BOTSWANA OIL
Your Fuel. Your Future

Annual Report
2015/16

Botswana Oil Limited (BOL) was established in order to achieve the Government's broader economic objectives of ensuring the security of fuel supply, management of the Government's strategic storage facilities and the facilitation of active citizen involvement in the petroleum industry. As the National Oil Company of Botswana, BOL serves as the Government's transformation agent charged with this important responsibility.

Botswana Oil Limited is a company incorporated under the Companies Act of Botswana. It is wholly owned by the Government of Botswana, represented by the Ministry of Minerals, Energy and Water Resources (MMEWR). The company operates under defined governance and operating principles.

VISION
"To be a significant player in the oil and gas industry"

MISSION
"Ensuring security and efficiency of supply of petroleum products for Botswana and facilitation of citizen emerging companies."

Core Values

At the core of our organisation are the values that will drive us to attain our organisation's vision and mission.

COMMERCIAL FOCUS

Foster a business mind-set within our organisation which promotes profitability, efficiency and the implementation of best practice business processes. We have an unwavering commitment to being a good partner focused on building productive, collaborative, trusting and beneficial relationships with governments, other companies, our customers and our communities.

SOCIAL RESPONSIBILTY

To create a clean, safe and healthy working environment and ensure that all aspects of our business acumen are conducted in accordance with statutory environmental requirements.

INTEGRITY

Strive to promote a culture of honesty with our peers as well as our valued partners and customers. We aim to meet the highest ethical standards in all business dealings with an emphasis on holding ourselves responsible and accountable for our actions and our work. Business-ills such as fraud and corruption will be actively combated through the promotion of zero tolerance for such as we are responsible corporate citizens.

CONTINUOUS IMPROVEMENT

Commit to improving all aspects of our core business such as depot operations and product supply. We aim to maintain a level of excellence and exceed our expectations as well as those of others. Our drive for success will enhance our ability to seek out new opportunities and develop solutions to modern day problems.

TEAMWORK

Cultivate a team dynamic that values respect, integrity, teamwork and promotes open communication. This will encourage all members of our organisation to contribute positively to our growth as we value every individual's perspective. This is based on a belief that every member our team brings value to the organisation.

Contents

ACRONYMS

Botswana Energy and Water Regulating Authority	*BEWRA*
Botswana Oil Limited	*BOL*
Citizen Emerging Company	*CEC*
Coal-to-Liquids	*CTL*
Department of Energy	*DoE*
Gas-to-Liquids	*GTL*
Hazard and Operability Study	*HAZOP*
International Oil Company	*IOC*
Liquified Petroleum Gas	*LPG*
Management Tender Committee	*MTC*
Ministry of Minerals, Energy and Water Resources	*MMEWR*
Mobile Filling Stations	*MFS*
Mozambique NOC	*PetroMoc*
Namibia NOC	*NamCor*
National Oil Companies	*NOC*
National Strategy Office	*NSO*
Non-Bank Financial Institutions Regulatory Authority	*NBFIRA*
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Petroleum Products Supply Bill	*PPSB*
Public Enterprises Evaluation and Privatisation Agency	*PEEPA*
Public Procurement and Asset Disposal Board	*PPADB*
South Africa NOC	*PetroSA*
Underground Coal Gasification	*UCG*
Village Development Committee	*VDC*

The Global Oil and Gas Value Chain

UPSTREAM

EXPLORATION
FIELD DEVELOPMENT
PRODUCTION
OPERATIONS

RAW CRUDE/GAS

MIDSTREAM

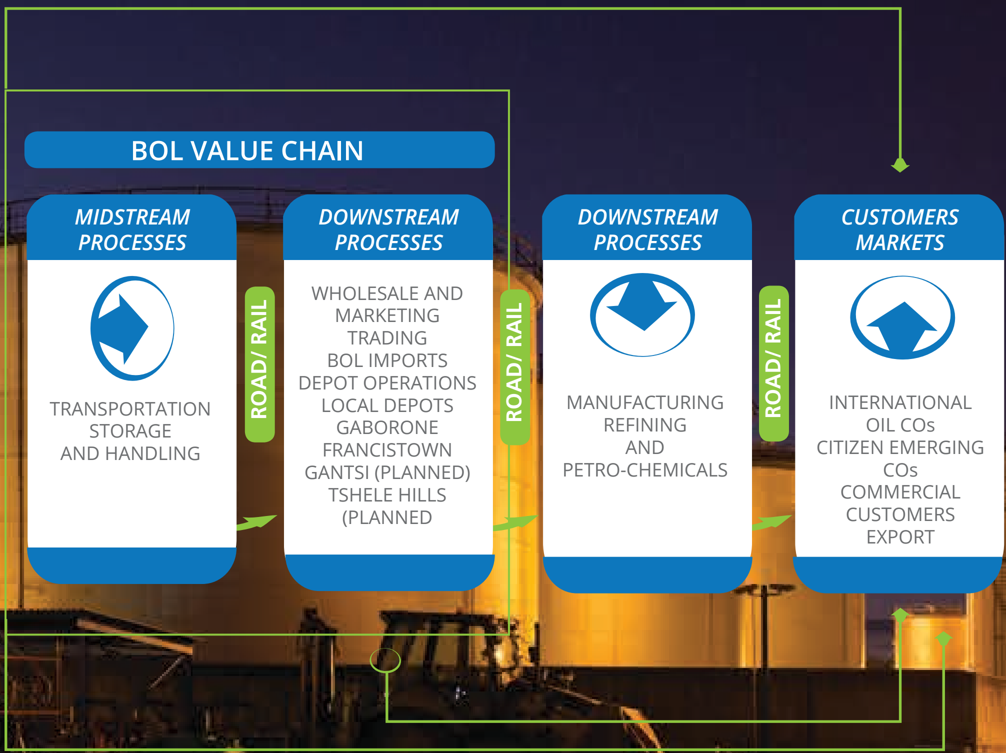
TRANSPORTATION
PROCESSING
STORAGE AND
DISTRIBUTION

FEEDSTOCK

DOWNSTREAM

MANUFACTURING
REFINING AND
PETRO-CHEMICALS
WHOLESALE AND
MARKETING

Our Role in the Global Value Chain



Board of Directors

Botswana Oil Limited (BOL) was established in order to achieve the Government's broader economic objectives of ensuring the security of fuel supply, management of the Government's strategic storage facilities and the facilitation of active citizen involvement in the petroleum industry. BOL has a vision to be a significant player in the Oil and Gas Industry and will realise this vision through the efforts of an exceptional workforce guided by a stellar leadership team and a committed Board of Directors.

DR. JOEL SENTSHO
BOARD CHAIRMAN
(Date of appointment: 27.02.2013)

Dr. Sentsho holds a PhD in Economics from the University of Strathclyde, Glasgow, Scotland. He has been the Trade Policy Advisor in the Ministry of Trade and Industry (MTI) since 2008.
Dr. Sentsho is responsible for among others, Botswana's economic policy formulation, strategy development and their implementation as well as the country's global competitiveness. Before he joined MTI, Dr. Sentsho worked as a Lecturer at the University of Botswana and a Senior Research Fellow at BIDPA. He has published several journal articles and books. Dr. Sentsho is a Board Member of the Bank of Botswana, SPEDU and the Assembly of God Bible College.

MR. WILLIE MOKGATLHE
EXECUTIVE DIRECTOR
(Date of appointment: 22.08.2013)

Willie Mokgatlhe holds a Master of Science Degree in Air Transport Management from Cranfield Institute of Technology (United Kingdom) and a Bachelor of Commerce Degree from the University of Botswana. He has held senior positions in large private and parastatal organisations in Botswana, Namibia, South Africa and the Netherlands. As the founding CEO of Botswana Oil Limited he brings to the company a wealth of experience in Strategy Development and Business Planning, Finance, Marketing and Stakeholder Management.

MR. KENNETH KEREKANG
BOARD MEMBER
(Date of appointment: 01.02.2015)

Kenneth Kerekang holds an MSc in Energy Management from the New York Institute of Technology as well as a BA in Economics from the University of Botswana. An accomplished Petroleum Economist with more than eighteen years in the petroleum industry, Kenneth brings a wealth of experience to the Botswana Oil Limited Board. He is currently the Director in the Department of Energy (DoE). In this role he acts as the Chief Advisor to the Government of Botswana on energy matters. He is also charged with developing and implementing energy policies.

MR. MBAKO MBO

BOARD MEMBER

(Date of appointment: 01.02.2015)

Mbako Mbo holds an MBA from the University of Derby, United Kingdom. He is also an ACCA qualified Accountant with additional Professional Qualifications in Corporate Treasury (AMCT - UK). He has held financial and treasury management as well as auditing positions in various organisations including BTC, BPC, Barclays Bank and Deloitte. He is currently the Chief Risk Officer at the Botswana Development Corporation (BDC). He has previously worked for the African Development Bank Group covering a large investment and country programme portfolio across seven African countries on issues of financial management and fiduciary risk. Mbako has sat on a number of Boards including that of the Botswana National Youth Council.

MR. GOLEKANYE RABASHA

BOARD MEMBER

(Date of appointment: 27.02.2013)

Golekanye Gobuamang Rabasha holds a Bachelor of Law from the University of Botswana as well as an LLM Degree from the University of South Africa. In his career spanning close to thirty years he has amassed great experience in criminal and civil litigation, drafting regulatory legislation, commercial law, mineral, energy and water laws, undertaking legal research and has been involved in a number of legislative reviews. He is currently the Principal State Counsel, International and Commercial Division in the Attorney General's Chambers. He is on secondment to the Ministry of Minerals, Energy and Water Resources (MMEWR) where he serves as a Legal Advisor to the Ministry.

