



2007

ANNUAL REPORT

MEDICAL RESCUE INTERNATIONAL BOTSWANA LIMITED

vision and mission statement

vision

The health care solution for the developing world.



mission statement

MRI exists to maximise stakeholder returns and provide a “web of safety” by responding and reacting at the highest standard to the identified needs of the population and Institutions of the Nation and its visitors through the provision of Emergency Medical Services, Call Centre facilities and Training Institute in Botswana and Internationally wherever viable.

contents

Corporate Information	02
Board of Directors	03
Management Team	04
Report of the Chairman and Managing Director	05
Corporate Governance Statement	07
Report of the Directors	10
Analysis of Shareholders	11
Group Value Added Statements	12
Approval of the Annual Financial Statements	13
Report of the Independent Auditors	14
Income Statements	16
Balance Sheets	17
Statements of Changes in Equity	18
Cash Flow Statements	19
Accounting Policies	20
Critical Accounting Estimates and Judgements	29
Notes to the Group Financial Statements	31
Notice of Annual General Meeting	39



corporate information

FOR THE YEAR ENDED 30 JUNE 2007



02

MRI BOTSWANA LIMITED AND ITS SUBSIDIARY

(Incorporated in Botswana under company number: 91/1766)

BUSINESS:

Provision of ground and air ambulance as well as medical services throughout Botswana.

DIRECTORS:

Dr P L A Davis ** (Chairman)
D J Alexander * (Deputy Chairman)
Dr I M Cornish ***
T Kebotsamang * (Acting Managing Director, appointed on 01 January 2007)
T Lekalake *
D P Makgalemele * (Managing Director, resigned on 10 November 2006)
J G Marcelino **
O Merafhe *
Dr A L Orford *
Dr J A Jacobs ** (alternate to J G Marcelino)
T V Van Stryup ** (alternate to Dr I M Cornish)

NATIONALITY OF DIRECTORS:

* Motswana
** South African
*** British

SECRETARY:

DPS Consulting Services (Pty) Limited
Plot 50371, Fairgrounds Office Park
P.O. Box 294, Gaborone, Botswana

REGISTERED OFFICE:

Plot 20623, Block 3
Private Bag 256
Gaborone
Botswana

INDEPENDENT AUDITORS:

PricewaterhouseCoopers
Plot 50371, Fairground Office Park,
P.O. Box 294, Gaborone
Botswana

BANKERS:

First National Bank of Botswana Limited
P.O. Box 1552
Gaborone
Botswana

HOLDING COMPANY:

Majority of the shareholdings are held by MRI Holdings Ltd. However, the company is effectively controlled by International SOS.

board of directors

FOR THE YEAR ENDED 30 JUNE 2007



Mr. D.J. Alexander
(BOMAID)



Mr. O. Merafhe
(BOTSOGO HEALTH)



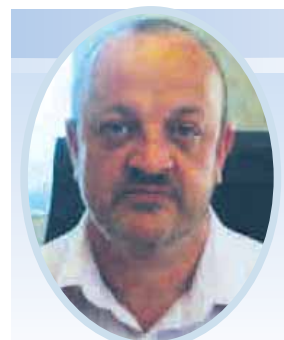
Mr. J.G. Marcelino
(MRi Holdings)



Dr. P.L.A. Davis
(Chairperson)



Dr. A.L. Orford
(GPH)



Dr. I.M. Cornish
(MRi Holdings)



Ms T. Lekalake

management team

FOR THE YEAR ENDED 30 JUNE 2007



Dr. Khumoetsile Mapitse
(Medical Director)



Mrs. Tebogo Setlalegosi
(Sales & Marketing Manager)



Mrs. Segomotso Raseto - Moreti
(Human Resources Manager)



Mr. Thabiso Kebotsamang
(Acting Managing Director / Finance
& Administration Manager)



Mr. James Mackay
(Operations Manager)



Mr. Eben Grobbelaar
(Chief Operations Manager)

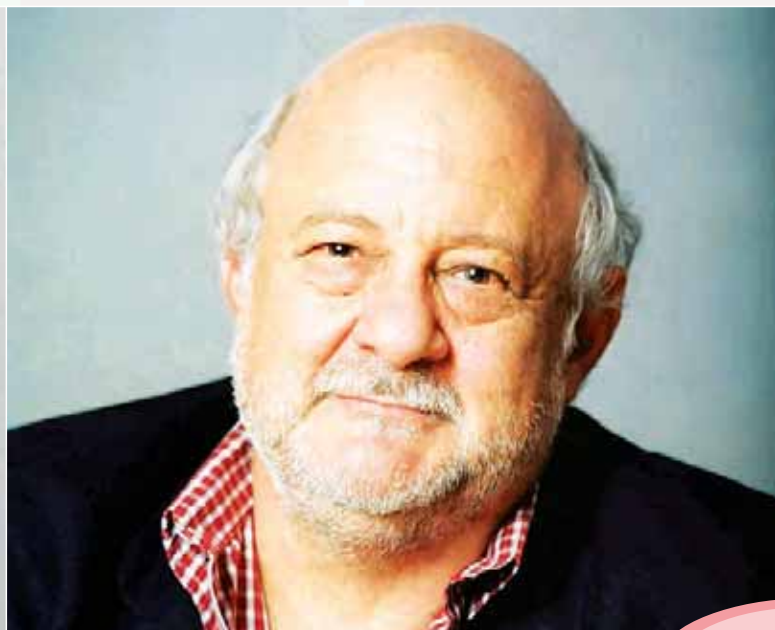
Mrs. Constance Matabiswana
(Call Centre Manager)

report of the chairman and managing director

FOR THE YEAR ENDED 30 JUNE 2007



T. Kebotsamang
(Acting Managing Director)



Dr. P.L.A. Davis
(Chairperson)

05

Dear fellow shareholders and stakeholders,

Your company experienced a challenging financial year to 30 June 2007, with increased competition, spiralling input costs and slower than anticipated market growth. Nonetheless, it gives us great pleasure to report to you that your company has maintained its position as the pre-eminent supplier of emergency medical services in Botswana, whilst significantly strengthening its internal management structures and bedding down strategic initiatives for future growth.

OVERVIEW OF FINANCIAL PERFORMANCE

Revenue increased by 8% for the year ended 30 June 2007, mainly on the back of strong performance in private medical evacuation services.

Direct and administration expenses increased by 28% and 10% respectively mainly due to:

- legal fees incurred on the GEMVAS court case;

- increase in medical scheme utilisations;
- increase in fuel and maintenance costs due to the increase in utilisation; and
- the direct costs incurred on private medical evacuation services.

Due to the above increases in cost and a lower than expected increase in revenue, the net profit after tax decreased by 31% for the year ended 30 June 2007.

