

ANNUAL REPORT

20
24



Pioneering Tomorrow

Innovations in Animal Health for a Sustainable Future.

www.bvi-bw.com



DESCRIPTION
Inactivated purified
and mouth disease
vaccine, aluminum
hydroxide and squalene
adjuvanted. Each dose
the vaccine contains
1 to 10ug of virus
corresponding to at
least 3 PD₅₀ per vaccine.

STORAGE
Protect from direct
sunlight. Store between
+2°C and +8°C.
Do not freeze.

ADMINISTRATION
Shake well before use.
Inoculate subcutaneously.

**WITHDRAWAL
PERIOD**
Zero days.





ANNUAL REPORT 2024 THEME

Pioneering Tomorrow

Innovations in Animal Health for a Sustainable Future.

This theme reflects the Botswana Vaccine Institute's (BVI) commitment to advancing animal health through groundbreaking research, technological innovation, and sustainable solutions. It underscores BVI's role in pioneering new approaches to disease prevention, ensuring food security, and contributing to the broader One Health framework that links animal, human, and environmental health.

RATIONALE:

Pioneering Tomorrow - BVI is at the forefront of veterinary science, continuously innovating to address current and future challenges in animal health. Through research, vaccine development, and strategic partnerships, BVI is shaping the future of disease control and prevention in livestock populations.

Innovations in Animal Health - By leveraging cutting-edge technology, scientific research, and global collaborations, BVI is driving transformative advancements in veterinary medicine. These innovations improve the resilience of the agricultural sector by enhancing livestock productivity, preventing the spread of animal diseases, and strengthening food systems.

For a Sustainable Future - BVI's efforts align with One Health Principles, recognizing the interconnectedness of animal, human, and environmental health. By preventing zoonotic diseases, promoting responsible vaccine use to combat antimicrobial resistance, and supporting sustainable livestock management, BVI contributes to long-term ecological balance and food security. These efforts help protect both local and global communities from emerging health threats while fostering a more resilient agricultural sector.





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AUDITED FINANCIAL STATEMENTS 40

VISION

To be a global centre of excellence for infectious disease control.

MISSION

In collaboration with our partners, we research and manufacture targeted vaccines for the management of infectious diseases regionally and internationally.



LEADERSHIP PRINCIPLES

Communicate Effectively

Set Direction and Align Teams

Foster an Environment of Empowerment and Excellence

Make Decisions and Enable others to make Decisions

VALUES



Teamwork
[Work Collaboratively]



Total Customer Satisfaction
[Customers at the Centre]



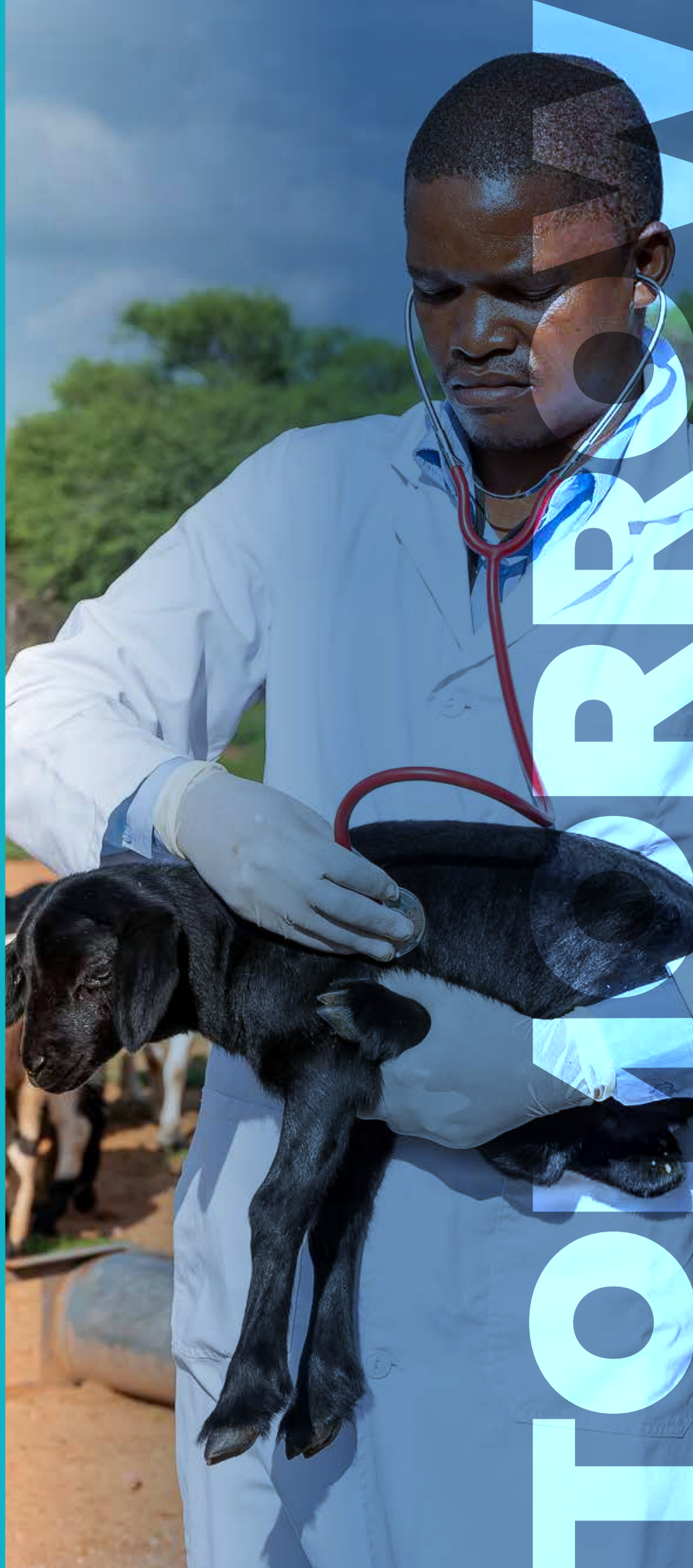
Employee First
[Wellbeing First]



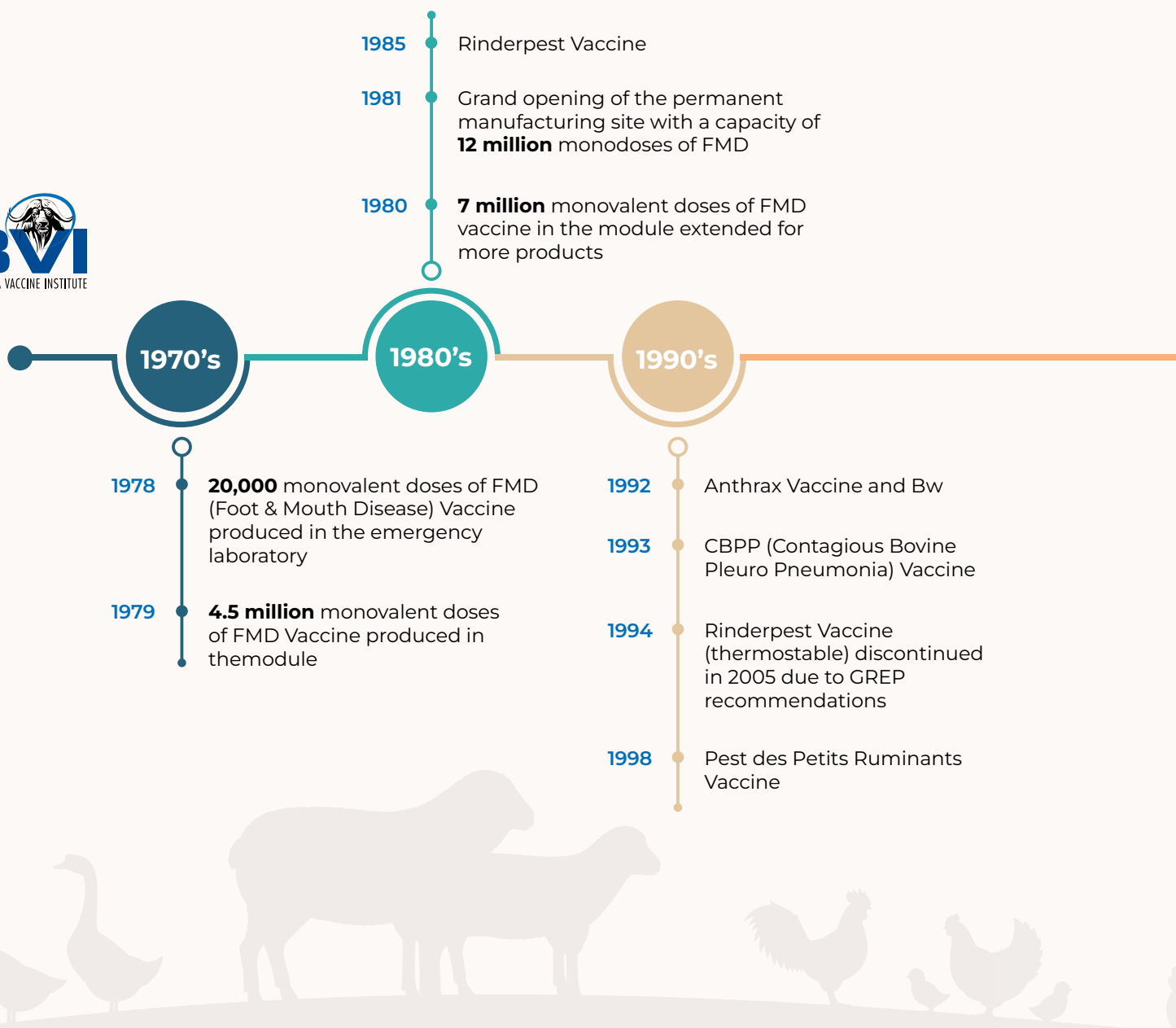
Performance Focus
[Deliver to Stakeholder Expectations]

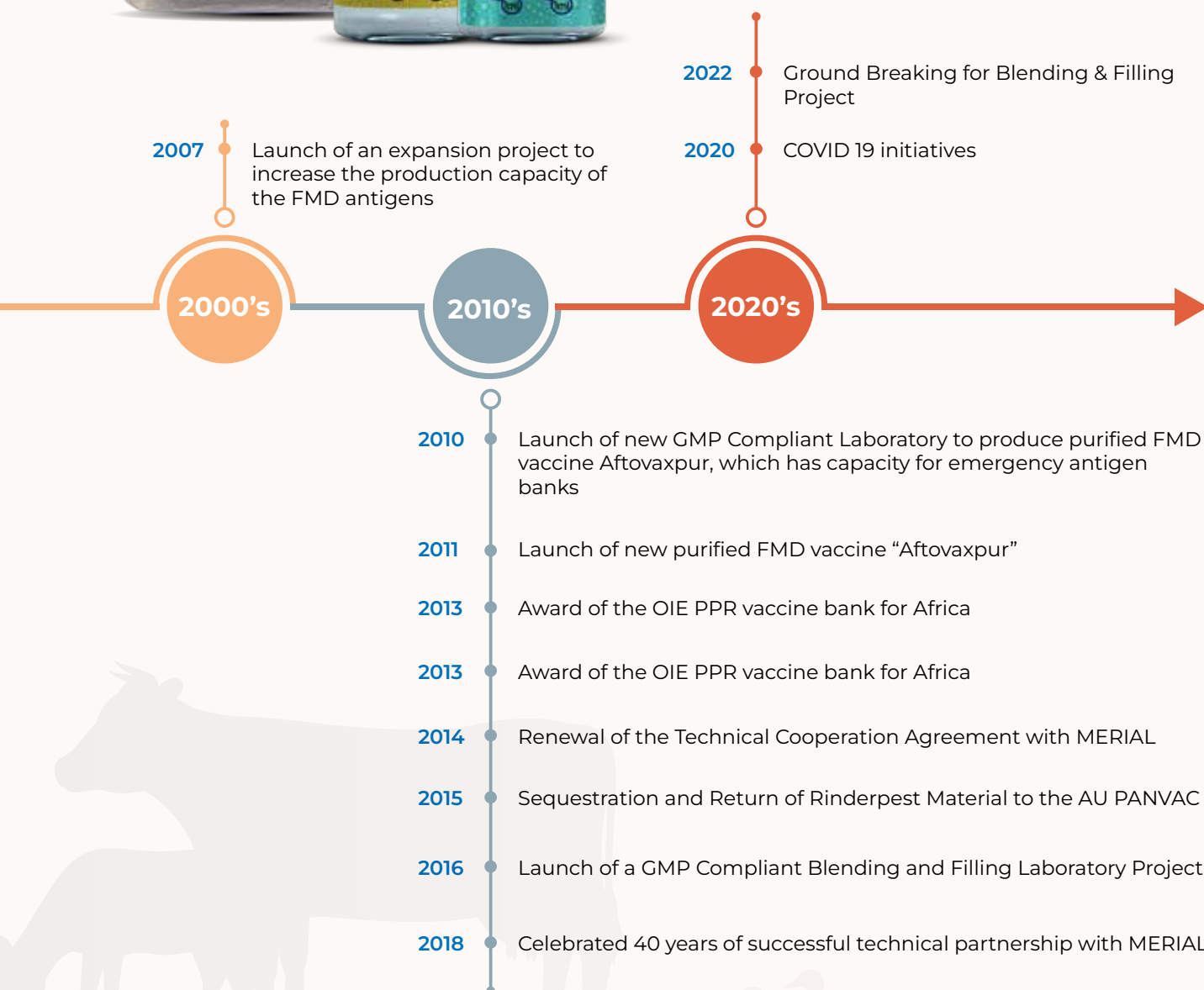


Botho
[Respect, Courtesy and Humility]



BVI EVOLUTION





BOARD CHAIRPERSON'S REPORT

Mpho Mphafe-Fish



BOARD CHAIRPERSON'S REPORT

On behalf of the Board of Directors of Botswana Vaccine Institute (BVI), I am pleased to present the 2024 Annual Report, accompanied by the Audited Financial Statements.