MR. OGOMODITSE MARUAPULA

BOARD MEMBER

(Date of appointment: 01.02.2015)

Ogomoditse B. Maruapula holds an MSc in Environmental Planning from the University of Botswana as well as several post graduate qualifications. He has contributed substantially in various disciplines of research and advisory services throughout his career. He is a Life Fellow with the Institute of Management Specialists (FIMS), England, United Kingdom as well as a Full and Life Member of the Institute of Professional Managers and Administrators (MInstPM) Jersey, United Kingdom. He is currently the General Director at EBAT Consultants, a company he owns.

Board of Directors

MRS. BATSHO DAMBE-GROTH
BOARD MEMBER
(Date of appointment: 27.02.2013)

Batsho Dambe-Groth has a Bachelor of Science (Hons) in Occupational Psychology from the University of Wales Institute of Science and Technology. She has a strong background in Human Resource Management and has held senior and executive positions in the parastatal and financial services sectors. She has extensive skills in corporate culture building, organisation development, operational efficiency and remuneration. She holds a number of Board positions including Council Member of Maru-A-Pula School and Chairperson of Botswana Insurance Holdings. She is the Managing Director of Resource Logic, a business and human resource management consultancy firm.

MR. STEPHEN KEBAKILE
BOARD MEMBER
(Date of appointment: 27.02.2013)

Stephen Kagiso Kebakile holds a MA Development Economics Degree as well as BA Economics Degree, and a Diploma in Statistics, all from the University of Botswana.

Stephen's twenty-seven year career began in 1990 in the Ministry of Labour and Home Affairs, where he was an Assistant Economist. In 1993 he joined the Ministry of Finance and Development Planning as an Economist, where he was charged with the evaluation and monitoring of development projects. He progressed to other senior roles within the Government including Principal Economist in the Ministry of Health and Principal Economist in the Ministry of Finance and Development Planning. Stephen is currently the Chief Economist- Development Cooperation in the Ministry of Finance and Development Planning.

Board of Directors

1 **DR. JOEL SENTSHO**
BOARD CHAIRMAN

2 **MR. KENNETH KEREKANG**
BOARD MEMBER

3 **MR. MBAKO MBO**
BOARD MEMBER

4 **MR. OGOMODITSE MARUAPULA**
BOARD MEMBER

5 **MRS. BATSHO DAMBE-GROTH**
BOARD MEMBER

6 **MR. GOLEKANYE RABASHA**
BOARD MEMBER

7 **MR. STEPHEN KEBAKILE**
BOARD MEMBER

8 **MR. WILLIE MOKGATLHE**
EXECUTIVE DIRECTOR

Executive Committee

Botswana Oil Limited has a vision to be a significant player in the Oil and Gas Industry and will realise this vision through the efforts of an exceptional workforce guided by a committed and a stellar leadership team.

WILLIE MOKGATLHE
CHIEF EXECUTIVE OFFICER

Willie Mokgatlhe holds a Master of Science Degree in Air Transport Management from Cranfield Institute of Technology (United Kingdom) and a Bachelor of Commerce Degree from the University of Botswana. He has vast experience in the Aviation and Petroleum industry and has held senior positions in large private and parastatal organisations in Botswana, Namibia, South Africa and the Netherlands.

Willie has a wealth of experience in Strategy Development and Business Planning, Finance, Marketing and Stakeholder Management. He has chaired a number of Boards, including the National Development Bank, Airline Association of Southern Africa, Shell Oil Botswana and Shell Namibia Limited. He has also served as a Board member for Botswana Postal Services, Botswana Development Corporation and Botswana Oil Limited. His areas of interest include Global Leadership and Brand Management.

MOSETLHO KENAMILE
GM - OPERATIONS

Mosetlho Kenamile holds an MSc. in Engineering Management (University of Pretoria) and a Bachelor of Engineering Degree (University of Botswana). He has a career spanning over a decade where he has been active in the Petroleum industry and Engineering Consultancy.

As General Manager Operations, Mosetlho is accountable for Project Management and the efficient management of the national strategic fuel facilities in Francistown and Gaborone.

MODISE KOOFHETHILE

GM - STRATEGY AND BUSINESS PLANNING

Modise Koofhethile holds a Master of Science in Strategic Management from the University of Derby, UK. He also has a Higher National Diploma in Business Administration – Materials Management, from Conestoga College of Applied Arts and Technology, Canada. In addition he has taken part in several professional programmes including the Management Development Programme from the University of Cape Town, South Africa. With a career spanning more than twenty-three years, Modise has amassed a wealth of experience in strategy and operations management.

As General Manager Corporate Policy, Strategy and Business Planning, he is involved in the development of the BOL Corporate Strategy, ensuring business process alignment and monitoring organisational performance.

NOREEN MASEGO EVANS

GM - SUPPLY AND MANUFACTURING

Noreen Masego Evans holds an Msc. Strategic Management (Derby, United Kingdom) and a Bachelor of Accountancy Degree from University of Botswana. She also holds an Advanced Diploma in Purchasing and Supply (CIPS, United Kingdom) as well as a Management Development Programme qualification from Stellenbosch University.

Noreen has immense experience in Supply Chain Management and has been active in the Mining and Financial Services sectors. Noreen is accountable for the development and execution of the Petroleum products supply and management programme.

MOKWENA MORULANE

GM - CORPORATE SERVICES

Mokwena Morulane holds a BA Accounting (Honours) degree from the University of Bedfordshire, England. He is a fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Botswana Institute of Chartered Accountants (BICA). Having worked for companies such as Discovery Metals Ltd, Gem Diamonds Botswana, BCL and BIFSC, Mokwena has extensive experience in the mineral/natural resources sector.

His role at BOL includes the provision of strategic leadership in the implementation of effective operational support services in the areas of Finance and Administration, Information and Communication Technology as well as in Human Resources Development.

Executive Committee

1 **NOREEN MASEGO EVANS**
GM - SUPPLY AND MANUFACTURING

2 **MODISE KOOFHETHILE**
GM - STRATEGY AND BUSINESS PLANNING

3 **MOSETLHO KENAMILE**
GM - OPERATIONS

4 **WILLIE MOKGATLHE**
CHIEF EXECUTIVE OFFICER

5 **MOKWENA MORULANE**
GM - CORPORATE SERVICES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Senior Management

THABO SIMON
Supply Operations Manager

PHATSIMO MOETI JOEL
Health, Safety, Security & Environment Manager

BRUCE BRUNO
Business Development Manager

OLIVIA RAMASELWANA
Finance Manager

TSHEPO RAMASELWANA
Human Resource Manager

GAMU MPOFU
New Ventures Manager

LUDO MOKOTEDI
Marketing & Communications Manager

TSHEGOFATSO KENOSI
Terminal Operations & Distribution Manager

TIDIMALO POONYANE
Corporate Counsel & Company Secretary

IVEN SEGAISE
Business Planning Manager

BIDOH KGAIMENA
Engineering & Technical Services Manager

GALEBOE MMELESI
Information Communication & Technology Manager

MANTHO MOKOBI
Internal Audit Manager

Chairman's Statement

It is my pleasure to present to you our second Annual Report which covers the year up to 31st March 2016. The report covers the operational and financial performance of the company for the year under review. During the year, the Board of Directors of BOL set strategic direction and guided Management towards the successful delivery of the Company mandate.

DR. JOEL SENTSHO
BOARD CHAIRMAN

During the year, BOL directed its energies towards ensuring the security of supply of petroleum products for Botswana and the management of Government's strategic fuel reserves and facilities. The Company diversified its fuel supplier base and routes through agreements with Namibia and Mozambique, minimizing the risk of using one supplier, South Africa. BOL also secured coastal storages in South Africa, Namibia and Mozambique to mitigate the risks associated with using one supplier or route and ensuring the availability of fuel even during geopolitical and weather related events in oil producing countries that have the potential to disrupt the flow of oil and oil products. These measures ensured the sustainable supply of petroleum products for the country throughout the reporting period. As per its mandate, BOL also started a programme to empower Citizen Emerging Companies (CECs) with the knowledge and skills to be able to participate in the oil industry value chain.

BOL made a profit of P13million after tax, during the review period. This was driven by various factors, amongst them, an increase in revenue and margins compared to the previous year, the sale of cleaner fuels (ULP95 and AGO50PPM) to International Oil Companies and declining crude oil prices as well as Government strategic reserves procurement income.

In line with best practice corporate governance standards, the BOL Board set strategic direction for the Company.

Guided by the Board Charter, and working through its various committees, the Board remained committed to its fiduciary duties. To ensure sustainable performance and the sound management of the Company's business and associated risks

Chairman's Statement Cont.

all Board positions were filled during the year. Board Members had a wide range of skills and knowledge in the various aspects of the Company's operations to ensure a balanced pool of skills.

To ensure BOL remains relevant and abreast of developments in the petroleum industry, the Board, together with Management will review the Company's Corporate Strategy in the next review period. In line with the Company's mandate, the strategy will seek to align BOL's operations with its mandate, placing emphasis on the diversification of fuel sources for the country, securing alternative supply routes and the easing of barriers into the petroleum industry for Citizen Emerging Companies (CECs). These will be possible through the support of relevant stakeholders to have the following enablers in place:

- Mandate to import 100% of the petroleum products (petrol, diesel and gas) consumed in the country.
- An appropriate legal framework to attract investment in infrastructure and systematic growth of the industry
- A business model to cover imports/exports and upstream only. Commercial and Retail business to be left to International Oil Companies and Citizen Companies, except in the rural areas where Mobile Filling Stations will be introduced

Looking back at how far the Company has come since its inception, I am pleased with the progress it made during this reporting period. I am particularly humbled by the commitment that the Management and staff showed to build it into the reputable brand it is fast becoming.

