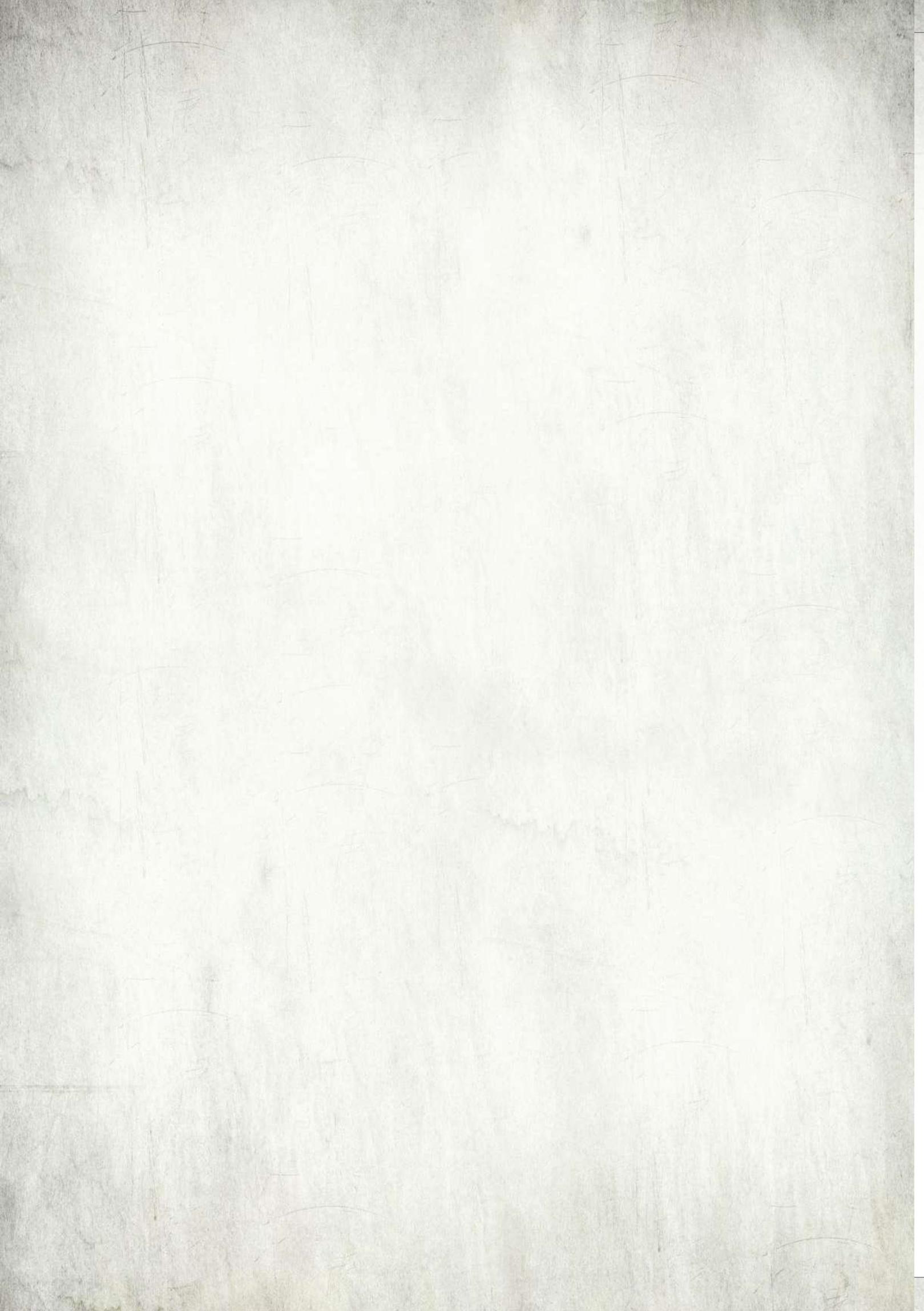




MEATCO
Namibia

Annual Report
2013



Contents page

Overview

Meatco at a glance	8-9
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Governance

Regulation	13
Ownership	16
Corporate Governance	16
Leadership and Effectiveness	16
Meatco Board of Directors	17-19
Operation of the Board	19-21
Composition of Senior Management	21-25
Code of Conduct	25-26
Stakeholder Engagement	26

Executive Reports

Chairperson's report	28-29
Chief Executive Officer's report	30-33

Business Review

Producer Returns	35-37
Marketing	37-38
Factors Influencing Producer Price	39
Northern Communal Areas (NCA)	40-41
Small Stock	41-42
Related Operations	42

Sustainability, Ethics and Corporate Social Responsibility

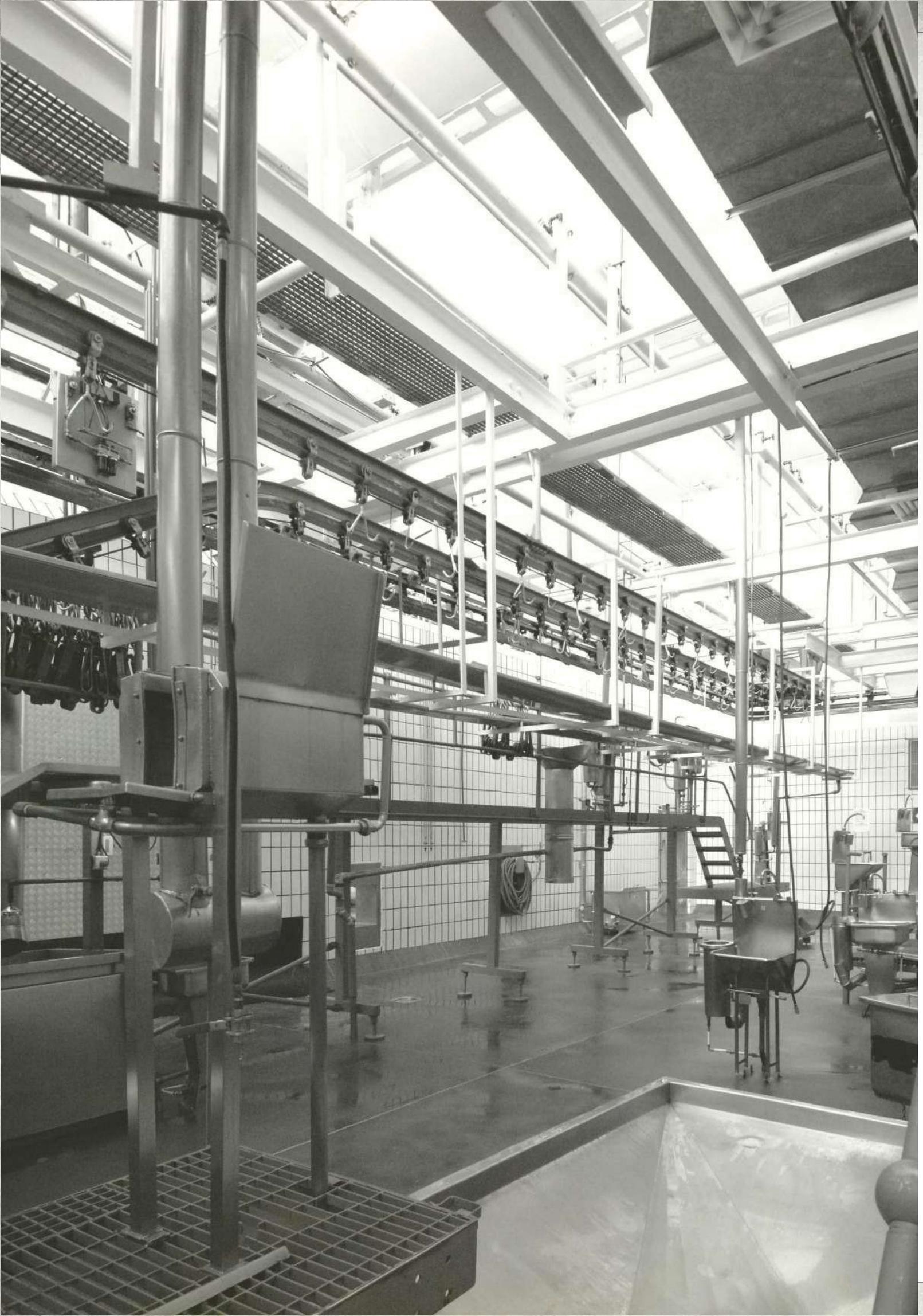
Cattle Supply	45-49
Human Capital	50-51
Corporate Social Responsibility	51-53

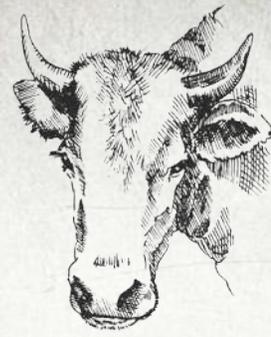
Financial Review

Directors' responsibility for the annual financial statements	56
Independent auditor's report	57
Directors' report	58-63
Statements of financial position	64
Income statements	65
Statements of comprehensive income	66
Statements of cash flows	67
Statements of changes in equity	68
Notes to the annual financial statements	69-115









01

{ **Overview** }

Meatco at a Glance

Who we are

The Meat Corporation of Namibia (“Meatco” or “the Corporation”) is a meat processing and marketing entity. Meatco serves niche markets locally and internationally with premium quality products that are traceable from the farm all the way to the fork. Meatco buys cattle from farmers engaged in extensive livestock farming conditions that lend unique characteristics to the Corporation’s end-product, which, after being processed through the value chain, fetches a significant premium in carefully selected markets across the globe. In recent years Meatco has also started to integrate backwards into the value chain to produce slaughter-ready livestock.

Meatco finds itself in the unique position of not having any owners or shareholders. The Corporation was established and is regulated under the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) with the purpose to serve, promote and co-ordinate the interests of livestock producers in Namibia. The Corporation is also listed as a State-Owned Enterprise under the State-owned Enterprises Governance Act 2006 (Act 2 of 2006), although the state does not have any shareholding or direct financial interest in Meatco.

Membership in the Corporation can only be achieved by Namibian livestock producers who sell at least one unit of livestock to Meatco once every two years. Having no owners or shareholders, Meatco’s overall objective is to pay participating producers the maximum sustainable prices for their cattle and retain the minimum profit needed for capital requirements. Meatco believes it is in the best interest of a sustainable cattle industry that producers receive the best possible prices.

“

Having no owners or shareholders, Meatco’s overall objective is to pay participating producers the maximum sustainable prices for their cattle and retain the minimum profit needed for capital requirements

”

How we operate

In Meatco’s efforts to become a leading and admired provider of premium products to niche markets, the Corporation has assumed the responsibility of running its business in accordance with the highest technical, ethical, social and environmental practices. Meatco constantly measures itself by benchmarking these practices against the best in the world through regular audits by independent, internationally recognised auditing companies such as SAI Global, SGS and Grolink, and all Meatco facilities comply with ISO 9002, HACCP 1033:2007 and SABS standards applicable to the respective operations.

Meatco’s export abattoirs hold a B Grading in terms of the internationally recognised British Retail Consortium (“BRC”) Standards, which hold ethical and fair practices, animal welfare and corporate social responsibility, as well as technical and operational factors in food production, in high regard. The Corporation is also subject to various audits by its clients. More information on this is available in the Sustainability, Ethics and Corporate Social Responsibility section of the report on page 44.

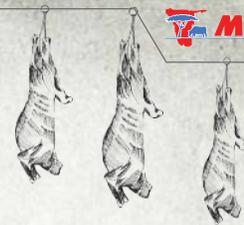
How we add value

Apart from basing practices on the principles outlined above, which pave the way to high value clients, Meatco differentiates itself by, where possible, not engaging in commodity trading. The Corporation does not sell carcasses, but focuses on producing value-added deboned cuts of meat, produced to various client specifications for customers across the world. Meatco consistently develops its value chain, moving ever closer to the end consumer and placing a stronger emphasis on the quality and unique characteristics of its beef.

Tying in with this philosophy Meatco has developed its very own Nature’s Reserve brand of products, which, along with the Meatco’s brand, acts as a vehicle to extract the maximum value out of international markets for the Corporation’s livestock producers. Meatco also opened Free Range beef marketing channels in various markets which focus on the Corporation’s natural production methods and animal welfare practices, as well as its producers.

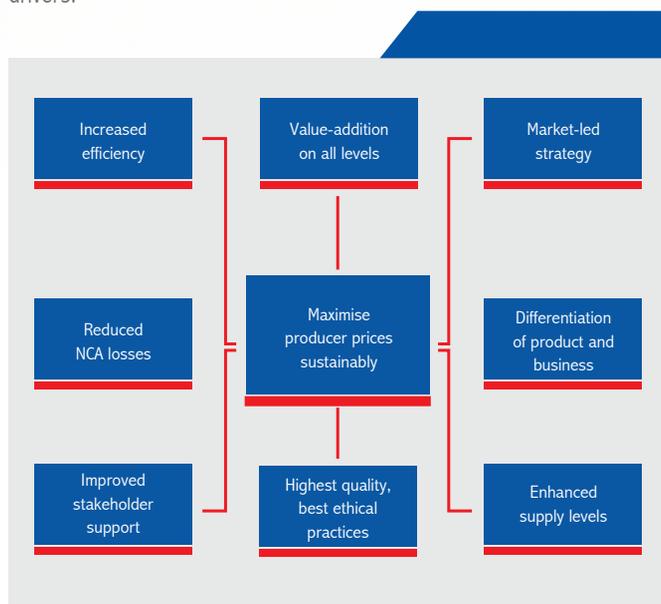
In the last three years alone, Meatco has increased Norway returns by 130%, European Union returns by 60%, South African returns by 36%, and offal returns by 30%.

Apart from premium quality deboned beef, Meatco also has a strong range of canned meat brands in the market. These include the Texan, Eloolo and Ranch brands. Meatco is also engaged in the production of premium wet-blue hides through the Okapuka Tannery, and operates a small stock slaughtering plant that produces sheep and lamb carcasses for the local and South African markets. Meatco also has a value-addition plant to further add value to meat products (including game) for export markets.



Our business focus

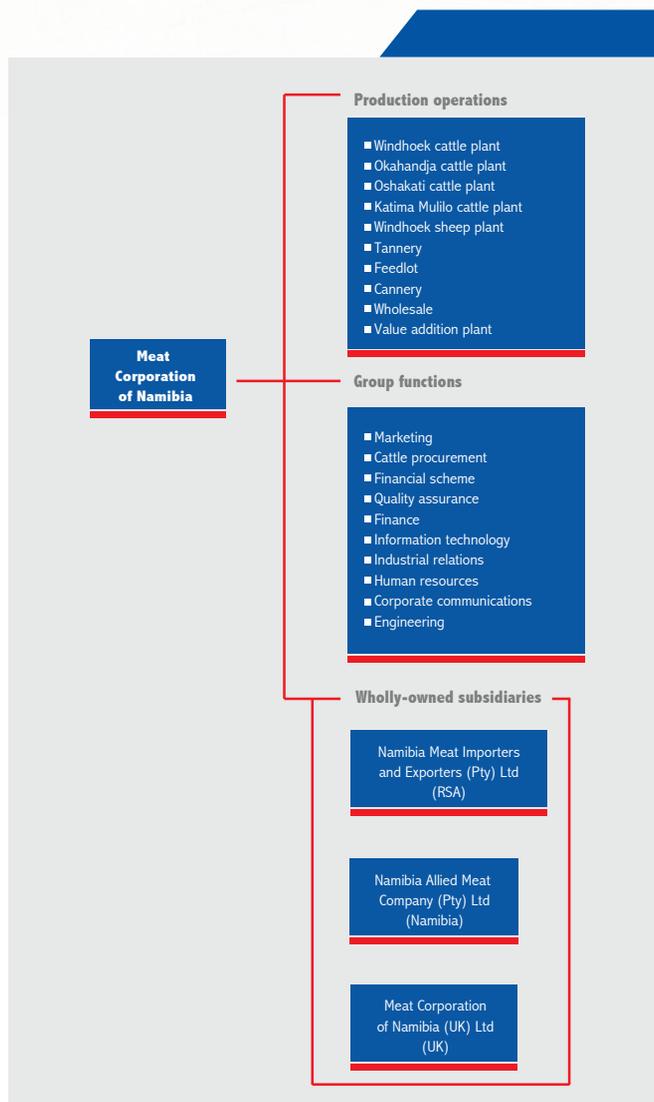
To achieve its main objective of maximising producer prices sustainably within its business context, Meatco has identified the following key value drivers:



The Corporation believes that focusing on these areas will result in achieving maximum sustainable producer prices, which in turn will lead to the sustainability of the industry and therefore its business.

What Meatco does

Meatco operates various slaughter facilities across Namibia and engages in related manufacturing and other production activities by means of the following organisational structure:







02 {Governance}

Vision

Meatco's vision is to have the most sought-after meat brands in selected markets in the long-term interest of its stakeholders.

Mission

Meatco will achieve this vision by creating added value for its customers through unique competencies, cost effective and innovative processes, sound social environmental practices and by having a motivated staff.

Objective

Meatco's main objective is to maximise producer returns sustainably.

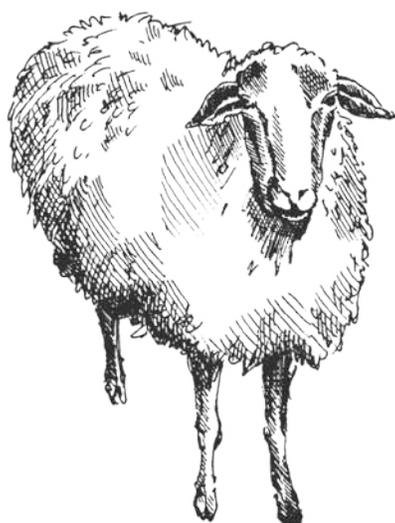
Regulation

Meatco was established and is regulated under the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) – as amended with the purpose, inter alia, to serve, promote and co-ordinate the interest of the producers of livestock in Namibia. However, the Corporation is also listed as a State-Owned Enterprise under the State-owned Enterprises Governance Act, 2006 (Act 2 of 2006) – as amended.

