REMAINING AGILE IN A CHALLENGING BUSINESS ENVIRONMENT

MEATCO Namibia

ANNUAL REPORT 2020/21

Stabilising the Red Meat Industry of Namibia

www.meatco.com.na

WELCOME TO OUR 2020/21 ANNUAL REPORT

This report, covering the financial period from 1 February 2020, to 31 January 2021, contains information on the Meat Corporation's (Meatco) governance, strategies, performance and prospects and is designed to provide a balanced overview of key developments for the period under review.

The report aims to provide a greater understanding of Meatco's business, our social and environmental impact and provide insight into how we manage our business. We see this report as an evolving process and undertake to provide further enhanced reporting each year, where deemed appropriate.

The Annual Financial Statements, as presented in Meatco's Annual Report for 2020/21, were approved by the Board of Directors on 11 June 2021.

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MESSAGE
FROM THE CHAIRPERSON

Dear Stakeholders,

Today, Namibia's red meat industry is at a crossroad and faces major challenges that can no longer be ignored. While reminiscent of the crisis that faced the industry in the 1980s that ultimately led to the creation of the forerunner of Meatco, the market and environment have changed drastically.

It has become imperative for ***all*** the industry stakeholders – the Government, the Meat Board of Namibia (MBN), the Directorate of Veterinary Services (DVS), organised agriculture leadership, commercial and communal producers, and abattoir owners – to come together as a matter of urgency and examine the future of the industry in great depth. All stakeholders have a vital role to play, and we must all stand together to resolve the issues that hamper the sustainability of the industry.

This much is clear: the sustainability of Namibia's red meat industry is irrevocably linked to the sustainability of Meatco, as it plays a pivotal role in the industry.

Over the years, Meatco has invested millions of Namibian dollars and great effort to establish niche export markets with its Natures Reserve brand. This brand has been successfully accepted by the markets in Norway, the EU, and the UK, while it is now finding its feet in the USA and Chinese markets – a major achievement for Namibia. Taking into account our cattle herd, the size of the proverbial grain of sand in the desert of the global meat industry.

The Natures Reserve brand has played a critical role in making it possible for Meatco to pay producers competitive prices for their cattle – a situation that must be nurtured and looked after for the benefit of producers. The success of the Natures Reserve brand makes the role that Meatco plays in the livestock industry essential.

We also must acknowledge the great impact that the consecutive droughts had on the industry and available cattle for slaughtering. In the previous financial year, producers had to get rid of their cattle due to the drought, and Meatco slaughtered more than 100,000 cattle. This reporting year, producers were restocking their herds and only 36,074 cattle were slaughtered – a situation that had a major impact on Meatco's profitability and cash flow.

The impact of COVID-19 on the hotel and restaurant industries, locally and internationally, led to changing consumer patterns, which had an influence on the products in demand, and in turn impacted on the prices that could be realised in the export markets.

Another factor that comes to play is the need to restock the national herd after the drought. In the 1980s the country had 250,000 slaughterable cattle available. The reality is, however,

the size of the national herd continues to shrink and has been shrinking for the past two decades. Bush encroachment and the rise of wildlife farming both impacted on the ever-shrinking national herd – a situation that must urgently be addressed on national level. We must go back to a situation where enough slaughter cattle are available for Meatco and other local abattoirs.

The opening up of the Northern Communal Area (NCA) is another important aspect that must be addressed on a national level as a matter of urgency. It must be done in a completely different manner than the model used South of the Veterinary Cordon Fence (SVCF). It is also for that reason that Meatco registered a separate entity, the Meatco NCA Subsidiary. It must have its own vision, its own business plan and model with its own markets.

It is time for the industry and Meatco to stand together to face the many challenges as one. Meatco will have to become an agile, sustainable business that can adapt to changes amidst a volatile environment.

Lastly, I want to thank the Minister of Public Enterprises, Hon. Leon Jooste and the Minister of Agriculture, Water and Land Reform, Hon. Calle Schlettwein, for their leadership and unwavering support. To my fellow Board Members, a word of appreciation for your commitment and to the management and employees of Meatco, thank you for your loyalty and hard work.

I am confident, if all stakeholders stand together, that Namibia's livestock industry can serve the interest of all and can take its rightful place as a pivotal industry in the livelihoods of Namibians.

Johnnie Hamman

Chairperson of the Board of Directors

ABOUT
MEATCO

The Meat Corporation of Namibia was established, and is regulated, by the Meat Corporation of Namibia Act (Act 1 of 2001), hereafter referred to as the Meatco Act. The mandate of the Corporation as per the Act includes serving, promoting and coordinating the interests of livestock producers in Namibia, while striving for the stabilisation of the red meat industry of Namibia in the national interest. The Corporation is also listed as a State-Owned Enterprise (SOE) under the Public Enterprises Governance Act (PEGA), 2019 (Act 1 of 2019).

THE MEATCO GROUP

Meatco and four subsidiaries

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

Our vision

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

Our mission

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

Our values

Meatco operates within a formal code of conduct that was developed as a result of an all-inclusive, transparent and participatory process involving the staff and management.
The code relates to five sets of key behavioural attributes, our values.

MEATCO
WHAT WE DO

MEAT PROCESSING AND MARKETING

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

Meatco has also integrated backwards into the value chain in partnership with Namibian producers, in order to produce high-quality, slaughter-ready livestock. After processing through Meatco's world-class value chain, its meat products fetch a significant premium in carefully-chosen markets across the globe. Meatco serves niche markets locally, regionally and internationally with premium quality products that are traceable 'from farm to fork'.

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

Our processes are regularly audited by independent, internationally-recognised auditing companies, such as the National Science Foundation International, based in the United States of America. All our facilities comply with the International Organization for Standardization ISO 22000, which sets out the requirements for a food safety management system, and also includes Hazard Analysis and Critical Control Points (HACCP) 1033:2007. Our factory is also Halaal certified.

Meatco is subject to separate auditing activities mandated by specific clients who conduct their own independent audits. We are proud to say that our export abattoir in Windhoek continues to boast an 'A' grading in terms of the internationally recognised British Retail Consortium (BRC) standards. The BRC standards relate to food safety, whereby yearly audits are conducted to confirm compliance to food safety during food production.

Our reputation rests on its commitment to the highest technical, ethical, social and environmental standards, a commitment that has enabled us to position ourselves as a principal provider of premium products to a number of niche markets.

Namibian livestock producers South of the Veterinary Cordon Fence (SVCF) who sell at least one unit of livestock to Meatco every three years and producers North of the Veterinary Cordon Fence (NVCF) who sell one unit of livestock to Meatco every five years, are entitled to membership at the Corporation.

EFFECTIVE COMMUNICATION
Transparency
Ensure clear instruction
Obtain feedback
Use clear communication in all directions
Share information

SERVICE EXCELLENCE
Do things right the first time, every time
Sense of urgency
Continuous improvement
Attend to issues without delay

PARTICIPATION & COOPERATION
Lead by example
Empower and involve stakeholders
Create forums for effective participation
Give recognition for individual and team contributions

COMMITMENT & RESPONSIBILITY
Act consistently at all times
Protect the company's property as your own
Obtain the facts before acting
Adhere to rules & procedures
Apply good business principles in everything we do

RESPECT, INTEGRITY & DIGNITY
Acknowledge the culture of others
Show good manners to all
Solve issues and move on
Respect individual differences
Be honest at all times
Be trustworthy
Acknowledge and take ownership of authority
No victimisation and discrimination

OPERATING CONTEXT

PERSPECTIVE ON THE GLOBAL RED MEAT INDUSTRY

Feeding the world in a sustainable manner is one of the most pressing challenges the world faces in the coming years. Meat will continue to play a pivotal role in this endeavour.

GLOBAL HEAD OF CATTLE

According to the United Nation's Food and Agriculture Organisation, the world has 1.468 billion head of cattle as of 2020. Brazil and the United States has the largest cattle inventory in the world, followed by India and China. Brazil has 211 million cattle (14 per cent of all cattle globally), in comparison to Namibia's 2.37 million (0.16 per cent of all cattle).

In 2019, just more than a million cattle were slaughtered for meat production globally.

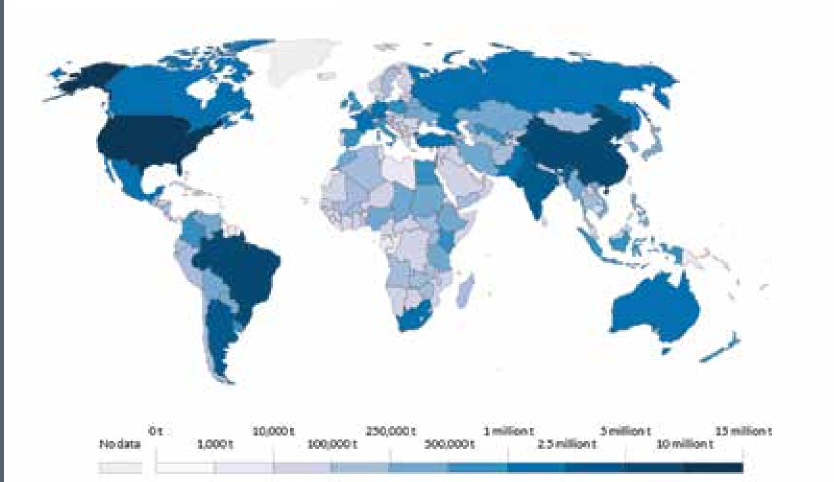
Meat remains an important source of nutrition for many people around the world. Worldwide, cattle meat production has more than doubled since 1961 – increasing from 28 million tonnes per year to 80 million tonnes in 2019. Brazil and the United States are the world's largest beef and buffalo meat producers. Other major producers are China, followed by India, Argentina and Australia.

One of the strongest determinants of how much meat people eat is how rich they are. There is a strong positive relationship: the richer a country is, the more meat the average person typically eats.

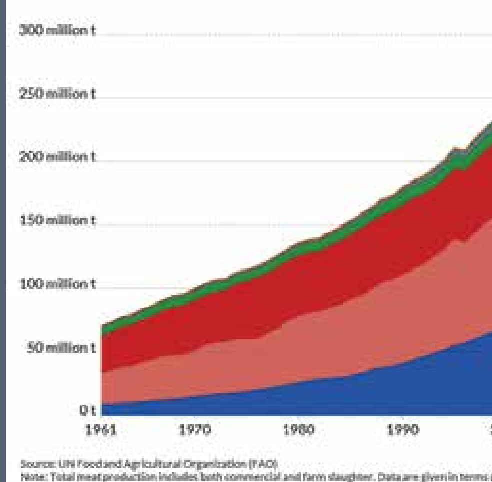
GLOBAL MEAT PRODUCTION

2018

Beef production, 2018



Meat production by livestock type worldwide, 2016 to 2018



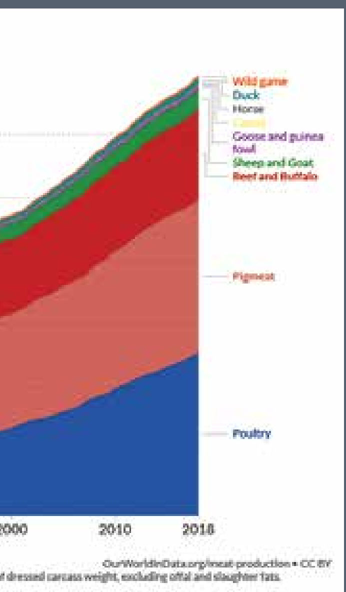
After poultry and pig meat, red meat remains one of the strongholds in the meat industry. Consumption trends vary significantly across the world. In China, pig meat accounts for approximately two-thirds of per capita meat consumption. In Argentina, beef and buffalo meat dominates, accounting for more than half of consumption. New Zealanders have a much stronger preference for mutton and goat meat relative to the global average.

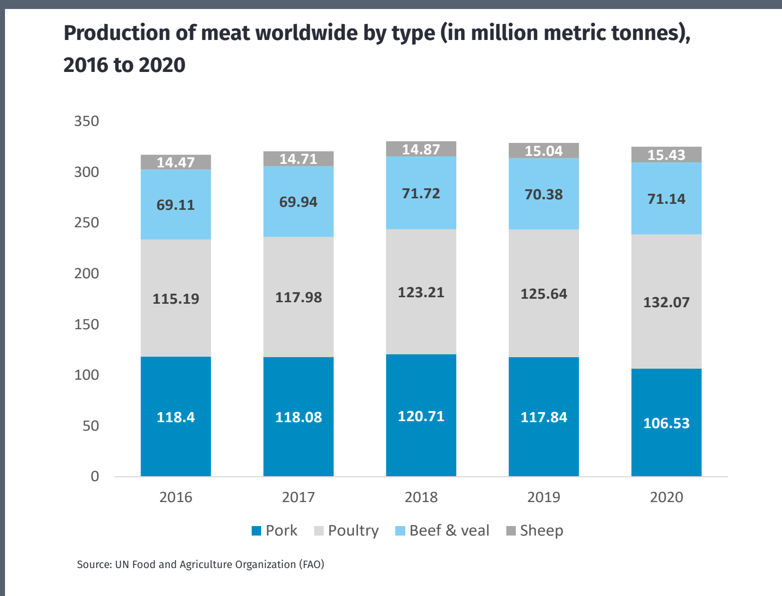
But the production of meat has large environmental impacts – increasing greenhouse gas emissions, agricultural land and freshwater use. One of the world's most pressing challenges is to produce and consume meat, dairy and other protein products in a way that reduces its environmental impacts.

AGRICULTURE'S CONTRIBUTION TO NAMIBIA'S GDP, 2020

According to the Namibia Statistics Agency, agriculture and fishing contributed 5.9 per cent to Namibia's gross domestic product (GDP). Livestock farming contributed nearly N$6.3 billion to the nominal GDP, an increase of nearly N$1.1 billion year-on-year.

Crop farming and forestry's contribution rose by some N$2.2 billion to nearly N$5.2 billion. Livestock's contribution to the nominal GDP rose from 2.9 per cent to 3.5 per cent, while crop farming and forestry was up from 1.6 per cent to 2.9 per cent.





GLOBAL CONCERNS

Beef is one of the most consumed meat in the world after pork and chicken, as it is a source of high-quality protein and essential nutrients. Although it is growing in popularity across the world, there are many procurement and supply chain issues facing the beef industry globally.

SUSTAINABILITY OF BEEF PRODUCTION

A growing world population and increasing affluence are driving demand for red meats and animal proteins. However, consumers are also increasingly wary of the impact of beef production on the environment. Globally, the sector is faced with the dilemma of reducing each animal's environmental farm-to-fork 'hoof-print', without compromising the quality or quantity of beef.

Through various exercises, Meatco managed to obtain an environmental clearance certificate. Sustainability is only possible through taking into account the 3 Es: Environment, Ethics and Economics.

TRANSBOUNDARY ANIMAL DISEASES

Transboundary animal diseases such as bovine spongiform encephalopathy (BSE, better known as mad cow disease), foot-and-mouth disease (FMD) and lung sickness are highly contagious diseases that can spread rapidly across the borders of neighbouring countries. While not directly affecting human health, they can cause high rates of death and diseases in animals, and thereby have serious socio-economic consequences.

GLOBAL UNCERTAINTIES

Global political and economic uncertainties further contributed towards instability in the global agriculture sector. The COVID-19 pandemic has impacted upon the logistics value chain, further eroding stability.

ANIMAL WELFARE

Numerous animal welfare organisations worldwide, such as People for the Ethical Treatment of Animals (PETA), have consistently promoted curtailing the consumption and production of meat. Their media campaigns have heightened awareness of animal welfare, which impacts the standards expected in farming practises and slaughter processes. The growing trend of vegetarianism and veganism in the developed countries has also shown a negative trend towards beef consumption.

CLIMATE CHANGE

Climate change can disrupt food availability, reduce access to food, and affect food quality. For example, projected increases in temperatures, changes in precipitation patterns, changes in extreme weather patterns, and reductions in water availability may all result in reduced agricultural productivity. Meatco is aware of the need to collaborate on regenerative farming practices and to assist in addressing growing concerns regarding the environment we live in.

NAMIBIAN CONTEXT

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

The 2.7 million cattle in Namibia's herd represents only 0.16 per cent of the global herd, which is estimated to amount to 1.468 billion in 2020.

The production of meat worldwide is estimated to amount to 335 million tonnes, compared with Namibia's meat production of 49,444 tonnes (according to the Meat Board of Namibia) and Meatco's 8,959.4 tonnes of meat processed in 2020/21. Due to Namibia's insignificance in the global environment, it is imperative for Meatco to focus on selected niche or premium markets for our products.

Even though agriculture's contribution to GDP (excluding fishing) 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 agricultural production, with crop farming and forestry making up the remaining one-third (excluding fishing). Meat processing (which the government accounts for under manufacturing) contributes to another 0.2-0.4 percent of GDP.

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 a conducive policy and regulatory environment, as well as a common vision for the red meat industry, will allow substantial growth to take place.

MEATCO'S ROLE IN NAMIBIA'S MEAT INDUSTRY

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

The Corporation also 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 are different in Namibia from those prevailing in South Africa.

We continue to have a relatively high producers price compared with other regional countries such as Botswana for example, which has the same net export status as Namibia, and serves the same international markets as Meatco.

Without Meatco's involvement, Namibia's red meat industry will revert back to being a commodity-driven industry, which will result in producers receiving much less for their cattle as is currently the case. Such a situation will invariably impact negatively on the sustainability of the whole industry.

Of the 2.7 million cattle in Namibia, 37 per cent (just less than 1 million) are found in the areas South of the Veterinary Cordon Fence (SVCF). Cattle sourced from SVCF can be exported to international markets, supporting the Namibian Government's development aims and policies, while maximising return to the producers and building credible premium brands for Namibian beef.

A total of 1.7 million cattle in Namibia are found in the areas North of the Veterinary Cordon Fence (NVCF). Meatco's role in the NVCF is to assist Government in stabilising the red meat industry, more specifically with the aim to provide assistance to NVCF farmers and the operators of those abattoirs.

MEATCO Namibia

OUR BUSINESS MODEL

HOW WE CREATE VALUE

RESOURCES AND RELATIONSHIPS

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

HUMAN CAPITAL
- Experienced, diverse leadership team and skilled employees.

SOCIAL AND RELATIONSHIP CAPITAL
- Positive relationships with all our stakeholders.

MANUFACTURED 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 through our lenders.

VALUE IN

OPERATING CONTEXT

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

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

1. Increase cattle numbers
2. Increase company-wide efficiencies
3. Increase operational efficiencies
4. Restore financial stability and strength
5. Manage stakeholder relationships
6. Involvement in areas North of the Veterinary Cordon Fence

OUR STAKEHOLDERS

1. Government ministries
2. Communal and commercial cattle producers
3. Industry regulators
4. Farmers' unions
5. Customers - wholesalers and retailers
6. Employees
7. Media and general public

MATERIAL RISKS

- Insufficient volumes and quality of cattle
- Labour-related risks
- Cash flow constraints to fund operations
- Presence of environmental challenges - droughts
- Production resource risk - shortage of supply
- Infrastructural risk
- Loss/decrease in market returns
- Loss, failure and security of IT systems
- Quality assurance related risks

OUR PRODUCTS AND OUTPUTS

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

PRODUCT BRANDING & MARKETING

STORAGE AND DISTRIBUTION

- Managed owned and leased cold storage and logistics operations, supported by effective supplier relationships
- Deliver products to wholesalers, exporters, restaurants and food producers in diversified markets in consumer segments

- Ensure competitive pricing, continuity in supply, appropriate product information, and healthy, quality, safe, branded products

VALUE OUT

IMPACTS (OUTCOMES)

NATURAL CAPITAL

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

HUMAN 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

MANUFACTURED CAPITAL

- Sustainable, optimised, scalable operations

INTELLECTUAL CAPITAL

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

FINANCIAL CAPITAL

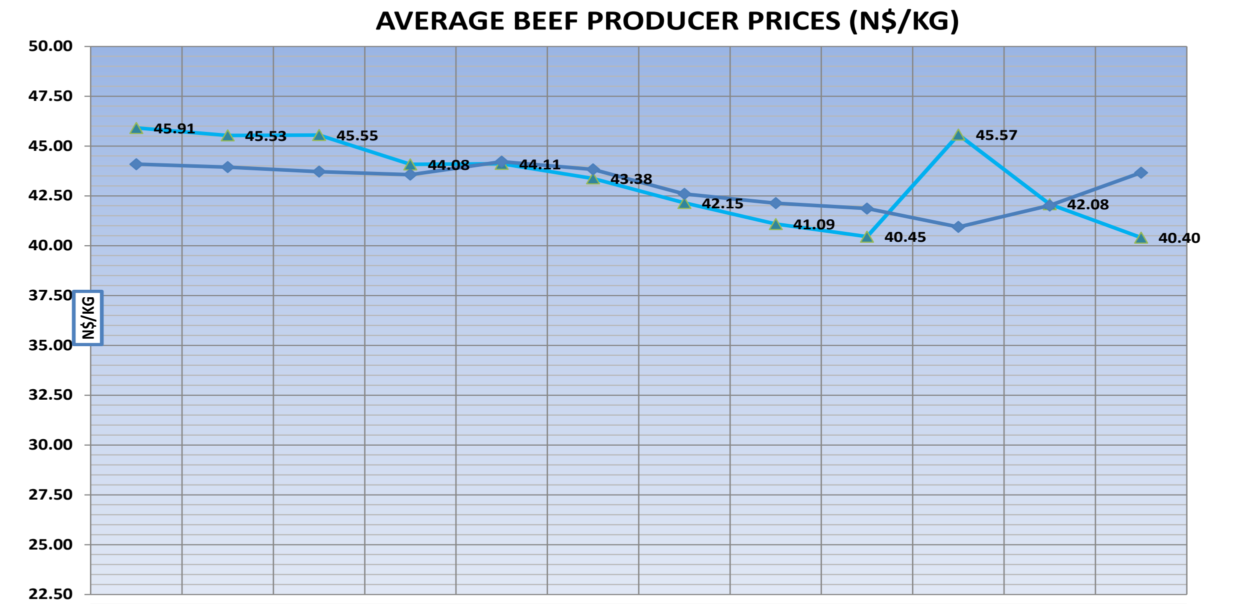
- Consistent delivery of producer returns
- Sustained confidence by the industry in Meatco

2020/21 AT A GLANCE

GROUP REVENUE AND LOSS:

The Group generated N$873 million in revenue (2020: N$1.7 billion). The Group incurred a loss before tax of N$118.64 million (2020: N$113.66 million loss).

PRODUCER PRICES:



	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
2020	45.91	45.53	45.55	44.08	44.11	43.38	42.15	41.09	40.45	45.57	42.08	40.40
AVG 2019	44.09	43.94	43.72	43.56	44.22	43.83	42.60	42.13	41.86	40.94	42.01	43.66

Source: Meat Board of Namibia

THROUGHPUT AND WEIGHT

Throughput decreased from 26,583 tonnes SVCF to 8,718 tonnes, while NVCF it increased from 224.1 tonnes to 262.4 tonnes.

The average cold dress weight SVCF increased from 229.3 kg in 2019/20 to 241.1 kg in 2020/21. NVCF, it increased from 197.2 kg to 210.4 kg during the reporting year.

WORKFORCE AND COVID-19

As at the end of the financial year, Meatco's workforce stood at 720 of which 671 staff were employed on a permanent basis and 49 staff were employed on a fixed-term contract basis.

Meatco's management took urgent and drastic measures aimed at preventing the spread of the COVID-19 pandemic and to protect all the employees from exposure. A COVID-19 Management Plan was developed and adopted.

COST REDUCTION

Total administration expenditure for the 2021 financial year amounted to N$183 million compared to prior year of N$208 million (Note 25 of the Annual Financial Statements).

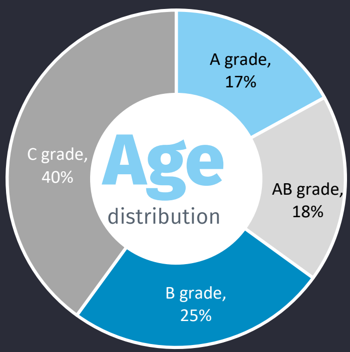
This represents a saving of N$25 million against the prior year, despite the unbudgeted cost of approximately N$7 million due to the COVID-19 pandemic.

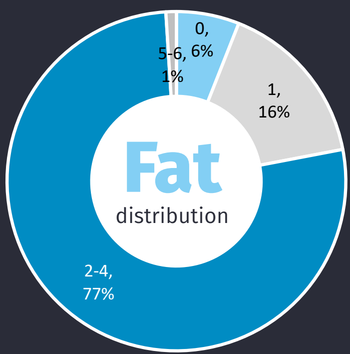
78 % MEN - 22 % WOMEN

N$400 MILLION

PAID TO PRODUCERS

Meatco paid N$400 million to producers, which include a premium of N$61.8 million above the South African parity price. The average producer price paid during the 2020/21 financial year amounted to N$44.74 per kilogramme compared to N$44.25 per kilogramme during the previous year.





Group key figures

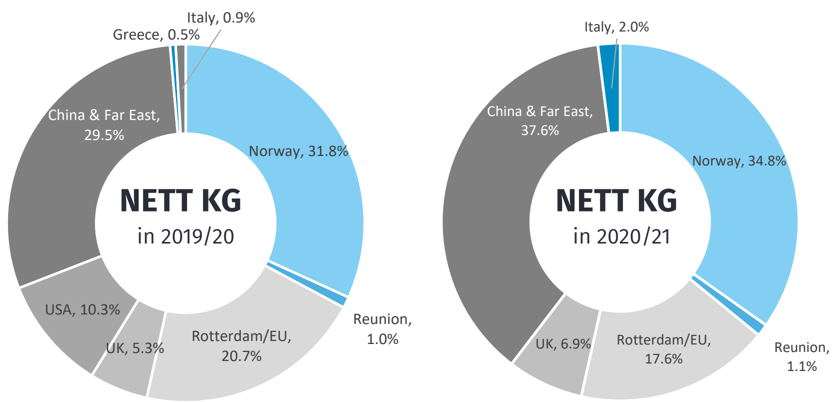
The key figures for the Meatco Group are depicted below.
The detailed annual financial statements are provided in the report.

Item description	2020/21	2019/20
Revenue	N$873,348,314	N$1,784,306,219
Cost of sales	(N$797,432,989)	(N$1,711,364,420)
Operating loss	(N$74,419,150)	(N$55,372,385)
Loss before taxation	(N$118,639,441)	(N$113,658,281)

MARKET DISTRIBUTION

The graphs depict the international market distribution of meat products for the 2019/20 and 2020/21 reporting periods.

BEEF SALES, INTERNATIONAL MARKETS



HOW MEATCO IS MANAGED

Ethics

Meatco is committed to being ethical and responsible throughout all its operations. Its values guide the Corporation's behaviour. To succeed, trust has to be maintained between Meatco and its producers, and between Meatco and its customers, other industry players, business partners, regulators, Government authorities and other stakeholders. Meatco's values form the foundation for its interactions with stakeholders by informing our business principles and policies, and offering guidance on how to apply them.

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 discrete levels in the Corporation: the line manager at operational level; the Executive Committee; and the Audit and Risk Committee of the Board.

Remuneration

Meatco's philosophy is to use remuneration as one of the tools with which to attract and retain human capital 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.

IT CORPORATE GOVERANCE

The Information Technology Department strives to provide skills, systems, and solutions to Meatco that enhance the organisation's agility, effectiveness, and efficiency by automating labourious administrative processes and facilitating insight into the internal and external environments through trusted reporting.

The department supports activities through the complete value chain, from livestock procurement and production to the record-keeping of sales transactions.

The in-house developed Akiri system facilitates the efficient management of livestock procurement and enables the fair allocation of slaughter capacity to cattle producers.

A very sophisticated production management system facilitates efficient operations and ensures customer safety by providing reliable traceability of all products.

Robust and dependable infrastructure enables employees to work efficiently and meet strategic performance targets.

BOARD OF DIRECTORS

JOHNNIE HAMMAN
Board Chairperson

CLARA BOHITILE
Vice Chairperson

CLORETHA GARISES
Board Member

USIEL KANDJII
Board Member

KAY-DIETER RUMPF
Board Member

MESAG MULUNGA
Board Member

HELENA MAVETERA
Board Member

ADOLF MUREMI
Board Member

MARY KABUKU
Board Member

MEET
OUR EXECUTIVE TEAM

Meatco's Executive Management Team is responsible for the detailed planning and implementation of Meatco's strategies, as determined by the Board of Directors. After the realignment of Meatco's organisational structure, the Executive and Management Team is comprised of the CEO, Executives and Senior Managers who collectively, are responsible for the portfolios that constitute the heart of Meatco's operations.