DR. JOEL SENTSHO

CEO's Statement

The year under review saw Botswana Oil Limited (BOL) make significant strides in establishing itself as a brand to reckon with in the country's highly competitive petroleum industry. I am proud to share our journey over the last year in what is our second Annual Report since we began operations in July 2013.

WILLIE MOKGATLHE
CHIEF EXECUTIVE OFFICER

Overall, the Company performed well during the year, managing to deliver on its main objectives in line with our Corporate Strategy. Top on our objectives was the sourcing of requisite skilled personnel to grow capacity in-house. Going forward, this will enable the Company to implement the BOL mandate effectively, which is ensuring the security and efficiency of petroleum products for Botswana as well as managing state-owned strategic reserve facilities, strategic stocks, bulk storage and distribution facilities.

OPERATIONAL HIGHLIGHTS

During the year, we experienced some supply interruptions at source but managed to steer the country away from such interruptions resulting in no product shortages in the country. We hope to continue to manage supply efficiently and ensure a smooth flow of the product, from source to the market.

Financial Performance

It is important to note that only an appropriately funded BOL will be able to deliver on the Company's mandate. Since its establishment, the Company has struggled in this area. At inception, BOL was financed through two loans, a cash loan of P20milion and a product loan of 20million litres. Without an appropriate balance sheet, BOL has not been able to borrow from the market without Government guarantee to finance its operations.

During the review period, BOL recorded a profit after tax of P13million, up from P8.3million the previous review period. This proves that BOL has the potential to perform well. Once the Petroleum Products Supply Bill (PPSB) has been enacted, BOL's performance is set to improve as it will become the sole importer of petroleum products into Botswana. BOL will consolidate all procurement of the product to ensure economies of scale for Botswana and this benefit will be passed on to the end user.

Capacity Building

During the year under review, BOL faced challenges when it came to sourcing the right skills in the market to form the BOL organisational skills base. There is generally a shortage of skilled and experienced personnel in the oil and gas industry. In light of this, BOL shifted its recruitment approach and focused on recruiting those skilled in related industries with a view to train them on industry specific skills. As part of our capacity building we seconded some of our staff to companies such as PetroSA in South Africa to gain the requisite skills and experience. This programme will continue until the organization has a pool of suitably qualified and experienced staff.

Capital Projects

To diversify our fuel sources to further harness the security of supply, BOL has embarked on a major project to exploit the vast coal reserves in the country and turn them into fuel. The project, aptly named the Coal-to-Liquid project will not only produce fuel but create jobs and contribute to the growth of the economy. By the close of the review period, a Technical Advisor had been engaged for the project.

As a state-owned oil company, one of our main responsibilities is to ensure that we increase participation of Citizen Emerging Companies (CECs) in the petroleum sector. To this end, we have found innovative ways to support these companies, ranging from offering products at competitive prices to sourcing products from the CECs. It is our intention to host a petroleum induction course for CECs in the next review period. This will equip them with knowledge and skills on the industry, ranging from the value chain and opportunities in product supply, procurement logistics and pricing, amongst others.

Cooperation Agreements

As a new entrant into the industry, BOL acknowledges that it must cooperate with experienced companies in the oil industry to benchmark on international best practice. In a quest to achieve this BOL maintained discussions and signed cooperation agreements on a wide range of its operational areas with Namibia, Mozambique and South Africa. The Company also entered discussions with some major oil producers in the Middle East. Through these agreements BOL will ensure a sustainable petroleum products supply in Botswana, through diversified routes, availability of coastal storage, even during unstable conditions in the oil market in major producers' regions or countries.

CORPORATE SOCIAL RESPONSIBILITY

In line with its Corporate Social Responsibility Policy, BOL also engaged with the communities in which it operates. Stakeholder fora to address different interest group issues were held. These included with the media, CECs and other players in the industry. Through its participation in various events, the Company supported various charities, amongst them Y-Care Charitable Trust and Madikwe Primary School.

LOOKING FORWARD

In the foreseeable future BOL aims to assume the full management and operations of the Gaborone Depot. Currently, BOL's two depots, Gaborone and Francistown are managed by Puma Energy and Vivo Energy respectively, on our behalf. BOL will take over the Gaborone Depot in the next reporting period whereas the Francistown Depot will be taken over following the completion of its expansion project scheduled for 2018.

We also have plans to develop a product pipeline to transport the product from South Africa to Botswana. Such a pipeline would service the Tshele Hills Depot, in addition to rail transportation. Discussions on the matter commenced with South Africa's Transnet Pipelines during the reporting period.

CONCLUSION

Looking back at the year, I am pleased with the progress BOL made. I look forward to an even more successful year ahead for BOL. I remain committed to piloting the Company to greater heights. I would also like to express my gratitude to the BOL Board of Directors, Management, staff and other stakeholders whose commitment and support ensured this, our success. Going forward, BOL will be leaning on you for its long-term prosperity.

WILLIE MOKGATLHE

BOL’s Structure


Finance, Audit & Risk Committee
PA to CEO
Gov. & Stakeholder Relations Manager
Internal Audit Manager
Internal Auditor
Corporate Counsel & Company Secretary
Legal Officer
GM: Operation
HSSE Coordinator Gaborone Depot
HSSE Coordinator Francistown Depot
Marketing & Communications Manager
Marketing & Communications Officer
Receptionist
Engineering & Technical Service Manager
Terminal Operations & Distributions Mananer
Scheduling
Client & Order Taking Management
Depot Manager Tshele Hills
Depot Manager Francistown
Depot Manager Gaborone
Engineer Maintenance Service
Depot Operators
Maintenance Technician
Stock Supervisor
Despatcher
Operations Supervisor
Operations Rail / Road
Engineering Projects & Programs
Projects & Project Management
Product Technology / Specifications
Process Technology

Company Milestones Since Inception

Botswana Oil Limited (BOL) is a company wholly-owned by the Botswana Government. It was incorporated in 2011 under the Companies Act. BOL was established in order to achieve the Botswana Government's broader economic objectives of ensuring the security of fuel supply, management of the Government's strategic storage facilities and facilitation of active citizen involvement in the petroleum industry. It started its operations in July 2013.

01

Since BOL became active in the local market in 2013, we have sold 53, 895, 994 litres of product to our client base. This has arrested fuel supply interruptions which were normally experienced during peak periods such as the festive season and other major holidays in Botswana.

02

In a move aimed at fostering strategic alliance geared towards ensuring the security of fuel supply for Botswana, BOL has signed a Cooperation Agreement with NAMCOR the National Oil Company of Namibia.

03

BOL, which is registered as a private Company was officially launched by His Excellency the President, Lt. General Seretse Khama Ian Khama on the 14th of October, 2014 at a colourful ceremony in Gaborone.

04

The company executed its first project at the Gaborone Depot in 2015. The project objective was to expand the depot gantry to enable the Company to efficiently service its customers. The project was carried out within time and budget. In addition to this, the Gaborone Depot Administration Block was renovated to increase office space.

05

At the Gaborone Depot, two tanks which were previously used for paraffin storage were converted to store diesel 50PPM, while in Francistown two tanks previously used for storage of ULP93 were converted to hold ULP95

06

To ensure security of fuel supply the Company signed a Memorandum of Understanding (MoU) with PetroSA on cooperation. BOL also engaged Transnet Group for product movement through a pipeline from the Republic of South Africa to Botswana. Locally, BOL signed a Depot Management Agreement with Vivo Energy for the Francistown Depot and later signed with Puma Energy for the Gaborone Depot.

07

The BOL Tip-Off Anonymous hotline service Tip-offs Anonymous™ was officially launched. This is a unique and innovative business solution aimed at strengthening the ethics culture and combating fraud at BOL. In addition to providing a fraud and ethics hotline for all stakeholders to anonymously report any dishonest, suspicious and inappropriate behavior in the workplace, the service ensures that the whistle-blower's identity is protected at all times.

08

BOL embarked on a project aimed at establishing a new way of working through an Enterprise Resource Planning (ERP) system. This project was named Project Sesigo. An ERP is a business process management software that allows an organisation to use a system of integrated applications to manage the business and automate company functions. System Applications and Products (SAP) was selected as the Enterprise Resource Planning (ERP) of choice for BOL. SAP is used worldwide and provides customers with the ability to interact with a common corporate database for a comprehensive range of applications. BOL is undergoing this transformation in an endeavour to become an integrated and agile organisation that uses Information, Communication and Technology (ICT) to achieve business objectives. The transition to SAP is currently in its final stages.

09

BOL implemented the first national marketing campaign in 2015. Dubbed the ***Making it Possible*** campaign, it targeted local audiences and aimed to communicate the critical nature of petroleum products to the country and the role BOL plays in ensuring security and efficiency of supply of petroleum products to Botswana.

10

BOL fostered relations with key strategic partners including national oil companies, oil producers and refiners in India, Kuwait, Singapore, Qatar, Dubai and Angola. Of particular interest in the process of setting up these partnerships, was the gaining of an in-depth understanding of petroleum pricing.

Stakeholder Engagement and Communications

Botswana Oil Limited has a clear stakeholder engagement plan that is executed through its Marketing and Communications Department. During the year under review, the Company hosted and participated in a number of events in Botswana and abroad.

The 8th Botswana Institute for Technology Research and Innovation (BITRI) public seminar was held in Gaborone. The main objective was to share outcomes and exchange research experiences on topics of current relevance to the BITRI mandate. BITRI seeks to contribute to Botswana's socio-economic development through technology research and this conference was in line with that. The seminar was titled ***Coal to Specialty Chemicals***.

The seminar was relevant to BOL as the Company is considering CTL technologies as a means of ensuring security, self-sufficiency and efficiency of supply of petroleum products for Botswana.

