

SWAZILAND DAIRY BOARD

ANNUAL REPORT 2016

VISION

We, the Swaziland Dairy Board perceive ourselves as a catalyst towards the total development and improvement of the dairy industry in Swaziland

MISSION STATEMENT

We, the Swaziland Dairy Board are in the business of developing and promoting the production and consumption of quality dairy products by coordinating and harmonizing all activities in the dairy industry through the application of appropriate skills and technology.

Our mission is set to be achieved through:

- *Directing the development of the dairy industry in the Kingdom of Swaziland*
- *Facilitating the production and consumption of quality dairy products*
- *Ensuring the provision and sustainability of a technical capacity for the furtherance of the Board's mandate*
- *Advising and consulting the stakeholders on issues and matters which are related or incidental to the dairy industry*

The Honorable M. Vilakati

Minister of Agriculture
Ministry of Agriculture
P.O. Box 162
MBABANE, H100

Dear Sir,

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

The Board of Directors of Swaziland Dairy Board (SDB) is pleased to submit the Annual Report in accordance with the Provisions of Section 28(4) of the Dairy Act No.28 of 1968 and the Public Enterprise Act No. 8 of 1989 Section 17(1). We have the honor Sir, to submit the report in the following:

- Chairman's Report
- Chief Executive Officer's Statement
- Report on SDB's operations during the year
- A copy of the Audited Financial statements for the year under review.

Yours faithfully

.....
MR THULASIZWE DLUDLU
CHAIRMAN

.....
DR. TONY M. DLAMINI
CHIEF EXECUTIVE OFFICER

CONTENTS

Vision, Mission and Objectives.....	inside front cover
Letter to the Minister.....	
Service Agents for SDB.....	
Chairman’s Report.....	
Board of Directors.....	
Management of SDB.....	
Financial Highlights.....	
Profile.....	
Economic Review.....	
Chief Executive Officer’s Statement.....	
OPERATIONAL REVIEW.....	
- Dairy Development Services.....	
- Quality Control	
- Information and Economic Analysis.....	
- Finance and Administration	
- Corporate Governance.....	
ANNUAL FINANCIAL STATEMENTS.....	
CONTACT DETAILS.....	inside back cover

SERVICE AGENTS

AUDITORS

PRICEWATERHOUSE COOPERS

ATTORNEYS

H. M. MDLULI ATTORNEYS

BANKERS

NEDBANK (SWAZILAND) LIMITED
SWAZILAND BUILDING SOCIETY

INSURERS

TIBIYO INSURANCE BROKERS (PTY) LTD.

CHAIRMAN'S REPORT

Swaziland Dairy Board is presenting the annual report for the financial year 2015/2016 in accordance with the provisions of Section 28(4) of the Dairy Act No.28 of 1968 and the Public Enterprise Act No.8 of 1989 Section 7(1).

The Board presents a financial report that shows profit before tax E17, 154,014 of compared to E21, 683,531 in 2015. Which depicts a 20.89% decrease.

Through the effective cooperation and coordination with all industry stakeholders despite the drought effects on farmers over the year, the industry has shown signs of encouraging growth over the past year. Implementing the strategic plan, the Board continued to focus her efforts on constant growth and long term sustainability in the industry, through value addition. The Board has also focused much of her efforts in providing an enabling environment for investments in the dairy industry by all stakeholders in the value chain to ensure industry growth. The result of the positive growth in operation is attributed to the advanced maintenance of cooperation and harmonization between management and the Board which was in line with good Corporate Governance principles.

Risk management of economic, social and environmental risks was carefully maintained such that none were a challenge in the reporting period. The Board was able to closely monitor and review the performance of all organization strategic initiatives and provide remedial solution where gaps were identified. The Board has continued to focus her activities on increasing milk production and value addition in the industry. Initiatives implemented in the reporting year were aimed at stimulating milk production, value addition and the school feeding programmes.

The Board continues to put in place all the necessary strategies and initiatives that promote productivity and competitiveness in the locally dairy sector. The Board on a regular basis conducts quarterly strategic reviews exercises to monitor progress and impact in the industry.

OPERATIONS

In line with her mandate to develop and regulate the local dairy industry the Swaziland Dairy Board focuses on the sustainable development and creation of an enabling environment for the local dairy industry through empowerment and the provision of extension services to the existing and potential stakeholders through the various levels of the value chain. To create an enabling environment for the establishment, development and expansion of dairy and dairy related businesses, the Board supports the industry through among others the collection, analysis and dissemination of information to the industry stakeholders and potential stakeholders. The availability and dissemination of this information is aimed at enabling existing and potential stakeholders in making informed business decisions, and make the industry competitive and market driven.

The Board continued to strategically position itself to best serve the interests of all dairy stakeholders as per her mandatory role of developing and regulating the dairy industry the board developed new dairy industry regulations to ensure long term growth and sustainability. Quality control and inspectorate services continued to be rendered to ensure efficient levy collection and technical services to all stakeholders of the industry. The Board also continued to assist local processors through provision of equipment and technical advices. Dairy development initiatives implemented by the Board during the year under

review included support to the school feeding programme. Different stakeholder and technical meetings were held with all dairy stakeholders to explore better ways on improving service delivery outreach and efficiency in the industry.

During the reporting period one of the major undertakings was the development of the new 2016 dairy industry regulation. The regulations were reviewed from the previous regulations of 1968 which due to the new and advanced developments in the industry it seemed imperative that a review of the regulation was initiated. These regulations are the guidelines for the suppliers or the various farmers who provide the products to customers and also the standard of the products because they are expected to be of the best quality since there are a lot of consumers for dairy products.

The regulations will look to strengthen and improve important aspects of the dairy enterprise, these include improvement of dairy structure and premises, sanitary services within the premises, practices of hygiene and in all areas of production, processing, manufacturing and transporting dairy products. The regulations will also target the strengthening of inspectorate services in the industry to focus on improved general permit control, import regulation, strengthen animal health risk assessment, and keeping of records among others. Inspectors may include dairy inspectors, dairy development officers, dairy extension officers or other agencies for the Board and relevant government ministries. The regulations have been discussed during a stakeholder's meeting and they were accepted by stakeholders.

All major activities in this year were focused on achieving strategic goals identified in the 2015 to 2018 strategic plan, these include financial sustainability, human resource development, dairy production and processing and finally governance and policy development. Through the strategic plan, The Board continued to focus on promoting high productivity, formation and training of farmer groups, and staff development through implementation of the appropriate policies and tools

The Board has continued working towards creating an enable environment for the establishment of large scale farms and providing technical support and assistance. During the reporting period, The Board has continued to provide support to establishment and operation of the Old Mutual, Swazi Milk dairy enterprise currently located in Sidvokodvo under the Manzini region, to date, the project has up to 700 cows and has further created employment in the industry and improves domestic milk production. The project intends to milk about 3, 500 dairy cows which can boost domestic to about 29 million litres by the end of the year 2017. This milk production dims an excess of domestic raw milk which attracts investment in dairy processing, value addition and manufacturing. The Board shall continue to work in attracting investments in dairy processing to help develop the industry and create more employment.

APPRECIATION

On behalf of the Board, I would like to thank management and staff for their great and dedicated efforts and contributions to the excellent results achieved this year. It is through the demonstration of hard work and commitment that the Board has reached this high level of performance. My sincere appreciation also goes to all the industry stakeholders and I assure them that Swaziland Dairy Board will remain more committed to her mandate in the development and promotion of the production and consumption of quality dairy products as well as the regulation of the industry for a sustainable, thriving dairy sector. More importantly, I would also like to express my gratitude to the Ministry of Agriculture for their support during the year.

Finally, to the Board of Directors, the mere existence of the Board would not have been possible without your wise foresight, support and dedication, thus making my duties easier.

.....
Mr. T. DLUDLU
CHAIRMAN OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

Directors during the year were:

Mr. Thulasizwe Dlodlu	Chairperson;
Mr. Dean Adams	Vice Chairperson
Mr. Thembinkosi Ngubane	Member
Mr. Tony Sibandze	Member
Ms. Thulisile Nhlabatsi	Member
Ms Elizabeth Matsebula	Member
Dr. Velephi Okello	Member
Dr. Tony Dlamini	Chief Executive Officer

MANAGEMENT

Dr. Tony M. Dlamini
Chief Executive Officer

Mrs. Mfihlakalo Mamba
Acting Chief Financial Officer

Mr. D. V. Msibi
Acting Dairy Development Manager

Mr. Thokozani Maphanga
Acting Quality Control Manager

FINANCIAL HIGHLIGHTS

The Board's major task is to develop and regulate the dairy industry through finances from levy and rental collections. During the year under review the Board realized profit before tax of E17, 154 014 compared to E21, 683,531 in 2015.

There has been a steady increase in total revenue from 2012 but it increased at a decreasing rate during the year under review. Revenue is mainly from levy collections and rental income. Imported quantities of dairy products have also been increasing over the 5 year period. Total revenue for the year under review is 41, 354, 333 compared to E40, 023,668 in the previous year representing a 3.3% increase in operating revenue.

Table 1. Summarized Five (5) Year Financial Performance (E)

OPERATING STATEMENT	2012	2013	2014	2015	2016
Revenue					
Operating Revenue	23,229,071	25,691,240	31,067,705	37,943,574	35,212,691
Finance income	451,963	660,890	1,003,229	1,517,159	2,601,708
Other Income	407,125	396,362	466,839	562,935	3,539,934
Total Income	24,088,159	26,748,492	32,537,773	40,023,668	41,354,333
Expenditure					
Wages & Salaries	7,461,954	7,468,065	6,090,657	8,132,432	11,056,649
Finance cost	618,970	376,649	227,239	16,010	3,852
Other	6,157,569	6,520,349	7,192,351	10,191,695	13,143,670
Total Expenditure	14,238,493	14,365,063	13,510,247	18,340,137	24,204,171
Profit/(loss) before tax	9,849,666	12,383,429	19,027,526	21,683,531	17,154,014
Taxation	3,268,855	3,881,972	5,377,304	6,078,140	4,832,430
Profit for the year	6,580,811	8,501,457	13,650,222	15,605,391	12,321,584

Table 2. Five (5) Statement of Financial Position

	2012	2013	2014	2015	2016
ASSETS					
Property, Plant & Equipment	4,077,553	4,313,411	5,014,158	6,488,246	5,842,529
Investment Property	12,485,371	12,464,912	11,946,707	11,555,732	12,151,222
Biological Assets					1,407,565
Financial Assets	865,599	865,599	865,599	904,547	926,192
Deferred Tax	796,927	708,359	441,107	517,462	831,244
	18,225,450	18,352,281	18,267,571	19,465,987	21,158,752
Current Assets					
Cash and cash equivalents	19,128,617	22,288,951	35,403,021	44,834,471	55,235,563
Trade and other receivables	874,025	652,457	720,729	3,432,448	3,507,769
Current tax prepaid	-	78,392	-	2,029,345	2,005,325
	20,002,642	23,019,800	36,123,750	50,296,264	60,748,657
TOTAL ASSETS	38,228,092	41,372,081	54,391,321	69,762,251	81,907,409
EQUITY AND LIABILITIES					
Retained Profit	19,373,770	35,841,247	49,491,469	65,096,860	77,418,444
Long Term Liabilities	4,889,646	769,929	914,490	887,403	1,403,030
Current Liabilities	13,964,676	4,760,905	3,985,362	3,777,988	3,085,935
TOTAL EQUITY AND LIABILITIES	38,228,092	41,372,081	54,391,321	69,762,251	81,907,409

PROFILE

The Swaziland Dairy Board is a public enterprise established in 1971 in terms of the Dairy Act No. 28 of 1968. The Board's primary function as provided in the Act is to develop and regulate the dairy industry in Swaziland. It has been involved in commercial operations before its restructuring in 1999 to revert back to its original mandate. The Board's core business is to provide developmental and regulatory services to the dairy industry from a neutral position. The SDB undertakes its mandate in line with Government's goals of poverty reduction, food security, job creation, investment promotion and export promotion. In other words it complements Government's efforts through the provision of a supportive socio-economic environment for the development of the dairy industry.

