



# ANNUAL REPORT

2016/17



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possible vision success

**SECTION 1**

## ABOUT THIS REPORT

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LNDC presents the Annual Report for the financial year April 1, 2016, to March 31, 2017, in compliance with Section 19 (1) (C) of its establishing Act of 1967 and Section 43 of PFM Act of 2011. The report features the Corporation's activities, achievements, and challenges for the reporting period.

The report is composed of three (3) sections:

**Section 1** - Overview of the Corporation,

**Section 2** - Performance of the Corporation, and

**Section 3** - Financial performance of the Corporation.

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## LNDC Act

The Lesotho National Development Corporation (LNDC) is a parastatal body established by the LNDC Act No. 20 of 1967. The Act was amended through the LNDC Act No. 13 of 1990 which became effective in June 1993, and further amended by LNDC (Amendment) Act No. 7 of 2000.

## LNDC Mandate

The essential mandate of the Corporation as stipulated in section 4 subsection 1 of the LNDC Act No. 13 of 1990 reads thus:

*"The purpose of the Corporation is to initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and employment in Lesotho."*

The Corporation's primary duty is to foster Lesotho's economic growth and development by positioning it as an appealing and favored investment destination for both local and foreign investors. LNDC provides an array of investment support services, including serviced industrial sites, factory buildings, business support services, aftercare services, selective financial assistance, and, when feasible, limited equity participation in projects deemed strategically vital to the economy.

# THE VALUE CREATED



## FINANCIAL PERFORMANCE

Profit of M35,6 million	+11%
Revenue M149,3 million	+1%
Total Assets 1.3 billion	+9.4%



## VALUE FOR SOCIETY

- 7 new investments → **1002** additional jobs.
- Total employment → **46,000**, a significant employment for the semi-skilled labour force.
- **2** company closures
- **M31.3m** value of loans and **49** enterprises supported



## VALUE OF OUR PEOPLE

- **4** New recruits
- **34** Employees trained in personal development
- **2** In-house trainings for 50 employees

# CORPORATE VISION

## OUR VISION

To be a catalyst for sustainable economic development through the creation of wealth and quality jobs for Basotho.

## OUR MISSION

To stimulate broad-based economic growth through initiation, facilitation, promotion and retention of diversified sustainable medium to large domestic and foreign investments.

## CORPORATE GOALS

Enabling investment climate

Expansion, diversification, integration and retention of FDI and local investments

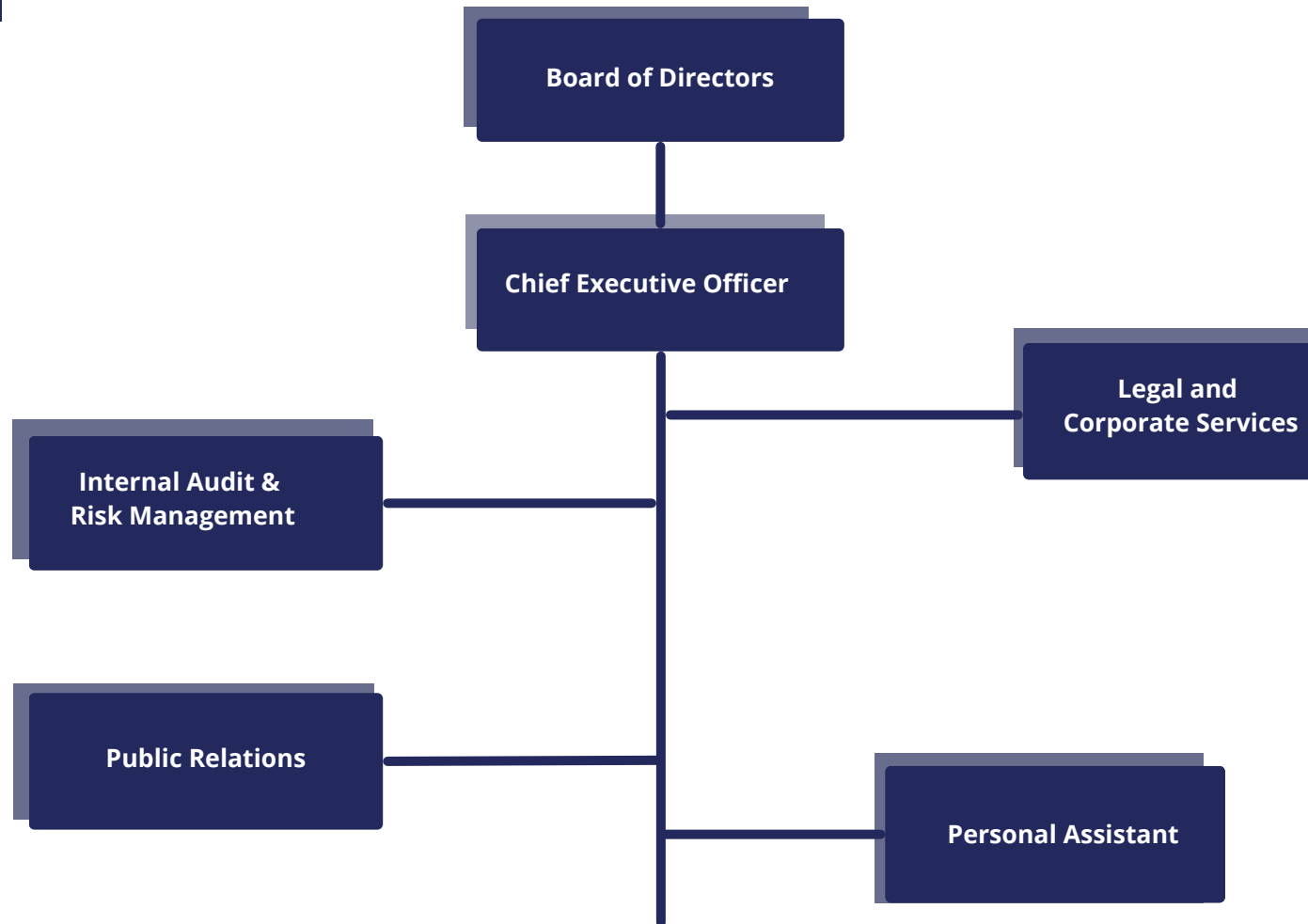
Improved local private sector involvement and development

