continued to facilitate for investors to access Government authorisations. BITC continues to realise an increase in the demand for facilitation services compared to authorisations processed in the previous year. The increase in the demand for BITC services signifies the difficult business environment that companies experience when they

proceed on their own. Our efforts to improve and advocate for a conducive business environment continue through increased strategic stakeholder engagement including the signing of Service Level Agreements (SLA's) with five (5) Government Departments to streamline various Government authorisations including the acquisition of manufacturing and industrial licenses for BITC assisted investors. BITC continues to impress upon key role players within Government to enhance the certainty and predictability of outcomes for various Government authorisations.

BITC had the distinct privilege to hand over to the newly appointed SEZA Board an intricately built SEZA project after putting in place most of the necessary cornerstones, notably the: SEZA Act that posits SEZA as an autonomous institution; Institutional Strategy through which BITC has won the buy in of critical stakeholders who now stand ready to drive this complex initiative; SEZA budget for both operations and capital expenses; SEZ Marketing Strategy that was produced by renowned researchers - PE Research including a Go-To-Market Strategy for SEZA which succinctly directs the Authority to targeted sectors, markets and companies and; identification of eight (8) potential SEZ sites that are demand driven as profiled by intense research by Kaiser and Associates. In addition there is an ongoing Master Plan review of the SSKIA SEZ to kick start Phase I of the SEZ rollout programme. Lastly as part of the handover of the project, BITC engaged a SEZ Technical Advisor to fast track the implementation of the project and to leapfrog competition by delivering a globally competitive SEZ model in Botswana as well as to also guide the project to maturity.

The World Bank sponsored a project with USD 600,000 in collaboration with Ministry of Investment Trade and Industry and BITC to develop a Botswana Trade Portal which was completed and launched in January 2016. The web-based Portal has been loaded with all statutory trade information on export and importation of goods and services into and out of Botswana. It carries



Chief Executive's Statement

trade-related laws, regulations, administrative procedures, guidance notes, applicable fees, forms, licenses, permits and penalties applicable in case of breach. It further provides information on trade agreements to which Botswana is party. The World Bank has supported similar projects in Lao, Lesotho and currently Malawi, placing Botswana as the 3rd country to benefit from the programme. BITC hosted the 10th Global Expo Botswana (GEB 2015) from 25-28 November 2015, under the theme "Promoting Economic Diversification through Export-Orientated Foreign Direct Investment and Domestic Expansions", and was officially opened by the Vice President of the Republic of Botswana, His Honour, Mokgweetsi E.K Masisi. A total of 202 exhibitors took part from 12 countries compared to the previous year's 158 Exhibitors. This represents a 27.8% increase in the exhibitors taking part at the Expo. Exhibitors represented 15 countries including Kenya, South Africa, Zimbabwe, Swaziland, Namibia, Indonesia, India, Mozambique, Spain, Portugal, Nigeria, Nepal, South Korea, Uganda and Botswana.

BITC's efforts to contribute towards a nation galvanised around a shared set of values and instilling a strong sense of national pride among Batswana continue. A national activation campaign themed "For Me, For Botswana"- "Ke a Itirela, Ke Direla Botswana" has been initiated to recognise and appreciate everyday men, women and youth who in their own unique way, play individual roles in nation building and establishing a deeper sense of national pride. The campaign is being executed through television, radio and social media.

Corporate Social Responsibility

BITC employees are motivated to raise funds to augment the organisation's Corporate Social Investment (CSI) budget in order to increase the number of initiatives implemented by the organisation. During the period under review the team managed to raise over P18, 000.00 through fundraising activities and individual employee cash donations. Beneficiaries of funds raised by the

BITC team included Mokoboxane Primary School in the Boteti region which received a donation comprising prizes for sixty four (64) students delivered at the school's prize giving ceremony. Kokotsha Primary in the Kgalagadi District received thirty (30) Boy and Girl Scout uniforms. For our flagship CSI project, BITC reached out to underprivileged elders and the disabled in the North East villages of Makaleng, Botalaote, Toteng and Matenge. Twenty five (25) underprivileged individuals of these villages received household goods in the form of new beds, wardrobes, bedding, radios, garden tools and toiletries. BITC staff spent a full day in their homes to clean for them, decorate and assemble their new furniture.

Appreciation

In conclusion I would like to appreciate the contributions of the entire BITC team for the organisation's achievements. On behalf of staff our gratitude is also extended to the Board of Directors who continue to provide oversight and strategic guidance to the organisation. I further wish to thank and recognise the support from our parent Ministry of Investment, Trade and Industry as well as our various strategic partners and stakeholders who continue to contribute immensely to the delivery of our organisation's mandate.

Thank you.

Letsebe Sejoe
Chief Executive Officer



Executive Management



Meshack Tshekedi
Chief Operations Officer



Esther Norris
Executive Director, Brand
Management



Emelda Phokoletso
Executive Director, Shared
Services



Lonely Mogara
Executive Director, Special
Economic Zones



Executive Management



Keletsoitse Olebile

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Operational & Financial Review



The period under review was a challenging one and with the overall subvention reduced by a further 1%, there was greater need to monitor the implementation of projects more closely and consider how best to finance marketing and promotional activities. A deliberate decision was thus taken to adopt strategies that would yield the best return per Pula spent on efforts to attract investors. To that end, BITC financed the development of the ICT and Soda Ash value propositions in collaboration with the Centre for Development Enterprise (CDE), realising a saving of an estimated

P1,200,000. Then followed the implementation of the Export Development Programme to capacitate local exporters and the Decision Support Model aimed at assisting exporters to easily identify markets with higher potential for their products. The more integrated approach to financing marketing and promotional activities contributed to the improvement in operational efficiencies with the return on investment ratio increasing from 42 per Pula spent to 53 per Pula spent on investment as per the BITC scorecard. Budget utilisation was optimized at 96% with a surplus of P16, 389, 684 as at 31st March 2016.

Financing of Operations

BITC continues to be reliant on Government funding with an opportunity to generate a target of 15% of its budget requirement from internally generated sources, which include rental of factory shells and Global Expo income. During the period under review, BITC managed to generate 14% from internal sources. In the financial year ended March 2016, BITC was allocated a total subvention of P111,726,300 which was reduced by 1% during the year by Government, making it very difficult to finance all planned operational activities. In an effort to increase its sustainability, BITC enforced the revised rental rates of its investment property from the highly subsidised minimum rental of P10/sq meter to a minimum of P25/sq meter.

Following the approval of the Special Economic Zones (SEZ) Bill, BITC as the custodian of the Special Economic Zones Authority (SEZA), received a grant of P8,666,609 for the development of the SSKIA-SEZ Master Plan Review and Detailed Designs Project Management and Consultancy Supervision (P3,666, 609.35) and SEZA establishment (P5, 400,000).



Operational & Financial Review

Leadership Development

In line with a customer-centric strategy, BITC has given significant focus to growing its leadership and talent pool through various interventions. To this end, new strategies were devised to identify partners to co-finance some of the capacity building and development interventions. The organisation collaborated with a number of strategic partners to deliver interventions that are expected to improve BITC's capability to deliver service to clients.

The improvement pillars that BITC focused on during the year included, improving leadership capability, performance management, focusing on staff welfare, embedding the performance culture and building solid relationships within BITC to support service delivery. In partnership with reputable institutions such as Stellenbosch University of South Africa, SADC DFRC and the University of Cape Town, a number of leadership development programmes were rolled out. These programmes include the Middle Management Development Programme (MDP), Executive Leadership training and training on Corporate Governance.

Staff Welfare

BITC continues to invest in the health and wellness of staff, undertaking an annual wellness day during which there is assessment of the employees' general physical health with the intention to sensitise them on issues of health. This is complemented on the socio-therapeutic side by counselling for staff as necessary, plus a weekly session of Inspiration Hour where staff interact with professionals who have different expertise such as money management, motivational talks and others. The professionals impart life skills to staff and such platforms help to ensure employees are better equipped to deal with issues of health and wellness and are also kept informed of all developments in the organisation, promoting the exchange of knowledge, diversity and the quality of life in the workplace.

Employee relations and staff development continue to be an integral part of the business strategy and underpin the pillars upon which BITC's performance culture is designed. Retention strategies have thus continued to perform well, with the turnover of critical skills being around the planned 5%, making sustained performance and information retention an achievable goal.





Operational & Financial Review





Operational & Financial Review

Performance Management

The Centre strongly believes in the concept that “what gets measured is what gets done”. To this end during the period under review, BITC reviewed the individual employee performance management measures to include measures on four (4) perspectives, measurement on core deliverable objectives, overall organisational performance, 360-degree feedback and performance on core functional competencies.

Developing Talent for the Future

The management of BITC recognises that the organisation operates within a broader community from which it draws its employees and clients and as such has a responsibility to contribute to the development of the community and the business environment. During the period under review, a total of twenty (20) university graduates were contracted to BITC as Interns or Temporary Employees as part of the strategy to impart knowledge, develop new talent and grow the talent pool from which BITC and the investors can draw. A good number of individuals from this talent pool have since been engaged on fixed fulltime contracts by BITC whilst a few have also secured employment with other reputable organisations both within the government sector and the private sector.

Investment in Technology to Drive Investment Promotion

BITC continues to embrace the importance of using technology to meet investor needs and demands and to improve service effectiveness through effective coordination, technology optimisation, service quality, process optimisation and partner performance. A number of projects were executed during the period under review, which included the upgrade, integration and enhancements of the ICT systems (QPR, AccPac, CRM, IC, PO), the

implementation of which contributed to improvement of turnaround times and a score of 82% on customer service.

A further enhancement to the organisation’s service offering was realised when a Video Conferencing facility was established at a total tender award cost of P584,967.00 which allows for the Investment Promotion team to interact and engage with targeted investors continuously, providing them with answers to questions they might have and ensuring that they are able to conclude on investment decisions much quicker than would have been possible before.

Along with the contributions made by the talented and committed employees, technology played a major part in the improvement of service delivered to clients. A key milestone during the year was the translation of the website into three languages, Portuguese, Chinese and French, to ensure that targeted investors are able to access information more easily to help them make informed investment decisions. The organisation’s presence on social media also resulted in the organisation scooping a bronze medal under the Best Integrated Marketing Award. The awards are sponsored and organised by a South Africa-based organisation, The New Generation Awards.







 **PERFORMANCE**

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PERFORMANCE

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PERFORMANCE REVIEW

During the period under review, organisational performance versus corporate scorecard performance registered a 90% performance achievement. In comparison to the previous financial year 2014/15, the organisation sustained its performance by continuing to exceed targets in respect of measures such as Foreign Direct Investment, Domestic Investment, Business Expansions and Export Revenue, which attained over 100% achievement.

Development of Business Processes

In our continued efforts to improve internal capabilities and workflow, the organisation developed business processes covering all work streams grouped as management, core and support. The processes were aligned with the outcomes of the developed customer service strategy, specifically the organisation's service standards. In order to improve internal work coordination, and enhance team work between divisions, the organisation further developed Internal Service Level Agreements that will not only complement the implementation of the processes but will also enhance the work output of BITC's workforce and indeed monitor the effectiveness of all work improvement tools and systems that have been adopted by the organisation.

STRATEGIC RESEARCH

1. Botswana Brand Perception Survey

BITC commissioned and conducted a National Brand Awareness and Perception Survey to gauge the level of awareness about Brand Botswana and the effectiveness of initiatives and programmes undertaken thus far to



Strategy & Competitiveness

create awareness in the country. The Survey was also designed to establish prevailing perceptions about Brand Botswana as an entity and Botswana as a country. The survey specifically focused on, inter alia:

- Evaluating the awareness and impact of Brand Botswana programmes and initiatives
- Identifying factors that could contribute to or diminish the country's competitiveness, as well as those factors which could assist in building or compromising the country's reputation locally and internationally
- Analysing the domestic environment and impact of the Brand Botswana strategy
- Assessing what differentiates Botswana from other countries, assessing national pride and patriotism
- Identifying factors which contribute to general happiness and subsequently providing key recommendations for assisting the Brand Botswana team to develop targeted strategies for effective roll-out of the brand

The Survey used various methodologies and approaches, namely literature review, key informant interviews, focus group discussions and a survey of 1,258 members of the general public as well as a survey of 111 businesses in 51 villages from all the main districts and sub-districts in Botswana. Furthermore, the survey gathered data on issues of national pride, patriotism, general happiness and life in general. The respondents also provided suggestions on how Brand Botswana could be rolled out.

The National Brand Awareness and Perception Survey revealed that the level of awareness of the national brand is fairly high at 73.4 percent. The level of awareness however varies by district, age, educational status, economic activity and country or region of citizenship. Districts such as Kgalagadi, Chobe and Ghanzi recorded relatively lower levels of awareness compared to other districts, while the younger age-groups were more aware of the nation brand compared to the elderly. The more educated were found to

be more aware of the nation brand. In addition, the unemployed and those working for government were found to be more aware of the nation brand, perhaps signalling that these two groups have more exposure to the nation brand. The nation brand appears to be most known by locals, followed by natives of the SADC region whilst citizens of the rest of the world are less aware of it.

Whilst the level of awareness of the brand is significantly high, the overall perception of the brand is lower at 6.1 out of 10. Perception was also found to vary by geographical location. Most members of the general public reportedly attached a lot of value to the national brand though their support was found to be lower in terms of attendance of brand activities and events.

In terms of the impact made by Brand Botswana programmes and initiatives, the public education campaigns were found to be more effective than the rural branding campaign. Botswana Television, radio, newspapers and the Brand Botswana publicity materials play a key role in that they are the most preferred by the public for accessing information on the national brand. Members of the general public are generally not satisfied with Brand Botswana and are not convinced Brand Botswana is achieving its goals and objectives, citing factors such as lack of understanding of the brand as well as Brand Botswana not consulting stakeholders about the initiative.

Members of the general public consider tourism, exports, culture, people and education as the most important ingredients for improving Botswana's global competitiveness whilst they cite corruption, crime, poor work ethic, access to finance and tax rates as those factors which are likely to diminish the country's competitiveness. Most of the factors that have been considered important to improving or diminishing competitiveness have also been cited as crucial or detrimental to the country's reputation or image respectively.

The findings suggest that Botswana are a very proud and patriotic nation despite a significant percentage of them not being happy with life in general.



Strategy & Competitiveness

Currently they are worried about corruption, unemployment, low salaries and crime amongst other issues. Despite these worries, they still find Botswana to be an ideal place to stay in and associate its uniqueness with political stability, peace and harmony, good governance, culture, tourism and minerals amongst others.

Based on the survey findings, it is recommended that the Botswana Brand Strategy be reviewed and enhanced to chart a way forward in terms of where the country is headed and how it is going to get there. As a national project, the involvement of most stakeholders in the implementation of Brand Botswana initiatives cannot be overemphasised. The survey has recommended that the Brand Botswana team continue to raise the level of awareness and perception by taking the brand to the people through a variety of platforms and initiatives such as public education campaigns, billboards, involvement of the media, use of ICT, use of the Kgotla and community leaders, advertising, branding of exported products, as well as hosting and participation in local and international events.

Media searches and reputation research are recommended to the Brand Botswana team to use in gathering insights of current issues affecting the country locally and internationally. Finally, the successful implementation of the above recommendations should be underpinned by an adequate budget as well as appropriately positioning and capacitating Brand Botswana to effectively pursue its mandate.

2. Market survey reports for Angola and Zambia completed

The market surveys for Angola and Zambia were successfully completed during the period under review. Key findings from these markets seem to suggest that the Angolan market was valued at US\$25.5 billion in 2014 and Botswana exported goods worth US\$2 million, which accounted for around 0.01% market share. As for Zambia, Botswana was Zambia's 14th largest

supplier in 2014 with Zambia's imports from Botswana amounting to US\$46.3 million or 1% of overall import value. Zambia's imports from Botswana have declined by 14% across the last five-year period. This indicating that BITC should intensify its promotional efforts in order to increase awareness in these markets.

Product demand identified for both markets include:

PVC pipes & connectors; automotive batteries; plastic wares & general household items; roof tiles & bricks; clothing & textiles including blankets, household aluminium pots & cutlery; products of canvas; plastic carrier bags & bin liners; plastic utensils & bath tubs; sorghum meal in some cases; canned beef & similar products.

3. Decision Support Model

During the period under review, BITC collaborated with University of North West, Potchefstroom campus to develop a Decision Support Model (DSM). The DSM combines macroeconomic analysis and international trade. The specific methodology looks at macroeconomic analysis, market size, short and long term growth factors, and the degree of market concentration, market accessibility index, market characteristics, and relative market share among other variables until realistic export opportunities are identified. The tool would facilitate BITC to focus its export promotion efforts towards specific products and specific markets. In this way we would be able to rely on a methodology that guides our export promotion efforts better rather than relying on traditionally existing markets to seek more market access. This important undertaking comes at a time when BITC is in need of proper direction with respect to specific markets/specific product combinations to focus on and importantly, how to select these markets and products. The development of the model was completed successfully and the organisation will continue to utilise the tool in order to enhance Botswana's reach to external markets.



Strategy & Competitiveness

4. ICT & Soda Ash value propositions

The development of the two value propositions was successfully completed during the period under review. This was made possible by BITC in collaboration with the Centre for Development Enterprise (CDE) to develop two sector value propositions in the areas of Information Communication Technology (ICT) and Mineral Beneficiation, with emphasis on Soda Ash beneficiation. At conceptual stage, the project started initially as an output-based consulting exercise, and as it progressed CDE mandated sector experts to inculcate some capacity-building to the BITC team. The development of these value propositions was a lengthy process as it entailed engaging external stakeholders within the sectors to gather industry relevant data, as well as solicit feedback in order to enhance the quality of the project.

The project is expected to enhance BITC's marketing efforts by selling niche sectoral opportunities that position Botswana as the investment destination of choice.

Some of the opportunities around both ICT and Soda Ash include, amongst others, opportunities in Mobile Money transactions, M-Pesa, e-waste, TV white space and chemical detergents. The developed value propositions will target both international and local companies to ply their trade in the niche opportunities.

5. Use of market intelligence tools and investor targeting

BITC continued to invest in online intelligence tools to facilitate tracking of investors as they traverse the globe searching for host countries. BITC subscribes to fDi Markets and BMI Research as well as to free online platforms such as ITC Market Analysis Tools (Trade Map, Market Access Map, Investment

Map, etc), UNCTAD Stats and others to profile both investors and markets as well as look for new market access opportunities for Botswana.

