



ANNUAL REPORT

2018-19

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ABOUT THIS REPORT

It is in accordance with the LNDC statutory requirements outlined in Section 19(1) (C) Act of 1967 and Section 43 of PFM Act of 2011 that the LNDC presents this edition of its Annual Report for the financial year from April 1, 2018, to March 31, 2019.

The report provides the Corporation's activities, achievements, and challenges for the reporting period.

This report is divided into 3 sections namely:

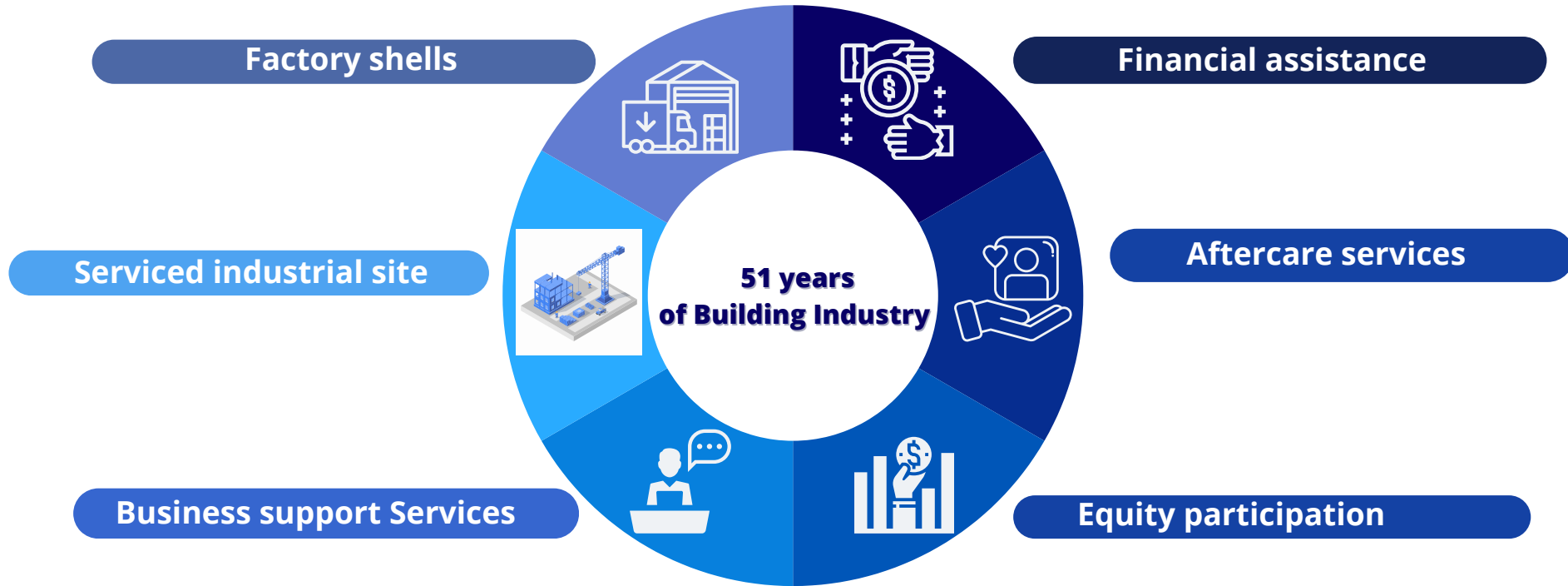
Section 1- Overview of the Corporation,

Section 2 - Performance of the Corporation, and

Section 3 - Financial performance of the Corporation.

WHO WE ARE

A parastatal body was 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.



WHY?

Mandated by LNDC ACT No 13 1990 section 4 subsection 1

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 VALUE WE HAVE CREATED



FINANCIAL PERFORMANCE

+22%

M180.3 million

Revenue

+89%

M82.9 million

Profit

+15.6%

M1.58 billion

Total Assets

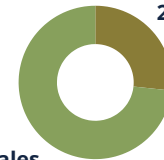


FOR STAFF

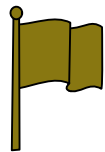


M1.3 million paid for staff development up by 197% from the previous year

Management Composition



Staff Participation in DFI Games In Botswana Gaborone



FOR THE NATION



5596 jobs created
4138 jobs lost
1458 net gain
47768 total jobs



Financial support unlocked loans of M34million to date



5 new companies with Employment of 779

OUR VISION AND MISSION



LATER



NEXT



NOW





OUR VISION

A catalyst for a diversified, globally competitive economy, underpinned by manufacturing and high-tech agro-processing industries.



