



ANNUAL REPORT

2017/18



TABLE OF CONTENTS

SECTION 1

About this Report	4
Who we are	5
The value created	6
Corporate vision	7
Organizational structure	8
Statement of the Chairman	9
Statement of the CEO	11

SECTION 2

Our Strategy	13
Our performance	14
Investment Promotion Division	15
Investment Services Division	17
Planning , Research and Information Management Division	18
Property Management Division	19
Human Resources and Administration	20
Public Relations (PR)	21
Internal Audit & Risk Management	22
Directors' Report	23

SECTION 3

Statement of Financial Position	25
Statement of Comprehensive Income	27
Statement of Changes in Equity	28
Statement of Cash Flow	29

possible vision success

SECTION 1

This annual report for the financial year April 2017 to March 2018 presents the Corporation's activities as per the statutory requirements outlined in its founding act (Section 19 (1) (C) of the LNDC Act 1967 and Section 43 of PFM Act of 2011).

The report comprises 3 sections:

Section 1 - Overview of the Corporation

Section 2 - Performance of the Corporation

Section 3 - Financial performance

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 main responsibility is to bolster national economic growth and development. LNDC achieves this by presenting Lesotho as an appealing investment destination to both local and foreign investors. It provides various investment support services such as serviced industrial sites, factory buildings, business support, aftercare services, selective financial aid, and, when feasible, limited equity participation in projects deemed strategically significant for the economy.

THE VALUE CREATED



FINANCIAL PERFORMANCE

Revenue

-1%

147 million

Profit

43.8 million

+23%

Total Assets

1.374 billion

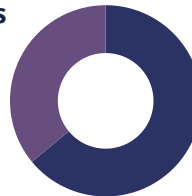
+5%



VALUE OF OUR PEOPLE

M438,476 paid for staff development down by 76% from the previous year

**Females
36%**



**Males
64%**

Staff Participation in DFI Games In Swaziland and other local recreational activities



VALUE FOR SOCIETY

**4 new companies - 436 new Jobs
Total jobs 50 065 Jobs
3 company Closures - 400 lost jobs
8.3% increase in Jobs**

PCG programme to date has unlocked loans to the value of LSL 33 Million (64 guarantees)