CITIZEN EMPOWERMENT

MRI is committed to citizen empowerment and during the year employed an experienced local doctor as our Medical Director. The company has also employed a citizen Managing Director with an excellent track record and the relevant private business experience to lead MRI during the next phase of its business. The Group is very excited and look forward to both these individuals' valuable input and guidance to the business.

report of the chairman and managing director

FOR THE YEAR ENDED 30 JUNE 2007



SOCIAL RESPONSIBILITY

The Group remains committed to responsible corporate citizenship. In addition to the support provided to the Botswana Football Association through sponsorship of the 24-team First Division National Football League, MRI was also involved in initiatives with Y-care Charitable Fund, Cheshire Foundation, Children SOS, Botswana HIV Clinicians Council, Botswana Road Safety Campaigns, Health Day Collaborations and more.

THE FUTURE

The Board of Directors and management have identified the need to diversify the group's revenue. Business case studies which will result in the development of products that fit in with our core business are currently being developed. Some of the new areas that are being investigated are Occupational Health and Safety, Holistic Wellness, Employee Assistance and Lifestyle programmes.

Key areas of focus will also be the development of the existing Call Centre and roadside assistance business. Botswana's rapidly expanding mining sector also provides your company with opportunities to supply quality on-site medical facilities and these are being pursued with vigour.

DECLARATION OF DIVIDEND

An interim dividend of 4 thebe per share has been paid. The Directors have resolved that a final dividend of 3 thebe per share be declared making a total of 7 thebe per share for the whole year. The dividend will be payable on or about 2 November 2007 to

shareholders registered at the close of business on 12 October 2007.

APPRECIATION

A hallmark of a successful organisation is good co-operation between the Board and management. In this regard, your company has been blessed with Board members who are not only leaders in their respective fields, but who were also prepared to get "hands-on" involved to assist the executive management team. We thank them for this support and positive contribution.

We also thank our dedicated staff for their loyal efforts during the 2007 year. The future is ours to shape. Our continued dedication and adherence to the highest professional standards will see the company grow and prosper.

By order of the Board of Directors

Dr A L Davies

Chairman

T Kebotsamang

Acting Managing Director

14 September 2007

corporate governance statement

FOR THE YEAR ENDED 30 JUNE 2007

Corporate governance is the process by which companies are directed, controlled and risk managed. Members of the Board of directors are responsible for the governance of the company whereas the shareholders' role is to appoint the directors and external auditors.

The concept of corporate governance has grown internationally in recent years by the adoption of principles outlined in reports such as the King Report II in South Africa, the Cadbury Report and the Turnbull Report in the United Kingdom. These reports have a common goal to promote highest standards of corporate governance by providing recommendations and principles in line with best practice.

MRI Botswana Limited ("MRI") is committed to the highest standards of integrity and ethical conduct in dealings with all its stakeholders.

The Board of MRI endorses and is committed to complying with the principles of integrity, openness, accountability and "performance with conformance" espoused in this report. The company monitors developments in the corporate governance arena, both nationally and internationally, with a view to reviewing and adapting corporate governance structures and practices where necessary.

Composition of the Board of Directors

The Board comprises eight members, of which one is executive, four are non-executive and three are non-executive and independent.

The Board meets at least three times a year to consider strategic issues, set risk parameters, approve budgets and to monitor that the implementation of delegated responsibilities is properly executed.

The offices of the Group Chairman and Managing Director are separate in accordance with global best practice. The Chairman is a non-executive director.

Attendance at Board meetings
July 2006 to June 2007

	Maximum possible	Attended
Dr. P.L.A. Davis	4	3
Mr. D.J. Alexander	4	4
Mr. D.P. Makgalemele	2	2
Dr. IM Cornish	4	4
Mr. J.G. Marcelino	4	1
Dr. AL Orford	4	4
Mr. O. Merafhe	4	3
Ms T. Lekalake	4	4
Dr. J.A. Jacobz**	1	1

** Attended as alternate to JG Marcelino

Non-executive directors on the Board of MRI are high-calibre individuals with the necessary integrity, skills and experience to bring judgement to bear on various key issues relevant to the business of the company, independent of management. Other senior members of management attend board meetings by invitation.

Directors' shareholdings

The aggregate number of shares held by the directors, directly and indirectly, at 30 June comprised:

	2007	2006
Dr. I.M. Cornish	19 300	19 300
Dr. P.L.A. Davis	65 000	65 000
J.G. Marcelino	64 500	64 500
D.P. Makgalemele*	-	18 000
Dr. A.L. Orford	50 500	50 500
T. Lekalake	1 000	1 000
	218 300	218 300

* Resigned 10 November 2006



corporate governance statement

FOR THE YEAR ENDED 30 JUNE 2007



08

Audit committee

The main responsibilities of this committee are to assist the Board with the monitoring of financial reporting, compliance with legal and statutory requirements, evaluating the management of risk areas and operation of internal control systems.

The committee comprises three non-executive directors and meets at least twice a year, mainly at the half year and again at the full year, or as otherwise required. The external auditors attended all meetings of the committee. The executive director and Group Finance Manager may attend these meetings at the invite of the Committee Chairman.

Attendance at audit Committee meetings
July 2006 to June 2007

	Maximum possible	Attended
DJ Alexander	2	2
Dr IM Cornish	2	2
Dr AL Orford	2	2

Remuneration committee

The committee, chaired by a non-executive director, is responsible for the remuneration strategy of the company and for determining remuneration packages and incentive schemes for senior management and the determination of MRi executive director's and non-executive directors' remuneration packages relative to local and international industry benchmarks.

	Maximum possible	Attended
DJ Alexander	2	1
Dr IM Cornish	2	1
Dr AL Orford	2	1

The package for the executive director includes a base salary and other benefits and is reviewed annually by the Board and approved at the company's

annual general meeting. Non-executive directors receive a fee for their contribution to the Board and Board committees of which they are members. Fee structures are recommended to the remuneration committee and are reviewed annually. In doing so, the committee takes cognizance of market norms and practices. The fees are also approved at the company's annual general meeting.

Company secretary and professional advice

All directors have unlimited access to the services of the Company Secretary, who is responsible to the Board for ensuring that proper Board procedures are followed.

All directors are entitled to seek independent professional advice concerning the affairs of the company, at the Group's expense.

Relations with shareholders

The Board understands the information needs of shareholders, and places great importance on meaningful dialogue with shareholders, ensures they are kept appropriately informed of matters affecting the company and have access to the company. Reports and announcements, as well as meetings, are used to provide information to shareholders.

The directors are also committed to transparency and disclosure of relevant and appropriate information in the Annual Report and through other communication channels to enable all shareholders, and potential shareholders, access to relevant information. This is aimed at providing a full and proper evaluation of MRi and its share price and as a means of monitoring management's performance.

Risk management

The Board, through the Audit Committee, is responsible for the total process of risk management and internal control. Management is accountable

corporate governance statement

FOR THE YEAR ENDED 30 JUNE 2007

to the Board for designing, implementing and monitoring systems of control and the process of risk management.