The metrics presented for BMI Research show that valuable information and raw data was downloaded from these sites on key areas that cover a wide array of indicators such as Country Risk, Infrastructure, Financial Markets, Commercial Banking, Pharmaceutical & Healthcare, Telecommunications, Autos, Freight, Transport & Shipping, Power, Oil & Gas, Mining, Information Technology, Agribusiness, Food & Drink, Commodities, Renewables, and Tourism.

The importance of market intelligence cannot be overemphasised and as such, BITC will continue to work with the business community in future to avail critical information on macroeconomic indices, country risk as well as sector information to the business community for well-informed business decision-making.

6. Global Expo 2015

As is the norm, BITC conducted an exhibitor and visitor survey during the 10th Global Expo Botswana. This was conducted in partnership with a local company, Focus Surveys who provided an online platform to capture data. BITC in the past has been conducting the surveys using traditional methods of administering the questionnaire, data capture and analysis of the report, which is rather tedious as it was done manually.

Working with Focus Surveys ensured timely delivery of the report as their methods capture data electronically and simultaneously analyse it through the use of Mobile/Web Survey.



The exhibitor and visitor survey reached 126 respondents, with the majority coming to explore new markets. The following summary reflects the possible business value that GEB 2015 could generate;

- Out of 98 Exhibitors interviewed, 44 Exhibitors at GEB 2015 came with the intention of targeting a business value of P36,151,874.00
- 27 had already negotiated or placed orders to the value of P1,185,066.00, and 46 companies expected to realise future prospects of P27,098,652.00
- 96 Exhibitors estimated that by the end of the expo they would have spent a total of P4, 560,982.61 in Botswana
- 35 exhibitors were planning to spend as follows during GEB 2015; on accommodation P328,904.00; 82 exhibitors on transport P139,388.00; and 96 exhibitors on food P218,399.00

7. Regional integration

During the period under review, BITC participated and contributed immensely under the SADC regional integration efforts. The work scope focused on the finalisation of the development of the regional investment policy framework and also to pave way for the implementation process of the Investment Promotion Agencies (IPAs). The SADC Secretariat has undertaken a very engaging and interactive process by directly involving the member states as the owners of the programme. The SADC IPF work programme is based on developing implementation modalities and identification of possible indicators for monitoring the investment reform progress and impact by taking policy into action and monitoring its progress. Collaboration has been established with USAID Trade Hub to take up initiatives of transforming policy into action with an agreement to support ten (10) member states in development of their national action programmes on investment in their respective states.

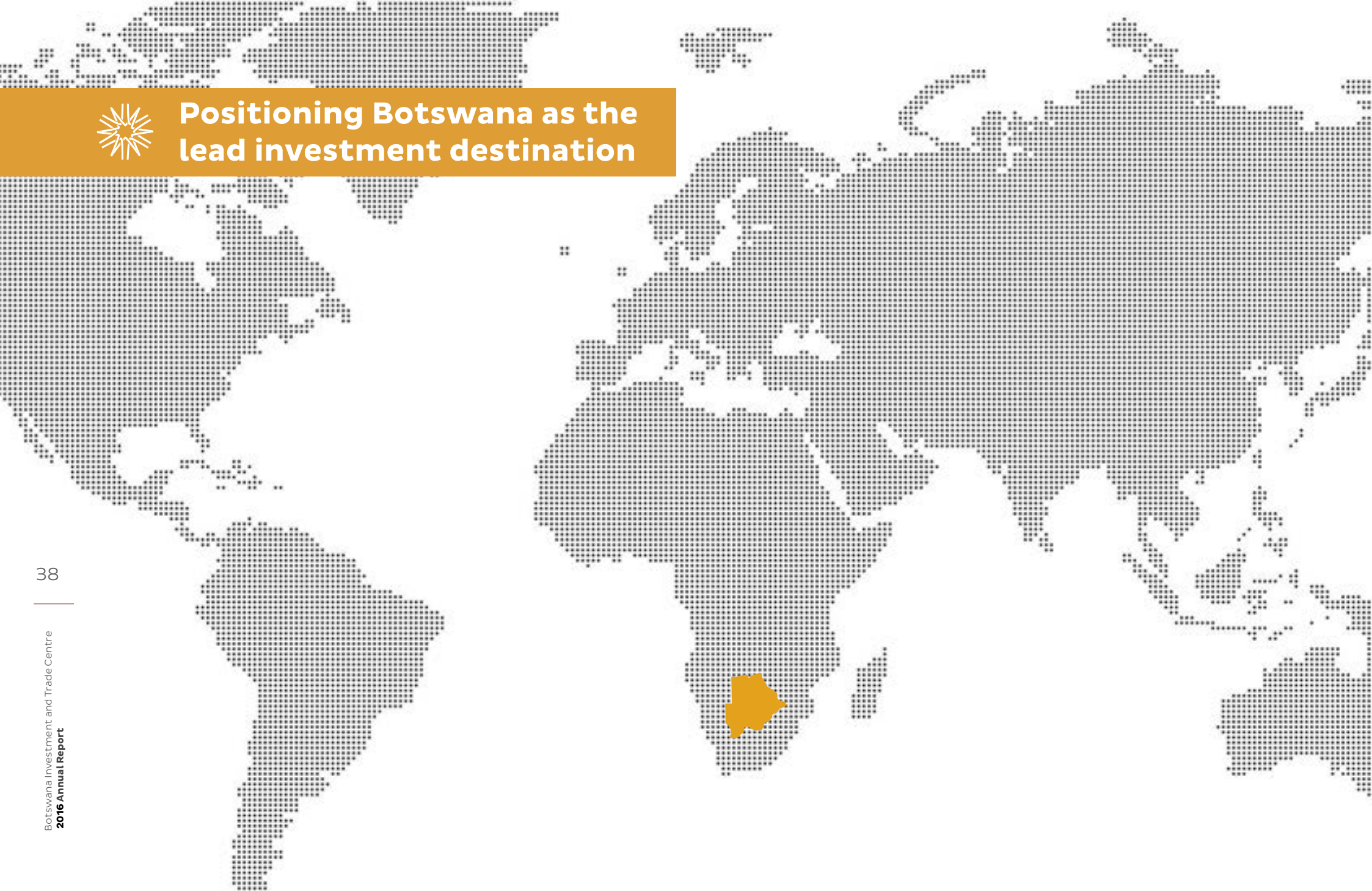
Peer-to-Peer learning is advised among member states and IPAs are urged to support each other in information sharing.







Positioning Botswana as the lead investment destination





Positioning Botswana as the lead investment destination

For the period under review, BITC investment promotion efforts were geared more towards investment generating activities and leveraging on the value propositions that were developed in sectors such as automotive components manufacturing, leather, cargo and logistics. These sectors were developed in addition to other priority areas such as the International Financial Services Framework, which remains a popular enabler for intermediary holding structures among investors. In addition, investment projects with high employment generation capability were prioritised.

The overarching market approach behind BITC investment promotion strategy is to match opportunities in growth sectors in Botswana with potential investors in the targeted markets and investors' appetite for outward investment. BITC has categorised markets into tiers; 1, 2 and 3 according to; (i) exposure of the market to Botswana, (ii) BITC's past engagement with the market and (iii) attractiveness of the market as a source of FDI based on available key market insights.

FOREIGN AND DOMESTIC INVESTMENT

Twenty-seven (27) companies were registered with an interest to invest in Botswana for investor facilitation services. These companies are involved in various sectors including manufacturing, business and financial services, agriculture, property development, aviation, logistics, tourism and energy. The combined projected capital investment from these projects is P1.33 billion with a corresponding projected employment of 2,460 jobs once the companies are set up and fully operational.

Actual total capital investment realised by BITC-assisted companies during the period under review was P3.12 billion with a corresponding level of employment of 1,703 jobs. Of the P3.12 billion recorded, the FDI companies raised a total investment of P1.49 billion, with P1.25 billion as capital investment from Domestic Investment (DI) and P377.05 million realised from expansions.

The companies contributing to this performance are involved in the manufacturing industries, agriculture, property development, transport and logistics, and financial and business services. These companies originate from various countries around the world including South Africa, India, Canada, Ethiopia, Zimbabwe and China.

OUTWARD INVESTMENT PROMOTION MISSIONS

For the period under review, BITC embarked on ten (10) outward trade promotion missions to countries such as South Africa (three times), Angola, South Korea, India, Poland, Swaziland and Namibia. From these missions, contacts were made with companies covering sectors such as automotive and component manufacturing, textile, innovation, technology, mining, agribusiness, energy, cargo and logistics, pharmaceuticals, cosmetics, jewellery manufacturing, and health as well as visits to diplomatic missions. For the success of these outward missions, BITC leveraged some of the strategic alliances in its portfolio of stakeholders to engage foreign missions and companies in the different markets. To this end, several joint venture initiatives have been proposed between Botswana-based companies and foreign-based entities. As well, various major projects in the health and energy sectors have already been proposed for set up in Botswana and it is anticipated that these projects will take off in the foreseeable future.

These projects will bring to Botswana specialist services and up-stream/down-stream value addition activities.



Positioning Botswana as the lead investment destination

Thought Leadership Forum – Cape Town

BITC hosted a Thought Leadership Breakfast Forum to coincide with the “World Economic Forum on Africa Meeting” that was held in Cape Town from the 3rd to 5th June 2015. The Thought Leadership C-Suite focused Breakfast was hosted for over 30 high level decision-makers of targeted companies. The event strategically positioned Botswana’s competitiveness and value proposition, and was held under the theme “Botswana’s Competitive Economic & Business Advantage in Africa”. Importance was placed on the quality and calibre of the targeted decision-makers from the respective companies. This enabled BITC as an organisation to strategically position vis-à-vis leading global businesses at decision-maker level, to further solidify Botswana’s standing in international investor circles. Following the Breakfast Forum, BITC held one-on-one meetings with selected senior-level decision-makers from companies that had attended the breakfast forum.

Investment Roadshow – Johannesburg and Pretoria

As part of the targeted and focused investment promotion strategy to strategically position Botswana, BITC undertook an investment promotion in-market roadshow and immersion to targeted companies in South Africa from the 1st to 3rd July 2015. The in-market road show allowed BITC to identify and target prioritised potential investors and leading companies in renewable energy, transport and logistics, agriculture and automotive and



components manufacturing. This included both targeting and gaining access to C-suite and senior management level decision-makers within corporates and multi-nationals, seeking to expand into the region and who may consider market entry into Botswana. The mission comprised one-on-one meetings with seventeen (17) companies and a site visit to the Automotive Industry Development Centre (AIDC) and Automotive Supplier Park.

Namibia Trade Mission – Walvis Bay

BITC embarked on an investment and trade mission to Walvis Bay, Namibia in May 2015. The objective of the mission was to expose and sensitise Botswana businesses in the logistics sector, about the Botswana Dry Port at Walvis Bay. The mission, organised in conjunction with the Botswana High Commission



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in Namibia, gave the cargo/logistics and other relevant companies, first-hand experience of the Botswana Dry Port and also exposed these companies to the numerous business and commercial opportunities that the Port has to offer. A total of eleven (11) companies from Botswana took part in the mission, with ten (10) companies from Namibia attending the planned activities as well as the business forum.

POLAGRA Fair – Poland

During the Botswana-Poland mission in September 2015, Her Excellency Ms. Anna Raduchowska-Brochwicz extended an invitation to the Botswana delegation to attend the POLAGRA (a food international fair in Poznan). BITC participated in the POLAGRA from 21-24 September 2015. The visit was accomplished along with a site visit to one of the oldest tractor brands in Europe, with over 120 years of experience in agriculture. The company is focused mainly in the production, sale of tractors and agricultural machinery, and has an interest to establish a presence in Botswana.

Swaziland – Clothing and Garment Manufacturers

In August 2015, BITC undertook an investor-targeting mission to Swaziland to explore the possibility of Swaziland based textile factories expanding and setting up shop in Botswana. The strategy is premised on the decertification of Swaziland from AGOA eligibility and is targeted towards companies that had been exporting to the USA through AGOA. The strategy furthermore is aimed at companies exporting to major South African retail brands such as Woolworths, Edcon Group and Mr Price. The procurement and sourcing offices of the retail companies are located in Gauteng and therefore provide an opportunity for companies to consider expanding into Botswana.



South Africa

As part of its investor targeting strategy, in August 2015, BITC visited automotive and components manufacturers in South Africa, as well as met with the embassies of the respective countries to enable seamless access to meetings at the appropriate level within the targeted companies during the proposed mission to Germany and the V4 countries (Czech, Hungary, and Slovakia) which comprise the major manufacturing hubs in Eastern Europe. This is part of implementing the automotive component manufacturing value proposition as well as BITC strategy to develop an automotive components manufacturing cluster in Botswana.



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State Visit to Angola

BITC organised a business mission to coincide with the State Visit to Angola by His Excellency Dr Seretse Khama Ian Khama in October 2015. The mission targeted multiple sectors including beef, oil, mining, construction and medicals, etc. Eight companies from Botswana participated and over 100 delegates from Angola attended the business forum that was organised by BITC with the aim to create business partnerships between Botswana and Angola companies. Two Botswana companies in the Oil and Beef sectors are currently in discussion with their Angolan counterparts for establishing mutual business partnerships, and BITC is actively following up the outcomes of these discussions.

South Korea

BITC led a mission to South Korea to coincide with His Excellency Lt. Gen. Dr. Seretse Khama Ian Khama's State Visit to South Korea. South Korea has well-developed automotive and components manufacturing, machinery and equipment manufacturing, applied ICT, energy and water resources, resource beneficiation and petrochemicals sectors, which Botswana could leverage upon to diversify its economy. The Mission attracted participation of 11 private sector representatives from seven Botswana companies. During the Mission, BITC also renewed its Memorandum of Understanding with the Korea Trade-Investment Authority to cement the excellent relations that exist between the two IPA/TPOs.

India

BITC undertook a mission to Mumbai, led by His Honour the Vice President, Mokgweetsi Masisi, and was accompanied by a delegation of business people from Botswana. His Honour the Vice President Mokgweetsi Masisi officiated at a business forum that was organised to increase awareness of investment opportunities in Botswana to the India business community. The sectors

that were targeted included automotive component manufacturing, agri-business, jewellery manufacturing, BPOs, ICT and chemical manufacturing. Following this mission to Mumbai, the Chamber of Indian Industry (CII) organised a return mission to Botswana in December 2015.

Mining Indaba – South Africa

BITC partnered with the Ministry of Minerals Energy and Water Resources to exhibit at the 2016 Mining Indaba that was held in February 2016. BITC also made a presentation on the Botswana investment climate to a forum that was organised by the mining sector of the Southern Africa – German Chamber of Commerce. BITC also used the opportunity to have one-on-one follow-up sessions with potential investors in Cape Town.

BITC established a total of 35 leads which it is actively pursuing for further engagement with a view to convert these leads to real projects.

INWARD INVESTMENT PROMOTION MISSIONS

BITC further had the opportunity to host a number of inward missions as undertaken by various foreign-based diplomatic offices, embassies and companies. The missions included countries such as Czech Republic, Singapore, Poland, India, Switzerland, Turkey, Russia, South Korea, Germany, South Africa and Japan. The inward missions provided BITC with a golden opportunity to expose foreign markets and companies to business opportunities existing in Botswana, as well as explore opportunities for Botswana businesses to identify possible strategic partners in foreign countries. Also, several companies visited Botswana as a follow up exercise from the outward missions undertaken in the various markets. The inward missions were highly successful with BITC being able to establish new



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contacts and generate leads interested in doing business in Botswana. Based on these contacts, BITC continues to make follow-ups specifically with the leads generated in order to woo and convince these companies to ultimately invest in Botswana. Sectors of interest included health, agriculture, energy, mining, cosmetics, technology and manufacturing.

Czech Republic

In April 2015, BITC received the Ambassador of the Czech Republic based in South Africa responsible for Botswana, accompanied by a delegation from a Czech company that wanted to explore the probability of the company locating its manufacturing plant in Botswana. The plant would be established to supply clients in the Sub Saharan Africa region. The company is one of

the leading global producers of non-woven textiles for use primarily in the personal hygiene products market in the Czech Republic. The company supplies its customers with spunmelt polypropylene and polyethylene based textiles principally for use in disposable hygiene products (such as baby diapers, adult incontinence and feminine hygiene products) and, to a lesser extent, in construction, agricultural and medical applications. The proposed Botswana plant is estimated to employ 60 to 100 people with a projected capital investment of Euro 70 million. The company visited Botswana again in May 2015 to undertake a detailed due diligence on Botswana and are still considering the prospects of investing in Botswana. BITC is closely following up the company and waiting to receive a feedback report on the due diligence visit.

Singapore

As a follow up to the mission to Singapore in 2014, BITC in conjunction with Embassy of Botswana to China hosted a company from Singapore in May 2015 in Botswana. The company was represented by its Group CEO who was on a due diligence visit to explore opportunities in the country. The company is interested in establishing an LED lights manufacturing facility as well as opportunities within the renewable energy sector in Botswana. BITC facilitated meetings with key stakeholders. The company has subsequently submitted proposals to the Botswana Institute for Technology Research and Innovation (BITRI) and Botswana Development Corporation (BDC) for technology transfer and joint venture partnership. BITRI has indicated its interest to be a research and technology as well as operations/management partner in Botswana.

Poland

In April 2015, the Polish Ambassador to South Africa visited Botswana to explore possible bilateral cooperation between Botswana and Poland.



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The visit was facilitated by BITC in collaboration with Ministry of Foreign Affairs and International Cooperation. The Ambassador met with various ministries including Ministry of Foreign Affairs and International Cooperation, Ministry of Investment Trade and Industry, Ministry of Health and Ministry of Agriculture. The Ambassador's meeting with the Minister of Investment Trade and Industry explored opportunities for diversification and Botswana's cooperation with Poland. Emphasis was on automotive component and pharmaceuticals manufacturing companies to set up in Botswana as well as the possibility for Botswana to benchmark with Poland's Special Economic Zones model.