BOL, in conjunction with the African Refiners Association (ARA) hosted a two day international conference titled ***ARA Storage and Distribution Forum*.** The conference provided a platform to discuss key issues surrounding storage and distribution of petroleum products in Africa. The forum stimulated discussions on the success factors influencing the storage and distribution of petroleum products. It also highlighted the challenges and resolutions to these, particularly for countries which rely on their neighbours for reliable transit supply, quality certification and re-enforcement of safety and environmental standards.

ARA is a non-profit association representing the African petroleum downstream sector. The Association aims to:

- Promote fair economic policies in respect of all downstream oil activities across the African continent
- Help its members to develop in conjunction with their respective governments, coordinated pan-African policies on oil supply, refining and distribution in Africa that are consistent with international agreements
- Promoting local investment, employment, training and development in a safe and clean environment.

BOL also participated in several fairs and exhibitions to give its brand exposure. These include the Business Botswana Northern Trade Fair. The Company performed exceptionally and scooped the best exhibitor prize under the Business Services Category. BOL also scooped first prize at the Consumer Fair held in Gaborone under the mining and petroleum products category.

To create rapport with the media, BOL hosted a media round table where it introduced itself, its aims and objectives.


Fuel. Your Future


BITRI


BITR


BITRI


FAIRGROUND
HOLDINGS
FAIRGROUND
HOLDINGS
FAIRGROUND

Corporate Social Responsibility

In line with its Corporate Social Responsibility Policy, BOL sponsored and or participated in several projects, amongst them the donation of computers to Madikwe Primary School and providing water connections to twelve families in the Bobonong area. The Company also supported the Y-Care Charitable Trust through participation in the Makgadikgadi midnight walks.

Corporate Counsel And Company Secretary

Botswana Energy Water Regulatory Authority (BEWRA)

During the year under review BOL, in conjuction with Ministry of Minerals, Energy and Water Resources and other relevant stakeholders, progressed work on the BEWRA Bill. The bill is intended to provide an efficient regulatory framework for the regulated sectors (Water and Energy). The general rationale for establishing the Energy and Water Regulatory Authority is premised on protecting consumers from exploitation. It also provides investors with the confidence and incentives to invest in and maintain the infrastructure needed to provide service in Botswana.

The BEWRA Bill was presented for the fourth time to Cabinet during the period under review.

Petroleum Products Supply Bill (PPSB)

The petroleum sector in Botswana is self-regulated and in setting up BOL and determining its mandate, it was found that a conducive regulatory environment which promotes competition and fair allocation of resources for all industry players is a critical enabler. The said regulatory environment was viewed as a critical component developing the BOL strategy and hence the birth of the Petroleum Products Supply Bill (PPSB).

The objectives of the PPSB are as follows;

- Promote an efficient manufacturing, wholesaling and retailing petroleum industry;
- Facilitate an environment conducive to efficient and commercially viable investment;
- Promote creation of employment opportunities and the development of small businesses in the petroleum sector;
- Ensure countrywide availability of petroleum products at competitive prices in the right quality specification
- Ensure equitable access to petroleum pipelines, handling facilities and storage facilities.

By the close of the reporting period, the drafting of the PPSB was in progress.

Corporate Services

BOL's Corporate Services' core mandate is the delivery of optimum service across the Company. During the reporting period, policies from Human Resource and Information Communication Technology (ICT) were submitted to the Board for approval. These policies ensure an effective control environment and help BOL deliver optimal service to its stakeholders.

The extension of office space at Head Office and the Depot to create space for sixteen additional employees was nearing completion by the end of the year. This will be a temporary relief for office space as the Company engages new staff as per the approved manpower budget for next review period. By the close of the review period, a Request for Proposal (RFP) for a future Head Office for BOL was being issued to potential developers.

Human Resource

The Human Resource function ensures the recruitment of suitably qualified employees to ensure the realisation of BOL's mandate. Through this function, BOL looks after the interests of staff and achieves this through the guidance of it's various policies. In line with it's wellness Policy, BOL held an event themed ***"My Wellness, My priority"*** to raise awareness of the need for all employees to look after their wholistic health so as to be effective at work. As a preventative measure, BOL also introduced medical survillance. Under the programme, all employees will undergo periodic medical assessments so as to identify health challenges early so as to address them timely. These assessments include pre and post medical examinations as well as annual medical examinations.

Management recognises that the most important resource necessary for the company's success is a talented and motivated human capital base, which is aligned to the company's core values. By the close of the review period, BOL's headcount was forty eight (48) staff members. This number comprised fifteen (15) employees on fixed term contracts, twenty two (22) permanent and pensionable staff as well as ten (10) graduate interns.

BOL anticipates increased recruitment in the next financial year due to the expected expansion of the company's operations. To remain competitive in the labour market, BOL participated in the Tsabadiri Remuneration Survey during the year.

Information Communication and Technology (ICT)

The deployment of an Enterprise Resource Planning (ERP) system, ICT Strategy and business process mapping commenced during the year, under the name Sesigo. By the close of the year the preparation phase was complete. The system Go-live is scheduled for the second quarter of the next review period.

Strategy and Business Planning

In line with its mandate, to ensure petroleum products security in the country, BOL embarked on a project to turn coal into fuel. By the close of the review period the project, aptly named the Coal-to Liquid project was at prelimanary stages.

To further ensure the security of supplies, BOL explored opportunities for joint ventures and or partnerships with Namibia in constructing coastal storage in Walvis Bay. BOL also explored the feasibility of constructing a pipeline from South Africa to Botswana to transport the product.

Plans to ensure Liquified Petroleum Gas (LPG) product availability in the short term were at an advanced stage. BOL negotiated storage space with Ullage in Gaborone and Serule. A request to fund the procurement and management of the product with the LPG players was submitted to the DoE, and by the close of the reporting period BOL was still awaiting feedback.

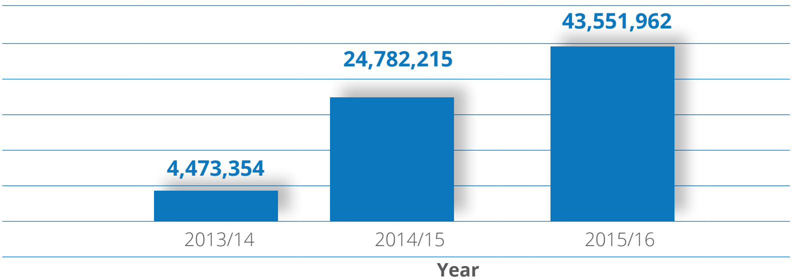
Business Development

Sales Performance

During the year the Company performed satisfactorily. Figure1 below illustrates volumes traded during the financial year. 83% of the total sales volume is attributed to International Oil Companies (IOCs), while 14% constitutes Citizen Emerging Companies (CECs) and the balance of 3% are sales to one commercial consumer, the Office of the President.

Sales Volume

Figure 1

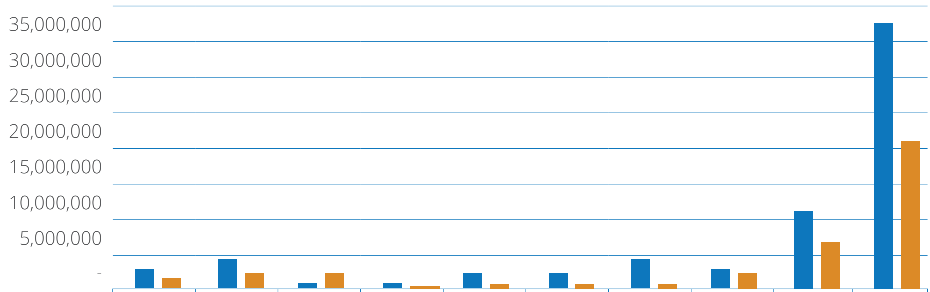


Despite tough trading conditions, the plan is to explore export sales and improve turnover.

Year	2013/14	2014/15	2015/16
Sale Volume	4,473,354	24,782,215	43,551,962
% Growth		**454%**	**76%**

Figure 2

Current FY to Last FY Comparison



	Apr - 15	May- 15	Jun- 15	Jul- 15	Aug- 15	Sep- 15	Oct- 15	Nov- 15	Dec- 15	Total
Current FY	1,417,6	4,020,0	1,162,5	1,225,9	2,604,4	2,653,7	5,011,0	3,118,9	11,393	32,607
Last FY	293,248	2,424,9	2,230,4	1,357,5	544,900	1,265,8	450,778	2,198,6	6,707,4	17,473

Citizen Emerging Companies (CECs)

BOL's continued efforts to create awareness of opportunities that exist in the Oil and Gas value chain has ensured growth in the number of CECs that are active in the marketing and distribution of petroleum products, not only in Botswana, but exporting into Zimbabwe and Zambia. Figure 3 below shows CECs activity over the last three years:

Figure 3 [CECs activity per Year]

CECs activity (per year)	2013 - 2014	2014 - 2015	2015 - 2016	Grand Total (litres)
Litres per year	235,230	3,230,422	2,383,975	5,849,627

BOL realised growth in the number of active CECs due to the convenience and efficiency BOL affords. Four new CECs emerged and two became inactive bringing the total number of active CECs to twelve CECs by the close of the year. Although the number of CECs grew, the volume of product traded decreased from 3,230 m^3 to 2,384 m^3 due to a drop in the demand for paraffin arising from competition from Beira suppliers.

BOL will continue to engage CECs in order to promote alignment to regulations and industry best practice through the implementation of its Stakeholder Engagement Strategy and Customer Relationship Management Strategy. Two CECs workshops are planned for the next review period.

