Meatco **Annual Financial Statements**
for the year ended 31 January 2020

THE ANNUAL REPORT

2019/2020

MEATCO
Namibia

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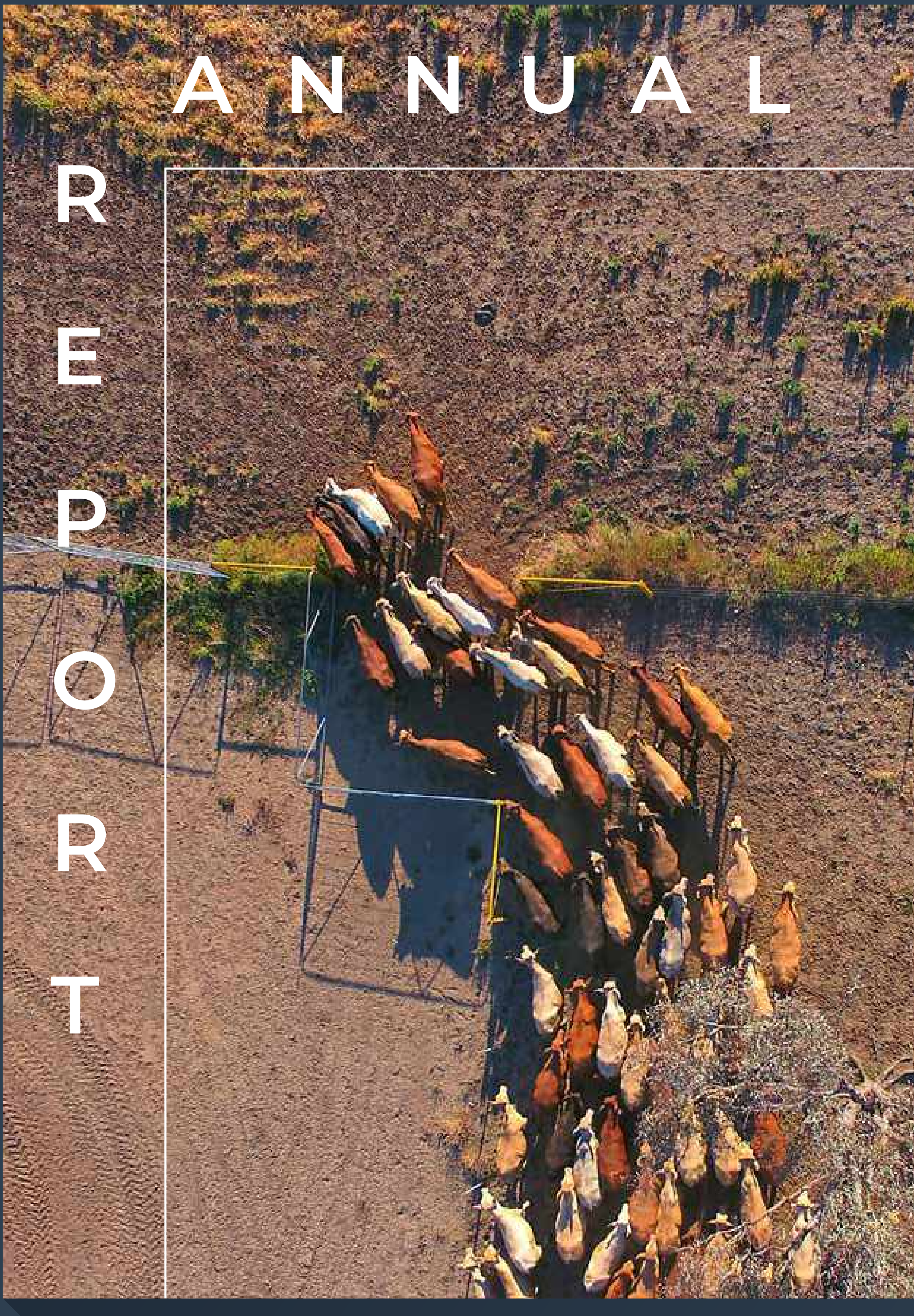
2019/20

This report, covering the financial period 1 February 2019 to 31 January 2020, contains information on the governance, strategies, performance, and prospects of the Meat Corporation of Namibia (Meatco). It is intended to provide a balanced overview of key developments in the period under review. The report also aims to provide a greater understanding of our social and environmental impact and 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 2019/20, were approved by the Board of Directors on 12 August 2020.

ANNUAL REPORT



WHO WE ARE

The Meat Corporation of Namibia (Meatco) was established, and is regulated by, the Meat Corporation of Namibia Act (Act 1 of 2001), hereinafter referred to as the Meatco Act. The aim of the Act and the Corporation is to serve, promote and coordinate the interests of livestock producers in Namibia, while also striving for the stabilisation of the red meat industry in the national interest. The Corporation is also listed as a state-owned enterprise under the Public Enterprises Governance Act, 2006 (Act 2 of 2006).

> THIS HISTORICAL RELATIONSHIP WITH NAMIBIAN CATTLE PRODUCERS IS AT THE **HEART OF MEATCO'S OPERATIONS** AND SUCCESS.

The Meatco Group consists of Meatco and its three subsidiary companies, namely; the Meat Corporation of Namibia Limited (based in the UK), Namibia Meat Importers & Exporters (Pty) Ltd (based in South Africa), and Namibia Cattle Procurement (Pty) Ltd (based in Namibia). In addition, Meatco owns a 33.3% stake in Global Protein Solutions (GPS) Norway AS (based in Norway). The annual financial statements reflect both Meatco's and the Meatco Group's financial information. 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 in the Corporation. All our producers are committed to the specific livestock farming practices that ensure the end products with unique, sought-after characteristics. This historical relationship with Namibian cattle producers is at the heart of Meatco's operations

WHAT WE DO

> “
>
> **WE SERVE NICHE MARKETS LOCALLY, REGIONALLY, AND INTERNATIONALLY** WITH THESE PREMIUM QUALITY PRODUCTS THAT ARE TRACEABLE ‘FROM THE FARM TO THE FORK’.

After processing through Meatco’s world-class value chain, our meat products yield a significant premium in carefully chosen markets across the globe. Our marketing efforts serve niche markets locally, regionally, and internationally with these premium quality products that are traceable ‘from the farm to the 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. The Corporation also integrates backwards into the value chain in partnership with Namibian producers in order to produce high quality, slaughter-ready livestock.

Meatco and our processes are regularly audited by independent, internationally recognised auditing companies such as National Science Foundation (NSF) International, based in the United States of America. All our facilities comply with the International Organization for Standardization ISO 22 000, which includes Hazard Analysis and Critical Control Points (HACCP) 1033:2007. Our factories are also Halaal certified.

The Corporation 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 the capital city of 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 our commitment to the highest technical, ethical, social and environmental standards. This commitment has enabled us to position ourselves as a principal provider of premium products to several niche markets.

WHAT DRIVES US?

VISION:

Our vision is to be the preferred marketing channel of Namibian livestock and to promote the most sought-after meat brands in the long-term interest of our stakeholders.

MISSION:

Our mission is to improve the Namibian socioeconomic environment, through maximising producer returns.

OBJECTIVES:

1. Create equal access to market;
2. Take leadership in the Namibian meat industry in the national interest;
3. Create the infrastructure to support our drive to be a sustainable and commercially competitive business with best practice in all we do;
4. Create added value for all customers through unique competencies, cost-effective and innovative processes, and sound social and environmental practices;
5. Promote Namibian meat brands in Namibia and selected global markets; and
6. Create a culture that is conducive to productivity and development (our employees play an important part in realising our objectives).

CODE OF CONDUCT (VALUES):

Our Corporation operates within a formal Code of Conduct that was developed as the result of an all-inclusive, transparent and participatory process involving the majority of our staff and management. The code relates to five sets of key behavioural attributes, or values, as depicted on the next page:

> Our reputation rests on our commitment to the highest technical, ethical, social and environmental standards.

CODE OF CONDUCT

1 Participation and cooperation

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

2 Respect, integrity and dignity

- Acknowledge the culture of others
- Act courteously towards all
- Solve issues and move on
- Respect individual differences
- Be honest at all times
- Be trustworthy
- Acknowledge and take ownership of authority
- Root out victimisation and discrimination

3 Effective communication

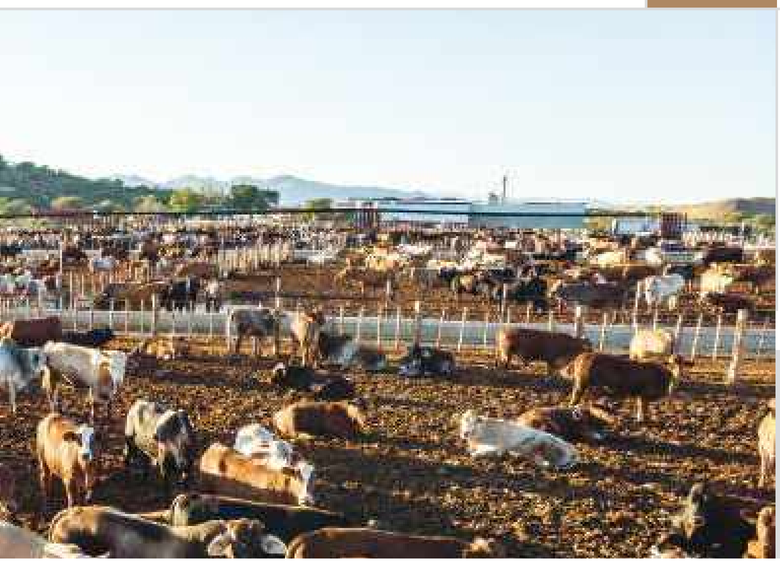
- Be transparent in your dealings with people
- Issue clear instructions
- Obtain feedback
- Use clear communication (in all directions)
- Share information

4 Commitment and responsibility

- Act consistently at all times
- Protect the Corporation's property as your own
- Obtain the facts before acting
- Adhere to rules and procedures
- Apply good business principles in everything you do

5 Service excellence

- Do things right the first time, every time
- Work with a sense of urgency
- Strive for continuous improvement
- Attend to issues without delay



HOW IS MEATCO MANAGED

- **Ethics:** Meatco is committed to behaving ethically and responsibly in all its operations. The Code of Conduct (Values) guides the Corporation's behaviour. The Code boils down to trust. 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. The Code of Conduct forms the foundation for our 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. The Corporation therefore 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 distinct levels in the Corporation: the Line Manager at operational level; the Executive Committee at management level; and the Audit and Risk Committee of the Board at board level.The purpose of the Internal Audit function is to assist Meatco in accomplishing its organisational goals and objectives by:
  - objectively and independently identifying risk(s) in processes under review that could prevent the achievement of business objectives,
  - evaluating the design and testing the effectiveness of current internal controls that mitigate the risk(s) identified, and
  - assessing and advising on governance processes in general.

All the internal audit activities are risk-based and are performed by a team of qualified and experienced employees. The Internal Auditor and Internal Audit Consultant report to the Audit and Risk Committee, attend its meeting and prepare formal reports for each Committee meeting in respect of the various activities that were performed by the Internal Audit Function, including the key audit findings.

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

MEATCO'S BOARD OF DIRECTORS

DR MARTHA NAMUNDJEBO-TILAHUN

Chairperson
Expert Representative

MR RONALD L KUBAS

Vice Chairperson
Expert Representative

MR MWILIMA MUSHOKABANJI

Director: Communal Farmers' Representative

MS SOPHIA KASHEETA

Director: Ministry of Agriculture, Water and Forestry Representative

MR ISRAEL NGANGANE

Director: Meatco Employee Representative

MR KAY-DIETER RUMPF

Director: Commercial Farmers' Representative

MR EDWIN BEUKES

Co-opted Member: Expertise in Finance

DR DIANA L VAN SCHALKWYK

Co-opted Member: Expertise in the Meat Industry

MR SILAS-KISHI SHAKUMU

Co-opted Member: Expertise in Corporate, Legal and Governance matters

EXECUTIVE MANAGEMENT TEAM

As at 31 January 2020

Meatco's Executive Management Team is responsible for the detailed planning and implementation of the Corporation's strategies, as determined by the Board of Directors. The realignment process that began in 2018 has continued to see vacant Executive and Management positions filled and portfolios streamlined for efficiency.

ANGUS CLAASSEN

Acting CEO/ Executive: Finance, HR, and IT (Joined Meatco in 2019)

Formal education:

- MBA Finance, University of Namibia
- PG Diploma Business Administration, University of Namibia
- B-Tech Accounting and Finance, Polytechnic of Namibia

ANDRE MOUTON

Executive: Livestock Procurement
(Joined Meatco in 2019)

Formal education:

- BSc Agriculture Honours, University of Pretoria

ISAAC NATHINGE

Executive: Marketing and Sales
(Joined Meatco in 2019)

Formal education:

- Management Development Programme, Stellenbosch Business School
- MSc Agriculture Economics, University of Agricultural Sciences, Bangalore, India
- BSc Agriculture, University of Namibia

JANNIE BREYTENBACH

Executive: Operations
(Joined Meatco in 1994)

Formal education:

- National Diploma in Finance and Administration, UNISA

NAILOKE MHANDA

Company Secretary/ Advisor: Legal and Compliance
(Joined Meatco in 2018)

Formal education:

- Admitted Legal Practitioner of the High Court of Namibia
- LLB Degree, University of Namibia
- Baccalaureus Juris Degree, University of Namibia
- Certificate in international Project Management,
- Certificate in Entrepreneurship

2019/20 HIGHLIGHTS

GDP: BANK OF NAMIBIA
Source: Bank of Namibia

N$1,79 Billion
Meatco contributes 1 % to the country's GDP

AGRICULTURE & FORESTRY CONTRIBUTION

N$6.8 Billion

MEATCO'S CONTRIBUTION TO AGRICULTURE

N$1.7 Billion
26%

MOBILE SLAUGHTER UNIT (MSU)

Total Cattle: 1136
Avg (live mass) slaughter: 397 kg

MEATCO'S STRATEGIC PILLARS
2019 - 2024

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 NVCF**

Competitive advantage:

Meatco's Windhoek abattoir is an **A class certified beef export abattoir in Namibia.**

2019/20

116 304 cattle; almost double.

2018/19

With a concerted effort, **Meatco was able to source 62 086 cattle.**

The company **has to date paid 1.1 billion Namibian dollars to farmers for their animals,** contributing positively to the country's agricultural sector and economy in general.

Our average producer price this year amounted to N$44.25 per kg compared to N$41.19 per kg in 2019. This translates to N$7 per kg above the South African parity price, amounting to a premium of N$190 million.

Staff employment numbers:
As at 31 January 2020

Permanent Staff: 694
FTC: 100
Total: 794

The factory in Windhoek was slaughtering 630 animals on average per day. That equates to 120% of the factory's capacity, 6 days a week with only 2% down time for maintenance. The result was that the Windhoek abattoir slaughtered and processed the most carcasses in its existence for a single year;

Markets:

First year exporting to the Chinese market and so far we have exported 4063.80 tonnes.

USA Market opened; first abattoir in Africa to gain access to this lucrative market.

Brexit Impact;
The United Kingdom (UK) officially decided to exit the European Union (EU) on 31 January 2020

Export Quality Beef Launch:
Meatco has launched its export quality beef brand at Food Lover's Market retail shop at the revamped Wernhil Shopping Centre on 1 June 2019.

MeatMa local affordable protein celebrates 5 years of excellent customer satisfaction

CORPORATE GOVERNANCE

The Meat Corporation of Namibia (Meatco) has been adding to the value chain and supporting the Namibian red meat industry since 1986. This reporting period posed circumstantial challenges, however, the Corporation continued to function according to its mandate with agility and focus for the benefit of Namibian cattle farmers. As Meatco adapted to the changing needs of the farmers, the role of the corporate governance functions (the Board and the Company Secretary) was to maintain uncompromising standards and vigilant commitment to compliance.

In running its affairs, Meatco subscribes to principles of good governance. These principles are enshrined within the directives and regulations on corporate governance and good practice issued from time to time. This includes sections 4 and 38 of the Public Enterprises Governance Act, Act 1 of 2019 (PEGA), the King IV Code on Corporate Governance and most of the precepts of the Corporate Governance Code of Namibia (NamCode). The NamCode has been in effect since 1 January 2014 and is based on international best practices. Meatco takes pride in our Board of Directors who skilfully govern and steer the overall strategic direction of the Corporation. In discharging its duties, the Board acts with diligence, in good faith and in the best interests of the Corporation. The term of office for the Board of Directors commenced on 16 February 2017 and will end on 15 February 2020, after which it can be extended for a further period of three months to 15 May 2020.

01

BOARD COMPOSITION, INDEPENDENCE, SKILLS AND KNOWLEDGE

Meatco's Board of Directors is composed of a total of six non-executive Directors and three Co-opted Members, respectively appointed in terms of sections 5 and 15 of the Meatco Act. During the reporting period, there have been two short vacancies on the Board. The Director representing the interests of communal farmers, Mr Mushokabanji Mwilima, resigned in November 2019, and the Chairperson of the Board, Dr Martha Namundjebo-Tilahun, resigned in January 2020 when she assumed parliamentary duties upon which time the vice chairperson, Mr Kubas, took over the chairmanship. Overall, the Board's composition is in conformity with the tasks under its remit, having been constituted with due regard to Director independence, integrity, experience, and skills, amongst others.

02

THE CORPORATE GOVERNANCE CODE OF NAMIBIA (NAMCODE)

NAMCODE GUIDELINES	MEATCO DEVIATIONS
Shareholders should approve the company's remuneration policy.	Remuneration is reviewed by the Remuneration and Human Resources Committee and submitted for approval 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.	The composition of Meatco's Board is by virtue of statute, as per the provisions of section 5 of the Meatco Act. As such, the law makes no provision for the appointment of an Executive Director to the board.

However, the Chief Executive Officer and the Chief Financial Officer are always available for the Board and for purposes of all Board meetings to answer questions from, and make presentations to, the Board.

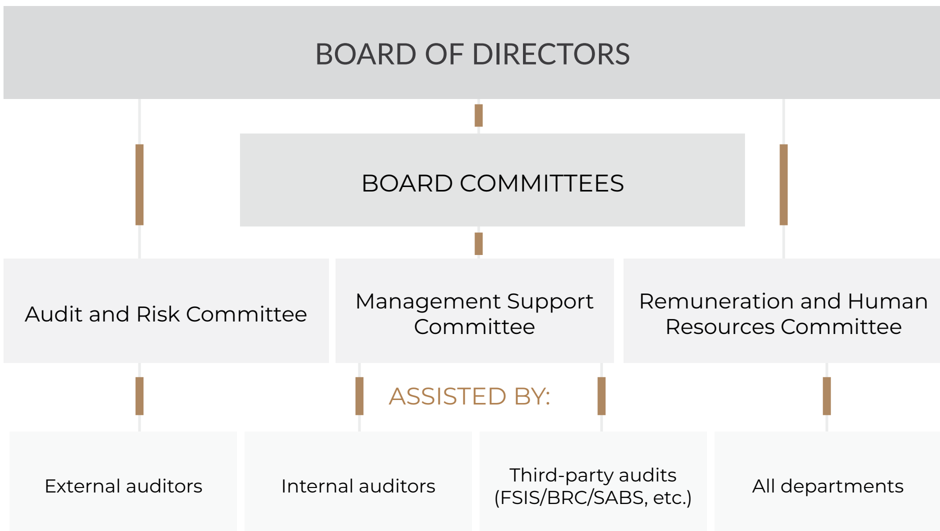
03 CONFLICT OF INTEREST

Directors and staff are obliged 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 commitment to the 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 Meatco Act, and other relevant national legislations.

04 BOARD STRUCTURE

The Board governs through mandated committees which have their own monitoring and reporting systems. Board committees operate within clearly defined individual charters that have been approved by the Board.

Committee chairpersons report verbally on the proceedings of their committees at the subsequent Board meetings. The Board structure is depicted below.



The Board was assisted by the following persons and external parties during the year under review:

1. Members of the Audit and Risk Committee: Mr R. L. Kubas (Chairperson), Mr M. Mushokabanji, Mr E. Beukes, Dr D. van Schalkwyk and Mr. K-D Rumpf.

2. Members of the Remuneration and Human Resource Committee: Ms S. Kasheeta (Chairperson), Mr I. I. Ngangane, Mr M. Mushokabanji, Mr. K-D Rumpf and Mr S. Shakumu.

3. Members of the Management Support Committee: Dr M. Namundjebo-Tilahun (Chairperson), Mr R. L. Kubas and Ms S. Kasheeta.

05 BOARD MEETINGS

Board meetings are held in an atmosphere of honesty, integrity, and mutual respect, in compliance with the Board Charter and in accordance with the Corporation's Code of Conduct. Meetings allow for robust, constructive discussion and debate amongst the members.

The Board met 4 times this period for both remunerative and non-remunerative agendas, as follows;

- 4 ordinary meetings,
- 1 Strategics session,
- 1 Annual General Meeting, and
- 1 Special General Meeting with Meatco members.

Additional meetings were held as deemed necessary to fully discharge the Board's mandate. Records of the Board members' attendance at Board meetings, committee meetings, and the Annual General Meeting are set out in the table below:

Attendance of Board Member	Board Meetings	Audit and Risk Committee Meetings	Remuneration and Human Resources Committee Meetings	Management Support Committee Meetings	Restructuring Committee Meetings	Annual General Meeting	Special General Meeting
M. Namundjebo-Tilahun	4	-	-	-	-	1	1
I.I. Ngangane	4	-	4	-	-	1	1
R.L. Kubas	4	6	-	-	-	1	1
S. Kasheeta	3	-	4	-	-	-	-
K-D Rumpf	3	4	3	-	-	1	1
E. Beukes	3	4	-	-	2	1	1
M. Mushokabanji	3	5	4	-	2	1	1
D. van Schalkwyk	4	6	-	-	2	1	-
S-K. Shakumu	3	-	5	-	-	1	1
N. Mhanda (Company Secretary)	4	6	5	-	2	1	1

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

All internal audit activities are risk-based and are performed by a team of qualified and experienced employees. The Internal Auditor and Internal Audit Consultant report to the Audit and Risk Committee, attend its meeting and prepare formal reports for each Committee meeting in respect of the various activities that were performed by the Internal Audit function, including the key audit findings.

The purpose of the Internal Audit function is to assist Meatco in accomplishing its organisational goals and objectives by:

- Objectively and independently identifying risk(s) in processes under review, that can prevent the achievement of business objectives,
- Evaluating the design and testing the effectiveness of current internal controls that mitigate the risk(s) identified, and
- Assessing and advising on governance processes in general.

During the year under review, the Audit and Risk Committee was chaired by Mr R.L. Kubas. The committee met 6 times (including three ad hoc meetings). In addition to its members, these meetings were attended by the Acting CEO and Executive: Finance, HR & IT, the Group Financial Accountant/Acting CFO, the Internal Auditor, the Internal Audit Consultant, as well as the External Auditor. Other members of management attended on request, when required for reporting purposes.

The committee's activities during the year included, amongst others:

- preliminary considerations of the Corporation's Annual Financial Statements before submission to the Board, including consideration of the Corporation and the Group as viable entities with particular reference to balance sheets, income and cash flow statements;
- evaluation of the progress of the internal audit and matters arising from the audit; and
- an evaluation of the internal control environment and risk management systems, including the Corporation's statement on internal control systems.

REMUNERATION AND HUMAN RESOURCES COMMITTEE

The Remuneration and Human Resources Committee was chaired by Ms. S. Kasheeta and met 5 times (inclusive of one ad hoc meeting) during the reporting year. The meetings were attended by the Acting Chief Executive Officer and Executive: Finance, HR and IT and Senior Manager: HR. Other members of the management team attended on invitation. This committee is responsible for assessing and approving a broad remuneration strategy for the Corporation. It also monitors the implementation of human resource policies. The committee reports, and makes recommendations, to the Board.

RESTRUCTURING SUBCOMMITTEE

In 2018, the Board established a temporary subcommittee under the Remuneration and Human Resources Committee to assist with the realignment and restructuring exercise. This Subcommittee was chaired by Mr M. Mwilima and met

twice during the reporting year. Meetings were attended by the Acting Chief Executive Officer and Executive: Finance, HR & IT and the Senior Manager: Human Resources.
The Restructuring Sub-Committee was dissolved in September 2019 by the Board of Directors, upon attainment of its mandate.

COMPANY SECRETARY

For the reporting period, the Board of Directors and the Corporation have been served by Ms N. Mhanda in the function of Advisor: Legal & Compliance/Company Secretary. The Company Secretary provides support and guidance to the Board in matters relating to governance and compliance practices. All Directors had unrestricted access to the Company Secretary's expertise.
Ms Mhanda has ensured the evaluation of the Audit and Risk Committee, and that the interests declared, decisions taken, dissenting views expressed, and matters placed on record at both the Board and its respective committee meetings, are properly recorded.

INDEPENDENCE OF EXTERNAL AUDITORS

Meatco's 2019/20 Annual Financial Statements were audited by external auditors, Grand Namibia, who have confirmed, through the Board's Audit and Risk Committee, their independence in the performance of their duties for the reporting period.

FINANCIAL STATEMENTS

The Board of Directors is responsible for monitoring and approving the Corporation's Annual Financial Statements and ensures that same reflect fairly the Corporation's affairs and profits or losses at the end of the financial year. External auditors are charged with making statements as to the degree to which these financial statements correlate with the Corporation's actual financial position. Meatco's management prepares the Annual Financial Statements in accordance with International Financial Reporting Standards and in the manner set out by the Meatco Act. The Corporation bases its statements on relevant accounting practices that it has applied consistently, and which are supported by reasonable and prudent judgements and estimates.

