



ANNUAL REPORT

2021-22

TABLE OF CONTENTS

SECTION 01

About This Report
Who We Are
The value we have Created
Vision, Mission and Corporate Values
Organizational Structure
Statement by the Chairman
Chief Executive Officer's Statement

SECTION 02

Our Strategy
Performance
 Investment and Trade Promotion
 Development Finance
 Property Development
 Corporate Services
Public Relations
Internal Audit & Risk Management and Corporate Governance
Directors' Report

SECTION 03

ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position
Statement of Profit or Loss and Other Comprehensive Income
Statement of Changes in Equity
Statement of Cash Flow

02
03
04
05
06
07
09
12
13
14
15
16
17
20
21
22
23
24
26
27
28





SECTION 1

VALUES

ABOUT THIS REPORT

Section 19 (1) (C) of the LNDC Act 1967 and Section 43 of PFM Act of 2011 require the Corporation to submit a report on the status of its affairs at the end of every financial year. It is in accordance with these statutory requirements that the LNDC presents this edition of its Annual Report for the financial year April 1, 2021, to March 31, 2022. The report outlines the Corporation's activities, accomplishments, and challenges during the reporting period.

The report is divided into three (3) sections:

Section 1 - Corporation overview,

Section 2 - Corporation Performance, and

Section 3 - Financial performance of the Corporation.

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."

LNDC serves as a catalyst for national economic growth by attracting and supporting local and foreign investors. Through showcasing Lesotho as an attractive investment destination, LNDC offers comprehensive services like serviced industrial sites, factory buildings, business support, aftercare, selective financial assistance, and even minority equity participation in strategically vital projects, creating a one-stop shop for investors and fuelling Lesotho's development journey.

THE VALUE CREATED

Financial Performance

- Revenue **M176.6million (+40.8%)**
- Profit **M60.6million (+54.4%)**
- Total Assets **M2.5billion (+16.8%)**

Value of our people

- **35** staff members trained on project management.
- **28** Staff members trained on integrated reporting.

Value Created

Value for society

- 40,306 **(-11%)** - Total Employment
- **5** - Company Closures
- **2** - New companies
- **M111.7million** value of loans unlocked **C-PCG**