CORPORATE VISION



OUR VISION

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



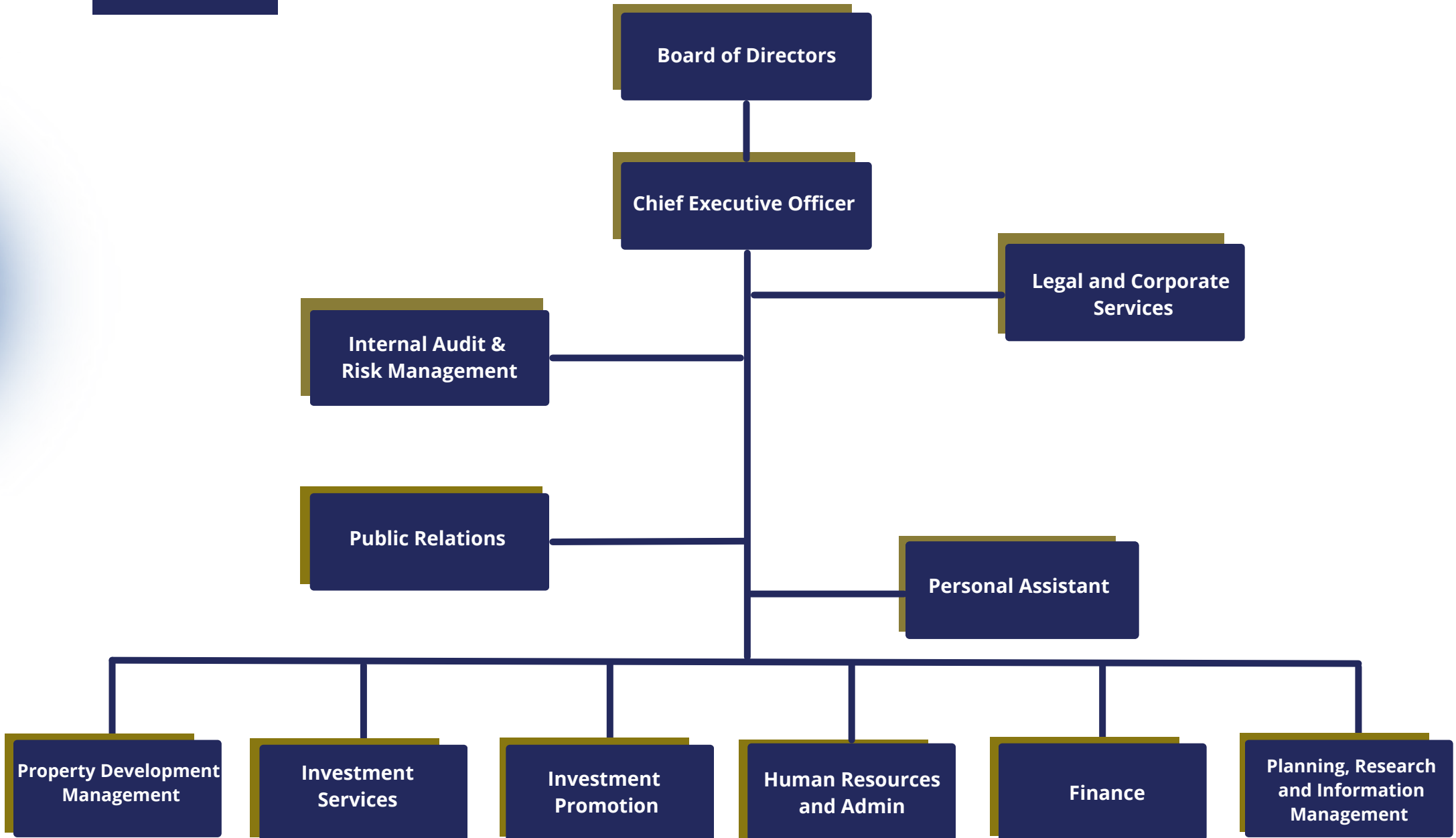
OUR MISSION

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

I am pleased to present the Annual Report for the Lesotho National Development Corporation (LNDC) for the financial year 2017/2018, on behalf of the Board of Directors.

The Board's Role

The Board's primary function is to provide strategic guidance to the Corporation. We ensure it operates efficiently and effectively, delivering services promptly. We also oversee how the LNDC fulfils its legislative mandate: creating jobs and improving household incomes. Additionally, we ensure the Corporation adheres to sound commercial principles and maintains financial stability.



The Year in Review

This past year marked the culmination of our three-year strategic plan (2015/16 - 2017/18). The Board closely monitored performance across six key areas:

- Fostering an attractive investment climate
- Expanding, diversifying, and retaining both foreign and domestic investments
- Encouraging and developing local businesses
- Enhancing the Corporation's efficiency and growth
- Building a strong corporate image and managing stakeholder relationships
- Ensuring financial sustainability

Positive Achievements

We are pleased to report several positive achievements:

- Four (4) new investments were established, creating 436 new jobs.
- We actively promoted Lesotho's investment potential through participation in 20 investment and trade missions, including local events.
- Since inception the Partial Credit Guarantee scheme facilitated 64 loans worth M33 million, generating fees of M211,793 and an estimated 891 new jobs.
- Total industry employment reached 50,065, significantly contributing to Lesotho's workforce.

STATEMENT BY THE CHAIRMAN

Adapting to the Environment

To ensure the Corporation's continued effectiveness in a changing environment, the Board approved a realignment exercise. This involved restructuring the organization and a temporary freeze on staff recruitment to facilitate a smooth transition. While we experienced some staff turnover due to resignations, contract completions, and one sad loss, the Corporation remains financially sound. We saw a profit rise to M43.8 million. Revenue dipped slightly by 1%, while total assets grew by 5%.