Enhanced organizational efficiency, learning and growth

Enriched corporate image and stakeholder management

Enhanced corporate financial sustainability

# ORGANIZATIONAL STRUCTURE



## STATEMENT BY THE CHAIRMAN



**On behalf of the Board of Directors, I am pleased to present the annual report for the financial year 2016/17.**

The Lesotho National Development Corporation (LNDC) delivered a strong financial performance, achieving a net profit of M35.6 million. This represents an increase of 11% compared to the previous year. Our corporate assets also grew by 9.4%. Additionally, we saw a slight revenue increase of 1% following dividend declarations by equity companies.

The Board remains committed to providing strategic oversight that fosters positive industry growth and job creation. The Board actively monitors progress and implements remedial actions to ensure we achieve our set goals. The Biannual Performance Review showed that the Corporation has made significant strides including positive financial position and employment creation.

### Financial Sustainability

The LNDC remains committed to applying commercially oriented principles, ensuring its long-term viability. We successfully balanced income streams and expenditures throughout the year, as per programmed projects.

### Additional Responsibilities of the Board

The LNDC Board of Directors' role goes beyond financial performance. We serve the interests of shareholders and provide oversight to ensure the Corporation fulfils its mandate of creating jobs and improving the standard of living for the Basotho people

# STATEMENT BY THE CHAIRMAN

## Additional Responsibilities of the Board:

During the past year, the Board continued to provide oversight on the implementation of the second year of the 3-year strategic plan (2015/16 – 2017/18) focusing on six key areas:

- Enabling investment climate
- Expansion, diversification, and retention of investments
- Improved local private sector involvement and development.
- Enhanced organizational efficiency and growth.
- Enriched corporate image and stakeholder management.
- Enhanced corporate financial sustainability.

## Key Achievements

- Established seven (7) new investments, generating an additional 1,002 jobs.
- Attended 10 business forums, including three local promotional events.
- Expanded the partial credit guarantee program, reaching 49 companies with a total guarantee support of approximately M31.3 million since 2011.
- Maintained a significant employment level within the industry, with a total workforce of 40,000, particularly for semi-skilled labour.

## Conclusion

We acknowledge the contributions of the LNDC Board, Management, Staff, the Government of Lesotho (particularly the Ministry of Trade and Industry), and our development partners. Your dedication and support have been instrumental in propelling LNDC's contribution to Lesotho's economic progress.



.....  
**Mr. Thabo Moleko**  
**Board Chairman**



# CHIEF EXECUTIVE OFFICER'S STATEMENT



## Building a Stronger Lesotho: Achievements and Looking Ahead

This year, the Lesotho National Development Corporation (LNDC) made significant strides in fulfilling its mandate to create jobs and drive economic growth. Despite challenging market conditions, we persevered in attracting new investments, fostering local businesses, and developing vital infrastructure.