CORPORATE VISION

OUR VISION

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

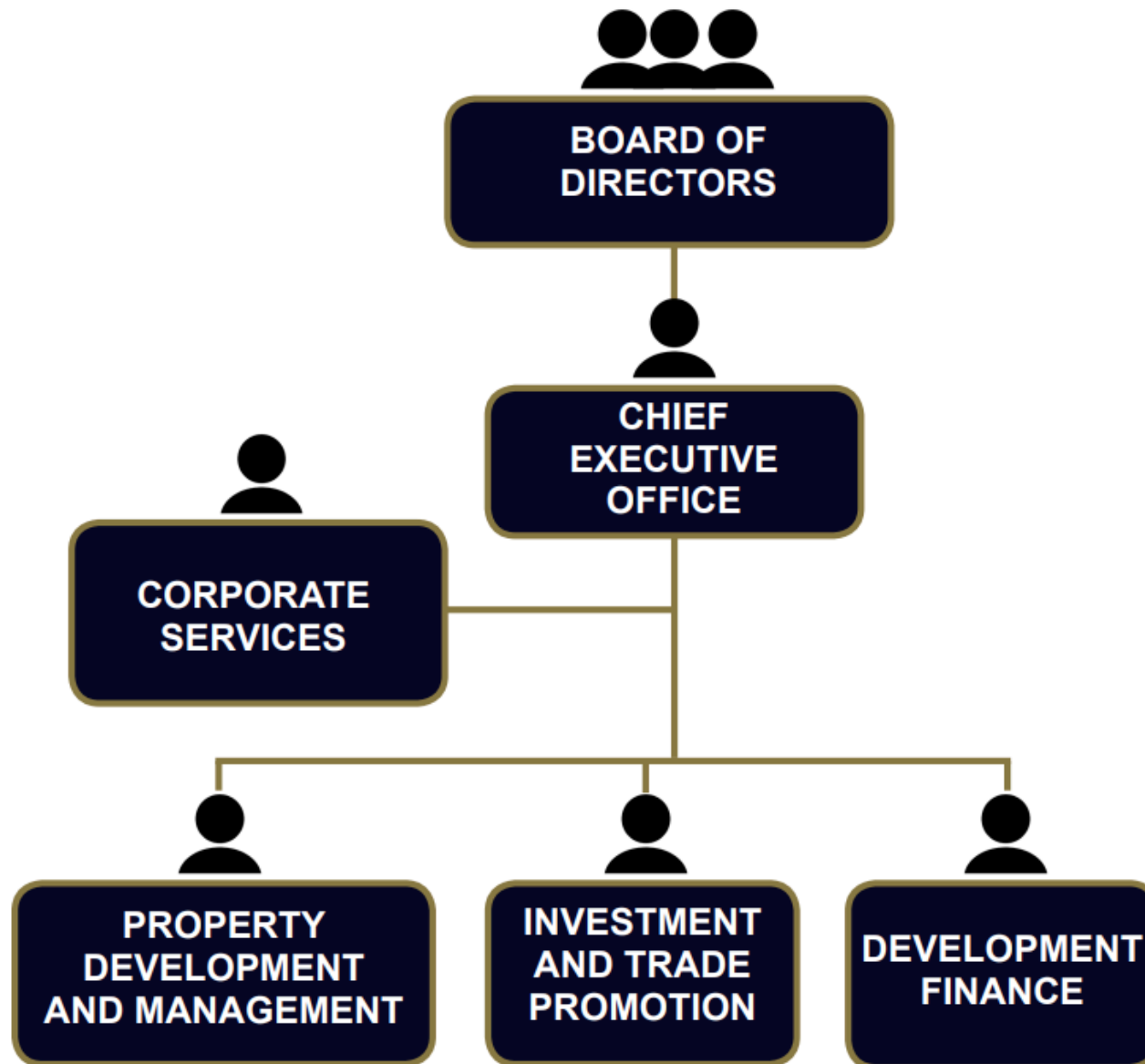
OUR MISSION

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

Corporate Goals



ORGANIZATIONAL STRUCTURE



STATEMENT BY THE CHAIRMAN



Building on a Strong Foundation

On behalf of the LNDC Board of Directors, I am pleased to present the annual report for the financial year 2021/22. This report details the Corporation's performance and highlights our commitment to continuous improvement.

Financial Strength and Infrastructure Development

The LNDC maintained a robust financial position in 2021/22, generating revenue of M176.6 million and achieving a profit of M60.6 million. The ongoing construction of industrial estates in Belo and Tikoe contributed to a rise in corporate assets to M2.5 billion. These infrastructure projects are nearing completion, with physical progress reaching 98% in Belo and 70% in Tikoe.

Job Creation and Business Support

Despite facing some company closures, the LNDC facilitated the retention of 40,306 jobs within the manufacturing sector. The commencement of operations by two new companies partially offset these closures. Additionally, the LNDC played a vital role in securing M111.7 million worth of loans for Basotho businesses through the Partial Credit Guarantee (PCG) Scheme.

STATEMENT BY THE CHAIRMAN

Promoting Ethical Practices

The LNDC actively promotes good corporate governance across Lesotho. We proudly sponsored the launch of the Mohlomi Code of Corporate Governance. This Lesotho-specific code promotes ethical leadership and responsible business practices, setting a strong foundation for intergenerational value creation and sustainable economic growth.

Investing in Governance and Leadership:

The Board of Directors is committed to best practices in corporate governance. All Board members participated in a Certified and Chartered Board Directorship programme with the Institute of Directors South Africa. This initiative strengthens our ability to provide effective oversight to the Corporation and ensure it adheres to the highest governance standards.

Furthermore, following the conclusion of the previous CEO's contract, the Board appointed an Interim Chief Executive Officer to ensure seamless leadership continuity. We also bolstered the workforce by recruiting 16 new employees and appointing two (2) managers for the established regional offices.

A Word of Thanks

The Board extends its sincere gratitude to the LNDC Management team for their dedication and commitment to aligning the Corporation's activities with our strategic objectives and fulfilling our mission. We are also thankful for the unwavering support of the Government, whose investment has been instrumental in progressing critical infrastructure projects. Additionally, the invaluable financial and technical assistance provided by our development partners is deeply appreciated.

This annual report provides a comprehensive overview of our achievements in 2021/22. We look forward to building on this progress and creating a brighter future for Lesotho's economy.



