The economic environment continued to create uncertainty in the domestic and regional business environment for most of the financial year under review. Domestically, the collapse of diamond mining, which forms more than 40% of government revenue, is the most significant feature of 2009, with the government being put on the government budget resulting in the curtailing of certain programmes. This has also been the pattern in other regional markets where the group operates, most notably in Zambia. As our business relies heavily on government spending and with business confidence deteriorating and reflecting uncertainty over local economic prospects, our performance has slowed down.

Financial positioning

The group’s financial capital management led to the company and group improving their working capital. The company also improved its cash flow with both the cash and total assets position being maintained within last year’s levels. Cash and cash equivalents have been maintained at P3.5 million (2008: P3.4 million). The group remains free of external debt, with the full capitalisation of investing PMF being financed from internal resources. The reduced levels of revenue contingent liabilities, and thus reducing uncertainty, and also reflected in reduced working capital through the company and group margins have been maintained at the value of its long-term assets.

Financial performance

The group’s financial performance has been impacted significantly by the lack of substantive projects within the domestic market, with a significant portion of revenue being earned through the group’s contract with the Kenya Ministry of Finance. The most recent contract was completed through the group’s Botswana holding company, Kenya income tax is incurred through the deduction of a revenuemargin profit from the consolidated profit and loss account. The company has therefore assured a stable and increasing trend in the group’s performance, and this has been evidenced in the group’s increase in profit margin to 5.6% in the year 2004/2005 compared to 4.2% in the year 2003/2004.

Prospects

Given the company’s strong financial position and the support from its shareholders, Botswana is well placed to withstand the current economic conditions and will continue to focus on strengthening its customer base and enhancing its market share in the domestic market.

Botswana

Incorporated in Republic of Botswana (Registration number 89/1844)