### Job Creation and Empowering Basotho

- **1,002 New Jobs:** We successfully attracted seven (7) new manufacturing companies, generating over a thousand new employment opportunities for Basotho citizens.
- **Financial Support for Businesses:** Since inception our Partial Credit Guarantee (PCG), the scheme has unlocked over M31.3 million in loans for 49 enterprises, primarily Basotho-owned. Five (5) new businesses benefited from M3.3 million worth of loans this year alone.
- **Investing in Our People:** We prioritized workforce development through strategic recruitment, training programs for 34 employees, and in-house training for 50 staff members.

### Job Creation and Empowering Basotho

- **Active International Engagement:** We actively promoted Lesotho at key global forums like the London investment mission, Gauteng diaspora and investment missions, and the Japan SADC business forum in Tokyo.
- **Targeted Investment Drives:** We conducted targeted investment promotion campaigns in South Africa, Japan, and the United Kingdom. Additionally, the first local investment forum generated over 193 inquiries across various sectors like renewable energy, garments, and food processing.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## Building a Robust Infrastructure

**Development Pipeline:** We initiated projects like the renovation of DevCourt Flats, the construction of factory shells at Tikoe Industrial Estate, and the refurbishment of the Ministerial suite at LNDC Centre. Feasibility studies for further infrastructure development are also underway.

## Looking Ahead:

Despite challenges, LNDC remains resolute in its commitment to supporting Lesotho's manufacturing sector and fostering economic growth. We are confident that our skilled workforce, robust infrastructure, and focus on innovation will enable us to navigate future obstacles and secure a brighter future for Lesotho's businesses.

**This report details further achievements in these areas, including our dedication to employee well-being and advocacy for an improved investment climate.**



.....  
**Mr. Molise Ramaili**  
**Interim Chief Executive Officer**





## SECTION 2



# OUR STRATEGY

## Goals

## Strategic Objectives

### Goal 1

**Enabling investment climate**

- Facilitate development of investment-enabling infrastructure.
- Advocate for investment climate policy reforms.

### Goal 2

**Expansion, diversification, integration and retention of FDI and local investments**

- Initiate, promote and facilitate diverse foreign and domestic investments.
- Retain diverse foreign and domestic investments.

### Goal 3

**Improved local private sector involvement and development**

- Stimulate local private sector participation and growth.

### Goal 4

**Enhanced organisational efficiency, Learning and growth**

- Strengthen the Corporation's institutional capacity.
- Create and maintain high performance environment.

### Goal 5

**Enriched Corporate image and stakeholder management**

- Strengthen the Corporation's relations with stakeholders.
- Enhance organisational image.

### Goal 6

**Enhanced Corporate financial Sustainability**

- Mobilise financial resources to support the Corporation's program and developments.



A hand is shown holding a stack of five wooden blocks. The blocks are stacked vertically and have the following words written on them from top to bottom: PERFORMANCE, OBJECTIVES, RESULTS, POTENTIAL, and BUSINESS. The lighting is dramatic, highlighting the texture of the wood and the words. The background is dark and out of focus.

**PERFORMANCE**

**OBJECTIVES**

**RESULTS**

**POTENTIAL**

**BUSINESS**

# INVESTMENT PROMOTION DIVISION

The Investment Promotion Division is charged with a mandate of promoting Lesotho as a preferred investment and sourcing destination. The division achieves this role through a number of strategies including investment climate reforms advocacy, targeted investment and trade promotion missions and building strong partnerships and alliances. The milestones achieved during this reporting period are outlined below.



## Investment Enquiries and Leads

**193**

investment enquiries handled.

**106**

**Domestic**

**87**

**FDI-RSA, Japan USA, UK**

### Sectors:

- Garments
- Agribusiness
- Power generation
- Mining
- ICT
- Financial services
- Pharmaceuticals.



## Site Visits

**8**

### Agencies/ Companies

- Ntinga Group and Mekoatleng Investments and Development
- Pig to Pork Meat Producers
- Chiros Pharma
- Power Matla
- Potato Association
- Africa Chicks,
- GalxBoy Garment Sourcing
- Polish Trade Commissioner



## Investment and Trade missions

**20**

### Key missions were:

- London investment promotion mission
- Gauteng diaspora and investment missions
- The Japan SADC business forum-Tokyo
- PCG forum, awards and gala dinner.