Conclusion

In closing, I extend my sincere gratitude to the LNDC Board, Management, and Staff for their unwavering dedication. Their commitment is essential to fulfilling the Corporation's purpose and mandate. We also appreciate the continued support of the Lesotho government, particularly the Ministry of Trade and Industry, as well as our valuable development partners. These collaborations are instrumental in propelling LNDC's role in Lesotho's economic growth.



.....
Mr. Thabo Moleko
Board Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Building on Momentum: Jobs, Investment, and Innovation

This year, the Lesotho National Development Corporation (LNDC) made noteworthy progress in delivering on its mission of creating jobs and driving economic growth. We focused on attracting new investment, promoting local businesses, and fostering a supportive environment for entrepreneurs.

Targeted Investment Promotion

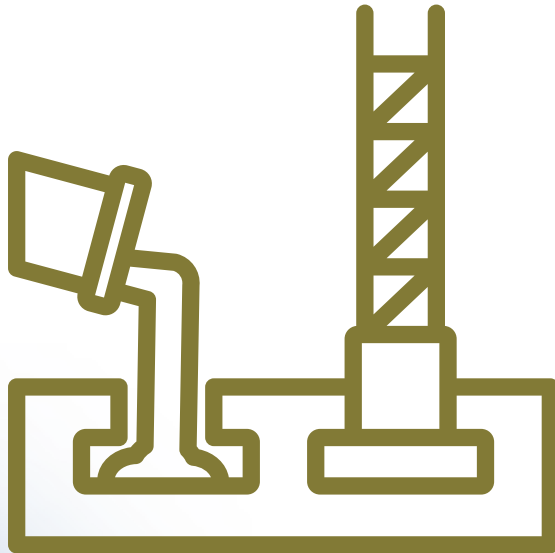
- **Global Reach:** We conducted targeted investment promotion drives in South Africa, Dubai, and Israel. Additionally, six (6) local events were held to encourage domestic investment and raise awareness of international opportunities.
- **Increased Local Interest:** We received over 210 investment enquiries, with over half coming from Basotho citizens. These inquiries spanned diverse sectors like renewable energy, mining, and manufacturing, reflecting our commitment to diversification and local participation.

Targeted Investment Promotion

- **Financial Support:** The Partial Credit Guarantee Scheme helped businesses access financing, creating an estimated 891 new jobs.
- **Employment Expansion:** Existing companies increased employment levels, and new investments added jobs, bringing the total industry employment to over **50,000**.
- **Promoting Innovation:** We launched the Innovation Fund, a strategic initiative to support research and development. The National University of Lesotho received the first grant to conduct a feasibility study for an industrial park in Roma Valley. This project, upon completion, will be instrumental in diversifying products and markets.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Building a Strong Foundation



- **Industrial Infrastructure:** We facilitated the groundbreaking ceremony for the Ha Belo Industrial Estate in Butha-Buthe, which will provide much-needed factory space for businesses.
- **Positive Industrial Relations:** We maintained a positive industrial environment by collaborating with labour unions and employers' associations to address concerns promptly.
- **Corporate Social Responsibility:** We continued to support strategic projects and raise awareness of the Corporation's commitment to social responsibility.

This report details these achievements and highlights our ongoing efforts to build a more prosperous future for Lesotho. We are committed to working alongside our partners in government, industry, and the community to create a thriving investment climate and unlock Lesotho's full economic potential.

A handwritten signature in black ink, appearing to read 'M. Ramaili', written over a dotted line.

Mr. Molise Ramaili
Interim Chief Executive Officer



SECTION 2



OUR STRATEGY

01

Goal 1: Enabling investment climate

Strategic Objectives

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

02

Goal 2: Expansion, diversification, integration and retention of FDI and local investments

Strategic Objectives:

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

03

Goal 3: Improved local private sector involvement and development

Strategic Objectives

- Stimulate local private sector participation and growth

04

Goal 4: Enhanced organisational efficiency, Learning and growth

Strategic Objectives

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

05

Goal 5: Enriched Corporate image and stakeholder management

Strategic Objectives

- Strengthen the Corporate's relations with stakeholders
- Enhance organisational image

06

Goal 6: Enhanced Corporate financial Sustainability

Strategic Objectives:

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

CORPORATE STRATEGIC GOALS

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 background is dark and out of focus. The entire image is framed by a thin yellow border.