As a follow up to the April 2015 visit, the BITC hosted a delegation from Poland in September 2015. The purpose of the delegation was to strengthen cooperation between Poland and Botswana in areas of trade and investment. Twelve (12) Polish companies from mining, energy, green technologies, agriculture, maritime economy, construction, pharmaceuticals and advanced technologies sectors were part of the first ever trade mission to Botswana from Poland. The Trade Mission took place from 2nd to 4th September 2015 in Gaborone, Botswana. The mission was also joined by representatives of one of the Polish Special Economic Zones as well as one from the Polish Scientific and Technology Universities. Business forums as well as B2B meetings were co-organised by Polish Information and Foreign Investment Agency (PAIIZ) and BITC.

Switzerland

In May 2015, BITC hosted the Swiss Embassy, the Swiss Cham - Southern Africa, the Director - Regional Director AAA, Swiss Business Hub - Southern Africa & Honorary Consul of Switzerland. The visit was to discuss trade and investment opportunities in Botswana and possible bilateral cooperation between the two countries. The Swiss specified their interest in the agricultural sector, especially the dairy products, power and renewable

energy, as well as interest in bringing water treatment companies that use solar energy for processing. As a follow up to this visit, in August 2015, the Swiss Cham organised a Business Forum in Johannesburg, South Africa, for BITC to make a presentation on opportunities in Botswana. The forum presented a platform for BITC to meet Swiss companies based in South Africa that have an interest in Botswana as a possible investment location for their businesses.





Positioning Botswana as the lead investment destination

India

In May 2015 BITC hosted a company from India who explored business opportunities in the agriculture sector in Botswana. The company is a leading company in the field of engineering and agriculture machinery. Currently the company's products are agriculture machinery, diesel engines, pumps, drip and sprinkler irrigation systems, diesel generating sets and many others. The company currently exports to South Africa, Namibia, Kenya, Somalia, Oman, Saudi Arabia, Mauritania, Morocco, Iraq and UAE. The company has identified Botswana as one of the possible destinations for its expansion into Africa, though discussions are at a very preliminary and exploratory stage. BITC continues to follow up with the company through its regional office in India.

As a follow up to the Mission to India in November 2015, CII Mumbai organised a return mission to Botswana in December 2015. This was an exploratory mission and the delegation comprised a total of four companies, represented by seven delegates, including two delegates representing the CII Secretariat. Members of the CII had an opportunity to pay a courtesy call on His Honour the Vice President. A number of one-on-one meetings were organised for the delegation. Following this visit, it is anticipated that more CII members will start participating in projects in Botswana.

Russia

BITC also hosted a delegation from Russia which comprised eight (8) government key stakeholders and thirteen (13) private companies. A business seminar was arranged to allow the two countries to share investment climate and opportunities with key sectors of interest being mining (diamonds, nickel and coal), finance (banking) and ICT, which the two countries could leverage upon. BITC is following up one company who are interested to collaborate with the Botswana Innovation Hub for ICT opportunities.

Botswana – South Korea Business Forum

As a follow up to the State Visit to South Korea in October 2015, BITC in partnership with the South Korea Embassy in Pretoria, hosted a Korean business delegation (Business Forum) in November 2015. The Korean delegation consisted of fifteen (15) representatives from eight (8) companies. Eighty-five (85) representatives from the Botswana business community attended the business seminar. The companies that were represented were from the energy (power, oil & gas), telecommunications infrastructure and defence industry equipment sectors.

Japan Keidaren Mission to Botswana

The Japanese Embassy in Botswana invited BITC to participate in a seminar meeting hosted by Business Botswana in March 2016. The purpose of the forum was to attract investment and joint ventures with companies from the Asian economic giant. The Japanese Business Federation is an economic organisation with a membership that comprises 1,329 representative companies of Japan. Member companies of the Japanese Business Federation specialise in different fields such as construction, engineering, trade and investment. Sixteen (16) companies from Japan were part of the delegation.

Botswana-German Photo-Voltaic Forum

In March 2016, BITC facilitated and made a presentation at a forum that was organised by the Southern Africa German Chamber of Commerce in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The purpose of the forum was to introduce Botswana companies to the varied technologies that are available from the German companies operating in the solar sector. BITC had previously facilitated an exploratory mission by the Southern Africa German Chamber of Commerce to explore the sector in preparation for the forum. The forum was attended by 121



Positioning Botswana as the lead investment destination

representatives from local companies including twenty (20) from Germany. From the inward missions and delegations to Botswana, BITC established eighteen (18) leads that offer good prospects for BITC to follow for further engagements and possible investments into Botswana.

ATTRACTING FDI IN THE INDIA AND ASIA MARKETS

BITC's India/Asia office continues to aggressively market Botswana's investment and trade opportunities in the Indian sub-continent and in selected markets within Asia, with a view to attracting Foreign Direct Investment (FDI) and stimulating trade between Botswana and the region. Special emphasis was also placed on stimulating the investment conversion process for those projects in BITC's pipeline emanating from the Asia region, as well as following up on quality contacts made during the course of the year, in order to generate new investment leads.

FDI Attraction and Job Creation

Actual FDI amounting to P94.3 million was remitted into Botswana during the period under review, by six (6) investment projects creating a total of 166 jobs. The actual FDI figure compares favourably with the Asia Regional Office's actual FDI target which was set at P121 million for the period under review. On the other hand, the actual jobs created fell rather short of the target of 630 jobs and this shortfall can be attributed to the fact that most of the projects are still in the early stages of the implementation phase.

Investment and Trade Promotion Activities

The BITC Asia Regional Office adopted a two-pronged approach to generating general awareness about Botswana's investment and trade opportunities. One approach involved BITC conducting its own road shows in the major Indian cities of Mumbai, Chennai and Bangalore. The second approach involved participating in trade and investment events organised by the various chambers of commerce that BITC collaborates with in India, China and Sri Lanka.

A total of 1,281 company contacts were made during the year and these have so far yielded 37 good quality investment leads that are being actively pursued to convert them into the pipeline of investment projects in Botswana.

Investment Leads Update

There are currently 37 investment leads emanating from the BITC Asia Regional Office with an estimated investment potential of P2.6 billion and which could generate up to 2,300 jobs. The estimated investment and employment figures do not include investment leads for which it is still too early to make a determination of the level of investment or employment, though the companies have demonstrated their interest to invest in Botswana subject to availability of information that will enable them to prepare business plans. BITC is working closely with stakeholders in Botswana to avail the required information within the shortest possible time.



Positioning Botswana as the lead investment destination

Stakeholder Engagement

The engagement of relevant stakeholders in the Asia region and in Botswana has been a key strategic priority for BITC, as it executes its mandate of promoting Botswana as a preferred destination for investment. To this end, during the period under review, BITC India collaborated with Botswana-based stakeholders such as the Office of the President, Ministry of Agriculture, Ministry of Minerals, Energy & Water Resources, Ministry of Health, India Botswana Chamber of Commerce & Industry (IBCCI), Selebi-Phikwe Economic Diversification Unit (SPEDU) and Business Botswana. In Asia, BITC worked closely with Botswana's embassies in the region, particularly the Botswana High Commission in India and the Embassy of Botswana in China and selected chambers of commerce & industry in India, China and Sri Lanka.

Future Outlook

BITC in collaboration with Botswana's embassies in the region, continues to actively promote Botswana as an investment destination. The investment and trade promotion campaigns have been received with positive enthusiasm from the Asian business community. However, the challenges of lack of local co-financing partners, suitable industrial space and the country's immigration and labour regulations result in planned investment projects taking a long time to implement or being lost altogether to countries against which Botswana is competing for FDI.

Looking ahead, BITC will place a concerted effort on motivating and advocating for a review of Botswana's investment incentives regime to ensure that they are relevant, sustainable and competitive when compared to those offered by other countries in the region. This strategic imperative is necessitated by the ever-increasing competition that BITC, and indeed Botswana, is facing for FDI inflows from other countries in the region and further afield.



Positioning Botswana as the lead investment destination

UNLOCKING THE UK/EU POTENTIAL

Through BITC's presence in the UK/EU market, the organisation generated investment leads amounting to a potential investment of \$25.2 million and 110 jobs, with one of the companies having started setting up in Botswana.

BITC continues to take advantage of platforms within this market to generate and create inroads for Botswana's value proposition for investment and trade. Below are twelve (12) promotional campaigns undertaken in the UK/EU market aimed at promoting investment and trade opportunities in Botswana and generating awareness on Botswana.

Africa Financial Services Investment Conference (May 2015)

The Africa Financial Services Investment Conference (AFSIC) held in Brighton, United Kingdom from the 12th to the 13th May 2015 attracted participation by companies in the banking, insurance, microfinance, investment fund, business process outsourcing and securities exchange sectors. From Europe, companies from the United Kingdom, Germany, France, Sweden, Belgium, Netherlands and Switzerland attended the conference. A number of companies from the USA, India and Jersey also attended. BITC had the opportunity to interact with 47 companies in the financial and business services sector. Of the 47 contacts made, six (6) companies were interested in immediate further discussion with BITC.

Brussels Business and Trade Fair (June 2015)

BITC in collaboration with the Botswana Embassy to the European Union took part in the Brussels Business and Trade Fair on the 5th and 6th June 2015. The Fair was organised by UNITEE, which is a European business confederation that represents over 15,000 entrepreneurs and business professionals across 23 European Union countries. The Botswana team interacted with a total of 29 companies during this mission. Of the 29 companies, seven (7) expressed specific interest in having further discussions regarding investment in Botswana in the following sectors: Salt, ICT, Construction, Food, Health, Agri-business, Financial Services and Diamonds.

Botswana Sweden Bilateral Forum (June 2015)

Through invitation from the Botswana Ministry of Foreign Affairs and International Cooperation and the Botswana Embassy to Sweden, BITC participated at the 2015 Botswana - Sweden Bilateral Forum. The forum took place in Stockholm, Sweden on the 10th of June 2015 and is a successor arrangement to the partner-driven cooperation agreement which ended in December 2013. The forum provides the two countries with a platform to discuss and review their bilateral cooperation and to plan future engagements. Cooperation on matters of investment and trade were a key subject in this year's bilateral forum's agenda. The Botswana and Sweden delegations agreed to explore opportunities in the following sectors of mutual interest: Energy (Solar, including off-grid opportunities), Clean Tech, Mining, Transportation, Defense, Security and ICT being the backbone of implementation and delivery across all sectors. BITC met with five (5) companies interested in exploring opportunities in Botswana.





Positioning Botswana as the lead investment destination

Technology, Media and Telecommunications (TMT) Finance & Investment Africa (June 2015)

As an initiative to promote investment opportunities in Botswana's ICT sector, BITC attended the 6th TMT Finance & Investment Conference that took place on the 23rd June 2015 in Mayfair, London. The conference brought together senior executives from telecoms, finance and advisory institutions working across or considering investment in Africa to assess the latest opportunities for investment and partnership. Key areas of interest for BITC were companies interested in investment opportunities in Africa/Botswana and discussions around data centres. The event had a respectable mix of individuals and companies including global multi-nationals and Small and Medium Enterprises (SMEs). The team managed to interact with 27 companies of whom eight (8) had immediate interest in hearing more about Botswana's offering, especially with regard to opportunities for the establishment of data centres.

Natural Resources Forum on African Mining: Risk, Reality & Reward (June 2015)

BITC UK/EU attended the 2015 Natural Resources Forum on the 30th June in London. The event brought together mining companies already invested in Africa such as Gem Diamonds and junior mining companies looking for additional investment for their mining operations. Ten (10) companies in the Investment, Finance, Investor Relations and Banking sectors with an interest in natural resource opportunities in Africa were engaged by BITC.

German Market Preliminary Engagement (August 2015)

A preliminary market engagement mission to Berlin, Germany from the 6th to the 7th August 2015 was carried out during the period under review. The purpose of the mission was to engage with key partner organisations such as the Botswana Embassy to Germany and Afrika Verein, which is a

German to Africa business association. The mission was a success resulting in BITC and the Botswana Embassy to Germany committing to work closely together and a further agreement with Afrika Verein to plan an investment mission to Botswana in the next financial year. Additionally, BITC engaged with companies in the Energy and Business Process Outsourcing sectors interested in opportunities in Botswana.

Botswana Business Forum – London (September 2015)

BITC in collaboration with the Botswana High Commission to the UK hosted a business and networking forum on the 24th September 2015 at the Botswana High Commission in London. The purpose of the business forum was to build more awareness about Botswana and to present investment opportunities to the London business community. The business and networking forum witnessed a robust turnout with attendance of around 60 delegates. The following sectors were represented at the event: Financial Services, Energy, Oil and Gas, Education, Property, Hotels & Construction, Agribusiness and Health Care. Companies from the listed sectors have expressed interest to continue discussions regarding possible investment opportunities in Botswana, while two committed to visit Botswana in November 2015 during the Global Expo. Additionally, the event was attended by a number of management companies and Africa promotion organisations that will assist in attracting investment to Botswana. The event also presented an opportunity to interact with Botswana in the Diaspora who may play a part in business partners and stakeholders across the various sectors and for more information about opportunities to be shared.

COMPANY VISITS TO BOTSWANA

During the period under review, BITC facilitated eight (8) missions to Botswana from the UK/EU market. Seven of the companies that visited Botswana were from the Healthcare, Financial Services, Energy, ICT, Food Processing and Aviation sectors. In addition, business engagements were



Positioning Botswana as the lead investment destination

arranged for Afrika Verein in Botswana during the week of the 10th August 2015. Afrika Verein is an Africa – German business association whose objective is to create business linkages between Africa and Germany. The main focus of this particular visit was to identify investment opportunities for Afrika Verein members in the energy and infrastructure sectors in Botswana. BITC arranged a programme that included meetings with the Coal Development Unit as this unit is leading the Trans Kalahari Railway project, the Transport Hub for other transport infrastructure projects and the Department of Energy for opportunities in the Energy sector.

KEY OBSERVATIONS AND ADVOCACY REQUIREMENTS FOR THE UK/EU MARKET

- I. **Opportunity exists in the EU:** Engagements indicate that companies are now looking at Africa for investment opportunities. Investment funds and companies engaged have Africa mandates which is a great opportunity for Botswana to take advantage of.
- II. **Increased awareness creation on Botswana is required:** A key observation in this market was that most companies and potential investors see Africa as one 'huge country' and associate high levels of risk with Africa without looking at individual country situations. More impactful awareness creation on the Botswana offering is required.
- III. **Concerns on shortages of electricity and water:** Companies engaged by BITC are increasingly concerned about the availability of electricity and water in Botswana as this also affects the country's Ease of Doing Business Ranking.
- IV. **Lack of availability of tender and project information:** Information on both private and public sector project opportunities is not readily available to companies online.





Client Company Profiles



Letshego Holdings Limited was incorporated in Botswana in 1998, and is headquartered in Gaborone. It has been publicly listed on the Botswana Stock Exchange (BSE) since 2002.

Through the facilitation of the Botswana Investment and Trade Centre (BITC), the company is an accredited Botswana International Financial Services Centre holding company, with lending and deposit-taking subsidiaries across ten countries in Southern, East and West Africa, namely Botswana, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Rwanda, Swaziland, Tanzania, and Uganda. The holding company's continued accreditation status to the Botswana International Financial Services Centre entitles it to fully access all relevant valued added investor facilitation services offered by BITC.

Letshego Holdings Limited is the largest indigenous company on the BSE by market capitalisation (in excess of US\$634 million as at 31 December 2015) and profitability (in excess of US\$ 104 million profit before tax for the full year 2015), with over half of its shareholders being local investors. It is ranked among the top 40 market value Sub-Saharan Africa companies (excluding South Africa). The company is a truly pan-African financial services provider and is committed to skills development – the Group employs over 2,300 staff, representing more than 20 nationalities. 775 of the Letshego team comprise its commission-based sales force.

The Group has 268 representation points across its footprint, servicing a base of over 300,000 borrowers and 100,000 savers. With its proudly Botswana heritage and committed team of people from across Africa the company has enjoyed consistent growth for almost two decades with an expansion drive across the continent.

The Group's strategic intent is to build a leading African financial services group with a focus on financial inclusion that is aligned to supporting local government initiatives. The provision of consumer finance to its customers, primarily government employees, through the deduction at source model, remains its core business while it has already achieved good growth in its other diversified offerings, including loans to micro and small entrepreneurs (MSEs) in the trading, agriculture, education and health sectors of the economy, low income housing facilities and savings. To achieve this exciting ambition, the company has identified four strategic imperatives, and is building its capabilities to deliver on this. These are: embracing financial inclusion by leading the delivery of solutions to segments of society that have limited or no access to financial services; growing the franchise in the company's existing markets and diversifying into new African geographies, customer segments and financial solutions; enhancing customer experience through delivery of simple, appropriate and affordable solutions; and embedding the future capability model to provide 'access, anytime, anywhere' by leveraging technology to provide financial access to the underserved and unbanked populations of the company's markets.

Growing the franchise

Over the past five years the Group has transformed into a full service financial services provider that offers working capital, low income housing, agriculture support, education and health loans, micro insurance services and savings capabilities to micro and small enterprises, Government and low income earning private sector employees.



Client Company Profiles

In terms of operational performance, two important strategic acquisitions during 2015 in Nigeria (First Bank of Nigeria's Microfinance Bank, a microfinance business specialising in financing MSEs in Nigeria) and in Tanzania (75% shareholding in Advans Bank Tanzania Limited, a commercial bank that specialises in SME finance), have provided the Group with exciting opportunities to expand in these markets and increase its deposit-taking licences. To this end, Letshego now holds deposit-taking licences in four markets: Mozambique, Nigeria, Rwanda and Tanzania. The successful conversion of the provisional deposit-taking licence in Namibia is subject to finalisation of certain conditions set by the Bank of Namibia and is expected in 2016. Letshego Namibia will look to leverage its formal salaried customer experience into the informal sector, deepening financial inclusion in Namibia over time.

Embracing financial inclusion

Recently the Group's drive and commitment to financial inclusion was recognised with an invitation to join the Alliance for Financial Inclusion (AFI) as a private sector partner in December 2015. Letshego is one of only five global companies, including BBVA, GSMA, Mastercard and Visa Inc., as well as the first Africa-focused private partner, to have been awarded this privilege. AFI is a global network of financial policymakers from over 100 developing and emerging countries, covering the majority of Letshego's footprint – the AFI partnership status is important for the Group's sustainability objectives, and will enable accelerated dialogue with regulators sharing a common focus on creating policies conducive to financial inclusion.