.....
Mr. Thabo Moleko
Board Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT



Charting a New Course: Strategic Renewal, Local Focus, and Digital Transformation

The 2021/22 financial year marked a turning point for the LNDC. We implemented the revised Strategic Plan 2022/23, approved by the Board, providing a clear roadmap for the final year of our 5-year strategy (2018/23).

Embracing Technology for Efficiency

- **Digital Transformation:** We implemented Microsoft 365 SharePoint, a platform that facilitates seamless information sharing across internal departments, improving operational efficiency.

Trade Promotion and Investment Landscape

- **Addressing Space Constraints:** Although limitations in additional factory space currently restrict some existing investor expansions, the recently constructed DevCourt residential property achieved 100% occupancy.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Decentralization and Local Empowerment

- **Expanding Our Reach:** We operationalized the Northern Region Office, bringing our services closer to Basotho entrepreneurs in Berea, Leribe, Butha-Buthe, and Mokhotlong districts.
- **Investing in Local Farmers:** We commissioned Market Centre Producer Profile and Lesotho Supplier Development Program Diagnostics studies. These studies will inform data-driven decisions to support existing farmers' capacity and product diversification. Additionally, 250 local farmers were registered to supply the Fresh Produce Market Centre, and four (4) new employees were trained in market operations. While local production is scaling up, some produce is currently imported from South Africa.
- **Building a Skilled Workforce:** We invested in our staff's professional development by offering project management training to 35 employees and integrated reporting training to 28 employees.

A Look Ahead

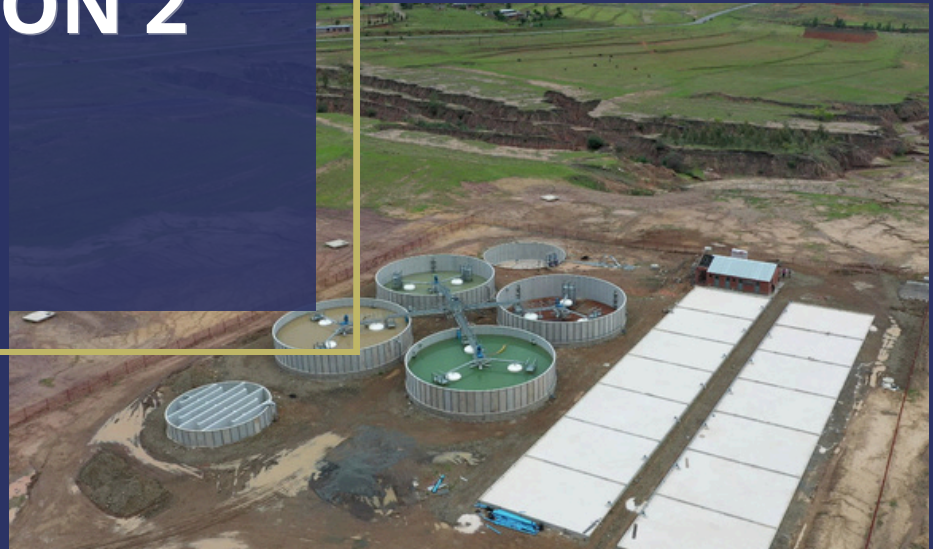
While challenges remain, the LNDC is committed to its strategic vision. We're actively seeking solutions to space limitations and exploring ways to further empower Lesotho's agricultural sector. This report details these achievements and outlines our ongoing efforts to build a more decentralized, efficient, and locally focused LNDC.



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



SECTION 2



OUR STRATEGY

GOALS AND STRATEGIC OBJECTIVES

BUILDING CUSTOMER-CENTRIC CULTURE

- 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.