The past year posed significant challenges due to a tough global economic climate marked by an economic slowdown, volatile inflation, and supply chain disruptions. These macroeconomic pressures were compounded by regional droughts in the Southern African Development Community (SADC) area during the 2023/2024 financial year. Governments prioritized drought relief over routine vaccination programs for Transboundary Animal Diseases (TADs), further straining BVI's operational environment.

Despite these hurdles, BVI upheld its mandate, continuing to supply vaccines to existing and new customers across Sub-Saharan Africa and beyond. The Institute achieved a total revenue of P162 million in 2024, marking the third -highest sales revenue in its history.

The Foot and Mouth Disease (FMD) vaccine remained the primary revenue driver, contributing 90% of sales, while non-FMD products accounted for 10%. Recognizing the need for diversification, BVI is committed to expanding its non-FMD product portfolio in the years to follow.

The year 2024 also marked the third year of implementation of the five-year (2021 – 2026) BVI strategic plan, whose main focus is to increase operational efficiency in our vaccine production processes to ensure continued delivery of high-quality products to our customers in time and in full. A key milestone towards this was the implementation of a new organizational structure. New positions, both within the operations and support functions of the Institute, were introduced to provide more depth and agility in the execution of the Institute's mandate.

Another milestone achieved during the year was the completion of the shell structure of the new blending and filling plant. This facility is one of the key BVI strategic projects that is geared towards ensuring the BVI production processes continues to meet regional and international standards for Good Manufacturing Practices (GMP). Equipment installation and commissioning of the plant is targeted for completion by July 2027.

In line with Botswana's national agenda to transition into a digital economy, the Institute adopted a company-wide Enterprise Resource Planning System (ERP) to improve operational efficiency by integrating activities within the Institution.

These milestones underscore BVI's resilience and commitment to excellence. While financial performance was moderate compared to 2023, the Institute remained profitable, reflecting its ability to adapt and thrive in challenging conditions.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend our heartfelt gratitude to our shareholder, clients, business partners, suppliers, and stakeholders for their unwavering support. Your contributions have been vital in helping BVI remain resilient during these trying times.

I would also like to express my sincere appreciation to the Management and staff of BVI. Their dedication, hard work, and commitment have been pivotal in driving progress during the year which was marked by the transition of a new organisational structure. Their continued passion and expertise will be crucial as we strive to establish BVI as the premier manufacturer of choice, both locally and internationally.

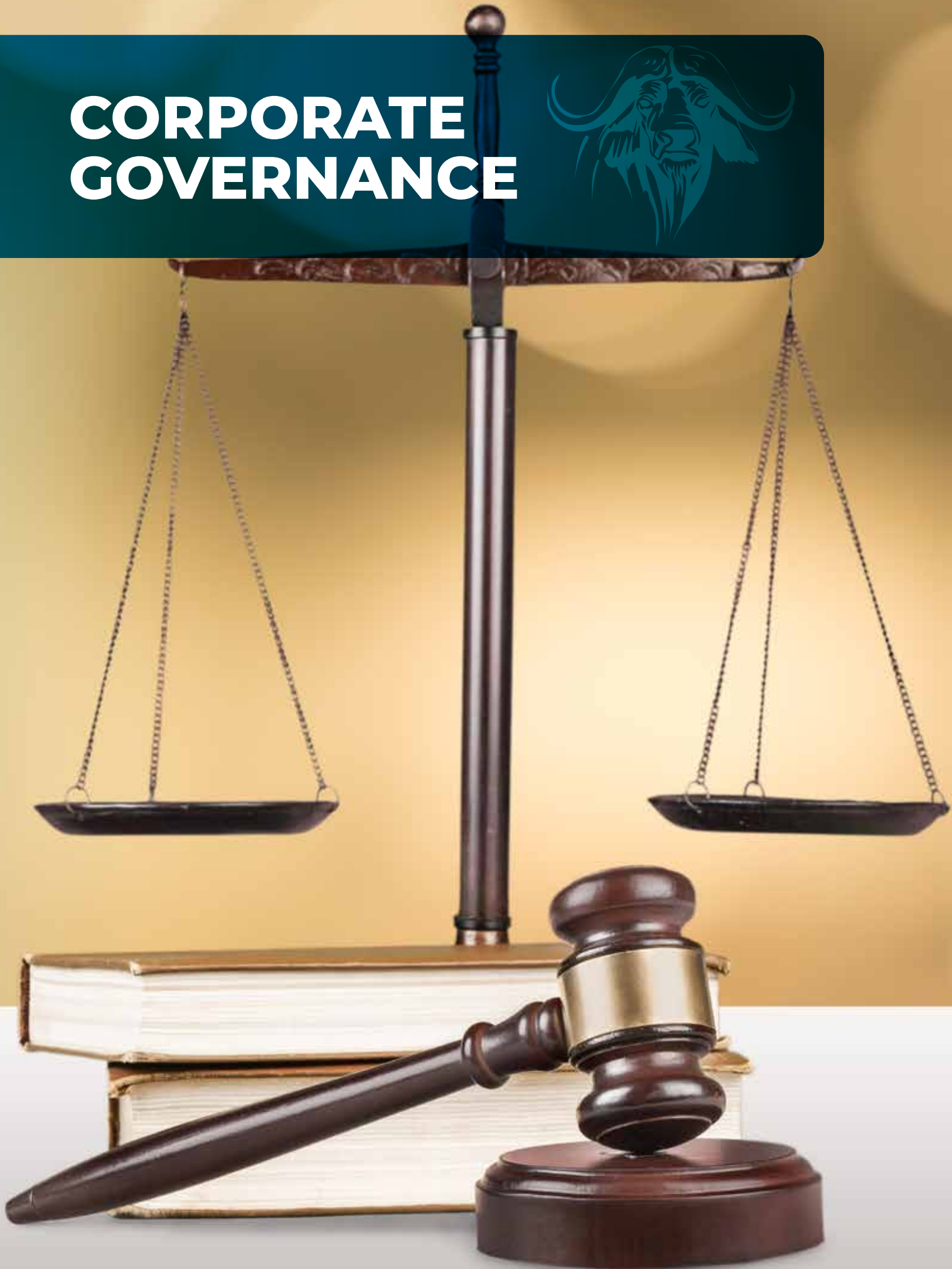
Together, we have faced numerous challenges and celebrated significant successes. We look forward to building on these achievements in the years to come.



Mpho Mphafe-Fish

Chairperson
Botswana Vaccine Institute

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

Botswana Vaccine Institute Board of Directors



Ms Mpho Mphafe-Fish
Board Chairperson



Mr Bennett Maifala
Member



Ms Gaolalwe Dikabelo
Member



Dr Gaseitsiwe M. Sento
Member



Dr Kefentse Motshegwa
Member



Mr Kagiso Habangana
Member



Mr Sylvester K. Tshomane
Member



Ms Mpho Gabegwe
Legal Counsel & Board Secretary

Mr Stephane Jean-Pierre Perrin
Member

Mr Pascal Hudelet
Member

CORPORATE GOVERNANCE

Botswana Vaccine Institute Board of Directors (Continued)

The governing body of the Botswana Vaccine Institute (BVI) derives its mandate from **BVI Company Constitution Clause 16 (b)**. The Board has general oversight responsibility over BVI, its affairs, purpose and function.

The Board is guided, in executing its mandate, by The BVI Constitution, Board Charter and King Codes on Corporate Governance. The Board has seven (7) members, appointed by the Minister. The membership of the Board is as follows:

BOARD MEMBER	EXPERTISE	TERM BEGINNING	TERM ENDING
Ms Mpho Mphafe-Fish	Board Chairperson Accountant	01/11/2021	31/10/2024
Mr Bennet Maifala	Member Human Resource Specialist	01/07/2018	30/08/2024
Ms Gaolaolwe Dikabelo	Member Legal Expert	01/07/2018	30/08/2024
Dr Gaseitsewe M. Sento	Member Veterinary Surgeon	01/09/2021	30/08/2024
Dr Kefentse Motshegwa	Member Veterinary Surgeon	01/11/2022	31/10/2025
Mr Sylvester K. Tshomane	Member Accountant	01/12/2020	31/11/2023
Mr Kagiso Habangana	Member Economist	01/12/2020	31/11/2023
Mr Stephane Jean-Pierre Perrin (BIAH Member)	Member Head of Strategic Partnerships & Commercial Projects	25/03/2015	No expiry fixed date. They hold office until removal by BIAH.
Mr Pascal Hudelet (BIAH Member)	Member Head, Technical Service	30/05/2023	No fixed expiry date. They hold office until removal by BIAH.

Pursuant to **Clause 9** of the **BVI Board Charter**, the company has three (3) Committees that assist it in the execution of its mandate. The committees and membership thereof are as follows:

1. FINANCE AND AUDIT COMMITTEE

The Committee:

NAME	POSITION
Mr Sylvester Tshomane	Chairperson
Dr Gaseitsewe M. Sento	Member
Mr Kagiso Habangana	Member

The Board has a Finance and Audit Committee whose primary responsibility is to assist Board with the oversight of:

CORPORATE GOVERNANCE

Botswana Vaccine Institute Board of Directors (Continued)

1. FINANCE AND AUDIT COMMITTEE (Continued)

- a) The integrity of the Institute's financial statements and any formal reports relating to the Institute's performance, including appropriateness, relevance and reliability of operational and financial reporting;
- b) The Institute's compliance with legal and regulatory requirements;
- c) Internal control and monitoring environment;
- d) The performance of the external auditors;
- e) The Institute's management of market, credit, liquidity and other financial and/or operational risks;
- f) Adequacy and effectiveness of the Institute's accounting practices, information systems, budgetary and budget control systems and standard operating procedures used in the daily management of its business;
- g) Information Technology governance

2. STRATEGY AND GOVERNANCE COMMITTEE

The Committee:

NAME	POSITION
Mr Kagiso Habangana	Chairperson
Dr Kefentse Motshegwa	Member
Mr Bennett Maifala	Member

- a) oversees the development and review of BVI strategy and to provide guidance for the strategic planning process.
- b) reviews and make recommendations to the Board BVI's strategies relative to strategic projects.
- c) reviews and monitor BVI's research and development functionality, capacity, programmes and projects.
- d) monitors the management of strategic risks as identified by Management to ensure the effective execution of the strategy.
- e) ensures the implementation of continuous improvement initiatives and embed excellence in the delivery of the Institution`s strategy and mandate.
- f) recommends to the Board, appointment of new Board and Board Committee members
- g) recommends to the Board, approval of tools of trade to be provided to the Board members for ease of conducting BVI Business

3. HUMAN RESOURCES COMMITTEE (HRC)

The Committee:

NAME	POSITION
Mr Bennett Maifala	Chairperson
Ms Dikabelo Gaolaolwe	Member
Mr Sylvester Tshomane	Member

CORPORATE GOVERNANCE

Botswana Vaccine Institute Board of Directors (Continued)

3. HUMAN RESOURCES COMMITTEE (HRC) (Continued)

BVI has a Human Resources Committee which:

- a) recommends to the Board, approval of human resources policies, in line with the applicable laws and best practice;
- b) recommends to the Board, approval of staff conditions of service and code of conduct;
- c) recommends to the Board, approval of guidelines on union-management relations in line with Employers Organizations and Trade Unions Act and the Trade Disputes Act or other legislation then in force;
- d) recommends to the Board, approval of human resources needs and projections for the Institution;
- e) recommends to the Board, approval of staff remuneration, benefits and allowances.

In terms of **Clause 13.1** of the **BVI Board Charter**, the Board has to meet at least once every three (3) months and same applies to its committees pursuant to their respective Charters.

The Board and its Committees under the reporting period met as follows:

NAME	QUARTER 1 (1 st April - 30 th June 2023)	QUARTER 2 (1 st July -30 th September 2023)	QUARTER 3 (1 st October – 31 st December 2023)	QUARTER 4 (1 st January – 31 st March 2024)	TOTAL
BVI Board			27 th November 2023 (Q1 Report) 7 th December 2023 Special Meeting	13 th February 2024 Special Meeting 20 th February 2024 (Q2 and Q3 Reports) 14 th March 2024 Special Meeting 27 th March 2024 Special Meeting	6
Finance and Audit Committee			26 th October 2023 (Q1 Report)		1
Human Resources Committee		27 th September 2023 (Q1 Report)		25 th January 2024 (Q2 and Q3 Reports) 19 th February 2024 Special Meeting 21 st March 2024 Special Meeting	4
Strategy and Governance Committee			7 th November 2023 (Q1 Report)	22 nd March 2024 Special Meeting	2



CEO'S STATEMENT

Andrew Madeswi



CHIEF EXECUTIVE OFFICER'S STATEMENT

Performance Overview / Key Highlights

It is both an honour and a privilege to present the performance report for Botswana Vaccine Institute (BVI) for the financial year ending 31st March 2024. Despite a challenging economic environment and dynamic market conditions, BVI's performance this year demonstrates resilience, strategic focus, and the enduring commitment of our team. During the year, total revenue declined by 34% compared to the previous financial year, resulting in a 76% reduction in net profit primarily driven by the revenue decrease and costs related to organisational restructuring initiative undertaken during the reporting period.

Key Strategic Areas

We are currently midway through executing our corporate strategy, Lepelong Ya Mo Leepi "Where There Is a Will, There Is a Way". Central to this strategy is our ambition to diversify our product portfolio, thereby reducing our dependency on the Foot and Mouth Disease (FMD) vaccine; our primary revenue contributor. Under the **"Four for Forty"** initiative, we aim to introduce and scale new products that will together contribute 40% of total revenue. I am pleased to report that progress has been made in this direction: our non-FMD portfolio now contributes 10% to revenue, while the FMD segment contributes 90%. The identified products are expected to be launched during the 2025/2026 financial year.

A further strategic priority is the establishment of Africa's leading Antigen Bank. While this remains a work in progress, foundational steps were taken during the year, including the creation of a dedicated Research and Development (R&D) department. This function will be pivotal in supporting innovation and achieving our long-term objectives. We have also continued to invest actively in infrastructure, innovation, talent development and skills enhancement. These efforts are positioning BVI as a leading institution for managing infectious livestock diseases, while also expanding our ability to meet the needs of both existing and new markets.