OUR MISSION

We commit to deliver excellent and speedy services to our clientele as we partner to achieve inclusive and sustainable economic growth



Recognition of excellence



Teamwork and partnership



Integrity



Sense of urgency



Accountability

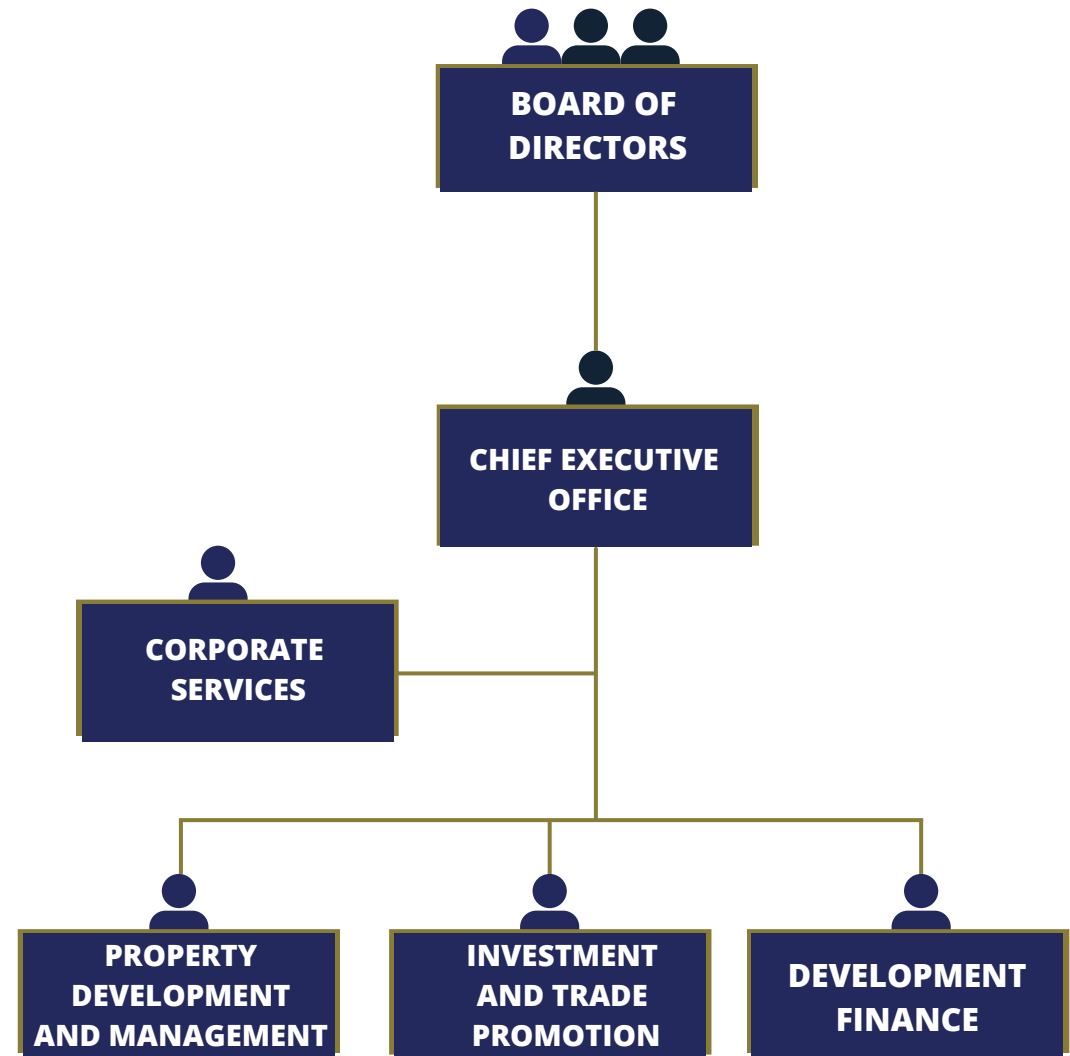
CORPORATE VALUES

ORGANIZATIONAL STRUCTURE

During the year under review, the Corporation's organizational structure was constituted with the following four (4) strategic Business Units: Investment and Trade Promotion, Development Finance, Property Development and Management and Corporate Services.

