

**ANNUAL
REPORT
2015/16**



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1.0 INTRODUCTION

National Maize Corporation (NMC) is a fully state owned enterprise that has an annual turnover of approximately one hundred and twenty Million Emalangenani (E120M). The Corporation was established in 1985 in accordance with the Companies Act of 1912. The Corporation is currently involved in commodity trading in white maize, premium rice and has recently engaged in sugar beans. The control of the Corporation is vested in a Board of Directors appointed and removed by the Minister for Agriculture for terms of three (3) years.

VISION

“The farmer’s choice with the most competitive and sustainable market for maize, other grains and cereals in the SADC region”.

MISSION STATEMENT

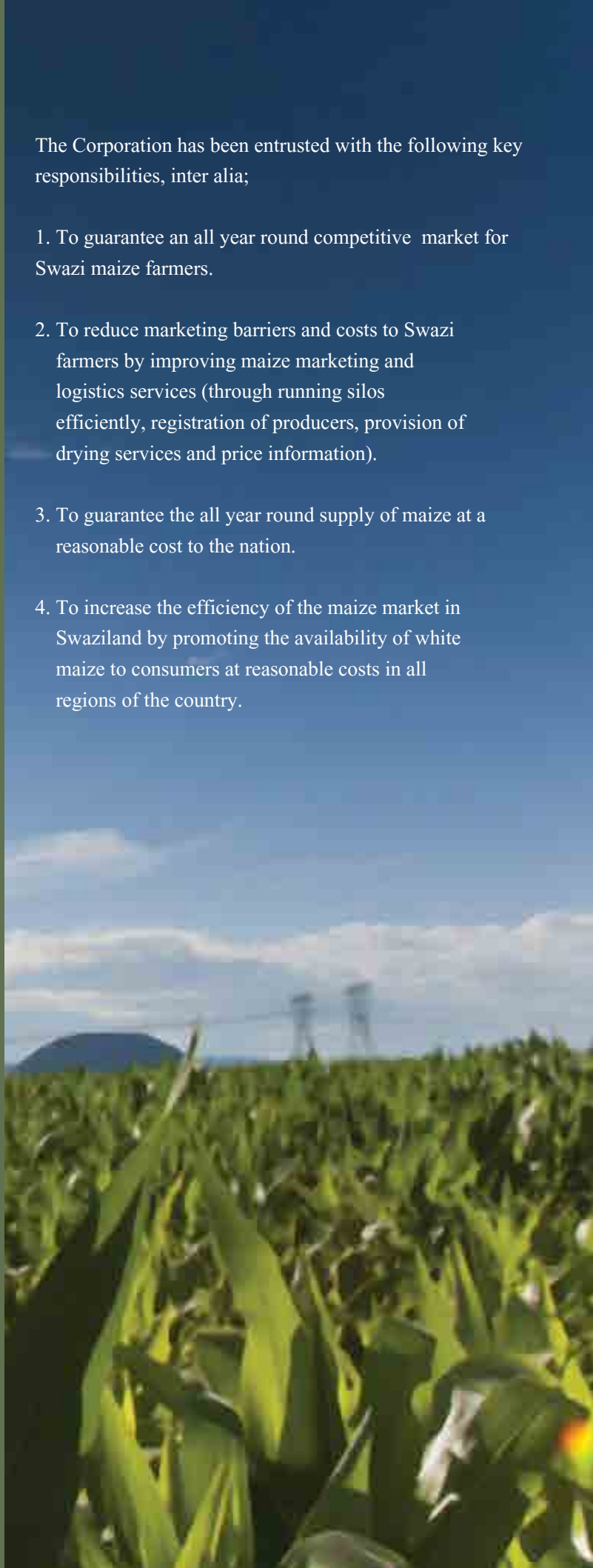
Enhancing increased production and national food security through improved stakeholder relationships, creating strategic partnerships, farmer support, vigorous marketing and supply of high quality maize, cereals and other grains.

OBJECTIVES

NMC was established in 1985 with the objectives of guaranteeing local maize farmers a market for their produce at competitive prices and also providing good quality maize meal at reasonable prices to the Swazi people. These objectives have now changed. With the return of the Matsapha mill to the SWAKI Group in 1995, NMC is no longer involved in maize milling, but only in its purchase, storage and marketing. The onus is upon the relevant office as per the Cereals Act No. 28 of 1959 to see to it that mealie meal remains affordable to the nation. The oversight in carrying out this function has resulted in unnecessarily high prices of maize meal in the country which are not related to the price of maize locally.

The Corporation has been entrusted with the following key responsibilities, inter alia;

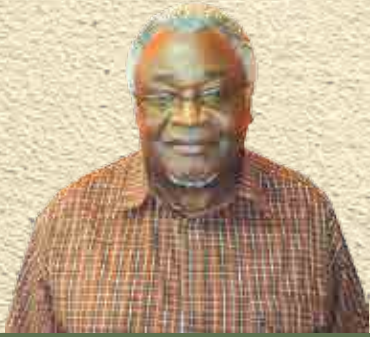
1. To guarantee an all year round competitive market for Swazi maize farmers.
2. To reduce marketing barriers and costs to Swazi farmers by improving maize marketing and logistics services (through running silos efficiently, registration of producers, provision of drying services and price information).
3. To guarantee the all year round supply of maize at a reasonable cost to the nation.
4. To increase the efficiency of the maize market in Swaziland by promoting the availability of white maize to consumers at reasonable costs in all regions of the country.





**Minister for Agriculture
Honourable Mr. Moses Vilakati**

BOARD OF DIRECTORS



Chairperson
Mr. Louskin F. Mabundza



Mr. Sabelo Msibi



Mr. Enock M. Dlamini



Mr. Hamilton J. Khoza



Ms. Happy Shongwe



Mr. Itallo Dlamini



Ms. Zodwa Ngwenya



Ms. Sonia Paiva

MANAGEMENT TEAM



Mr. Sabelo Msibi
Chief Executive Officer



Ms. Celani Dlamini
Chief Financial Officer



Mr. Mangaliso Sihlongonyane
Business Manager



Ms. Chamkile Dlamini
Accountant



Ms. Natalie Mthethwa-Masina
Human Resource Officer



Mr. Mathanzima Silombo
Stock Controller



BOARD OF DIRECTORS' PROFILES

Chairperson

Mr. Louskin. F. Mabundza



Mr. Louskin Fanyana Mabundza is the Chairman of the NMC Board having been appointed in 2012 and re-appointed in October 2014 upon expiry of the initial three-year term in July 2014. As a teacher by profession, he started his teaching career at Endzingeni Nazarene Secondary School in 1976 and then worked as the Deputy Principal of the Manzini Nazarene High School from 1977 to 1997. He was then promoted to serve as the Principal of the same school in 1997 until his retirement in 2011 and is currently the grantee for all the Nazarene Schools in Swaziland.

Mr. Mabundza obtained his Masters of Arts Degree in 1976 from the Eastern Nazarene College in Massachusetts (USA) following his attainment of a BA Degree from the Canadian Nazarene College in 1975. He also holds a Post Graduate Certificate of Education obtained from the University of Swaziland and several other certificates within the fields of: School Administration, Financial Management, Personnel Management and Organizational Management. Apart from being a teacher and administrator of a High School, Mr. Mabundza served in several other organisations in the following capacities:

- Treasurer: Swaziland National Association of Teachers (SNAT) Cooperative from (1986-1997);
- Supervisory Committee Chairman: SNAT Cooperative (2003 - 2006);
- Credit Committee Member: SNAT Cooperative (2006 - 2008);
- Member of the Swaziland School Head Teachers Association;
- Swaziland Boarding Schools Vice Chairman; and
- Manzini Nazarene Mission Station Treasurer.

While serving as a member of the Credit Unions (Cooperatives) he carried out some assignments in various countries including Kenya, Rwanda and Malawi.

Ms. Happy Shongwe



Ms. Happy Shongwe is the Director for Hlelyle Investment which is based at Maphungwane in the Lubombo Region. Hlelyle Investment is a seed multiplication, packaging and distribution entity. She holds a Diploma in Practical Accounting; a Certificate in Community Facilitating; a Certificate in Poultry Farming as well as an Advanced Certificate in Computer & another in Community Motivation. She has attended numerous meetings and courses in seed multiplication and packaging in the United States of America, Ethiopia, Tanzania, Zimbabwe and Cape Town.

Work experience:

Shongwe has worked as a wages clerk at Nisela Safaris for four years and was also a field officer at Lutheran Development Services for six years. She also worked as a poultry officer at Kharafa Trading for two years and was a Board member at the Lutheran Church for three years. She is currently a Committee member of the Local Kombi Association in Siteki.

Mr. Enock M. Dlamini



Mr. Enock Mciniseli Dlamini is the National Director for Africa Cooperative Action Trust (ACAT) which is one of the leading Non-Governmental Organizations in Swaziland, a position Mr. Dlamini has held since April, 1999. Dlamini holds a Masters in Business Administration (MBA) which he obtained from Leeds University (UK) where he studied on a full time basis from August 2005 to September, 2006. He further has a Diploma in Agriculture as well as a Bachelor of Science in Agricultural Economics and Management, which he acquired from the University of Swaziland (UNISWA) in 1990 and 1996, respectively.

As an avid traveller of the region and beyond, Dlamini has been to various parts of Africa, USA, Europe and Asia for workshops, business meetings and is often invited to attend functions where his experience adds value including the NGO's Millennium forum in New York (USA) where he was selected to represent NGOs in Swaziland. This auspicious forum was arranged by the United Nations as a means of bringing together NGOs that are making an impact on people development. Again, in June and July 2005, Mr. Dlamini, as part of a delegation selected by the USA embassy in Swaziland, joined African professionals involved in food security activities on a visit to the USA where they both learnt and gained exposure on relevant projects that add value to their work.

Locally, Mr. Dlamini is serving in various Boards and committees that are of national importance, such includes; the National Marketing Board, NAMBOARD, where he is also tasked to serve as Chairperson for the Finance Sub-Committee. He is also serving as Chairman of the Board of Trustees of the Environment Fund within the Swaziland Environmental Authority (SEA). He is also Vice Chairman of the National Biosafety Advisory Committee which is a committee of experts and key players on Biosafety issues in the country. At National Maize Corporation, Mr. Dlamini is a Board member as well as a member of the Finance Sub-Committee.

At regional level, he is serving as Board member for the ACAT Southern Africa Board of Directors. Furthermore, he is a member for the regional Board for a network known as Participatory Ecological Land Use Management (PELUM). This is a network of organizations and professionals with a passion for proper use and care for the environment. As a Pastor and senior elder within the Free Evangelical Church, FEA, he is serving in various Boards and Committees at the local, region and national level of the church. Last but not least, he is also known to be a loyal and key person in his community, by birth right as well as his contributions in the development of his community.

Ms. Sonia Paiva



Ms. Sonia Paiva is the Managing Director and majority shareholder of Eswatini Kitchen. She is a seasoned business-woman and has been in business for over 30 years. Sonia is also a motivational speaker and she has represented both Eswatini Kitchen and Swaziland in forums hosted by Department of State (USA: 2014), FAO (Belgium: 2014), FAO/ European Parliament (Belgium: 2015). Ms. Paiva has held the position of Managing Director of the Carson Group of Companies which had within its fold, the BMW, Ford, Mazda, Tata franchises for a period of 30 years until 2012. She also concurrently ran two other agricultural equipment companies (Mvulane Trading and Agrimech) as Managing Director.

Sonia is also the Founder and Executive Director of the Woman Farmer Foundation that runs the annual Woman Farmer of the Year Competition which started in 2007 as a means to empower women through agriculture.