As part of its strategy, Letshego is committed to stakeholder engagement and continues to work closely with stakeholders in relation to local Strategic Social Investment (SSI) initiatives, investor relations, its financial inclusion agenda and media as well as public relations activities. Whilst the company understands the need to achieve returns for its shareholders, its business model is based on sustainability principles.

Looking into the future, the Group will continue to seek new markets and opportunities for expansion and to deliver simple, appropriate and affordable products and services as determined by its customers' wants and needs. With an estimated 77% of Africans who do not have an account at a formal financial institution, the servicing of this large 'unbanked' or under-served segment of the population provides Letshego with significant opportunities for growth.

The Group intends to continue exploring opportunities in government, health, education, housing, and agriculture and to evaluate opportunities for licencing in other countries.

Board of Directors:

Mr. John Alexander Burbidge, Chairman
 Mr. Gaffar Hassam, Non-Executive Director
 Mr. Idris Mohammed, Non-Executive Director
 Mr. Josias de Kock, Independent Non-Executive Director
 Mr. Stephen Price, Independent Non-Executive Director
 Mr. Robert Thornton, Independent Non-Executive Director
 Mr. Gerrit Lodewyk van Heerde, Non-Executive Director
 Mr. Hannington R. Karuhanga, Independent Non-Executive Director
 Dr. Gloria Somolekae, Independent Non-Executive Director
 Mr. Christopher Low, Group Managing Director



Client Company Profiles



Afinitas Limited is a pan-African investment holding company based in Gaborone, incorporated in Botswana in terms of the Companies Act. Afinitas is a major shareholder in Africa Events Limited (“AEL”) and is developing an Ethiopia focused subsidiary.

With the assistance of the Botswana Investment and Trade Centre, Afinitas Limited is also accredited to the Botswana International Financial Services Center (IFSC). Obtaining IFSC certification was of strategic importance to Afinitas as it allows a tax efficient flow of returns to its investors. The Company is listed on the Botswana Stock Exchange (BSE), ticker symbol AFS, with 213 946 250 shares issued. During its listing with the BSE in July 2015 a total of P94m was successfully raised by way of private placement and initial public offering.

Afinitas is focused on participating in what is commonly referred to as the “African renaissance”. Africa is generally undergoing a period of rapid transformation which has seen the emergence of new markets and opportunities across the continent. A general improvement in political stability and macroeconomic management is attracting investment inflows into the continent at levels that were previously not possible. The Company intends to capitalise on this growth by providing the seed capital to, or investing in, existing businesses and strategies focused on Africa.

Africa Events Limited is the first subsidiary of Afinitas, with the transaction concluded in August 2015. AEL is incorporated in Jersey, Channel Islands and is owned 50% by Afinitas. AEL owns 100% of the rights to the Africa Financial Services Investment Conference (AFSIC). The conference is attended by a wide range of Africa focused investors, dealmakers, and regulated African financial services companies from all parts of the African continent.

In March 2016, the Board of Afinitas Limited approved the establishment of an Ethiopia focused subsidiary with an initial investment allocation of \$2.5 million. The new subsidiary is likely to be incorporated in Mauritius and will own investments, and develop new businesses directly in Ethiopia. Afinitas is controlled by its Board of Directors. The Directors are a link between the company and its stakeholders. They are also collectively responsible for monitoring the performance of the Company to ensure that it meets its strategic objectives and ensuring compliance with all relevant regulatory requirements.

Board of Directors:

Mr. Lesang Magang, Chairman
Mr. Rupert McCammon, Managing Director
Mr. Leutwetse Tumelo, Executive Director
Ms. Dawn Pickering, Director

Contact Details:

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Client Company Profiles

GLOBAL LUBRICANTS

Global Lubricants T/A Royale Lube is Botswana’s first lubricant and grease manufacturing facility based in Francistown. The company’s biggest asset is trained and expert personnel who have worked for more than 30 years in South Africa’s most prestigious blending plants which allows the company to produce outstanding products.

The company’s products are manufactured with high quality mineral virgin base oils in conjunction with international accredited and certified additive packages. The company meets American Petroleum Institute (API) Standards and manufactures and distributes a wide variety of quality lubricants to meet the demands of the automotive, mining, transportation, industrial and engineering markets. In addition to Global Lubricants’ standard products, the company has the ability to fine-tune, modify or adapt the products to meet the customer’s specifications. The company’s technical expertise together with specially formulated additives allow the company to engineer lubricants from the very basic to the most complex and sophisticated grades. Global Lubricants has learnt from their experiences how the various markets operate, what are their consumer patterns and tastes. In the company’s overall opinion of regional markets Global Lubricants has discovered that there is a huge potential in the markets and that the critical factor is getting the logistics right in terms of how to get the product to the right destination as this attracts more sales.

BITC Support

Global Lubricants has participated in BITC organised trade missions in Namibia for a Contact Promotion Mission in Windhoek, the Zimbabwe International Trade Fair (ZITF) in Bulawayo as well as the Zambia Mining Exhibition (ZAMINEX) in Kitwe to consolidate their market brand. The company has been able to establish a distributorship that currently covers areas around Bulawayo through participation in the BITC missions. In their experience with the missions, Global Lubricants stated that, “these trade missions by BITC afford us the opportunity to market our products extensively to a wide variety of potential buyers not only from the host country, but also from far afield depending on the attendance range. BITC is able to assist in arranging meetings on the ground with relevant potential buyers, and all this provides our company with excellent exposure to be able to get into these markets”.





Strategic Opportunities





Strategic Opportunities

MoU with Botswana Chamber of Mines

For the period under review, BITC entered into an MoU with Botswana Chamber of Mines. One of the objectives of the MoU was to leverage on the combined spend of local mines to attract Foreign Direct Investment, which was a bit of a challenge as the global commodity crisis eroded the local mineral sector's purchasing power.

Through this MoU it is anticipated that local producers for local mines will also be integrated into the export development programme so that they are capacitated to supply regional mines, thereby contributing more to exports and GDP. The MoU also seeks to explore areas where joint studies can be done on mineral beneficiation and those opportunities packaged, quantified and sold as investment opportunities. Ultimately through this MoU, expectations are that there will be further economic diversification within the mining cluster, increasing Botswana's resistance to global shocks and to the global trading system. Two more additional MoU's are also being negotiated with a regional investment promotion agency and an international intermediary organisation to further generate investment leads in a cost efficient manner.

BPO Sector

Efforts are underway to resuscitate the Business Process Outsourcing (BPO) sector in Botswana particularly contact centres (both domestic and international) due to their propensity to hire youth, especially given the youth unemployment challenge facing the country. Botswana's competitiveness is further enhanced by the recent decoupling of backbone from Botswana Telecommunications Corporation Limited (BTCL) to Botswana Fibre Networks Limited (BOFINET) and the heavy infrastructure investments BOFINET has made in recent times.

Credible delegations have been hosted in the period under review, but it is evident there is a need for a value proposition and proof of concept to further help BPO investors make informed expeditious investment decisions as well as identify gaps where policy advocacy will be required to further enhance Botswana's investment offering to this sector.

Investments

Fifteen (15) promising leads were actively being followed up to expedite their conversion and setting up in Botswana as at the end of period under review. In the period under review, two investments were realised from Virgin Active, a global health and fitness brand, which invested BWP80 million in Botswana creating 74 jobs and Pasdec, a Malaysian-owned auto component manufacturer, which successfully relocated their plant from South Africa to Botswana, resulting in BWP105 million being invested and the creation of 230 jobs as at March 2016. These jobs are to increase to 550 at full potential. Pasdec's landlord also invested BWP37 million to adapt the former Lobatse tile plant to suit Pasdec's needs, which is indirect investment as a consequence of the Pasdec investment.



Business Facilitation





Business Facilitation

NAVIGATING THROUGH PERMITS, LICENCES AND REGULATIONS

BITC's Business Facilitation function has been deliberately established to support and assist approved and accredited investors to effortlessly set up their business operations within Botswana by navigating them through various government administrative requirements and procedures. Through Business facilitation, BITC is in a position to support both prospective and existing investors with their decision-making processes, including location selection, funding models and post-investment decisions.

The investment process value chain is very intricate and both potential and existing investors need undivided attention and support throughout the value chain. BITC therefore strategically discharges assistance and advice throughout this process from the initial point of inquiry through project approval, implementation and monitoring, as well as the aftercare process. In addition, the organisation provides foreign investors and domestic businesses with a broad range of free services through which it enhances the competitiveness of the Botswana economy and helps to create and nurture a conducive business environment for the sustainable inflow of foreign investment. The array of services is offered through the Business Facilitation Services Centre commonly referred to as the "One Stop Shop".

FACILITATION OF GOVERNMENT AUTHORISATIONS

As a way to support business into the Botswana economy and assist in meeting the national objectives of creating sustainable employment and economic diversification, BITC, through the Business Facilitation Services Centre (One Stop Shop) continues to be a receiver of a substantial number of requests for its various services from both existing and potential investors. During the period under review, the Business Facilitation Service Centre (One Stop Shop) received and handled a total of 329 application requests for government authorisations, of which 234 (71%) were approved and granted

whereas 14 (4.3%) were rejected. Therefore for the period under review, the rejection rate at the BITC One Stop Shop was only 4.3%. The remaining 81 (25%) is comprised of 54 (16%) applications pending within the turnaround times and 27 (8%) applications pending outside the turnaround timelines.

As depicted in Table 1.1 these services include among others, facilitation of all immigration requirements, company registrations, application for industrial licenses, environmental impact assessment reports, development approval order, etc.



Business Facilitation

Table 1.1: Government Authorisations facilitated from April 2015 to March 2016

Type of Authorization	DECISION				
	Granted	Rejected	(Pending-Within Turnaround time)	(Pending-Outside Turnaround time)	Total
Entry VISAS	75	3	5	0	83
Work and Residence Permits	34	5	26	0	65
Work and Residence Exemptions	66	1	13	1	81
Emergency Work Permits	36	3	0	23	62
Permanent Residence	1	0	4	2	7
Appeals to the Minister	12	2	4	1	19
Section 23/11 Appeal to Minister	4	0	1	0	5
Industrial License	0	0	1	0	1
Company Registration	1	0	0	0	1
Environmental Impact Assessment	0	0	0	0	0
Variation	4	0	0	0	4
Development Approval Order	1	0	0	0	1
TOTAL	234	14	54	27	329



Business Facilitation

In an effort to continuously improve the Botswana business climate, the BITC continued to seek ways to provide better and timely services to investors by engaging relevant stakeholders, with meaningful impact on the investment promotion value chain. BITC recently signed a Service Level Agreement (SLA) with the Department of Industrial Affairs (DIA), the main objective being to streamline and ease the acquisition of manufacturing/ industrial licenses for investors assisted by BITC.

In this regard, DIA committed to assisting investors facilitated through the Business Facilitation Services Centre by issuing licenses within five (5) days, provided all the necessary required information is available.

INVESTOR AFTERCARE

During the period under review, 114 companies were visited through the BITC Investor Aftercare programme against the annual target of 80. Some of the visits were conducted as part of the BITC's Investor Outreach Programme, covering the entire country. The Aftercare visits bolstered BITC's client retention strategy, which is aimed at encouraging companies to retain, expand and diversify their investment within the Botswana economy for sustainable achievement of the national objectives. It is very important for BITC to continuously engage and interact with existing business clients to learn and discern their operational challenges and to gauge general performance.

It is against this backdrop that during the visits, BITC engaged investors on their business development needs, the state of the investment climate, issues/challenges affecting their operations, possibilities for exports as well as investment expansion plans. It was noted that while there is a substantial desire to expand operations by most companies in Botswana,

there are various challenges that were raised by companies that impede on their ability to expand. These challenges include, amongst others;

- Shortage of skilled labour and poor work ethics
- The decline in the diamond industry leading to company retrenchments
- Long turnaround times to register pharmaceutical products by the DRU
- Water supply interruptions and power outages
- Inadequate infrastructure such as power, road network and telecommunication facilities in areas away from the main centres
- Difficulty in penetrating the local market, and unavailability of raw materials
- The tedious and long processes to acquire the Environmental Impact Assessments (EIAs);
- Delays in the issuance of work and residence permits
- Rejections of work and residence permit applications
- Unavailability of serviced land
- Lack of support for local products where local clients are reluctant to support local products as they prefer well-known international brands. In this regard, local supermarkets also are reluctant to carry local products/brands on their shelves
- Challenges in accessing export market e.g. strong competition and loss of export market by some companies
- Lack of support from companies that win government tenders. It was noted that several companies who win government tenders choose to source from RSA and China for products that are available locally, that is, no local business linkages
- Lack of access to bridging finance



Business Facilitation



EXPANSIONS

BITC continues to encourage existing companies to expand in order to create more jobs and encourage Foreign Direct Investment, as well as meet other challenging national objectives. The total investment expansions recorded during the period under review stood at BWP377.05 million with 209 additional job opportunities created.

STAKEHOLDER ENGAGEMENT

As a key aspect of business facilitation, BITC continues to engage various stakeholders, as part of its effective stakeholder engagement and management strategy. The main objective and emphasis of these engagements is based on the desire to maintain effective partnerships, meaningfully advocate for investors and address investor queries/challenges that otherwise act as obstacles in their operations.

During the period under review, the stakeholders consulted and met with included;

- Three (3) Regional Immigration Selection Boards (RISB), namely; South East Regional Immigration Selection Board (Loapi), Lobatse Regional Immigration Selection Board and the South Central Regional Immigration Selection Board (Universal). These Boards have been mandated through the Labour and Immigration Act to adjudicate on applications for work and residence permits for investors. The meeting with the Boards was aimed at ensuring that the Board Members appreciate BITC's mandate and build rapport on the investor permit adjudication process;
- BITC also visited and engaged the Chobe Land Board Chairman and Board Secretary in order to discuss the need to collaborate on matters of land allocation in the Chobe area for commercial and industrial purposes. Concerted efforts will be made to address the main sitting of board members;



Business Facilitation

- Mahalapye Sub-District Council was visited to deliver a presentation on the BITC mandate as well as the local economic development strategy. The meeting ensured that the Honourable Counsellors understand and support BITC's mandate within the locality;
- Ministry of Investment, Trade and Industry's Department of Trade and Consumer Affairs to discuss concerns raised by the multi-national clothing retail outlets with regards to rejection of the trade license applications by the Minister of Investment, Trade and Industry. The Ministry was also engaged to discuss the Infant Industry Protection Policy on behalf of dairy product manufacturing companies, Parmalat, Clover, etc;
- Ministry of Labour and Home Affairs (MLHA) continuous engagement on outstanding investor permit applications as well as concerns with respect to poor turnaround times;
- Kgatleng Land Board – Discussions and viewing of a 12-hectare piece of land in Pilane with the view to arrange the signing of the Lease Agreement;
- Palapye Sub-Land Board – Signing of the lease agreement for a 5.1 hectare piece of land in the Mmalenakana zone.

FACILITATION FOR LAND AND FACTORY UNITS

Twelve (12) hectares of land made up of ten (10) plots were offered to BITC to promote industrialisation in the Pilane area of Kgatleng District. This came about as a result of the BITC's continuous engagement with the Land Board in Kgatleng to avail land for the ever-increasing land applications by investors.

Nine (9) companies were allocated land for investment in various places:

- Palapye: Four (4) companies with a total of 132.8 hectares
- Gaphatswa (Kweneng): One (1) company with a total of 1.5 hectares
- Gaborone: Two (2) companies with a total of 1.7 hectares
- Tlokweng: Two (2) companies with a total of 6,441sqm.

A total of 23 companies are waiting for land allocation across the country. The investment value expected from these companies is BWP445 million with 1,266 expected jobs. However, BITC continues to engage with the various land authorities in its quest for land.

Factory Shell Vacancy: Currently, there are five (5) unoccupied factory shells with an occupancy rate of 87% for BITC factory shells.



Developing and Promoting Botswana Products for Export





Developing and Promoting Botswana Products for Export

BITC's Export Development and Promotion efforts posted sterling results in the organisation's continued efforts to make the export sector a major engine of economic growth in Botswana. To this end, the organisation has, during the period under review, carried out a number of viable activities and initiatives that looked to, among others, achieve the following;

- (i) expand the country's current levels of exports to garner the much-needed export revenue for the economy, as well as,
- (ii) ensure the sale of new products into external markets in the region and beyond

In order to achieve set targets for these two key deliverables, BITC carried out the following key initiatives as part of its overarching strategic path to grow exports in the country;

- Continued participation in international trade platforms in order to enhance export sales of local products and services into external markets, especially those in the immediate sub-region (Export Promotion)
- The nurturing of export awareness and culture among local manufacturers in order to enhance their knowledge of export processes and marketing plans to penetrate external markets (Export Development)
- The staging of BITC's annual flagship exhibition, Global Expo Botswana (GEB) to create opportunities for trade and strategic synergies between local and international companies (GEB 2015)
- And finally, the development and implementation of trade facilitation tools that look to improve the overall ease of doing business in Botswana (Botswana Trade Portal)

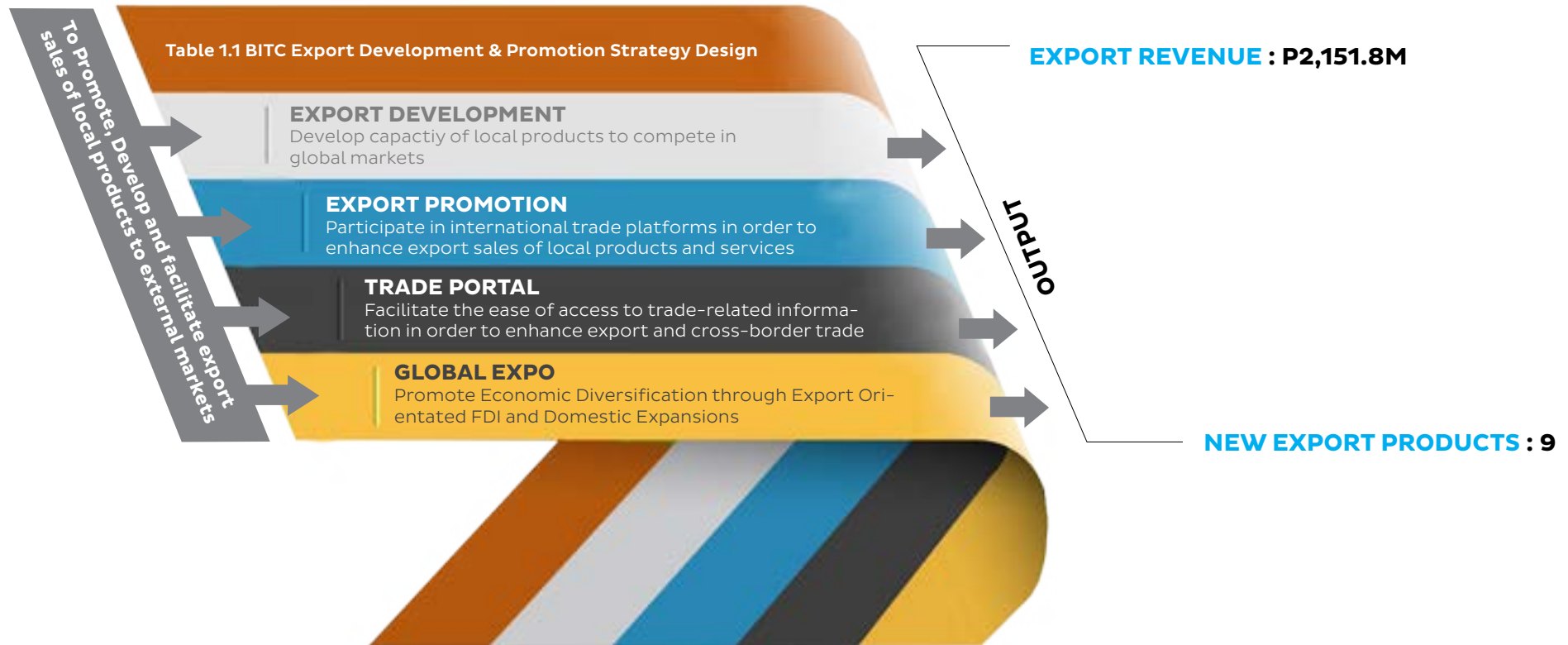
It was therefore on the back of these broad-based initiatives that total export sales of P2.2 billion were achieved against an annual target of P2.1 billion for the year under review. In addition, nine (9) new products penetrated into regional and international markets as per an equal target for the year.