Presently the Swaziland Dairy Board offices are located on the third floor of Enguleni House on Lot 287 Mahleka Street in Manzini City.

The development of the dairy industry is aimed at promoting local milk production, processing, distribution and consumption; investment in all phases of the industry; market access and the general improvement of the sub-sector's commercial climate for the benefit of producers and consumers. The Board encourages investments in order to achieve a sustainable level in the supply of dairy products for self-reliance, and fosters fair competition and easy market access by regulating the import and export of dairy products based on the principle of supply and demand.

The Board is expected to coordinate, harmonize and, where necessary, regulate the activities of all stakeholders in a cost-effective manner, and to ensure that they attain efficiency in production, processing and distribution of milk and its products in the local market. It also enforces the statutory activities of producers, processors and distributors. The Board is also custodian to dairy statistics including its collection, analysis and dissemination to stakeholders. The overall objective is to achieve and maintain food security in dairy products. The Board also protects the interests of consumers by enforcing health and quality standards as well as ensuring that products are correctly labelled for accurate information. The Board also ensures that producers receive various support services such as technical advice, project appraisal, advice on appropriate infrastructural developments and more importantly training.

ECONOMIC REVIEW

The global economy remains trapped in a prolonged period of slow economic growth and dwindling international trade growth. Since 2012, world gross product (WGP) has expanded at an average annual rate of 2.5 per cent, much lower than the average of 3.4 per cent observed in the decade prior to the financial crisis. In 2016, growth in both WGP and world trade dropped to their slowest pace since the Great Recession of 2009. Six years through the aftermath of the global financial crisis, the majority of both developed and developing countries are seeing their GDP growth on a markedly lower path than they were prior to the crisis. While developed economies have indeed in 2014 all registered positive growth for the first time since 2011, growth in the euro area remains fragile and the momentum in Japan is also tapering off. Among developing countries and economies in transition there is a sharp deceleration in a number of large emerging economies, particularly in Latin America and the Commonwealth of Independent States. A number of these economies continue to face various country-specific challenges, including structural imbalances, infrastructural bottlenecks, increased financial risks, incoherent macroeconomic management as well as geopolitical and political tensions.

According to the AEO (African Economics Outlook) Swaziland remains guided by developments in the Common Monetary Area, particularly in South Africa, with the monetary policy rates following closely those set by the South African Reserve Bank (SARB). Although the CBS (Central Bank of Swaziland) left its discount rate unchanged at 5.75% at its meeting in September, this followed two previous rises (each of 25 basis points) in May and July. The increase in July followed the decision by SARB to lift its own benchmark rate by 25 basis points to 6%. While this policy stance reaffirms the lack of an independent monetary policy, it has proved to be tenable as Swaziland has been recording single-digit rates since 2009. Generally, inflation in Swaziland tracks that in South Africa, the source of most of its imports, including a substantial share of its electricity and food. After averaging 5.7% in 2014, year-on-year inflation in Swaziland eased to 5.6% in 2015, reflecting subdued international oil and food prices. However, inflationary pressures emerged in the last quarter of 2015 due to a number of factors, including higher water and electricity tariffs and a severe regional drought. With respect to the drought, the CBS has warned that maize prices could rise by as much as 30%, on the back of a fall of around one-third in this year's maize production in South Africa, thereby triggering an increase in inflation.

Central Bank data indicates that coal production declined during the first three quarters of 2015 by 22.5% to 100 737 tonnes from 130, 022 tonnes in the similar period of 2014 in response to lower international prices. Moreover, production of iron ore ceased in the third quarter of 2014 and no output has since been recorded due mainly to a slump in international iron ore prices. On the upside, there was an increase of 52.4% in the production of quarried stones from 222, 169 to 338, 578 cubic metres, indicating good prospects in the construction sector, due particularly to public-sector projects such as the International Convention Centre and road infrastructure construction.

Economic prospects for 2016 and 2017 are muted, reflecting the lingering impact of the severe drought and continued weak real GDP growth in South Africa, to which Swaziland is strongly linked through the Southern Africa Customs Union (SACU). With deficits in the fiscal account, current account and increasing net outflows, the balance of payments has become vulnerable at the same time as foreign-exchange reserves are depleted. While commendable achievements have been seen in education and in many health-related indicators, opportunities for livelihood generation – especially for youth and women – will need to be explored and promoted. This underscores the need for an integrated multi-pronged approach to address the key challenges confronting the country and to revive the economy.

CHIEF EXECUTIVE OFFICER'S STATEMENT

The vision of the Swaziland dairy board is a developed and well regulated dairy industry in Swaziland. This will be achieved through creation of an enabling environment for all stakeholders through facilitation, development, promotion and regulation of the dairy industry in Swaziland. This will enable long term growth and sustainability of all stakeholders in the industry.

Positive growth has been noted in the industry as a result of the enormous joint efforts from all industry stakeholders. Improved production efficiency has also been noted in a number of dairy farmers which has resulted in the slight increase in milk production. This positive impact has been a result of improved capacity as a majority of farmers are well equipped with all the necessary skills and knowledge of effectively managing a dairy enterprise. However the increase in milk demand has put much pressure on the local production.

The Swaziland Dairy Board is a parastatal which is solitary owned by the Swaziland Government. It was established in 1971 under the Dairy Act No. 28 of 1968. As provided by the Act, the Board's primary function is to develop and regulate the Dairy Industry. The SDB complements the Government's efforts through the provision of a supportive socio-economic environment for development of the dairy industry aimed at achieving food security, poverty alleviation, investment promotion, job creation and export promotion.

The Board made profit before tax of E17, 154, 014 compared to E21, 683,531 in 2015. This depicts a 20.89% decrease.

Overview

In the year under review the domestic consumption for milk and milk products increased slightly by 0.9 % to 82.24 in 2016 from 81.67 million litres in 2015 this was regardless of the drought and economic downturn which led to a decrease in imports. The domestic production of raw milk increased by 27.8 percent from 12.02 million litres in 2015 to 16.65 million litres in 2016. This increase was attributed by the establishment of the old mutual dairy project which produced up to 2.8 million litres of raw milk in the year; this led to an increase in raw milk produced locally and more milk products from the local processors. The domestically produced raw milk only covered 20 percent of the total liquid milk equivalent requirement of the country in 2016; this also reflected a 5% increase as compared to 2015. The short fall between domestic demand and local milk production was met through imports from neighbouring countries. Imports of milk and other dairy products decreased by 5.8 percent from 69.65 million litres in 2015 to 65.59 million litres in 2016. The increase in production of raw milk locally resulted in a significant decrease in its imports, however the most imported dairy products included; Ultra Heat Treatment (UHT) milk, margarine, Maas and yoghurts.

There was an increase in dairy farmers in the year 2016, 720 dairy farmers during the year were reported which shows a significant increase of 41.7% from the 508 farmers in 2015. A majority of the farmers (635) were in small scale, (75) in middle scale and (10) on large scale production. The price for the farmers' produce in the formal market remained unchanged at around E5.00 per litre and in the informal market at E10.00 per litre in 2016. Local milk production continued to increase in the year 2016 when compared to preceding years; this is in line with the country's objective to develop the local dairy industry value chain.

Dairy farming in the country is mainly practiced in the traditional farming and commercial sectors. This is carried out on the Swazi Nation Land (SNL) and Title-Deed Land

respectively. The traditional sector is derived from seasonal production of milk from the indigenous herd in particular the local Nguni based breed. Dairy breeds in Swaziland include Friesian, Jersey and Ayrshire. There has been an addition of cross breeds of the traditional beef animals with the dairy exotic breeds. The commercial sector is sub-divided into small-scale dairy farmers that keep 1 to 10 milking dairy cows; medium-scale (11-50 milking dairy cows) and large-scale (51 and above milking cows). The total number of dairy cows in 2016 was 6276, the distribution among the scale were (2092) small scale, (1371) middle scale and (2813) large scale. Dairy animals are kept under intensive, semi-intensive or extensive systems.

The continued shortage in milk and milk products has seen an increased interest in dairy processing from local entrepreneurs, the production of local milk products has increased over the year in review. The main product processed locally includes emasi, yoghurt, ice cream and fresh milk. The Swaziland Dairy Board through her strategic plan mandate has continued to promote value addition for both small and medium scale processors; this is targeted at reducing the number of imported milk and milk products in the country. The board is also looking at creating and enabling environment for investments in value addition, this as part of her efforts in import substitution.

Strategic Focus

The Board developed a strategic plan which guides the direction and implementation of all development initiatives and plan. A monitoring and evaluation framework was developed to monitor the impact on the industry. To achieve significant growth in milk production and moving towards self-sufficiency in the industry, it is imperative that the Board supports every initiative that will promote industry growth and productivity. The board is working towards improving the growth and competitiveness of the local dairy sector through supporting of large scale dairy farming and processing initiatives. The local dairy industry is mainly dominated by smallholder dairy farmers who face a number of challenges that constraint them to growth. The Board seeks to improve production efficiency and increase industry competitiveness in all levels of the value chain.

Capacity building on all levels of the dairy value chain remains a priority in the sector. The board seeks to build a continued long term skill in the industry that will enable all dairy stakeholders to effectively manage their dairy enterprises and contribute toward the sector's goal of improved productivity and competitiveness. The will continue to intensify and strengthen the capacity building of dairy farmers through providing training both in dairy farming and processing.

The Board seeks to support large scale dairy farms and processors in an aim to improve the industry performance and competitiveness. Moving forward, the board is working towards increasing the number of role players mainly in the production and processing sector of the industry. With challenge of fodder as a result of the persistent dry period, the board will continue to assist local dairy farmers in sourcing of hay to feed their dairy animals. The Board has embarked on a baling programme in which farmers with good baling sites are assisted in hay making. This initiative is aimed to improve the access to local fodder flow in the industry.

In the upcoming year, the Board looks to review her strategic plan that will take the Board from the Year 2017 to 2020.

**DR. T. M. DLAMINI
CHIEF EXECUTIVE OFFICER**

REVIEW OF OPERATIONS

The Board renders its services through its four (4) departments, namely the Dairy Development Services, Finance and Administration, Information and Economics Analysis as well as Quality Control. Each of these is headed by a manager who reports to the Chief Executive Officer who in turn reports to the Board of Directors.

