1 Sheffield Road
Northern Industrial Area
Windhoek

www.meatco.com.na

Phone: + 264 61 321 6400
Fax: + 264 61 321 6401

Breaking barriers, taking Namibian meat to the world.

Integrated Annual Report 2022/23

Integrated Annual Report 2022/23

About this Report

This annual report, covering the financial period from 1 February 2022 to 31 January 2023, contains essential information on the Meat Corporation's (Meatco) governance, strategies, performance, and business prospects and will provide a balanced overview of the key developments for the period under review.

The report aims to provide a greater understanding of Meatco's business by examining its social and environmental impact and clarifying how the business is managed. This report highlights the evolving processes in all areas of Meatco's business; similarly, we also consider the compilation of this report an evolving process and undertake to provide more enhanced reporting in future where a need for greater detail arises.

The Annual Financial Statements, as presented in Meatco's Annual Report for 2022/23, were approved by the Board of Directors on 6 June 2023.

Table of contents

About Meatco

Meatco is a meat-processing and meat-marketing entity.

Meatco Group consist of Meatco and four subsidiaries.

Meatco's vision

Meatco's vision is to be a world-class meat brand, creating sustainable wealth for all Namibians.

Meatco's mission

The mission is to improve the Namibian socio-economic environment, through maximising producer returns.

Meatco's values

- Effective communication
- Service excellence
- Participation and cooperation
- Commitment and responsibility
- Respect, integrity and dignity

The Meat Corporation of Namibia (Meatco) was established and is regulated by the Meat Corporation of Namibia Act (Act 1 of 2001), hereafter referred to as the Meatco Act. As per the Act, the mandate of the Corporation is to serve, promote and coordinate the interests of livestock producers in Namibia, while striving for the stabilisation of the red meat industry of Namibia, not least as both of these are of national importance.

Meatco is a meat-processing and meat-marketing entity. Cattle are purchased from all Namibian farmers who are committed to specific livestock farming practices, and it is these practices that give Meatco's end products their unique and highly sought-after characteristics. The long relationship over many decades with Namibian cattle producers remains at the heart of Meatco's operations and success.

THE MEATCO GROUP

The Meatco Group consists of Meatco and its four subsidiaries, namely the Meat Corporation of Namibia (UK) Ltd, based in the United Kingdom, Namibia Meat Importers & Exporters (Pty) Ltd (NMIE), based in South Africa, Namibia Cattle Procurement (Pty) Ltd (Namibia), previously known as the Namibia Allied Meat Company (Pty) Ltd, based in Namibia, and the Meatco Northern Communal Area (Pty) Ltd, based in Namibia. In addition, Meatco owns 33.3 per cent in Global Protein Solutions (GPS), Norway AS, based in Norway.

The Annual Financial Statements contained herein reflect both Meatco's and the Meatco Group's financial position.

VALUE-ADDING ENTITY

We act as a value-adding and marketing entity, passing the value gained from various markets back to our producers through the producer price paid for cattle.

Our Windhoek Abattoir is compliant with the British Retail Consortium Global Standards (BRC) and the FSSC 2200 (Food Safety Stem Certification), which sets out the requirements for a food safety management system, and also includes Hazard Analysis and Critical Control Points (HACCP) 1033:2007.

Message from the Interim Chairperson

Adolf Muremi
INTERIM CHAIRPERSON OF THE BOARD OF DIRECTORS

The agriculture industry is indeed at a crossroads and is facing both opportunities and challenges.

In order for Namibia's meat industry to survive and thrive, it is critical that all sectors converge, especially the livestock producers need to harmonise and work together for the betterment of all Namibians dependent on the livestock sector for their livelihoods, whether it be in terms of food, income, or employment.

Meatco's Board and Management are implementing the Integrated Strategic Business Plan that is ending in January 2026, which is designed to turn around the business and ensure it is competitive, profitable, sustainable, and able to overcome the historic debts that negatively affect the performance of the business. Our vision is to be a world-class meat brand that creates sustainable wealth for all Namibians, and our goal is to achieve maximum returns for our valued producers.

Meatco, as was the case with many other organisations, was negatively affected by the COVID-19 pandemic. The business is also still recovering from the devastating drought that occurred in 2019/20 and resulted in low throughput during the past two years. This cumulative situation was further compounded by the challenges experienced in the logistics supply chain due to the ongoing conflict between Russia and Ukraine.

During the period under review, Meatco slaughtered 33,144 cattle (32,127 during 2021/22) in the area south of the Veterinary Cordon Fence (SVCF). An additional 1,214 cattle were slaughtered for private costumers, bring the total number of cattle slaughtered SVCF during the reporting year to 34,358. Cattle supply north of the Veterinary Cordon Fence (NVCF) increased to 3,717 (2021/22: 2,348).

The Corporation sold 11,042 tonnes of beef (beef, bones, offal and by-products) (10,451 tonnes during 2021/22) and generated revenue of N$865 million (N$752 million during 2021/22). The Corporation's performance by January 2023 reports a loss of N$118 million (N$206 million during 2021/22). The overall gross profit percentage during the year under review was 7.07 per cent (2.64 per cent during 2021/22).

Dear stakeholders, Meatco's business model is profitable at an average of 5,500 slaughtered cattle per month or 66,000 slaughtered cattle per year, based on the slaughter capacity of the Windhoek Abattoir which is set at 120,000 cattle per annum.

Despite the slight performance in terms of throughput and revenue, the business continues to be haunted by its historic

debts that negatively affect its debt-to-equity ratio and discourages the commercial banks from making facilities available that cover the company's working capital requirements. As a result, the Government of the Republic of Namibia, as shareholder, advanced capital amounting to N$286 million to Meatco to support the strategic operations of the business.

Consequently, the Ministry of Finance and Public Enterprises, through the Development Bank of Namibia, appointed a consultant, Ombu Capital, to conduct an in-depth review and analysis of the company's business strategy, business plan, and its funding structure to ensure the long-term business viability and financial sustainability of Meatco.

The Board and Management, including the key stakeholders, wish to extend our profound gratitude and appreciation to the Government for supporting Meatco to discharge its public policy objective and stabilise the meat industry in the national interest.

Despite the ongoing challenges, Meatco plays a vital role in Namibia's red meat industry and the Namibian economy at large — not only to stabilise the industry in the national interest, but also to access lucrative international markets on behalf of all livestock producers in Namibia, regardless of whether they are communal, emerging commercial, or commercial farmers.

Without Meatco's involvement, the red meat industry will revert back to being a commodity-driven industry, which will result in producers receiving less value for their exportable animals.

To date, we continue to have access to global markets and have explored the regional markets in Africa, capitalising on the African Continental Free Trade Area Agreement. Meatco is successfully operationalising this agreement and as such we exported certified beef from our operations in the Northern Communal Area to Ghana, Angola, and the Democratic Republic of Congo.

Furthermore, we have started engaging the relevant authorities to explore market opportunities in the Middle East to mainstream our producers north of the VCF who had little or no access to viable markets since 2015 as a result of the outbreak of Foot-and-Mouth disease (FMD) in 2014.

We are also mindful of climate change, and as such we have to adopt best practices and technologies that will enable livestock production to be resilient and sustain the meat industry in the long term. Throughput is critical to Meatco's operations; therefore, our key stakeholders need to sit around the fire and engage on feedlot development and fodder production.

It is equally important to maintain the integrity of the FMD Free Zone of Namibia from which Meatco procures livestock that is slaughtered for export to our key premium markets to generate the much-needed foreign exchange earnings. We were extremely concerned about the outbreak of FMD in the Republic of South Africa and Botswana, which threatened the integrity of our FMD Free Zone. I wish to applaud the Ministry of Agriculture, Water and Land Reform, in particular the Directorate of Veterinary Service, in collaboration with the industry stakeholders, for enforcing measures that ensured Namibia's continued uninterrupted access to the lucrative export markets.

Our tenure as the Board of Directors will come to an end in June 2023 and as such I would like to thank the Honourable Minister of Finance and Public Enterprises and the Honourable Minister of Agriculture, Water and Land Reform for your support and guidance during the reporting year.

In addition, I wish to thank my fellow Board members for their dedication to providing governance oversight to the Corporation. Our appreciation also goes to the Meatco Management and staff for their commitment throughout the year to keeping the business afloat.

Adolf Muremi
INTERIM CHAIRPERSON OF THE BOARD OF DIRECTORS

Operating Context

Perspective on the Global Red Meat Industry

Feeding its inhabitants in a sustainable manner remains one of the most pressing challenges the world faces currently and in the future. Meatco will continue to play a pivotal role in addressing this issue in a Namibian context.

According to the United Nation's Food and Agriculture Organisation, the global cattle population reached nearly one billion head of cattle in 2022, up from approximately 996 million head in 2021. India and Brazil have the largest cattle inventory in the world, followed by China and the United States of America (US). India has 307 million head of cattle (33 per cent of all cattle globally), and Brazil has 194 million head of cattle (21 per cent of all cattle globally). In contrast, Namibia has 2.5 million head of cattle (0.25 per cent of all cattle in the world).

Global beef production in 2023 is forecasted to decrease marginally to 59.2 million tonnes. Although production gains are expected in China, Brazil, and Australia, these will be offset by declines in production in the US and the European Union (EU).

Global beef exports (trading between nation states) is also forecast to decline by 1.2 per cent in 2023, to 12.1 million tonnes. This decline is linked to lower consumer demand, particularly from China. Brazil is expected to achieve record high export volumes as key competitors such as Argentina, Paraguay, Uruguay, and India see their supplies tighten.

The global cattle population amounted to nearly one billion head in 2022.

Reduced production in the USA and Canada is also expected to limit shipments to Southeast Asia.

Beef production is a major part of the global agriculture industry and occurs in many countries worldwide. The US is the largest beef-producing country. East Asia is the most important regional market for US beef exports. Brazil is the second largest producer, with a significant portion of its production dedicated to export markets. China is a large and growing producer, with a rapidly expanding middle-class driving the increased demand for beef.

Australia and Argentina are significant producers and exporters of beef, and both are known for their high-quality, grass-fed products. Other major beef-producing countries include Mexico, Canada, Russia, South Africa, Namibia, and the EU. The same production levels can vary from year to year due to factors such as weather conditions, disease outbreaks, and government policies

Beef is a highly traded commodity, and many countries import significant amounts of beef to meet the demands of their populations. Of the factors influencing the beef import market, the quantitative and qualitative supply from exporting countries and the quantitative demand for beef in the importing countries are two of the most important drivers of the global beef import market. Beef imports are forecast to increase for the most prominent importer countries: China/Hong Kong, the US, Japan, and South Korea.

China and Hong Kong continue to grow as the largest beef importer in the world. The US is also one of the largest beef-importing countries, while beef imports into Japan have remained largely stable in recent years, they were down from the record volumes seen in 2019.

The Namibian Context

In the global context, Namibia's red meat industry is equivalent to the proverbial grain of sand in the desert.

The 1.2 million cattle in Namibia's herd represents less than a quarter per cent of the global herd, which amounted to 1 billion in 2022.

The production of beef worldwide is estimated to amount to 59 million tonnes in 2022, compared with Meatco's meat processed of 8,588 tonnes in 2022/23. Due to Namibia's nominal share of global beef production, it is imperative for Meatco to focus on selected niche and premium markets for its high-quality products.

Even though agriculture's contribution to the Namibian GDP (excluding the fishing sector) over the last five years has been just under four per cent, it remains one of Namibia's most important sectors, as the majority of Namibia's population is dependent directly or indirectly on the agricultural sector for their livelihoods.

Livestock farming contributes to approximately two-thirds of Namibia's annual agricultural production, with crop farming and forestry making up the remaining one-third (excluding fishing sector). Meat processing (which the Government accounts for under manufacturing) contributes to another 0.2-0.4 per cent of the Namibian GDP. (Source: NSA (2017-2020), BoN (2021-2023))

Worth N$6.3 billion, Namibia's livestock farming sector is in dire need of growth. Growth starts at farm level, but will only happen when it is profitable to producers. Only conducive policies and a constructive regulatory environment, as well as a common vision for the Namibian red meat industry, will enable substantial growth to take place in the Namibian livestock farming industry.

The 1.2 million cattle in Namibia's herd represents less than a quarter per cent of the global herd.

Meatco's Role in Namibia's Meat Industry

Meatco plays a vital role in Namibia's red meat industry. It is the single biggest player in terms of approved slaughter capacity with international export certification, enabling livestock producers to access lucrative international markets.

The Corporation stabilises the industry in the national interest and plays a leading role in setting the domestic price for beef, using South African prices as the benchmark. This is despite the fact that production systems and marketing conditions in Namibia differ to those prevailing in South Africa.

It is evident that the Namibian producers continue to receive good prices just as their international counterparts in Australia, USA and EU do, although the latter are subsidised by their governments.

Without Meatco's involvement, Namibia's red meat industry will revert back to being a commodity-driven industry, which will result in producers receiving much less for their cattle.

Of the estimated 1.2 million cattle in Namibia, 800,000 are found in the areas south of the Veterinary Cordon Fence (SVCF). Cattle produced within the SVCF area can be exported to international markets, supporting the Namibian Government's development aims and policies, while maximising returns to the producers, all while building and maintaining credible premium brand status for Namibian beef.

An estimated 400,000 cattle in Namibia are found in the areas north of the Veterinary Cordon Fence (NVCF). Meatco's role in the NVCF is to assist the Government with stabilising the red meat industry, more specifically with the aim to provide assistance to NVCF farmers and the operators of those abattoirs.

Our Business Model

How we create value

OUR STRATEGY

Strive towards corporate profitability and financial viability.
Enhance stakeholder engagement and build the Meatco brand.
Embrace and promote good corporate governance.
Optimise Meatco's competitiveness across the value chain.
Build a high performance culture for Meatco.

OUR STAKEHOLDERS

Government ministries
Communal and commercial cattle producers
Industry regulators
Farmers' unions
Customers - wholesalers and retailers
Employees, Media and general public

RESOURCES AND RELATIONSHIPS

NATURAL CAPITAL
Sustainable, reliable throughput of slaughter animals, energy, fuel and water.

HUMAN RESOURCES
Experienced, diverse leadership team and skilled employees.

SOCIAL AND RELATIONSHIP CAPITAL
Positive relationships with all our stakeholders.

AGRO-PROCESSING CAPITAL
Integrated, optimised value chain, including abattoir and processing plant, cold storage and logistics capabilities.

INTELLECTUAL CAPITAL
Trusted brands, reputation and quality assurance systems to retain confidence in product integrity and safety.

FINANCIAL CAPITAL
Optimised financial management and access to financial capital.

OPERATING CONTEXT

ISSUES IMPACTING VALUE
COVID-19 pandemic impact on consumption patterns
Global market downturn and challenging economic outlook
Policy issues impacting our operations
Concerns about animal welfare and climate change
Reducing national herd size and throughput challenges

MATERIAL RISKS
Environmental/climate change risks
Infrastructural risk
Production resource risk
Information technology risk
Safety, health and environmental risk

VALUE IN

RELATIONSHIP MANAGEMENT
Strong focus on restoring and building trusted relationships with all critical stakeholders with active engagement and participation.

AGRO-PROCESSING
Maintaining a productive and innovative work environment and culture
Efficient and safe processing operations
Adhere to strict traceability and product quality and safety standards

PROCURE EFFICIENTLY
Procure directly from producers
Enhance backgrounding
Enhance innovative procurement initiatives

OUR PRODUCTS AND OUTPUTS
Frozen and chilled vacuum-packed cuts
Manufactured meat products
Wet blue hides
Canned products

PRODUCT BRANDING & MARKETING

STORAGE AND DISTRIBUTION
Managed owned and leased cold storage and logistics operations, supported by effective supplier relationships
Deliver products to wholesalers, exporters, restaurants and food producers in diversified markets in consumer segments.
Ensure competitive pricing, continuity in supply, appropriate product information, and healthy, quality, safe, branded products.

VALUE OUT

IMPACTS (OUTCOMES)

NATURAL CAPITAL
Stability in the red meat industry
A thriving industry, benefiting all Namibians

HUMAN RESOURCES
Skilled, motivated employees and contractors, operating in a safe working environment

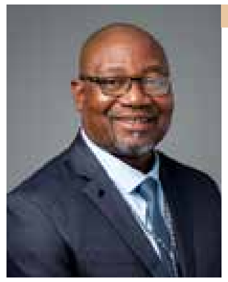
SOCIAL AND RELATIONSHIP CAPITAL
Strong, mutually-beneficial relationships with all stakeholders, built on trust and respect

MANUFACTURED CAPITAL
Sustainable, optimised, scalable operations

INTELLECTUAL CAPITAL
Consumer confidence in and sustainable demand for our products and brands
Good reputation in the market place

FINANCIAL CAPITAL
Consistent delivery of producer returns
Sustained confidence by the industry in Meatco

Board of Directors



Adolf Muremi

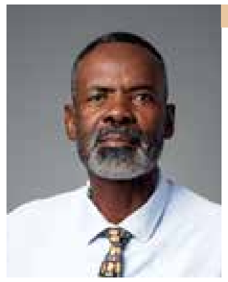
Interim Chairperson

Mesag Mulunga

Director

Cloretha Garises

Director

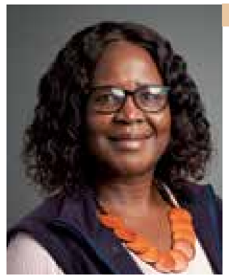


Usiel Kandjii

Director

Mary Kabuku

Director



Helena Mavetera

Director

Silas-Kishi Shakumu

Co-opted member

Shiwana Ndeunyema

Co-opted member

Ndeuhala Lewis

Co-opted member

How Meatco is managed

Ethics

Meatco is committed to being ethical and responsible throughout all its operations. The Corporation's behaviour is centred in its values. To succeed, trust has to be maintained between Meatco and its producers, between Meatco and its customers, with other industry players, business partners, regulators, Government authorities and other stakeholders. Meatco's values are the foundation for its interactions with stakeholders as they inform our business principles and policies and offer guidance on their applications.

Governance

Good governance is fundamental to business sustainability. Meatco continues to ensure that its governance structures support effective decision-making and risk control, and that they are aligned to changing requirements, as well as local and international best practices.

Risk management

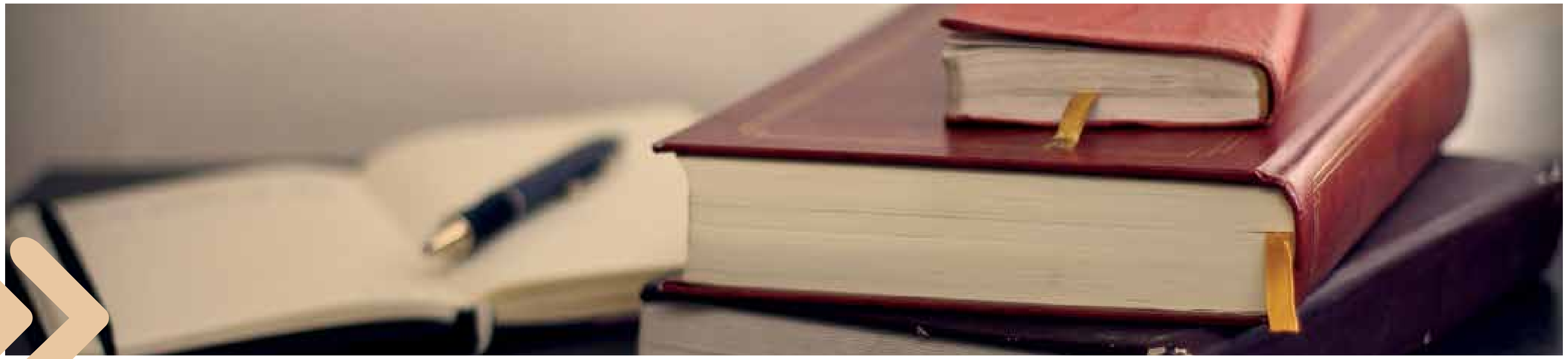
As a pragmatic business entity, Meatco recognises that there is no opportunity without risk. It therefore has appropriate structures in place to identify, monitor, and manage its risks effectively. Risk is managed at three levels in the Corporation: the line manager at operational level, the Executive Committee, and the Board's Audit and Risk Committee.

Remuneration

Meatco's philosophy is to use remuneration as one of the tools with which to attract and retain human resources of the highest calibre. The aim is to ensure that performance levels are measured against key performance indicators. Remuneration is subjected to ministerial guidelines and directives.

Corporate Governance at Meatco

Meatco is committed to the continuous development of its directors through relevant specialised training.



Meatco subscribes to principles of good Corporate Governance as enshrined within the Corporate Governance Code of Namibia (NamCode) and the King IV Code on Corporate Governance, and the directives and regulations on good corporate governance and practice issued from time to time in terms of sections 4 and 38 of the Public Enterprises Governance Act (PEGA), Act 1 of 2019.

BOARD COMPOSITION, INDEPENDENCE, SKILLS, AND KNOWLEDGE

For the reporting period (1st February 2022 to 31st January 2023), the Corporation's overall governance and strategic direction was steered by the Board of Directors, comprising six directors with full voting powers; five are non-executive directors, thus asserting the Board's independence.

The Board of Directors' composition is as follows:

- Mr Adolf Muremi: Director (Interim Chairperson)
- Mr Mesag Mulunga: Director
- Mr Usiel Kandjii: Director
- Ms Cloretha Garises: Director
- Ms Mary Kabuku: Director
- Ms Helena Mavetera: Director

In the execution of its mandate, the Board receives expert guidance from the following Co-Opted Members of the Board:

- Mr Silas K. Shakumu (Legal Expert);
- Ms Ndeuhala Lewis (Financial Expert);
- Mr Shiwana Ndeunyema (HR/PEGA Expert).

Overall, the Board's skills and knowledge profile includes agriculture, economics, law, accountancy, farming, public relations, and education. The Corporation is, however, committed to the continuous development of its directors through specialised training interventions, in the interest of empowering the Board with skills development as a means to support the effective execution of their mandate.

THE CORPORATE GOVERNANCE CODE OF NAMIBIA (NAMCODE)

The Corporation's deviations from the NamCode are listed in the table below:

NAMCODE GUIDELINES	MEATCO DEVIATIONS
Shareholders should approve the company's remuneration policy.	Remuneration is reviewed in detail by the Human Resources and Remuneration Committee and approved by the Board.
As a minimum directive of the NamCode, two executive directors should be appointed to the Board, namely the Chief Executive Officer and a director responsible for the finance function.	Composition of the Meatco Board membership is by virtue of statute, with specific representations as per the letter and spirit of the law. However, the CEO and the CFO are always available for the Board, for reporting purposes.

CONFLICT OF INTEREST

The Corporation's directors and personnel are under a continuous legal/contractual obligation to avoid situations in which their personal interests may directly or indirectly conflict with the interests of the Corporation.

As such, directors and staff pledge their respective allegiance to the ethos of good Corporate Governance both through annual generic declarations of interest, as well as continuous disclosures of their interests and thus potential conflicts. These procedures are further augmented by the Corporation's Anti-Bribery and Corruption Policy, the Meat Corporation of Namibia Act, Act 1 of 2001, and other relevant national legislation.

BOARD COMMITTEE STRUCTURE

The affairs of the Corporation are governed by the Board of Directors, with assistance from the Management Support Committee, Audit and Risk Committee, as well as the Human Resources and Remuneration Committee, each of which operates within a clearly defined charter that has been approved by the Board. Committee chairpersons report to the Board on proceedings of their respective committees at each subsequent meeting of the Board. The composition of the Board and its committees is depicted below:

Members of the Audit and Risk Committee: Mr U. Kandjii (Chairperson), Mr I. Mulunga, Ms M. Kabuku, Ms N. Lewis.

Members of the Human Resources and Remuneration Committee: Mr I. Mulunga (Chairperson), Ms C. Garises, Mr U. Kandjii, Mr S. Ndeunyema, Mr S.-K. Shakumu.

Members of the Management Support Committee: Mr A. Muremi (Chairperson), Mr I. Mulunga, Mr U. Kandjii.

AUDIT AND RISK COMMITTEE

For the reporting period, the Audit and Risk Committee (ARC) was respectively chaired by Mr I. Mulunga (from 1st February 2022 to 15 June 2022) and Mr U. Kandjii from 16 June 2022 to 31st January 2023. The ARC met five times (both substantive and ***ad hoc*** meetings).

The Corporation is governed by the Board of Directors, with assistance from the Board Committees.

BOARD MEETINGS

Board meetings are held in compliance with the Board Charter and allow for robust and constructive discussion and debate amongst the members.

The Board met eight times between 1 February 2022 and 31 January 2023, of which three meetings were ordinary meetings while the remainder of the meetings were held on an ***ad hoc*** basis. ***Ad hoc*** meetings are non-remunerative for attendees.

The record of the Board members' attendance at Board and committee meetings is depicted in the table below.

BOARD MEMBERS ATTENDANCE ON MEETINGS OF THE BOARD & COMMITTEES

(February 2022 - January 2023)

Director	Board Meetings	Ad hoc Board Meetings	Audit and Risk Committee Meetings	Ad hoc Audit and Risk Committee Meetings	Human Resources Committee Meetings	Ad hoc Human Resources Committee Meetings	Management Support Committee Meetings
Ms C. Garises (Appointed 01 May 2020)	2	5	-	-	3	1	-
Mr U. Kandjii (Appointed 01 May 2020)	3	4	3	2	3	1	-
Mr M. Mulunga (Appointed 01 May 2020)	3	4	3	1	3	0	-
Ms M.M. Kabuku (Appointed 01 Sept 2020)	3	4	3	2	-	-	-
Ms H. Mavetera (Appointed 01 Sept 2020)	2	4	-	-	-	-	-
Mr A.M. Muremi (Appointed 01 Sept 2020)	3	5	-	-	-	-	-

The ARC meetings were attended by the Chief Executive Officer, the CFO and the Internal Auditor. Other members of the management team, the Internal Audit Consultant and the External Auditor attended ARC meetings on request, and as required. The committee reports on its activities and makes recommendations to the Board. The committee's responsibilities entail, among others, oversight over the following:

- safeguarding the Corporation's assets;
- operation of adequate and effective systems and control processes;
- reviewing fairly presented financial statements in compliance with regulatory requirements and accounting standards;
- external and internal audit appointments, function, and services; and
- risk management.

The Corporation's Internal Auditor as well as the Internal Audit Consultant report to the Audit and Risk Committee on the internal audit's key activities and findings.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee (HRC) was chaired by Mr I. Mulunga for the reporting period and met four times (both substantive and *ad hoc* meetings).

The HRC meetings were attended by the Chief Executive Officer, and the Executive: Human Capital. Other members of the management team attended on invitation as and when required. The HRC is responsible for assessing and determining the broader remuneration strategy for the Corporation. It also monitors the implementation of human resource policies. The committee reports and makes recommendations to the Board.

MANAGEMENT SUPPORT COMMITTEE

The Management Support Committee renders support to the Corporation's management through the CEO. For the reporting period, no guidance was requested of the Committee by the management team.

COMPANY SECRETARY

For the reporting period, the Board of Directors was served by Ms N. Mhanda in the role of Advisor: Legal and Compliance/Company Secretary.

As such, the Company Secretary provides support and guidance to the Board in matters relating to governance and compliance practices. All Directors have unrestricted access to the Company Secretary's expertise.

For the period under review, the Audit and Risk Committee, together with selected members of the Board, underwent a specialised training intervention that covered Internal financial controls, Integrated reporting, Risk management, Information Technology governance as it relates to integrated reporting, the governance processes within the company, International Financial Reporting Standards, and Managerial Accounting (Incremental Analysis). Declarations of interests and the management of conflicts of interest were handled during meetings of both the Board and its committees. Equally, decisions and dissenting views were placed on record as both the Board and committee meetings were properly recorded.

INDEPENDENCE OF EXTERNAL AUDITORS

The Corporation's Annual Financial Statements for the reporting period (2022/2023) were audited by the external auditors, Grand Namibia, whose independence in the performance of their duties has been confirmed for the reporting period.

FINANCIAL STATEMENTS

The Corporation's Annual Financial Statements are prepared by the management in accordance with International Financial Reporting Standards and in the manner set out by the Meat Corporation of Namibia Act. The Corporation bases its statements on relevant accounting practices that it has applied consistently, and which are supported by reasonable and prudent judgements and estimates.

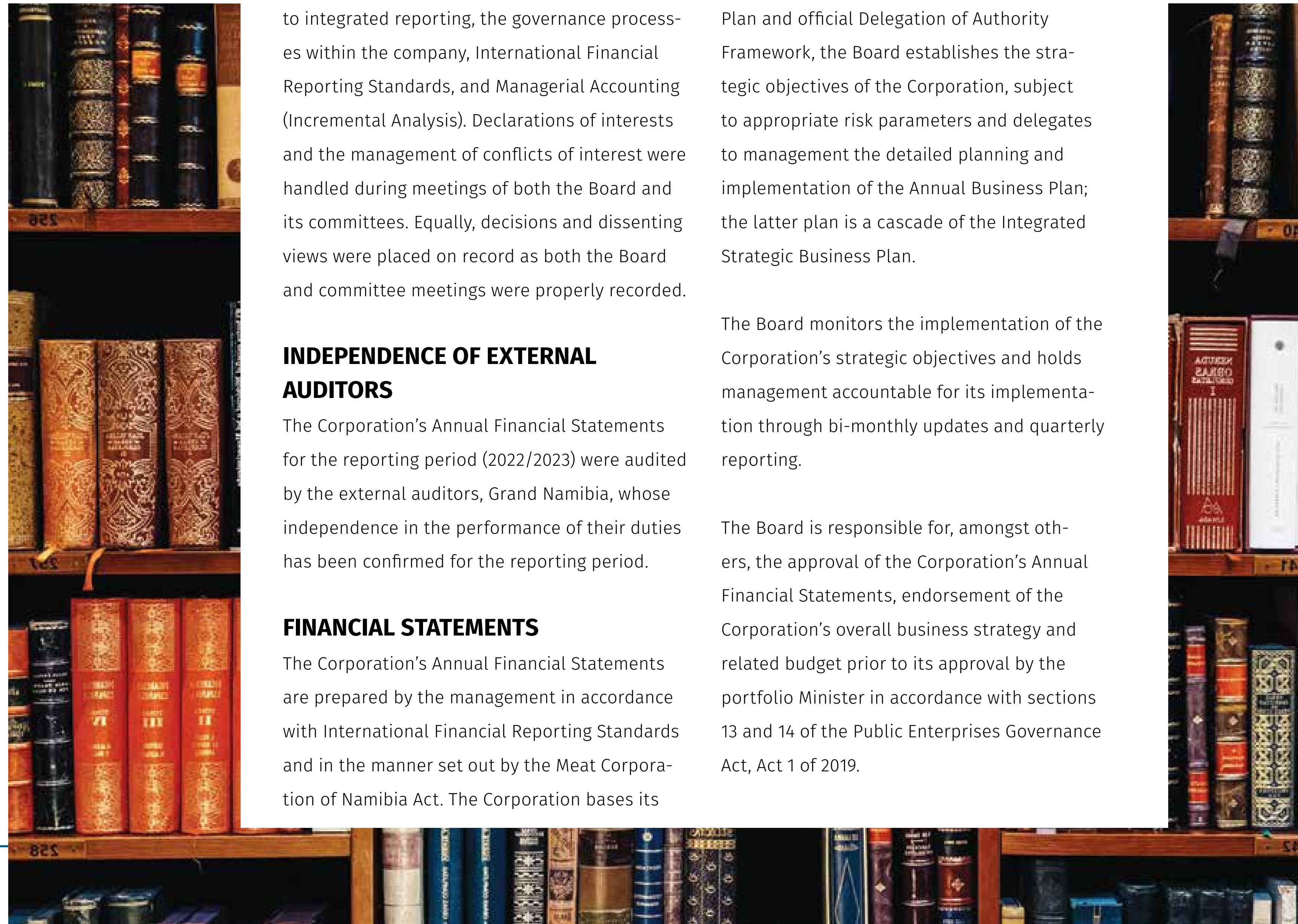
The Board of Directors approved the Corporation's Annual Financial Statements, assuring that such financial statements reflect fairly the Corporation's affairs, and profits or losses at the end of the financial year. External auditors are charged with making statements on the degree to which financial statements correlate with the Corporation's actual financial position.

