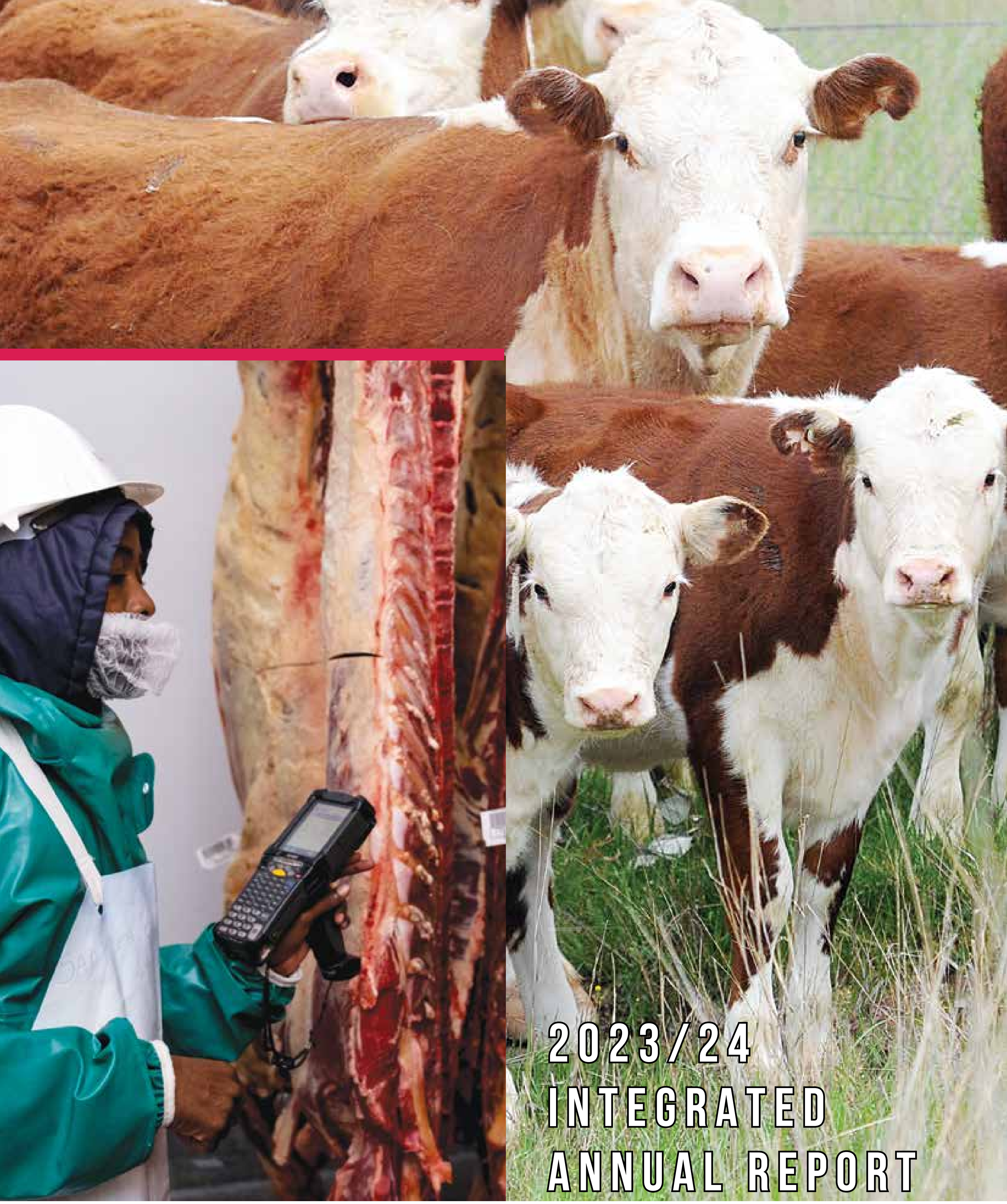

2023/24 INTEGRATED ANNUAL REPORT

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MEATCO Namibia

2023/24 INTEGRATED ANNUAL REPORT

ABOUT THIS REPORT

This annual report, covering the financial period from 1 February 2023 to 31 January 2024, contains essential information about 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 when a need for greater detail arises.

The Annual Financial Statements, as presented in Meatco's Annual Report for 2023/24, were approved by the Board of Directors on 06 November 2024.

CONTENTS

ABOUT MEATCO

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.

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 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 a 33.3 per cent stake 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

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

Our Windhoek Abattoir is compliant with the British Retail Consortium Global Standards (BRC) and the FSSC 22000 (Food Safety System Certification), which sets out the requirements for a food safety management system, and also includes Hazard Analysis and Critical Control Points (HACCP) 1033:2007.

"MEATCO ACTS AS A VALUE-ADDING AND MARKETING ENTITY, PASSING THE VALUE GAINED FROM VARIOUS MARKETS BACK TO ITS PRODUCERS THROUGH THE PRODUCER PRICE PAID FOR CATTLE."

The Minister of Finance and Public Enterprises appointed a Interim Board of Directors, effective 01 September 2023 for a period of six months, which has been extended for two months at a time, with the latest extension going up to 31 August 2024. The Minister has appointed a Substantive Board which resumed their responsibilities as at 01 September 2024.

The objective of the Interim Board was to develop a Turn-Around Plan to ensure Meatco gets onto a positive and sustainable financial and operational trajectory. This plan has been developed and approved by the Board and the Shareholder. The key focus of the plan is on market development, livestock throughput, financial sustainability and operational efficiencies.

The main achievements of the Interim Board was as follows:

- the development of the Turn-Around Plan;
- initiation of the implementation of the Turn-Around Plan and monitoring at Board level;
- development and implementation of a performance scorecard for the Chief Executive Officer, with cascading requirements/effect to lower levels of the Corporation;
- the development and kick-starting of a stakeholder engagement strategy with the Shareholder, employees, regulators, producers, financiers, amongst others; and
- recording the first signs of a financial improvement in the performance of Meatco.

MESSAGE FROM THE CHAIRPERSON

The Interim Board faced several challenges. Firstly, we had to quickly understand a complex business that was bleeding heavily, and then rapidly develop the Turn-Around Plan to address the issues, and kick-start its implementation as well. The focus from the Board and frequent engagements with relevant stakeholders were the pillars of our strategy to ensure we mitigate the key risks within reasonable timing.

We now have the solid Turn-Around Plan in place that has been translated into an Annual Business Plan and budget, underscored by a robust performance management philosophy. The Board is focused on turning the fortunes of this critical entity in our economy around, and will ensure the objective is achieved, whatever it takes.

Looking ahead, the implementation of the Turn-Around Plan will be the focus in the next financial year, ensuring credible progress in Meatco's turnaround. We urge all stakeholders to take our hands in this endeavour.

Our tenure as the Interim Board of Directors came to an end in August 2024 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 their 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 in keeping the business afloat.

Sakaria Nghikembua
CHAIRPERSON

THE YEAR AT A GLANCE

ESG value at Meatco

At Meatco, we are deeply committed to upholding the highest standards of Environmental, Social, and Governance (ESG) principles.

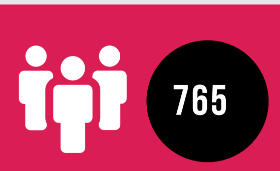
We recognise that our success is intricately linked to the well-being of our employees, the sustainability of our environment, and the integrity of our governance practices. In response to recent challenges, including high staff turnover and concerns about skills lost, we are implementing robust measures to foster a more inclusive, fair, and sustainable workplace.

1. For the first time in three years, Meatco managed to surpass the 60,000 mark for cattle slaughtered.
2. The Livestock Procurement Department managed to procure 12,000 more cattle from producers SVCF compared to the original budget plan for the 2022/23 production year.
3. The process of leasing Meatco's two feedlots, Annasruh in Gobabis and Okapuka near Windhoek, also gained momentum in the reporting year.
4. Authorisation to lease the feedlots was obtained from the Ministry of Finance and Public Enterprises.

CATTLE SLAUGHTERED

During the reporting year, Meatco successfully slaughtered 60,820 cattle, surpassing the budgeted target of 50,000. This achievement is a testament to its operational resilience and strategic planning.

WORKFORCE PROFILE



Meatco's Staff complement stood at 765 at the end of the financial year. Total permanent staff are 560.

MARKET DYNAMICS

The Agro-processing and Value-addition Department continued to witness evolving market dynamics, driven by changing consumer preferences and regulatory requirements. Meatco remained agile in responding to these shifts, leveraging market insights to tailor our product offerings and enhance our competitiveness.

ACHIEVEMENT

Our key achievement during the reporting year is that we sustained our competitive markets, which is crucial in the current climate. We continue to be compliant to various international audits and we are still the only African country that can export to some of the most lucrative international markets.

KEY ROLE IN INDUSTRY

Meatco has played a key role in ensuring that the industry remains stable by paying competitive producer prices. We paid a total of N$946 million to producers during the reporting year, compared with N$560 million in the previous financial year.

1

MEATCO NCA PERFORMANCE

Despite challenges, the NCA market remains a cornerstone for abattoir operators within the SVCF. While historical contracts and perceived product consistency have favoured SVCF suppliers, our operations at the Katima Mulilo Abattoir and the Meatco Mobile Slaughter Unit (MSU) have consistently delivered quality products comparable to SVCF standards. A total of 5,056 catlle (2022/23: 4,237) were procured and 4,607 cattle (2022/23: 3,779) were slaughtered NVCF.

2

MARKETING AND SALES

Meatco sold 29,120 metric tonnes of meat during the reporting year. The Corporation generated N$1,203 million in revenue in 2023/24 compared with N$765 million in 2022/23. International sales generated N$956 million compared with N$564 million in 2022/23.

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.

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 also 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.

According to the United Nation’s Food and Agriculture Organisation, the global cattle population reached approximately one billion head of cattle in 2023, 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).

In the last fifty years, demand has more than tripled. The world today produces more than 361 million tonnes of beef per year. The USA, Brazil and China account for around 51 per cent of global beef production.

In 2024, the top exporters of beef and veal worldwide were forecasted to be Brazil and Australia, with an export volume of over 2.9 million tonnes of beef.

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.

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, 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 2.5 million cattle in Namibia's herd represents less than a quarter per cent of the global herd, which amounted to one billion in 2023. (Source: https://www.embassyofnamibia.se)

The production of beef worldwide is estimated to amount to 361 million tonnes in 2023, compared with Meatco's meat processed of 29,120 tonnes in 2023/24. 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. The value of manufactured exports rose in 2023, mainly due to increased earnings from processed fish and meat, which rose by 31.5 per cent to N$2.1 billion due to increased volumes exported. (Source: Bank of Namibia, 2023 annual report)

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.

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 to being a commodity-driven industry, which will result in producers receiving much less for their cattle.

Of the estimated 2.5 million cattle in Namibia, half 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.

The other half of 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.

MEATCO PLAYS A VITAL ROLE IN NAMIBIA'S RED MEAT INDUSTRY.

HOW IS MEATCO 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, its customers, other industry players, employees, business partners, regulators, Government authorities and 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.

"GOOD GOVERNANCE IS FUNDAMENTAL TO BUSINESS SUSTAINABILITY."

OUR BUSINESS MODEL

How we create value

RESOURCES AND RELATIONSHIPS

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

HUMAN RESOURCES CAPITAL
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

- 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.

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 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

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

MATERIAL RISKS

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

OUR PRODUCTS AND OUTPUTS

Frozen and chilled vacuum-packed cuts.
Manufactured meat products.
Wet blue hides.
Canned products.

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.

PRODUCT BRANDING & MARKETING

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 CAPITAL
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.

AGRO-PROCESSING 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

MR SAKARIA NGHIKEMBUA
BOARD CHAIRPERSON

MS BARBARA DREYER
VICE-CHAIRPERSON

MS ANNE-DORIS N HANS-KAUMBI
DIRECTOR

MR PATTERSON K TJIPUEJA
DIRECTOR

MR MARTIN J P HILBERT
DIRECTOR

MR CYPRIANUS KHAISEB
DIRECTOR

MEATCO'S GOVERNANCE AND STRATEGIC DIRECTION WERE OVERSEEN BY A COMPETENT BOARD OF DIRECTORS, ALL OF WHOM ARE NON-EXECUTIVE DIRECTORS, THEREBY REINFORCING THE BOARD'S INDEPENDENCE.

MR MBAKUMUA F HENGARI
DIRECTOR

MR ADOLF MUREMI
DIRECTOR

MS MERIAM NGHIXULIFWA
DIRECTOR

MR KUNIBERTH M SHAMATHE
DIRECTOR

MR JOSEPH ANDREAS
DIRECTOR

CORPORATE GOVERNANCE AT MEATCO

Meatco is governed and managed in accordance with the principles of sound Corporate Governance as outlined in both the Corporate Governance Code of Namibia (NamCode), and the King IV Code on Corporate Governance. Additionally, we adhere to the directives and regulations governing corporate governance practices, as stipulated in sections 4 and 38 of the Public Enterprises Governance Act, Act 1 of 2019 (PEGA).

ESG INTEGRATION

The enterprise is committed to integrating ESG principles within its agro-processing operations. Environmentally, it prioritises sustainable practices that include, amongst others, the gradual transition from a paper-based to a paper-less, automated work-flow process; has undertaken feasibility studies on renewable energy use; and has embarked upon effluent treatment and responsible water management to minimise its ecological footprint. Socially, Meatco upholds fair labour standards and prioritises the well-being of its employees, through the adoption of initiatives that promote wellness, safety, diversity, and social inclusion. Governance-wise, it adheres to transparent practices, ensuring accountability and ethical decision-making in its operations. Through such interventions, the enterprise delivers high-quality beef products, while contributing positively to the environment, society, and governance standards.

BOARD COMPOSITION, INDEPENDENCE, SKILLS, AND KNOWLEDGE

During the reporting period from 01 February 2023 to 31 January 2024, the Corporation's governance and strategic direction were overseen by a competent Board of Directors, all of whom are non-executive directors, thereby reinforcing the Board's independence.

For the reporting period, the Board of Directors' composition was as follows:

01 February 2023 to 31 August 2023	01 September 2023 to 31 January 2024
Mr Adolf Muremi: Director (Interim Chairperson)	Mr Sakaria Nghikembua (Chairperson)
Mr Mesag Mulunga: Director	Ms Barbara Dreyer (Vice-Chairperson)
Mr Usiel Kandjii: Director	Mr Joseph Andreas
Ms Cloretha Garises: Director	Ms Anne-Doris N Hans-Kaumbi
Ms Mary Kabuku: Director	Mr Mbakumua F Hengari
Ms Helena Mavetera: Director	Mr Martin J P Hilbert
In carrying out its responsibilities, the Board benefited from expert guidance provided by the following Co-Opted Members of the Board:	Mr Cyprianus Khaiseb
Mr Silas K Shakumu (Legal Expert);	Mr Adolf Muremi
Ms Ndeuhala Lewis (Financial Expert);	Ms Tuafi-Luonghenda M H Nghixulifwa
Mr Shiwana Ndeunyema (HR/PEGA Expert).	Mr Kuniberth M Shamathe
	Mr Patterson K Tjipueja

Overall, the Board possesses a diverse range of expertise that includes agriculture, economics, law, accountancy, farming, public relations, and education. Nevertheless, the Corporation is dedicated to enhancing the capacity of its respective directors through targeted training initiatives. This commitment aims to equip the Board with the necessary skills to effectively fulfil their responsibilities.

THE CORPORATE GOVERNANCE CODE OF NAMIBIA (NAMCODE)

For the reporting period, the Corporation had negligible deviations from the NamCode, which 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.

CONFLICTS OF INTEREST

The Corporation's directors and employees are bound by legal and contractual obligations to avoid situations where their personal interests might be in conflict with those of the Corporation, either directly or indirectly.

In an endeavour to uphold the principles of good corporate governance, directors and staff are required, and expected to, annually declare their generic interests and continuously, in an effort to identify potential conflicts, manage them accordingly. These measures are reinforced by the Corporation's Anti-Bribery and Corruption Policy, the Meat Corporation of Namibia Act, Act 1 of 2001, and other relevant national laws.

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 01 February 2023 and 31 January 2024, 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 tables below.

MEETINGS OF THE BOARD & COMMITTEES – **SUBSTANTIVE BOARD** (February 2023 – August 2023)							
	Board of Directors	Ad hoc (Board of Directors)	Audit and Risk Committee	Ad hoc (Audit and Risk Committee)	Human Resources Committee	Ad hoc (Human Resources Committee)	Management Support Committee
Number of meetings held	3	7	3	1	4	-	-
Sub-Total	3	7	3	1	4	-	-
Total	**10**		**4**		**4**		**-**

MEETINGS OF THE BOARD & COMMITTEES – **INTERIM BOARD** (September 2023 - January 2024)							
	Board of Directors	Audit and Risk Committee	Ad hoc Audit and Risk Committee	Human Resources Committee	Ad hoc Human Resources Committee	Turn-Around Plan Implementation & Monitoring Committee	Management Support Committee
Number of meetings held	6	1	1	2	1	0	-
Sub-Total	6	1	1	2	1	0	-
Total	**6**	**2**		**3**		**0**	**-**

BOARD COMMITTEE STRUCTURE

In governing the affairs of the Corporation, the Board of Directors is assisted by the Management Support Committee, Audit and Risk Committee, the Human Resources and Remuneration Committee, as well as the Turn-Around Plan Implementation and Monitoring Committee. Each of the Committees operate within a clearly defined, Board-approved mandate. Committee Chairpersons report to the Board on proceedings of their respective committees, at each subsequent meeting of the Board. The Committee compositions are depicted on the next page.

01 February 2023 to 31 August 2023	01 September 2023 to 31 January 2024
Members of the Audit and Risk Committee: Mr U Kandjii (Chairperson), Mr M Mulunga, Ms M Kabuku, Ms N.Lewis.	**Members of the Audit and Risk Committee:** Mr P Tjipueja (Chairperson), Mr M Hengari, Mr M Hilbert, Mr J Andreas
Members of the Human Resources and Remuneration Committee: Mr M Mulunga (Chairperson), Ms C Garises, Mr U.Kandjii, Mr S Ndeunyema, Mr S Shakumu.	**Members of the Human Resources and Remuneration Committee:** Ms A-D Hans Kaumbi (Chairperson), Ms B Dreyer, Mr C Khaiseb, Mr A Muremi
Members of the Management Support Committee: Mr A Muremi (Chairperson), Mr M Mulunga, Mr U Kandjii.	**Members of the Turn-Around Plan Implementation & Monitoring Committee:** Mr M Hilbert (Chairperson), Mr C Khaiseb, Mr K Shamathe, Ms A-D Hans Kaumbi
	Members of the Management Support Committee: Mr S Nghikembua (Chairperson), Ms A-D Hans Kaumbi, Mr P Tjipueja, Mr M Hilbert.

AUDIT AND RISK COMMITTEE

For the reporting period, the Audit and Risk Committee (ARC) was respectively chaired by Mr U Kandjii from 01 February 2023 to 31 August 2023 and Mr P Tjipueja from 01 September 2023 to 31 January 2024 respectively. The ARC met six times (both substantive and *ad hoc* meetings).

The ARC meetings were attended by the Chief Executive Officer, the CFO, the Internal Auditor, Internal Audit Consultant and all members of Executive Management. Other members of the management team attended ARC meetings upon 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 implementation of the annual internal audit plan and audit findings. For the reporting period, the ARC held a meeting with the Internal Auditor, without management being present, as dictated by principle C3-1 of the NamCode.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee (HRC) was chaired by Mr M Mulunga from 01 February 2023 to 31 August 2023 and Ms Anne-Doris Hans-Kaumbi from 01 September 2023 to 31 January 2024 respectively, and had met seven times (both substantive and *ad hoc* meetings).

The HRC meetings were attended by the Chief Executive Officer, and the Executive: Human Capital. The HRC is responsible for assessing and determining the broader remuneration strategy for the Corporation. It also monitors the implementation of human resources policies. The committee reports and makes recommendations to the Board.

MANAGEMENT SUPPORT COMMITTEE

The Management Support Committee serves as an aide to the Corporation's management through the CEO. During the reporting period, the management team did not seek guidance from the committee.

COMPANY SECRETARY

For the reporting period, the Board of Directors was served by a competent and duly qualified Company Secretary, Ms N Mhanda, who holds four law qualifications, including an LLM in Energy Law and Policy, serving in the capacity of Advisor: Legal and Compliance/Company Secretary. In this capacity, the Company Secretary offered support and counsel to the Board on matters concerning governance and compliance practices. All directors have unrestricted access to the expertise of the Company Secretary.

All directors were adequately inducted to the operations of the business, including the governance framework. The Company Secretary's role further assured the declaration of interests at each Board and Committee meeting convened, and the adequate management of arising conflicts of interest. Furthermore, the role assured that decisions and dissenting viewpoints were comprehensively recorded, and all Board and Committee proceedings were duly maintained in line with the principles of good corporate governance.

INDEPENDENCE OF EXTERNAL AUDITORS

The external auditors, Grand Namibia, audited the Corporation's Annual Financial Statements for the reporting period (2023/24), with their independence in carrying out their responsibilities duly confirmed.

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 fairly reflect 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 diligently 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.

ESG VALUE AT MEATCO

At Meatco, we are deeply committed to upholding the highest standards of Environmental, Social, and Governance (ESG) principles. We recognise that our success is intricately linked to the well-being of our employees, the sustainability of our environment, and the integrity of our governance practices. In response to recent challenges, including high staff turnover and concerns about skills lost, we are implementing robust measures to foster a more inclusive, fair, and sustainable workplace.

ENVIRONMENTAL STEWARDSHIP

Meatco is dedicated to minimising our environmental footprint through sustainable practices in all aspects of our operations. This includes reducing greenhouse gas emissions, implementing water conservation strategies, and promoting biodiversity. Our goal is to ensure that our beef processing practices are environmentally responsible, contributing to a healthier planet for future generations.

SOCIAL RESPONSIBILITY

Our employees are the backbone of our organisation. We are committed to creating a supportive and inclusive work environment where every team member feels valued and respected. To address and stem staff turnover, we are enhancing our employee engagement programmes, offering competitive benefits, and providing opportunities for professional growth and development. We have zero tolerance for nepotism and favouritism, and we are establishing transparent hiring and promotion practices to ensure fairness and equal opportunity for all.

GOVERNANCE EXCELLENCE

Strong governance is essential to our integrity and long-term success. We are strengthening our governance framework by having a strong Board of Directors with various committees, such as the Human Resources Committee and the Audit and Risk Committee, ensuring accountability at all levels of the organisation. Our Board of Directors and leadership team are committed to ethical decision-making, transparency, and stakeholder engagement.

We will continuously review and improve our governance practices to uphold the trust and confidence of our employees, customers, and partners. Together, we are dedicated to making Meatco a leader in sustainable beef processing, where environmental care, social responsibility, and governance excellence drive our Vision, Mission and Values. We invite all stakeholders to join us in this journey towards a more sustainable and equitable future.

MANAGEMENT TEAM

MWILIMA MUSHOKABANJI
CHIEF EXECUTIVE OFFICER

ISAAC NATHINGE
EXECUTIVE: STRATEGY & BUSINESS DEVELOPMENT

PATRICK LIEBENBERG
EXECUTIVE: LIVESTOCK PROCUREMENT & PRODUCTION

HORNEST MADZIVADONDO
INTERIM CFO CONSULTANT: FINANCE, IT AND PMU

JOHAN GOOSEN
EXECUTIVE: AGRO-PROCESSING & VALUE-ADDITION

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.

NAILOKE MHANDA
ADVISOR: LEGAL & COMPLIANCE/ GOVERNANCE

MARTINS KAMBULU
HEAD: PROCUREMENT

JONAS ILEKA
ACTING EXECUTIVE: HUMAN CAPITAL AND MANAGER: HUMAN CAPITAL

DR ADRIANATUS MASEKE
EXECUTIVE: MARKETING, SALES, LOGISTICS & COMPLIANCE

KINGSLEY KWENANI
ACTING EXECUTIVE: MEATCO FOUNDATION AND CEO: MEATCO NCA

MEATCO'S STRATEGIC PILLARS

SUSTAINABILITY

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

Meatco envisions achieving profitability and evolve into the preferred quality beef supplier, generating positive value through enhanced efficiencies. This vision underscores the Corporation's commitment to leadership in the global meat supply sector, with a specific emphasis on sustainability and a lasting legacy in the global meat industry.

RELATIONSHIPS

Essentially, Meatco is a link between the livestock producers and the local, regional and international markets. It goes without saying that strong, trusting relationships with our key stakeholders are vital to achieving our statutory mandate. As such, building resilient relationships with our strategic suppliers and customers were 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, as well as the Turn-Around Plan.

MEATCO IS A LINK BETWEEN PRODUCERS AND WHOLESALERS. STRONG RELATIONSHIPS WITH PRODUCERS ARE VITAL TO ACHIEVE OUR MANDATE.

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 Livestock and Meat Value Chain.

PILLAR FIVE

Build a High-Performing Culture.