DAIRY DEVELOPMENT SERVICES

The Swaziland Dairy Board (Board) provides support, training and advisory services to milk producers. Services to farmers include the following, resource assessment for starting dairy businesses, siting and construction of dairy structures, forage production and conservation, perennial and winter pasture establishment and management, procurement of dairy cattle, production of hay bales, artificial insemination coupled with heat detection, dairy cattle feeds and feeding, clean milk production and proper handling, calf rearing, record keeping, dairy herd health and its application, milk marketing, general farm management, formation of farmer groups; coordination of activities for farmer groups and management of communal milk collection centers.

Artificial Insemination (AI) and Heat Synchronization

The Board has continued to render the AI service in an aim to improve the local dairy herd and breeding programme in all the regions in the country. The A.I. services included synchronisation of oestrus, breeding of cows/heifers and general dairy farm management to improve the overall performance of the dairy herd.

During the reporting period, 333 cows/heifers were bred with A.I. for farmers countrywide. Fifty three (53) of the animals were oestrus synchronised.

Dairy Cattle Purchase

To address the local scarcity challenge of dairy animals, the board has continued to assist dairy farmers in the procurement of dairy animals. During the reporting period, a total number of twenty six (26) dairy animals were procured from the Republic of South Africa. The animals were bought from Amersfoort.

The board has also introduced the management of dairy goats in the farm. During the reporting period, a total number of 173 dairy goats were procured Mooi River and have since arrived in the farm.

Training and Extension

(a) Farm Visits Technical Advice to farmers

Technical advices and dairy husbandry practical services were offered to dairy farmers during specific farm visits to address their farm problems, assess individual needs, motivate and equip them with certain skills required to improve the performance of their dairy farms including milk marketing and delivery to processing plants. A total of 2, 653 farm visits were carried out covering the whole country to offer technical advices and dairy husbandry practical services.

(b) Workshops

(i) Farmer Technical Meetings/Workshops

During the reporting period a total number of twenty two (22) day-time farmers' workshop were held on diverse dairy production related subjects such as fodder production, dairy livestock breeding, calf and kids rearing, clean milking and milk storage, legal issues pertaining the dairy livestock, feeding of the livestock, disease prevention and control in all the regions. These also included all dairy farmer groups that are to benefit under the SADP pass on the Gift initiative. Overall attendance in the workshop was two hundred and fifty eight (258).

Meantime, fifty six (56) technical meetings were held in all the regions with a total attendance of 649.

(ii) Intensive Dairy course

In an endeavour to build a continued long term skill in the industry, the Board has continued facilitating dairy training programmes for both aspiring and practising dairy farmers. During the period, a total number of 87 farmers were trained and completed the dairy cattle intensive courses which lasted for eight (8) weeks each.

Degree Programme in Animal Science (Dairy Option)

The Board has continued to build capacity in the industry with an aim of creating an increased pool of skilled and experienced dairy practitioners. The board has continued to collaborate with the University of Swaziland in the production of qualified dairy graduates. During the reporting period a group of ten (10) Animal Science Dairy Option graduates commenced their one year internship programme within the local dairy farms. The graduates were all stationed at Gege dairy farm and are yet to be posted in the other large scale commercial dairy farms in the next reporting period.

A group of fourteen (14) third year Dairy Option students have since completed their 13 week internship programme. The students have been attached at Gege Dairy Farm, Arrow Feeds, Feed Master and Dalcrue. The Board makes regular visits to ensure the interns get the relevant exposure and experience in their various stations.

Educational Tours

In an aim to expose local dairy farmers to advance dairy practicing atmospheres for purposes of experiential learning and knowledge sharing, the Board organized an educational tour for local farmers to Marganzon Dairy Farm in the Republic of South Africa. A total number of 70 local dairy farmers participated in the field tour.

The milking machine project

To encourage the use of technology and efficient production techniques in the industry, the board has continued to encourage farmers to utilize mobile milking machines. During the year under review eleven (11) milking machines were imported from the Republic of South Africa for dairy farmers. Nine of the milking machines were single point and one was a two point mobile milking unit.

Indigenous Cattle Dairying

The Board has continued to promote and support dairy farming at grass root level. Indigenous dairying is one of the major initiatives the Board is currently pursuing to sensitize farmers about the value of dairy farming.

During the period, the Board continued to hold a number of meetings with Veterinary Assistants and farmer groups at community level in preparation for the milking season of the indigenous herd. Preparations to operationalize the milk collection centres (MCC) were made. The adverse effects of the dry season resulted in a number of MCC not operational because there was little milk to justify the operational of the centres. Only Mbalenhle and Gwayimane collection centres were operational opened but the volumes of milk resulted in the centres being closed again. The Board would continue working with the Veterinary assistance towards examining possible ways to full operationalize the centres.

Goat Milk Promotion

The Board continues to promote and support goat milk production and consumption in the industry. With the scarcity supply of dairy goats both local and in neighbouring countries, The board in one of her dairy farms Gege is currently operating a goat breeding programme to help boost the industry in the availability of dairy stock. The Board also conducts dairy goat's technical trainings to equip farmers on how to manage a dairy goat herd. Currently there are about 12 smallholder dairy goat and two medium scale (Tisuka TakaNgwane and Mgambeni Dairy Goat Project) milk producers in the country. All these dairy goat milk producers are assisted by the Swaziland Dairy Board to manage their dairy goats farming to produce goat milk in the country.

Promotion of Cross Breeding Indigenous with Exotic Breeds

The Board is actively promoting the cross breeding of our local indigenous breeds with the exotic breeds through artificial insemination. The board continued to work closer with Ministry of Agriculture Veterinary Assistants to promote this initiative at grass root level.

Feed Production

a) Hay Making and Procurement

Due to the scarcity of fodder flow during the dry season, the board has continued to produce hay bales for dairy farmers to ensure that feed is available throughout the winter season. The board embarked on a balling programme in which suitable balling site belonging to farmers were balled to produce hay bales. A total number of two thousand five hundred and seven (2507) large round hay bales (250 kg) were produced in Lavumisa, KaLanga, Sihhoye, and Mpofo. Dairy farmers were encouraged to produce or buy hay bales in preparation for the winter season.

The Board has continued to import hay bales from the Republic of South Africa and neighbouring countries as a result of the shortage of fodder locally due to the dry season. During the period, a total number of two thousand four hundred and eighty (2480) large round hay bales (300 kg) were imported from the Republic of South Africa.

b) Pasture Establishment

With feed supply becoming one of the major challenges in the industry, the Board continued to support developmental initiatives that would address the feeding challenge. The Board has been actively engaged in supporting farmers to produce their own feed so to enable continuous fodder flow even through the dry season. During the reporting period, the Board assisted a total number of 148 dairy farmers in pasture development and establishment. This included demonstrations and technical advices on what type of pasture to plant, when and how to manage it. The Board continued to facilitate training workshops on pasture establishments and management to enable farmers to produce feed for their animals. The Board has also continued to promote farmers to venture into haymaking as a business.

It is envisaged that such an initiative will improve fodder flow throughout the year and reduce heavily reliance on hay bales which became scarce of dry season.

Gege Government Dairy Farm

In an endeavour to improve the production performance of Gege Dairy Farm, the board has continued to effectively implement the resuscitation plan as the cropping season was approaching. Among the major activities undertaken in the reporting period was the establishment of fodder pastures and yellow maize pastures. Also the baling ground was top dressed with LAN fertilizer to encourage re-growth.

A total of 15 ha of land was tilled and planted with Rhodes grass, White buffalo grass, millet, Kikuyu and Eragrostis Curvula. About 20 ha of land have been planted with yellow maize. The Board aims to fully utilise the summer rains in ensuring continuous supply of fodder throughout the year for the dairy animals. At the end of the reporting year, the total number of dairy cattle was 164 (all inclusive).

The board has also introduced the management of dairy goats in the farm. During the reporting period, a total number of 173 dairy goats were procured Mooi River and have since arrived in the farm. At the end of the reporting year, six kids have been kidded making a total number of 179 dairy goats (all inclusive). The board also procured a goat milking machine to smoothen the milking operations.

Masundvwini Dairy Farm

The Board in line with its mandate of developing the dairy industry has been actively involved in the resuscitation of Masundvwini Dairy Farm. A Memorandum of Agreement (MOA) between the Swaziland Dairy Board and King's Office was signed. The MOA clearly articulates areas of collaboration in which the Board will assist to ensure effective and efficient operation of the farm.

Among some of the major activities undertaken by the Board in the reporting quarter was the ploughing of fields in preparation for pasture establishment. A total number of 40 hectors has already been ploughed. About 12 ha of the land have been planted with yellow maize and 10 ha planted with pasture. The Board will continue to be involved in the running of day to day operations in the farm.

Group Dairy Project (Central Pastures).

To support group formation and resource sharing in the industry, the Board has continued to encourage and support Centralized Dairy Projects. The Board values the role played by Centralized projects in improving production efficiency in the industry. The Board has continued working closer with stakeholders to support this initiative.

a) Ngudzeni Multipurpose Cooperative

The board continued to render technical support to the group. The project has ten (10) dairy animals which included six (6) cows, three (3) calves and one heifer. The Board has also conducted a training course on principles of dairy cattle farming and group management dynamics in collaboration with the Department of Cooperatives for the group.

b) Sithobelweni Dairy Cattle Project

The Board has continued to provide technical support to the project to ensure it remains sustainable. The group is milking three cows and the total number of cows is five (5). The board also assisted the group in the procurement of hay bales for the animals and in breeding two of the heifers using artificial insemination. During the reporting period, the group was preparing to plant pastures so to fully utilize the summer rains.

c) Chubeka Zandondo

To ensure the sustainability of the project, the board continued to offer technical support and advice to the group in addressing all the operational challenges. During the period under review, one cow gave birth to a female calve. The Board assisted the project with the preparation of winter pastures to ensure continuous fodder flow throughout the dry season. Also the Board assisted the group in preparation for summer pasture establishment. Preparations to plant Rhodes grass were currently underway. The project has six (6) dairy cows and one dairy bull.

d) Mgambeni Dairy Goats Project

During the period reported upon, the Board continued to provide both business and technical advice for the project in an aim to improve the project sustainability. The board has also assisted the group in sourcing of a buck in Tisuka TakaNgwane in preparation of the

breeding season. The board has assisted the group in the setting up of camps. The Project has a total number of 27 goats.

e) Thulwane Epilepsy Dairy Project

During the reporting period the Board continued to provide technical support and advice to the project. The project has six (6) dairy cattle animals. Preparations to plant pastures were underway. The Board assisted the group in the construction of a milking shed and procurement of hay bales. It was reported that one of the cows gave birth to a female calf.

f) Moyamunye Ex-Miners Dairy Project

The Board has continued to provide technical assistance to the group to ensure the project thrives. The total number of dairy animals on site was five (5) inclusive of the calves. Preparations to plant pastures are currently underway. The Board conducted a training workshop for all group members in Dairy Farming Management. The board has also assisted the group in the procurement of dairy animals and fencing equipment.

g) Gedlingula Dairy Farmers Cooperative Society

Preparation to establish the necessary infrastructure is currently underway. The dairy animals are still temporally kept at Gege dairy farm. The board has continued to work with the group to ensure that it becomes ready to receive the dairy animals. The board has also assisted the group in the procurement of a mobile milking machine.