ANGUS CLAASSEN

Executive: Finance, Human Resources & IT

Joined Meatco in 2019
Qualifications:
MBA Finance, University of Namibia
PG Dip Business Administration, University of Namibia
B-Tech Accounting & Finance, Polytechnic of Namibia
Certificate Investment Management, University of Cape Town

JANNIE BREYTENBACH

Executive: Agro-processing

Joined Meatco in 1994
Qualification:
National Diploma in Finance and Administration, University of South Africa

ISAAC NATHINGE

Executive: Strategy & Business Development

Joined Meatco in 2019
Qualifications:
MSc Agriculture Economics, University of Agricultural Sciences, Bangalore, India
BSc Agriculture (Economics and Extension), University of Namibia
Management Development Programme, University of Stellenbosch Business School

MWILIMA MUSHOKABANJI

Chief Executive Officer

Joined Meatco in 2020

Qualifications:

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

GEORGE KOTZE

Executive: Livestock Production & Value Addition

Joined Meatco in 1995

Qualifications:

National Diploma Animal Science, Technicon Pretoria
Management Development Programme in Business Management

ANDRE MOUTON

Executive: Marketing & Sales

Joined Meatco in 2019

Qualification:

BSc Agriculture Honours, University of Pretoria

LOUIS BECKER

Senior Manager: Information Technology

Joined Meatco in 2011

Qualifications:

Master's Degree in Electronic Engineering, University of Stellenbosch
Master of Commerce Degree in Programme Management, Cranefield College
Postgraduate Diploma in Project Management, Cranefield College

SUBSIDARIES AND MANAGEMENT TEAM

Meatco's Subsidaries and Senior Management team supports the Executive team in the daily running of the business and to ensure good corporate governance is adhered to at all times.

BRIAN PERKINS

Managing Director: Meatco UK

Joined Meatco in 2009

WILLEM BARNARD

Regional Executive: Namibia Meat Importers and Exporters (NMIE)

Joined Meatco in 2012

Qualifications:

ACMA, GCMA – Chartered Institution of Management Accountants (CIMA)

Bachelors of Commerce (Management Accounting), University of Stellenbosch

KINGSLEY KWENANI

CEO: Meatco NCA Subsidiary

Joined Meatco in 2013

Qualifications:

Master's Degree, University of Pretoria

BAgriculture (Hons), University of Pretoria

Diploma Agric Extension and Rural Development, University of Pretoria

Diploma in Agriculture, Neudamm Agricultural College, Namibia

DR ADRIANATUS MASEKE

Senior Manager: Safety, Health, Environment and Quality Assurance

Joined Meatco in 2018

Qualifications:

Master of Science in Epidemiology and Public Health, University of London

Bachelor of Veterinary Medicine and Surgery, Medical University of Southern Africa

Management Development Programme, University of Stellenbosch

ABRAHAM CHRISTIAAN

Senior Manager: Human Resources

Joined Meatco in 2014

Qualification:

Bachelor of Public Administration Honours (BPA Hons), University of Stellenbosch

ROSA THOBIAS

Manager: Stakeholder Relations and Corporate Affairs

Joined Meatco in 2015

Qualifications:

MPhil Corporate Strategy, University of Pretoria (in progess)

Management Development Programme, University of Stellenbosch

BA Journalism and Communication Technology (Hons), NUST

Diploma in Journalism and Communication, NUST

NAILOKE MHANDA

Advisor: Legal and Compliance/ Company Secretary

Joined Meatco in 2018

Qualifications:

Admitted Legal Practitioner of the High Court of Namibia
LLB Degree, University of Namibia
B Juris Degree, University of Namibia
Certificate in International Project Management
Certificate in Entrepreneurship

SUVEREE HIJARUNGURU

Internal Auditor

Joined Meatco in 2018

Qualification:

Masters in Internal Auditing, Cape Peninsula University of Technology

TITUS KANYANDA

Group Financial Accountant

Joined Meatco in 2019

Qualifications:

CA Membership SAICA and ICAN
MBA, Edinburgh Business School (in progress)
Post Graduate Diploma In Accountancy, Rhodes University
Accouting Honours, UNAM
Executive Leadership Programme, Oxford Univeristy
Certificate: AI & Big Data, UCL
Certifiate Commercial Law, UCT

MARTINS KAMBULU

Head: Procurement Management Unit

Joined Meatco in 2019

Qualifications:

Bachelor's Degree in Logistics and Supply, NUST
Member of the Chartered Institute of Procurement and Supply (CIPS)

KUNIBERTH SHAMATHE

Executive Officer: Meatco Foundation

Joined Meatco in 2017

Qualifications:

Master of Business Administration Management Strategy
UNAM Master in Natural Resources Management, NUST
Honours Degree in Agriculture Man-agement, NUST
Bachelor of Technology in Agricultur-al Management, NUST
National Diploma in Agriculture Management, NUST

CEO'S REPORT

The reporting year was an extremely dynamic year compared to any other year before.

Overall, climate change had a serious negative impact generally on the entire agriculture sector – the intensification of droughts and disease outbreaks, wild fires and human-wildlife conflict. All these factors affected primary production and it shook the entire agriculture sector in a manner in which it has never been before.

During the reporting year, and in stark contrast to the previous year, a better rainy season resulted in very few cattle available for slaughter, as producers were restocking their farms. Therefore, a huge throughput challenge was then presented, with the slaughtering of only 36,074 cattle, in contrast to a total capacity of 120,000 cattle. This was far below our expectations, but we were aware that this situation could unfold.

Therefore, during the reporting year, it was essential for Meatco as an institution playing a critical role in the agriculture sector, to make sure that we reconfigure our strategic interventions by developing a leaner, agile and dynamic organisation that remains competitive, profitable and sustainable. We needed to make sure that we secure the viability of Meatco. We reviewed our vision, stating that we want to create an agile, dynamically-capable commercial public enterprise that creates wealth for all Namibians.

We achieved this, firstly, by focusing on throughput. It was not enough to focus only on quality into the abattoir; both quantity and quality were important. As Meatco, we needed to play a role in creating a conducive environment that would boost the primary production, both in the Northern Communal Area and commercial areas South of the Veterinary Cordon Fence (SVCF).

Secondly, we needed to make sure that we improve our efficiencies and effectiveness in agro-processing, in the management of the abattoir as a whole. We had to make sure that we cut out the inefficiencies in our system, especially when it comes to public procurement of outsourced services. In striving to do that, we made sure that we internalised most of the services as a cost-cutting measure.

We also had to make sure we maximise returns from our markets. Because of the outbreak of COVID-19, it was important for Meatco to make sure that we sustain our presence in some of the emerging economies, such as China with a growing middle-class. It was critical that we keep on expanding our food brand in this particular market.

> WE HAVE TO MAKE SURE WE MAXIMISE RETURNS FROM OUR MARKETS.

We also needed to make sure we sustained our market in the European Union (EU), as well as in the United States of America (USA). Those markets are critical as value-addition markets. Namibia furthermore have signed the African Continental Free Trade Area (AfCFTA) agreement, promoting trade within Africa. In our strategy, we identified the need to deepen our footprint in the domestic market, as well as regionally in SADC and in Africa.

Ultimately, we want to make sure that we maximise producer returns by paying farmers the best price at all times.

In summary, the reporting year was a year to stabilise the red meat industry, as well as making sure we are clear about our blueprint on where we are taking Meatco into the next 100 years by creating a lean, agile, and dynamic commercial public enterprise that is competitive, sustainable and profitable.

FINANCIAL PERFORMANCE

The Group generated N$873 million in revenue (2020: N$1.7 billion). The Group incurred a loss before tax of N$118.64 million (2020: N$113.66 million loss)

The average cold dress weight SVCF increased from 229.3 kg in 2019/20 to 242 kg in 2020/21. NVCF, it increased from 197.2 kg to 210.4 kg during the reporting year. Throughput in tonnes decreased from 26,583 tonnes SVCF to 8,697 tonnes, while NVCF increased from 224.1 tonnes to 262.4 tonnes.

Meatco paid N$400 million to producers, which include a premium of N$61.8 million above the South African parity price. The average producer price paid during the 2020/21 financial year amounted to N$44.74 per kilogramme compared to N$44.25 per kilogramme during the previous year.

Due to various cost-cutting initiatives across operations, Meatco made a saving of approximately N$25 million during the review period.

Total administrative expenditure amounted to N$183 million, compared with a budget of N$221 million and prior year of N$208 million. This represents a saving of N$25 million against the prior year on administrative costs, despite the additional COVID-19 related cost of N$7 million.

ACHIEVEMENTS

A major achievement was in the performance of the business. In the previous financial year, we slaughtered 116,304 cattle and in the current financial year, we slaughtered only 36,074 cattle, as mentioned prior. However, comparing this to our gross profit, we performed more favourably this year, than the previous year.

This achievement was made possible by moving away from focusing only on throughput, or only on maximising our returns, as we did in the past, but by supplying the ecosystems approach of business management. This entailed focusing on the efficiencies of the entire value chain, making sure that we improved our sensing capabilities of dynamic changes in the environment.

We constantly asked ourselves: What is happening at primary production? Are the producers supplying? Are we giving the farmers the best price? How do we link that to the efficiencies we have in agro-processing? Compared to what we are paying producers, are we generating greater pricing in our markets, like in China, the EU and the US? If prices in one of these markets fall, we need to pick that up immediately and increase sales in markets where we generate good profits. Therefore, the dynamics in managing our business model make sure we monitor the entire value chain, which contributed substantially to our strong performance.

> “In summary, the reporting year was a year to stabilise the red meat industry, as well as making sure we are clear about our blueprint on where we are taking Meatco into the next 100 years.

Another achievement was the cementing of our stakeholder relationships. During the reporting year, we increased our direct interaction with one of our key stakeholders, our producers. We made sure that we had many stakeholder engagement initiatives with communal farmers, emerging farmers, commercial farmers and with farmers in the Northern Communal Area. We shared our new strategy and our business plans, and we consulted them.

Another key stakeholder that we engaged in the reporting year, was with Government. Working closely with Government to create a conducive environment is critical to our business. Meatco operates in a very complex business environment. We engaged with Government to change their policies where appropriate.

A typical example would be the standard operating procedures that stated that NVCF cattle had to stay in quarantine for 90 days if marketed south of the VCF. In the past, we would buy cattle from the Gam area and we would keep them in our feedlot for 90 days at a cost of N$1,250 per head. In total, we would spend N$25 million on these cattle, but because we engaged with the Ministry of Agriculture, Water and Land Reform, the standard operating procedures were changed, meaning we saved N$25 million. This was a strategic intervention.

During the reporting year, Meatco also focused on creating a conducive climate for our employees. Employees are the bloodline of Meatco. We need a dedicated and committed team in our organisation, that is happy and looks forward to their work. In the first quarter of the year under review, we invested a lot into building team spirit. Employees were motivated, which led to their dedication and them subsequently giving their best.

Furthermore, we reviewed our policies, making them more flexible and more responsive within the organisation to help reduce stress levels, because of COVID-19. We made sure that we beefed up the institution to live beyond the challenges of COVID-19.

We also engaged with our clients in China, Europe and in the US to make sure that we are aware of the type of products they require, and consequently sent those products on time. We revamped our logistical shipping line systems to make sure that they were more efficient and effective.

On the procurement side, we were also strategically making sure that we don't buy any cattle available on the market, but we bought good quality cattle. We were efficient and effective in our agro-processing and we made sure that most of our cuts were destined for the Norwegian market, as we can maximise our returns in that market.

We took robust strategic decisions to make sure that the business remains afloat. We came up with a cost cutting strategy which removed all inefficiencies within the system.

N$873 M IN REVENUE

Group revenue decreased from N$1.7 billion in 2019/20 to N$873 million in 2020/21.

N$400 M TO PRODUCERS

A total of N$400 million was paid to producers, which included a premium of N$61.8 million above the South African parity price.

N$25 M SAVED

N$25 million was saved through various cost-cutting initiatives in operations and administrative expenditure.

Compared with the past 15 years, the reporting year was the only year where Meatco operated its business without relying on external funding injection. By removing said inefficiencies, we generated funds which we re used to support the business. This further allowed us to reduce the debt from almost half a billion, to less than a hundred million, and further to where we are by end of the financial year.

We also reviewed our integrated strategic business plan and developed a robust execution plan. Therefore, regardless of the volatility, the ambiguity, the complexity of the environment within which we operated in the reporting year, we reconfigured our institutional business dynamic capabilities to make sure that we remained effective, which is highly commendable.

CHALLENGES

Overall, the low throughput was a challenge we had to deal with during the reporting year. It will remain a challenge for the coming two years, but we have plans in place to help address that.

COVID-19 presented itself as a bigger challenge that required interventions to safeguard employees and to prevent the spread of the pandemic. We did not have any outbreak among our processing employees, which attested to the stringent regulations and preventions we put in place.

Thirdly, the threat and risk of foot-and-mouth disease (FMD) outbreaks in the Northern Communal Area remain a challenge. This challenge created anxiety among our clients in the US, the EU and China, and we had to be pro-active in laying their fears to rest.

NCA

There are endless opportunities in the Northern Communal Area (NCA), because throughput challenges exist not in the whole of Namibia, but only South of the Veterinary Cordon Fence. North of the Veterinary Cordon Fence, the challenge that remains is although we have a higher throughput and good quality animals, no market exists for these animals.

Dealing with this challenge, Meatco is prepared to create markets for our products in the Northern Communal Area, to improve our competitiveness and profitability. This will be done through exploring markets in West Africa and elsewhere.

We are currently exploring an expansion into the Ghanaian market. This will bring the Northern Communal Area into the mainstream economy, by getting more profitable markets for NCA farmers.

Meatco, as a catalyst of wealth creation in the value chain, is going to be the driving force. We are currently working with producers and Government to make sure we drive this project forward. We will be opening the Katima Mulilo abattoir early in the next financial year and finalising the Rundu abattoir by mid 2021. As soon as those two abattoirs are open, we will make sure that we utilise that infrastructure to capitalise on the raw material that is available in the NCA.

IN CONCLUSION

The possibilities for Meatco are endless. We are lucky that we received abundant rainfall. Farmers are rebuilding their herds.

We will have to make sure that we prepare ourselves for the future. Meatco continues striving to achieve its long-term vision, namely creating sustainable wealth for all Namibians through maximising producer returns.

We wish to thank all employees for their hard work, dedication and loyalty without which, we would not thrive or even survive.

We look forward to serving all of Meatco's stakeholders to the best of our abilities.

Mwilima Mushokabanji
CHIEF EXECUTIVE OFFICER


MEATCO
PRODUCT OF NAMIBIA

2020/21
STRATEGIC PILLARS

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

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

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

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

The 2021-2024 Strategic Plan was reviewed, which will form the basis of the 2022-2026 Integrated Strategic Business Plan.

STRATEGIC PILLARS

01
INCREASE CATTLE NUMBERS

02
INCREASE COMPANY-WIDE EFFICIENCIES

03
INCREASE OPERATIONAL EFFICIENCIES

THE BEST SOLUTIONS
for our business

The aim of the Strategic Pillars was to realign the business to current cattle numbers and thereby minimise losses, as well as to increase sustainability and competitiveness in the current financial environment.

04
RESTORE FINANCIAL STABILITY AND STRENGTH

05
MANAGE STAKEHOLDER RELATIONSHIPS

06
INVOLVEMENT IN AREAS NORTH OF THE VETERINARY CORDON FENCE

ENGAGING
OUR STAKEHOLDERS

ADDRESSING MATERIAL STAKEHOLDER INTEREST

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

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

Stakeholder mapping was used to identify Meatco's stakeholders and their expectations, determine the power and interest of each stakeholder group and the extent to which that impacts on Meatco's chosen 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 on the right.

LEVEL OF INTEREST

POWER	High	Low
High	**A** *Keep satisfied*	**B** *Monitor closely*
Low	**C** *Keep informed*	**D** *Minimal effort*

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

STAKEHOLDER GROUP	ISSUES AND NEEDS	KEY MESSAGES
GOVERNMENT MINISTRIES: Ministry of Agriculture, Water and Land Reform Ministry of Public Enterprises Ministry of Industrialisation and Trade Ministry of Finance	Financial stability Operational efficiency Inclusivity in the supply chain – the NCAs Contribution to national strategy of growth at home Adherence to the requirements of PEGA Market positioning – local and international Development of downstream industries	Strategic communication Policy issues Integrated Strategic Business Plan Animal welfare regulations
CATTLE PRODUCERS in the **COMMUNAL** farming sector **COMMERCIAL** farming sector **EMERGING** commercial farmers	Access to market Information and capacity building Pricing structure Involvement in decision making Information on markets and the business Operational efficiency Trust Communication Export market requirements Politics	Daily issues affecting business Prices International Beef News Animal Health Regulations Late /erratic rain Drought Unstable market Outbreak of animal diseases Outdated agricultural technologies and uncertainties
INDUSTRY REGULATORS consisting of: Meat Board of Namibia Namibian Standards Institute Directory of Veterinary Services	Multi-stakeholder engagement of policy/regulatory reforms Distribution channels for export quality products in the local market Growth opportunities for the NCAs Producer returns Operational efficiency	Policy issues Strategic communications shaping livestock industry
FARMERS UNIONS, consisting of: Namibia Agricultural Union (NAU) Namibia National Farmers' Union (NNFU) Livestock Producers Organisation (LPO), and Namibia Emerging Commercial Farmers' Union (NECFU)	Policy and legislative reform Live exports Supply Slaughter facilities	Policy issues Strategic communications shaping livestock industry
CUSTOMERS: **WHOLESALERS &** **RETAILERS**	Direct communication Pricing Supply	Meatco products Meatma products Export local quality
EMPLOYEES, consisting of: Permanent employees, and Fixed-term contract employees	Organisational culture/management-employee relations Corporate governance and leadership Learning and development Internal communication HR policies and employee benefits Job security	Daily issues affecting business and operations Staff engagement
MEDIA AND GENERAL PUBLIC	Newsworthy information	Positive stories to enhance Meatco's brand Regular business updates

MANAGING OUR
MATERIAL RISKS

Change and uncertainty exist in any business environment and create 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 tolerance. This will assist the Board and management in achieving its business strategies and objectives.

Meatco has a structured and systematic process of identifying and managing all material risks across the Corporation. The principal risks that have a material impact on Meatco's ability to create value are outlined in the table on page 31.

ROLE OF THE BOARD AND THE AUDIT AND RISK COMMITTEE

The Board provides oversight over Meatco's risk framework, policies and processes. While it delegates these matters to the Audit and Risk Committee, it remains ultimately responsible for the development and implementation of the risk management strategy and plan. The Board formally assesses the effectiveness of Meatco's risk management process at year-end, both for disclosure purposes and to provide a basis for updating the risk management plan.

The Meatco Risk Management Policy and Framework aims to provide stakeholders with the assurance that all material risks have been properly identified, assessed, mitigated, tolerated and monitored. The Board is satisfied that the Corporation's risk management processes are effective.

INTERNAL AUDIT

The Internal Audit aims to provide independent, objective assurance and consulting services designed to add value and improve the Meatco's operations. The function assists the organisation accomplish its objectives by:

- Independently and objectively identifying the risk(s) in processes that can prevent the achievement of 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.

All internal audit activities are risk-based and performed by qualified and experience employees. The Internal Audit reports functionally 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.

#	Risk	Description	Current mitigation actions in place	Additional actions
1	Environmental/ climate changes risk	Presence of environmental challenges, e.g. droughts.	• The Merit point system is used to effectively manage the high flow of cattle to Meatco, because of national droughts. • Extensive execution of the extension service.	• Promote ox production • Enhance extension activities under FA to sensitise farmers to farm with appropriate production systems.
		Insufficient volumes and quality of cattle available to procure, resulting to sole 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.	• Supply of procurement plan as per the annual budget. • Participate on Industry forums to influence decision-making. • Utilise third party feedlots to supply off seasons. • The Pricing policy governs the producer's price setting processes and Pricing Committee ensures that the prices set keep Meatco reasonably competitive to secure animals, yet be sensitive to the financial impact of high producer's price. • Provide continuous support in terms of data analysis and advisory to management to assist with cost efficiency and stellar margins realisations. • Utilise Meatco's feedlots to supply cattle to ensure throughput. • Participate on industry forums to influence decision-making. • Maximise procurement of weaners in pick weaner seasons.	To address insufficient volumes, livestock procurement has put the following strategies in place: a. Feeders Contracts: • the focus is to secure 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 mainly 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 requirements per grade. • At farmer's liaison meetings, Meatco aim to provide formal industry-related trainings, for farmers to enhance quality of the animals. b. Cattle procurement from Botswana: • Meatco has worked to open a marketing stream from Botswana for slaughter cattle coming directly from communal and commercial producers in the green zone of Botswana to Meatco abattoir. c. Focus and continuous communal procurement: • Procuring of feedlot and slaughter cattle on a continuous basis from all communal areas in Namibia. d. 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 cost of increased mechanical breakdowns, catastrophic failures of major components and 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, except in case of the Cannery where machinery exceed normal live span. • Annual inspection on all pressure vessels by AIA and/or Government. • Transformers and substation by high tension service providers. • 5-year Capital replacement plan. • International best practices benchmark. • Build reserves and 5-year strategic plan where capex is planned and budgeted for to fund critical relocations when it becomes inevitable. • Scalability of plant activities to match supply.	• Replacement policy for equipment to be drafted.
3	Production resource risk	Shortage and quality of supply by main suppliers (e.g. cans, packaging, transport, coal, etc.) and loss of access to 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 Procurement Management Unit to ensure that consumable stock is procured timely.	• Source for additional supplier 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 were included in the budget for 2021-22. • Infrastructure department is suitably staffed and skilled to manage infrastructure and there are also a few companies in town that can provide support to 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 the help be requested of the IT Department, therefore allow the IT Department to focus on systems' 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 system are in place to identify and separate affected animals. • Stay up-to-date with definitions/ requirements of the health status. • Feedlots have onsite vet to monitor animal health status. • Close communication with DVS to be informed on animals' health status,. • National contingency plan. • Crisis management plan. • A Quality Management system is implemented and is audited by international bodies. Food safety certifications are obtained and maintained. • Legal office subscribes to relevant regulatory bodies/ publications for updates. • SHEQ also subscribes to USDA and EU sites. • Regular country audits. • Current industry platforms (Animal Health Consultative Forum, Livestock Marketing Forum etc.), to address the issue. • Participating in the Manufacturing Association and Abattoir Association. • Meatco is providing extension services to the producer where detail educational information is given regarding the preferred cattle for marketing purposes and ensuring compliance to 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 nonconformance.	• Formal Quality Management System in place according to all relevant laws and regulations that ensures that policies, procedures, work instructions, relevant inspections, remedial relevant actions are covered. • Reporting to relevant management levels and authorities. • Continuous (external and Internal) audits and certified against independent international standards.	• Intensified staff Induction and training. • Improve sanitary controls. • Execute preventative maintenance programme.


Signature
Financial Controller (for Capex items)

PROCUREMENT MANAGEMENT UNIT

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

- all goods 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 2020/21 FY, 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 on this journey of change and innovation through:

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

Compliance with regulatory objectives

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

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

CORPORATE GOVERNANCE
AT MEATCO

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

For the reporting period (1st February 2020 to 31st January 2021), the Corporation's overall governance and strategic direction is steered by Board of Directors appointed as follows:

For the period 1st February 2020 to 30th April 2020 the Board was governed by the previous Board of Directors composed as follows:

Mr R L Kubas	Vice-Chairperson (serving as Chairperson upon resignation of substantive Chairperson in January 2020)
Ms S Kasheeta	Director
Mr K-D Rumpf	Director
Mr I I Ngangane	Director
Mr E D Beukes	Co-opted Member
Mr S Shakumu	Co-opted Member
Dr D Van Schalkwyk	Co-opted Member

As of 1st May 2020 and 1st September 2020 respectively, new Board of Directors were appointed for a period of three years, whose composition was as follows:

Mr J Hamman	Chairperson
Ms C Bohitile	Vice-Chairperson
Mr M Mulunga	Director
Mr U Kandjii	Director
Mr K-D Rumpf	Director
Ms C Garises	Director
Ms M Kabuku	Director
Ms H Mavetera	Director
Mr A Muremi	Director

BOARD COMPOSITION, INDEPENDENCE, SKILLS AND KNOWLEDGE

The current Board of Directors comprises nine directors with full voting powers; eight of whom are non-executive directors thus asserting the Board's independence.

Overall, the Board's skills and knowledge profile includes agriculture, economics, law, accountancy, mechanical engineering, commercial and communal farming, public relations and education. The Corporation is, however, committed to the continuous development of its directors through specialised training as necessary in the interest of enabling the Board to execute its mandate effectively.

THE CORPORATE GOVERNANCE CODE OF NAMIBIA (NAMCODE)

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

NAMCODE GUIDE-LINES	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, being the Chief Executive Officer and a director responsible for the finance function.	Composition of the Meatco Board membership is by virtue of statute. As such the law makes no provision for the appointment of an Executive Director. However, the CEO and the CFO are available for the Board at all times and for purposes of all Board meetings to answer questions and make presentations to the Board.

CONFLICT OF INTEREST

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

As such, directors and staff pledge their respective allegiance to ethos of good governance through continuous and annual generic declarations and disclosures of interest. These procedures are accessible to the directors, as well as staff, via the Corporation's Anti-Bribery and Corruption Policy, the Meat Corporation of Namibia Act, Act 1 of 2001, and other relevant national legislation.

BOARD STRUCTURE

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

1. Members of the Audit and Risk Committee: Ms C Bohitile (Chairperson), Mr I Mulunga, Mr K-D Rumpf.
2. Members of the Human Resources and Remuneration Committee: Mr I Mulunga (Chairperson), Ms C Garises, Mr U Kandjii, Mr K-D Rumpf.
3. Members of the Management Support Committee: Mr J Hamman (Chairperson), Ms C Bohitile, Mr I Mulunga.

AUDIT AND RISK COMMITTEE

During the year under review, the Audit and Risk Committee (ARC) was chaired by Ms C Bohitile for the period commencing 1st May 2020 to 31 January 2021 and met five times.

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

- 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 internal audit's key activities and findings.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee (HRC) was chaired by Mr I Mulunga for the period commencing 1 May 2020 to 31 January 2021 and met three times.

The meetings were attended by the Chief Executive Officer, the Executive: Finance, HR & IT and the Senior Manager: Human Resources. Other members of the management team attended on invitation. The HRC is responsible for assessing and determining the Broad remuneration strategy for the Corporation. It also monitors the implementation of human resource policies. The committee reports and makes recommendations to the Board.

Board meetings

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

The Board met seven times between May 2020 and January 2021 of which four meetings were ordinary meetings while the remainder of the meetings were held on an *ad hoc* basis.

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

MANAGEMENT SUPPORT COMMITTEE

The Management Support Committee renders support to the Corporation's management through the CEO. For the period 1 May 2020 to 31 January 2021, the Committee was chaired by Mr J Hamman and met as required by the Corporation's CEO. The Committee has no decision-making powers and reports to the Board.

COMPANY SECRETARY

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

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

For the period under review, a self-evaluation of the Audit and Risk Committee was carried out and declarations and management of interests were handled across the Board and its committees. Equally, decisions and dissenting views placed on record at both the Board and committee meetings were properly recorded.

BOARD MEMBERS ATTENDANCE ON MEETINGS OF THE BOARD & COMMITTEES (February 2020 - January 2021)						
Director	**Board Meetings**	**Ad hoc Board Meetings**	**Audit and Risk Committee Meetings**	**Ad hoc Audit and Risk Committee Meeting**	**Human Resources Committee Meetings**	**Management Support Committee Meetings**
Mr JN Hamman: Chairperson (Appointed 01 May 2020)	4	3	1	-	-	1
Ms CG Bohitile: Vice-Chairperson (Appointed 01 May 2020)	4	3	2	2	-	1
Mr K-D Rumpf (Appointed 01 May 2020)	4	4	2	2	3	-
Ms C Garises (Appointed 01 May 2020)	4	4	-	-	3	-
Mr U Kandjii (Appointed 01 May 2020)	4	3	-	-	3	-
Mr M Mulunga (Appointed 01 May 2020)	4	3	3	2	3	1
Ms MM Kabuku (Appointed 01 September 2020)	2	1	-	-	-	-
Ms H Mavetera (Appointed 01 September 2020)	2	1	-	-	-	-
Mr AM Muremi (Appointed 01 September 2020)	2	1	-	-	-	-

INDEPENDENCE OF EXTERNAL AUDITORS

The Corporation's 2020/2021 Annual Financial Statements were audited by the external auditors, Grand Namibia, whose independence in the performance of duties has been confirmed for the reporting period.

FINANCIAL STATEMENTS

The Corporation's Annual Financial Statements are prepared by 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 had applied consistently, and which are supported by reasonable and prudent judgement and estimates.

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

AREAS OF RESPONSIBILITY

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

The Board monitors the implementation of the Corporation's strategic objectives and holds management accountable for 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 Hon. Minister of Public Enterprises in accordance with sections 13 and 14 of the Public Enterprises Governance Act, Act 1 of 2019.

2020/21
PERFORMANCE

Meatco's performance in the reporting year is measured against the six strategic pillars and presented as departmental reviews.

REVIEW:
FINANCE

The year under review was one of the most challenging years in the history of Meatco. We remained in a loss-making position as we slaughtered a record low of 36,074 animals. This is the normal trend after a severe drought where farmers marketed most of their herd in the 2020 financial year when Meatco slaughtered 116,304 animals. In 1996, export abattoirs slaughtered 170,000 animals, while the year thereafter they only managed to slaughter 90,000, which is a 50 per cent reduction in animals marketed. The trend, however, also shows an increase in cattle numbers marketed after the rebuilding phase.