AREAS OF RESPONSIBILITY

In terms of the Integrated Strategic Business Plan and official Delegation of Authority Framework, the Board establishes the strategic objectives of the Corporation, subject to appropriate risk parameters and delegates to management the detailed planning and implementation of the Annual Business Plan; the latter plan is a cascade of the Integrated Strategic Business Plan.

The Board monitors the implementation of the Corporation's strategic objectives and holds management accountable for its implementation through bi-monthly updates and quarterly reporting.

The Board is responsible for, amongst others, the approval of the Corporation's Annual Financial Statements, endorsement of the Corporation's overall business strategy and related budget prior to its approval by the portfolio Minister in accordance with sections 13 and 14 of the Public Enterprises Governance Act, Act 1 of 2019.



Executive Management Team

Meatco's Executive Management Team is responsible for the detailed planning and implementation of Meatco's strategies, as determined by the Board of Directors.

After the realignment of Meatco's organisational structure, the Executive Management Team is comprised of the CEO, Executives and Middle Management who are collectively responsible for the portfolios that constitute the heart of Meatco's business operations. All the Executive and middle management members are suitably qualified for the roles they occupy.

Mwilima Mushokabanji

Position: Chief Executive Officer | **Joined Meatco: 2020**

Qualifications:

Masters of Philosophy in Cooperate strategy, University of Pretoria
Masters of Management in Governance and Public Leadership, Witwatersrand University, School of Governance
Postgraduate Diploma in Leadership Development, University of Stellenbosch
Bachelors of Public Administration (Honours degree), University of Stellenbosch
Bachelors of Arts in Communication, Namibia University of Science and Technology
National Diploma Agriculture, University of Namibia

Angus Claassen

Position: Executive: Finance & IT
Joined Meatco: 2019

Isaac Nathinge

Position: Executive: Strategy & Business Development
Joined Meatco: 2019

Johan Goosen

Position: Executive: Agro-processing and Value Addition
Joined Meatco: 1993

Patrick Liebenberg

Position: Executive: Livestock Procurement and Production
Joined Meatco: 2007

Anselma K Haushiku

Position: Executive: Human Capital
Joined Meatco: 2022

Dr Adrianatus Maseke

Position: Executive: Marketing, Sales, Logistics and Compliance
Joined Meatco: 2018

Kingsley Kwenani

Position: CEO: Meatco NCA; Acting Executive Officer: Meatco Foundation
Joined Meatco: 2013

Meatco's Strategic Pillars

Overview

Sustainability

Meatco's Strategic Pillars are aimed at positioning Meatco in a manner that allows the Corporation to carry out its mandate efficiently, effectively, and to secure Meatco's sustainability for the future.

Meatco has gone beyond the scope of meat processing by embarking on a feed-supply initiative. This meant sourcing and subsidising maize bran when feed for cattle was extremely scarce and expensive.

Link

Relationships

Essentially, Meatco is a link between producers and wholesalers. It goes without saying that strong, trusting relationships with producers are vital to us achieving our mandate. As such, building resilient relationships with producers was a top priority during the reporting period.

As Meatco works towards its vision of being a world-class meat brand creating sustainable wealth for all Namibians, we operated along our five strategic pillars which are principal to the realisation of our Integrated Strategic Business Plan.

Pillar One

Strive towards corporate profitability and financial viability.

Pillar Two

Enhance stakeholder engagement and build the Meatco brand.

Pillar Three

Embrace and promote good corporate governance.

Pillar Four

Optimise Meatco's competitiveness across the value chain.

Pillar Five

Build a high-performance culture for Meatco.

Meatco is a link between producers and wholesalers. Strong relationships with producers are vital in achieving our mandate.

Managing our Stakeholders

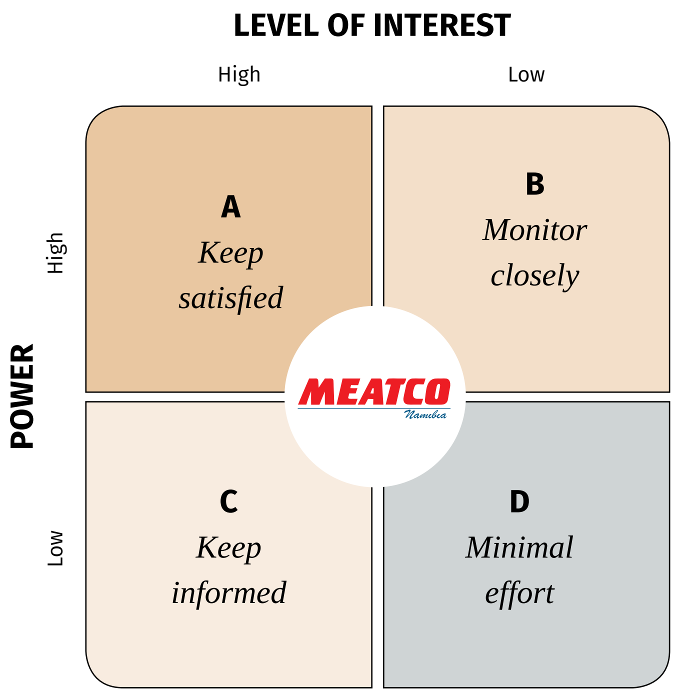
Understanding and being responsive to the interest of our stakeholders through effective dialogue and engagement is critical to delivering on our core purpose.

Across our operations, the focus of our engagement continues to be with stakeholders who have the most significant impact on our business and its ability to create that value proposition we stand for.

We continuously use the stakeholder level of interest mapping to identify Meatco's stakeholders and their expectations, determine the power and interest of each stakeholder group and the extent to which that impacts our Meatco's stakeholder engagement strategy. Both factors are critical in determining the nature of engagement Meatco should have with each individual stakeholder group.

The identified stakeholders are further classified based on their level of power and interest in Meatco's strategies, using the power/interest matrix below. The table on the next page provides a brief review of our key stakeholder groups, their needs and issues of interest, and the key messages communicated to each. We recognise that there is significant diversity within each group, with individual stakeholders often having very different interests. By understanding the level of interest each stakeholder serve to the organisation it helps us to harmonise divergent stakeholders interests and determine their effective and efficient involvement into the organisation long-term strategic intend.

The priority interests listed in the table are a broadly indicative reflection of each stakeholder group's priorities as assessed by the management team on the basis of our ongoing engagements.



STAKEHOLDER GROUP	ISSUES AND NEEDS	KEY MESSAGES
GOVERNMENT MINISTRIES: Ministry of Agriculture, Water and Land Reform	Financial stability Operational efficiency Inclusivity in the supply chain – the NCAs	Sustainability of livestock Industry Policy issues Integrated Strategic Business Plan, corporate governance
Ministry of Industrialisation and Trade	Capitalise on the African Growth Opportunity Act, AGOA Implementation of African Continental Free Trade Agreement (AfCFTA) Market positioning – local and international Development of downstream industries	Industry cohesion and competitiveness Implementation of AGOA Creating access for Namibian Beef to utilise AfCFTA
Ministry of Finance and Public Enterprises	Business financial sustainability Revised Business Model Adherence to the requirements of PEGA	Financial sustainability of Meatco as SOE
CATTLE PRODUCERS in the COMMUNAL farming sector	Access to market Information and capacity building Pricing structure Involvement in decision making	Daily issues affecting business Price stabilisation International Beef News Animal Health Regulations
COMMERCIAL farming sector	Information on markets and the business Operational efficiency	Late /erratic rain Drought
EMERGING commercial farmers	Trust Communication Export market requirements Business environment	Align production system to market requirements Unstable market Outbreak of animal diseases Outdated agricultural technologies and uncertainties
INDUSTRY REGULATORS consisting of: Meat Board of Namibia Namibian Standards Institute Directorate of Veterinary Services	Multi-stakeholder engagement of policy/regulatory reforms Distribution channels for export quality products in the local market Growth opportunities for the NCAs Producer returns Operational efficiency	Policy issues Strategic communications shaping livestock industry
FARMERS UNIONS, consisting of: Namibia Agricultural Union (NAU) Namibia National Farmers' Union (NNFU) Livestock Producers Organisation (LPO), and Namibia Emerging Commercial Farmers' Union (NECFU)	Policy and legislative reform Live exports regulations Supply/demand opportunities/challenges Slaughter facilities	Policy issues Strategic communications shaping livestock industry Meatco's business environment Stabilising the livestock industry
CUSTOMERS Wholesalers and Retailers	Direct communication Pricing Supply	Meatco products MeatMa products Export local quality
EMPLOYEES, consisting of: Permanent employees, and Fixed-term contract employees	Organisational culture/management-employee relations Corporate Governance and leadership Learning and development Internal communication HR policies and employee benefits Job security	Daily issues affecting business and operations Staff engagement
MEDIA AND GENERAL PUBLIC	Newsworthy information Strategic communications Business environment/operations	Positive stories to enhance Meatco's brand Regular business updates

Managing our Material Risk

Change and uncertainty exist in any business environment and create both risks and opportunities which can either erode or enhance value for an organisation.

Meatco must manage these risks consistently, comprehensively, economically and within its pre-determined risk tolerance parameters. This will assist the Board and Management in achieving its business strategies and objectives.

The fundamental objective of a risk management process is to establish an integrated and effective risk management culture where all risks are continually identified, analysed, and managed to achieve an optimal risk/reward profile for Meatco and stakeholders.

Meatco's intent and commitment is to practice effective risk management in all aspects of its business. The effectiveness of this risk management depends on its integration into the governance of Meatco and the degree to which it influences decision-making.

The key strategic risks highlighted are those that may have a possible impact on the attainment of Meatco's strategic objectives. These risks are tracked throughout the year and mitigating actions are implemented as per Meatco's governance principles. The high-impact risks are listed in the table on the next few pages.

ROLE OF THE BOARD AND THE AUDIT AND RISK COMMITTEE

The Board has oversight of Meatco's risk framework, policies, and processes. While it delegates these matters to the Audit and Risk Committee, it remains ultimately responsible for the development and implementation of the Risk Management Strategy and Plan.

The Meatco Risk Management Policy and Framework aims to provide stakeholders with the assurance that all material risks have been identified, assessed, mitigated, tolerated, and monitored.

INTERNAL AUDIT

The Internal Audit Function (IAF) aims to provide independent, objective assurance and consulting services designed to add value and improve Meatco's operations. It helps Meatco accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The IAF objectively evaluates the business processes and internal controls so as to appropriately manage risk(s) and support management's commitment to a strong control environment and operational excellence.

The function assists the organisation to accomplish its objectives by:

- Independently and objectively identifying the risk(s) in processes that can prevent achieving Meatco's business objectives;
- Evaluating the design and testing the effectiveness of current internal controls that mitigate the identified risk(s); and
- Assessing and advising on governance processes in general.

The IAF adheres to The Institute of Internal Auditors' (IIA) guidance, including the Core Principles, Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). To adhere to prescribed requirements for being independent, the IAF should not be required to:

- Perform any operational duties for the organisation.
- Initiate or approve accounting transactions external to the IAF.
- Direct the activities of any employee in Meatco not employed by the IAF.
- Assume any role other than an advisory function in the design, installation, or operation of control procedures.

All internal audit activities are risk-based and performed by qualified and experienced employees and are guided through the Internal Audit Charter that is reviewed by the Audit and Risk Committee.

The Internal Audit Function reports to the Audit and Risk Committee. Internal audit engagements are executed as per the approved Annual Internal Audit Plan and progress of completion of the plan is monitored and reported accordingly to the Audit and Risk Committee. The internal audit plan is to ensure coverage of the operations, risks, and processes over a rolling two-year period.

The internal audit activities are comprised of:

- Routine internal audits as per the approved Internal Audit Plan.
- Ad-hoc assignments as requested by Management, ARC or BOD.
- Tracking of the implementation of management action plans to address the risks identified during the internal audits.
- Attendance by invitation to meetings of the Executive Committee, Management Committee, Corporate Governance Committee and Audit and Risk Committee.

#	Risk	Description	Current mitigation actions in place	Additional actions
1	Environmental/ climate changes risk	Presence of environmental challenges, e.g., droughts.	• The Merit point system is used to effectively manage the high flow rate of cattle to Meatco arising from national droughts and to ensure that new producers do not gain advantage over existing loyal producers in times of emergency marketing. • Meatco has feeder contracts with producers to ensure that the pre- determined quality cattle will be received at the abattoir, even during the drought periods. • Many of the feeders had their own on-farm capacity to produce their own fodder under irrigation systems, thus they do not depend on rain as the primary catalyst to produce sufficient fodder year-on-year.	• Promote ox production vs weaner production. • Provide producers with long term slaughter contracts to ease planning of both abattoir and producer. • Activate the Agriculture Extension department to enhance producer capacity to plan and to serve during the drought periods.
		• Insufficient volumes and quality of cattle available to procure, resulting in complete reliance on external parties to provide raw material; reduction in national cattle production due to producers' profitability; long-term impact of drought on the national herd; cattle producers change production model due to producer cash flow; cost of production (EU regulations, traceability); and inadequate drought mitigation initiatives.	• Prepare the procurement plan as per the annual budget. • Participate in industry forums to influence decision-making. • Utilise third party feedlots and fixed term contracts to supply during off-seasons. • The Pricing Policy governs the producer's price setting processes and the Pricing Committee ensures that the prices set keep Meatco competitive and able to secure animals yet be sensitive to the monetary impact of high producer's price. • Utilise Meatco's feedlots to supply cattle to ensure throughput. • Maximise procurement of weaners in peak weaner seasons.	To address insufficient volumes, livestock procurement has put the following strategies in place: • Feeders Contracts: • The focus is on securing a minimum number of cattle monthly per contract from producers throughout Namibia, both communal and commercial, with sufficient capacity and capability to produce quality-driven, market-ready cattle from privately-owned feedlot and backgrounding facilities. • Feeders' contracts for large and small feeders, to deliver animals monthly. The feeders' contracts have a built-in quality requirement per grade. • At farmer's liaison meetings, Meatco aims to provide formal industry-related training to farmers to enhance the quality of the animals. • Cattle procurement from Botswana: Meatco has worked to open a marketing stream from Botswana for slaughter cattle coming directly from communal and commercial producers in the green zone of Botswana to Meatco abattoir. • Focus and continuous communal procurement: Procuring of feedlot and slaughter cattle on a continuous basis from all communal areas in Namibia. • A fixed contract offered to all producers to deliver cattle against set quality parameters.

#	Risk	Description	Current mitigation actions in place	Additional actions
2	Infrastructural risk	Impact of ageing facilities resulting in the increased costs arising from the higher incidence of mechanical breakdowns, catastrophic failures of major components, thereby affecting the future suitability of facilities in terms of technical specifications and efficiencies.	• Preventative Maintenance Plan, limited inventory of critical spare parts and stand-by equipment. • Maintenance audits. • Equipment that becomes unreliable and too expensive to maintain is replaced. • Annual inspection on all pressure vessels by AIA and/or the Government. • Transformers and substation by high tension service providers. • 5-year Capital Replacement Plan. • International best practices benchmark. • Build reserves and a 5-year strategic plan where capex is planned and budgeted for to fund critical relocations when it becomes inevitable. • Scalability of plant activities to match supply.	• Draft an Equipment Replacement Policy.
3	Production resource risk	Shortage and quality of supply by main suppliers (e.g., packaging, transport, coal, etc.) and loss of access due to the decrease in availability of other raw materials (e.g., fodder for feedlots, hides, etc.).	• Feed stock level management to procure stock in block for cattle to ensure that the feed does not run out. • Provide the Procurement Plan to the Procurement Management Unit to ensure that consumable stock is procured timely.	• Source for additional suppliers of raw materials to ensure continued supply. • Develop capacity of small-scale suppliers to increase competitiveness.
4	Information technology risk	Loss, failure, and security of IT systems.	• New IT equipment is included in the capex budget. • The infrastructure department is suitably staffed and skilled to manage infrastructure and there are also a few companies in town that can provide support with IT if needed. • From a data security point-of-view, all data is backed up daily, on and off site, which will allow for recovery of services in case of technical failures.	• Identify and develop "power users" in the organisation to offer first line, non-technical support to end users regarding the usage of specific systems. A power user of a system will have deep knowledge on how to use the system and understand the business rules associated with the system to help and direct users on how to use the system effectively and efficiently. Only when system failures occur, or new functionality is required in a system, will assistance be requested of the IT Department, therefore allowing the IT Department to focus on the system's development and improvement.

#	Risk	Description	Current mitigation actions in place	Additional actions
5	Safety, health, and environmental risk	Non-compliance to health status and compliance to market requirements.	• Traceability systems are in place to identify and separate affected animals. • Stay up-to-date with definitions/ requirements of the health status. • Feedlots have an onsite vet to monitor animal health status. • Close communication with DVS to be informed on animals' health status. • National contingency plan. • Crisis management plan. • A Quality Management system is implemented and is audited by international bodies. Food safety certifications are obtained and maintained. • Legal office subscribes to relevant regulatory bodies/ publications for updates. • SHEQ also subscribes to USDA and EU sites. • Regular country audits. • Current industry platforms (Animal Health Consultative Forum, Livestock Marketing Forum etc.), to address the issue. • Participating in the Manufacturing Association and Abattoir Association. • Meatco provides extension services to the producer on detailed educational information regarding the preferred cattle for marketing purposes and ensuring compliance to the requirement of our various markets. The Procurement offices also communicate such information to producers. • Producer sales advice contains all up-to-date requirements (e.g., 90/40 days rule).	• Advocate for adequate funding of DVS. • Develop capacity for value added cooked products. • Promote Commodity-based Trade.
		Quality Assurance failures in terms of biological pathogen counts, cold chain systems, and undetected prolonged non-conformance.	• Formal Quality Management System in place according to all relevant laws and regulations that ensures that policies, procedures, work instructions, relevant inspections, and remedial actions are covered. • Reporting to relevant management levels and authorities. • Continuous (external and Internal) audits and certification against independent international standards.	• Intensified staff Induction and training. • Improve sanitary controls. • Execute preventative maintenance plan.

Quality assurance

CEO’s Report

Mwilima Mushokabanji
CHIEF EXECUTIVE OFFICER

Delivering on our mandate through our Integrated Strategic Business Plan (ISBP) 2021/22 – 2025/26

In servicing our mandate as outlined in our ISBP, Meatco aspires to be a world-class meat brand that creates sustainable wealth for all Namibians. We strive to build a dynamic commercial public enterprise that is competitive, profitable, and sustainable in order to survive a highly volatile, uncertain, complex, and ambiguous global beef industry. We do this through our strategic pillars as outlined on the next page.

Building success is our daily business. We stay strong in our markets.

Robust efforts were put in place to turn the business towards its vision and realising its strategic objectives.

Our performance within the focus of each of the pillars is provided in my report, with more detailed information under the sections on our operating performance against the strategy.

In our endeavours to remain competitive and sustainable in this volatile and ambiguous environment, the Board and Management had to reconfigure Meatco's dynamic capabilities so as to align strategies, systems, processes, and organisational culture in order to yield a more competitive firm.

Robust efforts were put in place during the current reporting term to steer the business towards its vision and realise its strategic objectives.

Strive Towards Corporate Profitability and Financial Viability

The success of Meatco depends on optimal throughput, operational efficiency, and efforts to maximise market returns. Throughput remained a protracted challenge for Meatco in the financial year 2022/23. As a result, Meatco slaughtered 33,144 SVCF and 3,717 in the NCA during the reporting year. An additional 1,214 cattle were slaughtered for private costumers, bring the total number of cattle slaughtered during the reporting year to 34,358. This resulted from the impacts of the devastating drought experienced in 2019/20, which reduced the national herd by almost 50 per cent and the outbreak of the novel coronavirus in 2019 (COVID-19), which negatively influenced the demand for our premium products and market realisation.

Despite the low cattle numbers slaughtered in the financial year 2022/2023, Meatco continued to pay competitive prices significantly above the South African parity price, which is the best alternative price for the bulk of Namibian slaughter-ready cattle.

To this end, Meatco paid over N$2 billion and in particular N$1.1 billion to the producers during the devastating drought of 2019/20. This translated in us contributing 50 per cent to the output of the livestock sector during that year and sustaining primary production.

For the first time in the history of the company, Meatco operated without the support of any commercial bank during the past two years, notwithstanding the servicing of our overdraft facility debt with First National Bank of N$540 million and that of N$94 million with Bank Windhoek. To date, these loans are fully settled and the strategic assets of the company that were attached as collateral are now relieved.

Embrace and Promote Good Corporate Governance

As part of embracing and promoting good corporate governance, we took key strategic decisions aimed at achieving good governance and the sustainability of the organisation. This included the decision to contain expenses by reabsorbing some of the previously outsourced services, directing the termination of superfluous third-party contracts pertaining to the procurement of goods and services, reviewing a handful of institutional policies, and reviewing the Annual Business and Financial Plan FY23/24.

Meatco and its processes are regularly audited by independent, internationally recognised auditing companies such as the National Science Foundation (NSF), based in the United States of America. All our facilities comply with the International Organization for Standardization ISO 22000, which includes Hazard Analysis and Critical Control Points (HACCP) 1033:2007. Meatco's factories are also Halaal certified. The Corporation is subject to separate auditing activities mandated by specific clients who conduct their own independent audits. The Windhoek Abattoir continues to boast an 'A'-grading in terms of the internationally-recognised British Retail Consortium (BRC) standards. Furthermore, we held a successful member meeting during the year under review as mandated by the act in place.

Good governance is fundamental to business sustainability and Meatco has ensured that its governance structures support effective decision-making and risk control. These structures are aligned to changing requirements, as well as local and international best practices.

Furthermore, the Corporation is also based on sound risk management principles. Thus, as a pragmatic business entity, Meatco recognises that there is no opportunity without risk, especially when making decisions regarding international markets, as well as local investments.

Optimising Meatco's Competitiveness across the Value Chain

Through the robust marketing strategies that the Board and Management implemented in the year under review, Meatco remains the only commercial public enterprise in Africa that has simultaneous market access to some of the most sought-after and luxurious beef consumption markets in the world, such as South Africa, the European Union, United Kingdom, Norway, USA, Hong Kong, China, and Reunion. We continued to fill our quota as per the allocated tonnages. Through these initiatives, we were able to maximise our revenue by 5 per cent despite the low throughput reported above, compared to the previous year during which we slaughtered approximately 36,000 heads of cattle.

Market development is critical to Meatco to ensure maximum realisation from various markets. To date, Meatco successfully exported its first beef consignments to emerging markets, namely China in 2019 and USA in 2020. Critical to us as Meatco was to also ensure that we mainstream the Northern Communal Area (NCA) as part of living up to our mandate of serving all producers and creating wealth for all Namibians.

For many years, farmers from the NCA were deprived of accessing current niche markets; opportunities are now available to access such markets due to the robust market development strategy that was implemented. Meatco developed the strategy for the NCA and successfully mainstreamed the NCA into the Namibian economy by operating the Katima Mulilo Abattoir and marketing the certified beef in line with the Commodity Based Trade Protocol from the Katima Mulilo Abattoir. To date, beef from the NCA through our Katima Mulilo Abattoir is currently finding space in the Ghanaian market, Angola, and the DRC, as exported through the Commodity Based Trade Protocols.

Namibian consumers south of the Veterinary Cordon Fence are also able to consume beef produced in the NCA, thanks to the Commodity Based Trade Protocols.

We are in final discussions to open the Middle East market to begin exporting NCA beef into this market. Meatco made these milestones possible as part of a relentless drive to pursue an inclusive agenda to service all producers, regardless of where they find themselves in Namibia.

Building a High Performing Culture for Meatco

Training and developing our workforce is a fundamental part of a comprehensive talent management strategy aimed at aligning the company's human resource inventory to the 5-Year Integrated Strategic Business Plan by defining the various skills segments, critical roles, and organisation-wide skills gaps so as to ensure that interventions are put in place to improvise and compensate for current and future limitations in human resource capabilities in the organisation, in line with the company's strategic intent. During the 2022/23 financial year, Meatco's employee complement numbered 726 employees.

With a dedicated and experienced workforce, Meatco was able to navigate the upheaval wreaked by the COVID-19 pandemic and keep our business competitive, sustainable and profitable amid this global crisis. We will continue to grow our people through our Learning and Development Strategy and Succession Plan.

Enhance Stakeholder Engagement and Build the Meatco Brand

During the period under review and as part of living up to our stakeholder engagement strategy, we have developed a stakeholder engagement programme to update our key stakeholders (Government, employees, producers, regulators, suppliers of goods and services, and customers) on the status of the business, and also to address challenges that affect the business on a regular basis.

Looking Ahead

The agricultural sector, and Meatco in particular, remains one of the mainstays of the Namibian economy. It will thus require the energy of all stakeholders and Government to work together in order to conceive a more competitive, sustainable and profitable Meatco. In the face of overwhelming adversities. Meatco continues to play its part by maximising returns and contributing to the GDP to the benefit of all Namibians. This can only be realised through a demonstrated heightened level of agility in implementing cost-cutting measures, ensuring efficiencies in our operations, paying a competitive price to our producers, and bringing all key stakeholders on board to keep the business afloat.

Meatco remains committed to fulfilling its purpose and responsibilities and will be closely monitoring the external environment and factors that may materially impact the future sustainability of the organisation.

The agriculture sector, and Meatco in particular, remains one of the mainstays of the Namibian economy.

Appreciation

Meatco's strength and resilience during a turbulent year of extreme challenges is testimony to the remarkable dedication of our people who have worked in volatile circumstances to ensure that Meatco remains in business. I would like to extend my profound gratitude to every Meatco employee and the Executive Team for their commitment, one that has cemented the foundation for our continued success.

I also extend my appreciation to the Meatco Board for their vigorous leadership and guidance during the year under review in providing strategic foresight to the betterment of the organisation.

More than anything, I would like to thank our shareholder, the Government of the Republic of Namibia, for their continued support during difficult times that we found ourselves in. The same holds true for our esteemed producers, clients, and service providers — please accept our sincere gratitude and appreciation for your much-valued support.

Mwilima Mushokabanji
CHIEF EXECUTIVE OFFICER

Financial Review

Overview

Cattle marketing recorded a growth of 2.3 per cent during January to December 2022 compared to the same period last year. Meatco managed to maintain its market share of 15 per cent by slaughtering 35,933 cattle during January to December 2022, as per Meat Board statistics.

Meatco's slaughter numbers remain low as the country is going through heard rebuilding. The average number of slaughter cattle available to export and 'B' and 'C'-class abattoirs remains at about 100,000 despite the modest increase in cattle marketing. The sharp increase in cattle prices over the last three years is a direct consequence of limited supply and high demand for slaughter cattle. This has resulted in the sharp decline in the butchers' market share from 17 per cent in 2021 to 13 per cent in 2022.

Namibia experienced below average rainfall this year, and as a result producers are marketing more cattle compared to the 2022 financial year. Past results have proven that there will be a sharp decline in slaughter cattle marketing after a drought year.

Meatco developed strategies to increase throughput to become sustainable and strive to achieve stabilisation of the meat industry of Namibia in the national interest.

Meatco developed strategies to increase throughput to become sustainable.

For the period under review, Meatco increased its revenue by 15 per cent and gross profit by 950 per cent. These results were achieved despite slaughtering less cattle and a declining EURO/NAD exchange rate. Financial support from the Government of Namibia amounting to N$286 million was granted to Meatco to continue to deliver on its mandate, while Government is working on a sustainable model that will revive Meatco in the long term. The liquidity support from Government improved Meatco's cash flows and working capital.

During the 2023 financial year, Meatco paid N$560 million (2022: N$492 million) to producers to protect primary livestock production in the national interest of Namibia. Paying sustainable market related prices consistently will allow producers to plan their production and diversify production methods between weaner and slaughter ox production.

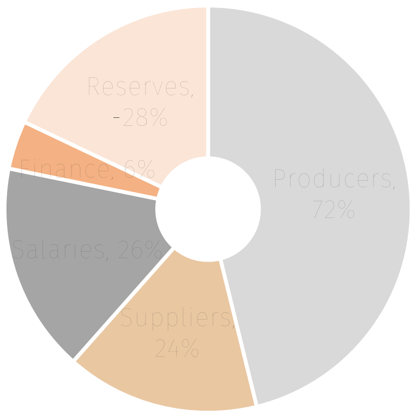
The Group generated N$865 million in revenue (2022: N$752 million). The Group incurred a loss before tax of N$118 million (2022: N$206 million).