Organizational Restructuring

In alignment with the Lepelong strategy, we implemented a comprehensive organisational restructuring to better align our capabilities with our strategic ambitions. This transition was executed thoughtfully, with extensive consultations across all levels of the organisation. Our primary aim was to minimise the impact on employees, and I am pleased to report that we retained the majority of our workforce. The restructuring also helped optimise our skill base and improve operational efficiency, critical components of our broader transformation agenda.

Quality Management and Compliance

BVI remains steadfast in its commitment to the highest standards of quality, safety, and regulatory compliance in the pharmaceutical manufacturing sector. During the year, we underwent audits by several key regulatory and accrediting bodies, including the Botswana

Medicines Regulatory Authority (BoMRA), the Southern African Development Community Accreditation Service (SADCAS), and the World Organisation for Animal Health (WOAH/OIE). We are proud to maintain compliance with ISO 45001 (Occupational Health and Safety Management Systems) and ISO 14001 (Environmental Management Systems), reinforcing our commitment to sustainable and responsible operations.

Financial Performance

BVI's financial performance in 2023/2024 reflected resilience in the face of operational challenges, including those related to an ageing production plant. Revenue declined by 34%, from P246 million in the previous year to P162 million in March 2024. While profitability was affected by this decline and the restructuring expenses, the Institute has remained profitable throughout the current strategic cycle; a testament to prudent financial management and cost discipline.

Future Outlook

Looking ahead, we are guided by a clear and ambitious roadmap as outlined in the Lepelong Ya Mo Leepi strategy. Our primary growth driver will be diversification, particularly the expansion of our non-FMD vaccine offerings. Currently contributing 10% of revenue, our target is for these products to reach 40% contribution.

In addition to expanding our product base, we will prioritise the refurbishment and modernization of our facilities to align with international best practices. We are also pursuing opportunities in new markets, as we continue to strengthen our position as a trusted provider of veterinary vaccines across Africa and beyond.



Andrew Madeswi
Chief Executive Officer

BVI EXECUTIVE MANAGEMENT



BVI EXECUTIVE MANAGEMENT



1

Dr Mokganedi Mokopasetso
Chief Commercial Officer

2

Dr Mmolotsi Dikolobe
Acting Head-Research and
Development

3

Mr Andrew Madeswi
Chief Executive Officer

4

Mr Kgomoto Mantu
Head of Information
Communication Technology

5

Dr Keabetswe Moagabo
Head of Quality Management

6

Ms Julia Batlhoki
Head of Human Capital &
Culture

7

Ms Morati Pusumane
Chief Operations Officer

8

Ms Nozipho Ramokgalo
Chief Financial Officer

BVI EXECUTIVE MANAGEMENT

Executive Management Profiles



Mr. Andrew Madeswi

Chief Executive Officer

A seasoned and transformative leader with over 20 years of experience in financial services, business development, and the animal health industry, Mr Andrew Madeswi drives the production and distribution of essential animal health vaccines across more than 20 countries in Africa.

Andrew is an expert in driving organizational growth through innovative and sustainable business strategies. His strong corporate governance expertise is demonstrated through the role he led as Independent Director and Chair of the Human Resource Committee at Norsad Capital, an impact investment firm with over \$500 million invested in Africa.

Prior to his role at BVI, Andrew served as Chief Operations Officer at CEDA and held senior leadership positions at Barclays Bank Botswana as Head of Affluent segment, Stanbic Bank as the relationship Manager and LEA as the Regional Manager. He holds an MBA, a Bachelor of Business Administration, Associate Diploma in Banking, Certificate of Proficiency (COP) in long term Insurance and has completed an Executive Development Program at the University of Cape Town.



Ms. Morati Pusumane

Chief Operations Officer

Mrs. Morati Pusumane is a dynamic and results-driven transformational leader, overseeing operations with a focus on operational excellence and sustainable growth.

She holds a Master's in Project Management from the University of Botswana and a Bachelor's in Electrical Engineering from Concordia University, Canada. With over 16 years of experience in engineering, manufacturing development, and project management, she has honed her leadership skills and business acumen through programs at ABI University and Botswana Accountancy College, as well as international exposure, such as the 8th Annual Manufacturing Excellence Conference in Singapore.

Her expertise in the Manufacturing Industry spans automotive, FMCG, and pharmaceuticals, where she has excelled in leading cross-functional teams, strategy development, and process optimization. For over a decade she has held senior leadership roles at Kgalagadi Breweries, including Manufacturing Development Manager, VPO Manager, Packaging Manager and an Executive position as Acting Plant Manager, overseeing KBL operations.

BVI EXECUTIVE MANAGEMENT

Executive Management Profiles (Continued)



Ms. Nozipho Ramokgalo

Chief Financial Officer

Mrs. Nozipho Ramokgalo is a highly skilled Chief Financial Officer with extensive experience in financial management and strategic leadership. A Fellow Certified Chartered Accountant (FCCA) and member of the Botswana Institute of Chartered Accountants, she holds an MBA from the University of Derby (UK) and a Certificate of Proficiency in Short-Term Insurance from Botswana Accountancy College.

With a career spanning diverse industries including insurance, energy, aviation, and manufacturing, Nozipho has consistently delivered financial strategies that drive business growth and profitability. Her expertise in financial administration, strategic planning, and operations management has been instrumental in optimizing financial performance and shaping long-term organizational strategies.



Dr. Mokganedi Mokopasetso

Chief Commercial Officer

Dr. Mokganedi Mokopasetso is a renowned veterinary epidemiologist with over 25 years of experience in the control and management of Transboundary Animal Diseases (TADs). He holds a Bachelor's in Veterinary Medicine from University College Dublin, Ireland, and a Master's in Tropical Animal Health (Epidemiology) from the Prince Leopold Institute of Tropical Medicine, Antwerp, Belgium.

Throughout his distinguished career, Dr. Mokopasetso has held key roles, including Head of the Epidemiology Unit at Botswana's Department of Veterinary Services, National Project Officer for UN-FAO's Emergency Centre for Transboundary Animal Diseases (ECTAD) in Southern Africa, and Chief Veterinary Officer at the Botswana Vaccine Institute (BVI).

He has contributed to various technical committees at national, regional, and international levels, significantly impacting animal health policy. A prolific researcher, Dr. Mokopasetso has published numerous peer-reviewed articles and presented at major international conferences, solidifying his status as a global expert in veterinary epidemiology.

Executive Management Profiles (Continued)



Ms. Julia Batlhoki

Head of Human Capital & Culture

A seasoned strategic leader with over 20 years of experience in human capital and organizational development, Julia has pioneered talent management frameworks, automated HR processes, and led culture alignment efforts across both public and private sectors. She has successfully transformed human capital strategies into impactful results.

Mrs Julia Batlhoki has held key roles at the Directorate of Public Service Management (DPSM), Botswana Export and Development Investment Agency (BEDIA), Botswana Fibre Networks (BoFiNet), Botswana Oil Limited (BOL), and Deloitte. Her expertise in change management, talent management, and employee relations has been instrumental in driving productivity and performance improvements.

Julia holds a Master's in Strategic Management, a Postgraduate Diploma in Management, a Certificate in Management Services, and a Bachelor's in Public Administration. Her strong academic background, combined with extensive hands-on experience, enables her to deliver innovative, people-focused strategies that drive growth, enhance performance, and create sustainable organizational success.



Dr. Keabetswe Thuso Moagabo

Head of Quality Management

Dr. Keabetswe Moagabo is an accomplished veterinarian with a Master's in Control of Animal Diseases from the Royal Veterinary College (RVC), London, and a Bachelor's in Veterinary Medicine from University College Dublin. He specializes in animal disease management, diagnostics, and quality assurance.

Beginning his career in a veterinary diagnostic laboratory, Dr. Keabetswe gained expertise in disease identification and management. He later moved to a vaccine quality control laboratory, ensuring the safety, efficacy, and compliance of veterinary vaccines with regulatory standards.

As Head of Quality Management Systems, Dr. Keabetswe leads initiatives to enhance laboratory practices, ensuring adherence to international standards such as ISO/IEC 17025 and Good Manufacturing Practice (GMP). His leadership emphasizes staff training, process optimization, and continuous quality improvement.

A dedicated member of the Botswana Veterinary Council, playing a key role in advancing veterinary health and diagnostics, upholding the highest standards in public health and safety.

Executive Management Profiles (Continued)



Mr. Kgomotso Mantu

Head of Information Communication Technology

Mr Kgomotso Mantu is a skilled IT professional with over 15 years of experience leading transformative technology initiatives. His career has seen him demonstrate strong leadership, driving high-performing teams and implementing innovative IT solutions across various industries.

Kgomotso has made significant contributions to organizations such as the Department of Surveys and Mapping (DSM) and CEDA, where he played a crucial role in modernizing IT infrastructure and introducing cutting-edge technologies.

He holds a Master's in Project Management and completed the Management Development Programme at the University of Stellenbosch Business School. Kgomotso's leadership has been widely recognized, earning him a spot as one of the Top 200 CIOs at the World 200 CIO Forum in 2021, 2023, and 2024.



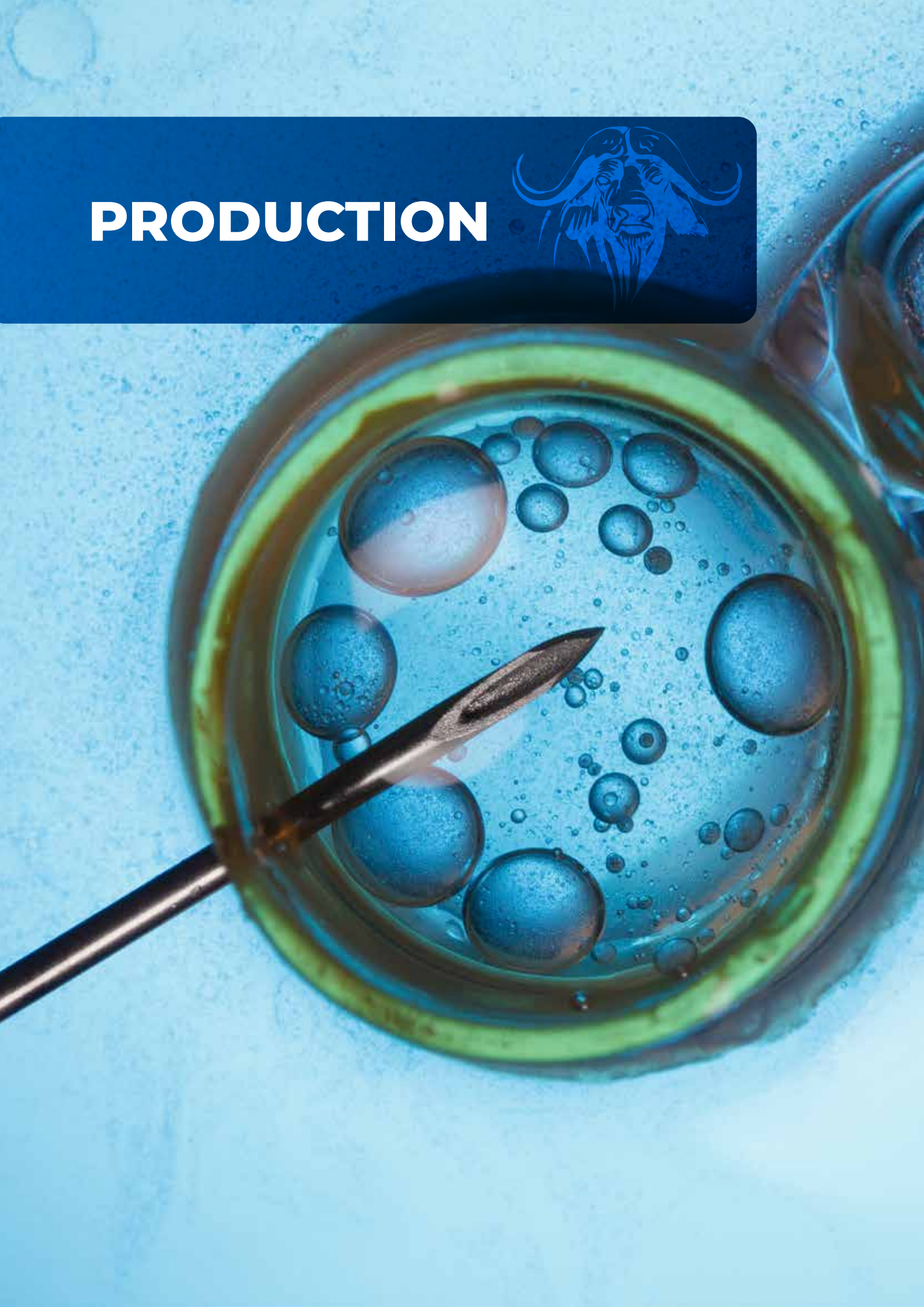
Dr. Mmolotsi Dikolobe

Acting Head-Research and Development

An experienced veterinarian with a distinguished career spanning field services, commercial veterinary operations, and wildlife management. Holding a Doctor of Veterinary Medicine degree from the University of the West Indies and a Master of Science in Livestock and Wildlife Management from the University of Glasgow, he has made significant contributions to Botswana's veterinary sector.

He has served as a field veterinarian and head of the Jwaneng/Mabutsane sub-district with the Department of Veterinary Services, managing essential veterinary operations. As Principal Wildlife Veterinarian at the Department of Wildlife and National Parks, he played a key role in coordinating large-scale national animal translocation projects. Additionally, in his role as Manager of Veterinary Services at the Botswana Agricultural Marketing Board, he oversaw the veterinary distribution center and 38 sales outlets, ensuring effective service delivery nationwide.

PRODUCTION



LABORATORY FACILITIES



Vaccine Production

FMD production

During the period under review, we continued to see high demand for our flagship FMD vaccine. However, due to the knock-on effects of the COVID-19 pandemic, we experienced disruptions in the supply chain such as discontinuation of some critical raw materials, impacting the manufacturing schedule. While alternative suppliers were identified, process validations that were conducted further compounded the manufacturing disruptions.