INSTITUTIONALISE SUSTAINABLE AND IMPACT INVESTING WITHIN THE CORPORATION

- 2.1 Strategic Objective: Reduce negative environmental impact of LNDC's investments
- 2.2 Strategic Objective: Deepen social impact in LNDC's investments
- 2.3 Strategic Objective: Enhance the Corporation's financial sustainability

DIVERSIFY LESOTHO'S INDUSTRIAL OUTPUT AND MARKET DESTINATIONS

- 3.1 Strategic Objective: Initiate, promote and facilitate major investments into manufacturing and high-tech agro processing industries 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

MOBILISE FUNDING FOR ECONOMIC DIVERSIFICATION

- 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 projects in furtherance of the Vision of the Corporation

DEVELOP THE RIGHT TALENT TO DRIVE ECONOMIC DIVERSIFICATION

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

PERFORMANCE

O

OBJECTIVE

K

KEY

R

RESULTS



INVESTMENT AND TRADE PROMOTION

Projects Update

Maluti Fresh Produce

- The recruitment of 4 critical positions was completed,
- The incumbents attended 2-week training in East London-RSA.
- The market centre opened operations in October 2021.
- Sourcing of produce locally faced challenges due to limited supply. Other produce was procured from South Africa.
- Over 250 local farmers have registered with the market center.

Expansions Pipeline

Ready for implementation, pending the availability of additional factory space has declined from 11 companies to 7 companies with potential jobs declining from 6,976 to 3,200.

Agro-Projects

Other agricultural-related projects remain in various stages of project preparation.

Investment Performance

40,306

Total Jobs

Down by

11%

Jobs Lost

+4,000

Short Time

1,337

Company Closure

5

New Company

2

86

Total number of Companies

DEVELOPMENT FINANCE

Cumulative C-PCG & PCG Performance

Performance



Enterprises supported



Guarantees approved



Value of Loans supported



Jobs

C-PCG

73

76

M111.7million

2,395

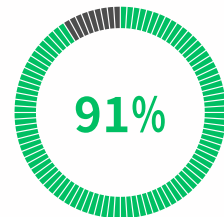
C-PCG + PCG

120

139

M143million

3,531



Supported Enterprises are Basotho owned

Risk



Low

Medium

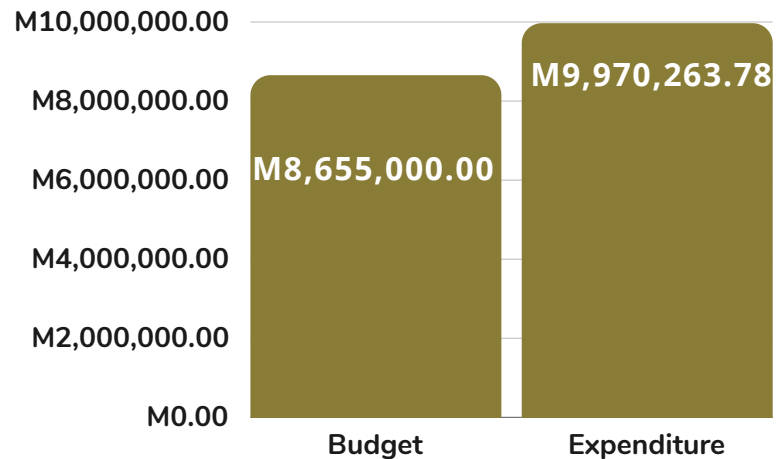
High

PROPERTY DEVELOPMENT AND MANAGEMENT

Major Project Performance :

Project Name	Physical Progress	Consultant Expenditure	Contractor Expenditure
Belo	98%	147%	103%
Tikoe	70%	104%	67%
Dev Court	98%	91%	

Maintenance Expenditure:



Leasing:

Application Status	Number
Accepted	12
Pending/Inadequate information	32
Declined	29
Total	73

Dev Court Occupancy = 100%



CORPORATE SERVICES

PLANNING, RESEARCH AND INFORMATION MANAGEMENT

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.

M&E

The Corporation rolled out the implementation of the reviewed Strategic Plan 2022-2023.

Quarterly monitoring of the strategic planned was conducted to track performance.

Monitoring, Evaluation, Learning, and Reporting Concept Note

RESEARCH

Quarterly Industry Status Reports completed.

Market Center Producer Profile Survey
Market Center buyers Profile Survey

Lesotho Supplier Development Program Diagnostic Study Survey

Operationalization of Regional Offices-Leribe

ICT

ICT policy was developed and awaiting approval of the Board

ICT has enhanced the storage and protection of the Corporation's data and information by fully utilizing the Microsoft 365 SharePoint platform.