Mobile Filling Stations (MFS)

During the year BOL started a major project which targets customers that have previously been underserviced by the players in the industry, through the introduction of Mobile Filling Stations. The MFS are scheduled for commissioning during the next review period, following the completion of all pre-requisite activities for their construction and the actual construction.

Operations

Government Reserve Storage Facilities

During the year, BOL worked with the DoE to finalise the Depot Operation Integrity and Maintenance Audit that had been pending since BOL took over the management of GRS facilities in 2013. As per the Terms of Reference the objective of the audit was to assess and evaluate the operational and maintenance integrity of the two installations in Gaborone and Francistown in terms of the following;

Safety and Security

- Safety of the location of the facilities considering industries and other developments that have emerged in the vicinity over the years.
- If the facilities result in any unacceptable environmental contamination.
- Facilities conforming to latest international health and safety standards and best practice.

Operational Integrity of Mechanical, Electrical, and Instrumentation Installations

- Check and assess the structural integrity of the tanks, pipework and ancillary equipment.
- Assess the operational status of all plant/equipment, check integrity, maintainability, frequency of breakdowns, spares availability.
- Is the equipment functional and fit for purpose and is the plant adequately sized?
- Are the installations providing optimal operation or have the facilities exceeded their lifespan?
- What is the impact of maintenance service downtime on the effectiveness and efficiency of the operations of the installations?
- Are the technologies currently used appropriate and as per latest international standards and best practice?
- Are the maintenance and service plans used suitable and appropriate?
- Do the operators have sufficient technical knowledge to operate the facilities?
- Are the operations effective and efficient?

Ideally the audit should have taken place at the time the facilities were handed over to BOL. However, the findings of the audit will inform both DoE and BOL of the current state and operability of the GRS facilities and the extent of the residual life span left out of the two facilities. Once the audit is finalised, DoE and BOL will develop a corrective action plan based on the recommendations of the audit, including funding requirements to close the gaps.

Stock Management

The Company sold a total 38,852,293 litres of fuel during the year. BOL managed to procure and delivered 40,387,927 litres of product to depots in Gaborone and Francistown. The GRS stock cover as at the end of February 2016 was ten (10) days, which is below the planned twelve and half days (12.5) days stock cover.

Operations Cont.

Figure 4

February 2016 YTD Strategic Stock Position				
	ULP93	**ADO500PPM**	**AD50PPM**	**Total**
Opening stock (As at 1st Apr-2015)	14,967,416	16,547,784		31,515,200
Receipts	13,394,451	26,993,475	77,274	40,387,926
Sales	15,629,015	23,223,278		38,852,293
Product Borrow/Loan (Puma Energy)	800,000			800,000
Closing Stock	**8,616,615**	**19,356,293**	**77,274**	**33,050,833**

Francistown Depot Expansion Project

In a bid to increase storage facilities, the Francistown storage will be expanded from 30million litres to 95million litres. BOL tendered for the expansion project and no awards were made. The Company re-tendered and the tender closed just before the end of the year. The tender will be evaluated and awarded during the first quarter of the next review peiod.

Tshele Project

One of the BOL's strategic projects is the construction of a 160 million storage facility at Tshele Hills. By the close of the year, Bulk Earthworks were at a preliminary stage.

Truck Staging Centre

By the close of the year the draft Environmental Management Plan documents for the Gaborone Depot Truck Staging Centre were yet to be approved by Department of Environmental Affairs.

Tank Conversions

BOL is currently working with DoE and IOCs to establish the extent of a market for cleaner fuels in the country with the view to:

- Fully convert the Gaborone Depot to cleaner fuels to save on excessive cost of conversions, taking into consideration that the Tshele Hills Depot will come on stream in about three (3) years.
- Convert 5,000 cbm of the 17,500 cbm ULP 93 capacity at the Francistown Depot to ULP95 and at least 2,500 cbm of the 16,000 cbm capacity of ADO 500PPM to ADO 50PPM given the current tank configuration and least cost option

The tank conversions are also expected to stimulate the market towards moving to cleaner fuels as well as motivate companies to procure their cleaner fuel requirements from BOL.

Supply and Manufacturing

The procurement of 5000m3 of Diesel 500PPM on behalf of the Government was undertaken and fully delivered by the last quarter of the review period. . BOL also contracted Sasol Oil to supply 15000m3 of Petrol 93 in December 2015, most of which was delivered to Francistown. By the close of the review period, BOL had uplifted 9300m3 of the product with the balance planned to be fully delivered during the first quarter of the next review period. In addition BOL contracted Puma SA to supply 9000m3 of Diesel 500PPM to Gaborone in December 2015 of which BOL received 5000m3 by March 2016. BOL continues to engage different suppliers in the region for equitable supply of fuel products, especially cleaner fuels in Petrol 95ULP and Diesel 50PPM which was in short supply within the region for part of the year.

There are on-going discussions with the Department of Energy on funding the supply and stock up of cleaner fuels which will enhance the security of supply on cleaner fuels. This process involves a comprehensive depot facility readiness which requires tanks and pipelines to be maintained and readied to be able to receive and dispense the product. Cleaner product availability will also offer BOL a commercial opportunity to use the stock to sell to IOCs at a margin. BOL intends to leverage on the favourable global prices to deliver the product at a more competitive price.

Health, Safety, Security And Environment

BOL experienced no significant incident during the reporting period, recording a positive performance against plan in terms of Health Safety Security Environment (HSSE). In an endeavour to enable positive HSSE performance the company set HSSE key performance targets in line with Organisational strategic objectives. The targets which serve to cultivate an HSSE culture, curb incidents and identify HSSE risks throughout the organisation were cascaded to all employees and implemented during the year. The HSSE measures are as follows:

- Potential incidents reported
- Inspections carried out
- Emergency drills conducted
- HSSE competency gap closure
- HSSE safety brief presentations
- Closure of Remedial action plans for all the measures

Health, Safety, Security And Environment Cont.

Figure 1: HSSE Key Performance Indicator's for year 2015/2016

Key Performance Indicators	Targets 2015/2016	Actual 2014/2015	Actual Mar 2015/2016	YTD Mar 2015/2016
Zero Days (# of Days without LTI)	365	365	31	365
No of Fatalities	0	0	0	0
No. of spills >100KG	0	0	0	0
LTFR (Lost Time Frequency Rate)	0	0	0.0	0.0
No. of significant HSSE audit findings	2% of red audit findings	N/A	0	0

During the review period BOL embarked on a project to develop the organisation's Health Safety Security Environment and Quality (HSSEQ) Management System (MS). The purpose of the HSSEQ MS or framework is to manage and implement HSSEQ in the organization. The framework will help BOL to adequately and effectively manage safety, health, environment and quality issues in line with statutory requirements, oil and gas industry, national and international standards. The MS is aimed at assisting BOL meet the requirements of and qualify for accreditation to the National and international standards that include, but are not limited to:

- OHSAS 18001: Occupational Health & Safety management
- ISO 14001: Environmental Management
- ISO 9001: Quality Management
- Process safety management,
- Responsible care, and any other applicable standards

By the close of the review period the project was at 63%. The project will progress to implementation, readiness review and management review in the next review period.

In a quest to achieve capacity building and HSSE competency in the organisation, BOL staff underwent the following training during the year.

- Defensive driving training
- HSSE Risk Management
- HIRA: Hazard identification and Risk Assessment
- First Aid Level 1 & 2
- Firefighting level 1 & 2
- Tank Inspection
- RCAT: Root Cause Analysis Technique
- Process Safety training

To inculcate an HSSE culture in the Company, BOL commemorated several HSSE relevant national and international days as follows, events staff were encouraged to participate in:

- World Environment Day
- World Aids Day
- World Remembrance Day for ROAD traffic accidents Victims
- Safety Stand Down

In 1979 the Government of Botswana constructed two major petroleum strategic storage depots in Gaborone and Francistown for storage of petrol, diesel and paraffin products. These were mainly for strategic purposes. Currently, the product can only be dispatched through loading facilities of the managing companies, Puma Energy and Vivo Energy (Gaborone and Francistown depots respectively). With relative divestment by the International Oil Companies in Botswana in 2010 the Government established a National Oil Company, Botswana Oil Limited, which has been operational since July, 2013 with the mandate to ensure security and efficiency of fuel supply management of the Government's strategic storage facilities and manage government petroleum strategic storage facilities.

FOR THE YEAR ENDED 31 MARCH 2016

Financial Statements

Contents

FOR THE YEAR ENDED 31 MARCH 2016

(The detailed statement of comprehensive income does not form part of the audited financial statements covered by the audit opinion)

Corporate Information

FOR THE YEAR ENDED 31 MARCH 2016

Registration number

CO2011/10626

Nature of Business

Botswana Oil Limited serves as the Government of Botswana's transformation agent and is mandated to ensure security and efficiency of supply of petroleum products for Botswana, Manage state-owned strategic fuel reserve facilities, strategic stocks as well as bulk storage and distribution, facilitate participation of citizen emerging companies in the petroleum sector.

Directors

Stephen Kagiso K Kebakile	(Date of appointment: 27.02.2013)
Reetsang Willie Mokgatlhe	(Date of appointment: 22.08.2013)
Joel Sentsho	(Date of appointment: 27.02.2013)
Golekanye Rabasha	(Date of appointment: 27.02.2013)
Kenneth Kerekang	(Date of appointment: 01.02.2015)
Batsho Dambe Groth	(Date of appointment: 01.02.2015)
Mbako Mbo	(Date of appointment: 01.02.2015)
Ogomoditse Maruapula	(Date of appointment: 01.02.2015)

Registered Office

Plot 54373,
Petroleum House
Matante Mews,
Central Business District

Company Secretary

Desert Secretarial Services (Pty) Ltd
Plot 64518,
Fairgrounds Office Park,
Gaborone

Auditors

PricewaterhouseCoopers
Plot 50371,
Fairground Office Park, Gaborone.