It is for this reason that a total of 14.26 million monodoses of blended FMD vaccines were produced against a forecast target of 20.9 million monodoses, representing a 31.8% reduction.

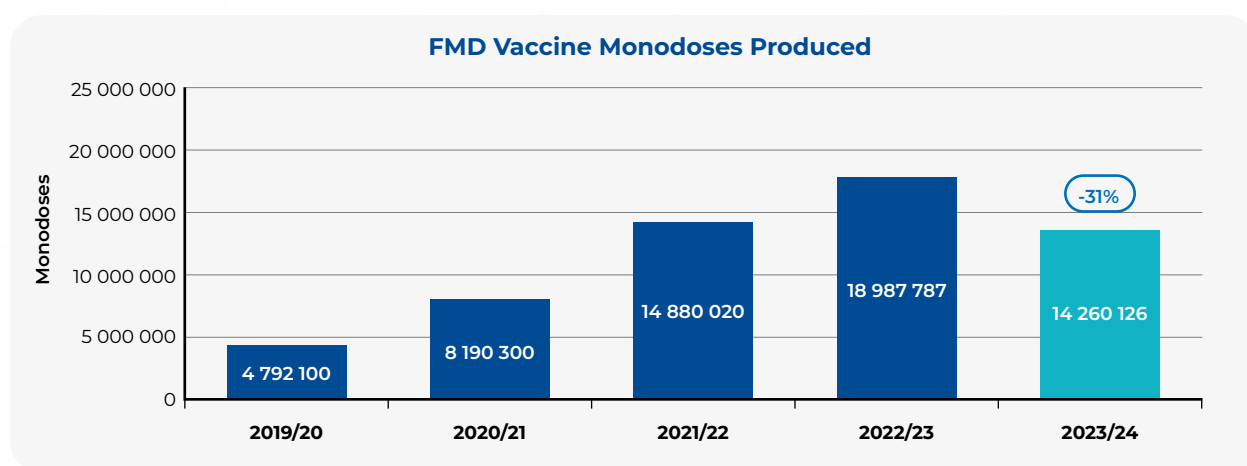


Figure 1: Year on year FMD vaccine productions expressed in monodoses

A notable increase in monodoses and bivalent formulations/production of FMD vaccine were observed in 2023 reaching 46%, compared to 24% and 33% in 2021 and 2022, respectively. While trivalent production reduced to 45% compared to 64% in 2022. The shift in vaccine production over the past two was driven by the incursion of FMD strains type O in the Southern African region which spiked a demand in bivalent and monodoses vaccine production.

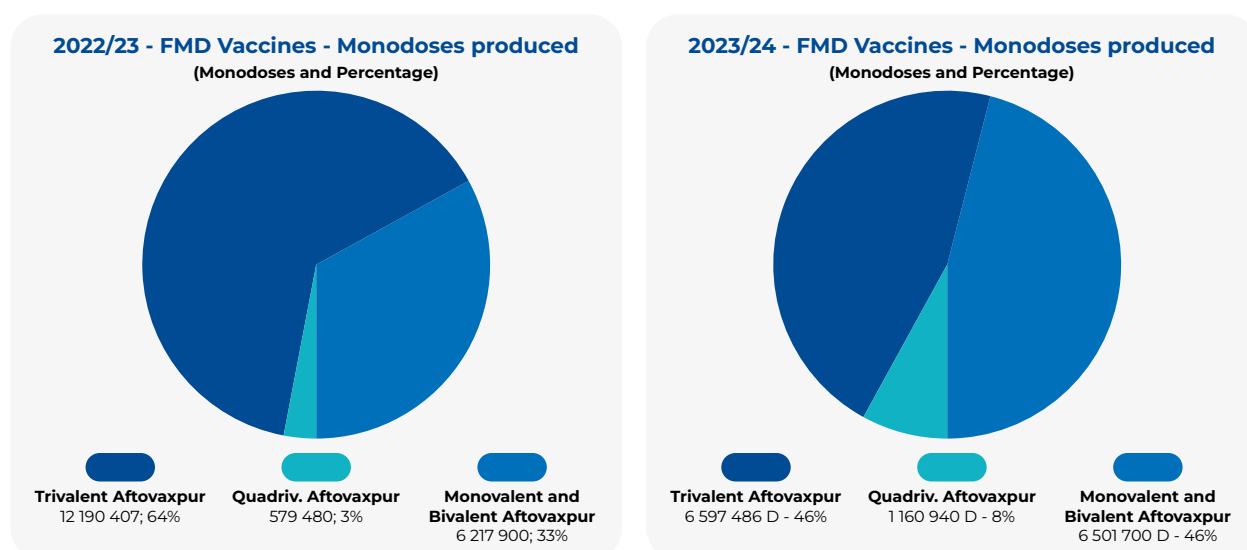


Figure 2: 2022/23 and 2023/24 FMD vaccines production ratio

Vaccine Production (Continued)



The Production on Non FMD Vaccines

The production on Non FMD vaccines during the 2023/24 Financial Year was hampered by major works and rehabilitation of the plant. Other than the production of the Foot and Mouth Disease vaccine, which is the main revenue earner contributing an average of 90% revenue year on year, BVI produces four more vaccines being **PPR, CBPP, Asymptol (Blackleg), Carbovax (Anthrax)**.

QUALITY MANAGEMENT



QUALITY MANAGEMENT

As a key player in the pharmaceutical sector, Botswana Vaccine Institute (BVI) is committed to achieving operational excellence through strict adherence to the highest global quality standards.

To ensure full conformity and compliance, BVI maintains active accreditation with recognized local, regional, and international regulatory bodies. These organizations conduct regular audits and assessments of BVI's operations, systems, and processes reinforcing a robust quality management framework that supports product integrity, regulatory trust and continuous improvement.

Key Audits and Inspections

- SADCAS Audits:** Conducted in February 2024, these audits focused on the Quality Control laboratory.
- BOBS Surveillance Audits:** Held at the end of March 2024, these audits assessed BVI's adherence to the ISO 9001:2015 standard.
- BIAH Technical, HSE, and Biosafety Audits:** Conducted in March 2024 by Boehringer Ingelheim Animal Health, these audits highlighted the importance of continuous improvement in health, safety, environmental management, Biosafety and good manufacturing practices (GMP).
- BOMRA Inspection Audits:** The inspection conducted from February 2024, was the second most significant audit of the reporting period. This inspection followed BVI's application for licensing as a manufacturer and distributor of pharmaceutical products.



SALES PERFORMANCE

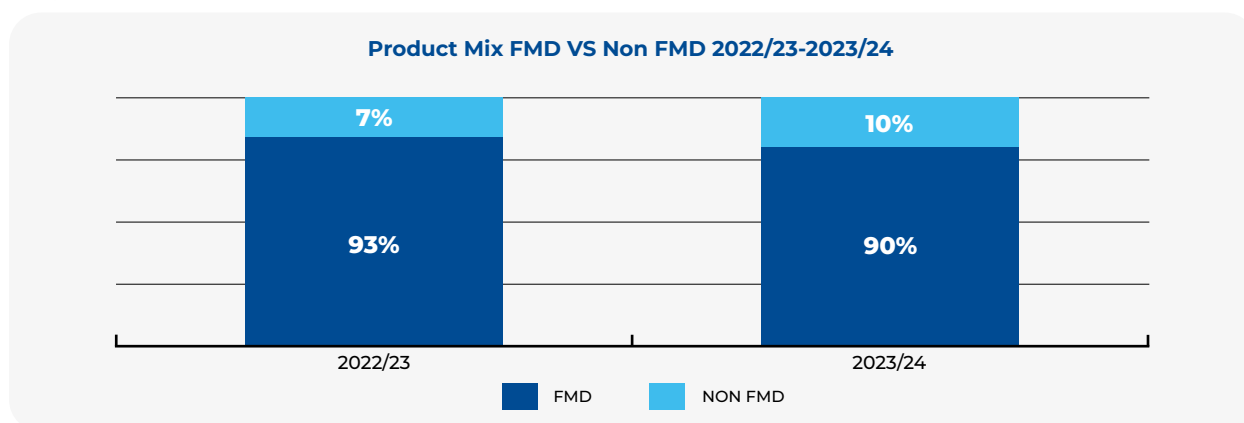


SALES PERFORMANCE

For the 2023/24 financial year, Botswana Vaccine Institute Limited recorded total sales revenue of P 162 million, a decrease from the P 246 million recorded in 2022/23. This performance reflects both the operational challenges faced during the year and the resilience demonstrated by BVI's growth and market strategies.

The quarterly fluctuations in sales reflect the dynamic and evolving market conditions. Despite these challenges, BVI remained agile in adapting to changing circumstances, navigating market shifts and positioning itself for sustained growth moving forward.

Annual Products Sales Performance 2022/23- 2023/24 Comparison



During the 2023/24 financial year, BVI experienced notable shifts in product sales performance. The Foot and Mouth Disease (FMD) vaccine, which has long been the cornerstone of our product portfolio, slightly declined in its share of overall sales. In FY 2022/23, the FMD vaccine accounted for 93% of total sales revenue, but this figure decreased to 90% in the current financial year.

In contrast, our non-FMD vaccine category demonstrated strong growth, increasing its contribution to total sales by 3% year-on-year from 7% in FY 2022/23 to 10% in FY 2023/24. This growth was largely driven by the rabies vaccine, which achieved a 2% increase in sales compared to the previous year.

This diversification highlights the success of BVI's strategic efforts to expand its product range, with the growing demand for our rabies vaccine serving as a testament to the effectiveness of our approach. Moving forward, BVI is committed to further strengthening its position in the vaccine market, with a continued focus on expanding and enhancing our non-FMD product offerings and capturing new growth opportunities.



SALES PERFORMANCE

SUMMARY OF STRATEGIC GOALS AND INITIATIVES FOR CONTINUOUS PERFORMANCE ENHANCEMENT

- **Driving sustainable revenue growth**

Driving sustainable revenue growth at the BVI involves a multifaceted approach that leverages innovation, enhanced sales, and operational efficiency. By investing in cutting-edge research and development, the Institute aims to continuously create high-quality, effective products that address both existing and emerging animal health threats. Streamlining manufacturing processes through automation and resource optimization to reduce costs and improve margins is also a commitment for the BVI to drive sustainable revenue growth.

- **Africa's Biggest Antigen Bank**

Another pivotal strategic goal for the BVI, which seeks to establish a substantial reserve of vaccines to bridge the gap during emergencies when vaccine production time is a critical factor. The necessity for such a vaccine bank was also underscored by the COVID-19 pandemic, highlighting the importance of having readily available vaccines for both livestock and humans.

- **Drive Customer Satisfaction through a Customer Experience Programme**

At BVI, enhancing customer satisfaction is central to building long-term, meaningful relationships with our diverse clientele, including governments, private livestock farmers, and veterinarians. Through our Customer Experience Programme, we are committed to optimizing every stage of the customer journey—from initial inquiry to post-purchase support ensuring seamless and engaging interactions at every touchpoint.

By adopting personalized communication strategies, providing responsive customer service, and actively leveraging feedback, we are creating a more client-centric environment. The integration of advanced technologies including the SAGE X3 system and data analytics, enables BVI to anticipate customer needs, address concerns proactively and deliver timely, effective support.

This strategic focus on elevating the customer experience not only aims to exceed expectations but also reinforces BVI's position as a trusted leader in animal health, driving loyalty and expanding our market presence.

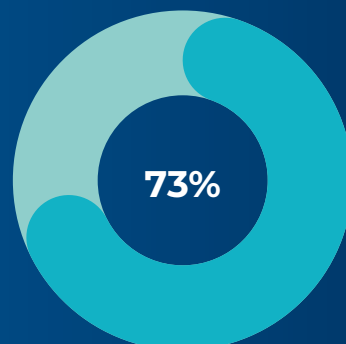
- **Enhancing BVI Brand**

BVI is advancing a strategic branding initiative to elevate its visibility and reputation within the animal health sector. Through targeted digital outreach, thought leadership, and strategic partnerships, BVI is strengthening its presence across key platforms and forums. A unified brand identity and compelling narrative are central to building stakeholder trust, increasing recognition, and supporting the institute's long-term growth objectives.

Customer Satisfaction

During the Financial Year 2023/24, BVI achieved a Customer Satisfaction Index (CSI) of 73%, significantly surpassing its target of 65%. This achievement reflects the institute's strong commitment to delivering high-quality products, exceptional customer service and reliable after-sales support.

The positive feedback received from clients is a clear testament to BVI's ongoing efforts to maintain excellence and drive continuous improvement across all customer service touchpoints. This accomplishment not only strengthens BVI's reputation in the market but also reinforces customer trust and loyalty, a key foundation for long-term business success.





HUMAN CAPITAL AND CULTURE REPORT



HUMAN CAPITAL AND CULTURE REPORT

Organizational Restructuring & Structure Implementation

During the year under review, BVI successfully completed an Organizational Restructuring initiative, which was finalized in March 2024. The project followed a structured approach, progressing through various phases in alignment with the project plan. Key milestones were achieved at each stage, ensuring a smooth transition throughout the process.

As a result of this restructuring, 28 employees separated with the company, both voluntarily and involuntarily. The restructuring also led to the implementation of a new organizational structure, which was rolled out over a three-month period, from mid-July to mid-October 2023. While the target for full implementation was met, certain positions will be filled in due course.

Performance Management

At BVI, we recognize that effective performance management is essential for the success of the organization. To drive performance at all levels, the Institute introduced the Balanced Scorecard as a tool for managing performance. This approach focuses on four key perspectives: Financial, Customer, Internal Processes, and Learning & Growth.

These perspectives are integral to fostering high-performing teams, enhancing leadership effectiveness, and achieving our organizational objectives.

Culture Alignment

To support the transformation the Institute implemented a comprehensive culture alignment project from June to October 2024. This project, focused on a business excellence model, which equipped staff with the knowledge and tools necessary to support BVI's transformation into a global center of excellence. A culture alignment strategy was developed based on the data gathered from situational analysis data. And its strategy premised on the institution's core values. The strategy has since been cascaded to all employees across the organization, who actively engaged in the validation process. Employees have embraced the strategy as relevant to BVI's culture needs and the broader transformation agenda, signaling strong organizational support and commitment to embedding the cultural changes necessary for achieving BVI's vision of excellence.