Semi-Intensive Grazing

During the past reporting period, the Board continued to assist dairy farmers utilizing Semi-intensive grazing production system to explore ways to efficiently utilize the system. The Board continued to provide technical assistance on how farmers can be efficient under each production system. There are six (6) dairy farmers practicing this production method and the Board is actively engaged in assisting them technically. The Board has also assisted these projects in the procurement of hay bales during the dry season.

Business Plan Preparation

In an effort to assist farmers start and grow their businesses, the board has continued to assist dairy stakeholders in the development of bankable business plans for both planning and accessing financial services purposes.

During the reporting period fourteen (14) business plans were developed for dairy farmers. All business plans developed were for both aspiring and practising dairy cattle farmers; eight (8) small scale, two (2) medium scale, two (2) large scale, one (1) dairy goats and (1) dairy processing.

Information Sharing and Dissemination

The Board continues to provide support through the collection, analysis and dissemination of information to the industry stakeholders and potential stakeholders with the aim to increase access to information flow in the industry.

During the reporting period the board facilitated the process of buying and selling dairy cows in the industry through the use of e-dairy sms. Information about cattle sales were sent to all dairy farmers who intend to buy dairy animals locally. Also the board was able to send information to all dairy farmers about the availability of hay bales and encouraged all dairy farmers to buy them in preparation for the persisting dry season.

Initiatives

Establishment of a revolving smallholder heifer/ cow supply scheme (Pass on the Gift)

The Board has continued rendering technical assistance to all the groups that benefited from the SADP Heifer Scheme. Capacity building, breeding services, mentorship programs and animal health services are among major undertakings the board has rendered to the group beneficiaries to ensure the project thrives and animals are well managed. The board in line with the project monitoring and evaluation plan has continued to ensure that relevant data on the status of the animal is collected on a regular basis to ensure effective monitoring of the project. Pregnancy diagnosis test are conducted on a regular basis to ensure that all animals get pregnant and give birth to calves.

The Board officers have continued to work close with the benefiting groups in order to assist them in all challenges they come across. The board has been strict in the monitoring of the project and members are regularly checked on a forth night period to ensure continual good management of the dairy animals. During the reporting period female calves that were born were passed on to the next beneficiaries.

Dairy Processing

The Board has continued to promote value addition in the industry. Assistance rendered to small scale processors included resource sourcing, capacity building, procurement of input supplies and technical advice. The Board has continued to enhance capacity of both aspiring and practicing small-scale processors in collaboration with the Cedara College of Agriculture in South Africa.

During the reporting period, a total number of eleven (11) aspiring small-scale dairy processors undertook a course in dairy processing at the Cedara College. This was in line with the Board's objective of value addition promotion.

Siyandzisa Community Development Project.

Siyandzisa Community Development Project is a country wide development initiative project aimed at improving the standard of living for poor unemployed households through enterprise development. This involves empowering beneficiaries to venture in AI service provision businesses that would enable them to generate revenue for their families. It is envisaged that this initiative would increase the service outreach to all farmers in their respective regions.

During the period under review, the Board continued to explore cost effective ways to implement the project. This included exploring AI equipment that could be possible used and the total equipment cost.

Dairy Month

To promote the consumption of dairy products in the industry, the SDB in collaboration with dairy industry stakeholders conducted a Dairy Month campaign in the entire month of October. The main aim of the initiative was to create awareness on the nutritional value of

milk and milk products consumption and create demand that will benefit all industry stakeholders. It is believed that such an initiative will go a long way in stimulating the consumption of dairy products which in turn will increase the demand of dairy products and create enormous market opportunities for all industry stakeholders.

School Milk Feeding Programme

The School Milking Programme initiative has been one of the major programmes supported by the Board in an aim to promote a dairy consumption culture among the youth and stimulate local dairy consumption demand. The board in partnership with relevant stakeholders continued to work closer towards the development of School Milk Programmes that would be integrated in the current running school feeding programmes to enhance academic performance, school attendance and health eating habit among scholars.

During the reporting period, a School Milk Feeding Scheme committee comprising of key stakeholders was appointed by the Ministry of Agriculture. The committee was tasked to produce a national concept paper for the project. The project concept paper was finalized and awaits for feedback from the Ministry of Agriculture.

Dairy School Projects

The board continues to work closer with schools that currently have dairy projects. The board provides technical advice and regular monitoring to these projects to ensure they become sustainable. Currently schools with dairy projects include Mbalenhle Primary School, Emvimbeko High School, Lulakeni High School, Motshane High School, Matfuntini Primary School and Shewula High School. The board also develops business plans for the school dairy projects to assist them in source funding. The schools primarily keep the dairy animals to feed the pupils and for training purposes.

Motshane High School

The school has one (1) cow, which produces an average of 10L/day. The school has been assisted in pasture establishment, artificial insemination and other extension exercises to help improve milk yield and dairy activities. The school was also preparing the appropriate dairy structures and primarily use the project as prevocational education.

Mvimbeko High School

The school has 7 dairy animal, 3 cows, 2 heifers and 2 female calves. The current milk production is at 20L/day, cows graze on natural pastures the school has been assisted in A.I supports and oestrus synchronisation of their cows. The school currently feed pupils the milk and sell surplus when schools close.

Mbalenhle Primary School

Project had five (5) dairy animals all inclusive. The school is operating, and was assisted in establishing a pasture to feed the cows and calves; they also feed citrus pellets for steaming up. The school also uses the project to feed pupils atleast once a day.

Lulakeni High School

The project has ten (10) dairy animals all inclusive, the milking cows currently produce an average of 46L/day, the schools have been advised to plant pastures and are currently in the process of that. The school is also in process of establishing a dairy goat project and is

assisted by the board. They feed pupils milk atleast once a day and also use the project for prevocational education.

Shewula High School

The school currently has 2 animals, one cow and calf, and is currently producing enough milk to feed the calf, the schools have prepared a pasture for the cow to graze. The board is also assisting the project in constructing structures, and providing extension services. The school uses the project for prevocational education and feeding pupils.

Matfuntini Primary school

The schools have acquired the dairy cow and are currently preparing pastures for the cow to graze. The cow currently grazes on natural pasture. The board assisted the project in the sourcing of the dairy cow and has continued monitoring the project to ensure it remains sustainable to serve it purpose.

Dairy Industry Regulations

To ensure that the industry grows and remains sustainable, the Board has been constantly working with industry stakeholders in the development of the dairy industry regulations. The industry strives to be amongst the best global dairy industry through providing an enabling environment for all industry stakeholders to ensure continuous growth in the local industry. During the quarter under review, the Board developed a first draft of dairy industry regulations which was circulated to all industry stakeholders for their input. The aim of this initiative is to clearly articulate the industry best code of practices in an endeavor to protect all industry stakeholders and ensure future sustainability of the industry.

Swazi milk project

The Board continued in assisting the Old-mutual funded dairy project at Sidvokodvo (Swazi Milk Project). During the year under review, the project began operations and is now milking around 700 cows, producing around 14,000 Litres of raw milk per day. The target is milking above 3500 cows by 2018. At full capacity, the project will also venture into value addition, with the products being sold locally and internationally. The raw milk is at the moment sold to Parmalat Swaziland in Matsapha. This project is in-line with the Government plan of increasing local milk production, reducing imports, job creation, skills transfer, export promotion, food security and economic growth.

QUALITY CONTROL

The Quality Control department carries out the regulatory function of the Board. This is done through working with processors, retailers, distributors and producers of milk and dairy products. The Department also regulates the import and export of dairy products. The table below shows the charges according to the legal notice number 27 of 2011.

Table 4.

**SWAZILAND DAIRY BOARD
LEVY ON MILK AND DAIRY PRODUCTS REGULATIONS, 2011
SCHEDULE**

PRODUCTS	IMPORT LEVY (% of the Invoice Value)
1. Full Cream Milk UHT/Flavoured Milk	10
2. Low Fat UHT	10
3. Fresh Full Cream Milk, Low Fat or Skim Milk	12
4. Fermented Milk/Emasi/Butter Milk	12
5. Fresh/Sour Cream or UHT	10
6. Yoghurt/sip	10
7. Margarine	10
8. Honey	10
9. Condensed Milk	10
10. Dessert/Ice cream/mixtures	10
11. Baby Formulas	10
12. Milk Substitutes (e.g. Cremora etc)	10
13. Full Cream Milk Powder	10
14. Skim Milk Powder/Dairy Powder Blends	10
15. Whey/Buttermilk Powder	10
16. Cheese (Cheddar, Gouda or other)	10
17. Butter	10
18. Edible Products of animal origin not elsewhere specified or included in the Tariff Book	10

The year 2015/2016 saw the Board implement its intensified drive in assisting stakeholders to produce, sell and buy quality dairy products as it was planned in the previous year. During the year reported upon, improvements in the industry value chain were noted which could be supported by the increase in consumed high quality products. To strengthen the Board's mandate to regulate the dairy industry, the Board has partnered with stakeholders in the technological sector so to ease and improve the efficiency of the regulation exercise. In the upcoming year, the Board will continue with the regulation of the imported dairy goods in order to protect the industry. The Board works closely with relevant partners in an exercise to build capacity of its officers and adopt international standards which will benefit the industry.

INFORMATION AND ECONOMIC ANALYSIS

The Information and Economic Analysis is involved in the monitoring of the performance of the dairy industry both locally and internationally thereby acting as a reference point for the industry. The unit collects data and processes into information, undertakes economic analysis and project appraisal for the benefit of dairy entrepreneurs (aspiring and active dairy entrepreneurs) who require financing. The department works with a number of stakeholders including financial service providers and insurers in an aim to improve access to affordable financial and insurance services.

The department works closely with the other departments in its function of collecting, collating and analysing data. The department also provides training services on business planning and management, and, the actual generation of business plans. This is in line with the Board's objectives of being highly focused on the industry as a whole in advising and consulting with stakeholders on issues and matters which are related or incidental to the dairy industry. The unit also provides business advisory services to aspiring dairy farmers on how to start and run a dairy enterprise.

Dairy Statistics

The consumption for dairy products in the country is estimated at 82.24 million litres per annum in terms of liquid milk equivalents (LME's) while commercial milk production from the national dairy herd is estimated at 16.65 million litres. The deficit of 65.65 million litres of LME's is met through imports of dairy products.

Table 5. Consumption of milk in Swaziland (In Liquid Milk Equivalents – (LME))

Year	Consumption in m. (lmes)	Import	% Import	Local	% Local
2011	53.53	45.82	85.60	7.71	14.40
2012	57.31	48.65	85.00	8.66	15.00
2013	60.24	50.48	84.00	9.76	16.00
2014	68.94	58.30	84.54	10.64	14.70
2015	81.67	69.65	85.28	12.02	14.72
2016	82.24	65.65	82.30	16.65	17.72

Importers continue to play a significant role in meeting the deficit. The table below shows imports of dairy products in the country.