The overall objectives of the Corporation are set out in Section 3 of the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) and include:

- To serve, promote and co-ordinate the interests of the producers of livestock in Namibia, and to strive for the stabilisation of the meat industry of Namibia in the national interest;
- To erect, rent, purchase or otherwise acquire, stabilise, optimally utilise and maintain abattoirs and other meat factories in the public interest;
- To rationalise abattoir and related factory activities, and conduct and manage such business in an orderly, economical and efficient manner; and
- To market products within Namibia and elsewhere to the best advantage of the producers of livestock in Namibia.

As per the Act, the Corporation has no shareholders, and membership is only available to Namibian producers of livestock who sell at least one unit of livestock at any of Meatco's facilities once every two years.







Ownership

As per the relevant acts governing the Corporation, Meatco has no shareholders. The Corporation has members who can exercise their rights in terms of the Meatco Act to call General Meetings, nominate directors and vote at the Annual General Meetings. Any producer who has delivered one or more head of livestock to the Corporation over the past two years qualifies to become a Meatco member.

During the year under review, The Minister of Agriculture, Water and Forestry, Hon. John Mutorwa, stated during a press conference held on 28 June 2012, that Cabinet had made a decision with regards to the future operational structure of Meatco.

The Minister stated that Cabinet had decided Meatco should be 70% owned by a co-operative made up of commercial and communal farmers who sell livestock to Meatco and 30% by Government.

The Minister directed that the details of the decisions taken by Cabinet should be developed during the drawing up of new legislation (the Namibia Meat Company Bill for the co-operative and the Namibia Meat Company Limited Bill for the trading company) by the Ministry of Agriculture, Water and Forestry and other relevant stakeholders.

In response to Cabinet's decision, the members of Meatco called a Special General meeting, which took place on 03 August 2012 to deliberate on Cabinet's decision. The meeting was very well attended with approximately 300 producers comprising of an approximate 50:50 ratio of producers from the communal areas north and south of the Veterinary Cordon Fence; and the other half representing the commercial areas.

The members were unanimous in their response. They were not in agreement with Government's proposal for the future ownership, operational structure and legal framework of Meatco, specifically in terms of:

- a. The 30% Government shareholding;
- b. Regional representation on the Board; and
- c. Profit-sharing by Government.

They re-affirmed their support of the industry stakeholder group's proposal that was submitted to the Minister of Agriculture, Water & Forestry on 30 November 2011 which calls for an inclusive, 100% producer-owned, commercial entity, acting in the interest of livestock producers.

The members instructed the Board to meet with the Minister and convey their concerns. They also requested the Board to invite the Minister to meet with the livestock producers in order to obtain direct feedback from the farmers on their views regarding the future ownership, operational structure and legal framework of the Corporation.

The members furthermore requested that the Board broaden the scope of consultations with the line Minister, to include consultation with His Excellency, the President of the Republic of Namibia, with the aim to appeal to Cabinet to accept the industry stakeholder group's proposal as set forth in the Working Group proposal.

During December 2012, the Ministry of Agriculture, Water and Forestry circulated a draft Meatco Bill and Meatco By-Laws for input by the industry. The Bill and By-Law reinforced Cabinet's decision on Meatco's ownership and was met with opposition from the industry, which led to extended consultations. The consultative process was still ongoing by the end of the 2012/13 financial year.

Corporate Governance

Meatco's financial report, as well as that of its subsidiaries, is prepared annually in terms of International Financial Reporting Standards ("IFRS") and audited by independent external auditors in accordance with International Auditing Standards.

Meatco has taken the decision to incorporate the principles and recommendations outlined in the King III report within the control environment of the Corporation. In addition, it adopted the principles contained in the Control Objectives for Information and related Technology ("COBIT®") to ensure that its Information Technology systems sustain and extend its strategies and objectives.

In order to ensure compliance with stakeholders' quality and trade specifications, Meatco ensures that regular inspections and certifications are conducted by independent external parties. These include annual and quarterly evaluations and inspections by regulatory authorities and certification boards, including SABS Commercial (Pty) Ltd, SAI Global and British Retail Consortium ("BRC").

In addition, its facilities maintain certification status with ISO 9002 and HACCP 1033:2007, and are registered and licensed with the Muslim Judicial Council Halaal Trust, as well as the Meat Board of Namibia. Meatco also holds South Africa and European Union export status and is in the process of obtaining USDA approval. Regular inspections and evaluations are also performed by some of its retail clients, including, but not limited to, Woolworths, Heinz and McDonalds.

Leadership and Effectiveness

Composition of Board of Directors

The current Board of Directors was appointed on 30 August 2010 for a period of three years. The Board was appointed in terms of the Section 5 of the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) by the Minister of Agriculture, Water and Forestry from individuals nominated by respective member and other stakeholder groups.

The said Act provides for the appointment of six directors who are appointed:

- A] in order to represent the interests of the:
 - Corporation's employees (one person);
 - Communal farmers (one person); and
 - Commercial farmers (one person).
- B] to serve the interests of producers of livestock (two persons); and
- C] by the Minister of Agriculture, Water and Forestry (one person).

The directors referred to in A and B above, are appointed by the Minister of Agriculture, Water and Forestry from individuals nominated by the members of the Corporation (except for the employee representative who is nominated by the employees of the Corporation).

Section 15 of the said Act also allows the Board to co-opt a maximum of three additional persons to serve on the Board, but they have no voting rights. In terms of the said Section, Mr. Matthew K. Shikongo was appointed on 9 February 2012.



Meatco Board of Directors

Seated from left to right are: Ms. Sophia Kasheeta, Ms. Clara Bohitile (Chairperson), Mr. Martin Hilbert (Vice Chairperson), and Ms. Paulina Kujandeka.

Standing at the back are: Mr. Vekuii Rukoro (new CEO), Mr. Arne Gressmann, Mr. Ripanda Meroro, Mr. Matthew Shikongo, and Mr. Kobus du Plessis (outgoing CEO)

Ms. Clara G. Bohitile (56) **Chairperson of the Board**

Appointment: Nominated by Meatco's members to bring her specialist expertise to the Board.

Formal education: Higher Teacher Certificate from Tshiya Teacher's College / Training in Project Planning / Management of Development Projects / Farm Management / Rangeland Management (University of Missouri, Columbia)

Ms. Clara G. Bohitile started her career by serving the community as an educational professional in 1977. She served as the Director of Formal / Non Education at the CCN, as Assistant Director of the Rössing Foundation before being appointed Deputy Minister of Finance in 1995 for two consecutive terms. She continued serving as a Member of Parliament until 2010. Me. Bohitile has been farming for 11 years and was the recipient of the Emerging Farmer of the year award in 2006. She serves as Chairperson, Board Member, Trustee and Founding Member to various organisations.

Mr. Martin J.P. Hilbert (42) **Vice-chairperson of the Board**

Appointment: Nominated by Meatco's members to bring his knowledge of Commercial Livestock Production to the Board.

Formal education: B.Bus.Sci. Finance (CA Option) from the University of Cape Town

Mr. Martin J.P. Hilbert served as part-time Audit Clerk at Coopers & Lybrand (now PwC) prior to his studies and continued full time at the firm before starting as Financial Manager at DHL Namibia in 1994. In 1997 he was appointed Managing Director for DHL up until 2002, when he decided to pursue farming full time.

Mr. Ripanda A. Meroro (46)

Director

Appointed: Nominated by Meatco's members to bring his knowledge of Communal Livestock Production to the Board.

Formal education: BA Degree Majoring in Public Administration and Industrial Psychology.

Mr. Ripanda A. Meroro has served as a Public Administrator since 1986, starting out as a Chief Clerk in the Directorate of Extension and Engineering. He later assumed a position in the Ministry of Agriculture, Water and Rural Development as a Development Planner before moving to the Okahandja Municipality where he currently serves as Strategic Executive for Human Resources, Economic and Community Development, as well as the acting Chief Executive Officer since 2010. He also serves as Chairperson of the Tender Board. Mr. Meroro served as acting Chairperson of Otjozondjupa Regional Land Board from 2003 – 2006. He also serves as a member of the Executive Committee for the Okahandja Chamber of Commerce.

Mr. Arne Gressmann (62)

Director

Appointment: Nominated by Meatco's members to bring his specialist expertise to the Board.

Formal education: B.Sc. (Agric) Animal Husbandry from University of Pretoria, B.Sc. (Agric) (Hons.) Animal Husbandry (Ruminant Nutrition) from University of Stellenbosch, M.Sc. (Agric) from University of Stellenbosch.

Mr. Gressmann matriculated from Grootfontein Secondary School in 1967 and immediately commenced with his studies. He worked as an Agricultural Research Assistant, a Lecturer at the Ogongo Agricultural College and in the Research Division in Agricultural Technical Services. Mr. Gressmann started farming full time in 1980 and served on various committees in addition to being Chairperson of the Rietfontein Farmers' Association (10 years), the Grootfontein Regional Agricultural Union, and the Agricultural Employers Association. He also served on the Namibian Agricultural Union Board from 1993 – 1994 and on AgriFutura's Board from 1990 – 1996. He was the Chairperson of the Meatco Board for two consecutive terms, starting in 2004.

Ms. Paulina Kujandeka (46)

Director

Appointment: Nominated by Meatco's employees to bring her knowledge of Meatco's employment environment to the Board.

Formal education: Certificates in First Aid, Computer, English, Retirement Fund, Sales, Running Business Today, Shop Steward, HACCP and ISO.

Ms. Paulina Kujandeka has been working for Meatco for more than 26 years. She held various positions in the Corporation. Ms. Kujandeka also serves as the Chairperson for the Branch Executive Committee for the Namibian Food and Allied Workers' Union (NAFAU) in Okahandja and on the Regional Council of NAFAU. She also serves as the Deputy Mayor of Okahandja.

Ms. Sophia Kasheeta (51)

Director

Appointment: Appointed by the Minister of Agriculture, Water and Forestry to bring her knowledge of Government practices and procedures to the Board.

Formal education: Post Graduate Diploma in Explanatory and development Studies (University of Reading UK. Diploma in Animal Production (Egerton University, Nakura, Kenya)/Diploma in public Administration, (UN Institute for Namibia, Lusaka, Zambia)

Ms. Sophia Kasheeta started her career working for the Ministry of Agriculture, Water and Forestry as an Agricultural Extensionist. She was later promoted to Chief Agriculture Extension Officer and then to Deputy Director of Directorate of Extension and Engineering Services (DEES). She currently serves as Director for DEES.

Mr. Matthew K. Shikongo (61)

Co-opted director

Appointment: Co-opted director

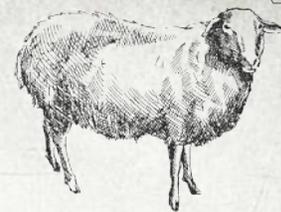
Formal education: Diploma (Personnel Management and Marketing) from Metropolitan Life.

Mr. Shikongo is a businessman with interests in trading, farming, fishing, construction and mining. He is also the former Mayor of Windhoek, as well as a Founding Member and President of the Namibia Chamber of Commerce and Industry. He served as a Director and Board Member at various companies (including Meatco) and currently serves as a Director on various boards, including serving as Chairman of Namibia Under Water Technology & Mining, as well as Namibia Marine Resources (Pty) Ltd and Deputy Chairman of Sanlam Namibia Ltd, and Welwitchia Nammic. He also serves as director of Bank Windhoek, Capricorn Investment Holdings, Distillers Namibia Ltd and Oryx Properties Ltd. Mr. Shikongo previously served on the boards of the Namibia Power Corporation (as Chairman), Namibia Broadcasting Corporation, Commercial Bank of Namibia (now Nedbank Namibia Limited), as well as the Namibia Airports Company.

Independence, skill and knowledge

All the Board members are non-executive Directors, but the Board considers three of the members not to be independent as they are representatives nominated by respective member groups. These are Mr. Martin J.P. Hilbert (representing the commercial farmers), Mr. Ripanda A. Meroro (representing the communal farmers) and Ms. Paulina Gomasab (representing the employees of the Corporation). The Board continues to believe that its overall composition remains appropriate, having particular regard for the independence of character and integrity of all its Directors, as well as the experience and skills which they bring to their duties.

Upon being appointed, the Board performed a skills assessment and evaluation exercise facilitated by independent professional technical specialists in order to determine potential areas that require support through the appointment of co-opted members. The independent



specialists provided the Board with a general profile relating to the desired characteristics, skills and experiences required from co-opted members, and, after several curricula vitae were reviewed, Mr. Matthew K. Shikongo was subsequently appointed. The Board therefore considers that there is an appropriate balance of skills, institutional knowledge, collective experience, independence, specialist knowledge and gender among the Board.

The Corporation is committed to the continued development of the directors so that they may build on their expertise and develop an even more detailed understanding of the business and the markets in which the Corporation operates.

Conflicts of interest

The Directors are required to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or possibly conflicts, with the Corporation's interests. Procedures are in place for the disclosure by directors of any potential conflicts and for the appropriate authorisation to be sought if a conflict arises. These procedures continue to operate effectively.

Performance evaluation

The Board participates in an annual evaluation of performance and effectiveness of individual Directors which is facilitated by external independent technical specialists. The individual performance of Directors are assessed against selected criteria of strategy, expertise, ethics and governance factors, commitment, profile, knowledge of the industry and contribution to the team.

The Chief Executive Officer's performance is reviewed by the Remuneration and Human Resource Committee and this review is shared with and considered by the Board. The performance of the Chief Financial Officer is reviewed by the Chief Executive Officer and shared with the Board.

Operation of the Board

Areas of responsibility

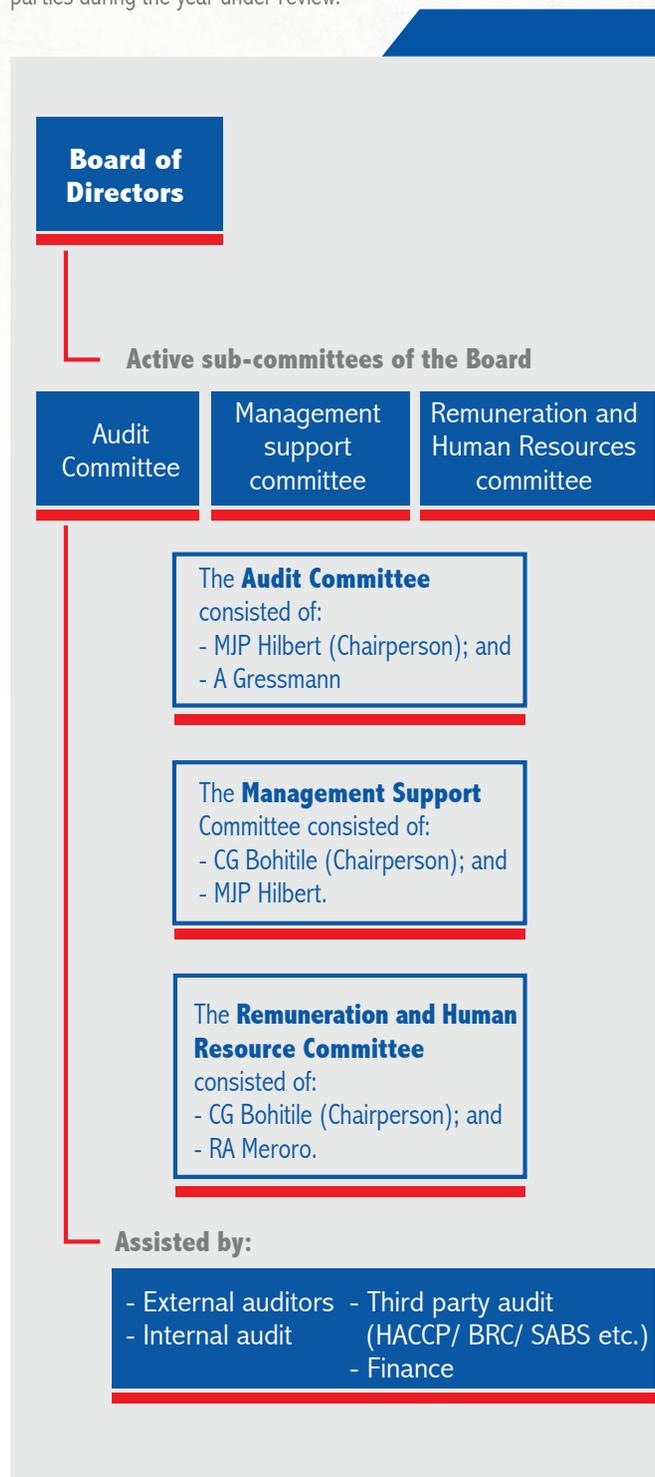
The Board sets the strategic objectives of the Corporation, determines policy and delegates to management the detailed planning and implementation of those objectives and policies in accordance with appropriate risk parameters via a formal Delegation of Authority Framework. The Board monitors compliance with policies and achievement against objectives by holding management accountable for its activities through quarterly performance reporting and updates.

The Board deals with several matters exclusively. These include the approval of the financial statements, the Corporation's overall business strategy and related budget and cash flow forecasts, the annual capital expenditure budget, major changes to management and control structures, material investments or disposals, and the Corporation's overall risk management strategy.

Board structure

The Board governs through clearly mandated Board subcommittees, accompanied by monitoring and reporting systems. Subcommittees operate within clearly defined Charters as approved by the Board, and the respective Chairpersons of each committee verbally report on proceedings at their respective subcommittee meetings at each following Board meeting.

The Board governed through the following sub-committees and external parties during the year under review:



The Company Secretary is responsible for advising the Board, through the Chairperson, on matters of corporate governance. The Board and its subcommittees are supplied with full and timely information, including detailed financial information, to enable directors to discharge their responsibilities, and the committees are provided with sufficient resources and support to undertake their duties. All Directors have access to the advice of the Company Secretary, and independent professional advice is also available to the Directors with the approval of the Chairperson.

Board meetings

During the year the Board met nine times in addition to the annual general meeting as well as the extraordinary general meeting of members. Individual attendance at Board meetings, committee meetings, the annual general meeting ("AGM") as well as the extraordinary general meeting of members held on the 3rd of August 2012, is set out in the table below.

	Board	Audit	Remuneration	AGM	General meeting
CG Bohitile (Chairperson)	4	--	2	1	1
MJP Hilbert (Vice-Chairperson)	5	5	--	1	1
RA Meroro	4	--	2	1	1
A Gressmann	5	5	--	1	1
P Gomasab	5	--	--	1	1
S Kasheeta	3	--	--	--	--
MK Shikongo	4	--	--	1	1

Individual attendance of meetings by the Corporation's officers (i.e. The Chief Executive Officer, Company Secretary and Chief Financial Officer) is set out in the table below.