# INVESTMENT PROMOTION DIVISION CON'T

## ACCESS TO FINANCE

### 2016/17 PCG Performance

**M3.3 million**

Value of Loans

**5**

Enterprises

**77**

jobs

### PCG Cumulative Performance 2011/17



**M31.3m**

Value of loans



**49**

Enterprises



**1088**

Jobs



**21**

Paid loans

### PCG Loan Risk

**22**

**4**

**11**

# INVESTMENT SERVICES DIVISION

The division offers aftercare services with the objective of retaining investment, encouraging, and fast-tracking reinvestment and anchoring investors in the local economy thereby maximising the impact. It also monitors all investments through inspections.

## INVESTMENT PERFORMANCE

83

Total Number of companies under LNDC Portfolio

=

75

Assisted and Leasehold

+

8

Equity investments

Industry Sectors: clothing and textile, agro-processing, building materials, electronics and light engineering, footwear, health care and household care, packaging, hospitality as well as commercial operations.

Employment performance

JOB

46K

-0.27% from last year



7 new companies

1002 new jobs



2 Company Closures

990 jobs lost



strikes

7 unprotected  
1 protected

91% of companies monitored by LNDC were Leaseholds while 9% were equity investments. The number of leasehold companies increased from 68 in March 2016 to 81 in March 2017 and equity investment remained at 8 companies. Garment and textiles had the highest number of companies at 51.

# PLANNING, RESEARCH AND INFORMATION MANAGEMENT DIVISION

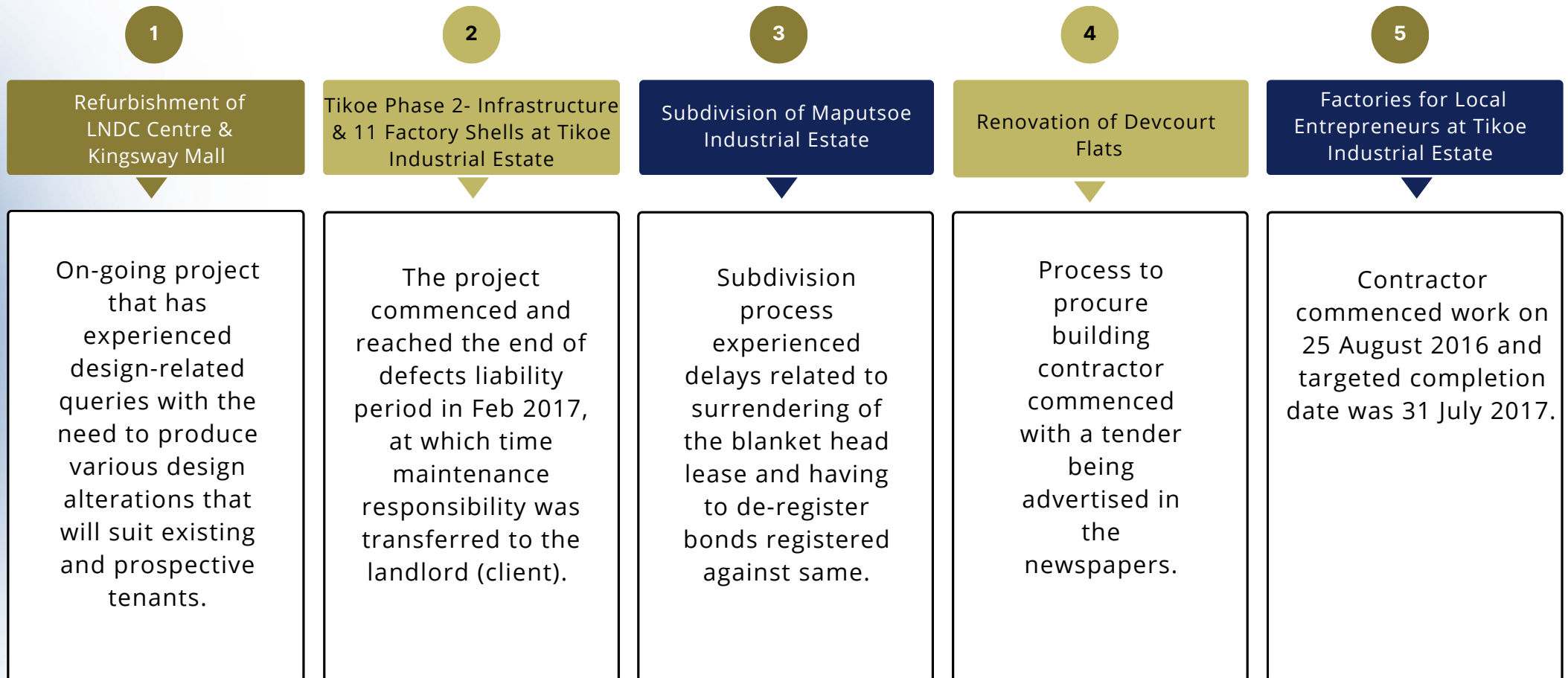
## The Division Facilitates:

- ✓ Strategic plan development, coordination for implementation of the strategy and corporate performance assessment and reviews
- ✓ Research services that assist the Corporation to make optimal decisions which sustain the Corporation in the long run and create value for the shareholder
- ✓ Management of all LNDC information assets, including the provision of information and communication technology (ICT) infrastructure in terms of hardware and software.