Table 6. Quantities of Imported Dairy Products (2011/2012 – 2015/2016)

Product Name	Quantity Kg/L				
	2012	2013	2014	2015	2016
Baby Formula	225,728.01	351,715.12	271,150.82	311,416.58	314,709.45
Butter	39,010.56	40,657.54	80,943.55	109,413.18	67,169.98
Buttermilk	430	615.56	1,517.00	957.52	673.00
Buttermilk Powder	101,000.00	120,288.00	104,488.00	75,800.00	23,450.01
Cheese	691,552.27	641,876.34	1,085,912.36	1,083,216.29	737,015.72
Condensed Milk	14,961.79	6,707.42	139,728.71	85,758.61	69,551.83
Cream	33,425.79	27,184.09	37,007.08	60,665.11	65,431.14
Creamers	1,552,497.40	1,847,089.22	1,031,096.25	719,014.51	618,040.52
Custard	209,052.44	187,761.50	294 613.92	416,795.08	237,729.88
Dairy juices	-	-	-	-	-
Dairy Powder Blends	7,211.74	3,073.36	5,360.82	4,033.00	4,914.12
Emasi	772,474.10	918,778.22	1,493,536.44	1,455,693.40	1,501,348.46
Flavoured milk	27,481.50	49,436.87	69,428.21	123,980.19	61,238.92
Fresh milk	389,110.27	441,585.73	527,759.49	294,851.79	332,369.18
Full cream milk powder (F)	408,758.67	396377.37	419,963.49	201,865.13	161,215.39
Full cream milk powder (P)	-	-	-	26,288.00	-
Goats' Milk	5,535.00	7,337.00	9,310.79	379.03	56.00
Goats' Milk Powder	-	-	1,072.59	96.00	104.00
Honey	13.5	-	-	-	-
Ice Cream	662,017.21	537,834.77	535, 147.32	460,008.61	618,015.51
Margarine	1,516,782.03	2,540,000.00	3,313,058.05	1,854,274.65	3,545,821.08
Raw Milk	-	-	2,520,000.00	2,890,000.00	1,158,598.71
Soya Milk	-	-	-	-	7,241.22
Skim milk powder	12,359.48	8,922.88	12,350.69	2,448.02	345,000.93
UHT Milk	6,666,144.23	7,909,004.70	9,539,194.88	12,909,464.65	10,906,591.05
Whey powder	361,875.00	380,764.92	403,231.12	154,325.00	32,858.01
Yoghurt	1,618,268.17	1,694,106.65	2,182,016.73	2,534,516.21	2,054 693.05
TOTAL	15,315,689.16	18,111,117.26	24,017,888.31	25,775,260.56	22,863 837.18

Figure 1. Dairy Products Imports, 2015/2016

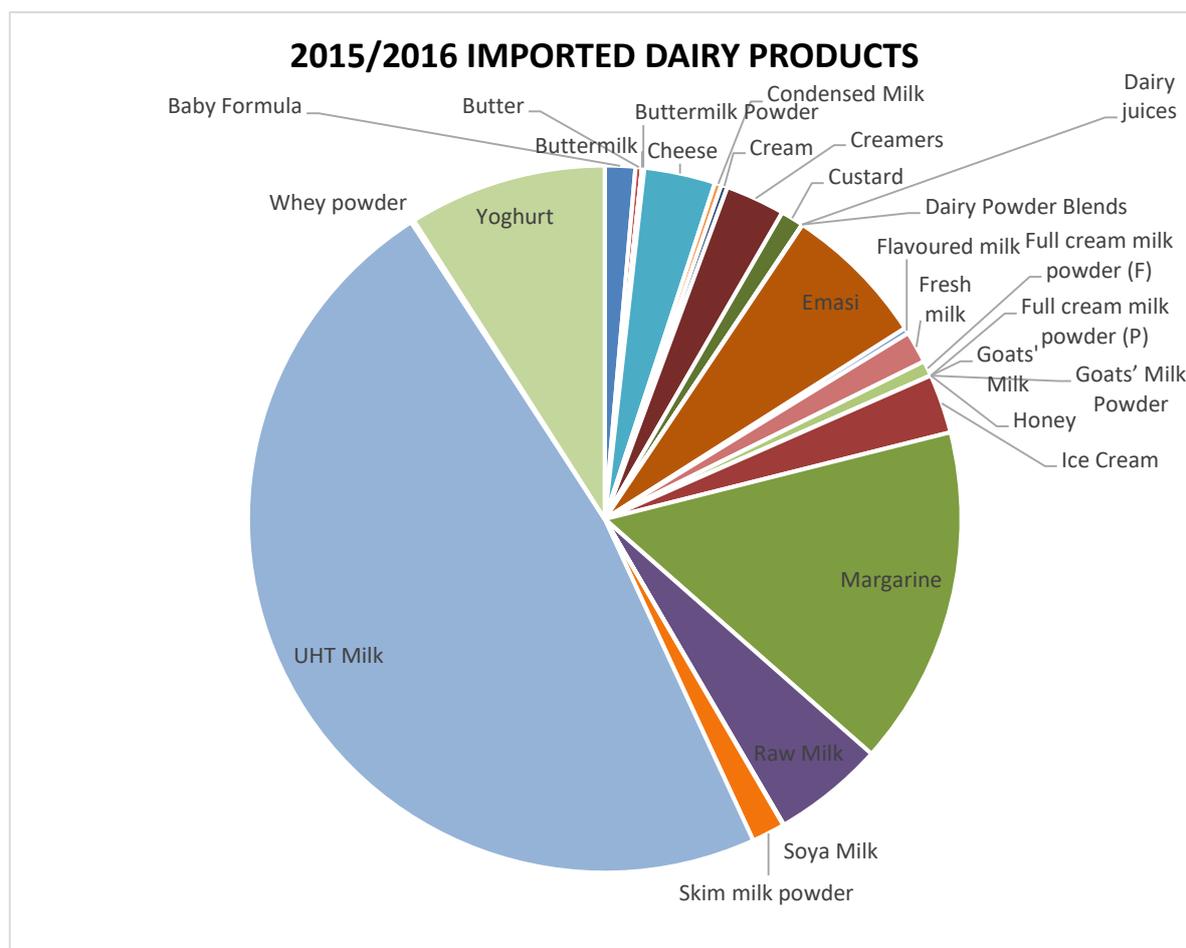


Table 7. Quantities for Dairy Products Processed Locally (2012-2016)

Product Name	Quantity (kg/L)				
	2012	2013	2014	2015	2016
Dairy Juice	762,550	623,923	554,736	556,448	607,331
Emasi	3,607,716	4,418,696	4,615,777	4,752,122	5,242,054
Fresh Cream	1,334	3,343	8,520	8,233	5,094
Fresh Milk	236,547	294,234	176,209	180,471	165,834
Ice Cream	124,960	-	-	-	-
Yoghurt	218,676	376,158	622,060	674,084	1,199,438
TOTAL	4,951,783	5,716,3535	5,977,302	6,171,358	7,221,767

Table above indicates that the quantity of locally produced dairy products is increasing annually which is a good indication of their competitiveness in the market.

Table 8. Value of Dairy Products Processed Locally (2012-2016)

Product Name	Quantity (kg/L)/Emalangeni					
	2014	Value millions (E)	2015	Value millions (E)	2016	Value millions (E)
Fresh Cream	8,233	199,732	4,965	124,125	5,094	127,350
Fresh Milk	180,471	2,147,604	152,557	1,967,985	165,834	2,154,183
Dairy Juice	556,448	7,206,001	549,424	7,197,454	607,331	7,901,376
Yoghurt	674,084	16,582,466	800,671	21,297,848	1,199,438	32,252,887
Emasi	4,752,122	59,163,918	5,081,218	69,104,564	5,242,054	72,864,550
TOTAL	6,171,358	85,174,083	6,588,835	99,691,976	7,221,767	115,300,346

Table 9. Local Milk Production (2012-2016)

Year	Total Production (Litres)	Formal sales (Litres)	Informal sales & other Uses (Litres)
2012	8,658,807	2,535,821	6,122,986
2013	9,755,428	2,414,400	7,341,028
2014	10,640,903	2,588,406	8,052,497
2015	12,017,603	2,210,123	9,807,480
2016	16,654,652	7,951,638	8,703,014

The local milk production shows a steady increase when comparing the figures from 2012. In the past two years the local milk produced increased at an increasing rate.

The focus for 2016 will mainly be the efficient collection, collation, strategic analysis and dissemination of statistical information on the dairy industry's performance. The unit will also periodically publish reports in addition to the quarterly and annual reports produced on the activities of Swaziland Dairy Board as well as the performance of the industry. The unit will continue to promote the consumption of quality dairy products through media publications and personal sensitizations.

Marketing of Dairy Products

The main strength of the country's dairy industry lies in the reasonably well developed marketing and distribution side of the milk chain. This is largely due to the combined effect of high import levels and the fact that the market is dominated a processor with good processing facilities and nationwide distribution network. The dairy industry is comprised of the formal and informal market. A majority of farmers prefer the informal market because the prices are relatively much higher than in the formal market.

Parmalat is regarded as the major milk buyer that is available to the dairy farmers in the country. A better price for the farmers' produce in the formal market was negotiated to around E5.00 per litre in 2015 and E5.30 in 2016 rising from at around E4.80 per litre offered in 2014.

Parmalat milk is processed in Matsapha, the majority part of the milk processed in Matsapha is received as pre-Pasteurised milk from Swazi Milk and other local producers, and however deficits are imported from South Africa.

The industry is largely dominated by small scale farmers who supply the informal market at a farm gate price of E10.00/L as their producer price. Most of the small scale farmers' production costs are around E5.70/L which impedes the farmers from selling to the local market. Those farmers that sell to the informal market receive an incentive of about 0.30 cents per litre produced from the SDB to encourage more production which assists in the development of the industry.

Table 10: Producer Price in formal and informal markets (2012 – 2016)

Year	Market Price (E/L)	Price (E/L) Informal
2012	4.50	7.00
2013	4.80	8.00
2014	4.80	8.00
2015	5.00	9.50
2016	5.30	10.00

FINANCE AND ADMINISTRATION

Finance

The Board's financial stand improved when compared to the previous year. Total Revenue increased by 3.3% to E41, 354, 333 (2015: E40, 023, 668) whereas assets increased by about 17.4%.

The Board's strong performance during the financial year was a result of efficient operations in all departments.

Staffing

The staff complement during the year under review was Forty three and presented in the table below. Out of the staff complement from the year, ten (10) were Intern Assistant Dairy Development Officers.

Table 9. Staff Complement

DEPARTMENT	FEMALE	MALE	TOTAL
Dairy Development	8	16	24
Information	0	2	2
Quality Control	1	5	6
Finance and Administration	8	3	11
Total	17	26	43

The people in any organization are an important resource and therefore, business strategies cannot be implemented without considering them. If the focus of the Board's overall strategy is to bring about significant improvement to the dairy industry in Swaziland, the focus of human resource strategy is based according to the Board's objectives. It is to maximize the contribution of human resource towards achievement of goals, thereby creating value for stakeholders.

With the best available talent, the Board is able to perform in this competitive industry and is working towards improving its human resource strategy.