	Board	Audit	Remuneration	AGM	General meeting
K du Plessis - CEO	5	5	2	1	1
N Weck - CFO	5	5	--	1	1
N Weck - Company Secretary	5	5	--	1	1

In addition to their attendance of the meetings as indicated above, several of the Board members attended numerous Farmer Liaison Meetings, Producer Forum Meetings as well as several other ad hoc meetings with Farmer Associations and Unions, various member groups as well as other stakeholders.

Meetings are held in an atmosphere of honesty, integrity and mutual respect as per a formal Board Charter and in accordance to Corporation's Code of Conduct. Meetings allow for robust and constructive challenge and debate amongst members.

Audit Committee

During the year under review, the Audit Committee was chaired by Mr. Martin J.P. Hilbert. This Committee met five times during the year and each of the meetings was attended by the Chief Executive Officer, the Chief Financial Officer and the Corporation's Internal Auditor. Other members of the management team attended upon request as required, and the external auditors attended relevant meetings.

The Audit Committee reports its activities and makes recommendations to the Board. During the year under review the Audit Committee discharged its responsibilities as they are defined in the Committee's approved Charter. The Audit Committee was also engaged to ensure that appropriate standards of governance, reporting and compliance are being met and advised the Board on matters relating to the application of accounting standards as they relate to the activities of the Corporation.

The Audit Committee's activities during the year included considerations of:

- the annual consolidated financial statements and the preliminary results for the year ended 31 January 2013 before its submission to the Board for approval, including consideration of the Corporation and group as a going concern with particular reference to balance sheets, income statements and cash flow statements;

- areas of significance in the preparation of the financial statements, including any exceptional items, impairment reviews and tax provisions;
- the effectiveness of the overall governance and controls within the Corporation's activities;
- reports from the external auditors on the annual financial statements and the approval of the audit plan and fee proposal for the 2013 audit;
- the progress of the year's internal audit programme and matters arising therefrom;
- the effectiveness of the internal audit function;
- the internal control environment and risk management systems and the Corporation's statement on internal control systems, and
- the effectiveness of the external auditors.

The Audit Committee is satisfied that, for the period under review, the independence of the external auditors has not been affected by the provision of non-audit services. Fees in respect of non-audit services provided by external auditors were mainly related to taxation services.

Internal audit activities, all of which are risk-based, are performed by a team of appropriately qualified and experienced employees. The Internal Auditor, who reports functionally to the Chief Financial Officer and who attends all Audit Committee meetings, prepares formal reports for each Audit Committee meeting as to the activities and key findings of the internal audit function.

The Audit Committee has satisfied itself that adequate, objective internal audit assurance standards and procedures exist and that the continuous improvement in the quality and objectivity of the internal audit function remains a primary objective of the department.

Remuneration and Human Resource Committee

During the year under review, the Remuneration and Human Resource Committee was chaired by Me. Clara G. Bohitile. The Committee met formally twice during the year and meetings were attended by the Chief Executive Officer, Senior Manager: Industrial Relations and the Senior Manager: Human Resources. Other members of the management team attended upon request.

The Committee is responsible for the assessment and approval of a broad remuneration strategy for the Corporation, as well as for the monitoring of the implementation of Human Resource Policies. The Committee reports its activities to the Board and makes recommendations to the Board. The Committee is satisfied that adequate human resource and remuneration policies exist and that these policies have been consistently implemented and applied during the year under review.

Composition of Senior Management

Management is responsible for the detailed planning and implementation of objectives and policies as determined by the Board of Directors. During the year under review, the composition of management remained appropriate in terms of their overall balance of skills, experience, knowledge of the industry, technical knowledge relating to each member's field of expertise and commitment to their respective functions.

During the year under review, Senior Management and Officials consisted of the following:



Mr. Kobus du Plessis (60) Chief Executive Officer - Outgoing

Formal education: B.Econ (University of Stellenbosch) majoring in Business Economics, Industrial Psychology and Transport Economics / EDP (UCT) / Various programmes in high-level business development

Mr. Kobus du Plessis has been involved in the food production industry for more than 25 years and brings a wealth of experience from the fishing, poultry and meat production sectors serving local and international markets. In the industry he has served large companies in various leadership positions including Managing Director, General Manager and Group Operations Director.

He has travelled extensively representing these businesses abroad and developing business opportunities. Mr. Du Plessis has also been involved in numerous business turnarounds. He has also served on the Boards of various companies, both public and private.

Composition of Senior Management (continued)



Mr. Nico Weck (42) Chief Financial Officer and Company Secretary

Formal education: B Compt (Hons) (University of Stellenbosch) / Chartered Accountant (Namibia & RSA)

Mr. Nico Weck is a qualified Chartered Accountant and joined the Corporation as Chief Financial Officer on 1 July 2010. Prior to this, he spent his career at PricewaterhouseCoopers Namibia - first within the audit and entrepreneurial business services departments, and most recently as Advisory Service-line Leader of the Namibian practice. He currently serves as the Company Secretary and was appointed as chairman of the Meatco Retirement Fund during 2010.

He also serves as Director on the Corporation's subsidiaries. In addition, he is appointed as the Chairman of the International Audit Committee of Operation Mobilisation ("OM") and serves as an Advisor and Director on the Boards of several other private companies.



Ms. Rosa Katjivena (39) Senior Manager: Quality Assurance

Formal education: B.Sc (Applied Environmental Health) from Flinders University, Australia

Ms. Rosa Katjivena started her professional career at the City of Windhoek, working as an Environmental Health Officer. She joined Meatco in 2000 as Group Quality Assurance Manager at plant level. This position was promoted to senior management level in 2006.

Ms. Katjivena has a wealth of international experience and exposure in terms of quality systems and processes. She has been responsible for setting up all the major quality systems in Meatco to ensure EU compliance. She was also part of the panel selected to present at the GlobalG.A.P. conference in London in 2010. She is a member of the NSI Food Safety Technical Committee as well as the ISO Technical Committee for the ISO:2200 (HACCP) standard.



Mr. Vehaka Tjimune (45) Senior Manager: Livestock Procurement

Formal education: Master's in Rural Development / Post Grad. Diploma Rural Development (University of Reading, UK) / Diploma in Agriculture (Tsumis Agricultural College)

Mr. Vehaka Tjimune combines education and experience in agriculture and rural development. During the past 20 years he gained valuable experience in the agricultural sector, in particular with regards to the livestock and meat industry, as well as in policy research and analysis. He spent seven years as a Technician with the Ministry of Agriculture, Water and Forestry and ten years with the Namibia National Farmers Union ("NNFU") as a Programme Coordinator for Livestock Department.

He also served as the NNFU's Executive Director for a period of three years. He joined the corporation during 2008 as Senior Manager responsible for Livestock Procurement. He currently also serves as Director of the Agribank (since 2004) and was appointed as trustee of the Meatco Foundation during 2011.

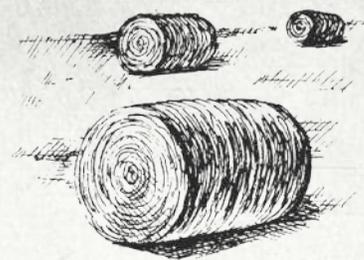


Mr. Andries Binneman (51) Senior Manager: Feedlot and Ekwatho

Formal education: B. Ed (Unam) / Senior Management Development Programme (University of Pretoria)

Mr. Andries Binneman started his career in the education sector and served as head of the Department of College Education.

He joined the Corporation during 1991 as Senior Manager: Livestock Procurement, a function which he performed until the end of 2007. In 2008 he was appointed as Senior Manager: Feedlot and Ekwatho.



Ms. Ebben Kalondo (41)
Senior Manager:
Corporate Communication

Formal education: USB-MDP/ SMP,
 Project Management Programme

Ms. Ebben Kalondo has been involved in the communications industry for more than 15 years. In her earlier years she worked in Public Relations at a media institution, served as an Account Director at an advertising agency and has been involved in intensive stakeholder engagement in coordinating developmental projects.

Before joining Meatco she served as Head of Communications for large financial institutions in the public and private sectors.



Mr. Willem /Nanub (53)
Senior Manager:
Industrial Relations

Formal education: Management
 Development Programme
 (University of Cape Town)

Mr. Willem /Nanub's human resource experience includes investigating and determining policies, training and development, personnel administration as well as employment equity.

He has been on Senior Manager level for the past 18 years, five of which were in the Public Service Commission in the Office of the Prime Minister and the remainder in the private sector working for the Corporation. He joined the Corporation as Senior Manager: Human Resources and was appointed as Senior Manager: Industrial Relations during 2008.

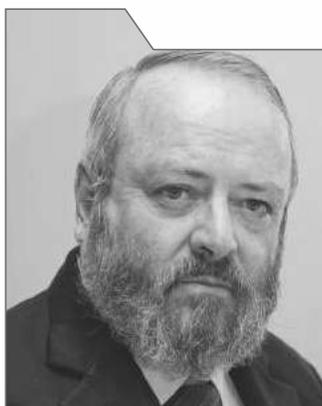


Mr. Jannie Breytenbach (49)
Senior Manager: Windhoek Plant

Formal education: National Diploma
 in Finance & Administration

Mr. Jannie Breytenbach initially started his career as an accountant at various companies before joining the Corporation in 1994 as an Administrative Manager with the task of overseeing the Administrative and Financial functions of the Northern Communal Areas ("NCA").

He was promoted to Assistant Manager of the NCA during 1996 and was appointed Senior Manager for the NCA in 2004. During 2007 he was transferred to the Windhoek Plant and became responsible for the plant's overall cattle, sheep and game, as well as cannery operations. He currently serves as the Chairman of the Abattoir Association of Namibia ("AAN") and is involved on a variety of forums within the Namibian agricultural sector.



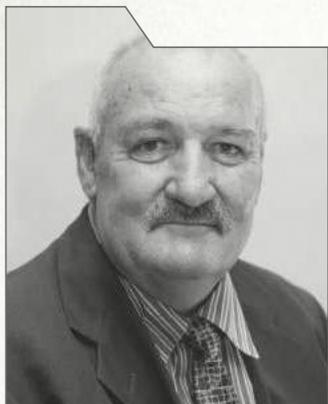
Mr. Anton Holbling (56)
Group Engineer

Formal education: National Trade
 Diploma (Fitting and Turning)
 specialising in Precision Tool
 Making and Mechanical Engineering
 (Böhler, Austria)

After his training in Austria, Mr. Anton Holbling joined Suncrush Ltd where he was responsible for upgrade projects and the development of new bottling plants.

During 1977 he joined the Construction team of Bohler SA to build the Ruacana power station in Namibia. He joined the Corporation during 1980 in order to assist with the upgrade of new deboning halls. Since then he held several positions including Workshop Foreman, Transport Manager and Technical Manager. He was promoted to Plant Engineer during 2000 at the Windhoek plants, and to Group Engineer during 2011.

Composition of Senior Management (continued)



Mr. Gert Olivier joined the Corporation during 1985 and has served in the Okahandja plant for the past 27 years.

He has a wealth of technical knowledge regarding the meat industry and global slaughter practices. As a veteran of the Corporation, he is responsible for the entire operation at the Okahandja cattle slaughter plant.

Mr. Gert Olivier (61) **Plant Manager: Okahandja Plant**

Formal education: National Certificate in Meat Technology / Senior Management Development



Mr. Cyprianus Khaiseb joined Meatco during 1996 and started at the Okapuka Feedlot. During 2003 he was appointed as Plant Manager of the Katima Mulilo cattle plant and was promoted to Assistant Manager for the Northern Communal Areas ("NCA") during 2006.

At the same time he assumed the duties of Plant Manager of the Oshakati cattle plant for a period of ten months. During 2007 he was transferred to the Head Office to assume full responsibility for operations in the NCA.

Mr. Cyprianus Khaiseb (38) **Senior Manager: Northern Communal Areas**

Formal education: National Diploma in Agriculture / B. Tech Agricultural Management (Tech. SA) / Management and Senior Management Development (USB-ED), LEP (University of Cape Town)



Mr. Becker joined Meatco as Senior Manager: Information Technology in July 2011. Before he joined Meatco he was employed in the electrical power and telecommunications industries.

He is responsible for all Information Technology infrastructure in the Meatco group and has since he joined Meatco contributed significantly to the stabilisation of the Information Technology Infrastructure of the organisation.

Mr. Louis Becker (40) **Senior Manager: Information Technology**

Formal education: Masters Degree in Electrical and Electronic Engineering / Post Graduate Diploma in Project Management



Mr. Goerge Kotze joined the Corporation in 1995 and has served Meatco in various roles including Procurement Manager, Production Manager and Operations Manager before taking up the role as Tannery Manager and later additional responsibility of Wholesale Manager.

His experience and knowledge of farming and the meat industry is a valuable contribution to the team.

Mr. George Kotze (47) **Manager: Okapuka Tannery and Meatco Wholesale**

Formal education: National Diploma in Animal Production / Senior Management Development Programme

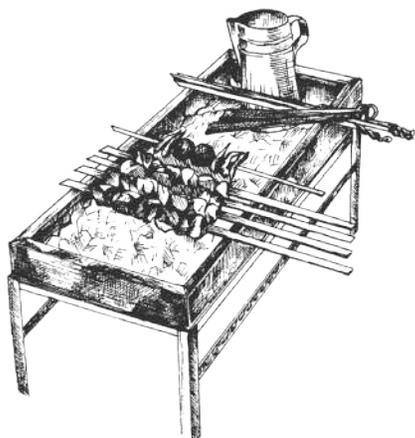


**Ms. Louisa Schoonbee
(45)
Group Financial
Accountant**

Formal education: B. Comm
(University of Stellenbosch) /
Senior Management Development
(USB-ED)

Ms. Louisa Schoonbee joined Meatco as a Cost Accountant in 2009 and was promoted to Group Financial Accountant in 2010. Her diverse areas of expertise include Financial Accounting, Cost Accounting, Production Management, Marketing, Fleet Operations and Human Resource Management.

She has been working in the food production environment for the last 20 years where she previously held positions as Administration Manager and General Manager.



CODE OF CONDUCT

The Corporation operates within a Code of Conduct that was developed in terms of an all-inclusive, transparent and participative process involving the majority of the Corporation's staff and management.

The Code relates to five key behavioural attributes that include:

Participation and cooperation:

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

Service Excellence

- Do things right the first time, every time
- Sense of urgency
- Continuous improvement
- Attend to issues without delay

Effective communication

- Transparency
- Ensure clear instructions
- Obtain feedback
- Use clear communication (in all directions)
- Share information

**Code of
Conduct**

Respect, integrity and dignity:

- Acknowledge the culture of others
- Show good manners to all
- Solve issues and move on
- Respect individual differences
- Be trustworthy
- Acknowledge and take ownership of authority
- No victimisation and discrimination

Commitment and responsibility:

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

REMUNERATION POLICY

Remuneration at Meatco is directly linked to the Patterson Job Evaluation System, which is used to grade all positions within the Corporation. Remuneration levels according to the various job grades are determined and based on recognised market surveys for the Namibian labour market. An annual review takes place at the end of February each year.

Remuneration represents the total value of all payment in money or in kind made or owing to an employee arising from the employment of that

Code of Conduct

employee. The amount of the remuneration is agreed upon in the signed contract of employment. A remuneration package within the limits set for the job grade of the particular position (for which a potential applicant is being considered) will be negotiated with the applicant by the Senior Manager, in consultation with the Senior Manager: Human Resources. The Board or its delegate can approve a remuneration package adjustment on the recommendation of Senior Management.

All our employees receive remuneration, bonuses and pensions in line with or above the industry average, and enjoy a range of other free or subsidised benefits.

Increases for employees outside the bargaining unit are based on performance. Balance scorecards are derived from strategic business goals set by the Board of Directors and Senior Management and are filtered down to various functions and positions within the business. Individuals are measured against these scorecards twice a year, once for review and once before salary increments are determined.

These performance evaluations are subject to a peer review and are benchmarked against the Key Performance Indicators of the business to provide a balanced and context-based perspective of an employee's individual contribution towards overall Corporation goals.

Employees inside the bargaining unit negotiate for increases on a collective basis during annual wage negotiations. A recognition agreement exists between Meatco and the Namibian Food and Allied Workers Union ("NAFAU") as the sole bargaining agent for permanent employees.

Additional bonuses that act as incentives are also payable to certain employees. Employees in certain production departments i.e. slaughter floors, deboning, canning, etc. qualify for the payment of production bonuses subject to the minimum standards applicable at the time. All formulas for calculation of bonuses (except Service Bonus) are determined by the Chief Executive Officer and may be amended from time to time.

Board remuneration is reviewed annually as a standing point on the agenda of the annual general meeting, and suggestions are made in terms of recognised surveys relating to Board remuneration.

STAKEHOLDER ENGAGEMENT

Meatco does not operate within a void, and has a number of key stakeholders that have an impact on and depend on its activities. These include:

- Producers who supply raw materials;
- Employees that have the skills and knowledge to process raw material into market-demanded products for sale into local and international markets;

- Suppliers of consumables and services;
- Government and other regulatory authorities who regulate the industry and assist in the development and access to export markets through trade agreements etc.; and of course
- Customers who purchase product from the Corporation.

Meatco recognises that its producers, be it communal, emerging commercial or commercial, are its most important stakeholders as they not only represent the Corporation's members, but also form the foundation of the Namibian slaughter livestock industry. The operational focus area of the Corporation's relationship with producers mainly relates to its ability to offer a competitive and sustainable producer price. However, beyond that, Meatco believes that a positive relationship with its producers is critical for the long-term sustainability of the business and the Namibian livestock industry overall.

Meatco therefore engages its producers directly on a regular basis and follows a policy of inclusive decision-making and transparency. This is done through various communication platforms which include printed and electronic media, as well as quarterly Farmer Liaison Committee meetings at various major producer locations across the country. Through the establishment of the Producer Forum, Meatco has further developed a platform that enables management and producers to enter into meaningful debate regarding technical matters and practicalities surrounding the impact of pending strategies or decisions.

During the year under review a pilot programme called "Know your producer" was introduced. In addition, a producer satisfaction survey was conducted in the Okahandja region, aimed at identifying areas of improvement and the clarification of roles in service delivery. After the initial successes of the pilot programme, it is envisaged that the programme will be scaled up to a country-wide effort in the coming financial year.