AREAS OF RESPONSIBILITY

In terms of a formal Delegation of Authority Framework, the Board establishes the strategic objectives of the Corporation and delegates to Management the detailed planning and implementation of its activities in respect of such objectives subject to appropriate risk parameters. The Board then monitors compliance with its strategic objectives by holding Management accountable for its performance by means of quarterly reporting and updates.

The Board deals exclusively with several matters including, amongst others, the approval of the Corporation's Annual Financial Statements, the Corporation's overall business strategy and related budget and cash flow forecasts, the annual capital expenditure budget, major changes to Management and control structures, material investments or disposals, and the Corporation's overall risk management strategy.

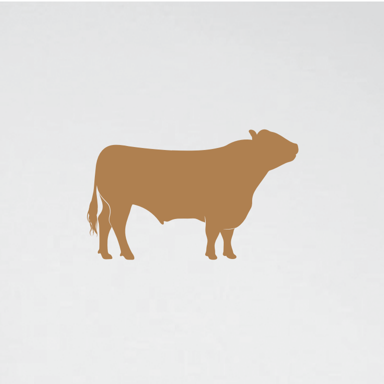
PROCUREMENT MANAGEMENT UNIT

The Public Procurement Act 15 of 2015 come into force in April 2017 and replaced the repealed Tender Board of Namibia Act, 1996 (Act No. 16 of 1996) To fulfil statutory compliance requirements, Meatco established a Procurement Management Unit who's responsible for executing the requirement of the Act.

The prime objective of the Act is:

- To promote integrity, accountability, transparency, effectiveness, efficiency and integration in the procurement of goods and services.
- To promote, facilitate, and strengthen measures to implement the empowerment and industrialization policies of the Government.
- To regulate the letting and hiring of anything or the acquisition or granting of any right and the disposal of assets.

CHAIRPERSON'S REPORT



DR MARTHA NAMUNDJEBO-TILAHUN
Chairperson

The year under review was indeed an extra ordinary year. I am proud to report that the Board under my leadership took on another challenging year which was coupled with the worst drought ever experienced in the Namibian history. During the 2019/2020 period, Meatco slaughtered over 116,000 cattle, a record throughput that did not happen in the last 4-years while keeping slaughter prices stable.

Equally we were excited to eventually witness our first consignment to the People's Republic of China. Indeed we chartered a new territory when this new market came to fruition. During the period under review, the Ministry of Agriculture, Water and Land Reform (MAWLR) announced the halting of all imports and in transit movement of cloven hoofed animals and their products after the Republic of South Africa (RSA) reported an outbreak of Foot and Mouth Disease (FMD) in Limpopo to the World Organisation for Animal Health (OIE). The suspension of imports and in-transit movement of cloven hoofed animals and products from RSA had a significant strain on the Namibian beef market, as the country has been dependent on the import of these products. This turned out to be a completely different strategy to Meatco. Despite the challenges faced by the domestic economy coupled by a persistent drought which has negatively impacted on the farming community, Meatco managed to remain viable and contributed positively to the country's agricultural sector. The performance of Meatco is influenced by a variety of external factors some of which are beyond the control of the Corporations. There was another surprise outbreak of FMD in RSA during early January 2020, a situation that suggests that the producers cannot continue to be dependent on live exports of weaners only and there is a need to review and adjust our current production system to respond to available markets in Namibia such as Meatco to manage the risk and utilize our slaughter facilities at full capacity. While we did not observe significant increases in off-take from auctions, supply was unprecedentedly high. Consequently, all Meatco's facilities were operating at full capacity employing over 300 temporary workers who worked beyond the normal working hours to cope with the supply pressure. By March 2019, our only factory in Windhoek was slaughtering 630 animals on average per day. The end result was that Meatco Windhoek slaughtered and processed the most carcasses in its existence for a single year. Meatco paid competitive prices to the producers which were N$7 above parity, resulting in over N$ 1.1

billion, which includes a premium of N$ 190 million above the South African parity price thereby contributing positively the country's agricultural sector and economy in general.

Local Market

The agriculture sector is vital to Namibia. Almost 70% of the Namibians depend on agriculture for their livelihoods in terms of food, income and employment. One of our key objectives is to ensure that Meatco holds a significant market share in the Namibian economy. The Corporation has maintained its reputation as one of the largest exporters of prime beef and has developed a wide range of value-added products for both local and international markets. It goes without saying that the introduction of export quality beef into the domestic market, enabled Namibians to experiment great beef flavour that is enjoyed by our customers in our lucrative export markets such as Norway. The primal cuts such as fillet, rump, striploin, rib eye and sirloin are available at Food Lover's outlets in Windhoek and at the coastal towns of Namibia.

International Market

The highlight of the year was that finally after eight years of negotiations, we managed to export our first consignment to China around the end of March and to date we have sent approximately over 130 containers when an average container weights about 24-tons. The market has been remarkable, the Chinese love our beef. On the United States of America (USA) market, our Quality Assurance team spent most of their time working on complying with regulatory requirements before we could start exporting as early as February 2020.

On the impact of the drought on cattle numbers and meat quality for export

The drought of 2019/20 compelled Namibian farmers to reduce the core herd and adjust their cattle numbers to the available grazing land. As such Meatco managed to slaughter 116 304 cattle for which it paid **N$1.1-billion** to commercial farmers, which includes a premium of **N$190-million** above the South African parity price. The cattle slaughter by Meatco in 2019/20 financial year generated Meatco a revenue of **N$1.7-billion**. During 2018/19, Meatco slaughtered 62 086 cattle that generated a revenue of **N$1.3-billion**. Meatco remains a strategically important entity for our farmers and the national economy in general.
For Meatco operations to remain viable and competitive, Meatco abattoirs needs to continue operating at economically viable slaughter capacities.
However, during the 2019/2020 financial year, 50% to 60% of all cattle slaughtered were of low quality and lighter weight. The combination of maintaining competitive prices, poor quality of raw materials and overall reduction of market realisation had a negative impact on the financial results of the Corporation. From the 116304 cattle procured, 46% was C grades (average 25%), 15% 0 Fat (average 11%) and 38% 1 and 2 conformation (average 22%). This resulted in meat cuts being smaller, darker in colour and generally tougher. Europe had an oversupply of C Grade cow meat and are normally priced at 30-40% below best quality cattle (A, AB, B's). Average producer price paid during the 2019/2020 financial year amounted to N$44 per kg compared to N$41 per kg in the prior year. The N$44 per kg translated to N$7 per kg above the South African parity price which equates to a premium of N$190 million.

Strategic Plan 2019 -2024

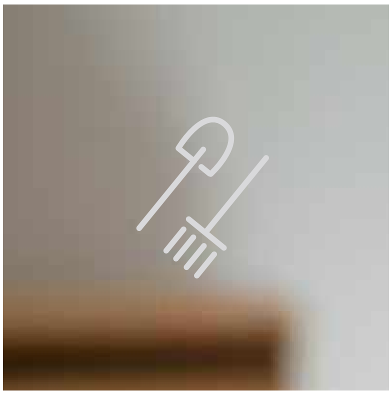
The Corporation strategy, in observance of good corporate governance, continued to implement its five year Strategic Plan which will end in 2024 in line with the Public Enterprises Governance Act, 2019 (Act No.1 of 2019) commonly referred to as PEGA came into operation on 16 December 2019, as gazetted in Government Notice No.390. Meatco has been listed as a public enterprise under Schedule I of the State Owned Enterprises, 2006 Act. The Ministry of Public Enterprises is a professional shareholder providing a normal corporate environment for the commercial Public Enterprises to flourish without interference or undue demands. This is achieved by monitoring performance and corporate governance constantly and intervene where required.

Meatco Leadership

The board finalised the appointment of the Corporation's substantive CEO during the period under review. Mr. Mwilima Mushokabanji has since resume his responsibility on 01 February 2020. The appointment of the Chief Executive Officer followed an interview process that was conducted during mid December 2019.
We also held a Special Members meeting where nominations for the new board members were identified. To that effect, the Minister of Public Enterprises appointed the incoming Board of Directors to exercise their fiduciary mandate on the affairs of the Corporation. At this juncture, the outgoing Board of Directors wish to congratulate the incoming Board of Directors success during their tenure of reign.
Last but not least, I wish to extend my profound gratitude and appreciation to all Meatco employees and the farmers for your commitment and dedication towards the success of the Corporation despite the challenges experienced during the period under review. Although our tenure as Board of Directors have come to an end, Meatco remains bigger than all of us and, as a blue-chip and exemplary company, will continue to discharge its statutory mandate for the benefit of the current and future generations. I wish to take this opportunity to thank our line Minister, the former Minister of Agriculture, Water and Forestry, Hon. Alpheus G. !Naruseb, for his leadership and confidence in Meatco during these challenging times. I would also like to thank my fellow board members, the Acting CEO and the rest of Meatco management and staff for their cooperation and support during our tenure and throughout the period under review. I will continue to make my meaningful contributions to the Republic of Namibia through my other roles.

DR MARTHA NAMUNDJEBO-TILAHUN
CHAIRPERSON

ACTING CEO'S REPORT



ANGUS CLAASSEN
Acting CEO

As the Acting-CEO during this review period, it was important for me to work with our well-seasoned Management Team and our valued Staff as we navigated difficult waters together. The agility and focus shown by Meatco's team during this challenging year is to be commended. It took the entire Corporation working together to make this exceptional year happen.

Due to the sustained drought, supply was unprecedentedly high and yet, we did not see significant increases in offtake numbers from live auctions. Our facilities worked at 120% capacity, employing 326 temporary workers, and working overtime to cope with the supply pressure. By March 2019, our only factory in Windhoek was slaughtering 630 animals on average per day. The result was 116 304 cattle slaughtered and processed. The average for the last decade has been closer to 100 000.

The drought forced Namibian farmers to reduce their core herd which resulted in producers selling off of an increasing number of cows to abattoir in order to avoid mass cattle mortalities and losses. During the year under review, there was an increase of C Grade carcasses slaughtered from 19 983 in 2019 to 53 370, a 167% increase. The average weight for these carcasses was 236 kg (2019's average was 255 kg) this represented a 20 kg reduction.

International circumstances meant that Europe had an oversupply of C Grade cow meat that is normally priced 30-40% below best quality cattle (A, AB, B). The combination of maintaining competitive prices, poor quality of raw materials and the overall reduction of market realisation had a negative impact on Meatco's financial results.

In 2018, we had devised a turnaround strategy for the Group to break even in this financial year.

However, our mission is "to improve the Namibian socio-economic environment through maximising producer returns". In light of the epic drought and other economic factors, our mission took precedence over the bottom line. Ultimately, we paid 1.1 billion Namibian dollars to producers for their cattle this year, thereby contributing positively to the country's agricultural sector and the Namibian economy as a whole.

The team who implemented solutions in the abattoir deserve special mention for the speed at which they were able to problem solve and their continued commitment to uptime during the year. We have proven that we can service our producers efficiently and at high volumes. This places Meatco in a strong position for the future.

Our commitment to keeping beef prices stable meant we accepted all types of cattle delivered to our abattoir. Cattle received was not in line with market expectation and hence had a lower yield. Although having slaughtered 100% more than the previous year, Meatco was unable to capitalise on this.

As an entity mandated to support and stabilise the red meat industry, Meatco's financial performance cannot be our only framework for evaluating our success in a given year. Triple bottom line reporting also considers social and environmental impacts to evaluate performance in a broader sense of value created. We are in it for the long haul. This means establishing sustainable supply chains and investing in Namibian producers to grow the industry.

Looking ahead, Meatco will focus and drive actions together with stakeholders to uplift, capacitate, and enable all producers to benefit from mainstream livestock marketing opportunities in Namibia. Incorporating areas north of the Fence would mean that Meatco would have potential access to 40 000 more pasture-raised cattle to present to high-end markets. Our goal is a 45% market share.

Over regulation is a strategic concern for the Corporation. The weaner-production system tilt in the Namibian beef market is an obstacle for Meatco to circumvent. The Procurement Act's guidelines also pose constrictions. The industry requires some innovation before growth can be realised.

A possible innovation would be introducing a dual system of pasture-raised, organic production and hormone raised, feedlot style production. This would widen Meatco's market pool and increase market share. Meatco's strategic goal is to increase abattoir throughput to 160 000 per year by 2024; this would mean a minimum of 70% abattoir capacity utilisation throughout the year. 2019 has proven to us that we can do it.

We wish to thank all the employees for their hard work, dedication and loyalty without which the task would have been insurmountable. We look forward to serving all Meatco stakeholders to the best of our abilities.

ANGUS CLAASSEN
ACTING CEO

GLOBAL CONTEXT AND CONCERNS

COURAGE IN A VUCA WORLD*

THE 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 more 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, also known as the triple bottom line.

THE TRIPLE BOTTOM LINE

The triple bottom line (or otherwise noted as TBL or 3BL) is an accounting framework with three parts: social, environmental (or ecological) and financial. Some organisations have adopted the TBL framework to evaluate their performance in a broader perspective to create greater business value. Enterprises then measure and report on financial performance, social wealth creation, and environmental responsibility

CLIMATE CHANGE:

Climate change can disrupt food availability, reduce access to food, and affect food quality. 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.

TRANSBOUNDARY ANIMAL DISEASES:

Transboundary animal diseases, such as bovine spongiform encephalopathy (BSE), foot-and-mouth disease (FMD) and lung sickness are highly contagious diseases that can spread rapidly across the borders of neighbouring countries. These diseases can affect Namibia's access to export markets with detrimental effects on the economy.

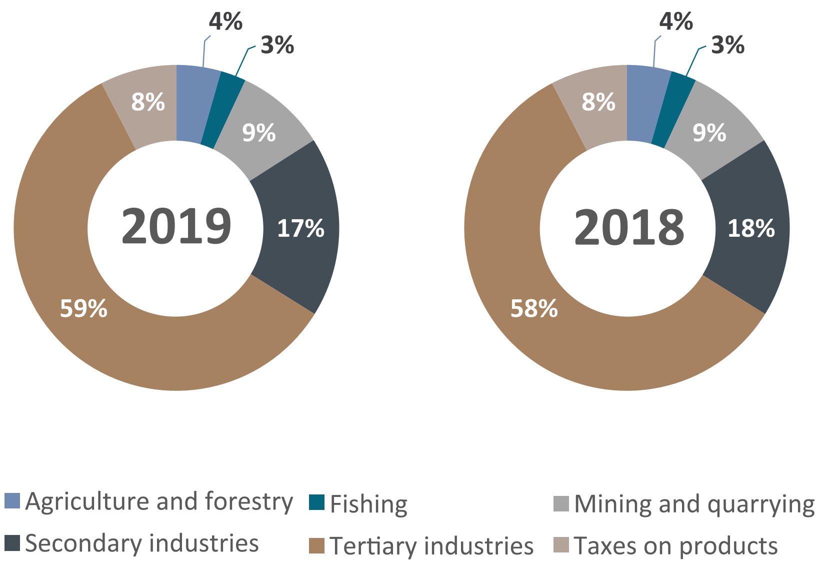
ANIMAL WELFARE:

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 developed countries has also shown a small but noticeable negative trend towards beef consumption.

*VUCA world? | VOLATILE • UNCERTAIN • CHAOTIC • AMBIGUOUS - *THIS CONCEPT WAS INTRODUCED BY The U.S. Army War College 1987*

NAMIBIA'S AGRICULTURAL SECTOR

During the past three decades, agriculture's contribution to GDP has steadily declined. In the period from 1991 to 1996 agriculture's contribution was 5.7 per cent. Between 2007 and 2011 it declined to 4.7 per cent, while in the past five years — from 2012 to 2019 — it eroded to only 3.8 per cent.



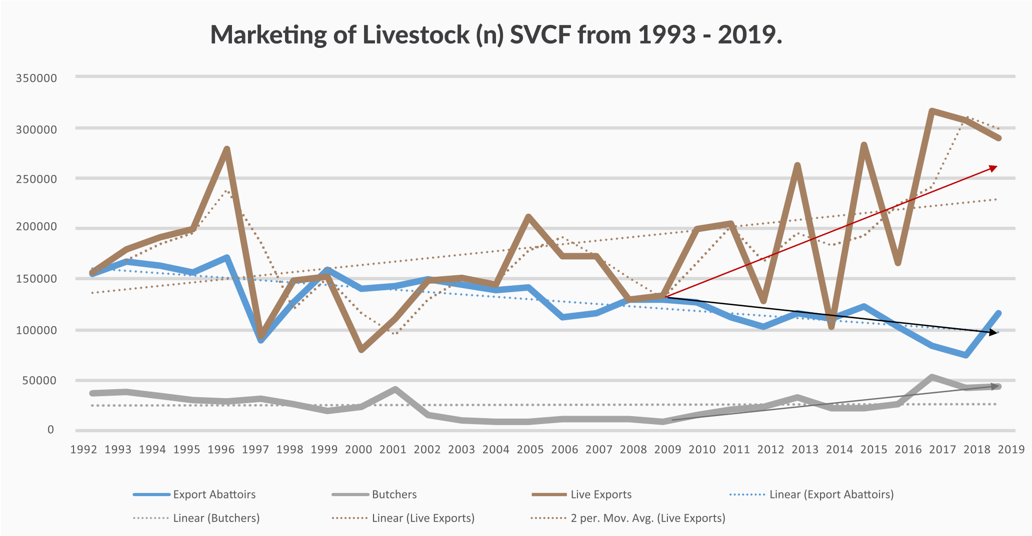
Industry growth needs to start at farm level and must be beneficial to all industry players before any meaningful change can happen. Only an inclusive policy and regulatory environment, with a common vision, will allow substantial growth to take place.

It is important to note that there is a direct correlation between Meatco's market share in livestock production and the livestock sector's contribution to GDP. This emphasises the importance of Meatco in the livestock sector and the Namibian economy.

NAMIBIA'S RED MEAT INDUSTRY

According to the latest available statistics (2019z) the Namibian livestock industry is worth N$3.4 billion.

For many years, the number of cattle slaughtered in Namibia remained fairly constant at approximately 150,000 cattle per year. Over the last decade, less and there was a steady decline in total marketable animals slaughtered in Namibia. Since 2009 competition from South African feedlots has increased exponentially causing a worrying trend of producers favouring live exports to South Africa. The drought that began in Namibia in 2015 has also exacerbated this trend. The result is a morphing of the beef production system in Namibia from a slaughter ox to a weaner production system.



This change puts our industry at risk because producers are dependent on South African markets being open for live exports. The consequences of this risky dependency were felt sharply this year as South Africa experienced two separate outbreaks of Foot and Mouth Disease (FMD) and had to close its borders to live exports.

Meatco's role in Namibia's red meat industry

Meatco plays a vital role in Namibia's red meat industry. The Corporation not only stabilises the industry in the national interest, but also provides access to lucrative international markets on behalf of all livestock producers. Without Meatco's involvement, the red meat industry would revert to being a commodity-driven industry, which would result in producers receiving much less for their cattle as is currently the case. This invariably impacts negatively on the sustainability of the whole industry. Namibia's grazelands are divided by the Veterinary Cordon Fence. Of the 2.7 million cattle in Namibia, 35.74% are found in the areas South of the Veterinary Cordon Fence (SVCF). Cattle sourced from this area are pasture raised, grass fed, certified organic and can therefore be exported to international markets. The higher returns realised in these markets support 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 (64.06%) cattle in Namibia are found in the areas North of the Veterinary Cordon Fence (NVCF). Meatco's role in this area is to assist the Government in stabilising the red meat industry, more specifically to be actively involved, providing assistance to NVCF farmers and the operators of NVCF abattoirs.

Meatco's Market Share

This review period saw Meatco slaughter 116 304 cattle, the highest number slaughtered in Meatco's Windhoek abattoir. As local abattoirs' capacity is growing rapidly, sustainable cattle supply to Meatco remains one of the most critical value drivers in the red meat industry. Dynamic growth, therefore, lies in the export markets and Meatco's mission gains national importance.

MARKET SEGMENTATION (2018-2020)

Description	2017/18	% Share	2018/19	% Share	2019/20	% Share
Export Abattoirs	83,790	17.2%	75,142	16.9%	116,100	24.4%
Local Abattoirs	52,537	10.8%	41,672	9.4%	43,331	9.1%
Est. Local informal Slaughter	34,749	7.1%	20,693	4.7%	27,721.00	5.8%
Live Exports	316,206	64.9%	306,697	69.0%	289,580	60.7%
Total SVCF	487,282		444,204		476,732	

Performance Review

The red meat industry is a volatile and uncertain arena. Marketing efforts must align with practical operational outcomes as they develop to maximise efficiencies and markets. In the last decade, the annual average was about 100 000 cattle slaughtered at Meatco's Windhoek abattoir. The 2018/19 reporting period saw only 62 086 cattle marketed to Meatco.

For various reasons, 2019/20 saw an impressive 116 304 cattle slaughtered. This deviation from Meatco's expected targets had to be met with agility and efficiency.

Meatco's five-year strategic plan and budget cycle cover the period commencing February 2019 and ending January 2024. The Strategic Plan is aimed at positioning Meatco to carry out its mandate efficiently, effectively and to secure Meatco's sustainability for the future.

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

In essence, Meatco is a link between producers and wholesalers. Strong, trusting relationships with producers are vital to us achieving our mandate. As such, building resilient relationships with producers was a top priority during this period.

MEATCO'S STRATEGIC PILLARS

2019 - 2024

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 NVCF**

PILLAR 01

INCREASE CATTLE NUMBERS

LIVESTOCK PROCUREMENT UNIT

The annual slaughter-able cattle from producers coming to Meatco has been steadily dropping since 1992. This trend contrasts with the dramatic rise in the export of live cattle to RSA. The production system of cattle has changed in favour of weaner-production, reducing the number of oxen produced for slaughter. The fear is that the livestock industry has reached a turning point from which recovery is only possible with a concerted effort from all the role-players in the industry.

This year, drought-stricken farmers needed Meatco's support. We continued to pay competitive prices for cattle brought to our abattoirs. A total of N$ 1.1 billion was paid to producers to sustain them through this period and hopefully assist in recuperating their herds. Guided by our mandate 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," Meatco accepted all types and quality of cattle, paying competitive prices and operating 6 days a week to keep up with supply.

MLA GLOBAL SNAPSHOT BEEF: JANUARY 2019

Description/ Countries	Australia	NZ	US	Mexico	Canada	Brazil	Argentina	Uruguay	India	China	EU	Namibia
Cattle herd (million head)	27.4	10.1	94.4	16.6	11.6	232.4	53.7	11.7	305	96.9	88.4	1.1
Dairy % of cow herd	12%	85%	23%	31%	21%	42%	8%	7%	100%	21%	65%	1%
Cattle and calf slaughter (million head)	8.3	4.2	33.8	6.2	3.4	39.5	13	2.3	38.9	52.1	27.2	0.15
Cattle exports (million head)	1.10	0.02	0.10	1.20	0.57	0.85	0.00	0.43	0.00	0.20	1.10	0.224
Beef and veal production ('000cwt)*	2,284.00	670.00	12,288.00	1,960.00	1,240.00	9,900.00	2,950.00	575.00	4,300.00	7,325.00	7,915.00	63.65
Total domestic consumption ('000 tonnes cwt)*	647	80	12,206.00	1,865.00	970.00	7,850.00	2,450.00	155.00	2,635.00	8,530.00	7,935.00	16.1
Domestic share of production	28%	10%	88%	84%	60%	70%	83%	23%	61%	100%	96%	25%
Per capita domestic consumption (kg/ person/cwo)	25.8	18.3	38.8	12.9	24	37.9	57.6	56.1	0.7	5.8	15.5	28
Beef exports ('000 tonnes swt)	1,078	417	981	208	337	1217	266	311	1,249		244	24
Chilled % share of exports	27%	6%	46%	83%	81%	13%	28%	13%	1%			60%
Average export price ($US/kg)*	5.49	5.04	7.01	5.85	5.16	4.18	5.94	5.06	3.05		4.43	
Top 3 export markets	Japan US China	US China	Japan Korea Mexico	US Japan HK	US Japan HK	China HK Egypt	China Chile EU	China US EU	Vietnam Malaysia Iraq		Turkey G&H HK	EU RSA China

Considering the table as produced by MLA Global, Namibia is a minority player in the global industry, resulting in Namibia being a price taker. This means we cannot determine our own prices, the international markets set the price for Namibian beef. However, the rest of the indicators on the table, show that Namibia remains competitive.