Capacity Building

BVI is committed to continuously equipping its employees with the right skills and knowledge to drive efficiency and excellence. During the reporting period, 40 employees across various departments received training in Good Manufacturing Practice (GMP) to prepare for upcoming audits and accreditation. In addition, all pensionable employees underwent financial management training, empowering them to make informed financial decisions while enhancing their overall well-being and welfare.

Staff Welfare and Engagement

To better understand and improve the productivity and engagement of our staff, BVI engaged a consultant to conduct a comprehensive Staff Engagement Survey. The survey aimed to identify areas of improvement and develop interventions to enhance staff satisfaction. A strong participation rate of 81% (81 out of 99 employees) was achieved, surpassing the benchmark of 72%. The overall engagement index stood at 83%, exceeding the target of 75%. Moving forward, the Institute is committed to addressing the identified gaps through targeted interventions to further improve employee engagement and satisfaction.

Leadership Effectiveness

The Institute remains focused on assessing and enhancing the effectiveness of its leadership team. To support this effort, a consultant was engaged to conduct a Leadership Effectiveness Survey. The survey utilized a 360-degree feedback approach, where Exco members were assessed through self-rating, peer evaluations, as well as ratings from their supervisors and direct reports. The overall leadership effectiveness index reached 81%, surpassing the corporate scorecard target of 75% and reflecting the strong leadership capabilities within the organization.

CSR INITIATIVES



CSR INITIATIVES

At Botswana Vaccine Institute (BVI), we are committed to creating a positive and lasting impact in the communities where we operate. Our corporate investment initiatives are focused on fostering academic excellence, particularly in the fields of science and technology, which align with our core expertise.

In partnership with the Botswana International University of Science and Technology (BIUST), BVI runs a graduate trainee program designed to identify and nurture high-performing students in Biotechnology and Mechatronics. This two-year program provides graduates with hands-on experience and a pathway to potential full-time employment at BVI.

Since 2023, we have proudly sponsored the BIUST graduation ceremony, offering prize money and further supporting the development of young professionals. This collaboration not only bridges the gap between academia and industry but also equips graduates with the skills and opportunities needed to become future leaders and experts in their field.



BVI's commitment to community development extends to Mookane Primary School, where we have donated printing machines, paper and toners to enhance the school's educational resources and create a more conducive learning environment.



BOTSWANA VACCINE INSTITUTE LIMITED
(Company registration number. BW00001577802)

ANNUAL FINANCIAL STATEMENTS
for the period ended 31 March 2024

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ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS for the year ended 31 March 2024

GENERAL INFORMATION

Business operations:	Botswana Vaccine Institute Limited (the “Company”) is a limited liability company registered in Botswana. The Company manufactures and distributes veterinary vaccines.
Company registration number:	BW00001577802
Registered address:	Plot 6385/90, Lejara Road, Broadhurst Industrial Estate, Gaborone.
Directors:	Mr. Bennett Maifala* Ms. Dikabelo Gaolalwe* Mr. Sylvester Tshomane* (Expired 30 November 2023) Mr. Kagiso Habangana* (Expired 30 November 2023) Mr. Stephane Pierre Perrin* Ms. Mpho Queen Mphafe-Fish* Mr. Kefentse Motshegwa* Dr. Michael Gaseitsewe Sento* *Motswana *French
Secretary:	Ms. Mpho Gabegwe
Auditors:	Grant Thornton
Bankers:	ABSA Bank of Botswana Limited Standard Chartered Bank Botswana Limited Access Bank Botswana Limited

The annual financial statements are expressed in Pula (“P”), the currency for Botswana

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 March 2024

The Directors of Botswana Vaccine Institute Limited 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 issued by the International Accounting Standards Board.

The Company 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 Company 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 Company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

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 set out on pages **8 to 54** were authorised for issue by the Board of Directors on **28 OCT 2024** and are signed on behalf of the Company by:



Ms Mpho Queen Mphafe-Fish
Board Chairperson



Dr Michael Gaseitsewe Sento
Board Member



Grant Thornton

Independent Auditor's Report



Chartered Accountants**Grant Thornton**

Acumen Park, Plot 50370
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Gaborone, Botswana

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twitter.com/GrantThorntonBW

Independent Auditor's Report

To the members of Botswana Vaccine Institute Limited

Opinion

We have audited the annual financial statements of Botswana Vaccine Institute Limited set out on pages 8 to 54, which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the annual financial statements give a true and fair view of, the financial position of Botswana Vaccine Institute Limited as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts 1,3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial Statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and the report below is not intended to constitute separate opinions on those key audit matters.

We have determined that there are no key audit matters to report in our report.

Partners

Kalyanaraman Vijay (Managing), Aswin Vaidyanathan*, Madhavan Venkatachary*, Anthony Quashie, Sunny K Mulakulam*,
Aparna Vijay* (*Indian)





Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Vaccine Institute Limited Annual Financial Statements for the year ended 31 March 2024", which includes the Board of Directors' Responsibility and Approval of the Annual Financial Statements, supplementary information pages, which we obtained prior to the date of this report and the annual report which is expected to be made available to us after that date. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we have obtained prior to the date of this auditors report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial Statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of the Board either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the annual financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Grant Thornton
Firm of Certified Auditors
Practicing Member: Madhavan Venkatachary (CAP 0017 2024)

06 NOV 2024

Gaborone

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024

	Notes	2024 P	2023 P
Revenue	2	161,743,666	246,014,850
Cost of sales	3.3	(85,291,760)	(150,064,158)
Gross profit (loss)		76,451,906	95,950,692
Administrative expenses		(37,789,933)	(33,928,914)
Restructuring expenses		(26,184,192)	
Distribution costs		(13,535,323)	(34,343,212)
Other income	3.1	1,749,308	2,094,436
Other gains / (losses)	3.2	(1,837,950)	3,243,677
Operating Profit (loss)		(1,146,184)	33,016,679
Finance income	3.4	12,574,037	12,155,492
Finance costs	3.4	(418,127)	(15,659)
Net finance income		12,155,910	12,139,833
Profit (loss) before income tax		11,009,726	45,156,512
Income tax expense	4	-	-
Profit (loss) for the year		11,009,726	45,156,512
Other comprehensive income			
<i>Item that will not be reclassified to income statement</i>			
Revaluation gain on property, plant and equipment	6.1	(8,760,153)	27,275,825
Total comprehensive income for the year		2,249,573	72,432,338

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2024

	Notes	2024 P	2023 P
ASSETS			
Non-current assets			
Property, plant and equipment	6.1	180,739,933	163,280,807
Current Assets			
Inventories	6.2	94,952,506	57,097,724
Trade and other receivables	5.1	140,158,491	56,542,098
Financial assets at fair value through profit or loss	5.2	96,690	90,325
Cash and cash equivalents (excluding bank overdrafts)	5.3	131,992,556	256,591,619
		367,200,244	370,321,765
Total assets		547,940,177	533,602,572
LIABILITIES			
Current liabilities			
Trade and other payables	5.4	47,481,597	47,591,427
Interest bearing borrowings	5.5	14,400,682	-
Employee benefit obligations	6.3	3,929,825	6,132,644
		65,812,103	53,724,071
Total liabilities		65,812,103	532,724,071
Net assets		482,128,074	479,878,502
EQUITY			
Capital and reserves			
Stated capital	7.1	278,347,000	278,347,000
Other reserves	7.2	65,287,768	74,047,921
Retained earnings		138,493,306	127,483,581
Total equity		482,128,074	479,878,502

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS for the year ended 31 March 2024

	Notes	2024 P	2023 P
Cash flows from operating activities			
Operating profit (loss)		(1,146,184)	33,016,679
Gross profit			
Adjustment for non cash items:			
Depreciation	6.1	9,391,457	7,200,766
Loss on disposal of property, plant and equipment		350,000	98,631
Unrealised fair value gains		(6,365)	(5,402)
Changes in working capital			
Inventories		(38,403,946)	15,136,955
Trade and other receivables		(83,616,393)	(7,068,496)
Employee benefit obligations		(2,202,819)	138,523
Trade and other payables		(109,830)	9,039,648
Cash used in operations		(115,744,080)	57,557,303
Interest paid	3.4	(418,127)	(15,659)
Net cash used in operating activities		(116,162,208)	57,541,644
Cash flows from investing activities			
Purchase of property, plant and equipment	6.1	(35,610,736)	(13,336,963)
Sale of property, plant and equipment		199,162	113,948
Interest received	3.4	12,574,037	12,155,492
Net cash used in investing activities		(22,837,537)	(1,067,523)
Cash flows from financing activities			
Borrowings during the year		14,400,682	(5,080)
Repayment of borrowings		-	-
Net cash (used in) / generated from financing activities		14,400,682	(5,080)
Net decrease in cash and cash equivalents		(124,599,062)	56,469,042
Cash and cash equivalents at beginning of year		256,591,619	200,122,576
Cash and cash equivalents at end of year	5.3	131,992,556	256,591,619

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2024

	Notes	Stated capital P	Other reserves P	Retained earnings P	Total equity P
For the 15 Months ended 31 March 2023					
Balance at 1 January 2022		278,347,000	46,772,096	82,327,068	407,446,164
Profit for the year		-	27,275,825	45,156,512	72,432,337
Balance at 31 March 2023		278,347,000	74,047,921	127,483,580	479,878,501
For the year ended 31 March 2024					
Balance at 1 April 2023		278,347,000	74,047,921	127,483,580	479,878,501
Profit for the year		-	-	11,009,726	11,009,726
Revaluation Adjustment		-	(8,760,153)	-	(8,760,153)
Balance at 31 March 2024		278,347,000	65,287,768	138,493,306	482,128,074

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

1 Segment information

Operating segment is reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (the "CEO"). The CEO responsible for allocating resources and assessing performance of the operating segment has been identified as the Management. They are responsible of making strategic decisions for the Company, which are approved by the Board of directors.

Management examines the Company's performance and the Company operates through a single operational unit in Gaborone, Botswana. Approximately 90% of its product-line comprise of a single product, the foot and mouth diseases (FMD) vaccine. Therefore, the Company's operations exhibit similar long-term financial performance and similar economic characteristics.

Accordingly these annual financial statements reflect the manner in which the Management of the Company manages and operates the Company's affairs. They review the results of the operation on monthly basis by going through the activities of the Company and their impact on the results of the segment.

Management primarily uses a measure of operating profit / (loss) before interest and tax to assess the performance of the operation. However Management also receives information about the operation's geographical revenue information on monthly basis.

1.1 Geographical information

The Company's revenue is from sales to governments in the African continent. Therefore there is only one customer in each country. The Company's revenue from customers is attributable to the following countries :

	2024 P	2023 P
Namibia	24,703,417	37,159,713
Zambia	48,332,681	81,543,537
Zimbabwe	44,909,896	47,741,938
Botswana	17,864,283	27,820,224
South Africa	10,317,773	30,018,657
Burkina Faso	2,651,568	-
Mozambique	1,912,968	8,388,560
Uganda	5,873,995	126,709
Malawi	1,020,926	7,372,657
Other	3,577,879	5,063,481
	161,165,385	245,235,477

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

2 Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

The main contributing product to the Company's revenue is the Foot and Mouth Disease ("FMD") vaccine contributing more than 80% annually with the remaining 20% derived from all other vaccines. The Company derives revenue from the sale of vaccines at a point in time in the following major product lines and geographical locations:

	2024 P	2023 P
FMD vaccines		
Botswana	9,184,808	19,146,315
South Africa	10,317,773	30,018,657
Zimbabwe	40,260,973	42,737,012
Zambia	48,153,921	80,476,931
Mozambique	1,912,968	8,388,560
Malawi	1,020,926	7,372,657
Namibia	22,517,337	34,797,796
Uganda	5,873,995	-
Mauritius	2,651,568	-
Other	2,852,136	5,010,479
Total revenue from FMD vaccines	144,746,403	227,948,408
Other vaccines		
Botswana	8,679,475	8,673,909
Zimbabwe	4,648,923	5,004,926
Zambia	178,760	1,066,605
Namibia	2,186,080	2,361,918
Congo	725,743	29,948
Uganda	-	126,709
South Sudan	-	23,054
Total revenue from other vaccines	16,418,982	17,287 069
Freight	578,281	779,373
Total revenue	161,743,666	246,014,850

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

3 Other income and expenses items

3.1 Other income

	2024 P	2023 P
Cattle sales	151,637	142,809
Other income	1,597,671	1,951,627
	1,749,308	2,094,436

3.2 Other gains/ (losses)

Net (losses)/ gains on disposal of property, plant and equipment	350,000	(98,631)
Fair value gain on financial assets at fair value through profit or loss	6,365	5,402
Net foreign exchange gains/ (losses)	(2,194,315)	3,336,906
	(1,837,950)	3,243,677

3.3 Expenses by nature

Cost of sales	85,291,760	150,064,158
Auditors' remuneration	207,134	318,671
Custom freight and insurance	510,859	1,333,328
Depreciation (excluding plant and machinery) (Note 6.1)	7,155,954	5,347,801
Directors' remuneration (Note 15)	420,449	352,500
Donations	278,718	107,496
Export commission	12,761,073	31,845,139
Professional fees	2,729,886	1,611,713
Repairs and maintenance - other	107,973	300,666
Restructuring costs	26,184,192	-
Staff cost	12,133,230	12,384,387
Other expenses	15,019,979	14,670,422
Total cost of sales, distribution and administrative expenses	162,801,208	218,336,228

Staff cost

Salaries and wages	34,332,114	36,949,299
Pension costs	2,315,709	3,047,112
Gratuity and leave pay provision (Note 6.3)	3,796,278	1,284,878
	40,444,101	41,281,289

Staff cost has been expensed as follows:

Cost of sales	28,310,871	28,896,902
Administrative expenses	12,133,230	12,384,387
	40,444,101	41,281,289

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

3 Other income and expenses items (Continued)

3.4 Finance income / (costs)

Finance income

Interest received on short-term investments

Finance costs

Interest expenses - interest bearing borrowings

Net finance cost

The interest income relates to interest earned on short-term deposits maintained with the banks and BIFM.

