



BALMED HOLDINGS LIMITED

**A strategic business analysis**

*Quarterly stakeholder report for Q2 2014*



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## **Business Overview (executive summary)**

Balmed Holdings Ltd, has been making steady progress in all its business plans:

1. Block farming
2. Cocoa & coffee Trading
3. Piloting the SAP agricultural software development in the cocoa sector
4. Reducing risks by designing the cashless buying system
5. Improving and controlling cocoa quality by buying cocoa pods and processing the cocoa in the processing centers
6. Progressing with the PSI project for cocoa planting phase 2
7. Progressing with the A4D project in nursing, rehabilitating and out planting cocoa
8. Preparing for the Africa Enterprise Project implementation

Cocoa planting is in the heart of the companies plans, in securing its future supplies and maintaining a competitive edge on the cocoa sector within Sierra leone, especially when competing with Traders that trade cocoa for Foreign exchange over legitimate cocoa profits. The company continues to remain the market leader in sustainable cocoa trading in Sierra leone and market leader in establishing, cocoa plantations in the eastern and southern regions of the country, soon to establish plantations in cocoa , coffee and cashew in the northern regions of the country under the AECF projects soon to commence.

## **General progress**

The management of the company is constantly looking for ways to improve its long term strategy and position in the agricultural sector in Sierra leone, and remaining ahead of its competitors , by introducing new methods of working and integrating those methods directly and more closely with the farmers. Understanding the demands of the global markets for cocoa and coffee, enables Balmed to competitively position itself to take advantage of maintaining its lead within Sierra Leone and being able to adapt to accordingly to market demands. The company is actively positioning its self to expand and strengthen its position within West Africa , and South America , and expansion plan to take its course over the next 3 years, taking farmers into the age of technology

## **Key Milestones and deviation:**

The company has key milestones as clear guidelines to targets, and this year the establishing and out planting of 1000 acres of cocoa was one of the milestones. The company has successfully nursed 1000 acres of cocoa (approx. 500,000 seedlings) which is successfully in progress

The other key milestone, was to design and implement the cashless buying system , which the design has been successful throughout this quarter with the implementation to take

place over the coming periods. A 5 year Agreements with United bank For Africa (UBA) has been signed for implementation of the Cashless buying system, where all farmers will receive a payment card and each buying center installed with a pay point for cash run by the bank, with a POS Unit .



The designing of the new buying method of buying cocoa pods during this quarter has been successful with the implementation to take place over the next coming periods.

#### **Course correction**

Unfortunately during this quarter Sierra Leone has been experiencing the deadly virus of 'Ebola' which started within West Africa from Guinea, and now reach Liberia and Sierra Leone, this has had an effect on the entire business environment within sierra leone, especially the Agricultural sector in the Eastern region of the country, where 60% of the Cocoa and Coffee is grown. Balmed had to close all operations within the filed until the situation improved.

#### **Risks**

The cashless buying system will reduce our cash risks in the field.

Unfortunately the Ebola Virus in Sierra Leone has posed a new risk to the business in Sierra Leone, its staff and its farmers.

In order to reduce the risks of any staff members catching Ebola, Balmed has actively been sensidising , both staff and farmers on the virus and how to avoid catching the virus and what preventative measure that they should implementing practical in their daily lives.

#### **Scaleability**

The concentrated are of scaling the business up is on the trading of the cocoa, and with the busying method for the company changing from the ordinary cocoa beans to the buying of the Cocoa pods, the volumes expected will be slow in scaling u and maintaining the quality if the buying of the ordinary beans is not continued alongside the buying of the cocoa Pods.

## **Sustainability**

This is a key factor in the business model and remains in the forefront of the companies designs and implementation, we accomplished betting our Social and environmental assessment completed by the South Africa based company 'Coastal & Environmental Services (CES). The company has been preparing for the next UTZ certification of approx. 2200 farmers in the Eastern Region, but will most likely not be able to carry out this inspection due to the Ebola out break in this same region.

## **Plans for next reporting period**

We aim to have implemented the 1<sup>st</sup> phase of the cashless buying systems, along with the implementation of the cocoa Pod buying system, hence the next quarterly report shall reflect such.

## **Lessons leant**

This quarter has proven to be extremely challenging, with this Ebola virus which confirms to us as a company , that taking the farmer into the world of modern technology is vital for the environments that we are working.

## **General business:**

### **Trading:**



The company commence trading cocoa virtually at the end of the season with the trade finance provided by AATIF, the cocoa exported was just 25 tons. The coffee season commenced immediately after and was interrupted by the Ebola virus.

The company has been preparing for the main cocoa season , which is to commence in July , however the Ebola Virus is preventing the company from trading in the manner in which is required to meet the trading levels warranted. Other funds will have to be sourced to keep the company running during this dormant period.

**Block farming:**



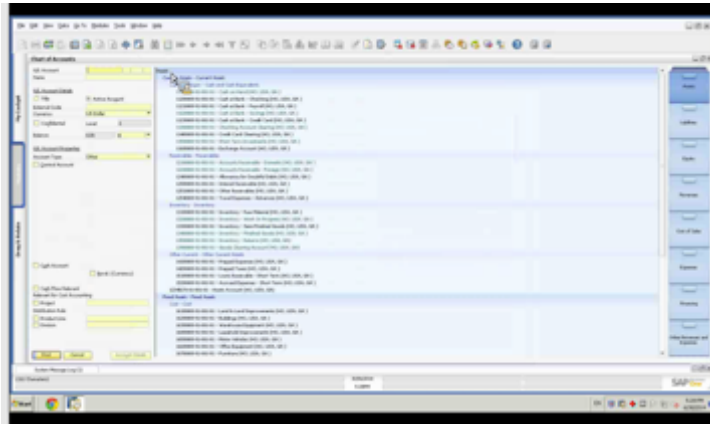
**1. A4D**

The company has managed to nurse, all the seedlings and prepared the land for out planting according to the project program, but has not commenced the out planting due to the Ebola virus. With the operational areas being: kailahun



**2. PSI**

The company has managed to nurse all the seedlings ready for out planting, but due to 2 factors (Ebola, Ecoms' take over of Theobroma) the out planting has not commenced. With the operational areas being: Kailahun



## **SAP**

Balmed is now six months into a 2 year pilot contract with SAP , for the development of the software for traceable cocoa.

## **Adult literacy:**

The companies adult literacy program, is to re-commence with the support of Sankofa providing funding for the teachers and GIZ's teaching module (book 2)

**AECF:** We still await the disbursement of funds pending the next visit in early August 2014

## **Any other business:**

### **Accounts**

During this quarter KPMG was contracted to review our accounting systems and preparations for the next set of auditing to take place in September 2014, they were contracted as a consultant who will be periodically reviewing our systems and making recommendations. We have appointed an assistant to the CFO and of whom has successfully completed their probationary period.

### **Personnel**

We appointed a new head of personnel, and a new sustainable /relationship officer as the personnel department is under re-structuring, to further strengthen the team, for the future expansion plans.



## **Cameroon**

The personnel in Cameroon working on Balmed presence are making good progress , in sensidising farmers on the Balmed planting and trading model. The personnel and sourcing land for planting and selecting strategic areas to set up the processing centers.



Fig 17: The chief of Fonjo village allocating land for the establishment of a processing center to handle produce from the village and neighboring villages

## **Nigeria**

Balmed has secured land for establishing new cocoa plantations in Ondo state of Nigeria. Where we have received seedlings from the local government ministry of agricultural and farmer training from world cocoa foundation. A nursery of 25,000 seedlings was established since November 2013, where 10ha has been out planted.