PERFORMANCE

OBJECTIVES

RESULTS

POTENTIAL

BUSINESS

Trade and Investment Activities



Investment Enquiries and Leads

210

132 were from local Investors

90%

of enquires were in the following

Sectors:

- Agriculture & Agro-processing
- Manufacturing
- Renewable energy
- Mining.



Site Visits

13

Site visits conducted by the Corporation:

- Afri-Expo Textiles,
- Seshoeshoe Productions
- Nanabolela.

Other investors hosted were interested in Basotho Fruits and Vegetable Canner, renewable energy and agricultural sector.



Investment and Trade missions

20

Key missions were:

- Lesotho Trade & Investment Forum
- Afimilk Agricultural Cooperative Project targeted Missiom.
- SADC Coverage Exploratory Meeting with Development Bank of Southern Africa (DBSA)
- Agri Investment Indaba
- WAIPA World Investment Forum
- SADC Industrialisation Week

INVESTMENT PROMOTION DIVISION CON'T

ACCESS TO FINANCE

The Partial Credit Guarantee Scheme is one instrument used to address this challenge. Since the launch of the scheme in 2011 to March 2018, the Corporation has supported:

50

Enterprises

64

Credit guarantees

33 million

Value of loans Unlocked



22

These enterprises created employment of **891 People**

INVESTMENT SERVICES DIVISION

INVESTMENT PERFORMANCE

50K

8%
Increase from previous year

86

Total Number of companies under LNDC Portfolio

=

78

Assisted and Leasehold

+

8

Equity investments

TOTAL EMPLOYMENT

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.

Changes in LNDC portfolio of companies

3571 resignations

- Resignation due to attractive employment packages offered in RSA Newcastle
- Shortage of orders

2,781 Layoffs/Short time

4 new companies were opened and created 436 jobs

- Three (3) closures. A total of 400 jobs were lost
- 345 workers were retrenched
- 985 got dismissed

Industrial Relations

Strikes

The industry experienced six (6) unprotected strikes

Labour disputes

- 344 labour disputes were referred to the DDPR for conciliation and arbitration
- 52 were referred to LNDC for mediation

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
Monitoring, Evaluation and Reporting of Corporate Performance	<ul style="list-style-type: none"> • The review of the Corporate Strategic Plan 2015/16 – 2017/18 • 3-year strategic planning was not effective for planning hence the next strategic plan was programmed for 5 years
Research Services	<ul style="list-style-type: none"> • 4 Industry Status Reports • Benchmarking reports were also generated as a measure of Lesotho's competitiveness in doing business.
Research and Innovation Program	<ul style="list-style-type: none"> • Innovation Fund Implementation Guidelines developed • Agric service providers' database • Launch of Research and Innovation Program • Innovation support to NUL&LAC • Water usage study in industrial firms
Provision of Strategic Information and Communication services	<ul style="list-style-type: none"> • Offsite backup system • Access Control System

PROPERTY MANAGEMENT DIVISION

PROJECTS UNDERTAKEN BY THE DIVISION DURING THE YEAR

1. Refurbishment of LNDC Centre

On-going project that has experienced design-related queries with the need to produce a facelift to the property and address the existing parking challenge.

2. Renovation of Devcourt Flats

Procurement of building contractor for renovations work was advertised for re-tender

3. Tikoe Industrial Estate

(Construction of 6 x M5 (500 sqm.) Factories for Local Entrepreneurs)

The delay in LEC connection

4. Tikoe Phase 3

(Construction of Infrastructure at Tikoe Industrial Estate)

Tender documents awaiting submission of design report

5. Belo Industrial Estate

Contractor appointed. Official contract commencement was in December 2017.

6. Subdivision of Maputsoe Industrial Estate

Lease documents for subdivided plots awaited

7. Feasibility Study of Industrial Estate at Teya-Teyaneng

Completed RFP for Design Development and Financial Feasibility

HUMAN RESOURCES AND ADMINISTRATION



The Corporation embarked on a realignment exercise that was intended to re-direct the operations of the Corporation.