	2024 P	2023 P
Interest received on short-term investments	12,574,037	12,155,492
Interest expenses - interest bearing borrowings	(418,127)	(15,659)
Net finance cost	12,155,910	12,139,833

4 Income tax expense

Botswana Vaccine Institute Limited has been exempted from paying income tax through the Tax Agreement (Ratification) Act No. 22 of 1990.

5 Financial assets and financial liabilities

The Company holds the following financial instruments:

Financial assets	Notes	At fair P	At amortised cost P
At 31 March 2024			
Trade and other receivables*	5.1	-	120,263,888
Financial assets at fair value through profit or loss	5.2	96,690	-
Cash and cash equivalents	5.3	-	131,992,556
		96,690	252,256,443
At 31 March 2023			
Trade and other receivables*	5.1	-	37,536,398
Financial assets at fair value through profit or loss	5.2	90,325	-
Cash and cash equivalents	5.3	-	256,591,619
		90,325	294,128,016

*excluding pre-payments and statutory receivables

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

5 Financial assets and financial liabilities (Continued)

The Company holds the following financial instruments:

Financial liabilities	Notes	At amortised cost P
At 31 March 2024		
Trade and other payables**	5.4	47,481,597
Borrowings	5.5	14,400,682
		61,882,279
At 31 March 2023		
Trade and other payables**	5.4	47,591,427
Borrowings	5.5	-
		47,591,427

****excluding nonfinancial liabilities**

The Company's exposure to various risks associated with the financial instruments is discussed in note 9. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

	2024 P	2023 P
5.1 Trade and other receivables		
Financial assets		
Trade receivables	120,125,012	37,422,432
Less - provision for impairment (Note 9.2)	-	-
Net trade receivables	120,125,012	37,422,432
Other receivables	138,876	113,966
Non-financial assets		
VAT receivables	9,035,615	11,404,371
Deposits and prepayments	10,858,988	7,601,329
	140,158,491	56,542,098

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Company's impairment and other accounting policies for trade and other receivables are outlined in notes 9.2 and 17.6 respectively.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

5 Financial assets and financial liabilities (Continued)

5.1 Trade and other receivables (continued)

(ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company.

(iii) Fair values of trade and other receivables

As at 31 March 2024, the fair value of trade receivables amounted to P120,125,012 (2023 : P37,422,432) and other receivables amounted to P138,876 (2023 : P113,966).

Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

The fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk (Note 9.2).

(iv) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 9.1 and Note 9.2. In line with the requirements of the impairment model under the IFRS 9, an assessment of the expected credit loss of P Nil (2023 : NTL) was estimated as the lower end and the fair value of trade receivables was accordingly adjusted to incorporate this estimated loss.

- (v) As at 31 March 2024, trade and other receivables amounting to P20,000,000 is secured against the overdraft facility obtained from ABSA Bank (Note 5.5.(iii)).

5.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

	2024 P	2023 P
Current assets		
Vunani Botswana Money Market Fund	70,404	65,702
Vunani Botswana Management Prudential Fund	26,286	24,623
	<u>96,690</u>	<u>90,325</u>

(i) Classification of financial assets at fair value through profit or loss

The Company classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short-term i.e. are held for trading. They are presented as current assets, if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets. See note 17.8 for the Company's other accounting policies for financial assets.

(ii) Amounts recognised in profit or loss

Changes in fair values of financial assets at fair value through profit or loss are recorded in other gains I (losses) in the income statement (2024 : gain of P 6,365; 2023 : gain of P 5,402)

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

5 Financial assets and financial liabilities (Continued)

5.3 Cash and cash equivalents

	2024 P	2023 P
Bank balances	2,124,166	21,885,557
Short-term deposits	129,861,210	234,705,689
Cash-on-hand	7,180	373
	131,992,556	256,591,619

(i) Reconciliation to cashflow statement

The below figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2024 P	2023 P
Bank balances	2,124,166	21,885,557
Short-term deposits	129,861,210	234,705,689
Cash-on-hand	7,180	373
	131,992,556	256,591,619

(ii) Classification as cash and cash equivalents

Term deposits are presented as cash equivalents, if they have a maturity of three months or less from the date of acquisition and are repayable with a 24 hours notice with no loss of interest. See note 17.5 for the Company's other accounting policies on cash and cash equivalents.

(iii) Cash held for expansion project

The cash and cash equivalents disclosed above and in the statement of cash flows include P128,711,396 which are held for the expansion project. Therefore, it's not available for general use by the Company (2023 : P181,930,868).

5.4 Trade and other payables

	2024 P	2023 P
Trade accounts payable	10,982,571	3,778,693
Advance received from customers	2,264,153	1,670,161
Other accruals	16,012,508	27,545,692
Amounts due to related parties (Note 15.(i))	18,222,365	14,596,881
	47,481,597	47,591,427

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

5 Financial assets and financial liabilities (Continued)

5.5 Borrowings

	Notes	Int. Rate	Current P	2024 Non-Current P	Total P	2023 Current P
Bank overdraft	(i), (ii)	6.50	(14,400,682)	-	(14,400,682)	-
Term loan	(iii)	6.50				-
Debt Participation Capital Funding Limited:						
Loan 2		9.50				
Loan 6	(iv)	14.60				-
			(14,400,682)	-	(14,400,682)	-

- (i) The Company has an overdraft facility of P3 million with Standard Chartered Bank Botswana Limited, which is unsecured and attracts interest at the fixed rate of 5.75% per annum. This facility was unutilised as at year end.
- (ii) The Company has an overdraft facility of P15 million with ABSA Bank of Botswana Limited, which is unsecured and attracts interest at the fixed rate of 6.50% per annum.

iii) Fair value disclosures

In all instances where the fair value disclosed differs from the carrying amount, the fair value disclosure has been determined on a discounted cash flow basis. The significant assumptions used in applying the discounted cash flow method, are as follows:

- The loan will be settled in accordance with the original contract terms.
- The Company has the intent and the ability to meet payment obligations as they fall due.
- The rate of interest used for the purpose of discounting future cash flows, assumes the market yield applicable to listed debt instruments with comparable credit risk to that of the Company with similar maturity periods.

These assumptions have been consistently applied.

iv) Risk exposures

Details of the Company's exposure to risks arising from current and non-current borrowings are set out in note 9.

5.6 Recognised fair value measurements

(i) Fair value hierarchy

The Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

5 Financial assets and financial liabilities (Continued)

5.6 Recognised fair value measurements (Continued)

(i) Fair value hierarchy (Continued)

Recurring fair value measurements	Notes	Level 1 P	Level 2 P	Level 3 P	Total P
Financial assets as at 31 March 2024					
Financial assets at fair value through profit or loss	5.2	-	96,690	-	96,690
Financial assets as at 31 March 2023					
Financial assets at fair value through profit or loss	5.2	-	90,325	-	90,325

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

6 Non-financial assets and liabilities

6.1 Property, plant and equipment

	Capital Progress (Cost) P	Land and Buildings (Valuation) P	Residential Property (Valuation) P	Plant and Machinery (Cost) P	Motor Vehicles (Cost) P	Furniture, fittings and office equipment (Cost) P	Total (Cost / Valuation) P
15 Months ended 31 March 2023							
Opening net book amount	33,843,318	58,526,199	20,796,235	13,173,887	1,851,336	1,853,152	130,044,127
Additions	1,045,862	1,363,831	147,066	9,438,087	694,063	648,055	13,336,963
Revaluation gains	-	23,506,447	3,769,378	-	-	-	27,275,825
Disposal - cost	-	-	-	(533,377)	(102,084)	(65,201)	(700,661)
Disposal - accumulated depreciation	-	-	-	374,281	102,084	48,955	525,320
Depreciation	-	(2,404,475)	(1,306,680)	(1,852,965)	(942,032)	(694,614)	(7,200,766)
Closing net book amount	34,889,180	80,992,002	23,406,000	20,599,913	1,603,367	1,790,346	163,280,807
At 31 March 2023							
Cost or fair value	34,889,180	80,992,001	23,406,000	232,818,812	4,332,966	8,284,463	384,723,422
Accumulated depreciation	-	-	-	(212,218,899)	(2,729,599)	(6,494,117)	(221,442,615)
Net book amount	34,889,180	80,992,001	23,406,000	20,599,913	1,603,367	1,790,346	163,280,807

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

6 Non-financial assets and liabilities (Continued)

6.1 Property, plant and equipment (Continued)

	Capital Progress (Cost) P	Land and Buildings (Valuation) P	Residential Property (Valuation) P	Plant and Machinery (Cost) P	Motor Vehicles (Cost) P	Furniture, Fittings and Office Equipment (Cost) P	Total (Cost/ Valuation) P
At 31 March 2024							
Opening net book amount	34,889,180	80,992,002	23,406,000	20,599,913	1,603,367	1,790,346	163,280,808
Additions	25,119,881	1,324,060	-	5,279,419	2,802,567	1,084,810	35,610,736
Revaluation gains	-	(8,760,153)	-	-	-	-	(8,760,153)
Disposal - cost	-	-	-	-	(674,107)	-	(674,107)
Disposal - accumulated depreciation	-	-	-	-	674,107	-	674,107
Transfers	-	-	-	-	-	-	-
Depreciation	-	(4,390,550)	(1,248,320)	(2,235,503)	(918,990)	(598,093)	(9,391,457)
Closing net book amount	60,009,061	69,165,359	22,157,680	23,643,829	3,486,943	2,277,063	180,739,933
At 31 March 2024							
Cost or fair value	60,009,061	73,555,908	23,406,000	238,098,231	6,461,426	9,369,273	410,899,898
Accumulated depreciation	-	(4,390,550)	(1,248,320)	(214,454,402)	(2,974,482)	(7,092,210)	(230,159,965)
Net book amount	60,009,061	69,165,358	22,157,680	23,643,829	3,486,943	2,277,063	180,739,933

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

6 Non-financial assets and liabilities (Continued)

6.1 Recognised fair value measurements (Continued)

(i) Disclosure of depreciation in the statements of comprehensive income

Depreciation charge for the year has been classified in the statement of comprehensive income as follows:

	2024 P	2023 P
Cost of Sales	2,235,503	1,852,965
Administration expenses	7,155,954	5,347,801
	9,391,457	7,200,766

(ii) Revaluation, depreciation methods and useful lives

Land and buildings and residential property are recognised at fair value based on periodic, but at least triennial valuations, by external independent valuers, less subsequent accumulated depreciation for leasehold buildings and residential properties. To ensure that management's assumption in this regard remains appropriate, in the year that a detailed valuation is not performed, management performs a "desk top" review to compare year-on-year fair values. A revaluation surplus is credited to other reserves (Note 7.2). All other property, plant and equipment is recognised at historical cost less accumulated depreciation and accumulated impairment.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

Buildings	10 - 40 years
Residential properties	25 years
Plant and machinery	10 - 30 years
Motor vehicles	4 years
Furniture, fittings and office equipment	10 years

See note 17.10 for other accounting policies relevant to property, plant and equipment.

(iii) Significant estimates - valuations of land and buildings

Information about the valuation of land and buildings and residential properties is provided in Note 8.1.1 and 8.1.3.

As at 31st March 2024, a total of P35,610,736 (2023 : P34,889,180 8) was recognised in respect of capital expenditure incurred for assets that were not yet commissioned as at year end. A significant amount relates to the costs associated with the construction of the Blending and Filling Laboratory.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

6 Non-financial assets and liabilities (Continued)

6.1 Recognised fair value measurements (Continued)

(iv) Carrying amounts that would have been recognised if land and buildings that were revalued were stated at cost

If the building and residential property were carried at cost before the above revaluation adjustment the respective carrying amounts would be as follows;

	Cost P	Accumulated depreciation P	Net book amount P
At 31 March 2023			
Land and buildings	60,904,471	(12,432,741)	48,471,730
Residential property	3,537,983	(2,809,086)	728,897
	64,442,454	(15,241,827)	49,200,627
At 31 March 2024			
Land and buildings	60,904,471	(12,743,560)	48,160,911
Residential property	3,537,983	(2,921,449)	616,534
Plant and machinery	-	-	-
	64,442,454	(15,665,009)	48,777,445

6.2 Inventories

	2024 P	2023 P
Finished good (at the lower of cost and net realisable value)	86,478,858	41,131,052
Raw materials (at weighted average)	15,620,068	18,641,685
Provision for inventory impairment	(7,146,419)	(2,675,014)
	94,952,506	57,097,724

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using standard costing. See note 17.7 for the Company's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 March 2024 amounted to P76,921,021(2023 : P150,064,158). These were included in cost of sales.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

6 Non-financial assets and liabilities (Continued)

6.3 Employee benefit obligations

	Leave Pay P	Gratuity and Pension P	Total P
Balance at beginning of the year	3,638,777	2,493,867	6,132,644
Provisions for the year	1,405,696	2,390,581	3,796,278
Payments during the year	(3,465,693)	(2,533,404)	(5,999,097)
Balance at end of the year	1,578,780	2,351,044	3,929,825

Gratuity

Certain employees receive terminal gratuities in accordance with their contracts of employment. An accrual is made for the estimated Liability towards such employees up to the end of the reporting period.

Leave pay

This liability includes all of the accrued annual leave. The entire amount of the provision of P1,405,696(2023 : P3,638,777) is presented as current, since the Company does not have an unconditional right to defer settlement of these obligations.

Pension

All Employees on a permanent and pensionable contract of employment are entitled to pension at the rate of 16% of basic salary. This is a defined contribution scheme and as such the liability is limited to the employer's contribution.

6.4 Recognised fair value measurements

(i) Fair value hierarchy

The Company has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 5.6.