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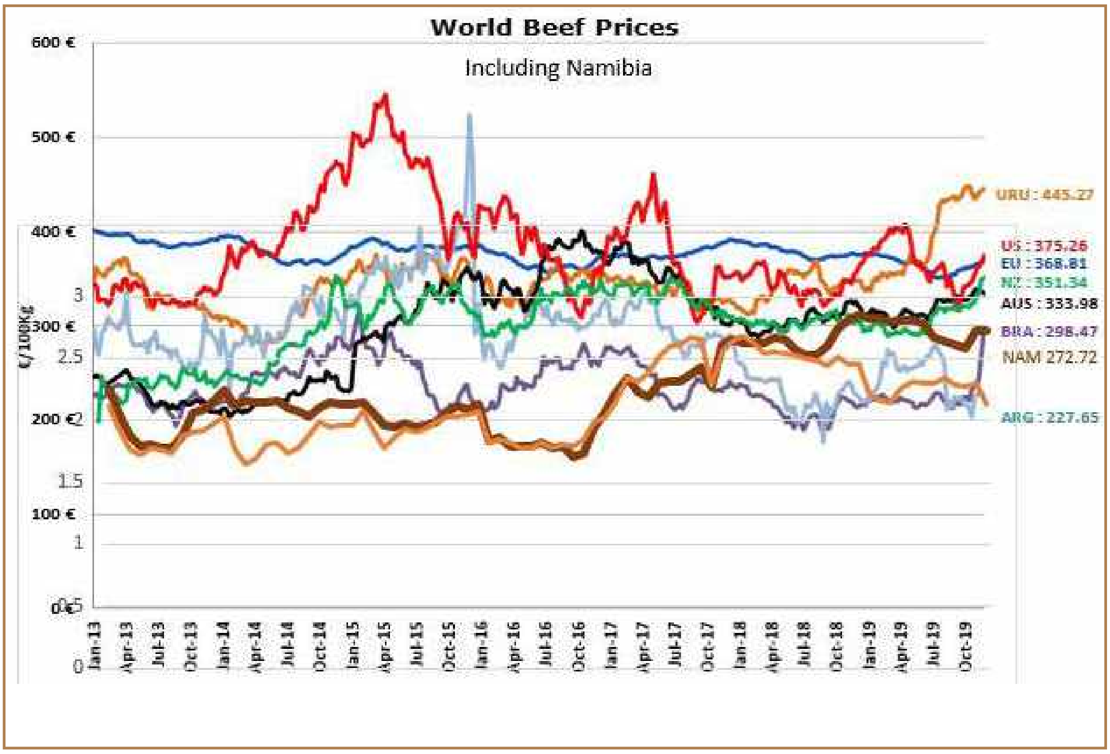
OUR PRICES SHOULD COMPARE TO EXPORTING COUNTRIES .... **WHILE STAYING LOWER THAN THOSE OF IMPORTING COUNTRIES.**



With reference to the graph on World Market prices, it is evident that Namibian producer prices are competitive in comparison to other beef producing countries.

Our prices should compare to exporting countries (for example, Brazil and Argentina) while staying lower than those of importing countries; notably the EU market, to be able to market profitably into those markets.

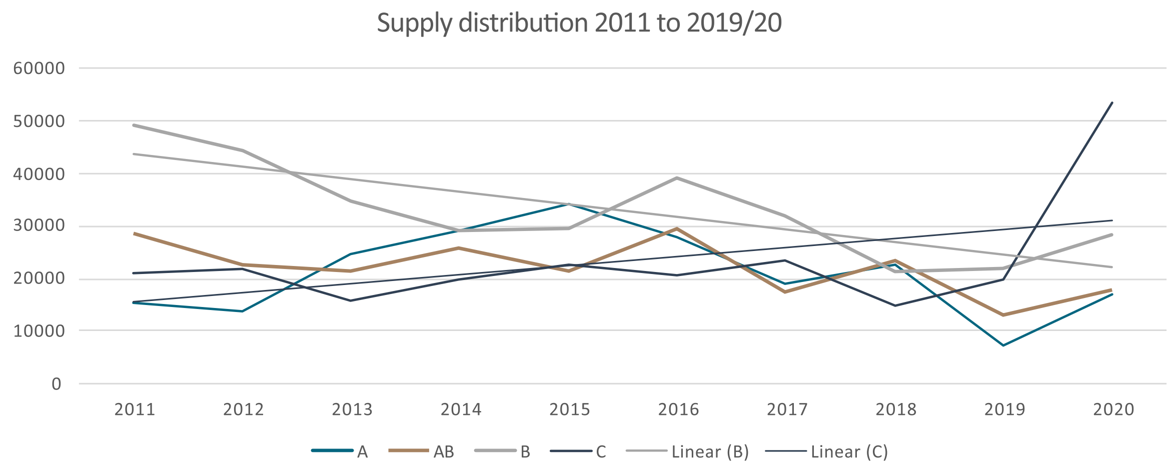
Since 2017, Namibian prices increased sharply compared to exporting country prices and the margin between EU and Namibian producer prices narrowed.

Producer prices will have to remain competitive while Meatco adds value for the producer in other ways. Meatco has access to some of the world's most lucrative markets. This should be guarded carefully. The challenge, however, is to create an enabling environment to leverage these markets to the best advantage, to add maximum value to the primary producer, which in its turn will help to achieve national development goals.

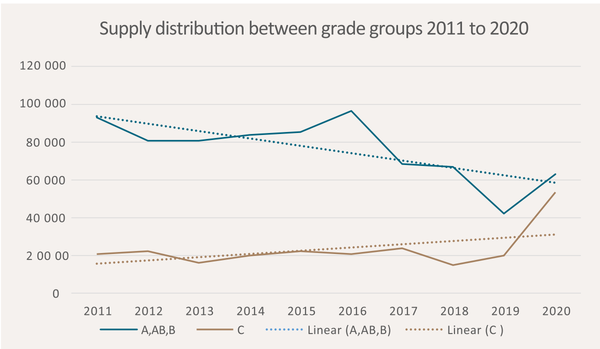
It is of paramount importance for the Livestock Procurement Unit to ensure that accurate and up to date information is available to producers at all times to encourage fair competition between local abattoirs and live auctions.

Cattle slaughtered at Meatco

GRADE DISTRIBUTION:



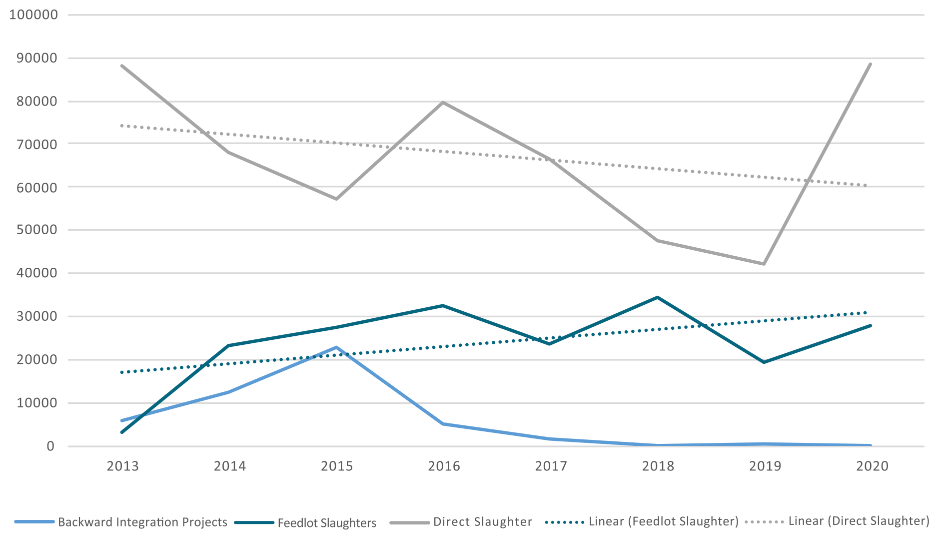
Looking at the supply distribution divided in A,AB,B and C categories, it is clear that there is a negative trend in the supply of young animals as depicted by the A, AB, and B grades compared to the C grades which mainly represents cows supplied to Meatco. This data demonstrates the move in the Namibian production environment towards weaner production, mainly driven by live exports.



The Okapuka Feedlot was established in the 1996/97 financial year after a severe drought in 1995. Since then, stakeholders have disputed whether Meatco needed to operate a feedlot as part of its supply channel. The feedlot supply has meant that the decline was held at 2.65 % over the past 20 years. Meatco has also investigated other supply channels that are cheaper than feedlot supply. Intervening to secure a sustainable supply of cattle to Meatco is not a comfortable extra. It is a strategic initiative to address the adverse factors in the wider livestock and meat industry, as well as the policy and regulatory environment. The volatile external environment we find ourselves in has a major impact on cattle throughput. Therefore, Meatco must regularly scan and monitor this external environment to mitigate risk.

> ...WHEN VELD CATTLE ARE IN SHORT SUPPLY, MEATCO'S OWN STREAMS OF **CATTLE ARE SCALED UP TO SECURE THROUGHPUT...**

Meatco's Cattle Sources



Backwards integration and feedlots are two cattle streams owned by Meatco. When veld cattle are in good supply, these two streams are scaled down to give preference to veld cattle. In the graph above, "Direct Slaughter" represents veld cattle. Equally, when veld cattle are in short supply, Meatco's own streams of cattle are scaled up to secure throughput, especially during off seasons. Due to the cost structure of its own streams, this is an extremely sensitive balancing act on Meatco's part.

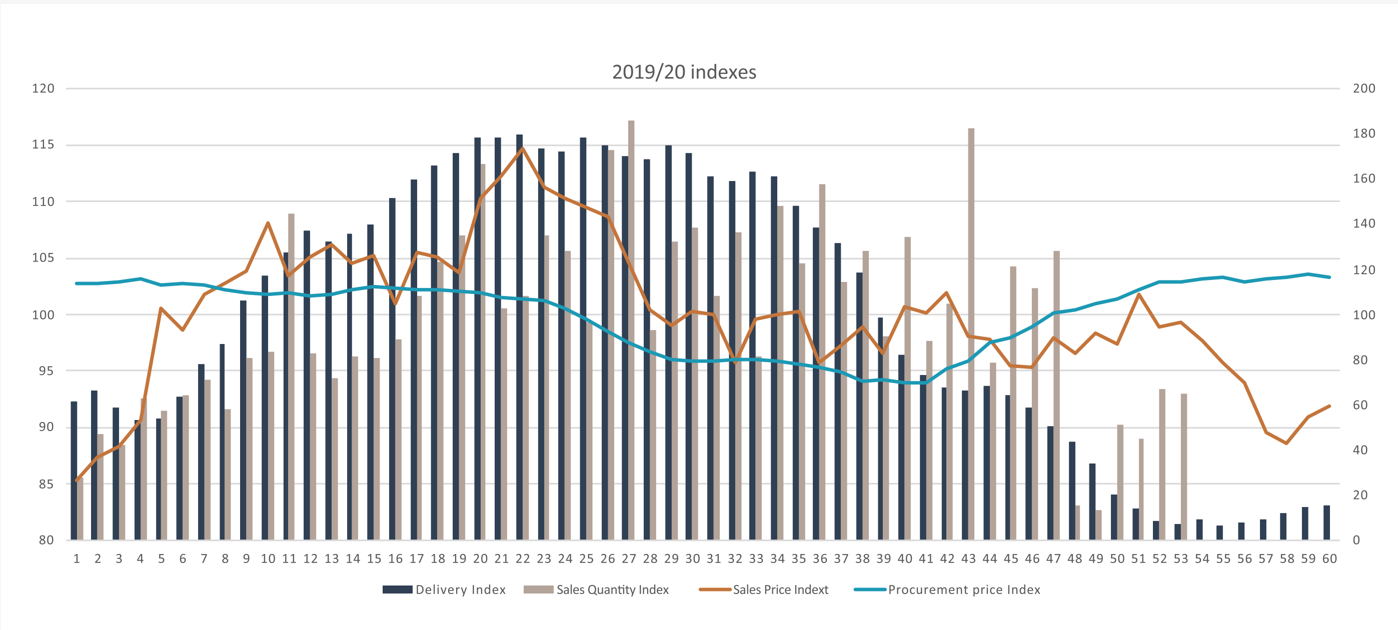
During the reporting year, "Direct Slaughter" numbers increased due to the emergency situation created by the severe drought.

Going forward, however, direct marketing will most likely come under threat due to more and more producers favouring other marketing channels to the disadvantage of export abattoirs.

The Okahandja factory has been closed since 2016 due to low numbers and water scarcity. In 2019, this factory was used as refrigerated storage to temporarily store the large amounts of meat produced by the Windhoek Abattoir.

The downward trend of direct slaughters indicates that producers tend to favour alternative channels of marketing. This could be due to the fact that local abattoirs do not have to comply to EU standards like Meatco.

Index comparisons of procurement vs sales



In order to have a clearer picture of the year 2019/20, an indexed graph was prepared where all figures are indexed against its own average. Focussing on supply, the graph indicates that peak production began in week 9 (end of April 2019) and continued until week 39. Sales reached a peak in week 17, about 8 weeks after peak slaughter. These high levels of sales continued until week 47, again around 8 weeks after slaughter took a notable turn downwards. Procurement prices can be viewed in three phases: firstly week 1 to 25, secondly week 26 to 41, and finally week 42 to 52. Sales prices were consistently high until week 26, after which they steadied at approximately 15% lower.

PILLAR 02

INCREASE COMPANY-WIDE EFFICIENCIES

HUMAN RESOURCES

Meatco is people. Come rain or drought, we are Namibians for Namibia. The role of the Human Resources (HR) department in this organisation is to support and grow the capacity of all employees while they fulfil the Corporation's objectives.

This review period required efficient processes and unity across all departments to achieve the level of output needed by our producers while also planning long term organisational structures that will advance our mission and objectives beyond this year. The HR department had to act quickly, employing 210 Fixed Term Contract employees to assist in the abattoir and meat processing areas.

CREATING AN EQUITABLE AND DIVERSE WORKPLACE

Reflecting the broader Namibian community in our staff compliment is imperative. This level of diversity builds a broad base of community support as well as meeting important commitments to equity as well as social, moral, and human rights.

Diverse staff backgrounds improve the quality of Meatco's decision-making and is incorporated into its accountability framework. This commitment is not only relevant in terms of social justice but it is an important attraction and retention strategy.

Meatco strives to be an Equal Opportunity Employer, creating equal opportunity for advancement for all. For the employees appointed as understudies, proper training interventions are in place and the employees are groomed to learn the skills required for assuming those positions in the future.

CREATING A SAFE AND SUPPORTIVE WORKPLACE CULTURE

Meatco maintains a high commitment to safety, not only for its own employees but also for contractors and visitors. Key aspects of Meatco's risk management strategy are physical and psychological safety in work environments, and safe work practices.

For Meatco to retain its status as an employer of choice, the Corporation must maintain a positive, inclusive, and high-performance culture marked by cooperation and respect. All work environments must promote work/life balance for staff. Improved productivity rests on building a 'one-staff, one-Meatco' culture.

Our employees play an important part in realising our mandate, and therefore, one of our overarching objectives as a Corporation is to create a culture that is conducive to productivity and development. Employee wellness initiatives help to balance work and personal responsibilities while focusing on the physical, emotional, and mental needs of each staff member.

CONTINUOUS LEARNING

Continuous learning is a vital component of Meatco Staff's job descriptions as safety, quality and efficiency must be maintained in all areas. Staff from the Quality Assurance department and the Directorate of Veterinary Services (DVS) underwent a pre-shipment checklist training, essentially a refresher course, to make sure Meatco was ready to service the US market in the coming financial period.

Quality Assurance Technicians, also received Senior Animal Welfare Processing Officer certificates through the Animal Welfare Training Institute in the United Kingdom. The Institute is responsible for the professional training, education and consultancy for the meat industry worldwide. The employees attended four different practical and theoretical course meetings from 2017 to 2018. During this period they were tested on writing an independent assessment of the abattoir. Furthermore, the technicians received accreditation in abattoir assessment, mechanical stunning and stockman-ship, which is the overall handling or interaction with animals.

STAFF NUMBERS

Based on the structural realignment plan from 2018, the Executive positions decreased from 7 to 5. Executive positions now include:

- Chief Executive Officer
- Executive: Marketing and Sales
- Executive: Finance, HR and IT
- Executive: Livestock Procurement
- Executive: Operations

The structural realignment plan also recommended offering voluntary retrenchment packages for various positions which resulted in redundant positions on the master organogram.

The official structure of the Corporation is becoming leaner, with Fixed-Term Contract Employee (FTC) supplementation as required for efficiency.

EMPLOYEE 2020 FIGURES

AS AT 31 JAN 2020

BUSINESS UNIT	Permanent	FTC
13	694	100
Senior Management	13	
Head Office	53	3
Quality	30	2
Windhoek Factory	272	66
Cannery	75	8
Okahandja Factory	118	
Wholesale	18	4
Tannery	19	2
Meatma	38	4
Procurement	19	
Feedlot	32	2
RSA	2	
MSUA	5	9

Total headcount 794

EMPLOYEE 2019 FIGURES

Permanent 667 • FTC 42 • Total 709

EMPLOYEE 2018 FIGURES

Permanent 824 • FTC 55 • Total 879

PROCUREMENT MANAGEMENT UNIT

In order to comply with the requirements of the Public Procurement Act, 15 of 2015, the Chief Executive Officer (CEO) is tasked with the responsibility, under the Act, to set up internal procurement structures which include Procurement Management Unit (PMU), Procurement Committee (PC), and Bid Evaluation Committee (BEC).

The PMU was established during the 2019 financial year with 2 staff members. Additional persons will be appointed in the new financial year to ensure that sufficient capacity is available to execute Meatco's procurement requirements. The Procurement Management Unit compiled its 5-year strategic objective which entitles achieving a contract coverage of 85% within the next 5 years. Improved contract coverage will ensure efficiency within the procurement process, reduce Meatco's risk when dealing with suppliers, and improve supplier performance which encapsulating Meatco's core value.

INFORMATION TECHNOLOGY (IT) DEPARTMENT

For an organisation that aims to be agile, a capable IT department is essential. In the modern economy, the purpose of IT is to provide tools and systems that enable the organisation to operate optimally, to scan the internal and external environments, and make it possible for the organisation to respond effectively and efficiently to the changing conditions.

However, simply deploying even the most advanced technologies does not guarantee value for the organisation. The organisation must use the technology appropriately to further the execution of its strategies. Meatco's IT department supports Livestock Procurement in its efforts to secure cattle for the Corporation by making it easy for producers to engage with Meatco through "Meatco Go". IT supports finance through invoicing and integrated management reporting solutions, and the complete value chain by ensuring minimal down time and upgrading infrastructure. Meatco runs on industry specific IT software and it is vital for IT to have 100% uptime in order for the rest of the Corporation to function efficiently. Maintaining communication channels and limiting down-time means that producers and other stakeholders can engage Meatco's services efficiently. Automation and digitisation of internal processes and mundane repetitive tasks allows for strategic application of staff time and skills.

MAXIMISE RETURNS IN ALL MARKETS

> THE HIGHLIGHT OF 2019 WAS, THAT AFTER 8 YEARS OF NEGOTIATIONS, **WE SHIPPED OUR FIRST CONSIGNMENT OF BEEF TO THE PEOPLE'S REPUBLIC OF CHINA.**

To qualify for our niche markets, farming and processing practices must be certified to meet specific standards set by the BRC and other standards auditing institutions. Meatco supplies high quality cuts to Europe, Norway, and the UK.

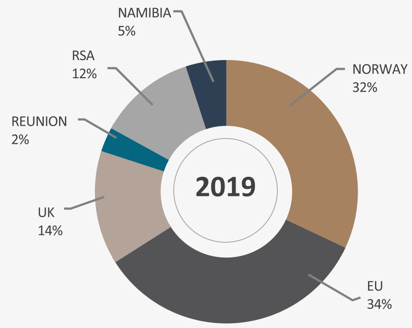
Namibia, and other beef producing nations, experienced droughts in 2019 that resulted in high amounts of C-grade beef flooding the market. 26 000 metric tons of meat was produced during this period. That is almost double 2018's total. Foreign markets accounted for 90% of the value of sales with the domestic market only providing 10%.

NEW INTERNATIONAL MARKETS

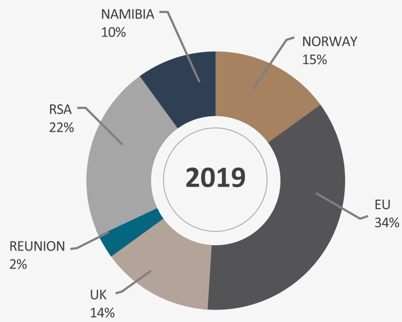
Internationally, the highlight of 2019 was our first consignment of beef leaving for the People's Republic of China at the end of March. After 8 years of negotiations and the implementation of animal health and quarantine specifications, the Chinese market officially opened to Meatco in March 2019. Meatco's Windhoek Abattoir is to date the only African abattoir supplying the Chinese market. In just this reporting period, over 130 containers have been shipped to China with an average container weight of about 24 tonnes. The Chinese market relishes Namibian beef.

The agreement was originally signed in Beijing in 2011, with a Health Certificate approved in 2015. Indeed, Meatco has charted new territory as this market came to fruition. A final memorandum of understanding was signed on 29 March 2018, while declarations for lumpy skin disease were completed in early 2019. Aspects of the translation of Chinese legislation are still ongoing but the clarification of microbiology criteria was duly completed in March 2019. This financial year also ended on a high with a first for Meatco, Namibia and Africa. Our Technical Quality Assurance team spent much of this period working on complying with regulatory requirements for the USA market. The negotiations have been finalised. Meatco's Windhoek abattoir is now the only African abattoir granted access to the restrictive USA market. The first shipment will be sent to consumer markets as early as February 2020. This new market holds great potential for Meatco.

Beef Sales Value



Beef Sales Volume



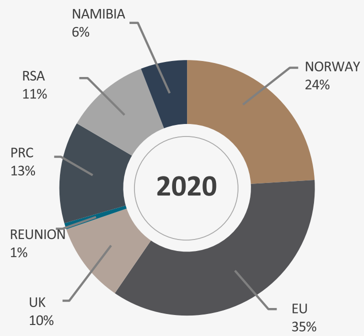
BREXIT

Following the decision by the United Kingdom (UK) to officially exit the European Union (EU) on 31 January 2020, the Brexit phenomenon leaves Namibia with a lot of room to wonder on the outcome of the ongoing negotiations between the UK and the EU. The future trade relationship is still to be agreed upon despite the UK leaving the EU on 31 January 2020.

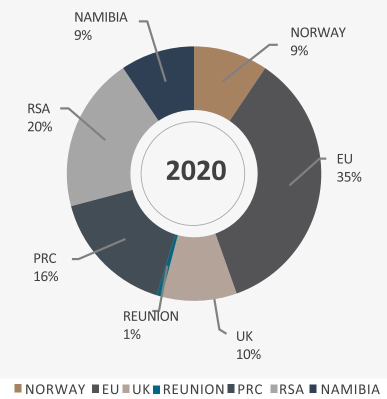
Agricultural Trade Forum (ATF), has indicated that UK and the EU have agreed to a transition or implementation period of 11 months up until end-December 2020, trade between the UK and the EU will continue uninterrupted, while the details of a new trade dispensation is being negotiated. In line with the "deal" that was negotiated prior to the UK leaving the EU, which is formally known as the EU-UK Withdrawal Agreement (WA), the UK will continue to apply the EU-SADC EPA. The UK will also continue to follow all of the EU's rules and its trading relationship will remain the same. For Namibia and Meatco the uncertainty of the outcome of the ongoing negotiations between the EU and the UK remains a concern and Namibia has to to come up with remedial measures that would adress the impact of reduced export revenue generated from the UK market. During January 2020 the UK Minister for Africa and the State Minister for the Department of International Development, Minister Andrew Stephenson visited Meatco and assured the Corporation that the trading relationship will continue unhindered.

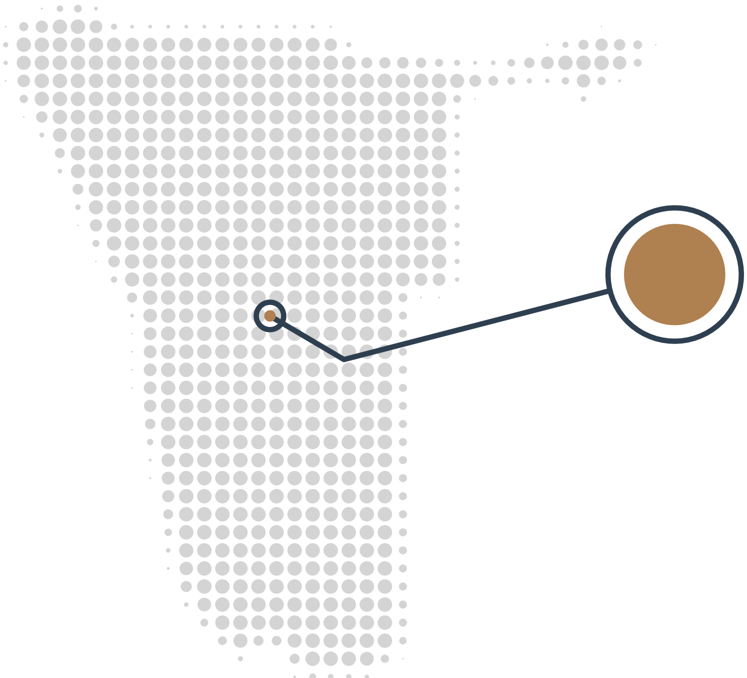
The EU has granted a quota of around 100,000 tonnes of duty-free beef to MERCOSUR countries for export into that market which can potentially shrink Namibia's market share and or in turn may increase Meatco's trade volumes to the UK as a niche market.

Beef Sales Value



Beef Sales Volume





LOCAL MARKETS

With the high throughput of export quality meat products, new markets had to diversify our revenue streams while benefiting from quicker cash conversion cycles and support the other functions of the Corporation. The Namibian market has shown room for growth with existing Meatco brands such as MeatMa, as well as new agreements with retailers (Foodlover's Market) and restaurants (The Stellenbosch Wine Bar) wishing to offer top quality local beef products to their customers. Marketing efforts must now be scaled up for domestic brands to create better brand awareness.

Meat Market Africa, or "MeatMa", is a recently founded brand of Meatco that endeavours to provide affordable meat protein products for various markets.