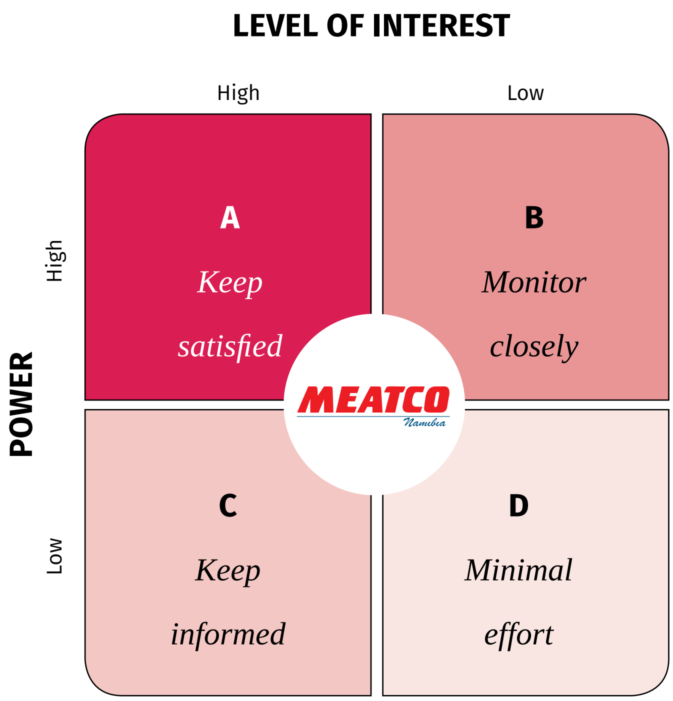
MANAGING OUR STAKEHOLDERS

Understanding and being responsive to the interest of our stakeholders through effective dialogue and engagement is critical to deliver 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 the 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 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 serves to the organisation helps us to harmonise divergent stakeholders' interests and determine their effective and efficient involvement into the organisation's long-term strategic intent.

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
Keep satisfied	**CATTLE PRODUCERS** in the **COMMUNAL** farming sector **COMMERCIAL** farming sector **EMERGING** commercial farmers	Access to diverse higher return markets Information and capacity building Pricing structure Involvement in decision-making Communication Information on markets and the business Operational efficiency Trust Communication Export market requirements Business environment	Daily issues affecting business Price stabilisation International Beef News Animal Health Regulations Late/erratic rain Drought Align production system to market requirements Unstable market Outbreak of animal diseases Outdated agricultural technologies and uncertainties
Keep satisfied	**EMPLOYEES**, consisting of: Permanent employees, and Fixed-term Contract employees	Organisational culture/management-employee relations Corporate governance and leadership Learning and development Continuous Internal communication HR policies and employee benefits Job security Conducive work environment	Daily issues affecting business and operations Staff engagement Enable employee satisfaction
Keep satisfied	**INDUSTRY REGULATORS** consisting of: Livestock and Livestock Products Board of Namibia (Meat Board of Namibia) Namibia Standards Institution 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 New markets and policy requirement formulations	Policy issues Strategic communications shaping livestock industry
Monitor closely	**GOVERNMENT MINISTRIES:** Ministry of Agriculture, Water and Land Reform Ministry of Finance and Public Enterprises Ministry of Industrialisation and Trade	Financial stability Operational efficiency Inclusivity in the supply chain – the NCAs Capitalise on the African Growth Opportunity Act, AGOA Business financial sustainability Revised Business Model Adherence to the requirements of PEGA Implementation of African Continental Free Trade Agreement (AfCFTA) Market positioning – local and international Development of downstream industries	Sustainability of livestock Industry Policy issues Integrated Strategic Business Plan Corporate governance Industry cohesion and competitiveness Financial sustainability of Meatco as SOE Implementation of AGOA Creating access for Namibian Beef to utilise AfCFTA
Monitor closely	**FARMERS UNIONS**, consisting of: Namibia Agricultural Union (NAU) Namibia National Farmers' Union (NNFU) Livestock Producers Organisation (LPO) Namibia Emerging Commercial Farmers' Union (NECFU) Previously Disadvantaged Namibian Commercial Farmers Union Namibia Food and Allied Workers Union (NAFAU)	Policy and legislative reform Live exports regulations Supply/demand opportunities/challenges Slaughter facilities or lack of reach thereof	Policy issues Strategic communications shaping livestock industry Meatco's business environment Stabilising the livestock industry
Keep informed	**MEDIA AND GENERAL PUBLIC**	Newsworthy timeous information Strategic communications Business environment/operations	Positive stories to enhance Meatco's brand Regular business updates
Keep informed	**CUSTOMERS** Wholesalers and Retailers	Direct communication Pricing Supply	Meatco products MeatMa products Export local quality
Minimal effort	**SUPPLIERS** consisting of all Meatco suppliers, from raw materials to packaging and ingredients utilised in our final value-added meat products.	Direct communication Restoring relationships Building Trust	Foster a stabled trustworthy relationship with all suppliers

MANAGING OUR MATERIAL RISK

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

Meatco must manage these risks consistently, comprehensively, economically and within its risk appetite. This will assist the Board of Directors 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 or reward profile for Meatco and its stakeholders.

Meatco's intent and commitment is to practice effective risk management in all aspects of its business. The effectiveness of the risk management process 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 OF DIRECTORS 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 Enterprise 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 evaluate and improve the effectiveness of risk management, control and governance processes. The Internal Audit Function objectively evaluates the business processes and internal controls so as to appropriately manage risk 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 the achieving of 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). In order to adhere to independence requirements, 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; and
- 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 IAF 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 comprise of:

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

MEATCO'S FIVE TOP RISKS

#	Risk	Description	Current mitigation actions in place	Additional actions
1	Environmental/ climate changes risk	Presence of environmental challenges, e.g., droughts, (La Nina and El Nino).	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 and directly with the Government to influence policy, regulation and 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 producers' 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. 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 turnaround 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 IT 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 or 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 or 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 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. Maintain efficiency throughout the peak period

CEO'S REPORT

The Agriculture Sector in Namibia remains the backbone of the country's economy. Seventy per cent of the Namibian population still reside in the rural areas and are dependent on agriculture for their livelihoods. It also remains the key to employment creation. However, the Agriculture Sector, specifically the livestock industry, is not an industry where results are reaped immediately. Actions taken today will show results in only five years or more.

Meatco, established under the Meat Corporation of Namibia Act (Act 1 of 2001), has a mandate to ensure the stability of Namibia's meat industry. But we must steer a commercial objective – the Corporation has to remain financially sustainable and viable, because it is only when we achieve financial sustainability that we can fulfil our public-policy objectives.

Our mandate determine that the producers should benefit through maximum payment of Producer Prices to sustain agriculture production.

THE REPORTING YEAR WAS EXTREMELY CHALLENGING.

Therefore, our strategic intent, our strategies and our strategic intelligence are aimed at building a competitive and dynamic organisation.

Namibia experienced recurrent droughts since 2013. The 2019-2020 drought was especially tough where our national herd lost nearly 50 per cent of cattle. To break even, Meatco needs to slaughter around 60,000 cattle, while during the previous two years, we only slaughtered around 35,000. It stands for this reason that our bottom-line will be negatively affected.

Furthermore, in light of our public-policy objective, we need to strengthen our drive to bring producers in the Northern Communal Area (NCA) of Namibia into the mainstream of the economy. We do that by developing the domestic market for NCA cattle, which we achieved during the reporting year. We are working closely with the Department of Veterinarian Services (DVS), which is the competent authority operating the Commodity Based Trade (CBT) Protocol. Meat from the NCA is moving into the south safely without destabilising our ability to meet the standards of our international markets, which is critical.

We also met all the criteria and requirements to be able to export to Ghana and Angola, while we have had engagements with the Middle East to open up that lucrative market as well for our NCA meat. The potential outbreak of animal diseases such as Foot-and-Mouth Disease (FMD) remains a threat that can compromise our markets.

Overall, the reporting year was an extremely challenging year as the country is transitioning from the drought-stricken thinking to building the national herd and marketing animals.

If we continue on this trend with the strategies we have put in place, I am optimistic about the future. Although, we are in the midst of another drought, we put mechanisms in place through our backgrounding strategy at our Okapuka and Annasruh Feedlots to have more cattle available in the next financial year for slaughter. This will also assist in keeping the weaners that are currently being exported to South Africa here in the country, so we don't have issues with throughput in the processing plant, which is always our challenge.

Meatco came through a rough time of COVID-19 affecting our market downstream, while droughts and disease outbreaks affected us upstream in terms of production.

ACHIEVEMENTS AND CHALLENGES

Our key achievement during the reporting year is that we sustained our competitive markets, which is crucial in the current climate. We continue to be compliant to various international audits and we are still the only African country that can export to some of the most lucrative and highly stringent markets.

We further have sustained strategic relationships with our key stakeholders. We have a complex range of stakeholders and Meatco continue to operate in a highly unionised environment – our employees and producers are unionised, thus we need to find mechanisms to sustain them.

We pride ourselves on our good relations with the employee union and on our enlightened and experienced workforce.

Our main challenge remain access to finance. Meatco is a highly capital-intensive business. Slaughtering 5,000 cattle in a month means we have to have access to N$70 million the next month to pay producers. You either need to have reserves, or a backing facility at the banks and that has been our challenge during the reporting year.

We also experienced a production problem where for a period, plastic vacuumed bags used in the agro-processing were substandard, which affected the quality of meat. This meant that we had to sell our products at a non-profitable rate. The situation was addressed and rectified, but it affected our bottom-line to the tune of nearly N$50 million.

LOOKING AHEAD

Looking ahead, I do not foresee that we will experience problems procuring enough animals to address throughput in the next financial year. Faced with a drought situation, the producers are sending their animals for slaughter and that, together with our backgrounding strategies, we should be able to slaughter more than 60,000 animals in the next financial year. Our challenge is to get as many animals off the veld before their condition deteriorate too much due to the drought.

While slaughtering more cattle in the next financial year, which should positively affect our bottom-line, we do have our public-policy obligation that will eat away at our profits. The Rundu and Katima Mulilo Abattoirs will not be profitable soon, maybe in six to ten years.

Throughput will remain our main focus in the next financial year – bringing good quality cattle into the business. Operational efficiencies will also receive much attention – making sure we slaughter enough animals, deboning them correctly, ensuring the logistics are timely and extremely competitive, so that our products can reach the market timeously. Of course, we need trustworthy clients that can absorb all our products, especially in the lucrative international markets, while maximising the Producer Prices to the benefit of our stakeholders.

We are not concerned about competition in the market place. With two million cattle in the country, there is enough space for other players. The capacity of our Windhoek Factory is 120,000 animals; Okahandja is 98,000, but the country is exporting 300,000 animals annually. Competition is healthy – it is good to have a public enterprise with both commercial and public-policy objectives to stabilise the industry and allow the private sector to play their role. However, it is critical to turn around the meat industry from being a net exporter of raw materials to a net exporter of value-added products.

Competition will also offer producers more opportunities, while creating much-needed jobs, especially amongst the youth. Equally important, we need to make sure that we export more than we import to generate a healthy trade balance.

In conclusion, Meatco has a vital role to play in the meat industry that creates wealth and employment in the country.

APPRECIATION

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 for 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 the 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

The cattle numbers south of the Veterinary Cordon Fence (SVCF) improved significantly in the year under review, from 33,144 in 2022/23 to 60,820 cattle year-on-year comparison. The same applies in the north of the Veterinary Cordon Fence (NVCF) where the numbers improved from 3,779 to 4,607.

REVENUE INCREASED

For the period under review, Meatco increased its revenue by 57 per cent, reaching N$1,203 million from N$765 million the prior year. The net loss decreased by 43 per cent, from N$118 million in 2022/23 to close at N$67 million in the 2023/24 financial year.

Financial support from the Government of Namibia amounting to N$142.3 million was granted to Meatco for the continued delivery on its mandate, while the Government is working on a sustainable model that will revive Meatco in the long term.

PAID TO PRODUCERS

MEATCO PAID N$964 MILLION TO PRODUCERS.

The liquidity support from Government improved Meatco's cash flows and working capital.

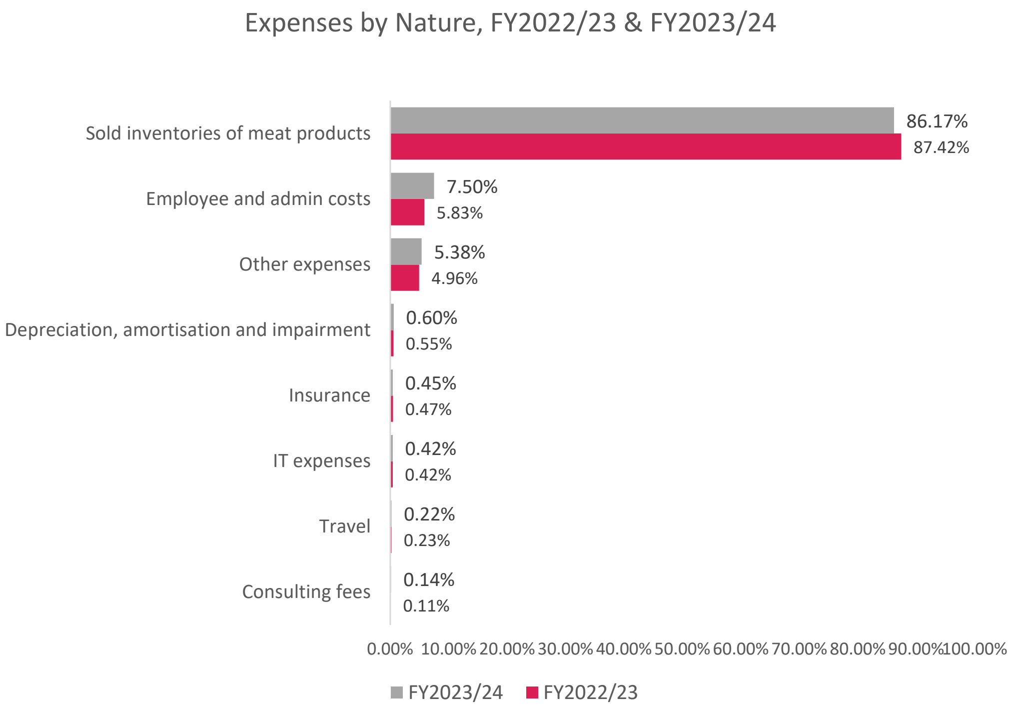
During the 2023/24 financial year, Meatco paid N$964 million (2022/23: N$560 million) to producers to protect primary livestock production in the national interest of Namibia. Paying sustainable market related prices consistently will allow producers to plan their production and diversify production methods between weaner and slaughter ox production.

VALUE ADDED STATEMENT

Meatco sold 29,120 tonnes beef, which is 19,760 tonnes more beef (2022/23: 9,360 tonnes) and increased its revenue by N$440 million compared with the prior year.

For the period under review, Meatco added a total value of N$1,203 million to various stakeholders. The value added to producers amounted to 78.5 per cent (2022/23: 81 per cent), employees and administrative costs 7.5 per cent (2022/23: 5.8 per cent).

Meatco continued to add value to primary production despite harsh economic conditions. Employee costs as a percentage of beef revenue increased by 2 per cent, as a result of more Fixed Term Contract Employees (FTCs) recruited during the Peak Season that saw a significant amount of animals slaughtered for the period. Interest expense increased by 21.3 per cent due to the new N$170 million loan that was disbursed through the Development Bank of Namibia (DBN).



CATTLE SLAUGHTERED

Meatco slaughtered 60,820 (2022/23: 33,144) SVCF and 4,607 (2022/23: 3,779) NVCF. The average cold dress (carcass) weight SVCF increased to 259 kg in 2023/24 from 252 kg in 2022/23. In the NVCF, average cold dress weight decreased from 208 kg in 2022/23 to 156 kg in 2023/24. SVCF throughput in tonnes increased from 8,588 tonnes to 28,254 tonnes, while NVCF throughput increased from 772 tonnes to 866 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 2024/25 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$61/kg in the 2022/23 financial year to N$62.00/kg. This increase was largely driven by competition for limited supply of slaughter cattle. The average producer prices in the NVCF increased from N$34/kg (2022/23) to N$37/kg (2023/24).

The average international realisation increased from €6.11/kg (2022/23) to €7.05/kg (2023/24). Namibia average realisation increased from N$36.14/kg (2022/23) to N$39/kg (2023/24). Average exchange rate in Euros/NAD exchange rate reduced from 17.42 (2022/23) to 17.28 (2023/24).

Of the 29,120 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 one loan from the DBN. As per Note 16 in the Notes to the Annual Financial Statements, the loan has an outstanding balance of N$170 million.

During the period under review, the Government of Namibia took over the repayment of the N$250 million DBN loan. The loan is payable over a period of 3 years. The Ministry of Finance and Public Enterprises secured N$212 million in the next Medium-Term Expenditure Framework (MTEF) as a Government Grant. Government will repay the N$250 million to DBN on behalf of Meatco.

FOREIGN EXCHANGE

The annual average EUR/ZAR exchange rate for the period under review was approximately 17.28 (2022/23: 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.

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, rightsizing 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. .

RATIOS

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

Ratios	2023/24	2022/23
Gross Profit Margin	0%	3%
EBIT Margin	-6%	-6%
Current Ratio	1.4	1.42
Quick Ratio	0.9	1.42
Debt to Equity ratio	1.08	11.72
Return on Capital Employed	-8%	-6%
Asset Turnover ratio	1.08	0.93
Cash Conversion Cycle	31	10.76
Cash Conversion Cycle Biological Assets	32	32
Supplier Payment	38	38
Debtor collection Period	31	21
Stock Days - Including Biological Assets	48	48

ECONOMIC OVERVIEW

GLOBAL OVERVIEW

Global economic growth is projected to slow during 2023 and 2024. The projected decline in global growth during 2023 reflects tight monetary policy stances needed to bring down inflation, the recent deterioration in financial conditions, the ongoing war in Ukraine, and growing geoeconomic disintegration. According to the International Monetary Fund's World Economic Outlook (WEO) update for October 2023, global growth is projected to slow down from 3.5 per cent in 2022 to 3.0 per cent in 2023 and 2.9 per cent in 2024. The projected global growth for 2023 remained unchanged from July 2023.

Major revisions were observed in Advanced Economies, particularly the Euro Area and within Germany and Spain, on account of weaker-than-expected growth in the first half of 2023. Similarly, the Organisation for Economic Cooperation and Development (OECD) projects global growth to slow down to 3.0 per cent and 2.7 per cent in 2023 and 2024 respectively.

NAMIBIAN OVERVIEW

Namibia's GDP growth is projected to slow down in 2023 and 2024, mainly due to the weaker global demand and anticipated contraction in agriculture. The domestic economy is estimated to grow by 3.9 per cent in 2023, before moderating to 3.4 per cent in 2024.

The estimated growth of 3.9 per cent in 2023 represents a slowdown from 7.6 per cent recorded in 2022 but was revised upwards from 3.3 per cent published in the August 2023 Economic Outlook. The projected slowdown in 2023 growth is largely on account of weaker demand in global and domestic economies, underpinned by high inflation and high interest rates that have a negative impact on consumer spending. Another factor contributing to the slowdown in 2023 growth is the high base effects from the mining industry, where diamond mining and other mining and quarrying (which includes prospecting) expanded by 45.1 per cent and 44.2 per cent, respectively, in 2022.

The Strategy and Business Development (SBD) Department was established in May 2020 following a re-alignment of the Corporation's structures and executives to transform Meatco and achieve the Corporation's integrated strategic goals and objectives.

STRATEGY AND BUSINESS DEVELOPMENT REVIEW

THE DEPARTMENT IS MAINLY RESPONSIBLE FOR BUSINESS POLICY, STRATEGY, PERFORMANCE AND DEVELOPMENT, RESEARCH AND INNOVATION AS WELL AS RISK MANAGEMENT, BUSINESS CONTINUITY AND CLIENT SERVICES.

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 and utilisation of the Corporation's resources;
- advancing the interests of the Corporation in trade negotiations;
- risk management and business continuity; and
- unravelling client complaints (internal and external).

ACHIEVEMENTS

The Strategy and Business Development Department played a critical role across the organisation, such as strategic planning, market research and analysis, partnership and alliances, new business ventures and strategic investment. Noteworthy to highlight during the period is the facilitation of the development of the Turn-Around Plan 2024–2027 for the Corporation.

The purpose of the Turn-Around Plan is to transform Meatco into a preferred quality beef supplier that is generating positive value through enhanced efficiencies. The plan's strategic priorities combine the key expectations relating to governance and leadership, market development and realisation, operational efficiency, throughput, as well as financial sustainability.

The department conducted policy review sessions to ensure that the Corporation remains current, compliant and competitive. One of the policies that were reviewed is the draft Environmental, Social and Governance Policy in which Meatco's business practices and performance on various sustainability and ethical issues were assessed, as well as to measure business risks and opportunities in the areas of environmental, social and governance.

The draft regulations for the establishment of Special Sustainable Economic Zones in Namibia, that were presented to the industry stakeholder consultation sessions that were attended by the department, provide a valuable platform to enable structural change through infrastructure development and streamlined regulatory mechanisms that yield significant economic benefits, such as sectoral investments, employment creation, strengthened value chains, as well as enhanced regional industrial cooperation.

The department also participated in the livestock sector stakeholder engagements, especially the National Livestock Marketing Committee, which is an advisory committee under the Livestock and Livestock Products Board of Namibia, as well as the Productivity Task Force for the Beef Value Chain, which is a public-private working group that aims to improve sector productivity by identifying and solving constraints across the beef value chain in Namibia.

CHALLENGES

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, and economically within its risk appetite. This will assist the Board and management in achieving its business strategies and objectives.

Internal and external factors drive the need for an effective approach to managing risks across Meatco.

These factors are, amongst others, increased Board of Directors and management accountability, increased stakeholder demands on transparency, accountability and corporate integrity, the direct link between credibility, ethics and social responsibility with business performance and success, as well as stakeholder expectations to quickly adapt to change and uncertainty, while striving for operating efficiency.

Such an environment requires a strong and structured focus on risk management practices to effectively deal with uncertainty, to capitalise on opportunities, to meet objectives and stakeholder expectations, and enhance strategic and tactical decision-making.

Thus, enterprise risk management (ERM) is a continuous, proactive, and dynamic process to identify, understand, manage and communicate risks that may impact on Meatco's objectives. ERM will assist Meatco to attain its goals, while avoiding pitfalls and surprises along the way.

By embedding risk management techniques in day-to-day operations, Meatco is better equipped to identify events affecting its objectives and to manage risks in ways that are consistent with its turn-around strategy by identifying potential risks and vulnerabilities in the operation and developing strategies to mitigate them. This will include contingency planning for equipment breakdowns, supply chain disruptions, or regulatory changes to minimise their impact on operations.

LOOKING AHEAD

In the next financial year, the department will continue to monitor and evaluate the implementation of the Turn-Around Plan to ascertain the status of the key performance indicators.

We will continue to review policies and procedures to align the operations to strategic focus areas of the Turn-Around Plan.

Furthermore, the department will continue to participate in the livestock sector stakeholder engagements to ensure that the interests of the Corporation are safeguarded in industry policies, regulations and initiatives, as well as trade negotiations.

Lastly, the department will evaluate opportunities for launching new business venture or entering new markets. This will include assessing market feasibility such as the Middle East markets, conducting financial analyses, and developing business plans for new initiatives.

IN CONCLUSION

The implementation of the Turn-Around Plan will require access to, and availability of working capital, as well as strategic support by the Shareholder to overcome the historical challenges that continue to affect the performance and threaten the sustainability of Meatco. It is critical that the Shareholder injection be used to promote inclusive development and shared prosperity to transform the livestock value chains in the communal areas.

It is also important that Meatco continues to be equitably allocated the Norway beef quota annually to discharge its public-policy objective. Furthermore, Meatco should strategically position itself to take advantage of the Special Sustainable Economic Zones initiative.

Agro-processing industries are increasingly globalised with trade agreements, tariffs and geopolitical tension impacting market access and competitiveness. Thus, the department would strive to evaluate international market opportunities, assess trade risks and develop strategies to expand into new markets, while mitigating risks associated with global trade dynamics.

IT CORPORATE GOVERNANCE REVIEW

The Information Technology (IT) Department at Meatco equips the Corporation with essential tools and systems, ensuring optimal operation and responsiveness to changing conditions. It acts as a critical lens for scanning both internal and external environments for the Corporation to respond effectively and efficiently to the changing conditions. IT governance at Meatco is structured into four divisions:

- Production Systems;
- Enterprise Systems;
- Infrastructure; and
- Software Development.

These divisions collectively support and enhance the Corporation's technological capabilities.

PRODUCTION SYSTEMS DIVISION

The IT Production Systems Division manages all production-related software and hardware on abattoir floors and applicable spaces across the following plants and outlets: Windhoek, Wholesale, MeatMa, Bonanza, Rundu, and Katima Mulilo. This includes overseeing the Emydex Production Management System used at these facilities.