The Board continued to enforce its human resource development policy by providing in-service training to its employees in their various disciplines to provide them with the necessary skills in order to accomplish the mission and objectives of the organization. This was meant to ensure that the organization was staffed with competent, highly motivated and a result-driven workforce to improve its performance in providing efficient services to the local dairy industry. In an effort to enhance the dairy development department, four extension officers were recruited. The Business analyst terminated services with the Board but was immediately replaced so to maintain the smooth operations of the Board.

One of the Board's strategic focuses is to have the best people in the industry and it is worth pointing out that the Board would not achieve its objectives if the needs of employees are not properly addressed. It is essential that a healthy and productive work environment is established.

This will be enabled by focusing on the following areas:

- The Board will continue to develop its people to achieve its goals. Through adherence to values, we will establish a sense of respect and reliance.
- The Board will embark on a recruitment exercise against a structured human resources plan that aligns tightly to its overall strategy. Recruiting in such a manner will reduce employee training and development costs. The retention of high quality staff is of priority since they are the ones who ensure smooth operations in the organization as well as high morale, innovation, sound leadership and knowledge.
- The Board recognizes the seriousness of HIV/AIDS and the concomitant impact on the workplace, social and economic life of employees. As a result the Board is determined to address HIV related issues in a positive, supportive and nondiscriminatory manner. The Board accepts that education, training and counseling of employees is the most effective way of preventing the spread of the HIV/AIDS virus and dealing with its effect in the workplace.

Boards Properties

Matsapha Flats & Coates Valley house

The Board manages and carries out the necessary repairs and maintenance on both properties. Occupancy was 100% during the quarter under review.

Enguleni House

During the quarter there was only one vacant space in the building, this being at the ground floor. Tenants still pay their monthly rentals accordingly and those who fail to do so are handed over to the Board's lawyers to recover the money.

Nhlangano Depot

The depot is used by Swaziland Dairy Board Shiselweni dairy development officers. The board is in the process of renovating the structures.

Lot 447/R

The Board's factory at Matsapha is currently being leased to Parmalat Swaziland whose rentals are being collected on a timely basis.

Lot 447/1 - Matsapha

Vacant plot adjacent to Lot 447/R. The board is currently in the planning phase for the construction of a processing plant. The plant may be owned by SDB or leased out for dairy processing to selected operator for the further development of the dairy industry in Swaziland.

Moneni

Vacant plot in Moneni, Manzini.

FINANCIAL STATEMENTS

for the year ended 31 March 2016

Contents	Page
Statement of directors' responsibility	1
Report of the independent auditors	2 - 3
Directors' report	4 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Summary of significant accounting policies	10 - 21
Notes to the financial statements	22 - 33
<i>Other information not covered by the audit opinion</i>	
Detailed income statement	34 - 35

SWAZILAND DAIRY BOARD

STATEMENT OF DIRECTORS' RESPONSIBILITY

for the year ended 31 March 2016

The directors are responsible for the preparation and fair presentation of the financial statements of Swaziland Dairy Board, comprising the statement of financial position at 31 March 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards, and in the manner required by the Dairy Act of 1968.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors' have made an assessment of the ability of the Swaziland Dairy Board to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The annual financial statements of the Swaziland Dairy Board, as identified in the first paragraph were approved by the board of directors on.....2016 and are signed on its behalf by:

.....
Mr Thulasizwe Dlodlu
Director

.....
Dr. Tony Dlamini
Chief Executive Officer



**Report of the independent auditors
To the members of Swaziland Dairy Board**

Report on the Financial Statements

We have audited the financial statements of Swaziland Dairy Board, which comprise the statement of financial position at 31 March 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Dairy Act of 1968, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Swaziland Dairy Board at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Dairy Act of 1968.

Other Matters

The supplementary schedule set out on pages 34 and 35 does not form part of the financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

PricewaterhouseCoopers
Partner: *Mvuselelo Fakudze*
Chartered Accountant (Swaziland)
Mbabane
Date:

SWAZILAND DAIRY BOARD

DIRECTORS' REPORT

for the year ended 31 March 2016

The directors have pleasure in submitting their report which forms part of the financial statements of the Board for the year ended 31 March 2016.

NATURE OF BUSINESS

The principal activities of the Board are the regulation and development of the dairy industry in Swaziland.

FINANCIAL RESULTS

Full details of the financial results are set out on pages 6 to 33.

DIRECTORS

The current Board consist of:

Chairperson

Mr Thulasizwe Dlodlu

Vice Chairperson

Mr Dean Adams

Chief Executive Officer/Board Secretary

Dr Tony Dlamini

Recorder

Mr Bongani Simelane

Other directors

Mrs Elizabeth Matsebula

Dr Velephi Okello

Mrs Thulisile Nhlabatsi

Mr Tony Sibandze

Mr Thembinkosi Ngubane

ADDRESS

Postal Address:

P O Box 2975

Manzini

M200

SWAZILAND DAIRY BOARD

DIRECTORS' REPORT (continued) *for the year ended 31 March 2016*

Physical Address:

3rd Floor
Enguleni House
Lot 287
Mahleka Street
Manzini
Swaziland

AUDITORS

Pricewaterhouse Coopers
P O Box 569
Mbabane
Swaziland

BANKERS

Nedbank (Swaziland) Limited
P O Box 11
Manzini
Swaziland

ATTORNEYS

M H Mdluli and Company Attorneys
P O Box 5592
Manzini
Swaziland

SUBSEQUENT EVENTS

There are no events which have occurred between the reporting date and the date of the audit report which have a material impact on the financial statements.

SWAZILAND DAIRY BOARD**STATEMENT OF COMPREHENSIVE INCOME***for the year ended 31 March 2016*

	Note	2016 E	2015 E
Revenue – import levies		31 883 535	34 621 294
Other income	4	6 851 297	3 846 267
Operating expenses		(24 200 319)	(18 324 127)
Operating profit	1	14 534 513	20 143 434
Finance income		2 601 708	1 517 159
Finance cost		(3 852)	(16 010)
Finance income – net	2	2 597 856	1 501 149
Financial Asset Fair value Adjustment		21 645	38 948
Profit before tax		17 154 014	21 683 531
Income tax expense	3	(4 832 430)	(6 078 140)
Profit for the year		12 321 584	15 605 391
Other comprehensive income		-	-
Total comprehensive income for the year		12 321 584	15 605 391

SWAZILAND DAIRY BOARD**STATEMENT OF FINANCIAL POSITION***at 31 March 2016*

	Note	2016 E	2015 E
ASSETS			
Non-current assets			
Property, plant and equipment	5	5 842 529	6 488 246
Investment property	6	12 151 222	11 555 732
Biological Assets	10	1 407 565	-
Financial assets – available for sale	7	926 192	904 547
Deferred tax asset	15	831 244	517 462
		<u>21 158 752</u>	<u>19 465 987</u>
Current assets			
Trade and other receivables	8	3 507 769	3 432 448
Current tax prepaid	13	2 005 325	2 029 345
Cash and cash equivalents	9	55 235 563	44 834 471
		<u>60 748 657</u>	<u>50 296 264</u>
Total assets		<u>81 907 409</u>	<u>69 762 251</u>
RESERVES AND LIABILITIES			
Reserves			
Retained earnings		69 452 424	57 130 840
Dairy development reserve		7 966 020	7 966 020
		<u>77 418 444</u>	<u>65 096 860</u>
Non-current liabilities			
Severance and gratuity provision	12	1 403 030	887 403
Current liabilities			
Trade and other payables	11	2 258 294	3 182 906
Employee benefit liabilities	12	827 641	595 082
		<u>3 085 935</u>	<u>3 777 988</u>
Total liabilities		<u>4 488 965</u>	<u>4 665 391</u>
Total reserves and liabilities		<u>81 907 409</u>	<u>69 762 251</u>

SWAZILAND DAIRY BOARD

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016

	Retained Earnings E	Dairy Developmen t Reserve E	Total E
Balance at 31 March 2015	57 130 840	7 966 020	65 096 860
Total comprehensive income for the year	12 321 584	-	12 321 584
Balance at 31 March 2016	69 452 424	7 966 020	77 418 444
Balance at 31 March 2014	41 525 449	7 966 020	49 491 469
Total comprehensive income for the year	15 605 391	-	15 605 391
Balance at 31 March 2015	57 130 840	7 966 020	65 096 860

SWAZILAND DAIRY BOARD

STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	Notes	2016 E	2015 E
Cash flows from operating activities			
Cash generated from operations	14	16 114 417	20 638 630
Interest received		2 601 708	1 517 159
Interest paid		(3 852)	(16 010)
Income tax paid	13	(5 122 191)	(9 979 256)
Net cash generated from operating activities		13 590 082	12 160 523
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(816 815)	(2 715 815)
Purchase of investment property	6	(994 610)	-
Purchase of biological assets	10	(1 407 565)	-
Proceeds from disposal of motor vehicle		30 000	10 000
Net cash utilised in investing activities		(3 188 990)	(2 705 815)
Cash flows from financing activities			
Repayment of borrowings		-	(23 258)
Net cash utilised in financing activities		-	(23 258)
Net increase in cash and cash equivalents		10 401 092	9 431 450
Cash and cash equivalents at beginning of year		44 834 471	35 403 021
Cash and cash equivalents at end of year	9	55 235 563	44 834 471

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2016

1. Reporting entity

The Board is an agency for the Swaziland Government providing basic services to the general public to improve the socio economic development through the monitoring, regulation and development of the dairy industry in Swaziland. The Swaziland Dairy Board was established as a parastatal organisation by an Act of Parliament in 1968 (Dairy Act of 1968).

The Board is in the business of developing and promoting the production and consumption of quality dairy products by coordinating and harmonising all activities in the dairy industry through the application of appropriate skills and technology.

2. Basis of preparation

a) Statement of compliance

The financial statements of the Swaziland Dairy Board have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

They have been prepared under the historical cost basis except where stated otherwise.

The accounting policies are consistent with those adopted in the previous financial year and have been applied consistently by the Board.

The methods used to measure fair values are discussed further in the accounting policies and notes to the financial statements.

c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the Board's functional currency. All financial information has been rounded to the nearest one Lilangeni.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounts policies and reported amounts of assets, liabilities, income and expenses. Actual results amounts may differ from these estimates.

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 March 2016

2.1 Changes in accounting policies and disclosures

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2016, and have not been applied in preparing these financial statements.

These are:

Standard/Interpretation		Effective date Periods beginning on or after
IAS 10 and IAS 38	<i>Classification of acceptable methods of depreciation</i>	1 January 2016
IFRS 7 amendment	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2016
IFRS 15	<i>Revenue from contracts with customers</i>	1 January 2018
IAS 1 amended	<i>Disclosure initiative</i>	1 January 2016
IFRS 9	<i>Financial Instruments</i>	1 January 2018

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

Except for additional disclosures these standards will not have an impact on the future financial statements of the Board.

3. Summary of significant accounting policies

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

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.1 Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.5%	
Equipment	10%	
Furniture and fittings		10%
Motor vehicles	33 $\frac{1}{3}$ %	
Computer equipment		33 $\frac{1}{3}$ %

Land is not depreciated.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in profit or loss.

3.2. Investment property

Investment property, principally comprising freehold and leasehold land and buildings, is held for long-term rental yields and is not occupied by the Board. Investment property is carried at historical cost less accumulated depreciation and impairment losses.