Value Added Statement

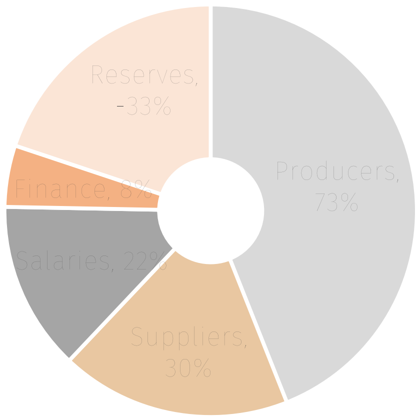
Meatco sold 590 tonnes more beef and increased its revenue by N$113 million compared to prior year. For the period under review, Meatco added a total value of N$1 billion to various stakeholders. The value added to producers amounted to 73 per cent (2022: 72 per cent), employee costs 22 per cent (2022: 26 per cent), suppliers 30 per cent (2022: 24 per cent) and finance charges 8 per cent (2022: 6 per cent).

During the period under review Meatco paid N$560 million (2022: N$492 million) to producers, despite lower throughput. Meatco continued to add value to primary production despite harsh economic conditions. Employee cost as a percentage of beef revenue reduced by 4 per cent, since Meatco still has a moratorium on salary increases. Interest expense increased by 2 per cent due to the new N$200 million Government grant that was disbursed through the Development Bank of Namibia.

Value Added Statement
FY 2022



Value Added Statement
FY 2023



Cattle Procurement

Meatco slaughtered 33,144 (2022: 35,127) SVCF and 3,717 (2022: 2,348) NVCF. The average cold dress weight SVCF increased from 252 kg in 2021/22 to 259 kg in 2022/23. In the NVCF, average cold dress weight decreased from 210 kg in 2021/22 to 208 kg in 2022/23. SVCF throughput in tonnes decreased from 8,845 tonnes to 8,588 tonnes, while NVCF increased from 489 tonnes to 772 tonnes.

Pricing

The increase in producer prices were driven by limited supply of slaughter-ready cattle and credit risk premiums demanded by producers. Meatco developed strategies to significantly reduce credit risk and introduce alternative cattle supply streams. These strategies will lead to increased supply of slaughter cattle, stabilised prices and ultimately improved margins.

As from the 2023/24 financial year, Meatco will have full control of the marketing and sales functions in all its markets. This will allow Meatco to explore true price discovery.

The average producer prices SVCF increased from N$55/kg (2022) to N$61/kg (2023). This increase was largely driven by competition for limited supply of slaughter cattle. The average producer prices in the NCA increased from N$34/kg (2022) to N$37/kg (2023).

The average international realisation increased from €6.11/kg (2022) to €7.05/kg (2023). Namibia average realisation increased from N$36.14/kg (2022) to N$39/kg (2023). South African average realisation increased from N$27/kg (2022) to N$50/kg (2023). Average exchange rate in Euros/NAD exchange rate reduced from 17.42 (2022) to 17.28 (2023).

Of the 8,264 tonnes of beef and bone-in products sold, Meatco sold 60 per cent of the volume to export markets, which generated 75 per cent of total beef and bone in product revenue.

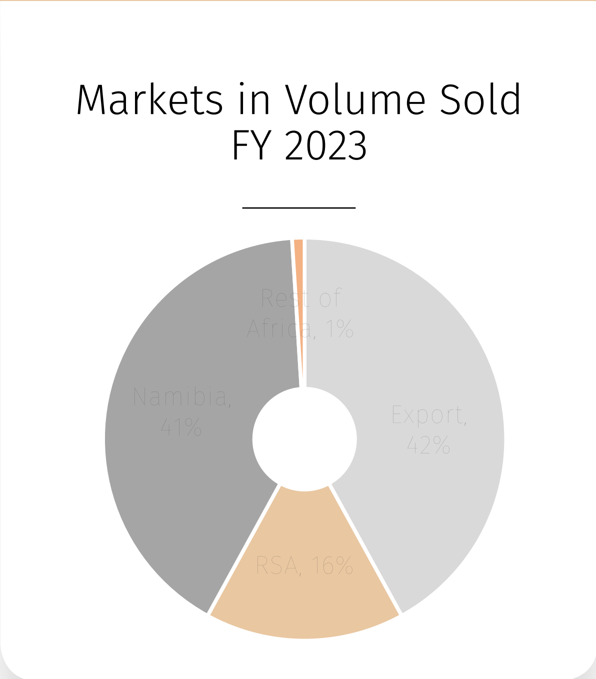
Long-term Debt

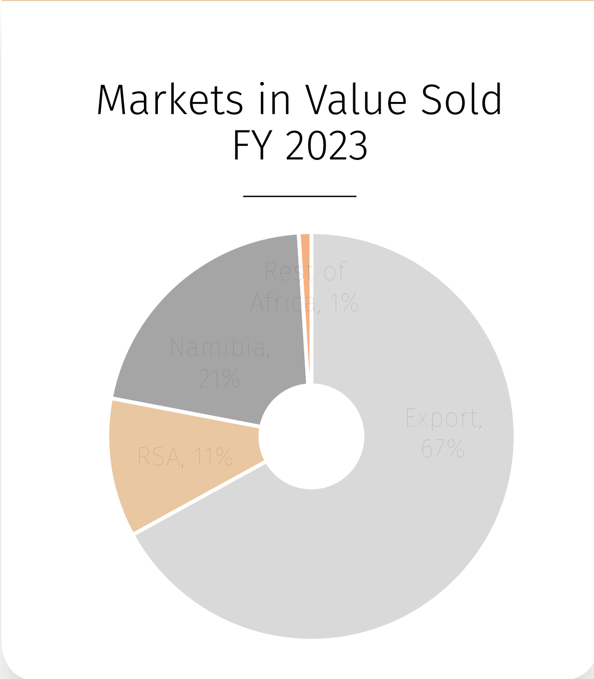
Meatco's long term debt consists of three loans from the Development Bank of Namibia (DBN). As per Note 15 in the Notes to the Annual Financial Statements, DBN Loan 1 has an outstanding balance of N$151 million (2022: N$147 million), DBN Loan 2 has an outstanding balance of N$306 million (2022: N$284 million) and DBN Loan 3 has an outstanding balance of N$213 million.

During the period under review, the Government of Namibia issued a guarantee in favour of the DBN to obtain funding amounting to N$200 million. DBN disbursed the amount to Meatco at the end of July 2022. The Ministry of Finance and Public Enterprises secured N$200 million in the next Medium-Term Expenditure Framework (MTEF) as a Government grant. Government will repay the N$200 million to DBN on behalf of Meatco. The repayments will be made semi-annually through budgetary provisions, commencing on 31 July 2023 and every sixth month thereafter, while Meatco will be responsible for the interest.

Foreign Exchange

The annual average EUR/ZAR exchange rate for the period under review was approximately 17.28 (2022: 17.42). Meatco generates 80 per cent of its foreign exchange earnings in Euros. Meatco took a cautionary approach to hedging and foreign exchange risk.





Ratios

The ratios reflect the funding received from Government, as well as the better market realisations achieved during the period under review. Lower cattle numbers slaughtered, higher beef volumes sold, lower foreign exchange rates and higher producer prices were contributors towards the lower ratios reflected in the table below.

Ratios	2023	2022
Gross Profit Margin	3%	-0.4%
EBIT Margin	-6%	-21%
Current Ratio	1.42	0.75
Quick Ratio	0.89	0.33
Debt to Equity ratio	13.40	4.34
Return on Capital Employed	-6%	-21%
Asset Turnover ratio	1.86	0.72
Cash Conversion Cycle	18	15
Cash Conversion Cycle Biological Assets	32	17
Supplier Payment	38	25
Debtor collection Period	21	16
Stock Days- Including Biological Assets	48	30

Efficiencies

The Corporation is committed to ensuring prudent expenditure throughout all its business units to improve efficiency. Expenditure management involves managing administrative costs, internalising outsourced services, managing overtime in the production facilities through a block-slaughter system, right-sizing and alignment of the organisational structure.

During the reporting period, Meatco continued to prioritise its cost-cutting measures to improve financial prudence and cost efficiency in the business. To reduce additional costs, the Meatco Board resolved to dissolve the NCA subsidiary and continue the operations under one entity. As a result of the disinvestment, total administration expenditure for the Corporation during the 2023 financial year increased by N$35 million. The total administrative expenses amounted to N$172 million (2022: N$134 million) and for Group N$162 million (2022: N$163 million). This represents an increase of N$38 million at Corporation level and a saving of N$1.4 million at Group level.

Economic Overview

Global Overview

As per the Bank of Namibia's economic outlook, global growth for 2023 is expected to slow considerably. The report further explains that the International Monetary Fund expects global growth to slow from 3.4 per cent in observed in 2022 to 2.9 in 2023. However, other agencies like the World Bank, JP Morgan and Standard and Poor's Financial Services (S&P) all anticipate global growth is to fall at a faster pace in 2023 than the IMF's projection, with growth expectations coming in at only 1.7 per cent, 1.6 per cent, and 1.4 per cent, respectively.

Advanced economies such as United Kingdom and the European Union are expected to decline from 2.7 per cent observed in 2022 to 1.2 per cent in 2023.

On a positive note, China's growth have been revised upwards by 0.3 per cent due to the relaxation of China's zero-COVID-19 policy.

Meatco's international markets remains well diversified and it is able to move products between different markets to achieve maximum realisation.

Sub-Saharan Africa Overview

According to the BON economic outlook, the growth projections of Sub-Saharan Africa remains flat. South Africa's growth is projected to slow down from 2.6 per cent observed in 2022 to 1.2 per cent in 2023. The slowdown is driven by the worsening energy crises in the country.

Namibian Overview

Namibia's economic performance was expected slowdown from 4.2 per cent observed in 2022 to 3 per cent in 2023. The slowdown is driven by weaker global demand for Namibia's natural resources.

Primary Industries Overview

Primary industries are expected to grow from 11.8 per cent observed in 2022 to 5.2 per cent due to the diamond mining sector and oil exploration activities expected for 2023.

Growth in agriculture, forestry and fishing is expected to stabilise at low levels during 2023 and 2024, mainly due to inconsistent rainfall pattern and broadly unchanged fishing quotas.

Strategy and Business Development Review

The Strategy and Business Development (SBD) Department was established in May 2020 following a re-alignment of the Corporation's structures and executives in order to better facilitate and achieve the Corporation's goals and objectives, namely being competitive, profitable, and sustainable in the short, medium, and long term.

The department is mainly responsible for Business Policy, Strategy and Performance, Business Development, Research and Innovation, as well as Client Services and Risk Management. The Department is also responsible for coordinating all aspects relating to:

- Shaping the Corporation's overall business strategy;
- Development and reviewing of company policies and procedures;
- Developing strategic plans and assessing the Corporation's performance;
- Conducting research and data analysis to inform business decisions;
- Managing and retaining relationships with existing and new stakeholders;
- Developing and diversifying business activities to maintain the Corporation's sustainable competitive advantage;
- Advising on optimal allocation of the Corporation's resources;
- Advancing the interests of the Corporation in trade negotiations; and
- Unravelling client complaints (internal and external).

Achievements

A major achievement during the reporting year was the compilation of the Corporation's Annual Business and Financial Plan for the 2022/23 financial year as stipulated in the Public Enterprises Governance Act, 2019. The document was finalised and submitted to the Ministry of Finance and Public Enterprises for consideration and approval. The performance of the business was regularly monitored and analysed throughout the year under review.

The Department also presented the Meatco Strategy and Business Model to key Government institutions and other stakeholders focusing on the requirements, relevant policies, and regulations that are critical for enhancing the business operations and to ensure they are profitable, competitive, and sustainable. The strategy was also presented to the international organisations that visited Meatco during the period under review. This enhanced understanding of the Corporation's business operations and its relevance in terms of not only the national economy, but also the role it plays in stabilising the meat industry in the national interest.

The Department also assessed proposals by potential investors who expressed their interest in partnering with the company across its value chain. Some of the proposals needed further due diligence and the assessment process is ongoing.

In addition, the Department also prepared and advanced the Corporation's position on trade and meat industry matters at various platforms, both locally and abroad, to enhance access of Meatco's products in the local, regional, and international markets.

Challenges

The Corporation's key challenge is its ability to operate all its production assets at full capacity in order to increase volumes and meet the demand of its customers, thereby increasing revenue from the key regional and international markets. The minor challenges are internal, and the major challenges are largely influenced by factors that are beyond Meatco's control, such as the shortage of slaughter animals on the market that affect throughput at the export abattoir, and increasing utility costs that are a threat to the sustainability of the business. In order to balance the meat value chain and attract investment in the livestock sector, Government – in consultation with stakeholders in the industry – should support the Corporation by addressing policy interventions such as its throughput and working capital requirements, amongst others.

Meatco continues to discharge its statutory mandate, which is to, among others, promote and coordinate the livestock producers in Namibia and to stabilise the meat industry.

Looking ahead

Meatco continues to discharge its statutory mandate, which is to, among others, serve, promote and coordinate the interests of livestock producers in Namibia. In line with its turnaround strategy as approved by Meatco shareholder, the Government, the Corporation strives to stabilise the meat industry of Namibia in the national interest. The Corporation shall strengthen the review and alignment process of its policies and procedures, as well as its business analysis, research, and innovation in order to improve its capacity to manage the internal and external risks and ensure that the business's operations are sustainable.

IT Corporate Governance Review

The Information Technology (IT) Department provides the tools and systems that enable the organisation to operate optimally, and acts as a lens used to scan the internal and external environments enabling the organisation to keep abreast of, and respond efficiently to, the changing conditions. IT governance at Meatco consists of the Production Systems, Enterprise Systems, Infrastructure, and Software Development Divisions.

PRODUCTION SYSTEMS DIVISION

The IT Production Division is responsible for all the production related software and hardware across the following plants and outlets: Windhoek, Wholesale, Meatma Bonanza, Rundu, and Katima Mulilo. These plants are running the Emydex Production Management System.

In addition, IT Production Systems is responsible for the Beeftech System that runs at the Okapuka Feedlot. This incorporates the processing of cattle, ration mixing, as well as precision feeding.

ENTERPRISE SYSTEMS DIVISION

The IT Enterprise Systems Division is the organisation's data point, responsible for all the enterprise systems within Meatco. These include:

- Sage Enterprise Management (Sage X3);
- Orion Point of Sale;
- Plant Maintenance Management (On-key/Pragma);
- Payroll and HR Management;
- Data Warehouse and Business Intelligence (Pentaho); and
- Quality Management System (HQMS).

The department caters for stakeholders across the organisation.

The data warehouse allows Meatco to have data from all corporate systems in one place. The raw data from different productions and enterprise systems is transformed into management information for decision making purposes.

The department further provides accurate real-time information to line managers and executives to make data-driven decisions. The Enterprise Systems division also provides in-house support to all enterprise systems listed above before external service providers are involved — this cuts down on unnecessary expenditure.

INFRASTRUCTURE DIVISION

The IT Infrastructure Division provides and maintains the underlying technology supporting all three units within the IT department, namely the Production Systems, Enterprise Systems, and Software Development Divisions.

It is responsible for all computer related hardware and software including, but not limited to, computer hardware and network connectivity across the following business units, outlets, and plants: Windhoek Head Office, Windhoek Factory, Wholesale, Meatma, Bonanza, Katima Mulilo, and Rundu Abattoir. These business units are all reliant on infrastructure to connect to the Head Office, which enables them to utilise production and business-related software such as Sage X3, Pentaho, and Emydex Production Management Systems.

The department is also responsible for the upkeep and maintenance of the Active Directory, enabling infrastructure to put a layer of security into all the production and business applications. The infrastructure department takes care of the maintenance, backup, and security of all Meatco related computer hardware, software, networks, our email system, and the data centres

SOFTWARE DEVELOPMENT DIVISION

The IT Software Development division is an IT function of the business which provides in-house written software, and the maintenance, support, and professional services related thereto. Predominantly, this Division supports Meatco's Stock Producer Management System known as Akiri, which initiates the Meatco value chain by facilitating cattle booking, receiving, and Producer Statements.

Additionally, the Software Development Division supports other IT functions with integration to other third-party applications, as well as the development of data warehouse tools for data analytics.

Challenges

The IT Department has a highly knowledgeable and skilled team with in-depth knowledge of the organisation's operational and business processes. The IT team is small and agile and is kept busy with providing support for existing systems and processes. The challenge is that the team has a minimal number of resources available to them, to focus on the continuous improvement of the existing systems and processes.

The COVID-19 pandemic came with its own unique challenges, which the IT Department had to manage and learn from to the business's advantage.

Most importantly, COVID-19 drove the IT department to begin optimising systems to provide flexibility, convenience, and to some degree business continuity under the new work-from-home modality. Maintaining a stable IT environment with aging infrastructure was challenging but possible, nonetheless. The department had to be agile and reallocate underutilised resources from different business units to where they could better serve the organisation.

In the reporting period, the department worked towards enhancing Meatco's systems for flexibility and convenience to adopt to the work-from-home reality. This new situation resulted in an increased risk of systems surface attack, a new type of business risks associated with cyber-attacks.

Way Forward

Capital Infrastructure Projects are underway in a phased approach to replace ageing IT equipment with more modern solutions to reduce the technical debt, starting with data centres and then production infrastructure among others.

Furthermore, post the COVID-19 pandemic, Meatco has consistently continued on the digital transformation trajectory it embarked on which involves replacing desktops mainly with laptops and other mobile hand-held devices to suit the dynamic modern workplace, as well as increasing the wireless range across Meatco plants and those operated by the organisation

This is further complemented by a partnership with Salt Essential IT Company and Microsoft to maximise automation in the organisation. This is to be achieved by identifying system tools available in the cloud under the Microsoft Subscription License and focusing their bearing to various business processes, all while capacitating end-users with these tools in order for them to be effective and efficient in their respective roles.

In Conclusion

The IT Department continues to be strengthened with enhanced competencies through the addition of the appropriate talent and technology which is harmonised with the needs of the organisation. The Department fosters a vision of possessing the capacity to provide support for the existing systems and processes, to keep all IT systems secure, effective and up-to-date, and to have enough surplus capacity, while engaging in continuous improvement initiatives throughout the organisation.

Finally, in line with Meatco 's corporate strategy, its strategic objectives are to leverage technology as an enabling resource, in order to streamline and automate the administrative and production processes, thereby having a positive impact on the bottom line. This will cut down on cost of operations, cost of goods produced, and maximise returns.

Procurement Management Review

The Procurement Management Unit is responsible through the office of the Chief Executive Officer to oversee the implementation and compliance of the Public Procurement Act, Act 15 of 2015, for:

- All goods, works and services;
- Disposal of movable and immovable assets;
- The letting and hiring of anything or the acquisition or granting of any right; and
- Contracts for high-risk, high-value goods and services.

Our strategic objective for the 2022/23 financial year, in conjunction with the Public Procurement Act and Procurement Policy, sets out Meatco's strategic approach to procurement within the prevailing regulatory environment.

Our annual plan translates the strategic objectives and desired outcomes into the detailed actions and processes required to maintain a sustainable, cost-effective, and legally compliant procurement operation.

The Procurement Management Unit aims to achieve a more consistent organisation-wide approach to procurement, by setting out a strategic framework designed to enable us to continue this journey to change and innovation through:

- Delivering a common, corporate process of strategic sourcing, supplier relationship development and contract management;
- Increasing the proportion of spend against contract;
- Ensuring a robust procurement process for contracts of high value;
- Ensuring Meatco complies with its legal obligations relating to procurement;
- Embedding effective processes that support value for money and appropriate use of competition;
- Managing the range of risks that arise when contracting with suppliers; and
- Using spend analysis techniques to inform work planning and to identify potential areas of opportunity/action.

COMPLIANCE WITH REGULATORY OBJECTIVES

We aim to deliver a best-in-class, professional service with quality output compliant with policies and the Public Procurement Act and guide key stakeholders to achieve best practice and improve governance.

The unit has since its inception complied with the Procurement Act with regard to the approvement of internal procurement structures and ensured that Meatco conducts procurement services in the most transparent and fair processes.

Livestock Procurement and Production Review

GENERAL OVERVIEW

The 2022/23 production year will go down in the history of Meatco as simultaneously one of the most challenging and one of the most exciting. The Livestock Procurement and Production Department was challenged daily by industry turmoil, producer revolt, and continuously negative comments and opinions about the sustainability of Meatco within the livestock industry of Namibia.

Livestock producers became very nervous and slaughter bookings were exponentially cancelled.

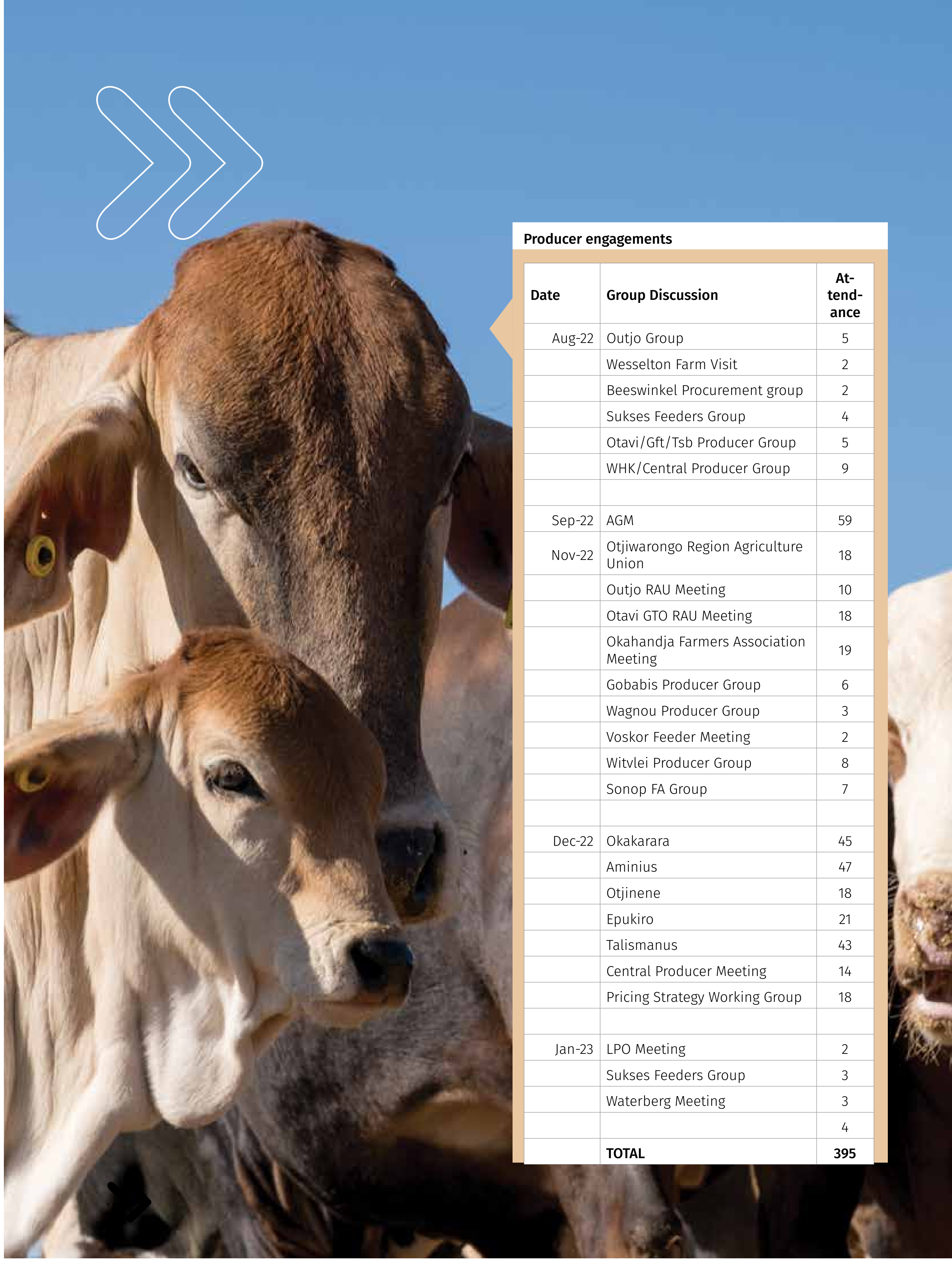
During the reporting year, the department's management and team had to navigate the stormy waters in such a way that Meatco could keep the business going in terms of slaughter throughput. The importance of timely, direct, and honest stakeholder and producer communication can be highlighted as the main tools that ensured producer cattle delivery through the toughest operating period to date.

The Livestock Procurement and Production Department spear-headed a strategy to reach out to individual producers and organise producer groups with both com-munal and commercial members during the period under review.

The main aim of the engagements was to thoroughly explain the situation in which Meatco found itself and provide producers and the stakeholders with the reas-surance that Management had an operational plan in place to deal with and mitigate the effects of the challenges that the organisa-tion was faced with at the time.

For the reporting period, the department lined up producer engagements (meetings) with a total of 411 producers, consisting of group meetings attended by 395 individuals and 16 meetings with individual farmers. Scheduled meetings took place from Groot-fontein in the north to Mariental in the south, to Okakarara, Otjinene, Eiseb, Otjituuo, Aminuis, and Gam in the communal areas south of the Veterinary Cordon Fence.

The Livestock Procurement and Production Department did strug-gle to procure slaughter cattle to meet the budgeted number of 60,000 for the reporting year. However, it can be reported that the quality of cattle received from producers was of the highest standard during this reporting year.



Producer engagements

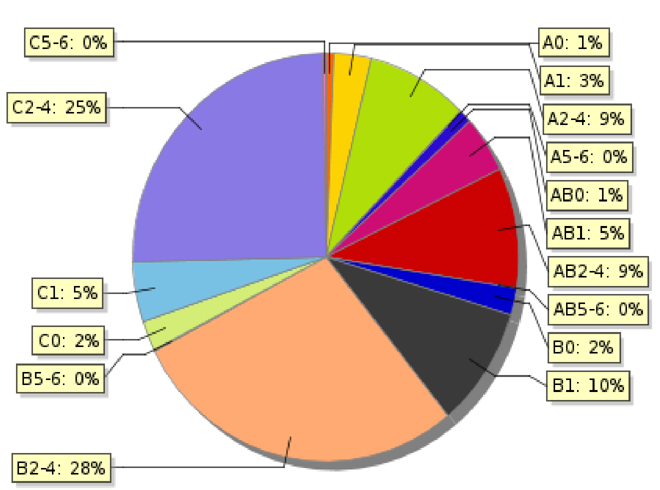
Date	Group Discussion	At-tend-ance
Aug-22	Outjo Group	5
	Wesselton Farm Visit	2
	Beeswinkel Procurement group	2
	Sukses Feeders Group	4
	Otavi/Gft/Tsb Producer Group	5
	WHK/Central Producer Group	9
Sep-22	AGM	59
Nov-22	Otjiwarongo Region Agriculture Union	18
	Outjo RAU Meeting	10
	Otavi GTO RAU Meeting	18
	Okahandja Farmers Association Meeting	19
	Gobabis Producer Group	6
	Wagnou Producer Group	3
	Voskor Feeder Meeting	2
	Witvlei Producer Group	8
	Sonop FA Group	7
Dec-22	Okakarara	45
	Aminius	47
	Otjinene	18
	Epukiro	21
	Talismanus	43
	Central Producer Meeting	14
	Pricing Strategy Working Group	18
Jan-23	LPO Meeting	2
	Sukses Feeders Group	3
	Waterberg Meeting	3
		4
	TOTAL	**395**

SLAUGHTER DETAIL (SVCF)

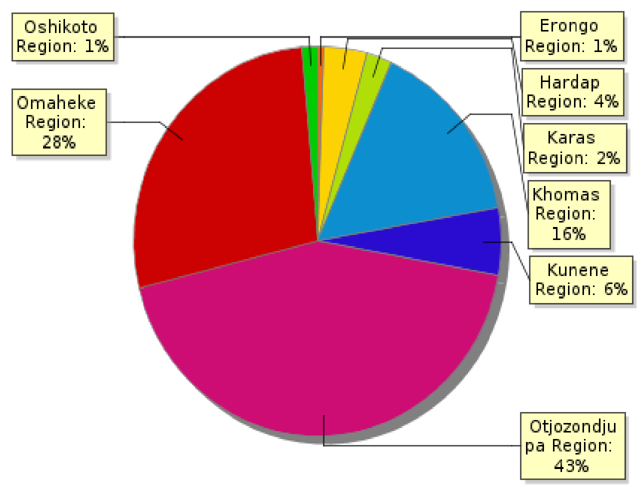
	Year to date January-2023		Year to date January-2022		Year to date January-2021	
Age Distribution						
A	4,101.0	12.4%	8,214.0	23.7%	6,011.0	16.7%
AB	4,975.0	15.%	7,307.0	21.1%	6,615.0	18.3%
B	13,302.0	40.1%	10,354.0	29.8%	9,121.0	25.3%
C	10,766.0	32.5%	8,817.0	25.4%	14,327.0	39.7%
	33,144.0	**100.%**	**34,692.0**	**100.%**	**36,074.0**	**100.%**
Fat Distribution						
0	2,032.0	6.1%	1,486.0	4.3%	2,246.0	6.2%
1	7,308.0	22.%	5,211.0	15.%	5,897.0	16.3%
2-4	23,702.0	71.5%	27,840.0	80.2%	27,732.0	76.9%
5-6	102.0	0.3%	155.0	0.4%	199.0	0.6%
NA	0.0	0.%	0.0	0.%	0.0	0.%
	33,144.0	**100.%**	**34,692.0**	**100.%**	**36,074.0**	**100.%**
Gender Distribution						
Bull	1,480.0	4.5%	1,266.0	3.6%	923.0	2.6%
Cow	7,275.0	21.9%	5,967.0	17.2%	11,883.0	32.9%
Heifer	2,660.0	8.%	4,774.0	13.8%	4,760.0	13.2%
Not Available	0.0	0.%	0.0	0.%	0.0	0.%
Ox	21,729.0	65.6%	22,685.0	65.4%	18,508.0	51.3%
	33,144.0	**100.%**	**34,692.0**	**100.%**	**36,074.0**	**100.%**
Condemnation Distribution						
Contamination	45.5	0.1%	59.0	0.2%	71.0	0.9%
Measles	259.5	0.8%	371.0	1.1%	346.0	4.5%
Measles Condemned	0.0	0.%	3.0	0.%	1.0	0.%
Other	32,839.0	99.1%	34,259.0	98.8%	7,259.5	94.6%
	33,144.0	**100.%**	**34,692.0**	**100.%**	**7,677.5**	**100.%**
Producer Prices	Avg N$	Avg Mass	Avg N$	Avg Mass	Avg N$	Avg Mass
A	61.16	237.4	56.40	227.2	46.6	221.6
AB	61.00	245.7	55.39	239.0	46.3	230.7
B	60.89	262.5	55.19	259.1	46.1	246.7
C	59.77	269.4	53.04	278.0	42.6	252.0
Overall Averages	**60.56**	**259.1**	**54.88**	**252.1**	**44.8**	**241.7**
Avg Live Mass / Dressing %	474.64	54.6%	455.63	55.3%	453.24	53.3%

Livestock procurement

YTD Age/Fat Class Distribution



Origin Distribution for Year



Livestock Procurement and Production Business Unit Performance

OKAPUKA AND ANNASRUH FEEDLOTS

The two Meatco feedlots were effectively unutilised for the reporting period. Meatco Management worked on a plan to activate the feedlot operations through private partnerships in 2023/24 reporting year. Cattle supply from feedlots are a crucial part of the overall Meatco business and it is important to operate them at capacity with cattle for throughput to the abattoir during times when producers are withholding their animals for various reasons.