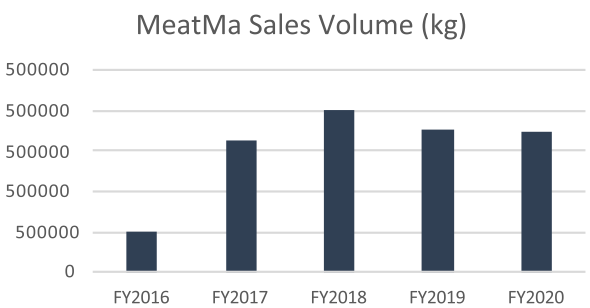
Under the MeatMa brand, Meatco produces sausages, burger patties, and stewing beef to cater for the demand in the lower LSM market sector in Namibia. MeatMa's tagline is "the plate of plenty". As 2019 saw more product available for wholesale, the unit had a good financial year, even coming in under budget. Meatco has plans to extend the brand and make better use of this value adding segment of Meatco's Operations. This period saw Meatco avail its export quality beef cuts to a Namibian retail outlet for the first time. Food Lover's Market, at the revamped Wernhil Shopping Centre Extension, began stocking Meatco's Nature's Reserve brand on 1 June 2019. Stellenbosch Wine Bar now also serves Meatco's A-grade cuts. This innovative market shows some potential as Namibians desire this internationally acclaimed product of their land.

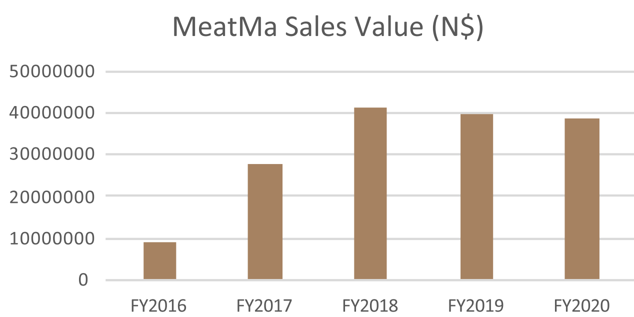
MEATMA CELEBRATES 5 YEARS OF EXCELLENT CUSTOMER SATISFACTION

MeatMa, Meatco's product brand, which was established to supply the local market with good, affordable products, turned five years in September 2019.

The celebrations were held from 28 October to 02 November 2019 at both MeatMa Windhoek and Meatco MeatMa Oshakati outlets. During the celebrations, MeatMa customers at the two outlets were offered combo product. The festivities included a live broadcast outside the MeatMa Windhoek Outlet as well as a Spin & Win Competition, where customers walked away with lots of prizes. The Meatco MeatMa outlet in Oshakati hosted a braai and engaged with customers on-site throughout the live broadcast. The main reason for the celebration was to thank our loyal customers, who have been supporting the brand for the past five years. This engagement platform also allowed us to find out what we should improve and add to our product line to continue satisfying our customers.

> MEATMA IS MEATCO'S PRODUCT BRAND, **WHICH WAS ESTABLISHED TO SUPPLY THE LOCAL MARKET WITH GOOD, AFFORDABLE PRODUCTS.**





INCREASE OPERATIONAL EFFICIENCIES

The mission of Meatco's Operations department is to make sure our processes are **affordable, effective, flexible, and scalable,** as it depends on cattle numbers which can vary greatly.

The department is committed to continuously improving and extracting maximum value from the raw material received. This is achieved by maintaining international standards at the Windhoek abattoir in order to dispatch products to high-end markets as quickly as possible while maximising the value of raw materials received through processing and value-adds.

Windhoek Abattoir started slaughtering for the year on 28 January '19. February '19 throughput was really low and it seems that the producers were waiting for the late rain as predicted. As from March'19, reality kicked in and producers started with emergency marketing and we slaughtered at more than full capacity - 630 per day, including Saturdays. The trend continued till the end of October 2019 and then decreased to the rest of the year. To accommodate the increase throughput at the Windhoek plant, management had two weeks to adapt and to align infrastructure to demand; recruit additional 230 staff members to help with the slaughtering process and make arrangements to move all offal products for packing and plate freezing to the Okahandja cold store.

SLAUGHTER DETAIL:

The Windhoek Plant was operational all year long and a total of 116,304 cattle were slaughtered, 54,218 cattle were slaughtered more than the corresponding period in the previous year.

The average carcass weight for the year was 229.3 and 17.00 kg less than the previous financial year. Capacity utilization was 106.6% of the quota allocated for slaughter. In this period Meatco slaughtered 3,413 private cattle for the local market.

GRADING DISTRIBUTION:

Age	2019/20		2018/19	
A-Grade	16,931	14.6%	7,289	11.7%
AB-Grade	17,755	15.3%	12,967	20.9%
B-Grade	28,248	24.3%	21,847	35.2%
C-Grade	53,370	45.8%	19,983	32.2%
Total	116,304	100%	62,086	100%

FAT DISTRIBUTION:

	2019/20		2018/19	
0	17,213	14.8%	3,642	5.9%
1	22,987	19.8%	10,896	17.5%
2-4	75,524	64.9%	46,548	75.0%
5-6	580	0.5%	1,000	1.6%
Total	116,304	100%	62,086	100%

ANNUAL AVERAGES

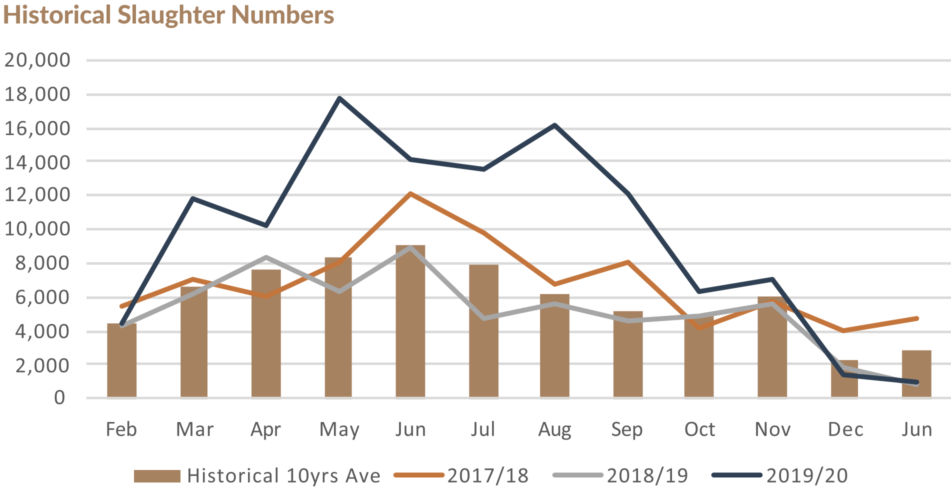
	2019/20	2018/19
Avg. Carcass Mass	229.3	246.3
Avg. Producer Price	44.25	41.19

SEX DISTRIBUTION:

	2019/20		2018/19	
Bulls	2,675	2.3%	1,603	2.6%
Oxen	46,206	39.07%	34,057	54.9%
Cows	47,450	40.8%	16,947	27.3%
Heifers	19,973	17.2%	9,479	15.3%
Total	116,304	100%	62,086	100%

For the period under review 45.80% of all animals slaughtered were C-Grade and 34.6% of the animals were in the fat distribution class of 0 and 1 Grades. The effect of this phenomenon was that the conformation / or muscle per animal were less than normal.

This year the average weight is 17.00 Kg or one box meat per carcass less than last year. This decrease in weight is in value estimated at 118 mill loss on this year's slaughter numbers.



OKAHANDJA COLD STORAGE:

To assist Windhoek plant with the increase in throughput:-

- Meatco opened Okahandja as a cold store as from April '19 to build all export orders for the global market at Okahandja for shipment via Walvis Bay harbour. Only Reunion and Norway clients were done through Table Bay Cold Storage, Cape Town.
- We moved all offal products for packing and plate freezing to Okahandja cold store and
- Introduced a night shift in Okahandja to pick and prepare the orders for the following day shipment to Walvis Bay in order to enhance the product flow in the value chains

Technical Team

The technical team supports Operations by maintaining the production line's efficiency and problem-solving as issues arise. The team limits downtime on the line while maximising and sustaining efficiencies.

Procurement was slow as the 2019/20 financial period began. However, with only 2 weeks' notice, the numbers sky-rocketed and the technical team had to respond rapidly. The high throughput this year increased pressure on the abattoir and processing plant, as well as resulting in high volumes of product requiring cold storage. The team had to make swift adaptations to the infrastructure for the abattoir to be able to operate at 120% capacity, 6 days a week. The abattoir operated at 98% uptime to meet demand. The team showed determination and agility under extreme time pressure.

Two technical limitations were identified as major problems:

a. Insufficient freezing capacity and offal handling in Windhoek factory with Okahandja abattoir still closed, and
b. Overcrowded ablution & change rooms facilities due to additional staff complement of fixed term contractors.
The proposed solution was to start-up the Okahandja Refrigeration facilities as a cold store; to make use of Okahandja's offal department to increase freezing capacity in Windhoek. The team also proposed upgrading and increasing capacity for production staff ablutions and change rooms in Windhoek.

IMPLEMENTATIONS

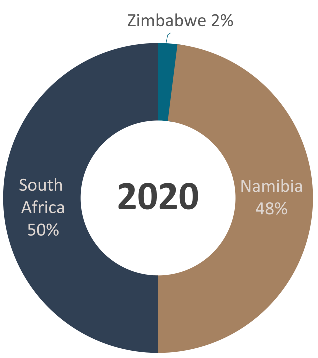
a. In addition to Windhoek factory modifications, Okahandja refrigeration started-up. This extra plant operated day and night until December 2019 as a cold store for lump offal handling and freezing, as well as freezing products bound for China within required standards.
b. Special containers were procured to ease handling and transportation of offal boxes from Windhoek to Okahandja.
c. With increased production, electricity maximum demand increased from 2400 kVA to 2600kVA. City of Windhoek was notified and accepted Meatco's request for increased kVA output.
d. A chiller previously used for local carcasses was upgraded to export standards increasing chilling capacity by 180 carcasses.
e. Modifications were made to the belt conveyors in the Windhoek plant plate freezers to efficiently convey beef boxes from deboning packaging area to offals' plate freezers.
f. The old, unused sheep abattoir ablution was renovated and thereafter used by Cannery employees to reduce overcrowding.
g. An unused storage area in the abattoir building was upgraded into a male change room while the old change room was turned into a resting area.
h. Equipment maintenance was carried out at night after production hours, and on Sundays. This enabled the plant to achieve 98% operational time throughout the year with time-pressured maintenance held at only 2% down time.

The **Cannery**

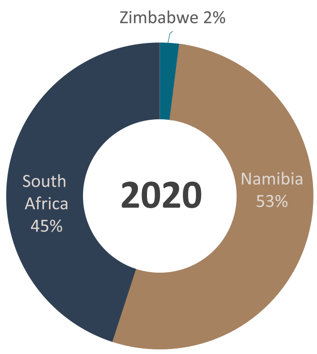
The Cannery is a value-adding unit within Meatco's operation. It is an approved canning establishment by the Directorate of Veterinary Services (DVS). Namibian Standards Institute (NSI) is the competent regulating authority monitoring the production activities of canned goods.

The Cannery has recently received approval to export to the European Union (EU) as it conforms to international standards. Meatco has well established brands such as Texan and Eloolo with substantial market shares in Namibia, Botswana and South Africa. Two new brands, Longhorn and Cattleman, were established to create a platform for launching extra products into local and regional markets. Over the past five years the Cannery has been in a downward trend in profits. Total canned products produced for the reporting year were 12,502,869 cans, 1,252,741 cans better than the previous year, however, sales were 1,692,540 cans less. A round can line has recently been introduced with products such as Chicken loaf and Luncheon Meat. The round-can line will expand the Corporation's range of canned products substantially. As demand grows, more products can be added, such as Viennas, strengthening the Corporation's local value addition plan in compliance with the Government's "growth at home" strategy.

Corned Beef Sales Volume



Corned Beef Sales Value



Sales amounted to 11.3 million cans this year. New importation regulations played a significant role in samples sent to South Africa.

Looking ahead: To improve market share and efficiency, the Cannery will require a substantial investment in equipment.

The **Tannery**

The Tannery is a flexible, scalable, value-adding unit within Meatco's operation. Its purpose is to contribute to Meatco's core business and support the producer price. The aim is to capitalise on the exchange rate while decreasing the purchase price paid for hides and to reducing production cost.

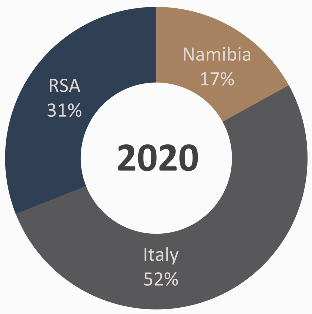
The Tannery began implementing process realignment in 2015 already. Operations are, therefore, aligned to the availability of raw materials. Since the raw material prices decreased this year by 75% and the wet blue price by 50%, the Tannery was in a better financial position in 2019 as compared to 2018.

Production: The cost of production increased due to the large number of hides produced by the abattoir, the Tannery's operations this year were a delicate balance.

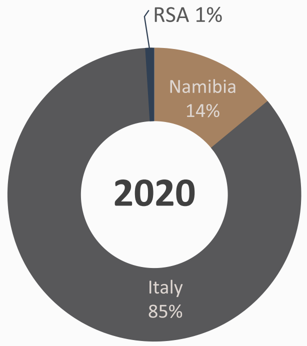
Sales: While sales increased this year, the price for hides continued to drop as the South African Rand sank against other major currencies. Despite these challenges, the Tannery achieved a position of profit.

Looking ahead: The Tannery is able to align production speed and cost to current market demands. Throughput for the coming financial period is expected to be low as producers attempt to grow their herds.

Hides Sales Volume



Hides Sales Value



For the most part, only hides sourced from Meatco's abattoir are processed through the Tannery. Italy remains our key export destination for our hides with 52% of the volume translating to 85% of the sales revenue. The South African market volume was 31%, 1% of the total sales, whilst the Namibian market has a 17% volume with a 14% sales revenue. The Tannery is a lucrative unit in Meatco's operations, 2020 might see expansion of the operations.

Safety, Health, Environment and Quality Assurance

Meatco's edge in the global red meat industry is our assurance of quality. Hormone-free, pasture raised cattle are processed through our internationally accredited abattoir and processing facilities resulting in high-end products that are traceable from "farm to fork".
As required by our clients, we operate to the highest levels of product safety, reliability, hygiene, and product traceability. Our world-class processing facility is EU, BRC, USDA and ISO 22000, HACCP and HALAAL certified and approved.
The department is in the process of being renamed the Safety, Health, Environment and Quality Assurance (SHEQ) department, to be in line with the recent restructuring and realignment exercise.
The SHEQ department aims to provide a safe working environment that is compliant with national and international standards, treaties and laws. The goal is to ensure that safe and high quality meat and meat products are supplied in consistent quality, to the performance requirements of our customer and the legal requirements of those countries to which products are exported.
Our culture of quality is evident in our production processes, with the British Retail Consortium's (BRC) audit rating as the industry's standard of excellence. Despite the high volumes and older cattle, Meatco maintained an "A"-rating from the BRC. Meatco's facilities held up to all the annual audits this year, as well as extra scrutiny during the United States Department of Agriculture's (USDA) audit.

Meatco is constantly looking to access new, lucrative markets to realise maximum returns for our producers. Meatco supplies international customers with high quality meat products that have cemented our brand across key markets globally. These countries require certain audits to be performed by certification bodies and clients to ensure that Meatco adheres to all the local, national and international requirements related to food safety, workplace safety and animal welfare.
After several years of adhering to specific standards and audits, Meatco officially dispatched its first consignment destined for Chinese shores. This new market proved well worth the effort to be compliant.
Through the Directorate of Veterinary Services (DVS), the restrictive United States (US) of America market opened to Namibia. In September 2019, Namibia underwent a public health and assurance audit this year by the US via their Food Safety and Inspection Services (FSIS). This inspection was conducted under the USDA, which is responsible for the commercial supply of meat, correct labelling, and packaging in that country. In 2016, the FSIS added Namibia to the list of countries eligible to export meat and meat products to the US. FSIS determined that Namibia's laws, regulations, and inspection system are equivalent to the US laws, regulations, and food safety system with regard to meat and meat products. On an annual basis, DVS submits an online self-audit, which the FSIS verifies with an onsite audit every two years. The audit ensures that Namibia complies with all the import requirements of the US beef market. Based on the final audit report, Namibia will be granted access to begin exporting to the US.

In November 2019, Meatco underwent the annual McDonald's audit. This client audit forms part of the food safety service international and continues to give accreditation of Meatco's products' quality and safety for human consumption. The McDonald's client audit mainly focuses on animal welfare. Meatco's operations passed the MacDonald's audit requirements, the monthly self-audit, and the hazard analysis and critical control points (HACCP) accreditations with an "A". Meatco received no non-conformities in any of these audits.

The Cannery maintained important food safety standards during this review period. These include:

- FSSC 20200 – Food Safety System Certification
- HACCP – Hazard Analyses Critical Control Point
- VC8019 – Canned Food Standards

OUR WORLD-CLASS PROCESSING FACILITY IS EU, BRC, USDA AND ISO 22000, HACCP AND HALAAL CERTIFIED AND APPROVED.

SAFETY MANAGEMENT REPORT 2019

Meatco's safety performance is an important management tool to ensure compliance and safety of our employees, safety performance is reviewed on a monthly basis to get early warning sign and act rapidly if to ensure the identification of corrective action measures to meet organisational objectives and targets.

The DIFR (Disabling Incident Frequency Rate) is the measurement used which is number of lost time cases multiplying by 200,000 and divided by number of man-hour work, as such the incident cases had lost days related to incident and it means that in every 100 employees 4 (as per 2019 Lost Work Day Cases) of them had suffered lost time due to their injuries related to incidents.

The overall safety performance of 2019 is one of exceptional standard and is commendable. All cases reported for the period were minor cases. The pursue for continuous improvement is an effort always challenged and reflects of Meatco's commitment to maintain a safe working environment for all employees.

RESTORE FINANCIAL STABILITY AND STRENGTH

Achieving Meatco's long term goals of market share and industry growth requires the Corporation to gear all its activities towards making profit. Restoring financial stability and strength will ensure sufficient working capital to drive the business and return to profitability.

This period under review saw Meatco remaining in a loss making position even thought we made progress in certain areas relating to finance management:

- Debtor Collection period reduced from 47 to 34 days
- Cash conversion cycle reduced from 100 to 58 days
- Working capital funding increased

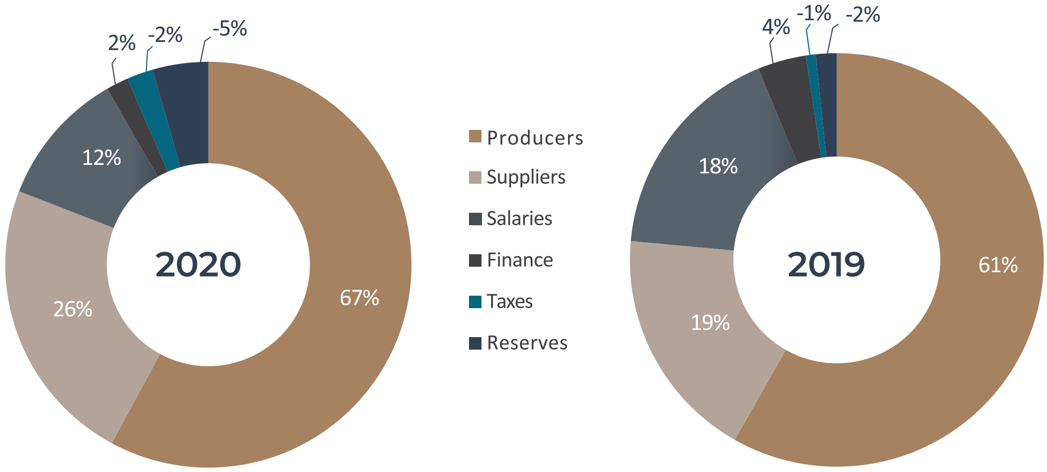
On a macro level, the finance department has the responsibility to provide financial information to the Board, Management, financiers, Government, and the public as part of Meatco's efforts to remain transparent and for preparing the annual operational and capital budgets and the 5-year financial forecast.

Within the Corporation, the department is responsible for producing financial analysis for Management so that decision makers have full understanding of financial consequences of decisions.

Meatco's operations require careful cashflow management to balance requirements with affordable funding without over leveraging the organisation. The department assists with funding proposals based on the needs from different operational departments and manages the foreign exchange cache to the Corporations gain. This financial year has taught us as a department to embrace innovation and take initiative to streamline processes so we can tackle unknowns as they appear. Our role is not only balancing the books but also flagging unfavourable returns in the market for management decision, frequently reviewing pricing and costing models to ensure full realisation and supporting key functions with data analysis for enhanced decision making.

Looking ahead: Regarding future forecasts, it is important to remember that the red meat industry will continue to be VUCA. Profitability in the coming years will require innovation and technological integration such as automation of routine tasks. Efficient business policies and processes combined with leveraging opportunities will stand Meatco in good stead to break even and become profitable.

VALUE ADDED STATEMENT



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RESTORING FINANCIAL STABILITY AND STRENGTH WILL ENSURE SUFFICIENT WORKING CAPITAL TO DRIVE THE BUSINESS AND RETURN TO PROFITABILITY

RATIOS	2020	2019	2018
Gross Profit Margin	4%	8%	10%
Current Ratio	0.99	1.32	1.32
Quick Ratio	0.55	0.72	0.50
Debt to Asset Ratio	60%	54%	58%
Borrowings to Equity Ratio	99%	82%	155%
Fixed Asset Turnover Ratio	2.98	2.24	2.33
Cash Conversion Cycle	48	70	65
Cash Conversion Cycle Biological Assets	58	100	102
Supplier Payment	16	30	41
Debtor Collection Period	34	47	59
Stock Days	41	80	88

MANAGE STAKEHOLDER RELATIONSHIPS AND REPUTATIONAL RISK

Stakeholder Relations and Corporate Affairs

The Stakeholder Relations and Corporate Affairs (SRCA) department maintains the positive reputation of Meatco's brand and sub-brands. The department also maintains strategic relationships with the Corporation's key stakeholders. These stakeholders include the public, prospective clients, investors, producers, employees, and other stakeholders. The objective is to reinforce a positive image of Meatco, showing the Corporation to be honest, successful, important, and relevant.

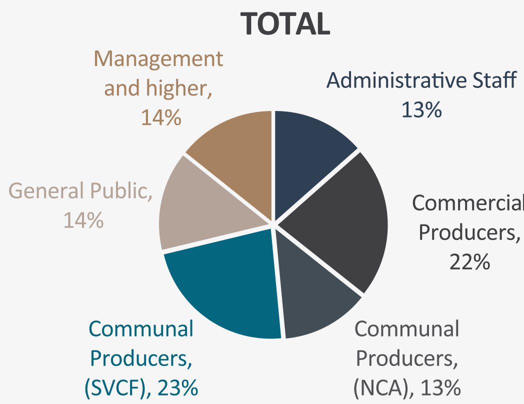
Beginning in 2018, SRCA identified a lack of trust and relationship between producers and Meatco. This was a high-risk threat that had already begun to impact Meatco's market share. Since then, the department has focused intensively on rebuilding relationships and trust with producers. At various engagements through the year, Meatco made specific efforts to hear producers concerns and evaluate the efficacy of our processes in meeting producers' needs.
For communications to be effective Meatco must not only feed its various channels with quality content, we must also evaluate, monitor, and adapt each channel regularly to ensure effectiveness and relevance. Considering these channels have daily, weekly, and monthly outputs in various formats, a significant amount of content needed to be generated and shaped. Our approach was to implement quick, regular, consistent, and relevant information, portrayed honestly and transparently concerning relevant issues.

TYPE OF STAKEHOLDERS	OVERALL COMMUNICATION KEY MESSAGE
Farmers/Producers Commercial/Communal/SVCF	Daily issues affecting business, prices, International beef news, Animal health regulations, late /erratic rains, drought, unstable market, outbreak of animal diseases, outdated agricultural technologies and uncertainties
Farmers' Unions (NNFU, NAU, FA's)	Policy issues, Strategic communications Shaping the livestock industry
Media	Positive stories to enhance the Meatco brand. Regular business updates
Employees	Daily issues affecting business & operations
GRN/Board Members/Parliamentary Standing Committees/Politicians	Strategic communication, Policy issues, Meatco turnaround strategy, Animal welfare regulations
Retailers/Customers/Consumers	Meatma Products, Meatco Products, Export Local Quality
General Public	Influence Meatco brand reputation and enhance understanding of Meatco's brand

Stakeholder Communication Channels

Coordination, Production, Distribution

- Media
- Intranet
- E-news
- Meatco News
- Website
- Meat-us
- Farmers Voice
- SMS Communication
- Audio Visual
- Annual Report
- Pamphlets & Brochures
- NCA Newsletter
- Corporate DVD
- Corporate Campaign
- Notice Boards



Monitor, Evaluate & Adapt

Acting CEO Engages

In line with efforts to improve stakeholder relations and respond quickly to the high demand for slaughter space; the Acting CEOs held meetings with staff to keep them abreast of developments in the livestock industry and the Corporation as a whole.