The Namibian Government also plays an important role in the beef production industry through its Directorate of Veterinary Services residing under the Ministry of Agriculture, Water and Forestry. This Directorate ensures that the veterinary status of Namibia's export regions remains intact. In addition, the Ministry of Trade and Industry also plays an important role in terms of formalising international trade agreements and the establishment of access to new international markets.

Meatco engages with the respective Government Ministries on a regular basis, especially the Ministry of Agriculture, Water and Forestry, on issues affecting the business and the industry with the aim of finding solutions to industry-related challenges.

03 { Executive Reports }

CHAIRPERSON'S REVIEW



The environment in which Meatco operates continues to become more and more challenging. During the last period of review, the business faced enormous pressure from all sides, which includes the worrying consistent trend of decreasing slaughter cattle to Meatco plants, the continuing pressures on disposable incomes of European consumers through the economic downturn which is continuing unabated in the Eurozone and the increasing cheap slaughter capacity mushrooming in the country.

Meatco has slaughtered the lowest recorded number of cattle in Meatco's history during the period under review. The business however, also paid out some of the highest producer prices at an average of N\$26.35 despite the low cattle numbers.

A total number of 96 296 cattle were slaughtered South of the Veterinary Cordon Fence (SVCF) and 10 890 were slaughtered in the Northern Communal Areas (NCA) which fall North of the Veterinary Cordon Fence. Compared to those of the previous period (102 260 in the SVCF and 18 014 in the NCA) it is clear that volumes are in decline.

The reasons for this continuing drop in slaughter volumes remain fundamentally the same but the gravity of these factors deepen year on year. The factors for the declining numbers remain the evolution of production systems on farms, continued export of live weaners to neighbouring countries and bush encroachment. The compliance to both the Namibian Livestock Traceability System (NAMLITS) and the EU export regulation's 40/90 Residency requirements were changed by the Directorate of Veterinary Services as off 22 February 2013 which overnight significantly decreased throughput. The new EU residency compliance requirements were however rescinded by the Directorate of Veterinary Services after an extensive review process was conducted by industry players, of which Meatco took the lead.

The change in compliance requirements which was later rescinded, was effectively that residency compliant cattle would lose their compliance status should they be mixed with non-compliant cattle.



Meatco employed various strategies as of last year to mitigate the declining cattle numbers. These comprised of various backward integration strategies for the business to acquire/procure its own cattle over and above that what we receive from the producers countrywide.

These initiatives included feedlot activities, veldlotting and raising Meatco owned cattle on farms of selected partners on a profit share basis. These initiatives complemented the veld cattle that we procure directly from the producer by 35 902 which significantly supported throughput at our abattoirs.

The most topical issue during the period under review was undoubtedly the Meatco Ownership issue and on 22 July 2012 the Honourable Minister of Agriculture announced Cabinet's position on the mentioned issue through a press release. Cabinet's decision was that Meatco be changed into a co-operative that owns 70% of the business and the remaining 30% be in the hands of government. The Ministry of Agriculture also shared the Co-operative by laws and the governing proposed legislation of the 'new' operating company.

The producers resisted the Cabinet decision due to the lack of clarity of the details regarding the implementation arrangements and consultations with Government remains continuous on the issue.

I had also announced the departure of Kobus du Plessis as CEO of Meatco in my review of the previous reporting period. The board had commenced on an extensive recruitment drive to find a new CEO and Advocate Vekuii Rukoro was appointed as CEO of Meatco as of 01 March 2013. Advocate

Rukoro was previously the Group CEO of FNB Holdings Namibia (Pty) Ltd and the Board welcomes him to the helm of Meatco while we say a sad goodbye to Kobus who successfully re-engineered the Meatco business into the high value premium brand that it is today.

Meatco as well as the Namibian red meat industry is at a critical cross roads and never before has the need for all stakeholders to engage and act decisively in order to maintain a viable and sustainable industry in our country been greater. I earnestly believe that the resilience of the Namibian producer will be tested to its limits in the coming months and years as we also feel the brunt of the harshest drought in 14 years. But at the same time, I too believe that together, we can reach the other side with our industry intact.

I would like to thank firstly our producers who make our business possible - for their commitment and continuous support to the Corporation as well as my colleagues on the Board who have remained steadfast in their duties and responsibility to the business, as well as to the Namibian slaughter cattle producer.

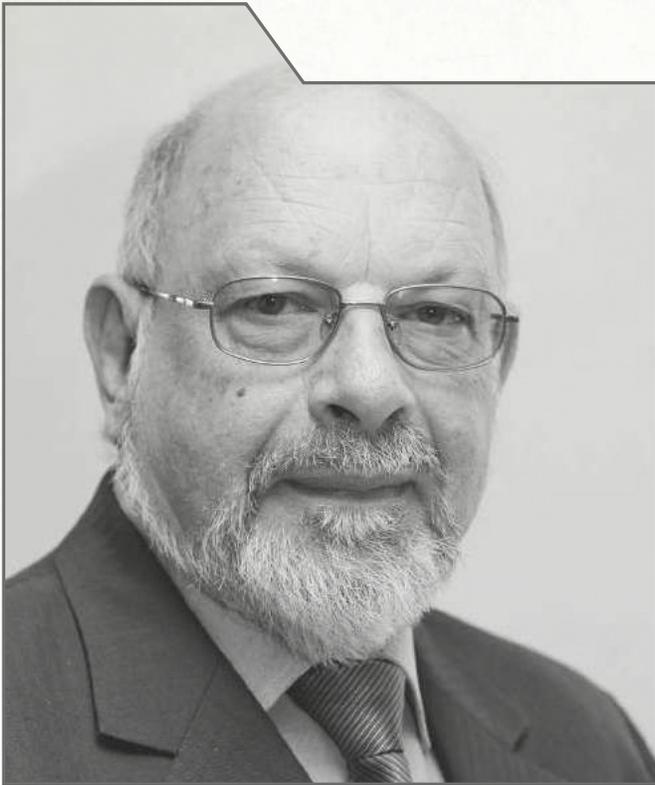
In conclusion, I would like to extend my appreciation to the management and staff of Meatco that continue to make the Corporation a relevant player in the Namibian economy.



Ms. Clara Bohitile

Chairperson
Windhoek
Namibia

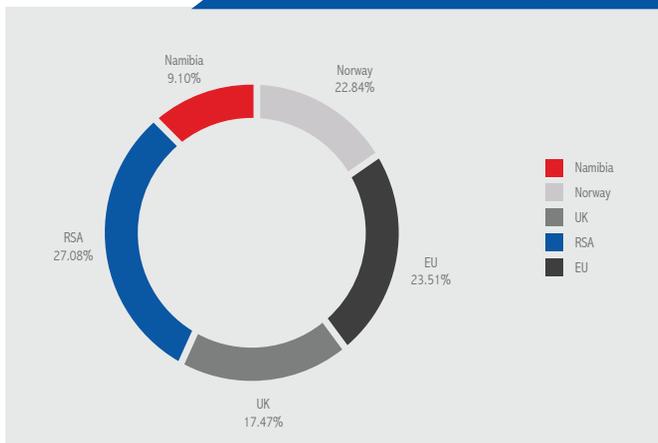
CEO REPORT 2012/13



The various key strategies developed and implemented during the past 7 years played a major role in Meatco being able to deliver a good overall performance under the most challenging of conditions.

The strategies that made this possible include the Marketing Strategy focused on differentiated, branded products sold directly into premium markets to end users. Together with the supply strategies which include the Ekwatho finance and technical services initiative and other backwards integration strategies such as the Veldlotting scheme and increased own feedlot production greatly helped Meatco cope with the lowest veldt slaughter numbers in history.

Market distribution for 31 January 2013: Value

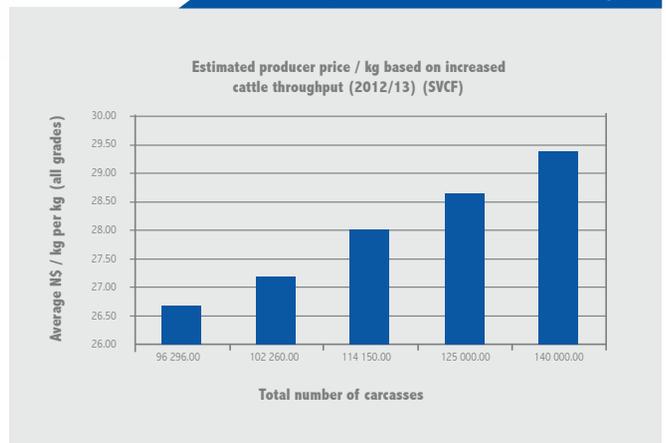


Only 96,296 cattle were slaughtered South of the Veterinary Cordon Fence. Roughly a third of Meatco's production in the period came from its own initiatives. Without this the Corporation would not have been able to pay producers a total of N\$ 59.2 million above the RSA parity price (this translates to N\$ 2.20 above the RSA parity price per kg). At the same time Meatco managed to show a small profit and maintain a strong Balance Sheet and Cash position.

Factors that made the 2012/13 year particularly difficult included the price collapse in the RSA market which, together with extremely good grazing conditions due to exceptional rains which saw producers market their cattle very late in the financial year.

Furthermore some of our premium markets were in recession and the impact of labour unrest was felt very strongly in the RSA economy which also showed a poor performance. As a result of the late marketing by farmers in Namibia, Meatco had good production at the end of the year during the traditional off season but as a result of the timing could not convert all the late production into sales. Further sales were lost for the next financial year due to Veterinary Export documentation that was incorrectly submitted and resulted in product sold to Norway not being cleared before the Quota year end.

Estimated price based on increased throughput



The decline in slaughter cattle volumes remain the biggest single challenge to the business and although livestock producers often comment that it is purely a matter of price the fact is that there has (as has been commented on in past Annual Reports) been a steady decline in Slaughter Cattle production in Namibia South of the Veterinary Cordon Fence since the mid 90's and plants are working below their design capacities. During the periods where record prices were paid to producers by Meatco there has in fact been very little increase in production noted and it is obvious that the price levels required are not sustainable or viable given the realizations possible in the international markets.



Comparing Meatco to International Benchmarks such as the World Beef Report, the RSA Red Meat Abattoir Association (RMAA) prices etc it is clear that Meatco has performed competitively despite the very low volume

throughput. Obviously Meatco could perform significantly better if volumes increased to the levels of around 140,000 cattle SVCF slaughtered per year in the early to mid 2000's.

Meatco A2 carcass price vs. RSA A2 parity as well as RSA market prices



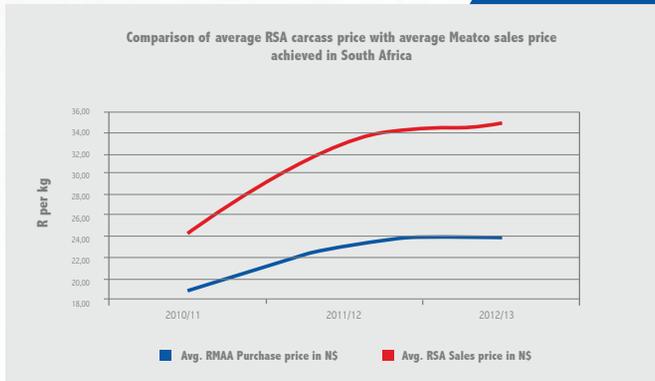
Historical payments above RMAA combined with respective profits/losses and throughput



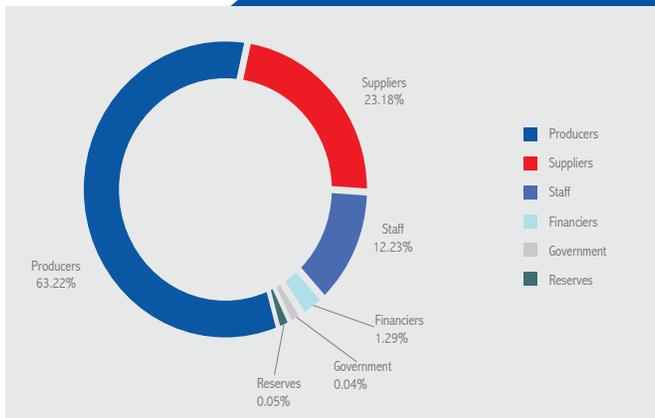
CEO REPORT 2012/13 (continued)

Taking into account the significant increase in the proportion of total spend Meatco paid to producers over the past 7 years compared to the early 2000's as well the significant increase in premium paid out above the RMAA parity prices during the past 7 years, including the year under review, it is obvious that Meatco today extracts a great deal more value from a carcass than had been the case in the past. The average Meatco selling price in relationship to the R3 Steer Price in the EU as well as the Average Meatco selling price in the RSA compared to the RMAA A2 price demonstrates the above statement.

Price Comparison



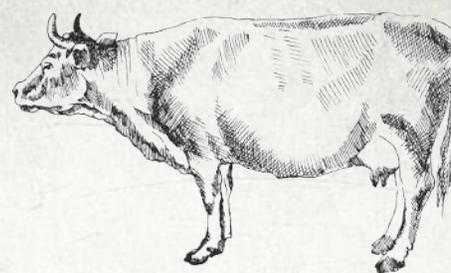
Value Added Statement for 31 January 2013



Apart from increasing volume throughput, the proportion of the Norway quota allocated to Meatco (50% at present) has a major impact on what Meatco can pay producers. For example; if Meatco sold the 800 mt Quota it lost to the Norwegian market it would realize roughly N\$ 46.5 million more than selling the product into the next best market. This would equal another N\$ 1.79 per kg for ALL producers who sold to Meatco. On the roughly 8,000 cattle processed to supply the 800 mt the premium would amount to roughly N\$ 19.04 per kg ABOVE the average Meatco price for the year if only those cattle were to share in the additional Norway income. Since the inception of the current quota system the other Norway quota holder has never paid a premium that comes close to this, despite concentrating virtually only on the Norway market and having very low costs due to their low investment compared to Meatco in the leased abattoir they operate.

A serious concern during the past year involves the perception by some producers that Meatco pays poor prices. The Benchmarking studies regularly conducted by Meatco (which can be independently verified) shows that often the perceptions of poor price is not based on fact. A further complication arose from the fact that the advertised weekly Meatco prices in fact are significantly below what Meatco in reality paid out to producers. This is due to the fact that Meatco pays more for heavier animals than the advertised weight price and at the end of the period (in consultation with the Producer Forum) implemented a new Contract premium whereby qualifying producers earn an extra N\$ 1.50 above the advertised price. In comparing advertised prices with other Abattoirs Meatco furthermore does not have the same penalties for certain types/ grades of animals and direct comparisons are therefore not correct. A program has been initiated to more effectively communicate the real value of selling to Meatco to the producer and create a better understanding of what the true price comparisons represent.

A quota based on throughput and investment, for instance linked to employment benefits (number of employees as well as cost of employment) would be a far more equitable basis for splitting the quota and ensuring that the maximum benefits from the Norway quota are derived and returned to the producers and employees. Currently Meatco is the only entity that returns the full additional value derived from the Norway Quota to the producers and employees.



This issue has been taken up with Government and is viewed as a priority.

Other serious constraints on sales and volume during the period relates to the very slow approval process by the Department of Veterinary Services (DVS) for the new Value Addition plant. This resulted in no export production from the plant as planned. The facility has now however been approved. The EU 90/40 Day requirement has continued being a constraint with many producers experiencing compliance issues and these clearly affecting cattle numbers sold to Meatco. There can be little doubt as well that the uncertainty surrounding the ownership and future status of the Corporation also played a role in producers selling elsewhere.

Significant progress was made in further value addition through projects aimed at enabling Meatco to market weight price labelled branded products directly through premium Retailers internationally. The first such product was developed in conjunction with a Premium European Retailer and FRICH and sold at a premium during this period.

Production capabilities as well as logistical planning and support was further enhanced with significant improvements made to the Okahandja Processing area at the end of the period as well as a strong focus on chilled value added products out of Oshakati.

Efficiency improvement measures continued through the reporting period and significant cost reductions in real terms were achieved, despite the decrease in volume and resultant plant utilization problems. An improved exchange rate also helped export earnings but was not such a major factor in the year under review. A significant contributor was the processing and sale of part of the Botswana Norway quota due to Botswana not being in a position to export their whole quota. Although Meatco was in a position to fill the whole quota a portion was not utilised for the 2012 quota year due to the other Namibian exporter, who was allocated 50% of the available Botswana quota, failing to fill their portion and only giving Meatco access to the quota when it was too late to utilize it in full.

Numerous Quality and other customer audits were conducted during the review period and Meatco again passed its EU, BRC and other major audits. It remains an area of ongoing development and improvement. Ensuring that the highest International Quality and Compliance standards are maintained is viewed as a competitive prerequisite and priority.

During the year the Ownership issue took up a significant amount of time with Government unexpectedly putting forward proposed Legislation concerning the future ownership structure of Meatco. At this point Government has not yet responded to the Meatco and other stakeholder submissions for which the due date was 31 January 2013. It is crucial that whatever structure is decided on is supported by the producers who can deliver to Meatco.

Lastly I wish to thank all the employees and loyal Producers of Meatco who have contributed to making the 2012/13 financial year a success, despite the enormous challenges we faced.