Bankers

Stanbic Bank of Botswana
Banc ABC
Standard Chartered Bank Botswana
Barclays Bank Botswana
First National Bank Botswana

(The financial statements are expressed in Pula, the currency of Botswana)

Statement Of Directors' Responsibility

FOR THE YEAR ENDED 31 MARCH 2016

The directors of Botswana Oil Limited are responsible for the 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.

The company maintains systems of internal controls, 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 48 to 70 and the supplementary information on page 71 and page 72 were authorised for issue by the Board of Directors and are signed on its behalf by:

Chief Executive Officer

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA OIL LIMITED

We have audited the financial statements of Botswana Oil Limited, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on **pages 48 to 70**.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

PricewaterhouseCoopers

Individual practicing member: Rudi Binedell
Membership number: 20040091

Gaborone
31 August 2016

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

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

Statement Of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 P	2015 P
Revenue	**1**	230,976,015	159,129,331
Cost of sales		(181,303,499)	(130,263,330)
Gross profit		**49,672,516**	**28,866,001**
Other operating income	2	3 ,493,110	5,395,921
Administrative expenses		(42,719,080)	(26,836,902)
Profit from Operations	3	**10,446,546**	**7,425,020**
Finance income	4	5,179,358	2,883,388
Finance cost	4	-	(475,831)
Profit before income tax expense		**15,625,904**	**9,832,577**
Income tax expense	5	(3,379,564)	(950,676)
Profit after income tax expense		**12,246,340**	**8,881,901**
Other comprehensive income		-	-
Total comprehensive income		**12,246,340**	**8,881,901**

Statement Of Financial Position

AS AT 31 MARCH 2016

	Note	2016 P	2015 P
ASSETS			
Non Current Assets			
Property, plant & equipment	6	10,445,882	6,181,450
Current Assets			
Inventories	8	5,546,584	-
Trade and other receivables	9	15,123,135	15,372,663
Cash and bank balances	10	248,022,792	164,971,250
		268,692,511	180,343,913
Total Assets		**279,138,393**	**186,525,363**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	11	1	1
Retained earnings		15,244,348	2,998,008
		15,244,349	2,998,009
Non Current Liabilities			
Deferred tax liabilities	7	4,330,240	950,676
Current Liabilities			
Shareholder's loan	12	114,958,631	131,764,169
Government advances	13	93,332,575	19,909,676
Trade and other payable	14	51,272,598	30,902,833
		259,563,804	182,576,678
Total Liabilities		**263,894,044**	**183,527,354**
Total Equity and Liabilities		**279,138,393**	**186,525,363**

Statement Of Changes In Equity

FOR THE YEAR ENDED 31 MARCH 2016

	Stated Capital	Retained earnings P	Total Equity P
Balance as at 1 April 2014	1	(5,883,893)	(5,883,892)
Profit for the year	-	8,881,901	8,881,901
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	8,881,901	8,881,901
Balance at 31 March 2015	1	2,998,008	2,998,009
Balance as at 1 April 2015	1	2,998,008	2,998,009
Profit for the year	-	12,246,340	12,246,340
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	12,246,340	12,246,340
Balance at 31 March 2016	1	15,244,348	15,244,349

Statement Of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 P	2015 P
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Income tax expense		15,625,904	9,832,577
Adjustments for:			
Profit on disposal of assets		(4,322)	-
Depreciation	6	1,503,836	1,272,274
Product loan - drawn from Government reserves	12	(4,805,538)	84,171,915
Interest income	4	(4,810,519)	(2,883,388)
Cash flows before working capital changes		7,509,361	92,393,378
Inventories	8	(5,546,584)	1,945,753
Trade and other receivables	9	249,528	15,804,114
Trade and other payables	14	20,369,765	14,455,644
Cash generated from operations		22,582,070	124,598,889
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment	6	(5,781,295)	(1,865,231)
Proceeds from disposal of assets		17,349	-
Interest received	4	4,810,519	2,883,388
Net cash (utilised in) / generated from investing activities		(953,427)	1,018,157
CASH FLOWS FROM FINANCING ACTIVITIES			
Shareholder loan settled		(12,000,000)	-
Government advance received for projects	13	59,692,976	-
Government advance utilised for projects	13	(9,854,683)	-
Government procurement loan received	13	63,805,108	4,129,536
Government procurement loan utilised	13	(40,220,502)	-
Net cash generated from financing activities		61,422,899	4,129,536
Net Increase in cash and cash equivalents		83,051,542	129,746,582
Cash and cash equivalents at the beginning of the year		164,971,250	35,224,668
Cash and cash equivalents at the end of the year	10	248,022,792	164,971,250

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

Botswana Oil Limited is a company incorporated in the Republic of Botswana. The address of its registered office and principal place of business is disclosed in the corporate information section of the financial statement. The company operates as a wholesale distributor of Petroleum products in Botswana.

The company's financial statements were authorised for issue by the Board of directors.

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention and on a going concern basis. The principal accounting policies applied in the preparation of the company financial statements are set out below. These policies have been consistently applied in the last year, unless otherwise stated.

The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

Changes in accounting policies and disclosures

(a) International Financial Reporting Standard and amendments effective for the first time for 31 March 2016 year-end

There was no standards or amendments effective for the first time which impact the company.

(b) International Financial Reporting Standards and amendments issued but not effective for 31 March 2016 year-end		
IFRS	Effective Date	Subject of amendment
Amendments to IAS 1,'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment is not expected to significantly impact the company.
Amendment to IAS 12 – Income taxes	1 January 2017	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures (continued)

((b) International Financial Reporting Standards and amendments issued but not effective for 31 March 2016 year-end		
IFRS	Effective Date	Subject of amendment
Amendment to IAS 7 – Cash flow statements	1 January 2017	In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.
IFRS 15 – Revenue from contracts with customers.	1 January 2018	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.
IFRS 9 – Financial Instruments (2009 &2010) • Financial liabilities • Derecognition of financial instruments • Financial assets • General hedge accounting	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. The IFRS is not expected to significantly impact the company's current measurement and recognition policies.
IFRS 16 – Leases	1 January 2019	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures (continued)

(b) International Financial Reporting Standards and amendments issued but not effective for 31 March 2016 year-end		
IFRS	Effective Date	Subject of amendment
		The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard is not expected to significantly impact the entity.

(c) Improvements to IFRSs (Issued Dec 2013) was issued by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards issued and effective for the first time for 31 March 2016 year-ends:

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures (continued)

Annual Improvements 2010-2012 issued December 2013		
IFRS	Effective Date	Subject of amendment
Amendment to IFRS 13, 'Fair value measurement'	1 July 2014	When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The amendment does not impact the entity.
Amendment to IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets'	1 July 2014	Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: • either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or • the accumulated depreciation is eliminated against the gross The amendment does not impact the entity.
Amendment to IAS 24, 'Related party disclosures'	1 July 2014	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the entity 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 presentation currency.

(b) 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 at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within "Other operating income" on a net basis.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

Property, plant and equipment

Property Plant & Equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at costs less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows.

Item	Useful life time
Leasehold Improvements	Over the operating lease period
Buildings – Porto-cabins	10%
Plant & Machinery	15%
Furniture and Fixtures	10%
Motor Vehicles	25%
Office Equipment	15%
IT equipment	25%

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

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.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

In respect of assets that are subject to depreciation or amortisation, the company assesses at each reporting date whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An asset's recoverable amount is the higher of its fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying values exceed the estimated recoverable amounts, the tangible assets concerned are written down to their estimated recoverable amounts. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

FINANCIAL ASSETS

Classification

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides goods or services directly to a debtor with no intention of trading the receivable and are carried at amortised cost using the effective interest rate method.
They are included in current assets, except for maturities greater than 12 months after the reporting date; these are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.

De-recognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- the right to receive cash flows from the asset has expired:
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) basis and is the net of the invoice price, insurance, freight, customs duties and discounts.

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

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. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and its recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for trade or other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the statement of comprehensive income. Bad debts are written off in the year in which they are identified.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank borrowings.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

Stated capital

Ordinary shares are classified as equity and stated at the fair value of the consideration received.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings

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

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 balance sheet date.

Trade and other payables

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

Provisions

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Employee benefits

The company operates a defined contribution retirement fund. The company's contributions to the fund are charged to the statement of comprehensive income in the year to which they relate.
Severance benefits are payable in terms of the Employment Act to all employees not belonging to the retirement fund. These benefits are recognised when they accrue to the employees.
Employee entitlements to annual leave, gratuities and bonuses are recognised when they accrue to employees. The company recognises a liability and expense for bonuses based on contractual and constructive obligations.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

(a) Sales of goods – fuel

The entity sells Petrol, Diesel and Illuminating Paraffin from its facilities. Sales are recognised when the

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

product has been loaded to the customers' tankers at the product uplift point at which point the risk and rewards of ownership is transferred to the buyer. The quantity of the product shall be determined as per the facility managers' report at loading point and the tankers will be sealed before departure. There are no unfulfilled obligations that would affect the buyers' acceptance of the product.

(b) Sales of Services - Management fee - Fuel procurement

The entity sources fuel on behalf of the Government to supplement the Government Reserve Stocks managed by the entity. These costs are borne by the Government through the Ministry of Minerals Energy and Water Affairs. The entity earns a management fee for the service provided. Management fee is recognised when the service is provided.

Cost of sales

Cost of sales represents the purchase cost of fuel for resale, duties, levies and includes all overheads appropriate to the sale.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent it relates to items recognised directly in other comprehensive income. In this case, tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

Market risk

(i) Foreign currency risk

In the normal course of business, the company enters into transactions denominated in foreign currencies primarily with respect to the United State Dollar (USD) and South African Rand (ZAR). In addition, the company has assets and liabilities in foreign currencies, which exposes it to fluctuations in foreign currency exchange rates.