The Corporate Services comprises of Finance Division; Human Resources and Administration Division; Legal; Planning, Research, and IT. In addition, the CEO's office comprises of the Internal Audit and Risk Management Division, Corporate Governance Division and Public Relations Section.

The LNDC's day to day operations are managed by the Chief Executive Officer who is supported by the Executive and Management teams. The Chief Executive Officer reports to the LNDC Board of Directors.



STATEMENT BY THE CHAIRMAN

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year 2018/19.

Financial Performance and Job Creation

The Board is proud to report a strong financial position for the Corporation. Revenue increased by 22% to M180.3 million, with profits soaring by 89%. Corporate assets also grew significantly, reaching M1.58 billion, representing a 15.6% increase over the previous year.

The LNDC remained true to its core mission, generating an impressive 5,596 additional jobs in the manufacturing sector, bringing the total number of jobs supported to 47,768. Additionally, five new companies commenced operations during the year, creating a further 779 jobs.

Loan Facilitation and Infrastructure Development

The Partial Credit Guarantee (PCG) Scheme facilitated M34 million worth of loans, benefiting 65 enterprises. This program plays a vital role in unlocking investment opportunities for Basotho businesses.

The Belo infrastructure project continued its successful construction, achieving 35% physical progress during the reporting period. Construction of the Tikoe Phase III project and refurbishment of the DevCourt residential complex also commenced in February 2019 and August 2018, respectively.



STATEMENT BY THE CHAIRMAN

Targeted Investment Promotion

The Board approved the establishment of four (4) strategic business units: Development Finance, Property Development and Management, Investment and Trade Promotion, and Corporate Services. Three General Managers were recruited to lead these newly formed departments.

The Board also endorsed and launched the Corporate Strategic Plan 2018/23, a five-year roadmap for the Corporation's growth and development.

While we celebrate these achievements, the Board recognises the need for ongoing vigilance. Potential defaults on loans supported under the PCG Scheme require close monitoring. The Corporation's expenditure on feasibility studies and infrastructure projects was also significant, necessitating careful management of reserves. Additionally, securing timely reimbursement from the Government of Lesotho (GOL) for funds advanced on infrastructure projects remains a priority

Conclusion

In closing, the Board of Directors extends its sincere gratitude to the LNDC Management, the GOL, and our valued Development Partners. Your unwavering support has been instrumental in achieving these goals and advancing the Corporation's mission.

This annual report provides a detailed account of our accomplishments in 2018/19. We look forward to building on this success and furthering the Corporation's positive impact on Lesotho's economic development.



Mr. Thabo Moleko
Board Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Building on Success: Innovation, Investment and Impact

This year, the Lesotho National Development Corporation (LNDC) continued its strong momentum, delivering impactful initiatives across several key areas.

Building on Success: Innovation, Investment and Impact

- **Fresh Produce Market Centre:** We successfully established the Fresh Produce Market Centre, providing a critical platform for Basotho farmers to connect with markets and grow their businesses.
- **Packaging and Production Projects:** The rollout of grain packaging and integrated vegetable production projects further empowers our agricultural sector.
- **Research and Development Partnership:** We signed a Memorandum of Understanding (MOU) with the National University of Lesotho (NUL) to foster research and innovation, nurturing the talent and creativity of Lesotho's youth.
- **Export Potential Exploration:** The LNDC facilitated a fact-finding mission to explore the possibility of establishing export consortia, a strategic move to enhance the export capabilities of local businesses.



CHIEF EXECUTIVE OFFICER'S STATEMENT

Investing in Our People and Processes

- **Human Capital Development:** Over M1.3 million was dedicated to staff training, including programs on Lean Development Management and Sustainability Reporting. This investment strengthens our team's skills and knowledge.
- **Process Optimization:** The business process re-engineering and establishment of enterprise architecture is complete and ready for implementation, streamlining our operations for greater efficiency.
- **Customer Focus:** We established a 60% stakeholder satisfaction level through a comprehensive survey. This valuable feedback informs our next strategic plan and guides our continuous improvement in service delivery.

A Word of Gratitude

The LNDC extends its sincere appreciation to the Board, development partners, and the government for their unwavering support. These collaborations are instrumental in driving our success and contributing to a brighter future for Lesotho.

This report provides a detailed account of these accomplishments and our ongoing commitment to innovation, investment and impactful initiatives.