Additionally, the division facilitates an automated process for cattle receiving and clearing between Meatco suppliers and Directorate of Veterinary Services (DVS) via the NAMLITS system.

ENTERPRISE SYSTEMS DIVISION

The IT Enterprise Systems Division at Meatco manages all enterprise systems, serving as the Corporation's central data hub. Its key systems include:

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

The division consolidates data from various corporate systems into a centralised data warehouse, transforming raw data into actionable management information for decision-making. It provides accurate, real-time information to the Corporation, enabling data-driven decisions. Additionally, the division offers in-house support for these enterprise systems before involving external service providers, reducing needless maintenance costs.

INFRASTRUCTURE DIVISION

The IT Infrastructure Division at Meatco is responsible for providing and maintaining computer-related hardware and software that supports all IT functions across the Corporation. This includes managing computer hardware and network connectivity for business units, outlets and plants such as Windhoek Head Office, Windhoek Factory, Wholesale, MeatMa, Bonanza, Katima Mulilo Abattoir, and Rundu Abattoir. The division ensures connectivity to the Head Office, enabling the use of production and business software like Akiri Livestock Procurement System, Sage X3, Pentaho, and Emydex Production Management Systems.

Additionally, the division oversees the upkeep and security of the Active Directory, which adds a layer of security to all production and business applications. Responsibilities also include the maintenance, backup, and security of all computer hardware, software, networks, email systems, and data centres.

SOFTWARE DEVELOPMENT DIVISION

The Software Development Division at Meatco is responsible for creating, maintaining, and supporting in-house software solutions. This includes managing the Stock Producer Management System, Akiri, which plays a crucial role in Meatco's value chain by facilitating cattle booking, receiving, and generating producer statements. Additionally, the division supports other IT functions through integration with third-party applications and develops data warehouse tools for data analytics. Finally, transformation of traditional paper-based processes into automated digital workflow using cloud-based tools.

CHALLENGES

Team and Resource Constraints:

- Team composition: The IT department is small but skilled, with deep knowledge of the organisation's operational and business processes.
- Primary challenge: The team faces significant resource constraints. They are tasked with maintaining existing systems, while also researching and developing new technologies to drive innovation.

Impact of COVID-19:

- Pandemic response: The COVID-19 pandemic introduced new challenges, primarily related to flexibility when system users work within Meatco premises or shift to remote work. The IT Department has had to continuously optimise systems for flexibility and business continuity under changing conditions.
- Resource reallocation: The IT team had to adapt by reskilling and upskilling under-utilised resources from other units within the department.

Ongoing Challenges:

- Aging infrastructure: Maintaining a stable IT environment with some outdated infrastructure has been challenging, but it is manageable.
- Increased cybersecurity risks: The shift to remote work has heightened the risk of cyber-attacks, introducing new business risks related to cybersecurity.

THE WAY FORWARD

In alignment with corporate strategy, the IT Department is prioritising capital projects focused on modernising infrastructure and minimising technical debt. To support this, the department is enhancing its staff capabilities through upskilling and reskilling, ensuring the right balance to maintain and improve the technology landscape. The strategic goal is to develop an agile, resilient, and cost-efficient IT Department.

IN CONCLUSION

The IT Department is committed to continuous improvement through reskilling and upskilling current talent and adding more resources to ensure the department evolves with current and emerging business systems. This approach supports existing systems, maintains security, and fosters innovation. Aligned with corporate strategy, the department leverages technology to streamline and automate processes, aiming to reduce operational costs, lower production costs, and enhance overall 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, as amended 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 2023/24 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;
- implementing a risk management framework to identify, assess and mitigate procurement-related risks; and
- using spend analysis techniques to inform work planning and to identify potential areas of opportunity/action.

COMPLIANCE WITH REGULATORY OBJECTIVES

The Procurement Management Unit aims 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 Public Procurement Act with regard to the approvement of internal procurement structures and ensured that Meatco conducts procurement services in the most transparent and fair manner.

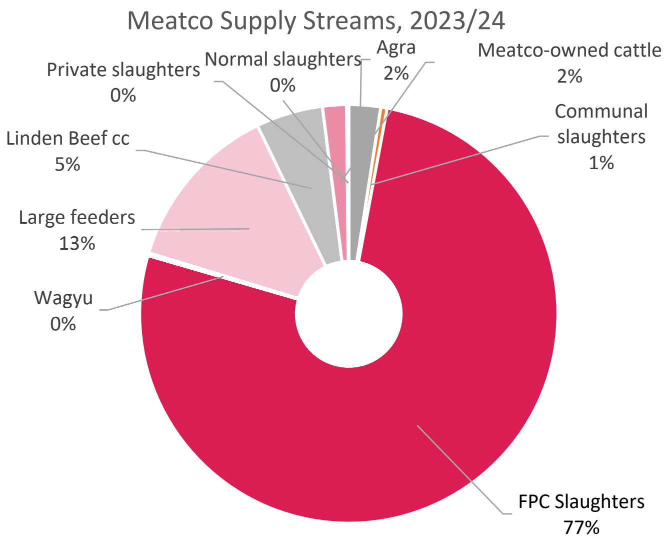
LIVESTOCK PROCUREMENT AND PRODUCTION REVIEW

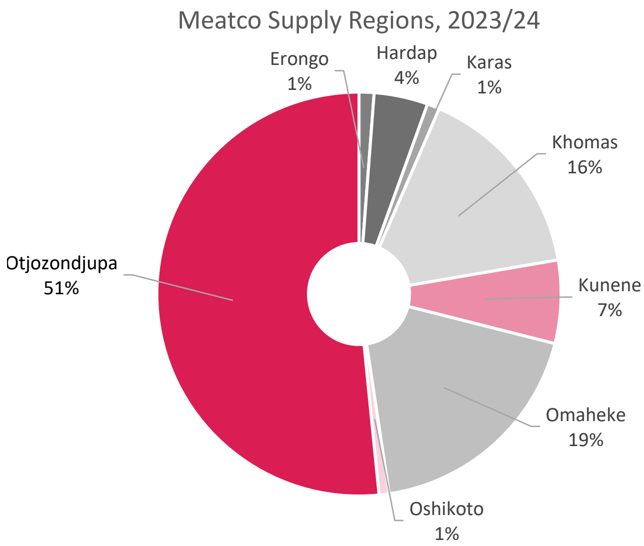
NAMIBIAN LIVESTOCK INDUSTRY OVERVIEW

During the 2023/24 financial year, the livestock sector observed marginal growth across the cattle sector. This growth trickled down to the meat sector, which saw an increase in production during the reporting period, coupled with relatively good prices.

According to the Livestock and Livestock Products Board, in 2023 294,938 cattle were marketed across all marketing channels. Of this total, 151,808 were exported live on hoof to neighbouring SADC member states, 104,549 were slaughtered at local A-class abattoirs and 38,581 were slaughtered at various Livestock and Livestock Products Board of Namibia (LLPBN) B- and C-class abattoirs nationwide. This brings the growth of the cattle sector up by 17.6 per cent from 250,751 head marketed during 2022.

Comparing activities of the three marketing channels, it is evident that the B- and C-class segments recorded the highest growth of 88.3 per cent, followed by A-class abattoirs that grew by 45.2 per cent, while live exports grew by 8.7 per cent.





Windhoek Abattoir, 2023/24 Gradings	
Grade Class	Quantity of cattle
A0	325.0
A1	2,066.0
A2-4	9,919.0
A5-6	24.0
AB0	584.0
AB1	3,088.0
AB2-4	9,105.0
AB5-6	29.0
B0	907.0
B1	3,765.0
B2-4	12,783.0
B5-6	62.0
C0	859.0
C1	2,591.0
C2-4	14,522.0
C5-6	191.0
Total cattle	**60,820.0**

The growth in slaughtering at all export-approved abattoirs supported improvements in producer prices with the SVCF beef all grade averages amounted to N$60.31/kg.

Year-on-year, the B2 producer price increased by N$0.85/kg and averaged N$62.03/kg, relative to the N$61.18/kg paid to producers during 2022. The further outbreak of FMD in South Africa severely affected producer prices within the South African market. As a result, the Red Meat Abattoir Association (RMAA) came in N$12.72/kg lower than its Namibian counterpart. Domestic weaner prices at auctions faced downward pressure, recording lower levels than their South African counterparts during 2023.

Internationally, Namibian producer prices traded below the United States of America (USA), European Union (EU), Argentina and Uruguay prices. Generally, Australian beef prices trended higher than the USA and the EU, but that was not the case for 2023. Australian beef prices largely remained under pressure due to unfavourable climatic conditions, resulting in increased supply of beef on the global market.

The number of animals slaughtered by export-approved abattoirs increased from 70,568 cattle in 2022 to 105,549 cattle in 2023.

An estimated 16,916,508 kg was exported by Namibian export-approved abattoirs during 2023, of which 9,051,245 kg was exported to the EU. Top beef export destinations for the period of 2023 included South Africa (3,176,347 kg), the UK (1,989,496 kg) and China (1,279,884 kg), while African countries took up the least volumes. Interestingly, no beef was exported to the USA during the past three years.

MEATCO LIVESTOCK PROCUREMENT OVERVIEW

The Meatco Livestock Procurement Department has performed exceptionally under very difficult conditions during the reporting year. As a collective, the department managed to procure 12,000 more cattle from producers SVCF compared to the original budget plan for the 2022/23 production year.

For the first time in three years, Meatco managed to surpass the 60,000 mark for cattle procured. We could only achieve such level of performance by:

- re-building a departmental trust relationship with producers;
- diversifying within the various procurement streams to be inclusive of all producers in the country; the department's personnel procured cattle as far as Gam in the northeast corner of Omaheke Region to Karasburg in the south;
- actively supporting and building on a feeder stream within the procurement delivery basket; Meatco managed to gain the support of 67 feeder producers who delivered cattle to Meatco throughout the year on a month-by-month basis. Through the feeder stream we consistently managed to achieve consistent carcass weight and fat grading in terms of the quality of carcasses slaughtered; and
- managing the cost effectiveness of operations and operational efficiencies within the business unit within the set budget targets.

OKAPUKA TANNERY

The Meatco tannery went through a very difficult period in terms of the sales of wet-blue hides. The world market for wet-blue hides crashed and international prices came under severe pressure. Management's focus was on effective production processes, the alternative marketing of salted hides, and the certification of the tannery.

The tannery went through an audit process by the Sustainable Leather Foundation to achieve a competitive edge within the international marketing environment. The Meatco tannery is now a fully certified tannery, of only three in Africa that have proven processes in place to assure clients of responsible production processes. The short-term focus for the tannery is to find alternative international clients for the produced hides.

OKAPUKA AND ANNASRUH FEEDLOTS

The process of leasing Meatco's two feedlots, Annasruh in Gobabis and Okapuka near Windhoek, also gained momentum in the reporting year. Authorisation to lease the feedlots was obtained from the Ministry of Finance and Public Enterprises.

Both these feedlots will be leased to private operators under a contractual obligation to deliver cattle produced within the feedlots to Meatco for slaughter on a monthly basis. Contract feeding of communal cattle at these facilities remains a focus and an operational requirement. Production of these two feedlots can boost the pre- and off-seasons availability of slaughter cattle to Meatco significantly.

AGRO-PROCESSING AND VALUE-ADDITION REVIEW

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

INTRODUCTION

The financial year 2023/24 presented both challenges and opportunities for Meatco, as we navigated through a dynamic landscape in the agro-processing and value-addition sector. Despite facing financial constraints and operational hurdles, Meatco remained committed to enhancing product efficiencies and maintaining our competitive edge in the market.

OPERATIONAL HIGHLIGHTS

During the reporting year, Meatco successfully slaughtered 60,820 cattle, surpassing the budgeted target of 50,000. This achievement is a testament to its operational resilience and strategic planning.

The average cold dress (carcass) weight of slaughtered cattle stood at 252 kg, contributing to a significant portion of our overall output. Additionally, the dressing percentage stood at an impressive 55.3 per cent, reflecting our commitment to maximising yield and efficiency throughout the processing chain. These operational achievements underscore our dedication to excellence and efficiency in delivering high-quality products to the market.

FINANCIAL PERFORMANCE

The financial performance of Meatco during the year under review was impacted by several factors, primarily the delayed payments to suppliers and producers. This delay not only strained our relationships with suppliers, but also resulted in cancellations and loss of slaughter-ready animals. These financial challenges underscore the importance of maintaining robust cash flow management strategies and fostering strong partnerships within the value chain.

> **DURING THE REPORTING YEAR, MEATCO SUCCESSFULLY SLAUGHTERED 60,820 CATTLE.**

PRODUCT EFFICIENCIES

Despite the financial constraints, Meatco remained focused on enhancing product efficiencies throughout our operations. However, we encountered setbacks, notably due to the inadvertent use of incorrect vacuum bags. This oversight led to significant financial losses as the products did not conform to export standards and were sold at a less profitable value. Moving forward, we are implementing stringent quality control measures to mitigate such risks and uphold our reputation for delivering premium products to the market.

FINANCIAL PERFORMANCE

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AVERAGE WEIGHT

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PRODUCT EFFICIENCIES

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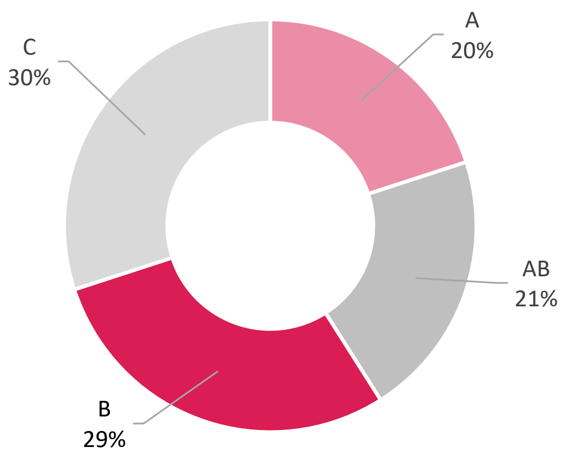
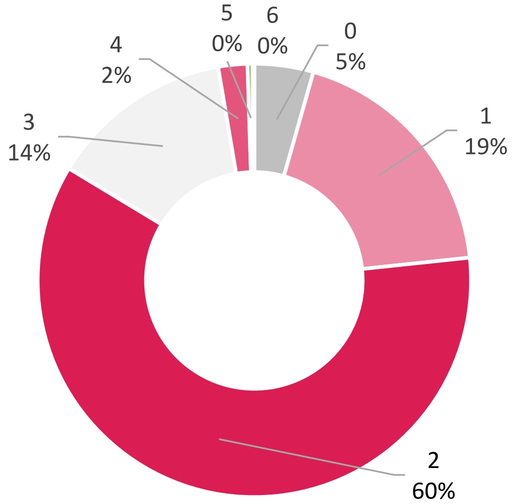




VALUE-ADDITION CHALLENGES

Meatco faces challenges with old and outdated value-addition equipment, resulting in low production and substandard products. This highlights the need for investment in modernisation and upgrading of equipment to enhance efficiency and maintain product quality. The cannery, in particular, has not undergone any revamping and will remain closed until further notice, pending necessary upgrades and improvements.

In the current financial year, Meatco's value-addition segment faced several challenges that impacted our performance. We produced 741.54 tonnes of value-added products, falling short of the budgeted target of 960 tonnes. This shortfall was primarily due to financial constraints, including delays in paying suppliers on time, which affected production capabilities. Additionally, the increased availability of mechanically deboned chicken meat (MDM) in the market posed significant competition.

Two major retailers further compounded the challenges by implementing their own in-house value-addition production hubs, reducing their reliance on Meatco's value-added products. Despite these hurdles, Meatco managed to achieve substantial sales in specific product categories:

- Soup bones and stewing neck: These products accounted for 83 per cent of value-addition sales, indicating strong market demand and customer preference.
- Sausages, mince, and hamburger patties: The remaining 17 per cent of sales were distributed among these products, reflecting lower market demand compared to soup bones and stewing neck.

Looking ahead to 2024/25, Meatco plans to strategically realign our value-addition production to better meet market demands and improve profitability. Key focus areas include:

- Reducing low-selling products: We will decrease the production of products that have shown lower sales performance. This will allow us to allocate resources more efficiently and concentrate on items with higher demand.
- Focusing on high-selling products: Given the strong performance of soup bones and stewing neck, we will increase production volumes for these high-demand items. This strategic shift aims to maximise our sales and leverage our strengths in the market.
- Increasing production volumes: By focusing on high-selling products, we aim to enhance overall production volumes, meeting and potentially exceeding our budget targets for the upcoming year.

Our commitment to innovation, efficiency, and market responsiveness will drive our strategy and ensure that Meatco continues to deliver high-quality value-added products to our customers.

MARKET DYNAMICS

The agro-processing and value-addition sector continued to witness evolving market dynamics, driven by changing consumer preferences and regulatory requirements. Meatco remained agile in responding to these shifts, leveraging market insights to tailor our product offerings and enhance our competitiveness.

SAFETY AND ENVIRONMENT

In 2023/24, Meatco maintained a strong focus on ensuring the safety and well-being of our employees. However, the year was not without its challenges. We recorded three lost-time injuries, occurring in February, September, and December. These incidents highlighted the need for continuous improvement in our safety protocols and practices.

On average, we experienced 4.5 minor injuries per month, with May being the most concerning month, recording 14 minor injuries. The majority of these minor injuries were lacerations on the hands and fingers, underscoring the need for enhanced protective measures and training for employees handling sharp tools and equipment.

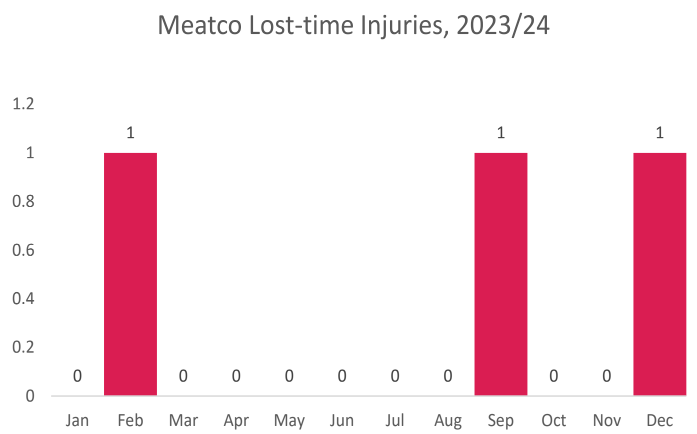
Despite these incidents, Meatco remains committed to fostering a safe working environment. We have implemented several initiatives aimed at reducing workplace injuries, including regular safety training sessions, thorough risk assessments, and the introduction of more stringent safety measures. Continuous monitoring and feedback mechanisms are in place to ensure adherence to safety protocols and to promptly address any emerging risks.

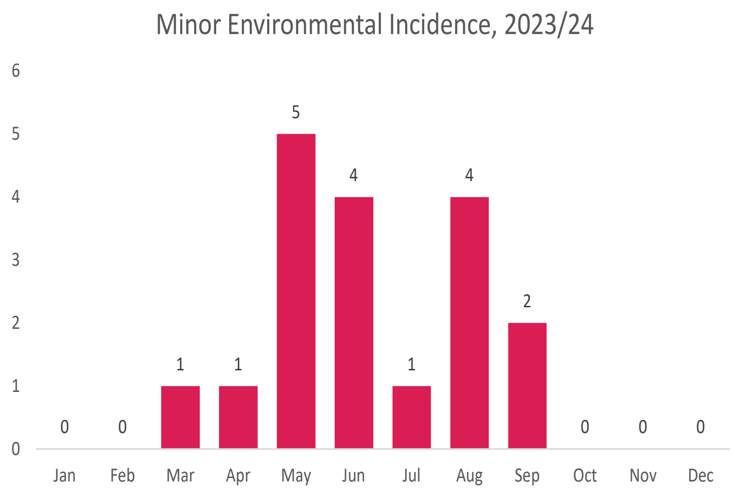
Meatco prides itself on maintaining a good reputation regarding environmental stewardship. Throughout the reporting year, we had no major environmental incidents, reflecting our commitment to sustainable operations and environmental responsibility.

However, we faced minor challenges related to our abattoir's proximity to the newly-developed residential area of Eros. Residents raised complaints about odours from by-products and the effluent plant. While these incidents were minor, they highlight the need for ongoing efforts to mitigate environmental impacts and maintain harmonious relations with the surrounding community.

To address these concerns, Meatco has initiated several measures aimed at reducing odour emissions and improving waste management processes. These include enhancing the efficiency of our effluent treatment plant and exploring advanced technologies for by-product management. Regular monitoring and community engagement are also part of our strategy to ensure that we remain responsive to any environmental concerns from the local residents.

In conclusion, the year 2023/24 was a period of learning and improvement for Meatco in terms of safety and environmental management. While we faced challenges with workplace injuries and minor environmental complaints, our ongoing commitment to safety and sustainability has driven us to implement effective measures and strategies to address these issues. Moving forward, we will continue to prioritise the health and safety of our employees and the well-being of our community and environment, ensuring that Meatco remains a responsible and proactive industry leader.





FOCUS AREAS FOR THE 2024/25 FINANCIAL YEAR

As we look ahead to the financial year of 2024/25, Meatco is committed to strategic initiatives aimed at driving growth, sustainability, and operational excellence. Our focus areas include:

1. Increasing slaughter numbers: Meatco aims to increase slaughter numbers to 105,000 cattle, demonstrating our commitment to meeting market demand and expanding our market share.
2. Upgrading water-supply infrastructure: Given the challenges posed by low rainfall, Meatco will prioritise upgrading its water supply infrastructure. This includes installing additional boreholes and implementing a reverse osmosis plant to ensure a reliable 50 per cent water supply.
3. Exploring renewable energy solutions: Meatco will explore the possibility of integrating solar power into our operations to reduce our carbon footprint and enhance energy efficiency.
4. Implementing the Turn-Around Plan: Meatco is in the process of implementing a comprehensive Turn-Around Plan to streamline business efficiencies and ensure profitability. This includes identifying areas for improvement across the value chain and leveraging technology for productivity gains.
5. Maintenance and upgrades: Major maintenance was conducted on the holding freezers and freezing components of the refrigeration system. Planned upgrades are also scheduled for the cooling part of the deboning process later in 2024, pending the arrival of equipment.

Looking ahead, Meatco is poised to capitalise on emerging opportunities in the agro-processing and value-addition sector. We remain committed to driving operational excellence, fostering innovation, and strengthening partnerships across the value chain. Despite the challenges encountered during the reporting year, we are confident in our ability to navigate uncertainties and deliver sustainable growth in the years to come.

CONCLUSION

In conclusion, the financial year 2023/24 was characterised by both challenges and achievements for Meatco in the agro-processing and value-addition sector. While we faced financial constraints and operational hurdles, we remained steadfast in our commitment to enhancing product efficiencies and maintaining our competitive edge. With a strategic focus on innovation and collaboration, Meatco is well-positioned to capitalise on emerging opportunities and drive sustainable growth and profitability in the future.

MARKETING, SALES, LOGISTICS AND COMPLIANCE REVIEW

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

MARKETING AND SALES

Meatco slaughtered 60,820 cattle during the reporting year compared with 36,861 the prior year. This is more than the past two years, enabling the Corporation to have more product to sell. Meatco sold 29,120 metric tonnes of meat during the reporting year.

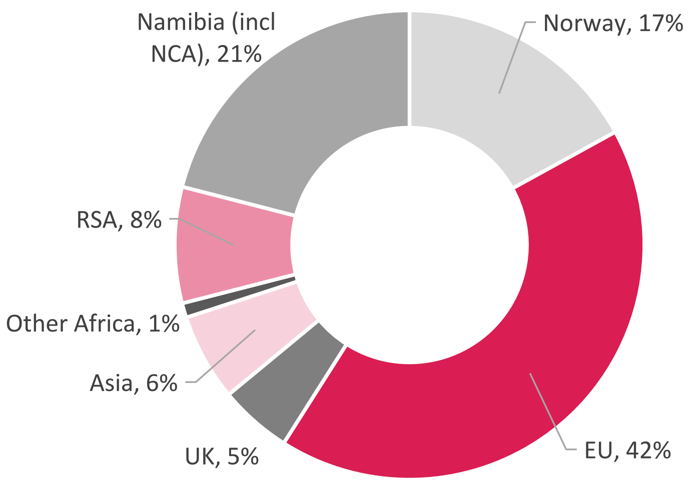
Meatco generated N$1,203 million in revenue in 2023/24 compared with N$765 million in 2022/23. International sales generated N$956 million compared with N$564 million in 2022/23.