Her interest in agriculture and women empowerment led to her involvement with Eswatini Kitchen – a manufacturing business with a long history of working with mostly women producers. Eswatini Kitchen buys fruits and vegetables from smallholder producers to make jams, marmalades, chutneys, atchars and honey for export to Europe, Australia and the United States of America. She also sits on the Board of Leap Holdings Co. in (Namibia) and is a member of the African Women Entrepreneurship Program (AWEP).

Mr. Hamilton J. Khoza



Mr. Hamilton Jabulani Khoza has worked for the Ministry Of Agriculture for over 34 years now having started in 1981. He is currently an Agriculture Officer based at the Ministry Of Agriculture's headquarters in Mbabane. He serves as the National Supervisor for Agriculture Extension Services and is also the National Project Coordinator for the Turnkey Food Security Project.

Mr. Khoza holds a Diploma in General Agriculture which he got from the University of Swaziland (Luyengo) where he studied from 1978 to 1980. He also holds a Certificate in Vegetable Production which he acquired from TIAC-Tsukuba University (Japan) in 1990.

Mr. Sabelo Msibi



Mr. Sabelo Msibi has diverse industry experience having worked in different sectors including banking, accounting, tax administration, hospitality, as well as within non-governmental organisations and municipalities. Mr. Msibi is a seasoned professional in finance particularly within the auditing ambit of the sector as is evidenced by his vast experience in the accounting, finance and internal auditing fields.

He occupied senior positions in different organisations both locally and outside of the country's borders. Locally, he has held positions as Director of Operational Policy (Swaziland Revenue Authority: Feb 2012 - 31 Dec 2013); Internal Audit Manager (Swaziland Revenue Authority: February 2011 to Jan 2012); Internal Auditor (Manzini City Council: May 2010 to Jan 2011) and Internal Auditor (Manzini City Council: 2000 - 2006); Senior Internal Audit Clerk (Swaziland Building Society: 1996 - 2000) as well as Internal Audit Clerk (Swaziland Building Society: 1994 - 1996) and Bank Clerk (Swaziland Building Society: 1991- 1993).

Internationally, Mr. Msibi has gained vast experience in various organisations particularly in the United Kingdom where he has worked as Internal Audit Manager (Aswan Learning Centre: Jun 2007- Dec 2007); Manager Customer Relations & Costing (Chelsea FC: Jul 2009- Mar 2010); Events Manager (London Hilton Hotel and Chelsea FC: Jun 2008 - Jul 2009); Finance & Administration Manager (Aswan Learning Centre: Dec 2007-Dec 2009) and Assistant Accounting Manager (AP Smith & Co Audit Firm: Mar 2007-Dec 2007).

He holds the following qualifications; MSc Finance & Accounting-University of Wales (UK); PG Certificate in Financial Management & Control-London School of Business & Finance; Licentiate Diploma-Chartered Institute of Business Management; Intermediate Diploma-Chartered Institute of Secretaries and Administrators (CIS) SA as well as a qualification as an Internal Audit Technician from the Institute of Internal Auditors (SA) among others. He has also attended a number of continuous professional development courses on various subjects provided by different professional bodies.

Msibi is also a member of the following professional bodies: Institute of Board of Directors SA (IOD); University of Wales (UK: Alumni Member) Institute of Internal Auditors (SA): Affiliate Member; Institute of Internal Auditors (SD Region): Member; Association of Certified Chartered Accountants ACCA: Affiliate member as well as the Chartered Institute of Secretaries and Administrators (CIS)SA: Member.

He also served in numerous Boards and Committees of different professional organisations as follows; Swaziland Revenue Authority (SRA) Performance Management System (PMS):Board member; SRA - Risk Management Committee: Member; SRA - Competency Centre: Board Member; Institute of Internal Auditors Swaziland Region: Board member as well as the Treasurer of the Local Authorities Managers Association of Swaziland. In addition to these positions, he has served within the Manzini Evangelical Church Board as Board Member as well as within the Church Board as Secretary and Treasurer.



Mr. Itallo Dlamini

Mr. Itallo Dlamini holds a Masters Degree: Marketing and Economics from Reading University (UK). He is currently the Managing Director at Tibiyo Property Management. Mr. Dlamini studied Agriculture and has seven years of experience in teaching (agriculture) and vast experience in music. He worked at NAMBoard as an Agriculture Fields Officer for two years and has also worked for the Bhunu Mall Property Management Company. He is a hands on person and is comfortable with working on the field. Mr. Dlamini is also a property developer with a keen interest in property investment.



Ms. Zodwa Ngwenya

Ms. Zodwa Ngwenya is the Director of the Swaziland Government Internal Audit Office which is an office responsible for the internal audit functions in all government ministries, departments and agencies. Before joining the Internal Audit Office, she worked as a professional accountant in the Ministry of Finance where she worked on finance, internal audit, policy development and corporate governance. Her areas of specialisation include; Auditing, Accounting and Financial Management, Administration, Change Management, Financial Reporting and Corporate Governance. She has also worked as Treasurer for eight Town Boards where she established accounting functions and was a Board Member in all of them.

She is on the Board of Directors for the Swaziland National Council of Arts and Culture and is a champion for the Swaziland Government's e-governance reforms and a technical team member for the Public Finance Management Reforms. She is also a member for the UNCTAD Inter Governmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). In addition, she has served on the Board of Directors for the Swaziland Institute of Internal Auditors.

Zodwa holds a Masters in Business Administration -Leadership and Change Management (Leeds University UK) and ACCA Professional (UK). She is also a member of the following professional associations: The Swaziland Institute of Accountants (SIA); The Association of Certified Chartered Accountants (UK); The Institute of Internal Auditors (SD); The Institute of Internal Auditors (RSA) as well as the UNCTAD International Working Group of Experts on International Standards of Accounting and Reporting (ISAR).







3.0 CHAIRMAN'S STATEMENT

Mr. Louskin Fanyana Mabundza

1.0 INTRODUCTION

I am yet again very pleased to present the annual report of the National Maize Corporation (NMC), incorporating the operational progress and audited financial statements for the year ended 31st March, 2016. The Corporation achieved a clean audit report as was the case in the previous years.

The organisation delivered on its operational mandate in a satisfactory manner. This marks the second year in office for the current Board and in both these years, good performance has been realised resulting in healthy profits year after year. I am quite excited to be a leader of a board of this calibre. The good performance is attributed to the consolidated effort, hard work and determination of the Board, Management and entire workforce of the Corporation.

2.0 CORPORATE GOVERNANCE

The Board of Directors continued to provide guidance on the activities of the corporation while not losing focus on key governance principles during the review period. This was carried out through its sub committees entrusted with different tasks and responsibilities which comprised of the following;

2.1 Administration Committee

This Committee is chaired by the Vice Chairperson and includes the Board Chairman and the CEO. It is charged with the responsibility of proper administration of Board issues including setting of Board meetings, agendas and ensuring that the CEO distributes and provides timely updates on Board matters and assigned duties from time to time.

2.2 Audit and Finance Committee

This Committee has three members including the CEO and is chaired by a qualified accountant who is a practising internal auditor. This Committee meets once a quarter to review and approve the quarterly report before it is tabled at the main board for final approval. The Committee is charged with the responsibility of ensuring proper utilisation of the Corporation's resources and providing guidance on the veracity of the financial statements as well as the responsibility for the Corporation's risk management. This Committee held four (4) meetings during the course of the year.

2.3 HR and Remuneration Committee

This Committee is responsible for ensuring that HR issues are properly managed and that the HR policy is in place and is being followed. This Committee has three members including the CEO. It meets as and when required. Its main mandate is to review salaries and the recruitment of executive management and senior personnel officers of the Corporation.

These Board sub-committees provided their much required skills in ensuring the Board discharged its duties effectively in order for the organisation to deliver on its mandate without fail during the course of the year. The committee held only two (2) meetings during the course of the year.

3.0 BOARD MEETINGS

The board held five (5) ordinary meetings and one (1) special meeting during the year under review. These were within the PEU Act guidelines.

4.0 CORPORATE STRATEGY

The Board is ultimately responsible for ensuring that the Corporation has a strategic plan in place which is being implemented. A new three (3) year strategic plan was developed and approved by the Board during the course of the year under review. The Corporation's strategic plan was aligned to the Ministry of Agriculture's objectives of ensuring food security in the country. It is for this reason that its main objective is to ensure increased grains and legumes production locally as in line with the target of zero imports by 2020.

5.0 CORPORATE SOCIAL RESPONSIBILITY

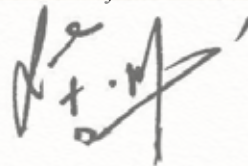
The Corporation continued to support corporate social responsibility initiatives, mostly aimed at encouraging increased maize production in order to ensure food security in the country. The initiatives also created both business and employment opportunities within the agriculture sector, thus making a positive contribution to the country's economy.

6.0 ACKNOWLEDGEMENTS

I wish to thank the Ministry of Agriculture, the PEU and the entire Cabinet for their support and guidance during the reporting period.

Lastly, I would like to thank our stakeholders for their continued support, during the course of the year. This can only be achieved through collaborated efforts by all affected parties in order to ensure ownership by all and at the same time providing a sustainable solution for the future growth of the corporation.

God bless you all!



L.F. MABUNDZA
CHAIRMAN OF THE BOARD



HIGHLIGHTS FROM THE OFFICE OF THE CHIEF EXECUTIVE OFFICER

Mr. Sabelo Msibi



1.0 GENERAL

It is my great pleasure to report that the year ended 31st March 2016, was yet another exciting year for NMC spiced with a number of initiatives and positive results. The Corporation concluded a 3-year strategic plan which resulted in the establishment of a new structure. The Corporation's operations were consistent resulting in constant growth in assets by 10% to E56 154 764. This helped in the financial and operational stability as a result of continued improvement in cash-flow management and operational efficiency.

2.0 FINANCIAL PERFORMANCE

2.1 Turnover

The Corporation's turnover increased by a whopping 35% to E149 461 827 from E110 710 220 reported in 2015. This was achieved mainly through larger sales volumes compared to the previous year. While the costs on the other hand also increased by 37% to E139 055 459 from E101 154 302 incurred in 2015. The increased costs were largely attributed to an unprecedented sharp increase of the maize price in the

global market which was due to shortage of the crop worldwide. However, NMC could only adjust her prices in January 2016, due to the lengthy process involved when effecting maize price increases.

2.2 Profits

The organisation's profits increased by 10% to E7 841 135 from E7 121 161 realised in 2015. This consistency in the profitability of the business was attributed to the high level of commitment from the Board, Management and the entire workforce of the corporation who collectively contributed immensely to the Corporation's notable financial performance.

2.3 Asset Growth

The Corporation's assets grew by 12% to E56 154 764 during the year under review from E50 305 977 in the previous year. The assets growth was largely attributed to an increase in sales resulting in reinvestment of profits into operations. The other contributing factor was the revaluation of the assets following the renovations of the depots and additional motor vehicles during the course of the year.

2.4 Dividends

The introduction of the dividend policy by Government saw the Corporation paying E1 247 203 as its first ever dividend since its inception.

3.0 ACHIEVEMENTS

3.1 Rehabilitation of Existing Silos

The Corporation was able to carry out major rehabilitation work of the Ngwempisi, Ka Langa and Ntfontjeni silos for a total cost of E854, 271. This also included some maintenance work at our Matsapha main plant during the year under review which collectively marks an increase as compared to E727, 448 spent on this item in the previous year.

Notably, these rehabilitations were the largest, most significant ones done on the silos since their construction in the 1980s. Major rehabilitation work for the Matsapha main plant and Madulini silos will be carried out in the 2016/17 financial year and they are anticipated to cost more due to the volume of work involved. Construction of more silos in other strategic places around the country is earmarked for the 2017/18 financial year.