Organisational Realignment



Froze headcount and recruitment during this period



Staff turnover **15**

Human Resource

The Corporation has employees` annual event of sports and recreational activities, which entails a range of sports codes, and where employees get to interact and compete with other DFIs. During this period this event was held in Swaziland.

PUBLIC RELATIONS (PR)

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



Publicity

- Marketing of LNDC in Maluti Sky inflight magazine “Motsamai”
- Participated in Vodacom Charity Cup competition
- Participated in NULSTICE Expo and gala dinner where LNDC signed MOU with NUL
- Participated in NUL Incubation Hub launch-



Sponsored

- Annual Secretary’s gala dinner
- The Entrepreneurs Network (TEN) gala dinner



- Increased Facebook followers by **1 600** to **6 862**



INTERNAL AUDIT & RISK MANAGEMENT

RISK MANAGEMENT

- LNDC has implemented a structured risk management program for the first time since its establishment.
- The Corporation conducted risk management training for all staff members, including Executive Management, to integrate risk management principles into project planning and execution.
- LNDC established a network of risk champions across all divisions and procured an integrated risk management software to optimize risk management processes and track mitigation actions.

INTERNAL AUDIT

- LNDC maintained an independent internal audit function to provide management and the Board with assurance on the effectiveness of control systems.
- The internal audit function assessed various areas including corporate debtors, investment promotion activities, investment services, information technology controls, electricity transformer usage, and contracts management.

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Lesotho National Development Corporation, its subsidiaries and associates for the year ended 31 March 2018.

1. REVIEW OF ACTIVITIES

Main business and operations

The Corporation is engaged in initiating, promoting, and facilitating 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.

4. DIRECTORS

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

Name	Nationality	Changes
Mrs Puleng Lekholoane	Mosotho	From September 2017
Mr Malefetsane Nchaka	Mosotho	From September 2017
Dr Makatleho Mataboee	Mosotho	From September 2017
Mr Stephen Thabo Monyamane	Mosotho	From September 2017
Adv. Mphaiphele Maqutu	Mosotho	From September 2017
Mr Nkareng Letsie	Mosotho	From May 2017
Mr Lerotholi Pheko	Mosotho	From September 2017
Adv. Ranale Thoahlane	Mosotho	From September 2017
Mr Khomoatsana Tau	Mosotho	From September 2017
Mr Thebe Mokoatle	Mosotho	From September 2017
Mr Themba Sopeng	Mosotho	From September 2017

5. SECRETARY & CHIEF EXECUTIVE OFFICER

Mrs Nthabiseng Posholi -Caretaker Chief Executive Officer	May 2017 to November 2017
Mr Mohato Seleke - Chief Executive Officer	from December 2017
Mrs Selebalo Lekokoto - Corporate Secretary	From February 2017

6. AUDITORS

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



SECTION 3

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 March 2018			
Figures in Maloti	Note(s)	2018	2017
		M'000	M'000
Assets			
Non-Current Assets			
Investment property	2	787 181 738	751 568 304
Property, plant and equipment	3	31 608 283	32 666 076
Investments in subsidiaries	4	178 031 611	178 073 613
Others Investments	5	29 980 178	22 234 316
Investment in associates	6	71 942 111	62 023 663
Long Term Receivable		4 800 000	4 600 000
		1 103 543 921	1 051 165 972
Current Assets			
Trade and other receivables	7	65 311 934	69 138 092
Short term Investment		159 158 871	95 562 445
Cash and cash equivalents	8	45 879 294	94 471 532
Total Assets		270 350 099	259 172 069
Equity and Liabilities		1 373 894 021	1 310 338 041