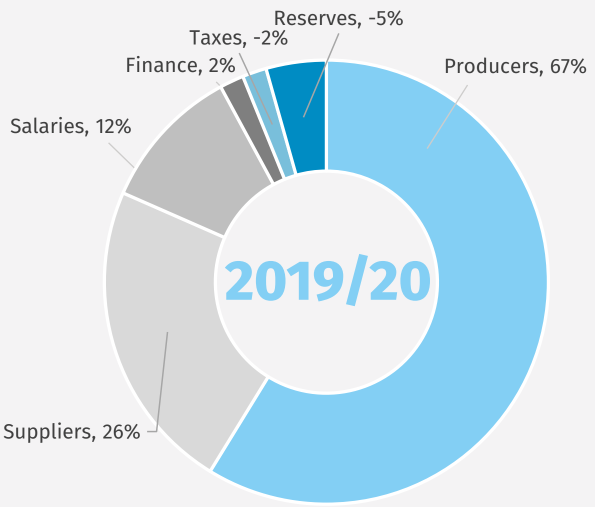
The 2021 financial year was not all doom and gloom, Meatco implemented most of its key strategies as set out in the going concern as per 2020 annual report.

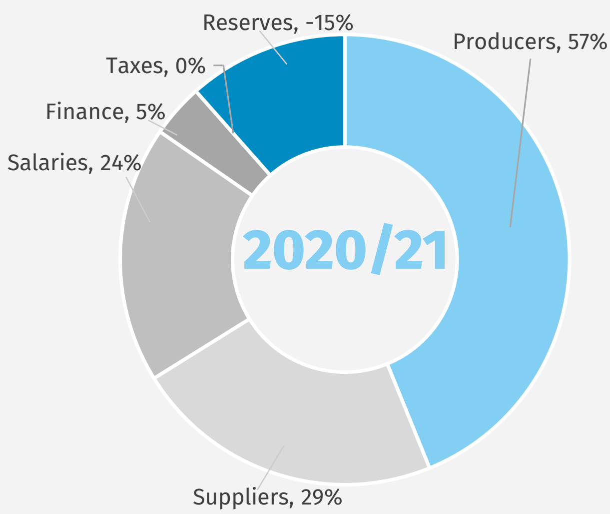
VALUE ADDED STATEMENT

Due to the low cattle numbers, Meatco also saw a 50 per cent reduction in beef revenue. This can be observed in the value added statement for the year under review. The value added to producers amounted to 57 per cent (2020: 67 per cent), employee costs 24 per cent (2020: 12 per cent), suppliers 29 per cent (2020: 26 per cent) and finance charges 5 per cent (2020: 2 per cent)

Meatco is continuing with its cost cutting strategies, which will see a reduction in operational costs.

Value Added Statement





CATTLE PROCUREMENT

Even though Meatco only slaughtered 36,074 cattle, 30 per cent came from unconventional procurement strategies implemented during the year under review. The quality of the cattle procured also improved drastically and this can be seen in the average slaughter weight of 242 kg (2020: 229 kg).

PRICING

The pricing strategies implemented during the 2021 financial year yielded positive results. The average producer price increased from N$44.25 (2020) to N$44.74 (2021), while overall market realisation increased by 27 per cent from N$55.66/kg to N$74.61/kg (2021).

The same percentage increase could be observed in the export markets where realisation increased from N$88/kg in 2019/20 to N$111/kg in 2020/21.

With only 8,000 tonnes of beef available to sell, Meatco allocated 48 per cent of the volume to its export markets, which generate maximum returns and constituted 79 per cent of the sales value.

The strategies implemented during the reporting financial year led to a 125 per cent increase of gross profit margin to 9 per cent in 2020/21 (2019/20: 4 per cent).

LONG-TERM DEBT

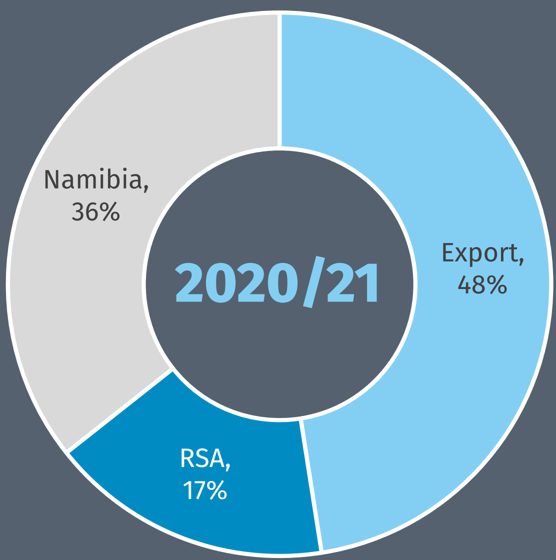
The Government of the Republic of Namibia provided Meatco with a guarantee of N$250 million to secure a loan from the Development Bank of Namibia to settle the N$100 million bridge finance facility with First National Bank and the remaining N$150 million to be used for procurement of cattle both South of the Veterinary Cordon Fence (SVCF) and the Northern Communal Area (NCA).

The combination of debt repayment and restructuring allowed Meatco to decrease its total liabilities to N$679 million (2020: N$814 million). Total interest expense reduced by N$14 million from N$61 million (2020) to N$47 million. This strategy provided additional cash flows for operations, and this can also be observed in the positive trend of the Current Ratio 1.23 (2020: 0.99) and improved Quick Ratio 0.67 (2020: 0.55).

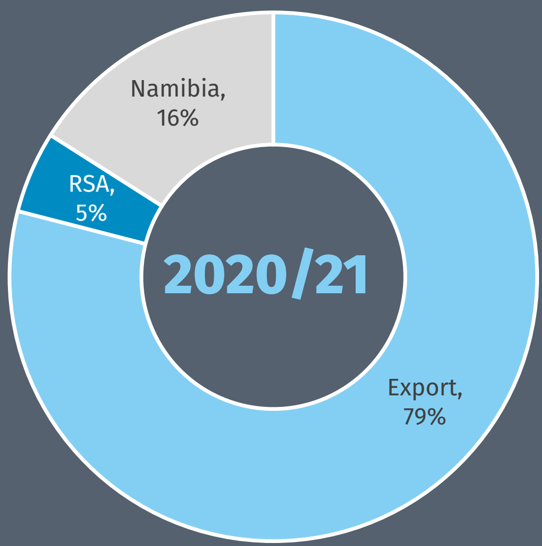
FOREIGN EXCHANGE

During the year under review, Meatco took a cautionary approach to hedging and foreign exchange risk. Meatco managed to achieve a net foreign exchange profit of N$9 million (Note 24) in a volatile year that was extremely hard hit by the COVID-19 pandemic.

Markets in Volume



Markets in Value



RATIOS

The effects of the COVID-19 pandemic was evident in the areas relating to financial management due to the delay in getting product into the market and thus having an impact on market realisation, cashflow and operations. The debtor collection period increased to 31 days (2019/20: 22 days). The cash conversion cycle increased to 105 days (2019/20: 43 days). The stock days increased to 100 days (2019/20: 80 days).

2020/21	Ratios/Description	2019/20
9%	Gross Profit Margin	4%
1.23	Current Ratio	0.99
0.67	Quick Ratio	0.55
61%	Debt to Asset ratio	60%
1.55%	Debt to Equity Ratio	1.47%
1.46	Fixed Asset Turnover ratio	2.91
86	Cash Conversion Cycle	35
105	Cash Conversion Cycle Biological Assets	43
32	Supplier Payment	14
31	Debtor collection Period	22
100	Stock Days Including Biological Assets	80

IMPACT OF COVID-19

At the beginning of the reporting year, the outbreak was declared a Public Health Emergency of international Concern on 31 January 2020.

The declaration allowed governments to activate preparedness plans and undertake emergency procedures to protect the public, such as travel and trade restrictions. The status of this outbreak, however, was raised to a global pandemic in March 2020 by the World Health Organization to which various countries, including Namibia, responded with a complete lockdown, allowing only essential services sectors to operate such as security, health and food supplies.

The Corporation's core business is food production and has therefore been categorised as an essential-services firm and hence Meatco continued to operate as a distributor of meat, contributing to the essential food supply in Namibia.

The Corporation has operated throughout the state-prescribed lockdown. Our value chain/shipping lines remained operational, as the supermarkets and retail outlets in the premium markets still required our products.

For the year under review, we have spent N$7 million on COVID-19 prevention measures and management continues to implement various measures to manage the pandemic to ensure minimal impact on our production and value chain.

EFFICIENCIES

Meatco's production systems and business intelligence played a critical role in providing relevant on time information to take critical decisions regarding pricing strategies. With limited resources available, the Information, communication and the technology department provided the necessary skills, systems and solutions that enhanced Meatco's agility, effectiveness and efficiency.

This financial year when COVID-19 put immense pressures on Meatco's bottom line, Meatco had to increase its business efficiencies, as the factory operated at only 36 per cent capacity and opted to work on block slaughter basis, while reducing administrative expenses by N$25 million.

The Human Resources Department did an excellent job in assisting and navigating employees through the COVID-19 pandemic. Much focus was placed on mental and physical health during the financial year, as staff wellness is critical to productivity. Due to Meatco's essential-services status, regular health screening, information sessions and strict hygiene standards reduced the risk of staff getting infected and allowed Meatco to continue providing products and services to its stakeholders.

Meatco is optimistic about the future and implementing its new strategies to increase the quantity and quality of cattle procured and right-sizing the business to optimise efficiencies and reduce wastage and costs.

In the latest Bank of Namibia Economic Outlook, the bank stated that primary industries, which consists of agriculture, forestry, fishing and mining and quarrying, are expected to lead economic recovery. Growth rates are projected at 5.0 per cent and 8.6 per cent for 2021 and 2022 respectively. The agriculture, forestry and fishing sector is projected to grow by 4.4 per cent and 4.8 per cent in 2021 and 2022, respectively. Meatco welcomes the positive outlook, since it is aligned to our Integrated Strategic Business Plan.

REVIEW: STRATEGY AND BUSINESS DEVELOPMENT

The Strategy and Business Development Department department was established in May 2020 following a re-alignment of structures and executives to the desired outcomes of the Corporation, that of being competitive, profitable and sustainable in the short, medium and long term.

The department is mainly responsible for Business Policy, Strategy and Performance; Business Development, Innovation and Benchmarking, 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 Corporation's performance;
- Conducting research and data analysis to inform business decisions;
- Managing and retaining relationships with existing and new stakeholders;
- Developing and diversifying business activities to maintain the Corporation's sustainable competitive advantage;
- Advising on optimal allocation of the Corporation's resources;
- Advancing the interests of the Corporation in trade negotiations; and
- Unravelling client complaints (internal and external).

ACHIEVEMENTS

The first task of the department was to develop a five-year Integrated Strategic Business Plan and an annual financial business plan for 2021/22, as stipulated in the Public Enterprises Governance Act. These documents were finalised and submitted to the Ministry of Public Enterprises for consideration and approval.

Regular policy review sessions were held during the year under review. By the end of the financial year, six policies were reviewed and approved by the Board, while others are still in the review process.

Another document was compiled that focused on Meatco's sources of sustainable competitive advantage. The focus was on identifying the critical areas that would help move the business in the right direction. During the strategic planning session, it was agreed that the success of Meatco is dependent on optimal throughput to ensure the business breaks even and is profitable. Operational efficiency was another focus, identifying areas that are contributing to losses or unnecessary expenses, with the aim being to save money which will translate into competitive prices to our producers.

We also investigated the full value chain, especially in terms of maximising the markets, ensuring that the right product reaches the right customer at the right time.

CHALLENGES

Meatco's biggest challenge is to manage the expectations of our stakeholders. Government expects Meatco to contribute to the desired outcome of Government; that of employment creation, generation of foreign exchange earnings and growing the Namibian economy. We also have to contribute to the Growth at Home Strategy through agro-processing value creation activities.

Our employees also have expectations of better salaries and of fair treatment, while our customers want to receive a good product at a fair price. In addition, our regulators have expectations in terms of implementing the standards required throughout the Meatco value chain to ensure integrity in the whole process that should keep Namibia's reputation safe in the global beef industry.

LOOKING AHEAD

Meatco is a commercial public enterprise that is, among others, mandated to promote and coordinate the interests of livestock producers in Namibia and strive for the stabilisation of the meat industry of Namibia in the national interest.

During the next five years, we shall focus on strengthening the dynamic capabilities of the Corporation to be competitive, profitable and sustainable in the local and global business environment that is volatile, uncertain, complex and ambiguous. Specifically, we shall:

- align the structures and talent within the organisation;
- strengthen our relationship with and exceed the expectations of our strategic key stakeholders, namely, livestock producers, Government, regulators, employees, customers and suppliers of goods and services;
- identify and resolve the business activities that are making Meatco uncompetitive;
- improve access of commercial, emerging commercial and communal farmers to market their cattle;
- shorten the releasing period of products under test and hold to luxury export markets;
- review policies, systems, procedures, practices and manage the risks to promote efficiency, effectiveness and good governance in the organisation; and
- implement cost cutting measures to minimise losses.

We are striving to unleash the potential of African and Middle East markets. These markets will be served by our operations in the Northern Communal Area where strategic interventions are being put in place to establish a beef value chain involving fodder production under the Green Scheme, improving the quality of animals in feedlots, operate the Rundu Abattoir and export products to these markets through a commodity-based trade approach under the Meat Market Africa brand.

The Integrated Strategic Business Plan for the next five years serves as a corporate instrument that provides clarity, direction and focus on how Meatco goes about fulfilling its mandate.

The analysis, review and alignment exercise aims to connect the Meatco vision, mission, values and strategic focus areas. Clear key performance indicators and targets are set out to be monitored and incorporated in the individual balance scorecards for performance management purposes.

Performance with purpose by our employees, timely funding and robust implementation of the strategic activities will place Meatco in a position that will rebuild its reserves and significantly improve the bottom line by capitalising on the unique quality of raw material and premium returns from existing and new luxury markets during the next five years.

REVIEW: LIVESTOCK PRODUCTION AND VALUE ADDITION

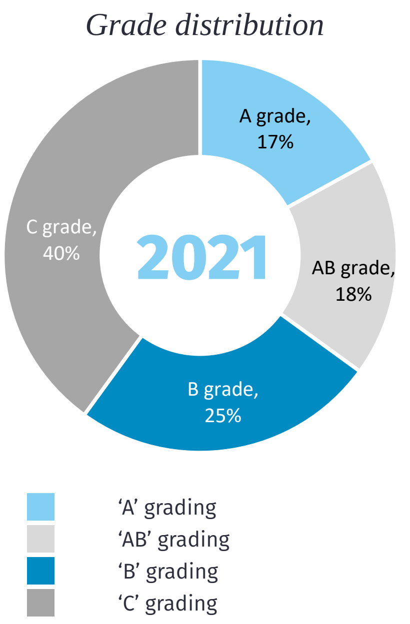
The Livestock Production and Value Addition department focused on increasing cattle numbers.

In sharp contrast to the previous financial year where the highest number of cattle were slaughtered – 116,304 – during the reporting year, Meatco could only slaughter 36,074 cattle – the lowest number of cattle slaughtered in decades.

EFFECTS OF PROLONGED DROUGHT

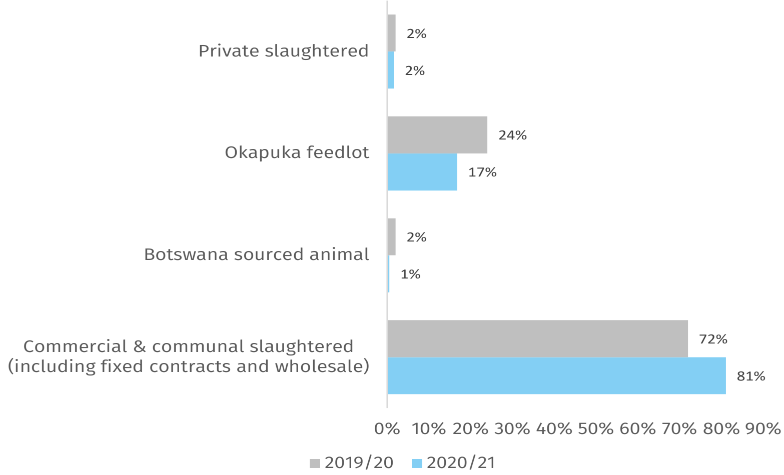
The effect of the prolonged drought, which in earnest began in 2015 in most parts of the country, was felt countrywide as it culminated in 2019, when the whole country experienced full blown drought conditions. Last year's high slaughter numbers are a clear effect of producers taking cattle off the veld, whereas this year's low numbers reflect producers re-building herds in light of a better rainfall season in some parts of the country.

However, there are still large numbers of adult cattle being exported on the hoof to South Africa. In 2020, according to the Meat Board of Namibia, 158,679 number of cattle were exported, of which 150,480 were weaners – cattle that could have been available for local slaughtering.



Meatco's main source of cattle is direct slaugher (81 per cent), while feedlot animals accounted for 17 per cent.

MEATCO'S CATTLE SOURCES



Meatco's sources of cattle procured (2019/20-2020/21)

The large number of weaners that were exported is a result of high prices being paid by feedlots in South Africa in the past five years, making it attractive for producers to switch to weaner production. This will, ultimately, lead to a situation where the necessary throughput in the local abattoirs cannot be obtained, which can led to the total collapse of the beef production industry. It is a situation that require strategic interventions from the whole industry.

To exacerbate the situation, during the past two years, many cows were slaughtered – in some instances cows made up nearly 60 per cent of slaughtered animals.

Producers have lost nearly all their productive animals and herd building has to start nearly from scratch. The low number of available animals for slaughtering is expected to continue for the next two years as producers restock.

INNOVATIVE SOURCING OF CATTLE

During the reporting year, Meatco had to be innovative in sourcing cattle to improve throughput. Approximately 30 per cent of cattle slaughtered came from unconventional procurement strategies, sourcing cattle directly from emerging, commercial and communal producers at their farms and auctions.

To balance the expected low numbers of animals marketed by producers, Meatco had to rely on the Okapuka feedlot.

As money became available to purchase cattle for the feedlot, it was heavily stocked to ensure sufficient throughput of quality cattle.

However, the balance between direct-buying cattle from producers and feedlot cattle had to be constantly monitored to ensure the ratio remains healthy, especially as the Norway quota had to be supplied with grass-fed cattle.

The quality of cattle procured also improved compared with last financial year, when the quality was much lower due to the drought conditions.

The average slaughter weight increased from 229 kg to 242 kg.

PRODUCER PRICES

Meatco continued to pay competitive prices to producers for cattle brought to the abattoir. A total of N$400 million was paid to producers during the reporting year, with an average of N$44.74 per kg.

Namibia producer prices remained competitive in comparison with other beef producing countries globally. To be able to market profitably into our markets, our prices should be compared to exporting countries such as Brazil and Argentina, but lower than importing countries, especially the EU market.

The Corporation has access to some of the world's most lucrative markets, which should be guarded carefully. The producer prices will have to remain competitive, while Meatco had to find innovative means to add value for producers.

NIGHT SCHOOL CLASSES

In October 2020, Meatco started the much-awaited night school class with the launching of the Meatco's Agriculture Extension and Advisory Services programme under the theme of 'Supplementation according to seasons and why'. The aim of this programme is to empower producers, while improving the quality and management of livestock by providing producers with the best agricultural practices.

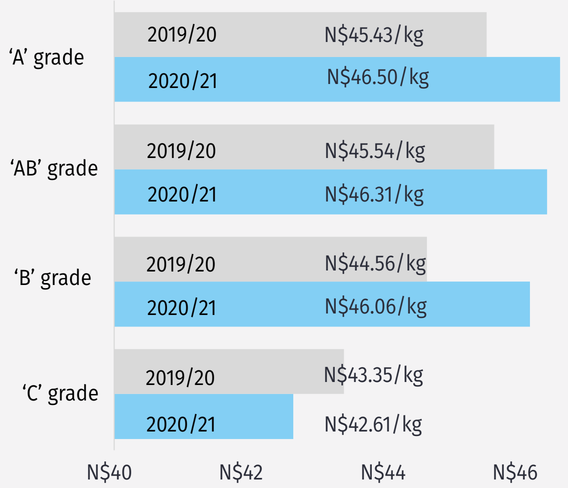
LOOKING AHEAD

Moving forward, the aim is to buy 90/40 day compliant animals from communal farmers. Meatco needs to invest in training and farmers days to educate farmers on the traceability system and its importance for the export market.

Meatco must constantly balance the number of cattle sources from either backwards integrated means and the feedlot – which are cash intensive – with cattle sourced directly from producers. We will continue our direct procurement from commercial, communal and emerging farmers.

We will also continue with the establishment of backgrounding facilities/sorting stations and permanent buying points, as well as introduce the special fixed-price contracts.

Producer Prices, (N$/kg), 2019/20-2020/21



Annual Averages	2020/21	2019/20
Producer price (N$/kg)	N$44.74	N$44.25
Weight (kg/carcass)	242.1 kg	229.3 kg
Live weight	442.03 kg	425.31 kg

Producer Prices (N$/kg)	2020/21	2019/20	Difference
'A'-grade	N$46.50	N$45.43	2.30%
'AB'-grade	N$46.31	N$45.54	1.66%
'B'-grade	N$46.06	N$44.56	3.26%
'C'-grade	N$42.61	N$43.35	-1.74%
Average	**N$44.74**	**N$44.25**	**1.37%**

Grading Distribution	2020/21		2019/20	
	Number	%	Number	%
'A'-grade	6,011	17%	16,931	15%
'AB'-grade	6,615	18%	17,755	15%
'B'-grade	9,121	25%	28,248	24%
'C'-grade	14,327	40%	53,370	46%
Total	**36,074**	**100%**	**116,304**	**100%**

TANNERY

The leather industry in Namibia contributes substantially to the economy of the country and exists as a by-product of the meat industry. Meatco's Okapuka tannery employs 38 people and has a production capacity of 600 hides per day.

With the low number of slaughtered cattle, the tannery could not produce the quantity of hides it normally does. A total of 44,777 wet blue hides were produced, mostly destined for the Italian market.

Even though the tannery sources hides from the local market, the challenge remains the low number of available hides. However, overall, the tannery remains a viable, stable business.

CANNERY

Production in the cannery was much lower than anticipated during the first quarter of the reporting year due to financial constraints of the buying of cans and raw material. Canning was put on hold at end of May 2020, as the economies of scale did not justify remaining open. The cannery machinery is quite old; if and when it will start operating again, it will need to be completely revamped.

WHOLESALE

The Wholesale division is doing well, producing value-added products that are mainly marketed under the Meatma brand.

A total of 909,813 kg of meat products were sold during the reporting year, generating revenue of N$26,747,575 million with a profit of N$4,472,826 million.

REVIEW:
AGRO-PROCESSING

The department focused on increasing operational efficiencies.

Meatco has two primary processing factories, namely the Windhoek and Okahandja factories, although the Okahandja factory is currently closed due to low throughput and is utilised as a cold store. The function of Windhoek factory is for Meatco to slaughter cattle, deboned and pack meat cuts and offal products according to market specification for both the global and local markets.

Meat is processed into frozen or vacuumed products, depending on the market needs.

> Our world-class processing facilities are EU, BRC, USA, China, FSSC 22000 and HALAAL approved.

Month	Cattle Budgeted	Cattle Slaughtered	Planning Staff
February	1,100	1,122	Block Slaughter
March	2,240	2,833	Block Slaughter
April	4,740	3,769	+ Fixed-term Contractors on 16/4
May	6,740	8,883	+ Fixed-term Contractors
June	8,000	5,466	+ Fixed-term Contractors on 30/6
July	7,500	3,659	Block Slaughter
August	8,800	1,775	Block Slaughter
September	7,800	1,262	Block Slaughter
October	7,500	2,632	Block Slaughter
November	5,700	2,743	Block Slaughter
December	3,900	1,170	Block Slaughter
January	3,300	760	Block Slaughter
Total	**67,320**	**36,074**	

MEATCO'S OPERATIONS

The Agro-processing department's drive is to make sure our processes are affordable, effective, flexible, and scalable. As required by our clients, we need to operate to the highest levels of product safety, reliability, hygiene, and product traceability. Our world-class processing facility is EU, BRC, USA, China, FSSC 22000 and HALAAL approved. The aim is to maximise the yield of raw material received and to minimise waste.

In 2020/21, the strategy for the department was to:

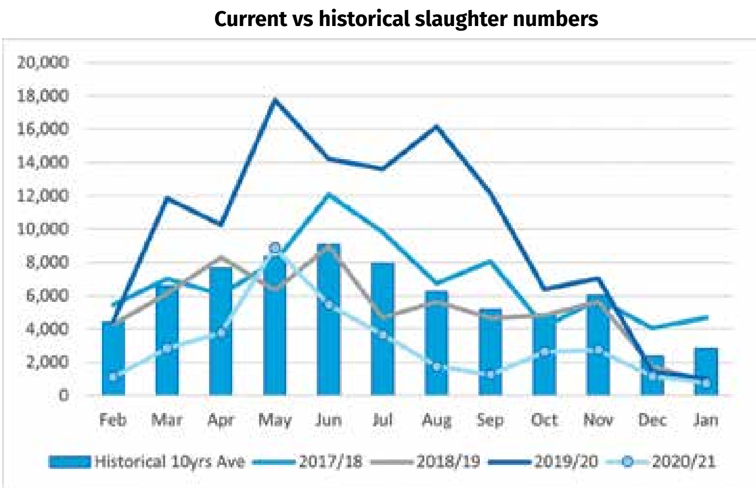
- Extract maximum value of raw material received;
- Create an empowered and participative workforce;
- Remain market-led, producer and customer service driven;
- Flexible, adaptable and continuous improvement; and
- Maximise the lifespan and return-on-investment of assets.

TOTAL OF 36,074 CATTLE SLAUGHTERED

During the reporting year, a total of 36,074 cattle were slaughtered and processed against a budgeted number of 67,320. This is in sharp contrast to the 116,304 slaughtered cattle in the previous financial year. Producers were in a herd-building phase and made few cattle available to Meatco.

The focus for management was to optimise plant utilisation (throughput) per production day, per month and year. This enabled Meatco to align its human resources to the available slaughter requirement for the different months. During the low throughput period, the Windhoek factory introduced block slaughtering to contain cost as part of operational flexibility and cost containment.

SLAUGHTER NUMBERS



Currently, we are operating with ageing infrastructure. Therefore, the preventative maintenance plan and investment in new efficient infrastructure is paramount in the uptime strategy for operations and to assure that the infrastructure and equipment are ready and compliant with international standards.

FACTORY UTILISATION

To guide operational efficiencies in the local and global markets, the operational strategy was to use global benchmarks, production yield norms and international standards to make sure that we remain competitive in the meat industry, since we can only be competitive if we build capacity through specialised skills, depth, and competencies in our labour force.

The days that we were block slaughtering, the factory was 98 per cent utilised, which was a major achievement. Another achievement was the fact that we had a 98.21 per cent microbiological compliance to client specifications.

The Okahandja factory/cold storage was closed and will remain as such with the current low cattle numbers. All exports were handled with direct containers from Windhoek abattoir through Walvis Bay harbour. Only Reunion and Norwegian clients were serviced through Table Bay Cold Storage, Cape Town in South Africa. Going forward, the strategy will be to minimise costs at the Okahandja factory, though basic maintenance will continue to make sure the infrastructure and facility is functional when required.

Meatco's Technical department maintains all Meatco assets and equipment. The focus was on the execution of a proactive maintenance plan, appointment of skilled and qualified technicians to ensure continuous improvement in efficiencies, as well as to reduce Meatco's environmental footprint.

During the reporting year, only 39.7 per cent of all animals slaughtered were 'C'-Grade and 76.9 per cent of the animals were in the fat distribution class of 2, 3 and 4 grades.

LOOKING AHEAD

Going forward, we foresee the low available number for slaughtering to continue in the next two years. Therefore, we will continue with block slaughtering, utilising only fixed-term contractors whenever the number of available cattle increase in a specific week or month.

Our challenge will remain to be flexible and scalable; reduce our cost and maximise our facilities, while ensuring our infrastructure is on par with the rest of the world, enabling us to adhere to our clients' specifications.

Abattoir - Slaughter Detail:

Grading distribution:

Age	Feb '20 – Jan '21		Feb '19 – Jan '20	
A-Grade	6,011	16.7%	16,931	14.6%
AB-Grade	6,615	18.3%	17,755	15.3%
B-Grade	9,121	25.3%	28,248	24.3%
C-Grade	14,327	39.7%	53,370	45.9%
Total	**36,074**	**100%**	**116,304**	**100%**

Fat distribution:

	Feb '20 – Jan '21		Feb '19 – Jan '20	
0	2,246	6.2%	17,213	14.8%
1	5,897	16.3%	22,987	19.8%
2-4	27,732	76.9%	75,524	65.8%
5-6	199	0.6%	580	0.5%
Total	**36,074**	**100%**	**116,304**	**100%**

Sex distribution:

	Feb '20– Jan '21		Feb '19 – Jan '20	
Bulls	923	2.6%	2,675	2.3%
Oxen	18,508	51.3%	46,206	39.7%
Cows	11,883	32.9%	47,450	40.8%
Heifers	4,760	13.2%	19,973	17.2%
Total	**36,074**	**100%**	**116,304**	**100%**

	Feb '20 – Jan '21	Feb '19 – Jan '20
Avg. Carcass Mass	242.1	229.3
Avg. Producer Price	44.74	44.25
Capacity Utilisation	33.96%	109.51%

REVIEW: SAFETY, HEALTH, ENVIRONMENT AND QUALITY ASSURANCE

The Safety, Health, Environment and Quality Assurance (SHEQ) department focused on increasing operational efficiencies.