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



OUR STRATEGY

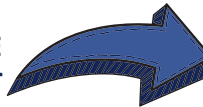
CORPORATE GOALS



**GOAL 1: BUILDING
CUSTOMER CENTRIC
CULTURE**



**GOAL 2: INSTITUTIONALISE
SUSTAINABLE AND IMPACT
INVESTING WITHIN THE
CORPORATION**



**GOAL 3: DIVERSIFY LESOTHO'S
INDUSTRIAL OUTPUT AND
MARKET DESTINATIONS**



**GOAL 4: MOBILISE FUNDING
FOR ECONOMIC
DIVERSIFICATION**



**GOAL 5: DEVELOP THE RIGHT
TALENT TO DRIVE ECONOMIC
DIVERSIFICATION**



STRATEGIC OBJECTIVES

1.1 Strategic Objective: Improve accessibility of the Corporation's products/services to investors/business community.
1.2 Strategic Objective: Improve the speed and quality of decision making (Service Delivery).
1.3 Strategic Objective: Improve the Corporation's and national image/brand to national and global stakeholders.

2.1 Strategic Objective: Adopt international integrated reporting standards.
2.2 Strategic Objective: Deepen social impact in LNDC's investments.
2.3 Strategic Objective: Enhance Corporation's financial sustainability.

3.1 Strategic Objective: Initiate, promote, and facilitate major investments in manufacturing and high-tech agro-processing and related supply chains.
3.2 Strategic Objective: Expand productive capacities of both domestic and foreign export-oriented firms.
3.3 Strategic Objective: Strengthen the market access for both domestic and foreign export-oriented firms.

4.1 Strategic Objective: Design and set up special financial facilities/instruments to facilitate economic diversification.
4.2 Strategic Objective: Expand financial assistance to organizations and innovative projects in furtherance of the Vision of the Corporation.

5.1 Strategic Objective: Develop the managerial and technical talent to facilitate the Corporation's diversification initiatives.



OUR PERFORMANCE

INVESTMENT AND TRADE PROMOTION

CORE FUNCTIONS

- Investment promotion and facilitation
- Trade promotion and export development
- Investment climate and trade reforms
- Aftercare services
- Nation branding (on a project basis)

7

Trade Promotion & Export Development Missions

- Annual Investment Meeting (AIM)
- Commonwealth Business Forum,
- India Southern Africa business summit,
- Japan – Africa public-private economic forum
- China – Africa Cooperation Summit (FOCAC)
- Source Africa 2018,
- SADC Industrialization week

5

Agricultural Major Investment Opportunities conceived & under development

- Integrated vegetable production
- National fresh produce market infrastructure
- Grains production
- Horticulture project
- Pork value chain

INVESTMENT PERFORMANCE

47,768

Total Employment

-4.34%

+2000
Jobs lost

6

New Companies

1100
New Jobs

3 Closures over 380 jobs lost

86

Companies LNDC Portfolio

- 2 Unprotected Strikes
- 8 Strikes

=

78

Assisted

+

8

Equity

2 weeks nationwide strike

DEVELOPMENT FINANCE

CUMULATIVE PERFORMANCE OF PCG



LSL 34 Million
Value of loans



65
Guarantees Approved

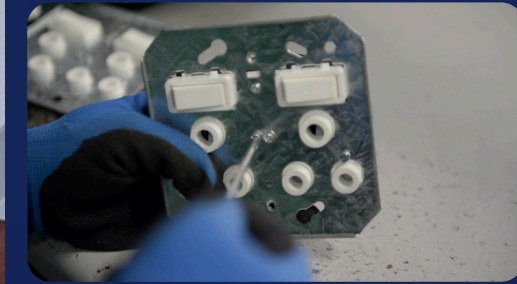


902
jobs

3 new financial instruments were developed:

- (i) project preparation funding,
- (ii) equity finance, and
- (iii) quasi-equity instruments.

PROPERTY DEVELOPMENT



MAJOR INVESTMENTS IN PROPERTY

Name of Projects		Expenditure to Date (M)	Percentage progress
LNDC Centre Phase II (July -Dec 2018)	→	M1,766,122.68	100%
Belo Infrastructure project-(51000 m2) (Start date)	→	M111,067,156.90 M24,838,183.71	35%
Tikoe Phase III project (11000 m2) (Feb 2019)	→	M3,007,042.25	
Refurbishment of Devcourt project (7519 m2) (Aug 2018)	→	M1,757,802.98 M1,607,798.90	53%



Human Resource



Finance



Legal

CORPORATE SERVICES



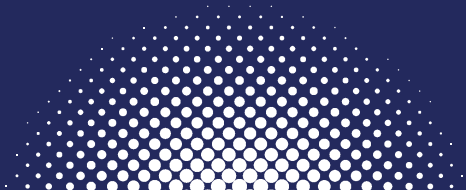
Information Technology



Planning and Research



Risk Management



HUMAN RESOURCES



Organisational Realignment

The LNDC rolled out the implementation of the new organizational structure comprising of four (4) Strategic Business Units (SBUs) namely Corporate Services, Investment and Trade Promotion, Property Development and Management and Development Finance.