These initiatives and consequent outcomes can best be captured in Table 1.1 (page 66), being the operational framework that drives the Department's mandate.





Developing and Promoting Botswana Products for Export





Developing and Promoting Botswana Products for Export

EXPORT PROMOTION: CREATING A PLATFORM TO EXTERNAL MARKETS

As one of its core functions to assist manufacturers and traders looking to export locally-produced goods and services to external markets, BITC carried out a number of export promotion activities in the region and beyond. Trade Missions, both Contact Promotion Missions and conventional exhibitions, were carried out in Zambia, South Africa, Namibia, Zimbabwe, Angola, DRC, Mozambique and the USA.

Market Performances

On the whole, performances across various markets differed throughout the year, as some markets made maiden or once-off sales while others continued to show growth as more promotion activities were carried out during the year. New markets in the period under review, included Mauritius, as well as the resuscitation of Tanzania as an East African market following a long hiatus, while the bulk of export sales during the year were recorded in South Africa and other parts of the immediate sub-region such as Zimbabwe, Zambia, Namibia, Malawi and the DRC. Further afield, notable sales were recorded in countries like Sweden and Italy as well as Hong Kong.

For the period under review, sales postings were on average above the set target of P522.5 million per quarter. The first quarter recorded export sales totaling P549.8 million, the second posted P569.9 million, while the third quarter registered P544.8 million. The fourth quarter however declined slightly to P487.2 million, as companies experienced the usual January sales slowdown to complete the year at P2.2 billion against an annual target of P2.1 billion. This represented a percentage increase of 2.9 percent on the expected annual export target. Table 1.2 captures sales per country for BITC-

assisted companies over the four quarters under review:

Table 1.2 Export Sales by Markets for BITC-assisted companies

MARKET	Q1 APR-JUN	Q2 JUL-SEP	Q3 OCT-DEC	Q4 JAN-MAR	TOTAL
Zambia	18,671,590.84	29,490,751.92	26,906,592.66	26,462,416.73	101,531,352.15
Zimbabwe	25,998,450.03	34,805,796.48	22,018,685.15	21,615,216.51	104,438,148.17
Angola	5,425,083.18	8,248,468.91	3,974,415.03	3,528,328.8	21,176,295.92
DRC	3,592,776.24	6,798,237.36	6,302,791.36	3,629,860	20,323,664.96
Malawi	104,540,479.8	8,097,853.6	10,253,016.5	4,110,265	127,001,614.9
Mozambique	2,171,817.73	1,527,864.6	0	0	3,699,682.33
RSA	298,139,180.74	383,930,623.66	400,013,408.82	365,731,424.27	1,447,814,637.49
Namibia	6,228,373.83	11,390,556.93	7,264,713.47	8,799,951.55	33,683,595.78
Tanzania	0	0	0	63,684	63,684
USA	0	25,000	0	0	25,000
Canada	0	0	60,483.5	0	60,483.5
Mauritius	0	1,350	0	0	1,350
Germany		0	6,295.6	0	6,295.6
Sweden	0	0	0	111,217.44	111,217.44
Hong Kong	6,222,375.32	0	9,131,080.34	5,848,542.12	21,201,997.78
Italy	15,600.42	0	0	11,127.28	26,727.7
UK	0	85,585,000.6	0	32,145.49	85,617,146.09
EU	78,881,275.78	0	58,889,180.59	47,267,879.21	185,038,335.58
TOTAL EXPORTS	549,887,003.91	569,901,504.06	544,820,663.02	487,212,058.4	2,151,821,229.39

Source: BITC client companies export sales

New Products in Export Markets

As one of its core functions of growing the narrow export and product pool of the country, BITC is always striving to register new products in new markets as an entry point for consequent market consolidation.



Developing and Promoting Botswana Products for Export

This is normally achieved by a combination of the Export Development function, which places much-needed emphasis on increasing the range of export products by way of enhancing manufacturers' skills capacity and use of technology to build export competency, as well as availing market intelligence tools in the form of periodic surveys that spell out the levels of product demand in the various markets.

In order to achieve this deliverable, a number of Market Surveys as well as validation/reviews of past market reports were carried out during the period under review in Angola and Zambia as a means of providing the necessary intelligence resource that would propel the sale of new products in the various markets as per demand levels obtaining there.

On the back of these, new product sales for BITC-assisted companies grew by a sizeable nine (9) new products in the period under review, which was at par with the set target for the year.

The nine (9) new products for the year were as follows, each at varied degrees of sales:

- Scholastic Stationary
- Kitchen Sponges
- Elastic Braids
- Kitchen Fittings
- PVC drain and wash basin moulds
- Vegetable relish
- Water treatment chemicals
- Auto lubricants
- PVC water tanks and containers

ACCESS TO INFORMATION: THE BOTSWANA TRADE PORTAL

During the period under review, and as part of its continued efforts to increase the sale of local products in external markets, BITC collaborated with the World Bank to develop and implement the Botswana Trade Portal – a key trade facilitation tool whose main objective is to make information on cross-border trade easier and readily available for the business community.

The Trade Portal is a web-based platform developed on behalf of the Government of Botswana to provide the business community with all statutory trade information from various government departments involved in the issuing of permits, licenses and clearances for export and importation of goods and services. It carries in it trade-related laws, regulations, administrative procedures, guidance notes, applicable fees, forms, licenses, permits and penalties applicable in case of breach. In addition, the portal catalogues international, regional or bi-lateral trade agreements to which Botswana is a party, including the applicable rules and requirements as well as the benefits devolving there from.

The platform also provides linkages to useful contacts for further engagements with the key authorities in cross-border trade and export and importation of goods and services.

Following months of rigorous work of collating and uploading all relevant data into the Trade Portal, the tool launched on the 26th January 2016 at a glittering event at the Gaborone International Convention Centre (GICC). The Trade Portal is currently fully loaded with information on the latest tariffs, commodity classifications, customs clearance procedures, conditions for export and import permits of all products, external market access: WTO,



Developing and Promoting Botswana Products for Export

SACU, SADC, EPA, AGOA, and Bilateral Trade Agreements to which Botswana is party to as well as investor-useful information on domestic taxes, tax rates, licensing for manufacturers and tourism.

CAPACITY-BUILDING: THE EXPORT DEVELOPMENT PROGRAMME

During the period under review, and as part of its function to enhance the skills set of exporters to make them competitive enough for global markets, the organisation diagnosed a total of 22 companies to establish their export readiness in order to develop, for them, appropriate customised interventions to their specific company needs.

Furthermore, a Memorandum of Understanding (MoU) was signed with Senior Experten Services (SES) from Germany to assist in enhancing the marketing and overall operational capacity of export-oriented companies as selected by BITC. The implementation of SES capacity building interventions is planned to be carried out in the next financial year.





Developing and Promoting Botswana Products for Export

GLOBAL EXPO BOTSWANA: A PLATFORM FOR TRADE AND STRATEGIC PARTNERSHIP

The 10th Global Expo Botswana (GEB 2015) was held from 25-28 November 2015, under the theme “Promoting Economic Diversification through Export Orientated Foreign Direct Investment and Domestic Expansions,” at the Botswana Conference & Exhibition Centre, Fairgrounds, Gaborone. The GEB 2015 was officially opened by the Vice President of the Republic of Botswana, His Honour, Mr. Mokgweetsi E.K Masisi.

A total of **202 exhibitors** took part from **15 countries**, compared to the previous year’s **158**. This represents a 27.8% increase on the exhibitor figure year-on-year. Exhibitors represented the following 12 countries: Botswana, Kenya, South Africa, Zimbabwe, Swaziland, Namibia, Indonesia, India, Mozambique, Spain, Portugal, Nigeria, Nepal, South Korea, and Uganda. Eleven (11) of the 202 exhibitors were sponsors of **GEB 2015**.

The highlight of this year’s GEB was the hosting of an International Investment and Trade Conference that ran parallel to the main event, featuring high-level international speakers, as well as industry experts from both the public and private sectors of Botswana.





Developing and Promoting Botswana Products for Export





Developing and Promoting Botswana Products for Export



Northern Fixtures & Fittings is a 100% citizen owned company which was incorporated in 1986. The company has steadily expanded its operations since 1994. Within this period, the company has become the preferred company of choice for stationery and office equipment.

The company has introduced globally renowned brands such as Pelican, Godrej and Kw Trip and is an authorised dealer of Mondi Rotatrim paper in Botswana. Northern Fixtures & Fittings is a Gold Partner with Hewlett Packard for their Imaging and Printing products. The Company sells original toners and cartridges.

The company's products and services include Office Stationery (Textbooks, Note books, Hard covers, Exercise books, Scribblers, Soft covers etc) Furniture (desks, tables, chairs, cabinet, shelves, trays, credenza etc), Packaging Materials (fomopacks, vitafilms, plastic bags, refuse bags, carrier bags etc), Office Equipment (fax machines, copiers / photocopiers, Computer hardware, calculators, shredders etc) and Dealership (Hewlett Packard, Microsoft, Epson, Dyson, Verbatim etc).

Northern Fixtures & Fittings has employed over 80 people in its operations. The company boasts a warehouses of 2500m2 that are capable of keeping stock of over 20 000 types of products for a period of 3 months. The company ensures delivery schedules are achieved to their customer's expectation.

BITC Support

The company participated in a BITC trade mission in Windhoek, Namibia in March 2016, which they praised as a well organised, informative, well researched market information provided to them by BITC to help them make good inroads in unfamiliar markets.

On the business side of things, they met a list of potential customers who understood their needs and since they have an office in Namibia, they made good use of these B2B meetings and improved their market share within a month's time.





Special Economic Zones

The Special Economic Zones Authority (SEZA) Bill was approved by Parliament in July 2015 and was enacted into law in December 2015 allowing for the SEZA Board to be appointed in December 2015. The SEZA Board held its first meeting on 12th February 2016 and the SEZA Board is expected to appoint the SEZA Chief Executive by the end of June 2016. It is worth noting that the Board comprises of higher numbers of private sector representatives and this was done deliberately to give the private sector a leading role and the much-needed participation owing to the nature of SEZs. The SEZ project has now become the premier project for Government and features prominently in the Economic Stimulus Programme (ESP)'s projects as a vehicle towards fostering economic growth.

Subsequent to the enactment of the SEZ Act, the institutionalisation of SEZA commenced and a dedicated budget was approved by Government in February 2016 to carry out the establishment of SEZA. The Act confirms that the SEZA will have full autonomy to carry out its mandate as a Regulator. In order to fast-track the implementation of the SEZ programme, SEZA will engage the services of a Technical Advisor who will hand-hold the current SEZA Team through the implementation of the SEZ Project. Capacity-building and upskilling of the SEZ Team, which are essential for the success of the SEZ project, form part of the deliverables by the Technical Advisor.

The eight (8) sites identified for development of SEZs, namely, Gaborone Fairgrounds, Sir Seretse Khama International Airport (SSKIA), Pandamatenga, Lobatse, Palapye, Tuli Block, Selebi Phikwe and Francistown, are under review. There has been a call for the possible inclusion of Kasane as a tourist site.

Also, the phasing of the roll-out of the sites has been reviewed due to re-assessment of the readiness of the sites and the need to expedite the

implementation of the SEZ project.

- Phase I: Gaborone Fairgrounds, Gaborone SSKIA and Pandamatenga.
- Phase II: Lobatse, Palapye, Tuli Block, Selebi Phikwe and Francistown.

A systematic approach will be followed to rollout the SEZs in Botswana with SSKIA being the first to be developed. The subsequent blueprint for this pilot project will be adopted for the development of others that will follow. An Airport City zone concept is being explored at the SSKIA with a “work, live and play” theme being considered for the zone. The proposed development will pull together the Civil Aviation Authority of Botswana, BITC, Botswana Innovation Hub (BIH) and Diamond Hub land parcels for the concept to materialise. A Project Management Consultancy for SSKIA-SEZ Urban Design, Detailed Engineering Designs & Other Associated Works has been procured and will start as soon as the review of the master plan is completed. Implementation of the Gaborone Fairgrounds and Pandamatenga sites will start in September 2016.

In order to address the national challenges facing Botswana, the SEZA has identified six priority sectors (i.e. Agro-Business, Financial Services, Health, Energy, Water Management, Applied ICT and Manufacturing) that will allow clustering and backward and forward linkages with local companies. The sectors are also aligned to Government's priority sectors as recommended in Michael Porter's Model. A set of value propositions for these sectors has been developed and will be used to track both investment and employment. Furthermore, site specific incentives informed by best practice i.e. financial and non-financial are being refined for approval by Cabinet. These will be used to differentiate these sites from competing zones both nationally and internationally and also attract investors into these different sites. Amendment of consequential policies conflicting with the SEZ Act has started with a view to come up with a comprehensive yet flexible SEZ regulatory framework.



Special Economic Zones

The SSKIA Master plan was completed in 2015 but due to the complexity of the SSKIA project and the fact that this site will be a pilot project, a review has been instituted. The review report will then inform the carrying out of the Urban Detailed Design. It is estimated that both the review and the design will be completed in 2016 and 2017 respectively.

Construction of the site will take a further fifteen (15) months which means the site will be ready in 2018. The SSKIA site will be a mixed use with focus on (i) Diamond and precious stones: Cutting and Polishing. (ii) Centralised facilities: Meetings and conference, Canteen, Training, Incubator (iii) Agriculture: Agri, Mechanical, Electrical, Transport, Agri-equipment Suppliers, After-market Suppliers. (iv) Logistics and processing: Processing facilities, Distribution facilities, Consolidation and Deconsolidation centres, Packaging facilities. (v) Manufacturing: Special vehicles, Conversions centre, Fitment centre, Aviation Hub, Pharmaceutical companies, Assembly plant components.

SEZA continues to engage key stakeholders including Local Governments (LGs) to sell the SEZ reform to Batswana. Through these engagements, SEZA has managed to group the LGs into fifteen (15) Regional Business Blocks (RBBs) notably, Francistown Region, SPEDU Region, Lobatse Region, Kweneng Region, Palapye Region, Kasane Region, Maun Region, Gantsi Region, Tsabong Region, Mahalapye region, Palapye Region, Gaborone Region, Kgatleng Region, Nata Region and Letlhakane Region.

These regions are defined by natural business flows and the cities or towns selected are their business anchors. Investment strategies for these RBBs have been developed to align to the current national Foreign Direct Investment (FDI) attraction strategies. BITC's efforts have been positively received by those that it has facilitated, notably SPEDU, Francistown, Kweneng and Lobatse.

In terms of sales and marketing of SEZs, Botswana SEZs will be marketed in markets where it is believed the countries have the strength in the SEZ priority sectors.

These markets notably include the USA, China, Brazil, Turkey, India, Israel, Kanye, Ethiopia, Nigeria, South Africa, Mexico, Saudi Arabia and Qatar. SEZA has profiled potential companies for the different sites and a visitation programme has been developed. In the interim, SEZA is taking advantage of the Memorandum of Understanding (MoU) signed between BITC and BIH to collaborate in developing the 12.6 hectares of land at Botswana Innovation Hub. BITC-BIH Joint Investment Appraisal Committee continues to consider SEZ qualifying projects at (BIH) land for possible allocation.



Greater growth through the Nation Brand



Botswana's Nation Brand programme managed by BITC aims to create a country identity which will raise the profile of Botswana to both national and international target groups. Central to the programme's success is local buy-in and support from the general population as well as from key implementation bodies such as Government, the private sector and civil society. This has compelled BITC through its Brand Botswana function to roll out nation branding workshops and stakeholder engagement initiatives nationwide to ensure there is understanding of the nation brand mandate.

MISSION

The Brand Botswana mission is to:

Provide a fully integrated identity that strongly positions Botswana amongst key local and international communities. Supported by consistent and compelling visual, verbal and behavioural expression of the brand (i.e. Botswana as a country), the objective will be to galvanise our community around the country's core values.

An enhanced nation brand ultimately stimulates greater economic value for Botswana through enhanced tourism, targeted investment attraction and the successful promotion of Botswana's diversified export sectors and other country offerings.