Mr. Kobus du Plessis

Chief Executive Officer
Windhoek
Namibia

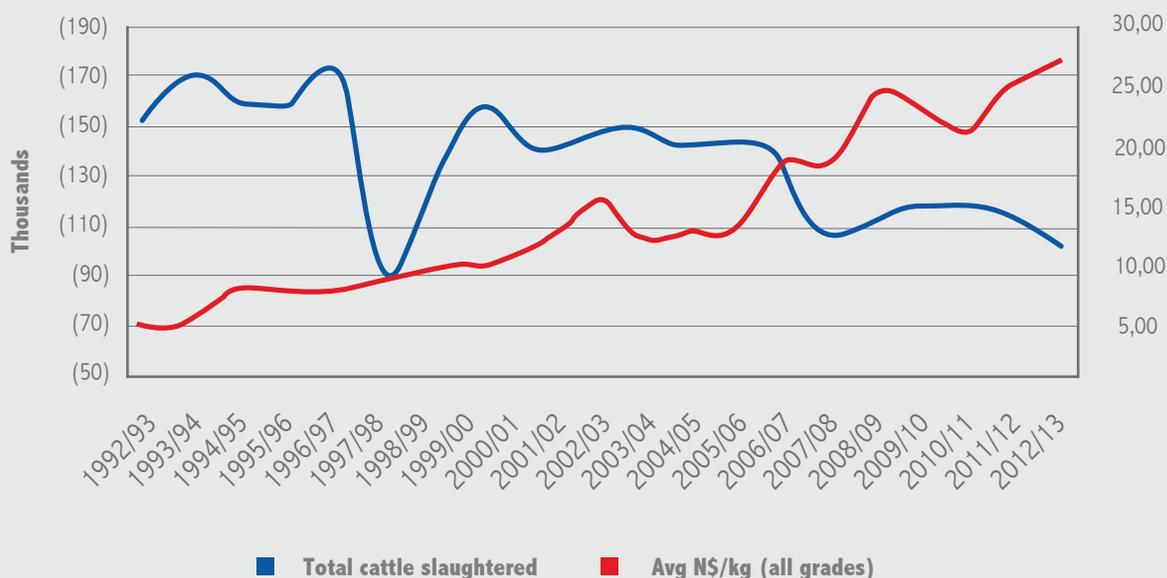
04 { Business Review }

Producer Returns

Maximizing producer price remains one of the key drivers for Meatco. In the year under review the Corporation continued with its integrated planning and logistical strategy to add value for the producer throughout the entire value chain. This included increasing carcass and market returns, as well as increasing operational and cost efficiencies. These strategies aim to maximize the producer price per kg by ensuring that the maximum yield is obtained per carcass, meat products are produced according to market demand and that maximum value is derived from the geographical and segmental spread of customers.

The result is that Meatco managed to again pay some of the highest prices in the history of the organisation, averaging N\$26.35 / kg during 2012/13. Contrastingly, this comes amidst the lowest cattle numbers delivered to Meatco in the history of the organisation. Taking into account the severe strain low volumes place on the capacity utilization in the factories and the consequent increase in the unit cost of production, it is a significant achievement for Meatco to realise this amount of value for producers and be able to break even at the end of the financial year.

Average producer price per kg vs. throughput (SVCF)



- Producer prices show a continuous upward bend, while cattle numbers are on the decline.

The graph illustrates that even though cattle numbers continue to decline, the producer price continues to increase. Meatco achieves this by extracting more value from less product, even though the rising unit costs of production places an increasing burden on potential value. It is estimated that an increase of 30 000 commercial cattle from the veldt, delivered to the organisation, would increase the producer price by N\$ 1.98 / kg.

The organisation has also kept to its long-standing commitment to livestock producers to consistently outperform the South African market. The RSA parity price, which is the published South African producer price

with additional transportation costs and non-relevant South African levies taken into account, is used to benchmark the Meatco price. In the year under review, local livestock producers received N\$ 59.2 million (or N\$ 2.20 / kg) more than their South African counterparts. This is more than double the amount compared to the previous year.

Although Meatco's prices are usually compared to the RSA parity price, the Corporation operates in a different marketing environment than South Africa, an importer of meat. Meatco has since the last financial report therefore included comparisons with other, similar exporting nations in its reporting.

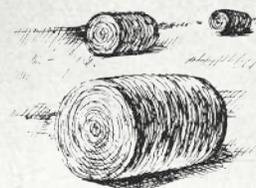
Producer Returns (continued)

Cattle price comparison



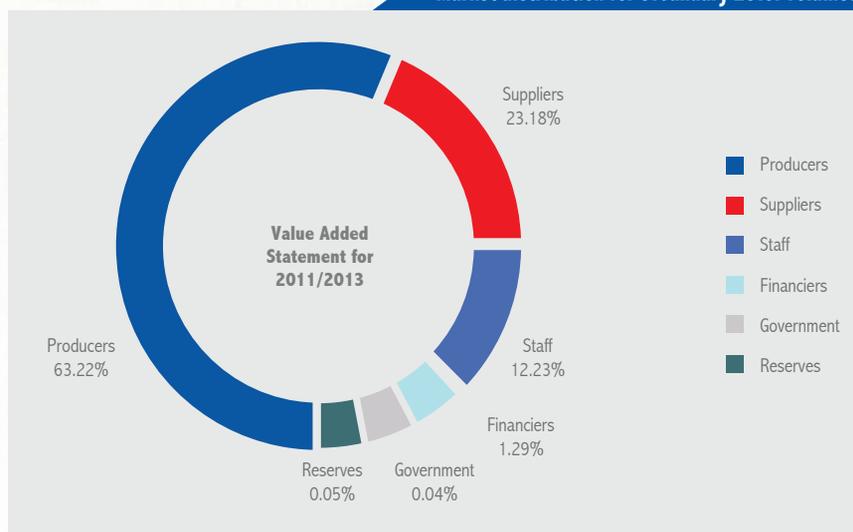
- Statistics courtesy of the Irish Food Board are illustrated above, against Meatco's prices, for the periods from August 2010 up to December 2012. The graph shows that except for Ireland and the UK, which are known for paying the best producer prices in the world, Meatco is on par globally with regards to producer prices.





The total value producers received as a share of Meatco's total turnover has also increased by almost 6% during the year under review from 57.65% during 2011/12 to 63.22% during 2012/13.

Market distribution for 31 January 2013: Volumes



The increase in value to producers is a continuation of the benefits attributed to strategies that have been adopted and implemented to further reduce reliance on intermediaries in the market, to extend the diversity and geographical spread of the customer base, and to develop a market-led production environment.

To serve this dynamic marketing approach, the production environment has maintained the logistical and operational flexibilities implemented since the 2011/12 financial year along with integrated planning and monitoring capabilities with regards to production, stock control and market allocation.

Additionally, in the year under review, the Windhoek and Okahandja plants managed to add further value by producing retail ready, value-added cuts for high value customers with no increase in production time. Another major break-through for Meatco was the approval of its Value Addition Plant for exports to the EU and other high-value markets, paving the way for further value addition in the future.

In an effort to reduce intermediaries in the value chain, more containers were shipped directly to customers. The utilization of the Walvis Bay port to handle exports to Europe was also increased.

Reducing costs through the entire value chain remains an important sub-strategy for maximising producer returns and the production facilities are consistently looking for opportunities to further reduce operational costs.

October. The low numbers experienced made it very difficult to service all of the requirements the Corporation's regular global customer base and shortages were experienced within certain key accounts.

South African market prices collapsed from February 2012 and did not begin to recover until late August/September. South Africa remains a key market for Meatco and it was critical for the Corporation not to be dragged into the price collapse, but to manage exposure and maintain market returns.



Marketing

Marketing efforts for much of the 2012/13 financial year were largely controlled by the lack of Veldt Cattle availability during February to

Europe remained challenging in terms of economic confidence and stability as the key countries experienced stagnation or negligible growth and weaker countries continued to struggle. Overall, Natures Reserve products continued to grow their reputation in the market place for both consistency

Marketing (continued)

and quality and therefore good market returns were maintained.

The Christmas trading period was dominated by the opportunity to utilise a portion of Botswana Meat Commission's Norway Quota and to maximise returns for the year end. For the 12 week period, up to the end of January 2013 and including the Christmas break, Meatco shipped in total 55 full containers to its customers in Norway. Within this volume there was approximately 200 tonnes of retail ready, Value Added Family Packs. The development of the retail ready Family Pack contracts moved the Natures Reserve brand into direct contact with the Norwegian consumer.

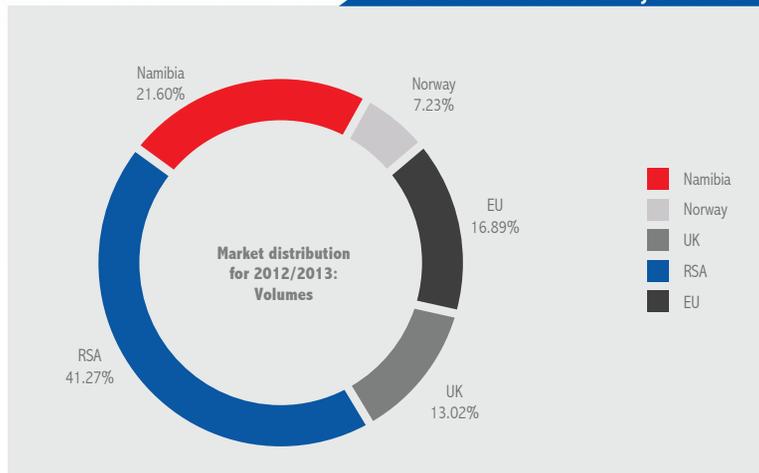
At the end of 2012 and beginning of 2013 the EU market saw the development of the Horsemeat contamination issue. The scale, and apparently organised, nature of the scandal shocked the industry. It has potentially serious ramifications for imports into the EU, particularly the United Kingdom, on the basis that during previous crises consumers have reverted to nationalistic biased purchasing. However, it also presents a potential opportunity to open up Meatco's customer base to further

end-users who wish to shorten their supply chain by dealing directly with livestock slaughterers.

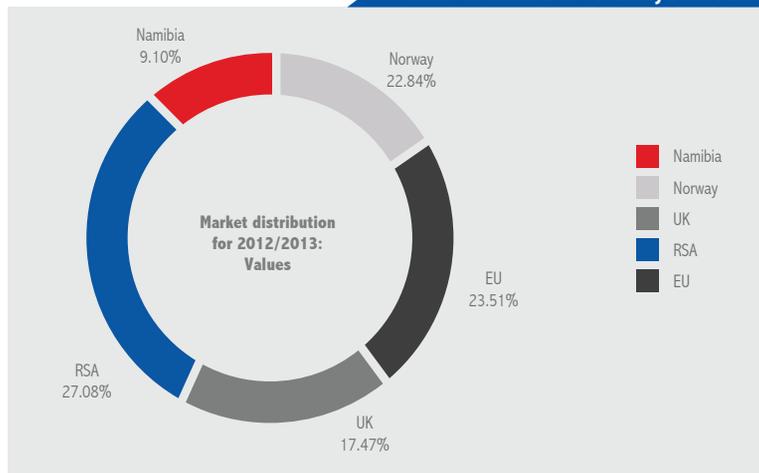
In the Namibian Market prices started the year very firm with offal trading well. Volume, year-on-year, grew as did overall returns. The developing effect of the lack of rains prior to Christmas began to highlight the potential for a drought year and emergency slaughter requirement. By the end of January 2013 the need to develop a strategy to handle the high volume of cattle that would be requiring slaughter was drawn up.

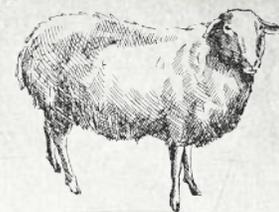
Globally, outside of Europe the situation appears more stable with Brazil and Australia reporting significant increases in export volumes, driven mainly by demand from the Far East. Brazil product has been banned from a number of key beef consuming countries due to a case of BSE in Rio Grande De Sol. This presents opportunities for Meatco if Health Certificates and protocols can be agreed between the relevant countries' authorities and the Directorate of Veterinary Services in Namibia.

Market distribution for 31 January 2013: Volumes



Market distribution for 31 January 2013: Values





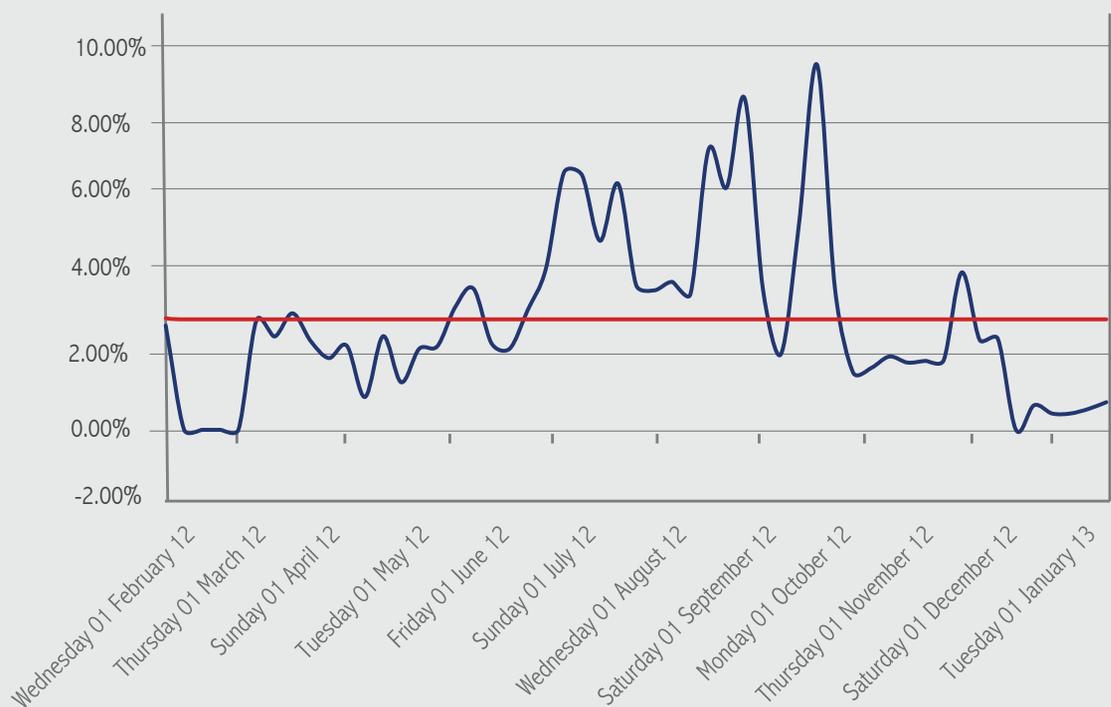
Factors impacting producer price

Non-compliance penalty

During November 2011, the Directorate of Veterinary Services within the Ministry of Agriculture, Water and Forestry implemented a new regime concerning the 90/40 day residency rule as required by the European

Union. It is estimated that Meatco lost a significant number of cattle due to this rule (between 12,000 and 15,000) as producers opted to market non-compliant cattle elsewhere.

Percentage 40/90 day non-compliance rate



The impact of the implementation of the 90/40 day residency rule for the 2012/13 year amounted to more than N\$ 5.1 million lost in income because of cattle not being compliant for EU exports. As a result of this impact, especially on the producers of compliant cattle, as well as the fact that the percentage non-compliance indicated an increasing trend as from the start of the financial year, a dual pricing system was implemented effective from 15 October 2012. Under the dual pricing system animals that do not comply with the 90/40 day residency requirement receive 25% less than animals that do comply with the requirement.

Slaughter contracts

To improve contract performance it was decided, with producers, to re-introduce a contract premium. For the year under review the contract premium amounted to N\$1.50 / kg. The contract premium was modelled on the assumption that 80% of volumes will be secured via contracts and 20% via non contracts.

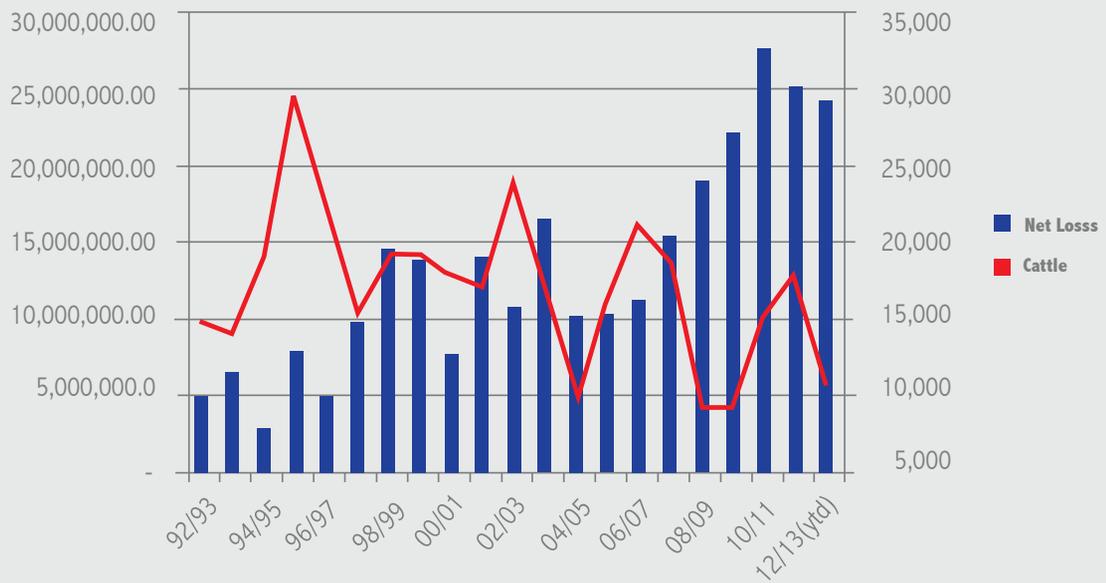
The first slaughter period for the contract was also shortened from four to three months, but producers still have three opportunities during the year to sign contracts.

Northern Communal Areas (NCA)

Meatco's involvement in the NCA is designed to address developmental issues in conjunction with meaningful Government involvement. The objectives are to develop the commercial potential of the region and to protect the Veterinary Cordon Fence in order to maintain the export status for the rest of the country.

From a business point of view the current objective is to manage/contain losses to acceptable levels and to reduce the losses going forward to develop a viable business.

NCA Cattle vs Net Loss



Veterinary and hygiene regulations, however, limit the market possibilities of livestock and meat products and even worse for the far eastern parts of Kavango and the Caprivi region.

Although cattle numbers in the NCA are slowly rising, very low cattle numbers were procured and slaughtered at the abattoirs in the region during the year under review. This continues to negatively affect the overall performance of the NCA as a business. The off-take rate in the total region remains a worrisome trend that needs a joint intervention from all relevant stakeholders.

Cattle slaughtered at Oshakati abattoir decreased by 3,181 (28.21%) from 11,276 (2011/12) to 8,095 (2012/13).

Katima Mulilo abattoir managed to slaughter 2,795 cattle during the year under review, compared to 6,738 the previous financial year. The abattoir only re-opened in August 2012 after a FMD outbreak. The region remains a high risk area in terms of animal health status and options for high end volume markets remains a challenge.

Meatco, however, remains committed with efforts from other relevant stakeholders to improve the Northern Communal Areas and ultimately improve the livelihood of the farming community at large.