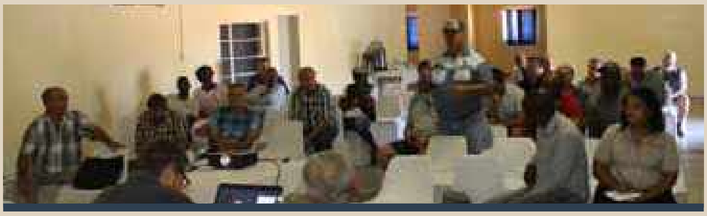
During the reporting period - various staff meetings were held by Mr Claassen and Mr Breytenbach who acted as CEO on a rotational basis.

FARMERS' LIAISON MEETINGS

The relationship between Meatco and cattle farmers in Namibia is a critical one that can make or break Meatco's market share goals.

To foster trust and open discussion, Meatco embarked on a number of Farmers' Liaison Meetings (FLMs) throughout this period under the theme; "How can Meatco help the Farmer?" To measure the efficacy of our engagement and improve service delivery, we requested that the producers complete an assessment survey with regards to the meetings held. The Namibian livestock industry is under immense pressure, as farmers received insufficient rains across the country. The aim of the FLMs was to find ways to support farmers during the prevailing drought and ensure that Meatco secures cattle throughput in the future. The first leg of FLMs took place in March visiting Gobabis, Windhoek, Otjiwarongo, Grootfontein, Rundu, with a total of 118 farmers in attendance. The second leg took place in October visiting Epukiro, Otjinene, Okakarara, Otjituuo, with a total of 330 farmers in attendance.

FLM **GOBABIS**



FLM **WINDHOEK**

FLM **OTJIWARONGO**

FLM **GROOTFONTEIN**

FLM **RUNDU**

MSU **MATUMBO RIBEBE**

Meatco's Annual General Meeting

In June, Meatco held its 33rd Annual General Meeting (AGM) at the Wanderers Sports Club in Windhoek. A total of 85 Corporation members gathered at the meeting to deliberate issues and strategies that will shape Meatco's future, and to review its 2018/19 financial performance.

Hon. Leon Jooste was also in attendance. He addressed the meeting to inform Meatco's members and stakeholders of the Public Enterprises Governance Act. Hon. Jooste also applauded Meatco for the maintaining its export status and high quality amidst the drought.

The Executive Director of Ministry of Agriculture, Water and Land Reform, Percy Misika, read a speech on behalf of the Minister, Hon. !Naruseb, encouraging members to discuss strategic issues that would impact their business in a positive manner.

AFRICA COMES TO VISIT

Meatco has become the epitome of the livestock industry in Africa. Our volumes are a drop in the world's beef production; however, we continue to set the standard, especially for other African countries hoping to export top quality beef products. Various countries from the continent visited our facilities to see the production processes of a successful export abattoir. As such, we facilitated visits to the abattoir, factories, and feedlots for benchmarking and strategic relations purposes.

Previously, the number of visitors able to be accommodated in the abattoir, processing plant, and feedlot was restricted due to safety and capacity limitations. During the period under review, Meatco began to make use of CCTV live broadcasting.

This technology enabled the Corporation to host more visitors instead of declining the requests. Groups could be accommodated in the hall where TVs displayed the activities of the various locations as they were happening. We had a total of 246 Visitors to the Windhoek Factory Abattoir and 50 visitors to the Okapuka Feedlot.

Student Internships

Students from various tertiary institutions interned at Meatco's facilities as part of their practical education. This review period, Meatco had five internships and 18apprenticeship at our abattoir, feedlot, and processing plant for internships lasting between one day and 5 days.

Nigerian Study Tour

The armed forces command and Staff College of Nigeria, consisting of 40 military officers and officials from Strategic Federal Ministries, departments and agencies of the Federal Republic of Nigeria and some African Countries, undertook a study tour to Namibia. The theme of the study was "Human capital development and security in Africa". The delegation was impressed with Meatco's facilities and look forward to strengthening ties with the country.

MIRCO: **Ghana**

In February, the Ministry of International Relations and Cooperation (MIRCO) arranged a 14 member Ghanaian delegation to visit the Abattoir, Feedlot and Tannery. The familiarisation tour was on Meatco's markets and operations for the enhancement of inter African trade relations geared towards attaining economic growth and freedom at a continental level.

Diplomats from MIRCO bound for foreign missions, visited Meatco again in July to gain a better understanding of the business. The purpose of the visit was to apprise MIRCO staff going to various Namibian missions abroad on Meatco operations. The delegation viewed various presentations and interacted with Meatco management prior to viewing a live feed of the slaughter and deboning processes.

ECLC: **Eritrea**

In May, two government officials from Eritrea, the Director General, and the Assistant Director General of the Eritrean Crop & Livestock Corporation (ECLC) and a Project Consultant from GMM, South Africa, visited the plant and the feedlot. They sought information and benchmarking on wildlife projects, beef production, and marketing. Meatco invited the officials to view the operation chain from feedlot, to abattoir, and processing (deboning and cold storage), distribution, and even marketing.

Presidential visits: Guinea, Tanzania, and Zimbabwe

In May, the President of Guinea, His Excellency Alpha Condé, accompanied by our President, His Excellency Hage G Geingob, visited the plant as part of the Guinean President's two-day state visit.

President of Guinea's visit

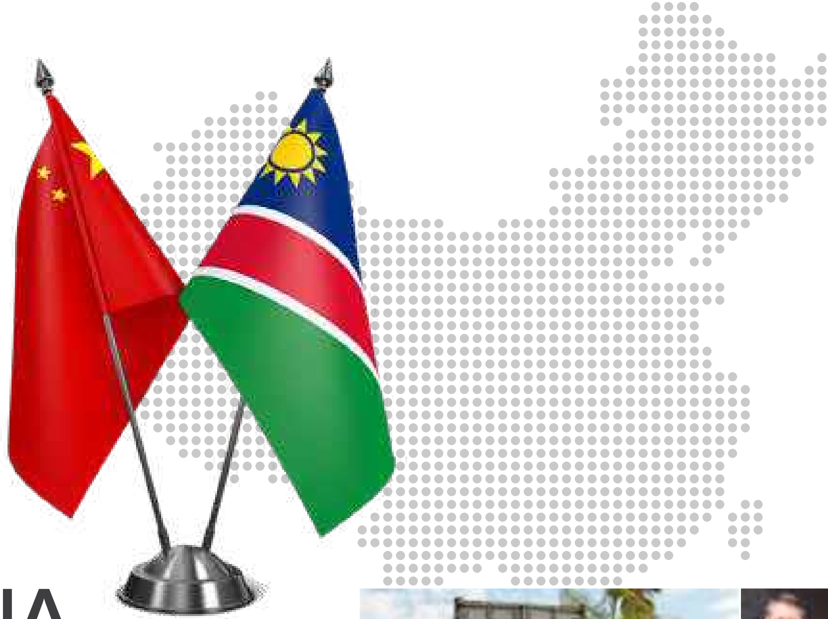

President of Tanzania's visit

In May, the President of Guinea, His Excellency Alpha Condé, accompanied by our President, His Excellency Hage G Geingob, visited the plant as part of the Guinean President's two-day state visit. Also in May, the President of Tanzania, His Excellency John Magufuli, accompanied by Vice President, His Excellency Nangolo Mbumba, Hon. !Naruseb (MWAF), as well as the Minister of Home Affairs and Immigration, Hon. Frans Kapofi, visited Meatco operations. The group were impressed by the visit. Magufuli said that a lot could be learnt from Namibia's largest exporter of prime beef. In July, the President of Zimbabwe, His Excellency Emmerson Mnangagwa visited Meatco accompanied by Minister of Industrialisation, Trade and SME Development, Hon Tjekero Tweya. President Mnangagwa's visit to Meatco was part of his itinerary during his official state visit to Namibia. The state visit also served as an opportunity to further strengthen bilateral relations between Namibia and Zimbabwe, including new possible areas of cooperation.

QINGDAO SHINESTONE VISIT

Qingdao Shinestone International Trade Co is a company that processes and sells food and children's products, mainly focusing on beef and lamb.

The company is situated in Qingdao, a seaside city in the Shandong Province of the People's Republic of China. The visit included the Abattoir, the feedlot, and Mr Gaeb's farm – producer of the year in 2017. The goal of the visit was to strengthen cooperation between the two organisations to foster a potential deal for a monthly supply of 2000-3000 tonnes in first year.



CHINA BEEF EXPORT LAUNCH

Early in this review period a major highlight took place; the launch of the 1st beef export to China on Thursday the 28 March.

VIP guests included Hon. Alpheus G. !Naruseb (MWAF); Hon. Tjekero Tweya, Minister of Industrialisation, Trade & SME Development; Dr. Martha Namundjebo-Tilahun, Chairperson of Meatco's Board and Mr. Yang Jun, Embassy of China Chargé d'affaires.

In his keynote address, Hon. !Naruseb praised Meatco, as a key role player in the industry, for using this opportunity and enabling the country to be the first African country to export beef to China. This sentiment was reiterated by Mr. Jun.

EU DELEGATION

Meatco successfully hosted a European Union (EU) customer delegation from 4 to 6 September. The group comprised of four delegates from a key distribution and retail operator based in the Czech Republic and a representative from Meatco EU.

SINGAPORE HIGH COMMISSIONER

At the end of the financial period, the High Commissioner of the Republic of Singapore, His Excellency Chua Thai-Keong, visited Meatco as part of his 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.

PMR AWARDS

Meatco received four Professional Management Review (PMR) Africa Awards in February 2019.

The purpose of these annual awards is to celebrate excellence through acknowledging high performing companies and inspiring fellow institution to greatness. The awards create opportunities for recognising institutional hard work and commitment to economic growth. Through the PMR Africa Awards, institutions are encouraged to establish a culture of gratitude towards colleagues and stakeholders for achieving highest performing excellence. The outcomes are based on the findings of a survey conducted throughout Namibia during the months of July, August and September 2018.

Meatco received the highest overall rating in the following categories:

1. In the Business Sector: Agriculture (Abattoirs) in NamibiaMeatco Namibia is highest rated with a rating of 4.20 out of 5.00 **Diamond Arrow Award**
   In the Business Sector: Agriculture (Livestock) in Namibia
2. Meatco Namibia is highest rated with an overall rating of 4.23 out of 5.00 **Diamond Arrow Award**
3. In the business sector: Meat Processing Companies in Namibia Meatco Namibia was highest rated on an overall rating of 4.33 out of 5.00 **Diamond Arrow Award**
4. In the Business Category: Companies/ Institutions doing most to Enhance and Promote the Production/ Manufacturing of Local Goods/ Products in Namibia Meatco Namibia is the highest rated on an overall rating of 4.35 out of 5.00 **Diamond Arrow Award**

2019 NATIONAL QUALITY AWARDS

The National Quality Awards programme is a brainchild of the Cabinet approved National Quality Policy document of 1 June 1999 and officially launched on 4 September 2012.

The programme is first and foremost part of the Namibian government's relentless efforts to establish, develop and enhance a strong and fully functional national quality infrastructure regime.

It is also an integral part of the national strategic intent of fostering the national quality policy.

The Namibian Standards Institution (NSI) in collaboration with various stakeholders e.g. NCCI as mandated by the Ministry of Trade and Industry, are custodians of the quality award scheme and oversee and coordinate all its functions,activities and operations. Meatco was acknowledged by the Namibian Standards Institution (NSI) with the "Largest Enterprises Exporter of the Year" 2019 Edition Runner-up Award. This award is presented to a company or organisation that has made significant progress in commencing or expanding exports to new or wider markets through specific focus on quality standards. The effort being put into Meatco's products and processes is being recognised.

PRODUCER OF THE YEAR AWARDS

As part of efforts to maximise producer returns, Meatco celebrates hard-working producers who contribute immensely to the Corporation's success annually. To acknowledge the top producing farmers, the Producer of the Year Awards (POYA) were implemented. There are 11 categories, and this year a new category was established, namely, 'Top Communal Permit Day Producers'.

Meatco made the decision, in close consultation with producers, not to host a costly event for the 2018 POYA ceremony. This was mainly due to Meatco's commitment to pay high producer prices in 2019, mitigating the effect of the drought for producers. Winners still received monies as part of their award.

Recognising top producers in the country for their hard work and dedication is paramount as it motivates them and other producers. We want to thank our valued producers who have remained committed to delivering quality animals.

Meatco has been awarding top producers for more than 15 years and is now formulating a new initiative to continue recognising and engaging with producers while utilising money efficiently.

POYA winners in the various categories for 2018

Golden Producers 2019

1. VOIGTS F.W.
2. OKAKEUA RANCH CC
3. DIEKMANN WILHELM GERD
4. POMMERSCHE FARMGESELLSCHAFT
5. KAMAB GUEST FARM & SIMBRA STUD
6. FISCHER EBERHARD WOLFGANG
7. TRAEGER K.H.
8. BOTHA J.H.
9. ALT SEEIS FARMING
10. WILCKENS S.

Producer of the Month

01 January 2018
LACANTE CONSULTING ENGINEERING

01 February 2018
HARU FARMING CC

01 March 2018
ONGEAMA FARMING

01 April 2018
BERGMANN C.

01 May 2018
ERDWOLF FARMING CC

01 June 2018
WINDHOEK LIVESTOCK AUCTIONEERS

01 July 2018
HOCHFELD LIVESTOCK CC

01 August 2018
SWANEPOEL J.R.

01 September 2018
FISCHER EBERHARD WOLFGANG

01 October 2018
FISCHER EBERHARD WOLFGANG

01 November 2018
DE KLERK C J

01 December 2018
LUBBE W F

BIG 5 - Cattle Live Sales

1. FIEGENFELD FARMING CC
2. HOCHFELD LIVESTOCK CC
3. VAN NIEKERK PHILIPPUS JACOBUS
4. VAN BEECK J.N.
5. GOLDBECK T.H.

BIG 5 - Cattle Slaughtered

1. FIEGENFELD FARMING CC
2. STEYN O.M.
3. EYSSELEIN PH
4. OKAKEUA RANCH CC
5. DE KLERK C J

Top Producer -
Live Sales Communal

1. KANDJII E ERASTUS

Top Five Producers -
Live Sales Commercial

1. NAMIBIA DEVELOPMENT CORPORATION
2. TROMP W.S. (JNR)
3. MYBURGH D.G.
4. HESS JULJANE T/A HESS FARMING PARTNERSHIP
5. NICO PRETORIUS TRUST

Top Five Producers Slaughter Communal

1. KANDJII GOTTLOB VEVANGAIJE
2. TJIUORO STEPHEN UANJENGUAIJE
3. RUKERO URIPUETE CORNELIA
4. TJITEERE FILIPPUS
5. TJIPURAVANDU ABIUD

Top Five Producers - Slaughter Commercial

1. OKAKEUA RANCH CC
2. WILCKENS S.
3. TRAEGER K.H.
4. VOIGTS F.W.
5. SCHAEPE P W A

Communal Producer 2018

1. KANDJII GOTTLOB VEVANGAIJE

Producer of the Year 2018

1. OKAKEUA RANCH CC

Top Communal Permit Day Producer

1. KAMUTATI K.
2. NGUASENA M.
3. KAHAKA U.

MEATCO'S INVOLVEMENT IN AREAS NVCF

MOBILE SLAUGHTER UNIT DELIVERS

Meatco's Mobile Slaughter Unit (MSU) was introduced into the areas north of veterinary cordon fence (NVCF) in mid-August 2016 and has been on a good journey thus far. The unit extended its stay at Matumbo Ribebe Quarantine Camp due to increased demand for slaughter.In keeping with the demand, a centralised area of Meatco's operations for the areas NVCF is in the pipeline and will soon be made public. The MSU, with a slaughter throughput of between 20 and 25 cattle per day,managed to slaughter 1136 B and C Grade animals; an amount of 390 animals less than the 1, 521 in 2018/19 (2017/18: 896; 2016/17: 746). The carcasses are transported to Meatco's outlet in Oshakati, Bonanza, for processing for the local market.

The total value of animals purchased north of the veterinary cordon fence was N$29.9 million since its inception, benefiting 222 farmers with an average price of N$6,609 per animal paid to the farmers. Meatco also procured live animals and export them to Angola due to the limited marketing opportunities in the areas NVCF. These areas has always been a tough market due to the veterinary cordon fence, which means that marketing opportunities in the area remain limited because meat from this area cannot be exported.The limited market has a bearing on the efficient operations of the MSU in that fewer cattle are slaughtered compared to budget. However, more local farmers have expressed their interest in selling their cattle to Meatco. Cattle slaughtered at the MSU are marketed as carcasses or value added into beef cuts, beef stew and some fresh beef products. Offal products are sold directly to the Kavango Marketing Cooperative with the help of the Meatco Foundation. The Kavango Marketing Cooperative then repackages the offal products and sells them to the local market, an income generating activity that enhances the cooperative's capacity.

MSU Annual Averages

Description	2019/20	2018/19
Total purchase cost (N$)	7,329,171	10,285,065
Total live mass purchased (kg)	458,973	657,458
Total cattle	1,136	1,521
Total slaughter mass (kg)	448,746	307,565
Avg kg (live mass) purchase	407	428
Avg kg (live mass) slaughter	397	395
Avg kg (carcass mass)	197.20	215
Price/head	6,457	6,762
Price/kg (live mass)	15.98	15.65

GRADING DISTRIBUTION:

Age	2019/20		2018/19	
A-Grade	-	-	-	-
AB-Grade	-	-	-	-
B-Grade	620	55%	541	36%
C-Grade	516	45%	980	64%
Total	**1,136**	**100%**	**1, 521**	**100%**

FAT DISTRIBUTION:

	2019/20		2018/19	
0	98	9%	101	7%
1	209	18%	228	15%
2-4	804	71%	1,132	744%
5-6	25	2%	60	4%
Total	**1, 136**	**100%**	**1, 521**	**100%**

MEATCO FOUNDATION

MEATCO FOUNDATION

Meatco Foundation (MF) is the Corporate Social Investment and Responsibility (CSIR) arm of Meatco. By its statutes, it is required to pursue corporate social interventions that would benefit communal farmers, but also create value for Meatco. MF is about value creation for communal livestock farmers and other key stakeholders in livestock sector, including Meatco.

Unlike traditional CSIR efforts, the Foundation sources its own funds and implements projects such as constructing marketing facilities and water infrastructures, rangeland and livestock management trainings, bull schemes, and cooperative support in livestock marketing options.

By providing marketing opportunities and support, the Foundation has facilitated a platform for Meatco and other buyers to access cattle in this region. This contributes to income generation and offtake percentage for communal farmers. Rangeland and livestock trainings, water infrastructures and improved breed types also contribute to improved quality of cattle, increasing income for farmers. MF has also taken the lead in many studies aimed at improving the marketing situation in communal areas. The value creation for farmers is vast, such as market creation and expansion, knowledge creation, drought mitigation, and livelihood improvement. The value creation for Meatco includes throughputs (cattle), local market share, budget saving and a good image portrayed to stakeholders.

MF has raised and utilised over N$ 3 million in funds during the reporting period. These projects have impacted communal livestock farmers and their communities by unlocking over N$ 22 million that was unveiled through auctions. These auctions were organised through either MF projects or MF supported multi-purpose pens. Farmers unions and cooperatives generated over half million Namibian dollars through commissions.

This shows the impact of MF interventions on communal farmers and their communities. MF interventions also created value for Meatco by providing an enabling environment for purchasing cattle and a good image to the larger stakeholders. Other interventions contributed to improved rangeland and livestock husbandry which is beneficiary to farmers and Meatco in the long term.

OHANGWENA



The project was implemented in the Ohangwena Region in August 2018 and came to an end in January 2020. The main goal was to build targeted famers' capacity and resilience against climate change and improve their livelihood. The project focused on rangeland management, livestock production, livestock marketing and aspects of Conservation Agriculture (CA).


The project was co-funded by the Foundation, the Global Environment Facility (GEF) Small Grants Programme (SGP), and the Ohangwena Livestock Marketing Co-operative Ltd (OHLMC). MF provided technical support to OHLMC in implementation of the project. The total budget for the project was N$2, 145, 483.80.

GAM

Through UNIL and GPS, MF has facilitated the construction of boreholes and reservoirs at Otjiuapehuri community areas at Gam in 2017. Leveraging on the water point, the Gam community initiated a project to pull water from the Otjiuapehuri water point to their quarantine to improve the hygiene at the quarantine.

This initiative is aimed at improving marketing facilities (crush pen) at the quarantine site where stakeholders such as Meatco, MF and the Meatboard have shown interest. MF commenced with the mobilisation of the community. To date the community have already started to lay out pipes from the water source to the quarantine facility. GPS have also provided their contribution towards the project.

SUPPORT

TECHNICAL

MF embraces the Social Entrepreneurship concept which is practiced worldwide by non-profit making organisations by offering producers technical support. This is resource efficient. Sharing knowledge and expertise to generate funds to meet admin operation, co-finance fund and technical support for existing interventions.

Through this component MF engaged and implemented the following interventions:

Strategies and Studies

MF has taken the lead in many studies aimed at improving the marketing situation in communal areas. During the reporting period, MF facilitated the development of the NCA Strategy for growth and the Feasibility Study for shifting the VCF using a compartmentalisation approach. Both projects have been completed and MF generated N$300,000.00 as professional fees.

GCF-FAO Concept Note

As part of the consortium pursuing a project to be funded by the Green Climate Fund (GCF), MF was contracted to develop the concept note. The concept note has been completed and submitted to GCF. This project generated N$149,000.00 for MF as a professional fee.

ONGOING INTERVENTIONS

Using funds generated from technical support and the admin budget, MF conducted M&E activities and supported existing interventions. These include auction activities at crush pens constructed by the Foundation, as well as supporting other Community Based Organisations (CBOs) in livestock sector:

Multi-Purpose Crush Pens

MF has conducted and supported auctions and other activities at Helena and Okangoho Multi-Purpose crush pens during the reporting period. These pens have become livestock marketplaces during the auction season. Entrepreneurs, especially women, participate by selling their products, including food, during events. Figure 6 below shows some of the activities during the auction days. Although these pens were established for livestock related activities, the facilities are contributing to the developmental aspirations of the communities, thereby contributing to improved livelihoods. The severe drought year meant farmers were forced to destock as there was insufficient forage to keep cattle on the grass land.

MONITORING AND EVALUATION

Supporting Cooperatives

As per a signed MOU with Regional Livestock Marketing Cooperatives (RLMCs), MF supported the Cooperatives based on identified and agreed activities. MF provided M&E services and facilitated FlexPro training for Oshikoto RLMC staff. MF have facilitated and supported business plan development for RLMCs of which some have received funding. MF also facilitated and financed the ZAMCO business plan development and submission to AgriBank.

LOOKING AHEAD

Potential growth for the red meat industry is concentrated in areas NVCF. It is in Meatco's interests to grow producers' capacity and access in the hope of growing the market at large.

The Foundation intends to continue supporting communal farmers through projects and partnerships and has submitted more than ten project proposals which await approval in 2020. Going forward, the technical support modality will be strengthened to increase the funding stream through this component given international economics and the shrinking of donor funds. Within the current budget, MF will continue with M&E activities and technical support for ongoing interventions.

IN CONCLUSION THE MEAT INDUSTRY 2020 AND BEYOND

2019 has been a challenging year for all producers of livestock in Namibia. From an industry perspective, 2020 is going to be a year of rebuilding cattle herds, and diversifying cattle streams to grow the market. Real growth, however, will require policy change at Governmental level to allow all producers South and North of the Veterinary Cordon Fence (VCF), to gain entry to international markets.

While Meatco remains in a loss making position this financial period, we have upheld our mandate to strive for the stabilisation of the meat industry of Namibia in the national interest by paying competitive producer prices. Meatco remains a key partner in the livestock industry and we continue to strengthen our relationships with all stakeholders by building trust and increasing platforms for engagement. Meatco developed various short term and long term strategies in supporting producers which will stimulate and promote the production of quality, slaughter-ready animals and thereby ensuring increased throughput and profitability of the corporation. Some of these short and long term strategies include:

Communal Procurement

Meatco in partnership with Communal Farmers Associations aims to become the preferred livestock marketing partners of the rural communal producer on a continuous and sustainable manner in order to positively enhance the livelihood of the producers. Meatco will focus and drive actions together with stakeholders to uplift, capacitate and enable communal producers to benefit from mainstream livestock marketing opportunities in Namibia.

Communal On- farm permit days

The permit day platform will be used to identify communal producers with future production capacity. Meatco will work with these producers on an individual basis to deliver cattle directly from Farm/village to Meatco establishments. The aim is to develop the skills of the producers and their farming business' operational capacity over a period of time to become a reliable annual direct marketing producer for Meatco.

On-farm permit days for new emerging famers

This strategy will target emerging farmers from the Tsumeb, Otavi, Grootfontein areas by using existing permit day principles and prices to buy cattle for cash on farm. This method of procurement will tap into "non-traditional" Meatco producers who traditionally market only to auctions. Meatco will allocate a personal technical advisor to these emerging farmers in order to assist with obtaining direct marketing access to Meatco and once access has been established, Meatco will benefit from the increased number of slaughter ready cattle per annum.

Forty day compliance for all cattle auctions in communal areas

Annually thousands of slaughter ready cattle are exported to RSA through auctions because they do not meet the 40 day residency requirements. To ensure that these cattle become eligible for European Union export compulsory ear tagging and registration must be enforced from 3 months of age and only animals that have been registered for more than 40 days on the data base will be eligible to move from the farm or to the auction. This strategy could allow Meatco to purchase an additional slaughter ready cattle from the communal auctions for the 2021 financial year.