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

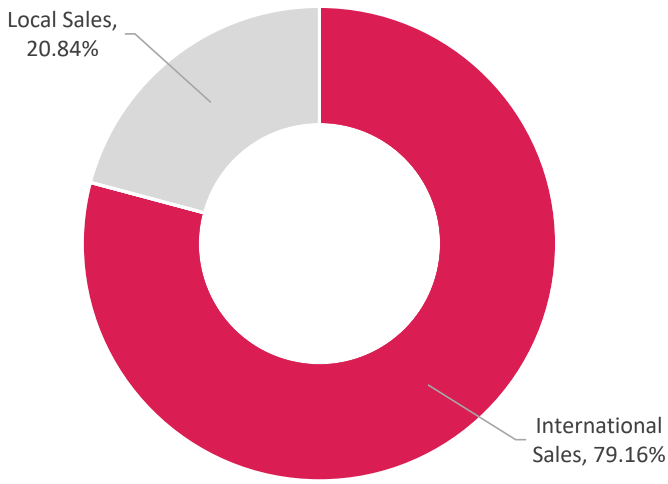
Accordingly, the EU generated 42 per cent of total revenue, Norway 17 per cent, South Africa 8 per cent, and China/Asia 6 per cent. A total of 21 per cent was sold in Namibia.

While the international markets have changed in the previous year due to the war in Ukraine and the energy crisis that pushed up commodity prices, markets stabilised during the reporting year. However, commodity prices remained low, with active efforts by the European partners to limit the impact of high commodity prices.

Actual Sales Value Distribution, 2023/24



International vs Local Sales, 2023/24



There were also over-recovery in terms of competitor's production, especially from Brazil and Argentina. Big consumers like China did not open as fast as anticipated, resulting in a skewed distribution of the available beef away from the traditional markets such as China. All this meant that export countries chased the same consumers, therefore beef prices came under tremendous pressure in the international markets.

Meatco's challenge was that we are located far from the international markets, which meant that we have a cost structure with low margins on the cost, insurance and freight (CIF) prices. However, because we have more product to sell this financial year, we could balance the cost and demand, thus stabilised prices. Our strategy has been to identify reliable clients, as the contract with GPS came to an end, and we had to transition from GPS to new clients. Meatco successfully made the transition and could sell the available beef.

Meatco received 1,200 tonnes or 75 per cent of the Namibian portion of the Norwegian quota and as usual, fully utilised the quota in 2023/24 with forward utilisation of circa 300 metric tonnes to ensure early cash flows and early availability of the Natures Reserve brand in the Norwegian market.

As mentioned in the agro-processing review, we experienced a quality issue during the reporting year where substandard vacuum bags were used, causing the meat to discolour. Luckily we managed to sell that meat as well, rather than having to transport it back to Namibia, even though at a lower price. However, the Natures Reserve brand did suffer some reputational damage, which we will have to address in the next few years.

Overall, Meatco managed to secure a decent price for its beef on the international and regional markets, which was better than what we realised in the past two years. The key markets performed better than indicated by the average sales prices realised from the markets. Norwegian average sales prices increased to N$245.69/kg from N$219.45/kg in 2022/23. EU sales price decreased slightly to N$102.68/kg from N$105.67/kg; UK sales increased from N$83.98/kg to N$97.40/kg; Asia prices decreased to N$96.81/kg from N$97.34/kg in 2022/32; RSA sales prices decreased to N$61.39/kg from N$64.48/kg and Namibian sales prices decreased to N$59.73/kg from N$67.82/kg in 2022/23.

Now that we have secured two good international traders, our focus will be on the retail market during the next financial year, although the retail market has its own challenges, but promise even higher returns.

The domestic market was challenging during the reporting year. The local Namibian market can absorb about one-third of what Meatco produce, emphasising the importance of the export market. Fierce competition in the local market put downward pressure on the prices realised locally.

The South African market is the only alternative that is located near Namibia. However, the South African beef industry experienced their own challenges during the reporting year, especially with the outbreak of foot-and-mouth disease (FMD) which forced the closure of the borders. Traditionally, this market consumes most of what it produces internally, and any imported beef is taken up at very low prices. With the closure of its borders for export, the country had to use high value cuts to produce low value products such as pies and mince, which means Namibia struggled to sell its low value products in South Africa.

Meatco tried to diversity to Ghana, Angola, and the Democratic Republic of Congo (DRC). Even though a relationship was established with one trader in Angola, he could not take up sufficient volumes to justify exporting. Two traders in Ghana were secured; however, they tend to focus more on the offal market, which is limiting our potential in those markets. One container of beef was sent to the DRC market; however, there was no repeat business. Although these markets could potentially be lucrative, especially for NCA meat, it is not easy markets to penetrate.

Efforts were made to enter the Middle Eastern markets. During the current year, Meatco attended an excursion to Dubai and Qatar, organised by the EU and the Namibian Government, especially for the NCA meat. It is a multi-layered market with a need for both high-end, as well as low-end products. The low-end market in these countries are currently supplied by South Sudan, Kenya and India, also with buffalo meat, as consumers are buying ultra-cheap protein. However, it is a market that requires a deeper understanding of the dynamics of the market to be able to penetrate it successfully, for example signing agreements with luxury hotels for the high-end market.

The Halaal certification currently in place at Meatco is not acceptable in certain key Middle Eastern markets. As the certification authorities are situated in South Africa and the certification process is very expensive, it easily wipes out any margins unless it is for high-end products.

The Chinese market opened up very slowly with the zero COVID-19 restrictions in place. When it was lifted, the market reacted slowly, although the interest in the Chinese market remain high. With the departure of GPS, Meatco has to find new traders in this market. It is also a price-sensitive market; they would rather buy from Brazil or Australia where they can get volumes at lower prices.

We also have to balance the Chinese market with the European market, as the products sold in China can also easily be sold in the EU. Thus, if prices drop in China, it would be better to sell it to the EU. The advantage is that the Chinese markets focus on frozen front quarter cuts that are not so much in demand in the EU.

PRICES SECURED

Overall, Meatco managed to secure a decent price for its beef on the international and regional markets, which was better than what we realised in the past two years.

MIDDLE EASTERN MARKETS

Efforts were made to enter the Middle Eastern markets. During the reporting year, Meatco attended an excursion to Dubai and Qatar, organised by the EU and the Namibian Government, especially for the NCA meat.

LOGISTICS

Logistics were a challenge during the reporting year, mainly because of the departure of GPS and the accompaning need to internalise the whole logistics chain. Meatco managed to set up the logistics unit internally and the key performance indicator was that every container that goes out must have everything to ensure it gets to the market in a good state.

The big challenge was documentation, for example of the veterinary health certificates, as one has to rely on a third party to send the information. If the information is received late, the veterinarians will not certify the product with the resulting challenge of getting the products to the markets.

The certification of origin was initially another obstacle, but Meatco successfully completed the process to be able to self-certify products for export, which was a big achievement.

Another challenge that the Logistics Unit faced where the continuous demand for sufficient capacity with the shipping lines from competitors for those resources at the Port of Cape Town and the Port of Walvis Bay, such as the citrus and fishing industries. Meatco tried to diversify as much as possible to secure more shipping lines to transport our products by booking shipping lines internally, rather than relying on the Port of Cape Town to make bookings.

Going forward, Meatco is determined to address the logistics issues in the next financial year, as the Logistics Unit become more familiar with logistic challenges.

COMPLIANCE

The Compliance Unit 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.

Meatco's certification is important to ensure uninterrupted access to markets and the 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 audits were conducted and issued address successfully. The FSSC 22000 (Food Safety System Certification) audit was successfully completed.

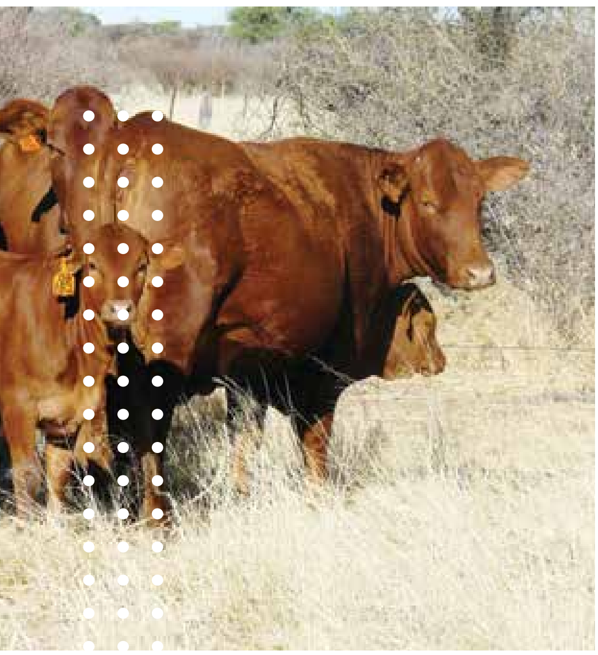
ANIMAL WELFARE

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 37 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 more than 100 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.

Month	Emergency	Non-Ambulatory	Advance Slaughter	DOA	Gave Birth	Quality Alerts	Clinical	RFO
February 23	0	0	1	0	0	0	0	1
March 23	1	0	0	2	0	0	0	1
April 23	1	0	0	1	1	1	1	8
May 23	3	2	0	0	2	6	0	12
June 23	1	2	0	0	0	2	0	50
July 23	0	8	0	0	1	4	0	2
August 23	5	3	0	3	1	2	0	6
September 23	6	2	0	0	1	0	0	11
October 23	1	2	0	0	1	1	0	5
November 23	1	0	1	0	0	0	36	39
December 23	2	0	0	0	0	0	0	2
January 24	0	0	0	0	0	0	0	0
Total	21	19	2	6	7	16	37	137



Microbiological compliance

The level of microbiological compliance remained high within 97 per cent to 100 per cent of the Micro Compliance Score. Of the 128 production days sampled and 132 tests conducted, a modest 12 positive test results were recorded.

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

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 (%)
February 23	100%	2	11	0	100
March 23	100%	12	11	3	75
April 23	100%	12	11	0	100
May 23	100%	15	11	2	99
June 23	100%	23	11	1	97
July 23	100%	19	11	2	99
August 23	100%	13	11	1	99
September 23	100%	17	11	1	99
October 23	100%	13	11	0	100
November 23	100%	10	11	1	99
December 23	100%	7	11	1	99
January 24	100%	5	11	0	100
Total	100%	128	132	12	97

Conclusion

As stated, the welfare of the animals delivered to the abattoir remains a critical tenet in the certification of Namibian 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 ended 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 the next financial year.

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, all 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 our 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.

Since 2022/23, NMIE successfully implemented and internalised all sales and marketing functions, collaborating with clients to establish competitive pricing and transparent marketing information. Meatco ensures the optimisation of its carcass realisation, while managing associated risk, trading in a global market, and recognising the strategic importance of the South African market.

During the 2023/24 financial year, NMIE had to deal with the aftermath of the foot-and-mouth disease (FMD) outbreak in South Africa, with its export status being compromised. Volume supply was available in the local market and despite corresponding downward pricing pressure and the increase in production, NMIE was able to utilise the South African market, maintaining product flow into the market, contributing to Meatco cost management and market realisation.

The South African market was more focused on lower-valued items and offal for which no other markets currently exist within the export status of Meatco. The South African market still managed to absorb close to 20 per cent volume produced by Meatco in the reporting year.

While the global market yielded much more competitive returns on competing manufacturing products, the higher volume on production and absorption capacity of the South African market and client base contributed to NMIE's ability to maintain positive returns over and above its overheads.

Looking ahead, the biggest challenges that the South African market will face in the 2024/25 financial year are broad and substantial, such as political and policy uncertainty with the governing party losing its majority hold in South African election results. Persistent and unyielding inflation above that of the midpoint target for the Reserve Bank, and a predicted hold on interest rates well beyond the second quarter will put strain on consumer spending power.

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 reporting year has seen Meatco NCA (Pty) Ltd thrive through a commitment to operational excellence amidst supply and demand market challenges. With a focus on maximising returns from the NCA, markets south of the Veterinary Cordon Fence (SVCF), and African markets, we are continuing to solidify our position in the industry.

FINANCIAL PERFORMANCE

While challenges persisted, including lower-than-expected slaughter numbers, our financial performance reflects resilience and progress. Despite a loss against budgeted figures, we remain optimistic about the strategic initiatives in place to bolster operational efficiency and revenue generation.

The Meatco NCA operations' performance for the period January 2024 year-to-date reports a net loss of N$17,346,320 (budget: loss of N$4,059,045); prior year reported a loss of N$13,665,746. The biggest contributor to reduction on the loss year-to-date is the Government grant of N$16,924,956 that the Ministry of Agriculture, Water and Land Reform and the Ministry of Finance and Public Enterprises contributed towards the operational cost of the Rundu Abattoir. The business experienced losses of N$34,271,276 without Government grants.

The overall gross margin percentage amounted to -12.98 per cent at January 2024 year-end versus a budgeted gross margin percentage of 31.45 per cent. Prior year reported a 13.14 per cent gross margin percentage for the same period.

Meatco NCA Performance		
Description	**FY 2023/24**	**FY 2022/23**
Revenue (N$)	43,525,920	60,496,508
Government Grants (N$)	20,000,000	0
Cost of Sales (N$)	(49,176,074)	(52,550,081)
Gross Margin	(5,650,154)	7,946,427
Gross Margin %	(12.98)	13.14
Profit/ (Loss)	(17,346,320)	(13,665,746)
# Cattle Slaughtered	4,607	3,779
# Personnel – Permanent & FTC	110	90

LIVESTOCK PROCUREMENT

Despite challenges, the NCA market remains a cornerstone for abattoir operators within the SVCF. While historical contracts and perceived product consistency have favoured SVCF suppliers, our operations at the Katima Mulilo Abattoir and the Meatco Mobile Slaughter Unit (MSU) have consistently delivered quality products comparable to SVCF standards.

Livestock Procurement		
Description	**FY 2023/24**	**FY 2022/23**
# Cattle Procured	5,056	4,237
# Cattle Slaughtered	4,607	3,779
Avg. Weight/Animal	188 kg	201 kg
Purchase Volume (kg)	2,196,037 kg	1,472,500 kg
Avg. Price/kg (N$)	N$37.31/kg	N$29.24/kg
Avg. Price/animal (N$)	N$7,899.39	N$7,369.66

OPERATIONS

Katima Mulilo Abattoir

The Katima Mulilo Abattoir continues to demonstrate positive performance, with increased sales and market realisations. However, challenges such as low slaughter numbers and infrastructural requirements demand attention for sustained growth and efficiency. Due to the low cattle supply, the abattoir operations remained in blockslaughter mode to ensure efficiency.

Rundu Abattoir

The transfer of operational control of the Rundu Abattoir to Meatco marked a significant milestone in our journey towards strengthening the Beef Value Chain Development Programme in the NCA. This strategic move underscores our commitment to advancing agricultural development and economic prosperity in the region.

Age				
Grade	**FY 2023/24**		**FY 2022/23**	
	Qty	**%**	**Qty**	**%**
A	380	0.07%		
AB	420	1.16%	25	0.66%
B	815	98.68%	445	11.78%
C	2,871	0.09%	3,309	87.56%
Total	**4,486**	100%	**3,779**	100.00%

Fat Distribution				
Description	**FY 2023/24**		**FY 2022/23**	
	Qty	**%**	**Qty**	**%**
0	3	8.47%	1	0.03%
1	52	9.36%	42	1.11%
2-4	4,431	18.17%	3,736	98.86%
Total	**4,486**	**100%**	**3,779**	**100.00%**

Sex Distribution				
Description	**FY 2023/24**		**FY 2022/23**	
	Qty	**%**	**Qty**	**%**
Ox	2,296	51.18%	1,882	49.80%
Tolly	1,293	28.82%	1,125	29.77%
Bull	205	4.57%	192	5.08%
Cow	585	13.04%	490	12.97%
Heifer	107	2.39%	90	2.38%
Total	**4,486**	**100%**	**3,779**	**100%**

On 31 August 2023, the Ministry of Agriculture, Water and Land Reform transferred operational control of the Rundu Abattoir to Meatco, marking a pivotal moment in our agricultural development. Constructed in 2014 at a cost of N$170 million, this facility boasts a slaughter capacity of 80 to 120 cattle per day, offering a vital market for local livestock producers across the region.

During the handover ceremony, the Minister of Agriculture, Water and Land Reform, Hon. Calle Schlettwein, emphasised the abattoir's significance in advancing the Beef Value Chain Development Programme in the NCA. Namibia's global leadership in beef exports will be further highlighted by the facility's adherence to stringent international standards with the Directorate of Veterinary Services (DVS) as the competent authority.

Governor Bonifatius Wakudumo highlighted the economic benefits of the abattoir's operation, including improved local meat supply and quality assurance. However, he also urged infrastructural upgrades, particularly in road networks, to optimise logistical efficiency for farmers.

The transfer of the Rundu Abattoir to Meatco represents a significant step forward in our agricultural sector's growth. By leveraging partnerships and addressing infrastructure needs, we aim to maximise its potential for sustainable economic development in our communities.

WORKFORCE

Meatco NCA operated with 110 (2023: 90) staff for all NCA sites. Operations at the MSU ceased due to staff being re-deployed to the Rundu Abattoir. It is evident that the lean structure will ensure that all sites are operating with a fit-for-purpose workforce, while maintaining the blockslaughter operations mode.

The recruitment process for additional staff will be finalised early 2024 in order to fast-track the Rundu Abattoir certifications. The certification will allow the abattoir to have further access to African and international markets who accepts products produced under the Commodity-based Trade (CBT) Protocol.

MARKETING AND SALES

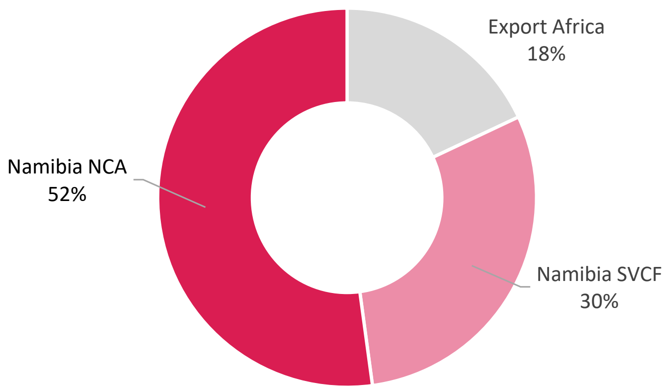
Although market realisations in Namibia experienced a decrease to N$47.47/kg (2022/23: N$51.37/kg), strategic interventions have been implemented to boost throughput at the abattoir, leading to a gradual recovery in cattle slaughter numbers. As demand for beef products increases, we anticipate improved market realisations, particularly with sustained price increases in local markets.

Average Market Pricing (N$/kg)		
Description	**FY 2023/24**	**FY 2022/23**
	N$/kg	N$/kg
Angola	47.47	51.37
DRC	0	107.97
Ghana	117.08	79.39
NCA- local	38.73	42.64
WHK Wholesale	58.06	62.33
Total	**52.27**	**68.74**

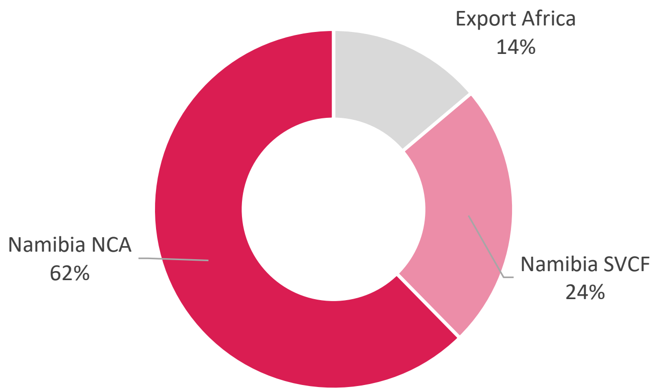
	Market Distribution					
Description	**FY 2023/24**			**FY 2022/23**		
	Value (N$)	**Volume (kg)**	**%**	**Value (N$)**	**Volume (kg)**	**%**
Angola	4,560,190.17	96,059.46	11.3	7,838,314.48	152,594.10	13.69
DRC	0	0	0	271,113.00	2,510.90	0.23
Ghana	2,525,811.23	21,572.88	2.54	1,112,060.62	14,006.77	1.26
NCA Local	20,525,658.72	529,877.53	62.34	24,397,313.83	572,053.54	51.32
Wdh Wholesale	11,753,465.87	202,424.76	23.82	23,278,566.30	373,473.25	33.51
Total	**39,365,125.99**	**849,934.63**	**100**	**56,897,368.23**	**1,114,638.56**	**100**

Market Distribution						
Description	**FY 2023/24**			**FY 2022/23**		
	Value	**Volume (kg)**	**%**	**Value**	**Volume (kg)**	**%**
Export Africa	7,086,001.40	117,632.34	13.84	9,221,488.10	169,111.77	15.17
Namibia SVCF	11,753,465.87	202,424.76	23.82	23,278,566.30	373,473.25	33.51
Namibia NCA	20,525,658.72	529,877.53	62.34	24,397,313.83	572,053.54	51.32
Total	**39,365,125.99**	**849,934.63**	**100**	**56,897,368.23**	**1,114,638.56**	**100**

Meatco NCA Market Distribution: VALUE (N$)



Meatco NCA Market Distribution: VOLUME (kg)



Northern Namibia Communal Area Abattoir Association Interim Committee

MARKETING INITIATIVES

Efforts to enhance sales through our factory shop have yielded positive results, particularly in terms of the increased sale of offal and bones.

Additionally, the establishment of the NCA Abattoir Association was done in the reporting period, facilitated by the Meatco Foundation, spearheaded by the Namibia National Farmers' Union (NNFU) with support from the European Union through the EDF11 Project. The NCA Abattoir Association will address challenges experienced by abattoir operators in the region to ensure optimal throughput of the abattoirs, as well as access to markets.

EXPANSION AND MARKET ACCESS

The dispatch of our first beef consignment to the Democratic Republic of Congo (DRC) in 2022/23 financial year marked a significant milestone, with plans for further expansion into the Middle East markets underway. Ghana proved to be a very lucrative market as average realisation increased to N$117.08/kg (2022/23: N$79.39/kg). Moreover, the establishment of a lean meat market in Namibia presents a new avenue for growth, with substantial demand projected.

IN CONCLUSION

The past financial year has been characterised by both challenges and opportunities. With a steadfast focus on operational excellence, market expansion, and strategic partnerships, Meatco NCA remains poised for sustainable growth and continued contribution to the agricultural landscape of Namibia.

HUMAN CAPITAL REVIEW

Meatco's human capital strategy is rooted in the belief that employees are our greatest asset, and the organisation has made significant strides in several key areas to ensure that we continue to foster a high-performance culture, plan for future leadership, and enhance our business processes and performance management system.

Central to Meatco Human Capital strategy is the development of a high-performance culture aimed at achieving the business objectives. Programmes and initiatives are designed to engage, motivate, and retain top talent, ensuring that the workforce remains aligned with the company goals and values. By fostering an environment that encourages excellence and innovation, Meatco is confident in the ability to meet and exceed its business targets.

WORKFORCE PROFILE
As at 31 January 2024

Total Staff Compliment: 765 (2022/23: 726)

MALE		FEMALE
574	Workforce	191
6	Interns	4
	Years of service	
16	5 years	6
22	10 years	12
21	15 years	8
13	20 years	8
27	25 years	-
2	30 years	-
-	35 years	-

WORKFORCE PROFILE

Meatco's staff complement stood at 765 at the end of the financial year. Total permanent staff are 560 (2022/23: 574), while staff employed on fixed-term contract basis totalled 205 (2022/23: 152).

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 7 per cent are aged between 21-29 years.

EMPLOYEE RELATIONS

Due to its good partnership with the recognised exclusive bargaining agent, the Namibia Food and Allied Workers Union (NAFAU), Meatco has maintained a sound employee relations climate free from industrial action.

For the period under review, wage negotiations were agreed upon and concluded in good faith.

EMPLOYMENT EQUITY

Meatco is an employer that values compliance with laws and regulations. In this regard, the Corporation maintained its compliance with employment equity requirements during the period under review. Meatco continues to be an equal opportunity employer that gives everyone the chance to progress equally.

STAFF LEARNING AND DEVELOPMENT

Throughout the financial year, employee training interventions played a crucial role in expanding skills and offering motivation. Training interventions which were offered were mainly mandatory and were facilitated internally. The VET levy contribution for the period under review was N$1.07 million (2022/23: N$1.4 million). A total of 61 training interventions were recorded for the period.

EMPLOYEE WELLNESS

Meatco continues to focus on employee wellness to create a healthy, productive, and engaged workforce. This has led to enhanced productivity, reduced healthcare costs and a positive workforce culture. Meatco will continuously implement effective wellness programmes to support employees' overall well-being and contribute to long-term success and sustainability. Information meetings, direct stakeholder participation, and individual and group counselling are among the measures implemented.

INTERNSHIP/INDUSTRIAL ATTACHMENT PROGRAMME

For the period under review, 22 student interns seized the opportunity to gain hands-on experience in a variety of departments at Meatco Windhoek and the NCA Katima Mulilo Abattoir. The disciplines covered included mechanical, electrical, plumbing, water treatment, and IT.