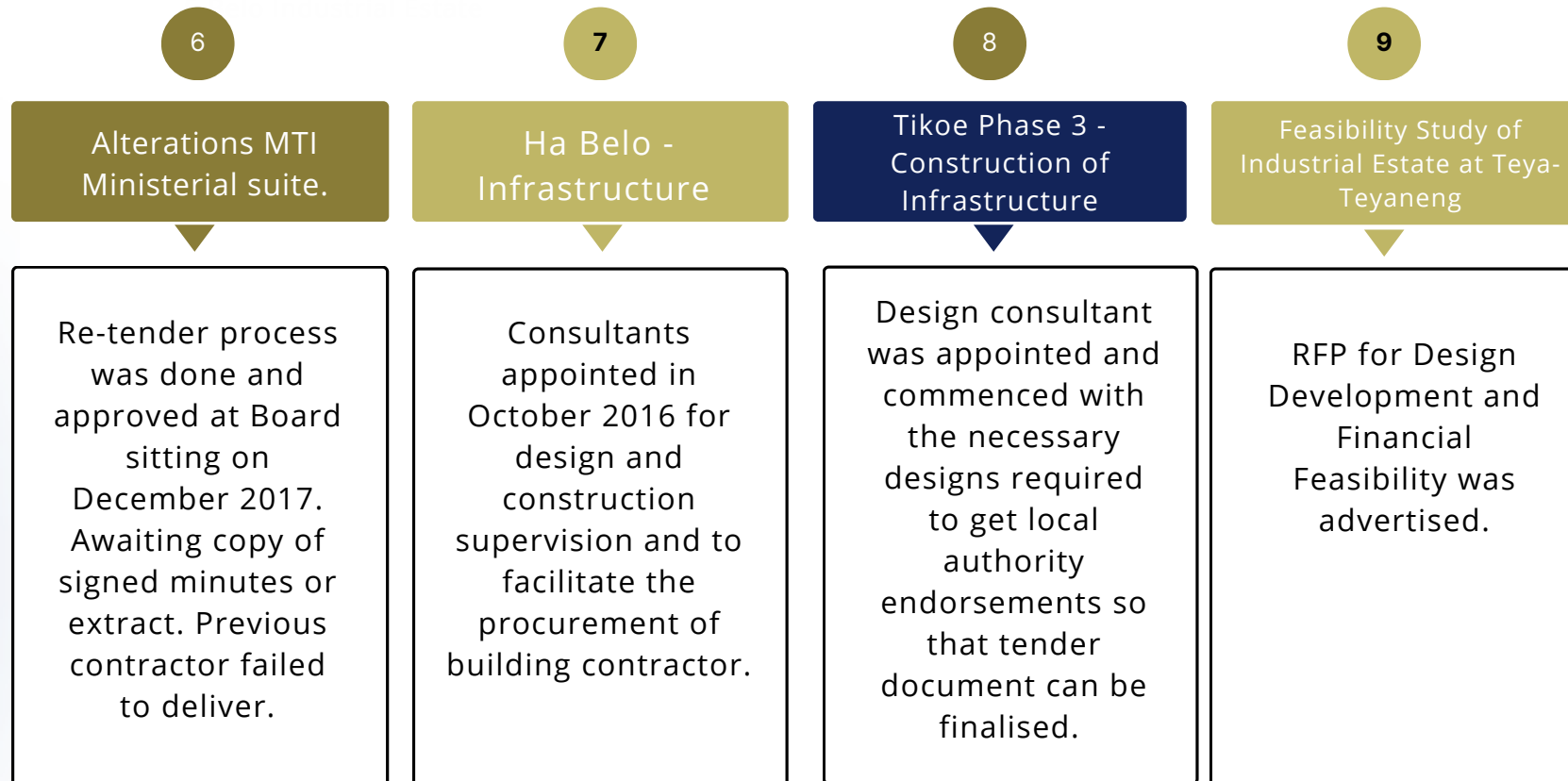
Key Functions	Achievements
<b>Monitoring, Evaluation and Reporting of Corporate Performance</b>	Facilitated quarterly performance monitoring and Bi-annual performance reviews which provided a strong foundation for the development of the next LNDC Strategic Plan.
<b>Research Services</b>	<ul style="list-style-type: none"> <li>• BMI Research Subscription</li> <li>• Benchmarking                             <ol style="list-style-type: none"> <li>1. LNDC-BITC Study Tour</li> <li>2. LNDC- Mauritius Study Tour</li> </ol> </li> <li>• Industry Status Reports</li> <li>• Comprehensive database profiling companies</li> <li>• Over 60 enquiries handled</li> <li>• Benchmarking Reports</li> </ul>
<b>Provision of Strategic Information and Communication services</b>	Procurement and installation of additional firewalls for protection of LNDC classified information against cyber-attacks and information breaches.