4.0 Establishment of Maize Distribution Centres

The Corporation established five (5) maize distribution centres around the country especially in the drought stricken areas namely Antioch around Luve, Mpaka, Siphofaneni RDA, Lubulini and A1 in the Shiselweni region. These are aimed at containing the price of maize as a result of reduced transport cost as people will access maize closer to their communities.

The initiative contributed positively towards creating employment opportunities in local communities because NMC does not operate these places herself but allowed residents within the communities to provide the warehouses for the distribution of maize and other products at a monthly rental and further pays operator commission based on sales.

It is our belief that these initiatives will contribute positively towards the reduction of unemployment in the country. It

also encourages entrepreneurship in the rural areas as each of these areas has employed at least two (2) people for the operation. A total of 514.1 metric tonnes of maize were sold through the distribution centres during the year under review, accounting for 1.6% of the total sales for the year. We anticipate a much higher sales figure in the next financial year as the distribution centres were gaining momentum towards the close of the year.

4.1 Purchase of New Vehicles

The Corporation acquired three (3) new additional vehicles during the course of the year. These will aid the organisation improve its operational efficiency as well as ensure better service delivery.

4.2 Corporate Social Responsibility

NMC's corporate social responsibility contribution increased by 57% to E387 553 from E247 078 in the year being reviewed. This was done within the confines of the Corporation's Social Responsibility Policy with these funds being directed mainly towards a number of initiatives mostly aimed at encouraging increased maize production in order to ensure food security in the country. The initiatives also created both business and employment opportunities within the agriculture sector, thus making a positive contribution to the country's economy.

5.0 KEY CHALLENGES

5.1 Local Maize Shortage

The shortage of local maize supplies continued to be the single biggest challenge despite an increase of 165% to 6341 metric tonnes received during the reporting period compared to 3951 metric tonnes received during the previous year. This resulted in the Corporation sourcing out 28, 043 metric tonnes of maize from South Africa which accounts for 98% of our maize supplies.

5.2 Currency Fluctuations Risks

Maize is a soft commodity that trades in the stock exchange, therefore the instability of the Lilangeni against the US Dollar pushed the maize prices to levels never experienced before. The South African Futures Exchange (SAFEX), which determines the price of maize on a daily basis, was extreme-

ly high averaging above Five Thousand (5000) Emalangeni per metric ton of white maize. This challenge will continue until the country is able to produce enough maize to feed its own people which will, in turn, reduce the cost of the grain making it affordable to all Swazi citizens.

5.3 Price Regulation

The Corporation is currently unable to respond swiftly to market demands as far as the maize price is concerned due to the highly regulated price by Government. This stifles the operations of the Corporation because of the rigidity of the pricing model as a result of the autocratic nature when effecting price changes. This greatly affects the smooth operations of the business as well as its profitability as it happens at times that the selling price is lower than the buying price because of the slow pace in the price change approval process.

5.4 Human Resources

The organisation continued to lose its valuable employees and not being able to retain and attract properly skilled personnel as a result of the effects of circular No.4 of 2013.

6.0 STRATEGIC PLAN OUTLOOK

The Corporation developed a new three (3) year strategic plan with six strategic objectives which was rolled out during the year. The main objective of this strategic plan is increased maize production so as to ensure a food secure country by 2022. The target is zero white maize imports by 2020. The implementation of this is at about 5%, but well within the targets for the year. We will continue monitoring and evaluating the implementation rate of the strategic plan and report progress year after year.

7.0 FUTURE OUTLOOK

Going into the future, the Corporations' prospects are much brighter following a number of initiatives and proposals aimed at expanding the organisation's horizon into other grain products. We anticipate that the Corporation will be trading in yellow maize before the end of the 2016/17 financial year.

7.1 Contract Farming

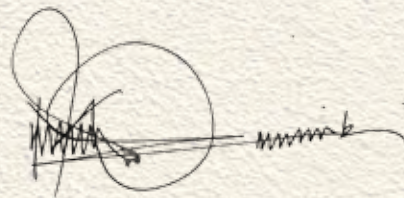
In an effort to encourage increased grain production, the corporation will contract farmers to produce specific grains suitable in their areas and will also provide technical services to farmers through introducing the farmer development office in the 2016/17 financial year. It is our belief that these initiatives will contribute immensely towards ensuring food security in the country.

8.0 ACKNOWLEDGEMENTS

Let me first thank the Board of Directors of NMC for the positive vision and guidance they provided and further acknowledge the entire work force of the Corporation for their hard work resulting in the good performance experienced by the Corporation during the year under review. The Corporation would not have obtained the achievements it has without your dedication and determination. We understand the efforts and diligence displayed by our workforce despite the challenges encountered during the year. I can only say thank you very much to all of you for your hard work and dedication.

Our sincere thanks and gratitude goes to the Honourable Minister for Agriculture and his entire team for the continued support rendered during the year. Let me also take this opportunity to thank all the farmers who sold their produce to NMC, our valued customers, and the general public for their continued support during the year. We also appreciate your contributions and feedback aimed at improved service delivery.

We look forward to a better and fruitful 2017/ 18 farming season.



Sabelo S. Msibi
Chief Executive Officer

The background of the entire page is a close-up, high-angle photograph of numerous white rice grains. The grains are scattered and oriented in various directions, creating a textured, repetitive pattern. A dark green horizontal band is overlaid across the top portion of the image, containing the section header.

4.0 OPERATIONAL REVIEW



MAIZE STORAGE FACILITIES

The Corporation currently has five grain depots that cater for local maize receiving during marketing season. The overall capacity of the storage is 23,500 metric tons. The following is a list of depot locations as well as their handling capacities:

Table 1: Regional Depots

Region	Depot	Capacity (tons)
Manzini	Matsapha	20,000
Hhohho	Ntfontjeni	1,400
Manzini	Ngwemphisi	700
Shiselweni	Madulini	700
Lubombo	Kalanga	700
	Total	23,500

The performance of the Corporation improved compared to the previous year. There was a 2% increase in sales volumes from the 31,974 metric tonnes of 2014/15 to 32,690 metric tonnes in 2015/16. This was mainly attributed to the decentralisation program of the Corporation whereby the maize was sold to the public through selected Centres close to the drought stricken places. This move ensured an increase in the Corporation's customer base as maize became accessible to most people. Due to the ongoing drought in the country, it is anticipated that the demand for maize will increase in the next financial year compared to the current year. Table 2 below is the total annual sales volumes for the past ten years.

Table 2: Monthly and Annual Sales Volumes (mt)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
April	3017	2664	177	3619	382	1300	2482	1739	2562	3081
May	3690	3422	1878	2247	3550	2282	1853	1147	1404	1964
June	1444	2651	2069	3390	2581	1590	1031	958	1215	1627
July	2215	4546	2489	2759	2339	894	1109	1602	2304	2325
August	3273	2789	2640	2179	1290	1438	1865	880	2253	1822
September	1363	3354	2864	2720	2646	3649	1576	526	2646	2220
October	2645	4704	3430	3846	2904	3055	2556	517	2329	2395
November	5614	3730	4214	5082	2544	4507	2225	859	2774	3650
December	4678	4561	3425	4894	3770	1539	2476	2200	3866	3860
January	4225	4335	3425	3779	2643	1204	3474	2880	3491	3935
February	1928	4325	3902	3990	4633	3658	3106	3723	3250	3475
March	6255	3672	4415	3300	2149	3300	2154	3292	3880	3636
Annual total	40,347	44,753	34,928	41,805	31,431	28,416	25,907	20,323	31,974	32,690

LOCAL MAIZE PURCHASES

Table 3 presents maize received from local farmers through the regional depots. There was 165% increase in purchases compared to last financial year. Maize received during the year amounted to 6,341 metric tonnes which was 3,951 metric tonnes more than the 2,390 metric tonnes obtained in the last recording period. The increase was mainly attributed to a temporary

increase in the producer price in July and August from E2575 to E2900. The regional depots indicated below are only opened from July to September with the exception of Matsapha and Madulini which operates all year round. Under normal circumstances more maize is received from June to October because of the seasonality of maize.

Table 3: Maize received through the depots (mt)

	Matsapha	Ngwemphisi	Ntfontjeni	Kalanga	Madulini	Total
1st Quarter	178	0	0	0	0	178
2nd Quarter	1526	1038	648	104	1939	5255
3rd Quarter	99				808	907
4th Quarter	1					1
Total	1804	1038	648	104	2747	6341

Table 4 compares annual maize production with NMC purchases as well as the associated costs. 97% of the local maize was purchased at E2900 per ton, meaning that close to E18 million Emalangenzi was injected back to the farmers. The normal producer price for the year was E2575. Local purchases increased by 165% from 2390 metric tonnes in 2014/15 to 6341 metric tonnes in 2015/16. This was mainly attributed to the promotional price of E2900 which was offered in July and August 2015

Table 4: Local Maize Production and NMC Purchases

Year	Production	NMC local Purchases	Cost/tonne	Total costs
2006/7	71000	13384	1142	15,284,528.00
2007/8	77500	237	2000	474,000.00
2008/9	67000	2268	2000	4,536,000.00
2009/10	75000	5903	2000	11,806,000.00
2010/11	75000	5753	1950	11,218,350.00
2011/12	83000	6364	1950	12,409,800.00
2012/13	81934	4032	2435	9,817,920.00
2013/14	101041	4619	2435	11,247,265.00
2014/15	81623	2390	2435	5,819,650.00
2015/16	33460	6341	2575	18,388,900

AREA PLANTED, PRODUCTION AND CONSUMPTION

Table 5 presents area planted production levels and consumption data for the past 10 financial years. There was a major decline in the area planted compared to the previous year. This was despite the fact that Government provided input subsidies to farmers in the high maize producing areas. Production dropped tremendously from 81,623 to 33,460 metric tonnes. This was mainly caused by the drought that has hit hard in the region. Consumption increased from 131,220 to 132,781 metric tonnes of white maize. The national deficit was catered for through imported maize. The self-sufficiency attained in the year under review shows a further decline to 25.2 percent from the previous record of 62.2 percent obtained in 2014/15. The trend is downward and forecasts show that the current situation may prolong to the next financial year as the last phase of the drought called La Nina is to follow.

Table 5: Area Planted, Production and Consumption

Year	Area planted	Production	Consumption	Self-sufficiency (%)
2006/07	51,000	77,500	118,500	65.4
2007/08	60,365	67,000	118,500	56.5
2008/09	52,460	83,090	118,500	70.1
2009/10	58,334	75,000	104,000	72.1
2010/11	70,344	84,868	113,000	75.1
2011/12	56,064	83,000	113,000	73.5
2012/13	61,260	81,934	116,418	70.4
2013/14	86,754	101,041	116,418	86.8
2014/15	87,164	81,623	131,220	62.2
2015/16	46,040	33,460	132,781	25.2

MAIZE IMPORT BY NMC

Table 6 presents annual maize imports by the Corporation. Imports for the year amounted to 28,043 metric tonnes which reflects a drop of 7.9% compared to the previous year where 30,446 metric tonnes were imported. This was despite the fact that local maize production was 59 percent lower than last year's harvest. The reduced importation was mainly caused by an increase in maize meal imports from neighboring countries by individual consumers. Currently, each person can import up to 20 kg of maize meal per day. It is anticipated that importation will increase even in the next financial year due to the current drought.