Non-recurring fair value measurements	Notes	Level 1 P	Level 2 P	Level 3 P	Total P
At 31 March 2024					
Land and building	6.1	-	-	73,555,908	73,555,908
Residential properties	6.1	-	-	23,406,000	23,406,000
Total non-financial assets		-	-	96,961,908	96,961,908
At 31 March 2023					
Land and building	6.1	-	-	80,992,001	80,992,001
Residential properties	6.1	-	-	23,406,000	23,406,000
Total non-financial assets		-	-	104,398,001	104,398,001

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers for non-recurring fair value measurements during the year.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

6 Non-financial assets and liabilities (Continued)

6.4 Recognised fair value measurements (continued)

(ii) Valuation techniques used to determine level 3 fair values

The Company obtains independent valuations for its land and building and residential properties at least every three years.

At the end of each reporting period, Management updates their assessment of the fair value of land and building and residential properties. To ensure that management's assumption in this regard remains appropriate, in the year that a detailed valuation is not performed, management performs a "desktop" review to compare year-on-year fair values.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources

- current prices in an active market for properties of different nature or recent prices of similar properties
- discounted cash flow projections based on reliable estimates of future cash flows; and
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Land and buildings were revalued as of 31 March 2023 by Kwena Property Services Proprietary Limited based on the open market value at P80,992,000 and the residential properties were valued by Kwena Property Services Proprietary Limited based on the open market valued at P23,406,000.

All resulting fair value estimates for properties are included in level 3. The key inputs under this approach are the price per square metre from current year sales of comparable lots of land in the area (location and size).

(iii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See note 6.4 (ii) above for the valuation techniques adopted.

Description	Fair value		Unobservable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	2024 P'000	2023 P'000		2024	2023	
Land and building	82,316	80,992	Remaining useful life	11 Years	12 Years	The higher the remaining useful life, higher the fair value.
			Physical deterioration and obsolescence	8% - 10%	8% - 10%	The higher the rate of physical deterioration and obsolescence lower the fair value
Residential properties	23,406	23,406	Comparable value of a similar land and building	P2,550 sq.m	P2,550 sq.m	The higher the comparable value, higher the fair value

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

6 Non-financial assets and liabilities (Continued)

6.4 Recognised fair value measurements (continued)

(iv) Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's land and building and residential properties at least every three years. As at 31 March 2023, the fair values of the land and buildings have been determined by Kwena Property Services Proprietary Limited. The residential properties valued by Kwena Property Services Proprietary Limited. As at 31 March 2024, management reviewed their assessment of the fair value of land and building, residential properties.

7 Equity

7.1 Stated capital

Ordinary shares issued and fully paid
Ordinary shares issued and fully paid

2024 P	2023 P
278,347,000	278,347,000

The 275,000,002 (2023 : 275,000,002) ordinary shares in issue have no par value.

7.2 Other reserves

At 1 January 2022

46,772,096

Revaluation gain (Note 6.1)

27,275,825

At 31 March 2023

74,047,921

At 1 April 2023

74,047,921

Revaluation adjustment (Note 6.1)

(8,760,153)

At 31 March 2024

65,287,768

The revaluation reserve arises as a result of revaluation of land and building and residential properties to reflect the current market value. There are no restrictions on the distribution of the revaluation reserve to the equity holder.

8 Critical accounting estimates and judgments

The preparation of annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different to the actual outcomes. Detailed information about each of these estimates and judgements is included in notes 1 to 7 together with information about the basis of calculation for each affected line item in the financial statements.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

8 Critical accounting estimates and judgments (Continued)

8.1 Significant estimates and judgements

The areas involving significant estimates or judgements are:

8.1.1 Estimation of fair values of land and buildings and residential properties (Note 6.1)

Land and buildings and residential properties are valued at least triennially as the assets do not experience significant and volatile changes in fair value, thus negating the necessity for annual revaluation.

The fair values of the Company's land and buildings and residential properties are determined by independent valuers based on the following methods.

Land and buildings and residential properties

Land and buildings and residential properties were revalued as of 31 March 2023 by independent valuers based on the 'Open Market Value'. The open market value is the best price at which an interest in the property might reasonably be expected to be sold at the date of the valuation assuming:

- a willing seller;
- a reasonable period in which to negotiate the sale taking into account the nature of the property and the state of the market;
- that values will remain static during that period;
- that the property will be freely exposed to the open market; and
- that no account will be taken of any additional bid by a purchaser with special interest.

8.1.2 Impairment provision on trade receivables (Note 5.1)

The nature of the Company's business is such that its customers mainly consist of state-owned and government enterprises. Consequently, these customers are subject to economic and political risks. The assessment of the recoverability of receivables therefore, requires significant judgement by the Company and may have a significant impact on the financial statements.

The Company reviews its debtors to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company takes into consideration adverse movement in Sovereign credit ratings, unfavourable changes in fiscal policy, changes to the political environment and historical experience with customers such as the period of time taken to settle in the past and past events that resulted in the amounts due not being collected.

When Management prepares estimates of cash flows and the timing thereof for each counter-party, following are the significant assumptions used:

- (i) The timing of cash flows will assume to take a similar pattern to the historical cash flow pattern as modified by known changes based on correspondences;
- (ii) The credit risk (measured by reference to the sovereign credit ratings), fiscal policy and political environment of each customer will remain unchanged over the forecast period;
- (iii) Where relevant, donor financing pledged to customers for specific orders will remain in place over the forecast period;
- (iv) Significant movements in foreign exchange rates are not expected to occur over the forecast period in respect of sales transactions denominated in foreign currencies; and
- (v) A pre-tax rate interest of LIBOR adjusted for risk for specific countries (ranging from +2 to +5), for foreign debtors and fixed deposit rates for local debtors are used to determine the present value estimated future cash flows.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

8 Critical accounting estimates and judgments (Continued)

8.1.2 Impairment provision on trade receivables (Note 5.1) (Continued)

The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. A detailed assessment for impairment of trade receivables was undertaken in line with the provisions of IFRS 9 and this resulted in an impairment provision of PNil as at 31 March 2024 (2023 : P0.00) recognised in the annual financial statements.

8.1.3 Residual values and useful lives of property, plant and equipment

The Company determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The Company increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair, technically obsolete or non-strategic assets that have been abandoned or identified for sale. When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Property, Plant and Equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. Routine servicing costs are included in the profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by Management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by Company. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier date that the asset is classified as held for sale or derecognised.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectation differs from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

8 Critical accounting estimates and judgments (Continued)

8.1.4 Transfer of control

Due to the dynamic nature of each customer, terms and conditions are individually negotiated to take into account many considerations and unique circumstances.

The dynamics of each contract does not lend itself for automation, requiring significant manual intervention in determining when the controls are transferred for each transaction to recognise the related revenue in terms of the International Financial Reporting Standards 15, Revenue ("IFRS 15"). Management identifies and assesses, if the specific conditions of each sales transaction meets the criteria set by IFRS 15 for revenue recognition.

9 Financial risk management

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. Current year profit or loss information has been included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transactions	Cash flow forecasting	Assets/liability matching to the extent possible by maintaining appropriate level of relevant foreign currency cash balances taking into consideration foreign currency cash flows from receivables to meet foreign currency obligations.
	Recognised financial assets and liabilities not denominated in Botswana Pula	Sensitivity analysis	
Market risk - interest rate	Short - term borrowings at fixed rates	-	There is no interest rate risk since short-term borrowings are held at fixed rates.
Credit risk	Cash and cash equivalents and trade receivables	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

The Company's risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, and investment of excess liquidity.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

9 Financial risk management (continued)

9.1 Market risk

(i) Foreign currency risk

Foreign currency risk is managed by the Finance Function. Its objective is to minimise losses arising from the Company's exposure to various currencies by attempting to match foreign currency denominated current Liabilities against current assets of similar currencies to the extent possible. In the ordinary course of business, the Company enters into transactions denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

At 31 March 2024, if the currency had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been P476,161(2023 : P2,222,603) higher / lower, mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated bank balances, trade receivables and trade accounts payable.

At 31 March 2024, if the currency had weakened / strengthened by 5% against the Euro with all other variables held constant, post-tax profit for the year would have been P3,647,047(2023 : P636,831) higher / lower mainly as a result of foreign exchange gains / losses on translation of Euro denominated bank balances, trade receivables and trade payable.

At 31 March 2024, if the currency had weakened / strengthened by 5% against the South African Rands(ZAR) with all other variables held constant, profit for the year would have been P97,979(2021 : P68,608) higher / lower, mainly as a result of foreign exchange gains / losses on translation of ZAR denominated trade payable and cash on hand.

At 31 March 2024, if the currency had weakened / strengthened by 5% against the Great Britain Pounds(GBP) with all other variables held constant, profit for the year would have been PNil(2023 : P5,817) higher / lower, mainly as a result of foreign exchange gains / losses on translation of GBP denominated trade payable.

Exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Botswana Pula, was as follows:

	31March 2024			31March 2023			
	USD	EURO	ZAR	USD	EURO	GBP	ZAR
Trade and other receivables	55,952,922		-	24,046,337	-		-
Cash and cash equivalents	1,839,234	234,933	1,998	21,174,276	677,968		1,977
Trade and other payables	6,965,960	13,120,433	296,715	768,553	13,414,592	116,336	1,374,137

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

9 Financial risk management (continued)

9.1 Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is managed by the Finance Function. Its objective is to minimise the cost of financing through the placement of temporary excess funds in high yielding money market investments and cash deposits and to the extent possible by re-scheduling more expensive borrowings with cheaper finance. The Company's interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates did not expose the Company to cash flow interest rate risk.

(iii) Price risk

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

9.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, and outstanding trade receivables. If customers are independently rated, these ratings are used. If there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The credit quality of financial assets can be assessed by reference to historical information about counterparty default rates:

	2024 P	2023 P
Trade receivables		
Counterparties with external credit rating (Moody's)		
A2	-	4,251,708
Aa2	3,864,469	1,803,642
Counterparties with external credit rating (Fitch Ratings)		
Fitch B	16,988,009	6,501,791
Counterparties without external credit rating*		
Group 1	-	-
Group 2	99,272,534	24,864,858
Group 3	-	-
Total trade receivables	120,125,012	37,422,000
Other receivables**	138,876	113,966

*Group 2 - existing customers (more than 4 months) with no defaults in the past

**The Company has procedures in place to assess whether to enter into transactions with third parties, including mandatory credit checks.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

9 Financial risk management (Continued)

9.2 Credit risk (Continued)

The credit ratings have been assessed by Moody's and Fitch Ratings Inc. are independent credit rating organisations. The definitions of the ratings are given below:

Moody's

- An Aa2 rating relates to a "High quality" credit standing, subject to "very low credit risk"
- A Baa3 rating relates to a "Moderate" credit standing. They are considered medium grade and as such may possess certain speculative characteristics.

Fitch Ratings

- B rating related to a "Highly Speculative" standing. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. The modifiers "+" of "-" appended to rating to denote relative status with major rating categories.

Other financial assets at fair value through profit or loss

		2024 P	2023 P
Vunani Fund Managers Money Market Fund	- not rated	70,403	65,702
Vunani Fund Managers -Management Prudential Fund	- not rated	26,286	24,623
		96,690	90,325

Cash at bank

	2024 P	2023 P
Absa Bank of Botswana Limited	2,031,571	59,997,877
Standard Chartered Bank Botswana Limited	1,062,113	14,483,650
Access Bank Botswana Limited	111,305	107,956
Botswana Insurance Fund Management Limited	128,787,507	182,001,763
	131,992,556	256,591,246

The Company only deposits cash with major banks and unit trusts with high quality credit standing and limits exposure to any one counter-party. The Company has deposits with Absa Bank of Botswana Limited Standard Chartered Bank Botswana Limited, Access Bank Botswana Limited and BIFM Unit Trust. There are no credit ratings available in Botswana. The banks are listed companies and have reported sound financial results and continued compliance with minimum capital adequacy requirements. None of the financial assets that are fully performing have been re-negotiated during the year.

Absa Bank of Botswana Limited is listed on the Botswana Stock Exchange. Absa Bank of Botswana is a subsidiary of Absa Africa Group Limited which is listed on Johannesburg Stock Exchange. The bank's ultimate holding Company is Absa Bank PLC - UK, which is listed on the London Stock Exchange and has a credit rating of A-2 for short-term and A - (Negative) for long-term (Standard & Poor's) in the UK.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

9 Financial risk management (Continued)

9.2 Credit risk (Continued)

Standard Chartered Bank Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of Standard Chartered PLC. Standard Chartered Bank is rated by Fitch, Moody's, Standard & Poor's. Long-term credit rating assigned to the bank by Fitch is A+ (high credit quality).

Long-term credit rating assigned to the bank by Moody's is Aa3 (high grade). Long-term credit rating assigned to the bank by Standard & Poor's is A (strong capacity to meet its financial commitments).

Access Bank Botswana Limited is a subsidiary of Access Bank Group. Access Bank Group is a financial services conglomerate based in Nigeria. Access Bank Group is listed on Nigeria Stock Exchange.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no impairment identified.

Expected credit loss on trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses an expected loss allowance for all trade receivables. In order to measure the expected credit losses, trade receivables were assessed individually. Management has therefore concluded that based on the historic data available, the lower end estimate of impairment of trade receivables was considered to be a reasonable approximation of loss rates for the trade receivables.

The expected loss rates are based on Loss Given Default (LGD) rate and Possibility of Default (PD) rate within this period.