2020/21 was quite a challenging year for the department, due to the COVID-19 pandemic that required the critical involvement from the department in safeguarding the health of Meatco's employees and to ensure the continuation of its operational activities.

The department put measures in place that were in line with Government-outlined regulations, while also maintaining the standards that were required by Meatco's international trading partners. While a few cases of COVID-19 were identified amongst the staff, no cases were reported in the production area, owing to the fact that Meatco acted early. A team of nurses were employed to support staff members to deal with anxieties about the safety at the workplace, by screening staff members on a bi-monthly basis.

"No COVID-19 cases were reported in the production area, owing to the fact that Meatco acted early in the prevention of the spread of the pandemic.

ESSENTIAL SERVICE

Meatco's activities were declared as an essential service, therefore we continued with production throughout the lockdown period serving the producers.

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 access to the most lucrative markets depends on it.

Regular stringent quality controls and the knowledge that Meatco conforms to the highest international standards for food safety and quality are at the heart of our business.

During the reporting year, several remote audits were conducted due to the fact that auditors could not travel because of travel restrictions. The FSSC 22000 (Food Safety Stem Certification) audit was successfully completed. We also had a COVID-19 audit by China, which Meatco passed. The abattoir and processing plant once again received an 'A'-grading from the British Retail Consortium (BRC).

Amidst the challenges experienced due to COVID-19, the throughput in the plant also necessitated the department to look critically at efficiencies and to contribute to the company's drive towards cost saving. The financial management of the department was quite a challenge, as funds had to be made available for essential safety equipment due to COVID-19 measures put in place.

Meatco maintained production throughout the reporting year without serious injuries.

The environmental monitoring element currently still resides with the Agro-processing department, and plans are underway to integrate the environmental compliance plan with the department's activities. During the reporting period, investigations were done to determine the level of compliance. Going forward, an integrated plan will be developed for the feedlot, the tannery and Meatco's processing activities, enabling Meatco to meaningfully monitor environmental compliance internally.

Looking ahead, we are faced with exciting times. We look forward to the accreditation of our laboratory, while exploring different opportunities to import cattle from Botswana for the South African and international markets.

Meatco is committed to maintaining our accreditation and health and safety standards at the highest possible levels. Our culture of quality provides us with our competitive advantage and highly-regarded brands in the competitive global meat industry, which we nurture with pride. The fact that our meat is hormone-free, pasture-raised and traceable 'from farm to fork', gives us access to lucrative markets such as the Norwegian and EU markets and the inroads Meatco has made over the years into the international markets serve our producers well.

REVIEW: MARKETING AND SALES

The Marketing and Sales department focused on increasing company-wide efficiencies.

Global meat prices rose in December to their highest point since June 2020, but overall, on average, meat prices for the year were five per cent lower than the previous year and December prices were still 12 per cent lower than the same month in 2019.

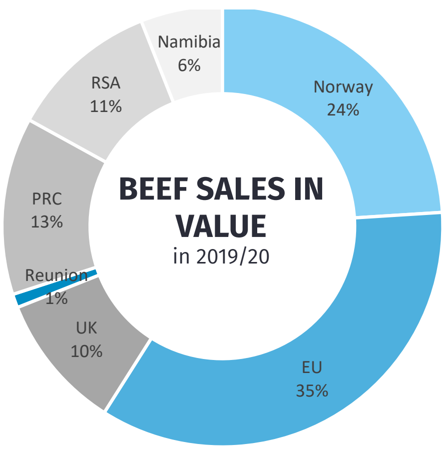
HERD-BUILDING

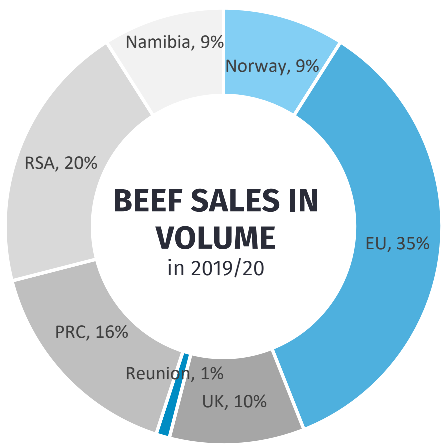
As a result of the seven-year drought that Namibia experienced, which was partly broken in 2020 and by the good rains at the start off of 2021, the cattle herd in the country reached unprecedented low levels. Marketing of producers are further hampered by the need to rebuild breeding stock. This situation was driving the shortage of cattle for slaughtering, as well as the higher procurement prices.

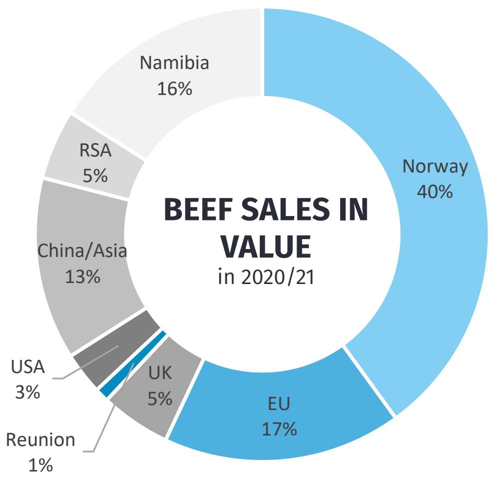
> “The lockdowns, experienced world-wide to prevent the spread of COVID-19, influenced the beef consumption patterns substantially.

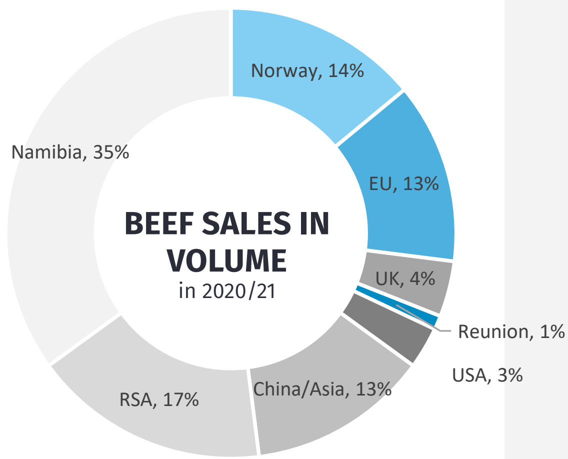
KEY FIGURES

The importance of the Norwegian quota is illustrated by the fact that only 14 per cent of beef sales volume were exported to the country, but it accounted for 40 per cent of beef sales value.









MEATCO'S INTERNATIONAL SUBSIDIARIES

The Namibia Meat Importers and Exporters (NMIE) is tasked with the distribution of Meatco's products in South Africa, while Meatco (UK) provide supply chain and logistical oversight for all international markets.

NAMIBIA MEAT IMPORTERS AND EXPORTERS (NMIE)

Namibia Meat Importers and Exporters (Pty) Ltd (NMIE) was established in 1989 as a wholly-owned subsidiary of Meatco, first registered under the name of SWAVLEIS Wholesalers (Pty) Ltd. After the independence of Namibia in 1991 and in line with the statutory requirements as governed through two independent judiciary systems, SWAVLEIS Wholesalers (Pty) Ltd changed its name to Namibia Meat Importers and Exporters (Pty) Ltd in 1992, registered under the Companies Act of South Africa.

In line with 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 administrate 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 brand for which Meatco are recognised, NMIE strives to be recognised for our commitment to the highest standards, supplier of quality Halaal products, with emphasise on the values inherited from Meatco in the 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 of the highest quality.

The true test of any organisation is their ability to satisfy customers' needs and contribute to a sustainable ethical business environment, providing a world-class service.

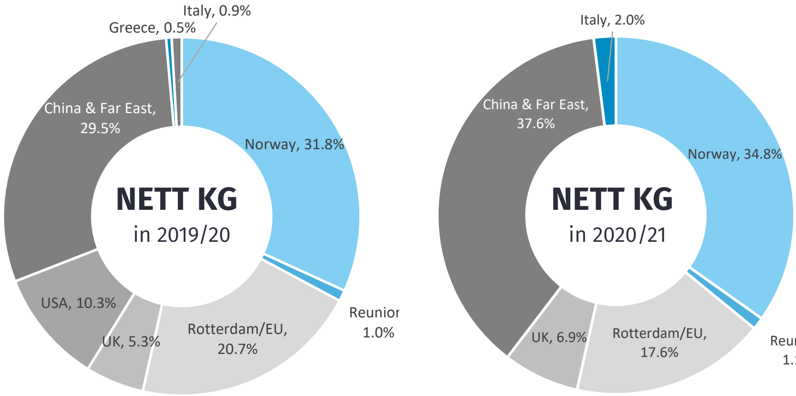
Aligned with Meatco's marketing, sales and distribution strategy, NMIE is tasked in providing such support so to manage a diversified market portfolio, identify such opportunities that will benefit all its stakeholders, understanding our clients' needs, while providing transparent and valuable insight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

It is all about the quality of our products and positive long-term relationships.

DISTRIBUTION BY REGION

The graphs depict the international market distribution of meat products for the 2019/20 and 2020/21 reporting periods.

BEEF SALES, INTERNATIONAL MARKETS



MEATCO (UK)

The Meatco (UK) team and offices provide supply chain and logistical oversight for all international export consignments. Working as a core competency team the staff compliment consists of the Managing Director, financial controller and three managers with one administrative assistant. Management oversight is provided to the UK/EU and international finance functions, credit and debtor collection, insurance and statutory and legal requirements. Production planning, supply chain from port of departure, cold storage and onward bound in country logistics are also overseen. The Meatco (UK) team, working with the support of the GPS specialist staff, provide the stability and experience required to oversee a seamless, efficient and effective flow of Meatco beef into the various international export markets.

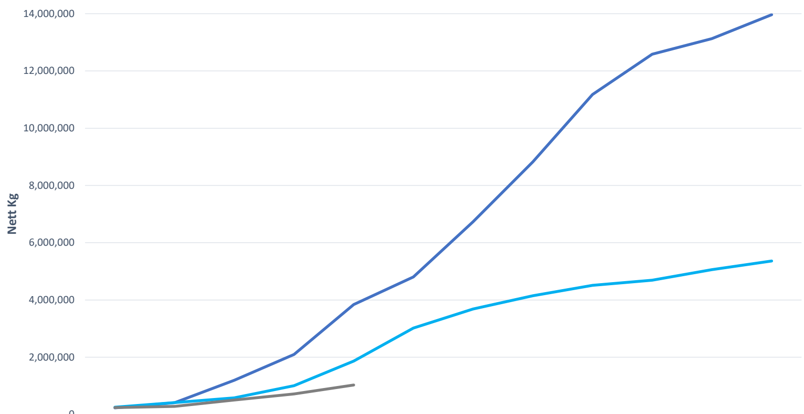
The volumes available for the year ending 2021 were significantly reduced due to the earlier drought year and the business unit took measures to reduce costs and staff compliment in light of this. Overall cost were reduced in excess of 30 per cent and staff reduced to six officers in total.

The destination mix for the business saw Norway and the Far Eastern markets take the majority of the reduced volumes available with circa 70 per cent of material heading to those markets. The FY 2021 is following a similar pattern, again on significantly reduced volumes.

Meatco (UK) has also navigated the BREXIT scenario with the UK leaving the EU and the necessity to establish a European entity, as well as the UK entity along with the new rules affecting the trade flows between the UK and the rest of the world.

COVID-19 had caused the partial closure of the office through the period but all elements of the business remained fully functional and there was no loss in quality of service to our customers.

Meatco
Cumulative Monthly Shipment Volumes



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	229877.67	410427.34	1191693.37	2095606.8	3841320.82	4804247.22	6731590.26	8822799.93	11175393.6	12587088.09	13129715.09	13962693.66
2020	251622.35	415304.58	581112.48	1005241.24	1863761.65	3019246.08	3681315.25	4147181.24	4509419.23	4691593.04	5059235.49	5359152.61
2021	241134.04	282648.3	502883.08	716541.68	1027075.5							

In general, the lockdowns, experienced world-wide to prevent the spread of COVID-19, influenced the beef consumption patterns substantially. Restaurant-eating made way for home-cooking, which impacted on the type of beef in demand.

Buying and consumption patterns switched from steaks consumed in restaurants to mince and other meat cuts for home-cooking. Although there was a correction later in the reporting year as restrictions eased up, the changing patterns influenced the mix of values quite considerably.

This was off-set against the much smaller number of cattle slaughtered during the reporting year, as we could managed our mix of product in a different way. We focused on filling the Norwegian quota, while expanding to China and the USA.

Overall, despite it being a challenging year with low volumes, our margin of return was excellent. We were able to maintain higher margins for the factories. The gap between what we paid the producers and what we got in the market, widened, impacting positively on our revenue.

NORWEGIAN MARKET

The Norwegian market remains a vital niche market, especially as it represents more than 40.2 per cent of Meatco's turnover. This high-value market is one of the major methods that Meatco uses to maximise market returns and enhance revenue streams. A total of 1,518 tonnes of beef were exported during the reporting year.

The Global Protein Solutions (GPS) is Meatco's successful trading arm in Norway. Its activities during the reporting year entailed promoting and defending the quotas in Norway; reviewing the SACU-European Free Trade Association, as well as ensuring the safe migration of the entire GPS quota to EFTA quota. This might also include a possible quota enlargement, duty-free access to the World Trade Organisation quotas, and public promotion of Meatco's beef.

UK AND EU MARKET

Following the decision by the United Kingdom (UK) to officially exit the European Union (EU), BREXIT initially threatened to disrupt Meatco's beef exports to the UK due to new trade negotiations that needed to be implemented. However, a crisis was diverted following the UK assurance that the trading relationship between the UK and Meatco will continue unhindered.

While the UK market recovered well towards the end of the financial year – in comparison with the early part of the year when COVID-19 restrictions led to a decline in demand – it became clear that wholesalers were wary to place bigger orders, preferring to keep volumes down. This situation played in our favour, in that for a time, there was a shortage of imported meat when the market turned, impacting positively on the value of the meat. However, since the focus was on filling the Norwegian quote, little product was available for this market.

A total of 1,770 tonnes of beef were exported to the UK and EU (excluding Norway) during the reporting year.

UNITED STATES MARKET

The reporting year also saw the first-ever consignment of meat being exported to the USA. Meatco's high quality beef had made Namibia the first country in Africa eligible to export beef to the United States. This milestone is a benefit from the duty-free export of beef into the US through the African Growth and Opportunity Act.

After undergoing several audits, health and safety protocols since Namibia became eligible in 2016, the consignment shipped in February 2020 followed various samples that were sent to the US for laboratory tests to ensure all safety aspects were adhered to. The consignment, which left Namibia via the Port of Walvis Bay, entered the US via the Philadelphia Port. Until the final approval agreements, Meatco will be exporting boneless raw beef products like primal cuts and beef trimmings, as well as chuck and blades. The approval will enable Meatco to send 860 tonnes in the first year and by the fifth year, approximately 5,700 tonnes per year.

However, COVID-19 impacted the US market, as shipping times of container vessels were severely affected. In the pre-COVID-19 time, the shipping times were very reliable and commitment to clients could be made safely. Shipping lines had difficulties sailing directly to the US because of decreased load levels experienced, ultimately prolonging transit time. The delays that vessels experienced meant that in some cases, delivery times could not be adhered to, leading to cancellations of orders.

The first consignment of 25 tonnes of chilled beef to the United States of America was officially launched at an event graced by the Deputy Prime Minister of Namibia and Minister of International Relations and Cooperation, Hon. Netumbo Nandi-Ndaitwah as the guest of honour. In attendance, among other invited guest, was the US Ambassador to Namibia, Ms Lisa Johnson, the former Minister of Industrialisation and Trade, Hon. Tjekero Tweya and Deputy Minister of Public Enterprises, Hon. Veikko Nekundi.

This remains a challenge and Meatco had to strategise to mitigate this matter sustainably. Technical compliance issues necessitate a decision to focus on the cooking industry, selling only to clients registered as cooking entities in the American market.

Because of the 2019 drought and low cattle numbers in 2020, Meatco channelled most of the products into markets with the highest return. This resulted in the diversion of products intended for the American market to the Norwegian market, which is the highest premium market. This resulted in Meatco not yet being able to achieve the intended goal within the US market. Although the American market remains one of Meatco's premium markets, exceeding the European and South African markets, our endeavours to optimise the US market continue.

By end of the financial year, 548 tonnes of beef were successfully exported to the US.

Meatco plans to market branded chilled products into the American market to develop a more sustainable farming brand in Namibia, targeting the environmentally-conscious consumer in that country and other markets.

CHINESE MARKET

Following the first-ever consignment of beef to the People's Republic of China in 2019, challenges were experienced during the reporting year related to clearing of containers due to a change in email address of DVS/Agriculture. Because of COVID-19 related issues, the exporting of meat was stopped and were not continued for the rest of the reporting year.

SOUTH AFRICAN MARKET

Due to the limited number of slaughtered cattle, relatively low volumes of meat were exported to South Africa during the reporting year — a total of 1,846 tonnes. Meatco focused mainly on the exporting of by-products and off-falls to this market.

LOCAL MARKET

The local market also felt the effects of COVID-19 restrictions. With no restaurants taking up hindquarters meat, those cuts became cheaper and more readily available, while forequarters meat prices went up.

The catering industry was also under stress, which led to a change in the mix of carcasses in demand in the local market. The situation was exacerbated by the shortage of slaughtered cattle due to herd-building after nearly eight years of drought.

GOING FORWARD

We foresee that available cattle numbers will remain low, due to producers restocking and building their herds. Our focus will be to maximise returns out of the little meat we procure.

The carcass mixes will need to be optimised; the Norwegian quota filled and Meatco needs to make sure the local market is filled to retain hard-won retail shelf space. Renewed emphasis will be put on the local market to address local competition more aggressively.

These measures will go hand-in-hand with reducing our cost structure as far as possible.

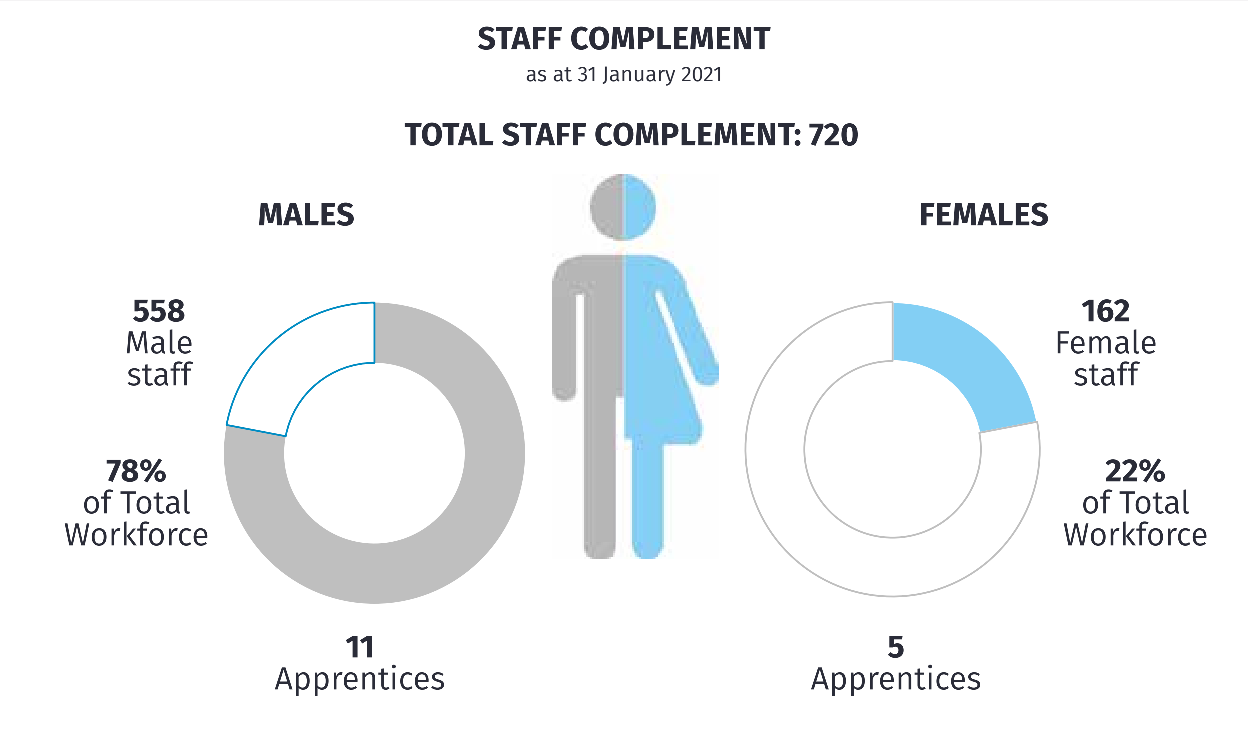
REVIEW: HUMAN RESOURCES

The Human Resources department focused on increasing company-wide efficiences.

Meatco's people strategy during these challenging times is to develop and implementing strategies, policies and plans aligned to the overall business strategy that enable Meatco to achieve its objectives through its human capital. Therefore, Meatco put more recognition on its workforce as one of our key assets for success.

As a consequence, Meatco endeavours to:

- Attract a sustainable pool of talent for current and future organisations employment needs;
- Manage the retention and development of talent;
- Develop the required leadership skills; and
- Plan for succession for key and critical skills.



STAFF COMPLEMENT AND WORKFORCE PLANNING

At the end of the period under review, Meatco's workforce stood at 720 of which 671 staff are employed on a permanent basis and 49 staff were employed on fixed-term contract basis.

Meatco is planning to utilise its permanent employees on a rotational basis between the factories as and when necessary. Meatco managed its workforce to ensure sustainable organisational capability in pursuit of the achievement of its strategic and operational objectives.

COVID-19

Meatco's management took urgent and drastic measures aimed to prevent the spread of the COVID-10 pandemic and to protect all the employees from exposure.

The measures taken included sending all employees home for one week from 31 March 2020 to 6 April 2020. Meatco received confirmation of it being an essential services as per State of Emergency: Covid19 Regulations Proclamation, Proc 9 of 2020.

A nine-page COVID-19 Management Plan was developed and adopted.

Various screening sessions took place, which started on 6 April 2020 until 30 October 2020. Stakeholders screened included all Meatco staff, contractors or suppliers on site, all visitors upon entry and all truck drivers entering Meatco factory from various regions. The sessions were conducted every two weeks.

Ten registered nurses were recruited on contract to carry out the activities. In addition to the screening sessions, an isolation room was set up. Suspect cases were referred to the state health facilities. They also assisted in an awareness-raising campaign.

A total of 26 marshals were recruited to assist with enforcement of measures such as sanitation, temperature checks and social distancing, among others. The table below gives an illustration of activities and expenses incurred during the six-month period.

Meatco's CEO being screened.

COVID-19 MANAGEMENT IN FIGURES	
6 months	11 screening sessions
10 registered nurses	26 marshals
6 sites	21 departments
116 stakeholder	784 employees
42 cases	38 negative/4 positive with full recovery
7,950 screenings	72,720 supplements dispensed
2,000 hand sanitisers issued	69,000 masks used
N$7 million spent	

INDUSTRIAL RELATIONS

We managed to maintain a sound industrial climate free of industrial action which can be ascribed to the excellent relationship between Meatco and the recognised exclusive bargaining agent, the Namibia Food and Allied Workers Union (NAFAU)

Meatco has in the current year finalised the revision of its Recognition Agreement with NAFAU and the parties signed the revised agreement on 15 May 2020.

EMPLOYMENT EQUITY

Meatco AA Report for the period under Review was approved and as such, Meatco has continued to be an Employment Equity Compliant Employer. Meatco remains an Equal Opportunity Employer and create equal opportunity for advancement for all.

RECOGNITION AND AWARDS

One of the key drivers of engagement is recognition. Employees appreciate when their contributions are recognised and valued. Recognition also reinforces positive employee behaviours that reflect organisational values and are critical to achieving goals. Meatco seeks to promote a culture of employee recognition where contributions and successes are regularly acknowledged and celebrated throughout the organisation and at all organisational levels. Meatco also recognise the employee long service through the payment of Long-service Awards in the following categories:

- 5 years Long Service;
- 10 years Long Service;
- 15 years Long Service;
- 20 years Long Service;
- 25 years Long Service;
- 30 years Long Service; and
- 35 years Long Service and more.

LEARNING AND STAFF DEVELOPMENT

Due to COVID-19 protocol compliance, minimum training interventions have been held during the reporting period.

The value of the training expenditure for 2020/21 was N$68,967 for the year. That excludes the Namibia Training Authority (NTA) levy payments of which 50 per cent for the actual training expense incurred can be claimed back in April 2021.

Apprentice/internship programme
For the period under review, 35 student Interns have been provided opportunities to acquire practical experience at Meatco in various technical disciplines such as mechanical engineering, electrical, plumbing and water care.

Bursary scheme
Meatco has one bursary student for 2020/21, a financial-deserving Namibian in the Veterinarian Science field. One bursary student completed her studies and she is now attached to the Information Technology business unit.

Interest-free study loan to employees
As part of investing in its human capital, Meatco provides its employees with an opportunity for development by financing their studies in areas of study relevant to Meatco operations.

For the period under review, Meatco has granted interest-free study loans to four employees.

LOOKING AHEAD: FOCUS AREAS

The following are the focus areas in Meatco's HR strategy, going forward:

Cost-effective Human Resources employment
The Human Resource department shall, in partnership with the various business units, drive the creation and approval of organisational structures, which will be the basis of appointments. Proper workforce planning will be done to ensure that Meatco has the right number of staff with the right skills set at the right time and in line with the available cattle numbers for processing.

Revised performance management system
The current performance management system will be reviewed to ensure that a performance culture is cultivated across the Corporation. The underlining principle will be:

- To align the individual objectives of employees and departments to the overall corporate strategy;
- To translate and cascade broad organisational performance drivers into individual targets;
- To establish an appropriate performance management system, process and methodology relevant to the needs, which support the development of a performance culture; and
- To link performance management to other HR process to align appropriate performance culture, which link with reward, recognition, development opportunities to attract, retain and motivate employees and which also addresses corrective poor performance management.

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

The remuneration policy will be reviewed and approved by the Executive Management team, which will provide for commission-based rewards for some of the Livestock Production unit, as well as benchmarking with other stakeholders.

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

Succession planning
As part of superior employee performance recognition, an advancement drive is developed, which will ensures that Meatco has a succession pool of employees at the right time, which will:

- enable Meatco to identify and prepare the right people for the right positions at the times when they are needed;
- reinforce competent performance, ensuring that the Meatco Employment Equity Plan is provided for;
- ensure continuation of specifically identified management, leadership and critical scarce technical competencies; and
- manage employee advancement.

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

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

It was against this background that Meatco undertook to increase its commitment to employee well-being and wellness by having a considered effort to support that. The upgrade of the Meatco clinic facility will support these new initiative.

REVIEW: STAKEHOLDER RELATIONS AND CORPORATE AFFAIRS

During the reporting year, Stakeholder Relations and Corporate Affairs department focused on managing stakeholder relationships.

STAKEHOLDER ENGAGEMENT

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

Therefore, it maintains the positive reputation of Meatco's brand and sub-brands.

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

- Producers who supply raw materials;
- Employees who have the skills and knowledge to process raw materials into in-demand, value-added products for sale in the local and international markets;
- 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. It stands to reason that most of our communication and corporate projects will be targeted at producers, while the bulk of corporate sponsorships go to the farmers' associations and organised agriculture activities.

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

NEW LEADERSHIP

During the reporting year, Meatco gained new leadership in both the Board of Directors and the Chief Executive Officer, Mr Mwilma Mushokabanji. The new members of the Meatco Board of Directors assumed their duties on 1 May 2020 after Honourable Minister of Public Enterprises, Minister Leon Jooste, formally appointed them. Mr Johnnie Hamman was appointed as Chairperson of the Board.

PRODUCER FORUMS

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

Three Producer Forums were held during the reporting year – in Gobabis, Windhoek and Otavi. Topics that were discussed include understanding the Meatco Merit Points and how they can be improved, as well as Meatco's market performance and realisations. Other topics include how Meatco's pricing strategy is set to match the different production systems and thus align this with market requirements.

Meatco will continue to organise Producer Forums as we regard them as a vital mechanism to gain insight into producers' needs and concerns, while sharing Meatco challenges and performance with key producers.

The High Commissioner to Namibia, Her Excellency Kate Airy and UK Minister for Africa, Hon. Andrew Stephenson

UK MINISTER FOR AFRICA VISITS MEATCO

The United Kingdom (UK) Minister for Africa, Hon. Andrew Stephenson, and the High Commissioner to Namibia, Her Excellency Kate Airy, paid a courtesy visit to Meatco.

The UK, as an instrumental market for Meatco, necessitated the meeting for bilateral talks with Meatco's management, as well as with various key industry stakeholder such as the Meat Board of Namibia and the Ministry of Agriculture, Water and Land Reform (MAWLR).

During the visit, the UK Minister shared on how BREXIT will affect trade between the UK and Namibia. He highlighted that the conclusion of the Southern Africa Customs Union (SACU), Mozambique and UK Economic Partnership Agreement (EPA) marked a decisive step towards ensuring continuity of trade and avoiding any potential trade disruptions.

Stephenson also shared that both the UK and Namibia remain committed to resolving the outstanding issues identified in the Build-in Agenda and the Transitional Arrangement within agreed timeline to ensure maximum commercially meaningful benefits from the agreement. "The UK wants to remain a beacon of free trade internationally and this can only be achieved through enhancing relationships and carry on with more exports globally," he further added.