OKAPUKA TANNERY

The Okapuka Tannery operated under difficult conditions due to the limited slaughter numbers and cashflow constraints. The business unit performed exceptionally well in the sense that the business unit declared a profit at the end of the 2022/23 financial year.

34,358

Cattle slaughtered

Meatco slaughtered a total of 33,144 animals for deboning and 1,214 for private customers SVCF.

73.5%

Utilisation

A total of 94 days were slaughtering days, meaning a utilisation of 73.5 per cent

N$60.56

Producer prices

An average of N$60.56 per kg were paid to producers compared to N$54.88/kg the previous year.

SLAUGHTER DETAIL (SVCF)

	Year to date		
	January-2023	January-2022	January-2021
Number of Animals Slaughtered			
For Deboning	33,144	34,692	36,074
Private	1,214	2,379	2,102
Total Slaughtered	**34,358**	**37,071**	**38,176**
Utilisation of Days in the Year			
Days Available	261	261	260
Capacity	125,280	125,280	125,280
Utilisation	26.5%	27.7%	28.9%
Utilisation of Days Slaughtered			
Days Slaughtered	94	93	124
Capacity	45,120	44,640	59,520
Utilisation	73.5%	77.7%	58.3%
Budget Information			
Budget	60,445		
Slaughtered	34,358		
Performance	56.8%		

Strategic implementations and commitments from Livestock Procurement

COMMUNAL PROCUREMENT

The procurement of cattle from the communal areas will always be a crucial part of the department's focus. The department cannot reach its overall annual targets without the participation of the communal producers. Despite this, cashflow constraints are the limiting factor in terms of successfully procuring animals from the communal areas.

FEEDERS SUPPLY STREAMS

Meatco's operations need to be sustained from January to December annually, and this translates into a minimum monthly slaughter figure. Only the minimum block-slaughter thresholds could be met after the introduction of Feeders Contracts to facilitate the process of securing continuous monthly deliveries at the abattoir. The 2022/23 financial year was the first year that Feeders Contracts with producers who had the capacity to honour this agreement, were implemented.

BACKGROUNDING STRATEGY

Off-season throughput, as well as continuous supply of good quality cattle for slaughter, is non-negotiable for sustainable operations at Meatco. Meatco has embarked on a strategy to build up a pool of Meatco-owned cattle through the use of backgrounding farms. Cattle, mainly purchased from communal producers at permit days, are being prepared for slaughter from the veld. This strategy aims to provide Meatco with a secure supply of cattle for slaughter during periods of relative scarcity from producers.

Agro-Processing and Value Addition Review

The function of the Windhoek factory is to slaughter cattle, debone and pack meat according to client specifications.

Overview

The Department's focus was towards achieving the 2021 – 2025 Integrated Strategic Business Plan of optimising Meatco's competitiveness across the value chain as a strategic stakeholder.

The function of the Windhoek factory is to slaughter cattle, debone and pack meat cuts and offal products according to client specification for both the global and local markets.

Meat is processed into frozen or vacuumed products, depending on the clients' needs, while offal products are packed frozen or sold fresh. By-products are produced from all other raw materials.

Meatco's operations

During the reporting period, the Agro-Processing and Value Addition Department outlined six interventions that were identified as necessary to achieving efficiencies within the business unit. Our world-class processing facility is EU, BRC, USA, China, FSSC 22000 and HALAAL approved. The aim is to maximise the yield of the raw material received and to minimise waste.

The interventions were as follows:

1. Right-size capacity to be flexible within Meatco

This entails the block-slaughter mode that the abattoir implemented due to the low cattle numbers that were marketed to the abattoir for slaughter and deboning on a weekly basis.

2. Labour productivity improvement

The Agro-Processing and Value Addition Department endeavoured to align productivity at the abattoir and the deboning section, while being flexible, competent, and as successful as possible. This was achieved by providing essential services such as employee wellness to foster a healthy and productive workforce able to effectively execute their responsibilities. Succession planning was prioritised during the period under review in order to ensure continuity of execution going forward. In addition, concerted efforts were made to build capacity and competence and thereby bolster productivity. Also, employees wanting to develop their skills were encouraged to do so and were assisted with study loans, thereby deepening competency in the department.

3. Conform to quality and food safety standards

Through the Marketing, Sales, Logistics and Compliance Department, the abattoir aimed to maintain a pathogen-free environment in order to remain a highly compliant institution in terms of export protocols, while marketing our premium products into stringent international markets such as the European Union, Norway, United States of America, and the People's Republic of China, to mention a few.

4. Maximising production yields

This was achieved by occasionally extending slaughter targets and optimally utilising production inputs such as packaging material. The utilisation of correct packaging bags or boxes to avoid compromising our standards and remaining within budget were efficiency mechanisms that were implemented at the abattoir. Other actions included focusing on reducing overtime and minimising overspending on expenses, such as electricity and detergents, among others.

5. Cost management

The department managed cash flow by proactively dispatching chilled and frozen products into premium markets within the shelf life that is preferred by key customers. Stock levels were kept low by ensuring sales at the right time, thereby minimising stock rotations at the cold storage facilities.

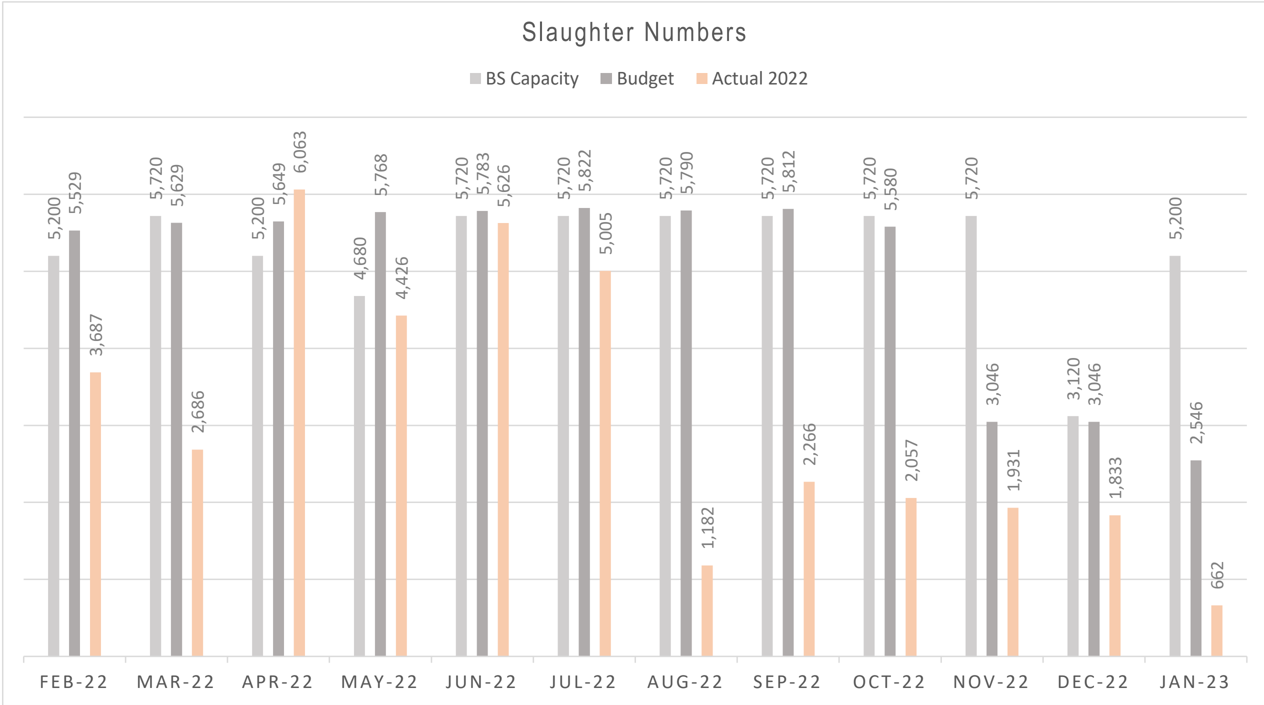
6. Ensure protocols are followed to minimise injuries

Through the Safety and Occupational Health Sections, employees had to conform to safety regulations and minimise injuries on duty, remain in good health, and ensure continuous productivity. Departmental safety inspections were done and weekly in-house training and discussions took place to ensure understanding and to foster teamwork. Safety drills and other legislation protocols where also enforced to ensure a safe environment for all employees and the public at large.

Total of 34,358 cattle were slaughtered SVCF

During the reporting year, a total of 34,358 animals were slaughtered SVCF, including private slaughtered cattle, against a slaughter budget of 60,000, which amounted to 57 per cent of the yearly budget.

The average carcass weight for the financial period 2022/23 was 259.10 kg. Capacity utilisation for the period was 26.5 per cent of the full slaughter capacity. The average live mass per animal was 474.65 kg, which presented a dressing percentage of 54.6 per cent and the average purchase price was N$60.56/kg. Cattle slaughtered for private customers for the domestic market amounted to 1,214 cattle.



Factory utilisation

Due to the non-full production days during this period, all outstanding maintenance matters were attended to by the technical division when there were no production taking place. Due to the low numbers of head of cattle for slaughter during reporting period, Meatco maintained the block slaughter operation until the end of the financial year.

Health and safety performance

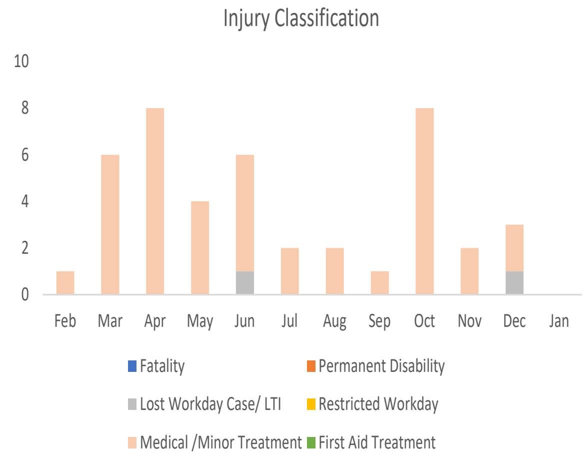
Caring for the health and safety of our people and the environment in which we work is critically important to us. At Meatco we believe this is a moral obligation rather than a duty of care and as such we aspire to go beyond compliance and strive for best practice, not only in our regulatory obligations, but in everything we do.

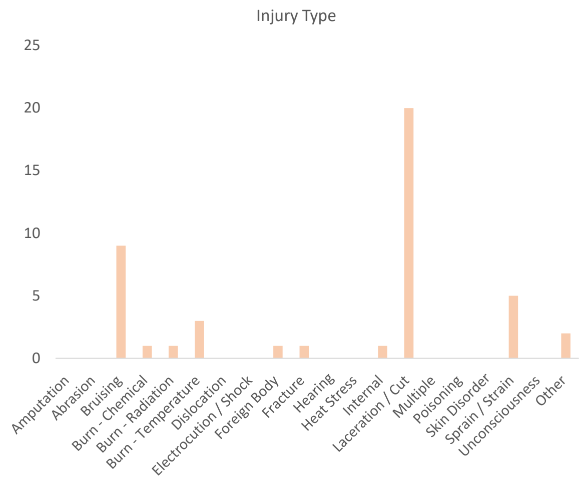
Meatco's safety performance is an important management tool which facilitates compliance and the safety of our employees. Safety performance is reviewed monthly to pick up any early warning signs and if necessary, to quickly ensure the identification of corrective action measures needed to meet organisational objectives and targets.

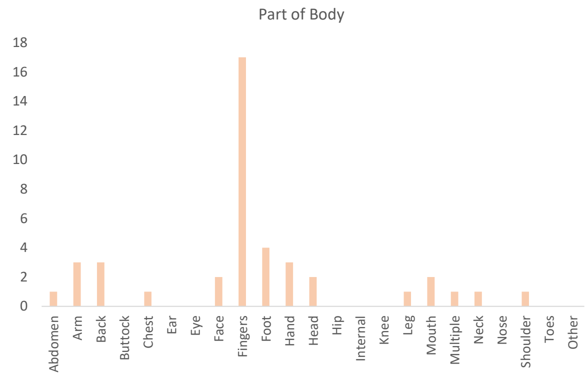
Meatco is committed to ensuring the health and safety compliance of its employees and our Health and Safety Policy expresses our commitment to upholding the health and safety of our employees in the workplace as we continue to manage and implement effective risk management protocols and the specific procedures necessary to achieve this goal.

Safety performance 2021/22

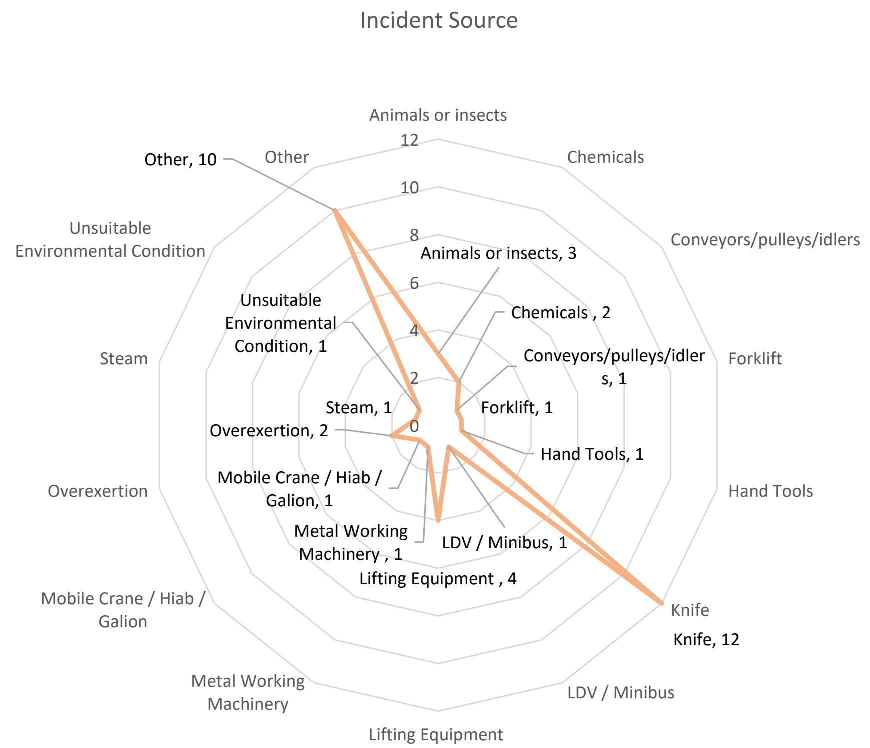
2 Lost-time injuries	**41** Minor injuries	**7** Environmental incidents
974,933 Man-hours worked	**0.41** DIFR	**574** Permanent staff compliment







Our current health and safety performance is very encouraging, as at Meatco we strive to achieve high standards of health and safety performance. This requires management's commitment to build a safety-first culture within which best practice becomes second nature. Health and safety best practice management is an integral part of improving safety on the job, and by being proactive we ensure we are taking all reasonable steps to protect our people, the public, and the environment.



Cannery (Value addition)

Production at the cannery was still on hold for the financial year 2022/23, as the economies of scale did not justify it remaining open given the below budget throughput at the abattoir. With the cannery closed, Meatco can financially concentrate on the core business of slaughtering cattle and ensure financial stability in these challenging times. The objective is to revamp the cannery once the finances have stabilised, which be driven through increased throughput.

Meatco is in the process of negotiating contract cannery activities with a potential client to ensure that we keep the brands alive and products on the shelves of retail outlets. This arrangement, once in effect, could have the potential to increase capacity when the time comes to revamp the Meatco Cannery business, thereby adding value to the 'Growth at Home' strategy of Namibia.

Wholesale (Value addition/distribution)

The Wholesale (Value Addition) unit produced 725.48 tonnes against a budget of 960 tonnes, which is 75 per cent of the yearly budget. Low slaughter numbers contributed to the decreased soup bone production, as well as to shortages of other raw materials. There are plans underway to turn the Okahandja factory into a fully-fledged value addition hub, which will ensure increased efficiencies and produce additional value-added products through vacuum packaging, portioning and pouched-packed ready-to-eat meals. These plans are expected to be implemented as soon as the organisation's financial situation has improved.

In the reporting year the Corporation was in the process of opening MeatMA outlets across the country and earmarked towns such as Walvis Bay, Katima Mulilo and Rundu.

In addition to the above, the Wholesale (Value Addition) unit implemented one new product, namely the Holiday Braaiwors, which is manufactured using the new sausage production technology, the Freddy Hirsch gel casing method.

Looking Ahead

The department plans to do both solar system and sheep abattoir feasibility studies in the coming financial year

Meatco has budgeted to slaughter 50,000 cattle in the 2023 financial year. This should be attainable due to anticipated higher cattle numbers coming to the abattoir from the second quarter of 2022/23 because of another looming drought. In such a case, a second team of fixed-term contractors will be brought in to deal with the higher cattle numbers.

Our challenge remains to be flexible and scalable, to reduce our costs and maximise our facilities, while ensuring our infrastructure is on par with the rest of the world, thus enabling us to adhere to our local and international clients' stringent specifications.

Marketing, Sales, Logistics and Compliance Review

The Marketing, Sales, Logistics and Compliance Department is striving towards corporate profitability and financial viability.

Marketing and Sales

Global market overview

The global beef prices showed strong recovery, both in the volume demanded and the prices paid. This recovery was primarily driven by successful COVID-19 vaccination campaigns in target markets, which resulted in the gradual reopening of restaurants and catering services, as well as the geo-political situation caused by the Russo-Ukrainian war.

The commencement of military operations between Russia and Ukraine and the associated sanctions against the Russian Federation resulted in steeper increases in commodity prices with several European markets reporting an energy crisis and hyperinflation. This development dominated global markets in 2023 with increases in demand and higher prices for beef.

The herd immunity reached following successful vaccination against COVID-19 resulted in more countries reducing restrictions and thus the gradual normalisation of consumption in the traditional beef markets. With the reopening of HORECA markets around the world, demand for beef increased, but so did the traditional sentiments regarding beef production such as concerns regarding its contribution to global warming, the push for more organic production, and increased labelling and sanitary requirements continue to dominate beef consumer preferences.

Global beef production in 2022 was 59 million tonnes, which was an increase of 1 million tonnes in 2021. This increased production was primarily driven by Brazil, which was responsible for 80 per cent of the global increase in production. Modest growth increases were also made by the United States of America (USA) and Argentina, with the increased production in the USA following from producers liquidating animals as a result of a lingering drought and a sharp increase in feed prices. Whilst Brazil increased its exports of beef in 2022 by 15 per cent, its full export potential was curtailed by the outbreak of BSE and the suspension of imports imposed by China.

China remained under hard lockdown until April 2022, after which beef imports exploded, with an increase of 43 per cent year-on-year in the second half of 2022. Brazil remained the biggest importer of beef into China, but significant import increases were also made by New Zealand and the United States to China.

The EU experienced reduced slaughter volumes during the summer, primarily due to lower beef prices experienced towards the middle of 2022. Across the EU, total weekly cow slaughter volumes was 229,633 head, which was an 18 per cent increase from the previous year. Ireland slaughtered 90,000 head of cattle, which represents an increase of 9.9 per cent from the previous year.

Whilst demand outstripped supply in the EU, beef prices declined toward the European summer mostly due to over-kill (slaughter) in the early part of the year, and the lack of alternative export markets for European beef. Irish beef exports to the USA dropped to 132 tonnes in May 2022, down from 735 tonnes in March 2022.

Namibian Beef Production

The Namibian cattle herd showed recovery with the total herd estimated around 1,200,000 up from 700,000 recorded in 2020. The herd south of the VCF was estimated around 800,000 cattle and 400,000 north of the VCF.

Cattle marketed increased by 2.3 per cent in 2022 compared to 2021, which resulted in 240,463 cattle being marketed. A total of 139,613 cattle were exported live to various markets, predominantly South Africa (RSA).

Namibian beef was mainly exported to EU (46 per cent), RSA (20.5 per cent), Norway (12.9 per cent) and 20.4 per cent to China and the rest of Africa.

Meatco production

Meatco generated N$865 million in revenue in 2023/24 compared to N$752.9 million in 2021/22. The international sales generated N$563.8 million.

Deboned, vacuumed, chilled and frozen cuts, as well as most of the frozen manufacturing beef, was exported to international markets.

Accordingly, the EU generated 25 per cent of total revenue, South Africa 11 per cent, Norway 27 per cent and China/Asia 11 per cent.

Notable is the strong performance of the South African market that was prioritised for offal and manufacturing beef, with modest amounts of primal and sub primal beef cuts.

Meatco received 1,200 metric tonnes or 75 per cent of the Namibian portion of the Norwegian quota and as usual, fully utilised the quota in 2022/23 with forward utilisation of circa 300 metric tonnes to ensure early cash flows and early availability of Natures Reserve in the Norwegian market.

Access to the USA market remained a challenge due to over-utilisation of the third country beef quota in this market by larger producers such as Brazil that channelled large portions to the USA due to increased production and restrictions imposed by its traditional markets.

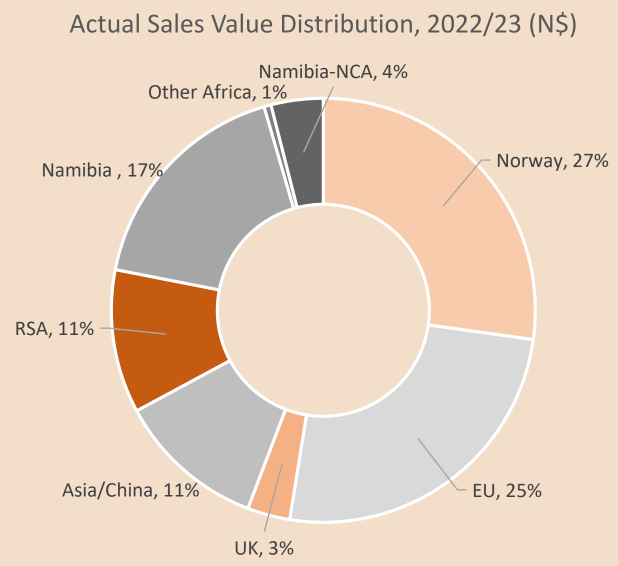
Further challenges were the low beef prices prevalent in the USA when compared to markets such as the EU and Norway, and the mismatch between Namibian beef breeds and production systems and USA demand, which is for more marbled Angus-type cattle.

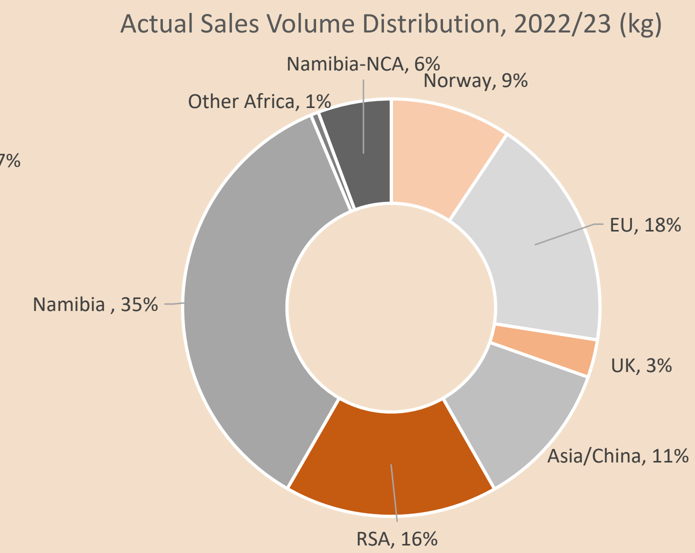
The 'Never-ever' market in the USA closed as the client moved to demand USDA approved organic beef. Namibia does not have USDA listed organic beef producers.

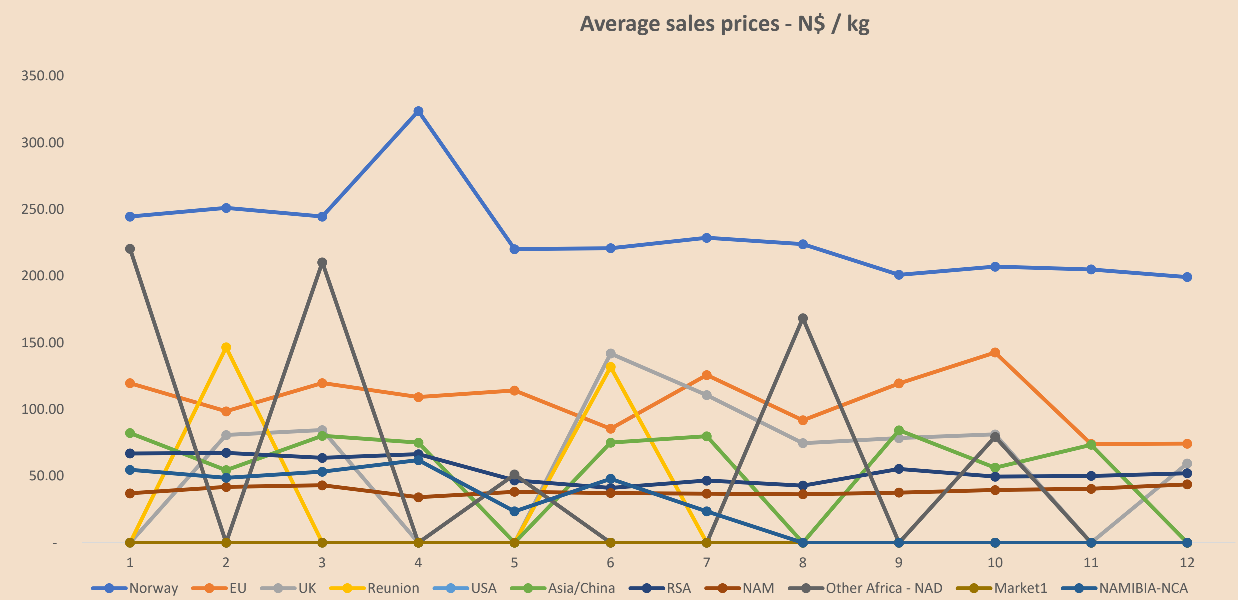
(The 'Never-ever' programme is a voluntary USDA standard programme that was established in 2009 to indicate that a meat product is hormone-, GMO-, and antibiotic-free.)

All key markets performed better than indicated by the average sales prices realised from the markets. Norwegian average sales prices increased to N$219.45/kg from N$188.89/kg in 2021/22. EU sales price increased to N$105.67/kg from N$80.08/kg; China prices increased to N$97.34/kg from N$63.01/kg in 2021; RSA sales prices increased to N$64,48/kg from N$58.45/kg and Namibian sales prices increased to N$67.82/kg from N$53.16/kg in 2021.

This increase in average sales realisation is partially attributable to the key performance indicators (road map) signed with the sales agent and the geo-political and COVID-19 situation in all markets.







Compliance

The Compliance Division focused on optimising Meatco's competitiveness across the value chain.

The division put measures in place that are in line with Government-outlined regulations, while also maintaining the standards that were required by Meatco's international trading partners.

Certification

Meatco's certification is important to ensure uninterrupted access to markets and continued assurance of quality as expected by the clients.

Food safety is a key component for product integrity and is a standard expectation from our consumers. Meatco remained committed to producing meat of the highest quality, because our access to the most lucrative markets depends on it.

Regular stringent quality control checks and the proven data showing that Meatco conforms to the highest international standards for food safety and quality are at the very heart of our business.

During the reporting year, several remote audits were conducted due to the fact that auditors could not travel because of COVID-19 travel restrictions. The FSSC 22000 (Food Safety Stem Certification) audit was successfully completed.

The abattoir and processing plant once again received an 'A'-grading from the British Retail Consortium (BRC).

Non-conformances

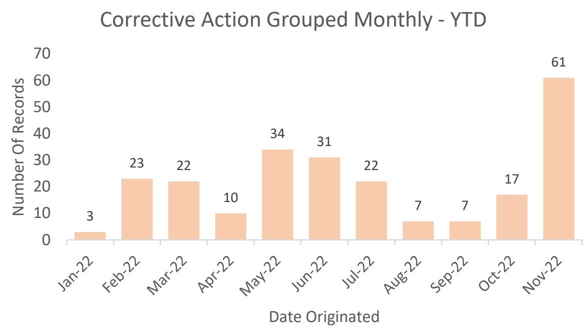
A total of 237 non-conformances were recorded with distinct increases experienced during May, June, and July, coinciding with peak production. An unusual 61 non-conformances were recorded in November 2022, which is attributable to the increased number of external audits, including the EU audit on the DVS.

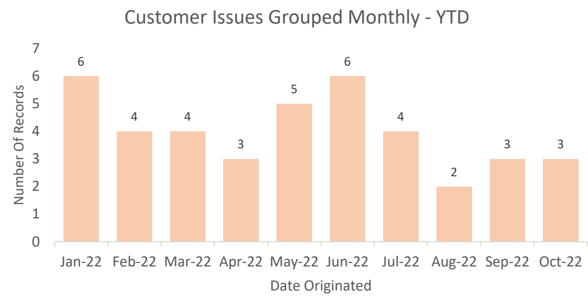
The most prevalent reason for non-conformances were positive equipment swabs, deviation from laid down procedures and positive water samples.