The envisaged improvement in the health status of the NCA by the

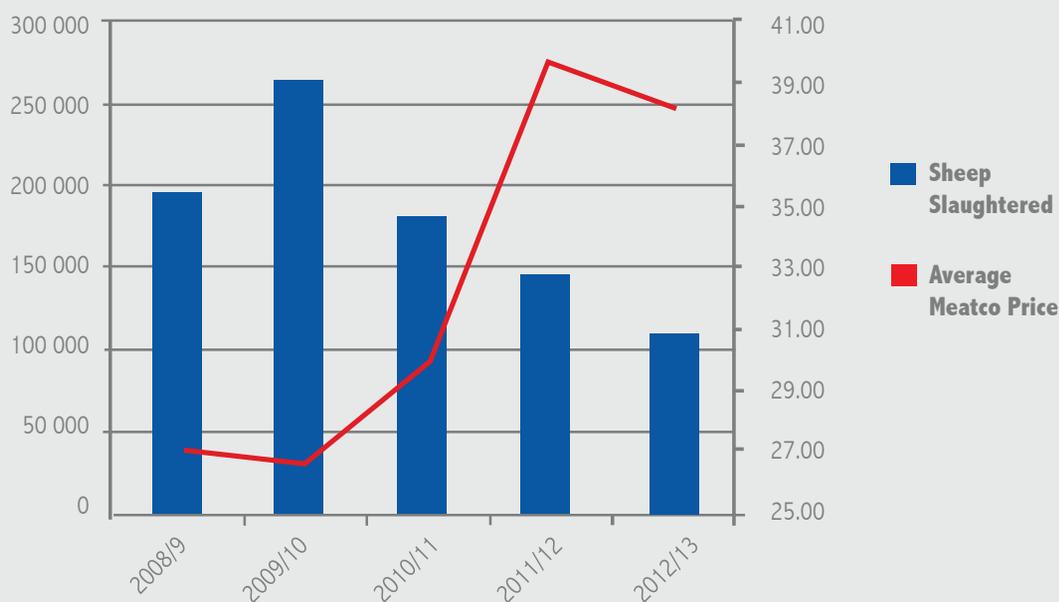
Government by 2015 will consequently result in access to alternative markets with higher returns. The model has proven what significant positive impact additional price realizations have on the bottom line.

During the year under review, some farms were approved to deliver Woolworths free range products, which is a significant achievement given the animal health status and subsequent marketing constraints of the region. This opens a high value marketing channel for some producers in the region.

Small Stock

The decline in the number of sheep slaughtered at the Windhoek plant continued during the year under review. A total of 108 740 sheep were slaughtered during 2012/2013. The average sheep producer price for the year under review was N\$37.59 / kg. During the previous year an outbreak of Rift Valley Fever resulted in a shortage of sheep carcasses and consequently pushed the prices up. During the year under review this was not a problem and prices consequently receded.

Sheep Slaughtered vs Average Meatco Price

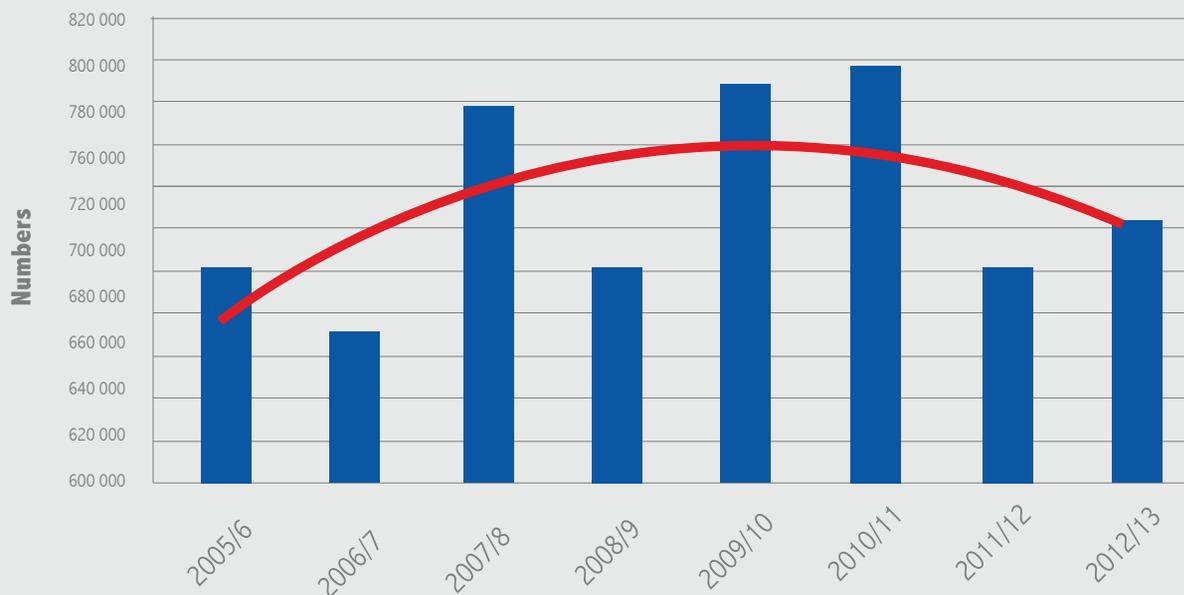


Small Stock (continued)

Supply

Industry slaughter numbers are also on the decline as illustrated in the graph below.

Sheep slaughtered volumes/year



The graph is based on Meat Board data for the major abattoirs slaughtering sheep in Namibia. The number of sheep slaughtered in 2012/13 is almost on par with the eight year average, but there is a downward trend since 2009 that supports the notion that sheep numbers are on the decline.

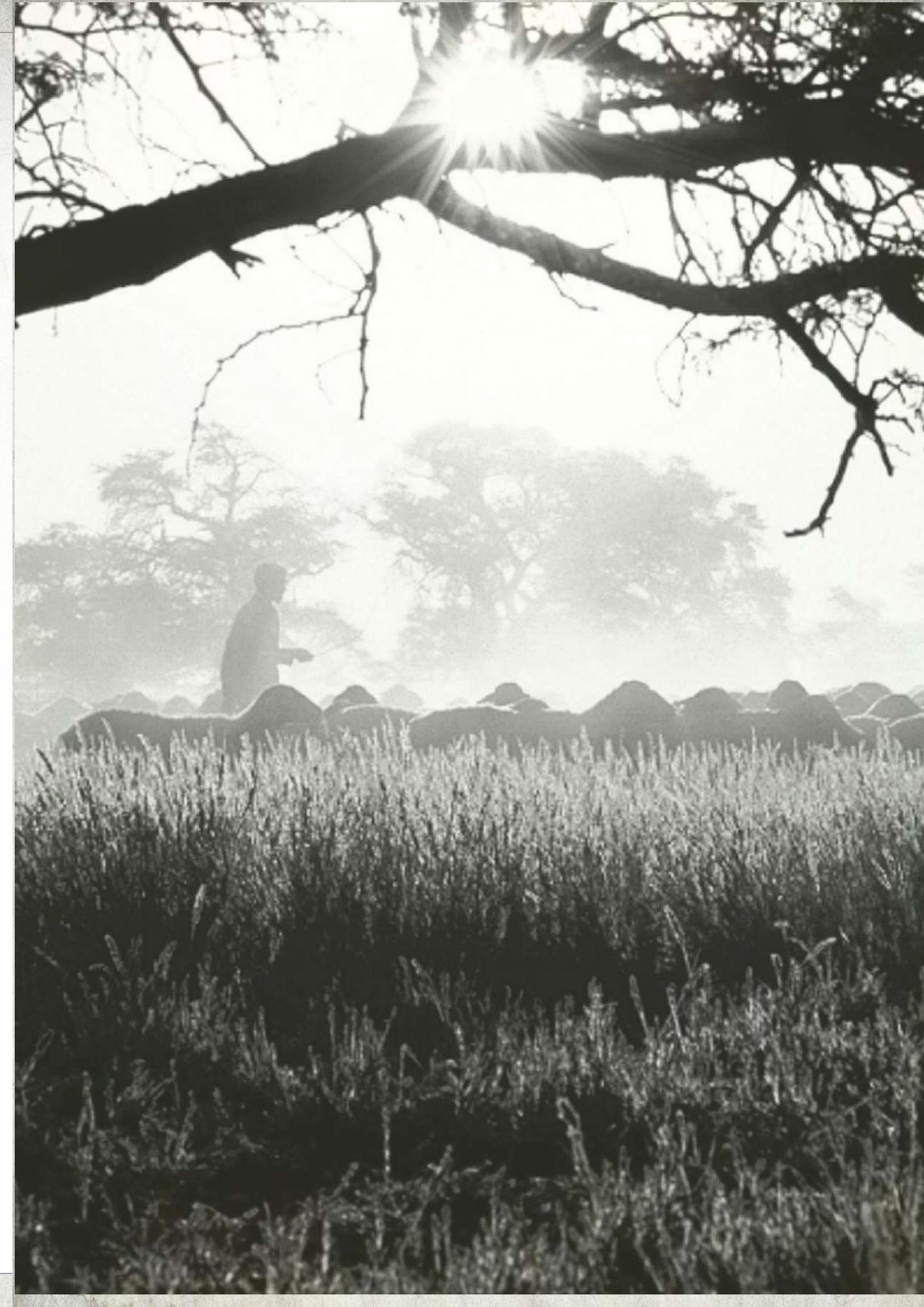
The construction of a new evaporation pond was started in 2012/2013 and is earmarked to be finished in May 2013. The new pond will increase the storing space of effluent water and therefore increase potential throughput.

Related Operations

Meatco's Okapuka tannery, which is allocated 25km north of the Windhoek, process fresh and salted hides to wet blue stage. The main supply of hides are from the four Meatco factories which totaled 106 745 during the year under review. Hides from other local suppliers amounted to 58 774.

Hide supplies from neighboring countries decreased due to various factors including Foot-and-Mouth disease in South Africa, quality issues and the high logistical cost.

Meatco's Canning Plant produced 11 804 390 cans of product during the year under review. The first eight containers with raw material for the plant arrived through Walvis Bay as an alternative to Cape Town during the year under review. The resulting savings in cost was significant, approximately N\$220 000, mainly because of a shortened transport route. Meatco has also started sourcing its raw materials for the canning plant directly from suppliers by the end of the year under review and should result in further bottom-line realizations looking forward.



05 { Sustainability, Ethics and Corporate Social Responsibility }

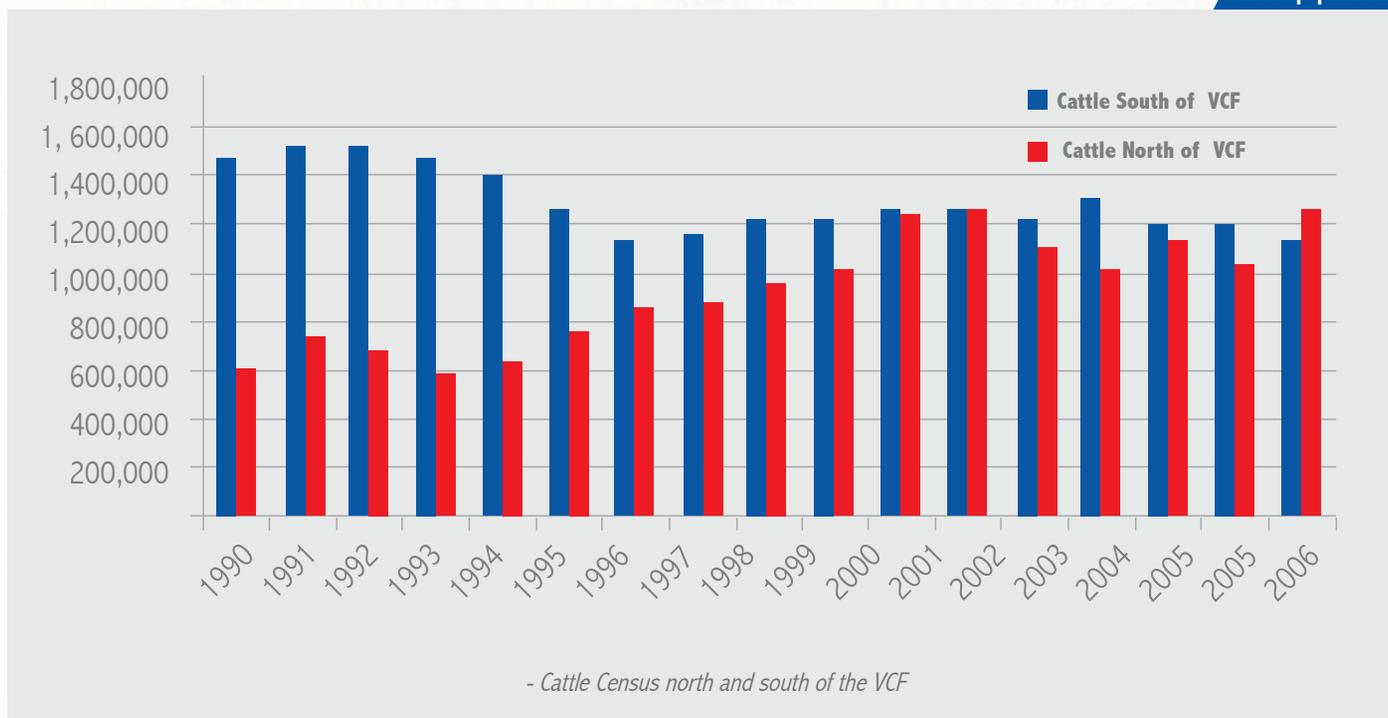
Cattle supply

Historic trends

It is generally recognised in the industry that production of cattle south of the Veterinary Cordon Fence has declined while production north has

increased over time. This is evident from census data provided by the Directorate of Veterinary Services between 1990 and 2006.

Cattle population



The declining production in the south is compounded by various factors. There are changes in herd composition and shifts in production systems from slaughter cattle production to weaner production and stoores. Diversification from livestock and cattle into game and tourism ventures, have also impacted negatively on the production of cattle. Bush encroachment also remains an increasing concern and limiting factor for available grazing and sustainable slaughter cattle farming.

NOTE: The factors mentioned here cannot be easily quantified and it must be recognised from the onset that production planning and marketing in the industry is constrained by a critical lack of credible data and statistics both at production and marketing levels. The shift in production systems and the lack of critical data is of national interest and requires concerted efforts at industry level to incentivise slaughter production while a national task team is required to address data deficiencies. This lack of data compromises quality of planning as it is based on anecdotal data and estimates.

Cattle supply (continued)

Meatco pays the maximum sustainable prices to producers (see p34). This has resulted in substantial premiums being paid above the RMAA price to Namibian cattle producers. Despite these efforts, there seems to be no

correlation between premiums paid above RMAA prices and the expansion of the slaughter industry and/or the number of cattle that have been delivered to Meatco. (See graph below).

Historical payments above RMAA combined with respective profit / losses and throughput



In the years that followed Meatco persisted with this price strategy of paying the maximum producer price on the day which resulted in premiums above RMAA. The Corporation has been able to achieve and sustain such high price levels on relatively lower volumes due to a supportive strategy of value extraction from our markets (see p37). However, cattle numbers

continue to decline. In the year under review, Meatco slaughtered a total of 96,296 cattle (SVCF). Only 60,394 of these cattle came from the veldt, with the balance being contributed by backwards integration projects of the Corporation to secure a consistent supply of cattle to its abattoirs.

Decline of Meatco Market Share

Apart from a shrinking cattle population south of the Veterinary Cordon Fence, Meatco is also faced with a declining market share of the available pool of slaughter cattle. This is based mainly on two factors, local competition from cheap slaughterers and competition from South African feedlots.

Local competition

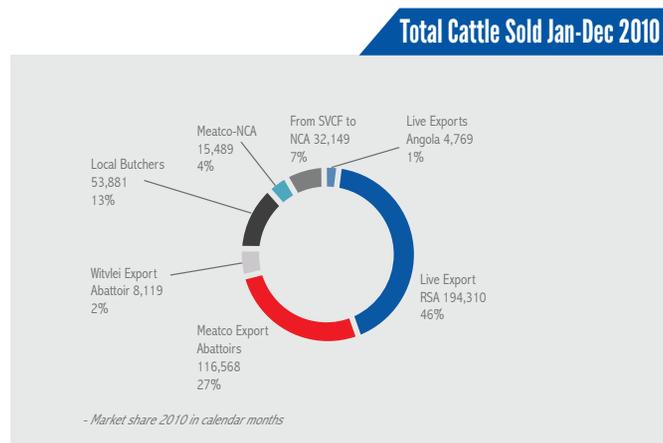
Local competition for slaughter cattle has increased significantly in the last years. It is estimated that 70,000 cattle are slaughtered by butchers producing meat for the local market. These competitors source the cattle directly from farms and at auctions offering a price above Meatco's daily price. They are able to do this due to a lower cost structure as they do not have the same quality and hygiene standards that Meatco must adhere to. In addition, their products are not graded by an external party and they can sell their product at any grade they deem fit. Meatco as an international food business operator must adhere to stringent Sanitary and Phytosanitary, quality and hygiene standards which increases its overhead cost.

Meatco is also a much bigger operation with the capacity to slaughter 180,000 animals per year, compared to the smaller local operators. The Corporation therefore has a much bigger fixed cost component, a comparatively negative factor which is compounded by lower cattle numbers.

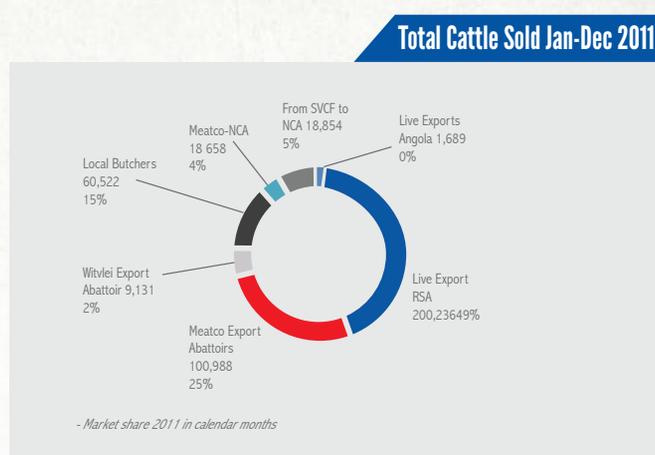
Competition from RSA feedlots

Competition is also strong from South African feedlots, which take approximately 45% of all cattle marketed in Namibia. These feedlots buy animals as weaners and have the advantage of being allowed to use growth promoters and stimulants to speed up and increase growth and therefore overall performance. This allows them to pay relatively high prices for Namibian dry weaners. This price advantage in turn negatively impacts local efforts in respect of weaner retention.