FARMERS' LIAISON MEETINGS

The relationship between Meatco and the cattle producers of Namibia is a vital one that can make or break Meatco's market share goals. The Board and the CEO prioritised stakeholder engagements with producers and have held eight of Farmers' Liaison Meetings (FLMs) in the communal and commercial areas, engaging directly with producers in the reporting year.

The first round of FLMs were held in Gobabis, Windhoek, Okahandja, Otjiwarongo and Grootfontein, while the second round included Aminuis, Okakarara, Otjinene and Coblenz and the surrounding areas.

The key reason for the FLM was to restore trust in Meatco and to rebuild relationships. Meetings were open and fruitful, addressing producers' concerns and sharing the new strategic direction in which the new leadership will steer Meatco.

Mr Hamman stressed the need for stakeholders to come together and map the way forward to increase livestock throughput. He reiterated that it is important to hold hands as equal partners in the industry, which will help navigate Meatco towards a promising future.

"It is not an easy task and definitely not one Meatco can achieve on its own," he said, adding that "through concerted efforts from Meatco, Government, farmers, farmers' associations, unions and relevant stakeholders, it is possible to get Meatco to where it was," said Hamman.

"The meeting went pleasantly well and we hope Meatco will not take another five years before coming back to engage with us. These meetings are very important and we, as farmers, learn a lot from them." *Albert Hinjou, Otavi area*

"The relationship between Meatco and the communal farmers has drifted. Therefore, it is important to come back together and strengthen the ties, and keep up consistency." *Tjeripo Tjikuua*

"After the meeting, I have a lot of hope. I am sure that most of the farmers here today feel the same. The biggest thing here is that Meatco have set a precedent. It is time to live up to it. This type of communication and engagement with the producers must carry on." *James Tromp, Hochfeld area*

Okakarara FLM

Talismanus FLM

Coblenz FLM

“I think that without Meatco, the Namibian cattle industry would not persevere, as it has always been the price stabiliser in the country and an important role player in agriculture. Should Meatco ceases to exist, other abattoirs will set cattle prices to their advantage. I therefore think it is important that Meatco continues to exist within this sector.” *Eeni Kopp*

“There was a general understanding from the meeting that an improvement in payment terms will be seen and communal farmers greatly welcome this, because we are operating under immense pressure.” *Fred Kazombiaze, Okamatapati area*

“I am proud to still associate myself with Meatco. I see difficult times ahead, but at the same time, I am positive that the strategies and plans shared here with us will bring about the much-needed changes for the producers.” *Louise Vermeulen, Otjiwarongo area*

SINGAPORE HIGH COMMISSIONER HOLDS TRADE TALKS WITH MEATCO

The High Commissioner of the Republic of Singapore, His Excellency Chua Thai-Keong (right) and his assistant, Jason Ng Meng Thong (left).

In 2020, the High Commissioner of the Republic of Singapore, His Excellency Chua Thai-Keong, visited Meatco as part of a representational visit to Namibia. He was also familiarising himself with how Meatco contributes to the economy of Namibia while exploring possible collaboration opportunities between the two nations.

The Commissioner was especially interested in knowing whether Namibia has the Wagyu cattle breed originally from Japan. The Wagyu breed was introduced to the Namibian market in 2017 through embryos. There are currently seven breeders registered with the Namibian Wagyu Society with about 210 full-blood breeding animals and 250 F1 cross-breeds in the country.

REVIEW: MEATCO FOUNDATION

During the reporting year, the Meatco Foundation focused on advancing Meatco's involvement in the areas North of the Veterinary Cordon Fence.

SOCIO-ECONOMIC IMPROVEMENT OF RURAL COMMUNITIES

The Meatco Foundation is the Corporate Social Investment (CSI) arm of Meatco, established with the aim of promoting and supporting the socio-economic improvement of the Namibian rural communities that rely on livestock for their livelihoods.

The five strategic focus areas for the foundation are: market, product, employees, society and the environment. The Foundation's strategy is premised on its Notarial Deed of Trust, and Meatco Act of 2001, Section 3. This strategic focus aims at directing the interventions of Meatco's CSI through a more holistic approach by providing quality socio-economic interventions.

By its statutes, it is required to pursue corporate social interventions that would benefit communal farmers and create value for Meatco. All of Meatco's corporate social responsibilities fall under the scope of the Foundation.

The Meatco Foundation aspires to be a distinguished and leading corporate social responsibility foundation in the communal livestock sector of Namibia. It contributes to Namibian communal livestock farmers' livelihood improvement, through capacity building and sustainable development interventions. The Foundation has been proactively involved in projects that empower rural communal livestock farmers since its establishment in April 2011, with a special focus on the social and economic development of those living and depending on livestock farming in communal areas.

The Foundation is a separate legal entity with a seven-member Board of Trustees. Its administrative functions are funded by Meatco, while operation and projects are funded through donors and technical support initiatives by sourcing funds for projects. These projects include, among others, rangeland and livestock management interventions, restocking and drought tolerant promotion through bull scheme distribution, constructing marketing facilities and water infrastructures, business plans and project proposal development support for community-based organisations such as farmers' unions and cooperatives, and cooperative support in livestock marketing opportunities.

By providing marketing opportunities and support, the Foundation has created a platform for Meatco and other buyers to access cattle in communal areas. This contributes to income generation and off-take percentage for communal livestock farmers.

During the reporting year, the Foundation sourced and implemented projects worth N$5 million that contributed to livelihood improvement of rural communities within the livestock sector. These included on-going projects and new projects that were sourced during the reporting period. These projects are classified and listed below:

Existing/Ongoing projects

1. GPS/UNIL - Gam Project: Auction kraal
2. Burmeister-Ministry of Agriculture Project: Feasibility study for NCA zoning
3. First phase GEF project - Ohangwena Livestock Marketing Cooperative: Conservation Agriculture, Rangeland and Livestock Management and Marketing project

New Projects

1. UNIL-Goreses Project: Water and rangeland project
2. Social Security Commission Development Fund–Kavango Livestock Cooperative Project: Offal project
3. Second phase GEF project - Ohangwena Livestock Marketing Cooperative: Conservation Agriculture, Rangeland and Livestock Management and Marketing project.

Despite significant achievement in the reporting period, the Foundation's activities were implemented with difficulty. This is mainly due to the impact of previous year's (2019) drought and COVID-19 that impacted the implementation of the project's activities. However, progress has been achieved in the reporting period. All the projects are on track, whilst the Foundation is fast-tracking any lagging activities that were hampered by the COVID-19 lockdown. The outlook for the next reporting period is promising.

The benefits from the projects include livestock off-take and provision of water that continues to benefit farmers, while the commission from auctions benefits the cooperatives managing the auction pens and facilitating the auction events. Auctions conducted at the crush pens provided an enabling environment for communities to conduct small business, such as selling food and clothes.

The reports provided by farmers' organisations managing the Okangoho and Helena Crush Pens and auctioning activities under the first phase of the Ohangwena GEF-funded project shows that these farmers generated a total of N$314,456 in the form of commission. The total turnover from the auction was N$10,365,100. This money was circulated amongst poor rural farmers who stood as beneficiaries.

The Foundation has also taken the lead in many studies aimed at improving the marketing situation in communal areas, such as conducting feasibility studies for the creation of a new Foot-and-Mouth Disease (FMD) zone in the Northern Communal Area (NCA) of Namibia. The Foundation further played an active role in contributing towards the NCA livestock sector strategy.

PROJECTS

Gam Marketing Infrastructure Project

The state of Gam auction crush pen after (left) and before (right) it was replaced.

The project is aimed at improving the livelihoods of the Gam communities and increase livestock marketing. This community have been marginalised from partaking in mainstream livestock marketing.

The initial idea of the project was to renovate and demarcate camps in Gam quarantine that would be used as holding camps for procured cattle from the Gam area. The intent was to help farmers at Gam, since they were not allowed to market to Meatco directly, as they have to keep their cattle in the quarantine at least 40 days before marketing to an EU-compliant abattoir such as Meatco. The camps and provision of water could help in terms of management, while cattle await to meet the required days.

However, this situation changed after the effort of Meatco and the Directorate of Veterinary Service (DVS) resolved that Gam can market directly to Meatco. After it was resolved, farmers together with stakeholders (Meatco Foundation, Meatco, Meat Board and the Office of the Governor) agreed that funds mobilised for camps should be utilised for the creation of an auction crush pen, as it was a relevant need. The existing auction crush pen was in a dilapidated state.

In the subsequent discussion with stakeholders, Meatco and the Meat Board indicated the willingness to partner in constructing auction crush pens in strategic locations based on the farmers' need. Other areas identified were Otjinene and Eiseb. It was agreed that the consortium will mobilise funds for Otjinene and Eiseb after completion of Gam.

The Gam auction crush pen was completed in January 2021. Meatco contributed materials and transport, while the Meatco Foundation administer funding support from GPS and UNIL to cover the cost of labour for construction. It is anticipated that the presence of this crush pen will increase off-take in the area which will contribute to livelihood improvement.

Otjiuapehuri Water Project at Gam

Through UNIL and GPS, the Meatco Foundation facilitated the construction of boreholes and reservoirs at Otjiuapehuri community area at Gam, in 2017. The water point at Otjiuapehuri continues to be a water provision centre for both livestock, the community and wildlife.

There was no damage or breakage reported during this reporting period. The water point provided flexibility in terms of rangeland management as farmers were able to utilise the abandoned rangeland area, since the water point was far. Although farmers in the surrounding areas could not provide specific figures or percentages, they indicated an increase in the number of cattle and quality, despite the 2019 drought. Farmers cited the availability of water as a contributing factor.

Aerial photograph of the Otjiuapehuri Water Point.

Goreses Project in Otjinene area

With the support from UNIL, the Foundation applied and received funding to support the Goreses community, located about 35 km northwest of Otjinene.

The goal of the project is to improve the Goreses communities' livelihoods through the provision of essential infrastructures and capacity that enhance livestock production and marketing.

The project will support approximately 353 direct beneficiaries and 707 indirect beneficiaries. The support will include the provision of a borehole, including tanks and all accessories. The quotation for the borehole has been received and the selection of the site for the borehole has been done.

Goreses participants during a needs assessment meeting.

"The project will support approximately 353 direct beneficiaries and 707 indirect beneficiaries.

The identified site for the borehole.

Okangoho and Helena multi-purpose crush pens

Activities at the Okangoho auction pen during auction day.

Okangoho and Helena multi-purpose crush pens have become marketplaces that support the livelihoods of many community members during auctions, by enabling entrepreneurs, mainly women, to sell products such as food. The reports provided by farmers organisations managing the Okangoho and Helena Crush Pens show that a total of 16 auctions were conducted at these facilities during the reporting period.

A total of 2,066 livestock were sold during the reporting period. The organisations managing the Okangoho and Helena Crush Pens generated a total of N$172,850 in the form of a commission. The total turnover from these auction activities of the two crush pens was N$8,696,200. These funds generated by the crush pens were then reinvested back in the community.

The crush pens also provide for various income-generating activities to be undertaken by the community, allowing them to be able to generate funds that will be used for the operation and maintenance of the crush pens, while also funding the expansion of the crush pen in the near future. In addition to cattle, the auctioning accommodated small-stock such as sheep and goats.

Kavango Livestock Cooperative Offal Project – funded by the Social Security Commission Development Fund

During the reporting period, the Meatco Foundation assisted the Kavango Livestock Marketing Cooperative (KLMC) with the development and submission of a project proposal to the Social Security Commission Development Fund (SSC-DF).

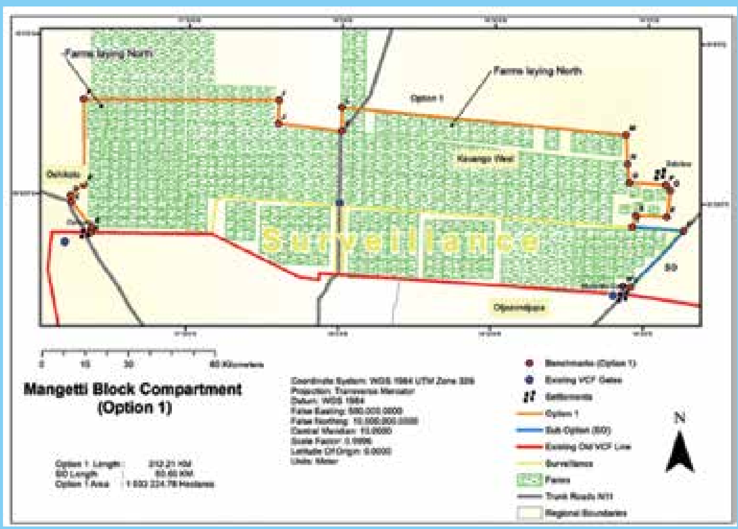
The main objective of the project is for the KLMC to buy offal products from Meatco at reasonable price, then resell at a profit to the public.

The project will cover the start-up capital for the establishment and operational costs, including buying solar fridges as the KMLC will establish several centres within the Kavango East and Kavango West regions, which will serve as centres for reselling the offal products.

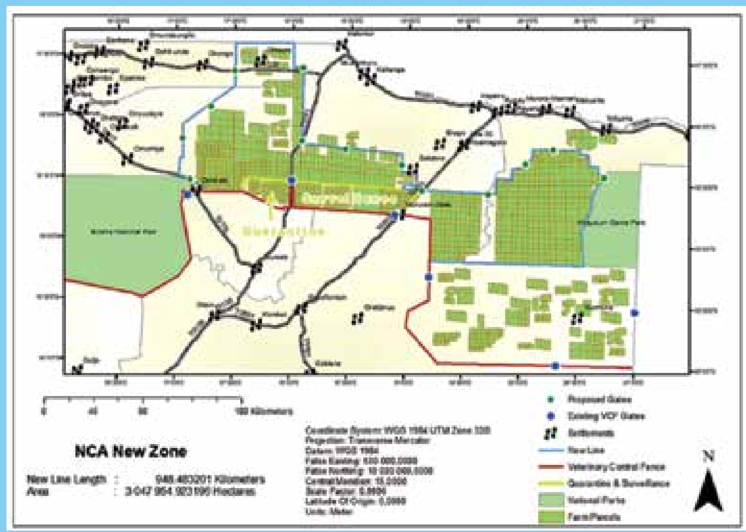
The goal is for the KLMC to become an innovative and value-addition enterprise that will create employment, livestock marketing opportunities and livelihood improvement in the Kavango East and Kavango West regions. The project was approved in November 2020. However, the commencement of the project was delayed due to an FMD outbreak in the NCA. It was agreed that the project would only start once the FMD outbreak ceased.

Restriction on FMD has now been relaxed by DVS. Therefore, the activities are planned to start in May 2021.

Feasibility study for creating new FMD-free zone in the NCA



Map showing the Mangetti Block Compartment.



Map showing the proposed FMD-free zone.

The Meatco Foundation has been sub-contracted by Burmeister to conduct a feasibility study for creating a new FMD-free zone in the NCA. The first phase concentrated on the creation of compartments, but this was later amended to compare the creation of a new FMD-free zone versus compartmentalisation. The Foundation successfully completed the feasibility study.

The maps above show the demarcation for a proposed compartment and a new FMD-free zone. The finding of the study shows that the creation of a new FMD-free zone was feasible and the best option in comparison to the creation of a compartment.

The study revealed that the creation of a new FMD-free zone in the central-north of Namibia would lead to increased cattle prices, which would eventually lead to increased revenue for farmers. The study also highlighted non-monetary benefits of creating an FMD-free zone, such as employment and 'new markets' creation. The study concluded that the benefits of the FMD-free zone outweigh the costs, and that the socio-economic status of the communal farmers in the north and Namibia at large, will ultimately improve, due to a possible increase in the return on investment on cattle production in the north, courtesy of access to lucrative beef markets.

Based on the findings of this feasibility study, the following was recommended:

- A new FMD-free zone in the NCA should be created since the study has concluded that such an investment is feasible and economically viable.
- Roads passing through proposed gates of the FMD-free zone should be gravelled to improve mobility in the area; currently, farmers struggle to access their farms due to heavy sand roads.
- The gravelling of the roads should be funded by Roads Authority with contributions from other stakeholders such as donors, if possible.
- As a first option, the creation of the FDM-free zone in the NCA should be 100 per cent funded by the Government of the Republic of Namibia.
- If Government is not able fund the initiative 100 per cent, a co-financing model which involves Government (50 per cent), repayment by farmers (30 per cent) and donors (20 per cent) should be considered as an alternative option. Since the contribution of 30 per cent of capital investment to be covered by the farmer's levy within the two years of fence-line of contraction, Government should subsequently borrow funds or bring in investors.
- The agreement will then be for each farmer within the zone to be levied N$2.00 per kg per cattle, whenever they sell their cattle for a period of ten years.
- In the event of the second option being adopted, Government should set up a Special-Purpose Vehicle (SPV) structure to fund and manage the FMD-free zone for a period of at least ten years, until the borrowed funds are repaid from proceeds of the farmer's levy.

GEF-funded project of the Ohangwena Livestock Marketing Cooperative on Conservation Agriculture, Rangeland and Livestock Management and Marketing project

Experienced farmer training farmers on bush to feed products.

The Meatco Foundation supported the Ohangwena Livestock Marketing Cooperatives in the development of a project proposal and through technical support during the implementation of the Global Environmental Facility (GEF) Small Grant Programme (SGP) funded project. The project is focused on supporting beneficiary communal farmers on Conservation Agriculture, Rangeland, Livestock Management, and Livestock Marketing.

The first phase of this project started in 2018 and came to end in 2020. The funding for the second phase of the project was approved in November 2020. The initial target beneficiaries for the first phase were 200 with 30 per cent being female. This has increased during the implementation of the project, as is evident from 434 beneficiaries with 38 per cent women participation. Female participation was even more at trainings, with 57 per cent participation.

One of the immediate benefits of the first phase of the project was an increase in number of livestock sold at auction. This had multiple immediate benefits as farmers generated income, while at the same time was due to destocking to reduce the risk of livestock mortality from the drought. The grazing pressure on the rangeland was also reduced due to off-take. The total turnover for all the auctions during the first phase of the project was N$1,668,900, while the 6 per cent commission totalled N$141,606. This money was circulated among poor rural beneficiary farmers.

The second immediate benefit that can be attributed to the project was increase in crop yield. The increase in crop yield was not only benefited via increased yield per hectare as a result of Conservation Agriculture (CA), but available service to the farmers to be able conduct land preparation.

The increase in crop yield helped in alleviating food insecurity. The exchange of knowledge was also identified as immediate benefits as lead farmers are able to teach others. This is evidenced by an increased number of beneficiaries compared to the original beneficiaries identified during the formulation of the project.

The second phase of the project will be implemented in five Grazing Areas (GAs) in Ohangwena region. The project will be implemented by the Ohangwena Livestock Marketing Cooperative (OLMC), with the support of Meatco Foundation for an 18-month period, from January 2021 to June 2022.

The target beneficiaries for the project are 250 and 300 direct and indirect communal rural livestock and crop farmers in the five GAs. The approach of the project focuses on capacity building of farmers. The project will capacitate farmers to address land degradation, improving their livelihoods and will help them adapt to climate change.

LOOKING FORWARD

In the next financial year, the Foundation will continue to seek funding for new projects and implement as well as provide support to existing projects. The Foundation will also focus on investment projects that benefit both communal farmers and other stakeholders, including Meatco. While supporting these farmers and other stakeholders, Meatco and the Meatco Foundation will equally focus on building its organisational capacity and sustainability as not to be dependent on Meatco and donors. This is to be achieved through the technical component as a diversified strategy in terms of generating funds for the functionality of the Foundation.

REVIEW: MEATCO NCA SUBSIDIARY

The areas North of the Veterinary Cordon Fence (NVCF) of Namibia comprise 43 per cent of Namibia's total area and support approximately 60 per cent of the country's population. Of the 2.7 million cattle in Namibia, more than 60 per cent are found NVCF.

MARKETING OF NCA CATTLE A CHALLENGE

Marketing of North of the Veterinary Cordon Fence (NVCF) cattle has been a challenge for many years, as the carcasses cannot be sold South of the Veterinary Cordon Fence (SVCF). NVCF producers therefore continue to miss out on the more lucrative export markets, especially for hindquarter cuts. The Mobile Slaughter Unit (MSU) was introduced as an alternative to the three abattoirs NVCF (Oshakati, Rundu and Katima Mulilo); however, following a cabinet directive, it was decided to re-enter the NVCF market to assist farmers, and to reopen the Rundu and Katima Mulilo abattoirs. (Oshakati abattoir was taken over by new private-sector operators.)

When Meatco made the decision to go back to the NCA, we developed a strategy for entering and operating in the NCA. It was clear that a new way of doing business in the NCA had to be found. A separate subsidiary, the Meatco NCA, was therefore established with the aim of ensuring the NCA can operate in a sustainable manner and that funds generated in the NCA can remain available for the benefit of the NCA producers.

Currently, the MSU operates under Meatco NCA. The revamp of the Katima Mulilo abattoir is nearly completed and it is expected to operate early in the next financial year. The abattoir in Rundu requires more upgrading and is expected to become operationalised towards mid-2021.

The MSU has had a successful year, due to various strategies put into place. With a daily slaughtering capacity of between 20 and 25 cattle, it slaughtered 1,257 number of cattle during the reporting year. The weight, grade and fat content have improved in the reporting year.

The average live weight increased from 373 kg to 420kg and carcass weight from 190 kg to 210 kg. In terms of grading, in the past nearly 60 per cent was "C"-grade, in the reporting year nearly 5 per cent was "A"-grade, 17 per cent was "AB"-grade, while 38 per cent was "B"-grade with only 40 per cent "C"-grade.

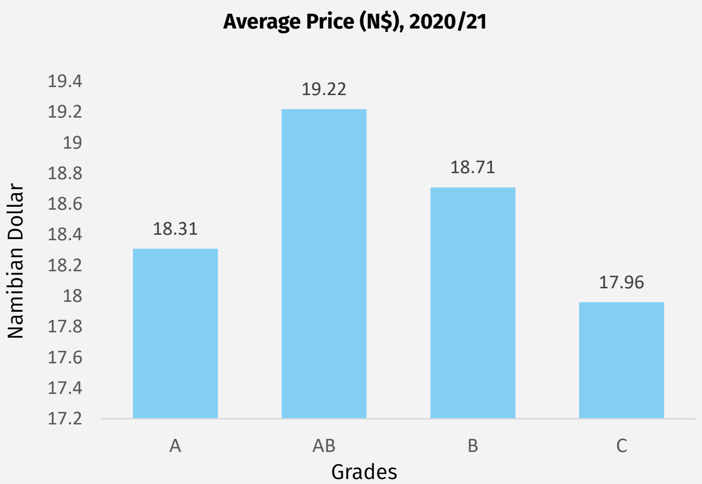
However, the MSU operated at a loss and drastic measures need to be taken to correct the situation. This includes the operationalisation of the Rundu abattoir to be able to increase market share and enhance the prime cut sales through the commodity-based trade approach, which cannot be achieved at the MSU at this stage.

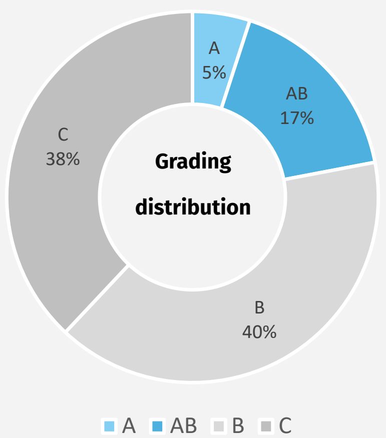
LOOKING AHEAD

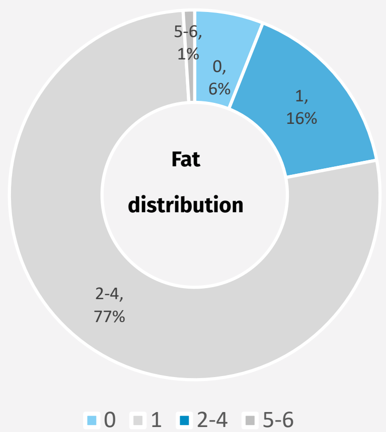
Moving forward, Meatco NCA is positive about the future, especially the opening of the Katima Mulilo and Rundu abattoirs. Strategies are in place to open the African and international markets for NCA cattle. We have already engaged with African countries such as Ghana, Angola and the Democratic Republic of Congo, while exploring the Kuwait market as well. These markets can accept meat from FMD-infected areas.

The grazing in NCA has also improved and it is expected that more cattle will be available for slaughtering than in the current financial year. While low cattle numbers are expected to be available SVCF in the coming year, meat from Meatco NCA can fill the gap in the local market.

MSU Annual Averages		
Description	**2020/21**	**2019/20**
Total purchase cost (N$)	9,726,633	7,329,171
Total live mass purchased (kg)	525,229	458,973
Total cattle	1,258	1,136
Total slaughter mass (kg)	518,556	448,746
Avg kg (live mass) purchase	417	407
Ave kg (live mass) slaughter	412	397
Ave kg (carcass mass)	210.42	197.20
Price/head	7,731.83	6,457
Price/kg (live mass)	18.52	15.98







LOOKING AHEAD
AND BEYOND 2021

Moving forward, throughput will definitely continue to be problematic. We need to make sure that we deal with this through serious investment in building up the national herd, and especially through the retention of weaners in the country and raising them.

REALIGN THE BUSINESS

As Meatco, we have to make sure that we realign the business. We need a leaner structure within the organisation. We have to right-size the business and cut down on inefficiencies. We will reduce the number of employees, so that we align the number of employees with throughput and have a structure that would respond to the lower numbers of cattle that we expect to get in the next financial year.

We will also continue enhancing our relationship with Government as a key stakeholder. Government regulates the legislation and should help us to make sure that we create a more conducive environment in the volatile, uncertain, chaotic and ambiguous ('VUCA') world we are operating in.

> Meatco needs to maximise producer returns to all the farmers in the country.

Meatco will keep on engaging with the world to open new markets, enabling us to diversify. In this way we can remain resilient. We need to let the world know that Meatco has the best red meat cuts than any other country in Africa that we can offer the world. We are also going to make sure that through the AfCFTA agreement, we penetrate the African market and bring the Northern Communal Area into the mainstream of the economy.

In addition, we need to maximise producer returns to all the farmers in the country, whilst maximising the realisation from our markets. Those will be critical issues that we will have to drive, moving forward.

2021/22 - 2025/26

5-YEAR INTEGRATED STRATEGIC PLAN

Following a review of Meatco's Strategic Plan 2019/20 - 2023/24, the management team developed an Integrated Strategic Business Plan (ISBP) 2021/22 - 2025/26. The five-year ISBP aims to connect the dots between the big picture strategy elements and Meatco's purpose, vision, mission, core values and strategic focus areas, as well as operational activities.

In this endeavour, Meatco strives to build a dynamic commercial public enterprise that is competitive, profitable and sustainable in order to survive a highly volatile, uncertain, complex and ambiguous global beef industry. The competitiveness, profitability and sustainability of Meatco is highly dependent on optimum throughput, operational efficiency and efforts to maximise market returns. Therefore, the corporation is executing short, medium and long-term strategies that address liquidity and profitability as a going concern.

STRATEGIC GOALS

01 STRIVE TOWARDS CORPORATE PROFITABILITY AND FINANCIAL VIABILITY

Strategic objectives:

1. Attain financial stability and strength
2. Explore markets with the aim of price discovery
3. Cultivate a culture of responsible spending
4. Enhance revenue streams
5. Ensure that Meatco is sufficiently funded to support the implementation of the ISBP
6. Establish a viable Meatco business in the NCA

02 ENHANCE STAKEHOLDER ENGAGEMENT AND BUILD THE MEATCO BRAND

Strategic objectives:

1. Enhance and strengthen the Meatco brand
2. Enhance and strengthen stakeholder relations
3. Establish an effective mechanism to influence legislation and policies of Government and industry participants

03 EMBRACE AND PROMOTE GOOD CORPORATE GOVERNANCE

Strategic objectives:

1. Embrace a culture of good governance and management
2. Enhance the organisation's risk management process

STRATEGISE
for a better future

04 OPTIMISE MEATCO'S COMPETITIVENESS ACROSS THE VALUE CHAIN

Strategic objectives:

1. Establish a culture of informed and evidence-based decision-making
2. Advance Meatco's environmental compliance
3. Secure sources of consistent good quality livestock (raw material)
4. Enhance organisational effectiveness
5. Enhance a quality and safety culture throughput the organisation

05 BUILD A HIGH-PERFORMING CULTURE FOR MEATCO

Strategic objectives:

1. Ensure the effective execution of the ISBP
2. Improve the organisational performance culture to establish a culture of excellence

MEAT CORPORATION OF NAMIBIA

A corporation established in Namibia in terms of Meat Corporation of Namibia Act, 2001(Act No. 1 of 2001)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Manufacturing of beef and value added beef products.
Directors	**Outgoing** Mr RL Kubas: Vice-Chairperson (term ended 30 April 2020) Mr II Ngangane: Director (term ended 30 April 2020) Ms S Kasheeta: Director (term ended 30 April 2020) Mr E Beukes: Co-opted (term ended 30 April 2020) Ms D van Schalkwyk: Co-opted (term ended 30 April 2020) Mr S Shakumu: Co-opted (term ended 30 April 2020) Mr K-D Rumpf (term ended 30 April 2020) **Incoming** Mr JN Hamman: Chairperson (resigned 28 May 2021) Ms CG Bohitile: Vice-Chairperson (resigned 30 May 2021) Mr K-D Rumpf: Director (resigned 28 May 2021) Mr Adolf M Muremi: Director/Chairperson (appointed 09 September 2020; appointed as Chairperson 04 June 2021) Ms C Garises: Director (appointed 01 May 2020) Mr M Mulunga: Director (appointed 01 May 2020) Mr U Kandjii: Director (appointed 01 May 2020) Ms M M. Kabuku: Director (appointed 01 September 2020) Ms H Mavetera: Director (appointed 01 September 2020) Mr S Ndeunyema: Co-opted (appointed 01 March 2021) Mr F Tjivau: Co-opted (appointed 01 March 2021) Mr S-K Shakumu: Co-opted (appointed 01 March 2021)
Business address	Meat Corporation of Namibia No. 1 Sheffield Street Northern Industrial Area Windhoek
Postal address	P O Box 3881 Windhoek Namibia
Bankers	Bank Windhoek Namibia First National Bank of Namibia Standard Bank of Namibia Development Bank of Namibia Nedbank Namibia
Auditor	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Company secretary	Ms Nailoke Mhanda

CONTENTS

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

DIRECTORS RESPONSIBILITY AND APPROVAL

The directors are required in terms of the Meat Corporation of Namibia Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as 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 (IFRS). The external auditor is engaged to express an independent opinion on the annual financial statements.