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 must enter a mandatory 30 day quarantine before they can leave the area. The challenge is that such cattle lose their 40 day residency status and it costs additionally to get such animals compliant to EU standards.

Meatco will request the Department of Veterinary Services (DVS) to allow cattle intended for direct slaughter from Gam to be exempted from quarantine requirements and be loaded and sealed directly to the Windhoek abattoir if they meet the 40 day residency requirements. This strategy would allow Meatco to purchase more cattle from Gam and to reduce the cost of compliance both at the quarantine and for the 40 day residency requirement.

Products under Test and Hold

Meatco in collaboration with the Meat Board of Namibia and the Central Veterinary Laboratory is in the process of improving the releasing of results of carcasses whose products are on hold from the current 3 months to 1 month. This will enable Meatco to deliver the products much faster while reducing costs related to delayed releases.

Operationalization of NCA Abattoirs

Meatco's presence in the Northern Communal Areas remains a key priority to unlock the livestock value chain north of the veterinary cordon fence. Meatco currently operates a mobile slaughter abattoir and has a distribution facility in Oshakati.. Meatco has established a Meatco NCA subsidiary and engaged the Meat Board of Namibia and DVS to implement measures that will enable the export of beef to viable markets through the Commodity Based Trade approach.

International Markets

Meatco will continue to target quality conscious consumers looking for quality meat that are not widely available through typical grocery distribution channels. The target markets for the Corporation remain the EU, Norway, the UK, Hong Kong, China, South Africa, and USA. The additional target markets that will be pursued to facilitate future marketing from the NCA includes boneless cuts to the niche markets in Namibia; the area south of the Veterinary Cordon Fence (redline), South Africa, Angola, Democratic Republic of the Congo, Ghana, Zambia, Zimbabwe as well as the Middle East.

In conclusion, growing Meatco's market share will require growing the market at large. It is critical that the industry determines and balances the correct mix in terms of live exports and locally slaughtered animals to ensure optimal throughput via export abattoirs into export markets. We will continue to implement measures with a positive impact on the livestock industry to create sustainable value for all Namibians.

A body corporate establised in Namibia in terms of the Meat Corporation of Namibia Act, 2001 (Act No. I of 2001)

MEAT CORPORATION OF NAMIBIA

A corporation establised in Namibia in terms of Meat Corporation of Namibia Act, 2001(Act No. I of 2001)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Manufacturing of beef and value added beef products.
Directors	**Outgoing** Dr M Namundjebo-Tilahun: Chairperson (resigned 06 January 2020) Mr RL Kubas: Vice-Chairperson (term ended 30 April 2020) Mr II Ngangane (term ended 30 April 2020) Ms S Kasheeta (term ended 30 April 2020) Mr M Mushokabanji (resigned 09 November 2019) Mr E Beukes: co-opted (term ended 30 April 2020) Ms D van Schalkwyk: co-opted (term ended 30 April 2020) Mr S-K Shakumu: co-opted (term ended 30 April 2020) Mr K-D Rumpf (term ended 30 April 2020) **Incoming** Mr JN Hamman: Chairperson (appointed 01 May 2020) Ms CG Bohitile: Vice-Chairperson (appointed 01 May 2020) Mr K-D Rumpf (appointed 01 May 2020) Ms C Garises (appointed 01 May 2020) Mr M Mulunga (appointed 01 May 2020) Mr U Kandjii (appointed 01 May 2020)
Business address	Meat Corporation Building No 1 Sheffield Street Northern Industrial Area Windhoek
Postal address	P O Box 3881 Windhoek Namibia
Bankers	Bank Windhoek Namibia First National Bank Nedbank Namibia Standard Bank of Namibia Development Bank of Namibia
Auditor	Grand Namibia Registered Accountants and Auditors Chartered Accountants (Namibia)
Company Secretary	Ms Nailoke Mhanda

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Meat Corporation of Namibia Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as 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 2021 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 87-88.

The annual financial statements set out on pages 89-145, 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:

Director ______________________ **Director** ______________________

JN Hamman Chairperson **K-D Rumpf Director**

Windhoek

Namibia

Date 12 August 2020

Nguni Breeders Society

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the financial year which ended on 31 January 2020.

1. The mandate of the 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 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 the Meat Corporation

Meatco's vision is to be the preferred marketing channel of Namibian livestock and to promote the most sought-after meat brands in the long-term interest of our stakeholders.

Objectives of the Corporation

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 increased to 116,304 (2018/19: 62,086).

The average cold dress weight decreased to 229.3kg (2018/19: 246.31 kg), resulting in actual throughput of 26,583 tonnes (2018/19: 15,292 tonnes).

Cattle supply in the areas north of the trans veterinary cordon fence decreased to 1,136 (2018/19: 1,521).

The average cold dressed weight decreased to 197.20 kg (2018/19: 215.92 kg), resulting in actual throughput of 224.1 tonnes (2018/19: 328.4 tonnes).

The revenue for the Group increased to N$1,784 million (2018/19: N$ 1,340 million).

DIRECTORS' REPORT (CONTINUED)

We draw attention to the financial Group statements, which indicates that the Group incurred a loss before tax of N$113.66 million (2018/19: N$ 93.05 million loss) during the year ended 31 January 2020 and, as of that date, the Group's total liabilities did not exceed its total assets. 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 procure funding for the ongoing operations for the Group and implement profitability strategies detailed in the going concern write-up.

		2019/20	2018/19
Cattle supply (units)			
- SVCF	Increase	116,304	62,086
- NVCF	Decrease	1,136	1,521
Avarage cold dress weight in kg			
- SVCF	Decrease	229.3	246.31
- NVCF	Decrease	197.2	215.92
Throughput in tonnes			
- SVCF	Increase	26,583	15,292
- NVCF	Decrease	224.1	328.2
Group Revenue	Increase	N$ 1,784 million	N$ 1,340 million
Group Net loss before tax	Increase	(N$ 113.66 million)	(N$ 93.05 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. Figures of importance relative to capital projects for improvements are as follows:

Capital projects	2019/20 N$	2019/18 N$
Additions for the year	2,778,600	2,302,617
Capital budget for the ensuing year	42,098,000	30,172,900

DIRECTORS' REPORT (CONTINUED)

Investments in Associates

Associates
Interest in Corporation at 31 January 2020 in:

Investment in associates		Issued 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 2019 in:

Investment in associates		Issued 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 in order to maximise overall sales revenues returned to primary meat producers.

Investments in Subsidiaries
Interest of Corporation as at 31 January 2020 in:

Investments in subsidiairies		Issued share capital	Percentage holding direct/ indirect	Share investment N$	Loans & Trade receivable/ (payable)
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.

DIRECTORS' REPORT (CONTINUED)

Subsidiaries
Interest of Corporation as at 31 January 2019 in:

Investments in subsidiairies		Issued share capital	Percentage holding direct/ indirect	Share investment N$	Loans & Trade receivable/ (payable)
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				10,781,034
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	ZAR				12,785,422
Namibia Cattle Procurement (Pty) Ltd (NAM)	NAD				10,081,868
		1,250,200		11,938,770	33,648,324

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 2020 in:

Investment in associates		Issued share capital	Place of business/ country of incorporation	Percentage holding/ direct/ indirect	Share investment N$
GPS Norway AS	NOK	300	Norway	33%	7,679,376

Associates
Interest in Corporation at 31 January 2019 in:

Investment in associates		Issued share capital	Place of business/ country of incorporation	Percentage holding/ direct/ indirect	Share investment N$
GPS Norway AS	NOK	300	Norway	33%	5,252,020

DIRECTORS' REPORT (CONTINUED)

3. Going concern

The financial statements indicates that the Group has recorded a loss before taxation of N$ 113.66 million (2019: loss before taxation of N$ 93.05 million) during the year ended 31 January 2020 and, as of that date, the Group's total liabilities did not exceed its total assets.

Short term Strategies

Liquidity

The directors recognise that the liquidity of the Group is under pressure and as a result 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 procure funding for the ongoing operations for the Group.

In order to improve liquidity, maintain throughput and improve financial performance, the Group has:

- secured N$ 250 million from the Development Bank of Namibia to fund animal procurement;

N$100 million of the funding was utilised to settle Meatco's excess overdraft facility with First National Bank and the remaining balance of N$150 million will be utilised to purchase cattle for both South of the Veterinary Cordon Fence (SVCF) and Northern Communal Area (NCA), Meatco, the Department of Treasury and Development Bank of Namibia will have to conclude the Memorandum of Understanding providing terms and conditions for the utilisation of the remaining N$ 150 million portion. The government guarantee agreement will have to be finalised in order for the N$ 150 million to be utilised.

Profitability

The directors have implemented specific short and long term strategies in order to increase throughput and profitability of the entity.

Cost Cutting Measures

Meatco shall prioritize expenditure on essential goods and services and suspend or cancel expenditure on non-essential goods and services. As a result, Meatco will make a saving of about N$ 20 million

Communal Procurement

Meatco in partnership with Communal Farmers Associations aims to become the preferred livestock marketing partners of the rural communal producer on a continuous and sustainable manner in order to positively enhance the livelihood of the producers. Meatco will focus and drive actions together with stakeholders to uplift, capacitate and enable communal producers to benefit from mainstream livestock marketing opportunities in Namibia.

Communal On- farm permit days

There are large numbers of communal producers with the capacity to become direct marketing producers. Meatco needs to identify and guide them over a period of time to also benefit from Meatco's direct marketing opportunities.

Using the permit day platform to identify communal producers with future production capacity. Meatco will work with these producers on an individual basis to deliver cattle directly from Farm/village to Meatco establishments. The aim is to develop the skills of the producers and their farming business' operational capacity over a period of time to become a reliable annual direct marketing producer for Meatco.

On- farm permit days for new emerging famers

This strategy will target emerging farmers from the Tsumeb, Otavi, Grootfontein areas by using existing permit day principles and prices to buy cattle for cash on farm. This strategy has a potential to increase throughput to Meatco. This method of procurement will tap into "non-traditional" Meatco producers who traditionally market only to auctions. Meatco will allocate a personal technical advisor to these emerging farmers in order to assist with obtaining direct marketing access to Meatco and once access has been established, Meatco will benefit from approximately 10 000 more heads of slaughter ready cattle per annum. This strategy will allow Meatco to purchase an additional 3 000 slaughter ready cattle from the emerging farmers for the 2021 financial year. This strategy could realise additional revenue of N$ 46 million and net profit of N$ 12 million.

Forty day compliance for all cattle auctions in communal areas

Annually approximately 50 000 slaughter ready cattle are exported to RSA through auctions because they do not meet the 40 day residency requirements. To ensure that these cattle become eligible for European Union export compulsory ear tagging and registration must be enforced from 3 months of age and only animals that have been registered for more than 40 days on the data base will be eligible to move from the farm or to the auction. This strategy could allow Meatco to purchase an additional 10 400 slaughter ready cattle from the communal auctions for the 2021 financial year. This strategy could possibly realise additional revenue of about N$93 million and net profit of N$ 24 million.

DIRECTORS' REPORT (CONTINUED)

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 must enter a mandatory 30 day quarantine before they can leave the area. The challenge is that such cattle lose their 40 day residency status and it costs Meatco N$ 1500 per head to get such animals compliant to EU standards.

The Department of Veterinary Services (DVS) has issued a circular to allow cattle intended for direct slaughter from Gam be exempted from quarantine requirements and be loaded and sealed directly to the abattoir if they meet the 40 day residency requirements. This strategy would allow Meatco to purchase more cattle from Gam and to reduce the cost of compliance both at the quarantine and for the 40 day residency requirement.

Products under Test and Hold

Meatco in collaboration with the Meat Board of Namibia and the Central Veterinary Laboratory is in the process of improving the releasing of results of carcasses whose products are on hold from the current 3 months to 1 month. This will enable Meatco to deliver the products much faster while reducing costs related to delayed releases.

Institutional Markets

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 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.

Operationalization of NCA Abattoirs

Meatco's presence in the Northern Communal Areas remains a key priority to unlock the livestock value chain north of the cordon fence. Meatco currently operates a mobile slaughter abattoir and has a distribution facility in Oshakati. Meatco will seek to further strengthen its operations in the NCA by seeking to operate the Rundu Abattoir. Cabinet directed the Ministry of Agriculture Water and Land Reform to make concerted efforts to facilitate market access for livestock and livestock products from the Northern Communal Areas. To that effect, Meatco has established a Meatco NCA subsidiary and engaged the Meat Board of Namibia and DVS to implement measures that will enable the export of beef to viable markets in Africa and the Middle East as well as supply boneless cuts to the niche markets in Namibia to the area south of the Veterinary Cordon Fence (redline) through the Commodity Based Trade approach.

Pricing Strategy

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 to 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.

For the 2021 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 1,600 tonnes for 2020.

Weekly foreign currency actual realisations from our 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 of exchange rates

DIRECTORS' REPORT (CONTINUED)

Realigned structure

Strategic changes were made in the executive management in order to leverage off experience in the current executive team. The livestock procurement executive has been moved to head up the marketing and sales department in order to benefit from his fifteen years of marketing experience. The tannery manager has been promoted to livestock production and value addition department to make use of his more than twenty years of experience. The corporation also developed a new department that will focus on business performance and strategy. These strategic alignments will allow the corporation to operate more efficiently and effectively.

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. Meat Corporation 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 utilised a portion of its export proceeds and allocated these to import payments which allows the business to benefit from the natural hedge.

Medium & Long term Strategies

Revamping Cannery

Meatco produces corned meat under various brands that are sold in Namibia, South Africa, Zimbabwe, Eswatini, Botswana and Nigeria. Meatco has planned to invest about N$ 45 million to upgrade the Cannery machinery to increase production and improve the profit margin per can by reducing the share of substandard cans that are not meeting the market specifications. Meatco shall review the contracts and the selling prices with all the marketing agents with a view to take full control and ownership of the cans from production to the consumer.

Relaxing 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.

Beef Value Chain between Namibia and Botswana

On 12 September 2019, the Government of Botswana announced that it would allow for the export of 30% of its herd, from its Foot and Mouth Disease (FMD) Free Zone, in order to assist its farmers to overcome the impact of drought and address the lack of marketing opportunities in the country. This opportunity was only available until 31 March 2020. Consequently, Cabinet approved Meatco to import 15,000 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.

Backgrounding Farms

Meatco shall lease farms to hold and grow an optimal number of weaners as a supply stream after the peak season to ensure continuous throughput at the abattoirs throughout the year.

The directors believe that the Group will remain in a going-concern position should all of these strategic initiatives realise. The directors have satisfied themselves that going forward the company will be in a profitable position and that the approved borrowing facilities would be sufficient to meet its foreseeable cash requirements

4. Events after the reporting period

Impact of COVID-19

Since the reporting period, the world and the global economy have been significantly impacted by the outbreak of the coronavirus. The outbreak was declared a Public Health Emergency of international concern on 31 January 2020. The declaration allows 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 Organisation 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 continued to operate as a distributor of meat, contributing to the essential food supply in Namibia. The corporation's operational and financial position has not been materially affected because the

DIRECTORS' REPORT (CONTINUED)

4. Events after the reporting period (continued)

Impact of COVID-19 (continued)

corporatoin has operated throughout the state prescribed lockdown, our value chain/shipping lines remained operational, the supermarkets/retail in the premium markets still required our products.

Management had and continues to implement various measures to manage the pandemic to ensure minimal impact on its production and value chain and feels confident that the corporation has sufficient financial reserves to continue as a going concern for the year ahead.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report

5. 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 sought after by the former employees is in total R21,264,439 including interest and legal costs.

Management has performed an assessment and concluded that there's no need to recognise a provision as prescribed by IAS 37 as at 31 January 2020.

AUDITOR'S REPORT

To the shareholder of Meat Corporation of Namibia for the year ended 31 January 2020

Opinion

We have audited the consolidated and separate financial statements of Meat Corporation of Namibia and its subsidiaries ("The Group:) set out on pages 89-145, which comprise the consolidated and separate statement of financial position as at 31 January 2020, 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 financial 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 Group as at 31 January 2020, 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 (IRFSs).

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 sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 3 of the Directors' report, which indicate that Meat Corporation of Namibia incurred an operating loss before tax of N$123 million (2019:N$59 million) and a group operating loss before tax of N$113 million (2019: N$93 million). This condition indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Subsequent event: The impact of the uncertainty of COVID-19

We draw attention to Note 4 of the Directors' report, which deals with the subsequent events specifically the possible effects of the future implications of COVID-19 on the company's future prospects, performance and cash flows. 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 auditors 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.

In connection with our audit on 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.

AUDITOR'S REPORT (CONTINUED)

Responsibilities of the directors for the consolidated and separate Financial Statements (continued)

In preparing the consolidated and separate financial statements, 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 an 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 this financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgement 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's 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's 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' authorities within the group to express an opinion in 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
Registered Accountants and Auditors Chartered Accountants (Namibia)
Per R Theron
Partner
Place: Windhoek
Date: 19 August 2020

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note(s)	Group			Corporation		
		2020 N$	2019 Restated N$	2018 N$	2020 N$	2019 Restated N$	2018 N$
Assets							
Non-Current Assets							
Property, plant and equipment	6	613,007,689	584,660,672	614,367,505	612,831,865	584,462,726	614,071,145
Right of use asset	7	1,180,256	-	-	650,376	-	-
Investments in subsidiaries	8	-	-	-	11,938,771	11,938,771	11,938,771
Investments in associates	9	7,679,377	5,252,020	4,662,844	216,791	216,791	216,791
Deferred tax	10	258,289,333	172,741,547	118,763,599	258,013,370	172,132,045	118,655,399
Other receivables	11	24,457,059	30,191,636	-	24,457,059	30,191,636	-
		904,613,714	792,845,875	737,793,948	908,108,232	798,941,969	744,882,106
Current Assets							
Biological assets	12	25,471,687	69,232,217	131,813,058	22,624,402	62,112,593	107,491,316
Inventories	13	181,280,943	112,847,397	232,649,591	180,355,052	108,598,426	232,482,501
Loans to related parties	14	-	-	-	21,940,655	3,456,688	28,171,975
Trade and other receivables	15	156,727,591	175,904,452	173,814,884	141,421,361	152,050,910	163,095,138
Cash and cash equivalents	16	99,971,455	40,646,852	52,058,917	50,231,253	35,055,317	44,910,479
		463,451,676	398,630,918	590,336,450	416,572,723	361,273,934	576,151,409
Non-current assets held for sale		-	-	83,292,714	-	-	41,701,435
Total Assets		1,368,065,390	1,191,476,793	1,411,423,112	1,324,680,955	1,160,215,903	1,362,734,950
Equity and Liabilities							
Equity							
Foreign currency translation reserve		(1,987,916)	(5,996,738)	(4,573,669)	-	-	-
Revaluation reserves		264,910,333	233,594,937	233,594,937	264,910,333	233,594,937	233,594,937
Retained income		290,527,649	318,477,220	363,413,529	250,537,594	286,923,502	298,451,465
		553,450,066	546,075,419	592,434,797	515,447,927	520,518,439	532,046,402
Liabilities							
Non-Current Liabilities							
Interest bearing borrowings	17	180,790,505	198,848,715	222,746,405	180,790,505	198,848,717	222,746,405
Finance lease liabilities	21	-	-	4,336,988	-	-	4,336,988
Retirement benefit obligations	18	11,468,000	10,669,000	16,847,000	11,468,000	10,669,000	16,847,000
Deferred tax	10	154,119,349	133,019,707	127,431,593	154,127,573	132,978,622	127,418,585
Lease liability - right of use	19	183,725	-	-	183,725	-	-
		346,561,579	342,537,422	371,361,986	346,569,803	342,496,339	371,348,978
Current Liabilities							
Trade and other payables	20	69,417,229	88,680,567	96,804,469	67,834,738	88,230,134	94,219,201
Loans from related parties		-	-	-	-	-	27,466,387
Interest bearing borrowings	17	22,640,346	44,845,737	79,297,806	22,640,346	44,845,737	79,297,806
Finance lease liabilities	21	1,288,504	4,379,378	5,150,975	1,288,504	4,379,378	5,150,975
Current tax payable	22	2,089,800	749,130	534,746	-	-	-
Provisions	23	1,188,349	10,234,445	56,544,939	-	5,771,181	43,911,807
Lease liabililty - right of use	19	1,059,367	-	-	529,487	-	-
Bank overdraft	16	370,370,150	153,974,695	209,293,394	370,370,150	153,974,695	209,293,394
		468,053,745	302,863,952	447,626,329	462,663,225	297,201,125	459,339,570
Total Liabilities		814,615,324	645,401,374	818,988,315	809,233,028	639,697,464	830,688,548
Total Equity and Liabilities		1,368,065,390	1,191,476,793	1,411,423,112	1,324,680,955	1,160,215,903	1,362,734,950

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

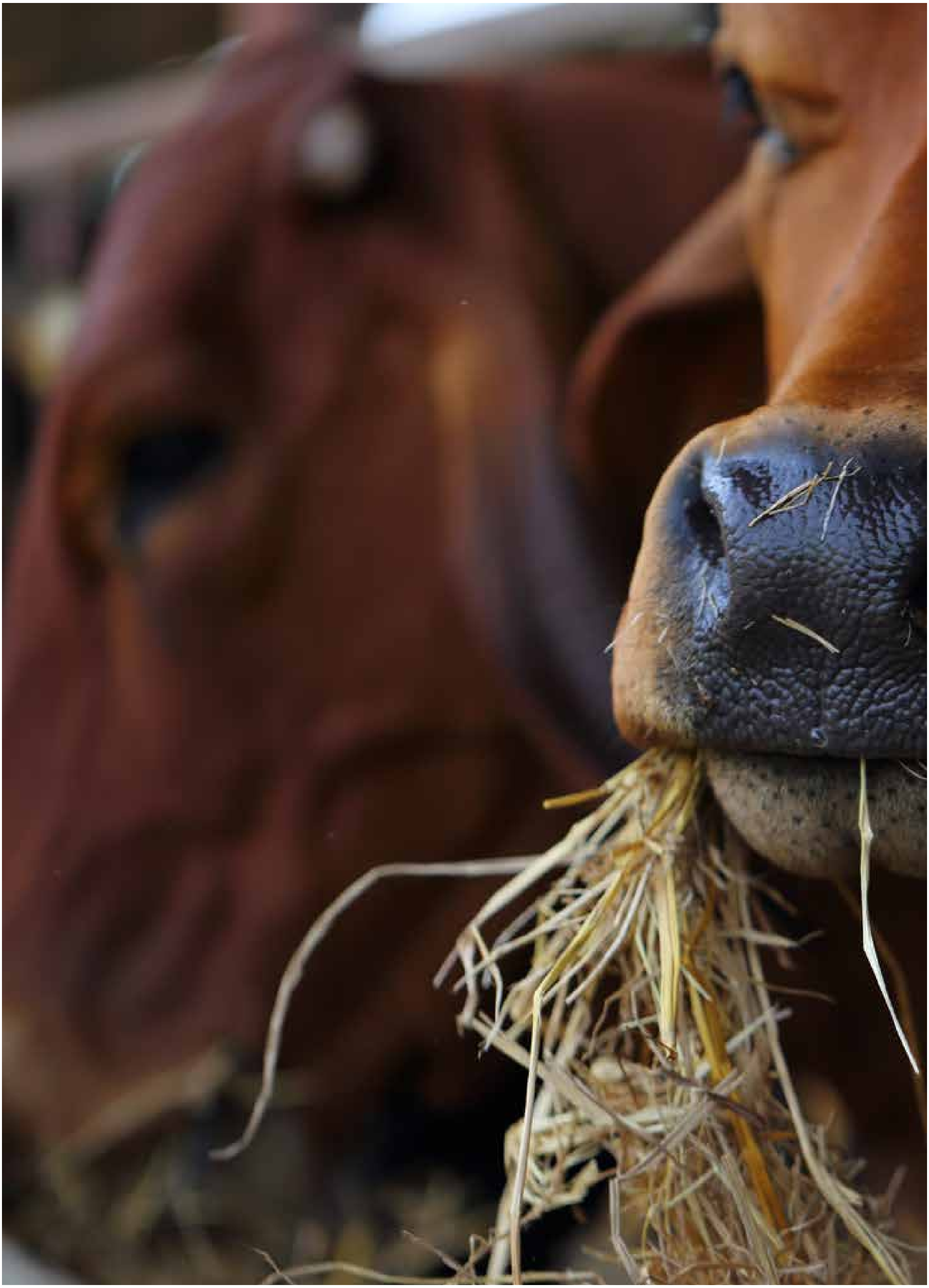
		Group		Corporation	
		2020	2019 Restated	2020	2019 Restated
	Note(s)	N$	N$	N$	N$
Revenue	24	1,784,306,219	1,340,237,156	1,772,959,291	1,336,704,486
Cost of sales	25	(1,711,364,420)	(1,232,885,486)	(1,731,551,990)	(1,248,119,505)
Gross profit		72,941,799	107,351,670	41,407,301	88,584,981
Other income	26	42,929,142	24,908,365	43,049,394	24,893,208
Administrative expenses		(171,243,326)	(171,626,164)	(146,863,152)	(156,792,697)
Operating loss	27	(55,372,385)	(39,366,129)	(62,406,457)	(43,314,508)
Finance income	28	953,327	599,253	349,046	312,267
Finance costs	29	(61,264,481)	(50,715,349)	(61,264,481)	(50,715,349)
Exchange differences reclassified on disposal of foreign operation		-	649,326	-	-
Income from equity accounted investments		2,025,258	366,774	-	-
(Loss) profit on sale of shares in associate		-	(4,587,372)	-	34,273,017
Loss before taxation		(113,658,281)	(93,053,497)	(123,321,892)	(59,444,573)
Taxation	30	85,708,708	48,117,189	87,077,621	47,916,608
Loss for the year		(27,949,573)	(44,936,308)	(36,244,271)	(11,527,965)
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		4,008,822	(1,423,068)	-	-
Other comprehensive income for the year net of taxation		35,324,218	(1,423,068)	31,315,396	-
Total comprehensive income (loss) for the year		7,374,645	(46,359,376)	(4,928,875)	(11,527,965)