INTEREST-FREE STUDY LOANS TO EMPLOYEES

Meatco offers its staff members the chance for continued personal growth as part of its efforts to enhance its human capital by funding their studies in fields of study that are pertinent to the Corporation's activities. Meatco provided interest-free study loans to 14 employees during the time under review for programmes in IT, pharmacotherapy, logistics, honour's degree and master's degree programmes, occupational health, safety, and dispensing.

LOOKING AHEAD

Going forward, the following are the focus areas in Meatco's Human Capital Strategy:

Revised Organogram

A fit-for-purpose organogram is being designed to align with the Corporation's strategic goals and operational needs. This is essential for enhancing organisational clarity, efficiency, strategic alignment, and employee satisfaction, while also supporting effective resource management and compliance.

The revised structure will result in the following:

1. Clarity and transparency;
    - Clear roles and responsibilities
    - Improved communication

2. Improved efficiency and productivity;
   - Streamlined operations
   - Quick decision-making
3. Enhanced strategic alignment; and
4. Effective resources management,

Succession Planning

Meatco is revising its Succession Plan concurrently with the revision of the organogram. Succession planning is a strategic initiative that ensures organisational resilience, promotes talent development and retention, and aligns with the company goals and values. It is a critical tool for sustaining long-term success and stability.

Meatco aspires to achieve the following with the succession plan:

- continuity and stability — seamless leadership transitions and business continuity;
- talent retention — commitment to employee growth;
- improved organisational performance — clear career progression paths motivate employees; and
- strategic alignment and risk mitigation.

Focus on Training and Development

Meatco has embarked on a skills audit to assess the current skills of employees, identifying strengths and areas in need of improvement. The results of the skills audit will inform the design and implementation of training and development programmes, ensuring that they address specific gaps and needs within the workforce.

Meatco has its focus on training and development to:

- enhance employee performance;
- improve satisfaction and retention;
- attract talent; and
- improve employee engagement.

Performance Management

To achieve its strategic goals and improve overall performance, Meatco is reviewing its performance management system (PMS). The revised PMS is expected to:

- improve employee performance and productivity – provide clarity on expectations and goals;
- ensure individual goals alignment with the organisation strategic objectives;
- increase accountability and transparency;
- enhance communication; and
- improve talent management and succession planning.

STAKEHOLDER RELATIONS AND CORPORATE AFFAIRS REVIEW

During the reporting year, the Stakeholder Relations and Corporate Affairs (SRCA) Department provided communication and stakeholder engagement support to manage stakeholder relationships and enhance effective communication, both internally and externally.

STAKEHOLDER ENGAGEMENT

The main purpose and mandate of SRCA Department is to enhance and maintain the Meatco brand's positive reputation and support the strategic relationship it has with 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 meant that, in addition to all the standard information disseminated by the department, more information needed to be generated and pro-actively shared by Meatco.

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.

Stakeholder 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, ATPI, CFC);
- Tertiary Institutions (UNAM, NUST, NTA); and
- Employees (Permanent, Fixed-term Contract).

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, and 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 breed 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 important stakeholder, ensuring Meatco's messages and communications are distributed through their platforms. Several engagements were held during the reporting year.

MEATCO ENGAGEMENTS

Meatco and Meatco Foundation plough back into community to sustain cattle marketing

On 11 August 2023, Meatco and the Meatco Foundation officially inaugurated and handed over the recently constructed Eiseb Pos 10 Crush Pen to that community to advance cattle marketing activities in the area and eradicate the long distances farmers have to travel to market their animals, while sustaining their livelihoods.

The Omaheke Region conducted 204 livestock sales at auctions and permit days in the reporting year and sold over 94,036 livestock of which 70,185 were large stock and 23,851 were small stock, totalling a value of N$257 million. Meatco procured a total of 60 cattle on the first permit day and paid producers who marketed their animals over N$500,000.

Meatco forms part of developing agri- and rural statistics through the implementation of SPARS

On 17 July 2023, Meatco was part of an initiative by the National Statistics Agency (NSA) in collaboration with the Food Agriculture Organisation (FAO) to workshop the commencement of the Strategic Plan for Agriculture and Rural Statistics (SPARS) Project.

The assertion is that Namibia currently lacks or has outdated data in general and key censuses such as the agriculture, housing, health and labour force surveys collated more than ten years ago. It is for this reason that the NSA is collaborating with the FAO to develop the SPARS that is secured to achieve:

- guaranteed and better coverage for agricultural and rural statistics for the country;
- to enable decision-makers to make decisions based on evidence and available data; and
- have reliable livestock, animal health and farm information data.

Speaking at the launch, Statistician General, Alex Shimwafeni, highlighted that the agriculture census will be undertaken from 2025-2026 and will cover other strategic agricultural-related statistics such as forestry, fishery, aquaculture, livestock, and food production. However, for now, the launch of the SPARS marked the commencement of the project, articulating the project's vision and usefulness, raising awareness among stakeholders, and seeking stakeholder inputs.

Meatco opens the MeatMa shop In Walvis Bay

On 31 March 2023, Meatco officially launched a MeatMa Shop in Walvis Bay, Erongo Region. Operating in this market, Meatco strives to serve our customers with a basket of healthy proteins, while providing diversity to the plate of the residents.

The MeatMa product brand's vision is to bring Meatco's products closer to the Namibian people in line with the Government's policy on Industrialisation and the 'Growth at Home' Strategy. This is to ensure affordable proteins that are produced under the highest quality standards, mainly for the low-earning households.

Meatco's customers are assured to find diversified products consisting of chops and stew, traditional offal like tripe, liver and intestines with tasty sausages such as the Chakalaka and Holiday Braai wors, which are our best sellers. There are also the classic soup bones and stewing neck products along with burger patties.

We are anticipating to growing our sales meaningfully in the Erongo Region. This will enable the people of the region and the surrounding communities to supplement their healthy diets, while we grow our production volumes, fostering a win-win situation that supports the expansion of the domestic market.

Meatco partners with NUST to pilot Employability Training

Meatco, through the Human Capital (HC) Department, together with the Namibia University of Science and Technology (NUST) piloted a one-day Employability Improvement staff training on 14 April 2023.

According to Meatco's Manager: Human Capital, Jonas Ileka, the pilot project was implemented in collaboration with the newly-formed Research and Innovation function headed by Rosa Tobias. He further noted that training plays an important part in enhancing and capacitating employees across the company enabling them to work smarter and grow personally and professionally.

NUST's Work Integrated Learning (WIL) Industry Coordinator, Petrina Batholmeus, who also conducted the training, shared that the programme, although in its pilot stage currently, is aimed at reminding, enhancing and promoting productivity and innovation in the workplace. Ms Batholmeus added that the pilot was successful, and that the feedback received from the Meatco participants confirmed the need to turn the programme into a short course that can be offered to the industry as a skills enhancement intervention and team-building exercise.

Meatco's Tannery audited for good ESG by SLF

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) contracted the Sustainable Leather Foundation (SLF), a non-profit organisation based in the United Kingdom (UK) and founded in 2020, to audit Meatco's and Nakara's Tannery operations.

The audit was coordinated by the Southern African Development Community (SADC) Secretariat and implemented by the GIZ under the Support to Industrialisation and Productive Sectors (SIPS) Programme and has been a year in development. The specific objective of the audit is to ensure that SADC countries successfully meet international standards in accordance with the Environmental, Social and Governance (ESG) criteria, also known as Planet, People and Profit.

The SLF is the only organisation in the leather industry capable of scrutinising the wholistic sphere of activity of good ESG.

Meatco did exceptionally well, given the limited time it had to prepare. The Social (people) component was the highest rated out of the three modules; this is because Meatco has an integrated supply-chain, and many companies are not aware of who and where their clients are located and consequently these companies cannot do due diligence into their clients and how they implement measures that fall under ESG consideration, and finding out usually proves to be quite difficult.

There are number of improvements that can be done, especially around the Environmental perimeter going forward, although the Governance aspect was also well represented. The eagerness by senior managers and the entire team to understand and learn from the workshop indicated that they saw the value and want to continue to improve Meatco's ESG criteria.

Considering the ESG reporting that must be conducted as from 2024, the possession of this certification will open more customer doors, especially from Western countries and Europe due to the legislative demands thereof. Additionally, through this initiative, GIZ aims to enable, revive and grow the local Namibian leather industry and production capability by ensuring that it becomes complaint to good ESG for its expansion, profitability, and sustainability.

Night School Training Session held

On 17 October 2024, Meatco held the Night School Training Session, under the theme "Managing Livestock Production during Drought in Namibia: the Potential of Encroacher Bush and Forage Legumes as Supplements". The training was held in collaboration with the University of Namibia (UNAM) and spearheaded by the Agricultural Advisory and Extension Services section of Meatco.

The training is aimed to cooperate and engage in training, research and innovation activities that promote the achievement of Meatco, producers and academic partners in line with respective mandates, while contributing to the economic growth of the country.

It remains pivotal for Meatco and the farmers to take each other's hands and work together towards achieving beneficial business ties to grow the industry and the Namibian economy.

Producer Engagements

During the reporting year, Meatco had six producer engagements. Farmers in Windhoek, Okahandja, Otjiwarongo, Grootfontein, Gobabis, and Otjinene were engaged.

The purpose of these meetings was to discuss and engage producers on the status of the Meatco business, which were shared by the Meatco Executives and a Board Member.

Plant tours: a strategic intent to engage stakeholders

On 16 March 2023, the Agro-processing and Value-addition Department hosted a plant tour for the Kenya Senior Joint Command and Staff College (KAREN). The delegation, which was led by Major General Erick Kinuthia, Commandant of the college's Course 38 programme, comprised participants from six different African countries. The purpose of the visit was to familiarise the participants with Meatco's systems and processes as a world-class export abattoir.

During the visit, Meatco's Plant Manager, Marchella Somaes, presented the organisation's operational responsibilities relating to the socio-economic and economic contribution towards the country. She further enlightened them on the institution's markets locally, regionally, and internationally, emphasising the expansion of the African markets from South Africa, Ghana, and Angola to Uganda, Tanzania, Egypt, DRC, Congo Brazzaville, among others.

The Role of Organised Agriculture in the 21st Century

On 06 April 2023, the Agriculture Trade Policy Institute (ATPI), organised a public lecture to stimulate public dialogue on agriculture trade policy issues in Namibia. The ATPI invited Prof. Johan van Rooyen from the University of Stellenbosch and Mr Wandile Sihlobo from the Agricultural Business Chamber (Agbiz) of South Africa to give an overview of what is trending in the 21st century in the organised agriculture space.

Captains in the agricultural industry ranging from policymakers, regulators, academia, financial institutions, and organised agricultural institutions gathered at the Namibia University of Science and Technology (NUST) to get the current overview of the sector.

Prof. Van Rooyen highlighted that it is important for the structure of the organisation to follow the strategy in the 21st century.

He stated that in the new 21st century, farmers should move away from being antagonistic but rather their produce should distinguish them from the market. It's important for agro-processors and producers to be close to clients in order to understand their clients and market trends. The 4th Industrial Revolution innovation will drive food systems and each organised agriculture sector needs to embrace this and evolve. The new value chains will have to be much more environmentally friendly and sustainable.

The agriculture sector is at a crossroads in the 21st century where politicians, academia and policymakers must merge and work together. Blended farmers' instruments need to challenge the youth to come up with innovation.

9th Heads of Mission Conference

At the official opening of the 9th Session of the Heads of Mission Conference that took place from 30 October to 03 November 2023, Meatco exhibited premium primal beef cuts produced from free-ranging and pasture-raised Namibian cattle.

The conference was held under the theme 'Pursuing Namibia's Economic Diplomacy for Development and Prosperity'.

The Namibian missions exhibited and displayed key economical diplomatic achievements of which Meatco formed a part.

Rundu Abattoir Handover

On 31 August 2023, the Rundu Abattoir was officially handed over to Meatco, and it is ready to benefit the farmers in the two Kavango Regions, as well as the surrounding areas.

A Cooperation and Performance Agreement was signed between Meatco and the Ministry of Agriculture, Water and Land Reform (MAWLR). Meatco has been tasked by the Ministry with operating the Abattoir and implementing strategies to ensure its sustainability, while also offering competitive prices to benefit the farmers.

The abattoir underwent a certification process to qualify as an export abattoir, and all animals slaughtered there must comply with the Commodity-Based Trade (CBT) Protocol. This was a great step towards promoting the prosperity of farmers in the Region.

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.

In the pursuit of its mission to enhance the socio-economic landscape of rural Namibian communities, particularly those dependent on livestock, the Meatco Foundation continued its commitment to corporate social investment during the reporting year.

With a focus on initiatives north and south of the Veterinary Cordon Fence, the Foundation aimed to empower farmers in communal areas, equipping them with the tools necessary for success in commercial farming. Compliance to ESG has also been high on its agenda in the reporting period and we are pleased that we have successfully completed the Sustainable Leather Foundation Audit for the Okapuka Tannery.

Throughout the year, the Meatco Foundation invested N$24 million (2022/23: N$18.9 million) towards various projects tailored to uplift Namibian communities. These initiatives were strategically designed to foster resilience, improve livelihoods, and promote sustainable agricultural practices.

THE FIRST TANNERY IN AFRICA TO BE ESG CERTIFIED

During the reporting year, the Meatco Foundation facilitated the Environmental, Social and Governance (ESG) certification process of Meatco's and Nakara's tannery. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) contracted the Sustainable Leather Foundation (SLF), a non-profit organisation based in the United Kingdom (UK) and founded in 2020 to audit the tannery operations. The audit was coordinated by the Southern African Development Community (SADC) Secretariat and implemented by the GIZ under the Support to Industrialisation and Productive Sectors (SIPS) Programme.


SUSTAINABLE LEATHER FOUNDATION

This is to certify that

Meatco Tannery

Has achieved

Environmental Responsibility		Social Responsibility		Governance Responsibility	
EM1	Permits, Licenses, Statutory	SM1	Permits, Licenses, Statutory	GM1	Permits, Licenses, Statutory
EM5	Land Use Energy Consumption	**SM2+**	**Age of Workers**	**GM2+**	**Ethical Business Practices**
EM6	Energy Consumption	**SM3+**	**Compulsory Labour**	**GM3+**	**Animal Welfare Practices**
EM7	Water Use	**SM4+**	**Discrimination**	GM4	Traceability
EM8	Raw Materials & Chemicals	SM5	Corporate Social Responsibility	**GM5+**	**Housekeeping**
EM9	Machinery & Equipment	**SM6+**	**Staff Development & Representation**	GM6	Best Available Techniques
EM10	Air Emissions	**SM7+**	**Wages & Benefits**	GM8	Chemical Control
EM11	Effluent Treatment	**SM8+**	**Worker Health & Safety**	GM10	Occupational Health & Safety
EM13	Solid Waste	SM9	Working Hours	GM11	Public Relations & Communication

Audit Date: **22nd 24th November 2023**

Valid Until: **22nd March 2025**

URN: MEA046

Sustainable Leather Foundation CIC
1 The Ridgeway.
Park Lodge,
Northampton,
England,
NN11 2LQ
Registered No: 12739406

Audited by:
Deborah Taylor & Zain Akber

The specific aim of the audit was to ensure that SADC countries successfully meet international standards in accordance with the ESG criteria, also known as Planet, People and Profit. The SLF is the only organisation in the leather industry capable of scrutinising the wholistic sphere of activity of good ESG. The full audit was preceded by a preliminary audit and workshop held in Tanzania to familiarise the participants with the ESG methodology. The preliminary audit was conducted on 4 September 2023 in order to assess readiness for the full audit. The full audit will be conducted every two years.

The results showed that Meatco's tannery is well on track towards our goal of sustainability. The audit closing informed that the overall audit was successful with various recommendations, while corrective action and advisory notes were shared.

THE AUDIT RESULTED IN THE DEVELOPMENT OF THE DRAFT ESG POLICY, WHICH INCLUDE CSR AND CSI COMPONENTS.

The audit resulted in the development of the draft ESG policy, which include CSR and CSI components, which was tabled at Meatco's Management Committee and subsequently submitted to the Board of Directors for approval in the next financial year.

The introduction of new EU directives and other country-level legislation legally requires brands, retailers and Original Equipment Manufacturers (OEMs) to report on their supply chain responsibility, risk and mitigation, as well as verify that their suppliers meet the international standards. The compliance should be across all three aspects of ESG. Some of the key EU directives include the following:

- European Union Corporate Sustainability Reporting Directive (EU CSRD) replaces the non-financial reporting that companies have been doing. It is a reporting system that will affect anybody that works with companies in the EU. Phased in from 2024 to 2028, this directive will have far reaching implications for the leather value chain.

- European Union Deforestation Regulation (EUDR). From this year onwards, companies that operate in the EU will have a duty to demonstrate that any forest-risk commodity imported to the EU is deforestation free. Forest risk commodities included rubber, soy, palm oil, coffee, cocoa, wood products and cattle and beef products. For Namibia's industry, the regulation specifies raw hides, wet blue, crust, part-processed and finished leather, and this means that all stakeholders will have to be able to demonstrate robust traceability if they want to work as part of a supply chain that includes companies operating in the EU.
- European Union Due Diligence Directive (EU CSDDD). This directive is aimed at ensuring that those same companies are actively performing due diligence within their supply chains — and that means the upward requests to leather manufacturers and traders to make sure that they are all complying with ESG good practice.
- European Union Green Claims Directive (EU GCD). This incoming directive will mean that all claims made by a company must be evidenced and verifiable. It is designed to stop greenwashing (or blackwashing) to enable consumers to better understand the impacts of the products they buy.

HANDOVER OF THE EISEB POS 10 MULTI-PURPOSE CRUSH PEN

During the reporting year, the Meatco Foundation facilitated the construction of the multi-purpose crush pen at Eiseb Pos 10 as per the commitment made by Meatco to the community of Eiseb. The crush pen was constructed at a cost of N$900,000, which it received from Meatco.

The facility was handed over to the community on 11 August 2023. At the event the Governor of Omaheke Region, Governor Pijoo Nganate, commending Meatco for its generosity and echoed that the auction pens are a relief for Eiseb farmers who can now cut long-distance travel when selling their livestock at faraway places.

AGRI-BUSINESS FACILITY: MATCHING GRANT FUND (ABF-MGF) FOR CLIMATE RESILIENT VALUE CHAINS

After the successful approval of a concept note, a subsequent invitation to the Meatco Foundation was extended to develop a full proposal. The consortium partners were interviewed on 31 January 2024 as part of the evaluation and received subsequent acknowledgement of going through to the final stage of eligibility; verification will be completed early in the new financial year.

The Joint Action “Business Support Facility for Resilient Agriculture Value Chains” is a combined effort of the European Union, the Organisation for African, Caribbean and Pacific States (OACPS) and the Federal Ministry for Economic Cooperation and Development (BMZ), implemented by GIZ.

It is based on long-standing working experience with the promotion of sustainable agribusiness and value-chain development. Focusing on cashew, cocoa, maize and livestock (cattle, sheep and goat) value chains, the programme aims to contribute to the economic and climate change resilience of these value chains, as well as foster food security, increased income, and employment in the 79 African, Caribbean and Pacific (ACP) countries under the Cotonou Agreement.

The action is geared to achieve the Specific Objective 1 of the EU-OACPS Framework programme for support to ACP agriculture value chains development, which reads “develop and enhance the capacities of actors along ACP agricultural value chains to attract finance and investment, in particular towards low-emissions and climate resilient practices and value chains”. Participants can apply for support from the Competitive Matching Grant Fund (MGF) Scheme under the GIZ-project Agri-business Facility (ABF).

USADF MARKET ACCESS SUPPORT PROGRAMME (MASP) AGRICULTURE VALUE CHAIN GRANT

The US African Development Foundation (USADF) and the Ministry of Industrialisation and Trade of the Government of Namibia invited proposals from Namibian cooperatives, producer groups, and micro-, small- and medium-sized enterprises (MSMEs) for grant financing and local support for innovative solutions that extend their own capabilities to increase food security, add value to local products, increase revenues, create employment, improve incomes, and achieve sustainable market-based growth.

Proposals were accepted from registered cooperatives, producer groups, processors, distributors and service providers in Namibia, working directly in the following value chain sectors: grain, livestock, horticulture, and agro-processing. Innovative approaches to agricultural and economic development were equally included, as well as approaches to digitalisation, information technology, and agricultural solutions using renewable energy. Funding up to N$4,500,000 (US$250,000) per project is available.

On 15 November 2023, the Meatco Foundation submitted a total of five business plans for consideration for funding amounting to N$22,204,265. The USADF is currently conducting due diligence checks and site visits as final evaluation before awarding the grants. During the financial year, the Kavango Livestock Marketing Cooperative already received a visit, and they also did a reference check with Kingsley Kwenani, Meatco NCA CEO.

LIVESTOCK MARKETING AND RANGELAND PROJECT

This project concentrated on bolstering livestock marketing efforts and implementing sustainable rangeland management practices. Notably, the Meatco Foundation launched the Livestock Value Chain Development and Climate Change Resilient Action in the NCA of Namibia (LDCR-NCA), a significant stride towards sustainable agriculture in the region.

FAO-GCF CLIMATE SMART LIVESTOCK AND RANGELAND MANAGEMENT PROJECT

In collaboration with the Food and Agriculture Organization (FAO), this project aimed to enhance community resilience, improve livestock productivity, and mitigate the impact of climate change. By focusing on innovative approaches such as improved fodder production and rangeland management, the project sought to build a more sustainable livestock value chain.

LIVESTOCK VALUE CHAIN DEVELOPMENT AND CLIMATE CHANGE RESILIENT ACTION IN THE NCA OF NAMIBIA (LDCR-NCA, EDF11 FUNDED PROJECT

Through strategic partnerships and targeted interventions, this project facilitated the establishment of the Abattoir Association for the NCA, facilitated by the Meatco Foundation to foster collaboration among key stakeholders to improve abattoir operations and market access.

COMMUNITY ENGAGEMENT AND DEVELOPMENT

Capacity Building

The Meatco Foundation prioritised the development of tailored training materials for farmers and farm labourers, covering essential topics such as livestock production, poultry farming, crop cultivation, and dairy production. These resources aimed to enhance skills and knowledge, empowering individuals to thrive in a competitive farming landscape.

Market Access and Diversification

Efforts were made to enhance market access for livestock products in the NCA, with a particular focus on supporting local abattoirs and livestock marketing cooperatives. Initiatives such as offal sales diversification and livestock marketing facility establishment underscored the Meatco Foundation's commitment to maximising returns for farmers and fostering economic growth in the region.

Environmental Conservation

Recognising the importance of sustainable land management, the Meatco Foundation spearheaded rangeland rehydration activities and collaborated with local communities to restore degraded landscapes. Through initiatives led by Professor Hugh and community members, efforts were made to mitigate environmental degradation and promote ecosystem resilience.

CONCLUSION

The reporting year marked significant progress for the Meatco Foundation in its mission to empower rural Namibian communities. By investing in sustainable agriculture, fostering collaboration among stakeholders and promoting environmental conservation, the Foundation has made strides towards creating a more prosperous and resilient future for all. As we reflect on our achievements, we look forward to continued collaboration and innovation in the years to come.

THE ROAD AHEAD

The Board of Directors has developed the Turn-Around Plan to address the current financial sustainability issues faced by Meatco. The plan was completed in December 2023 and approved by the Shareholder, the Government of Namibia. It focuses on five themes, each with clearly set-out actions and timelines. The main elements of the Turn-Around Plan is outlined on the next few pages to give stakeholders an insight into the actions that will reverse Meatco's future.

The Turn-Around Plan is dependent on the integrated and coordinated management of strategic interventions that address:

- Governance and leadership;
- Market development and realisation;
- Operational efficiency;
- Throughput; and
- Financial sustainability.

The Turn-Around Plan wishes to follow a distinct approach that focuses on the requirements of the business and thus adopt an evolving approach to planning and execution. This approach also aims to ensure a focused, accelerated and co-ordinated plan that will enjoy the full attention and support of the highest governance forum at the company, namely the Board of Directors.

Further, the Board and leadership of Meatco believes that strengthening governance and leadership oversight in general, and over the implementation of the Turn-Around Plan specifically, whilst improving relations with producers and clients to improve throughput and off-take prices will be an overarching measure to achieve success for the Turn-Around Plan at Meatco.

STRATEGIC OBJECTIVES AND INITIATIVES

Implementing the Turn-Around Plan necessitates a focused effort spanning one year. The key strategic initiatives are detailed below, and include those to be executed within six months, and those that are to be implemented over a one-year period.