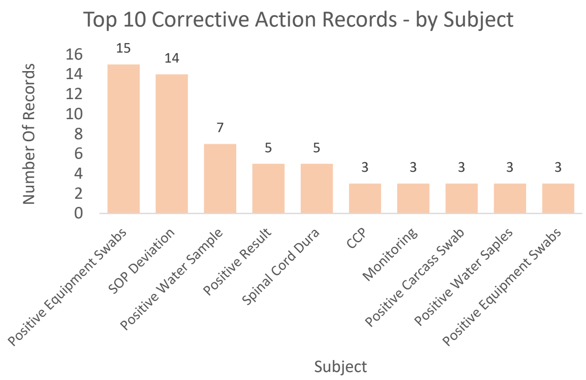
Customer complaints

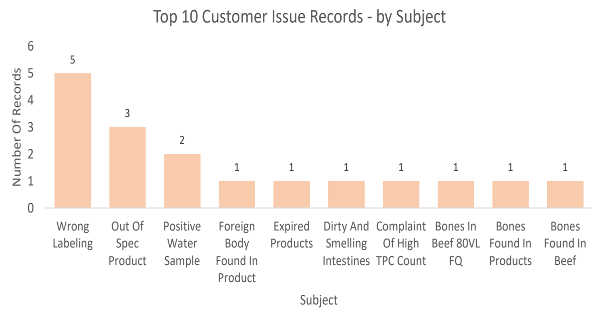
Customer complaints represent a special non-conformance event, requiring immediate action to follow up non-compliant products or sub-standard service expectations and removing these from the market. A total of 40 customer complaints were registered in 2022. These complaints also show an increase during peak production with an outlier in January 2022.

Regarding the complaints received, the most prevalent complaints related to wrong labelling of cartons and products. This continues to be an issue that called for intensified supervision with the aim of completely eliminating this anomaly during production.









ESG value at Meatco

At Meatco we continue to surprise the globe, and many continue to wonder what Namibia's best-kept secret is in accordance with why we produce the best beef. Cattle farming is a centuries-old tradition. We operate to the highest levels of product safety, reliability, hygiene and traceability.

As the globe view sustainability as the key factor for any organisation's survival, Meatco continues to embed Environmental, Social and Governance (ESG) as key components in our daily strategies. We believe in using our scale of good and in creating positive social and environmental impacts in the communities we serve.

Now more than ever, sustainability, and more so, financial sustainability, are at the forefront of our minds, rooted in every aspect of our business, from farm to fork, from our work supporting resilient farmers in harsh times such as drought by paying them the best prices and supply chains, as well as to lightening the environmental impact of our global retail footprint.

Namibia's livestock industry operates according to guidelines set by the World Organisation for Animal Health (WOAH). Regardless of location, Meatco commits to integrity and quality. It, therefore, means that all products processed through Meatco's facilities boast of flavour, tenderness, and succulence that lives long in our clients' memory.

Animal welfare is very important at Meatco. We believe that the key to the unique flavour of our beef is an emphasis of healthy and content cattle, indicating that animal welfare is indeed a priority.

All farmers registered with Meatco must be members of, and fully adhere to, the Farm-Assured Namibia Meat Scheme (FANmeat), which sets high standards of livestock husbandry with the five freedoms, the internationally recognised basis for assessing good animal welfare. All cattle are allocated unique identification ear tags so their movement can be traced, and welfare standards, feed regimes and any veterinary treatment are monitored. No hormones or growth promoting anti-biotics are allowed to be used on any cattle processed.

Cattle are delivered to Meatco by our farmers or collected by certified and registered transportation companies. Upon arrival at our processing facilities, deliveries are registered, and all cattle are inspected by our animal welfare officers.

Once in resting areas within our intake lairage, cattle are supplied food as required, and water is available consistently. Our trained staff are experts in low-stress handling and after a fixed period of rest the cattle are led into the processing facility.

> We believe in using our scale of good and in creating positive social and environmental impacts in the communities we serve.

Animal welfare

The welfare of animals delivered to the abattoir remains a critical tenet in the certification of Namibia beef for export markets. This requires vigilance from the origin to the abattoir and involves identifying all areas of injury or stress that may erode the quality of life of the animal or degrade the quality of the beef.

Alarmingly, a plethora of issues were still being recorded at the animal receiving point at the abattoir, with 186 clinically sick cattle being delivered and 294 cattle having to be returned to farm of origin (RFO) for various reasons.

During the post-mortem process, measles was present in 7 cases. This requires renewed and vigorous producer education combined with improved sanitation at farm level to eliminate animals carrying this serious zoonotic disease from those that are delivered to the abattoir.

Microbiological compliance

The level of microbiological compliance remained high within 97 per cent to 100 per cent of the Mirco Compliance Score. Of the 53 production days sampled and 88 tests conducted, a modest 8 positive test results were recorded.

Month	Clinical Cases	Emergency	Non-Ambulatory	Advance Slaughter	DOA	Dead in Pens	Gave Birth	RFO	Quality Alerts
January	5	1	3	1	1	0	2	62	2
February	2	9	1	2	0	0	0	62	1
March	177	1	1	0	0	0	0	124	3
April	1	1	3	0	1	0	0	0	0
May	1	0	0	0	0	0	0	7	0
June	1	2	1	0	0	0	3	38	2
July	1	2	1	0	1	0	0	1	0
August	0	0	0	0	1	0	0	1	0
September	1	4	4	0	0	0	1	0	1
October	1	2	2	1	1	0	0	1	1
November	0	0	0	0	1	0	0	0	0
December									
Total	186	7	10	3	4	0	5	294	8

Condition	Total Number
Measles	7
Emergency	1
Pus contamination	2
Icterus	0

This speaks volumes about high levels of hygiene maintained at the abattoir in spite of the advanced age of the abattoir infrastructure, which did not materially hamper Meatco from producing superior meat products.

Conclusion

The welfare of the animals delivered to the abattoir remains a critical tenet in the certification of Namibia beef for export to local and international markets. The Marketing, Sales, Logistics and Compliance Department continues to play an important role in the supervision of meat product production, thereby ensuring that the best quality beef is marketed in the best market possible in order to realise the highest possible returns. The department and its staff therefore seeks to remain vigilant throughout the value chain and fosters a policy of co-operation with stakeholders rather than merely identifying problems and imposing solutions for the simple reason that product quality and safety is more than the responsibility of one department, it is the responsibility of all stakeholders at Meatco..

A crucial factor in improving and maintaining quality and safety is understanding the needs of different stakeholders and maintaining open lines of communication with all stakeholders at all times.

The agency agreement with GPS will be ending in 2023. The department has extensively consulted and prepared for this eventuality in order to take over this critical function.

With droughts and market disruptions a certainty rather than a chance occurrence, the Compliance Division will continue to improve its agility and strengthen its capacity to deal with the ever-changing environments and still consistently meet the key business performance indicators.

Meeting customer and stakeholder needs and expediting delivery of the solutions combined with higher market revenues will be the drivers for the department in 2023/24.

Product Microbiological percentage compliance score calculation Deboning Products (Micro Compliance Score % = Total Number of Production Days x Total Number of MICRO Tests - Total Positive Results) *100/(Total production days*Total test)					
Month	Micro Compliance Standard (%)	Total Production Days	Total Tests	Total test positive	Micro Compliance Score (%)
Jan-22	100	5	11	0	100
Feb-22	100	9	11	0	100
Mar-22	100	8	11	0	100
Apr-22	100	10	11	3	97
May-22	100	9	11	2	97
Jun-22	100	14	11	2	99
Jul-22	100	7	11	0	100
Aug22	10	4	11	0	100
Sep-22	10	4	11	0	100
Octo-22	10	4	11	0	100
Nov-22	10	5	11	1	98
Dec-22	10				
Total	10	53	88	8	99

Namibia Meat Importers and Exporters Review

Namibia Meat Importers and Exporters was established in 1989 as a wholly-owned subsidiary of Meatco, first registered under the name of SWAVLEIS Wholesalers (Pty) Ltd.

After Namibia's independence in 1991 and in line with the now-separated statutory requirements that were governed by two independent judiciary systems, SWAVLEIS Wholesalers (Pty) Ltd changed its name to Namibia Meat Importers and Exporters (Pty) Ltd in 1992 and is registered under the Companies Act of RSA.

In line with the Meatco's vision to be a world-class meat brand, creating sustainable wealth for all Namibians, NMIE was tasked with adding down-stream value to Meatco, specifically to facilitate, operationalise, and administer the sale and distribution of Meatco's products in the lucrative South African wholesale meat market.

From our proud beginnings and association with the world-class brands that Meatco is recognised for, NMIE continues to strive for recognition of our commitment to achieving the highest standards in meat production and being a supplier of quality Halaal products, with an emphasis on the values inherited from Meatco in the sourcing and distribution of ethically sourced, hormone- and antibiotic free, high-quality beef. Our focus is on building positive and ethical long-term partnerships with our customers and our suppliers, who share the same objectives and values.

The true test of any organisation is the degree to which they can satisfy their customers' needs and contribute to a sustainable and ethical business environment, while providing a world-class service.

Aligned with Meatco's marketing, sales, and distribution strategy, NMIE is tasked with providing such support to manage a diversified market portfolio and identify opportunities that will benefit all of its stakeholders. It is also tasked to understand our clients' needs, while providing transparent and valuable insight to the global strategy of Meatco, creating a high degree of awareness, promoting business continuity, social responsibility, and therefore contributing to the long-term sustainability of the business environment.

It is all about quality and positive mutually-beneficial, long-term relationships.

In 2022/23, NMIE successfully implemented all sales and marketing functions, collaborating with clients to establish competitive pricing and transparent marketing information, so as to best service the Meatco Group and Meatco ensures the optimisation of its carcass realisation, while managing associated risk, trading in a global market, and recognising the strategic importance of the RSA market.

In 2022, Foot-and-Mouth disease (FMD) outbreaks in RSA created significant challenges in local supply and affected the RSA export status, which temporarily halted exports to the Middle East and China. The benefit to our clients was that Namibia was unaffected, and we continue to feed into their short supply with great success.

The biggest challenges that the RSA market will face in the 2023/24 financial year are broad and substantial, such as the ongoing insecurity with regard to power/electrical supply and the impact this has not only in terms of increasing production and input costs, but also with regards to maintaining the cold chain on perishable products, the value chain in further production and value adding processes. High inflation and the continuing interest rate hikes will also continue to affect and strain consumer spending and behaviour. The status of RSA's export suspension will continue to inflict downward pressure on the current industry pricing structure.

In conjunction with the continued downward pressure and continuing depreciation of the local currency, NMIE has noted a deterioration in its competitiveness and ability to maintain a competitive price against global markets. It will be crucial for the NMIE not to be self-serving in this regard and to continue operating in the best interests of the Group, while maintaining RSA's presence and access in recognising its strategic importance.

Crucial to NMIE's success will be the continued analysis of, and adapting to, market conditions and ensuring that Meatco is responsive to such changes, which would be in the best interest of the company.

Meatco NCA Review

Overview

The success of Meatco's Northern Communal Area (NCA) subsidiary continues to depend on operational efficiency and efforts to maximise market returns from the NCA market, markets south of the Veterinary Cordon Fence (SVCF), and the African markets.

The NCA market continues to be a lucrative market for most abattoir operators SVCF. Most retailers, and the hospitality operators in the NCA, acquire their meat products from the operators SVCF. This is quite often blamed on existing contracts with suppliers in the SVCF and seemingly because consistent product quality as compared to the NCA operators. However, this has not been confirmed, as most products produced by the Katima Mulilo Abattoir and the Meatco Slaughter Unit is on par with the quality of products from SVCF.

Marketing of cattle in the NCA

Market realisation in Namibia has also slightly decreased from N$52.13/kg in December 2022 to N$50.64/kg in January 2023. The slight decrease is due to reduced throughput at the Katima Mulilo Abattoir.

Prices Achieved in Different Markets, January 2023 YTD

Market	Average Price achieved/kg
Angola	N$50/kg
Ghana	N$79/kg
DRC	N$103/kg
Wholesale	N$63/kg
Local NCA	N$50/kg

There is a strategy in place which was tested in December 2022, and which will continue to increase throughput at the abattoir. This specific strategy has slightly facilitated for the recovery in the number of cattle quarantined for slaughter in January 2023. The strategy will be enhanced to ensure that more cattle are acquired through the process.

The demand for beef products has increased and it is expected that better market realisations will be achieved, moving forward. Prices in the local markets have increased substantively and were expected to be maintained during the rest of the second half of the reporting period. This situation will see an increase in market realisation. The Subsidiary also monitors the Consumer Price Index, as it has an implication on understanding the local market in Namibia.

There were efforts put in place to increase sales of products through the factory shop at the Katima Mulilo Abattoir in the reporting year. The sale of offal and bones has increased at the abattoir due to the factory shop.

Through the facilitation of the Meatco Foundation with funding from European Union (EDF 11 Fund), the NCA Abattoir Association was established, to advocate for the access of NCA products in the NCA market.

The NCA Abattoir Association has already started advocating for the establishment of the NCA beef market share promotion scheme. The development of the scheme has been delegated to the Namibia National Farmers Union and the Meat Board of Namibia.

The first consignment of beef has been dispatched from the Katima Mulilo Abattoir to the DRC, and it is expected that future consignments will be increased.

Meatco NCA, with the support of Meatco's marketing team, is engaged in the facilitation of opening up the Middle East markets.

A market of lean meat that predominantly composed of the 'C0'-cattle grade have been established in Namibia. Over 300 tonnes are required for this cyclic market.

Operations and Agro-processing

As of December 2022, the Meatco NCA loss stood at N$-13,221,374 versus a budgeted loss of N$-1,154,162 for the reporting period. For the month of January 2023, the subsidiary managed a loss of N$-1,244,000. This was due to the low numbers of cattle being slaughtered and sold during this month.

Performance against set high level KPIs as of year ending January 2023

Relatively, the Meatco NCA operations are progressively improving and expected to achieve some milestones, which will set the foundation for increased returns for the next financial year.

Business Performance for the reporting period

- As at January 2023 YTD, Meatco NCA slaughtered 3,814 cattle against a budget of 9,167. In other words, 5,353 cattle under budget.
- Meatco NCA generated a total revenue of N$60,496,508 million against the budget of N$99,560,000 million.

Katima Mulilo Abattoir continues to record a good result and monitor KPIs closely, thereby building a foundation on which expected progress can be built in for the next financial year 2023/2024.

Katima Mulilo Abattoir

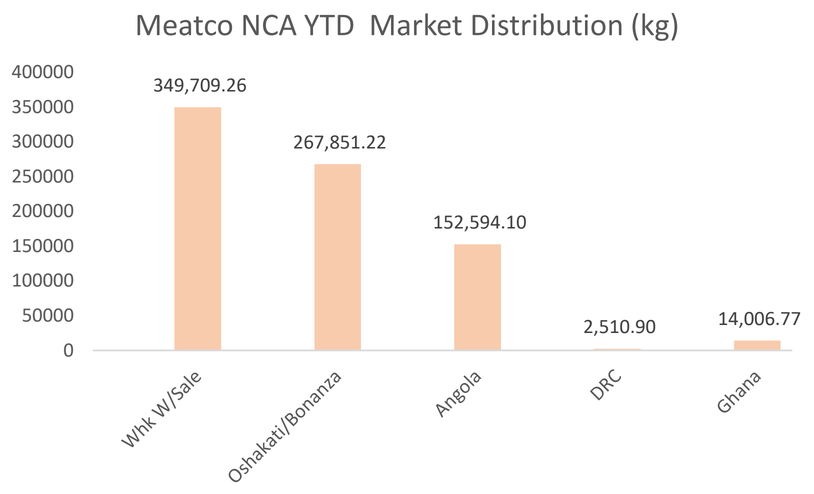
Products slaughtered at Katima Mulilo Abattoir are being marketed in the markets SVCF, Angola, Ghana, and the DRC. Sales increased in the last quarter of the reporting period, which saw an increase in the realisation of the Namibian market.

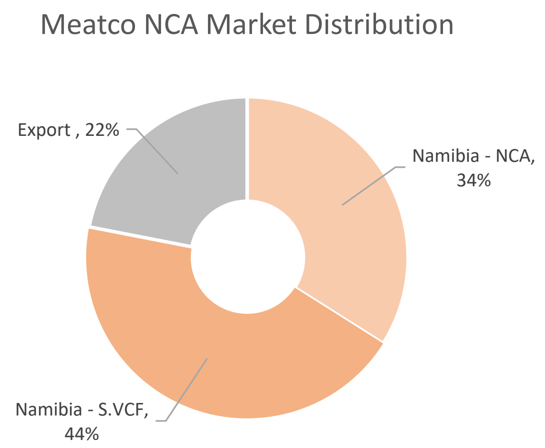
SVCF markets account for the majority of sales of products from Katima Mulilo Abattoir at 44 per cent, NCA markets account for 34 per cent, and 22 per cent were sold to the export markets.

A total of 3,048 cattle have been slaughtered at the Katima Mulilo Abattoir at January 2023 year-to-date. The low slaughter numbers were attributed to the requirement that only quarantined animals can be slaughtered. To date, only one quarantine camp is functional, and the facility needs some serious repairs to ensure that it is in a functional state.

Primal deboned cuts from new stock were marketed through markets SVCF.

During the reporting year, most cattle slaughtered at the Katima Mulilo Abattoir were 'C'-grades at 88.8 per cent, 10.2 per cent were 'B'-grades, and about 1 per cent of were 'AB'-grade animals. An average carcass weight of 208 kg was achieved, and a total of 52 per cent dressing percentage was attained. Moisture loss was maintained at 2.5 per cent.





Human Capital Review

The Human Capital Department focuses on building a high performance culture for Meatco.

Meatco's people strategy is to continue developing all its employees to enable them to contribute effectively to the strategy. The Human Capital strategy is about creating alignment around an organisation's people, processes and operating philosophies.

The Human Capital Department focuses on building a high performance culture for Meatco.
This entails the successful and consistent implementation of strategies, policies, and plans that are aligned to the overall business strategy to enable Meatco to achieve its objectives through its human capital.

Meatco values and recognises that its employees' efforts are one of the key drivers for its success.

Therefore, Meatco endeavours to:

- Attract a sustainable talent pool to create a solid talent pipeline to supply current and future employment demand;
- Manage the retention and development of talent;
- Drive a performance culture across the organisation;
- Develop the required leadership skills;
- Institute succession planning for key positions and critical skills; and
- Developing a competitive and fair compensation package for employees.

WORKFORCE PROFILE

as at 31 January 2023

Total Staff Compliment: 726 (2022: 736)

MALE		FEMALE
552	Workforce	174
36	Interns	16
254	Training	101
14	5 years	5
25	10 years	4
10	15 years	2
14	20 years	4
2	25 years	-
2	30 years	1
1	35 years	-

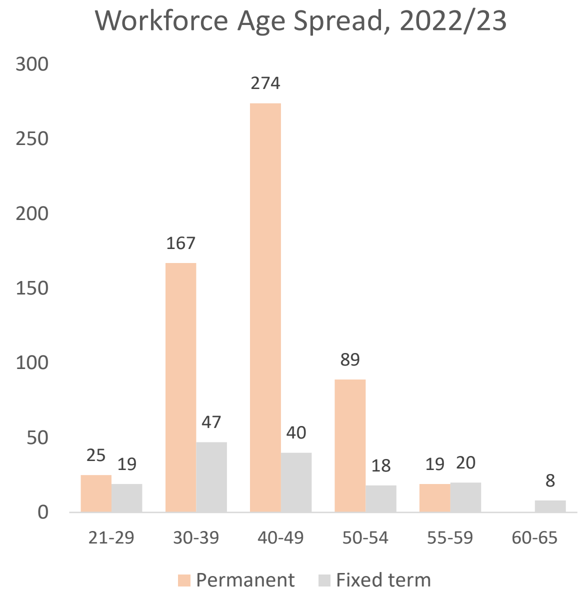
MEATCO WORKFORCE PROFILE

Meatco's staff complement stood at 726 at the end of the financial year. Total permanent staff are 574 (2022: 575), while staff employed on fixed-term contract basis totalled 152 (2022: 161).

Due to the low cattle numbers received for slaughter during the period under review, Meatco continued with the block slaughter business model, which allows the same employees to be utilised for slaughtering and deboning. This model not only reduces the headcount needed, but it helps with the multi-skilling of employees between the two equally critical processes.

This will ultimately help Meatco to manage its workforce efficiently to ensure sustainable organisational capability in pursuit of the achievement of its strategic and operational objectives.

Looking at the workforce age spread: 72 per cent of the workforce are aged between 30–49 years, 14 per cent are aged between 50-54 years, 7 per cent are aged between 55-65 years, and only 6 per cent are aged between 21-29 years.



EMPLOYEE RELATIONS

Meatco continues to maintain a sound employee relations climate free of industrial action, which can be ascribed to the excellent relationship between Meatco and the recognised exclusive bargaining agent, namely the Namibia Food and Allied Workers Union (NAFAU). The union has submitted the Wage and Condition of Employment Negotiation for 2023/2024 and discussions are still ongoing.

EMPLOYMENT EQUITY

The Meatco Affirmative Action Report for the period under review was approved and as such, Meatco continues to be an Employment Equity Compliant Employer. Meatco remains an equal opportunity employer that creates equal opportunity for the advancement for all.

The majority of Meatco's workforce are in the peak of their careers.

RECOGNITION AND REWARDS

One of the key drivers of employee engagement is recognition and rewards. A total of 84 employees received long-service awards for the period under review. Employees appreciate when their contributions are recognised and their value to their employer and colleagues is acknowledged. Recognition and rewards are some of the key drivers that reflect positive organisational values and are critical in reinforcing positive employee behaviours that help Meatco to achieve its goals. Meatco seeks to promote a culture of employee recognition where contributions and successes are regularly acknowledged and celebrated throughout all the levels of the organisation.

STAFF LEARNING AND DEVELOPMENT

For this period under review, employee training interventions were instrumental in broadening skills and providing new stimulation during challenging times, despite the training having decreased from the previous year. The majority of the training interventions offered were mandatory and were facilitated internally.

The VET Levy contribution for the period under review was N$1.4 million (2022: N$1.6 million), with N$745,475.97 (2022: N$829,658.44) eligible for re-imbursement in respect of employer training grant to be claimed from the Namibia Training Authority.

A total of 32 training interventions, with a total of 616 attendees are recorded for the period. Where an employee has attended more than one training course during the period concerned, training for that individual is indicated once, thus a total of 355 employees were trained.

INTERNSHIP/INDUSTRIAL ATTACHMENT PROGRAMME

For the period under review, 52 (2022: 35) student interns took up the opportunity to acquire practical work experience at Meatco in various departments, such as human capital, mechanical engineering, electrical engineering, plumbing, water care, microbiology, agriculture, procurement, and logistics.

INTEREST-FREE STUDY LOAN TO EMPLOYEES

As part of growing its human capital, Meatco provides its employees with an opportunity for further self-development by financing their studies in areas of study that are relevant to Meatco's operations.

For the period under review, Meatco has granted interest-free study loans to nine employees who are studying in the areas of Occupational Health and Safety, Masters' degree programmes, Logistics, Pharmacotherapy, Dispensing, Human Resources and Information Technology.

LOOKING AHEAD: FOCUS AREAS

Going forward, these are the focus areas in Meatco's Human Capital strategy:

Cost-effective Human Resources Employment

The Human Capital Department embarked on a semi-online hiring process to ensure that recruitment is done more efficiently, instead of relying only on the manual recruitment process. Plans are underway to enhance the current system by integrating an e-recruitment module. This will enable the Corporation to do timeous and effective recruitment to support the talent acquisition process.

The Human Capital Department has embarked on conducting workforce planning to ensure that Meatco's workforce is in line with the company's optimal production needs, and that employee competency remains a priority.

Revised Performance Management System

Meatco's performance management system was reviewed, and the successful performance management review cycle was conducted in 2022/23. This contributed to the cultivation of a more intensive performance culture across the Corporation. The underlining principles were:

- To align employees' individual objectives with departmental objectives and then to the overall corporate strategy;
- To translate and cascade broad organisational performance drivers into individual targets;
- To establish an appropriate performance management system, processes, and methodology relevant to the company's needs; and
- To link performance management to other Human Capital processes in order to align appropriate performance culture with reward and recognition measures. This also involves the development of training opportunities to attract, retain, and motivate employees, which also addresses poor performance management.

The performance management, as well as the learning and development policies, were reviewed and approved in December 2022 by the Executive Management team and the Board.

Remuneration and Benefits

As the Corporation depends on motivated employees to deliver its mandate, recognising and rewarding performance excellence remains a key focus area for Meatco.

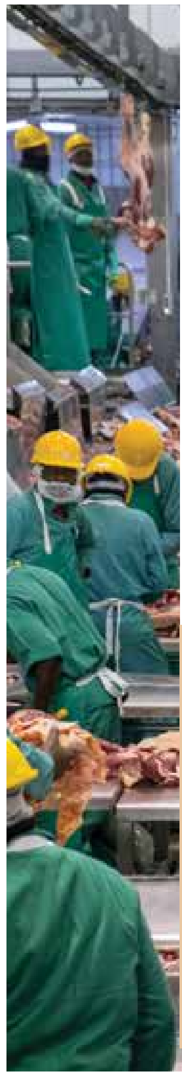
The Remuneration Policy was reviewed and approved in October 2021 by the Executive Management team and the Board, with the aim of aligning Meatco's remuneration philosophy with PEGA and benchmarking it with other state-owned enterprises.

This is geared towards ensuring that employee remuneration initiatives are on par with current market trends.

Succession Planning

As part of the efforts to bolster and manage succession planning, an advancement drive was developed and succession planning methodology has been implemented in key areas, which will ensure that Meatco has a robust succession pipeline aimed at supporting business continuity. The succession plan will:

- enable Meatco to identify and prepare the right people for the right positions in the interests of business continuity;
- reinforce competent performance, thereby ensuring that the Meatco Employment Equity Plan is provided for;
- ensure continuation of specifically identified management, leadership, and scarce critical technical competencies; and
- manage employee advancement.



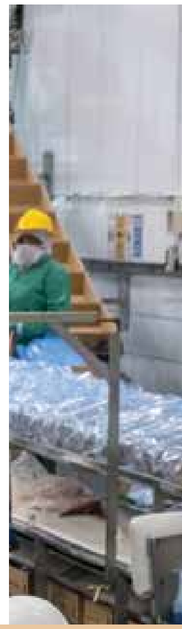
Employee Wellness

While aspects of employee effectiveness such as productivity and quality of work can be affected by several factors, the role that health, safety, and wellness play is critical in keeping employees motivated and performing at an optimal level.

As a result, and as part of the Human Capital strategy, employee wellness initiatives have been developed to ensure that a safe and healthy work and social environment is created and maintained, together with a commitment to wellness that enables employees to perform optimally, whilst meeting all health and safety legislative requirements and other beneficial wellness practices.

Employee wellness and employee engagement are closely linked. People who report high levels of wellbeing are more engaged than people with poor wellbeing. In short, employee wellbeing is a key enabler of employee engagement and organisational performance.

The initiatives undertaken included individual and group counselling, information sessions, and direct stakeholder engagement.



Stakeholder Relations and Corporate Affairs Review

During the reporting year, the Stakeholder Relations and Corporate Affairs (SRCA) Department focused on managing stakeholder relationships and enhanced effective communication with stakeholders, both internally and externally.

STAKEHOLDER ENGAGEMENT

The main purpose and mandate of SRCA Department is to maintain a positive reputation of the Meatco brand and support the strategic relationship it has with the specific key stakeholders, such as the public, current and prospective clients, investors, producers, employees, as well as other stakeholders. These engagements all contribute to a positive image of the Meatco brand and make developing credibility with employees and stakeholders possible by increasing transparency, strengthening perceived and actual value, showcasing business success, and confirming Meatco's relevance, both locally and internationally.

Market forces and events increased the demands made of the SRCA Department; for example, the fluctuation in the prices paid to producers and the little to no producer engagement meant that, in addition to all the standard information disseminated by the department, more information needed to be generated and proactively shared by the organisation.

EXTERNAL SRCA ENVIRONMENT

The Corporate Affairs Division collaborates with internal and external stakeholders to integrate overall communications content and effectively communicate company goals and messaging through various print and social media channels on a daily, weekly, and monthly basis in various formats. As a result, there is an increased need for the generation of relevant and well-constructed content.

The Stakeholder Relations Division produces innovative and attractive engagement projects to boost morale amongst strategic stakeholders externally and assists all departments with their efforts to create a positive and safe organisational culture with reference to organisational effectiveness and accountability.

Stakeholders engagements were conducted with:

- Producers (Communal, Emerging and Commercial);
- the Government of the Republic of Namibia (Office of the President, MAWLR, MPE, MoL, MTI);
- Farmers' Unions (Agrihouse NAU, LPO, NNFU, NECFU);
- Clients (EU, USA, European, Asian, Africa, China)
- Media (NBC, Kanaal 7, Cosmos, print media houses);
- Associations (Farmers Associations, NTF, NCCI, NMA, ATF, CFC);
- Tertiary Institutions (UNAM, NUST, NTA); and
- Employees (Permanent, Fixed- term Contract).

The key driver for the SRCA Department is to enhance effective communication with stakeholders, both internally and externally. Its goals are to identify and influence factors with a bearing on the business, build and maintain functional relationships with external and internal stakeholders, as well as proactively identify communication needs across our business and markets, and then to design innovative solutions.

The SRCA Department is thus focused on maintaining the positive reputation of Meatco's brands and sub-brands. The SRCA strategy is essential for:

- Innovation;
- Market/Business growth;
- Shareholder value;
- Social responsibility; and
- Customer and employee loyalty.

Meatco interacts with, is dependent on, and supports a number of key stakeholders who are in turn reliant on its activities and are impacted by them in various ways. These stakeholders include:

- Producers who supply raw materials;
- Employees who have the skills and knowledge to process raw materials into in-demand, value-added products for sale in local and international markets;
- the Government and other regulatory authorities that regulate the industry and assist in the development of, and access to, export markets through trade agreements;
- Suppliers of consumables and services; and
- Customers who purchase products from Meatco.

Our most important stakeholders are the Meatco producers — the communal, emerging, and commercial farmers who grow the quality animals needed to maintain Meatco and Namibia's meat brands. It stands to reason that most of our communication and corporate projects will be targeted at producers, while the bulk of corporate sponsorships go to the farmers' associations and organised agriculture activities.

The media is another stakeholder, ensuring Meatco's messages and communications are distributed through their platforms. Several engagements were held during the reporting year with the media.

PRODUCER FORUMS

Producer Forums are vital for enhancing the relationship between Meatco and our key producers. One of the important functions of the Livestock Procurement and Production Department is to host regular Producer Forums, where various producers engage and create open and constructive discussions with senior executive staff members from Meatco.

Producer Forums were held during the reporting year, engaging producers, contract feeders, and other producers as per their various streams.

Not many Farmers Liaison meetings took place for the year under review due to COVID-19 pandemic containment measure being in place. However, several producers were met on a regular basis.