# PROPERTY MANAGEMENT DIVISION

The Division plays a pivotal role in providing and maintaining infrastructure and factory shells to support the promotion of Lesotho as a destination of choice to foreign direct investment (FDI) as well as support infrastructure for indigenous investments.



# PROPERTY MANAGEMENT DIVISION CON'T

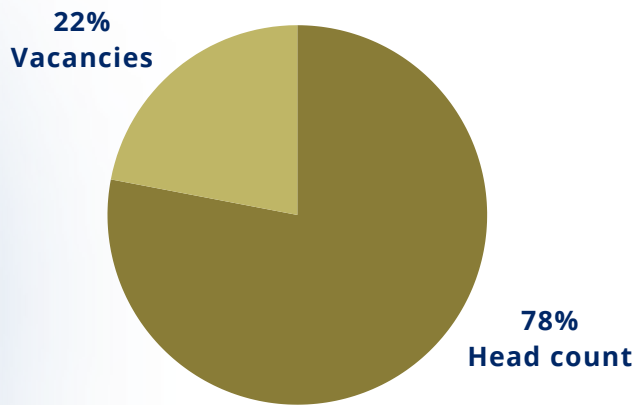


Total cost of maintenance for financial year 2016/17 was M6,530, 706.39.

- 110 local companies and
- 4 foreign companies were engaged to execute this work ≈ M400,000.00.

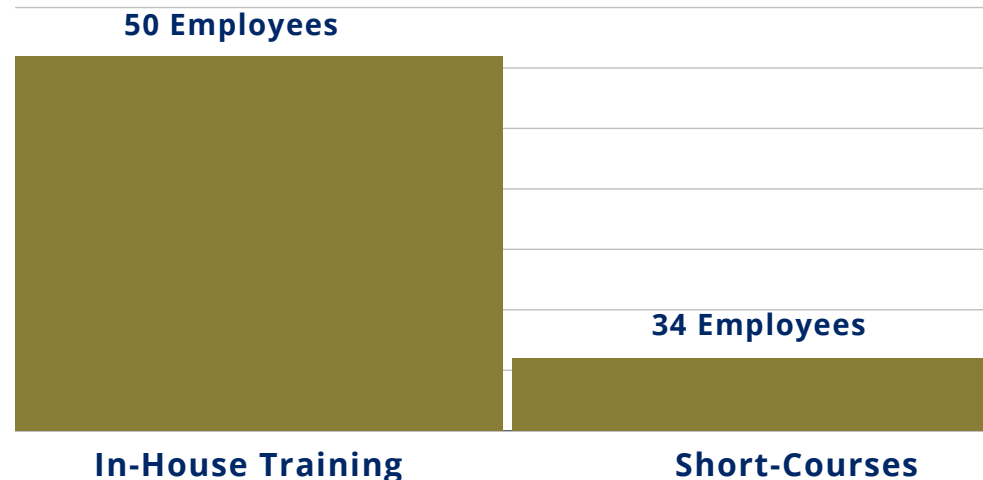
# HUMAN RESOURCES AND ADMINISTRATION

## Staff headcount, recruitments and vacancies



**Total head count: 62**  
**Vacancies: 18**  
**New recruits: 4**  
**Staff Turnover: 4**

## Staff Training and Development



- 34 employees trained in personal development
- 2 In-House training for 50 employees

## Employee Engagement Initiatives

The Corporation undertook several employees' engagement initiatives geared towards maintaining high staff motivation and integration with other sister companies. The Corporation participated at the annual SADC DFI's Easter games that was hosted by Citizens Entrepreneurial Agency (CEDA) of Botswana and local companies game tournaments.