The situation affects the entire Namibian slaughter industry, including Meatco.

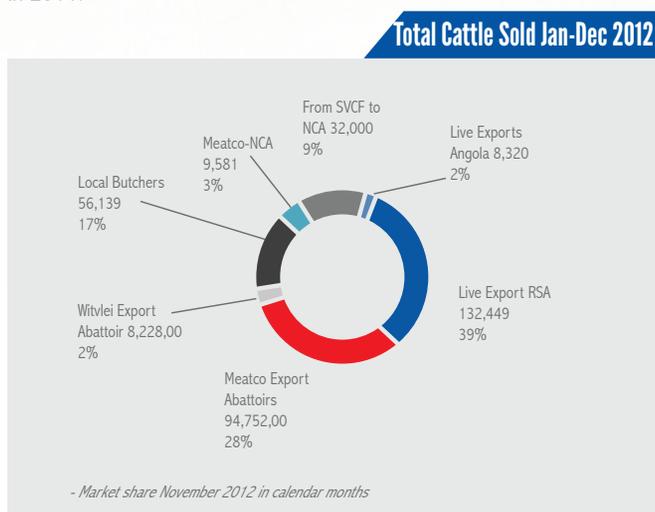


During 2010, live exports (weaners) to South Africa amounted to 46% of total sales while local butchers were 13% and Meatco market share was 27% (excluding NCA cattle).



During 2011, live exports to South Africa amounted to 49% which is a 3% increase from the previous year. Butchers for the local market went up from 13% in 2010 to 15% in 2011.

Meatco in the same year came down with 2% from 27% in 2010 to 25% in 2011.



During 2012 (based on data up to the end of November) indications were that South Africa live exports decreased to 38% while local butchers increased from 15% the previous year to 19% in 2012. Meatco market share remains at 25% of total cattle sold.

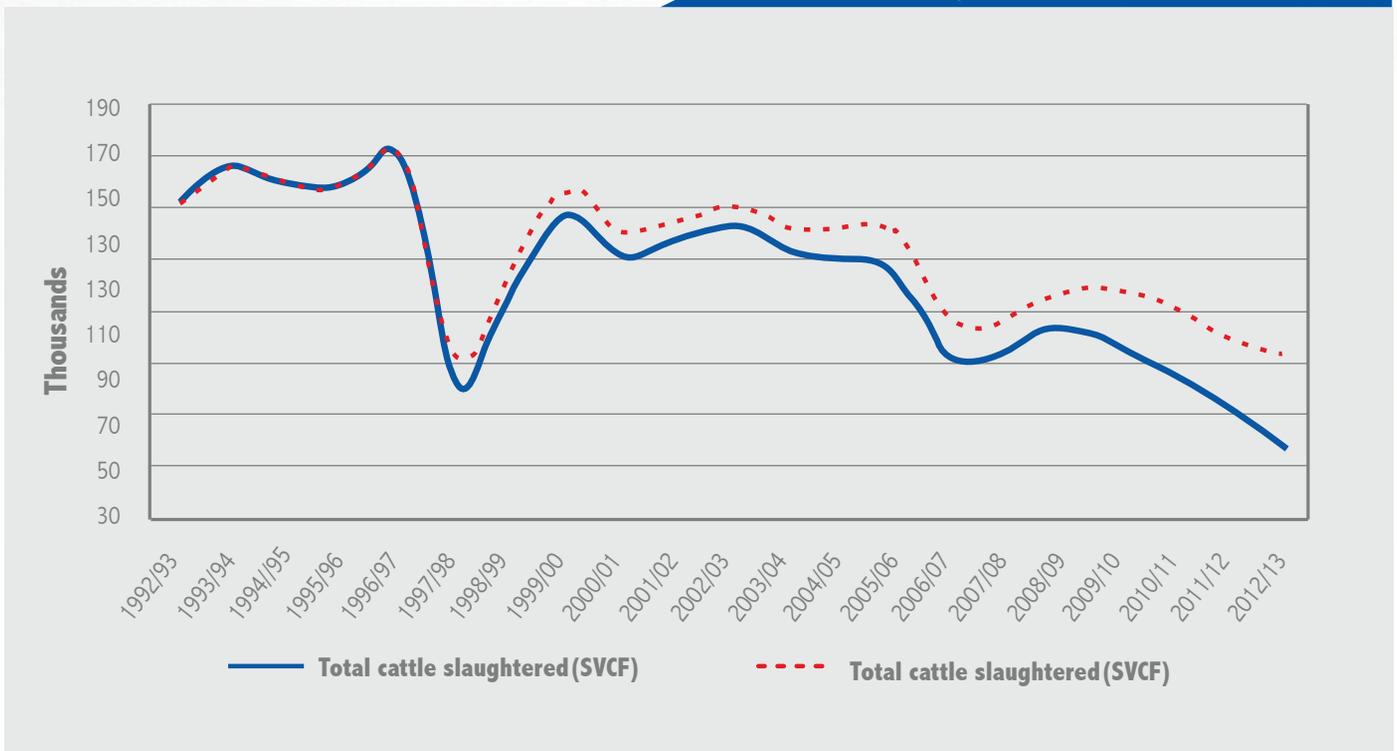
NOTE: Reporting numbers of butchers who slaughter for the local market are based on Meatco estimates (using hide counts) and not on official Meat Board statistics. Meatco believes the Meat Board data to be inaccurate due to the discrepancy between the slaughter numbers reported by butchers and abattoirs slaughtering for the local market and the number of hides marketed by them.

Over the past three years, the biggest increase in market-share has been abattoirs slaughtering for the local market and South African live exports. In reality the butchers slaughtering for the local market are growing rapidly at the expense of export abattoirs, while at the same time the current cattle market is more supportive towards live weaner exports at the expense of the local slaughter industry.

Cattle supply (continued)

Sustainability of supply

Commercial cattle slaughtered at Meatco (1992/93 to 2012/13)-(SVCF)



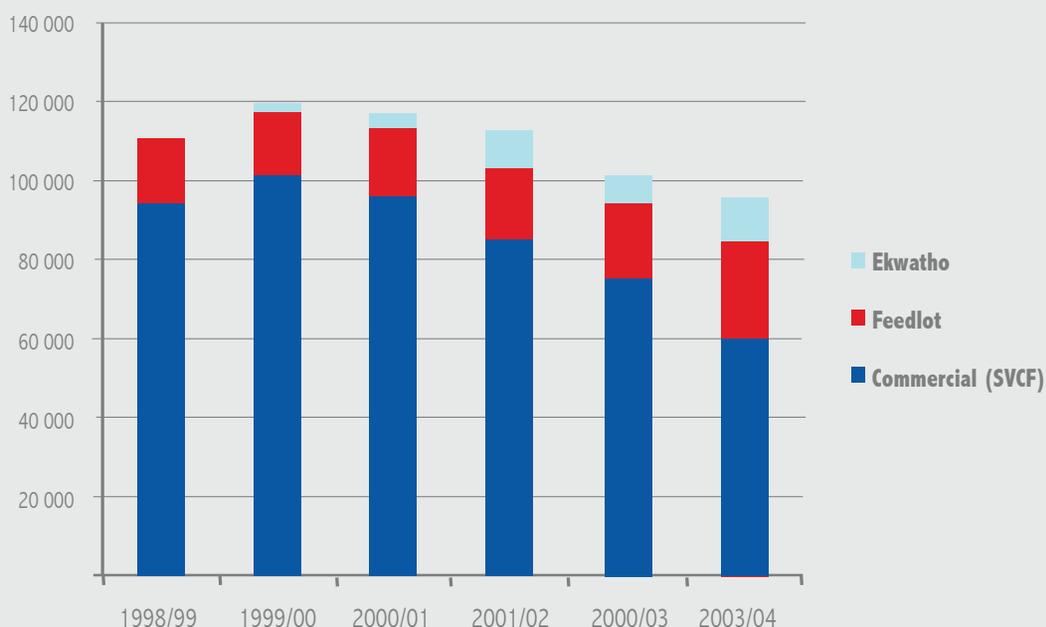
Commercial cattle from the veldt slaughtered with Meatco decreased from 180,000 per annum during 1992 to approximately 60,000 in 2012/13 (South of the Veterinary Cordon Fence). To ensure the sustainability of the business, this loss in commercially produced cattle is being compensated for by Meatco’s backward integration initiatives such as the expansion of the Okapuka Feedlot, the Ekwatho programme and Veldt-lotting. During 2012 commercial cattle made up 63% of volumes while Meatco’s backward integration initiatives accounted for 37%.

From a cost point of view, expanding cattle produced commercially on the farm is the preferred option, although backward integration initiatives ensure continuity of supply.

Backwards integration programmes

Meatco’s Feedlot and Ekwatho reach backwards in the value chain to pick up livestock as weaners or stoors to turn them into slaughterable stock for the abattoirs.

Meatco Cattle vs Veldt Cattle



The graph above illustrates how Meatco has been increasing throughput through its Ekwatho and Feedlot programmes over the past couple of years. A total of 11 474 cattle were slaughtered under Ekwatho and 24 428 under the Okapuka Feedlot during the year under review. Together these projects contributed a total of N\$0.99 / kg to the average producer price in 2012/2013, as a result of the increased throughput at abattoirs.

A new programme is the Veldtlotting initiative which has the purpose to speed up the turnover of slaughter-ready animals on farms. The project aims to get cattle ready for slaughter at an earlier age using feed in the veldt. This results in a grading improvement and consequently a price improvement for producers. Animals on the programme will reach optimum weight levels quicker and grazing will become available earlier to carry new animals on the farm.

The Veldtlotting project was piloted during the 2012/2013 financial year, with animals captured on the Ekwatho database and managed under the Ekwatho project.

Meatco-Owned Cattle

Meatco-Owned Cattle is another backwards integration initiative where the Corporation sources and purchases cattle to be grown and finished for slaughter on commercial farms in collaboration with commercial farmers providing the necessary management skills and input. The initial focus is on stocking non-utilized farms with cattle to increase the base of cattle supply to Meatco. The project also aims at smoothing the supply of cattle to the factories throughout the year to save cost as a result of improved capacity utilization.

The database and IT-backbone of the Ekwatho Financing Scheme, as well as the expertise and knowledge of the Ekwatho technical advisors will support the Meatco-Owned Cattle Project. Approximately 26,000 hectares of land have already been secured for the project, which previously had not been used for slaughter cattle production.

Human Capital



Skills

The skills required to operate a business such as Meatco are critically important for the sustainability of the organisation. These skills are also not readily available, and the organization therefore needs to have practices in place to ensure the correct talent is acquired, developed and retained.

Critical positions have been identified in the organization and recruitment and selection for these positions is a rigorous, detail-driven process. Potential future candidates for some of these positions have been identified and bursary schemes are in place to provide relevant education for promising individuals.

Recruitment and Selection in Meatco has moved towards a competency based process. All positions in the non-bargaining unit have been profiled and these job profiles are being used in the recruitment and selection process. People employed in these positions are guided and developed throughout the induction and probation period to close the gaps in line with the position. Developmental plans are developed from the moment the

employee commences the work.

Competency profiling and a Team Management Programme have been introduced with the purpose to develop individuals and to position them relative to their teams and their strengths so they can contribute optimally to the organization.

At factory level a process of continuous improvement is followed. Employees undergo annual induction, physical examinations and training to make sure that everyone is on the required level with regards to production requirements of Meatco. Regular in-house and external training programmes also help keep staff up to date on world class practices and techniques.

The Meatco way

With almost 1,350 employees, Meatco is an important provider of Namibian jobs. Remuneration levels are directly linked to the Patterson Job Evaluation System by job grades and are determined and based on recognised market surveys for the Namibian labour market. All our employees receive remuneration, bonuses and pensions in line with or



Corporate Social Responsibility

The Meatco Foundation

The Meatco Foundation was founded by Meatco Namibia as a trust to promote socio economic development and empowerment in the livestock sector.

One of the first projects was the borehole project, which was initiated in the Kavango Region in an area where access to water was scarce. Farmers in the area had to move their cattle on the hoof on a daily basis, and sometimes only every second day, to find water. The quality of cattle was thus compromised and income from sales to Meatco was negatively impacted as a result.



The Foundation set up two boreholes in the year under review with eight water points and the required infrastructure to service eight farms and the communities in the area. The project was made possible with the aid of the parent company of one of Meatco's clients, FDB.

FDB have in the year under review also committed, along with the Dutch Government, to support the Foundation's work in 2013. Meatco will partner with the Integrated Rural Development and Nature Conservation (IRDNC) to develop manuals and training to help avoid overgrazing in communal areas, to contribute to genetic herd improvement in communal areas, to improve market access and to extend Meatco's Ekwatho project. The projects will run into 2015 and the total commitment from all the partners to the project is approximately N\$6.5 million.

The Foundation also manages Meatco's Giving Back Project which assists communities where Meatco's abattoirs are operational. The overall aim of the project is to assist impoverished households in especially informal settlements to grow their own nutritional vegetables. Garden projects are organic in nature and the implementation costs of this programme are kept to a minimum, so the Foundation can Give Back to as many households as possible. With the aid of the Namibian Red Cross the project was

above the industry average, and enjoy a range of other free or subsidised benefits.

An ethical trade audit, based on the code of the Ethical Trading Initiative (ETI) was conducted by SGS during the 2011/2012 financial year and confirmed that Meatco engages its employees in an ethical and fair manner and that Human Resources processes are applied transparently. The audit also confirmed that employment is freely chosen at Meatco, there is no harsh or inhumane treatment, no child labour or discrimination, and that employees are allowed to freely associate with one another.

Staff welfare is paramount at Meatco, so across all processing facilities emphasis is placed on health and safety training, and through the regular distribution of a vibrant company newsletter, our staff members are constantly kept informed of developments. A Worker Committee meets regularly, and an Employee Representative sits on the Meatco Board, ensuring that the workforce has a real say in the direction of the company. A robust relationship has been forged with the Namibian Food and Allied Workers Union ("NAFAU"), resulting in a landmark agreement on the rights of seasonal employees. In addition, staff members are encouraged to take part in a range of activities from sports to charity volunteering, ensuring a healthy work-life balance.

Employment Equity

Namibia passed the Affirmative Action (Employment) Act, 1998 (Act 29 of 1998) which aims to redress imbalances in the workplace arising from the discriminatory socio-economic dispensation that previously existed in the country.

The Act is intended to create and promote fair employment practices with regard to matters such as recruitment, selection, appointment, training, promotion, and equitable remuneration for previously disadvantaged people - more particularly, previously racially-disadvantaged people, women and persons with disabilities. Meatco embraces the spirit in which the Act approaches transformation in the workplace and endeavours to meet and exceed the requirements as set out in the Act.

Reporting on the requirements of the Act was required from private sector employers since 2001. Meatco has received an Affirmative Action Compliance Certificate every year since then, and it is worth mentioning that the Corporation made significant strides in transitioning to a Senior Management complement that is more representative of all cultures of the Namibian population. Of the 1390 employees, Meatco currently employs only two (2) non-Namibian citizens as permanent employees - each with suitable formal understudies to ensure skills transfer to the Namibian population.

Corporate Social Responsibility (continued)

implemented in Greenwell Matongo, Havana, Kilimanjaro and Okahandja Park in the Khomas region.



Other projects

Meatco approached the United Nations Industrial Development Organization (UNIDO) in 2011 to discuss cooperation in upgrading the laboratory capacity in Namibia. This upgrading and accreditation to international standards is designed to raise the export potential for both meat and fish products.

Upgrading the local laboratories will allow for increased food safety and provide access to new markets. The project, valued at US\$50 000, is set to improve National as well as Meatco laboratories and is set to finish in the new financial year.

Meatco also managed to secure funding from the Food and Retail Industry Challenge Fund of the British Government, to buy weight label machines and to develop Natures Reserve labels. £150 000 was awarded to, and matched by, Meatco to buy the machines. The labeling machines allowed the development of Natures Reserve labeled Family Packs for the Danish and Norwegian markets in the year under review. These family packs contain smaller, family-sized cuts, in contrast to the larger size cuts required by restaurants. Because of the smaller size of the cuts, it opens a new market for products of Communal origin, which are traditionally smaller in size and not the requisite size for restaurants. This allowed a new, higher value, marketing channel to be established for products of especially Communal origin.

Producer Support

As key stakeholder and an integral part of its value chain, Meatco's producers also have a responsibility to apply consistent, fair and ethical practices in their farming activities. Meatco continues to inform producers on responsible and ethical farming practices during Producer Information Days, through the mentorship programme and through regular communication channels. Topics include treating animals with dignity and respect, responsible and sustainable land management, and ethical labour practices.

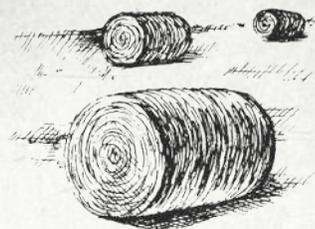
The Corporation has various programmes in place to build relationships with its producers and to promote the sustainability of cattle production in the country. Examples of these are the education and support programmes in place to aid communal producers in commercial cattle production. This is especially relevant in the Northern Communal Areas, where it is estimated that if the commercial livestock potential of the area were unlocked, it would result in a significant economic boost for the region and the country as a whole.



The mentorship programme in the NCA continued in the year under review. This programme aims to educate and train NCA producers on animal health, sustainable farming and ox production systems. Meatco also increased its staff complement in the NCA to engage these producers directly.

Animal Welfare

Animal welfare remains a top priority at the Corporation. Meatco benchmarks its animal welfare practices against the best in the world, and these practices are subject to regular internal inspections to ensure continuous improvement. They are also scrutinised by regular independent audits conducted by bodies such as SAI Global during



British Retail Consortium audits and by audits conducted by some of our discerning customers.

Meatco identifies animal welfare needs as the following:

1. Freedom from hunger and thirst;
2. Freedom from discomfort;
3. Freedom from pain, injury, disease;
4. Freedom to express normal patterns of behavior; and
5. Freedom from fear.