MEATCO ENGAGEMENTS

First Consignment to Ghana

The Ministry of International Relations and Cooperation continued to enhance it economic diplomacy and create market access for Namibian products. Meatco's first consignment of beef from the Northern Communal Area arrived at Tema Port in Accra, Ghana on 29 June 2022.

Operationalising of Commodity Base Trade Protocols

On 23 June 2022, Meatco operationalised the Commodity Base Trade (CBT) protocols for meat products from the Northern Communal Area (NCA). The CBT protocols or the value-chain approach has focused on the certifiable process by which products are produced and can be exported to various markets, especially into the African Markets. In the quest to ensure marketability of the livestock, meat, and meat products from the NCA, the Directorate of Veterinary Services (DVS) developed standard operating procedures in accordance with scientifically-based OIE recommendations, to allow for the safe trade of deboned and matured beef products from the FMD protection and FMD infected zones of Namibia to countries or zones that may be declared FMD free, including the area south of the VCF in Namibia.

Meatco Board visit Katima Mulilo Abattoir

In June 2022, the Meatco Board visited Katima Mulilo Abattoir to familiarise themselves with the operations of the abattoir since its re-opening in 2021..

Trade and Promotion Investment Conference

Meatco was amongst the attendees at the Namibia-USA B2B meetings when the Namibia-USA Trade and Promotion Investment Conference was held in June 2022.

Donation to Workers Day meeting

Meatco donated meat products for the Workers Day annual meeting, 2022.

Governors Engagement meeting

An inaugural Governors Engagement meeting were held on 29 March 2022 in Otjiwarongo.

Board met with Employees

Employee Board representative and other Board members at the Board/Employee engagement meeting.

Meatco engaged with Farmers Associations

In February 2022, Meatco engaged with farmers associations such as the National Agriculture Union and Livestock Producers Organisation.

Meatco met with Ethiopian delegation

On 25 October 2022, a delegation of senior officials from the Ethiopian Ministry of Agriculture and senior experts in their industry toured Meatco's Processing Plant as well as the Okapuka Feedlot and Tannery..

Meatco participated in agriculture shows

Meatco participated in an agricultural shows/exhibition in August 2022.

Meatco met with producers

Producers' engagements in Epukiro.

Meatco met with producers

Producers' engagements in Okakarara.

Meatco Foundation Review

The Meatco Foundation implemented different corporate social investment initiatives that contributed towards improving the socio-economic conditions of rural Namibian communities that rely on livestock for their livelihoods.

During the year under review, the Meatco Foundation invested N$18,087,241 in Namibian communities, especially those living north of the Veterinary Cordon Fence (NVCF). The Foundation focused its attention on the communal areas, with the intention of enhancing the capacity of farmers living there to be able to compete in the commercial farming environment.

Overview of Foundation Projects

The main progress achieved during this reporting period includes the Livestock Marketing and Rangeland project and the EDF 11 funded project i.e., Livestock Value Chain Development and Climate Change Resilient Action in the Northern Communal Area of Namibia (LDCR-NCA).

During this reporting period the LDCR-NCA was launched in the Kavango East Region, which marked the fast-tracking of the implementation of the project.

Projects	Donor	Status
Offal business for Kavango Livestock Marketing	SSC	Completed
FAO-GCF Climate Smart Livestock and Rangeland Management Project	GCF	
Ohangwena CA, Livestock Marketing and Rangeland Project	GEF	Completed
Livestock Value Chain Development and Climate Change Resilient Action in the Northern Communal Areas of Namibia (LDCR-NCA).	EU	
Development of Farmers Training Manual Content in Specified Agriculture Enterprises for Training Purposes (Agribank Consultancy)	Agribank	

Project Implementation

Development of Farmers' Training Manual Content in Specified Agriculture Enterprises for Training Purposes (Agribank Consultancy)

The intention is to develop standard farmers' training manual content, which is aligned to the national unit standards and is inclusive of a skills assessment component. It is planned to do this in a manual/booklet format, as well as by means of a branded PowerPoint presentation, which can be used as basic reference material by trainers and trainees. The target audience for these training materials is farmers and farm labourers.

To date some of the materials completed include:

- Livestock production, including fodder production and rangeland utilisation and rehabilitation;
- Poultry production;
- Crop and horticulture production; and
- Dairy production.

These manuals await being signed off by the Agribank and thereafter the project will be closed.

.

FAO-GCF Climate Smart Livestock and Rangeland Management Project

The project is aimed at contributing to building the resilience of communities, improve livestock productivity, reduce vulnerability of livestock to drought, and contribute to the reduction of GHG emissions through improved fodder production, rangeland management practices, herd genetics, and the use of indigenous forage legumes, feed lotting, and the utilisation of bush feed.

The project will focus on replicating and up-scaling successful previous and ongoing climate change resilience interventions aimed at achieving both quick results and a paradigm shift away from traditional subsistence livestock production to climate change resilient and sustainable livestock value chain production that contributes to food security and health, thereby reducing vulnerabilities to climate change.

The project will be implemented in the Kavango East, Kunene, Omaheke, and Hardap Regions. To date the concept note has been resubmitted to the Green Climate Fund for consideration before the final proposal is developed. The FAO is the Accredited Entity through which the project is applied for and will be implemented by a consortium comprising the Namibia National Farmers Union, the Ministry of Agriculture, Water and Land Reform, the Meatco Foundation, and the Agribank.

Livestock Value Chain Development and Climate Change Resilient Action in the Northern Communal Area of Namibia (LDCR-NCA), EDF11 Funded Project

The Abattoir Association for Northern Communal Area (NCA) was established and will provide for a platform for all abattoirs in the NCA to share and coordinate ideas in terms of how to improve the management of abattoirs, provide service to farmers, and any other matters of importance related to abattoir operation. The association members are the Veterans Association who are operating the Outapi and Eenhana Abattoirs, KIAT who are operating Oshakati Abattoir, Meatco NCA and ZAMCO who are operating the Katima Mulilo Abattoir. The NNFU and Meatco will provide technical support to the Association.

The Association held its second meeting and several initiatives were discussed that will be further driven by the Association.

The Association deliberated on the issues of market access in the NCA and worked towards ensuring that the abattoirs in the NCA are priorities when Government ministries, institutions, and agencies procure meat products.

The third-party institutions to be supported in the project include ZAMCO in Zambezi Region, Kavango Livestock Marketing Cooperative, Ohangwena Livestock Marketing Cooperative, Zakumuka Livestock Marketing Cooperative, and Oshikoto Livestock Marketing Cooperative. Operational modalities are agreed and the implementation agreement has been drafted and shared with all parties before full implementation is rolled out.

All the third-party institutions have been provided with the startup capital funds required for their activities.

Kavango livestock Marketing Cooperative:

- Due to the movement restrictions in the Kavango Region, auctions could not be organised. However, the ban has since been lifted and auctions were conducted during the last week of November 2022.
- Offal sales will also resume as cattle movement can now be allowed and slaughtering at the MSU by Meatco will commence.
- The cooperative has also started diversifying their offal business and will commence with purchases of cattle, which will be a value added to maximise returns.

ZAMCO

- The initial capital was provided, start-up stock was procured, and sales are ongoing.
- Awareness campaigns have commenced to establish the specific needs of farmers and to create awareness about the products that ZAMCO will provide.

Zakumuka

- Awareness gathering efforts on their activities were conducted.
- Community meetings are conducted to establish sites for conducting Rangeland Rehydration activities.
- A site for the establishment of the small livestock marketing facility was identified and the final handover of the site by the community is expected before the end of the year.

Participation of Zakumuka at the Opuwo Trade Fair.

Rangeland Rehydration

Rangeland rehydration activities have been initiated in the Kunene Region. Professor Hugh has engaged the communities and started with the scoping exercise.

Newly-installed filters to restore a gully in the Kunene Region.

A planning session with Professor Hugh and community members.

Support the Development of Business Plans for the Best-lead Farmers

A bankable business plan for ZAMCO for the establishment of the agri-retail shop was developed and shared with ZAMCO for their comments. The consultant is currently busy testing the business plan with potential financial institutions that have interest in funding similar programmes.

ZAMCO was supported with the vehicle which was handed over in November 2022.

Mr Chilinda of ZAMCO receiving the vehicle from the Meatco Foundation.

Development of Abattoir Standard Operational Procedures (SOPs)

A team of veterinary students are reviewing the SOPs and enhancing them to comply with the required Hazard Analytical Critical Control Points (HACCP) procedures that is required for abattoir operations. The UNAM team developed the HACCP procedures required for the export abattoir. These procedures will be adopted for use in all NCA export approved abattoirs.

A HACCP team was also established for the Katima Mulilo Abattoir and was trained and awarded with attendance certificates by UNAM. Upon completion the abattoir will still be audited by UNAM in order to qualify for HACCP certification.

Search and develop Beef Product Markets for the NCA by conducting sessions on Commodity Based Trade (CBT) and the Veterinary Cordon Fence

Standard Operating Procedures (SOPs) have been formalised and training on HACAP have been conducted at the Katima Mulilo Abattoir. Thanks to the CBT's developed SOPs, to date the Katima Mulilo Abattoir have sent a total of 380 tonnes of primal beef cuts to markets south of the Veterinary Codon Fence.

The opening of international markets are at an advanced stage. A Halaal certification audit was conducted at the Katima Mulilo Abattoir that will pave the way for the export of beef to Middle East countries. The project is expected to facilitate a similar audit for the Oshakati and Rundu Abattoirs when they are operational.

Thanks to the improved HACCP system and increased compliance to CBT protocols, Meatco has started opening markets which pay better than the NCA markets. The development of these compliance procedures through the Foundation has managed to increase the sale of meat products outside the NCA. More than 60 per cent of the production from the Katima Mulilo Abattoir has been sold in markets outside the NCA, while 40 per cent was sold in markets SVCF, and 23 per cent was sold in Africa.

Establishment of Multi-purpose Crush Pen at Omuthyia

A consultant was appointed and has already commenced with the work. Required materials for the crush pen have been ordered by the contractor, and it is expected that the crush pen will be complete before end of the financial year.

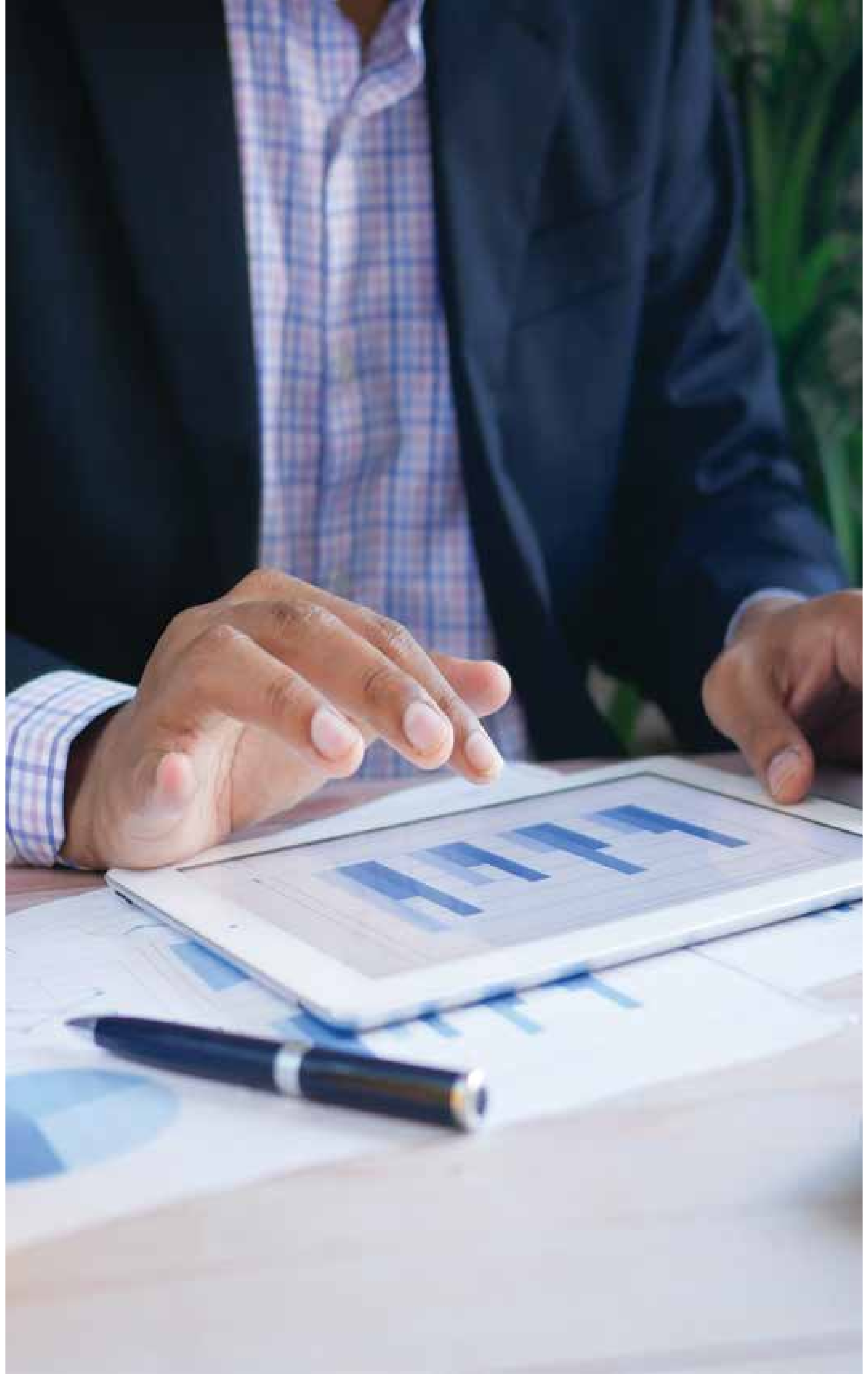
The multi-purpose crush pen at Omuthyia.

Annual Financial Statements

Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Audited Financial Statements

in compliance with the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001)



Meat Corporation of Namibia

Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Index

General Information

Country of Incorporation and Domicile	Namibia
Nature of Business and Principal Activities	Manufacturing of beef and value added beef products.
Directors	Mr. A Muremi Ms. H Mavetera Ms. M Kabuku Ms. C Garises Mr. Mulunga Mr. U Kandjii Mr. S Ndeuyema: Co-opted Mr. SK Shakumu: Co-opted Ms. N Lewis: Co-opted
Business Address	Meat Corporation of Namibia No. 1 Sheffield Street Northern Industrial Area Windhoek
Postal Address	P O Box 3881 Windhoek Namibia
Bankers	Bank Windhoek Namibia First National Bank of Namibia Standard Bank of Namibia Development Bank of Namibia Nedbank Namibia
Chartered Accountants	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Corporation Secretary	Ms. N Mhanda

Directors' Responsibilities and Approval

The directors are required in terms of the Meat Corporation of Namibia Act 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 group as end of the financial year and the results of its operations and cashflows for the period then ended, in conformity with the International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the corporation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group 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 group's cash flow forecast for the year to 31 January 2024 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the Group's external auditors and their unqualified audit report is presented on pages 106 to 108.

The consolidated and separate annual financial statements set out on pages 116 to 172 which have been prepared on the going concern basis, were approved by the directors and were signed on 16.06.2023 on their behalf by:

Mr M Mulunga

Mr. U Kandjii

Grand Namibia
Chartered Accountants & Auditors

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Meat Corporation of Namibia

Opinion

We have audited the consolidated and separate financial statements of Meat Corporation of Namibia ('the Corporation") and its subsidiaries ("the Group") set out on pages 14 to 70, which comprise the consolidated and separate statements of financial position as at 31 January 2023, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements including a summary of significant accounting policies and directors' report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group as at 31 January 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS's) and the Meat Corporation of Namibia Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the director's report, which indicates that the Meat Corporation of Namibia incurred an operating loss before tax of N$131.4 million and Group incurred an operating loss of N$117,80 million during the year ended 31 January 2023. The Group's ability to continue as a going concern and be a sustainable business depends on continuous support from the Government of the Republic of Namibia.

As stated in Note 3 of the directors' report, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Corporation's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

9 Axali Doëseb Street
PO Box 24304
Windhoek
Namibia
Tel: +264 61 228 423
+264 61 255 263/4
Fax: +264 61 227 078
info@grandnamibia.com
www.grandnamibia.com

Other information

The directors are responsible for the other information. The other information comprises the directors' responsibility and approval, which we obtained prior to the date of this auditor's report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or Corporation, or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group or the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the business's activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per R Theron
Partner
Place: Windhoek
Date: 21 June 2023

Meat Corporation of Namibia

Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Directors' Report

The directors have pleasure in presenting their report for the financial year which ended on 31 January 2023.

1. The mandate of Meat Corporation

The overall mandate of the Corporation is set out in the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) and described in more detail later in this Report. In accordance with the Meat Corporation of Namibia Act (Act 1 of 2001), the mandate of the Corporation is as follows:
• to serve, promote and co-ordinate the interests of producers of livestock in Namibia, and to strive for the stabilisation of the meat industry of Namibia in the national interest.
• to erect, rent, purchase or otherwise acquire, stabilise, optimally utilise and maintain abattoirs and other meat factories in the public interest.
• to rationalise abattoir and related factory activities, and conduct and manage such business in an orderly, economical, and efficient manner; and
• to market products within Namibia or elsewhere to the best advantage of the producers of livestock in Namibia.

Vision of Meat Corporation

Meatco's vision is to be a world-class meat brand, creating sustainable wealth for all Namibians.

Meatco's objectives

The corporate objectives of the Corporation are aligned with the mandate as set out in Section 3 of the Meat Corporation of Namibia Act, and are as follows:
• To create equal access to market.
• To take leadership in the Namibian meat industry in national interest.
• To create the infrastructure to support our drive to be a sustainable and commercially competitive business with best practice in all we do.
• To create added value for all customers through unique competencies, cost-effective and innovative processes, sound social and environmental practices.
• To promote Namibian meat brands in Namibia and selected global markets; and
• Our people play an important part in realising our objectives and we continuously work to create a culture that is conducive to productivity and development.

2. Operating results

During the financial year under review throughput of cattle supply in the areas south of the trans veterinary cordon fence decreased to 33,144 (2021/22: 35,127). The average cold dress weight increased to 259 kg (2021/22: 252 kg), resulting in actual throughput of 8,588 tonnes (2021/22: 8,845 tonnes).

Cattle supply in the areas north of the trans veterinary cordon fence increased to 3,717 (2021/22: 2,348). The average cold dressed weight slightly decreased to 208 kg (2021/22: 210 kg), resulting in actual throughput of 772 tonnes (2021/22: 489 tonnes).

The revenue for the Group increased to N$ 865 million (2021/22: N$ 752 million).

Key Performance indicators		2022/23	2021/22
Cattle supply (units)			
- SVCF	Decrease	33,144	35,127
- NVCF	Increase	3,717	2,348

Directors' Report

Average cold dress weight in kg			
- SVCF	Increase	259	252
- NVCF	Decrease	208	210
Throughout in tonnes			
- SVCF	Decrease	8,588	8,845
- NVCF	Increase	772	489
Group Revenue	Increase	N$865 million	N$752 million
Group Net Loss before tax	Decrease	N$118 million	N$205 million

Financial position

The state of the Group and Corporation's affairs is adequately accounted for in the annual financial statements and apart from the remarks stated hereunder, does not call for any further comment.

Reserves

The Corporation needs to maintain adequate facilities and services at an appropriate level to meet the standards required for a viable meat industry in Namibia. Its first priority is therefore to generate annual income sufficient to maintain the required level of operations in the short term and to provide sufficient funds to sustain its operations in the long term, while paying sustainable prices to livestock producers.

The appropriation of surpluses, derived from normal recurring business activities and after due allowance for all external and internal statutory obligations, is regulated by the financial and accounting policy directives of the Board. These directives are aimed at the utillisation of the Corporation's cash resources to serve first and foremost the main business purposes of the Corporation and to secure the accomplishment of its main objectives.

Property, plant and equipment replacement and development

The Group and Corporation continued with minor upgrading and development of assets. Major capital investments were deferred to the next financial year where operating cash flows are projected to increase. Figures of importance relative to capital projects are as follows:

Capital Projects	**2022/23**	**2021/22**
Additions for the year	10,616,171	401,378
Capital budget for the ensuing year	30,000,000	5,000,000

Investments in associates and subsidiaries

Associates

Interest in Group as at 31 January 2023 in:		**Issued share capital**	**Country of incorporation**	**Direct Interest**	**Share Investments N$**
Investments in associates					
GPS Norway AS	NOK	300	Norway	33.30%	8,353,624

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Directors' Report

Interest in Group as at 31 January 2022 in:		**Issued share capital**	**Country of incorporation**	**Direct Interest**	**Share Investments N$**
Investments in associates					
GPS Norway AS	NOK	300	Norway	33.30%	8,087,840

Associates

Interest in Corporation as at 31 January 2023 in:		**Issued share capital**	**Country of incorporation**	**Direct Interest**	**Share Investments N$**
Investments in associates					
GPS Norway AS	NOK	300	Norway	33.30%	216,791

Interest in Corporation as at 31 January 2022 in:		**Issued share capital**	**Country of incorporation**	**Direct Interest**	**Share Investments N$**
Investments in associates					
GPS Norway AS	NOK	300	Norway	33.30%	216,791

The Corporation obtained a 33.33% interest in GPS Norway AS on 19 May 2014. GPS Norway AS is a Norwegian registered company with the main objective to facilitate the importation of meat and meat products into Norway. The company is a joint venture with the main objective to facilitate the importation of meat and meat products into Norway. The company performs meat import function into Norway and thereby integrating and streamlining the upstream marketing value chain to maximise overall sales revenues returned to primary meat producers.

Subsidiaries

Interest of Corporation as 31 January 2023 in:

		Issued share capital	**Direct Interest**	**Share Investments N$**
Meat Corporation of Namibia Limited (UK)	GBP	1,250,000	100%	-
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	ZAR	100	100%	-
Namibia Cattle Procurement (Pty) Ltd (Namibia)	NAD	100	100%	11,950,506
Meat Corporation Northern Communal Areas (Pty) Ltd	NAD	100	100%	9,494
		1,250,300		**11,960,000**

Amounts from/(due) to subsidiaries		
Meat Corporation of Namibia Limited (UK)	GBP	(22,603,851)
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	ZAR	(3,890,687)
Namibia Cattle Procurement (Pty) Ltd (Namibia)	NAD	(609,594)
Meat Corporation Northern Communal Areas (Pty) Ltd	NAD	-
		(27,104,132)

Subsidiaries

Interest of Corporation as 31 January 2022 in:		Issued share capital	Direct Interest	Share Investments N$
Meat Corporation of Namibia Limited (UK)	GBP	1,250,000	100%	-
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	ZAR	100	100%	100
Namibia Cattle Procurement (Pty) Ltd (Namibia)	NAD	100	100%	11,938,871
Meat Corporation Northern Communal Areas (Pty) Ltd	NAD	100	100%	42,461,872
		1,250,300		**54,400,843**
Meat Corporation of Namibia Limited (UK)	GBP			(23,220,732)
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	ZAR			(1,363,931)
Namibia Cattle Procurement (Pty) Ltd (Namibia)	NAD			(607,591)
Meat Corporation Northern Communal Areas (Pty) Ltd	NAD			-
				(25,192,254)

The above debit loans are unsecured, have no fixed terms of repayment and are interest free.

3. Going concern

3.1 Introduction

Meatco developed an Integrated Strategic Business Plan (ISBP) 2021/22 – 2025/26 following the review of the Corporation's Strategic Plan 2019/20 – 2023/24. The 5-Year ISBP aims to connect the dots between big picture strategy elements and purpose, vision, mission, core values and strategic focus areas as well as operational activities. In this endeavor, the Company strives to build a dynamic commercial public enterprise that is competitive, profitable and sustainable in order to survive a highly volatile, uncertain, complex and ambiguous global beef industry. The competitiveness, profitability and sustainability of Meatco is highly dependent on optimum throughput, operational efficiency and efforts to maximise market returns. Therefore, the corporation is executing short, medium and long-term strategies that address liquidity and profitability as a going concern.

We draw your attention to the group financial statements, which indicates that Meat Corporation of Namibia incurred an operating loss before tax of N$131.4 million (2022: N$182.6) and Group operating loss of N$117.8 (2022: N$206.3), as of that date the Corporation's gross loss improved to a gross profit of N$20.3 million (2021: -N$5 million) and the Group's gross loss improved to a gross profit of N$23.8 million (2021: -N$2.8 million).

The ability of the group to continue as a going concern is dependent on several factors. The affirmation of The Ministry of Finance and Public Enterprises to remain committed to continuously support Meatco as a going concern. The directors must continue to devise strategies to obtain working capital funding, improve liquidity, generate positive cash flows from operations and effectively manage working capital for the continuing operations of the Group.

It is imperative that the Group implements the profitability strategies below to generate healthy margins and operational profits to continue as a going concern.

3.2 Liquidity

3.2.1 Shareholder Support

The Government of Namibia reiterated that Meatco remains a strategic and critical entity in stabilising the meat industry and contributing to the Namibian economy in general and enable market access of producers residing in the Northern Communal Areas (NCA).

Government remains committed to support Meatco to remain viable and competitive. The Ministry of Finance granted Meatco a government grant of N$86 million during the period under review and a further N$83 million for the 2024 financial year.

During the period under review, The Government of Namibia, issued a guarantee in favour of the Development Bank of Namibia to obtain funding amounting to N$200 million for the 2023 financial year. This amount is reflected under Interest Bearing Borrowings in Note 15. The Ministry of Finance secured N$200 million in the next Medium-Term Expenditure Framework (MTEF) as a government grant by repaying the said funding's capital portion to DBN. The repayments will be made semi-annually through budgetary provisions, commencing on 31 July 2023 and every sixth (6th) month thereafter while Meatco will be responsible for the interest.

An independent consultant was appointed to review Meatco's Integrated Strategic Business Plan with the view of strengthening Meatco's business model. The final report was submitted to Government for consideration.

3.3 Profitability

3.3.1 Maximizing Market Realization

For the 2024 financial year Meatco will maximize its returns and improve its revenue by focusing on the key premium markets, that is, Norway, Europe, UK, China and USA. Norway remains a strategic premium market from which Meatco derives significant revenue from the allocated quota of 1,200 tonnes for 2023.

International realisation for the period under review increased by 15% to N$121.60/kg versus prior year (2023: N$106.50/kg). Overall beef and beef product realisation excluding by products increased by 8% to N$77.50.

Meatco shall continue to pursue emerging markets in Africa to export beef from the Northern Communal areas. This will be supported by negotiating favourable payment terms with key customers to improve the cashflow for the business. Beef from the NCA is currently being sold in the south of yhe veterinary cordon fence of Namibia, Angola and the Democratic Republic of Congo, where higher returns are realised compared to the past.

Market realisation in the NCA increased from an average of N$42/kg in FY 2022 to an average of N$52/kg. For the period under review NCA Katima Mulilo sold 154 tonnes of beef to Angola at an average realisation of N$52/kg. Katima Mulilo also sold 374 tonnes of beef south of the veterinary cordon fence at an average realisation of N$62/kg.

Katima Mulilo abattoir only commenced with operations in June 2022 and managed to slaughter a total of 3 814 cattle over a 6-month period. Katima Mulilo's revenue grew from 2 million in FY22 to N$40 million in FY23 while losses reduced by 68%. With renovation work done on quarantine facilities and the ability to source cattle from the Protection zone will allow Katima Mulilo abattoir to slaughter at full capacity without stoppages and will turn Katima Mulilo Abattoir in a profitable facility.

Rundu Abattoir is expected to be handed over to Meatco by the end of June 2023. According to the Meatboard, DVS and results of the recently conducted feasibility study on creation of a NCA Zone, The Rundu abattoir will have sufficient access to the 500 small scale farmers.

The Rundu Abattoir catchment area comprises of Kavango East, Kavango West, Oshikoto, Ohangwena, Omusati, Oshana and Kunene North. About 1,738,211.00 cattle, 64% of the nation's herd. Kavango East and Kavango West have 98,144 and 160,157 livestock respectively. Annual livestock offtake in the two regions is estimated at 12%.

Rundu Abattoir will be provided with sufficient throughput to be able to services the already established local and export markets.

3.2.2 Meatco's Pricing Tactics

The increase in producer price was driven by limited supply of slaughter ready cattle and credit risk premiums demanded by producers.

For the period under review Meatco secured grants of N$86 million and a further N$83 million from Government to ensure on time payment to all producers, these funds will allow Meatco to reduce the credit risk fears and provide producers comfort to deliver cattle to Meatco. Prices will stabilise and margins will improve.

With the expiry of Meatco's Agency agreement, Meatco has full control of sales and marketing activities in all its markets. This has allowed Meatco to explore true price discovery. What has been observed over the last month is that prices offered by past and new clients exceeds both the budget and last year's average market returns.

With the increase in throughput experienced during FY24, Meatco stabilised prices for all grades of cattle. This will allow Meatco to increase capacity to slaughter more cattle and extract maximum returns from the markets. Prices are further reduced for lean cattle that, that generally receive lower prices from the market.

3.2.3 Improvement in Cash Conversion Cycle

Certain customers pay a deposit when products are shipped from Walvis Bay port and settle in full once products land at the port of destination. Meatco further engaged a few of its strategic customers to pay for products on presentation of shipping documentation. These strategies improved the average cash conversion cycle from 15 days to 7 days.

3.2.4 Feeders Contracts with Large and Small Feedlot Operators

Finishing off weaners in the feedlot to quality slaughter weight is costly. Meatco is committed to sign supply contracts with feeders. The fixed contract pricing mechanism allows Meatco to buy feedlot cattle at lower prices than what Meatco can produce through Okapuka feedlot. This will also sustain Meatco's operations during the off season from August to January by providing the minimum number of slaughter cattle to keep the abattoir in operations. This stream has the potential to deliver 23,500 cattle and reduce the number of weaners exported to South Africa annually.

3.2.5 Rental of Okapuka and Annasruh Feedlots

Meatco owns two feedlots namely Okapuka and Annasruh feedlot. At full capacity these two feedlots can provide 50 000 cattle per annum. Interest was expressed by different investors to invest in Okapuka Feedlot and Annasruh through rental agreements.

The feedlots will be let to investors solely for the operation of a feedlot, for sorting and feeding cattle, subject to the terms and conditions set in a rental agreement, and for no other purpose without the prior written consent Meatco. Meatco shall have the right of first refusal with respect to all cattle grown on the feedlots by the investors. The investor will deliver all cattle raised to slaughter weight exclusively to Meatco. Cattle will be procured at the Meatco Feeder contact price and Meatco will not incur additional costs.