# PUBLIC RELATIONS (PR)

LNDC through its PR office facilitated the following branding and publicity activities:

## Publicity



- Source Africa
- Lesotho Review
- Best of Lesotho
- Lesotho White and Yellow pages
- Silo Agriculture Magazine
- SADC telephone and Online directory

## Corporate Social Responsibility (CSR)

# M4K

Sanitary Towels  
@  
Menkhoaneng Walk



Her Majesty's Fundraising activities

*Sponsored*

Old Age Organization



LNDC through PR continues to release press statements on important corporate developments and facilitates for display of branded materials for information sharing and publicity of key corporate achievements.

# INTERNAL AUDIT & RISK MANAGEMENT

## RISK MANAGEMENT

### Automation of the Risk Management Process

Procurement of the software solution which is meant to assist in effectively managing risk across the entire Corporation.

## INTERNAL AUDIT

During the year under review, some of the areas that were covered by internal audit function included the following

- The Corporate Debtors' audit
- Controls pertaining to investment promotion activities
- Controls within investment services activities
- Controls regarding information and communication technology
- Controls regarding use of electricity transformers within industrial estates
- Controls regarding contracts management where LNDC has contracted some service providers.

# DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Lesotho National Development Corporation and its associates for the year ended 31 March 2017.

## 1. REVIEW OF ACTIVITIES

### Main business and operations

The Corporation is engaged in the initiation, promotion, and facilitation of the development of manufacturing and processing industries, mining and commerce, operating principally in Lesotho. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the LNDC Act of 1990 (as amended). The accounting policies have been applied consistently compared to the prior year.

## 2. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial year.

## 3. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the Corporation during the year under review.

## 5. SECRETARY & CHIEF EXECUTIVE OFFICER

Mr Kelebhone Leisanyane

### The Secretary of the Corporation

Mr. Selebalo Lekokoto

Mr Clark Taelo Poopa

## 6. AUDITORS

Moteane, Quashie & Associates on behalf of Office of the Auditor General

## 4. DIRECTORS

The directors of the Corporation during the year and to the date of this report are as follows:

Name	Nationality
Ms. Matseliso Lehohla	Mosotho
Mrs. Liengoane Lefosa	Mosotho
Dr Lefulesele Lebesa	Mosotho
Ms. Mampho Tjabane	Mosotho
Mr. Lebakeng Mohau Tigeli	Mosotho
Mr. Makhetha Thaele	Mosotho
Mr. Lehlohonolo Chefa	Mosotho
Ms. Ntsiuoa Jaase	Mosotho
Mr. Mosito Ntema	Mosotho
Mr. Sehlabaka Ramafikeng	Mosotho

The background features a collage of financial data visualizations. In the upper left, there is a blue bar chart with several bars of varying heights. To its right is a green pie chart divided into several segments. Below these, a line graph with three data series (blue, red, and green) is plotted over a horizontal axis labeled with numbers 4 through 13. The lines show fluctuating trends. In the lower right foreground, a stack of approximately ten US coins is visible, with the top coin being a quarter showing the Statue of Liberty. The entire scene is set against a light, blurred background of more charts and documents.

## SECTION 3

# STATEMENT OF FINANCIAL POSITION

## Statement of Financial Position as at 31 March 2017

Figures in Maloti	Note(s)	2017	2016
<b>Assets</b>			
Non-Current Assets			
Investment property	2	751 568 304	755 631 991
Property, plant, and equipment	3	32 666 076	4 866 193
Investments in subsidiaries	4	178 073 613	138 643 279
Other Investments	5	22 234 316	20 293 491
Investment in associates	6	62 023 663	56 641 592
Long Term Receivable		4 600 000	4 800 000
		<b>1 051 165 972</b>	<b>980 876 546</b>
Current Assets			
Trade and other receivables	7	69 138 092	39 976 069
Short term Investment		95 562 445	65 099 451
Cash and cash equivalents	8	94 471 532	111 437 107
		<b>259 172 069</b>	<b>216 512 627</b>
<b>Total Assets</b>		<b>1 310 338 041</b>	<b>1 197 389 173</b>

# STATEMENT OF FINANCIAL POSITION

## Equity and Liabilities

### Equity

Share capital	9	128 000 000	128 000 000
Reserves		602 188 754	519 915 043
Retained income		261 955 392	229 876 943
		<b>992 144 146</b>	<b>877 791 986</b>