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Foreign currency translation reserve	Revaluation reserve	Retained income	Total equity
	N$	N$	N$	N$
Group				
Balance at 01 February 2018	**(4,573,670)**	**233,594,937**	**363,413,528**	**592,434,795**
Loss for the year	-	-	(44,936,308)	(44,936,308)
Total comprehensive loss for the year	-	-	(44,936,308)	(44,936,308)
Transfer from retained earnings to foreign currency translation reserve	(1,423,068)	-	-	(1,423,068)
Total changes	**(1,423,068)**	**-**	**-**	**(1,423,068)**
Opening balance as previously reported Adjustments Prior year adjustments	(5,996,738) -	233,594,937 -	346,642,060 (28,164,838)	574,240,259 (28,164,838)
Balance at 01 February 2019 as restated	**(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 changes	**4,008,822**	**-**	**-**	**4,008,822**
Balance at 31 January 2020	**(1,987,916)**	**264,910,333**	**290,527,649**	**553,450,066**
Corporation				
Balance at 01 February 2018		**-233,594,937**	**298,451,467**	**532,046,404**
Loss for the year	-	-	(11,527,965)	(11,527,965)
Total comprehensive loss for the year	**-**	**-**	**(11,527,965)**	**(11,527,965)**
Opening balance as previously reported Adjustments Prior year adjustments	- -	233,594,937 -	315,088,341 (28,164,838)	548,683,278 (28,164,838)
Balance at 01 February 2019 as restated		**-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 corporation recognised directly in equity	**-**	**-**	**(141,638)**	**(141,638)**
Balance at 31 January 2020		**-264,910,333**	**250,537,594**	**515,447,927**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

		Group		Corporation	
		2020	2019 Restated	2020	2019 Restated
	Note(s)	N$	N$	N$	N$
Cash flows from operating activities					
Cash generated from (used in) operations	31	(56,264,406)	67,022,300	(99,296,818)	68,227,871
Interest received	28	953,328	599,253	349,046	312,267
Interest paid	29	(61,264,481)	(50,715,349)	(61,264,481)	(50,715,349)
Tax paid	32	(1,084,686)	-	-	-
Retirement benefit obligation		799,000	6,178,000	(799,000)	6,178,000
Net cash (to)/from operating activities		**(116,861,245)**	**23,084,204**	**(161,011,253)**	**24,002,789**
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(2,778,600)	(2,302,616)	(2,778,601)	(2,302,617)
Sale of property, plant and equipment	6	188,892	9,301,117	190,235	11,247,256
Sale of investments at fair value		-	78,705,342	-	75,974,453
Receipt from other receivables		5,734,577	-	5,734,577	-
Net cash (to)/from investing activities		**3,144,869**	**85,703,843**	**3,146,211**	**84,919,092**
Cash flows from financing activities					
Repayment of borrowings		(40,263,602)	(58,349,759)	(40,263,603)	(58,349,759)
Finance lease payments		(3,090,874)	(5,108,585)	(3,090,874)	(5,108,585)
Net cash to financing activities		(43,354,476)	(63,458,344)	(43,354,477)	(63,458,344)
Total cash movement for the year		(157,070,852)	45,329,703	(201,219,519)	45,463,537
Cash at the beginning of the year		(113,327,843)	(157,234,478)	(118,919,378)	(164,382,915)
Effect of exchange rate movement on cash balances		-	(1,423,068)	-	-
Total cash at end of the year	16	**(270,398,695)**	**(113,327,843)**	**(320,138,897)**	**(118,919,378)**



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

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 2020 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 of its power over the entity.

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

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

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of changes in equity. 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. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

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

1.3 Investments in associates (continued)

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.

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 kilogramme. The kilogrammes 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 PPE (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 the age of the assets 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 (MoC) 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 23.

Impairment of trade receivables

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

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

ACCOUNTING POLICIES (CONTINUED)

1.4 Significant judgements and sources of estimation uncertainty (continued)

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.

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 23.

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.

Assets classified as non-current asset held-for-sale

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the short-term. Financial assets that are not classified into any of the other categories (at fair value through profit and loss, loans and receivables or held-to maturity investments) are also included in the available-for sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

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

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:

- 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.

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*
Plant	Straight line	20 years
Factory equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Office equipment	Straight line	3 years
Motor vehicles	Straight line	5 years
Mobile equipment	Straight line	3 years
Tools	Straight line	3 years

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.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS (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 4 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 14), are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

Loans receivable are recognised when the group 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.

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

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 28).

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.

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 4).

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.

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

1.7 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 15).

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 15.

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 admnistrative expenses in profit or loss as a movement in credit loss allowance (note 27).

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 15) and the financial instruments and risk management note (note 4).

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 14) and interest bearing borrowings (note 17) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group 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.

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

1.7 Financial instruments (continued)

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 4 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 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 29).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 4 for details of risk exposure and management thereof.

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.

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.

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

1.8 Tax

Current tax assets and liabilities

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

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

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 and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits 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.

1.9 Leases

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

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

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

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

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

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

To determine the incremental borrowing rate, the corporation:

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

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

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

1.9 Leases (continued)

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

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

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

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

1.10 Inventories

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

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

Meat and meat products

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

Packing material, consumable store and spare parts

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

1.11 Share capital and equity

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

Ordinary shares are classified as equity.

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

1.12 Employee benefits

Long-term benefits: Severance benefits

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

Remeasurements of the net defined benefit liability (asset) will be recognised in other comprehensive income, comprising of:

- Actuarial gains and losses;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability; and
- Any changes in the effect of the assets ceiling excluding amounts included in net interest on the net defined benefit liability.

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.

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

1.13 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.

1.14 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 basis. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods. Revenue is recognised net of trade discounts and value added tax.

1.15 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.

1.16 Dividend income

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

1.17 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.

1.18 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.

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

1.19 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

1.20 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 flows.

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

1.20 Transformation of foreign currencies (continued)

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 (CONTINUED)

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	*Effective date: Years beginning on or after*	*Expected impact:*
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	Unlikely there will be a material impact
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the amendments is not material.
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the amendments is not material.
• Uncertainty over Income Tax Treatments	01 January 2019	The impact of the amendments is not material.
• IFRS 16 Leases	01 January 2019	The adoption of this standard has not had a material impact on the results of the corporation, but has resulted in more disclosure than would have previously been provided in the financial statements.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 February 2020 or later periods:

Standard/ Interpretation:	*Effective date: Years beginning on or after*	*Expected impact:*
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	deferred indefinitely	The impact of the standard is not material.

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

3. Change in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 16 Leases

The group has adopted IFRS 16 Leases from 1 January 2019, using the modified retrospective approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 1.9.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.5%.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

4. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2020	Note(s)	Amortised cost	Total
Trade and other receivables	15	98,333,739	98,333,739
Cash and cash equivalents	16	99,971,455	99,971,455
Other receivables	11	24,457,059	24,457,059
		222,762,253	222,762,253

Group - 2019	Note(s)	Amortised cost	Total
Trade and other receivables	15	121,796,031	121,796,031
Cash and cash equivalents	16	40,646,852	40,646,852
Other receivables	11	30,191,636	30,191,636
		192,634,519	192,634,519

Corporation - 2020	Note(s)	Amortised cost	Total
Loans to related parties	14	21,940,655	21,940,655
Trade and other receivables	15	84,250,585	84,250,585
Cash and cash equivalents	16	50,231,253	50,231,253
		156,422,493	156,422,493

Corporation - 2019	Note(s)	Amortised cost	Total
Loans to related parties	14	3,456,688	3,456,688
Trade and other receivables	15	100,106,162	100,106,162
Cash and cash equivalents	16	35,055,317	35,055,317
		138,618,167	138,618,167

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

4. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2020	Note(s)	Amortised cost	Leases	Total
Trade and other payables	20	69,161,679	-	69,161,679
Interest bearing borrowings	17	203,430,851	-	203,430,851
Finance lease liability	21	-	1,288,504	1,288,504
Bank overdraft	16	370,370,150	-	370,370,150
Lease liabilities - right of use	19	-	1,243,092	1,243,092
		642,962,680	2,531,596	645,494,276

Group - 2019	Note(s)	Amortised cost	Leases	Total
Trade and other payables	20	88,680,567	-	88,680,567
Interest bearing borrowings	17	243,694,452	-	243,694,452
Finance lease liabilities	21	-	4,379,378	4,379,378
Bank overdraft	16	153,974,695	-	153,974,695
		486,349,714	4,379,378	490,729,092

Corporation - 2020	Note(s)	Amortised cost	Leases	Total
Trade and other payables	20	67,834,738	-	67,834,738
Interest bearing borrowings	17	203,430,851	-	203,430,851
Finance lease liabilities	21	-	1,288,504	1,288,504
Bank overdraft	16	370,370,150	-	370,370,150
Lease liability - right of use	19	-	529,487	529,487
		641,635,739	1,817,991	643,453,730

Corporation - 2019	Note(s)	Amortised cost	Leases	Total
Trade and other payables	20	88,230,134	-	88,230,134
Interst bearing borrowings	17	243,694,454	-	243,694,454
Finance lease liabilities	21	-	4,379,378	4,379,378
Bank overdraft	16	153,974,695	-	153,974,695
		485,899,283	4,379,378	490,278,661

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

4. 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	
		2020	2019	2020	2019
		N$	N$	N$	N$
	Notes (s)				
Interest bearing borrowings	17	203,430,851	243,694,452	203,430,851	243,694,454
Finance lease liabilities	21	1,288,504	4,379,378	1,288,504	4,379,378
Trade and other payables	20	69,417,229	88,680,567	67,834,738	88,230,134
Lease liability - right of use	19	1,243,092	-	713,212	-
Total borrowings		**275,379,676**	**336,754,397**	**273,267,305**	**336,303,966**
Less: Cash and cash equivalents and bank overdraft	16	270,398,695	113,327,843	320,138,897	118,919,378
Net borrowings		**545,778,371**	**450,082,240**	**593,406,202**	**455,223,344**
Equity		553,450,066	546,075,419	515,447,926	520,518,439
Gearing ratio		99 %	82 %	115 %	87 %

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.

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

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

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

Credit risk

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

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

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	Notes(s)	2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	15	107,668,284	(9,334,545)	122,790,798	163,888,533	(11,900,866)	121,796,031
Cash and cash equivalents	16	99,971,455	-	99,971,455	40,646,852	-	40,646,852
Other receivables	11	24,457,059		24,457,059	30,191,636		30,191,636
		232,096,798	**(9,334,545)**	**222,762,253**	**204,535,385**	**(11,900,866)**	**192,634,519**

Corporation		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to related parties	14	21,940,655	-	21,940,655	3,456,688	-	3,456,688
Trade and other receivables	15	89,090,201	(4,839,616)	84,250,585	107,512,099	(7,405,937)	100,106,162
Cash and cash equivalents	16	50,231,253	-	50,231,253	35,055,317	-	35,055,317
		161,262,109	**(4,839,616)**	**156,422,493**	**146,024,104**	**(7,405,937)**	**138,618,167**

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.

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

4. Financial instruments and risk management (continued)

Group - 2020	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Interest bearing borrowings	17	-	146,013,402	34,777,103	180,790,505	180,790,505
Lease liability - right of use	19	-	183,725	-	183,725	183,725
Current liabilities						
Trade and other payables	20	69,161,678	-	-	69,161,678	69,161,679
Interest bearing borrowings	17	22,640,346	-	-	22,640,346	22,640,346
Finance lease liabilities	21	1,288,504	-	-	1,288,504	1,288,504
Bank overdraft	16	370,370,150	-	-	370,370,150	370,370,150
Lease liability - right of use		1,059,367	-	-	1,059,367	1,059,367
		464,520,045	146,197,127	34,777,103	645,494,275	645,494,276

Group - 2019		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Interest bearing borrowings	17	-	172,223,769	26,624,946	198,848,715	198,848,715
Current liabilities						
Trade and other payables	20	88,680,567	-	-	88,680,567	88,680,567
Interest bearing borrowings	17	44,845,737	-	-	44,845,737	44,845,737
Finance lease liabilities	21	4,379,378	-	-	4,379,378	4,379,378
Bank overdraft	16	153,974,695	-	-	153,974,695	153,974,695
		291,880,377	172,223,769	26,624,946	490,729,092	490,729,092

Corporation - 2020		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Interrest bearing borrowings	17	-	146,013,402	34,777,103	180,790,505	180,790,505
Lease liability - right of use	19	-	183,725	-	183,725	183,725
Current liabilities						
Trade and other payables	20	67,834,738	-	-	67,834,738	67,834,738
Interest bearing borrowings	17	22,640,346	-	-	22,640,346	22,640,346
Finance lease liabilities	21	1,288,504	-	-	1,288,504	1,288,504
Bank overdraft	16	370,370,150	-	-	370,370,150	370,370,150
Lease liability - right of use		529,487	-	-	529,487	529,487
		462,663,225	146,197,127	34,777,103	643,637,455	643,637,455

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

4. Financial instruments and risk management (continued)

Corporation - 2019	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Interest bearing borrowings	17	-	172,223,769	26,624,948	198,848,717	198,848,717
Current liabilities						
Trade and other payables	20	88,230,134	-	-	88,230,134	88,230,134
Interest bearing borrowings	17	44,845,737	-	-	44,845,737	44,845,737
Finance lease liabilities	21	4,379,378	-	-	4,379,378	4,379,378
Bank overdraft	16	153,974,695	-	-	153,974,695	153,974,695
		291,429,944	172,223,769	26,624,948	490,278,661	490,278,661

Foreign currency risk

Exposure in Namibia Dollar

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

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

		Group		Corporation	
		2020	2019	2020	2019
		N$	N$	N$	N$
US Dollar exposure:					
Current assets:					
Trade and other receivables	15	13,026,097	3,719,283	13,026,097	3,719,283
Cash and cash equivalents	16	9,444,122	934,632	9,444,122	934,632
Non-current liabilities:					
Trade and other payables	20	(2,816,764)	(78,343)	(2,816,764)	(78,343)
Net US Dollar exposure		**19,653,456**	**4,575,572**	**19,653,456**	**4,575,572**
Euro exposure:					
Current assets:					
Trade and other receivables	15	46,649,948	42,097,114	46,649,948	42,097,114
Cash and cash equivalents	16	27,309,880	18,342,575	27,309,880	18,342,575
Non-current liabilities:					
Trade and other payables	20	(2,203,158)	(1,536,693)	(2,203,158)	(1,536,693)
Net Euro exposure		**71,756,670**	**58,902,996**	**71,756,670**	**58,902,996**
GBP exposure:					
Current assets:					
Trade and other receivables	15	55,684,435	57,891,237	21,015,478	15,944,535
Cash and cash equivalents	16	46,853,263	9,243,159	106,413	5,949,194
Current liabilities:					
Trade and other payables	20	(7,312,175)	(1,530,504)	(6,353,434)	(1,038,346)
Amounts due by/(to subsidiaries)		-	-	37,100,628	-
Net GBP exposure		**95,225,523**	**65,603,892**	**51,869,083**	**20,855,383**
Net exposure to foreign currency in Namibia Dollar		**186,635,648**	**129,082,460**	**143,279,208**	**84,333,951**

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

4. Financial instruments and risk management (continued)

		Group		Corporation	
		2020	2019	2020	2019
	Notes(s)	N$	N$	N$	N$

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	15	872,291	272,170	872,291	272,170
Cash and cash equivalents	16	643,425	68,395	632,425	68,395
Current liabilities:					
Trade and other payables	20	(247,101)	(5,733)	(247,101)	(5,733)
Net US Dollar exposure		**1,268,615**	**334,832**	**1,257,615**	**334,832**
Euro exposure:					
Current assets:					
Trade and other receivables	15	2,826,996	2,695,094	2,826,996	2,695,094
Cash and cash equivalents	16	1,655,255	1,183,461	1,655,255	1,183,461
Current liabilities:					
Trade and other payables	20	(144,378)	(99,147)	(144,378)	(99,147)
Net Euro exposure		**4,337,873**	**3,779,408**	**4,337,873**	**3,779,408**
GBP exposure:					
Current assets:					
Trade and other receivables	15	2,836,699	3,236,100	2,826,996	891,294
Cash and cash equivalents	16	2,390,412	516,689	5,429	332,558
Current liabilities:					
Trade and other payables	20	373,061	(85,555)	324,147	(58,043)
Amounts due by/(to) subsidiaries		-	-	1,739,628	-
Net GBP exposure		**5,600,172**	**3,667,234**	**3,141,395**	**1,165,809**
Other currency exposure:					
Non-current assets:					
Group loans	14	-	-	-	602,656

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

4. Financial instruments and risk management (continued)

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Exchange rates				
Namibia Dollar per unit of foreign currency:				
US Dollar	14.933	13.665	14.933	13.665
Euro	16.499	15.499	16.499	15.499
GBP	19.601	17.889	19.601	17.889

Foreign currency sensitivity analysis

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

Group	**2020**	**2020**	**2019**	**2019**
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Euro 10% (2019: 10%)	7,157,012	(7,157,012)	4,177,153	(4,177,153)
GBP 10% (2019: 10%)	10,976,616	(10,976,616)	1,892,722	(1,892,722)
USD 10%	1,878,021	(1,878,021)	-	-
	20,011,649	**(20,011,649)**	**6,069,875**	**(6,069,875)**
Impact on equity:				
Euro 10% (2019: 10%)	7,157,012	(7,157,012)	2,695,094	(2,695,094)
GBP 10% (2019: 10%)	10,976,616	(10,976,616)	1,058,025	(1,058,025)
USD 10%	1,878,021	(1,878,021)	-	-
	20,011,649	**(20,011,649)**	**3,753,119**	**(3,753,119)**
	40,023,298	**(40,023,298)**	**9,822,994**	**(9,822,994)**

Corporation	**2020**	**2020**	**2019**	**2019**
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Euro 10% (2019: 10%)	7,157,012	(7,157,012)	4,177,153	(4,177,153)
GBP 10% (2019: 10%)	2,747,532	(2,747,532)	1,579,781	(1,579,781)
USD 10%	1,878,021	(1,878,021)	-	-
	11,782,565	**(11,782,565)**	**5,756,934**	**(5,756,934)**
Impact on equity:				
Euro 10% (2019: 10%)	7,157,012	(7,157,012)	2,695,094	(2,695,094)
GBP 10% (2019: 10%)	2,747,532	(2,747,532)	883,092	(883,092)
USD 10%	1,878,021	(1,878,021)	-	-
	11,782,565	**(11,782,565)**	**3,578,186**	**(3,578,186)**
	23,565,130	**(23,565,130)**	**9,335,120**	**(9,335,120)**

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

4. Financial instruments and risk management (continued)

Interest rate risk

Interest rate profile

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

	Note(s)	Average effective interest rate		Carrying amount	
Group		**2020**	**2019**	**2020**	**2019**
Liabilities					
Interest bearing borrowings	17	10.50 %	10.50 %	203,430,851	243,694,452
Finance lease liabilities	21	10.25 %	10.25 %	1,288,504	4,379,378
Bank overdraft	16	10.25 %	10.25 %	370,370,150	153,974,695
				575,089,505	**402,048,525**

	Note(s)	Average effective interest rate		Carrying amount	
Corporation		**2020**	**2019**	**2020**	**2019**
Liabilities					
Borrowings	17	10.50 %	10.50 %	203,430,851	243,694,454
Finance lease liabilities	21	10.25 %	10.25 %	1,288,504	4,379,378
Bank overdraft	16	10.25 %	10.25 %	370,370,150	153,974,693
				575,089,505	**402,048,525**

Price risk

The group is not exposed to commodity price risk.

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

5. 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

Recurring fair value measurements

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Assets				
Biological assets	25,646,491	69,232,217	22,624,402	62,112,593
Total	**25,646,491**	**69,232,217**	**22,624,402**	**62,112,593**

6. Property, plant and equipment

	2020			2019		
Group	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value revaluation**	**Cost or depreciation**	**Accumulated**	**Carrying value**
Land and buildings	484,386,836	(29,161,836)	455,225,000	438,028,863	(29,161,836)	408,867,027
Plant, vehicles, furniture and equipment	372,663,287	(214,880,598)	157,782,689	371,133,992	(195,340,347)	175,793,645
Total	**857,050,123**	**(244,042,434)**	**613,007,689**	**809,162,855**	**(224,502,183)**	**584,660,672**

	2020			2019		
Corporation	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value revaluation**	**Cost or depreciation**	**Accumulated**	**Carrying value**
Land and buildings	484,386,836	(29,161,836)	455,225,000	438,028,863	(29,161,836)	408,867,027
Plant, vehicles, furniture and equipment	372,153,187	(214,546,322)	157,606,865	370,623,892	(195,028,193)	175,595,699
Total	**856,540,023**	**(243,708,158)**	**612,831,865**	**808,652,755**	**(224,190,029)**	**584,462,726**

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

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Projects capitalised	Disposals	Revaluations	Other changes, movements	Depreciation	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 - Group - 2019

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Land and buildings	406,210,401	-	(12,902)	2,696,073	(26,545)	-	408,867,027
Plant, vehicles, furniture and equipment	205,486,670	1,254,326	(6,296,437)	1,022,651	26,545	(25,700,110)	175,793,645
Uncompleted projects	2,670,434	1,048,290	-	(3,718,724)	-	-	-
	614,367,505	2,302,616	(6,309,339)	-	-	(25,700,110)	584,660,672

Reconciliation of property, plant and equipment - Corporation - 2020

	Opening balance	Additions	Projects capitalised	Disposals	Revaluations	Other changes, movements	Depreciation	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

Reconciliation of property, plant and equipment - Corporation - 2019

	Opening balance	Additions	Projects capitalised	Disposals	Other changes, movements	Depreciation	Total
Land and buildings	406,083,281	-	2,823,192	(12,902)	(26,544)	-	408,867,027
Plant, vehicles, furniture and equipment	205,317,430	1,254,327	895,532	(6,214,188)	26,544	(25,683,946)	175,595,699
Uncompleted projects	2,670,434	1,048,290	(3,718,724)	-	-	-	-
	614,071,145	2,302,617	-	(6,227,090)	-	(25,683,946)	584,462,726

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

6. 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 16 and 21:

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Net carrying amounts of leased assets				
Plant, vehicles, furniture and equipment	11,063,835	15,068,542	11,063,835	15,068,542

7. Right of use asset

	2020			2019		
Group	**Cost**	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Right of use asset	1,810,257	(630,001)	1,180,256	-	-	-

	2020			2019		
Corporation	**Cost**	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Right of use asset	1,280,377	(630,001)	650,376	-	-	-

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 - 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)

8. Interests in subsidiaries and 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 2020	% voting power 2019	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
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 %	-	-
						11,938,771	11,938,771

Risks associated with interests in consolidated structured entities

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Amounts due from subsidiaries				
Meat Corporation of Namibia (UK) Limited (United Kingdom)	-	-	12,643,562	(19,410,602)
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	-	-	1,604,853	12,785,422
Namibia Cattle Procurement (Pty) Ltd (Namibia)	-	-	7,692,240	10,081,868
	-	-	21,940,655	3,456,688
Net profit / (losses) after taxation of subsidiaries				
Namibia Cattle Procurement (Pty) Ltd (Namibia)	1,048,863	4,514,827	-	-
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	688,310	(711,341)	-	-
Meat Corporation of Namibia (UK) Limited (United Kingdom)	4,543,539	1,135,854	-	-
	6,280,712	4,939,340	-	-

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. The loans to Namibia Cattle Procurement (Pty) Ltd has been subordinated in favour of the other creditors until the assets of the Corporation, fairly valued, exceed its liabilities.

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

9. Investments in associates

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

Group

Name of company	Place of business	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019
GPS Norway AS	Norway	33.00 %	33.00 %	7,679,377	5,252,020

Corporation

Name of company	Place of business	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019
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	
	2020	2019
Revenue	388,539,391	440,145,816
Other income and expenses	(381,894,842)	(433,542,143)
Profit before tax	6,644,549	6,603,673
Tax expense	(651,528)	(1,275,202)
Profit (loss) after tax	5,993,021	5,328,471
Total comprehensive income	5,993,021	5,328,471

Summarised Statement of Financial Position	GPS Norway AS	
	2020	2019
Assets		
Non-current	118,127	176,215
Current	42,002,937	45,358,785
Total assets	**42,121,064**	**45,535,000**
Liabilities		
Current	18,987,651	28,339,898
Total liabilities	**18,987,651**	**28,339,898**
Total net assets	23,133,413	17,195,102

Reconciliation of net assets to equity accounted investments in associates	GPS Norway AS	
	2020	2019
Carrying value as at 31 January	5,252,020	4,662,844
Profit / (loss) for the period	2,025,258	366,774
Foreign exchange differences	402,099	222,402
Carrying value of investment in associate	7,679,377	5,252,020

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.