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

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

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

The directors have reviewed the group's cash flow forecast for the year to 31 January 2022 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 auditor is responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditor and the report is presented on pages 97 to 99.

The annual financial statements set out on pages 85 to 153, which have been prepared on the going concern basis, were approved and authorised for issue by the board.

Signed on behalf of the board of directors by:

______________________	______________________
Interim Chairperson	**Director**
A Muremi	**C F Garises**

Windhoek
Namibia
11 June 2021

Practitioner's Compilation Report

To the directors of Meat Corporation of Namibia

We have compiled the consolidated and separate annual financial statements of Meat Corporation of Namibia, as set out on pages 87 - 153, based on the information you have provided. These annual financial statements comprise the consolidated and separate statements of financial position of Meat Corporation of Namibia as at 31 January 2021, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information, and the directors' report.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Meat Corporation of Namibia Act. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence, and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Meat Corporation of Namibia Act.

Our compilation report is intended solely for your use in your capacity as directors of Meat Corporation of Namibia and should not be distributed to other parties.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Anna EJ Rossouw
Partner

Walvis Bay

Date: 21 June 2021

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the financial year which ended on 31 January 2021.

1. The mandate of Meat Corporation

The overall mandate of the Corporation is set out in the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) and described in more detail later in this Report. In accordance with the Meat Corporation of Namibia Act (Act 1 of 2001), the mandate of the Corporation is as follows:

- to serve, promote and co-ordinate the interests of producers of livestock in Namibia, and to strive for the stabilisation of the meat industry of Namibia in the national interest.
- to erect, rent, purchase or otherwise acquire, stabilise, optimally utilise and maintain abattoirs and other meat factories in the public interest.
- to rationalise abattoir and related factory activities, and conduct and manage such business in an orderly, economical, and efficient manner; and
- to market products within Namibia or elsewhere to the best advantage of the producers of livestock in Namibia.

Vision of Meat Corporation

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

Meatco's objectives

The corporate objectives of the Corporation are aligned with the mandate as set out in Section 3 of the Meat Corporation of Namibia Act, and are as follows:

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

2. Operating results

During the financial year under review throughput of cattle supply in the areas south of the trans veterinary cordon fence decreased to 36,074 (2019/20: 116,304). The average cold dress weight decreased to 242 kg (2019/20: 229.3 kg), resulting in actual throughput of 8,717 tonnes (2019/20: 26,583 tonnes).

Cattle supply in the areas north of the trans veterinary cordon fence increased to 1,258 (2019/20: 1,136). The average cold dressed weight increased to 210.4 kg (2019/20: 197.2 kg), resulting in actual throughput of 262.4 tonnes (2019/20: 224.1 tonnes).

The revenue for the Group decreased to N$873 million (2019/20: N$1,784 million).

DIRECTORS' REPORT (CONTINUED)

Key performance indicators		2020/21	2019/20
Cattle supply (units)			
- SVCF	Decrease	36,074	116,304
- NVCF	Increase	1,258	1,136
Average cold dress weight in kg			
- SVCF	Increase	241.7	229.3
- NVCF	Increase	210.4	197.2
Throughput in tonnes			
- SVCF	Decrease	8,718	26,583
- NVCF	Increase	262.4	224.1
Group Revenue	Decrease	N$873 million	N$1,784 million
Group Net loss before tax	Increase	(N$118.64 million)	(N$113.66 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 maximum 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 utilisation of the Corporation's cash resources to serve first and foremost the main business purposes of the Corporation and to secure the accomplishment of its main objectives.

Property, plant and equipment replacement and development

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

Capital projects	2020/21	2019/20
	N$	N$
Additions for the year	1,741,829	2,778,600
Capital budget for the ensuing year	35,765,000	42,098,000

DIRECTORS' REPORT (CONTINUED)

Investments in associates

Associates **Interest in Corporation at 31 January 2021 in:**					
Investments in associates		**Issues share capital**	**Place of business/ country of Incorporation**	**Percentage holding direct/ indirect**	**Share investment N$**
GPS Norway AS	NOK	300	Norway	33%	216,791

Associates **Interest in Corporation at 31 January 2020 in:**					
Investments in associates		**Issues share capital**	**Place of business/ country of Incorporation**	**Percentage holding direct/ indirect**	**Share investment N$**
GPS Norway AS	NOK	300	Norway	33%	216,791

The Corporation obtained a 33.33% interest in GPS Norway AS on 19 May 2014. GPS Norway AS is a Norwegian registered company with the main objective to facilitate the importation of meat and meat products into Norway. The company is a joint venture between several producer-focused entities that operate internationally. GPS Norway AS aims to achieve an efficient and low-cost meat import function into Norway and thereby integrating and streamlining the upstream marketing value chain to maximise overall sales revenues returned to primary meat producers.

Subsidiaries **Interest of Corporation as 31 January 2021 in:**					
Investments in subsidiaries		**Issued share capital**	**Percentage holding direct/ indirect**	**Share investment N$**	**Loans & Trade receiveable / (payable) N$**
Meat Corporation of Namibia Limited (UK)	GBP	1,250,000	100%	-	-
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	ZAR	100	100%	100	-
Namibia Cattle Procurement (Pty) Ltd (Namibia)	NAD	100	100%	11,938,871	-
Meat Corporation Namibia (Europe) Ltd	GBP	100	100%	-	-
Meat Corporation Northern Communal Areas (Pty) Ltd	NAD	100	100%	11,735	-
Amounts from/(due) to subsidiaries					
Meat Corporation of Namibia Limited (UK)	NAD				17,741,609
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	ZAR				2,393,912
		1,250,400		**11,950,706**	**20,135,521**

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

DIRECTORS' REPORT (CONTINUED)

Subsidiaries
Interest of Corporation as 31 January 2020 in:

		Issued share capital	Percentage holding direct/ indirect	Share investment N$	Loans & Trade receiveable / (payable) N$
Investments in subsidiaries					
Meat Corporation of Namibia Limited (UK)	GBP	1,250,000	100%	-	-
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	ZAR	100	100%	100	-
Namibia Cattle Procurement (Pty) Ltd (NAM)	NAD	100	100%	11,938,670	-
Amounts from / (due) to subsidiaries					
Meat Corporation of Namibia Limited (UK)	NAD				37,100,620
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	ZAR				1,604,853
Namibia Cattle Procurement (Pty) Ltd (NAM)	NAD				7,989,634
		1,250,200		**11,938,770**	**46,695,107**

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

Associates
Interest in Group at 31 January 2021 in:

Investment in associates		Issues share capital	Place of business/ country of incorporation	Percentage holding direct/ indirect	Share investment N$
GPS Norway AS	NOK	300	Norway	33%	9,256,791

Associates
Interest in Group at 31 January 2020 in:

Investment in associates					
GPS Norway AS	NOK	300	Norway	33%	7,679,376

DIRECTORS' REPORT (CONTINUED)

3. Going Concern

3.1 Introduction

We draw attention to the group financial statements, which indicates that Meat Corporation of Namibia incurred an operating loss before tax of N$ 124.98 million (2020: N$ 123.32 million) and Group operating loss before tax of N$ 118.64 million (2020: N$ 113.66 million loss), as of that date, the Corporation's total assets exceeded its total liabilities by N$ 390.42 million (2020: N$ 515.44 million) and the Group's total assets exceeded its total liabilities by N$ 437.34 million (2020: N$ 553.45 million). The ability of the Group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to devise strategies to generate positive cash flows from operations through effective management of working capital for the ongoing operations of the Group and generate operational profits by implementing profitability strategies as detailed below.

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

3.2 Liquidity

3.2.1 Strategic Partnerships with Key Stakeholders

During the reporting period, Meatco built strong partnerships with strategic organisations which are very pertinent to Meatco's success. These include public, private and producer organisations. The articulation of the Meatco's business model to the key stakeholders resulted in the provision of a Government Guarantee in the amount of N$ 250 million that enabled Meatco to secure a loan from the Development Bank of Namibia.

In addition, Meatco's relationship with the commercial banks has improved and the financial institutions are prepared to provide working capital funding to purchase cattle during the peak period of the 2021 financial year.

3.3 Profitability

3.3.1 Short-term Strategies

3.3.1.1 Procurement of Quality Cattle and Management of the Producer Price

During the reporting period, Meatco focused on controlling the cattle purchase price and purchasing of good quality cattle in line with customer specifications and this improved international market realisation from N$ 88/kg to N$ 111/kg and a gross profit percentage improved from 4% to 9%. This achievement followed a robust engagement with the producers through regular farmers' liaison meetings and information sharing sessions in the commercial and communal farming areas.

3.3.1.2 Managing Administrative Costs

During the reporting period, Meatco prioritized cost cutting measures to improve financial prudence and cost efficiency in the business. As a result, total administration expenditure for the 2021 financial year amounted to N$ 183 million compared to prior year of N$ 208 million (Note 25). This represents a saving of N$ 25 million against prior year despite the unbudgeted cost of approximately N$ 7 million due to COVID-19 pandemic.

DIRECTORS' REPORT (CONTINUED)

3.3.1.3 Internalizing Outsource Services

The corporation internalized some of the services that were outsourced to external service providers using own personnel that are on the payroll with necessary skills and experience. The services that were internalised include sorting of cans, deep cleaning, repairs and maintenance which resulted in a saving of N$ 7.2 million per annum.

3.3.1.4 Control of Overtime Expenditure

The corporation implemented strict control measures on overtime expenditure. During the 2021 financial year, overtime expenditure reduced from N$ 23 million in 2020 to N$ 6 million in 2021. The overtime per unit translates in a saving of N$1.5 million.

3.3.1.5 Crafting a Leaner Agile and Dynamically Capable Commercial Public Enterprise

Due to the rapidly changing environment Meatco implemented a holistic cost cutting strategy that is aimed at crafting a leaner agile and dynamically capable structure. The entire exercise is expected to save the organisation approximately N$ 21 million per annum.

3.3.1.6 Managing Logistics Costs

Meatco continues to optimize on its route to market capitalizing on shorter routes and negotiating favourable rates with the truck owners, shipping lines, cold storages and where feasible ship containers only through the Port of Walvis Bay.

During the period under review, Meatco visited Namport facilities to familiarize with logistical systems, processes and procedures in order to benchmark and minimise logistics costs where appropriate. Consequently, Meatco submitted a Memorandum of Understanding (MoU) to Namport for consideration and signature.

Meatco currently makes use of shipping lines, cold stores and international road transport to deliver products to customers in Europe. The strategy is to reduce these costs by N$ 7 million per annum through using Just-In-Time (JIT) stock management system and allowing customers to take delivery at the port. This strategy will also reduce storage and international transport costs.

3.3.1.7 Maximizing Market Realization

For the 2022 financial year Meatco will maximize its returns and improve its revenue by focusing on the key premium markets, that is, Norway, China and USA. Norway remains a strategic premium market from which Meatco derives significant revenue from the allocated quota of 1,200 tonnes for 2021. Furthermore, Meatco shall pursue emerging markets in Africa to export beef from the Northern Communal Areas. This will be supported by negotiating favourable payment terms with key customers to improve the cashflow for the business.

Weekly foreign currency actual realisations from the international markets are compared with budget in order to assess if costs of raw materials and overheads are aligned to market realisation. Foreign exchange gains are merely used to build reserves for future movements exchange rates.

3.3.1.8 Improvement in Cash Conversion Cycle

Certain customers pay a deposit when products are shipped from Walvis Bay port and settle in full once products land at the international port. The strategy is to implement this to all Meatco international customers, this will improve the cash conversion cycle from 90 days to 30 days.

3.3.1.9 Foreign Exchange Hedging

It is the objective of Meatco to protect itself against an appreciating Rand rather than to expose the business to unnecessary foreign exchange risk. Meatco hedges export proceeds 3 months forward to protect the business against the strengthening of the Namibian Dollar. The 3 month hedging tenor has been selected to maintain an equilibrium between the economic benefits associated with identifying and hedging exposures on a longer term basis, and the greater risks of opportunity cost that may arise as the hedge horizon lengthens. As an alternative, Meatco utilises a portion of its export proceeds and allocates these to import payments which allows the business to benefit from the natural hedge.

DIRECTORS' REPORT (CONTINUED)

During the year under review, Meatco took a caution approach to hedging and foreign exchange risk. Meatco managed to achieve a net foreign exchange profit of N$ 9 million (Note 24) in an extremely volatile year that was extremely hard hit by the COVID-19 pandemic.

3.3.1.10 Optimum Throughput

3.3.1.10.1 Cattle Procurement from Communal and Emerging Producers

Meatco in partnership with farmers associations strives to become the preferred livestock marketing partner for the communal and emerging producers on a continuous and sustainable manner. Through capacity building and involving other stakeholders to improve production and productivity of the targeted producers to become reliable suppliers of slaughter cattle and benefit from competitive prices. During 2021 this stream delivered 10,505 cattle with an average weight of 353 kg at an average purchase price of N$ 27.60 through on-farm purchases, permit days, auctions and permanent buying points. The emerging producers around Otavi, Tsumeb and Grootfontein area, subject to effective mentorship, demonstrate potential to deliver additional 10,000 slaughter cattle to Meatco's establishments annually.

3.3.1.10.2 Feeders Contracts with Large and Small Feedlot Operators

Finishing off weaners in the feedlot to quality slaughter weight is costly. Meatco is committed to sign supply contracts with feeders. The fixed contract pricing mechanism allows Meatco to buy feedlot cattle at lower prices than what Meatco can produce through Okapuka feedlot. This will also sustain Meatco's operations during the off season from October to January by providing the minimum number of slaughter cattle to keep the abattoir in operations. This stream has the potential to deliver 30,000 cattle and reduce the number of weaners exported to South Africa annually.

3.3.1.10.3 Forty-days Compliance for all Cattle Marketed at Communal and Commercial Auctions

Annually approximately 50,000 slaughter ready cattle are exported to South Africa through auctions because some of the cattle are not registered on the Namibian Livestock Information and Traceability System (NamLITS), hence such animals when mixing with other animals, cause the registered animals to lose their export eligibility status in terms of compliance to the 40-days residency requirement by the EU. Meatco had several meetings with DVS to address this concern. As a result, DVS issued a Circular enforcing the producers to ear-tag and register their animals as from the age of 3 months on NamLITS in line with the relevant provision in the Animal Health Act, 2011. Consequently, DVS will only issue movement permits for animals that have been registered on the database for more than 40 days to be marketed at auctions. Meatco can purchase additional 10,400 cattle for direct slaughter annually, however some communal farmers experience challenge to register their animals on NamLITS and require assistance from DVS to fully comply to the circular. In the time being and where appropriate, DVS with assistance from other stakeholders, will guide the process of separating compliant and non-compliant animals at the auctions in the communal and commercial areas.

3.3.1.10.4 Direct Procurement from Gam Quarantine Camp

Gam is part of the Foot and Mouth Disease (FMD) Free Zone of Namibia called the Surveillance Zone. Whilst part of the FMD Free Zone all cattle are subject to a mandatory 30-days quarantine period before such animals can leave the area. The challenge is that such cattle lose their 40-days residency status and depending on the feed price, it costs Meatco between N$ 1,300 to N$ 1,500 per head at Okapuka Feedlot to get such animals compliant to EU standards.

Meatco had several meetings with DVS to discuss the challenge. As a result, in 2020, DVS issued a Circular that allows Meatco to buy cattle directly in Gam at an EU registered event for direct slaughter at the Windhoek export abattoir. In 2020 Meatco hosted the EU registered event at which 250 cattle that complied to the 40-days residency requirement were slaughtered directly from Gam. This significantly reduce the cost of compliance both at the quarantine and for the 40-days residency requirement.

DIRECTORS' REPORT (CONTINUED)

3.3.1.10.5 Renovation of EU Compliant Kraal at Gam

Meatco, through the Meatco Foundation, upgraded the old farmers' association marketing kraal in Gam during 2020 to be a fully functional EU marketing facility. The kraal complex was completed in December 2020. The first marketing event was scheduled for January 2021 however due to excessive rainfall and localized flooding in the area the event was postponed.

3.3.1.10.6 Establishment of Assembling and Permanent Buying Points

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

For the period under review, Meatco established a buying point at Annasruh and is in the process of establishing the same at Highlands and Dorgeloh. This has the potential to procure 5,286 cattle in the short term.

3.3.1.10.7 Timely Release of Products under Test and Hold

The Central Veterinary Laboratory (CVL), under DVS, introduced a test and hold regime for carcasses from which residue samples are collected based on the Audit by the United States Department of Agriculture at Meatco during 2019.

The turnaround time for testing at CVL is constrained by samples, most of which are shipped to Italy, due to lack of capacity in Namibia and may take up to 18 months to obtain the results thereby impacting on the viability of especially chilled products in the export markets.

Meatco engaged DVS and the Meat Board of Namibia to improve the releasing of results of carcasses whose products are on hold from 3 months to 1 month. This will enable Meatco to deliver the products much faster while reducing costs related to delayed releases.

For the period under review, Meatco entered a MoU with the Meat Board of Namibia to assist CVL. CVL has commenced with the validation of all screening methods in Namibia over the next 6 months. This will therefore reduce the turnaround time for results to a matter of hours instead of months but will, if successful only impact the 2022 sampling cycle. The programme will eventually develop confirmatory testing for the screening of positive samples within the next 3 years. In the meantime, all tested product is immediately released under batch 22 for local sales and as such no further product is held on account of residue testing results.

3.3.1.10.8 Mainstreaming Institutional Markets in Meatco's Operations

Meatco shall supply beef products (beef cut-ups, boerewors and canned meat) to the Government Institutions in line with the Public Procurement Act, 2015 and the Directive by the Ministry of Finance (MoF) on Reservation to Local Supplies in order to generate additional revenue from the food supply budget allocated to the Army Barracks, Police Stations, Prisons, Schools, Hospitals and Recreational facilities.

3.3.1.10.9 Mainstreaming the Northern Communal Area in the Namibian Economy

The Ministry of Agriculture, Water and Land Reform (MAWLR) have now directed Meatco to operate the Katima Mulilo Abattoir and Rundu Abattoir. The Rundu Abattoir is near completion and is expected to be completed and operational by August 2021. The Katima Mulilo Abattoir is expected to be operational by mid-2021. It is estimated that the NCA has about 1.7 million cattle that need to be mainstreamed into the Namibian economy through access to local, regional and international markets in Namibia South of the Veterinary Cordon Fence, Africa, Middle East and South East Asia.

The NCA subsidiary has started operationalisation of the Katima Mulilo Abattoir with a projected expected throughput of 6,700 cattle for this current financial year. Katima Mulilo Abattoir cattle catchment covers the entire Infected Zone covering the Zambezi Region extending to Ndiyona Constituency in the Kavango East Region. The Infected Zone is home to about 240,000 cattle of which the Katima Mulilo Abattoir's total capacity account for only 12,000 cattle per year, this represents only a 5% of the total cattle in the catchment.

DIRECTORS' REPORT (CONTINUED)

The meat products from the abattoir will be subjected to commodity-based trade protocols that will enable the meat products from the abattoir to be sold South of the VCF (Namibia) and exported to lucrative markets. These markets include Ghana, Congo Brazzaville and the Democratic Republic of Congo where markets have been acquired and DVS certification is currently being developed for the products to be sold in these lucrative markets. A recent market analysis in the Ghana and Congo Brazzaville shows that meat prices in these two markets are lucrative and at par with some of the European markets and South Africa where Meatco currently sell its meat products. This was recently confirmed with the visits to these markets by a delegation from Meatco and Government (MAWLR represented by DVS and the Directorate of Planning and Business Development).

3.3.1.10.10 Pricing Strategy
This is to ensure a transparent and competitive pricing structure that is in line with Meatco's markets that attract the right quality product at the right price in an agile environment. The right price for the right product will motivate producers to produce what is required. This is not only dependent on the actual price level, but it is also influenced by the price difference between various qualities.

The pricing committee realigned the pricing policy to allow for both past performance and forward looking realisation based on the cutting plan from customers' orders. The calculation is based on the market returns these products will achieve in the different markets. Market realisation and producer price are the two main drivers of profitability. Weekly analysis are being performed on market realisation and profitability. This proactive pricing strategy is based on anticipation, the company will be able to act on any major events that will impact prices. Specific strategies will be implemented that would assist the corporation adapt and stay profitable.

The recently approved Delegation of Authority allows for segregation of duties in terms of approval of weekly producer prices. The pricing committee will make recommendations to the corporation's CEO, who will set the weekly producer prices.

By pricing our products according to its economic value and differentiating them, the corporation will have completed the first step of the strategic pricing process. All markets are made up of segments, where consumers are willing to pay varying amounts. Meatco will develop prices tailored to each of these segments in order to remain competitive, sustainable and profitable.

In order to set the prices sustainably the strategy going forward is to determine an initial price window with a ceiling and a floor price. Meatco is currently implementing controls that will look at products that is selling at Net Realisable Value and adjust these products to the floor price, redirecting these products to markets where it receives a higher return or stop producing these products completely.

3.3.1.10.11 Provision of Agricultural Extension and Advisory Services to the Producers
Meatco will continue to strengthen its dynamic capabilities to coordinate and promote the interests of the livestock producers in Namibia through a multidisciplinary approach that involves the public, private and civil society organisations including non-governmental organisations, farmer-based organisations, academic and research institutions as well as youth based organisations such as Directorate of Veterinary Services, Directorate of Agricultural Extension and Engineering Services, Directorate of Agricultural Research and Development, Meat Board of Namibia, University of Namibia (UNAM), Agribank, Feedmaster, National Youth Service and Farmers Unions to provide agricultural extension and advisory services to the farmers across the country to enhance their skills and experience on animal husbandry, financial management and market requirements in order to produce the quantity and quality of cattle for Meatco's production facilities and mitigate the negative impact of climate change and related natural calamities.

During the period under review, Meatco conducted night schools through which the experts from Feedmaster and Swavet taught the farmers about animal husbandry and how to administer the vaccines suitable for the production season. The turnout of the farmers was quite impressive and attendance was limited due to COVID-19 regulations. Meatco also entered into a MoU with UNAM for joint research, innovation and training.

DIRECTORS' REPORT (CONTINUED)

3.3.2 Medium & Long-term Strategies

3.3.2.1 Relaxing of the Export Requirements in Key Export Markets
Peoples Republic of China (PRC) is the only market beyond Africa that accepts bone-in beef from Namibia, however, it has a 20 days longer residency requirement than the EU and USA that are at 40 days. PRC requires an animal to reside 60 days at the last holding before it can qualify for slaughter at the abattoir. This complicates the cutting plan considering that not all animals slaughtered at the abattoir qualify for the China market. Meatco shall motivate for the Government to engage China to relax its residency requirement to that of EU and USA so that all animals slaughtered have the same status and the cutting plan will be easy to manage such that the carcass can be optimally distributed to the key markets and thereby improving efficiency in operation and the bottom line.

During the 2021 financial year there has been a challenges in communicating effectively in the People's Republic of China market, however, breakthroughs have been made with the change proper communication channels and handling of the COVID-19 pandemic. A number of issues remain pending and DVS with the Namibian Embassy in PRC are working hard to establish contacts to discuss all outstanding matters.

3.3.2.2 Strengthening of the Beef Value Chain between Namibia and Botswana
On 23 September 2020, the Government of Botswana announced that it would allow for the export of live animals for slaughter effective from 1 October 2020 to 31 July 2021. Consequently, Cabinet approved Meatco to import 20,000 cattle. Meatco shall engage the Government of Namibia to escalate this temporary arrangement to be a permanent arrangement so that cattle from Botswana can augment the shortage of slaughter-ready cattle in Namibia.

Meatco engaged an agent in Botswana to procure cattle for direct slaughter at the Windhoek Abattoir. Meatco also requested DVS to engage the competent authorities on animal health in PRC and South Africa to allow export of beef from the imported cattle. Meatco is also planning to have a Memorandum of Understanding with Botswana Meat Commission on related matters.

3.4 Conclusion
Meatco can gain sustainable competitive advantage by either focusing on low cost, differentiation or a niche market. Meatco will embrace operational excellence as a value discipline, while meeting the industry standard in product leadership and customer intimacy. This makes it difficult for any competitors to replicate. Through operational excellence employed in its operating model, Meatco is able to improve work efficiencies, offering a more reliable product and service to its customers.

4. Litigation statement
Four (4) former employees of NMIE (subsidiary company of Meatco) who were retrenched in 2014 brought a case against the subsidiary and Meat Corporation of Namibia (holding entity). The employees in question are South Africans who were working in South Africa but belonged to a Namibian registered pension fund. It was an implied term of their employment that they would be a member of a pension fund registered in terms of the South African Pension Funds Act and that at termination of employment the plaintiffs would be able to withdraw the lump sum without incurring any income tax liability thereon and re-invest into a preservation fund with full benefits normally associated until retirement. However, the plaintiffs were registered as members of the Meatco Retirement Fund being a pension fund that was registered in terms of the Namibian Pension Fund legislation for Meatco's employees in Namibia. As a consequence, the lump sum pension payment could not be re-invested as a preservation fund, but only as a capital investment and SARS' view is that income tax should be imposed on the lump sum. The loss sort after by the former employees is in total R 21,264,439 including interest and legal costs.

Management has performed an assessment and concluded that since there is no present obligation but rather a possible obligation, there is no need to recognise a provision as prescribed by IAS 37. The matter remains a contingent liability as at 31 January 2021.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Meat Corporation of Namibia

Opinion

We have audited the consolidated and separate financial statements of Meat Corporation of Namibia and its subsidiaries ("the Group") set out on pages 100 to 153, which comprise the consolidated and separate statement of financial position as at 31 January 2021, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate fnancial statements including a summary of significant accounting policies.

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 2021, 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 (IFRSs).

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 Financial Statement section of our report. We are independent of the Meat Corporation of Namibia 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.