Although the Group's risk management procedures are largely informal, the Audit Committee identifies and assesses internal and external operational, financial and other risks on an ongoing basis.

Significant risks include market, credit, liquidity, legal compliance, technology and reputational issues. An adequate and effective system of internal control is in place to mitigate the significant risks faced by the company to an acceptable level. The system is designed to manage rather than eliminate the risk of failure, and to maximise opportunities to achieve business objectives and can only provide reasonable but not absolute assurance.

It is the Board's opinion that the process of risk management within the company is effective.

Ethics

MRI is committed to the highest standards of integrity and ethical conduct in dealings with all its stakeholders.

Every effort is made by way of contractual requirements, by operating instructions and by education of staff to ensure, in particular that the company's services are presented in a transparent and accurate manner to protect the company's shareholders.

In addition, directors and employees may not deal in the shares of the company during the closed period preceding publication of interim and final results.

Employee participation

The Board has committed itself to an ongoing process of transparency, consultation and inclusivity to staff. To this end, issues that materially affect

employees follow a participative process that is designed to promote good employer/employee relations.

Effective communication is continually improved to ensure that employees are well informed and proactively share their views, thoughts and opinions at all levels within the company.

Responsibilities

The Board is responsible for the integrity, completeness and objectivity of the financial statement of the Group. The responsibility for preparation of the group financial statements has been delegated to management. The financial statements have been prepared in accordance with the Botswana Companies Act and International Financial Reporting Standards, based on appropriate accounting policies which have been consistently applied and which are supported by reasonable judgements and estimates.

Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect of:

- the completeness and accuracy of accounting records;
- the integrity and reliability of the company annual financial statements and
- the safeguard of the assets of the company.



report of the directors

FOR THE YEAR ENDED 30 JUNE 2007



The directors have pleasure in submitting their report and the audited financial statements for the year ended 30 June 2007.

Nature of business

The Group's business continued to be the provision of ground and air ambulance services throughout Botswana. The Group has also used its extensive expertise and infrastructure to provide call centre services to a wide range of customers.

Share capital

There has been no change in the number of shares in issue as at 30 June 2007 compared to the prior year.

Profit and dividend

Profit after tax for the year ended 30 June 2007 amounted to P 2 372 345 compared to P 3 307 932 for 2006.

The directors recommend a total dividend for the year of 7 thebe per share (2006: 9 thebe per share).

Directorate and secretary

Details of the company's directors and secretary are provided on the information page of these financial statements. Directors' remuneration for the year ended 30 June 2007 of P 750 212 (2006: P 969 786) are to be sanctioned at the forthcoming annual general meeting.

In accordance with the company's Articles and Memorandum of Association, the following directors retire by rotation, and being eligible, stand for reappointment:

D.J. Alexander
J.G. Marcelino
O. Merafhe

analysis of shareholders

AS AT 30 JUNE 2007

a) Range of shareholding	Shareholders		Shares held	
	Number	%	Number	%
100 - 1 000	258	54.55	95 514	0.53
1 001 - 10 000	161	34.04	654 112	3.62
10 001 - 50 000	32	6.77	892 628	4.94
50 001 - 100 000	10	2.11	771 258	3.93
100 001 - 1 000 000	9	1.90	3 515 838	19.43
Over 1 000 000	3	0.63	12 218 150	67.55
	473	100.00	18 087 500	100.00

b) Major shareholders:	2007	2006
	%	%
MRI Holdings Limited	45.44	45.44
Botswana Medical Aid Society	13.82	13.82
Botswana Public Officers Medical Aid Scheme	8.29	8.29
	67.55	67.55



group value added statements

FOR THE YEAR ENDED 30 JUNE 2007



	2007 Pula	GROUP		
		%	2006 Pula	%
Value created				
Revenue	19 384 197		17 881 975	
Cost of service	(9 616 953)		(7 150 137)	
Value added	9 767 244		10 731 838	
Proceeds from asset disposal	23 000		17 000	
Interest income	963 455		1 056 975	
Income from investment	623 626		195 647	
Wealth created	11 377 325		12 001 460	
Value distributed				
Remunerate employees for their services	7 467 483	66%	7 107 281	59%
Provide shareholders with cash return	1 627 875	14%	2 351 375	20%
Pay direct taxes to the Government	444 625	4%	542 812	5%
	9 539 983		10 001 468	
Value retained				
	1 837 342		1 999 992	
Reinvested in group	713 311	6%	951 445	8%
Depreciation	1 124 031	10%	1 048 547	9%
Total value distributed and retained	11 377 325	100%	12 001 460	100%

approval of the annual financial statements

FOR THE YEAR ENDED 30 JUNE 2007

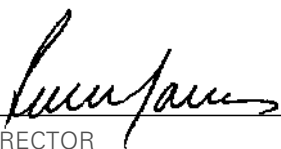
The directors of MRI Botswana Limited and its subsidiary are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial reporting Standards and in the manner required by the Botswana Companies Act (CAP 42:01)

The company maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of company assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group and company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The annual financial statements set out on pages 16 to 38 were authorised for issue by the board of Directors on 14 September 2007 and are signed on their behalf by:



DIRECTOR



DIRECTOR



To the Members of MRI Botswana Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying group and company financial statements of MRI Botswana Limited and its subsidiary, set out on pages 16 to 38, which comprise the balance sheets as at 30 June 2007 and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act in Botswana (Cap 42:01).

This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the group and company financial statements present fairly, in all material respects the financial position of MRI Botswana Limited and its subsidiary as at 30 June 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

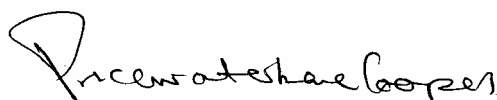
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with Section 129 of the Companies Act in Botswana (Cap 42:01),

- we have satisfied ourselves as to the existence of securities; and
- in our opinion, the group and company have kept proper books of account with which the financial statements are in agreement.