- The LGD used when calculating our range of Expected Credit Loss (ECL) values used the generic unsecured LGD values from the Basel accord. This is due to the large variability in and lack of sovereign default loss information. The Unsecured LGD estimate for corporates, sovereigns and banks is 45% and was thus deemed appropriate for the purposes of this calculation;
- Since no interest is raised on outstanding trade receivables, the calculation makes no explicit allowance for the discounting of expected credit losses;
- The PDs used in the calculation have been sourced from an independent external data source. The outstanding debtors are all government institutions and invoices are issued in USO or Euro. Therefore, it was appropriate to use Sovereign Foreign Currency Credit Ratings as a proxy for the probability of default for each debtor. The only exception to this was where the debtor resides in Botswana, where the appropriate Local Currency Default Rate was used as a proxy.
- For all other countries except Zimbabwe, lower and upper bounds of impairment were determined with reference to S&P, Fitch and Moody's comparative differences in outlook on the associated Sovereign Foreign Currency Credit Ratings for each country as at the reporting date.
- Based on assessment of the computations of current year ECL, the amount was determined not to be material and not recorded in the financial statements.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

9 Financial risk management (Continued)

9.2 Credit risk (Continued)

Expected credit loss on trade receivables(Continued)

On the basis of the above, the expected loss allowance as at 31 March 2024 and 31 March 2023 was determined. A high level of the reasonable expectation of the range of ECL per debtor country is given below:

As at 31 March 2024

Debtor Country	Total Exposure (Pula)	ECL provision (Pula)
South Africa	6,828,167	0
Malawi	123,457	0
Mozambique	10,938,102	0
Zambia	41,374,608	0
Namibia	10,159,842	0
Zimbabwe	43,433,823	0
Congo	754,613	0
Botswana	3,864,469	0
Total	120,125,013	0

As at 31 March 2023

Debtor Country	Total Exposure (Pula)	ECL provision (Pula)
South Africa	1,803,642	0
Malawi	6,219,579	0
Mozambique	8,537,577	0
Zambia	8,340,512	0
Namibia	2,678,297	0
Zimbabwe	5,308,472	0
Congo	282,212	0
Botswana	4,251,708	0
Total	37,421,999	0

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

9 Financial risk management (Continued)

9.2 Credit risk (Continued)

Expected credit loss on trade receivables(Continued)

Individual receivables which are known to be uncollectible are written-off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. Receivables for which an impairment provision was recognised are written-off against the provision when there is no expectation of recovering additional cash.

Loss allowances are recognised in profit or loss within administration expenses. Subsequent recoveries of amounts previously written-off are credited against administration expenses. The loss allowance on trade receivables is provided for as follows:

	Carrying amounts	
	2024 P	2023 P
Loss allowance	-	-

Trade receivable settlement profile

The ageing analysis of these trade receivables is as follows:

	2024 P	2023 P
Current	2,647,931	3,492,855
Between 31 to 90 days overdue	16,988,009	23,727,313
Between 91 to 180 days overdue	47,298,292	6,477,265
Over 180 days overdue	53,1907,80	3,724,566
Total gross trade receivables	120,125,013	37,421,999
Expected credit loss	-	-
Net trade receivables	120,125,013	37,421,999

At 31 March 2024, trade receivables of P117,477,081 (2023 : P33,929,144) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of defaults.

The other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Company does not hold any collateral in relation to these receivables.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

9 Financial risk management (Continued)

9.3 Liquidity risk

Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance.

Surplus cash is invested in interest bearing call accounts, time deposits, and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Company held money market funds of P96,690 (2023 : P90,325 and other liquid assets of P131,992,556 (2023 : P256,591,619) that are expected to readily generate cash inflows for managing liquidity risk.

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

Liabilities	Less than 6 months P	Between 6 and 12 months P	Between 1 and 2 years P	Total P
As at 31 March 2024				
Borrowings	-	-	-	-
Trade and other payables	29,204,936	-	-	29,204,936
Financial guarantee	-	-	-	-
Total	29,204,936	-	-	29,204,936
As at 31 March 2023				
Borrowings	-	-	-	-
Trade and other payables	18,375,574	-	-	18,375,574
Financial guarantee	-	-	-	-
Total	18,375,574	-	-	18,375,574

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

10 Capital risk management

The Company manages its capital informally in order to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the following gearing ratio : Net debt as per note 5.5, divided by Total 'equity' (as shown in the statement of financial position).

During 2024, the Company's strategy which was unchanged from 2023, was to maintain a 0% to 10% gearing ratio. The gearing ratios at 31 March 2024 and 31 March 2023 were as follows:

	2024 P	2023 P
Total borrowings	-	-
Less - Cash and cash equivalents	(131,992,556)	(256,591,619)
Net borrowings	(131,992,556)	(256,591,619)
Total equity	481,289,024	481,289,024
Total capital	224,697,405	224,697,405
Gearing ratio	Nil	Nil

11 Net debt reconciliation

	2024 P	2023 P
Cash and cash equivalents (Note 5.3)	131,992,556	256,591,619
Borrowings (including bank overdraft) (Note 5.5)	(14,400,682)	-
Net debt	117,591,874	256,591,619
Cash and cash equivalent (Note 5.3)	131,992,556	256,591,619
Gross debt - fixed interest rate (Note 5.5)	-	-
	131,992,556	256,591,619

	Cash / bank overdraft P	Borrowings with in 1 year P	Borrowings due after 1 year P
Net debt as at 31 December 2021	200,122,573	-	-
Cash flows	56,469,045	-	-
Net debt as at 31 March 2023	256,591,619	-	-
Cash flows	(124,599,062)	-	-
Net debt as at 31 March 2024	131,992,556	-	-

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

12 Contingent liabilities

All permanent employees of the Company are entitled to a loan to purchase motor vehicles and acquire a residential property under an agreed scheme with Botswana Savings Bank. The Company has provided a guarantee of P2,500,000 to operate the above scheme. The total advance due by eligible employees to the scheme as at 31 March 2024 amounted to nil (2023 : P0)

Furthermore, the Company has the following bank guarantees as at 31 March 2024.

Standard Chartered Bank	Bonds & guarantees	USD	325,000
ABSA Bank	Bank guarantees	BWP	29,500

13 Comparative figure

The comparative period for 2023 is more than twelve months therefore the figures are not comparable to current period

14 Events after reporting period

There were no material events after reporting period, that require disclosure or adjustment in these annual financial statements.

15 Related party transactions and balance

- (i) Boehringer Ingelheim Animal Health (BIAH), a Company incorporated in France, provides technical and operational assistance to the Company. BIAH is a major supplier of the Company's raw materials. Two directors of Boehringer also hold directorships in the Company. By virtue of these relationships, BIAH is able to exercise significant influence over the operational decisions of the Company.

Transactions carried out with BIAH during the year were as follows:

	2024 P	2023 P
Purchase of goods	30,341,581	41,085,102
Technical fees charged	6,083,693	8,905,534
Export commission charged	12,761,073	31,845,139
Royalties charged	6,992,251	8,894,459
Other expenses	-	25,264
Balance payable to Boehringer at year-end is as follows:		
Export commission payable	3,736,686	768,553
Royalty payable	1,973,554	-
Technical Fees Payable	1,548,194	677,666
Trade payable	10,963,931	13,150,662
	18,222,365	14,596,881

Trade accounts payable to related parties arise mainly from purchase transactions in the normal course of business. These amounts are unsecured, are payable based on negotiated credit terms and bear no interest.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

15 Related party transactions and balance (Continued)

Royalties and export commission

(a) Royalties

Royalties are charged on sale of FMD monovalent vaccine by BIAH on the following basis;

- sales within Botswana - USD 0.02 per dose
- all export sales - USD 0.03 per dose

(b) Export commission

Commission is charged on export sales of the monovalent vaccine by BIAH based on the value of doses sold. Commission varies from 5% - 20% based on the agreement effective from 1 January 2015.

- (ii) Following are the transactions with the key management personnel. These are people assumed to have authority to make binding decisions on behalf of the Company.

	2024 P	2023 P
Salaries paid		
Salaries and other allowance paid	6,999,801	2,512,042
Gratuity	1,942,383	511,901
	8,942,184	3,023,943

- (iii) Following are the transactions with directors:

	2024 P	2023 P
Directors' fees paid		
Government of Botswana	60,327	2,520
Mr. B. Maifala	87,086	62,220
Mrs. D. Gaolalwe	54,027	34,020
Mr. Sylvester Tshomane	26,460	81,900
Mr. Kagiso Habangana	36,540	83,160
Mr. G. M. Sento	73,867	54,180
Ms. M. Mphafe-Fish	82,142	34,500
	420,449	352,500
Board members expenses	776,416	1,118,199

- (iv) Following transactions with Ministry of Agriculture

	2024 P	2023 P
Sale of vaccines	17,415,279	27,820,224
Trade receivable from Ministry of Agriculture	3,864,469	4,251,708
Advance received from Ministry of Agriculture	(1,205,616)	(1,205,616)

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

16 Banking facilities

The Company has the following facilities from Standard Chartered Bank of Botswana Limited:

Bank overdraft	BWP	3,000,000
Bond and Guarantees	USD	325,000

The Company has the following facilities from ABSA Bank Botswana Limited:

Bank overdraft	BWP	15,000,000
Bond and Guarantees	BWP	29,500

17 Summary of significant accounting policies

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

17.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the IFRS Interpretations Committee ('IFRS IC') applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ('IASB'). The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and financial assets at fair value through profit or loss.

The preparation of annual financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 8.

(i) *Standards and interpretations not yet effective*

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2024 or later periods:

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.1 Basis of preparation (Continued)

<i>Standard/interpretation</i>	<i>Effective date</i>	<i>Expected impact</i>
Lack of exchangeability - amendments to IAS 21	01 January 2025	Unlikely there will be material impact
Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024	Unlikely there will be material impact
Non-current liabilities with covenants - amendments to IAS 1	01 January 2024	Unlikely there will be material impact
Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be material impact
IFRS S1 General requirements for disclosure of sustainability and related Financial Information	01 January 2024	Unlikely there will be material impact
IFRS S2 Climate-related Disclosures.	01 January 2024	Unlikely there will be material impact

There was no material impact on standards effective and adopted in the current year.

17.2 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements 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 Company's functional and the presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Such monetary assets and liabilities are translated at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "other losses and gains". All other foreign exchange gains and losses are presented in profit or loss within cost of sales.

17.3 Revenue recognition - Sale of vaccines

The Company manufactures and distributes livestock vaccines. Revenue is recognised when control of the products has been transferred, being when the vaccines are delivered or collected by the customer. The Company has full discretion over the channel and price to sell the vaccines and as at year end there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the vaccines have been shipped to the specific location, the risks of expiry and loss have been transferred to the customer and either the customer has accepted the products in accordance with the terms and conditions negotiated at the time of agreeing on the sale or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue is shown net of value-added tax, returns, rebates and discounts. A receivable is recognized when the goods are delivered. The freight charges recovered from customers when goods are sold are recognized in the income statement as part of the revenue collected from the sale of vaccines.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.4 Impairment of non-financial assets

Non-financial assets are reviewed annually 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 separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period date.

As a minimum, management considers the existence of the following external and internal indicators at the end of each reporting period date which individually or collectively may indicate impairment on non-financial assets.

External sources of information

- An unexpected significant decline in market value of an asset.
- A significant change in the technological, market, economic or legal environment with in which the Company operates or in the market to which an asset has been dedicated, that adversely affects the Company.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- The carrying amount of the net assets of the Company is more than its market capitalisation.

Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Company have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used.

Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

17.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

17.6 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 5.1 for further information about the Company's accounting for trade receivables and note 9.2 for a description of the Company's impairment policies.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined using the weighted average costing method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. On a regular basis Management review, the stock holding and make provision for impairment based on slow moving and expired inventory. The movement is charged to the statement of comprehensive income.

Cattle purchased for testing purposes are expensed in the year of purchase.

17.8 Financial assets and financial liabilities

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss or other comprehensive income (OCI), and
- Those to be measured at amortised costs.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cashflows. Management determines the classification of its investments at initial recognition. For assets measured at fair value, gains and losses are recognised in the statement of comprehensive income.

(ii) Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition the Company recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.8 Financial assets and financial liabilities (Continued)

(iii) Classification and subsequent measurement

From 1 January 2018, the Company has applied IFRS 9 and classifies its financial assets as amortised cost and fair value through profit or loss.

The classification requirements for debt measured at amortised cost are described below :

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments as amortised cost as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the simplified expected loss model. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Business model: the business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit - taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic Lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.8 Financial assets and financial liabilities (Continued)

(iii) Classification and subsequent measurement (Continued)

Debt instruments (Continued)

SPPI (Continued)

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The re-classification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial Liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(iv) Expected credit loss on financial assets

The Company recognises expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost which include, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using simplified ECL model based on the loss given default rates and possibility of default rates. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. Impairment testing of trade receivables is described in note 9.2.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. If the Company enters into transaction whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

Derecognition of financial liabilities

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

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.9 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial Liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

17.10 Property, plant and equipment

The Company's accounting policy for land and buildings and residential properties is explained in note 6.1. All other assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increase in the carrying amount arising on revaluation of residential properties and land and buildings is credited to other comprehensive income and shown as revaluation reserve in the statement of changes in equity. Decreases that off-set previous increases of the same assets are charged against the revaluation reserve; all other decreases are charged to profit or loss. The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The depreciation methods and useful lives used by the Company are disclosed in note 6.1.

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 profit or loss. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

17.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

17.13 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

17.14 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company 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 can be reliably estimated. 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2024

17 Summary of significant accounting policies (Continued)

17.15 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service.

They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expect future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

The Company operates a defined contribution pension plan for its employees. The Company pays contributions to a privately administered pension insurance plan on a contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ANNUAL FINANCIAL STATEMENTS

DETAILED INCOME STATEMENT for the year ended 31 March 2024

	2024 P	2023 P
Revenue		
Domestic	17,864,283	22,468,291
Export	134,027,226	213,508,886
Agency	9,273,875	9,258,300
Gross profit	161,165,385	245,235,477
Freight	578,281	779,373
	161,743,666	246,014,850
Cost of sales	(85,291,760)	(150,064, 158)
Gross profit(loss)	76,451,906	95,950,692
Other income	1,749,308	2,094,436
Other gains / (losses)	(1,837,950)	3,243,677
Distribution costs		
Advertising and travel	(263,391)	(1,164,745)
Custom freight and insurance	(510,859)	(1,333,328)
Export com mission	(12,761,073)	(31,845,139)
	(13,535,323)	(34,343,212)
(Provision) / reversal of trade receivable impairment	-	-
Administrative expenses	(37,789,933)	(33,928,912)
Restructuring expenses	(26,184,192)	-
	(63,974,125)	(33,928,912)
Operating profit/ (loss)	(1,146,184)	33,016,681

"This detailed income statement does not form part of the audited financial statements covered by the audit opinion on pages 48 to 52".



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