Table 6: Maize Imports by NMC

	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16
April	2424	2186	2820	5365	2467	0	2789	1603	3201	2077
May	4457	2908	2820	2410	4942	0	2013	2077	2239	2828
June	4495	3185	8024	2300	1788	0	0	848	334	986
July	117	216	5312	1115	1187	0	0	1023	2182	0
August	0	5395	1492	609	248	0	0	149	2127	0
September	0	1914	677	359	137	0	1436	0	3293	0
October	0	4308	721	3994	4357	0	3078	0	2777	1528
November	913	6802	4177	4172	251	1143	3805	219	3151	3959
December	1885	4835	5181	4890	2878	2377	772	1739	1100	5635
January	6268	2010	1939	3444	1868	1193	3669	1823	2660	1541
February	1645	3384	4380	2003	2184	2610	3327	2707	2755	3721
March	3379	1072	4498	3758	5758	3700	1876	2748	4627	5768
Annual Total	25,583	38,215	42,041	34,419	28,065	11,023	22,765	14,936	30,446	28,043

MAIZE DISTRIBUTION CENTRES

In an effort to make maize accessible and affordable to the Swazi nation, the Corporation opened 5 outlets to distribute maize especially in the rural areas which are mostly affected by poor harvest. Namely, these areas are Luve, Mpaka, Siphofaneni, Lubulini and A1. These places have been operational since July 2015. However, Luve was discontinued in January 2016 due to irregularities in the payment system. NMC partnered with MTN for their mobile money service and SPTC to allow the public to use their payment facilities when purchasing maize at the Centres. The Corporation is also looking at adding more of these Centres in the most drought affected areas in the coming financial year. Table 7 presents monthly distributions of each of the Centres. The performance of the Distribution Centres is gradually increasing each and every month. This is an indication that the food situation in the country is getting worse. The figures in the table are included in Table 2 above.

Table 7: Maize Dispatches through Distribution Centres (mt)

Month	A1	Sphofaneni	Mpaka	Lubulini	Luve	Total
July	34	7.8	7.8	7.8	34	91.4
August	0	4.9	14.2	0	0	19.1
September	-3	7	6.3	0	-3	7.3
October	-7.3	1	21	4	0	18.7
November	10.4	3.9	34.5	0	6	54.8
December	13.7	2.8	37.6	2	32.4	88.5
January	11.5	9.2	52.1	13.6	41.2	127.6
February	14.8	11.1	38.5	2.5	0	66.90
March	0	0	39.8	7.73	0	47.53
Total	74.10	47.7	251.8	29.9	110.6	514.1

SIHLOBO RICE

The Sihlobo brand is slowly gaining momentum with sales volumes for the current year increasing by 18% compared to the last financial year. 415 metric tonnes were sold in 2015/16 against 353 metric tonnes for the 2014/15 period. The improved performance was as a result of promotional initiatives and improved efforts from the Sales Team. Table 8 is a summary of sales volumes for the past three financial years.

Table 8: Rice sales (mt)

Month	2013/14	2014/15	2015/16
April	43	19	29
May	34	17	35
June	36	27	33
July	31	15	43
August	29	11	32
September	22	25	28
October	42	37	35
November	28	41	43
December	34	87	67
January	7	26	19
February	23	27	20
March	22	21	31
Total	351	353	415

UMNDENI BEANS

Table 9 presents tonnages of sugar beans sold during the year. The venture started in June 2014. There was a 1804% increase in sales from 2014/15 to 2015/16 period. 778.6 metric tonnes were sold in 2015/16. The increase was attributed to a DPM's office tender for the supply of sugar beans.

Table 9: Umndeni Beans Sales Volumes (mt)

Month	2014/15	2015/16
April	-	0.3
May	-	0.1
June	7.8	7.2
July	17.4	28.0
August	2.3	6.4
September	4.1	4.6
October	1.4	2.9
November	1.1	338.1
December	3.7	220.3
January	0.3	29.8
February	1.6	37.9
March	1.2	103
TOTAL	40.9	778.6

REHABILITATION OF DEPOTS

A Plant Audit report was carried out in 2014 to determine the level of risks in all NMC silos and recommendations for short, medium, and long term solutions were made. Great strides have been made in as far as implementing the recommendations is concerned. The rehabilitation of three regional depots was completed in the year under review, these are; Kalanga, Ntfontjeni and Ngwemphisi depot. It is expected that in the next financial year rehabilitation at Madulini and Matsapha would be conducted.

MAIZE PRICE AND PRICING POLICY

The maize price in the region continued to soar as the SAFEX rate for January 2016 was above E5200 per ton of white maize. This figure was exclusive of transport costs and levy. This has seen the Corporation increasing its selling price in November 2015 and in January 2016 to E3533 and E5865 respectively. However, the Corporation will continue looking for better supplies and possibly reducing the price if need be. The Corporation is currently unable to respond swiftly to market demands as far as the price of maize is concerned due to the regulated price by Government. This stifles the operations of the Corporation because of the rigidity of the pricing model due to the autocracy involved in changing the price. This greatly affects the profitability of the organisation as it happens that buying prices are above selling prices at times.

MAIZE PROMOTION

The Corporation has been involved in a number of maize promotional activities regionally and nationally. The Swaziland International Trade Fair and the National Maize Competition (NAMCOM) are the most notable major events. The Corporation is still the main sponsor of NAMCOM a competition that rewards winners based on their maize productivity per hectare. In the current year a market-based incentive was introduced in the existing NAMCOM format: Farmers are now also rewarded based on the quantities they brought to NMC. The new phase is called the CEO's Award. The current year's winner in the CEO's award walked away with E25 000. The overall package for the award was E150 000.

FUTURE OUTLOOK

Farmer Development Officers

In an effort to improve maize production and marketing, the Corporation will recruit four Farmer Development Officers, a SHERQ officer and a Marketing officer. These are expected to be recruited in the next financial year. These officers will help improve the uptake of NMC products, strengthen the relationship between NMC and her stakeholders as well as encourage farmers to produce more maize in the country.

Partnership with other Stakeholders

The Corporation is in a drive to partner with other stakeholders such as Swazi Trac and local banks in packaging products that will enhance increased maize and sugar beans production in the country. These partnerships could include, for instance, training programs and finding funding models tailor-made for local farmers.



5.0 HUMAN CAPITAL



SILONGO
PARBOILED LONG GRAIN RICE



VISION

The Nation's choice with the most competitive and sustainable market for maize, other grains and cereals in the SADC region



National Mills Corporation (Pty) Ltd.



NIMDANI

SILONGO



The Human Resources Department interprets human capital in many ways. One of them could be looking at the person as an asset; a resource that belongs to the organization and from which we can demand all his/her capacity and commitment. A more suitable definition is that human capital is a treasure that a company or institution has available with respect to the qualifications of the personnel that works there. Therefore, human capital represents the value that each employee brings to the table, according to his/her studies, knowledge, capabilities and skills.

The main value of a company does not lie in its systems, controls, or machinery and equipment. As much as technology and data systems may evolve, nothing substitutes the value provided by human capital. The biggest companies in the world are recognized by their talent and the attitude of their people.

Many years ago it was established that human capital is a non-depreciable asset. Today, however, one can say firmly that it does. When? When we do not value it, when we do not train it and when we do not create an environment in which they can align themselves with the mission and vision of the organization. What, in the past, was gotten through a mere salary is now much more difficult to obtain; it is necessary to recognize the person as an individual and not as a machine.

The best human resources have been seen leaving a company, not for a better salary or due to excess work, but rather many times they leave in search of a better work environment, training and development opportunities, and overall, looking to fulfill that need to be recognized and valued.

The Human Resources Department continued to provide services and support to NMC departments.

DEPARTMENTS	JOB TITLES
ADMINISTRATION	Chief Executive Officer and Personal Assistant
FINANCE	Chief Financial Officer, Accountant, Accounts Clerk payments, Accounts Clerk Receivables, Human Resources Officer, Receptionist/Typist, Driver/Messenger and Cleaners
OPERATIONS	Business Manager, Stock Controller, Maintenance Technician, Sales Representative, Merchandiser, Weighbridge Clerks, Silo Assistants and Packaging Assistant.

Employment

Table 10: The total staff compliment of NMC is as follows:

DEPOT	NO. OF EMPLOYEES
Matsapha	29
Madulini	1
Ntfonjeni	0
KaLanga	0
Ngwempisi	0
TOTAL	30

ENHANCING HUMAN CAPITAL

Training & Career Development:

In the year under review the organisation continued to invest in the training and development of its employees. In the current year our efforts focused on the development of employees in alignment with the current strategic plan.

Organisational Structure

NMC's organisational structure as aligned to the 2015-2018 strategic plan has been finalised but not yet been implemented.

Industrial Relations

Monthly meetings with NMC's employees to discuss pertinent work related matters were held. It is pleasing to report that we worked harmoniously with all our staff members in the year under review although the zero percent increment on salaries demotivated employees to a certain extent.

Health and Safety

There was no employment accident that resulted in permanent incapacity reported in the year under review.

6.0 Financial Overview





The drought epidemic that is currently experienced in the region has led to scarcity of maize which increased demand for the product and consequently drove the maize price up. The Corporation however, managed to attain satisfactory results in the year under review despite the challenges of a significant price escalation. Tenders from the Deputy Prime Minister's Office (Disaster) and Nercha were secured as these entities distribute food rations to the affected citizens and schools around the country.

It is encouraging and commendable that the Corporation attained a significant profit of E7,841,135 from E7,121,161 which was attained last year which reflects an increase of 10%.

The following table provides selected financial highlights:

Table 11: Financial Highlights

Year	2016	2015	2014
Turnover E	149,461,827	110,710,220	71,686,678
Total Assets E	56,154,764	50,305,977	23,153,212
Tonnage handled (tonnes)	24,040	30,446	20,323
GP Margin %	16	19	14
Operating Profit/Loss Margin %	8	9.5	0.8
Net profit Margin %	5	6	-0.11
Return on Equity %	3	2.9	-9
Return on Assets %	14	14	7