TRAININGS

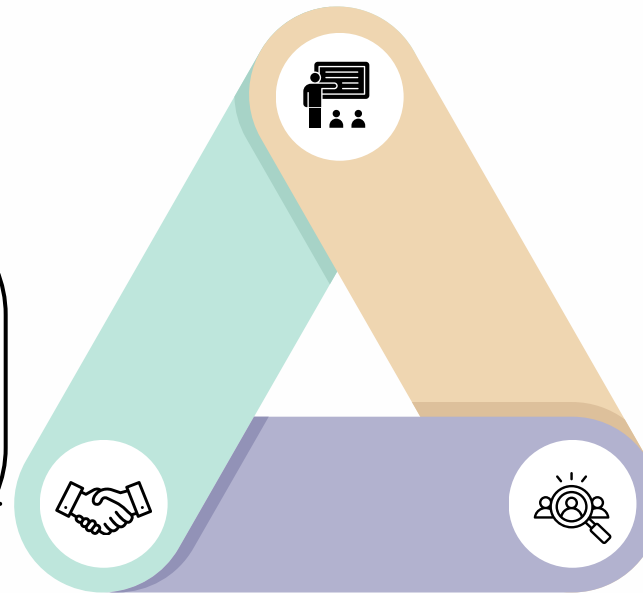
- **35 staff members** trained on project management.
- **28 Staff members** trained on integrated reporting.

CONSULTANCY

- LNDC's remuneration review underway.
- Job profiling interviews conducted.
- Job descriptions validated.
- Job Evaluation Policy draft developed.

RECRUITMENT

- **16 positions** filled.
- **2 Managers** redeployed to man regional Offices.



Employee Engagement Initiatives

The Corporation did not participate in employees' engagement initiatives geared towards maintaining high staff motivation and integration with other sister companies due to national lockdown, and restriction of movements due to covid-19 pandemic.

PUBLIC RELATIONS (PR)

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

01 Publication

- Lesotho Insights
- Corporate gifts and calendars
- Organised the Maluti Fresh Produce launch
- **Press releases:**
 1. Company closures
 2. Announcement of Interim ICEO
 3. Lesotho and Southern Africa Exporter's Awards

02 Site Visits

- Belo Industrial Estate- staff and Board
- Mafeteng SEZ
- Media-Maluti Fresh Produce Market

03 Branding


Hlotse regional office

04 Sponsorships

- Mohlomi Code launch
- African women's Month- celebration

RISK MANAGEMENT, INTERNAL AUDIT & CORPORATE GOVERNANCE

INTERNAL AUDIT


- 
- Review of Information Access and Security within the Corporation
 - The Rental Debtors Audit .
 - Audit on Property Maintenance.
 - GoL Covid-19 Subsidy for Factory Workers Audit.

RISK MANAGEMENT

During the quarter under review, risk assessment was done mainly on key six (6) areas that may impact the achievement of corporate strategic goals negatively:

- Staff terminal benefits,
 - Capital projects,
 - Corporate governance,
 - Foreign direct investment,
 - Property development & management, and
 - Fresh produce market.
- 

CORPORATE GOVERNANCE

- 
- Board Resolution matrix developed.
 - The governance frameworks developed.
 - Human Resource Policy approved.
 - Board trained on Corporate Governance .
 - The LNDC directors have been registered as members of the Institute of Directors South Africa and are under the Certified and Chartered Director.

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 2022.

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, 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