STRATEGIC THEMES AND OBJECTIVES

Meatco 2027

Turn-Around Plan

Market Development and realisation	Operational efficiency	Throughput	Financial sustainability
New Markets	Business process efficiency	Increased throughput	Profitability
Market realisation	Organizational realignment	Competitive producer pricing	Capacity utilization
Government procurement	Cost management	Socio-economic Impact	Funding
	Value chain efficiency		Working capital and liquidity management

Governance and Leadership

MEASUREMENTS

Key Targets

Profits:

- July 2024 - N$50 mil
- Jan 2025 - N$100mil
- Jan 2026 - N$125mil
- Jan 2027 - N$150 mil

Reduction in operating & staff costs

- 2025 - 10%
- 2027 - 20%

Processors costs:

- 2025 - N$27.5 / Kg
- 2027 - N$35 / kg

Producer pricing:

SVCF:

2025 - N$65 / kg
2027 - N$85 / kg

NCA:

2025 - N$45 / kg
2027 - N$60 / kg

Producer prices with NCA Equalization fund:

2025 - N$55 / kg
2027 - N$75 / kg

Average sales prices:

SVCF:

2025 - N$100 / kg
2027 - N$130 / kg

NCA:

2025 - N$70 / kg
2027 - N$90 / kg

Percentage of Government meat procurement budget:

2025 > 50%
2027 > 70%

Throughput from target groups :

2025 > 20%
2027 > 40%

Livestock procurement:
SVCF:

2025 > 75,000
2027 > 100,000

NCA:

2025 > 10,000
2027 > 20,000

Theme 1: Governance and Leadership

THEME	INITIATIVES	ACTIONS	OUTCOME	TIMELINE	RESPONSIBLE
Theme 1: Governance & Leadership	1A – Turn-around implementation support	Establish a Board-committee level Turn-Around Working Group that meets on a monthly basis to track progress on the implementation of the Turn-Around Plan and provide ongoing directives to the management team on additional measures to enhance effectiveness of the implementation of the Turn-Around Plan. The working group will provide regular updates to the Board.	Monthly Turn-Around Working Group meetings	31 January 2024	Chairman
		Develop, launch and implement a clear and effective communication plan in respect of the Turn-Around Plan targeting all stakeholders, both internally and externally, for ongoing updates on the Turn-Around Plan, as well as soliciting ongoing feedback, views and concerns.	Turn-Around Communication Plan approved	31 January 2024	Chief Executive Officer / Executive: Strategy & Business Development
	1B – Turn-around performance monitoring and management	Hold the executive management team, jointly and severally, accountable for the deliverables of the Turn-Around Plan, with formalised KPIs linked to it. Departmental reports should have dashboards on Key Performance Indicators (KPI) up on implementation progress of the Turn-Around Plan initiatives for their divisions and the tracking of the key metrics thereof. Commence process of monthly performance reviews for executives against the Turn-Around Plan.	Revised KPIs linked to the Turn-Around Plan formalised for all executives.	28 February 2024	Chief Executive Officer / Executive: Human Capital

Theme 2: Market Development and Realisation

THEME	INITIATIVES	ACTIONS	OUTCOME	TIMELINE	RESPONSIBLE
Theme 2: Market Development & Realisation	2A – New Markets	Develop a succinct sales plan to clarify Meatco's focus on lucrative new markets that have the potential to increase realised prices for the SVCF and the NCA areas. Such sales plan should consider the current health status of Meatco's products, as well as trade arrangements negotiated for Namibia's meat products where Meatco has the potential to be competitive on a sustainable basis with specific reference to identifiable potential clients with target prices, payment terms and the "routes-to-market" considerations. This sales plan will have a particular focus on "routes-to-market" opportunities in West Africa (Ghana, Nigeria, DRC) and the Middle East (Qatar) for the NCA products.	Sales plan developed and approved by the Board. NCA realisation increased to N$70 per kilogramme	31 January 2024 31 July 2024	Executive: Marketing and Sales Executive: Marketing and Sales
		Make preparations for audit, assessment and apply for the Halaal certification in order to secure access to markets in the middle east, with a particular focus on Qatar.	Obtain Halaal certification	31 January 2024	Executive: Marketing and Sales
	2B – Government procurement	Develop an engagement plan for Government, as a large purchaser of meat products in Namibia, that will identify key data points with respect to the potential size of Government's meat products procurement budget, current suppliers to Government, their respective prices and the need for Government to anchor the development of an inclusive and collaborative livestock sector development programme for the NCAs. The aim is to secure a percentage of Government meat procurement budget for the Meatco NCA producers and thus unlock a secure market that enhances price stability.	Secures > 50% of Government meat procurement budget NCA realisation increased to N$70 per kilogramme.	31 March 2024	Chief Executive Officer / Executive: Strategy & business Development
	2C – Market realisation	Perform a comprehensive review of the current marketing, sales and distribution logistics and arrangements and their impact on the realised prices and brand positioning in key international markets. Such review should include a cost-benefit analysis of the various marketing and distribution options and should have specific reference to the costs comparisons of undertaking own marketing and sales, and the capacity required for effective high-end, distinctive branding necessary for higher price realisation. Such review will be aimed at identifying potential opportunities for corrective mitigating measures and actions to address the current low-price realisation and to improve sales and distribution logistics.	Review completed Average sales prices increased to N$100/kg	31 March 2024 31 July 2024	Chairman / Chief Executive Officer Executive: Marketing & Sales

Theme 3: Operational Efficiency

THEME	INITIATIVES	ACTIONS	OUTCOME	TIMELINE	RESPONSIBLE
Theme 3: Operational Efficiency	3A – Business process efficiency	Initiate a formal initiative to redesign all key business processes in the company, with a focus on digitisation and automation of processes to improve efficiencies including processes such as procurement, ordering, inventory holdings and management, sales, invoicing, payments, distribution and logistics and other back-office processes.	Processes redesign implemented	31 July 2024	Executive: Finance & IT
		With respect to the procurement process, identify bottlenecks, areas of common defects and areas of concern for engagement with the Public Procurement Board through the Ministry of Finance and Public Enterprises for possible exemption from aspects of the Public Procurement Act to position for improved efficiencies and effectiveness in accordance with best practices.	Exemption obtained	31 July 2024	Executive: Finance & IT
	3B – Organisational realignment	Review the operating model inclusive of the organisational structure, business processes and turn-around times against regional and international benchmarks aimed at transforming Meatco into a future-ready, efficient business. The re-organisation shall also seek to foster collaboration across Meatco and within the livestock sector so as to enhance operational efficiencies, whilst identifying opportunities for reducing expenses and inefficiencies. Should look at opportunities to identifying layers or positions on the organisational structure which can be cancelled, deferred or downgraded so as to bring about savings in staff costs.	Fit-for-purpose organisational structure approved 10% reduction in staff costs, especially at head office	31 March 2024 31 July 2024	Chief Executive Officer / Head: Human Resources
	3C– Cost Management	Conduct comprehensive review into operational expenses – in alignment with industry benchmarks, key cost drivers and identify non-essential costs. Review cost drivers in each division, including procurement arrangements aimed at improved costs efficiencies, savings and discount arrangements in order to achieve 10 per cent cost savings on operating costs for the new financial year when compared with the current year.	> 10% savings on all operating costs	31 July 2024	Executive: Finance & IT
	3D– Value chain efficiency	Review the current processes and controls around slaughtering, deboning and value-addition activities through to packaging and distribution to identify opportunities for improved design of the processes across the value-chain. Utilise current data together with predictive analytics capabilities in better understanding of the business, revenue and costs drivers, as well as patterns of the agro-processing for informed decision-making. This should include a comparison of the cutting plan options, block vs full day scheduling, slaughter vs deboning comparisons, packaging material options, etc.	New agro-processing plan approved and implemented All-inclusive processors' cost, excluding producers' purchases but including sales and distribution reduced to N$27.50 per kilogramme	31 March 2024 31 July 2024	Executive: Agro-processing and Value-Addition

Theme 4: Producer Prices and Throughput

THEME	INITIATIVES	ACTIONS	OUTCOME	TIMELINE	RESPONSIBLE
Theme 4: Producer Prices and Throughput	4A – Increased throughput	Develop a comprehensive procurement plan for both NCA and SVCF with the objective of enhancing throughput, diversifying the supplier producer base, rebuilding trust with producers, whilst reducing payment time to producers. Consider market demands from various regions in the planning process, as well as the use of feedlots, feeders, strategic procurement partnership arrangements, etc. Establish throughput co-ordination forums aimed at improving relations and communications with producers.	Livestock procurement plan approved Procure: SVCF >80,000 NCA > 10,000	28 February 2024 31 January 2025	Executive: Procurement and Processing
	4B – Competitive producer pricing	Perform a comprehensive review of the producer pricing setting framework, inclusive of comparative review of the producer prices paid by competitor processors in Namibia, region and globally, whilst taking into account the current Meatco cost-base. The aforementioned cost-base should be viewed against comparative, efficient competitors' cost-bases and the impact of key inputs into the pricing calculations on the financial and operational performance of the business. This initiative seeks to reduce overheads and other operational costs for the company, whilst increasing prices paid to the producers for the benefit of the livestock sector and the economy, whilst maintaining financial sustainability metrics for the company.	Producer pricing framework approved Producer price of N$65/kg (SVCF) and N$45/kg (NCA) achieved	28 February 2024 31 July 2024	Executive: Procurement and Processing
	4C – Socio-economic impact	Develop a policy framework aimed at providing support for the positive socio-economic transformation of the livestock sector, through the devising of specific programmes that would strengthen inclusion of all producers across the value-chains with a specific focus on communal farmers in the NCAs and SVCF, emerging commercial farmers and resettled farmers. This policy framework should clarify Meatco's focus areas of public-policy and socio-economic impact that have the potential to accelerate transformation of the sector, inclusiveness, livestock sector development, productivity growth, job creation and have the highest linkages with the communal areas. Such review will consider the development of value-chains, inclusive participation within such value-chains, covering matters such as subvention funds for price equalisation, support grants and incentives schemes, etc. and the requisite funding programmes and schemes necessary for the initiatives to be competitive and sustainable with a focus on communal areas development and transformation within the sector.	Public-policy objective framework developed and approved Throughput from target groups >20% of total throughput	31 March 2024 31 January 2025	Chief Executive Officer Executive: Strategy and Business Development CEO: Meatco NCA

Theme 5: Financial Sustainability

THEME	INITIATIVES	ACTIONS	OUTCOME	TIMELINE	RESPONSIBLE
Theme 5: Financial Sustainability	5A – Funding strategy	Review Meatco's funding requirements with the objective of diversifying the funding sources to achieve an optimal funding mix at the lowest cost possible to promote long-term financial sustainability for Meatco and the producers. Engage with the Shareholder and stakeholders of Meatco to solicit funding required to fund the Turn-Around Plan. Secure long-term funding facilities on the strengths of the Turn-Around Plan and based on its earlier successes.	Funding plan developed and approved	31 March 2024	Executive Finance & IT
	5B – Working capital and liquidity management	On the strengths of the approved Turn-Around Plan, prepare a bankable business plan and secure short-term working capital facilities, including trade facilities, based on the Corporation's early successes with the implementation of the Turn-Around Plan.	Working capital facilities secured	30 April 2024	Chief Executive Officer / Executive: Finance & IT
	5C – Capacity utilisation	Review all assets and facilities to assess their level of utilisation in comparison with best practices, with the aim of assessing an optimal option of repurposing all under-utilised assets. This should include an evaluation and proposals for strategic partnerships, outsourcing, co-sourcing and/or technical agreements that enhances throughput, increase revenue and reduce operating costs for Meatco's operations.	Plan on under-utilised assets with recommendations approved N$50 million in revenue generated per annum	31 January 2024 31 July 2024	Executive: Finance & IT
	5D – Profitability	Review the business key value and cost drivers inclusive of costing, pricing, procurement, staffing, marketing arrangements, amongst others, to identify opportunities for improved profitability through revenue enhancement and cost reduction measures.	Profit of N$20 million Profit of N$50 million Profit of N$150 million	31 July 2024 31 January 2025 31 January 2027	Chief Executive Officer

Meatco is gearing up for a noteworthy milestone, and with its strong brand and dedicated staff there is confidence that the set objectives for the Turn-Around Plan will be achieved.

The projections prepared without the implementation of a Turn-Around Plan indicate that Meatco's cash position would go into negative from April 2024 and the cash shortfall would peak at N$342 million in September 2024. This is obviously not sustainable.

It is therefore imperative that this Turn-Around Plan is implemented with utmost urgency and effectiveness for the continued sustainability of Meatco. Its successful implementation is the only opportunity for a financially sustainable Meatco able to contribute optimally to its socio-economic objectives in accordance with its founding statutes.

ANNUAL FINANCIAL STATEMENTS

Meatco Corporation of Namibia
Consolidated and Separate Annual Financial Statements
for the year ended 31 January 2024

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Manufacturing of beef and value added beef products
Directors	Mr Sakaria Nghikembua (Chairperson) Ms Stephanie de Klerk (Deputy - Chairperson) Mr Joseph Andreas Mr Martin J.P. Hilbert Mr Cyprianus Khaiseb Mr Adolf Muremi Ms Patricia Olivier Mr Abiud Tjipangandjara Mr Patterson K. Tjipueja Dr Diana van Schalkwyk
Business address	No. 1 Sheffield Street Northern Industrial Area Windhoek
Postal address	P O Box 3881 Windhoek Namibia
Bankers	Bank Windhoek Limited First National Bank of Namibia Limited Standard Bank Namibia Limited Development Bank of Namibia Nedbank Namibia Limited Barclays Bank UK
Auditors	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Ms. N Mhanda

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

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 consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group and the Corporation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group 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 consolidated and separate 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 2025 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 report is presented on pages 101 to 103.

The consolidated and separate annual financial statements set out on pages 101 to 152, which have been prepared on the going concern basis, were approved by the board of directors on 06 NOVEMBER 2024 and were signed on their behalf by:

Director	Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Meat Corporation of Namibia and its Subsidiaries

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 101 to 150, which comprise the consolidated and separate statements of financial position as at 31 January 2024, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements 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 material 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 2024, 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.

Other information

The directors are responsible for the other information. The other information comprises the directors' responsibilities and approval and the detailed income statement, 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.

Resident Partners: Ronald N Beukes (Managing) | Richard Theron | Petrus T Nghipandulwa

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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 the requirements of the Meat Corporation of Namibia Act 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 accountingestimates, 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 P NGHIPANDULWA
Partner

Windhoek

13 November 2024

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of the Meat Corporation of Namibia and the group for the year ended 31 January 2024.

1. The mandate of The Meat Corporation of Namibia

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, 2001 (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 the Meat Corporation of Namibia

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

Objectives of the Meat Corporation of Namibia

The corporate objectives of the Corporation are aligned with the mandate as set out in Section 3 of the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) 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. Interests in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated and separate annual financial statements in notes 7 and 8.

There were no significant acquisitions or divestitures during the year ended 31 January 2024.

3. Directors

01 February 2023 - 31 August 2023	1st September 2023- 31 August 2024 (Term ended on 31 August 2024):	1 September 2024 - to date
Mr Adolf Muremi: Director (Interim Chairperson)	Mr Sakaria Nghikembua (Chairperson)	Mr Sakaria Nghikembua (Chairperson)
Mr Mesag Mulunga: Director	Ms Barbara Dreyer (Deputy Chairperson) (Resigned 31 January 2024)	Ms Stephanie de Klerk (Deputy-Chairperson)
Mr Usiel Kandjii: Director	Mr Joseph Andreas	Mr Joseph Andreas
Ms Cloretha Garises: Director	Ms Anne-Doris N Hans-Kaumbi	Mr Martin J.P. Hilbert
Ms Mary Kabuku: Director	Mr Mbakumua F. Hengari	Mr Cyprianus Khaiseb
Ms Helena Mavetera: Director	Mr Martin J.P. Hilbert	Mr Adolf Muremi
	Mr Cyprianus Khaiseb	Ms Patricia Olivier
	Mr Adolf Muremi	Mr Abiud Tjipangandjara
	Ms Tuafi-Luonghenda M.H. Nghixulifwa	Mr Patterson K. Tjipueja
	Mr Kuniberth M. Shamathe	Dr Diana van Schalkwyk
	Mr Patterson K. Tjipueja	

Directors' Report

4. Going concern

Management's assessment for the year ending 31 January 2024:

1. Objective

As per paragraph 25 of IAS 1, when preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed.

As per paragraph 26 of IAS 1, in assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

In determining whether there are indicators, events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, management has considered the following factors:

- **Net profit (loss):** The Company has recorded a net loss of N$(123,497,098), which has decreased by 14% compared to the previous reporting period. This is owing to the impacts of the ongoing government recapitalisation process during the year of N$124.5m. However, the directors and management are forecasting a return to profitability over the upcoming 12 months driven by the Turn Around Plan approved by the parent ministry and Board. This also includes the implementation of cost-cutting measures through the streamlining of activities and processes.

2. Government Support:

The Government (shareholder), in October 2023, committed to provide funding to the Meat Corporation of Namibia for the next 3 years from the budget provisions. The funds are meant to support the operations of the Corporation. True to its word, in the 2024/5 budget, N$212 million was provided as budgetary support. With this support, the Corporation can meet its obligations as they fall due.

3. Turn Around Plan

Operational Continuity:

The Corporation hired a consultant, Ombu Capital to design a Turn Around Plan. To date the Corporation has aligned its operations strategy to the TAP and we have reviewed our operational plans and strategies and are satisfied that they are robust and capable of adapting to any foreseeable challenges.

Risk Management:

Through the TAP comprehensive risk management strategies were put in place to mitigate any potential risks that could impact the going concern status of the Corporation. With reference to “Risk Assessment Procedures and Related Activities”, the Corporation has not faced any of the events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.

Budgetary Allocations:

Adequate budgetary provisions have been made to support the ongoing activities and strategic initiatives of the Corporation. In the 2024/5 budget, the Corporation received N$212 million as budget support. Another funding guarantee of N$138 million, is in place for the coming 2 years.

12-month cashflow projections and forecasts:

In the financial year 2024/5, the Corporation forecasted to make a profit of N$195,9 million as per the Annual Business and Financial Plan. As of 31 August 2024, the Corporation achieved a profit of N$133,6 million (unaudited) as well as maintain a positive cashflow balance.

Directors' Report

5. Operating results

During the financial year under review, throughput of cattle supply in the areas south of the trans veterinary cordon fence increased to 60,820 (2023: 33,144). The average cold dressed carcass weight increased to 250 kg (2023: 248 kg), resulting in actual throughput of 28,254 tonnes (2023: 8,588 tonnes).

Cattle supply in the areas north of the trans veterinary cordon fence increased to 4,607 (2023: 3,717). The average cold dressed carcass weight decreased to 156 kg (2023: 208 kg), resulting in actual throughput of 866 tonnes (2023: 772 tonnes).

The revenue for the Group increased to N$ 1,203 million (2023: N$ 765 million).

Key Performance Indicators	Indicator	2024	2023
Cattle supply (units)			
- SVCF	Increase	60,820	33,144
- NVCF	Increase	4,607	3,717
Average cold dressed carcass weight (kg)			-
- SVCF	Increase	250	248
- NVCF	Decrease	156	208
Througput (tonnes)			-
- SVCF	Increase	28,254	8,588
- NVCF	Increase	866	772
Group Revenue	Increase	N$ 1,203 million	N$ 765 million
Group Net Loss before tax	Increase	N$ 150 million	N$ 118 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.

Statement of Financial Position as at 31 January 2024

		Group		Corporation	
Figures in Namibia Dollar	Notes	2024	2023	2024	2023
Assets					
Non-Current Assets					
Property, plant and equipment	5	510,144,033	506,251,392	489,650,605	505,301,631
Right-of-use assets	6	747,650	1,193,244	747,650	905,203
Investments in subsidiaries	7	-	-	11,960,000	11,960,000
Investment in associate	8	8,945,188	8,353,624	216,791	216,791
Deferred tax	9	210,284,671	127,836,000	195,357,982	126,916,130
		730,121,542	**643,634,260**	**697,933,028**	**645,299,755**
Current Assets					
Biological assets	10	15,180,249	16,211,075	9,078,532	12,456,097
Inventories	11	139,603,516	50,163,934	132,326,315	49,394,587
Loans to related parties	12	-	-	53,309,157	-
Trade and other receivables	13	104,465,009	71,103,889	97,038,548	56,907,148
Current tax receivable	14	132,580	-	-	-
Cash and cash equivalents	15	123,285,556	41,680,971	85,203,141	38,197,652
		382,666,910	**179,159,869**	**376,955,693**	**156,955,484**
Total Assets		**1,112,788,452**	**822,794,129**	**1,074,888,721**	**802,255,239**
Equity and Liabilities					
Equity					
Reserves		752,492,265	215,834,904	751,663,566	216,120,476
Accumulated loss		(218,661,865)	(151,146,395)	(243,467,452)	(188,412,206)
		533,830,400	**64,688,509**	**508,196,114**	**27,708,270**
Liabilities					
Non-Current Liabilities					
Interest-bearing borrowings	16	147,638,809	624,873,881	147,638,809	624,873,881
Lease liabilities	6	697,151	418,386	697,151	418,386
Retirement benefit obligation	17	6,851,000	6,449,000	6,478,000	6,094,000
Deferred income	18	148,500,000	-	148,500,000	-
		303,686,960	**631,741,267**	**303,313,960**	**631,386,267**
Current Liabilities					
Trade and other payables	19	121,480,088	79,870,232	112,405,044	70,537,405
Loans from related parties	20	-	-	16,018,220	27,104,131
Interest-bearing borrowings	16	22,808,406	45,199,161	22,808,406	45,199,161
Lease liabilities	6	146,977	624,284	146,977	320,005
Deferred income	18	130,835,621	-	112,000,000	-
Current tax payable	14	-	670,676	-	-
		275,271,092	**126,364,353**	**263,378,647**	**143,160,702**
Total Liabilities		**578,958,052**	**758,105,620**	**566,692,607**	**774,546,969**
Total Equity and Liabilities		**1,112,788,452**	**822,794,129**	**1,074,888,721**	**802,255,239**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Corporation	
Figures in Namibia Dollar	Notes	2024	2023	2024	2023
Revenue	21	1,202,646,599	765,018,532	1,179,145,266	815,170,964
Cost of sales	22	(1,217,114,811)	(740,085,346)	(1,184,224,167)	(802,496,396)
Gross (loss) / profit		**(14,468,212)**	**24,933,186**	**(5,078,901)**	**12,674,568**
Other operating income	23	148,930,735	87,955,332	136,566,530	87,955,332
Other operating gains/(losses)	24	456,008	-	-	-
Administrative expenses		(203,272,674)	(162,656,704)	(173,102,681)	(164,403,763)
Operating loss	25	**(68,354,143)**	**(49,768,186)**	**(41,615,052)**	**(63,773,863)**
Investment income	26	705,347	228,633	391,099	119,054
Finance costs	27	(82,302,483)	(67,829,684)	(82,273,145)	(67,718,285)
Income/(loss) from equity accounted investments		-	(445,746)	-	-
Loss before taxation		**(149,951,279)**	**(117,814,983)**	**(123,497,098)**	**(131,373,094)**
Taxation	28	82,435,809	(189,633)	68,441,852	-
Loss for the year		**(67,515,470)**	**(118,004,616)**	**(55,055,246)**	**(131,373,094)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Valuation of severance pay provisions		698,000	-	653,000	-
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		1,069,271	(44,693)	-	-
Other comprehensive income/(loss) for the year net of taxation		**1,767,271**	**(44,693)**	**653,000**	**-**
Total comprehensive loss for the year		**(65,748,199)**	**(118,049,309)**	**(54,402,246)**	**(131,373,094)**

Meat Corporation of Namibia

Consolidated And Separate Annual Financial Statements for the year ended 31 January 2024

Statement of Changes in Equity

Figures in Namibia Dollar	Foreign currency translation reserve	Revaluation reserve	Reserve for valuation of severance pay provisions	NDR	Total reserves	Accumulated loss	Total equity
Group							
Balance at 1 February 2022	**821,776**	**215,057,821**	**-**	**-**	**215,879,597**	**(33,141,780)**	**182,737,817**
Loss for the year	-	-	-	-	-	(118,004,616)	(118,004,616)
Other comprehensive income	(44,693)	-	-	-	(44,693)	-	(44,693)
Total comprehensive loss for the year	**(44,693)**	**-**	**-**	**-**	**(44,693)**	**(118,004,615)**	**(118,049,308)**
Balance at 1 February 2023	**777,083**	**215,057,821**	**-**	**-**	**215,834,904**	**(151,146,395)**	**64,688,509**
Loss for the year	-	-	-	-	-	(67,515,470)	(67,515,470)
Other comprehensive income	1,069,271	-	698,000	-	1,767,271	-	1,767,271
Total comprehensive loss for the year	**1,069,271**	**-**	**698,000**	**-**	**1,767,271**	**(67,515,470)**	**(65,748,199)**
Non-distributable reserve	-	-	-	534,890,090	534,890,090	-	534,890,090
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**534,890,090**	**534,890,090**	**-**	**534,890,090**
Balance at 31 January 2024	**1,846,354**	**215,057,821**	**698,000**	**534,890,090**	**752,492,265**	**(218,661,865)**	**533,830,400**
Corporation							
Balance at 1 February 2022	**-**	**216,120,476**	**-**	**-**	**216,120,476**	**(57,039,112)**	**159,081,364**
Loss for the year	-	-	-	-	-	(131,373,094)	(131,373,094)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**(131,373,094)**	**(131,373,094)**

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Foreign currency translation reserve	Revaluation reserve	Reserve for valuation of severance pay provisions	NDR	Total reserves	Accumulated loss	Total equity
Balance at 1 February 2023		**-**	**216,120,476**	**-**	**-**	**216,120,476**	**(188,412,206)**	**27,708,270**
Loss for the year		-	-	-	-	-	(55,055,246)	(55,055,246)
Other comprehensive income		-	-	653,000	-	653,000	-	653,000
Total comprehensive loss for the year		**-**	**-**	**653,000**	**-**	**653,000**	**(55,055,246)**	**(54,402,246)**
Non-distributable reserve		-	-	-	534,890,090	534,890,090	-	534,890,090
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**-**	**534,890,090**	**534,890,090**	**-**	**534,890,090**
Balance at 31 January 2024		**-**	**216,120,476**	**653,000**	**534,890,090**	**751,663,566**	**(243,467,452)**	**508,196,114**

Statement of Cash Flows

		Group		Corporation	
Figures in Namibia Dollar	Notes	2024	2023	2024	2023
Cash flows (used in) / from operating activities					
Cash used in operations	29	(76,488,855)	(58,006,870)	(67,971,318)	(49,431,310)
Interest income	26	705,347	228,633	391,099	119,054
Finance costs	27	(36,857,254)	(37,103,826)	(36,508,882)	(42,998,771)
Income tax credits	30	(803,256)	(6,263)	-	-
Retirement benefit obligation		-	43,000	-	43,000
Net cash from operating activities		**(113,444,018)**	**(94,845,326)**	**(104,089,101)**	**(92,268,027)**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(27,065,541)	(10,378,253)	(14,008,151)	(9,583,594)
Proceeds from sale of property, plant and equipment	5	13,971,072	135,747	325,327	135,747
Cash additions to right of-use-assets	6	157,553	-	157,553	-
Purchases of biological assets	10	(60,133,029)	-	(20,844,808)	-
Purchases of investments in subsidiaries, associates or joint arrangements	8	(591,564)	-	-	-
Cash receipts on repayments of loans to group companies	12	-	-	(53,309,157)	-
Cash receipts on other receivables		-	7,320,311	-	7,320,311
Net cash from investing activities		**(73,661,509)**	**(2,922,195)**	**(87,679,236)**	**(2,127,536)**
Cash flows from financing activities					
Repayments of loans from group companies	20	-	-	(11,085,911)	-
Cash advances received on borrowings	16	-	200,000,000	-	200,000,000
Finance lease payments		-	(107,882)	-	-
Cash receipts (repayments) on lease liabilities	6	(198,542)	-	105,737	-
Cash payments on defined benefit obligations	17	(246,000)	-	(246,000)	-
Proceeds from government grants (DBN proceeds)		269,154,654	-	250,000,000	-
Net cash from financing activities		**268,710,112**	**199,892,118**	**238,773,826**	**200,000,000**
Total cash movement for the year		**81,604,585**	**102,124,597**	**47,005,489**	**105,604,437**
Cash and cash equivalents at the beginning of the year		41,680,971	(59,584,164)	38,197,652	(67,406,785)
Profit on foreign exchange on cash and cash equivalents		-	(859,462)	-	-
Cash and cash equivalents at the end of the year	15	**123,285,556**	**41,680,971**	**85,203,141**	**38,197,652**

Accounting Policies

Corporate information

The Meat Corporation of Namibia ("Meatco") 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 ending 31 January 2024, comprises the Corporation and its subsidiaries (together referred to as the "Group").