Turnover/Income

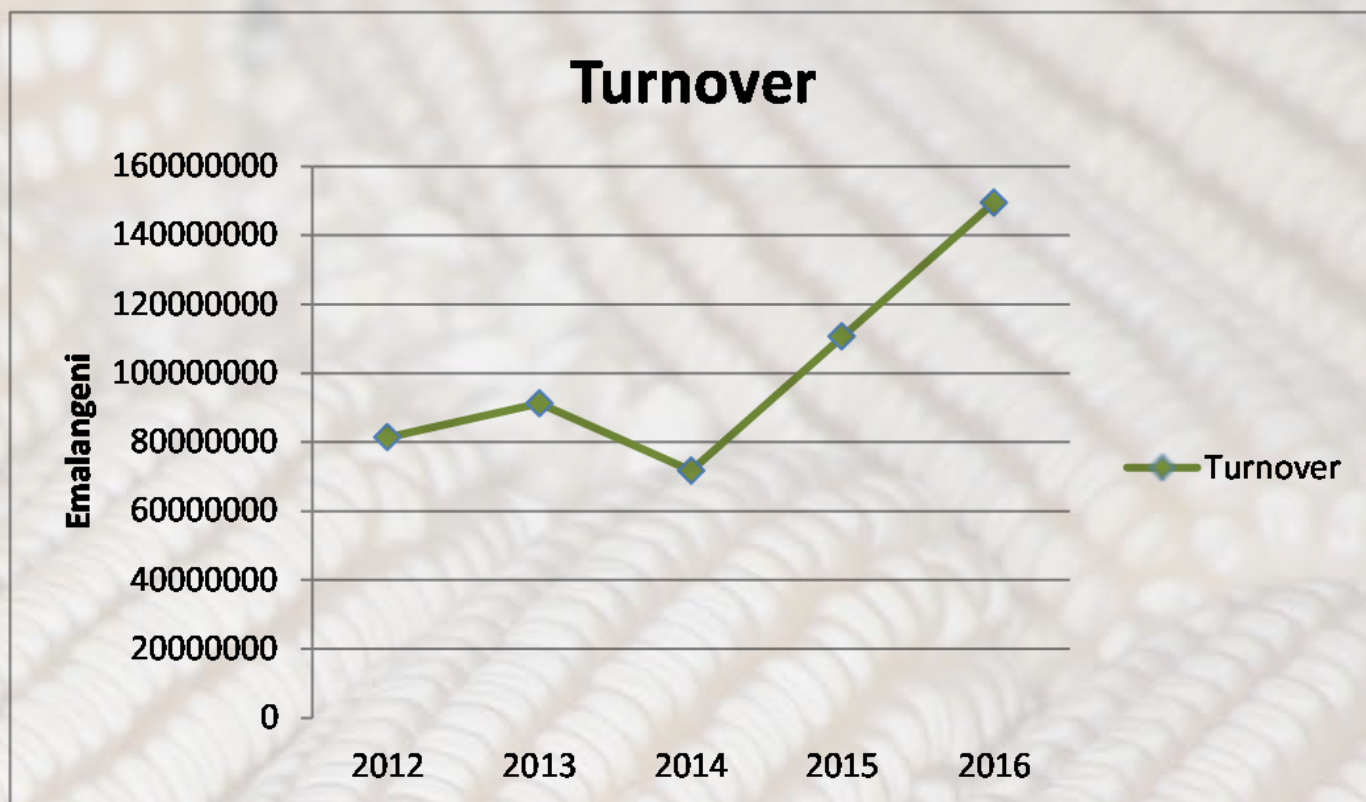
Sales recorded for the year under review amounted to E149,461,827 compared to E110,710,220 recorded in the previous year 2015. This is a reflection of an increase of 26% which has been the highest in the history of National Maize Corporation. The increase was attributed to the reasons cited above. NMC has been experiencing increase fluctuations ranging from 5% to 21% in previous years, therefore, an increase of 26% reflects the efforts taken in marketing NMC's products.

The following is the analysis of Turnover for the past 5 years.

Table 12: Revenue Recorded in the past 5 years

Year	Turnover	% Increase/Decrease
2012	81,382,077	↑7
2013	91,268,852	↑12
2014	71,686,678	↓21
2015	110,710,220	↓21
2016	149,461,827	↑35

Graph 1: Graphical Presentation of Revenue Recorded in the past 5 years



Profitability

Gross profit for the year was E 23,766,548 compared to E21,118,287 recorded during the year ended 31st March 2015 representing a favourable change of 45%.

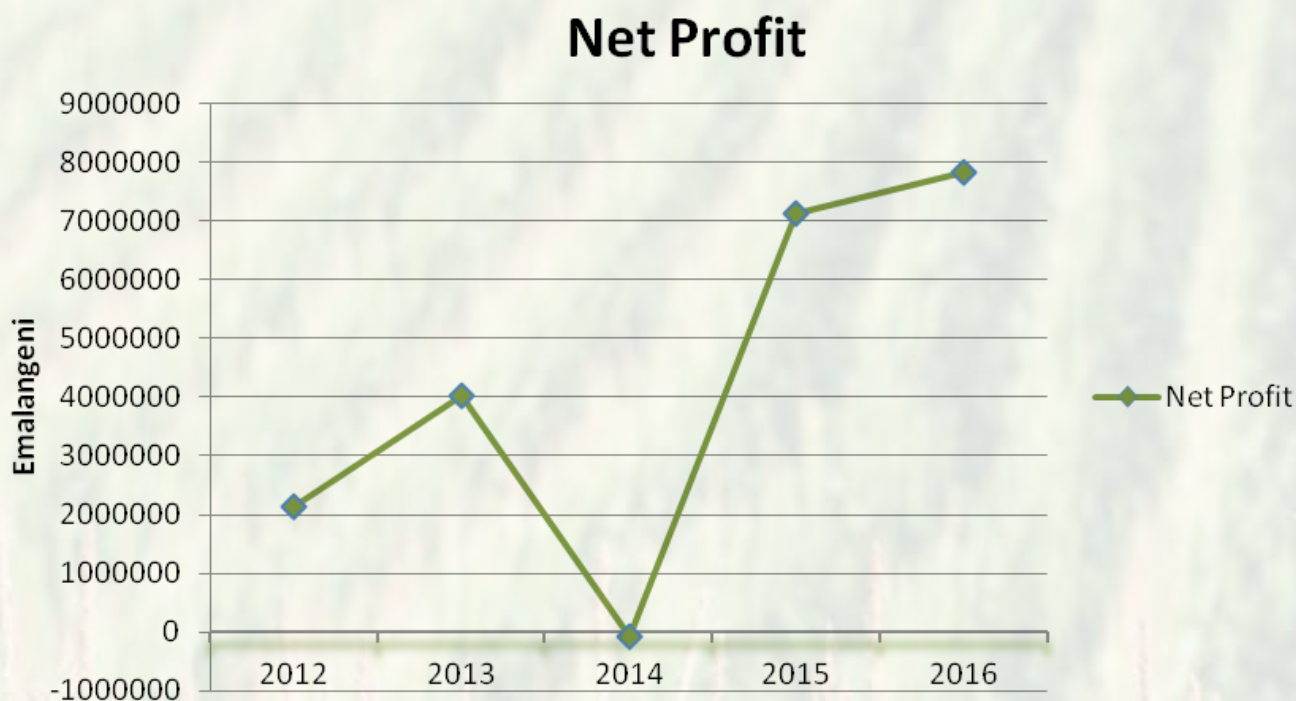
Net Profit

There is an increase of 10% in the net profit of E7,841,135 attained in the year under review compared to E7,121,161 realised the previous year. Our graphical presentation reflects a steady increase in 2015 & 2016 though there was a sharp negative dive in 2014. We anticipate an upward trend moving forward.

Table 13: Net Profit Analysis for the past 5 years

YEAR	E
2012	2 143 557
2013	4 033 391
2014	-84 004
2015	7 121 161
2016	7 841 135

Graph 2: Graphical Presentation of Net Profit



Changes in selected financial indicators

Below is graphical presentation of two selected financial indicators, the gross profit margin and the net profit margin. It should be noted that the calculations of these profit margins were based on net profit after interest and tax. Operating profit before interest & tax was E11 762 967 and net profit was E 7 841 135 in the year under review.

Graph 3: Graphical Presentation of Gross and Net Profit

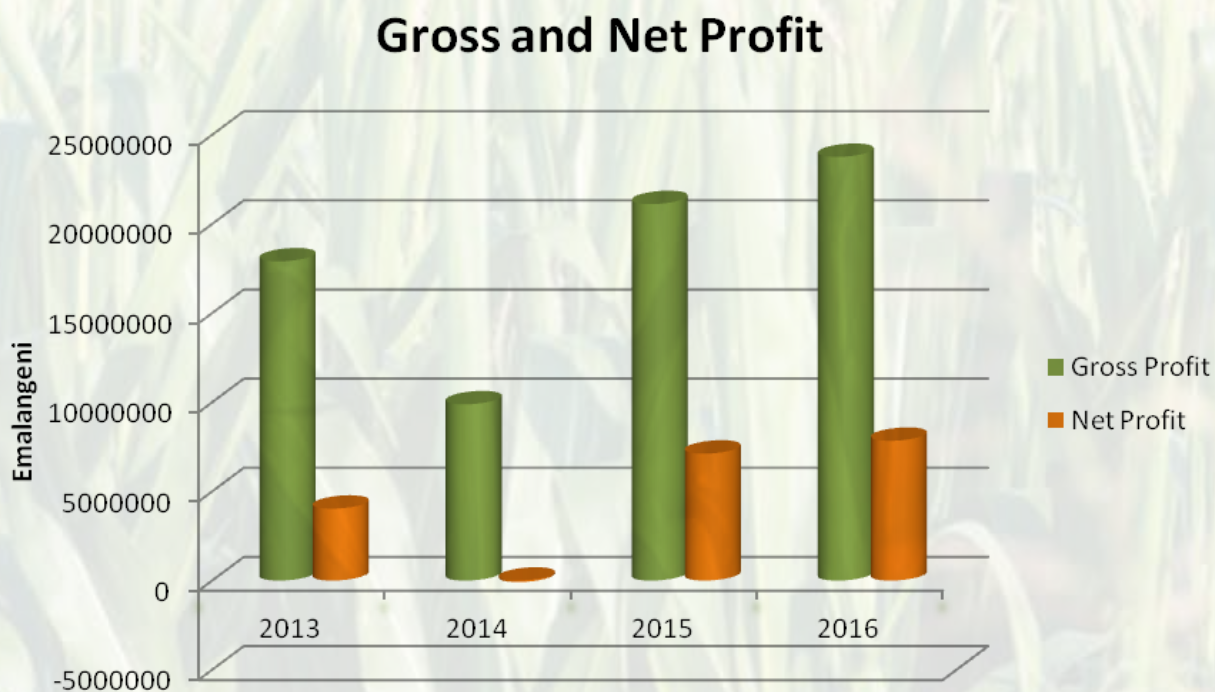


Table 14: Abridged Financial Performance 2013-2016

Figures in (E)	2016	2015	2014	2012
Income	149,461,827	110,710,220	71,686,678	81,382,077
Cost of Sales	125,695,279	89,591,933	62,843,248	68,768,539
Gross Profit	23,766,548	21,118,287	9,889,092	12,613,538
Operating Expenses	13,360,180	11,562,369	11,611,436	10,670,300
Financ Cost	-740,204	-623,840	-586,135	-412,390
Net Profit / loss before Tax	11,022,763	9,980,941	-4,970	2,143,557
Deferred Tax	-	-	-	1,447,120
Net Profit / loss after Tax	7,841,135	7,121,161	-84,004	2,143,557
R/E (Beginning)	-5,122,523	-1,499,989	-1,415,985	-9,240,999
R/E (End)	-11,717,471	-5,122,523	-1,499,989	-7,097,445

Operating Cost

There is an increasing trend on the operating cost as reflected by our graphical presentation below. Our analysis reveals that there has been an increase of 16% from E11 562 369 attained the previous year to E 13 360 180 in the year under review. This was due to costs related to consultancy fees as there were initiatives like the salary review, strategy formulation and re-categorisation of the Corporation, aggressive advertising campaigns, maintenance and repairs as well as training costs.