3.2.6 Permanent Buying Points

Meatco will continue to work closely with the farmers' associations as agents for organising cattle marketing events at a commission. In so doing, Meatco shall establish assembling and buying points at strategic locations on the main routes in the farming areas to capture feedlot and slaughter ready cattle destined for commercial auctions.

3.2.7 Conclusion

Meatco will continue to embrace operational excellence as a value discipline, while meeting the industry standard in product leadership and customer intimacy. The focus will be on increasing quality throughput to the abattoirs both from South of the Veterinary Cordon Fence and Norther Communal Areas, exploring new markets and maximising realisation from cattle sourced from SVCF and NCA, reducing operational cost and becoming profitable and sustainable. Through operational excellence employed in its operating model, Meatco is able to improve work efficiencies, offering a more reliable product and service to its customers.

Consolidated and Seperate Statements of Financial Position

Figures in N$	Notes	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Assets					
Non-current assets					
Property, plant and equipment	4	506,235,179	514,408,808	505,285,418	497,851,971
Right-of-Use Asset	5	1,193,244	1,450,890	905,203	1,162,849
Investment in Subsidiaries	6	-	-	11,960,000	54,400,843
Investment in Associate	6	8,353,624	8,087,840	216,791	216,791
Deferred tax assets	7	236,842,409	279,226,429	236,167,892	278,364,823
Other receivables	8	-	9,105,650	-	9,105,650
Total non-current assets		**752,624,456**	**812,279,617**	**754,535,304**	**841,102,927**
Current assets					
Biological assets	10	16,211,075	4,415,217	12,456,097	3,807,141
Inventories	11	50,163,934	87,183,463	49,394,587	79,190,732
Current tax assets	12	-	1,195,317	-	-
Trade and other receivables	13	71,103,889	62,522,153	56,907,148	47,528,537
Cash and cash equivalents	14	41,680,971	9,211,837	38,197,652	1,389,216
Total current assets		**179,159,869**	**164,527,987**	**156,955,484**	**131,915,626**
Total assets		**931,784,325**	**976,807,604**	**911,490,788**	**973,018,553**
Equity and liabilities					
Equity					
Foreign currency translation reserve		777,083	821,776	-	-
Accumulated loss		(151,146,395)	(33,236,482)	(188,412,207)	(57,039,110)
Revaluation reserves		215,057,821	215,057,821	216,120,476	216,120,476
Total equity		**64,688,509**	**182,643,115**	**27,708,269**	**159,081,366**
Liabilities					
Non-current liabilities					
Deferred tax liabilities	7	109,006,409	151,203,340	109,251,762	151,448,693
Interest bearing borrowings	15	624,873,881	416,444,244	624,873,881	416,444,244
Lease liability - right of use	16	418,386	418,386	418,386	418,386
Retirement benefit obligations	17	6,449,000	5,852,000	6,094,000	5,530,000
Total non-current liabilities		**740,747,676**	**573,917,970**	**740,638,029**	**573,841,323**
Current liabilities					
Provisions	18	274,015	236,214	-	-
Trade and other payables	19	79,580,004	126,819,359	70,521,193	122,701,410
Current tax liabilities	20	670,676	684,467	-	-
Interest bearing borrowings	15	45,199,161	22,902,941	45,199,161	22,902,941
Lease liability - right of use	16	624,284	807,537	320,005	503,258
Loans from related parties	9	-	-	27,104,131	25,192,254
Bank overdraft	14	-	68,796,001	-	68,796,001
Total current liabilities		**126,348,140**	**220,246,519**	**143,144,490**	**240,095,864**
Total liabilities		**867,095,816**	**794,164,489**	**883,782,519**	**813,937,187**
Total equity and liabilities		**931,784,325**	**976,807,604**	**911,490,788**	**973,018,553**

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Consolidated and Seperate Statements of Comprehensive Income

Figures in N$	Notes	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Revenue	21	865,224,050	751,894,792	815,170,964	735,250,817
Cost of sales	22	(841,377,173)	(754,709,762)	(794,851,601)	(740,301,007)
Gross profit / (loss)		**23,846,877**	**(2,814,970)**	**20,319,363**	**(5,050,190)**
Other income	23	88,056,598	7,860,305	88,056,598	7,585,637
Administrative expenses	24	(161,671,660)	(163,126,703)	(172,149,825)	(137,569,942)
Loss from operating activities		**(49,768,185)**	**(158,081,368)**	**(63,773,864)**	**(135,034,495)**
Finance income	26	228,633	195,361	119,054	102,093
Finance costs	27	(67,829,684)	(47,666,651)	(67,718,285)	(47,621,398)
Profit / (loss) from associate	25	(445,746)	(738,365)	-	-
Loss before tax		**(117,814,982)**	**(206,291,023)**	**(131,373,095)**	**(182,553,800)**
Income tax	28	(189,633)	1,214,045	-	-
Loss for the year		**(118,004,615)**	**(205,076,978)**	**(131,373,095)**	**(182,553,800)**
Other comprehensive income net of tax					
Components of other comprehensive income that will not be reclassified to profit or loss					
Losses on revaluation		-	(73,312,518)	-	(71,749,790)
Taxation on Revaluation loss		-	23,460,006	-	22,959,933
Total other comprehensive income that will not be reclassified to profit or loss		**-**	**(49,852,512)**	**-**	**(48,789,857)**
Components of other comprehensive income that will be reclassified to profit or loss					
Gains on exchange differences on translation		1,532,900	229,570	-	-
Total other comprehensive income that will be reclassified to profit or loss		**1,532,900**	**229,570**	**-**	**-**
Total other comprehensive income net of tax		**1,532,900**	**(49,622,942)**	**-**	**(48,789,857)**
Total comprehensive income		**(116,471,715)**	**(254,699,920)**	**(131,373,095)**	**(231,343,657)**

Consolidated and Seperate Statements of Changes in Equity

Figures in N$	Revaluation surplus	Foreign currency translation reserve	Accumulated loss	Total
- Group				
Balance at 1 February 2021	264,910,333	592,206	171,840,496	437,343,035
Changes in equity				
Loss for the year	-	-	(205,076,978)	(205,076,978)
Other comprehensive income	(49,852,512)	-	-	(49,852,512)
Total comprehensive income for the year	**(49,852,512)**	**-**	**(205,076,978)**	**(254,929,490)**
Transfer from retained earnings to foreign currency translation reserve	-	229,570	-	229,570
Balance at 31 January 2022	**215,057,821**	**821,776**	**(33,236,482)**	**182,643,115**
Balance at 1 February 2022	215,057,821	821,776	(33,236,482)	182,643,115
Changes in equity				
Loss for the year	-	-	(117,909,913)	(117,909,913)
Total comprehensive income for the year	**-**	**-**	**(117,909,913)**	**(117,909,913)**
Transfer from retained earnings to foreign currency translation reserve	-	(44,693)	-	(44,693)
Balance at 31 January 2023	**215,057,821**	**777,083**	**(151,146,395)**	**64,688,509**
- Corporation				
Balance at 1 February 2021	264,910,333	-	125,514,690	390,425,023
Changes in equity				
Loss for the year	-	-	(182,553,800)	(182,553,800)
Other comprehensive income	(48,789,857)	-	-	(48,789,857)
Total comprehensive income	**(48,789,857)**	**-**	**(182,553,800)**	**(231,343,657)**
Balance at 31 January 2022	**216,120,476**	**-**	**(57,039,110)**	**159,081,366**
Balance at 1 February 2022	**216,120,476**	**-**	**(57,039,110)**	**159,081,366**
Changes in equity				
Loss for the year	-	-	(131,373,095)	(131,373,095)
Total comprehensive income	**-**	**-**	**(131,373,095)**	**(131,373,095)**
Balance at 31 January 2023	**216,120,476**	**-**	**(188,412,207)**	**27,708,269**

Consolidated and Seperate Statements of Cash Flows

Figures in N$	Notes	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Cash flows (used in) / from operations	29	**(58,006,871)**	**(48,160,256)**	**(49,431,311)**	**22,882,437**
Interest paid		(37,103,826)	(22,947,137)	(42,998,771)	(22,901,884)
Interest received		228,633	195,361	119,054	102,093
Retirement benefit obligation		43,000	(6,611,000)	43,000	(6,611,000)
Income tax credits		(6,263)	-	-	-
Net cash flows used in operating activities		**(94,845,327)**	**(77,523,032)**	**(92,268,028)**	**(6,528,354)**
Cash flows (used in) / from investing activities					
Purchase of property, plant and equipment		(10,378,253)	(3,093,513)	(9,583,594)	-
Sales of property, plant and equipment		135,747	(682,301)	135,747	(681,518)
Investment in subsidiary		-	-	-	(42,450,337)
Receipt of other receivables		7,320,312	8,868,664	7,320,312	8,868,664
Cash flows (used in) / from investing activities		**(2,922,194)**	**5,092,850**	**(2,127,535)**	**(34,263,191)**
Cash flows from financing activities					
Proceeds from borrowings		200,000,000	88,060,240	200,000,000	88,060,240
Repayments of borrowings			(24,160,412)	-	(24,160,412)
Finance lease payments		(107,882)	(357,338)	-	(357,338)
Cash flows from financing activities		**199,892,118**	**63,542,490**	**200,000,000**	**63,542,490**
Effect of exchange rate changes on cash and cash equivalents		(859,462)	(976,797)	-	-
Net increase / (decrease) in cash and cash equivalents		**101,265,135**	**(9,864,489)**	**105,604,437**	**22,750,945**
Cash and cash equivalents at beginning of the year		(59,584,164)	(49,719,675)	(67,406,785)	(90,157,730)
Cash and cash equivalents at end of the year	**14**	**41,680,971**	**(59,584,164)**	**38,197,652**	**(67,406,785)**

Accounting Policies

Corporate Information

Meat Corporation of Namibia is a body corporate established in terms of the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) domiciled in Namibia. The consolidated financial statements of the Corporation for the year ended 31 January 2023 comprises the Corporation and its subsidiaries (together referred to as the "Group").

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

These policies have been consistently applied to the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Meat Corporation of Namibia Act.

The consolidated and separate financial statements have been prepared in accordance in historical cost convention, unless otherwise stated in the accounting policies, which follow and incorporate the principal accounting policies as set out below. They are presented in Namibia Dollars, which is the group and corporation's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the corporation and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group’s interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of changes in equity.

Accounting Policies

Consolidation continued...

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the corporation.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiaries in the separate financial statements

In the corporation’s separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.3 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group’s share of net assets of the associate, less any impairment losses.

The group’s share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group’s interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group’s interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Investments in associates in the separate financial statements

In the company’s separate financial statements, investments in associates are carried at cost less any accumulated impairment losses.

Significant accounting policies continued...

1.4 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements are outlined as follows:

Calculation of net realisable value for inventory

The valuation of the net realisable value of inventory is based on the latest selling prices available which are in certain instances foreign currency denominated. The significant volatility in the exchange rates as well as volatility in the selling prices thus affects foreign currency denominated. This information used by management in determining the net realisable value.

Determination of fair value of biological assets

The fair value of livestock is based on the livestock prices per kilogram. The kilograms on hand at year-end are based on actual quantities of livestock on hand at year-end adjusting the actual weight of the livestock at date of purchase with the estimated growth while in feedlot prior to slaughter.

Residual value and remaining life of property, plant and equipment

The residual value of property, plant and equipment (excluding Land and Building) was estimated by management at 0% - 25% of cost. Based on the specialized nature of the equipment further costs to be incurred to sell it and age of the assets this seems to be reasonable. The residual value of motor vehicles was based on current trade-in values. The useful life of the property, plant and equipment varies between 5 per cent and 33.3 per cent per annum.

Calculation of the provision for profit share of Meatco owned cattle contracts

The provision for profit share is determined as the difference between the calculated livestock selling value of cattle to be slaughtered and the fair value of the cattle.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 18.

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Accounting Policies

Significant judgements and sources of estimation uncertainty continued...

Impairment of trade receivables

A provision for irrecoverable debtors was raised and management determined an estimate based on the information available

Impairment of other assets

The recoverable amounts of cash-generating units and individual assets have been determined on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions that were used may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The corporation and the group review and test the carrying value of assets when the events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of entity factors together with economic factors.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Corporation and Group recognise liabilities for anticipated tax based on estimates of taxes 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 Corporation and the Group recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Corporation and the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on the forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates the ability of the Corporation and the Group to realise the net deferred tax assets recorded at the statement of financial position date could
be impacted.

Key sources of estimation uncertainty

Trade receivables

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

Accounting Policies

Significant judgements and sources of estimation uncertainty continued...

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 18.

GATT licenses

A significant portion of Meat Corporation of Namibia (UK) Ltd ("Meatco UK") revenue relates to the sale of GATT licenses. On an annual basis, Rural Payments Agency (RPA) awards Meatco UK the license to import a certain tonnage of meat into UK/ Europe at a reduced levy. This GATT license is then sold to willing traders. When a willing trader purchases the license from Meatco UK, an internal sale order confirmation is raised and revenue is then recognised by Meatco UK. Thereafter, the actual license is then issued by Meatco UK, to be submitted together with the customer's shipping documents and cargo, in order for the imports to be cleared. From management's perspective, the risk and rewards has been passed to the customer when the internal sale order confirmation has been raised and revenue is recognised at this point.

1.5 Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market. The fair value of livestock is based on the market price of livestock of similar age, breed and genetic merit. Directly attributable costs incurred during the period of biological growth to the stage of slaughtering the biological assets are capitalised as additions to the relevant biological assets.

An entity shall recognise a biological asset when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

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 group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Accounting Policies

Property, plant and equipment continued...

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average Useful life	Residual Value
Buildings	Straight line	20 years	
Plant, vehicles, furniture and equipment	Straight line	3 - 5 years	0% - 25%

Land is not depreciated.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

The business revalues it's assets every 2 years.

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Accounting Policies

Financial instruments continued...

Financial assets which are debt instruments:

- Amortised cost; (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch, the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss);
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch, the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 3 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Loans receivable at amortised cost

Classification

Loans to related parties (note 9), are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the corporation's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the corporation becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

Accounting Policies

Financial instruments continued...

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 26).

They are subsequently measured at amortised cost.

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

• The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

• If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired

• If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The corporation recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The corporation measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the corporation compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Accounting Policies

Financial instruments continued...

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the corporation has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The corporation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase. The corporation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase risk before the amount becomes past due.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 3).

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group’s business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

Accounting Policies

Financial instruments continued...

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 13.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance (note 24).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 13) and the financial instruments and risk management note (note 3).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost.

Interest bearing borrowings and loans from related parties.

Classification

Loans from related parties (note 9) and interest bearing borrowings (note 15) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

Financial instruments continued...

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 27.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 27).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Financial instruments continued...

Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Bank overdrafts

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

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated. The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

Significant accounting policies continued...

1.8 Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.9 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).

Tax continued...

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses 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 to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

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.

1.10 Leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the corporation.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- payments of penalties for terminating the lease, if the lease term reflects the corporation exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the corporation:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases continued...

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value

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.

Meat and meat products

The cost of meat and meat product inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Packing material, consumable store and spare parts

Inventories of packing materials, consumable stores and spare parts are valued at the lower of cost or replacement value. Cost is determined using the average cost method.

1.12 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.

Ordinary shares are recognised at par value and classified as ‘share capital’ in equity. Any amounts received from the issue of shares in excess of par value is classified as ‘share premium’ in equity. Dividends are recognised as a liability in the corporation in which they are declared.

1.13 Employee benefits

Long-term benefits: Severance benefits

The accruals for statutory severance benefits are payable in the event of either death or retirement at a specified age, of an employee. This employee benefit obligation is a defined benefit plan and the cost of providing benefits under the plan is determined using the projected credit unit method.

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Accounting Policies

Employee benefits continued...

Remeasurements of the net defined benefit liability (asset) will be recognised in other comprehensive income, comprising of:
- Actuarial gains and losses;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability; and
- Any changes in the effect of the assets ceiling excluding amounts included in net interest on the net defined benefit liability.

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue from contracts with customers

The group recognises revenue from the following major sources:
- Goods sold and services rendered

Revenue from contracts with customers continued...

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, rebates and discounts and after eliminating sales within the group. The group recognises revenue when a legally enforceable contract is entered into with a customer, for which identifiable performance obligations as per contract are established and the entity has satisfied these obligations.

Revenue is measured at the determined transaction price as allocated to each performance obligation in the contract with the customer.

Goods sold and services rendered

Revenue from the sale of goods and GATT quotas is recognised in profit or loss. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires the group to apportion revenue earned from contracts to the identified performance obligations in the contract on a relative stand-alone selling price basis. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods. Revenue is recognised net of trade discounts and value added tax.

1.16 Finance income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

1.17 Dividend income

Dividend income is recognised when the group's right to receive payment has been established.

1.18 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.19 Cost of sales

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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Accounting Policies

Significant accounting policies continued...

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

1.21 Translation of foreign currencies

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Namibia Dollar which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- Foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Accounting Policies

Translation of foreign currencies continued...

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates.

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:
• assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
• income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
• all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.22 Government grant

Government grants are recognised when there is reasonable assurance that:
• The entity 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 intend to compensate.

A government grant 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.

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

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

2. New Standards and Interpretations

2.1 Standards and Interpretations not yet effective or relevant

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on and after 01 February 2023 or later periods:

	Effective date: Years beginning on or after	**Expected impact:**
• Narrow Scope ammendments to IAS 1, Practice statement 2 and IAS 8	01 January 2023	Unlikely there will be a material impact
• Ammendments to IAS 12 - Deferred tax realting to assets and liabilities arising from a single transaction	01 January 2023	Unlikely there will be a material impact
• Ammendments to IFRS 16 - Lease on sale and leaseback	01 January 2024	Unlikely there will be a material impact
• Ammendments to IAS 1 Non current liabilties with covenants	01 January 2024	Unlikely there will be a material impact
• IFRS 17 Insurance Contract	01 January 2023	Unlikely there will be a material impact

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2023

	Note(s)	Amortised cost	Total
Trade and other receivables	13	38,246,395	38,246,395
Cash and cash equivalents	14	41,680,971	41,680,971
Other receivables	8	-	-
		79,927,366	79,927,366

Group - 2022

	Note(s)	Amortised cost	Total
Trade and other receivables	13	27,839,147	27,839,147
Cash and cash equivalents	14	9,211,837	9,211,837
Other receivables	8	9,105,650	9,105,650
		46,156,634	46,156,634

Corporation - 2023

	Note(s)	Amortised cost	Total
Loans to related parties	9	-	-
Trade and other receivables	13	23,107,677	23,107,677
Cash and cash equivalents	14	38,197,652	38,197,652
		61,305,329	61,305,329

Corporation - 2022

	Note(s)	Amortised cost	Total
Loans to related parties	9	-	-
Trade and other receivables	13	14,253,279	14,253,279
Cash and cash equivalents	14	1,389,216	1,389,216
		15,642,495	15,642,495

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Financial instruments and risk management continued...

Categories of financial liabilities

Group - 2023

	Note(s)	Amortised cost	Lease	Total
Trade and other payables	19	79,580,004	-	79,580,004
Interest bearing borrowings	15	670,073,042	-	670,073,042
Bank overdraft	14	-	-	-
Lease liabilities - right of use	16	-	1,042,670	1,042,670
		749,653,046	1,042,670	750,695,716

Group - 2022

	Note(s)	Amortised cost	Lease	Total
Trade and other payables	19	126,819,359	-	126,819,359
Interest bearing borrowings	15	439,347,185	-	439,347,185
Bank overdraft	14	68,796,001	-	68,796,001
Lease liabilities - right of use	16	-	1,225,923	1,225,923
		634,962,545	1,225,923	636,188,468

Corporation - 2023

	Note(s)	Amortised cost	Lease	Total
Trade and other payables	19	70,521,193	-	70,521,193
Interest bearing borrowings	15	670,073,042	-	670,073,042
Bank overdraft	14	-	-	-
Lease liabilities - right of use	16	-	738,391	738,391
		740,594,235	738,391	741,332,626

Corporation - 2022

	Note(s)	Amortised cost	Lease	Total
Trade and other payables	19	122,701,412	-	122,701,412
Interest bearing borrowings	15	350,727,843	-	350,727,843
Bank overdraft	14	101,822,579	-	101,822,579
Lease liabilities - right of use	16	-	921,644	921,644
		575,251,834	921,644	576,173,478

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Financial instruments and risk management continued...

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure and gearing ratio of the group at the reporting date was as follows:

		Group		Corporation	
		2023	**2022**	**2023**	**2022**
	Note(s)	**N$**	**N$**	**N$**	**N$**
Interest bearing borrowings	15	670,073,042	439,347,185	670,073,043	439,347,185
Trade and other payables	19	79,580,004	126,819,359	70,521,193	122,701,412
Lease liability - right of use	16	1,042,670	1,225,923	738,391	921,644
Total borrowings		**750,695,716**	**567,392,467**	**741,332,627**	**562,970,241**
Add: Bank overdraft & less cash and cash equivalents	14	41,680,971	59,584,164	38,197,652	67,406,785
Net borrowings		**792,376,687**	**626,976,631**	**779,530,279**	**630,377,026**
Equity		64,688,509	182,643,115	27,708,269	159,081,364
Gearing ratio		1225%	343%	2813%	396%

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Financial instruments and risk management continued...

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk (currency risk, interest rate risk)

The board has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Financial instruments and risk management continued...

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans receivable, trade and other receivables, cash and cash equivalents, loan commitments and financial guarantees

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

The maximum exposure to credit risk is presented in the table below:

Group - 2023

	Note(s)	Gross carrying amount	Credit loss allowances	Amortised cost
Trade and other receivables	13	45,556,757	(7,310,362)	38,246,395
Cash and cash equivalents	14	41,680,971	-	41,680,971
Other receivables	8	-	-	-
		87,237,728	(7,310,362)	79,927,366

Group - 2022

	Note(s)	Gross carrying amount	Credit loss allowances	Amortised cost
Trade and other receivables	13	39,984,897	(12,145,750)	27,839,147
Cash and cash equivalents	14	9,211,837	-	9,211,837
Other receivables	8	9,105,650	-	9,105,650
		58,302,384	(12,145,750)	46,156,634

Corporation - 2023

	Note(s)	Gross carrying amount	Credit loss allowances	Amortised cost
Loans to related parties	9	-	-	-
Trade and other receivables	13	25,175,025	(2,067,348)	23,107,677
Cash and cash equivalents	14	38,197,652	-	38,197,652
		63,372,677	(2,067,348)	61,305,329

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Financial instruments and risk management continued...

Corporation - 2022

	Note(s)	Gross carrying amount	Credit loss allowances	Amortised cost
Loans to related parties	9	-	-	-
Trade and other receivables	13	21,121,994	(6,868,715)	14,253,279
Cash and cash equivalents	14	1,389,216	-	1,389,216
		22,511,210	(6,868,715)	15,642,495

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2023	**Note(s)**	**Less than 1 year**	**2 to 5 years**	**Over 5 years**	**Carrying Amount**
Non-current liabilities					
Interest bearing borrowings	15	-	150,813,662	519,259,381	670,073,043
Lease liability - right of use	16	-	418,386	-	418,386
Current liabilities					
Trade and other payables	19	79,580,004	-	-	79,580,004
Interest bearing borrowings	15	45,199,161	-	-	45,199,161
Lease liability - right of use	16	624,284	-	-	624,284
Bank overdraft	14	-	-	-	-
		125,403,449	**151,232,048**	**519,259,381**	**795,894,878**

Group - 2022	**Note(s)**	**Less than 1 year**	**2 to 5 years**	**Over 5 years**	**Carrying Amount**
Non-current liabilities					
Interest bearing borrowings	15	-	245,717,256	170,726,988	416,444,244
Lease liability - right of use	16	-	418,386	-	418,386
Current liabilities					
Trade and other payables	19	126,819,359	-	-	126,819,359
Interest bearing borrowings	15	22,902,941	-	-	22,902,941
Lease liability - right of use	16	807,537	-	-	807,537
Bank overdraft	14	68,796,001	-	-	68,796,001
		219,325,838	**246,135,642**	**170,726,988**	**636,188,468**

Figures in N$

Financial instruments and risk management continued...

Corporation - 2023	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Carrying Amount
Non-current liabilities					
Interest bearing borrowings	15	-	150,813,662	519,259,381	670,073,043
Lease liability - right of use	16	-	418,386	-	418,386
Current liabilities					
Trade and other payables	19	70,521,193	-	-	70,521,193
Interest bearing borrowings	15	45,199,161	-	-	45,199,161
Lease liability - right of use	16	320,005	-	-	320,005
Bank overdraft	14	-	-	-	-
		116,040,359	**151,232,048**	**519,259,381**	**786,531,788**

Corporation - 2022	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Carrying Amount
Non-current liabilities					
Interest bearing borrowings	15	-	245,717,256	170,726,988	416,444,244
Lease liability - right of use	16	-	418,386	-	418,386
Current liabilities					
Trade and other payables	19	122,701,412	-	-	122,701,412
Interest bearing borrowings	15	22,902,941	-	-	22,902,941
Lease liability - right of use	16	503,258	-	-	503,258
Bank overdraft	14	68,796,001	-	-	68,796,001
		214,903,612	**246,135,642**	**170,726,988**	**631,766,242**

Financial instruments and risk management continued...

Foreign currency risk

Exposure in Namibia Dollar

The net carrying amounts, in Namibian Dollar, of the various exposures, are denominated in the following currencies. The amounts have been presented in Namibian Dollar by converting the foreign currency amounts at the closing rate at the reporting date:

Figures in N$	Note(s)	Group 2023	Group 2022	Corporation 2023	Corporation 2022
US Dollar exposure:					
Current assets					
Trade and other receivables	13	10,780,208	1,980,753	10,780,208	1,980,753
Cash and cash equivalents	14	870,848	526,386	870,848	526,386
Non-current iabilities					
Trade and other payables	19	182,078	(324,857)	182,078	(324,857)
Net US Dollar exposure		11,833,134	2,182,282	11,833,134	2,182,282
Euro exposure:					
Current assets					
Trade and other receivables	13	29,334,892	14,085,233	29,334,892	14,085,233
Cash and cash equivalents	14	106,445	5,300,349	106,445	5,300,349
Non-current iabilities					
Trade and other payables	19	1,278,137	(633,739)	1,278,137	(633,739)
Net Euro exposure		30,719,474	18,751,843	30,719,474	18,751,843
GBP exposure:					
Current assets					
Trade and other receivables	13	11,205,482	9,622,071	-	9,622,071
Cash and cash equivalents	14	2,981,484	7,130,169	914,708	7,130,169
Non-current iabilities					
Trade and other payables	19	1,143,178	(1,190,386)	2,137,846	(1,190,386)
Amounts due to related parties	9	-	-	(22,727,035)	-
Net GBP exposure		15,330,144	15,561,854	(19,674,482)	15,561,854
Net exposure to foreign currency in Namibia Dollar		57,882,752	36,495,979	22,878,127	36,495,979

Figures in N$	Note(s)	Group 2023	Group 2022	Corporation 2023	Corporation 2022

Financial instruments and risk management continued...

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency if the above exposure was as follows:

	Note(s)				
US Dollar exposure:					
Current assets					
Trade and other receivables	13	617,777	127,206	617,777	127,206
Cash and cash equivalents	14	49,905	33,805	49,905	33,805
Non-current iabilities					
Trade and other payables	19	10,434	(20,863)	10,434	(20,863)
Net US Dollar exposure		678,117	140,148	678,117	140,148
Euro exposure:					
Current assets					
Trade and other receivables	13	1,364,490	810,694	1,364,490	810,694
Cash and cash equivalents	14	4,951	305,068	4,951	305,068
Non-current iabilities					
Trade and other payables	19	59,452	(36,476)	59,452	(36,476)
Net Euro exposure		1,428,892	1,079,286	1,428,893	1,079,286
GBP exposure:					
Current assets					
Trade and other receivables	13	592,883	460,942	-	460,942
Cash and cash equivalents	14	157,750	341,568	48,397	341,568
Non-current iabilities					
Trade and other payables	19	60,486	(57,025)	113,114	(57,025)
Amounts due to related parties	9	-	-	-	-
Net GBP exposure		811,119	745,485	161,511	745,485

Exchange rates

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Namibian Dollar per unit of foreign currency:				
US Dollar	17.45	15,57	17.45	15,57
Euro	21.50	17,37	21.50	17,37
GBP	18.90	20.87	18.90	20.87

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022

Financial instruments and risk management continued...

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group		**2023**		**2022**	
Increase or decrease in rate		**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss					
Euro	10% (2022: 10%)	10,645	(10,645)	530,034	(530,034)
GBP	10% (2022: 10%)	91,471	(91,471)	9,541	(9,541)
USD	10% (2022: 10%)	87,085	(87,085)	52,639	(52,639)
		189,201	(189,201)	592,214	(592,214)
Impact on equity					
Euro	10% (2022: 10%)	10,645	(10,645)	530,034	(530,034)
GBP	10% (2022: 10%)	91,471	(91,471)	9,541	(9,541)
USD	10% (2022: 10%)	87,085	(87,085)	52,639	(52,639)
		189,201	(189,201)	592,214	(592,214)

Corporation		**2023**		**2022**	
Increase or decrease in rate		**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss					
Euro	10% (2022: 10%)	10,645	(10,645)	530,034	(530,034)
GBP	10% (2022: 10%)	91,471	(91,471)	9,541	(9,541)
USD	10% (2022: 10%)	87,085	(87,085)	52,639	(52,639)
		189,201	(189,201)	592,214	(592,214)
Impact on equity					
Euro	10% (2022: 10%)	10,645	(10,645)	530,034	(530,034)
GBP	10% (2022: 10%)	91,471	(91,471)	9,541	(9,541)
USD	10% (2022: 10%)	87,085	(87,085)	52,639	(52,639)
		189,201	(189,201)	592,214	(592,214)

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Financial instruments and risk management continued...

Interest rate risk

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

Group		Average effective interest rate		Carrying amount	
Liabilities	**Note(s)**	**2023**	**2022**	**2023**	**2022**
Interest bearing borrowings	14	11.00%	7.50%	624,873,881	416,444,244
Lease liability - right of use	16	11.00%	7.50%	1,042,670	807,537
Bank overdraft	14	11.00%	7.50%	-	68,796,001
				625,916,551	486,047,782

Corporation					
Liabilities	**Note(s)**	**2023**	**2022**	**2023**	**2022**
Interest bearing borrowings	14	11.00%	7.50%	624,873,881	416,444,244
Lease liability - right of use	16	11.00%	7.50%	738,391	503,258
Bank overdraft	14	11.00%	7.50%	-	68,796,001
				625,612,272	485,743,503

Price risk

The group is not exposed to commodity price risk.