14 September 2007

Gaborone



Certified Public Accountants

income statements

FOR THE YEAR ENDED 30 JUNE 2007

	Note	GROUP		COMPANY	
		2007 Pula	2006 Pula	2007 Pula	2006 Pula
Revenue		19 384 197	17 881 975	19 384 197	17 881 975
Direct costs		(11 298 263)	(8 850 318)	(11 298 263)	(8 850 318)
Gross profit		8 085 934	9 031 657	8 085 934	9 031 657
Other operating income		677 785	217 759	677 785	217 759
Administrative expenses		(6 910 204)	(6 455 647)	(7 332 199)	(6 838 782)
Operating profit	1	1 853 515	2 793 769	1 431 520	2 410 634
Interest income	3	963 455	1 056 975	997 576	1 168 135
Profit before income tax		2 816 970	3 850 744	2 429 096	3 578 769
Income tax expense	4	(444 625)	(542 812)	(291 177)	(474 321)
Profit for the year		2 372 345	3 307 932	2 137 919	3 104 448
Earnings per share for profit attributable to the equityholders of the company during the year					
Basic earnings per share (expressed in thebe)	5	13.12	18.29	11.82	17.16
Dividends per share (in thebe)	13				
- final dividend paid (prior year)		5	8	5	8
- interim dividend paid		4	5	4	5
		9	13	9	13

balance sheets

AS AT 30 JUNE 2007

	Note	GROUP		COMPANY	
		2007 Pula	2006 Pula	2007 Pula	2006 Pula
ASSETS					
Non-current assets					
Property, plant and equipment	6	4 533 596	4 724 246	2 322 799	2 463 056
Equity investments held at fair value	7	1 063 832	440 206	1 063 832	440 206
Deferred income tax assets	8	41 657	-	41 657	-
Investment in subsidiary	9	-	-	488 880	527 982
		5 639 085	5 164 452	3 917 168	3 431 244
Current assets					
Inventories		31 423	44 772	31 423	44 772
Loan to subsidiary	9	-	-	-	455 202
Tax receivable		100 649	-	322 567	-
Trade and other receivables	10	3 467 371	3 048 342	4 352 259	3 877 176
Cash and cash equivalents	11	9 163 617	9 424 067	9 163 617	9 424 067
		12 763 060	12 517 181	13 869 866	13 801 217
Total assets		18 402 145	17 681 633	17 787 034	17 232 461
EQUITY					
Capital and reserves attributable to equityholders of the company					
Share capital	12	180 875	180 875	180 875	180 875
Share premium		5 883 720	5 883 720	5 883 720	5 883 720
Retained earnings		10 597 125	9 852 655	9 982 014	9 471 970
Total equity		16 661 720	15 917 250	16 046 609	15 536 565
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	8	-	6 975	-	6 975
Deferred rental liabilities	15	12 852	-	12 852	-
		12 852	6 975	12 852	6 975
Current liabilities					
Trade and other payables	14	317 802	177 695	317 802	177 695
Accruals	14	1 409 771	1 316 230	1 409 771	1 316 230
Current income tax liabilities		-	263 483	-	194 996
		1 727 573	1 757 408	1 727 573	1 688 921
Total liabilities		1 740 425	1 764 383	1 740 425	1 695 896
Total equity and liabilities		18 402 145	17 681 633	17 787 034	17 232 461

statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2007

ATTRIBUTABLE TO EQUITYHOLDERS OF THE COMPANY

	Note	Share capital Pula	Share premium Pula	Retained income Pula	Total Pula
GROUP					
Balance at 01 July 2005		180 875	5 883 720	8 896 098	14 960 693
Profit for the year		-	-	3 307 932	3 307 932
Dividend paid	13	-	-	(2 351 375)	(2 351 375)
Balance at 30 June 2006		180 875	5 883 720	9 852 655	15 917 250
Balance at 01 July 2006		180 875	5 883 720	9 852 655	15 917 250
Net profit for the year		-	-	2 372 345	2 372 345
Dividend paid	13	-	-	(1 627 875)	(1 627 875)
Balance at 30 June 2007		180 875	5 883 720	10 597 125	16 661 720
COMPANY					
Balance at 01 July 2005		180 875	5 883 720	8 718 897	14 783 492
Profit for the year		-	-	3 104 448	3 104 448
Dividend paid	13	-	-	(2 351 375)	(2 351 375)
Balance at 30 June 2006		180 875	5 883 720	9 471 970	15 536 565
Balance at 01 July 2006		180 875	5 883 720	9 471 970	15 536 565
Net profit for the year		-	-	2 137 919	2 137 919
Dividend paid	13	-	-	(1 627 875)	(1 627 875)
Balance at 30 June 2007		180 875	5 883 720	9 982 014	16 046 609

cash flow statements

FOR THE YEAR ENDED 30 JUNE 2007

	Note	GROUP		COMPANY	
		2007 Pula	2006 Pula	2007 Pula	2006 Pula
Cash flows from operating activities					
Cash generated from operations	16	2 211 118	2 889 606	1 682 675	2 188 363
Tax paid - net paid		(857 390)	(1 284 072)	(857 373)	(1 242 970)
Net cash generated from operating activities		1 353 728	1 605 534	825 302	945 393
Cash flows from investing activities					
Interest income	3	963 455	1 056 975	997 576	1 168 135
Proceeds from sale of plant and equipment		23 000	17 000	23 000	17 000
Loan repayment from subsidiary	9	-	-	494 305	548 981
Purchase of property, plant and equipment	6	(972 758)	(1 180 664)	(972 758)	(1 180 664)
Net cash generated from investing activities		13 697	(106 689)	542 123	553 452
Cash flows from financing activities					
Dividends paid	13	(1 627 875)	(2 351 375)	(1 627 875)	(2 351 375)
Cash used in financing activities		(1 627 875)	(2 351 375)	(1 627 875)	(2 351 375)
Net decrease in cash and cash equivalents					
		(260 450)	(852 530)	(260 450)	(852 530)
Cash and cash equivalent at the beginning of year		9 424 067	10 276 597	9 424 067	10 276 597
Cash and cash equivalent at the end of year	11	9 163 617	9 424 067	9 163 617	9 424 067

accounting policies

FOR THE YEAR ENDED 30 JUNE 2007



20

The principal accounting policies applied in the preparation of the company and group financial statements are set out below. These policies have been applied consistently with those of the previous financial year, unless otherwise stated.

A. BASIS OF PREPARATION

The annual group and company financial statements of MRI Botswana Limited and its subsidiary have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the Botswana Companies Act (CAP 42:01), under the historical cost convention as modified by the revaluation of financial assets at fair value through income statement.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the 'Critical accounting estimates and judgements' section of the financial statements.

(a) Adoption of new and revised IFRS

The following standards, amendments and interpretation are mandatory for accounting periods beginning on or after 1 January 2006 were reviewed and found to have no impact on the Group's existing accounting policies:

- * IAS 19 (Amendment), Employee Benefits; is mandatory for the Group's accounting periods beginning on or after 1 January 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose

additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements.

- * IAS 21 (Amendment), Net investment in a Foreign Operation;
- * IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- * IAS 39 (Amendment), The Fair Value Option;
- * IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- * IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards;
- * IFRS 6, Exploration for and Evaluation of Mineral Resources;
- * IFRIC 4, Determining whether an Arrangement Contains a Lease;
- * IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
- * IFRIC 6, Liabilities arising from Participating in a Specific Market- Waste Electrical and Electronic Equipment;

(b) New Standards and Interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following new standard is mandatory for the Group's accounting periods beginning on or after 1 January 2006.

accounting policies

FOR THE YEAR ENDED 30 JUNE 2007

- * IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures. IFRS 7 introduces new disclosures relating to financial instruments.