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgments, and only those accounting policies which are considered material have been presented in these consolidated and separate annual financial statements.

1.1 Basis of preparation

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

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies 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 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 of its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the date of obtaining control until the date that control is lost.

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.

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 control of a subsidiary is lost 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.

1.2 Consolidation (continued)

Investments in subsidiaries in the separate financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment losses in the separate financial statements.

1.3 Investments in associates

The group holds investments in associates, being entities over which the group has significant influence. Significant influence is generally accompanied by a 20% to 50% of the voting rights of the investee and is demonstrated as the power to participate in the financial and operating policy decisions.

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 or loses significant influence, it 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

Investments in associates are carried at cost less any accumulated impairment losses in the separate financial statements.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate 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.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 19.

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.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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.

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 19.

GATT licenses

A significant portion of the 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.

Accounting Policies

1.6 Property, plant and equipment (continued)

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.

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	25 %

Land is not depreciated.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

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 i profit or loss when the item is derecognised.

The business revalues its assets every 3 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:

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 educes 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

Accounting Policies

1.7 Financial instruments (continued)

- 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 of 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 educes 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 12), 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.

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 rate method

Interest income is calculated using the effective interest rate 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.

Accounting Policies

1.7 Financial instruments (continued)

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.

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.

Accounting Policies

1.7 Financial instruments (continued)

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.

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 25).

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).

Accounting Policies

1.7 Financial instruments (continued)

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 20) and interest-bearing borrowings (note 16) 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.

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.

Accounting Policies

1.7 Financial instruments (continued)

Derecognition

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

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

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 its 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.

1.8 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.

Accounting Policies

1.8 Tax (continued)

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

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 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 they 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.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax. It is recognised in profit or loss, except for the tax on transactions recognised directly in equity or other comprehensive income. Tax on these transactions is also recognised in equity or other comprehensive income.

Tax arising on a business combination is not included in profit or loss.

1.9 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

No contracts were identified that required specific judgemental as to whether they contained leases.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Accounting Policies

1.9 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

They are measured initially at the initial amount of the lease liability plus upfront payments and initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated, from commencement date, over the shorter period of lease term and useful life of the underlying asset.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

1.10 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.

Write downs and reversals of write downs of inventories are included as part of the cost of goods sold.

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.

1.11 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.

1.12 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.

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.

Accounting Policies

1.12 Employee benefits (continued)

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 eave 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.

1.13 Provisions and contingencies

The group recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the group will be required to settle 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.

There is always a degree of estimation uncertainty involved with provisions as they are measured at management's best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

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.

1.14 Revenue from contracts with customers

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

Accounting Policies

1.14 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.

1.15 Investment 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.

1.16 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.

1.17 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.

Accounting Policies

1.18 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate 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.

Foreign currency monetary items are translated at the end of the reporting period using the closing rate.

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. The foreign exchange component is treated as part of the valuation adjustment.

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 in the foreign currency translation reserve.

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.

1.19 Government grants

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 cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• International tax reform - Pillar two model rules - amendments to IAS 12	1 January 2023	The impact of the amendment is not material.
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	The impact of the amendment is not material.
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	The impact of the amendment is not material.
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	The impact of the amendment is not material.
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

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 or after 1 February 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lack of exchangeability - Amendments to IAS 21	1 January 2025	Unlikely there will be a material impact
• Supplier finance arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024	Unlikely there will be a material impact
• Non-current liabilities with covenants - Amendments to IAS 1	1 January 2024	Unlikely there will be a material impact
• Lease liability in a sale and leaseback - Amendments to IFRS 16	1 January 2024	Unlikely there will be a material impact

Notes to the Consolidated And Separate Annual Financial Statements

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2024

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
Investments in associates	8	8,945,188	-	8,945,188
Trade and other receivables	13	-	56,670,146	56,670,146
Cash and cash equivalents	15	-	123,285,556	123,285,556
		8,945,188	**179,955,702**	**188,900,890**

Group - 2023

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
Investments in associates	8	8,353,624	-	8,353,624
Trade and other receivables	13	-	38,246,395	38,246,395
Cash and cash equivalents	15	-	41,680,971	41,680,971
		8,353,624	**79,927,366**	**88,280,990**

Corporation - 2024

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
Investments in subsidiaries	7	11,960,000	-	11,960,000
Investments in associates	8	-	216,791	216,791
Loans to related parties	12	-	53,309,157	53,309,157
Trade and other receivables	13	-	52,659,495	52,659,495
Cash and cash equivalents	15	-	85,203,141	85,203,141
		11,960,000	**191,388,584**	**203,348,584**

Corporation - 2023

	Notes	Fair value through profit or loss - Mandatory	Amortised cost	Total
Investments in subsidiaries	7	11,960,000	-	11,960,000
Investments in associates	8	-	216,791	216,791
Trade and other receivables	13	-	23,788,501	23,788,501
Cash and cash equivalents	15	-	38,197,652	38,197,652
		11,960,000	**62,202,944**	**74,162,944**

Notes to the Consolidated And Separate Annual Financial Statements

3. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2024

	Notes	Amortised cost	Leases	Total
Trade and other payables	19	121,249,192	-	121,249,192
Interest-bearing borrowings	16	170,447,215	-	170,447,215
Lease liabilities	6	-	844,128	844,128
		291,696,407	**844,128**	**292,540,535**

Group - 2023

	Notes	Amortised cost	Leases	Total
Trade and other payables	19	79,870,232	-	79,870,232
Interest-bearing borrowings	16	670,073,042	-	670,073,042
Lease liabilities	6	-	1,042,670	1,042,670
		749,943,274	**1,042,670**	**750,985,944**

Corporation - 2024

	Notes	Amortised cost	Leases	Total
Trade and other payables	19	112,405,044	-	112,405,044
Loans from related parties	20	16,018,220	-	16,018,220
Interest-bearing borrowings	16	170,447,215	-	170,447,215
Lease Liabilities	6	-	844,128	844,128
		298,870,479	**844,128**	**299,714,607**

Corporation - 2023

	Notes	Amortised cost	Leases	Total
Trade and other payables	19	70,537,405	-	70,537,405
Loans from related parties	20	27,104,131	-	27,104,131
Interest-bearing borrowings	16	670,073,042	-	670,073,042
Lease liabilities	6	-	738,391	738,391
		767,714,578	**738,391**	**768,452,969**

Notes to the Consolidated And Separate Annual Financial Statements

		Group		Corporation	
Figures in Namibia Dollar		2024	2023	2024	2023

3. 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:

Interest-bearing borrowings	16	170,447,215	670,073,042	170,447,215	670,073,042
Lease liabilities		844,128	1,042,670	844,128	738,391
Trade and other payables	19	121,480,088	79,870,232	112,405,044	70,537,405
Total borrowings		**292,771,431**	**750,985,944**	**299,714,607**	**741,348,838**
Cash and cash equivalents	15	(123,285,556)	(41,680,971)	(85,203,141)	(38,197,652)
Net borrowings		**169,485,875**	**709,304,973**	**214,511,466**	**703,151,186**
Equity		533,830,401	64,688,509	453,435,355	27,708,269
Gearing ratio		32 %	1,096 %	47 %	2,538 %

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 and price risk).

The board of directors 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 of directors 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.

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.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

3. Financial instruments and risk management (continued)

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		2024			2023		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	13	137,548,825	(33,083,816)	104,465,009	78,414,251	(7,310,362)	71,103,889
Cash and cash equivalents	15	123,285,556	-	123,285,556	41,680,971	-	41,680,971
		260,834,381	**(33,083,816)**	**227,750,565**	**120,095,222**	**(7,310,362)**	**112,784,860**

Corporation		2024			2023		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to related parties	12	53,309,157	-	53,309,157	-	-	-
Trade and other receivables	13	124,367,551	(27,329,002)	97,038,549	58,974,496	(2,067,348)	56,907,148
Cash and cash equivalents	15	85,203,141	-	85,203,141	38,197,652	-	38,197,652
		262,879,849	**(27,329,002)**	**235,550,847**	**97,172,148**	**(2,067,348)**	**95,104,800**

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 - 2024

		Less than 1 year	**2 to 5 years**	**Total**
Non-current liabilities				
Interest-bearing borrowings	16	-	147,638,809	147,638,809
Lease liabilities	6	-	697,151	697,151
Current liabilities				
Trade and other payables	19	121,249,192	-	121,249,192
Interest-bearing borrowings	16	22,808,406	-	22,808,406
Lease liabilities	6	146,977	-	146,977
		144,204,575	**148,335,960**	**292,540,535**

3. Financial instruments and risk management (continued)

Group - 2023

	Note	Less than 1 year	2 to 5 years	Total
Non-current liabilities				
Interest-bearing borrowings	16	-	624,873,881	624,873,881
Lease liabilities	6	-	418,386	418,386
Current liabilities				
Trade and other payables	19	79,870,232	-	79,870,232
Interest-bearing borrowings	16	45,199,161	-	45,199,161
Lease liabilities	6	624,284	-	624,284
		125,693,677	**625,292,267**	**750,985,944**

Company - 2024

	Note	Less than 1 year	2 to 5 years	Total
Non-current liabilities				
Interest-bearing borrowings	16	-	170,447,214	170,447,214
Lease liabilities	6	-	825,844	825,844
Current liabilities				
Trade and other payables	19	112,725,198	-	112,725,198
Loans from group companies	20	16,018,221	-	16,018,221
Interest-bearing borrowings	16	-	-	-
Lease liabilities	6	86,472	-	86,472
		128,829,891	**171,273,058**	**300,102,949**

Company - 2023

	Note	Less than 1 year	2 to 5 years	Total
Non-current liabilities				
Interest-bearing borrowings	16	-	624,873,881	624,873,881
Lease liabilities		-	418,386	418,386
Current liabilities				
Trade and other payables	19	70,537,406	-	70,537,406
Interest-bearing borrowings	16	45,199,161	-	45,199,161
Lease liabilities		320,005	-	320,005
		116,056,572	**625,292,267**	**741,348,839**

Notes to the Consolidated And Separate Annual Financial Statements

3. Financial instruments and risk management (continued)

Foreign currency risk

Exposure in Namibia Dollar

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

Figures in Namibia Dollar	Note	Group 2024	Group 2023	Corporation 2024	Corporation 2023
US Dollar exposure:					
Current assets:					
Trade and other receivables	13	9,411,623	10,780,208	9,411,623	10,780,208
Cash and cash equivalents	15	6,251,400	870,848	6,251,400	870,848
Current liabilities:					
Trade and other payables	19	2,255,587	182,078	2,255,587	182,078
Net US Dollar exposure		**17,918,610**	**11,833,134**	**17,918,610**	**11,833,134**
Euro exposure:					
Current assets:					
Trade and other receivables	13	32,530,311	29,334,892	32,530,311	29,334,892
Cash and cash equivalents	15	10,509,670	106,445	10,509,670	106,445
Current liabilities:					
Trade and other payables	19	436,471	1,278,137	436,471	1,278,137
Net Euro exposure		**43,476,452**	**30,719,474**	**43,476,452**	**30,719,474**
GBP exposure					
Current assets:					
Trade and other receivables	13	(3,005,186)	11,205,482	(3,005,186)	-
Cash and cash equivalents	15	184,417	2,981,484	184,417	914,708
Current liabilities:					
Trade and other payables	19	1,845,688	1,143,178	1,845,688	2,137,846
Loans to related parties	20	-	-	(15,598,893)	(22,603,851)
Net GBP exposure		**(975,081)**	**15,330,144**	**(16,573,974)**	**(19,551,297)**
Net exposure to foreign currency in Namibia Dollar		**60,419,981**	**57,882,752**	**44,821,088**	**23,001,311**

Notes to the Consolidated And Separate Annual Financial Statements

		Group		Corporation	
Figures in Namibia Dollar		2024	2023	2024	2023

3. Financial instruments and risk management (continued)

Exposure in foreign currency amounts

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

US Dollar exposure:					
Current assets:					
Trade and other receivables	13	502,959	617,777	502,959	617,777
Cash and cash equivalents	15	334,076	49,905	334,076	49,905
Current liabilities:					
Trade and other payables	19	120,539	10,434	120,539	10,434
Net US Dollar exposure		**957,574**	**678,116**	**957,574**	**678,116**
Euro exposure:					
Current assets:					
Trade and other receivables	13	1,607,126	1,364,490	1,607,126	1,364,490
Cash and cash equivalents	15	519,219	4,951	519,219	4,951
Current liabilities:					
Trade and other payables	19	21,563	59,452	21,563	59,452
Net Euro exposure		**2,147,908**	**1,428,893**	**2,147,908**	**1,428,893**
GBP exposure:					
Current assets:					
Trade and other receivables	13	(126,704)	592,883	(126,704)	-
Cash and cash equivalents	15	7,775	157,750	7,775	48,397
Current liabilities:					
Trade and other payables	19	77,818	60,486	77,818	113,114
Net GBP exposure		**(41,111)**	**811,119**	**(41,111)**	**161,511**

Exchange rates

Namibia Dollar per unit of foreign currency:				
US Dollar	18.713	17.450	18.713	17.450
Euro	20.241	21.500	20.241	21.500
GBP	23.718	18.900	23.718	18.900

3. 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	2024	2024	2023	2023
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Euro 10% (2023: 10%)	1,050,967	(1,050,967)	10,645	(10,645)
GBP 10% (2023: 10%)	18,442	(18,442)	91,471	(91,471)
USD 10% (2023: 10%)	625,140	(625,140)	87,085	(87,085)
	1,694,549	**(1,694,549)**	**189,201**	**(189,201)**
Impact on equity:				
Euro 10% (2023: 10%)	1,050,967	(1,050,967)	10,645	(10,645)
GBP 10% (2023: 10%)	18,442	(18,442)	91,471	(91,471)
USD 10% (2023: 10%)	625,140	(625,140)	87,085	(87,085)
	1,694,549	**(1,694,549)**	**189,201**	**(189,201)**
	3,389,098	**(3,389,098)**	**378,402**	**(378,402)**

Corporation	2024	2024	2023	2023
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Euro 10% (2023: 10%)	1,050,967	(1,050,967)	10,645	(10,645)
GBP 10% (2023: 10%)	18,442	(18,442)	91,471	(91,471)
USD 10% (2023: 10%)	625,140	(625,140)	87,085	(87,085)
	1,694,549	**(1,694,549)**	**189,201**	**(189,201)**
Impact on equity:				
Euro 10% (2023: 10%)	1,050,967	(1,050,967)	10,645	(10,645)
GBP 10% (2023: 10%)	18,442	(18,442)	91,471	(91,471)
USD 10% (2023: 10%)	625,140	(625,140)	87,085	(87,085)
	1,694,549	**(1,694,549)**	**189,201**	**(189,201)**
	3,389,098	**(3,389,098)**	**378,402**	**(378,402)**

3. 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:

	Notes	Average effective interest rate		Carrying amount	
Group		2024	2023	2024	2023
Liabilities					
Interest-bearing borrowings	16	11.00 %	11.00 %	170,447,214	624,873,881
Lease liability - right of use	6	11.00 %	11.00 %	844,128	1,042,670
				171,291,342	**625,916,551**

	Notes	Average effective interest rate		Carrying amount	
Corporation		2024	2023	2024	2023
Liabilities					
Interest-bearing borrowings	16	11.00 %	11.00 %	170,447,214	624,873,881
Lease liability - right of use	6	11.00 %	11.00 %	844,128	738,391
				171,291,342	**625,612,272**

Price risk

The group is not exposed to commodity price risk.

4. 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.

Notes to the Consolidated And Separate Annual Financial Statements

		Group		Corporation	
Figures in Namibia Dollar		2024	2023	2024	2023

4. Fair value information (continued)

Levels of fair value measurements

Level 3

Recurring fair value measurements

Assets	Note				
Biological assets	10				
Livestock cattle		15,180,249	16,211,075	9,078,532	12,456,097
Total		**15,180,249**	**16,211,075**	**9,078,532**	**12,456,097**

Refer to note 10 for reconciliation of biological assets.

5. Property, plant and equipment

Group	2024			2023		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Land and buildings	402,644,872	(28,430,266)	374,214,606	411,526,896	(29,161,836)	382,365,060
Plant, vehicle, furniture and equipment	400,480,643	(266,914,940)	133,565,703	366,577,534	(250,374,816)	116,202,718
Work in progress	2,363,724	-	2,363,724	7,683,614	-	7,683,614
Total	**805,489,239**	**(295,345,206)**	**510,144,033**	**785,788,044**	**(279,536,652)**	**506,251,392**

Corporation	2024			2023		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Land and buildings	402,644,872	(28,430,266)	374,214,606	411,526,895	(29,161,836)	382,365,059
Plant, vehicle, furniture and equipment	367,390,031	(254,317,756)	113,072,275	374,547,054	(259,294,096)	115,252,958
Work in progress	2,363,724	-	2,363,724	7,683,614	-	7,683,614
Total	**772,398,627**	**(282,748,022)**	**489,650,605**	**793,757,563**	**(288,455,932)**	**505,301,631**

Notes to the Consolidated And Separate Annual Financial Statements

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	382,365,060	114,938	(8,265,392)	-	374,214,606
Plant, vehicle, furniture and equipment	116,202,718	26,950,603	(385,790)	(9,201,828)	133,565,703
Work in progress	7,683,614	-	(5,319,890)	-	2,363,724
	506,251,392	**27,065,541**	**(13,971,072)**	**(9,201,828)**	**510,144,033**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	382,206,711	158,349	-	-	382,365,060
Plant, vehicle, furniture and equipment	132,202,097	2,774,209	(662,261)	(18,111,327)	116,202,718
Work in progress	-	7,683,614	-	-	7,683,614
	514,408,808	**10,616,172**	**(662,261)**	**(18,111,327)**	**506,251,392**

Notes to the Consolidated And Separate Annual Financial Statements

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Corporation - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land and buildings	382,365,059	114,398	(17,579)	(8,247,272)	-	374,214,606
Plant, vehicle, furniture and equipment	115,252,958	13,893,753	(307,748)	(7,459,527)	(8,307,161)	113,072,275
Work in progress	7,683,614	-	-	(5,319,890)	-	2,363,724
	505,301,631	**14,008,151**	**(325,327)**	**(21,026,689)**	**(8,307,161)**	**489,650,605**

Reconciliation of property, plant and equipment - Corporation - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	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	(36,165)	7,349,182	(17,694,224)	115,252,958
Work in progress	-	7,683,614	-	-	-	7,683,614
	497,851,971	**9,583,595**	**(36,165)**	**15,596,454**	**(17,694,224)**	**505,301,631**

During the year the Corporation transferred assets to Northern Communal Areas (Pty) Ltd valued at N$ 21,026,689.

6. Right-of-use asset

Group	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Right-of-use asset	1,571,307	(823,657)	747,650	3,041,292	(1,848,048)	1,193,244

Corporation	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Right-of-use asset	1,043,233	(295,583)	747,650	2,513,218	(1,608,015)	905,203

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Right-of-use asset	747,650	1,193,244	747,650	905,203

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss, as well as depreciation which has been capitalised to the cost of other assets.

Right-of-use asset	496,688	-	208,647	-

Other disclosures

Derecognition of right-of-use asset	(51,094)	-	(51,094)	-

Lease liabilities

Minimum lease payments due:

Within one year	146,977	624,284	146,977	320,005
Two to five years	873,669	418,386	873,669	418,386
	1,020,646	1,042,670	1,020,646	738,391
Less finance charges component	(176,518)	-	(176,518)	-
Present value of minimum lease payments due	**844,128**	**1,042,670**	**844,128**	**738,391**

Non-current liabilities	697,151	418,386	697,151	418,386
Current liabilities	146,977	624,284	146,977	320,005
	844,128	**1,042,670**	**844,128**	**738,391**

Notes to the Consolidated And Separate Annual Financial Statements

7. Investments in subsidiaries

The following table lists the entities which are controlled by the Corporation, and the carrying amounts of the investments in the Corporation's separate financial statements.

Corporation

	Issued share capital	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023
Namibia Cattle Procurement (Pty) Ltd (Namibia)	100	100.00 %	100.00 %	11,950,506	11,950,506
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	100	100.00 %	100.00 %	-	-
Meat Corporation of Namibia (UK) Limited (United Kindgom)	1,250,000	100.00 %	100.00 %	-	-
Meat Corporation of Northern Communal Areas (Pty) Ltd	100	100.00 %	100.00 %	9,494	9,494
				11,960,000	11,960,000

The % voting power is equivalent to the holding in both current and prior year.

Risks associated with interests in consolidated structured entities

Namibia Cattle Procurement (Pty) Ltd (Namibia)	-	-	419,908	(609,594)
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	-	-	564,387	(3,890,687)
Meat Corporation of Namibia (UK) Limited (United Kindgom)	-	-	(15,598,893)	(22,603,851)
Meat Corporation of Northern Communal Areas (Pty) Ltd	-	-	(52,744,770)	-
	-	**-**	**(67,359,368)**	**(27,104,132)**

Net profit / (losses) after taxation of subsidiaries				
Namibia Cattle Procurement (Pty) Ltd (Namibia)	(40,194)	(40,194)	-	-
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	909,547	689,691	-	-
Meat Corporation of Namibia (UK) Limited (United Kindgom)	(2,105,463)	(4,985,241)	-	-
Meat Corporation of Northern Communal Areas (Pty) Ltd	(12,118,084)	18,423,775	-	-
	(13,354,194)	**14,088,031**	**-**	**-**

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.