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

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.5%
Land is not depreciated.	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.2. Investment property (continued)

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

3.3. Financial assets

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

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

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. The Board currently does not have assets in this category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Board's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (accounting policies 8 and 9).

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.3. Financial assets (continued)

(c) Available for sale financial assets

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

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Board commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Board's right to receive payments is established.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss.

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Board establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Board assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in

SWAZILAND DAIRY BOARD

profit or loss on equity instruments are reversed through the statement of comprehensive income. Impairment testing of trade receivables is described in accounting policy 3.5.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.4. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.5. 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 receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

3.6. Trade payables

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

3.7. Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.8. Cash and cash equivalents

Cash and cash equivalents include cash on 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 included within borrowings in current liabilities on the statement of financial position.

3.9. Revenue recognition

The Board recognises revenue when the amount of revenue can be reliably measured, is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. Revenue is recognised as follows:

a) *Levies*

Levies are charged on all dairy products imported into the country and such revenue is recognised on an accrual basis.

b) *Rental income*

The rental revenue from the properties owned by the Board are recognised on an accrual basis.

c) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Board reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

3.10. Deferred taxes

Deferred tax is provided in full, using the balance sheet 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 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.

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.10. Deferred taxes (continued)

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The principal temporary differences arise from depreciation on property, plant and equipment and provisions.

Deferred taxation assets relating to the carry forward of unused tax losses and tax credits are recognised to the extent that it is probable that future taxable profits will be available in the foreseeable future against which the unused tax losses and tax credits can be utilised.

3.11. Borrowings

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

Borrowings are classified as current unless the Board has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.12. Employee benefits

(a) Short term employee benefits

The cost of short term employee benefits (those payable within 12 months after the service is rendered, such as leave pay, sick leave, bonuses, and other non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

(b) Statutory benefits

Provision is made for retirement benefits, payable to employees on retirement or retrenchment, on the basis of an estimate of the liability attributed to service to date which is likely to arise in the event of current employees continuing in employment until retirement.

3.13. Biological Assets

The Board's biological assets comprise of dairy goats and dairy cows for milk production purposes. The biological assets are measured at fair value less costs to sell.

Fair value is the fair market price of livestock of similar age, breed and genetic merit.

Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

3.13. Biological Assets (Continued)

Farming costs such as feeding, labour costs, pasture maintenance and veterinary services are expensed as incurred. The cost of purchase of animals plus transportation charges are capitalised as part of biological assets.

Changes in fair value of livestock may be as a result of growth or change in price, or a combination. Such changes in fair value are recognised in the statement of profit and loss.

4. Financial risk management

4.1 Financial risk factors

The Board's activities expose it to a variety of financial risks, the most significant being: credit risk, liquidity risk and cash flow interest rate risk.

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

Risk management is carried out under policies approved by the directors of the Board. The finance department identifies, evaluates and, if necessary, hedges financial risks in co-operation with the Board's senior management. The Board provides policies for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investing excess liquidity.

(a) Market risk

(i) Price risk – the Board is not exposed to price risk.

(ii) Cash flow and fair value interest rate risk

The Board's income and operating cash flows are affected, but not to a significant extent, by changes in market interest rates. The Board's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Board to cash flow interest rate risk. Borrowings issued at fixed rates expose the Board to fair value interest rate risk.

The Board's borrowings are mainly variable interest rate borrowings and as such they expose the Board to cash flow risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Board's cash equivalents and short-term deposits are placed with high credit quality financial institutions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits

SWAZILAND DAIRY BOARD

is regularly monitored. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Board's customer base and their dispersion across different industries.

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 March 2016

4.1 Financial risk factors (continued)

The carrying amounts of financial assets included in the Statement of financial position represent the Board's maximum exposure to credit risk in relation to these assets.

The table below shows the balances of the most significant counterparties at the reporting date.

Counterparty	31 March 2016 Balance	31 March 2015 Balance
African Alliance	3 477 949	3 261 110
Swaziland Building Society	1 119 488	1 068 875
Nedbank Swaziland	51 561 318	41 406 033
	<u>56 158 755</u>	<u>45 736 018</u>
Trade receivables	<u>3 297 934</u>	<u>3 319 336</u>
	<u>3 297 934</u>	<u>3 319 336</u>

Management does not expect losses from non-performance by these counterparties in addition to what have been provided for as disclosed in note 8.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Board remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements.

Management monitors rolling forecasts of the Board's liquidity reserves (which comprises of undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flow.

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the year ended 31 March 2016

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E
At 31 March 2016			
Trade and other payables	2 258 294	-	-
	2 258 294	-	-
At 31 March 2015			
Trade and other payables	3 182 906	-	-
	3 182 906	-	-

4.2 Capital risk management

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

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

Consistent with others in the industry, the Board monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

SWAZILAND DAIRY BOARD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) for the year ended 31 March 2016

4. Financial risk management (continued)

4.2 Capital risk management (continued)

During 2016, the Board's strategy was to continue reducing its gearing ratio in order to improve its financial position. The gearing ratios at 31 March 2016 and 31 March 2015 were as follows:

	2016 E	2015 E
Cash and cash equivalents (note 9)	<u>(55 235 563)</u>	<u>(44 834 471)</u>
Net debt	(55 235 563)	(44 834 471)
Total reserves	<u>77 418 444</u>	<u>65 096 860</u>
Gearing ratio	(0%)	(0%)

The decrease in gearing ratio is a result of a settlement of finance leases half way through the year.

4.3 Fair value estimation

The nominal value less impairment provision of trade receivables and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Board for similar financial instruments.

5. Critical accounting estimates and assumptions

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There were no critical accounting estimates that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

SWAZILAND DAIRY BOARD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. Operating profit

The following items have been charge/credited in arriving at operating profit:

	2016	2015
	E	E
Auditors' remuneration		
- Audit fees - prior year	<u>124 819</u>	<u>102 674</u>
Depreciation		
- Investment property	399 120	390 975
- Property, plant and equipment	<u>1 462 532</u>	<u>1 241 727</u>
	<u>1 861 652</u>	<u>1 632 702</u>
Management fees	<u>239 127</u>	<u>244 033</u>
Repairs and maintenance		
- General	1 006 136	1 040 756
- Administration	<u>-</u>	<u>-</u>
	<u>1 006 136</u>	<u>1 040 756</u>
Staff costs (Note 1.1)		
- Administration	<u>11 056 649</u>	<u>8 132 433</u>
Finance income – net (Note 2)	<u>2 597 856</u>	<u>1 501 149</u>
Directors' fees		
- For services as directors	<u>239 373</u>	<u>243 902</u>
1.1 Staff Costs		
Medical aid	1 052 922	655 130
Pension	781 459	490 279
Salaries and wages	8 028 332	6 580 051
Severance pay and gratuity	1 097 216	324 490
SNPF	<u>96 720</u>	<u>82 483</u>
	<u>11 056 649</u>	<u>8 132 433</u>

SWAZILAND DAIRY BOARD

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2016

	2016 E	2015 E
2. Finance income – net		
Interest income:		
- Financial assets	50 581	43 640
- Interest income on short-term bank deposits	<u>2 551 127</u>	<u>1 473 519</u>
	<u>2 601 708</u>	<u>1 517 159</u>
Interest expense:		
- Bank borrowings	<u>(3 852)</u>	<u>(16 010)</u>
	<u>2 597 856</u>	<u>1 501 149</u>
3. Income tax expense		
Current tax (note 13)	5 146 212	6 154 495
Deferred tax (note 15)	<u>(313 782)</u>	<u>(76 355)</u>
Tax charge	<u>4 832 430</u>	<u>6 078 140</u>
The reconciliation of the effective tax charge is as follows:		
Profit before tax	<u>17 154 014</u>	<u>21 683 531</u>
Taxation at 27.5%	<u>(4 717 354)</u>	<u>(5 962 971)</u>
Non deductible expenses	<u>(115 076)</u>	<u>(115 169)</u>
Tax charge	<u>(4 832 430)</u>	<u>(6 078 140)</u>
4. Other income		
Artificial insemination	112 744	104 840
Commission received	246	449
Recoveries (utilities)	116 308	131 780
Rental income	3 198 373	3 178 043
Parking	29 251	39 450
Sundry income	<u>3 394 375</u>	<u>391 705</u>
	<u>6 851 297</u>	<u>3 846 267</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

5. Property, plant and equipment

	Computer Equipment E	Furniture and fittings E	Office equipment E	Motor vehicles E	Land and buildings E	Total E
Year ended 31 March 2016						
Opening net carrying amount	33 916	9 565	2 118 923	2 109 134	2 216 708	6 488 246
Additions	-	-	774 614	42 201	-	816 815
Disposal at Cost	-	-	-	(74 990)	-	(74 990)
Accumulated depreciation on disposal	-	-	-	74 990	-	74 990
Depreciation charge	(33 916)	(9 565)	(245 259)	(1 088 719)	(85 073)	(1 462 532)
Closing net carrying amount	-	-	2 648 278	1 062 616	2 131 635	5 842 529
At 31 March 2016						
Cost	678 360	974 006	4 136 120	5 555 441	3 402 918	14 746 844
Accumulated depreciation	(678 360)	(974 006)	(1 487 842)	(4 492 825)	(1 271 283)	(8 904 315)
Net carrying amount	-	-	2 648 278	1 062 616	2 131 635	5 842 529

One motor vehicle was disposed during the year. This vehicle was fully depreciated.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

5. Property, plant and equipment

	Computer Equipment E	Furniture and fittings E	Office Equipment E	Motor vehicles E	Land and buildings E	Total E
Year ended 31 March 2015						
Opening net carrying amount	91 327	66 670	1 098 643	1 455 737	2 301 781	5 014 158
Additions	-	-	1 234 565	1 481 250	-	2 715 815
Depreciation charge	(57 411)	(57 105)	(214 285)	(827 853)	(85 073)	(1 241 727)
Closing net carrying amount	33 916	9 565	2 118 923	2 109 134	2 216 708	6 488 246
At 31 March 2015						
Cost	678 360	974 006	3 361 505	5 588 230	3 402 918	14 005 019
Accumulated depreciation	(644 444)	(964 441)	(1 242 582)	(3 479 096)	(1 186 210)	(7 516 773)
Net carrying amount	33 916	9 565	2 118 923	2 109 134	2 216 708	6 488 246

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

5. Property, plant and equipment (continued)

Land and building comprise:

Lot 287 situated at Mahleka Street in Manzini Township, Manzini district. A portion of this property has been transferred to Investment Properties representing the portion of the Building the Board uses for rental income purposes (refer to note 6).