Recruitments

Three General Managers recruited:

- Development Finance,
- Investment and Trade Promotion
- Property Development and Management

Employee engagement initiatives

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 Botswana.



Staff Training and Development

The trains conducted for staff during this period were:

- Lean Development Management Program (LDMP) for EXCO
- Sustainability & Integrated Reporting - All Staff



PLANNING, RESEARCH AND INFORMATION TECHNOLOGY



Launch of Corporate Strategic Plan 2018/2023

- Focuses on 2 sectors agriculture and manufacturing
- Job Creation



Support on Research and Innovation

- MOU with National University of Lesotho Innovation Hub
- M550,000.00 to finance a feasibility study for LNDC-NUL Industrial Park



Stakeholder Perception Survey

- Sixty percent (60%) satisfaction level for LNDC support services.

Summary Reports

- World Investment Report
- Doing Business Report



Export consortia

- Fact-finding mission for the establishment of the export consortia was initiated



Procurement Process Completed

- Business Processes Re-engineering (BPR) and the establishment of Systems and Enterprise Architecture





Maintenance and Upgrading

- Servers and migration of all desktops OS to Windows 10
- Design of HR skills audit database

INTERNAL AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT AND RISK MANAGEMENT ROLE:

-  To help the organization in providing assurance that all potential risks facing the corporation are identified and appropriate mitigation actions are effectively executed.
-  To provide assurance that appropriate controls are effected to safeguard against potential irregularities that may deter organizational value and inability to achieve its strategic goals.

RISK MANAGEMENT



Engagement with some local commercial banks in resolving likely potential defaults by some clients that were assisted under LNDC PCG scheme

Participated in key Corporate Strategic projects to manage risk associated with cost, delays, failure etc.



- Facilitated kick-off of Tikoe phase 3 project.
- Management of Belo infrastructure & factory shells project
- Devcourt estate refurbishment project.
- Procurement of LNDC's agro-processing projects' consultants that helped in conducting feasibility studies and development of some projects' business plans,



Continuous engagement with government of Lesotho in ensuring that funds for property development projects are released to meet payments for contractors and consultants.

INTERNAL AUDIT

- Facilitated procurement of consultant for valuation of MMB soft drink business line to ensure that organizational value is protected during takeover by AB-INBEV.
- Successfully managed to facilitate implementation of management letter points on key risk issues that were raised by external auditors.

PUBLIC RELATIONS

LNDC CSR

- Purchase and handover of a potato harvester to an agricultural association Potato Lesotho Association
- LNDC staff participation in the 2018 Corporate Challenge



LNDC Social Media Footprint

- With increase in posts and updates likes and views rose from 5262 to 6101
- Enquiries from the said updates rose from 500 to 722 viewers and responses.
- The Corporations page received positive feedback



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.

Review of activities

Main business and operations

The Corporation is engaged in initiating, promoting, and facilitating the development of manufacturing and processing industries, mining, commerce and 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.

Events after the reporting period

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

Authorized and issued share capital

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

Directors

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

Name	Role
Mr Soaile Mochaba	Chairperson
Mr Stephen Monyamane	Member
Mr Ranale Thoahlane	Member
Mr Lerotholi Pheko	Member
Mrs Puleng Lekholoane	Member
Mr Mpaiphele Maqutu	Member
Mrs Tseleng Mokhehle	Member
Mr Themba Sopeng	Member
Mr Nkareng Letsie	Member
Mr Malefetsane Nchaka	Member
Dr Makatleho Mataboe	Member
Mr Khomoatsana Tau	Member

Secretary & Chief Executive Officer

Mr Mohato Seleke	Chief Executive Officer
Mrs Matsheliso Seotsanyana	Corporate Secretary