8. Investment in associate

The following table lists all of the associates in the group:

Group

Name of company	Place of business	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023
GPS Norway AS	Norway	33.33 %	33.33 %	8,945,188	8,353,624

Corporation

Name of company	Place of business	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024	Carrying amount 2023
GPS Norway AS	Norway	33.33 %	33.33 %	216,791	216,791

Summarised financial information of material associates

Summarised Management Accounts	**GPS Norway**	
	2024 NDR	**2023 NDR**
Revenue	110,703,209	129,659,673
Other income and expenses	(116,240,814)	(130,855,052)
Profit before tax	(5,537,605)	(1,195,379)
Tax expense	-	(141,858)
Profit (loss) after tax	(5,537,605)	(1,337,237)
Total comprehensive income	(5,537,605)	(1,337,237)

Only management accounts were submitted, investment valuation adjustment will be done when the audited financial statements are received in the subsequent year.

Summarised Statement of Financial Position

Assets		
Non-current	17,765	10,686
Current	42,575,653	25,609,717
Total assets	42,593,418	25,620,403
Liabilities		
Current	18,295,187	11,004,753
Total liabilities	18,295,187	11,004,753
Total net assets	24,298,231	14,615,650

Reconciliation of net assets to equity accounted investments in associates

Carrying value as at 31 January	8,353,624	8,087,840
Profit / (loss) for the period	-	(445,746)
Foreign exchange differences	591,564	711,530

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

8. Investment in associate (continued)

Carrying value of investment in associate			8,945,188	8,353,624

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.

9. Deferred tax

Deferred tax liability

Capital allowances	(80,064,744)	(70,126,728)	(80,031,958)	(70,124,186)
Prepayments	(1,471,292)	(3,943,508)	(1,471,292)	(3,943,508)
Revaluation on land and buildings	-	(30,496,485)	-	(30,996,558)
Other	(128,678)	(4,439,688)	(128,678)	(4,187,510)
Total deferred tax liability	**(81,664,714)**	**(109,006,409)**	**(81,631,928)**	**(109,251,762)**

Deferred tax asset

Provisions	12,931,850	5,463,955	12,273,116	5,406,493
Tax losses available for set off against future taxable income	273,032,389	231,378,454	260,184,125	230,761,399
Other	5,985,146	-	4,532,669	-
Deferred tax balance from temporary differences other than unused tax losses	291,949,385	236,842,409	276,989,910	236,167,892

Deferred tax liability	(81,664,714)	(109,006,409)	(81,631,928)	(109,251,762)
Deferred tax asset	291,949,385	236,842,409	276,989,910	236,167,892
Total net deferred tax asset	**210,284,671**	**127,836,000**	**195,357,982**	**126,916,130**

Reconciliation of deferred tax asset / (liability)

At beginning of year	127,836,000	128,023,089	126,916,130	126,916,130
Increase (decrease) in deferred tax asset available for set off against future taxable income	41,653,935	2,326,669	29,422,727	2,326,668
Increase (decrease) in deferred tax on capital allowances	(9,938,016)	(51,721)	(9,907,772)	(51,721)
Increase (decrease) in deferred tax on revaluation on land and buildings	30,496,485	39,921,983	30,996,558	39,921,984
Increase (decrease) in deferred tax on provisions	7,467,895	252,779	6,866,623	252,779
Increase (decrease) in deferred tax on other	12,768,372	(42,636,799)	11,063,716	(42,449,710)
	210,284,671	**127,836,000**	**195,357,982**	**126,916,130**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

10. Biological assets

Group	2024			2023		
	Valuation	**Accumulated depreciation**	**Carrying value**	**Valuation**	**Accumulated depreciation**	**Carrying value**
Livestock cattle	15,180,249	-	15,180,249	16,211,075	-	16,211,075

Corporation	2024			2023		
	Valuation	**Accumulated depreciation**	**Carrying value**	**Valuation**	**Accumulated depreciation**	**Carrying value**
Livestock cattle	9,078,532	-	9,078,532	12,456,097	-	12,456,097

Reconciliation of biological assets - Group - 2024

	Opening balance	**Additions**	**Decreases due to harvest / sales**	**Gains(losses) arising from changes in fair value**	**Total**
Livestock cattle	16,211,075	60,133,029	(85,922,409)	24,758,554	15,180,249

Reconciliation of biological assets - Group - 2023

	Opening balance	**Additions**	**Decreases due to sales**	**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

Reconciliation of biological assets - Corporation - 2024

	Opening balance	**Additions**	**Decreases due to sales**	**Gains (losses) arising from changes in fair value**	**Total**
Livestock cattle	12,456,097	20,844,808	(66,532,253)	42,309,880	9,078,532

Reconciliation of biological assets - Corporation - 2023

	Opening balance	**Additions**	**Decreases due to sales**	**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

Non – Financial information

Quantities of each biological asset				
At the beginning of the year	1,105	393	1,105	393
Increase due to acquisitions	7,022	1,335	5,676	1,335
Decrease due to sales	(6,353)	(623)	(5,914)	(623)
	1,774	**1,105**	**867**	**1,105**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

11. Inventories

Meat and meat products	133,112,685	37,336,859	126,297,057	36,935,722
Packaging material, consumable stores and other inventory	12,239,485	12,827,075	11,777,912	12,458,865
	145,352,170	50,163,934	138,074,969	49,394,587
Inventories (write-downs)	(5,748,654)	-	(5,748,654)	-
	139,603,516	**50,163,934**	**132,326,315**	**49,394,587**
Carrying value of inventories carried at fair value less costs to sell	139,603,516	50,163,934	132,326,315	49,394,587

12. Loans to related parties

Subsidiaries

Namibia Meat Importers & Exporters (Pty) Ltd	-	-	564,387	-
Meat Corporation of Northern Communal Areas (Pty) Ltd	-	-	52,744,770	-
	-	**-**	**53,309,157**	**-**

The loans are interest free, unsecured and repayable on demand.

13. Trade and other receivables

Financial instruments:				
Trade receivables	87,019,614	45,556,757	77,282,564	25,175,025
Loss allowance	(33,083,816)	(7,310,362)	(27,329,002)	(2,067,348)
Trade receivables at amortised cost	53,935,798	38,246,395	49,953,562	23,107,677
Deposits	2,734,348	-	2,705,933	680,824
Non-financial instruments:				
Receiver of Revenue - Value Added Taxation	40,183,757	11,261,502	39,122,286	10,268,535
Prepayments	7,611,106	21,595,992	5,256,767	22,850,112
Total trade and other receivables	**104,465,009**	**71,103,889**	**97,038,548**	**56,907,148**

Due to the sensitive nature of the dispute, the directors have chosen not to disclose additional information, as they believe it could be prejudicial to the company's position in the ongoing matter for the 2024 financial year (2023: N$15 million) relating to security paid for the Namibia Meat Importers and Exporters (Pty) Ltd ex-employees case.

Split between non-current and current portions

Current assets	104,465,009	71,103,889	97,038,548	56,907,148

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	56,670,146	38,246,395	52,659,495	23,788,501
Non-financial instruments	47,794,863	32,857,494	44,379,054	33,118,647
	104,465,009	**71,103,889**	**97,038,549**	**56,907,148**

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.

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

13. Trade and other receivables (continued)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	(7,310,362)	(12,145,750)	(2,067,348)	(6,868,715)
Provision raised on new trade receivables	(25,773,454)	4,835,388	(25,261,654)	4,801,367
Closing balance	**(33,083,816)**	**(7,310,362)**	**(27,329,002)**	**(2,067,348)**

14. Current tax receivable (payable)

Normal tax	132,580	(670,676)	-	-

Net current tax receivable (payable)

Current assets	132,580	-	-	-
Current liabilities	-	(670,676)	-	-
	132,580	**(670,676)**	**-**	**-**

The current receivable / (payable) is split as follows within the group:

Namibia Meat Importers & Exporters (Pty) Ltd: N$ 128,131 (2023: Nil).
Meatco UK: N$ 4,449 (2023: (N$ 670,676)).

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	123,285,556	41,680,971	85,203,141	38,197,652

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating				
Nedbank Namibia Limited: AA+(NA)/A1+(NA)	62,355,880	45,627,563	62,355,880	45,627,563
First National Bank of Namibia Limited: AA+(NA)/A1+(NA)	18,602,698	3,104,268	2,540,938	2,739,739
Bank Windhoek Limited: AA+(NA)/A1+(NA)	15,026,996	2,568	15,026,996	2,568
Standard Bank Limited: AA+(NA)/A1+(NA)	7,477,817	1,143,775	4,194,309	108,391
Barclays Bank: A+ (Fitch rating)	18,719,847	2,066,776	18,719,847	2,066,776
	122,183,238	**51,944,950**	**102,837,970**	**50,545,037**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

16. Borrowings

Held at amortised cost

Secured

Development Bank of Namibia

Loan 1	170,447,215	150,813,661	170,447,215	150,813,661
Interest is payable at prime overdraft rate to prime overdraft rate +0.5% (2023: prime overdraft rate +0.5%) monthly in arrears.				
Loan 2	-	306,482,252	-	306,482,252
Secured by government guarantee. Interest is chargeable at prime overdraft rate to prime overdraft rate +2%.				
The loan was settled in full by the government in the current year.				
Loan 3	-	212,777,129	-	212,777,129
Secured by government guarantee. Interest is chargeable at prime overdraft rate to prime overdraft rate +2%. The loan was settled in full by the government in the current year.				
	170,447,215	**670,073,042**	**170,447,215**	**670,073,042**

Split between non-current and current portions

Non-current liabilities	147,638,809	624,873,881	147,638,809	624,873,881
Current liabilities	22,808,406	45,199,161	22,808,406	45,199,161
	170,447,215	**670,073,042**	**170,447,215**	**670,073,042**

17. Retirement benefits

Present value of obligation

Present value of the defined benefit Present value of the defined benefit obligation-wholly unfunded	6,449,000	5,852,000	6,094,000	5,530,000
Service cost	572,000	637,000	551,000	616,000
Interest cost	774,000	(590,000)	732,000	(626,000)
Benefits (paid)/received	(246,000)	43,000	(246,000)	43,000
Actuarial loss/(gain) for the year	(698,000)	465,000	(653,000)	510,000
Past service cost	-	42,000	-	21,000
	6,851,000	**6,449,000**	**6,478,000**	**6,094,000**

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 5 June 2024 of the company's liability in respect of the provision for severance pay-

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

17. Retirement benefits (continued)

Key assumptions used

Discount rates used	12.50 %	10.20 %	12.50 %	10.20 %
Expected increase in salaries	5.00 %	6.90 %	5.00 %	6.90 %

18. Deferred income

The Corporation recognised Deferred Income of N$ 260,5 million (including interest of N$ 10,5 million) as government grant, a disbursement made through the Development Bank of Namibia. These Funds are to be disbursed evenly over a period of 3 years starting 2025 financial year.

Northern Communal Areas (Pty) Ltd (subsidiary) received Deferred Income of N$ 18,8 million as government grant, a disbursement made through the Corporation.

Government grants (corporation)	260,500,000	-	260,500,000	-
Government grants (subsidiary)	18,835,621	-	-	-
	279,335,621	**-**	**260,500,000**	**-**

Split between non-current and current portions

Non-current liabilities	148,500,000	-	148,500,000	-
Current liabilities	130,835,621	-	112,000,000	-
	279,335,621	**-**	**260,500,000**	**-**

19. Trade and other payables

Financial instruments:				
Trade payables	102,477,735	62,429,763	94,740,715	53,645,268
Other payables and accruals	18,771,457	17,440,469	17,664,329	16,892,137
Non-financial instruments:				
Value added taxation	230,896	-	-	-
	121,480,088	**79,870,232**	**112,405,044**	**70,537,405**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

20. Loans from related parties

Related parties

Namibia Cattle Procurement (Pty) Ltd	-	-	419,327	609,593
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	-	-	-	3,890,687
Meat Corporation of Namibia (UK) Ltd	-	-	15,598,893	22,603,851
	-	**-**	**16,018,220**	**27,104,131**

The loans are interest free, unsecured and repayable on demand.

21. Revenue

Revenue from contracts with customers				
Sale of goods	1,202,646,599	765,018,532	1,179,145,266	815,170,964

Notes to the Consolidated And Separate Annual Financial Statements

		Group		Corporation	
Figures in Namibia Dollar		2024	2023	2024	2023

21. Revenue (continued)

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Sale of goods	1,202,646,599	765,018,532	1,179,145,266	815,170,964

Timing of revenue recognition

At a point in time				
Sale of goods	1,202,646,599	765,018,532	1,179,145,266	815,170,964

22. Cost of sales

Sale of goods	1,207,912,983	721,974,019	1,175,917,006	784,802,172
Manufactured goods:				
Depreciation and impairment	9,201,828	18,111,327	8,307,161	17,694,224
	1,217,114,811	**740,085,346**	**1,184,224,167**	**802,496,396**

23. Other operating income

Sundry income	4,733,436	3,974,394	3,868,700	3,974,394
Net foreign exchange gains (losses)	18,736,307	(2,019,062)	18,736,307	(2,019,062)
Government grants	125,460,992	86,000,000	113,961,523	86,000,000
	148,930,735	**87,955,332**	**136,566,530**	**87,955,332**

24. Other operating gains/(losses)

Fair value gains (losses)					
Biological assets	10	456,008	-	-	-

25. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	3,270,354	2,400,821	2,809,616	2,396,221
Auditor's remuneration - internal	**520,000**	**624,000**	**520,000**	**624,000**

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023

25. Operating profit (loss) (continued)

Sold inventories of meat products	1,207,912,983	721,974,019	1,175,917,006	784,802,172
Employee and administration costs	105,147,190	97,553,546	88,391,693	85,642,094
Other expenses	65,055,210	43,270,417	66,289,475	56,959,554
Depreciation, amortisation and impairment	9,489,869	18,111,327	8,307,161	17,694,224
Demurrages	11,256,034	-	-	-
Insurance	7,083,344	7,320,550	7,029,592	7,320,550
IT Expenses	6,653,656	6,263,544	6,301,646	6,244,118
Travel	4,270,580	4,420,952	3,433,647	4,420,952
Consulting fees	3,518,619	3,827,695	1,656,628	3,816,495
	1,420,387,485	**902,742,050**	**1,357,326,848**	**966,900,159**

26. Investment income

Interest income				
Bank and other cash	705,347	228,633	391,099	119,054

27. Finance costs

Borrowings	75,747,176	67,829,684	75,747,176	67,718,285
Trade and other payables	6,555,307	-	6,525,969	-
Total finance costs	**82,302,483**	**67,829,684**	**82,273,145**	**67,718,285**

28. Taxation

Major components of the tax (income) expense

Deferred				
Originating and reversing temporary differences	-	189,633	-	-
Deferred tax	(82,435,809)	-	(68,441,852)	-
	(82,435,809)	**189,633**	**(68,441,852)**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Effective tax rate	32.00 %	32.00 %	32.00 %	32.00 %

The Corporation's estimated tax loss available for set off against future taxable income is N$ 813,075,394 (2023: N$ 721,129,372).

Notes to the Consolidated And Separate Annual Financial Statements

29. Cash used in operations

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023
Loss before taxation	(149,951,279)	(117,814,982)	(123,497,098)	(131,373,095)
Adjustments for non-cash items:				
Depreciation and amortisation	9,489,869	9,710,867	8,307,161	9,309,142
Losses (gains) on sale of assets and liabilities	-	(99,581)	-	(99,581)
Investment impairment	-	-	-	35,017,848
Property, plant and equipment impairment	-	8,385,560	-	8,385,560
Foreign exchange gains /(losses) recognised	(456,008)	5,406,524	-	5,406,524
Movements in provisions	-	33,000	-	-
Loss from associate	-	445,746	-	-
Foreign exchange differences - unrealised	-	(1,675,450)	-	(1,675,450)
Non-cash movement in retirement benefit assets and liabilities	1,346,000	478,000	1,283,000	478,000
Non-cash items: Biological assets	61,619,863	-	24,222,373	-
Non-cash items: Property, plant and equipment	(6,466)	-	21,026,689	-
Movement in foreign translation reserve	1,029,657	(14,830,022)	-	(14,830,022)
Other non-cash items	33,219	360,262	-	237,764
Adjust for items which are presented separately:				
Interest income	(705,347)	(228,633)	(391,099)	(119,054)
Finance costs	82,302,483	67,829,684	82,273,145	67,718,285
Changes in working capital:				
Inventories and biological assets	(89,439,582)	51,706,412	(82,931,728)	37,796,808
Trade and other receivables	(33,361,120)	(12,936,401)	(40,131,400)	(11,445,957)
Trade and other payables	41,609,856	(54,777,856)	41,867,639	(57,935,297)
Related parties	-	-	-	3,697,215
	(76,488,855)	**(58,006,870)**	**(67,971,318)**	**(49,431,310)**

30. Tax paid

Balance at beginning of the year	(670,676)	510,850	-	-
Current tax recognised in profit or loss	-	(517,113)	-	-
Balance at end of the year	(132,580)	-	-	-
	(803,256)	**(6,263)**	**-**	**-**

Notes to the Consolidated And Separate Annual Financial Statements

	Group		Corporation	
Figures in Namibia Dollar	2024	2023	2024	2023
31. Related parties				
Relationships				
Subsidiaries	Refer to note 7			
Associates	Refer to note 8			
Related party balances				
Loan accounts - Owing (to) by related parties				
Namibia Meat Importers & Exporters (Pty) Ltd	-	-	564,387	(3,890,687)
Namibia Cattle Procurement (Pty) Ltd	-	-	(419,328)	(609,593)
Meat Corporation of Namibia (UK)	-	-	(15,598,893)	(22,603,851)
Meat Corporation of Northern Communal Areas (Pty) Ltd	-	-	52,744,770	-
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Namibia Meat Importers & Exporters (Pty) Ltd	-	-	1,920,631	-
Meat Corporation of Northern Communal Areas (Pty) Ltd	-	-	(1,080,765)	-
Related party transactions				
Purchases from (sales to) related parties				
Namibia Meat Importers and Exporters (Pty) Ltd	-	-	(94,788,214)	(130,978,677)
GPS Norway AS	-	-	-	(133,097,762)
Meat Corporation of Northern Communal Areas (Pty) Ltd	-	-	11,762,088	-
Meat Corporation of Northern Communal Areas (Pty) Ltd	-	-	(1,104,254)	-
Commission paid to (received from) related parties				
Meat Corporation of Namibia (UK)	-	-	(10,660,943)	(7,331,357)
Compensation to directors and other key management				
Short-term employee benefits	2,618,818	175,230	2,618,818	1,709,572

Notes to the Consolidated And Separate Annual Financial Statements

32. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation. The changes were made to better reflect the nature of the company's transactions and enhance the understandability of the financial statements. These reclassifications had no effect on previously reported total assets, liabilities, or equity.

The effects of the reclassification are as follows:

Statement of Financial Position	Group: As Previously Reported	Group: Reclassified amount	Group: As reclassified	Corporation: As Previously Reported	Corporation: Reclassified amount	Corporation: As reclassified
Property, plant and equipment	506,235,179	16,213	506,251,392	505,285,418	16,213	505,301,631
Trade and other payables	(79,580,004)	(16,213)	(79,596,217)	(70,521,193)	(16,213)	(70,537,406)
Deferred tax asset	236,842,409	(109,006,409)	127,836,000	236,167,892	(109,251,762)	126,916,130
Deferred tax liability	(109,006,409)	109,006,409	-	(109,251,762)	109,251,762	
Profit or Loss						
Revenue	(865,224,050)	100,205,518	(765,018,532)	-	-	
Cost of sales	841,377,173	(101,291,827)	740,085,346	794,851,601	7,644,795	802,496,396
Other operating income	(88,056,598)	101,266	(87,955,332)	(88,056,598)	101,266	(87,955,332)
Administrative expenses	161,671,660	985,043	162,656,703	172,149,825	(7,746,062)	164,403,763

Detailed Income Statement

		Group		Corporation	
Figures in Namibia Dollar	Notes	2024	2023	2024	2023
Revenue					
Sale of goods		1,202,646,599	765,018,532	1,179,145,266	815,170,964
Cost of sales					
Opening stock		(50,163,934)	-	(49,394,587)	-
Purchases		(1,303,101,219)	(772,137,953)	(1,263,702,721)	(833,779,656)
Cost of manufactured goods		(9,201,828)	(18,111,327)	(9,201,828)	(18,111,327)
Closing stock		145,352,170	50,163,934	138,074,969	49,394,587
	22	**(1,217,114,811)**	**(740,085,346)**	**(1,184,224,167)**	**(802,496,396)**
Gross (loss) profit		**(14,468,212)**	**24,933,186**	**(5,078,901)**	**12,674,568**
Other operating income					
Sundry income		4,733,436	3,974,394	3,868,700	3,974,394
Foreign exchange gains /(losses)		18,736,307	(2,019,062)	18,736,307	(2,019,062)
Government grants		125,460,992	86,000,000	113,961,523	86,000,000
	23	**148,930,735**	**87,955,332**	**136,566,530**	**87,955,332**
Other operating gains (losses)					
Fair value gains		456,008	-	-	-
Expenses (Refer to page 57)		**(203,272,674)**	**(162,656,704)**	**(173,102,681)**	**(164,403,763)**
Operating loss	25	**(68,354,143)**	**(49,768,186)**	**(41,615,052)**	**(63,773,863)**
Investment income	26	705,347	228,633	391,099	119,054
Finance costs	27	(82,302,483)	(67,829,684)	(82,273,145)	(67,718,285)
Income/(loss) from equity accounted investments		-	(445,746)	-	-
Loss before taxation		**(149,951,279)**	**(117,814,983)**	**(123,497,098)**	**(131,373,094)**
Taxation	28	82,435,809	(189,633)	68,441,852	-
Loss for the year		**(67,515,470)**	**(118,004,616)**	**(55,055,246)**	**(131,373,094)**

The supplementary information presented does not form part of the consolidated and separate annual financial statements and is unaudited

Detailed Income Statement

		Group		Corporation	
Figures in Namibia Dollar	Note(s)	2024	2023	2024	2023
Other operating expenses					
Accounting fees		(52,275)	(32,317)	-	-
Administration and management fees		(7,264,677)	(8,714,398)	(7,203,418)	(6,462,001)
Advertising		(316,601)	(228,425)	(305,628)	(131,766)
Auditor's remuneration - external audit	25	(3,270,354)	(2,400,821)	(2,809,616)	(2,396,221)
Auditor's remuneration - internal audit	25	(520,000)	(624,000)	(520,000)	(624,000)
Bad debts		(26,592,957)	(2,552,715)	(26,052,483)	(41,663)
Bank charges		(2,391,487)	(10,615,689)	(1,868,428)	(1,269,819)
CC Expenses		(750,976)	(1,082,950)	(750,976)	(1,082,950)
Cleaning		(111,016)	(95,307)	(106,701)	(90,418)
Commission paid		(2,469,198)	-	(2,469,198)	-
Computer expenses		(6,653,656)	(6,263,544)	(6,301,646)	(6,244,178)
Consulting and professional fees		(3,518,619)	(3,827,695)	(1,656,628)	(3,816,495)
Consumables		(706,293)	(91,470)	(389,727)	(56,993)
Demurrages		(11,256,034)	-	(11,256,034)	-
Depreciation		(288,041)	-	-	-
Directors fees		(2,636,505)	(1,709,572)	(2,636,505)	(1,709,572)
Donations		(1,291,326)	(77,894)	(1,239,470)	(67,391)
Employee costs		(105,147,190)	(97,553,546)	(88,391,693)	(85,642,094)
Entertainment		-	(3,634)	-	-
Fines and penalties		(738,332)	(620)	(729,517)	(120)
IT expenses		(535,080)	(1,500)	-	-
Insurance		(7,083,343)	(7,320,550)	(7,029,592)	(7,320,550)
Levies		(30,418)	(84,343)	-	-
Motor vehicle expenses		(1,436,371)	(1,251,128)	(1,365,297)	(1,202,686)
Municipal expenses		(1,680,241)	(1,509,539)	(629,757)	(627,890)
Postage		(8,839)	(10,362)	(8,839)	(9,236)
Printing and stationery		(1,076,440)	(1,057,770)	(1,076,440)	(1,057,770)
Promotions		(13,175)	(160,535)	(13,175)	(160,535)
Repairs and maintenance		(2,864,070)	(2,286,976)	-	-
Royalties and license fees		(255,380)	(155,138)	(28,312)	(35,184)
Security		(3,155,018)	(2,495,146)	(2,681,719)	(2,193,413)
Subscriptions		(596,327)	(261,049)	(188,483)	(252,889)
Sundry expenses		(3,250,242)	(3,516,052)	(992,326)	(36,564,467)
Telephone and fax		(1,041,612)	(999,228)	(967,426)	(922,510)
Travel - local		(4,270,581)	(5,672,791)	(3,433,647)	(4,420,952)
		(203,272,674)	**(162,656,704)**	**(173,102,681)**	**(164,403,763)**

The supplementary information presented does not form part of the consolidated and separate annual financial statements and is unaudited

NOTES

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