### Liabilities

#### Non-Current Liabilities

Provisions	11	4 440 671	3 847 075
Long Term – Liabilities		4 048 692	4 048 692
Long term borrowings - non-current portion	12	260 274 408	273 143 132
		<b>268 763 771</b>	<b>281 038 899</b>

#### Current Liabilities

Interest Accrued	10	7 101 274	5 438 439
Trade and other payables	13	27 331 973	25 665 691
Long Term Borrowing - Current portion	12	14 996 877	7 454 158
Bank overdraft	8	-	-
		<b>49 430 124</b>	<b>38 558 288</b>

### Total Liabilities

**318 193 895      319 597 187**

### Total Equity and Liabilities

**1 310 338 041      1 197 389 173**



# STATEMENT OF COMPREHENSIVE INCOME

## Statement of Comprehensive Income

Figures in Maloti	Note(s)	2017	2016
Revenue	14	72 503 662	68 754 507
Other income		2 697 161	6 524 354
Operating expenses		(112 067 242)	(108 899 561)
<b>Operating loss</b>		<b>(36 866 419)</b>	<b>(33 620 700)</b>
Investment revenue	15	74 118 968	71 713 013
Finance costs	16	(1 662 835)	(6 024 323)
<b>Profit for the year</b>		<b>35 589 714</b>	<b>32 067 990</b>
<b>Total comprehensive income for the year</b>		<b>36 589 714</b>	<b>32 067 990</b>

# STATEMENT OF CHANGES IN EQUITY

## Statement of Changes in Equity

Figures in Maloti	Share capital	Reserves	Retained income	Total equity
<b>Balance at 01 April 2014</b>	<b>128 000 000</b>	<b>401 676 133</b>	<b>184 799 678</b>	<b>714 475 811</b>
Profit for the year	-	-	12 434 493	12 434 493
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>12 434 493</b>	<b>12 434 493</b>
Restated Investments	-	(5 174 471)	-	(5 174 471)
Prior year adjustments	-	-	574 782	574 782
Grants	-	19 980 000	-	19 980 000
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>14 805 529</b>	<b>574 782</b>	<b>15 380 311</b>
<b>Balance at 01 April 2015</b>	<b>128 000 000</b>	<b>416 481 662</b>	<b>197 808 953</b>	<b>742 290 615</b>
Profit for the year	-	-	32 067 990	32 067 990
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>32 067 990</b>	<b>32 067 990</b>
Increase in investments value	-	26 417 499	-	26 417 499
Grants	-	77 015 882	-	77 015 882
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>103 433 381</b>	<b>-</b>	<b>103 433 381</b>
<b>Balance at 01 April 2016</b>	<b>128 000 000</b>	<b>519 915 043</b>	<b>229 876 943</b>	<b>877 791 986</b>
Profit for the year	-	-	35 589 714	35 589 714
Prior year adjustments	-	-	(3 511 266)	(3 511 266)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>32 078 448</b>	<b>32 797 528</b>
Increase in investments value	-	47 895 890	-	47 895 890
Grants	-	34 377 821	-	34 377 821
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>82 273 711</b>	<b>-</b>	<b>82 273 711</b>
<b>Balance at 31 March 2017</b>	<b>128 000 000</b>	<b>602 188 754</b>	<b>261 955 392</b>	<b>992 144 146</b>
Note(s)	9			

# STATEMENT OF CASH FLOW

## Statement of Cash Flows

Figures in Maloti

	Note(s)	2017	2016
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	(42 068 366)	120 388 034
Interest income		9 854 982	10 328 181
Dividends received		64 263 986	61 384 832
Finance costs		(1 662 835)	(6 024 323)
<b>Net cash from operating activities</b>		<b>30 387 766</b>	<b>186 076 724</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	3	-	(2 001 150)
Sale of property, plant, and equipment	3	-	79 982
Purchase of investment property	2	(37 978 722)	(177 925 025)
Movement of financial assets- other investments		-	(14 522 194)
Movement Short term investments		-	(23 588 562)
<b>Net cash from investing activities</b>		<b>(37 978 722)</b>	<b>(217 956 949)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest accrued		-	(1 325 711)
Movement in Long term loans		(9 374 699)	144 289 707
<b>Net cash from financing activities</b>		<b>(9 374 699)</b>	<b>142 963 996</b>
<b>Total cash movement for the year</b>		<b>(16 965 655)</b>	<b>111 083 771</b>
Cash at the beginning of the year		111 437 107	(1 291 036)
Effect of exchange rate movement on cash balances		-	1 644 372
<b>Total cash at end of the year</b>	8	<b>94 471 532</b>	<b>111 437 107</b>



## CONTACT INFORMATION



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