OBJECTIVES

The objectives of the Strategy are:

- To position Botswana as a leading country within Africa and the global community
- To foster a more competitive and sustainable economy through sector diversification by promoting attraction of investment and new buyers in non-traditional sectors
- To attract foreign and to promote local, new innovation-driven investment and entrepreneurship

COLLABORATIONS

Brand Botswana continues to engage various stakeholders to create awareness and to reiterate the significant role each stakeholder plays in branding Botswana. The Nation Brand office has sought strategic partnerships to further imbed the Brand Botswana message. Such partnerships include, the United States of America Embassy in Botswana and Ladies Circle Botswana, amongst others, to drive Brand Botswana messaging, as well as Government and parastatal institutions such as the Ministry of Foreign Affairs and International Cooperation, Botswana Diamond Hub and Botswana Tourism Organisation.



Greater growth through the Nation Brand



Other partnerships include the Botswana High Commission in Namibia, which hosted a Botswana – Namibia Cultural Festival in Omaheke, Namibia to commemorate Botswana’s Independence and foster trade and tourism relations between the two districts. Brand Botswana further participated at various forums throughout the year, which assist fulfilment of the mandate such as the Africa Endeavour Partnership, Public Service Day Commemorations and the Ngwato Land Board Leadership forum.

As part of efforts to highlight and celebrate some of the country’s distinct national attributes, through support of organisations and individuals who celebrate Botswana in a variety of ways, Brand Botswana partnered with the

following events to showcase and create brand visibility for the Pridemark, during the period under review;

- Ghan–Oma Cultural Festival
- Lobatse International Beef Festival
- The Toyota Botswana 1000 Desert Race
- Domboshaba Cultural Festival
- Gaborone International Music and Culture Week
- Khawa Dune Challenge
- Son of the Soil
- Diacore Marathon

Internationally, Brand Botswana continues to support participation in reputable international events by showing off Botswana’s Cultural heritage, with Ngwao Lotshwao Traditional Troupe and Mophato Dance Troupe representing Botswana in France and Norway.

CAPACITY BUILDING ON THE NATION BRAND PROGRAM

Capacity-building brand workshops create an opportunity for targeted stakeholders to be engaged on the Nation Brand Programme to both drive awareness and encourage ownership of the Nation Brand.

During the period under review, Brand Botswana partnered with Botswana Missions abroad as key stakeholders in the Nation Brand Programme. Brand Botswana conducted nation branding workshops as well as investment promotion training at the various Botswana Missions in Kenya, China, Japan, India, Ethiopia and Nigeria. This was all part of the ongoing exercise to capacitate the Botswana missions’ staff to be an extension of the Nation Brand programme in the different jurisdictions around the world. This also provides an opportunity for other collaborative activities with the Missions to promote Botswana internationally.



Greater growth through the Nation Brand

Locally, ten (10) workshops were conducted, for both inbound and outbound audiences, among them national sport teams going to represent Botswana outside the country, students going abroad on exchange programmes, the business community participating in international fairs as well as students on exchange programmes in Botswana.

Other capacity-building workshops included those held with various media houses, both government and private, hospitality service providers as well as government departments which man Botswana's ports of entries including the Port Health officials.

MARKETING INITIATIVES

International Campaigns

In an effort to create awareness, promote and position Botswana to international audiences, Brand Botswana launched a six (6)-month campaign on BBC World platforms (television and online media), featuring four (4) commercials highlighting Trade and Investment, Tourism, Mining and Culture and Heritage.

Brand Botswana further facilitated Botswana's participation at the Annual Nation Brand and Investment Expo in Eindhoven, Netherlands. The Botswana delegation was led by Botswana Ambassador and Head of Delegation to the E.U. H.E. Samuel Outlule. The Expo afforded Botswana a platform to highlight the investment opportunities available in Botswana.



Brand Botswana also partnered with local production company DeeZone Production for the production of a Botswana segment on the Good Morning Africa show that currently airs on DSTV Channel 153. The programme highlights amongst others, Botswana events, culture and heritage as well as cuisine.



Greater growth through the Nation Brand



National Campaign

The national campaign, “For Me, For Botswana”, “**Ke a Itirela, Ke Direla Botswana**”, was launched in February 2016 as a six (6)-month campaign which is aimed at recognising the everyday men, women and youth who in their own unique way, are playing a role in leading Botswana to new national heights and establishing a deeper sense of national pride. The campaign seeks to encourage Botswana to introspect and see if they are fulfilling our individual roles to drive the country forward. The campaign is being flighted on:

- Radio, including weekly radio interviews celebrating the individual who is excelling in their field
- Television adverts
- Print Advertising
- Social Media
- Media interactions including a forum discussion with the National Editors Forum

NATIONAL COMMITTEE REPRESENTATION

Brand Botswana participates in a number of national committees and plays an advisory role in ensuring the correct representation of the nation brand. Serving on national committees provides Brand Botswana with an opportunity to enhance

alignment of national events and projects to the National Brand Strategy by ensuring that the branding principles are upheld. The committees that Brand Botswana participated in, in the period under review are:

- President’s Day National Organising Committee
- The Vision 2016 Coordinators Committee
- The Vision 2016 Awards Adjudicators Committee
- BOT50 Board
- Service Excellence Framework spearheaded by the Botswana National Productivity Centre
- The International Working Group on Women in Sport
- Botswana Innovation Hub – Innovation for Africa Prize ceremony
- The Lobatse International Beef Festival Organising Committee
- Botswana Border Improvement Committee

PRIDE MARK MANAGEMENT

Various stakeholders continue to be encouraged to utilise the Botswana Pride Mark as a symbol of commitment to the values espoused by Botswana. Brand Botswana continues to engage with various exporters to ensure visibility of the Botswana Brand on their products both locally and internationally.



BITC Reaches Out





BITC Reaches Out

FRANCISTOWN MEDIA TOUR

As part of BITC's media engagement plan, the organisation hosted and led a delegation of local journalists from different media houses based in Francistown on a tour of its assisted companies in and around the city.

The media tour was organised to give the local media first-hand appreciation of BITC assisted companies in the northern region and a full understanding of how these companies have benefited from the various services offered by BITC. Most importantly, the tour also presented an opportunity for the BITC assisted companies to market themselves and enhance their publicity within the media sphere.

Companies visited during the tour included F&G Botswana, Nortex Textiles Millings, Francistown Knitters and Global Lubricants. The tour enabled the media delegation to engage with investors and see the production process of the various products made by the companies thus acquiring a full appreciation of the value derived from assistance by BITC.

The day was concluded with a networking session that provided a platform for the Francistown business community at large to engage with BITC to appreciate the organisation's service offering and opportunities promoted for investment and export. It became very evident during the engagement and feedback session that the Francistown business community yearned and requested for establishment of a BITC office to bring closer the services offered or at a minimum ensure regular engagements in Francistown that would bridge the knowledge and service gap.

CSI PROJECTS

BITC seeks to build and maintain a humane image which will encourage the organisation to embark on charitable projects to uplift the lives of Batswana. As a non-profit making organisation, BITC has a robust CSI and Corporate Sponsorship Policy which seeks to encourage employee volunteerism rather than hand-outs and donations from the organisation.



BITC Reaches Out



BITC DONATES TO THE ELDERLY

In showing a humane face, Botswana Investment and Trade Centre embarked on the third Corporate Social Investment (CSI) project in the form of donating beds, wardrobes, radios, sheets, blankets and clothes to the elderly in the North East District namely Makaleng, Matenge, Botalaote, Toteng and Masigwane. The donations were aimed at ensuring that the needs of the elderly are well taken care of. BITC was propelled to assist these underprivileged members of the community as they are overlooked and rarely recipients of donations.

The BITC team travelled to Makaleng before the handover to assist with cleaning the beneficiary's homes and delivering the goods to the beneficiaries' homesteads. For the community, this charitable act came at an opportune time as some of them had just received newly built houses from the North East District Council.

BITC's participation in this community's upliftment was a demonstration of continuous effort in developing and assisting Botswana and leaving a corporate footprint across the country. This CSI Project is guided by the overall organisation's CSI Policy. The donations in Makaleng were officially handed over by the Centres Chief Operations Officer (COO), Meshack Tshekedi. The COO appealed to the organisation and the North East District to take an active role in making the relationship between the two entities bear fruits. The Makaleng Chief, Kgosi Ramokate showed appreciation for the kindness bestowed upon his community.





BITC Reaches Out

BITC DONATES TO KOKOTSHA PRIMARY SCHOOL

BITC donated Boy Scout uniform to Kokotsha Primary School. These donations were as a result of the generosity of BITC employees through the various fund raising initiatives undertaken by the team.

The Kokotsha village leadership expressed their gratitude for the kindness and generosity of BITC employees. They assured the BITC team in attendance that they will ensure that students join the Boy Scout Club to channel their energy into an initiative that is meaningful and can mould them into responsible future leaders. They stated that this particular activity is very popular in their village and that it is not only attended by boys but by girls too.





BITC Reaches Out

OUTREACH PROGRAMME

In an effort to bridge the knowledge gap in the various services offered by BITC, the organisation engineered an outreach campaign which targeted 12 strategic locations across Botswana, including Kasane, Maun, Tsabong, Francistown, Lobatse, Mahalapye, Palapye, Selebi-Phikwe and Ghanzi. The campaign commenced on the 7th February 2016 and ended on 1st March 2016.

This annual campaign's purpose was to inform Batswana about the BITC mandate, sell the various services offered by BITC and the benefits of registering to be a BITC-assisted company and to also highlight the business opportunities supported by BITC to Batswana.

BITC also engaged with the local business community and sold them specific services for advancement of their businesses, such as export development and promotion. The teams in the different locations engaged with local authorities and stakeholders that support business/investment to augment the on-going advertising and media campaigns.

The campaign had three prospectuses, the Business Seminar, Mall activations and company visits that ran concurrently during the day and in the afternoon.

BUSINESS KRAAL SHOW

The BITC sponsored a business television show, the Business Kraal will be aired on Botswana Television (BTV) in May 2016. This 13-episode show was shot during the last quarter of this financial year (2015 / 16). This exclusive pre-recorded show will run for 30 minutes and feature interviews of different captains of industries and subject matter experts. The show is

designed to create awareness, educate and promote the services offered by BITC and further promote trade and investment opportunities that are available for Batswana to take advantage of within Botswana's various sectors of the economy.



This show comes at an opportune time when the country's economic environment calls for enterprising activities and provides ample support to locals and their businesses. The objectives of the Business Kraal Magazine Show are:

- To educate Batswana about untapped business opportunities that exist in the country,



BITC Reaches Out

- To encourage citizen participation in economic development and diversification,
- To provide information on the available services offered by BITC to the local business community,
- To provide guidance on sources of information to explore further opportunities.

The show will be shot at the BITC Head Office and prior to its airing, promotional adverts will be aired on BTV to generate interest.

2ND ALL MITI PARASTATAL TOURNEY

BITC participated in the 2nd Ministry of Investment, Trade and Industry All Parastatal Sports Tournament on 9th May 2015 at the Bank of Botswana Sports Grounds which was organised by the Local Enterprise Authority (LEA). The tournament was launched in 2014 and held for the first time on 17th May 2014 as a BITC initiative with the objective of providing an informal platform for staff of MITI parastatals to interact in an effort to foster good working relationships. As these parastatals have a complimentary mandate with BITC and work together as stakeholders, the games continue to facilitate a conducive environment for staff to know each other and deliver their service more effectively and efficiently.

This year's fun-filled event drew the participation of the Botswana Development Corporation (BDC), Local Enterprise Authority (LEA), Botswana Bureau of Standards (BOBS), Citizen Entrepreneurial Development Agency (CEDA) and the Competition Authority (CA) as well as newcomer Copyright Society of Botswana (COSBOTS).





BITC Reaches Out

Similar to last year, the sporting codes were Football, Netball, Volleyball, Athletics and Tug of War. While BITC did not fare well and could not defend its 2014 win in Netball and Football, the organisation won in Volleyball and Athletics/Relay. The tournament presented a platform for employees to network with their counterparts in other organisations and encouraged employee motivation. COSBOTS will host the 2016 Tournament.

CUSTOMER SERVICE STRATEGY

The BITC Corporate Strategy prioritises Customer and Stakeholder Relations and seeks to improve customer responsiveness as a key component in enhancing the competitiveness of BITC as an Investment and Trade Promotion Agency. Improved customer service is not only a priority to BITC as an organisation, but the entire service fraternity across the public sector has been committed by the leadership of the country to working towards improving customer service in their various operations.

It is against this backdrop that during the period under review, the organisation developed the Customer Service Strategy to provide a high-level approach and guidance to the execution of service that BITC provides to its customers. The strategy has been well aligned to the Corporate Strategy of 2014-2017, which seeks to achieve high customer service standards, improve customer satisfaction as well as improve responsiveness to customers. The strategy is also aligned to the organisational mission, vision and values.

Central to the Customer Service Strategy is the development of the “Service Charter” which is a statement that defines BITC’s service delivery standards and turnaround times, the rights of customers and how complaints from customers will be handled. This Customer Service Charter will remain a service contract through which BITC customers will hold the organisation

accountable for its service standards. The Charter will also be instrumental in providing hindsight to the organisation for continuous service improvement.







ANNUAL FINANCIAL STATEMENTS

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ANNUAL FINANCIAL STATEMENTS

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ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

CENTRE INFORMATION

Domicile, legal form and principal business activity:

Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investment in Botswana as well as export development and custodianship and promotion of the nation's brand.

Registered address: Plot 54351, Exponential Building
Central Business District (CBD)
Gaborone

Directors: Chairman - Mr Victor Senye
Ms Belinda Mosweu
Mr Terence Dambe
Ms Wilhemina Makwinja **(retired)**
Ms Esther Kanaimba-Senai **(retired)**
Ms Macie Keneilwe Molebatsi
Ms Palesa Audrey Semele
Mr Christopher Roy Garland
Ms Ellen Richard-Madisa
Ms Peggy Onkutlwile Serame
Chief Executive – Mr Letsebe Sejoe

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

CENTRE INFORMATION (CONT.)

Postal address:	Private Bag 00445 Gaborone
Auditors:	PricewaterhouseCoopers Gaborone
Bankers:	Standard Chartered Bank Botswana Limited First National Bank of Botswana Limited Stanbic Bank Botswana Limited First National Bank of South Africa Limited Bank of India Limited Barclays Bank PLC, UK African Banking Corporation Botswana Limited Bank Gaborone Limited

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 March 2016

The directors of Botswana Investment and Trade Centre are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Botswana Investment and Trade Centre Act, 2011.

The Botswana Investment and Trade Centre ("Centre") maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Centre's assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

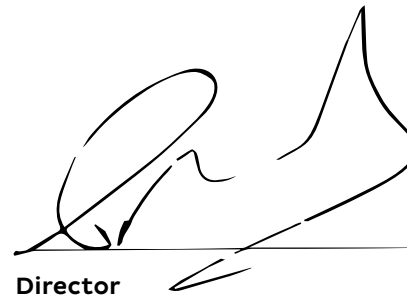
The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the Centre will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Trade and Industry.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The annual financial statements on pages 95 to 137 and supplementary information on Annexures I and II were authorised for issue by the Board of Directors and are signed on its behalf by:



Director



Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA INVESTMENT AND TRADE CENTRE

Report on the financial statements

We have audited the accompanying annual financial statements of Botswana Investment and Trade Centre, which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 95 to 137.

Directors' Responsibility for the Financial Statements

Botswana Investment and Trade Centre's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in a manner required by the Botswana Investment and Trade Centre Act, 2011 and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 Centre's internal controls. 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.

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Country Senior Partner: B D Phirie
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena



Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of Botswana Investment and Trade Centre as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with Section 19 of the Botswana Investment and Trade Centre Act, 2011, we confirm that:

- We have received all information and explanations which, to the best of our knowledge and belief, were necessary for the performance of our duties;
- The accounts and related records of the Botswana Investment and Trade Centre have been properly kept;
- The Botswana Investment and Trade Centre has complied with all the financial provisions of the Act; and
- Financial statements prepared by the Botswana Investment and Trade Centre was prepared on a basis consistent with that of the preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 2 to the financial statements.

PricewaterhouseCoopers

Individual practicing member: Sheyan Edirisinghe
Membership number: 20030048

26 September 2016

Gaborone

ANNUAL FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Note	2016 P	2015 P
Revenue	5	127,510,345	127,350,411
Other income	7	7,400,000	7,450,000
Administrative expenses	8	(119,851,028)	(126,503,361)
Operating surplus		15,059,317	8,297,050
Finance income	10	1,886,285	1,649,132
Finance costs	10	(555,918)	(360,486)
Net finance income		1,330,367	1,288,646
Surplus for the year		16,389,684	9,585,696
Other comprehensive income		-	-
Total comprehensive income for the year		16,389,684	9,585,696

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2016

	Note	2016 P	2015 P
ASSETS			
Non-current assets			
Property, plant and equipment	11	10,037,419	12,736,233
Investment properties	12	269,700,000	262,300,000
Intangible assets	13	140,137	370,075
		279,877,556	275,406,308
Current assets			
Trade and other receivables	14	6,480,178	4,482,332
Cash and cash equivalents	15	63,005,697	44,851,731
		69,485,875	49,334,063
Total assets		349,363,431	324,740,371
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated fund	16	183,001,356	166,478,204
Revaluation reserve		1,622,675	1,756,143
		184,624,031	168,234,347
Non-current liabilities			
Capital grants	17	137,323,348	139,875,639
Current liabilities			
Trade and other payables	18	27,416,052	16,630,385
Total liabilities		164,739,400	156,506,024
Total funds and liabilities		349,363,431	324,740,371

ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FUNDS

for the year ended 31 March 2016

	Accumulated fund P	Revaluation reserve P	Total P
Balance at 1 April 2014	155,732,020	2,916,631	158,648,651
Comprehensive income for the year	9,585,696	-	9,585,696
Depreciation transfer	1,160,488	(1,160,488)	-
Balance at 31 March 2015	<u>166,478,204</u>	<u>1,756,143</u>	<u>168,234,347</u>
Balance at 1 April 2015	166,478,204	1,756,143	168,234,347
Comprehensive income for the year	16,389,684	-	16,389,684
Depreciation transfer	133,468	(133,468)	-
Balance at 31 March 2016	<u>183,001,356</u>	<u>1,622,675</u>	<u>184,624,031</u>

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	Note	2016 P	2015 P
Cash generated from operations			
Operating surplus		15,059,317	8,297,050
Adjustments for:			
Depreciation	11	4,170,705	4,053,609
Fair value gain on investment properties	12	(7,400,000)	(7,450,000)
Amortisation of intangible assets	13	229,938	229,688
Loss on disposal of plant and equipment		547,549	18,537
Amortisation of capital grant	17	(4,611,277)	(5,261,241)
		7,996,232	(112,357)
Changes in working capital			
Trade and other receivables		(1,997,846)	(813,582)
Trade and other payables		10,785,667	3,935,516
Net cash generated from operations		16,784,053	3,009,577
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(2,058,986)	(2,725,880)
Purchase of intangible assets	13	-	(102,352)
Proceeds from disposal of plant and equipment		39,546	163,311
Interest income received		1,886,285	1,649,132
Net cash used in investing activities		(133,155)	(1,015,789)
Cash flows from financing activities			
Government Capital grants received	17	2,058,986	2,828,233
Net cash generated from financing activities		2,058,986	2,828,233
Net change in cash and cash equivalents		18,709,884	4,822,021
Cash and cash equivalents at beginning of year		44,851,731	40,390,196
Exchange losses on cash and cash equivalents		(555,918)	(360,486)
Cash and cash equivalents at end of year	15	63,005,697	44,851,731

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1 General information

The Botswana Investment and Trade Centre (“Centre”) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investment in Botswana as well as export development and custodianship and promotion of the nation brand. The address of its registered office is Plot 54351, Exponential Building, Central Business District, Gaborone.