A Trailer for the truck with the carrying amount of E42 200 was acquired during the current year. (In 2015: E1 481 250 motor vehicles were acquired)

	2016	2015
	E	E
Assets that are fully depreciated but still in use comprise:		
Computer equipment and software	487 889	504 389
Furniture and fittings	387 556	359 385
Office equipment	580 098	512 517
Motor vehicles	3 022 301	2 031 478
	4 477 844	3 407 769

	Land	Buildings	Total
	E	E	E
6. Investment property			
Year ended 31 March 2016			
Opening net carrying amount	1 054 095	10 501 637	11 555 732
Additions	-	994 610	994 610
Depreciation	-	(399 120)	(399 120)
Closing net carrying amount	1 054 095	11 097 127	12 151 222
At 31 March 2016			
Cost	1 054 095	17 032 401	18 086 496
Accumulated depreciation	-	(5 935 274)	(5 935 274)
Net carrying amount	1 054 095	11 097 127	12 151 222
Year ended 31 March 2015			
Opening net carrying amount	1 054 095	10 892 612	11 946 707
Depreciation	-	(390 975)	(390 975)
Closing net carrying amount	1 054 095	10 501 637	11 555 732
At 31 March 2015			
Cost	1 054 095	16 037 791	17 091 886
Accumulated depreciation	-	(5 536 154)	(5 536 154)
Net carrying amount	1 054 095	10 501 637	11 555 732

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

6. Investment property (continued)

Investment property comprises of land and buildings;

1. Portion 19, 20, 23, 24 and 26 of Lot 34 situated at 4th Avenue in Matsapha Township, Manzini District; valued at E4 000 000.
2. Lot 447 situated in Matsapha Industrial Site, Manzini District; valued at E19 950 000.
3. Lot 463 situated at Fuscia Street in Coates Valley Township, Manzini District; valued at E1 450 000.
4. Portion 66 (a portion of portion 11), Farm Pebbles Block (North) No. 9, Manzini District; valued at E1 350 000, and
5. Lot 287 situated at Mahleka Street in Manzini Township, Manzini district. The portion of this property that is used for rental purposes was transferred from Property, Plant and Equipment to Investment property in the prior year (refer to note 5) valued at E30 000 000.

The Investment Property was evaluated on the 31 August 2013 by Jeff Lowe Associates.

	2016	2015
	E	E
7. Financial assets – available for sale		
Swaziland Building Society – Permanent shares	<u>926 192</u>	<u>904 547</u>
The carrying amount of the investment as at fair value. The shares will be redeemed at nominal value.		
8. Trade and other receivables		
Trade receivables	1 094 078	1 042 664
Less: provision for doubtful debts	<u>(534 555)</u>	<u>(534 555)</u>
	559 523	508 109
VAT recoverable	248 829	242 258
Accrued interest – Fixed deposit	315 767	226 667
Cattle procurement	130 029	-
Levies receivables	2 073 827	2 276 672
Prepayments/Deferred expenses	<u>179 794</u>	<u>178 742</u>
	<u>3 507 769</u>	<u>3 432 448</u>

A 100% allowance has been made for estimated irrecoverable amounts from the rental of property amounting to E534 555 (2015: E534 555).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016 E	2015 E
9. Cash and cash equivalents		
Cash on hand	3 000	3 000
Short term bank deposits	55 232 563	44 831 471
	55 235 563	44 834 471

10. Biological Assets

The Board has goats and dairy cows kept for milk production purposes. The livestock analysis by group of biological assets:

	Dairy cows	Dairy goats	Total
Opening balance – 1 April 2015	-	-	-
Increase due to purchases	1 041 165	366 400	1 407 565
Change in fair value	-	-	-
Closing balance 31 March 2016	1 041 165	366 400	1 407 565

	Dairy cows	Dairy goats	Total
Opening balance – 1 April 2014	-	-	-
Increase due to purchases	-	-	-
Change in fair value	-	-	-
Closing balance 31 March 2015	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016 E	2015 E
11. Trade and other payables		
Trade payables	583 717	1 838 130
Accruals	1 644 445	1 314 644
Other payables	30 132	30 132
	<u>2 258 294</u>	<u>3 182 906</u>

12. Employee benefit liabilities

	Severance pay provision E	Leave pay Accrual E	Total E
At 31 March 2015	887 403	595 082	1 482 485
Additional liability raised	586 385	462 789	1 279 404
Utilised during the year	(70 758)	(230 230)	(300 988)
	<u>1 403 030</u>	<u>827 641</u>	<u>2 230 671</u>
At 31 March 2016			
At 31 March 2014	914 490	447 967	1 362 457
Additional liability raised	168 580	155 910	324 490
Utilised during the year	(195 667)	(8 795)	(204 462)
	<u>887 403</u>	<u>595 082</u>	<u>1 482 485</u>

13. Current tax prepaid

	2016 E	2015 E
Current tax (prepaid)/owing at beginning of year	(2 029 345)	1 795 416
Current tax charged during the year (note 3)	5 146 212	6 154 495
Tax paid	(5 122 192)	(9 979 256)
	<u>(2 005 325)</u>	<u>(2 029 345)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016 E	2015 E
14. Cash generated from operations		
Profit before tax	17 154 014	21 683 531
Adjusted for:		
Depreciation	1 861 652	1 632 702
Employee benefit liabilities	748 187	120 028
Profit on disposal of Motor Vehicle	(30 000)	(10 000)
SBS Financial Asset Fair value adjustment	(21 645)	(38 948)
Interest received	(2 601 708)	(1 517 159)
Interest paid	3 852	16 010
	<hr/>	<hr/>
Operating profit before working capital changes	17 114 352	21 886 164
Changes in working capital		
Increase in accounts receivable	(75 322)	(2 711 719)
Increase in accounts payable	(924 613)	1 464 185
	<hr/>	<hr/>
Cash generated from operations	<u>16 114 417</u>	<u>20 638 630</u>
15. Deferred tax asset		
Opening balance	517 462	441 107
Movement in statement of comprehensive income (note 3)	313 782	76 355
	<hr/>	<hr/>
Closing balance	<u>831 244</u>	<u>517 462</u>
Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using the Swaziland tax rate of 27.5%.		
Deferred tax arises from the following:		
Provision for doubtful debts	110 252	110 252
Severance pay provision	385 832	251 773
Leave pay accrual	227 601	155 910
SBS permanent shares fair value adjustment	-	10 710
Property, plant and equipment	156 995	20 268
Prepayments	(49 436)	(49 154)
Prior year adjustment	-	17 703
	<hr/>	<hr/>
	<u>831 244</u>	<u>517 462</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

16.1 Financial instruments by category

The carrying amounts and fair value of each category of financial asset and liability as defined in IAS 39, and their fair values are as follows:

	Loans and receivables E	Available for sale financial asset E	Total E
31 March 2016			
<i>Assets as per statement of financial position</i>			
Trade and other receivables	4 915 334	-	4 915 334
Financial asset - available for sale	-	926 192	926 192
Cash and cash equivalents	55 235 563	-	55 235 563
Total	60 150 897	926 192	61 077 089

31 March 2015

Assets as per statement of financial position

Trade and other receivables	3 432 448	-	3 432 448
Financial asset - available for sale	-	904 547	904 547
Cash and cash equivalents	44 834 471	-	44 834 471
Total	48 266 919	904 547	49 171 466

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

	2016 E	2015 E
16.2 Credit quality of financial assets		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the external credit rating (if available) or historical information about counterparty default rates.		
<i>Trade receivables</i>		
The entity's debtors do not have external credit ratings. To manage its credit risk, the entity categorises its debtors into the following risk categories:		
- Low risk	245 313	185 085
- General credit risk	314 210	323 024
- High risk	<u>534 555</u>	<u>534 555</u>
Total trade receivables	<u><u>1 094 078</u></u>	<u><u>1 042 664</u></u>
The grouping of trade receivables is based on the following:		
Low risk – This category is utilised for current and below 30 days debts.		
General risk – This category is for debts that are aged between 31 days and 90 days.		
High risk – This category is for all debts that are in excess of 90 days.		
<i>Cash and cash equivalents</i>		
African Alliance Swaziland	3 477 949	3 261 110
Swaziland Building Society	193 296	164 329
Nedbank Swaziland Limited	<u>51 561 318</u>	<u>41 406 033</u>
	<u><u>55 232 563</u></u>	<u><u>44 831 472</u></u>
<i>Financial assets – available for sale</i>		
Swaziland Building Society	<u><u>926 192</u></u>	<u><u>904 547</u></u>
The above financial institutions are high quality credit financial institutions.		

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

17 Commitments

Capital commitments

The Board had no capital commitments at the end of the year.

Other Commitments

The Board has a maintenance agreement with Schindler Lifts for maintenance of the lift. The monthly commitment is E2 809. (2015: E2 613).

The Board has also a rental agreement with Tibiyo Properties for parking space. The monthly rental is E1 710.00

18. Related parties

18.1 Identification of related parties

The Board is controlled by the Government of Swaziland and transacts with other Government controlled entities in the normal course of business.

18.2 Directors and key management

Details of remuneration paid to the Board's directors are set out in note 1.

Short term employment costs paid to key management during the year amounted to E1 711 631 (2015:E1 789 642). Key management comprise the Chief Executive Officer and four senior managers (department heads). Post-employment benefits amounting to E605 953 (2015: E433 912) were provided for key management during the year.

DETAILED INCOME STATEMENT
for the year ended at 31 March 2016

	2016 E	2015 E
REVENUE		
Import levies	31 883 535	34 621 294
OTHER INCOME		
Rental income	3 198 373	3 178 043
Artificial insemination	112 744	104 840
Commission received	246	449
Net Financial income	2 597 856	1 501 149
SBS Permanent Shares fair value adjustment	21 645	38 948
Government support – Parmalat Shares	72 252	-
Profit on Sale of Fixed Asset	30 000	10 000
Sundry income	3 437 682	552 935
TOTAL INCOME	41 354 333	40 023 668
EXPENDITURE	24 200 319	18 324 127
Advertising	116 736	67 602
Artificial insemination	249 859	274 475
Audit fees	124 819	102 674
Bank charges	196 730	147 522
Cleaning	228 839	208 513
Commission	66 276	78 680
Computer expenses	22 707	7 985
Consulting fees	9 151	31 024
Livestock Consumables	2 133 254	149 800
Depreciation – investment property	399 120	390 975
Gege Dairy farm expenses	761 858	792 192
Masundwini Dairy Farm expenses	357 609	-
Depreciation – property, plant and equipment	1 462 532	1 241 727
Directors fees	239 373	243 902
Donations	13 420	9 296
Entertainment	813	3 663
Farmers training expenses	142 883	289 770
General expenses	(5 446)	5 448
Insurance	663 984	350 559
Motor vehicle expenses	1 369 196	1 005 388
Lgal fees	7 250	27 819
PEU Management fees	239 127	244 033
Postage and telephone	385 805	381 362

DETAILED INCOME STATEMENT
for the year ended at 31 March 2016

	2016 E	2015 E
Property Rates	633 771	611 713
Milk Farmers incentives	644 728	707 811
Printing and stationery	131 863	108 288
Provision for doubtful debts	-	97 107
Repairs and maintenance	1 006 136	1 040 756
Sales tax	9 278	10 977
Security	224 675	205 716
Staff costs	11 056 649	8 132 432
Staff training	100	5 692
Staff welfare	25 797	32 650
Subscriptions	10 810	15 242
Travel and subsistence	441 476	175 683
Uniforms	24 091	25 299
VAT irrecoverable	358 256	656 850
Veterinary drugs	32 936	49 109
Water and electricity	393 338	394 393
Tibiyo Property – Rentals	20 520	-
PROFIT BEFORE TAXATION	<u>17 154 014</u>	<u>21 683 531</u>

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