Interim Chief Executive Officer

Mr Molise Ramaili

The Secretary of the Corporation

Mr. Selebalo Ntepe

4. DIRECTORS

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

Dr. Francis Sefali-Chairman

Mr. Sello Tsukulu

Mr. Nchakha Makara

Mr. Sehlabaka Ramafikeng

Mr. Nkareng Letsie

Mr. Soaile Mochaba

Adv. Mphaiphele Maqutu

Mr. Thabang Mathibeli

Adv. Jafta Thamae

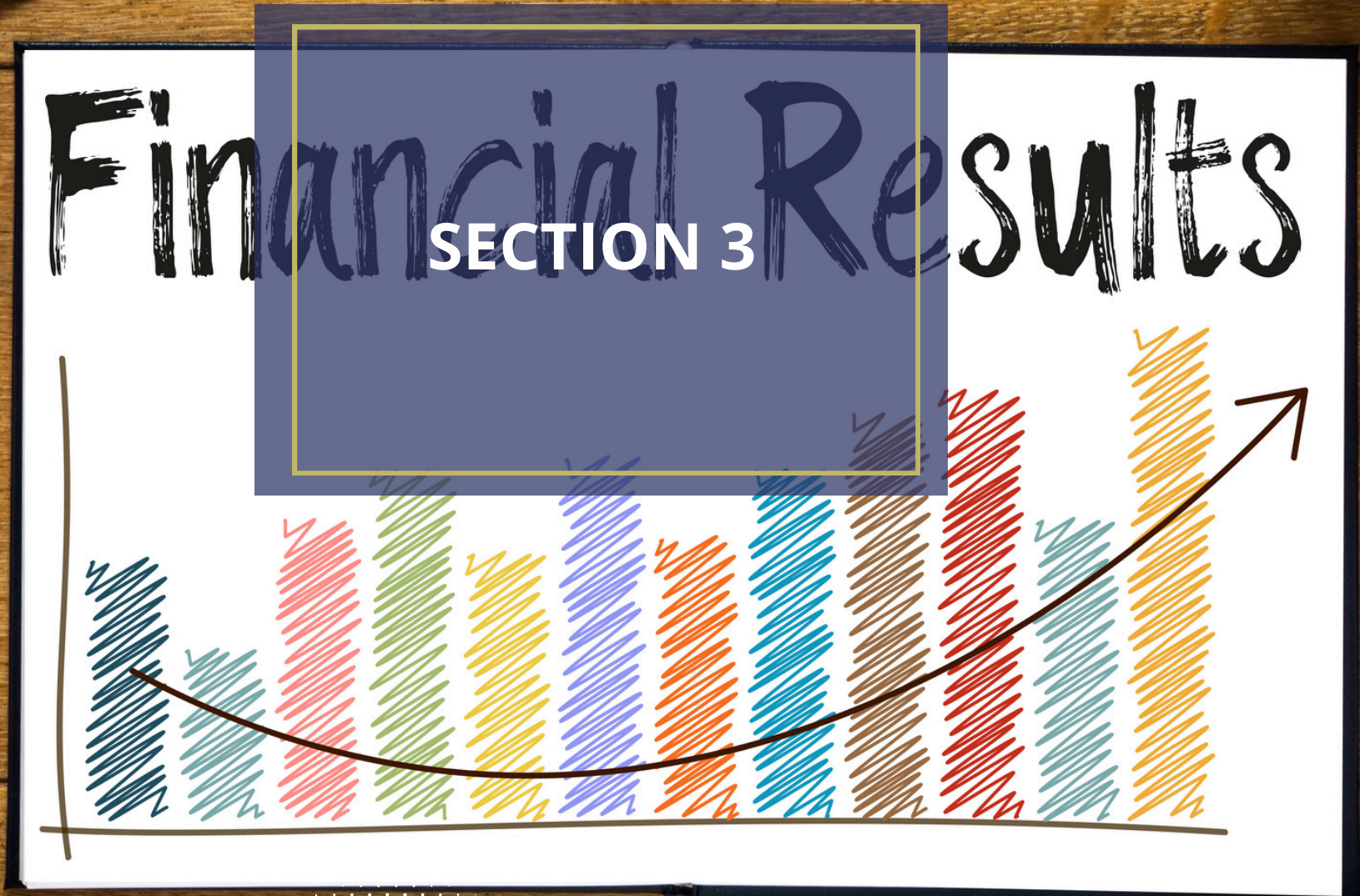
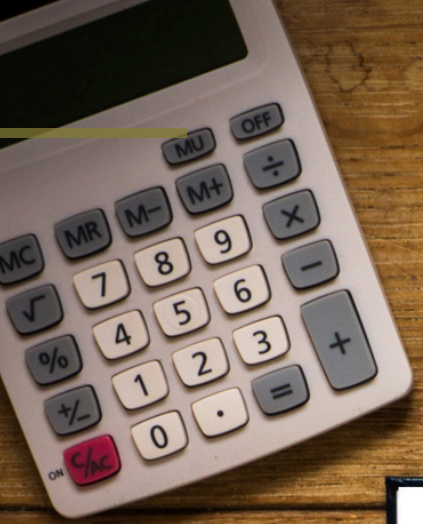
Mrs. Mamotake Matekane