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

10. Deferred tax

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Deferred tax liability				
Capital allowances	(87,593,632)	(88,271,356)	(87,593,632)	(88,258,346)
Prepayments	(11,121,005)	(904,711)	(11,121,005)	(904,711)
Revaluation on land and buildings	(51,325,043)	(36,588,386)	(51,325,043)	(36,588,386)
Other	(4,079,669)	(7,227,179)	(4,087,893)	(7,227,179)
Total deferred tax liability	**(154,119,349)**	**(133,019,707)**	**(154,127,573)**	**(132,978,622)**
Deferred tax asset				
Provisions	6,903,956	6,752,792	6,849,166	6,644,592
Tax losses available for set off against future taxable income	251,385,377	165,487,453	251,164,204	165,487,453
Total deferred tax asset	**258,289,333**	**172,741,547**	**258,013,370**	**172,132,045**
Deferred tax liability	(154,119,349)	(133,019,707)	(154,127,573)	(132,978,622)
Deferred tax asset	258,289,333	172,741,547	258,013,370	172,132,045
Total net deferred tax asset (liability)	**104,169,984**	**39,721,840**	**103,885,797**	**39,153,423**
Deferred tax liability				
Deferred taxation liability to be recovered after more than 12 months	(154,119,349)	(133,019,707)	(154,127,573)	(132,978,622)
Deferred taxation liability to be recovered within 12 months	-	-	-	-
	(154,119,349)	**(133,019,707)**	**(154,127,573)**	**(132,978,622)**
Deferred tax asset				
Deferred taxation asset to be recovered after more than 12 months	258,289,333	172,741,547	258,013,370	172,132,045
Deferred taxation asset to be recovered within 12 months	-	-	-	-
	258,289,333	**172,741,547**	**258,013,370**	**172,132,045**
Total net deferred tax asset (liability)	**104,169,984**	**39,721,840**	**103,885,797**	**39,153,423**

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

10. Deferred tax (continued)

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Reconciliation of deferred tax asset / (liability)				
At beginning of year	39,721,840	(8,667,996)	39,153,423	(8,763,186)
Increase / (decrease) in deferred tax	85,392,532	57,633,457	85,676,751	57,128,065
asset available for set off against future taxable income				
Increase / (decrease) in deferred tax on capital allowances	705,799	(18,369,563)	664,714	(18,241,488)
Increase / (decrease) in deferred tax on prepayments	(10,216,294)	(538,974)	(10,216,294)	(538,974)
Increase / (decrease) in deferred tax on revaluation on land and buildings	(14,736,657)	17,159,157	(14,736,657)	17,159,157
Increase / (decrease) in deferred tax on provisions	155,254	(3,655,509)	204,574	(3,651,419)
Increase / (decrease) in deferred tax on other	3,147,510	(3,938,732)	3,139,286	(3,938,732)
	104,169,984	**39,721,840**	**103,885,797**	**39,153,423**
Net deferred tax split Meat Corporation of Nambia				
Deferred tax asset	258,013,370	173,183,710	258,013,370	172,132,045
Deferred tax liability	(154,127,573)	(134,030,285)	(154,127,573)	(132,978,622)
Net deferred tax asset / (liability)	**103,885,797**	**39,153,425**	**103,885,797**	**39,153,423**
Namibia Meat Importers and Exporters (Pty) Ltd				
Deferred tax asset	284,187	568,415	-	-
Net deferred tax assets total	258,297,557	172,741,547	258,013,370	172,132,045
Net deferred tax liabilities total	(154,127,573)	(133,019,707)		(132,978,622)
	104,169,984	**39,721,840**	**103,885,797**	**39,153,423**

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

11. 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 aquisition 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

2020

Classification	***Euro***	***Exchange rate***	***Nam balance***
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**

2019

Classification	***Euro***	***Exchange rate***	***Nam balance***
Current portion	524,054	15.49910	8,122,368
Non-current portion	1,947,961	15.49910	30,191,636
	2,472,015		**38,314,004**

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

12. Biological assets

Group	2020			2019		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Livestock cattle	25,471,687	-	25,471,687	69,232,217	-	69,232,217

Corporation	2020			2019		
	Valuation	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Livestock cattle	22,624,402	-	22,624,402	62,112,593	-	62,112,593

Reconciliation of biological assets - Group - 2020

	Opening balance	Additions	Decreases due to harvest / sales	Gains(losses) arising from changes in fair value	Total
Livestock cattle	69,232,217	169,087,592	(335,853,502)	123,005,380	25,471,687

Reconciliation of biological assets - Group - 2019

	Opening balance	Additions	Decreases due to harvest / sales	Gains (losses) arising from changes in fair value	Total
Livestock cattle	132,581,978	384,661,192	(527,186,513)	79,175,560	69,232,217

Reconciliation of biological assets - Corporation - 2020

	Opening balance	Additions	Decreases due to harvest / sales	Gains (losses) arising from changes in fair value	Total
Livestock cattle	62,112,593	167,213,684	(331,586,547)	124,884,672	22,624,402

Reconciliation of biological assets - Corporation - 2019

	Opening balance	Additions	Decreases due to harvest / sales	Gains (losses) arising from changes in fair value	Total
Livestock cattle	107,491,316	152,394,039	(253,796,485)	56,023,723	62,112,593

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

12. Biologial assets (continued)

Non – Financial information

Quantities of each biological asset

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
At the beginning of the year	13,791	19,667	7,397	10,345
Increase due to acquisitions	23,485	35,833	30,132	22,398
Decrease due to sales	(35,235)	(41,709)	(35,719)	(25,346)
	2,041	**13,791**	**1,810**	**7,397**

13. Inventories

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Meat and meat products	149,082,105	90,259,003	148,156,214	86,010,032
Packing material, consumable stores andother inventory	33,618,135	24,519,592	33,618,135	24,519,592
	182,700,240	114,778,595	181,774,349	110,529,624
Inventories (write-downs)	(1,419,297)	(1,931,198)	(1,419,297)	(1,931,198)
	181,280,943	**112,847,397**	**180,355,052**	**108,598,426**
Carrying value of inventories carried at fair value less costs to sell	181,280,943	112,847,397	180,355,052	108,598,426

14. Loans to related parties

Related parties				
Namibia Cattle Procurement (Pty) Ltd	-	-	7,692,240	10,081,868
Meat Corporation of Namibia (UK) Ltd	-	-	12,643,562	(19,410,602)
Namibia Meat Importers & Exporters (Pty) Ltd (SA)	-	-	1,604,853	12,785,422
	-	-	21,940,655	3,456,688

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

Fair value of related party loans receivable

The fair value of related party loans receivable approximates their carrying amounts.

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

15. Trade and other receivables

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Financial instruments:				
Trade receivables in Namibia, South Africa and Botswana	103,087,697	123,123,080	88,395,533	106,822,433
Loss allowance	(9,334,545)	(11,900,866)	(4,839,616)	(7,405,937)
Trade receivables at amortised cost	93,753,152	111,222,214	83,555,917	99,416,496
Trade receivables Europe and Norway	3,885,919	9,884,149	-	(2)
Deposits	694,668	689,668	694,668	689,668
Non-financial instruments:				
Receiver of Revenue - value added taxation	37,901,016	35,519,813	36,939,484	35,519,813
Refundable taxes	177,836	2,109,477	-	-
Prepayments	20,315,000	16,479,131	20,231,292	16,424,935
Total trade and other receivables	**156,727,591**	**175,904,452**	**141,421,361**	**152,050,910**

Split between non-current and current portions

Current assets	**156,727,591**	**175,904,452**	**141,421,361**	**152,050,910**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	98,333,739	151,987,667	84,250,585	100,106,162
Non-financial instruments	58,393,852	54,108,421	57,170,776	51,944,748
	156,727,591	**206,096,088**	**141,421,361**	**152,050,910**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

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

15. Trade and other receivables (continued)

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$

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	**(11,900,866)**	**(8,510,258)**	**(7,405,937)**	**(4,001,345)**
Amounts recovered	-	-	-	-
Provision raised on new trade receivables	-	(3,404,592)	-	(3,404,592)
Provisions reversed on settled trade receivables	2,566,321	-	2,566,321	-
Foreign exchange gains or losses	-	-	-	-
Other	-	13,984	-	-
Closing ECL balance	(9,334,545)	(11,900,866)	(4,839,616)	(7,405,937)

16. Cash and cash equivalents

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$

Cash and cash equivalents consist of:

Bank balances	99,971,455	40,646,852	50,231,253	35,055,317
Bank overdraft	(370,370,150)	(153,974,695)	(370,370,150)	(153,974,695)
	(270,398,695)	(113,327,843)	(320,138,897)	(118,919,378)
Current assets	99,971,455	40,646,852	50,231,253	35,055,317
Current liabilities	(370,370,150)	(153,974,695)	(370,370,150)	(153,974,695)
	(270,398,695)	(113,327,843)	(320,138,897)	(118,919,378)

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

16. Cash and cash equivalents (continued)

Collateral pledged/cessed on cash & cash equivalents and borrowings

A General Notarial Bond of N$ 160 million over biological assets and inventory located in Namibia (including beef, 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:

- Overdraft Facility of N$ 160 million for financing of stock
- Overdraft Facility of N$ 140 million for financing of debtors
- Overdraft Facility of N$ 70 million for VAT payments
- Overdraft Facility of N$ 150 million for bridge finance (until 23 November 2019)
- Contingent Facility N$ 2.7 million (guarantees issued by the Bank)
- FEC Facility of N$ 20 million
- Pre Settlement Facility of N$ 10 million
- Direct Overdraft Facility of N$ 30 million
- First Card Facility of N$ 60 million
- Overdraft stock of N$ 800,000 excluding VAT.

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

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$

17. Interest bearing borrowings

Held at amortised cost
Secured

Bank Windhoek Limited	32,363,512	42,693,951	32,363,512	42,693,953
Secured by Okahandja Factory and Okapuka Tannery as set out in note 4. Interest is payable at prime overdraft rate to prime overdraft rate +1.25% (9.75% - 11%) (2019: prime overdraft rate to prime overdraft rate +1.25% (9.75% - 11%)) monthly in arrears. Capital and interest are repayable in 40 (2019: 52) monthly instalments of N$1,200,380 (2019: N$ 1,200,380) .				
Development Bank of Namibia	171,067,339	194,865,761	171,067,339	194,865,761
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 +1.25% (9.75% - 11%) (2019: prime overdraft rate to prime overdraft rate +1.25% (9.75% - 11%)) monthly in arrears. Capital and interest are repayable in 46 (2019: 46) monthly instalments of N$1,233,181 (2019: N$ 1,724,493); 54 (2019: 66) monthly instalments of N$ 665,114 (2019: N$ 2,064,152) and 68 ((2019: 80) monthly instalments of N$ 711,899 (2019: 711,954).				
Nedbank Namibia Limited	-	6,134,740	-	6,134,740
Interest was payable at (2019: 9.75%) p.a monthly in arrears. Capital and interest was repayable in monthly instalments of (2019: N$ 261,975). The loan was repaid in full during the year under review.				
	203,430,851	**243,694,452**	**203,430,851**	**243,694,454**

Split between non-current and current portions

Non-current liabilities	180,790,505	198,848,715	180,790,505	198,848,717
Current liabilities	22,640,346	44,845,737	22,640,346	44,845,737
	203,430,851	**243,694,452**	**203,430,851**	**243,694,454**

Refer to note 36 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 4 Financial instruments and financial risk management for the fair value of borrowings.

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

17. Interest bearing borrowings (continued)

Collateral cessed/held for borrowings

Bank Windhoek Limited:

- Cession of Namibian Debtors
- Registered cession of five 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, million over Erf 479 & 480 Okahandja

18. Retirement benefit obligations

Present value of obligation

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Opening balance	(10,669,000)	(16,847,000)	(10,669,000)	(16,847,000)
Current service cost	(875,000)	(1,330,000)	(875,000)	(1,330,000)
Interest (expense)/income	(1,057,000)	(1,648,000)	(1,057,000)	(1,648,000)
Benefit payments	799,000	6,174,000	799,000	6,174,000
Gain/(loss) on change in financial assumptions	354,000	4,014,000	354,000	4,014,000
Past service cost	(20,000)	(1,032,000)	(20,000)	(1,032,000)
	(11,468,000)	(10,669,000)	(11,468,000)	(10,669,000)

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 2020 of the corporation's liability in respect of the provision for severance pay.

Key assumptions used

Discount rates used	10.20 %	9.80 %	10.20 %	9.80 %
Expected increase in salaries	6.90 %	7.10 %	6.90 %	7.10 %

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

19. Lease liability - right of use

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Minimum lease payments due				
- within one year	1,091,409	-	1,091,409	-
- in second to fifth year inclusive	269,100	-	269,100	-
	1,360,509	-	1,360,509	-
less: future finance charges	(117,417)	-	(117,417)	-
Present value of minimum lease payments	**1,243,092**	**-**	**1,243,092**	**-**
Present value of minimum lease payments due				
- within one year	1,059,367	-	1,059,367	-
- in second to fifth year inclusive	183,725	-	183,725	-
	1,243,092	**-**	**1,243,092**	**-**

20. Trade and other payables

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Financial instruments:				
Trade payables	68,547,079	88,509,295	67,834,738	88,230,134
Other payables and accruals	614,600	171,272	-	-
Non-financial instruments:				
Receiver of Revenue - value added taxation	255,550	-	-	-
	69,417,229	**88,680,567**	**67,834,738**	**88,230,134**

Fair value of trade and other payables

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

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

21. Finance lease liabilities

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Minimum lease payments due				
- within one year	1,401,415	5,060,343	1,401,415	5,060,343
- in second to fifth year inclusive	-	314,663	-	314,663
	1,401,415	5,375,006	1,401,415	5,375,006
less: future finance charges	(112,911)	(995,628)	(112,911)	(995,628)
Present value of minimum lease payments	**1,288,504**	**4,379,378**	**1,288,504**	**4,379,378**
Present value of minimum lease payments due				
- within one year	**1,288,504**	**4,379,378**	**1,288,504**	**4,379,378**

22. Current tax receivable / (payable)

The current tax balance is made up as follows:

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Current tax payable				
Current tax payable	**(2,089,800)**	**(749,130)**	**-**	**(27,466,387)**
Provision for taxation				
Opening balance	(749,130)	534,746	-	27,466,387
Provision for the year	6,523,906	21,682,510	7,608,592	20,976,536
Provisional tax payment	(7,864,576)	(22,966,386)	(7,608,592)	(20,976,536)
Refunds	-	-	-	(27,466,387)
	(2,089,800)	**(749,130)**	**-**	**-**
Current taxation balance consists of:				
2018	(534,746)	(534,746)	-	-
2019	(214,384)	(214,384)	-	-
2020	(1,340,670)	-	-	-
	(2,089,800)	**(749,130)**	**-**	**-**

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

23. Provisions

Reconciliation of provisions - Group - 2020

	Opening balance	Utilised during the year	Change in discount factor	Total
Provision for profit share	4,291,992	(3,103,643)	-	1,188,349
Other provisions	5,942,453	-	(5,942,453)	-
	10,234,445	(3,103,643)	(5,942,453)	1,188,349

Reconciliation of provisions - Group - 2019

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for profit share	21,223,294	-	(16,931,302)	-	4,291,992
Other provisions	35,321,645	1,317,458	-	(30,696,650)	5,942,453
	56,544,939	1,317,458	(16,931,302)	(30,696,650)	10,234,445

Reconciliation of provisions - Corporation - 2020

	Opening balance	Change in discount factor	Total
Other provisions	5,771,181	(5,771,181)	-

Reconciliation of provisions - Corporation - 2019

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for profit share	8,590,162	-	(8,590,162)	-	-
Other provisions	35,321,645	1,146,186	-	(30,696,650)	5,771,181
	43,911,807	1,146,186	(8,590,162)	(30,696,650)	5,771,181

24. Revenue

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Revenue from contracts with customers				
Sale of goods	1,784,306,219	1,340,237,156	1,772,959,291	1,336,704,486

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

	Group		Corporation	
	2020	2019	2020	2019
Sale of goods				
Sale of goods	1,784,306,219	1,340,237,156	1,772,959,291	1,336,704,486
Timing of revenue recognition				
At a point in time				
Sale of goods	1,784,306,219	1,340,237,156	1,772,959,291	1,336,704,486

25. Cost of sales

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Sale of goods	1,690,438,012	1,207,216,697	1,710,625,582	1,222,450,716
Discount received	(509)	(15,157)	(509)	(15,157)
Manufactured goods:				
Depreciation and impairment	20,926,917	25,683,946	20,926,917	25,683,946
	1,711,364,420	1,232,885,486	1,731,551,990	1,248,119,505

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

26. Other income

		Group		Corporation	
		2020	2019	2020	2019
	Note(s)	N$	N$	N$	N$
Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	6	25,635	3,994,351	25,635	3,980,328
Foreign exchange gains (losses)					
Net foreign exchange gains		25,862,304	4,247,588	25,982,832	7,217,835
Fair value gains (losses)					
Sundry income		17,041,203	16,666,426	17,040,927	13,695,045
Total other income		**42,929,142**	**24,908,365**	**43,049,394**	**24,893,208**

27. Operating loss

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$

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

Auditor's remuneration - external				
Audit fees	1,390,974	1,531,671	1,390,974	1,531,671
Auditor's remuneration - internal	631,515	555,100	631,515	555,100
Employee costs				
Salaries, wages, bonuses and other benefits	110,146,331	121,822,668	98,426,609	110,270,866

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

27. Operating loss (continued)

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$

Leases

Operating lease charges

Premises	(199,274)	758,598	(199,274)	758,598
Equipment	241,374	203,634	213,834	176,094
	42,100	962,232	14,560	934,692

Depreciation

Depreciation of property, plant and equipment	20,949,040	25,700,110	20,926,917	25,683,946
Total depreciation	**20,949,040**	**25,700,110**	**20,926,917**	**25,683,946**
Less: Depreciation and amortisation included in cost of merchandise sold and inventories	(20,926,917)	(25,683,946)	(20,926,917)	(25,683,946)
Total depreciation expensed	22,123	16,164	-	-

Expenses by nature

The total cost of sales and administrative expenses are analysed by nature as follows:

Sold inventories of meat products	1,690,437,503	1,207,201,540	1,942,231,552	1,222,435,559
Employee costs	110,146,331	121,822,668	98,426,609	110,270,866
Operating lease charges	42,100	962,232	14,560	934,692
Depreciation	20,949,040	25,700,110	20,926,917	25,683,946
Other expenses	33,348,532	28,763,995	23,477,552	26,280,243
Bank charges	3,682,485	2,343,381	3,680,598	2,313,772
Consulting and professional fees	5,147,256	2,090,824	4,747,241	2,020,460
Insurance	9,576,174	7,966,807	9,576,174	7,966,807
IT expenses	5,502,629	5,254,114	5,502,629	5,254,114
Travel	3,775,696	2,405,979	1,437,789	1,751,743
	1,882,607,746	1,404,511,650	2,110,021,621	1,404,912,202

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

28. Finance income

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Interest income				
Investments in financial assets:				
Bank and other cash	953,327	599,253	349,046	312,267

29. Finance costs

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Finance leases	882,717	-	882,717	-
Current borrowings	59,285,112	50,715,349	59,285,112	50,715,349
Lease liability	1,096,652	-	1,096,652	-
Total finance costs	61,264,481	50,715,349	61,264,481	50,715,349

30. Taxation

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Major components of the tax income				
Current				
Local income tax - current period	(6,523,906)	(48,117,189)	(7,608,592)	(47,916,608)
Deferred				
Originating and reversing temporary differences	(79,184,802)	-	(79,469,029)	-
	(85,708,708)	(48,117,189)	(87,077,621)	(47,916,608)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Current year charge as a percentage of income before taxation	75.41 %	143.17 %	70.61 %	483.13 %
Effect of subsidiaries being at tax rates different to Corporation's standard tax rate	34.28 %	34.28 %	-%	-%
Non-deductible expenditure	(77.69)%	(145.45)%	(38.61)%	(451.13)%
Standard tax rate	32.00 %	32.00 %	32.00 %	32.00 %

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

31. Cash generated from/(used in) operations

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Loss before taxation	(113,658,281)	(93,053,497)	(123,321,893)	(59,444,573)
Adjustments for:				
Depreciation	20,319,038	25,700,110	20,296,915	25,683,946
Gains on disposals, scrappings and settlements of assets and liabilities	(25,635)	(3,994,351)	(25,635)	(3,980,328)
Gains on reclassification of financial assets	-	(4,247,588)	-	(7,217,835)
Income from equity accounted investments	(2,025,258)	(366,774)	-	-
Interest received	(953,327)	(599,253)	(349,046)	(312,267)
Interest paid	61,264,481	50,715,349	61,264,481	50,715,349
Movements in retirement benefit assets and liabilities	1,598,000	(6,178,000)	1,598,000	(6,178,000)
Movements in provisions	(8,842,712)	(46,310,494)	(5,771,182)	(38,140,626)
Changes in fair value of livestock	(124,705,321)	(73,304,604)	(124,906,861)	(84,187,723)
Foreign exchange difference	(7,565,353)	(1,208,502)	(8,264,850)	-
(Gain)/loss on investment in associate	4,008,821	4,587,372	-	(34,273,017)
IFRS 16 adjustment	(78,802)	-	(78,802)	-
Inventory variance and provision movement	7,865,297	-	7,865,297	-
Changes in working capital:				
Inventories and biological assets	100,032,306	255,687,638	92,617,074	253,450,520
Trade and other receivables	17,407,155	(32,281,204)	4,894,975	5,567,879
Trade and other payables	(10,904,815)	(8,123,902)	(12,365,903)	(33,455,454)
Movement in related parties	-	-	(12,749,389)	-
	(56,264,406)	**67,022,300**	**(99,296,818)**	**68,227,871**

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

32. Tax refunded

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Balance at beginning of the year	(749,130)	(534,746)	-	-
Current tax for the year recognised in profit or loss	6,523,906	48,117,189	7,608,592	47,916,608
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	-	(26,785,805)	-	(27,368,171)
Balance at end of the year	2,089,800	749,130	-	-
	7,864,576	21,545,768	7,608,592	20,548,437

33. Commitments

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Operating leases – as lessee (expense) ***Minimum lease payments due***				
- within one year	-	5,835,801	-	5,835,801
- in second to fifth year inclusive	-	314,663	-	314,663
	-	6,150,464	-	6,150,464

The group leases various buildings under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalations clauses and renewal rights. On renewal, the terms of the leases are renegotiated

34. Prior period error

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$

During the year ended 31 January 2020, it was discovered that the biological assets at Okapuka feedlot were valued using an incorrect fair value. The error was corrected and the comparative figures have been restated appropriately. The effect of the correction of the error is as follows

Statement of Financial Position

Decrease in biological assets	-	(28,164,838)	-	(28,164,838)
Decrease in equity	-	28,164,838	-	28,164,838

Profit or Loss

(Decrease)/increase in cost of sales	(28,164,838)	28,164,838	-	28,164,000
Increase/(decrease) in profit for the year	28,164,838	(28,164,838)	-	(28,164,838)

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

35. Directors' emoluments

Non-executive

2020

Services as a director	Directors' fees	Total
	1,328,579	1,328,579

2019

Services as a director	Directors' fees	Total
	1,767,973	1,767,973

36. Changes in liabilities arising from financing activities

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
Finance lease liabilities	4,379,378	-	-	(3,090,874)	1,288,504
Lease liability - right of use	-	1,951,895	1,951,895	(708,803)	1,243,092
	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 - Group - 2019

	Opening balance	Cash flows	Closing balance
Interest bearing borrowings	302,044,211	(58,349,759)	243,694,452
Finance lease liabilities	9,487,963	(5,108,585)	4,379,378
	311,532,174	**(63,458,344)**	**248,073,830**
Total liabilities from financing activities	**311,532,174**	**(63,458,344)**	**248,073,830**

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

36. Changes in liabilities arising from financing activities (Continued)

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	-	-	(3,090,874)	1,288,504
Lease liability - right of use	-	1,422,015	1,422,015	(708,803)	713,212
	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

Reconciliation of liabilities arising from financing activities - Corporation - 2019

	Opening balance	Cash flows	Closing balance
Interest bearing borrowings	302,044,211	(58,349,757)	243,694,454
Finance lease liabilities	-	4,379,378	4,379,378
	302,044,211	**(53,970,379)**	**248,073,832**
Total liabilities from financing activities	302,044,211	(53,970,379)	248,073,832

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

37. Related parties

Relationships

Subsidiaries — Refer to note 8
Associates — Refer to note 9

Related party balances
Loans to (from) related parties — Refer to note 14

Amounts included in Trade receivable

(Trade Payable) regarding related parties

	Group		Corporation	
	2020	2019	2020	2019
	N$	N$	N$	N$
Intercompany debtors	-	-	96,903,916	108,381,879
Intercompany creditors	-	-	(50,506,203)	(74,733,555)
Related party transactions				
Purchases from (sales to) related parties				
Namibia Meat Importers and Exporters (Pty) Ltd	(220,081,866)	(157,990,147)	-	-
Namibia Meat Importers and Exporters (Pty) Ltd	8,150,182			
Namibia Cattle Procurement (Pty) Ltd	4,092,151	13,407,278	-	-
GPS Norway AS	-	(103,093,506)	-	-
Commission paid to (received from) related parties				
Meat Corporation of Namibia (UK)	(16,185,977)	(10,694,732)	-	-
GPS Food Group (UK) Ltd	-	-	-	(29,690,900)
Compensation to directors and other key management				
Short-term employee benefits	1,328,579	1,767,973	1,328,579	1,767,973

MEATCO Namibia ANNUAL REPORT

Meatco Annual Financial Statements for the year ended 31 January 2020

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