At 31 March 2016, if the Botswana Pula had strengthened/weakened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been P 27 603 (2015: P 921 101) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated in bank balances and payables.

At 31 March 2016, if the Botswana Pula had strengthened/weakened by 10% against the ZAR with all other variables held constant, post-tax profit for the year would have been P 2 206 631 (2015: P 110 470) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated in bank balances and payables.

At 31 March 2016 the company's financial assets and liabilities denominated in foreign currencies are:

	2016	2015
	Debit/(Credit)	Debit/(Credit)
Bank balances		
US Dollar	353 872	22 799 440
ZA Rands	48 131 195	Nil
Trade payables		
US Dollar	Nil	(10 887 884)
ZA Rands	(19 841 055)	(1 416 277)

(ii) Cash flow and fair value interest rate risk

The company has invested cash which is not required for immediate operations in call accounts with Stanbic Bank Botswana Ltd in an amount of P 160 307 674 (2015: P 118 531 730), First National Bank Botswana in an amount of P 17 155 456 (2015: P 2 177 189) and with African Alliance Botswana in an amount of P 21 766 999 (2015: 20 622 039) respectively. These balances are callable at the option of the company and earns interest at variable rates which are determined by the counter party. The company's income and operating cashflows are substantially independent of changes in market interest rates.

iii) Price risk

As disclosed in Note 12 to the financial statements, the Government of Botswana has availed a product loan of 24.6 million litres of fuel to the company. The initial monetary value of drawdowns on this loan is determined with reference to the value of fuel drawn from government reserves measured based on the published slate price per litre on the day of drawdown. Subsequently, the value of this liability will fluctuate based on changes in the published slate price per litre. During the current financial year, the company accounted for a gain of P 41 643 819 (2015: P 15 426 344) through reduction of this liability as a result of reductions in the published slate price per litre subsequent to the initial drawdown.

At the financial year end, a 1% increase/(decrease) in the published slate price per litre would result in an increase/(decrease) of the liability by P 11 495 920 (2015: P 11 976 417).

Notes To The Financial Statements

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Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only reputable parties are accepted. In respect of trade customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For some of the trade receivables the entity may obtain security in the form of guarantees, lien over property where necessary.

Individual receivables, which are known to be uncollectable 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. For such 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 recovery of additional cash. Impairment losses are recognised in the statement of comprehensive income.

In respect of the impaired debt management has a second lien over the property held as security. Management however, has impaired the entire debtor balance at the year end date.
The company's management considers all financial assets which were fully performing and past due for each of the reporting dates under review as being of good quality.

The table below shows an age analysis of trade receivables at their carrying value respectively as at the balance sheet date.

	Total	Fully performing	Past due	Impaired
	P	P	P	P
At 31 March 2016				
Trade receivables	12 647 074	6 772 300	4 869 794	1 004 980
At 31 March 2015				
Trade receivables	9 185 783	5 009 004	869 102	3 307 587

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company manages its liquidity needs by carefully managing cash outflows due in day to day business and by ensuring that borrowing facilities could be made available at short notice from their principal banker Stanbic Bank Botswana Limited. The entity currently has sufficient cash flows to manage its operations.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

The table below analyses the company's financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2016	Total P	Less than 1 year P	Between 1 and 2 years P	Between 2 and 5 years P	Over 5 years P
Trade and other payables (excluding statutory liabilities)	50 961 960	50 961 960	-	-	-
At 31 March 2015					
Borrowings (excluding non-financial Government advances)	12 000 000	12 000 000	-	-	-
Trade and other payables (excluding statutory liabilities)	30 528 568	30 528 568	-	-	-

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns and benefits for 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 shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities approximately their carrying amounts at the balance sheet date.

The entity makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment loss on debtors

The entity reviews its debtors to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the entity makes judgements as to whether there is any observable data indicating that there is a measurable decrease in estimated cash flows from a portfolio of debtors. Management uses estimates based on historical loss experience of assets. 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.

Residual values and useful lives

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

Notes To The Financial Statements

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	2016 P	2015 P
1. Revenue		
Sale of petroleum products	230,976,015	159,129,331
	230,976,015	159,129,331
2. Other operating income		
Management fee	3,228,730	5,346,859
Tender fee	164,803	-
Other income	99,577	49,062
	3,493,110	5,395,921
3. Profit before income tax is stated after charging the following items:		
Auditors' remuneration - audit fees	(128,908)	(120,000)
Depreciation	(1,503,836)	(1,272,274)
Directors' fees	(42,951)	(17,613)
Employee costs include		
- Salaries and allowances	(15,907,840)	(12,691,207)
- Gratuity, pension and severance	(3,042,235)	(2,252,383)
Lease rental expense	(993,228)	(991,904)
Cost of inventories expensed	(181,303,499)	(130,263,330)
4. Finance income and costs		
Finance cost		
Exchange loss - realised	-	(10,768)
Exchange loss - unrealised	-	(465,063)
	-	(475,831)
Finance income		
Interest income on call deposit	4,810,519	2,883,388
Exchange gains - realised	192,738	-
Exchange gains - unrealised	176,101	-
	5,179,358	2,883,388
Net finance income	5,179,358	2,407,557
5 Income tax expense		
Current income tax	-	-
Deferred income tax	3,379,564	950,676
	3,379,564	950,676
The entity is liable to income tax at the rate of 22%.		
Reconciliation of accounting Profit to Income Tax expense		
Profit before tax	15,625,904	9,832,577
Income tax @ 22%	3,437,699	2,163,167
Expenses not deductible for tax purposes	12,518	10,917
Tax losses utilised	-	(1,223,408)
Adjustment in respect of prior period	(70,653)	-
Income tax expense	3,379,564	950,676

6. Property plant & equipment

	Building Porto cabins P	Plant & Equipment P	Motor Vehicles P	Furniture & Fittings P	Computers & Software P	Leasehold Improvements P	Office Equipment P	Capital Work in progress P	Total P
Year-ended 31 March 2015									
Opening net book amount	251,136	211,205	113,860	47,788	320,939	-	-	4,643,565	5,588,493
Additions	25,433	27,980	712,077	95,220	937,349	60,042	51,011	-	1,909,112
WIP Capitalised	-	-	-	2,312,660	810,631	1,520,274	-	(4,643,565)	-
Disposals	-	-	-	(2,618)	(41,263)	-	-	-	(43,881)
Depreciation charge	(29,283)	(38,168)	(208,251)	(236,131)	(440,543)	(314,521)	(5,377)	-	(1,272,274)
Closing net book amount	247,286	201,017	617,686	2,216,919	1,587,113	1,265,795	45,634	-	6,181,450
At cost	277,093	239,185	842,203	2,453,574	2,045,245	1,580,316	51,011	-	7,488,627
Accumulated depreciation	(29,807)	(38,168)	(224,517)	(236,655)	(458,132)	(314,521)	(5,377)	-	(1,307,177)
Net book amount	247,286	201,017	617,686	2,216,919	1,587,113	1,265,795	45,634	-	6,181,450
Year-ended 31 March 2016									
Opening net book amount	247,286	201,017	617,686	2,216,919	1,587,113	1,265,795	45,634	-	6,181,450
Additions	67,700	72,896	832,000	8,424	591,060	369,854	22,283	3,817,078	5,781,295
Disposals	-	-	-	-	(13,027)	-	-	-	(13,027)
Depreciation charge	(28,274)	(38,879)	(227,884)	(246,022)	(619,837)	(334,753)	(8,187)	-	(1,503,836)
Closing net book amount	286,712	235,034	1,221,802	1,979,321	1,545,309	1,300,896	59,730	3,817,078	10,445,882
At cost	344,793	312,081	1,674,203	2,461,998	2,623,278	1,950,170	73,294	3,817,078	13,256,895
Accumulated depreciation	(58,081)	(77,047)	(452,401)	(482,677)	(1,077,969)	(649,274)	(13,564)	-	(2,811,013)
Net book amount	286,712	235,034	1,221,802	1,979,321	1,545,309	1,300,896	59,730	3,817,078	10,445,882

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		2016 P	2015 P
7.	**Deferred income tax**		
	Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.		
	Deferred income tax liabilities		
	- Deferred income tax liability to be crystallised after more than 12 months	4,330,240	950,676
	Total net deferred income tax liability	4,330,240	950,676
	The gross movement on the deferred income tax account is as follows:		
	At beginning of the year	950,676	-
	Accelerated capital allowance for tax purposes	(17,636)	163,153
	Straightlining impact of operating leases	(11,602)	(31,975)
	Timing difference from unrealised exchange gains/(losses)	141,056	(102,314)
	Unrealised gain on remeasurement of product loan	5,767,844	3,393,796
	Prepaid expenses allowed as deduction for tax	(501,784)	501,784
	Tax losses Utilised	(1,998,314)	(2,973,768)
	At end of the year	4,330,240	950,676
8.	**Inventories**		
	Fuel supplies in transit	5,546,584	-
		5,546,584	-
9.	**Trade & other receivables**		
	Trade receivables	12,345,546	6,300,206
	Withholding tax receivables	301,527	80,480
	Impairment provision	(1,004,980)	-
		11,642,093	6,380,686
	Value added tax receivable	590,723	130,911
	Other receivables	2,890,319	8,861,066
		15,123,135	15,372,663

As of 31 March 2016, trade receivables of P 6 772 300 (2015 - P 5 009 004) were fully performing.

Trade receivable of P 4 869 794 (2015 - P 1 371 592) were past due but not impaired.