6. PREPARER

The financial statements were internally compiled by:
Mr. Lipallo Mei

7. AUDITORS

PKF Chartered Accountants on behalf of Office of the Auditor General



STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31-03-22

Figures in Loti

Note(s) 2022 2021

Assets

Non-Current Assets

Property, plant and equipment	2	31,598,029	33,366,702
Investment property	3	1,876,598,205	1,535,254,278
Investments in subs	4	205,355,165	204,774,778
Investment in associate	5	88,966,448	72,469,462
Other investments	6	30,771,433	36,980,893
Long term receivables		4,800,000	4,800,000
		2,238,089,280	1,887,646,113

Current Assets

Short term investments		120,536,349	86,136,794
Trade and other receivables	7	111,505,843	130,920,237
Cash and cash equivalents	8	6,952,522	16,578,034
		238,994,714	233,635,065

Total Assets

2,477,083,994 2,121,281,178

STATEMENT OF FINANCIAL POSITION CON'T

Equity and Liabilities

Equity

Share capital	9	128,000,000	128,000,000
Reserves		1,438,073,342	1,139,923,030
Retained income		536,882,270	509,014,320
		2,102,955,612	1,776,937,350

Liabilities

Non-Current Liabilities

Accrued interest	10	234,920,687	250,031,699
Other long term liability		539,254	1,521,176
		235,459,941	251,552,875

Current Liabilities

Trade and other payables	12	111,265,211	87,290,280
Defined benefit debt	11	19,322,557	-
Accrued interest		2,520,673	3,340,673
Long term borrowing-current portion		5,560,000	2,160,000
		138,668,441	92,790,953

Total Liabilities

Total Equity and Liabilities

		374,128,382	344,343,828
		2,477,083,994	2,121,281,178

STATEMENT OF COMPREHENSIVE INCOME

Statement of Profit or Loss and Other Comprehensive Income

Figures in Loti	Note(s)	2022	2021
Revenue	13	81,970,111	61,210,600
Other operating income		2,498,726	12,475,628
Other operating expenses		(122,562,566)	(101,455,294)
Operating loss		(38,093,729)	(27,769,066)
Investment income	16	92,178,897	72,134,618
Finance costs	17	(1,704,752)	(1,725,399)
Income from equity accounted investments		8,317,691	(3,337,565)
Profit for the year		60,698,107	39,302,588

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity

Figures in Loti	Share capital	Reserve for valuation of investments	Retained income	Total equity
Balance at 01-04-20	128 000 000	890 549 641	454 391 582	1 472 941 223
Profit for the year	-	-	39,302,588	39,302,588
Development grants received	-	257 656 683	-	257 656 552
Prior year adjustments	-	5 698 552	1 338 303	7 036 855
Balance at 01-04-21	128,000,000	1 153 904 876	495 032 473	1 776 937 349
Profit for the year	-	-	60,698,107	60 698 107
Prior year adjustments	-	-	(22 185 879)	(22 185 879)
Development grants received	-	287 506 031	-	287 506 031
Total comprehensive income for the year	-	287 506 031	38 512 232	326 018 263
Balance at 31-03-22	128,000,000	1 441 410 907	533 544 705	2 102 955 612

STATEMENT OF CASH FLOW

Statement of Cash Flows

Figures in Loti	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from/(used in) operations	18	267 577 076	184 637 050
Interest income		8 128 606	6 835 741
Dividends received		84 050 291	65 298 877
Finance costs		(1 704 752)	(1 725 399)
		<u>358 145 928</u>	<u>255 046 269</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1 014 142)	(2 283 807)
Sale of property, plant and equipment	2	168 461	4 500
Purchase of investment property	3	(355 363 497)	(254 790 955)
Purchase of short term investments		148 753	(763 876)

STATEMENT OF CASH FLOW CON'T

Net cash from investing activities		(356 060 425)	(257 834 138)
Cash flows from financing activities			
Repayment of borrowings		<u>(11 711 013)</u>	<u>(2 630 287)</u>
Net cash from financing activities		<u>(11 711 013)</u>	<u>(2 630 287)</u>
Total cash movement for the year		(9 625 510)	(5 418 155)
Cash at the beginning of the year		<u>16 578 034</u>	<u>21 996 188</u>
Total cash at end of the year	8	<u>6 952 525</u>	<u>16 578 033</u>

The accounting policies on pages 11 to 19 and the notes on pages 20 to 27 form an integral part of the financial statements.

NOTES



CONTACT INFORMATION



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