Table 15: Operating Cost for the past 5 years

YEAR	E
2012	10 670 300
2013	10 886 754
2014	11 611 436
2015	11 562 369
2016	13 360 180



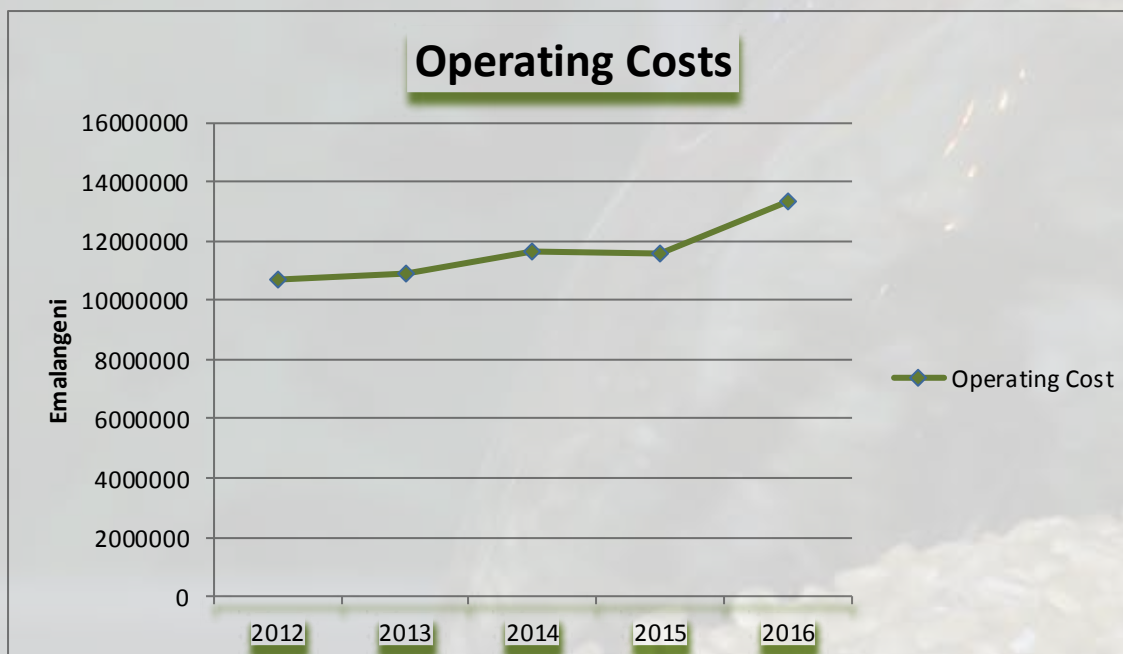


Table 16: Liquidity Ratios & Efficiency Ratios

	2016	2015	2014	2012
Current Ratio	1.6:1	1.3:1	1.7:1	0.85:1
Quick Ratio/Acid Test Ratio	1.09:1	1.07	0.50:1	0.76:1
Stock Turnover	30	42	27	43
Average Settlement Period(debtors)	30 days	27days	42days	44days

Brief Explanation on the analysis

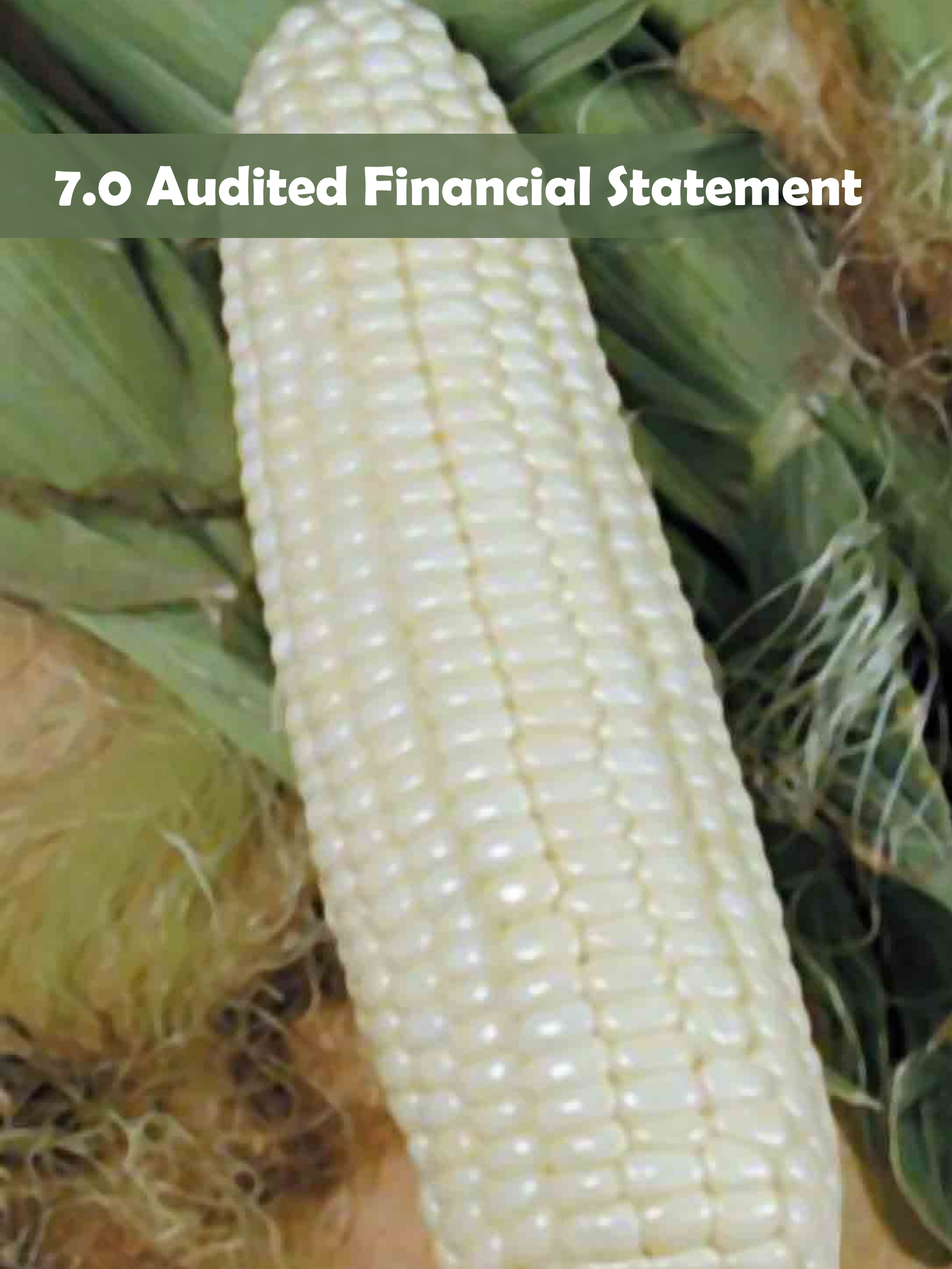
Current Ratio - this ratio compares the “liquid” assets (cash and those assets held which can be easily turned into cash) with the current liabilities (creditors due within one year). The above analysis reveals that the current assets cover the current liabilities by 1.6 times in the year under review.

Quick Ratio/Acid Test Ratio - this ratio represents a more stringent test of liquidity. As a result stock in hand is excluded in the calculation. Our analysis reflects that the ‘liquid’ current assets cover current liabilities by 1.09 which is an indication that the Organisation’s cash flow has to improve to be able to service its obligations on time.

Stock Turnover - this ratio measures the average number of days for which stocks are being held. Our analysis reveals that on average, the stock held in the year under review was being turned over every 30 days.

Average Settlement Period - the speed of payment can have a significant effect on the cash flow of the Corporation. On average, our customers took 30 days to pay amounts owing as reflected by our analyses above.

7.0 Audited Financial Statement



General Information

Country of incorporation and domicile	Swaziland
Nature of business and principal activities	Buying, selling, packaging and storing whole maize, beans and rice.
Directors	Louskin Fanyana Mabundza (Chairman) Sonia Paiva Itallo Dlamini Zodwa Ngwenya Enock Dlamini Hamilton J Khoza Happy Shongwe Sabelo Msibi (Chief Executive Officer)
Business address	Plot 542 Eleventh Street Matsapha
Postal address	P.O.Box 1775 Matsapha
Bankers	Swaziland Development and Savings Bank Nedbank (Swaziland) Limited Swaziland Building Society
Auditors	Kobla Quashie and Associates Chartered Accountants (Swaziland) Manzini
Secretary	Mr Sabelo Msibi

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 2009 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

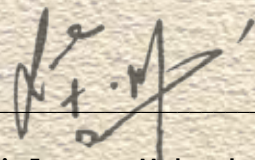
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

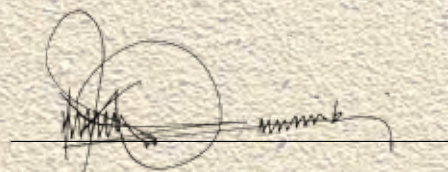
The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 27, which have been prepared on the going concern basis, were approved by the board of directors on 08 July 2016 and were signed on its behalf by:

Signed on behalf of the Board of Directors By:



Louskin Fanyana Mabundza (Chairman)



Sabelo Msibi (Chief Executive Officer)

Independent Auditors Report

To the members of National Maize Corporation (Proprietary) Limited

We have audited the annual financial statements of National Maize Corporation (Proprietary) Limited, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 27.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act, 2009, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

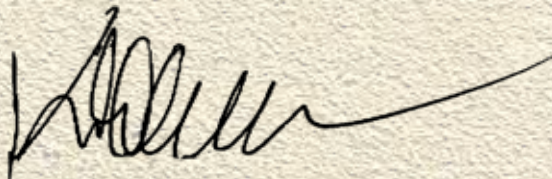
Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of National Maize Corporation (Proprietary) Limited as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner as required by the Companies Act, 2009.



Kobla Quashie and Associates
Chartered Accountants (Swaziland)
Manzini
Per: Daniel Bediako

08 July 2016

Directors' Report

The directors submit their report for the year ended 31 March 2016.

1. Review of activities

Main business and operations

The company has continued to be engaged in buying, selling, packaging and storing whole maize and rice and operates principally in Swaziland.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

Name

Louskin Fanyana Mabundza (Chairman)

Sonia Paiva

Itallo Dlamini

Zodwa Ngwenya

Enock Dlamini

Hamilton J Khoza

Happy Shongwe

Sabelo Msibi (Chief Executive Officer)

5. Secretary

The secretary of the company is Mr Sabelo Msibi of:

Business address

Plot 542

Eleventh Street

Matsapha

Postal address

P.O.Box 1775

Matsapha

6. Auditors

The company has in accordance with section 185 of the Companies Act of 2009 elected to dispense with the obligation to appoint auditors annually. Accordingly, Kobla Quashie and Associates will continue in office in accordance with section 232(2) of the Companies Act, 2009.

Statement of Financial Position

Figures in Emalangeni	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	11,546,093	10,996,513
Financial assets	3	2,234,815	2,071,201
Credit guarantee fund	4	314,532	314,532
		14,095,440	13,382,246
Current Assets			
Inventories		12,708,576	7,675,544
Trade and other receivables	5	19,573,390	13,330,567
Cash and cash equivalents	6	9,777,358	15,917,618
		42,059,324	36,923,729
Total Assets		56,154,764	50,305,975
Equity and Liabilities			
Equity			
Share capital	7	2,405,000	2,405,000
Revaluation Reserves	8	1,039,300	1,039,300
Retained income		11,717,471	5,122,523
		15,161,771	8,566,823
Recapitalisation by shareholder		7,500,000	7,500,000
		22,661,771	16,066,823
Liabilities			
Non-Current Liabilities			
Borrowings	9	1,007,177	1,018,684
Government Grant	10	5,596,286	5,791,223
		6,603,463	6,809,907
Current Liabilities			
Current tax payable		321,848	2,574,881
Borrowings	9	157,478	289,961
Trade and other payables	11	26,410,204	24,564,403
		26,889,530	27,429,245
Total Liabilities		33,492,993	34,239,152
Total Equity and Liabilities		56,154,764	50,305,975

Statement of Comprehensive Income

Figures in Emalangeni	Note(s)	2016	2015
Revenue		149,461,827	110,710,220
Other income		1,356,599	1,048,863
Cost of sales		(125,695,279)	(89,591,933)
Operating expenses		(8,124,620)	(6,734,921)
Employee costs		(4,362,907)	(4,125,349)
Depreciation, amortisation and Impairment expenses		(872,653)	(702,099)
Operating profit		11,762,967	10,604,781
Finance costs		(740,204)	(623,840)
Profit before taxation		11,022,763	9,980,941
Taxation		(3,181,628)	(2,859,780)
Profit for the year		7,841,135	7,121,161
		-	-
Total comprehensive income		7,841,135	7,121,161
		7,841,135	7,121,161