The financial statements set out on pages 95 to 135 have been approved by the Board of directors on 01 September 2016.

2 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities, property, plant and equipment and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Centre’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 Adoption of standards in the current financial year

(a) The following new standards were adopted by the Centre during the year.

- IAS 16, ‘Property, plant and equipment’, and IAS 38, ‘Intangible assets’ – Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:
 - either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.1.1 Adoption of standards in the current financial year (cont)

- the accumulated depreciation is eliminated against the gross. (Effective 1 July 2014).

IAS 24, 'Related party disclosures' - The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity') (Effective 1 July 2014).

- IAS 40, 'Investment property'- The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. (Effective 1 July 2014).
- IFRS 13, 'Fair value measurement'- The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. (Effective 1 July 2014).
- Amendment to IFRS 13, 'Fair value measurement' - When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. (Effective 1 July 2014).

(b) New and amended standards applicable to the current period but not relevant to the Centre.

Management assessed the relevance of the following new standards, amendments, interpretations and improvements with respect to the Centre's operations and concluded that they are not relevant to the Centre.

- Amendment to IAS 19 regarding defined benefit plan - These narrow scope amendments apply to contribution from employees or third parties to define benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. (Effective 1 July 2014).
- IFRS 1, 'First-time adoption of International Financial Reporting Standards'- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. (Effective 1 July 2014).

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.1.1 Adoption of standards in the current financial year (cont)

- IFRS 3, 'Business combinations'- The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. (Effective 1 July 2014).
- Amendment to IFRS 8, 'Operating segments' - The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. (Effective 1 July 2014).

2.1.2 Adoption of standards in future annual periods

The following new standards, amendments, improvements and interpretations to existing standards are mandatory for the Centre's accounting periods beginning on or after 1 April 2016. These have not been early adopted by the Centre.

(a) New standards, amendments and interpretations which are relevant to the Centre's operations

- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative - In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies (Effective from 1 January 2016).
- Amendment to IAS 7 – Cash flow statements - In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities (Effective 1 January 2017).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.1.2 Adoption of standards in future annual periods (cont.)

- IFRS 9 – Financial Instruments (2009) – This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. (Effective from 1 January 2018).
- IFRS 9 – Financial Instruments (2010) – The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. (Effective from 1 January 2018).
- IFRS 15 – Revenue from contracts with customers. – The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. (Effective 1 July 2017).

Management is currently assessing the impact of the application of these new standards, amendments and interpretations on the Centre's financial statements in the period of initial application. At this time, the adoption of these standards and interpretations is only expected to have an impact on the classification and disclosure of items in the Centre's financial statements.

(b) New standards, amendments and interpretations which are not relevant to the Centre's operations

- Amendment to IAS 12 – Income taxes – The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets (Effective 1 January 2017).
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants- In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41. (Effective 1 January 2016).

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.1.2 Adoption of standards in future annual periods (cont.)

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. (Effective 1 January 2016).
- Amendments to IAS 27, 'Separate financial statements' on equity accounting- In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. (Effective 1 January 2016).
- Amendment to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - This is an amendment to the changes in methods of disposal - Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification.

- Amendment to IFRS 9 -'Financial instruments', on general hedge accounting- The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

The own credit risk requirements for financial liabilities.

Classification and measurement (C&M) requirements for financial assets.

C&M requirements for financial assets and financial liabilities.

The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. (Effective 1 January 2018).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.1.2 Adoption of standards in future annual periods (cont.)

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets- The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. (Effective 1 January 2016).
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption- The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. (Effective 1 January 2016).
- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation.- This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. (Effective 1 January 2016).
- IFRS 14 - The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. (Effective 1 January 2016).
- IFRS 16 – Leases - After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.1.2 Adoption of standards in future annual periods (cont.)

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' (Effective 1 January 2019).

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

Items included in the financial statements of the Centre are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the Centre's functional and presentation currency.

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement within 'Other (losses)/gains – net'.

2.3 Property, plant and equipment

Property, plant and equipment are shown at cost / revaluation amounts less accumulated depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.3 Property, plant and equipment (cont.)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Centre and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income and shown as revaluation reserve in the statement of changes in funds. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from revaluation reserve to accumulated fund.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings	50 years
- Office equipment	4 years
- Furniture and fittings	5 years
- Computer equipment	3 years
- Motor vehicles	4 - 10 years
- Leasehold improvements	Remaining lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to general fund.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.4 Capital work-in progress

Properties in the course of construction for rental, administrative purposes or for purposes not yet determined are carried at cost less any identified impairment loss. When the properties are ready for use or a completion certificate has been issued, such properties are transferred to property, plant and equipment. Depreciation is not charged when properties are still under construction.

2.5 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Centre, is classified as investment property. Investment property comprises freehold/leasehold land and buildings. Properties under operating lease are classified as investment properties only if they meet recognition other criteria. Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Centre uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property that is being redeveloped for continuing use as investment property for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Centre and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Changes in fair values are recorded in the statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property under construction and stated at cost until construction or development is complete.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.6 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Purchase costs that are directly attributable to software products controlled by Centre are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

Directly attributable costs that are capitalised as part of the software product include the software purchase costs. Other development expenditure that do not meet these criteria are recognised as an expense as incurred.

Computer software costs recognised as assets are amortised over their estimated useful lives from time its ready for the intended use, which do not exceed three years.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 Financial assets

2.8.1 Classification

The Centre classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.8 Financial assets (cont.)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Centre's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the reporting date.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Centre commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Centre has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.8 Financial assets (cont.)

2.8.2 Recognition and measurement (cont.)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Centre's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in statement of comprehensive income, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Centre's right to receive payments is established.

There were no financial assets categorised as fair value through profit or loss or available for sale assets at the statement of financial position date.

2.8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.8 Financial assets (cont.)

2.8.3 Offsetting financial instruments

(a) Assets carried at amortised cost

The Centre assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.8.4 Impairment of financial assets

For loans and receivables category, 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Centre may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(b) Assets classified as available for sale

The Centre assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.8.4 Impairment of financial assets (cont.)

(b) Assets classified as available for sale (cont.)

For debt securities, if any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

2.9 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 as other income in the statement of comprehensive income.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.12 Employee benefits

The terminal benefits such as end of contract gratuity are accrued for employees based on their employment contracts over the period of the contract. These costs are recognised as part of the staff costs in the statement of comprehensive income.

2.13 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Centre has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts and returns. The Centre recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Centre; and when specific criteria have been met for each of the Centre's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Centre bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.14.1 Grant income

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and Centre has complied with all attached conditions.

Grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.14 Revenue recognition (cont.)

2.14.2 Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

2.14.3 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.15 Capital grants

Capital grants comprise grants received from the Government of Botswana utilised towards capital expenditure. Funds received are credited to capital funds and the related assets are capitalised. An amount equal to the depreciation charge of the fixed assets funded by the capital grant is recognised as income in the statement of comprehensive income. Subsequent movement of fixed assets in terms of sale and impairment are treated accordingly in the capital grants.

2.16 Related parties

A party is deemed related to the Centre they are directors of the Centre. Related party transactions are disclosed in Note 23 to the financial statements.

2.17 Leases

Leases of property, plant and equipment where the Centre assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings.

The interest element of the finance charges is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets.

Leases of assets under which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

2.17 Leases (cont.)

income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

3 Financial risk management

3.1 Financial risk factors

The Centre's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. The Centre's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Centre's financial performance. Risk management is carried out under policies approved by the board of directors.

(I) Market risk

(i) Foreign currency risk

In the normal course of business, the Centre enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to South African Rand, Indian Rupee and UK Pounds. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Centre does not have significant investments in foreign currencies. Foreign currency bank accounts are maintained by the branches in South Africa, India and UK.

At 31 March 2016, if the currency had weakened / strengthened by 1% against the UK pound with all other variables held constant, surplus for the year would have been P 17,598 (2015: P 17,655) higher / lower, mainly as a result of foreign exchange gain or loss on translation of UK pound-denominated accrued expenses and bank balances.

At 31 March 2016, if the currency had weakened / strengthened by 1% against the South African Rand with all other variables held constant, surplus for the year would have been P 17,480 (2015: P 2,415) higher / lower, mainly as a result of foreign exchange gain or loss on translation of South African Rand-denominated accrued expenses and bank balances.

At 31 March 2016, if the currency had weakened / strengthened by 1% against the Indian Rupee with all other variables held constant,

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

3 Financial risk management (cont.)

(i) Foreign currency risk (cont.)

surplus for the year would have been P 6,504 (2015: P 10,395) higher / lower, mainly as a result of foreign exchange gain or loss on translation of Indian Rupee-denominated other receivables and bank balances.

(ii) Other price risk

The Centre is not exposed to other price risks such as equity price risk, commodity price risk, prepayment risk, and residual value risk.

(iii) Cash flow and fair value interest rate risk

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

The Centre has no long-term significant interest-bearing assets. The grant is deposited in short-term deposits until it is used for the purpose for which the grant is received from the Government.

At 31 March 2016, if interest rates on short-term deposit had been 1% higher / lower with all other variables held constant, excess of expenditure over income for the year would have been P 631,022 (2015: P 448,452) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

(II) Credit risk

Financial assets of the Centre, which are subject to credit risk, consist mainly of debtors and cash resources. The Centre has policies in place to ensure that the premises are rented to customers with an appropriate credit history. Cash deposits are held with high-credit-quality financial institutions. No credit limits were exceeded during the reporting period. Please refer to note 22 for disclosure on credit quality.

(III) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the Centre aims to maintain flexibility in funding by keeping committed credit lines available.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

3 Financial risk management (cont.)
(III) Liquidity risk (cont.)

The Centre's financial liabilities as given in the table below consist of accounts payable with a maturity period of less than 12 months from the statement of financial position date. The analyses of financial liabilities into relevant maturity groupings are based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year P
At 31 March 2016	
Trade and other payables	<u><u>25,087,486*</u></u>
At 31 March 2015	
Trade and other payables	<u><u>14,417,209*</u></u>

* Excluding statutory liabilities

3.2 Capital risk management

The Centre's objectives when managing capital are to safeguard the Centre's ability to continue as a going concern and benefits for stakeholders and to minimise the use of debt capital. In order to maintain or adjust the capital structure the Centre may adjust the assets or sell asset to reduce the debt. The Centre is funded by the Government. Consistent with this objective the Centre does not monitor capital on the basis of the gearing ratio.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

3 Financial risk management (cont.)

3.3 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

There are no financial assets classified as fair value through profit or loss at the reporting date. See note 11 for disclosures of the land and buildings that are measured at fair value and note 12 for disclosures of the disposal groups held for sale that are measured at fair value.

4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Centre's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within next year.

(a) Allowances for doubtful debts

Allowances for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that Centre will not be able to collect the due under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

4 Critical accounting estimates and judgements (cont.)

(b) Property, plant and equipment

The Centre follows the guidance of IAS16 (revised) and determines the residual values and useful lives of assets at each statement of financial position date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the statement of financial position date and the practice adopted by similar organisations.

(c) Investment properties

The Centre follows the fair value model as per IAS 40 in recognising and measuring investment properties, and determines the fair values at the statement of financial position date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the reporting date and the practice adopted by similar organisations.

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information the Centre determines the estimated fair value and has utilised an independent expert in making this assessment.

The valuation basis used in market value, which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In calculating the market value the investment method has been adopted. The key assumptions underlying the investment method are net cash flows and the capitalisation rate used. These are unobservable inputs and accordingly result in the valuations being classed as level 3 in terms of the fair value hierarchy.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	2016 P	2015 P
5 Revenue		
Government grants (Note 6)	108,550,071	108,898,072
Amortisation of Government capital grant (Note 17)	4,611,277	5,261,241
Global Expo income	1,181,079	2,289,409
Rental income	13,499,543	10,896,726
Other (expenses) / income	(331,625)	4,963
	127,510,345	127,350,411
6 Government grants		
Grant income received for the year	110,609,057	111,726,305
Less : capital expenditure for the year (Note 17)	(2,058,986)	(2,828,233)
	108,550,071	108,898,072
7 Other income		
Fair value gain on investment properties (Note 12)	7,400,000	7,450,000
8 Expenses by nature		
Aftercare expenses	10,761	67,793
Business travel expenses	-	-
Branding expenses	5,688,459	16,491,950
Staff costs (Note 9)	56,777,273	51,318,672
Export promotion expenses	2,538,420	1,130,650
Depreciation and amortisation expenses	4,400,643	4,283,297
Global Expo expenses	7,060,862	7,275,529
Investment promotion expenses	4,816,783	3,082,422
Tax and penalties	-	2,213,176

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	2016 P	2015 P
8 Expenses by nature (cont.)		
Professional and legal fee	4,258,089	2,135,582
Public relations expenses	5,591,030	5,526,776
Rent expense	8,269,474	7,790,734
Research expenses	1,396,374	1,037,257
Seminar and conferences	1,245,127	2,698,659
Telecommunication and utilities	4,686,300	3,935,056
Special Economic Zones expenses	2,194,697	5,364,972
Other expenses	10,916,736	12,150,836
	119,851,028	126,503,361
9 Staff costs		
Salaries and allowances	45,286,663	41,449,629
Social security costs	1,189,337	1,050,618
Gratuity	7,717,957	6,595,357
Staff training and other staff related expenses	2,583,316	2,223,068
	56,777,273	51,318,672
10 Net finance income		
Finance income		
Interest income	1,886,285	1,649,132
Finance costs		
Exchange loss	(555,918)	(360,486)
Net finance income	1,330,367	1,288,646

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	Land buildings p	Leasehold improvements p	Office equipment p	Computer equipment p
11 Property, plant and equipment				
As at 31 March 2014				
Cost or valuation	4,052,143	6,224,169	490,135	2,859,335
Accumulated depreciation	(166,728)	(1,098,410)	(149,463)	(1,195,681)
Net book amount	<u>3,885,415</u>	<u>5,125,759</u>	<u>340,672</u>	<u>1,663,654</u>
Year ended 31 March 2015				
Net book amount at beginning of year	3,885,415	5,125,759	340,672	1,663,654
Additions	-	-	217,160	847,052
Cost/valuation on disposal	-	-	-	-
Depreciation on disposal	-	-	-	-
Depreciation	(85,762)	(1,464,547)	(170,337)	(1,092,278)
Net book amount at end of year	<u>3,799,653</u>	<u>3,661,212</u>	<u>387,495</u>	<u>1,418,428</u>
As at 31 March 2015				
Cost or valuation	4,052,143	6,224,169	707,295	3,706,387
Accumulated depreciation	(252,490)	(2,562,957)	(319,800)	(2,287,959)
Net book amount	<u>3,799,653</u>	<u>3,661,212</u>	<u>387,495</u>	<u>1,418,428</u>
Year ended 31 March 2016				
Net book amount at beginning of year	3,799,653	3,661,212	387,495	1,418,428
Additions	-	347,848	197,253	485,968
Cost/valuation on disposal	-	-	(43,887)	(868,748)
Depreciation on disposal	-	-	36,338	870,168
Depreciation	(85,819)	(1,501,163)	(223,119)	(917,309)
Net book amount at end of year	<u>3,713,834</u>	<u>2,507,897</u>	<u>354,080</u>	<u>988,507</u>
As at 31 March 2016				
Cost or valuation	4,052,143	6,572,017	860,661	3,323,607
Accumulated depreciation	(338,309)	(4,064,120)	(506,581)	(2,335,100)
Net book amount	<u>3,713,834</u>	<u>2,507,897</u>	<u>354,080</u>	<u>988,507</u>

Land and Buildings located at Plot 28, Matsitama Road were transferred to investment properties in 1 October 2013.

Property, plant and equipment were revalued as of 31 March 2012, by an independent valuer.