Emphasis of Matter

We draw attention to Note 3 of the Directors' report, which indicate that Meat Corporation of Namibia incurred an operating loss before tax of N$124.98 million (2020: N$123.32 million) and a group operating loss before tax of N$118.64 million (2020: N$113.66 million). Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report as required by the Meat Corporation of Namibia Act 2001, 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 express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statement, the directors are responsible for assessing the Group and Meat 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 Meat Corporation of Namibia, 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 statement 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 Meat Corporation of Namibia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Meat Corporation of Namibia'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 Meat Corporation of Namibia 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable, related safeguards.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per R Theron
Partner
Place: Windhoek
Date: 21 June 2021

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

		Group		Corporation	
		2021	2020	2021	2020
	Note(s)	N$	N$	N$	N$
Assets					
Non-Current Assets					
Property, plant and equipment	5	598,205,352	613,007,689	598,049,118	612,831,865
Right of use asset	6	683,287	1,180,256	517,895	650,376
Investments in subsidiaries	7	-	-	11,950,506	11,938,771
Investments in associates	8	9,256,791	7,679,377	216,791	216,791
Deferred tax	9	270,200,797	258,289,333	269,664,432	258,013,370
Other receivables	10	17,974,314	24,457,059	17,974,314	24,457,059
		896,320,541	**904,613,714**	**898,373,056**	**908,108,232**
Current Assets					
Biological assets	11	32,451,227	25,471,687	32,451,227	22,624,402
Inventories	12	68,027,954	181,280,943	68,027,954	180,355,052
Loans to group companies	13	-	-	2,160,608	21,940,655
Trade and other receivables	14	68,403,908	156,727,591	55,664,344	141,421,361
Cash and cash equivalents	15	52,102,904	99,971,455	11,664,849	50,231,253
		220,985,993	**463,451,676**	**169,968,982**	**416,572,723**
Total Assets		**1,117,306,534**	**1,368,065,390**	**1,068,342,038**	**1,324,680,955**
Equity and Liabilities					
Equity					
Foreign currency translation reserve		592,206	(1,987,916)	-	-
Revaluation reserves		264,910,333	264,910,333	264,910,333	264,910,333
Retained income		171,840,496	290,527,649	125,514,690	250,537,594
		437,343,035	**553,450,066**	**390,425,023**	**515,447,927**
Liabilities					
Non-Current Liabilities					
Interest bearing borrowings	16	324,314,414	180,790,505	324,314,414	180,790,505
Retirement benefit obligation	17	9,711,000	11,468,000	9,711,000	11,468,000
Deferred tax	9	166,067,561	154,119,349	165,815,384	154,127,573
Lease liability - right of use	18	-	183,725	-	183,725
		500,092,975	**346,561,579**	**499,840,798**	**346,569,803**
Current Liabilities					
Trade and other payables	19	49,616,843	69,417,229	48,865,653	67,834,738
Interest bearing borrowings	16	26,413,429	22,640,346	26,413,429	22,640,346
Current tax payable	20	664,415	2,089,800	-	-
Provisions	21	213,310	1,188,349	-	-
Lease liability - right of use	18	1,139,948	2,347,871	974,556	1,817,991
Bank overdraft	15	101,822,579	370,370,150	101,822,579	370,370,150
		179,870,524	**468,053,745**	**178,076,217**	**462,663,225**
Total Liabilities		**679,963,499**	**814,615,324**	**677,917,015**	**809,233,028**
Total Equity and Liabilities		**1,117,306,534**	**1,368,065,390**	**1,068,342,038**	**1,324,680,955**

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Group		Corporation	
		2021	2020	2021	2020
	Note(s)	N$	N$	N$	N$
Revenue	22	873,348,314	1,784,306,219	864,344,757	1,772,959,291
Cost of sales	23	(797,432,989)	(1,711,364,420)	(802,119,722)	(1,731,551,990)
Gross profit		**75,915,325**	**72,941,799**	**62,225,035**	**41,407,301**
Other income	24	16,935,530	42,929,142	16,918,205	43,049,394
Administrative expenses		(167,270,005)	(171,243,326)	(158,982,010)	(146,863,152)
Operating loss	25	**(74,419,150)**	**(55,372,385)**	**(79,838,770)**	**(62,406,457)**
Finance income	26	2,237,461	953,327	2,113,225	349,046
Finance costs	27	(47,260,611)	(61,264,481)	(47,260,611)	(61,264,481)
Income from equity accounted investments		802,859	2,025,258	-	-
Loss before taxation		**(118,639,441)**	**(113,658,281)**	**(124,986,156)**	**(123,321,892)**
Taxation	28	(47,711)	85,708,708	(36,748)	87,077,621
Loss for the year		**(118,687,152)**	**(27,949,573)**	**(125,022,904)**	**(36,244,271)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on revaluation		-	46,052,053	-	46,052,053
Income tax relating to items that will not be reclassified		-	(14,736,657)	-	(14,736,657)
Total items that will not be reclassified to profit or loss		**-**	**31,315,396**	**-**	**31,315,396**
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		2,580,122	4,008,822	-	-
Other comprehensive income for the year net of taxation		**2,580,122**	**35,324,218**	**-**	**31,315,396**
Total comprehensive (loss) income for the year		**(116,107,030)**	**7,374,645**	**(125,022,904)**	**(4,928,875)**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Foreign currency translation reserve N$	Revaluation reserve N$	Retained income N$	Total equity N$
Group				
Balance at 01 February 2019	**(5,996,738)**	**233,594,937**	**318,477,222**	**546,075,421**
Loss for the year	-	-	(27,949,573)	(27,949,573)
Other comprehensive income	-	31,315,396	-	31,315,396
Total comprehensive loss for the year	**-**	**31,315,396**	**(27,949,573)**	**3,365,823**
Transfer from retained earnings to foreign currency translation reserve	4,008,822	-	-	4,008,822
Total change	**4,008,822**	**-**	**-**	**4,008,822**
Balance at 01 February 2020	**(1,987,916)**	**264,910,333**	**290,527,648**	**553,450,065**
Loss for the year	-	-	(118,687,152)	(118,687,152)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(118,687,152)**	**(118,687,152)**
Transfer from retained earnings to foreign currency translation reserve	2,580,122	-	-	2,580,122
Total change	**2,580,122**	**-**	**-**	**2,580,122**
Balance at 31 January 2021	**592,206**	**264,910,333**	**171,840,496**	**437,343,035**
Corporation				
Balance at 01 February 2019	**-**	**233,594,937**	**286,923,503**	**520,518,440**
Loss for the year	-	-	(36,244,271)	(36,244,271)
Other comprehensive income	-	31,315,396	-	31,315,396
Total comprehensive loss for the year	**-**	**31,315,396**	**(36,244,271)**	**(4,928,875)**
Adjustment from adoption of IFRS 16	-	-	(141,638)	(141,638)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(141,638)**	**(141,638)**
Balance at 01 February 2020	**-**	**264,910,333**	**250,537,594**	**515,447,927**
Loss for the year	-	-	(125,022,904)	(125,022,904)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(125,022,904)**	**(125,022,904)**
Balance at 31 January 2021	**-**	**264,910,333**	**125,514,690**	**390,425,023**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

		Group		Corporation	
		2021	2020	2021	2020
	Note(s)	N$	N$	N$	N$
Cash flows from operating activities					
Cash generated from/(used in) operations	29	117,223,163	(56,264,406)	128,488,454	(99,296,818)
Interest received	26	2,237,461	953,328	2,113,225	349,046
Interest paid	27	(37,818,438)	(61,264,481)	(37,818,438)	(61,264,481)
Tax paid	30	(10,963)	(1,084,686)	-	-
Retirement benefit obligation		(3,884,000)	799,000	(3,884,000)	(799,000)
Net cash from/(to) operating activities		**77,747,223**	**(116,861,245)**	**88,899,241**	**(161,011,253)**
Cash flows from/(to) investing activities					
Purchase of property, plant and equipment	5	(1,741,829)	(2,778,600)	(1,741,829)	(2,778,601)
Sale of property, plant and equipment	5	237,515	188,892	238,297	190,235
Investment in subsidiary	13 & 32	-	-	(11,735)	-
Receipt of other receivables		6,482,745	5,734,577	6,482,745	5,734,577
Net cash from investing activities		**4,978,431**	**3,144,869**	**4,967,478**	**3,146,211**
Cash flows from/(to) financing activities					
Proceeds from borrowings		161,939,760	-	161,939,760	-
Repayment of borrowings		(24,084,940)	(40,263,602)	(24,084,940)	(40,263,603)
Finance lease payments		(2,066,376)	(3,090,874)	(1,740,372)	(3,090,874)
Net cash from/(to) financing activities		**135,788,444**	**(43,354,476)**	**136,114,448**	**(43,354,477)**
Total cash movement for the year		**218,514,098**	**(157,070,852)**	**229,981,167**	**(201,219,519)**
Cash at the beginning of the year		(270,398,695)	(113,327,843)	(320,138,897)	(118,919,378)
Effect of exchange rate movement on cash balances		2,164,922	-	-	-
Total cash at end of the year	15	**(49,719,675)**	**(270,398,695)**	**(90,157,730)**	**(320,138,897)**

ACCOUNTING POLICIES

Corporate information

Meat Corporation of Namibia is a body corporate established in terms of the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) domiciled in Namibia. The consolidated financial statements of the Corporation for the year ended 31 January 2021 comprise the Corporation and its subsidiaries (together referred to as the "Group").

1. Significant accounting policies

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

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

1.1 Basis of preparation

The consolidated and separate 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 Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Meat Corporation of Namibia Act.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal 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 (including structured entities) which are controlled by the group.

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

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

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

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

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

ACCOUNTING POLICIES (CONTINUED)

1.2 Consolidation (continued)

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

Investments in subsidiaries in the separate financial statements

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

1.3 Investments in associates

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

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

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

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

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

Investments in associates in the separate financial statements

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

ACCOUNTING POLICIES (CONTINUED)

1.4 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Calculation of net realisable value for inventory

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

Determination of fair value of biological assets

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

Residual value and remaining life of property, plant and equipment

The residual value of property, plant and equipment (excluding motor vehicles) was estimated by management at nil. 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 22.

ACCOUNTING POLICIES (CONTINUED)

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment of trade receivables

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

Impairment of other assets

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

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

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Corporation and Group recognise liabilities for anticipated tax based on estimates of taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Corporation and the Group recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Corporation and the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on the forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates the ability of the Corporation and the Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Key sources of estimation uncertainty

Trade receivables

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

Fair value estimation

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

ACCOUNTING POLICIES (CONTINUED)

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 22.

GATT licenses

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

1.5 Biological assets

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

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

1.6 Property, plant and equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

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

ACCOUNTING POLICIES (CONTINUED)

1.6 Property, plant and equipment (continued)

Property, plant and equipment is subsequently stated at historical cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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	0% - 25%

Land is not depreciated.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

ACCOUNTING POLICIES (CONTINUED)

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 equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

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
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

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

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

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

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

Loans receivable at amortised cost

Classification

Loans to related parties (note 13), are classified as financial assets subsequently measured at amortised cost.

ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

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 method

Interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 27).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:
- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

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

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

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

ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the corporation considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

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 in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Credit risk

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

Derecognition

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 14).

ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

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 14.

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 26).

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.

ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

Credit risk

Details of credit risk are included in the trade and other receivables note (note 14) and the financial instruments and risk management note (note 3).

Derecognition

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

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

Interest bearing borrowings and loans from related parties

Classification

Loans from related parties (note 13) 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 28.)
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.

ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

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 28).

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

Derecognition

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

Cash and cash equivalents

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

Bank overdrafts

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

Derecognition

Financial assets

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

ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

Financial liabilities

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

Reclassification

Financial assets

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

Financial liabilities

Financial liabilities are not reclassified.

1.8 Hedge accounting

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

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

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

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

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

ACCOUNTING POLICIES (CONTINUED)

1.9 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

1.10 Leases

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

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

ACCOUNTING POLICIES (CONTINUED)

1.10 Leases (continued)

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

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

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

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

To determine the incremental borrowing rate, the corporation:

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

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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

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

1.11 Inventories

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

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

Meat and meat products

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

ACCOUNTING POLICIES (CONTINUED)

1.11 Inventories (continued)

Packing material, consumable store and spare parts

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

1.12 Share capital and equity

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

Ordinary shares are classified as equity.

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

1.13 Employee benefits

Long-term benefits: Severance benefits

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

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

Short-term employee benefits

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

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

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

ACCOUNTING POLICIES (CONTINUED)

1.14 Provisions and contingencies

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

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

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

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue from contracts with customers

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

Revenue 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.

ACCOUNTING POLICIES (CONTINUED)

1.16 Finance income

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

1.17 Dividend income

Dividend income is recognised when the right to receive payment is established.

1.18 Turnover

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

1.19 Cost of sales

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

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

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

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

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

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

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

ACCOUNTING POLICIES (CONTINUED)

1.21 Translation of foreign currencies

Functional and presentation currency

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

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

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 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 01 February 2021 or later periods:

Standard/ Interpretation:	Effective date: Expected impact: Years beginning on or after	Expected impact
• Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	01 January 2021	Unlikely there will be a material impact
• Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	01 January 2022	Unlikely there will be a material impact
• Amendment to IFRS 3, 'Business combinations'	01 January 2022	Unlikely there will be a material impact
• Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	01 January 2022	Unlikely there will be a material impact
• Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts — Cost of Fulfilling a Contract	01 January 2022	Unlikely there will be a material impact
• Annual improvements cycle 2018 -2020	01 January 2022	Unlikely there will be a material impact

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Note(s)	Amortised cost	Total
Trade and other receivables	14	48,295,334	48,295,334
Cash and cash equivalents	15	52,102,904	52,102,904
Other receiveables	10	17,974,314	17,974,314
		118,372,552	**118,372,552**

Group - 2020

	Note(s)	Amortised cost	Total
Trade and other receivables	14	98,333,739	98,333,739
Cash and cash equivalents	15	99,971,455	99,971,455
Other receiveables	10	24,457,059	24,457,059
		222,762,253	**222,762,253**

Corporation - 2021

	Note(s)	Amortised cost	Total
Loans to related parties	13	20,134,922	20,134,922
Trade and other receivables	14	36,673,716	36,673,716
Cash and cash equivalents	15	11,664,849	11,664,849
		68,473,487	**68,473,487**

Corporation - 2020

	Note(s)	Amortised cost	Total
Loans to related parties	13	21,940,655	21,940,655
Trade and other receivables	14	84,250,585	84,250,585
Cash and cash equivalents	15	50,231,253	50,231,253
		156,422,493	**156,422,493**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2021

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	19	49,531,236	-	49,531,236
Interest bearing borrowings	16	350,727,843	-	350,727,843
Bank overdraft	15	101,822,579	-	101,822,579
Lease liabilities - right of use	18	-	1,139,948	1,139,948
		502,081,658	**1,139,948**	**503,221,606**

Group - 2020

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	19	69,161,679	-	69,161,679
Interest bearing borrowings	16	203,430,851	-	203,430,851
Bank overdraft	15	370,370,150	-	370,370,150
Lease liabilities - right of use	18	-	1,243,092	1,243,092
		642,962,680	**1,243,092**	**644,205,772**

Corporation - 2021

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	19	48,865,653	-	48,865,653
Interest bearing borrowings	16	350,727,843	-	350,727,843
Bank overdraft	15	101,822,579	-	101,822,579
Lease liabilities - right of use	18	-	974,556	974,556
		501,416,075	**974,556**	**502,390,631**

Corporation - 2020

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	19	67,834,738	-	67,834,738
Interest bearing borrowings	16	203,430,851	-	203,430,851
Bank overdraft	15	370,370,150	-	370,370,150
Lease liabilities - right of use	18	-	529,487	529,487
		641,635,739	**529,487**	**642,165,226**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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:

		Group		Corporation	
		2021	2020	2021	2020
	Note(s)	N$	N$	N$	N$
Interest bearing borrowings	16	350,727,843	203,430,851	350,727,843	203,430,851
Trade and other payables	19	49,616,841	69,417,229	48,865,653	67,834,738
Lease liability - right of use	18	1,139,948	1,243,092	974,556	713,212
Total borrowings		**401,484,632**	**274,091,172**	**400,568,052**	**271,978,801**
Add Bank overdraft & less cash and cash equivalents	15	49,719,675	270,398,695	90,157,730	320,138,897
Net borrowings		**451,204,307**	**544,489,867**	**490,725,782**	**592,117,698**
Equity		437,343,035	553,450,066	390,425,023	515,447,927
Gearing ratio		103%	98%	126%	115%

Financial risk management

Overview

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management (continued)

Financial risk management (continued)

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.

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

	Note(s)		2021			2020	
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	14	60,590,518	(12,295,184)	48,295,334	107,668,284	(9,334,545)	98,333,739
Cash and cash equivalents	15	52,102,904	-	52,102,904	99,971,455	-	99,971,455
Other receiveables	10	17,974,314	-	17,974,314	24,457,059	-	24,457,059
		130,667,736	**(12,295,184)**	**118,372,552**	**232,096,798**	**(9,334,545)**	**222,762,253**

Corporation

	Note(s)		2021			2020	
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans to related parties	13	20,134,922	-	20,134,922	21,940,655	-	21,940,655
Trade and other receivables	14	44,473,971	(7,800,255)	36,673,716	89,090,201	(4,839,616)	84,250,585
Cash and cash equivalents	15	11,664,849	-	11,664,849	50,231,253	-	50,231,253
		76,273,742	**(7,800,255)**	**68,473,487**	**161,262,109**	**(4,839,616)**	**156,422,493**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management (continued)

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 - 2021	**Note(s)**	**Less than 1 year**	**2 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Non-current liabilities						
Interest bearing borrowings	16	-	318,618,782	5,695,632	324,314,414	324,314,414
Current liabilities						
Trade and other payables	19	49,531,236	-	-	49,531,236	49,531,236
Interest bearing borrowings	16	26,413,429	-	-	26,413,429	26,413,429
Lease liability - right of use	18	1,139,948	-	-	1,139,948	1,139,948
Bank overdraft	15	101,822,579	-	-	101,822,579	101,822,579
		178,907,192	**318,618,782**	**5,695,632**	**503,221,606**	**503,221,606**

Group - 2020	**Note(s)**	**Less than 1 year**	**2 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Non-current liabilities						
Interest bearing borrowings	16	-	146,013,402	34,777,103	180,790,505	180,790,505
Lease liability - right of use	18	-	183,725	-	183,725	183,725
Current liabilities						
Trade and other payables	19	69,161,679	-	-	69,161,679	69,161,679
Interest bearing borrowings	16	22,640,346	-	-	22,640,346	22,640,346
Bank overdraft	15	370,370,150	-	-	370,370,150	370,370,150
Lease liability - right of use	18	2,347,871	-	-	2,347,871	2,347,871
		464,520,046	**146,197,127**	**34,777,103**	**645,494,276**	**645,494,276**

Corporation - 2021	**Note(s)**	**Less than 1 year**	**2 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Non-current liabilities						
Interest bearing borrowings	16	-	318,618,782	5,695,632	324,314,414	324,314,414
Current liabilities						
Trade and other payables	19	48,865,653	-	-	48,865,653	48,865,653
Interest bearing borrowings	16	26,413,429	-	-	26,413,429	26,413,429
Lease liability - right of use	18	974,556	-	-	974,556	974,556
Bank overdraft	15	101,822,579	-	-	101,822,579	101,822,579
		178,076,217	**318,618,782**	**5,695,632**	**502,390,631**	**502,390,631**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management (continued)

Liquidity risk (continued)

Corporation - 2020	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Interest bearing borrowings	16	-	146,013,402	34,777,103	180,790,505	180,790,505
Lease liability - right of use	18	-	183,725	-	183,725	183,725
Current liabilities						
Trade and other payables	19	67,834,738	-	-	67,834,738	67,834,738
Interest bearing borrowings	16	22,640,346	-	-	22,640,346	22,640,346
Bank overdraft	15	370,370,150	-	-	370,370,150	370,370,150
Lease liability - right of use	18	1,817,991	-	-	1,817,991	1,817,991
		462,663,225	**146,197,127**	**34,777,103**	**643,637,455**	**643,637,455**

Foreign currency risk

Exposure in Namibian Dollar

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

	Note(s)	Group		Corporation	
		2021	2020	2021	2020
US Dollar exposure:					
Current assets					
Trade and other receivables	14	(5,179,066)	13,026,097	(5,179,066)	13,026,097
Cash and cash equivalents	15	14,472,226	9,444,122	14,472,226	9,444,122
Non-current liabilities					
Trade and other payables	19	(849,276)	(2,816,764)	(849,276)	(2,816,764)
Net US Dollar exposure		**8,443,884**	**19,653,455**	**8,443,884**	**19,653,455**
Euro exposure:					
Current assets:					
Trade and other receivables	14	39,549,263	46,649,948	39,549,263	46,649,948
Cash and cash equivalents	15	14,990,569	27,309,880	14,990,569	27,309,880
Current liabilities					
Trade and other payables	19	(484,684)	(2,203,158)	(484,684)	(2,203,158)
Net Euro exposure		**54,055,148**	**71,756,670**	**54,055,148**	**71,756,670**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management (continued)

		Group		Corporation	
		2021	**2020**	**2021**	**2020**
GBP exposure:					
Current assets:					
Trade and other receivables	14	11,576,824	55,684,435	2,574,505	21,015,476
Cash and cash equivalents	15	37,558,483	46,853,263	2,505,177	106,413
Current liabilities					
Trade and other payables	19	(547,479)	(7,312,175)	60,288	(6,353,434)
Amounts due to subsidiaries		-	-	17,741,609	37,100,628
Net GBP exposure		**48,587,828**	**95,225,523**	**22,881,579**	**51,869,083**
Net exposure to foreign currency in Namibian Dollar		**111,086,860**	**186,635,648**	**85,380,611**	**143,279,208**

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	14	(344,974)	872,291	(344,974)	872,291
Cash and cash equivalents	15	963,986	643,425	983,986	632,425
Non-current liabilities:					
Trade and other payables	19	(56,570)	(247,101)	(56,570)	(247,101)
Net US Dollar exposure		**562,442**	**1,268,615**	**582,442**	**1,257,615**

Euro exposure:					
Current assets:					
Trade and other receivables	14	2,170,425	2,826,996	2,170,425	2,826,996
Cash and cash equivalents	15	822,668	1,655,255	822,668	1,655,255
Current liabilities:					
Trade and other payables	19	(26,599)	(144,378)	(26,599)	(144,378)
Net Euro exposure		**2,966,494**	**4,337,873**	**2,966,494**	**4,337,873**

GBP exposure:					
Current assets:					
Trade and other receivables	14	561,720	2,836,699	124,918	1,072,191
Cash and cash equivalents	15	1,822,378	2,390,412	106,998	5,429
Current liabilities:					
Trade and other payables	19	(26,564)	373,061	2,925	324,147
Amounts due to subsidiaries	15	-	-	860,842	1,739,628
Net GBP exposure		**2,357,534**	**5,600,172**	**1,095,683**	**3,141,395**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management (continued)

	Group		Corporation	
	2021	2020	2021	2020
Exchange rates				
Namibian Dollar per unit of foreign currency:				
US Dollar	15.010	14.933	15.010	14.933
Euro	18.220	16.499	18.220	16.499
GBP	20.610	19.601	20.610	19.601

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.

	2021	2021	2020	2020
Group				
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Euro 10% (2020: 10%)	1,499,056	(1,499,056)	7,157,012	(7,157,012)
GBP 10% (2020: 10%)	220,518	(220,518)	10,976,616	(10,976,616)
USD 10% (2020: 10%)	1,447,223	(1,447,223)	1,878,021	(1,878,021)
	3,166,797	**(3,166,797)**	**20,011,649**	**(20,011,649)**
Impact on equity:				
Euro 10% (2020: 10%)	1,499,056	(1,499,056)	7,157,012	(7,157,012)
GBP 10% (2020: 10%)	220,518	(220,518)	10,976,616	(10,976,616)
USD 10% (2020: 10%)	1,447,223	(1,447,223)	1,878,021	(1,878,021)
	3,166,797	**(3,166,797)**	**20,011,649**	**(20,011,649)**

	2021	2021	2020	2020
Corporation				
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Euro 10% (2020: 10%)	1,499,056	(1,499,056)	7,157,012	(7,157,012)
GBP 10% (2020: 10%)	220,518	(220,518)	2,747,532	(2,747,532)
USD 10% (2020: 10%)	1,447,223	(1,447,223)	1,878,021	(1,878,021)
	3,166,797	**(3,166,797)**	**11,782,565**	**(11,782,565)**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. Financial instruments and risk management (continued)

	2021	2021	2020	2020
Corporation				
Impact on equity:				
Euro 10% (2020: 10%)	1,499,056	(1,499,056)	7,157,012	(7,157,012)
GBP 10% (2020: 10%)	220,518	(220,518)	2,747,532	(2,747,532)
USD 10% (2020: 10%)	1,447,223	(1,447,223)	1,878,021	(1,878,021)
	3,166,797	**(3,166,797)**	**11,782,565**	**(11,782,565)**

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:

	Note(s)	Average effective interest rate		Carrying amount	
		2021	2020	2021	2020
Group					
Liabilities					
Interest bearing borrowings	16	7.50%	10.50%	350,727,843	203,430,851
Lease liability - right of use		7.50%	10.25%	1,139,948	1,288,504
Bank overdraft	15	7.50%	10.25%	101,822,579	370,370,150
				453,690,370	**575,089,505**

	Note(s)	Average effective interest rate		Carrying amount	
		2021	2020	2021	2020
Corporation					
Liabilities					
Borrowings	16	7.50%	10.50%	350,727,843	203,430,851
Lease liability - right of use		7.50%	10.25%	974,556	1,288,504
Bank overdraft	15	7.50%	10.25%	101,822,579	370,370,150
				453,524,978	**575,089,505**

Price risk

The group is not exposed to commodity price risk.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

Levels of fair value measurements

Level 3

	Group		Corporation	
	2021 N$	2020 N$	2021 N$	2020 N$
Recurring fair value measurements				
Assets				
Biological assets	32,451,227	25,471,687	32,51,227	22,624,402
Total	**32,451,227**	**25,471,687**	**32,451,227**	**22,624,402**

5. Property, plant and equipment

	2021			2020		
	N$	N$	N$	N$	N$	N$
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Group						
Land and buildings	484,386,836	(29,161,836)	455,225,000	484,386,836	(29,161,836)	455,225,000
Plant, vehicles, furniture and equipment	373,919,717	(230,939,365)	142,980,352	372,663,287	(214,880,598)	157,782,689
Total	**858,306,553**	**(260,101,201)**	**598,205,352**	**857,050,123**	**(244,042,434)**	**613,007,689**

	2021			2020		
	N$	N$	N$	N$	N$	N$
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Corporation						
Land and buildings	484,386,836	(29,161,836)	455,225,000	484,386,836	(29,161,836)	455,225,000
Plant, vehicles, furniture and equipment	373,409,616	(230,585,498)	142,824,118	372,153,187	(214,546,322)	157,606,865
Total	**857,796,452**	**(259,747,334)**	**598,049,118**	**856,540,023**	**(243,708,158)**	**612,831,865**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

	N$ Opening balance	N$ Additions	N$ Disposals	N$ Depreciation	N$ Total
Land and buildings	455,225,000	-	-	-	455,225,000
Plant, vehicles, furniture and equipment	157,782,689	1,741,830	(114,093)	(16,430,074)	142,980,352
	613,007,689	**1,741,830**	**(114,093)**	**(16,430,074)**	**598,205,352**

Reconciliation of property, plant and equipment - Group - 2020

	N$ Opening balance	N$ Additions	N$ Projects capitalised	N$ Disposals	N$ Revaluations	N$ Other changes, movements	N$ Depreciation	N$ Total
Land and buildings	408,867,027	-	252,491	-	46,052,053	53,429	-	455,225,000
Plant, vehicles, furniture and equipment	175,793,645	2,526,109	-	(164,600)	-	(75,550)	(20,296,915)	157,782,689
Uncompleted projects	-	252,491	(252,491)	-	-	-	-	-
	584,660,672	**2,778,600**	**-**	**(164,600)**	**46,052,053**	**(22,121)**	**(20,296,915)**	**613,007,689**

Reconciliation of property, plant and equipment - Corporation - 2021

	N$ Opening balance	N$ Additions	N$ Disposals	N$ Depreciation	N$ Total
Land and buildings	455,225,000	-	-	-	455,225,000
Plant, vehicles, furniture and equipment	157,606,865	1,741,830	(114,093)	(16,410,484)	142,824,118
	612,831,865	**1,741,830**	**(114,093)**	**(16,410,484)**	**598,049,118**

Reconciliation of property, plant and equipment - Corporation - 2020

	N$ Opening balance	N$ Additions	N$ Projects capitalised	N$ Disposals	N$ Revaluations	N$ Other changes, movements	N$ Depreciation	N$ Total
Land and buildings	408,867,027	-	252,491	-	46,052,053	53,429	-	455,225,000
Plant, vehicles, furniture and equipment	175,595,699	2,526,110	-	(164,600)	-	(53,429)	(20,296,915)	157,606,865
Uncompleted projects	-	252,491	(252,491)	-	-	-	-	-
	584,462,726	**2,778,601**	**-**	**(164,600)**	**46,052,053**	**-**	**(20,296,915)**	**612,831,865**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

5. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings as per note 15:

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Net carrying amounts of leased assets				
Plant, vehicles, furniture and equipment	-	11,063,835	-	11,063,835

6. Right of use asset

Group

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right of use asset	1,929,769	(1,246,482)	683,287	1,810,257	(630,001)	1,180,256

Corporation

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right of use asset	1,764,377	(1,246,482)	517,895	1,280,377	(630,001)	650,376

Reconciliation of right of use asset - Group - 2021

	Opening balance	Additions	Other changes	Depreciation	Total
Right of use asset	1,180,256	484,000	(364,488)	(616,481)	683,287

Reconciliation of right of use asset - Group - 2020

	Opening balance	Additions	Depreciation	Total
Right of use asset	-	1,810,257	(630,001)	1,180,256

Reconciliation of right of use asset - Corporation - 2021

	Opening balance	Additions	Depreciation	Total
Right of use asset	650,376	484,000	(616,481)	517,895

Reconciliation of right of use asset - Corporation - 2020

	Opening balance	Additions	Depreciation	Total
Right of use asset	-	1,280,377	(630,001)	650,376

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

7. Interests in subsidiaries including consolidated structured entities

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

Corporation

Name of company	Issued share capital	% voting power 2021	% voting power 2020	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Namibia Cattle Procurement (Pty) Ltd (Namibia)	100	100.00%	100.00%	100.00%	100.00%	11,938,671	11,938,671
Namibia Meat Importers and Exporters (Pty) Ltd (South Africa)	100	100.00%	100.00%	100.00%	100.00%	100	100
Meat Corporation of Namibia (UK) Limited (United Kingdom)	1,250,000	100.00%	100.00%	100.00%	100.00%	-	-
Meat Corporation of Northern Communal Areas (Pty) Ltd	100	100.00%	100.00%	100.00%	100.00%	11,735	-
						11,950,506	**11,938,771**

Risks associated with interests in consolidated structured entities

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Amounts from / (due) to subsidiaries				
Meat Corporation of Namibia (UK) Limited (United Kingdom)	-	-	17,741,609	12,643,562
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	-	-	2,393,912	1,604,853
Namibia Cattle Procurement (Pty) Ltd (Namibia)	-	-	-	7,692,240
	-	**-**	**20,135,521**	**21,940,655**
Net profit / (losses) after taxation of subsidiaries				
Namibia Cattle Procurement (Pty) Ltd (Namibia)	6,423,301	1,048,863	-	-
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	(924,863)	688,310	-	-
Meat Corporation of Namibia (UK) Limited (United Kingdom)	34,456	4,543,539	-	-
	5,532,894	**6,280,712**	**-**	**-**