Statement of Changes in Equity

Figures in Emalangeni	Share capital	Revaluation reserve	Accumulated loss/surplus	Total attributable to equity holders of the company	Recapitalisation by shareholder	Total equity
Balance at 01 April 2014	2,405,000	1,039,300	(1,998,638)	1,445,662	7,500,000	8,945,662
Changes in equity						
Total comprehensive income for the year			7,121,161	7,121,161		7,121,161
Total changes			7,121,161	7,121,161		7,121,161
Balance at 01 April 2015	2,405,000	1,039,300	5,122,523	8,566,823	7,500,000	16,066,823
Changes in equity						
Total comprehensive income for the year			7,841,135	7,841,135		7,841,135
Dividends			(1,246,187)	(1,246,187)		(1,246,187)
Total changes			6,594,948	6,594,948		6,594,948
Balance at 31 March 2016	2,405,000	1,039,300	11,717,471	15,161,771	7,500,000	22,661,771
Note(s)	7	8				

Statement of Cash Flows

Figures in Emalangeni	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations	15	3,010,629	19,190,698
Tax paid	16	(5,434,661)	(1,470,823)
Net cash from operating activities		(2,424,032)	17,719,875
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,496,734)	(1,228,200)
Sale of property, plant and equipment	2	74,500	-
Purchase of financial assets		(163,614)	(1,552,287)
Net cash from investing activities		(1,585,848)	(2,780,487)
Cash flows from financing activities			
Finance lease payments		(884,194)	227,546
Dividends paid		(1,246,187)	-
Net cash from financing activities		(2,130,381)	227,546
Total cash movement for the year		(6,140,261)	15,166,934
Cash at the beginning of the year		15,917,618	750,685
Total cash at end of the year	6	9,777,357	15,917,619

Summary of Significant Accounting Policies

1. Reporting entity

National Maize Corporation (Proprietary) Limited buys, stores, packages and distributes maize and rice. The company's operations are based in Swaziland. The company mainly buys maize from local farmers and also imports rice and maize from the South African market. The company is also involved in the packaging of rice.

The company is a private limited liability company incorporated and domiciled in Swaziland and is 100% owned and controlled by the Swaziland Government. The address of its registered office is contained in the directors' report.

Basis of Preparation

a) Statement of Compliance

The 2013 financial statements of National Maize Corporation (Proprietary) Limited are prepared in accordance with the International Financial Reporting Standards (IFRS).

b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

c) Functional and presentation currency

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

d) Use of estimates and judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

1.1 Application of new and revised International Financial Reporting Standards (IFRS's)

In the current year, the company has noted a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

As the board does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source for guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17.

Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purpose of measuring inventories or value in use for impairment assessment purposes)

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the institute has not made any new disclosures required by IFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' [and the 'income statement' is renamed as the 'statement of profit or loss'].

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Employee Benefits (as revised in 2011)

IAS 19 Employee Benefits (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

As the company does not operate a defined benefit plan, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the financial statements.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

It is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the company's financial statements as the company does not have any financial assets and financial liabilities that qualify for offset.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

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

Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value.

The depreciation rates of items of property, plant and equipment are as follows:

Item	Rate
Land	0%
Buildings	5%
Plant and machinery	10%
Motor vehicles	25%
Office equipment	10%
Silos	5%

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Fair value determination

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 company 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.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Other loans and receivables

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised costs less any accumulated impairment.

These financial assets are not quoted in an active market and have fixed or determinable payments.

Available for sale financial assets

These financial assets are non- derivatives that are either designated in this category or not classified elsewhere.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned..

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

The company assesses at each balance sheet 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Impairment losses recognised in profit or loss for equity investments classified as available- for- sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available- for- sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

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

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

Derivatives

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised costs less any accumulated impairment.

These financial assets are not quoted in an active market and have fixed or determinable payments.

Available for sale financial assets

These financial assets are non- derivatives that are either designated in this category or not classified elsewhere.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned..

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

The company assesses at each balance sheet 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Impairment losses recognised in profit or loss for equity investments classified as available -for- sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available -for- sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

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

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused withholding tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused withholding tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.9 Employee benefits

Pension obligation

The Company currently operates a defined contribution plan. The company pays contributions to a privately administered pension plan on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligation. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

Terminal benefits

Termination benefits are payable whenever an employees' employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formula. Benefits falling due within more than 12 months are discounted to present values.

1.10 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income for the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Related party transactions

The company is controlled by the Swaziland Government, which owns 100% of the company's shares. There were no significant transactions with related parties during the year.

Notes to the Annual Financial Statements

Figures in Emalangeni

2016

2015

2. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	1,660,930	-	1,660,930	1,660,930	-	1,660,930
Buildings	4,193,946	(1,551,007)	2,642,939	4,092,026	(1,411,805)	2,680,221
Plant and machinery	1,116,422	(517,349)	599,073	717,469	(450,782)	266,687
Furniture and fixtures	697,120	(588,401)	108,719	604,398	(600,609)	3,789
Motor vehicles	2,992,854	(1,162,310)	1,830,544	2,382,137	(1,018,438)	1,363,699
Office equipment	495,253	(84,182)	411,071	488,783	(43,551)	445,232
IT equipment	1,068,175	(870,798)	197,377	1,037,597	(772,632)	264,965
Silos	6,386,682	(2,291,242)	4,095,440	6,386,682	(2,075,692)	4,310,990
Total	18,611,382	(7,065,289)	11,546,093	17,370,022	(6,373,509)	10,996,513

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1,660,930	-	-	-	1,660,930
Buildings	2,680,221	101,820	-	(139,102)	2,642,939
Plant and machinery	266,687	398,950	-	(66,564)	599,073
Furniture and fixtures	3,789	117,010	-	(12,080)	108,719
Motor vehicles	1,363,699	836,860	(74,500)	(295,515)	1,830,544
Office equipment	445,232	11,516	-	(45,677)	411,071
IT equipment	264,965	30,578	-	(98,166)	197,377
Silos	4,310,990	-	-	(215,550)	4,095,440
	10,996,513	1,496,734	(74,500)	(872,654)	11,546,093

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Land	1,660,930	-	-	1,660,930
Buildings	2,784,443	35,000	(139,222)	2,680,221
Plant and machinery	302,255	-	(35,568)	266,687
Furniture and fixtures	-	3,789	-	3,789
Motor vehicles	468,450	1,124,374	(229,125)	1,363,699
Office equipment	464,939	29,601	(49,308)	445,232
IT equipment	251,511	35,436	(21,982)	264,965
Silos	4,537,884	-	(226,894)	4,310,990
	10,470,412	1,228,200	(702,099)	10,996,513

The land and buildings totalling E5, 717, 956.00 comprises of the following;

1. Buildings located in Lot No. 542 situate in Matsapha Town in the District of Manzini, Swaziland. The land is measuring 2.7309 Hectares and is Held under Crown Grant No.68/2003 registered on the 3rd December 2003.

2. Lot No. 630 situate in the Matsapha Town, Manzini District, Swaziland which is measuring 4, 680 Square Metres and is originally held under certificate of Consolidated Title No. 66/1967 made in favour of the Crown on the 7th April 1967.

3. Lot No.631 situate in the Matsapha Town, Manzini District, Swaziland which is measuring 5,041 Square Metres and is originally held under Certificate of Consolidated Title No. 66/1967 made in favour of the Crown on the 7th of April 1967.

4. Lot No.632 situate in the Matsapha Town, Manzini District, Swaziland which is measuring 6, 567 Square Metres and is originally held under Certificate of Consolidated Title No.66/1967 made in favour of the Crown on the 7th April 1967.

5. Lot No.634 situate in the Matsapha Town, Manzini District, Swaziland which is measuring 4, 000 Square Metres and is originally held under Certificate of Consolidated Title No. 66/1967 made in favour of the Crown on the 7th April 1967.

6. Lot No.635 situate in the Matsapha Town, Manzini District, Swaziland which is measuring 3, 500 Square Metres and is originally held under Certificate of Consolidated Title No. 66/1967 made in favour of the Crown on the 7th April 1967.

3. Financial assets

Available for sale

Swaziland Building Society - Permanent Shares	2,234,815	2,071,201
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Credit quality of financial assets

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

Non- current assets

Available for sale	2,234,815	2,071,201
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The investment valued at E2, 234,815.28 is with the Swaziland Building Society, which is a reputable high credit quality financial institution.

4. Credit guarantee fund

This is a revolving guarantee fund held with First National Bank of Swaziland Limited that serves as security for loans granted by Fincorp to local maize farmers.

Credit guarantee fund	314,532	314,532
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5. Trade and other receivables

Accounts receivables	18,392,154	12,418,881
Staff advances	808	-
Prepayments	820,400	890,250
Refundable deposits	360,028	-
VAT	-	21,436
	19,573,390	13,330,567

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The company uses the latter for details refer to the subsections below:

Trade and other receivables

High risk (over 90 days)	1,063,406	1,299,341
Medium risk (60-90 days)	5,132,909	105,400
Low risk (0-60 days)	13,377,075	12,446,198
	19,573,390	13,850,939

6. Cash and cash equivalents

Cash on hand	2,654	1,075
Cash at Bank	3,256,081	13,786,737
Stanlib - Money Market Fund	6,469,328	2,083,554
African Alliance - Asset Management	49,295	46,252
	9,777,358	15,917,618

Cash at bank consist of:

Bank balances

Swaziland Savings and Development Bank - Call account	4,918,255	10,826,524
Swaziland Savings and Development Bank - Current account	(5,194,656)	2,761,799
Nedbank (Swaziland) Limited - Call account	2,948,175	39,605
Nedbank (Swaziland) Limited - Current account	580,920	150,517
Nedbank (Swaziland) Limited	3,387	8,292
	3,256,081	13,786,737

The bank overdraft is under a finance facility agreement by the company with Swaziland Development and Savings Bank. The following has been pledged to the bank as security by the company:

1. The loan shall bear interest at a rate equal to the prime + 2% per annum.
2. 1st Mortgage bond over Lot 542 Matsapha Township E/V E1, 116,929.
3. 2nd Mortgage bond of E9 000 000.00 over lot 542 Matsapha Township.
4. Deed of hypothecation over movable property of National Maize Corporation.
5. Cession of Debtor's book.
6. Lien over funds on call (unlimited).

7. Share capital

Authorised

5,000,000 Ordinary shares of E1 each	5,000,000	5,000,000
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Issued

Ordinary	2,405,000	2,405,000
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8. Revaluation reserve

Balance as at 31 March 2016	1,039,300	1,039,300
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Surplus arising from revaluation of freehold land and buildings at municipal valuation as at March 2011.

9. Borrowings

Minimum lease payments due

- within one year	157,478	289,961
- in second to fifth year inclusive	1,007,177	1,018,684
	1,164,655	1,308,645

Non-current liabilities	1,007,177	1,018,684
Current liabilities	157,478	289,961
	1,164,655	1,308,645

Finance lease

The leases are for motor vehicles and financing a weighbridge project, financed by Nedbank (Swaziland) Limited. The lease liabilities are effectively secured.

Security held:

1. Lien over funds held on call account with a balance of E74 453
2. Comprehensive Insurance cover over assets financed with bank's interest noted on insurance policies
3. Lien over leased assets

10. Government Grant

This is a grant in respect of the land and buildings, silos and office furniture and equipment donated to the corporation by Government which is amortised on a straight line basis.