The following interpretation to existing standards has been published and is mandatory for the company's accounting periods beginning on or after 1 March 2006;

- IFRIC 7, Applying the Re-statement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the Group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the company's operations;

The following interpretation to existing standards is mandatory for accounting periods beginning on or after 1 May 2006, was reviewed and found to have no impact on the Group's existing accounting policies:

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments-where the identifiable consideration received is less than the values of the equity instruments issued-to establish whether or not they fall within the scope of IFRS 2. The group will apply IFRIC 8 from 1 January 2007, but it is not expected to

have any impact on the group's accounts; The following interpretations to existing standards are not yet effective and are not expected to have an impact on the Group's accounts:

- IFRIC 9, Re-assessment of Embedded Derivatives (effective for annual periods beginning on or after 1 July 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of contracts, IFRIC 9 is not relevant to the group's operations.
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The group will apply IFRIC10 from 1 January 2007, but it is not expected to have impact on the company's accounts.

B. CONSOLIDATION

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies and generally accompanying a shareholding



accounting policies

FOR THE YEAR ENDED 30 JUNE 2007



22

of more than one half of the voting rights. The existence and effect of potential voting rights which are currently exercisable or convertible are considered when assessing whether the company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition by the company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter company transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

C. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of items.

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

Depreciation is calculated on the straight line basis so as to allocate the cost of the assets to their residual values over their estimated useful lives as follows:-

Communication equipment	4 - 7
Computer equipment	4 - 7
Furniture and fittings	7 - 10
Leasehold buildings (being the leasehold period)	50
Leasehold land (being the leasehold period)	50
Medical equipment	4 - 7
Motor vehicles	4 - 5
Office equipment	5 - 7

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised with other gains (losses) - net, in the income statement.

accounting policies

FOR THE YEAR ENDED 30 JUNE 2007

D. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

E. FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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

This category has two sub-categories; 'financial assets held for trading', and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. Gains or losses arising, from changes in the fair

value of "financial assets at fair value through profit or loss", are presented in the income statement within "other operating income" in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are carried at amortised cost using the effective interest method. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet (note G).

Gains or losses arising from changes in their value of available-for-sale assets are accounted for in a separate component of equity in the period in which they arise.

(c) Available-for-sale financial assets

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

Gains or losses arising from changes in their value of available-for-sale assets are accounted for in a separate component of equity in the period in which they arise.

Regular purchase and sales of investments are recognised on trade-date the date (on which the Group commits to purchase or sell the asset). Investments are initially recognised at fair value plus



accounting policies

FOR THE YEAR ENDED 30 JUNE 2007



24

transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

Gains or losses arising from changes in their value of available-for-sale assets are accounted for in a separate component of equity in the period in which they arise.

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

The Group 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 costs is considered

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 or equity instruments are not reversed through the income statement.

F. INVENTORIES

Inventories of medical supplies and consumables are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The net realisable value of inventory is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provision is made for slow moving and obsolete inventory.

G. TRADE RECEIVABLES

Trade and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash

accounting policies

FOR THE YEAR ENDED 30 JUNE 2007

discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within 'administrative expenses'.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the administrative expenses in the income statement.

H. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks (net of bank overdrafts), money market investments with maturities less than 90 days, bankers' drafts with maturities of less than a day and foreign currency deposits.

I. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest.

J. TAX

Tax is provided at current rates on the taxable income for the year after taking account of income and

expenditure which is not subject to tax and the tax effects of charges and credits, including depreciation, attributable to periods other than the current year.

Withholding tax, which is payable on the gross value of dividends at 15%, is set off against additional company tax in the year in which the dividends are paid. Dividends paid are disclosed gross of any withholding tax.

K. DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from depreciation of property, plant and equipment and deferred rental liabilities. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income taxes.

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

L. FOREIGN CURRENCIES

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the 'functional currency'). The financial statements are presented in Botswana Pula which is the company's presentation and functional currency.



accounting policies

FOR THE YEAR ENDED 30 JUNE 2007



26

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

M. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with business combinations, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

N. DIVIDEND DISTRIBUTION

Dividends are recorded in the group's financial statements in the period in which they are approved by the group's shareholders.

O. REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added-tax, returns and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue represents gross fees charged to customers and contributions receivable from medical aid schemes. Revenue from the provision of medical services, call centre and training is recognised upon the completion of the rendering of services.

Membership subscription fees are recognised in the profit and loss account when amounts are due and become payable.

Other revenue earned are recognised on the following bases:

- * Interest income - recognised on a time-proportion basis using effective interest yield basis.
- * Dividend income - from subsidiary companies is included in the profit and loss account when paid. Dividend income from other investments is recognised when the right to receive payment is established.

P. EMPLOYMENT BENEFITS

Contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay all employees the benefits relating to employee service

accounting policies

FOR THE YEAR ENDED 30 JUNE 2007

in the current and prior periods. The Group pays contributions for citizen employees to privately administered pension insurance plans. The pension plans are generally funded by payments from the employer. The employees' contribution is optional. The Group has no further payment obligations once the contributions have been paid.

The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group provides a separate defined contribution fund for its citizen employees.

Q. FINANCIAL RISK MANAGEMENT

Financial instruments carried on the balance sheet include cash and bank balances, investments, inventories, receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk and the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group. The board of directors are responsible for overall risk management.

(i) Interest rate risk

The group's income and cash flows are substantially independent of changes in market interest rates. The Group earns interest on call deposit accounts and money market Investments.

(ii) Credit risk

The nature of the group's activities dictates that its credit risk exposure is mainly to medical and societies in Botswana. The group has policies in place to ensure that services are provided to customers with appropriate credit history. Where service agreements with the customer is not available, a guarantee of payment is obtained.

(iii) Foreign exchange risk

The group occasionally deals with international customers and is thus exposed to foreign exchange risk arising from currency exposure, primarily with respect to SA Rands and US Dollar. Appropriate hedging activities are undertaken to mitigate against any foreign exchange risks that may arise.

(iv) Liquidity risk

Prudent liquidity risk management includes that maintenance of 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 dynamics of the underlying businesses, the group maintained flexibility in funding by investing surplus cash in short term interest bearing deposits or similar instruments.

(v) Market price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as at fair value through profit and loss.

(ii) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price



accounting policies

FOR THE YEAR ENDED 30 JUNE 2007



used for financial assets held by the Group is the current bid price.

R. CLASSIFICATION OF CONTRACTS

Contracts under which the company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk to the company from the policyholder is not significant are classified as investment contracts.

S. LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

T. RECOGNITION AND MEASUREMENT OF MEMBER CONTRIBUTIONS AND OTHER CONTRACTS

Member contributions

The company undertakes only short-term cover of member beneficiaries and thus all contracts are

classified as short term contracts.

Written contracts comprise the contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Contributions are disclosed gross and exclude value added tax.

Member contributions from medical schemes and subscribers are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten.

Claims and medical evacuations incurred

Claims incurred consist of evacuation expenses incurred during the financial year.

U. SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

At June 2007, the Group is organised on a product basis into two main business segments: namely medical rescue and evacuation; and Call Centre Services. During the year, on account of its results being immaterial to the Group, the call centre did not qualify as a separate segment to warrant separate disclosure and therefore, no separate business segment information has been provided.

The Group operates within the national boundaries of Botswana and accordingly no separate geographical segment information has been provided.

critical accounting estimates and judgements

FOR THE YEAR ENDED 30 JUNE 2007

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Property, plant and equipment

The Group reviews annually the useful lives and residual values of each asset, in accordance with the accounting policy stated in C above. The carrying values and depreciation rates have been determined based on previous experience and anticipated disposal values when the assets are disposed of. The residual values of medical equipment and motor vehicles are based on current estimates of these assets at the end of their useful lives. The estimated residual values of motor vehicles, and medical equipment have been determined by the directors based on their knowledge of the industry.

(b) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional

taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The group has received assessments up to tax year 2006.

(c) Assets at fair value through the income statement

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The carrying amount of financial assets fair valued through the income statement is estimated using quoted prices from the Botswana Stock Exchange of the related investments.

(d) Costs recoverable from ongoing legal case

The Company has expensed legal costs from the ongoing legal case against Public Procurement and Asset Disposal Board (PPADB) for award of a tender to a competitor. Although earlier judgment in this case was awarded to the Company, the final quantification and settlement of amounts recoverable are still to be finalised. Total cumulative costs incurred and expensed to date amount to P 999 663 (2006 : P 658 726). Any amounts that may be recovered shall be recognised as income in the year it is realised.



critical accounting estimates and judgements

FOR THE YEAR ENDED 30 JUNE 2007

(e) Impairment of financial assets fair valued through income statements

The Group follows the guidance of IAS 39 to determine when an assets fair valued through the income statements impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such

as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the Group would suffer a loss of P868 184 in its 2007 financial statements, being the accumulated fair value adjustments recognised in profit and loss since purchase of the investments.



notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 Pula	2006 Pula	2007 Pula	2006 Pula
1 OPERATING PROFIT				
The operating profit has been arrived at after charging/(crediting) the following:				
Audit fees - current year	139 869	124 883	139 869	124 883
- prior year	62 993	-	62 993	-
Depreciation (note 6)	1 124 031	1 048 547	1 073 638	1 002 389
Directors' emoluments - fees	192 150	175 750	192 150	175 750
- Salaries and related payments	558 062	794 036	558 062	794 036
Fair value gains in investments at fair value through profit and loss (note 7)	(623 626)	(195 647)	(623 626)	(195 647)
Foreign exchange losses/(gains)	2 708	(14 734)	2 708	(14 734)
Operating lease rental - property	145 574	90 896	619 743	521 959
- equipment	271 061	161 394	271 061	161 394
Profit on disposal of plant and equipment	(23 000)	(17 000)	(23 000)	(17 000)
Repairs and maintenance	268 436	254 421	268 436	254 421
Asset write-offs	39 378	-	39 378	-
Legal fees	805 522	172 568	805 522	172 568
Impairment charge on receivables (note 10)	31 983	76 084	31 983	76 084
2 STAFF COSTS				
Staff costs - salaries and wages	4 635 079	5 239 615	4 635 079	5 239 615
Pension costs	288 187	267 169	288 187	267 169
Other staff costs	2 544 217	1 600 497	2 544 217	1 600 497
	7 467 483	7 107 281	7 467 483	7 107 281
Average number of employees	66	66	66	66
3 INTEREST INCOME				
Money market investments	862 491	923 922	862 491	923 922
Call account	100 964	133 053	100 964	133 053
Related party balances	-	-	34 121	111 160
	963 455	1 056 975	997 576	1 168 135

notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 Pula	2006 Pula	2007 Pula	2006 Pula
4 INCOME TAX				
Current tax				
Company tax at 15%	373 148	561 802	314 032	534 406
Additional company tax at 10%	248 765	374 535	209 355	333 440
	621 913	936 337	523 387	867 846
ACT credit on dividends paid (note 8)	(244 181)	(352 706)	(244 181)	(352 706)
Interest charged on delayed payment	48 880	-	48 880	-
Under-provision in prior years	66 645	-	11 723	-
	493 257	583 631	339 809	515 140
Deferred tax credit (note 8)	(48 632)	(40 819)	(48 632)	(40 819)
	444 625	542 812	291 177	474 321
Tax reconciliation				
Profit before income tax	2 816 970	3 850 744	2 429 096	3 578 769
Tax at 25%	704 243	962 686	607 274	894 691
Expenses not deductible for tax	-	3 285	-	2 789
Under-provision in prior years	66 645	-	11 723	-
Interest charged on delayed payment	48 880	-	48 880	-
Prior year - deferred tax	24 945	-	23 388	-
Income not subject to tax	(155 907)	(70 453)	(155 907)	(70 453)
ACT credit on dividend paid	(244 181)	(352 706)	(244 181)	(352 706)
	444 625	542 812	291 177	474 321
Additional company tax (ACT)				
Additional company tax available to be set off against withholding tax on future dividends (subject to the 5 year utilization period):-				
Brought forward	853 425	831 596	790 361	809 627
Arising during the year	248 765	374 535	209 355	333 440
Withholding tax on dividends paid (note 13)	(244 181)	(352 706)	(244 181)	(352 706)
ACT carried forward	858 009	853 425	755 535	790 361
5 BASIC EARNINGS PER SHARE				
The calculation of basic earnings and dividends per share for the year ended 30 June 2007 is based on 18 087 500 shares in issue throughout the year (in thebe)				
	13.12	18.29	11.82	17.16

notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

6 PROPERTY, PLANT & EQUIPMENT	Leasehold Land & buildings	Motor vehicles	Equipment & furniture	Total
	Pula	Pula	Pula	Pula
GROUP				
Year ended 30 June 2006				
Opening net book amount	2 536 707	696 429	1 358 993	4 592 129
Additions	-	332 548	848 116	1 180 664
Depreciation charge	(53 193)	(377 687)	(617 667)	(1 048 547)
Closing net book amount	2 483 514	651 290	1 589 442	4 724 246
At 30 June 2006				
Cost	2 668 392	2 500 516	4 646 538	9 815 446
Accumulated depreciation	(184 878)	(1 849 226)	(3 057 096)	(5 091 200)
Net book value	2 483 514	651 290	1 589 442	4 724 246
Year ended 30 June 2007				
Opening net book amount	2 483 514	651 290	1 589 442	4 724 246
Additions	-	278 905	693 853	972 758
Disposals	(39 377)	(87 627)	-	(127 004)
Depreciation on disposal	-	87 627	-	87 627
Depreciation charge	(52 375)	(346 205)	(725 451)	(1 124 031)
Closing net book amount	2 391 762	583 990	1 557 844	4 533 596
At 30 June 2007				
Cost	2 629 015	2 691 794	5 340 391	10 661 200
Accumulated depreciation	(237 253)	(2 107 804)	(3 782 547)	(6 127 604)
Net book value	2 391 762	583 990	1 557 844	4 533 596
COMPANY				
Year ended 30 June 2006				
Opening net book amount	229 359	696 429	1 358 993	2 284 781
Additions	-	332 548	848 116	1 180 664
Depreciation charge	(7 035)	(377 687)	(617 667)	(1 002 38)
Closing net book amount	222 324	651 290	1 589 442	2 463 056
At 30 June 2006				
Cost	245 601	2 500 516	4 646 538	7 392 655
Accumulated depreciation	(23 277)	(1 849 226)	(3 057 096)	(4 929 599)
Net book value	222 324	651 290	1 589 442	2 463 056
Year ended 30 June 2007				
Opening net book amount	222 324	651 290	1 589 442	2 463 056
Additions	-	278 905	693 853	972 758
Disposals and asset write-off	(39 377)	(87 627)	-	(127 004)
Depreciation on disposal	-	87 627	-	87 627
Depreciation charge	(1 982)	(346 205)	(725 451)	(1 073 638)
Closing net book amount	180 965	583 990	1 557 844	2 322 799
At 30 June 2007				
Cost	206 224	2 691 794	5 340 391	8 238 409
Accumulated depreciation	(25 259)	(2 107 804)	(3 782 547)	(5 915 610)
Net book value	180 965	583 990	1 557 844	2 322 799

notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 Pula	2006 Pula	2007 Pula	2006 Pula
7 EQUITY INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS				
Marketable equity securities				
Balance at beginning of year	440 206	244 559	440 206	244 559
Fair value gain	623 626	195 647	623 626	195 647
Balance at end of year	1 063 832	440 206	1 063 832	440 206
The marketable equity securities comprise of 244,559 shares in Chobe Holdings Limited which were revalued at 30 June by reference to the Botswana Stock Exchange quoted price. The market value approximates the fair value.				
8 DEFERRED INCOME TAX ASSET/(LIABILITY)				
Balance at beginning of year	(6 975)	(47 794)	(6 975)	(47 794)
Transfer to income statement (note 4)	48 632	40 819	48 632	40 819
At the end of the year	41 657	(6 975)	41 657	(6 975)
Deferred tax assets/(liabilities) are attributable to accelerated tax depreciation on property, plant and deferred rental, as follows:				
Property plant and equipment	44 870	(6 975)	44 870	(6 975)
Deferred rental	(3 213)	-	(3 213)	-
	41 657	(6 975)	41 657	(6 975)
9 INVESTMENT IN SUBSIDIARY				
Shares at cost (non-current)	-	-	488 880	488 880
Non - current portion of loan	-	-	-	39 102
	-	-	488 880	527 982
Current portion of loan	-	-	-	455 202
	-	-	488 880	983 184

(i) The wholly owned subsidiary company, North by West Investment (Pty) Limited, is registered in Botswana.

The subsidiary earned a profit of P304 411 (2006: P 214 302) after tax for the current year.

(ii) The holding company loan was unsecured, and bore interest at 15.5% per annum. The loan was repaid through offset off-set of monthly lease rental charges and was fully settled during the year.

notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 Pula	2006 Pula	2007 Pula	2006 Pula
10 TRADE AND OTHER RECEIVABLES				
Trade receivables	1 338 795	1 185 269	1 338 795	1 185 269
Provision for impairment	(102 530)	(156 978)	(102 530)	(156 978)
Trade receivables - net	1 236 265	1 028 291	1 236 265	1 028 291
Related party balances (note 16)	1 937 601	1 305 422	2 831 093	2 016 337
Other receivables	293 505	714 629	284 901	832 548
	3 467 371	3 048 342	4 352 259	3 877 176
<i>Movement of provision for impairment:</i>				
Balance at beginning of year	156 978	80 894	156 978	80 894
Provision for receivables impairment	31 983	76 084	31 983	76 084
Receivables written off during the year	(86 431)	-	(86 431)	-
Balance at end of year	102 530	156 978	102 530	156 978
11 CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	1 204 693	462 365	1 204 693	462 365
Money market investments	7 958 924	961 702	7 958 924	8 961 702
	9 163 617	9 424 067	9 163 617	9 424 067
Money market investments are held for a maximum period of 90 days. Interest is earned at an annual rate of 11.39% (2006 : 11.25%)				
12 SHARE CAPITAL				
Authorised : 100 000 000 ordinary shares at P0.01	1 000 000	1 000 000	1 000 000	1 000 000
Issued: 18 087 500 ordinary shares of P0.01 each fully paid	180 875	180 875	180 875	180 875
13 DIVIDENDS				
Final - previous financial year	904 375	1 447 000	904 375	1 447 000
Interim - current financial year	723 500	904 375	723 500	904 375
	1 627 875	2 351 375	1 627 875	2 351 375
Withholding tax at 15%	244 181	352 706	244 181	352 706

Dividends are disclosed using the gross method where the related withholding tax, which is treated as a recovery of additional Company Tax, is set off against the tax charge subject to the 5 year utilisation period.

notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 Pula	2006 Pula	2007 Pula	2006 Pula
14 TRADE AND OTHER PAYABLES				
Trade payables	136 407	47 715	136 407	47 715
Other payables	100 031	113 192	100 031	113 192
Related party balance (note 16)	81 364	16 788	81 364	16 788
<i>Total trade and other payables</i>	317 802	177 695	317 802	177 695
Accruals employment cost	554 453	742 326	554 453	742 326
Accrued expenses	855 318	573 904	855 318	573 904
Total accruals	1 409 771	1 316 230	1 409 771	1 316 230
<i>Total payables and accruals</i>	1 727 573	1 493 925	1 727 573	1 493 925
Movement for accruals:				
Balance at beginning of year	1 316 230	864 847	1 316 230	864 847
Net movement to income statement	93 541	451 383	93 541	451 383
Balance at end of year	1 409 771	1 316 230	1 409 771	1 316 230
15 DEFERRED RENTAL LIABILITIES				
Charge to the income statement	12 852	-	12 852	-
16 CASH GENERATED FROM OPERATIONS				
Operating profit	1 853 515	2 793 769	1 431 520	2 410 634
Adjustment for:-				
Fair value gains on investments (note 7)	(623 626)	(195 647)	(623 626)	(195 647)
Deferred rental (note 15)	12 852		12 852	
Depreciation (note 6)	1 124 031	1 048 547	1 073 638	1 002 389
Write-off of assets (note 6)	39 377	-	39 377	-
Profit on disposal of assets (note 1)	(23 000)	(17 000)	(23 000)	(17 000)
	2 383 149	3 629 669	1 910 761	3 200 376
Changes in working capital				
- inventory	13 349	44 005	13 349	44 005
- trade payables and accruals	233 648	107 124	233 648	107 124
- trade and other receivables	(419 029)	(891 192)	(475 083)	(1 163 142)
Cash generated from operations	2 211 117	2 889 606	1 682 675	2 188 363

notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 Pula	2006 Pula	2007 Pula	2006 Pula
17 RELATED PARTY TRANSACTIONS				
Related party transactions include all transactions between the group/company and entities under common ownership or control, its directors and its shareholders. Transactions with related parties are entered into on an arms length basis and in the normal course of business.				
(i) Related party transactions during the year				
<i>Contributions received</i>				
- Botswana Medical Aid Society	3 445 152	3 398 781	3 445 152	3 398 781
- Botswana Public Officers Medical Aid	6 528 429	6 303 906	6 528 429	6 303 906
- Pula Medical Aid Fund	1 561 278	1 381 972	1 561 278	1 381 972
<i>Interest income received</i>				
- North By West Investments (Pty) Ltd	-	-	34 121	111 160
Rent Paid				
- North By West Investments (Pty) Ltd	-	-	474 169	431 063
(ii) Year end balances arising from sale of services				
<i>Amount due from related parties</i>				
- North By West Investments (Pty) Ltd	-	-	893 492	710 915
- Botswana Medical Aid Society	374 036	310 754	374 036	310 754
- Pula Medical Aid Fund	154 777	587 854	154 777	134 334
- International SOS Assistance (Pty) Ltd	809 030	272 480	809 030	272 480
- Botswana Public Officers Medical Aid Scheme	599 758	134 334	599 758	587 854
	1 937 601	1 305 422	2 831 093	2 016 337
<i>Amounts due to related parties</i>				
- International SOS Assistance (Pty) Ltd	81 364	16 788	81 364	16 788
(iii) Directors' share of dividends	30 672	29 224	30 672	29 224
(iv) Key management compensation	1 268 263	1 383 144	1 268 263	1 383 144
(v) Directors' emoluments - Refer note 1				

notes to the group financial statements

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 Pula	2006 Pula	2007 Pula	2006 Pula
18 COMMITMENTS				
(i) Capital commitment				
The company is required to develop at a minimum amount of P910 000 on the Plot 60601 (Gaborone) in order to secure the land allocated by the Government. At the balance sheet date no capital commitments have been contracted for as the Board is evaluating options of investment.				
(ii) Operating lease commitments				
The future aggregate minimum lease payments under non-cancelable operating leases are as follows:				
Not later than 1 year	65 581	99 986	639 325	631 570
Later than 1 year but not later than 5 years	128 958	109 984	128 958	574 155
	<u>194 539</u>	<u>209 970</u>	<u>768 283</u>	<u>1 205 725</u>

19 RETIREMENT BENEFIT OBLIGATIONS

The company contribute to Senthaga pension fund, a defined contribution pension fund for all citizen employees. The pension fund is held independently of the group and administered by AON Botswana (Pty) Ltd. The employer's contribution equates to 10% whilst employees have an option to contribute at their discretion.

20 EVENTS AFTER BALANCE SHEET DATE

Subsequent to the year end, a final dividend of 3 thebe per share has been proposed (2006: 5 thebe).

21 CONTINGENCIES

The company filed a case last year against the Public Procurement and Asset Disposal Board (PPADB) on account of its alleged irregular awarding of the GEMVAS contract to a competitor. The case awaits judgement.

notice of annual general meeting

FOR THE YEAR ENDED 30 JUNE 2007

NOTICE IS HEREBY GIVEN THAT THE 2007 ANNUAL GENERAL MEETING OF MRI BOTSWANA LIMITED WILL BE HELD AT THE OFFICES OF THE COMPANY, PLOT 20623, GABORONE, BOTSWANA ON FRIDAY, 7 DECEMBER 2007 AT 16H00 FOR THE FOLLOWING BUSINESS:

AGENDA

1. To read the notice convening this meeting
2. To receive and consider the audited financial statements for the year ended 30 June 2007.
3. To sanction the dividends declared by the directors on 24 April 2007 of 4.0 thebe per share and on 14 September 2007 of 3.0 thebe per share
4. To elect Directors in accordance with the articles of Association of the company.

The following directors retire by rotation in terms of Article 52 of the Articles of Association and being eligible, offer themselves for re-election:

Mr. D.J. Alexander
Mr. J.G. Marcelino
Mr. O. Merafhe

5. To sanction the remuneration of the Directors for the year ended 30 June 2007
6. To appoint auditors for the ensuing year
7. To transact such other business as may be transacted at the Annual General Meeting

A member entitled to attend and vote may appoint a proxy to attend and vote for her/him, on her/his behalf, and such proxy needs not also be a member of the company. The instrument appointing such a proxy must be deposited at the registered office of the company not later than 48 hours before the meeting.

By order of the Board.

DPS Consulting Services (Pty) Ltd
Secretaries

16 September 2007

voting instructions

		For	Against	Abstain
1	Ordinary resolution number 2 - to adopt annual financial statements (complete)			
2	Ordinary resolution number 3 - to approve the dividends (complete)			
3	Ordinary resolution number 4 - to elect directors (complete)			
	a D.J. Alexander			
	b J.G. Marcelino			
	c O. Merafhe			
4	Ordinary resolution number 5 - to approve the remuneration of directors (complete)			
5	Ordinary resolution number 6 - to appoint auditors (complete)			

(Indicate instruction to proxy by way of a cross in the space provided.)
Unless otherwise instructed, my proxy may vote as he/she thinks fit.

Signed this

Day of

2006/2007

Signature

THE SECRETARIES

**MRI Botswana Limited, Plot 20263, Gaborone
Private Bag BR 256, Gaborone, Botswana**

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DPS CONSULTING SERVICES (PTY) LTD

TRANSFER SECRETARIES

PO Box 294, Gaborone, Botswana

MRI annual report | 2007

form of proxy

I/We

.....

of

.....

being a member of MRI Botswana Limited hereby appoint:

.....

or failing him/her

.....

or failing him/her

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the offices of the company, Plot 20623, Gaborone on Friday, 7 December 2007 at 4.00pm.

Note:

1. Each member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to act in the alternative, to attend and vote and speak in his/her stead. A proxy need not to be a member of the company
2. Any alteration or correction made to this form of proxy (including the deletion of alternatives) must be initialed by the signatory/signatories
3. This form of proxy should be signed and returned so as to reach the Registered Office of the Company not later than Tuesday, 4 December 2007.

change of address

PLEASE COMPLETE IN BLOCK CAPITALS

SHAREHOLDER'S NAME IN FULL:

.....
.....

NEW ADDRESS:

.....
.....
.....

SHAREHOLDER'S SIGNATURE:

.....



MRI House

Plot 20623, Gaborone
Private Bag BR 256
Gaborone, Botswana
Email: enquiries@mri.co.bw

MRI Emergency Service Numbers:

Landline call: 911 / 3901601
MASCOM cellphone call: 147

MRI BOTSWANA LIMITED