Trade receivable of P 1 004 980 (2015 - P Nil) were impaired and provided during the year.

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015
		P	P
	The age analysis of these trade receivable is as follows;		
	Upto 3 months	6,772,300	5,009,004
10.	**Cash & cash equivalents**		
	Cash at Bank	248,017,354	164,970,561
	Cash in Hand	5,438	689
		248,022,792	164,971,250

The entity had outstanding guarantee of P 20 000 and Letter of Credit of ZAR 40.874 million issued by Stanbic bank in favour of third parties. These expire on the 31 August 2016.

		2016	2015
		P	P
11.	**Stated capital**		
11.1	Issued number of shares	10,000,000	10,000,000
	(10 million shares of no par value)		
11.2	**Stated Capital**		
	Balance as at 31 March	1	1
12.	**Shareholder's Loan**		
	Cash loan	-	12,000,000
	Product loan	114,958,631	119,764,169
		114,958,631	131,764,169

Product loan

Government through the Ministry of Minerals Energy and Water Resources agreed to the utilisation of fuel to the extent of 20 million litres in order for BOL to commence its operations. The arrangement provides for the settlement of the volumes by BOL based on its procurement, sales and estimated usage requirements and provides no cash settlement alternative. The loan is therefore a non-financial obligation of the entity.

The movement of the product loan is reflected below:

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2016

	2016		2015	
	Qty in Ltrs	Pula	Qty in Ltrs	Pula
Opening balance	20,296,189	119,764,169	4,312,758	35,592,254
Utilisation by BOL	43,435,744	223,208,517	19,016,357	125,295,207
Replenishment to the strategic reserves	(39,126,596)	(186,370,236)	(3,032,926)	(25,696,948)
Measurement adjustment to cost of sales	-	(41,643,819)	-	(15,426,344)
Closing balance	**24,605,337**	**114,958,631**	**20,296,189**	**119,764,169**

The measurement adjustment at each month-end resulted in a gain of P 41 million representing the impact of the slate prices at each measurement date with the carrying value in the accounting records for the outstanding quantities. This amount has been credited to Cost of Sales in the Statement of comprehensive income.

		2016	2015
		P	P
13.	**Government advances**		
	Government advance - BOL procurement	43,494,531	19,909,676
	Government advance - Francistown Expansion Project	48,346,416	-
	Government advance - Gantry Project	1,491,628	-
		93,332,575	19,909,676

The Government advance procurement loan represents the specific amounts received by BOL to procure strategic reserve stocks on behalf of the Government directly and through CEC's (Citizen Emerging Companies) in order to facilitate these companies to participate in the petroleum sector. BOL earns management fees as a result of the sourcing on behalf of the Government strategic stock reserves. The advance does not attract interest.

BOL received funding through the Department of Energy towards specific projects during the year. Expenses relating to these projects are charged to the specific accounts. As at the year end date the balances represent the amounts remaining to be spent for the projects.

		2016	2015
		P	P
14.	**Trade & other Payables**		
	Trade payables	27,678,222	22,632,107
	Other payables		
	- Accruals	17,569,423	4,811,703
	- Gratuity and severance provision	3,142,675	1,220,745
	- Other	2,882,278	2,238,278
		51,272,598	30,902,833

	2016	2015
	P	P
15. Financial assets by category		
The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial assets of the company are classified as follows:		
Trade and other receivables	14,532,412	15,241,752
Cash and cash equivalents	248,022,792	164,971,250
	262,555,204	180,213,002
16. Financial liabilities by category		
The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial liabilities of the company are classified as follows:		
Shareholder's loan	-	12,000,000
Trade and other payables	50,961,960	30,528,568
	50,961,960	42,528,568
17. Commitment and contingencies		
Lease Commitments	**Non cancellable operating lease**	
Not later than one year	687,065	868,152
Later than one year and not later than five years	-	687,065
	687,065	1,555,217

18. Events occurring after the balance sheet date

Other than the facts and developments in these financial statements, there have been no material changes in the affairs of the financial position of the Company between the year end and the date of approval of these financial statements.

19. Assets pledged

No assets were pledged as security for liabilities.

20. Related party balances and transactions

The entity has availed the exemption under Para 25 of IAS 24: Related Party Disclosures, from the disclosure requirements in relation to related party transactions and outstanding balances. Botswana Oil Limited is wholly owned by the Government of the Republic of Botswana.

During the year BOL utilised inventory from the strategic reserves owned by th Government and obtained advances to manage projects on behalf of the Government. These have been disclosed under note 12 and note 13 of the financial statements.

BOL generates revenue through sale of fuel to government departments in the normal course of their operations.

	2016	2015
	P	P
Details of transactions during the year:		
Value of inventory utilised	36,805,249	99,553,143
Sales of fuel to government departments	3,509,123	4,434,365
Details of balances at the year end date:		
Amounts receivable from government owned entities	7,368,650	12,458,735
Amounts payable to government owned entities	208,291,206	151,673,845
Key Management Personnel		
Directors Emoluments		
For services as directors	42,951	17,613
For managerial services	1,311,036	1,275,180
	1,353,987	1,292,793
Gratuity payable as at 31 March 2016	819,708	489,308

Detailed Statement Of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2016

	2016 P	2015 P
Revenue		
Sale of petroleum products	230,976,015	159,129,331
Cost of sales	(181,303,499)	(130,263,330)
Gross profit	**49,672,516**	**28,866,001**
Other operating income		
Management fee	3,228,730	5,346,859
Tender fee	164,803	-
Other income	99,577	49,062
	3,493,110	**5,395,921**
Finance income	5,179,358	2,883,388
Finance cost	-	(475,831)
Administration expenses		
Accommodation and travelling expenses	(3,198,126)	(1,369,186)
Advertising	(4,036,164)	(1,867,106)
Audit fee	(128,908)	(120,000)
Bad debt Provision	(1,006,936)	-
Bank charges	(156,234)	(168,647)
Cleaning expenses	(167,441)	(168,571)
Computer software maintenance	(997,162)	(574,754)
Consultancy fee	(3,383,262)	(666,734)
Courier Charges	(7,398)	-
Depreciation	(1,503,836)	(1,272,274)
Director fee	(42,951)	(17,613)
Donation	(49,370)	(49,621)
Entertainment	(41,137)	(22,961)
Fuel expenses	(30,521)	(29,949)
Group personal insurance	(185,056)	(166,870)
Health Safety Security Environment expenses	(246,733)	(98,681)
Insurance	(80,279)	(71,302)
Lease rent expenses	(993,228)	(991,904)
Leave pay provision	(544,326)	(402,491)
License and permits	(1,154,615)	-
Legal expenses	(71,168)	(43,364)
Machine rental	(268,124)	(159,381)
Medical	(382,210)	(165,520)
Miscellaneous expenses	-	(38,119)
Penalties	(7,540)	-
Pension and gratuity	(3,042,235)	(2,252,383)
Performance Bonus	(1,343,948)	(812,281)

Detailed Statement Of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2016

Power & water	(134,848)	(145,097)
Printing and stationary	(104,174)	(41,480)
Repair and maintenance	(101,815)	(28,305)
Salaries	(15,363,514)	(12,288,716)
Secretarial charges	(6,510)	(32,221)
Security	(80,521)	(45,803)
Staff recruitment expenses	(409,135)	(229,565)
Subscriptions & memberships	(218,508)	(350,271)
Tax and accounting services	(125,974)	-
Technical Services	-	(158,499)
Telephone charges	(825,640)	(641,975)
Tender Costs	(119,563)	(33,106)
Tip off Anonymous	(96,000)	-
Training and conference expenses	(1,655,347)	(510,877)
Training levy	(91,718)	(169,678)
VAT recovered	111,383	(255,046)
Welfare expenses	(428,288)	(376,551)
	(42,719,080)	**(26,836,902)**
Total comprehensive income for the year	**15,625,904**	**9,832,577**

(The detailed statement of comprehensive income does not form part of the audited financial statement covered by the audit opinion)

Notes

FOR THE YEAR ENDED 31 MARCH 2016

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FOR THE YEAR ENDED 31 MARCH 2016

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FOR THE YEAR ENDED 31 MARCH 2016

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FOR THE YEAR ENDED 31 MARCH 2016

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FOR THE YEAR ENDED 31 MARCH 2016

BOTSWANA OIL
Your Fuel. Your Future

WHAT IS THE MEANING OF THE BOL LOGO?

In developing the Botswana Oil Limited brand, the country of origin was taken into account as this company is for Batswana. The importance of rain to Botswana is widely known and appreciated. Oil, on the other hand, is a lesser understood commodity, it is to this end that the logo includes:

Clay pot - The nkgwana or clay pot represents the security and protection that Botswana Oil Limited endeavours to have over the country's reserves.

Globe - The globe icon Composite Logo symbolises the exchange of services across international borders or territories in the oil industry.

Teamwork - The effective and efficient combined action we collectively take as a nation to sustain the country's strategic reserves.

Oil droplet - The droplet icon represents oil in its various forms.

As an earth tone, dark brown represents the soil used to make the clay pot.

The brighter brown symbolises the activity and energy from global partnerships and networks in the oil industry.

Green represents sustainability. By its nature, oil is a limited resource and Botswana Oil Limited is mandated to ensure its sustainability for Batswana.

Grey represents the shadow of the oil droplet which is captured while the droplet is in motion.

Composite Logo

Both shades of brown make up the oil droplet that is in the centre of the logo. The dual coloured droplet represents the different varieties of oil.

Blue stems from the fact that the oil droplet is likened to water, a natural resource that has been and still is of great importance to Batswana. Like water, oil can ensure the future growth of Botswana.

BOTSWANA OIL
Your Fuel. Your Future

Botswana Oil Limited
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Gaborone, Botswana