Reconciliation

Opening balance	5,791,223	5,876,548
Utilised during the year	(194,937)	(85,325)
	5,596,286	5,791,223

11. Trade and other payables

Trade payables	25,590,062	23,876,518
Amounts received in advance	-	6,202
VAT	10,080	-
Loans payments - Lukhotse and rural	1,269	368
Gravuity - contract employees	421,140	404,564
Statutory deductions - accrued	315,653	206,751
Accrued audit fees	72,000	70,000
	26,410,204	24,564,403

12. Financial assets by category

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

2016	Loans and receivables	Available-for-sale	Total
Available for sale investment	-	2,234,815	2,234,815
Credit guarantee fund	314,532	-	314,532
Trade and other receivables	19,573,390	-	19,573,390
Cash and cash equivalents	9,774,315	-	9,774,315
	29,662,237	2,234,815	31,897,052

2015	Loans and receivables	Available-for-sale	Total
Available for sale investment	-	2,071,201	2,071,201
Credit guarantee fund	314,532	-	314,532
Trade and other receivables	13,330,567	-	13,330,567
Cash and cash equivalents	15,917,617	-	15,917,617
	29,562,716	2,071,201	31,633,917

13. Income tax expense

Tax calculated at 27.5% of accounting (loss) /profit	5,581,628	
Depreciation on administration building	134,191	2,859,780
Depreciation on plant and equipment (silos and related equipment)	215,550	139,222
Amortisation of donated buildings	31,027	226,894
Amortisation of silos	163,910	31,027
		163,910
Actual tax (credit)/charge	6,126,306	3,420,833

14. Financial liabilities by category

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

2016	Financial liabilities at amortised cost	Total
Borrowings	1,164,655	1,164,655
Trade and other payables	26,410,204	26,410,204
	27,574,859	27,574,859

2015	Financial liabilities at amortised cost	Total
Borrowings	1,308,645	1,308,645
Trade and other payables	24,564,405	24,564,405
	25,873,050	25,873,050

15. Cash generated from operations

Profit before taxation	11,022,763	9,980,941
Adjustments for:		
Depreciation and amortisation	872,653	702,099
Finance costs	740,204	623,840
Changes in working capital:		
Inventories	(5,033,032)	(4,891,857)
Trade and other receivables	(6,242,823)	(5,535,597)
Trade and other payables	1,845,801	18,396,597
Government Grant	(194,937)	(85,325)
	3,010,629	19,190,698

16. Tax paid

Balance at beginning of the year	(2,574,881)	(1,185,924)
Current tax for the year recognised in profit or loss	(3,181,628)	(2,859,780)
Balance at end of the year	321,848	2,574,881
	(5,434,661)	(1,470,823)

17. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns 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 company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or request additional capital from the main shareholder, the Swaziland Government.

Consistent with others in the industry, the company monitors capital on the basis of the debt: equity ratio.

This ratio is calculated as net debt divided by total equity. 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 equity is represented in the statement of financial position.

The company's strategy is to maintain a debt: equity ratio below 50% .

The debt: equity ratio at 2016 and 2015 respectively were as follows:

Total borrowings	9	1,164,655	1,308,645
Less: Cash and cash equivalents	6	9,777,358	15,917,618
Net debt		(8,612,703)	(14,608,973)
Total equity		22,661,771	16,066,823
Total capital		14,049,068	1,457,850
Debt equity ratio		-38%	-49%

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department

(company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non- derivative financial instruments, and investment of excess liquidity.

Liquidity risk

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

Management monitors rolling forecasts of the company's liquidity reserve (comprises undrawn borrowing facility (note 9) and cash and cash equivalents (note 7)) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring statement of financial position liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans

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

At 31 March 2016	Less than 1 year
Borrowings	157,478
Trade and other payables	26,410,204
At 31 March 2015	Less than 1 year
Borrowings	289,961
Trade and other payables	24,564,405

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to customers are settled in cash or cheques. See note 4 for further disclosure on credit risk.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. In addition, the company's credit risk is not concentrated to one or a few customers.

Foreign exchange risk

The company buys its inputs from the Swaziland and South African markets. The company mainly sells its output in the Swaziland market. The company is therefore not exposed to foreign exchange risk because the Swaziland Lilangeni (SZL) is pegged to the South African Rand (ZAR) at a one is to one rate. In addition, there are none of the company's statement of financial position items that are denominated in any other foreign currency.

The company reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

Price risk

The company is not exposed to price risk because none of its financial assets are traded in active financial markets.

18. Comparative figures

Certain comparative figures have been reclassified.

Detailed Statement of Financial Performance

Figures in Emalangeni	Note(s)	2016	2015
Revenue			
Sale of goods		149,461,827	110,710,220
Cost of sales			
Opening stock		(7,675,544)	(2,783,687)
Purchases		(130,728,311)	(94,483,790)
Closing stock		12,708,576	7,675,544
		(125,695,279)	(89,591,933)
Gross profit		23,766,548	21,118,287
Other income			
Sundry income		665,295	926,061
Interest received		691,304	122,802
		1,356,599	1,048,863
Operating expenses			
Advertising		735,979	272,634
Audit fees		70,000	70,000
Bad debts written off		310,609	660,889
Bank charges		314,407	485,647
Cleaning		138,146	105,892
Computer expenses		84,709	130,899
Consulting fees		484,004	282,205
Directors fees		165,065	238,363
Depreciation		872,653	702,099
Donations		387,553	247,078
Employee costs		4,362,907	4,125,349
Entertainment		64,170	35,886
Insurance		194,779	193,648
Legal fees		353,307	118,934
Management fees		554,926	587,638
Motor vehicle expenses		476,668	417,168
Printing and stationery		285,281	244,024
Repairs and maintenance		854,271	727,448
Rates paid		171,894	114,367
Security		424,193	342,774
Staff uniforms		48,371	21,558
Staff welfare		206,537	197,799
Subscriptions		28,205	8,472
Telephone and postage		309,354	276,331
Training		527,712	191,013

Travelling expenses	492,673	382,278
Utilities	441,807	381,976
	13,360,180	11,562,369
Operating profit	11,762,967	10,604,781
Finance costs	(740,204)	(623,840)
Profit before taxation	11,022,763	9,980,941
Taxation	3,181,628	2,859,780
Profit for the year	7,841,135	7,121,161

Tax Computation

	E
Net income per income statement	11,022,763
Non-deductable/Non taxable items	
Donations	387,078
Depreciation - Administration buildings	139,102
Depreciation - Plant and equipment (silos and related equipment)	215,550
	741,730
Temporary differences	
Capital grant amortised for tax purposes - Buildings	(31,027)
Capital grant amortised for tax purposes - silos	(163,910)
	(194,937)
Taxable income	11,569,556
Tax thereon @ 27.5%	3,181,628
Tax liability	
	E
Amount owing/(prepaid) at the beginning of year	2,574,881
2015 tax paid	(2,574,881)
Amount owing/(prepaid) in respect of prior year	-
Tax owing/(prepaid) for the current year	
Normal tax	
Per calculation	3,181,628
1st provisional payment	(1,429,890)
2nd provisional payment	(1,429,890)
	321,848
Amount owing/(prepaid) at the end of year	321,848

Supplementary Information

1. Shareholding structure

Government of Swaziland	2,400,000
National Marketing Board	5,000
	2,405,000

2. Audit fees

Kobla Quashie and Associates	70,000
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3. Management fees

Public Enterprise Unit, Swaziland Government	554,926
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4. Consulting fees

SAMKHO Consultancy	168,800
TRANSUNIO - Membership report	5,845
Business Focus	4,788
Chiyanda - Asset valuation report	8,885
Kobla Quashie and Associates	212,080
AM Recruitment Agency	83,606
	484,004

5. Rates paid

Matsapha Municipal Council	171,894
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6. Bad debts written off

Wilphatha Investments	131,908
Siphilile Investments	127,883
Metswazi	39,964
Easy Save	10,815
	310,570

7. Security

VIP Protection Services	424,193
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8. Repairs and maintenance

Repairs on Weighbridge, Silos and Office Buildings	854,271
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9. Subscriptions

Swaziland Agricultural and Plantation Worker's Union	26,702
Website subscription	855
	27,557

10. Legal expenses

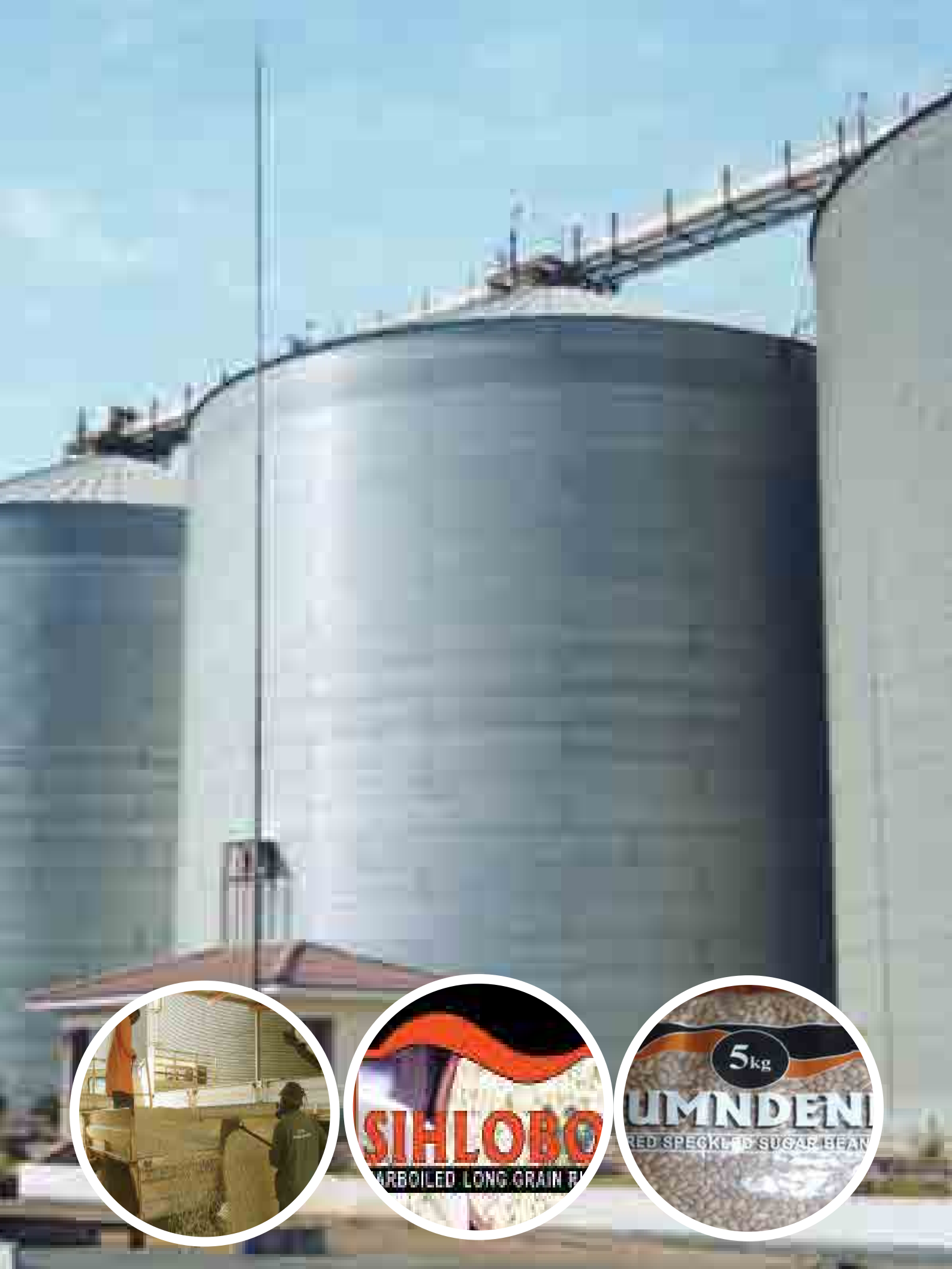
Magagula and Hlophe Attorneys	336,614
Warring Attorneys	16,693
	353,307

Notes





Notes





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