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 March 2018 Cont..			
Equity			
Share capital	9	128 000 000	128 000 000
Reserves		636 736 760	602 188 754
Retained income		306 219 239	261 955 392
		1 070 955 999	992 144 146
Liabilities			
Non-Current Liabilities			
Provisions	11	4 122 983	4 440 671
Long Term – Liabilities		4 048 692	4 048 692
Long term borrowings - Non-current portion	12	256 500 672	260 274 408
		264 672 347	268 763 771
Current Liabilities			
Interest Accrued	10	3 153 522	7 101 274
Trade and other payables	13	20 752 401	27 331 973
Long Term Borrowing - Current portion	12	14 359 751	14 996 877
Bank overdraft	8	-	-
		38 265 674	49 430 124
Total Liabilities		302 938 022	318 193 895
Total Equity and Liabilities		1 373 894 021	1 310 338 041

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income			
Figures in Maloti	Notes	2018	2017
		M'000	M'000
Revenue	14	71 675 819	72 503 662
Other income		3 277 387	2 697 161
Operating expenses		(102 194 631)	(112 067 242)
Operating loss		(27 241 425)	(36 866 419)
Investment revenue	15	72 405 590	74 118 968
Finance costs	16	(1 337 728)	(1 662 835)
Profit for the year		43 826 437	35 589 714
Total comprehensive income for the year		43 826 437	35 589 714

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity				
Figures in Maloti	Share capital	Reserves	Retained income	Total equity
	M'000	M'000	M'000	M'000
Balance at 01 April 2015	128 000 000	416 481 662	197 808 953	742 290 615
Profit for the year	-	-	32 067 990	32 067 990
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	32 067 990	32 067 990
Increase in investments value	-	26 417 499	-	26 417 499
Grants	-	77 015 882	-	77 015 882
Total contributions by and distributions to owners of company recognised directly in equity	-	103 433 381	-	103 433 381
Balance at 01 April 2016	128 000 000	519 915 043	229 876 943	877 791 986
Profit for the year	-	-	35 589 714	35 589 714
Prior year adjustments	-	-	(3 511 266)	(3 511 266)
Total comprehensive income for the year	-	-	32 078 448	32 797 528
Increase in investments value	-	47 895 890	-	47 895 890
Grants	-	34 377 821	-	34 377 821
Total contributions by and distributions to owners of company recognised directly in equity	-	82 273 711	-	82 273 711
Balance at 01 April 2017	128 000 000	602 188 754	261 955 392	992 144 146
Profit for the year	-	-	43 826 437	43 826 437
Prior year adjustments	-	-	437 410	437 410
Total comprehensive income for the year	-	-	44 263 847	44 263 847
Grants Received	-	16 883 696	-	16 883 696
Grants Amortised	-	17 664 310	-	17 664 310
Total contributions by and distributions to owners of company recognised directly in equity	-	34 548 006	-	34 548 006
Balance at 31 March 2018	128 000 000	636 736 760	306 219 239	1 070 955 999
Note(s)	9			

STATEMENT OF CASH FLOW

Statement of Cash Flows			
Figures in Maloti	Note(s)	2018 M'000	2017 M'000
Cash flows from operating activities			
Cash generated from operations	17	(66 672 617)	(42 068 366)
Interest income		10 285 050	9 854 982
Dividends received		62 120 540	64 263 986
Finance costs		(1 337 728)	(1 662 835)
Net cash from operating activities		4 395 245	30 387 766
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	-
Sale of property, plant and equipment	3	324 858	-
Purchase of investment property	2	(48 901 481)	(37 978 722)
Movement of financial assets- other investments		-	-
Movement Short term investments		-	-
Net cash from investing activities		(48 576 626)	(37 978 722)
Cash flows from financing activities			
Repayment of interest accrued		-	-
Increase in long term Loans		(3 773 734)	-
Movement in Long term loans		(637 126)	(9 374 699)
Net cash from financing activities		(4 410 859)	(9 374 699)
Total cash movement for the year		(48 592 238)	(16 965 655)
Cash at the beginning of the year		94 471 532	111 437 107
Effect of exchange rate movement on cash balances		-	-
Total cash at end of the year	8	45 879 294	94 471 532

CONTACT INFORMATION



Lesotho National Development Corporation
Block A, Development House, Kingsway Street
Maseru, Lesotho, 100



www.lndc.org.ls



info@lndc.org.ls



(+266)22312012 OR (+266) 22231000