The above debit loans are unsecured, have no fixed terms of repayment (except Namibia Cattle Procurement (Pty) Ltd which will not be repaid within twelve months) and are interest free. The credit loans are unsecured, have no fixed terms of repayment and are interest free.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8. Investments in associates

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

Group

Name of company	Place of business	% ownership interest 2021	% ownership interest 2020	N$ Carrying amount 2021	N$ Carrying amount 2020
GPS Norway AS	Norway	33.00%	33.00%	9,256,791	7,679,377

Corporation

Name of company	Place of business	% ownership interest 2021	% ownership interest 2020	Carrying amount 2021	Carrying amount 2020
GPS Norway AS	Norway	33.00%	33.00%	216,791	216,791

Summarised financial information of material associates

Summarised Statement of Comprehensive Income	GPS Norway AS	
	2021 NOK	2020 NOK
Revenue	315,647,665	388,539,391
Other income and expenses	(314,243,212)	(381,894,842)
Profit before tax	1,404,453	6,644,549
Tax expense	3,289	(651,528)
Profit (loss) after tax	1,407,742	5,993,021
Total comprehensive income	**1,407,742**	**5,993,021**

Summarised Statement of Financial Position	GPS Norway AS	
	2021	2020
Assets		
Non-current	80,220	118,127
Current	29,686,372	42,002,937
Total assets	**29,766,592**	**42,121,064**
Liabilities		
Current	6,834,027	18,987,651
Total liabilities	**6,834,027**	**18,987,651**
Total net assets	**22,932,565**	**23,133,413**

Reconciliation of net assets to equity accounted investments in associates	GPS Norway AS	
	2021 NOR	2020 NOR
Carrying value as at 31 January	7,679,377	5,252,020
Profit / (loss) for the period	802,859	2,025,258
Foreign exchange differences	774,555	402,099
Carrying value of investment in associate	**9,256,791**	**7,679,377**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8. Investments in associates (continued)

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

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Deferred tax liability				
Capital allowances	(88,101,664)	(87,593,632)	(88,101,664)	(87,593,632)
Prepayments	(6,177,176)	(11,121,005)	(6,177,176)	(11,121,005)
Revaluation on land and buildings	(46,609,312)	(51,325,043)	(46,609,312)	(51,325,043)
Other	(25,179,409)	(4,079,669)	(24,927,232)	(4,087,893)
Total deferred tax liability	**(166,067,561)**	**(154,119,349)**	**(165,815,384)**	**(154,127,573)**
Deferred tax asset				
Provisions	6,989,648	6,903,956	6,932,187	6,849,166
Tax losses available for set off against future taxable income	263,211,149	251,385,377	262,732,245	251,164,204
Total deferred tax asset	**270,200,797**	**258,289,333**	**269,664,432**	**258,013,370**
Deferred tax liability	(166,067,561)	(154,119,349)	(165,815,384)	(154,127,573)
Deferred tax asset	270,200,797	258,289,333	269,664,432	258,013,370
Total net deferred tax asset	**104,133,236**	**104,169,984**	**103,849,048**	**103,885,797**
Deferred tax liability				
Deferred taxation liability to be recovered after more than 12 months	(166,067,561)	(154,119,349)	(165,815,384)	(154,127,573)
Deferred taxation liability to be recovered within 12 months	-	-	-	-
	(166,067,561)	**(154,119,349)**	**(165,815,384)**	**(154,127,573)**
Deferred tax asset				
Deferred taxation asset to be recovered after more than 12 months	270,200,797	258,289,333	269,664,432	258,013,370
Deferred taxation asset to be recovered within 12 months	-	-	-	-
	270,200,797	**258,289,333**	**269,664,432**	**258,013,370**
Total net deferred tax asset	**104,133,236**	**104,169,984**	**103,849,048**	**103,885,797**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

9. Deferred tax (continued)

	Group		Corporation	
	2021 N$	2020 N$	2021 N$	2020 N$
Reconciliation of deferred tax asset / (liability)				
At beginning of year	104,169,984	39,721,840	103,885,797	39,153,423
Increase / (decrease) in deferred tax asset available for set off against future taxable income	11,825,772	85,392,532	11,568,041	85,676,751
Increase / (decrease) in deferred tax on capital allowances	(508,032)	705,799	(508,032)	664,714
Increase / (decrease) in deferred tax on prepayments	4,943,829	(10,216,294)	4,943,829	(10,216,294)
Increase / (decrease) in deferred tax on revaluation on land and buildings	4,715,731	(14,736,657)	4,715,731	(14,736,657)
Increase / (decrease) in deferred tax on provisions	85,692	155,254	83,021	204,574
Increase / (decrease) in deferred tax on other	(21,099,740)	3,147,510	(20,839,338)	3,139,286
	104,133,236	**104,169,984**	**103,849,049**	**103,885,797**
Net deferred tax split				
Meat Corporation of Namibia				
Deferred tax asset	269,664,432	258,013,370	269,664,432	258,013,370
Deferred tax liability	(165,815,384)	(154,127,573)	(165,815,384)	(154,127,573)
Net deferred tax asset / (liability)	**103,849,048**	**103,885,797**	**103,849,048**	**103,885,797**
Namibia Meat Importers and Exporters (Pty) Ltd				
Deferred tax asset	284,188	284,187	-	-
Net deferred tax assets total	269,948,620	258,297,557	269,664,432	258,013,370
Net deferred tax liabilities total	(165,815,384)	(154,127,573)	(165,815,384)	(154,127,573)
	104,133,236	**104,169,984**	**103,849,048**	**103,885,797**

10. Other receivables

In June 2018, the Meat Corporation of Namibia transferred its 25% shareholding in GPS Food Group (Holdings) Limited to the company. In January 2019, GPS Food Group (Holdings) Limited agreed to redeem the company's 25% shareholding; and the company and GPS have simultaneously agreed an extension of the Supply of Services Agreement between GPS and the company, for a period of 5 years from April 2018. There was no gain or loss on disposal as the disposal and acquisition values were the same. The total consideration was EUR 5,2 million, with EUR 2,6 million paid upon redemption of the shares in GPS and a further five annual installments of EUR 0,5 million, with the first installment paid in April 2019 and final installment due on April 2023.

	GBP	Exchange rate	Nam balance
2021			
Classification			
Current portion	436,270	20.60964	8,987,157
Non-current portion	872,540	20.60964	17,974,314
	1,308,810		**26,961,471**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

10. Other receivables (continued)

	Euro	Exchange rate	Nam balance
2020			
Classification			
Current portion	465,615	16.49889	10,128,197
Non-current portion	1,482,345	16.49889	24,457,054
	1,947,960		**34,585,251**

11. Biological assets

	2021			2020		
	N$	N$	N$	N$	N$	N$
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Group						
Livestock cattle	32,451,227	-	32,451,227	25,471,687	-	25,471,687
Corporation						
Livestock cattle	32,451,227	-	32,451,227	22,624,402	-	22,624,402

Reconciliation of biological assets - Group - 2021

	Opening balance	Additions	Decreases due to sales	Loss due to lost cattle	Gains(losses) arising from changes in fair value	Total
Livestock cattle	25,471,687	88,867,519	(158,066,762)	(1,612,139)	77,790,922	32,451,227

	Opening balance	Additions	Decreases due to sales	Gains(losses) arising from changes in fair value	Total
Reconciliation of biological assets - Group - 2020					
Livestock cattle	69,232,217	169,087,592	(335,853,502)	123,005,380	25,471,687
Reconciliation of biological assets - Corporation - 2021					
Livestock cattle	22,624,402	88,867,519	(156,896,135)	77,855,441	32,451,227
Reconciliation of biological assets - Corporation - 2020					
Livestock cattle	62,112,593	167,213,684	(331,586,547)	124,884,672	22,624,402

	Group		Corporation	
	2021	2020	2021	2020
Non-financial information	N$	N$	N$	N$
Quantities of each biological asset				
At the beginning of the year	2,041	13,791	1,810	7,397
Increase due to acquisitions	7,923	23,485	8,225	30,132
Decrease due to sales	(7,242)	(35,235)	(7,393)	(35,719)
	2,722	**2,041**	**2,642**	**1,810**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

12. Inventories

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Meat and meat products	51,721,346	149,082,105	51,721,346	148,156,214
Packing material, consumable stores and other inventory	17,162,288	33,618,135	17,162,288	33,618,135
	68,883,634	182,700,240	68,883,634	181,774,349
Inventories (write-downs)	(855,680)	(1,419,297)	(855,680)	(1,419,297)
	68,027,954	**181,280,943**	**68,027,954**	**180,355,052**
Carrying value of inventories carried at fair value less costs to sell	68,027,954	181,280,943	68,027,954	180,355,052

13. Loans to related parties

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Related parties				
Namibia Cattle Procurement (Pty) Ltd	-	-	-	7,692,240
Meat Corporation of Namibia (UK) Ltd	-	-	17,741,609	12,643,562
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	-	-	2,393,912	1,604,853
	-	**-**	**20,135,521**	**21,940,655**

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

Fair value of related party loans receivable

The fair value of group loans receivable approximates their carrying amounts.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

14. Trade and other receivables

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Financial instruments:				
Trade receivables in Namibia, South Africa and Botswana	57,876,544	103,087,697	43,778,453	88,395,533
Loss allowance	(12,295,184)	(9,334,545)	(7,800,255)	(4,839,616)
Trade receivables at amortised cost	45,581,360	93,753,152	35,978,198	83,555,917
Trade receivables Europe and Norway	2,018,456	3,885,919	-	-
Deposits	695,518	694,668	695,518	694,668
Non-financial instruments:				
Receiver of Revenue - value added taxation	7,198,219	37,901,016	6,178,820	36,939,484
Refundable taxes	-	177,836	-	-
Prepayments	12,910,355	20,315,000	12,811,808	20,231,292
Total trade and other receivables	**68,403,908**	**156,727,591**	**55,664,344**	**141,421,361**
Included in receivables was an amount of N$ 14.8 million including interst for the 2021 year (2020: N$ 13 million), which was paid as security for the Namibia Meat Importers and Exporters (Pty) Ltd ex-employees case.				
Split between non-current and current portions				
Current assets	68,403,908	156,727,591	55,664,344	141,421,361
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	48,295,334	98,333,739	36,673,716	84,250,585
Non-financial instruments	20,108,574	58,393,852	18,990,628	57,170,776
	68,403,908	**156,727,591**	**55,664,344**	**141,421,361**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

Reconciliation of loss allowances

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

Opening ECL balance	**(9,334,545)**	**(11,900,866)**	**(4,839,616)**	**(7,405,937)**
Amounts recovered	-	-	-	-
Provisions reversed on settled trade receivables	(2,960,639)	2,566,321	(2,960,639)	2,566,321
Foreign exchange gains or losses	-	-	-	-
Closing ECL balance	**(12,295,184)**	**(9,334,545)**	**(7,800,255)**	**(4,839,616)**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

15. Cash and cash equivalents

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Cash and cash equivalents consist of:				
Bank balances	52,102,904	99,971,455	11,664,849	50,231,253
Bank overdraft	(101,822,579)	(370,370,150)	(101,822,579)	(370,370,150)
	(49,719,675)	**(270,398,695)**	**(90,157,730)**	**(320,138,897)**
Current assets	52,102,904	99,971,455	11,664,849	50,231,253
Current liabilities	(101,822,579)	(370,370,150)	(101,822,579)	(370,370,150)
	(49,719,675)	**(270,398,695)**	**(90,157,730)**	**(320,138,897)**

Collateral pledged/ceased on cash and cash equivalents and borrowings

A General Notarial Bond of N$ 160 million over biological assets and inventory located in Namibia (including beef, sheep, biological assets, hides and cans, but excluding consumables and stock in transit) is registered in favour of First National Bank. Other securities provided to First National Bank include:

- Cession of VAT claims
- Cession of Borrower's International Debtors' Book
- Cession of Borrower's South African Debtors Book
- Pledge and cession of Sanlam policy in respect of foreign book debts
- Pledge and cession of Alexander Forbes policy covering stock in South Africa and Namibia
- Pledge and cession of marine insurance policy
- 1st Bond of N$ 40 million to be registered over Farm Okapuka No 51
- Negative pledge of assets
- Unlimited letter of suretyship over Namibia Importers and Exporters

First National Bank total facilities details are as follows:

- First National Bank total facilities details are as follows:
- Direct Overdraft facility of N$ 101,372,217
- Contingent facility (guarantee) - N$ 2,708,566
- Pre-settlement facility - N$ 20,000,000
- First card facility - N$ 60,000

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

16. Interest bearing borrowings

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Held at amortised cost				
Secured				
Bank Windhoek Limited Secured by Okahandja Factory and Okapuka Tannery as set out in note 4. Interest is payable at prime overdraft rate to prime overdraft rate +0.25% (7.5% - 7.75%) (2020: prime overdraft rate to prime overdraft rate +0.25% (10.5% - 10.75%)) monthly in arrears. Capital and interest are repayable in 19 (2020: 31) monthly installments of N$ 1,160,822 (2020: N$ 1,189,683).	20,700,429	32,363,512	20,700,429	32,363,512
Development Bank of Namibia *Loan 1* Secured by the following properties: Erf 6564 Windhoek, Erf 7130 Windhoek, Farm Annasruh, Gobabis and Portion 9, Farm Otavi Pforte, Grootfontein as set out in note 5. Interest is payable at prime overdraft rate to prime overdraft rate +0.5% (7.5% - 8%) (2020: prime overdraft rate to prime overdraft rate +0.5% (10.5% - 11%)) monthly in arrears. Capital and interest are repayable in 100 (2020: 112) monthly installments of N$ 2,148,215 (2020: N$ 2,404,707); 54 (2020: 66) monthly installments of N$ 665,114 (2020: N$ 2,064,152) and 68 (2020: 80) monthly installments of N$ 711,954 (2020: 711,954). *Loan 2* Secured by government guarantee. Interest is chargeable at prime overdraft rate to prime overdraft rate +2% (7.5% - 9.5%) (2020: 0). First installment is payable on 3 May 2022.	330,027,414	171,067,339	330,027,414	171,067,339
	350,727,843	**203,430,851**	**350,727,843**	**203,430,851**
Split between non-current and current portions				
Non-current liabilities	324,314,414	180,790,505	324,314,414	180,790,505
Current liabilities	26,413,429	22,640,346	26,413,429	22,640,346
	350,727,843	**203,430,851**	**350,727,843**	**203,430,851**

Refer to note 33 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 3 Financial instruments and financial risk management for the fair value of borrowings.

Collateral ceased/held for borrowings

Bank Windhoek Limited:

- Cession of Namibian Debtors
- Registered cession of fire policy for N$ 97,3 million at Old Mutual Namibia
- 1st CMB for N$ 64,5 million over Erf 479 & 480 Okahandja
- 1st GNCB for N$ 68,5 million over Erf 479 & 480 Okahandja

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

17. Retirement benefit obligations

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Present value of obligation				
Present value of the defined benefit obligation-wholly unfunded	(11,468,000)	(10,699,000)	(11,468,000)	(10,669,000)
Service cost	(902,000)	(875,000)	(902,000)	(875,000)
Interest cost	(1,118,000)	(1,057,000)	(1,118,000)	(1,057,000)
Benefit payments	3,884,000	799,000	3,884,000	799,000
Actuarial loss/(gain) for the year	(98,000)	354,000	(98,000)	354,000
Past service cost	(9,000)	(20,000)	(9,000)	(20,000)
	(9,711,000)	**(11,468,000)**	**(9,711,000)**	**(11,468,000)**

The Corporation raised a provision for severance pay benefits payable to employees upon death, resignation or retirement. This obligation arose as a result of the revised Labour Act 11 of 2007 which was promulgated during November 2008. Severance pay is an amount equal to at least one week's remuneration for each year of continuous service with the employer.

An actuarial valuation was performed on 31 January 2021 of the company's liability in respect of the provision for severance pay.

Key assumptions used				
Discount rates used	11.00%	10.20%	11.00%	10.20%
Expected increase in salaries	6.20%	6.90%	6.20%	6.90%

18. Lease liability - right of use

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Minimum lease payments due				
- within one year	1,170,505	2,492,824	1,005,113	2,492,824
- in second to fifth year inclusive	-	269,100	-	269,100
	1,170,505	2,761,924	1,005,113	2,761,924
less: future finance charges	(30,557)	(230,328)	(30,557)	(230,328)
Present value of minumum lease payments	**1,139,948**	**(2,531,596)**	**974,556**	**2,531,596**
Present value of minimum lease payments due				
- within one year	1,139,948	2,347,871	974,556	2,347,871
- in second to fifth year inclusive	-	183,725	-	183,725
	1,139,948	**2,531,596**	**974,556**	**2,531,596**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

19. Trade and other payables

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Financial instruments:				
Trade payables	48,997,243	68,547,079	48,865,653	67,834,738
Other payables and accruals	533,995	614,600	-	-
Non-financial instruments:				
Receiver of Revenue - value added taxation	85,605	255,550	-	-
	49,616,843	**69,417,229**	**48,865,653**	**67,834,738**

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

20. Current tax payable

The current tax balance is made up as follows:

Current tax payable				
Current tax payable	(664,415)	(2,089,800)	-	-
Provision for taxation				
Opening balance	(2,089,800)	(749,130)	-	-
Provisons for the year	(10,963)	6,523,906	-	7,608,592
Provisional tax payment	1,436,348	(7,864,576)	-	(7,608,592)
	(664,415)	**(2,089,800)**	**-**	**-**
Current taxation balance consists of:				
2018	-	(534,746)	-	-
2019	-	(214,384)	-	-
2020	-	(1,340,670)	-	-
2021	(664,415)	-	-	-
	(664,415)	**(2,089,800)**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

21. Provisions

	N$ Opening balance	N$ Change in estimate	N$ Utilised during the year	N$ Total
Reconciliation of provisions - Group - 2021				
Provision for profit share	1,188,349	-	(1,188,349)	-
Other provisions	-	213,310	-	213,310
	1,188,349	**213,310**	**(1,188,349)**	**213,310**

	Opening balance	Utilised during the year	Total
Reconciliation of provisions - Group - 2020			
Provision for profit share	4,291,992	(3,103,643)	1,188,349
Other provisions	6,113,725	(6,113,725)	-
	10,405,717	**(9,217,368)**	**1,188,349**

	Opening balance	Change in conditions	Total
Reconciliation of provisions - Corporation - 2020			
Other provisions	5,771,181	(5,771,181)	-

22. Revenue

	Group		Corporation	
	2021 N$	2020 N$	2021 N$	2020 N$
Revenue from contracts with customers				
Sale of goods	867,693,730	1,779,204,289	864,344,757	1,772,959,291
Gatt licences	5,654,584	5,101,930	-	-
	873,348,314	**1,784,306,219**	**864,344,757**	**1,772,959,291**
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue between GATT quotas and sales of goods as follows:				
Sale of goods	867,693,730	1,779,204,289	864,344,757	1,772,959,291
Gatt licences	5,654,584	5,101,930	-	-
	873,348,314	**1,784,306,219**	**864,344,757**	**1,772,959,291**
Timing of revenue recognition				
At a point in time				
Sale of goods	867,693,730	1,779,204,289	864,344,757	1,772,959,291
GATT quotas	5,654,584	5,101,930	-	-
	873,348,314	**1,784,306,219**	**864,344,757**	**1,772,959,291**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

23. Cost of sales

	Note(s)	Group 2021 N$	Group 2020 N$	Corporation 2021 N$	Corporation 2020 N$
Sales of goods		764,531,827	1,653,388,528	769,218,560	1,673,576,098
Discount received		-	(509)	-	(509)
Manufactured goods:					
Depreciation and impairment		17,026,964	20,926,917	17,026,964	20,926,917
Manufacturing expenses		15,874,198	37,049,484	15,874,198	37,049,484
		797,432,989	**1,711,364,420**	**802,119,722**	**1,731,551,990**

24. Other income

	Note(s)	Group 2021 N$	Group 2020 N$	Corporation 2021 N$	Corporation 2020 N$
Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	5	124,204	25,635	124,204	25,635
Foreign exchange gains (losses)					
Net foreign exchange gains		9,616,321	25,862,304	9,616,321	25,982,832
Restructuring cost					
Restructuring cost		307,933	1,465,775	290,608	1,465,499
Fair value gains (losses)					
Sundry income		6,887,072	17,041,203	6,887,072	17,040,927
Total other income		**16,935,530**	**44,394,917**	**16,918,205**	**44,514,893**

25. Operating loss

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

	Note(s)	Group 2021 N$	Group 2020 N$	Corporation 2021 N$	Corporation 2020 N$
Auditor's remuneration - external					
Audit fees		1,970,131	1,836,369	1,970,131	1,836,369
Auditor's remuneration - internal		624,000	631,515	624,000	631,515
Employee costs					
Salaries, wages, bonuses and other benefits		115,299,882	110,146,331	103,636,851	98,426,609
Leases					
Operating lease charges					
Premises		83,203	(199,274)	83,203	(199,274)
Equipment		196,588	241,374	171,343	213,834
		279,791	**42,100**	**254,546**	**14,560**
Depreciation					
Depreciation of property, plant and equipment		16,430,074	20,296,915	16,410,484	20,296,915
Depreciation of right of use assets		616,480	652,125	616,480	630,002
Total depreciation		**17,046,554**	**20,949,040**	**17,026,964**	**20,926,917**
Less: Depreciation and amortisation included in cost of merchandise sold and inventories		(17,026,964)	(20,926,917)	(17,026,964)	(20,926,917)
Total depreciation expensed		**19,590**	**22,123**	**-**	**-**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25. Operating loss (continued)

Expenses by nature

		Group		Corporation	
	Note(s)	2021	2020	2021	2020
		N$	N$	N$	N$
The total cost of sales and administrative expenses are analysed by nature as follows:					
Sold inventories of meat products		764,531,827	1,653,388,019	808,603,796	1,710,625,073
Employee costs		115,299,882	110,146,331	103,636,851	98,426,609
Operating lease charges		279,791	42,100	254,546	14,560
Depreciation		17,046,554	20,949,040	17,026,964	20,926,917
Other expenses		48,117,414	70,398,016	53,765,081	60,527,040
Bank charges		2,520,599	3,682,458	2,505,930	3,680,594
Consulting and professional fees		2,596,245	5,147,256	2,513,283	4,747,241
Insurance		8,387,017	9,576,174	8,387,017	9,576,174
IT expenses		4,919,245	5,502,629	2,919,245	5,502,629
Travel		1,004,420	3,775,696	874,255	1,437,789
		964,702,994	**1,882,607,746**	**1,000,486,968**	**1,915,464,626**

26. Finance income

Interest income				
Investment in financial assets:				
Bank and other cash	2,237,461	953,327	2,113,225	349,046

27. Finance cost

Finance leases	-	882,717	-	882,717
Current borrowings	47,260,611	59,285,112	47,260,611	59,285,112
Lease liability	-	1,096,652	-	1,096,652
Total finance cost	**47,260,611**	**61,264,481**	**47,260,611**	**61,264,481**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28. Taxation

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Major components of the tax expense (income)				
Current				
Local income tax - current period	10,963	(6,239,679)	-	(7,608,592)
Deferred				
Originating and reversing temporary differences	36,748	(79,469,029)	36,748	(79,469,029)
	47,711	**(85,708,708)**	**36,748**	**(87,077,621)**
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	32.00%	32.00%	32.00%	32.00%
Exempt income	(0.01)%	75.41%	- %	70.61%
Tax loss used	34.28%	34.28%	-%	-%
Capital gains tax	(2.27)%	(77.69)%	-%	(38.61)%
Standard tax rate	**64.00%**	**64.00%**	**32.00%**	**64.00%**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

29. Cash (used in)/generated from operations

	Group		Corporation	
	2021	2020	2021	2020
	N$	N$	N$	N$
Loss before taxation	(118,639,441)	(113,658,281)	(124,986,156)	(123,321,892)
Adjustments for:				
Depreciation	17,046,555	20,319,038	17,026,964	20,296,915
Gains on disposals, scrappings and settlements of assets and liabilities	(124,204)	(25,635)	(124,204)	(25,635)
Income from equity accounted investments	(802,859)	(2,025,258)	-	-
Interest received	(2,237,461)	(953,327)	(2,113,225)	(349,046)
Interest paid	47,260,611	61,264,481	47,260,611	61,264,481
Movements in retirement benefit assets and liabilities	2,127,000	1,598,000	2,127,000	1,598,000
Movements in provisions	(1,178,422)	(8,842,712)	-	(5,771,182)
Changes in fair value of livestock	(76,178,783)	(124,705,321)	(77,855,441)	(124,906,861)
Foreign exhange difference	(1,999,254)	(7,565,353)	(1,999,254)	(8,264,850)
(Gain)/loss on investment with associate	-	4,008,821	-	-
IFRS 16 adjustment	(687,873)	(78,802)	(687,873)	(78,802)
Inventory variance and provision movement	1,857,225	7,865,297	1,857,225	7,865,297
Changes in working capital:				
Inventories and biological assets	182,700,639	100,032,306	180,551,084	92,617,074
Trade and other receivables	88,068,134	17,407,155	85,757,017	4,894,975
Trade and other payables	(19,988,704)	(10,904,815)	(18,105,341)	(12,365,903)
Movement in related parties	-	-	19,780,047	(12,749,389)
	117,223,163	**(56,264,406)**	**128,488,454**	**(99,296,818)**

30. Tax (paid) refunded

Balance at beginning of the year	(2,089,800)	(749,130)	-	-
Current tax for the year recognised in profit or loss	(10,963)	6,239,679	-	7,608,592
Balance at end of the year	664,415	2,089,800	-	-
	(1,436,348)	**7,580,349**	**-**	**7,608,592**

31. Directors' emoluments

Non-executive	**Directors' fees**	**Total**
2021	1,101,931	1,101,931
Services as a director		
2020	**Directors' fees**	**Total**
Services as a director	1,328,579	1,328,579

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

32. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2021

	Opening balance	Unpaid interest	Total non-cash movement	Cash flows	Closing balance
Interest bearing borrowings	203,430,851	9,442,173	9,442,173	137,854,819	350,727,843
Lease liability - right of use	2,531,596	-	-	(1,391,648)	1,139,948
	205,962,447	**9,442,173**	**9,442,173**	**136,463,171**	**351,867,791**
Total liabilities from financing activities	**205,962,447**	**9,442,173**	**9,442,173**	**136,463,171**	**351,867,791**

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance	New leases	Total non-cash movements	Cash flows	Closing balance
Interest bearing borrowings	243,694,452	-	-	(40,263,601)	203,430,851
Lease liability - right of use	4,379,378	1,951,895	1,951,895	(3,799,677)	2,531,596
	248,073,830	**1,951,895**	**1,951,895**	**(44,063,278)**	**205,962,447**
Total liabilities from financing activities	**248,073,830**	**1,951,895**	**1,951,895**	**(44,063,278)**	**205,962,447**

Reconciliation of liabilities arising from financing activities - Corporation - 2021

	Opening balance	Unpaid interest	Total non-cash movement	Cash flows	Closing balance
Interest bearing borrowings	203,430,851	9,442,173	9,442,173	137,854,819	350,727,843
Lease liability - right of use	2,001,716	-	-	(861,768)	1,139,948
	205,432,567	**9,442,173**	**9,442,173**	**136,993,051**	**351,867,791**
Total liabilities from financing activities	**205,432,567**	**9,442,173**	**9,442,173**	**136,993,051**	**351,867,791**

Reconciliation of liabilities arising from financing activities - Corporation - 2020

	Opening balance	New leases	Total non-cash movements	Cash flows	Closing balance
Interest bearing borrowings	243,694,454	-	-	(40,263,603)	203,430,851
Finance lease liabilities	4,379,378	1,422,015	1,422,015	(3,799,677)	2,001,716
	248,073,832	**1,422,015**	**1,422,015**	**(44,063,280)**	**205,432,567**
Total liabilities from financing activities	**248,073,832**	**1,422,015**	**1,422,015**	**(44,063,280)**	**205,432,567**

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

33. Related parties

	Note(s)	Group 2021 N$	Group 2020 N$	Corporation 2021 N$	Corporation 2020 N$
Relationships					
Subsidiaries			Refer to note 7		
Associates			Refer to note 8		
Related party balances					
Loans to (from) group companies			Refer to note 13		
Amounts included in Trade receivable (Trade Payable) regarding related parties					
Intercompany debtors		-	-	20,134,922	134,004,536
Intercompany creditors		-	-	-	(87,606,823)
Related party transactions					
Purchases from (sales to) related parties					
Namibia Meat Importers and Exporters (Pty) Ltd		-	-	(36,229,043)	(220,081,866)
Namibia Meat Importers and Exporters (Pty) Ltd		-	-	3,484,965	8,159,182
Namibia Cattle Procurement (Pty) Ltd		-	-	792,406	4,092,151
GPS Norway AS		-	-	(190,966,961)	(130,511,075)
Commission paid to (received from) related parties					
Meat Corporation of Namibia (UK)		-	-	(7,738,452)	(16,185,977)
Compensation to directors and other key management					
Short-term employee benefits		1,101,931	1,328,579	1,101,931	1,328,579

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