Auditors

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

SUMMARY FINANCIAL STATEMENTS

Statement of Financial Position

Statement of Financial Position as at 31 March 2019			
Figures in Maloti	Note(s)	2019	2018
Assets			
Non-Current Assets			
Investment property	2	940 564 308	787 181 739
Property, plant and equipment	3	33 147 006	31 608 281
Investments in subsidiaries	4	189 935 801	178 031 611
Investments in associates	5	71 942 111	71 942 111
Other Investments	6	33 991 435	29 980 178
Long Term Receivable		4 800 000	4 800 000
		1 274 380 661	1 103 543 920
Current Assets			
Trade and other receivables	7	62 340 923	65 311 582
Short term Investment	6	163 943 531	159 158 871
Cash and cash equivalents	8	43 672 810	45 879 647
		269 957 264	270 350 100
		1 544 337 925	1 373 894 020
Total Assets			
Equity and Liabilities			
Equity			
Share capital	9	128 000 000	128 000 000
Reserves		727 358 931	636 736 759
Retained income		392 084 000	306 219 239
		1 247 442 931	1 070 955 998
Liabilities			
Non-Current Liabilities			
Provisions	11	4 801 470	4 122 983
Long term Liabilities	12	7 789 272	4 048 692
Long term borrowings- Non-current portion	12	226 670 552	256 500 671
		239 261 294	264 672 347
Current Liabilities			
Accrued Interest	10	2 837 098	3 153 522
Long term borrowing- current portion	12	20 000 000	14 359 751
Trade and other payables	13	34 796 602	20 752 401
		57 633 700	38 265 674
		296 894 994	302 938 022
Total Liabilities		296 894 994	302 938 022
Total Equity and Liabilities		1 544 337 925	1 373 894 020

Statement of Comprehensive Income

Statement of Comprehensive Income			
Figures in Maloti	Note(s)	2019	2018
Revenue	14	71 639 168	71 675 819
Other income		11 068 612	3 277 387
Operating expenses		(96 454 899)	(102 194 631)
Operating loss		(13 747 120)	(27 241 426)
Investment revenue	15	97 574 836	72 405 590
Finance costs	16	(890 000)	(1 337 728)
Profit for the year		82 937 716	43 826 436
Total comprehensive income for the year		82 937 716	43 826 436

Statement of Changes in Equity

Statement of Changes in Equity				
Figures in Maloti	Share capital	Reserves	Retained income	Total equity
Balance at 01 April 2017	128 000 000	602 188 754	261 955 393	992 144 147
Profit for the year	-	-	43 826 436	43 826 436
Total comprehensive income for the year	-	-	43 826 436	43 826 436
Grants received	-	16 883 696	-	16 883 696
Revaluation surplus	-	17 664 310	-	17 664 310
Prior year adjustment	-	-	437 410	437 410
Total contributions by and distributions to owners of company recognised directly in equity		34 548 006	437 410	34 985 415
Balance at 01 April 2018	128 000 000	636 736 760	306 219 239	1 070 955 999
Profit for the year	-	-	82 937 716	82 937 716
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	82 937 716	82 937 716
Prior year adjustment	-	-	2 927 047	2 927 047
Grants Received	-	90 622 172	-	90 622 172
Total contributions by and distributions to owners of company recognised directly in equity	-	90 622 172	85 864 763	176 486 935
Balance at 31 March 2019	128 000 000	727 358 932	392 084 002	1 247 442 934
Note(s)				

Statement of Cash Flows

Statement of Cash Flows			
Figures in Maloti	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations	17	104 572 687	(66 672 617)
Interest income		12 336 780	10 285 050
Dividends received		85 238 056	62 120 540
Finance costs		(890 000)	(1 337 728)
Net cash from operating activities		201 257 523	4 395 245
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(3 828 536)	-
Sale of property, plant and equipment	3	183 001	324 858
Purchase of investment property	2	(166 832 684)	(48 901 481)
Movement Short term investments		(8 795 917)	-
Net cash from investing activities		(179 274 137)	(48 576 270)
Cash flows from financing activities			
Increase in Long term Loans		(24 189 874)	(3 773 734)
Movement in Long term loans		-	(637 126)
Net cash from financing activities		(24 189 874)	(4 410 859)
Total cash movement for the year		(2 206 484)	(48 592 238)
Cash at the beginning of the year		45 879 294	94 471 532
Total cash at end of the year	8	43 672 810	45 879 294

CONTACT INFORMATION



(+266)22312012 OR (+266) 22231000



info@Indc.org.ls



www.Indc.org.ls

Address



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