No assets are pledged as securities and no restrictions on title of the assets.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

Furniture & fittings P	Motor vehicles P	Total P
2,814,590	1,712,192	18,152,564
(613,059)	(683,413)	(3,906,754)
<u>2,201,531</u>	<u>1,028,779</u>	<u>14,245,810</u>
2,201,531	1,028,779	14,245,810
124,708	1,536,960	2,725,880
-	(484,929)	(484,929)
-	303,081	303,081
(577,311)	(663,374)	(4,053,609)
<u>1,748,928</u>	<u>1,720,517</u>	<u>12,736,233</u>
2,939,298	2,764,223	20,393,515
(1,190,370)	(1,043,706)	(7,657,282)
<u>1,748,928</u>	<u>1,720,517</u>	<u>12,736,233</u>
1,748,928	1,720,517	12,736,233
55,898	972,019	2,058,986
(60,597)	(650,000)	(1,623,232)
48,381	81,250	1,036,137
(590,484)	(852,811)	(4,170,705)
<u>1,202,126</u>	<u>1,270,975</u>	<u>10,037,419</u>
2,934,599	3,086,242	20,829,269
(1,732,473)	(1,815,267)	(10,791,850)
<u>1,202,126</u>	<u>1,270,975</u>	<u>10,037,419</u>

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

11 Property, plant and equipment (cont.)

Fair values of land and buildings

An independent valuation of the Centre's property, plant and equipment was performed by valuers to determine the fair value of the property, plant and equipment as at 31 March 2012. The revaluation surplus was credited to other comprehensive income and is shown in 'other reserves' in statement of changes in funds. The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

"Fair value measurements at 31 March 2016 using"

Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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Recurring fair value measurements

Property, plant and equipment	-	-	3,713,834
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ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	Land and buildings P	Total P
12 Investment properties		
Year ended 31 March 2015		
Balance at beginning of year	254,850,000	254,850,000
Fair value gain	7,450,000	7,450,000
Balance at end of year	262,300,000	262,300,000
Year ended 31 March 2016		
Balance at beginning of year	262,300,000	262,300,000
Fair value gain	7,400,000	7,400,000
Balance at end of year	269,700,000	269,700,000
The Centre's investment properties were revalued on 31 March 2016 by an independent professionally qualified valuer, Roscoe Bonna Valuers. Valuations were based on current market prices in an active market.		
Income, direct and indirect expenses recognised in statement of comprehensive income for the year are as follows:		
Rental income	13,499,543	10,896,726
Direct costs		
Rates	405,431	340,841
Property maintenance	809,014	895,747
	1,214,445	1,236,588
Indirect costs		
Insurance	154,136	123,510
All investment properties generated rental income. Hence, there are no direct/indirect costs relating to investment properties which did not generate rental income.		

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

12 Investment properties (cont.)

Non-financial assets carried at fair value, as is the case for investment property held by the Centre, are required to be analysed by level depending on the valuation method adopted. The different valuation levels are defined as:

Level 1: valuation based on quoted market prices traded in active markets.

Level 2: valuation based on inputs other than quoted prices included within Level 1 that maximise the use of observable data either directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuation are not based on observable market data.

All investment properties held by the Centre are classified as Level 3. When the degree of subjectivity or nature of the measurement inputs changes, consideration is given as to whether a transfer between fair value levels is deemed to have occurred. Unobservable data becoming observable market data would determine a transfer between Level 3 and Level 2. The following tables set out the valuation techniques used in the determination of fair values on a property by property basis, as well as the key unobservable inputs used in the valuation models.

Class of property Level 3	Market value 31-Mar-16	Valuation technique	Key Unobservable inputs
Investment property			
Factory shells	235,800,000	Income approach	P 20 - 35 rent per sq.m
Office building	28,600,000	Income approach	P 96 rent per sq.m
Residential property	5,300,000	Income approach	P 23,000 rent per month
at 31 March 2016	269,700,000		

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	2016 P	2015 P
13 Intangible assets		
Net book amount at beginning of year	370,075	497,411
Additions	-	102,352
Amortisation charge	(229,938)	(229,688)
Net book amount at end of year	140,137	370,075
Cost	3,139,210	3,139,210
Accumulated amortisation	(2,999,073)	(2,769,135)
Net book amount	140,137	370,075
Intangible assets consist of computer software.		
14 Trade and other receivables		
Trade receivables	2,102,468	2,141,484
Less: Provision for impairment of trade receivables	(1,230,152)	(595,340)
	872,316	1,546,144
Prepayments and security deposits	3,029,436	2,125,073
Interest receivable	36,392	397,061
Other debtors	4,247,737	1,826,392
Provision for TDS- India	(1,705,703)	(1,412,338)
	5,607,862	2,936,188
	6,480,178	4,482,332
Current trade and other receivables are receivable within a year. Since the impact of discounting is not significant, the fair value of trade and other receivables equal the carrying amount.		
As of 31 March 2016, trade receivables of P 459,977 (2015: 897,460) were fully performing.		

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	2016 P	2015 P
14 Trade and other receivables (cont.)		
As at 31 March 2016, trade receivable P 412,339 (2015: 648,684) were past due but not impaired. These relates to a number of independent customers for whom there is no history of default. The aging analysis of these trade receivables is as follows:		
Up to 3 months	349,861	542,001
More than 3 months	62,478	106,683
	412,339	648,684
As at 31 March 2016, trade receivables amounting to P 1,230,152 (2015: P 595,340) were impaired and provided for. The amount of the provision reflecting impairment as at 31 March 2016 was P 1,230,152 (2015: P 595,340). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic situations or have no more business transactions with the Centre for more than three months. It was assessed that the entire amount was not expected to be recovered.		
The movement in provision for bad and doubtful debt can be analysed as follows:		
Balance at beginning of year	595,340	595,340
Provision for the year	634,812	-
Balance at end of year	1,230,152	595,340
Amounts charged to the allowance account are generally written off, when there is no expectation of recovery.		
Asset classes other than trade receivables and other receivables do not contain impaired assets.		
The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Centre does not hold any collateral as security.		

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	2016 P	2015 P
15 Cash and cash equivalents		
Short-term deposits	58,779,534	40,960,269
Cash at bank	4,216,686	3,884,918
Cash on hand	9,477	6,544
	63,005,697	44,851,731
For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:		
Bank balances	62,996,220	44,845,187
Cash on hand	9,477	6,544
	63,005,697	44,851,731
Cash and cash equivalents denominated in foreign currencies are as follows:		
UK Pounds	1,759,819	1,765,476
South African Rands	1,765,480	241,537
Indian Rupee	656,858	1,049,882
	4,182,157	3,056,895

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	2016 P	2015 P
16 General fund		
Balance at beginning of year	166,478,204	155,732,020
Total comprehensive income for the year	16,389,684	9,585,696
Depreciation transfer	133,468	1,160,488
Balance at end of year	183,001,356	166,478,204
17 Government capital grants		
Balance at beginning of year	139,875,639	142,308,647
Grant received during the year (Note 6)	2,058,986	2,828,233
Amortisation during the year (Note 5)	(4,611,277)	(5,261,241)
Balance at end of year	137,323,348	139,875,639
The Centre receives capital grants from Government for financing its capital expenditure.		
18 Trade and other payables		
Staff accruals	10,181,084	7,574,346
Trade payables	811,631	-
Accrued expenses	2,578,039	3,143,262
Other payables	2,965,513	3,699,601
Payroll taxes payable	2,213,176	2,213,176
SEZ grant	8,666,609	-
	27,416,052	16,630,385
Payroll taxes payable refers to estimated Pay As You Earn (PAYE), Skill Development levy and Unemployment Insurance Fund liability payable to South African Revenue Services (SARS) from Centre's South African Regional Office. These amounts refers to underpayment of employee taxes for the years of assessment 2010 to 2016 and have been disclosed to SARS on a voluntary basis.		

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

	2016 P	2015 P
18 Trade and other payables (cont.)		
Movement in provision balance during the year is as follows;		
Balance at the beginning of the year	2,213,176	-
Provision for the year	-	2,213,176
Balance at end of year	2,213,176	2,213,176
Details relating to potential penalties and interest related to above are disclosed in note 24 - Contingent liabilities.		
19 Commitments		
(i) Financial commitments		
Operating lease commitments – where the Centre is the lessor.		
The Centre has rented out properties under cancellable operating leases. The future minimum rent receivable under cancellable rent agreements are as follows:		
Not later than 1 year	14,138,418	12,319,947
The Centre reviews and negotiates rentals on an annual basis.		
Operating lease commitments – where the Centre is the lessee		
The Centre has rented office premises under cancellable operating lease in South Africa, United Kingdom, Botswana and India.		

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

19 Commitments (cont.)

Head office in Botswana is under a lease agreement for five years from 1 September 2012 to 31 August 2017 subject to an 8% annual escalation, with an option to renew the lease for further five years.

The Centre has leased an office premises in South Africa for the branch. Current lease agreement is for one year from 1 March 2016 to 29 February 2017.

The Centre had leased a residential property in United Kingdom. Current lease agreement is from 01 May 2015 to 30 April 2016 .

The Centre has leased an office premises in India. Current lease agreement is for five years from 01 November 2012 to 30 October 2017.

The Centre has leased a residential property in India. Lease agreement is for two years from 1 May 2015 to 30 April 2016. The lease is not subject to rental escalations.

The future minimum rent payments under cancellable lease agreements are as follows:

Not later than 1 year

Later than 1 year and less than 5 years

	2016 P	2015 P
	6,798,170	6,176,866
	3,597,922	7,723,799
	10,396,092	13,900,665

(ii) Capital commitments

There were no capital expenditure contracted for at the reporting date but not yet incurred.

ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

20 Events after reporting date

There were no events that occurred after the reporting date which would require adjustments to or disclosures in the financial statements.

21 Financial instruments by category

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

Loans and receivables:

Assets as per statement of financial position

Trade and other receivables excluding prepayments
Cash and cash equivalents

Other financial liabilities at amortised cost:

Liabilities as per statement of financial position

Trade and other payables excluding non-financial liabilities

	2016 P	2015 P
	3,450,742	2,357,259
	63,005,697	44,851,731
	66,456,439	47,208,990
	25,202,876	14,417,209

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

22 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Group 1
Group 2
Total fully performing trade receivables

Group 1 - New customers

Group 2 - Existing customers with no defaults in the past

Cash at bank and short-term bank deposits

First National Bank of Botswana Limited
Barclays Bank PLC - United Kingdom
Standard Chartered Bank Botswana Limited
Standard Chartered Bank - India
Banc ABC
Bank Gaborone Limited
First National Bank of South Africa Limited
Stanbic Bank Botswana Limited
Stanlib Investment Management Services
Bank of India

	2016 P	2015 P
	-	750,000
	459,977	147,640
	459,977	897,640
	5,620,144	13,035,233
	1,756,062	1,759,543
	18,845,430	13,215,342
	143,449	-
	-	-
	5,149,336	10,186,027
	169,460	235,598
	283,686	5,272,727
	30,515,685	91,033
	512,968	1,049,684
	62,996,220	44,845,187

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

22 Credit quality of financial assets (cont.)

The Centre only deposit cash with major banks with high quality credit standing and limits exposure to any one counter-party. The Centre has deposits with Standard Chartered Bank Botswana Limited, Stanbic Bank Botswana Limited, Stanlib, First National Bank of Botswana Limited, Barclays Bank PLC, Banc ABC, Bank Gaborone and Bank of India. There are no credit ratings available in Botswana.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange.

Standard Chartered Bank Botswana is listed on the Botswana Stock Exchange and is a subsidiary of Standard Chartered PLC, a company listed on the London Stock Exchange.

Barclays Bank PLC - UK is listed on the London Stock Exchange and has a credit rating of AA- (Fitch rating).

Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credits (Fitch rating).

Stanlib is a joint venture between Stanbic Botswana and Stanlib Limited. Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange and has a credit rating of F2 for short term credits (Fitch rating).

Bank of India is a nationalised bank in India. The bank has overseas presence in over 22 foreign countries spread over 5 continents.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

23 Related party transactions

Botswana Investment and Trade Centre (BITC) was established under the Botswana Investment and Trade Centre Act, 2011 in order to promote, attract, encourage and facilitate local and foreign investments in Botswana as well as export development and custodianship and promotion of the nation's brand.

(a) Transactions with the Ministry of Trade and Industry;

Grant income received for the year
Less : capital expenditure for the year (Note 17)

	2016 P	2015 P
	110,609,057	111,726,305
	(2,058,986)	(2,828,233)
	108,550,071	108,898,072

(b) Key management compensation

Key management includes Board of Directors and members of the executive committee. The compensation paid or payable to key management for employee services together with payments made to the directors are shown below;

Key management - basic salary
Key management - allowances
Key management - gratuity and leave pay
Management - total
Payments made to directors

	3,683,832	3,428,094
	2,515,914	2,186,982
	1,571,550	1,082,261
	7,771,296	6,697,337
	98,125	117,469
	7,869,421	6,814,806

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

for the year ended 31 March 2016

24 Contingent liabilities

The Centre has made a voluntary disclosure on employee tax underpayment in respect of BITC's South African Regional Office for years of assessment 2010 to 2016. A provision has been made in the financial statements in respect of the estimated tax exposure (Refer Note 18). The current tax position also exposes BITC to potential penalties, interests and/or criminal charges. However, in terms of the section 226 and chapter 16 of Tax Administration Act No 28 of 2011, the Commissioner can grant relief and waive such financial and other sanctions. BITC, through its tax consultants has made a request to the Commissioner to exercise his authority under the section 226 and chapter 16 of Tax Administration Act No 28 of 2011, to grant relief.

The outcome of the submissions made to SARS is still pending.

However, management is confident that the matter will be ruled in favour of BITC.

The potential penalties and interest that may be levied are estimated as follows;

Penalties - P 179,101

Interest - P 471,117

There were no other contingent liabilities at the reporting date.

ANNUAL FINANCIAL STATEMENTS

ANNEXURE I

DETAILED INCOME STATEMENT

for the year ended 31 March 2016

	Note	2016 P	2015 P
REVENUE			
Government grants		108,550,071	108,898,072
Amortisation of Government capital grant		4,611,277	5,261,241
Global Expo income		1,181,079	2,289,409
Rental income		13,499,543	10,896,726
Other (expenses)/income		(331,625)	4,963
Total revenue		127,510,345	127,350,411
EXPENDITURE			
Investment promotion expenses	1	4,816,783	3,082,422
Export promotion expenses	2	2,538,420	1,130,650
Aftercare expenses	3	10,761	67,793
Public relations expenses	4	5,591,030	5,526,776
Branding expenses	5	5,688,459	16,491,950
Research expenses	6	1,396,374	1,037,257
Special Economic Zones expenses	7	2,194,697	5,364,972
Staff costs	8	56,777,273	51,318,672
Global Expo expenses	9	7,060,862	7,275,529
Administrative expenses	10	29,375,726	30,924,043
Depreciation		4,170,705	4,053,609
Amortisation of intangible assets		229,938	229,688
Total expenditure		119,851,028	126,503,361
Other income		7,400,000	7,450,000
Operating surplus for the year		15,059,317	8,297,050

This detailed income statement does not form part of the financial statements covered by the audit opinion on pages 93 and 94.

ANNUAL FINANCIAL STATEMENTS

ANNEXURE II

NOTES TO THE DETAILED INCOME STATEMENT

for the year ended 31 March 2016

	2016 P	2015 P
1 Investment promotion expenses		
Investment promotion:		
Management fees	235,694	714,536
Inward promotion missions	159,539	65,859
External missions	4,421,550	2,302,027
	4,816,783	3,082,422
2 Export promotion expenses		
Export development	436,019	248,610
Export promotion	2,102,401	882,040
	2,538,420	1,130,650
3 Aftercare expenses		
Aftercare visits	10,761	20,871
Aftercare survey	-	46,922
	10,761	67,793

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 93 and 94.

ANNUAL FINANCIAL STATEMENTS

ANNEXURE II (CONT.)

NOTES TO THE DETAILED INCOME STATEMENT

for the year ended 31 March 2016

	2016 P	2015 P
4 Public relations expenses		
Gifts and donations	297,501	58,240
Corporate social responsibility	647,706	433,047
Promotional material	480,454	299,567
Exhibitions	567,117	69,379
Branding	1,129,878	966,182
Advertising	1,550,679	2,000,077
Publications	917,695	1,700,284
	5,591,030	5,526,776
5 Branding expenses		
Brand Botswana	5,688,4591	6,491,950
6 Research expenses		
Feasibility studies	550,829	543,811
Market intelligence	845,545	139,107
Economic and market research	-	340,650
External customer satisfaction survey	-	13,689
	1,396,374	1,037,257
7 Special Economic Zones expenses		
Special Economic Zones expenses	2,194,697	5,364,972

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 93 and 94.

ANNUAL FINANCIAL STATEMENTS
ANNEXURE II (CONT.)
NOTES TO THE DETAILED INCOME STATEMENT

for the year ended 31 March 2016

	2016 P	2015 P
8 Staff costs		
Car allowance	2,653,225	2,396,361
Cell phone allowance	462,771	459,215
Entertainment allowance	351,421	293,625
Executive allowance	4,253	22,393
Foreign service allowance	1,266,773	862,783
Gratuity	7,717,957	6,595,357
Leave pay	1,183,704	1,052,563
Medical aid	1,189,337	1,050,618
Overtime allowance	55,858	71,631
Recreational expenses	148,816	123,036
Staff welfare and recreation	856,504	1,394,681
Salaries and wages	35,027,740	30,981,568
Utility allowance	429,599	349,164
Housing allowance	2,700,654	2,508,536
Education allowance	-	804,451
Training	2,353,972	1,674,945
Uniform	-	2,483
Staff movements	145,345	129,622
Recruitment expenses	156,589	545,640
SDL/UIF Coy Contribution	72,755	-
	56,777,273	51,318,672
9 Global Expo expenses		
Global Expo Botswana exhibition	7,060,862	7,275,529

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 93 and 94.

ANNUAL FINANCIAL STATEMENTS

ANNEXURE II (CONT.)

NOTES TO THE DETAILED INCOME STATEMENT

for the year ended 31 March 2016

	2016 P	2015 P
10 Administrative expenses		
Auditors' remuneration	282,213	228,419
Impairment of receivable	928,177	660,587
Bank charges	301,727	189,139
Board activities	109,754	106,101
Car rental	45,419	7,117
Computer expenses	32,372	837,349
Directors' fees	62,204	79,940
Entertainment	288,498	211,746
Insurance	496,203	951,578
Motor vehicle running expenses	249,108	263,329
Office equipment lease	821,116	672,150
Office expenses	725,234	970,213
Stationery	363,048	668,346
Professional, consultancy and legal fees	4,258,089	2,135,582
Tax and penalties	-	2,213,176
Property maintenance	1,267,578	1,262,214
Rates	408,949	340,841
Rent	8,269,474	7,790,734
Security expenses	1,020,757	943,971
Seminars and conferences	1,245,127	2,698,659
Subscriptions	515,290	598,060
Transport, travel and subsistence	2,999,089	3,159,736
Telecommunications	3,982,868	3,529,300
Utilities	703,432	405,756
	29,375,726	30,924,043

This notes to the detailed income statement does not form part of the financial statements covered by the audit opinion on pages 93 and 94.

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