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022

Financial instruments and risk management continued...

Fair Value Information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Levels 3

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Recurring fair value measurements				
Assets				
Biological assets	16,211,075	4,415,217	12,456,097	3,807,141
Total	16,211,075	4,415,217	12,456,097	3,807,141

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

4. Property, plant and equipment

	2023 Cost	2023 Accumulated depreciation and impairment losses	2023 Carrying value	2022 Cost	2022 Accumulated depreciation and impairment losses	2022 Carrying value
Group						
Land and buildings	411,526,896	(29,161,836)	382,365,060	411,368,547	(29,161,836)	382,206,711
Plant, vehicle, furniture and equipment	366,561,322	(250,374,817)	116,186,505	372,455,148	(240,253,051)	132,202,097
Work in Progress	7,683,614	-	7,683,614	-	-	-
Total	785,771,832	(279,536,653)	506,235,179	783,823,695	(269,414,887)	514,408,808
Corporation						
Land and buildings	411,526,895	(29,161,836)	382,365,059	402,433,546	(28,474,108)	373,959,438
Plant, vehicle, furniture and equipment	374,530,841	(259,294,096)	115,236,745	357,167,805	(233,275,272)	123,892,533
Work in Progress	7,683,614	-	7,683,614	-	-	-
Total	786,057,736	(288,455,932)	505,285,418	759,601,351	(261,749,380)	497,851,971

Reconciliation for the year ended 31 January 2023 - Group

	Opening balance	Additions	Transfers	Disposals	Depreciation / Impairment losses	Total
Land and buildings	382,206,711	158,349	-	-	-	382,365,060
Plant, vehicle, furniture and equipment	132,202,097	2,774,209	(678,473)	-	(18,111,327)	116,186,506
Work in Progress	-	7,683,614	-	-	-	7,683,614
	514,408,807	10,616,172	(678,473)	-	(18,111,327)	506,235,179

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Property, plant and equipment continued...

Reconcilliation for the year ended 31 January 2022 - Group

	Opening balance	Additions	Revaluations	Disposals / Transfers	Depreciation	Total
Land and buildings	455,301,472	401,378	(73,312,518)	(183,621)	-	382,206,711
Plant, vehicle, furniture and equipment	142,980,352	-	-		(13,209,271)	132,202,097
	598,281,824	401,378	(73,312,518)	(183,621)	(13,209,271)	514,408,808

Reconciliation for the year ended 31 January 2023 - Corporation

	Opening balance	Additions	Transfers	Disposals	Depreciation / Impairment losses	Total
Land and buildings	373,959,438	158,349	8,247,272	-	-	382,365,059
Plant, vehicle, furniture and equipment	123,892,533	1,741,632	7,332,969	(36,165)	(17,694,224)	115,236,745
Work in Progress	-	7,683,614	-	-	-	7,683,614
	497,851,971	9,583,595	15,580,241	(36,165)	(17,694,224)	505,285,418

Reconciliation for the year ended 31 January 2022 - Corporation

	Opening balance	Additions	Revaluations	Disposals	Depreciation	Total
Land and buildings	455,225,000	401,378	(71,749,790)	(9,917,150)	-	373,959,438
Plant, vehicle, furniture and equipment	142,824,118	-		(6,678,412)	(12,253,173)	123,892,533
	598,049,118	401,378	(71,749,790)	(16,595,562)	(12,253,173)	497,851,971

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

5. Right-Of-Use Asset

Group

	2023 Cost	2023 Accumulated depreciation	2023 Carrying value	2022 Cost	2022 Accumulated depreciation	2022 Carrying value
Right-of-use asset	3,041,292	(1,848,048)	1,193,244	3,298,938	(1,848,048)	1,450,890

Corporation

	2023 Cost	2023 Accumulated depreciation	2023 Carrying value	2022 Cost	2022 Accumulated depreciation	2022 Carrying value
Right-of-use asset	2,513,218	(1,608,015)	905,203	2,770,864	(1,608,015)	1,162,849

Reconcilliation of right of use asset - Group - 2023

	Opening balance	Additions	Other changes	Depreciation	Total
Right-of-use asset	1,450,890	-	(257,646)	-	1,193,244

Reconcilliation of right of use asset - Group - 2022

	Opening balance	Additions	Other changes	Depreciation	Total
Right-of-use asset	683,287	1,534,561	(165,391)	(601,567)	1,450,890

Reconcilliation of right of use asset - Corporation - 2023

	Opening balance	Additions	Other changes	Depreciation	Total
Right-of-use asset	1,162,849	-	(257,646)	-	905,203

Reconcilliation of right of use asset - Corporation - 2022

	Opening balance	Additions	Other changes	Depreciation	Total
Right-of-use asset	517,895	1,006,487	-	(361,533)	1,162,849

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

6. Investment in Subsidiaries & associates

The following table lists the entities which are controlled directly by the corporation, and the carrying amounts of the investments in the corporation's seperate financial statements.

Corporation

	Issued share capital	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Namibia Cattle Procurement (Pty) Ltd (Namibia)	100	100%	100%	11,950,506	11,938,871
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	100	100%	100%	-	100
Meat Corporation of Namibia (UK) Limited (United Kindgom)	1,250,000	100%	100%	-	-
Meat Corporation of Northern Communal Areas (Pty) Ltd	100	100%	100%	9,494	42,461,872
				11,960,000	**54,400,843**

The % voting power is equivalent to the holding in both current and prior year.

Risks associated with interest in consolidated structured entities

Namibia Cattle Procurement (Pty) Ltd (Namibia)		-	-	(609,594)	(607,591)
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)		-	-	(3,890,687)	(1,363,931)
Meat Corporation of Namibia (UK) Limited (United Kindgom)		-	-	(22,603,851)	(23,220,732)
Meat Corporation of Northern Communal Areas (Pty) Ltd		-	-	-	-
		-	**-**	**(27,104,132)**	**(25,192,254)**

Net profit / (losses) after taxation of subsidiaries

Namibia Cattle Procurement (Pty) Ltd (Namibia)		(40,194)	(21,263)	-	-
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)		689,691	(195,940)	-	-
Meat Corporation of Namibia (UK) Limited (United Kindgom)		(4,985,241)	(4,820,889)	-	-
Meat Corporation of Northern Communal Areas (Pty) Ltd		18,423,775	(16,746,718)	-	-
		14,088,031	(21,784,810)	-	-

The above debit loans are unsecured, have no fixed terms of repayment (except Namibia Cattle Procurement (Pty) Ltd which will not be repaid within twelve months) and are interest free. The credit loans are unsecured, have no fixed terms of repayment and are interest free.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022

Investment in Subsidiaries & associates continued...

Investment in associate

The following table lists all of the associates in the group

Group

Name of company	Place of business	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023	Carrying amount 2022
GPS Norway AS	Norway	33.00%	33.00%	8,353,624	8,087,840

Corporation

Name of company	Place of business	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023	Carrying amount 2022
GPS Norway AS	Norway	33.00%	33.00%	216,791	216,791

Summarised financial information of material associates

	GPS Norway AS	
Summarised statement of Comprehensive Income	**2023 NDR**	**2022 NDR**
Revenue	129,659,673	324,279,201
Other income and expenses	(130,855,052)	(325,884,087)
Profit before tax	(1,195,379)	(1,604,886)
Tax expense	(141,858)	(610,210)
Profit (loss) after tax	(1,337,237)	(2,215,096)
Total comprehensive income	**(1,337,237)**	**(2,215,096)**
Summarised Statement of Financial Position		
Assets		
Non-current	10,686	78,960
Current	25,609,717	29,220,240
Total assets	**25,620,403**	**29,299,200**
Liabilities		
Current	11,004,753	6,726,720
Total liabilities	**11,004,753**	**6,726,720**
Total net assets	**14,615,650**	**22,572,480**

Reconcilliation of net assets to equity accounted investments in associates

	2023 NDR	**2022 NDR**
Carrying value as at 31 January	8,087,840	9,256,791
Profit / (loss) for the period	(445,746)	(738,365)
Foreign exchange differences	711,530	(430,586)
Carrying value of investmen in associate	**8,353,624**	**8,087,840**

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the group and the associate.

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
7. Deferred Tax				
Deferred tax laibility				
Capital allowances	(70,126,728)	(72,453,397)	(70,124,186)	(72,450,854)
Prepayments	(3,943,508)	(3,891,787)	(3,943,508)	(3,891,787)
Revaluation on land and buildings	(30,496,485)	(30,496,485)	(30,996,558)	(30,996,558)
Other	(4,439,688)	(44,361,671)	(4,187,510)	(44,109,494)
Total deferred tax liability	(109,006,409)	(151,203,340)	(109,251,762)	(151,448,693)
Deferred tax asset				
Provisions	5,463,955	5,211,176	5,406,493	5,153,714
Tax losses available for sett off against future taxable income	231,378,454	274,015,253	230,761,399	273,211,109
Total deferred tax asset	236,842,409	279,226,429	236,167,892	278,364,823
Total net deferred tax asset	127,836,000	128,023,089	126,916,130	126,916,130
Deferred tax liability				
Deferred taxation liability to be recovered after more than 12	(109,006,409)	(151,203,340)	(109,251,762)	(151,448,693)
Deferred taxation liability to be recovered within 12 months	-	-	-	-
	(109,006,409)	(151,203,340)	(109,251,762)	(151,448,693)
Deferred tax asset				
Deferred taxation asset to be recovered after more than 12	236,842,409	279,226,429	236,167,892	278,364,823
Deferred taxation asset to be recovered within 12 months	-	-	-	-
	236,842,409	279,226,429	236,167,892	278,364,823
Total net deferred tax asset	127,836,000	128,023,089	126,916,130	126,916,130
Reconcilliation of deferred tax asset / (liability)				
At beginning of year	128,023,089	104,133,236	126,916,130	103,849,048
Increase / (decrease) in deferred tax asset available for set off against future taxable income	2,326,669	15,648,267	2,326,668	15,650,809
Increase / (decrease) in deferred tax on capital allowances	(51,721)	10,521,009	(51,721)	10,195,769
Increase / (decrease) in deferred tax on prepayments	-	2,285,389	-	2,285,389
Increase / (decrease) in deferred tax on revaluation on land and buildings	39,921,983	16,112,827	39,921,984	15,612,754
Increase / (decrease) in deferred tax on provisions	252,779	(1,778,472)	252,779	(1,778,473)
Increase / (decrease) in deferred tax on other	(42,636,799)	(18,899,167)	(42,449,710)	(18,899,167)
	127,836,000	128,023,089	126,916,130	126,916,130

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Deferred Tax continued...				
Net deferred tax split				
Meat Corporation of Namibia				
Deferred tax asset	236,842,409	279,226,429	236,167,892	278,364,823
Deferred tax liability	(109,006,409)	(151,203,340)	(109,251,762)	(151,448,693)
Net deferred tax split	127,836,000	128,023,089	126,916,130	126,916,130
Namibia Meat Importers and Exporters (Pty) Ltd				
Deferred tax asset	671,974	861,606	-	-
Deferred tax liability	(254,700)	(254,700)	-	-
Net deferred tax split	417,274	606,906	-	-
Meat Corporation of Northern Communal Areas (Pty) Ltd				
Deferred tax asset	502,596	500,053	-	-
Net deferred tax asset total	236,839,866	279,226,429	236,167,892	278,364,823
Net deferred tax liability total	(109,003,866)	(151,203,340)	(109,251,762)	(151,448,693)
	127,836,000	128,023,089	126,916,130	126,916,130

8. Other receivables

In June 2018, the Meat Corporation of Namibia transferred its 25% shareholding in GPS Food Group (Holdings) Limited to the company. In January 2019, GPS Food Group (Holdings) Limited agreed to redeem the company's 25% shareholding; and the company and GPS have simultaneously agreed an extension of the Supply of Services Agreement between GPS and the company, for a period of 5 years from April 2018. There was no gain or loss on disposal as the disposal and acquisition values were the same. The total consideration was EUR 5,2 million, with EUR 2,6 million paid upon redemption of the shares in GPS and a further five annual installments of EUR 0,5 million, with the first installment paid in April 2019 and final installment due on April 2023.

	GBP	Exchange rate	Nam balance
2023			
Classification			
Current portion	454,039.20	21.50	9,761,843
Non-current portion	-	21.50	-
	-		-
2022			
Classification			
Current portion	350,677	20.8748	7,320,312
Non-current portion	436,203	20.8748	9,105,650
	786,880		16,425,963

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

9. Loan to related parties

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
	Group		Corporation	
Related parties				
Namibia Cattle Procurement (Pty) Ltd	-	-	(609,594)	(607,591)
Meat Corporation of Namibia (UK) Ltd	-	-	(22,603,851)	(23,220,732)
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	-	-	(3,890,687)	(1,363,931)
Meat Corporation of Northern Communal Areas (Pty) Ltd	-	-	-	-
	-	-	(27,104,132)	(25,192,254)

The loans are interest free, unsecured and repayable on demand.

Fair value of related party loans receivable

The fair value of group loans receivable approximates their carrying amounts.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

10. Biological assets

Group	2023 N$ Valuation	2023 N$ Accumulated depreciation	2023 N$ Carrying value	2022 N$ Valuation	2022 N$ Accumulated depreciation	2022 N$ Carrying value
Livestock cattle	16,211,075	-	16,211,075	4,415,217	-	4,415,217

Corporation	2023 N$ Valuation	2023 N$ Accumulated depreciation	2023 N$ Carrying value	2022 N$ Valuation	2022 N$ Accumulated depreciation	2022 N$ Carrying value
Livestock cattle	12,456,097	-	12,456,097	3,807,141	-	3,807,141

Reconcilliation of biological assets - Group - 2023

	Opening balance	Additions	Decrease due to sales	Loss due to lost cattle	Gains (losses) arising from changes in fair value	Total
Livestock cattle	4,415,217	13,769,209	(20,455,429)	-	18,482,078	16,211,075

Reconcilliation of biological assets - Group - 2022

	Opening balance	Additions	Decrease due to sales	Loss due to lost cattle	Gains (losses) arising from changes in fair value	Total
Livestock cattle	32,451,227	124,309,846	(287,190,950)	-	134,845,094	4,415,217

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

Biological assets continued...

Reconcilliation of biological assets - Corporation - 2023

	Opening balance	Additions	Decrease due to sales	Loss due to lost cattle	Gains (losses) arising from changes in fair value	Total
Livestock cattle	3,807,141	13,769,209	(20,455,429)	-	15,335,176	12,456,097

Reconcilliation of biological assets - Corporation - 2022

	Opening balance	Additions	Decrease due to sales	Loss due to lost cattle	Gains (losses) arising from changes in fair value	Total
Livestock cattle	32,451,227	124,309,846	(287,190,950)	-	134,237,018	3,807,141

	Group		Corporation	
	2023	2022	2023	2022
Non–financial information	N$	N$	N$	N$
Quantities of each biological asset				
At the beginning of the year	393	2,722	393	2,642
Increase due to acquisitions	1,335	11,370	1,335	11,530
Decrease due to sales	(623)	(13,699)	(623)	(13,779)
	1,105	**393**	**1,105**	**393**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
11. Inventories				
Meat and meat products	37,336,859	74,192,636	36,935,722	65,916,262
Packing material, consumable stores and other inventory	12,827,075	14,509,378	12,458,865	14,793,021
	50,163,934	88,702,014	49,394,587	80,709,283
Inventories (write-downs)	-	(1,518,551)	-	(1,518,551)
	50,163,934	87,183,463	49,394,587	79,190,732
Carrying value of inventories carried at fair value less costs to sell	50,163,934	87,183,463	49,394,587	79,190,732

12. Current tax receivable

The current tax receivable balance is made up as follows:

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Current tax receivable				
Current tax receivable	-	1,195,317	-	-
	-	1,195,317	-	-

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

13. Trade and other receivables

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Financial instruments:				
Trade receivables in Namibia, South Africa and Botswana	45,556,757	39,984,897	25,175,025	21,121,994
Loss allowance	(7,310,362)	(12,145,750)	(2,067,348)	(6,868,715)
Trade receivables at amortised cost	38,246,395	27,839,147	23,107,677	14,253,279
Trade receivables Europe and Norway	-	-	-	-
Deposits	-	708,668	680,824	685,618
Non-financial instruments				
Receiver of Revenue - Value Added Taxation	11,261,502	13,513,863	10,268,535	12,507,565
Prepayments and other	21,595,992	20,460,504	22,850,112	20,082,075
Total trade and other receivables	71,103,889	62,522,153	56,907,148	47,528,537

Included in receivables was an amount of N$ 15 million including interest for the 2023 year (2022: N$ 15 million), which was paid as security for the Namibia Meat Importers and Exporters (Pty) Ltd ex-employees case.

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Split between non-current and current portions				
Current assets	71,103,889	62,522,153	56,907,148	47,528,537

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
At amortised cost	38,246,395	28,547,815	23,788,501	14,938,897
Non-financial instruments	32,857,494	33,974,336	33,118,647	32,589,640
	71,103,889	62,522,153	56,907,148	47,528,537

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Opening ECL balance	(12,145,750)	(12,295,184)	(6,868,715)	(7,800,255)
Provisions (raised) reversed on settled trade receivables	4,835,388	149,434	4,801,367	931,540
Closing ECL balance	(7,310,362)	(12,145,750)	(2,067,348)	(6,868,715)

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
14. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	41,680,971	9,211,837	38,197,652	1,389,216
Bank overdraft	-	(68,796,001)	-	(68,796,001)
	41,680,971	(59,584,164)	38,197,652	(67,406,785)
Current assets	41,680,971	9,211,837	38,197,652	1,389,216
Current liabilities	-	(68,796,001)	-	(68,796,001)
	41,680,971	(59,584,164)	38,197,652	(67,406,785)

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
15. Interest bearing borrowings				
Held at amortised cost				
Secured				
Bank Windhoek Limited	-	7,977,875	-	7,977,875
Secured by the following: - 1st and 2nd CMB for N$ 64,5 million over Erf 479 & 480 Okahandja and 1st GNCB and 2nd for N$ 68,5 million over Erf 479 & 480 Okahandja Interest was payable at prime overdraft rate to prime overdraft rate +0.25% monthly in arrears.				
The loan was settled in the current year.				
Development Bank of Namibia				
Loan 1	150,813,662	147,182,568	150,813,662	147,182,568
Secured by the following: Erf 6564 Windhoek, Erf 7130 Windhoek, Farm Annasruh, No 175, Gobabis and Portion 9, Farm Otavi Pforte 798, Grootfontein, Government guarantee for N$ 250 000 000 and a Memorandum of Agreement between the Ministry of Finance and Development Bank of Namibia.				
Interest is payable at prime overdraft rate to prime overdraft rate +0.5% (7.5% - 8%) (2022: prime overdraft rate to prime overdraft rate +0.5% (10.5% - 11%)) monthly in arrears.				
Capital and interest are repayable in 30 (2022: 54) monthly installments of N$ 2,295,969 (2022: N$ 1,233,181); 42 (2021: 54) monthly installments of N$ 665,114 (2021: N$ 2,064,152) and 54 (2021: 68) monthly installments of N$ 711,954 (2021: 711,954).				
Loan 2	306,482,252	284,186,742	306,482,252	284,186,742
Secured by government guarantee. Interest is chargeable at prime overdraft rate to prime overdraft rate +2% (7.5% - 9.5%).				
Loan 3	212,777,129	-	212,777,129	-
Secured by government guarantee. Interest is chargeable at prime overdraft rate to prime overdraft rate +2% (7.5% - 9.5%).				
	670,073,043	439,347,185	670,073,043	439,347,185

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Interest bearing borrowings continued...				
Split between non-current and current portions				
Non-current liabilities	624,873,881	416,444,244	624,873,881	416,444,244
Current liabilities	45,199,161	22,902,941	45,199,161	22,902,941
	670,073,042	439,347,185	670,073,042	439,347,185

16. Lease liability - right of use

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Minimum lease payments due				
- within one year	624,284	807,537	320,005	503,258
- in second to fifth year inclusive	418,386	418,386	418,386	418,386
Less: Future finances charges	-	-	-	-
Present value of minimum lease payments	1,042,670	1,225,923	738,391	921,644
Present value of minimum lease payments due				
- within one year	624,284	807,537	320,005	503,258
- in second to fifth year inclusive	418,386	418,386	418,386	418,386
Present value of minimum lease payments	1,042,670	1,225,923	738,391	921,644

17. Retirement benefit assets and obligations

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Present value of oligation				
Present value of the defined benefit Present value of the defined benefit obligation-wholly unfunded	5,852,000	9,711,000	5,530,000	9,711,000
Service cost	637,000	880,000	616,000	858,000
Interest cost	(590,000)	1,094,000	(626,000)	732,000
Benefit payments	43,000	(6,657,000)	43,000	(6,611,000)
Actuarial loss/(gain) for the year	465,000	804,000	510,000	820,000
Past service cost	42,000	20,000	21,000	20,000
	6,449,000	5,852,000	6,094,000	5,530,000

The Corporation raised a provision for severance pay benefits payable to employees upon death, resignation or retirement. This obligation arose as a result of the revised Labour Act 11 of 2007 which was promulgated during November 2008. Severance pay is an amount equal to at least one week's remuneration for each year of continuous service with the employer.

An actuarial valuation was performed on 31 January 2023 of the company's liability in respect of the provision for severance pay.

Key assumptions used				
Discount rates used	10.20%	10.20%	10.20%	10.20%
Expected increase in salaries	6.90%	6.90%	6.90%	6.90%

Meat Corporation of Namibia
Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

18. Provisions

	N$ Opening Balances	N$ Change in estimates	N$ Utilised during the year	N$ Total
Reconciliation of provisions - Group - 2023				
Provision for profit share	-	-	-	-
Other provisions	236,214	37,801	-	274,015
	236,214	37,801	-	274,015
Reconciliation of provisions - Group - 2022				
Provision for profit share	-	-	-	-
Other provisions	213,310	149,200	(126,296)	236,214
	213,310	149,200	(126,296)	236,214

19. Trade and other payables

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Financial instruments				
Trade payables	74,173,480	126,094,311	65,114,659	122,701,412
Other payables and acruals	5,406,524	725,048	5,406,534	-
Non-financial instruments				
Receiver of Revenue - value added taxation	-	-	-	-
	79,580,004	126,819,359	70,521,193	122,701,412

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

20. Current tax

The current tax balance is made up as follows:

	Group 2023	Group 2022	Corporation 2023	Corporation 2022
Current tax receivable (payable)				
Current tax receivables (payable)	(670,676)	(684,467)	-	-
Provisions for taxation				
Opening balance	(684,467)	(664,415)	-	-
Provisions for the year	13,791	(20,052)	-	-
Provisional tax payment	-	-	-	-
	(670,676)	(684,467)	-	-

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
21. Revenue				
Revenue from customers with contracts				
Sale of goods	865,224,050	751,360,572	815,170,964	735,250,817
GATT Licences	-	534,220	-	-
	865,224,050	751,894,792	815,170,964	735,250,817
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue between GATT quotas and sales of goods as follows:				
Sale of goods	865,224,050	751,360,572	815,170,964	735,250,817
GATT Licences	-	534,220	-	-
	865,224,050	751,894,792	815,170,964	735,250,817
Timing of revenue recognition				
At a point in time				
Sale of goods	865,224,050	751,360,572	815,170,964	735,250,817
GATT Licences	-	534,220	-	-
	865,224,050	751,894,792	815,170,964	735,250,817
22. Cost of sales				
Sale of goods	817,188,264	710,293,626	779,859,677	696,945,531
Discount received	1,117,758	841,841	997,932	841,184
Manufactured goods:				
Depreciation and impairment	18,111,327	13,203,885	9,051,496	12,253,172
Manufacturing expenses	4,959,824	30,370,410	4,942,496	30,261,120
	841,377,173	754,709,762	794,851,601	740,301,007
23. Other income				
Gains (losses) on disposals, scrappings and settlements				
Property, plant and equipment	99,581	(686,936)	99,581	(681,518)
Foreign exchange gains (losses)				
Net foreign exchange gains (losses)	(2,019,062)	580,602	(2,019,062)	580,602
Government Grant				
Governement Grant	86,000,000	-	86,000,000	-
Fair value gains (losses)				
Sundry income	3,976,079	7,966,638	3,976,079	7,686,553
	88,056,598	**7,860,305**	**88,056,598**	**7,585,637**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
24. Operating loss				
Operating loss for the year is stated after charging (crediting) the following, amongst others:				
Auditor's remuneration - external				
Audit fees	2,400,821	1,925,754	2,396,221	1,912,098
Auditor's remuneration - internal	624,000	624,000	624,000	624,000
Employee costs				
Salaries, wages, bonuses and other benefits	95,803,423	106,018,581	85,642,094	89,694,433
Leases				
Operating lease charges				
Premises	82,304	70,952	75,419	70,952
Equipment	883,210	174,994	272,312	174,994
	965,514	245,946	347,731	245,946
Depreciation				
Depreciation of property, plant and equipment	18,111,327	12,607,704	9,051,496	11,891,639
Depreciation of right of use assets	-	601,567	-	361,533
Total depreciation	18,111,327	13,209,271	9,051,496	12,253,172
Less: Depreciation and amortisation included in cost of merchandise sold and inventories	(18,111,327)	(13,209,271)	(9,051,496)	(12,253,172)
	-	-	-	-
Expenses by nature				
The total cost of sales and administrative expenses are analysed by nature as follows:				
Sold inventories of meat products	831,766,585	741,505,877	785,542,459	728,047,835
Employee and adminstration costs	95,803,423	106,018,581	85,642,094	89,694,433
Operating lease charges	1,035,202	245,948	424,304	245,948
Depreciation	9,741,622	13,203,885	9,309,143	12,253,172
Impairment	8,385,560	-	8,385,560	-
Other expenses	31,649,534	36,740,285	54,551,865	27,941,276
Bank charges	1,794,552	1,672,087	1,526,986	1,494,504
Consulting and professional fees	3,633,336	3,686,743	3,633,336	3,652,891
Insurance	7,320,550	8,045,645	7,320,550	8,045,645
IT expenses	6,245,678	4,389,298	6,244,178	4,389,298
Travel	5,672,791	2,328,116	4,420,952	2,105,947
	1,003,048,833	917,836,465	967,001,426	877,870,949
25. Profit / Loss from associate				
Profit (loss) from associate	(445,746)	(738,365)	-	-

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
26. Finance income				
Finance income comprises:				
Bank and other cash	228,632	195,361	119,054	102,093
27. Finance costs				
Finance costs included in profit or loss:				
Current borrowings	67,829,684	47,583,543	67,718,285	47,554,528
IFRS 16 adjusment	-	83,108	-	66,870
Total finance costs	**67,829,684**	**47,666,651**	**67,718,285**	**47,621,398**
28. Taxation				
Major components of the tax expense				
Current tax				
Local income tax period - current period	-	(1,140,670)	-	-
Deferred tax				
Originating and reversing temporary differences	(189,633)	(73,375)	-	-
Total income tax	**(189,633)**	**(1,214,045)**	**-**	**-**
Reconcilliation of tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Effective tax rate	**32.00%**	**32.00%**	**32.00%**	**32.00%**

Meat Corporation of Namibia

Consolidated and Separate Annual Financial Statements for the year ended 31 January 2023

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
29. Cash generated/(used in) operations				
Loss before taxation	**(117,814,982)**	**(206,291,023)**	**(131,373,095)**	**(182,553,800)**
Adjustments for:				
Finance income	(228,633)	(195,361)	(119,054)	(102,093)
Finance costs	67,829,684	47,666,651	67,718,285	47,621,398
Depreciation and amortisation expense	9 710 867	13,209,271	9,309,142	12,253,172
Movements in provisions	33,000	666,904	-	-
Investments Impairment	-	-	35,017,848	-
Property, Plant and Equipment impairment	8,385,560	-	8,385,560	-
FEC recognised	5,406,524	456,432	5,406,524	456,432
Gains on disposals, scrapping and settlements of assets and liabilities	(99,581)	686,936	(99,581)	681,518
Loss (profits) from associate	445,746	738,365	-	-
Foreign exchange differences - unrealized	(1,675,450)	(929,606)	(1,675,450)	(929,606)
Movement in retirement benefit assets and liabilities	478 000	9 041 000	478,000	9,041,000
Changes in fair value of livestock	(14,830,022)	(131,962,061)	(14,830,022)	(131,962,061)
IFRS 16 adjustment	360 262	1 023 582	237,764	421,016
Changes in working capital				
Inventories and biological assets	51 706 412	144,355,038	37,796,808	152,347,773
Trade and other receivables	(12,936,401)	(4,197,504)	(11,445,957)	5 201 856
Trade and other payables	(54,777,857)	77,571,120	(57,935,298)	74,184,309
Movement in related parties	-	-	3,697,215	36,221,523
Net cash flows from operations	**(58,006,871)**	**(48,160,256)**	**(49,431,311)**	**22,882,437**
30. Tax paid				
Balance at beginning of the year	510,850	(664,415)	-	-
Current tax for the year recognised in profit or loss	-	(684,467)	-	-
	510,850	(1,348,882)	-	-

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2023	Group 2022	Corporation 2023	Corporation 2022
31. Related parties				
Relationships				
Subsidiaries		Refer to note 7		
Associates		Refer to note 7		
Related party balances				
Loans to / (from) group companies		Refer to note 13		
Amounts included in Trade receivables / (trade payables) regarding related parties				
Intercompany debtors	-	-	-	-
Related party transactions				
Purchases from (sales to) related parties				
Namibia Meat Importers and Exporters (Pty) Ltd	-	-	(130,978,677)	(49,793,176)
Namibia Meat Importers and Exporters (Pty) Ltd			-	8,042,746
Namibia Cattle Procument (Pty) Ltd	-	-	-	-
GPS Norway AS	-	-	(133,097,762)	(133,097,762)
Commission paid to (received from) related parties				
Meat Corporation of Namibia (UK)	-	-	(7,331,357)	(6,714,735)
Compensation to directors and other key management				
Short-term employee benefits	1,884,802	1,771,231	1,709,572	1,713,876
32. Directors emoluments				
Non-executive				
Services as a director	1,884,802	1,771,231	1,709,572	1,713,876

Notes

1 Sheffield Road
Northern Industrial Area
Windhoek
Website: www.meatco.com.na

Meatco Annual Report 2022/23