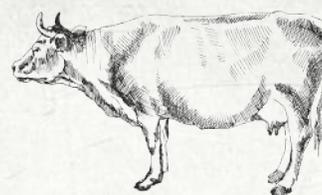
The company's goal is to ensure that these needs are met at all times, from transport practices to offloading at the abattoirs to the actual slaughter of the animal. We also promote animal welfare practices on producers' farms. For a producer to be able to deliver certified Free Range cattle to Meatco, it is a requirement that they treat all animals on their farm with dignity and respect. That includes humane predator management. This requirement has earned Meatco the 2010 Cheetah Business Of The Year award from the Cheetah Conservation Fund for our promotion of predator-friendly farming practices.

Animals being delivered to Meatco are only allowed to be transported if their handling conditions and experience corresponds with the list above. Animals are also kept in natural groups to increase comfort.

At the abattoirs animals are offloaded without delay making use of acceptable handling practices only. Only trained Meatco personnel are allowed to offload cattle at the abattoirs to ensure that these practices are met. After long journeys animals are given food and water and properly rested. They are handled carefully to ensure the minimum amount of stress during the slaughter process. The risk of causing pain, fear or distress to the animal during slaughter is eliminated through a stunning process.

The objective of our animal welfare practices is to treat all animals with respect and as humanely as possible, resulting in a minimal amount of stress.

06 { Financial Review }



Meat Corporation of Namibia

A body corporate established in Namibia in terms of the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001)

Annual Financial Statements

for the year ended 31 January 2013

Contents

Directors' responsibility for the annual financial statements	56
Independent auditor's report	57
Directors' report	58-63
Statements of financial position	64
Income statements	65
Statements of comprehensive income	66
Statements of cash flows	67
Statements of changes in equity	68
Notes to the annual financial statements	69-115

Directors' Responsibility for the Annual Financial Statements

For the year ended 31 January 2013

The directors are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Group's policies and procedures.

The financial statements are prepared in accordance with International Financial Reporting Standards and incorporate disclosure in line with the philosophy of the Group. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors believe that the Group and the Corporation will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements for the year ended 31 January 2013, set out on pages 58 to 115 have been approved by the Board of Directors and authorised for issue on 23 May 2013 and are signed on its behalf by:



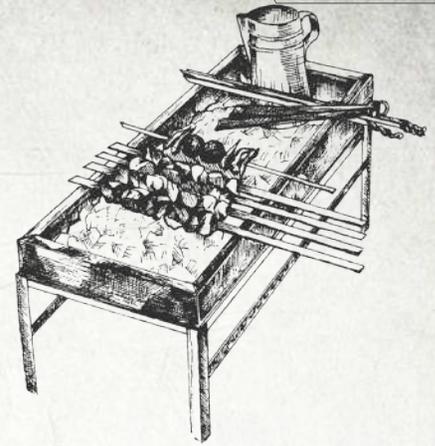
Ms C.G. Bohitile

Chairperson
Windhoek
Namibia



Mr M.J.P Hilbert

Director



Independent Auditor's Report to the Members of Meat Corporation of Namibia



We have audited the group annual financial statements and annual financial statements of Meat Corporation of Namibia, which comprise the consolidated and separate statements of financial position as at 31 January 2013, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 58 to 115.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Meat Corporation of Namibia Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Meat Corporation of Namibia as at 31 January 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Meat Corporation of Namibia Act.



PricewaterhouseCoopers

Chartered Accountants (Namibia)
Registered Accountants and Auditors
Per: Louis van der Riet
Partner
Windhoek
23 May 2013

Directors' Report

for the year ended 31 January 2013

The directors have pleasure in presenting their report for the financial year which ended on 31 January 2013.

The Objects of Meat Corporation

In accordance with the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001), the objects of the Corporation are:

- to serve, promote and co-ordinate the interests of the producers of livestock in Namibia, and to strive for the stabilisation of the meat industry of Namibia in the national interest;
- to erect, rent, purchase or otherwise acquire, stabilise, optimally utilise and maintain abattoirs and other meat factories in the public interest;
- to rationalise abattoir and related factory activities, and conduct and manage such business in an orderly, economical and efficient manner; and
- to market products within Namibia and elsewhere to the best advantage of the producers of livestock in Namibia.

During the financial year under review the Corporation, in pursuit of its objectives, was mainly engaged in the following operations:

- sustain and increase the supply of cattle in Namibia to Meatco;
- the slaughtering of livestock and the processing of meat in abattoirs and factories at Okahandja, Windhoek, Oshakati and Katima Mulilo;
- the processing of hides and skins at Okapuka Tannery;
- operating a feedlot at Okapuka near Windhoek;

- the quarantine of cattle north of the Trans Veterinary Cordon Fence under supervision of the Directorate of Veterinary Services to support Government to maintain a disease free status in Namibia;
- the marketing of meat, meat products and hides and skins in Namibia and elsewhere;
- the improvement of its plant, production and processing techniques in order to keep pace with technical developments;
- to optimally market the Corporation's products internationally; and
- such other activities as are referred to elsewhere in this report.

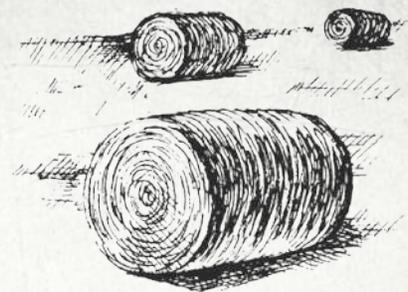
Vision of Meat Corporation

Meatco will have the most sought-after meat brands in selected markets in the long-term interests of stakeholders.

General review

Even-though no separate Integrated Report has been prepared for the year under review, the Board of Directors of the Corporation have decided to include some components normally contained within an Integrated Report within its Directors' report. The inclusion of these components are aimed at providing additional insight into the strategies of the Corporation and how it affects and is affected by environmental, social, financial and economic issues.

The overall mandate of the Corporation is set out in the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) and described in more detail earlier in this Directors' Report. The Board of Directors has therefore developed several strategies in order to achieve the goals and objectives as per this stated mandate.



Directors' Report (continued)

for the year ended 31 January 2013

In terms of these strategies the overall corporate goal is to maximise producer returns by:

- Maximising markets returns through a focussed drive towards:
 - Value addition;
 - Development and exploitation of niche, high value markets;
 - Movement within the value chain towards focussed sales to retail and end-customers;
 - Expanding the overall customer base and composition of the Corporation;
 - Effective management of market segmentation; and
 - Diversification of market access;
- Effective management of production and overhead costs;
- Maintaining the quality of assets and other resources to standards as required by the Corporation's stakeholders and customers;
- Diversifying procurement sources to stabilise seasonal fluctuations in the marketing of cattle; and
- Providing the best producer price on the day of slaughter;

Due to the nature of the corporation's activities and strategies, it is evident that the overall performance in terms of the corporate goal indicated above, is impacted directly and indirectly by several factors. These include:

- Fluctuations and volatility of foreign currencies relative to the Namibian Dollar;
- Global food inflationary trends;
- Market access to niche markets;
- Overall capacity utilisation of slaughter facilities;
- Consistency of cattle throughput at export certified abattoirs;

- Governance and regulation relating to operational and production environment; and
- Weather and production cycles and patterns.

In order to ensure compliance with stakeholders' quality and trade specifications, the Corporation ensures that regular inspections and certifications are conducted by independent external parties. These include annual and quarterly evaluations and inspections by regulatory authorities and certification boards including SABS Commercial (Pty) Ltd; SAI Global and British Retail Consortium ("BRC"). In addition, the Corporation's facilities maintains certification status with ISO 9002 and HACCP 1033:2007, and is registered and licensed with the Muslim Judicial Council Halaal Trust as well as the Meat Board of Namibia. The Corporation also holds South African and European Union export status and is in the process of obtaining USDA approval. Regular inspections and evaluations are also performed by some of the Corporation's retail clients, including, but not limited to, Woolworths, Heinz and McDonald's.

The financial report of the Corporation and all of its subsidiaries are audited annually by independent external auditors in terms of International Financial Reporting Standards ("IFRS"), and the Board of Directors have taken the principle decision to incorporate the principles and recommendations outlined in the King III report within the control environment of the Corporation in future. The Board of Directors have therefore mandated and instituted fully functional and active subcommittees including an Audit Committee, Remuneration and Human Resource Committee and a Management Support Committee.

The impacting factors indicated above have been taken into consideration during the development of the overall strategies of the Corporation, and, if combined with the effective management and monitoring of the associated risks, these strategies should enable the Corporation to remain sustainable in the future.

Directors' Report (continued)

for the year ended 31 January 2013

Operating results

During the financial year under review throughput of cattle supply in the areas south of the Trans Veterinary Cordon Fence Area decreased to 96 296 (2012: 102 260). The average cold dress weight decreased to 250.99 kg (2012: 254.5kg), resulting in actual throughput of 24 170 tonnes (2012: 26 021 tonnes).

Cattle supply in the areas north of the Trans Veterinary Cordon Fence Area decreased to 10 890 (2012: 18 014). The average cold dressed weight decreased to 168.42 kg (2012: 169.9 kg), resulting in actual throughput of 1 834 tonnes (2012: 3 061 tonnes).

The revenue for the Group increased to N\$1 382.1 million (2012: N\$1 381.5 million). The net profit for the year after interest and taxation decreased to N\$0.6 million (2012: N\$5.7 million profit).

Reserves

The Corporation needs to maintain adequate facilities and services at an appropriate level to meet the standards required for a viable meat industry in Namibia. Its first priority is therefore to generate annual income sufficient to maintain the required level of operations in the short-term and to provide sufficient funds to sustain its operations in the long-term, while paying maximum prices to livestock producers.

The appropriation of surpluses, derived from normal recurring business activities and after due allowance for all external and internal statutory obligations, is regulated by the financial and accounting policy directives of the Board. These directives are aimed at the utilisation of the Corporation's cash resources to serve first and foremost the main business purposes of the Corporation and to secure the accomplishment of its main objectives.

Financial position

The state of the Group and Corporation's affairs is adequately accounted for in the annual financial statements and apart from the remarks stated hereunder, does not call for any further comment.

Property, plant and equipment replacement and development

The Corporation continued with its upgrading and development of assets. Figures of importance relative to capital projects for improvements are as follows:

	2013	2012
	N\$	N\$
Additions for the year	22 323 334	20 647 819
Capital budget for the ensuing year	22 669 700	21 222 200

No capital commitments have been entered into at year-end.

Directors' Report (continued)

for the year ended 31 January 2013

Subsidiaries

Interest of Corporation at 31 January 2013 in:

		Issued share capital	Percentage holding direct/indirect	Share investment N\$	Loans N\$
Investments in subsidiaries				200	109 441 334
Meat Corporation of Namibia (U.K.) Limited (United Kingdom)	GBP	1 250 000	100%	--	--
Meat Corporation of Namibia (Deutschland) GMBH (Germany)	EUR	50 000	100%	--	3 432 477
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	ZAR	100	100%	100	94 070 338
Namibia Allied Meat Company (Pty) Ltd (Namibia)	NAD	100	100%	100	11 938 519
Amounts due to subsidiaries				--	(20 147 873)
Meat Corporation of Namibia (U.K.) Limited (United Kingdom)	GBP			--	(17 274 296)
Namibia Allied Meat Company (Pty) Ltd (Namibia)	NAD			--	(2 873 577)
				200	89 293 461

The above debit loans are unsecured, have no fixed terms of repayment (except the Namibia Allied Meat Company (Pty) Ltd which will not be repaid within twelve months) and are interest free. The credit loans are unsecured, have not fixed terms of repayment and are interest free.

The loans to Namibia Allied Meat Company (Pty) Ltd and Namibia Meat Importers & Exporters (Pty) Ltd have been subordinated in favour of other creditors until the assets of the company, fairly valued, exceed its liabilities.

Directors' Report (continued)

for the year ended 31 January 2013

Interest of Corporation at 31 January 2012 in:

		Issued share capital	Percentage holding direct/indirect	Share investment N\$	Loans N\$
Investments in subsidiaries				200	98 269 043
Meat Corporation of Namibia (U.K.) Limited (United Kingdom)	GBP	1 250 000	100%	--	--
Meat Corporation of Namibia (Nederland) BV (Netherlands)*	EUR	--	100%	--	--
Meat Corporation of Namibia (Deutschland) GMBH (Germany)	EUR	50 000	100%	--	3 407 069
Meat Corporation of Namibia (Guernsey) Limited (Guernsey)*	GBP	--	100%	--	--
Namibia Meat Importers & Exporters (Pty) Ltd (South Africa)	ZAR	100	100%	100	94 861 974
Namibia Allied Meat Company (Pty) Ltd (Namibia)	NAD	100	100%	100	--
Amounts due to subsidiaries				--	(15 927 664)
Meat Corporation of Namibia (U.K.) Limited (United Kingdom)	GBP			--	(8 959 511)
Namibia Allied Meat Company (Pty) Ltd (Namibia)	NAD			--	(6 968 153)
				<u>200</u>	<u>82 341 379</u>

***Liquidated in 2012.**

The above debit loans are unsecured, have no fixed terms of repayment and bear interest at market related rates. The credit loans are unsecured, have no fixed terms of repayment and are interest free.

The loans to Namibia Allied Meat Company (Pty) Ltd and Namibia Meat Importers & Exporters (Pty) Ltd have been subordinated in favour of

other creditors until the assets of the company, fairly valued, exceed its liabilities.

The attributable interest of the Corporation in the aggregate net profit/losses after taxation of its subsidiaries amounted to:

	2013 N\$	2012 N\$
Net profit/(loss) after taxation	<u>2 394 275</u>	<u>(19 448 451)</u>

Directors' Report (continued)

for the year ended 31 January 2013

Board of directors

The following directors held office during the financial year:

Ms C.G. Bohitile : Chairperson
Mr M.J.P. Hilbert : Vice-chairperson
Ms P. Kujandeka (previously Gomusab)
Mr A. Gressmann
Mr R.A. Meroro
Ms S. Kasheeta

Co-opted members

Mr M.K. Shikongo

Audit Committee

Mr M.J.P. Hilbert: Chairperson
Mr A. Gressmann

Remuneration and Human Resources Committee

Ms C.G. Bohitile: Chairperson
Mr R.A. Meroro

Management Support Committee

Ms C.G. Bohitile: Chairperson
Mr M.J.P. Hilbert

Secretary to the Corporation

Mr N. Weck

Registered address

Business Address:

Meat Corporation Building
Sheffield Street
Northern Industrial Area
Windhoek

Postal Address:

P.O. Box 3881
Windhoek
Namibia

Statements of Financial Position

as at ended 31 January 2013

	Note	Group		Corporation	
		2013 N\$	2012 N\$	2013 N\$	2012 N\$ Restated
Assets					
Non-current assets					
		207 598 271	195 929 839	215 782 418	292 778 696
Property, plant and equipment	5	177 212 319	168 170 453	176 499 346	167 279 794
Investment in subsidiaries	6	--	--	11 938 719	98 269 243
Deferred tax assets	7	30 385 952	27 759 386	27 344 353	27 229 659
Current assets					
		531 180 078	458 687 258	529 182 391	365 326 814
Inventories	8	139 881 850	121 360 170	131 795 618	112 127 436
Biological assets	9	35 172 918	27 992 804	35 172 918	27 992 804
Trade and other receivables	10	259 257 088	163 991 688	180 902 042	105 492 428
Investment in subsidiaries	6	--	--	97 502 815	--
Taxation		--	1 377 540	--	--
Cash and cash equivalents	16	96 868 222	143 965 056	83 808 998	119 714 146
Total assets		738 778 349	654 617 097	744 964 809	658 105 510
Equity and liabilities					
Capital and reserves					
		348 869 368	345 413 284	343 118 959	344 907 273
Foreign currency translation reserve	14	7 097 979	4 247 856	--	--
Retained earnings		341 771 389	341 165 428	343 118 959	344 907 273
Non-current liabilities					
		138 080 877	103 191 913	137 939 882	103 050 918
Interest bearing loans and borrowings	12	118 878 882	90 299 918	118 878 882	90 299 918
Provisions	11	19 201 995	12 891 995	19 061 000	12 751 000
Current liabilities					
		251 828 104	206 011 900	263 905 968	210 147 319
Bank overdraft	16	122 696 607	115 004 629	122 696 503	115 000 000
Interest bearing loans and borrowings	12	12 041 350	3 613 942	12 041 350	3 613 942
Trade and other payables		100 901 147	87 363 545	93 542 988	75 605 713
Amounts due to subsidiaries	6	--	--	20 147 873	15 927 664
Income tax payable		338 619	29 784	--	--
Financial instrument liability		15 850 381	--	15 477 254	--
Total equity and liabilities		738 778 349	654 617 097	744 964 809	658 105 510

Income Statements

for the year ended 31 January 2013

	Note	Group		Corporation	
		2013 N\$	2012 N\$ Restated	2013 N\$	2012 N\$ Restated
Revenue	13	1 382 122 235	1 381 514 150	1 347 848 250	1 236 512 472
Cost of sales		(1 261 341 820)	(1 257 571 377)	(1 246 082 137)	(1 129 398 588)
Gross profit		120 780 415	123 942 773	101 766 113	107 113 884
Other income	13	15 795 249	13 282 552	14 275 453	13 211 716
Dividends received		--	--	--	11 575 980
Administrative expenses		(112 421 187)	(104 287 652)	(94 620 477)	(84 241 679)
Operating profit	13	24 154 477	32 937 673	21 421 089	47 659 901
Interest income		1 098 854	293 437	890 174	4 989 179
Interest expense		(24 214 396)	(22 775 204)	(24 214 271)	(22 454 703)
Profit / (loss) before income tax		1 038 935	10 455 906	(1 903 008)	30 194 377
Income tax	15	(432 975)	(4 712 391)	114 694	(5 021 688)
Profit / (loss) for the year		<u>605 960</u>	<u>5 743 515</u>	<u>(1 788 314)</u>	<u>25 172 689</u>

Statements of Comprehensive Income

for the year ended 31 January 2013

	Note	Group		Corporation	
		2013 N\$	2012 N\$ Restated	2013 N\$	2012 N\$ Restated
Profit / (loss) for the year		605 960	5 743 515	(1 788 314)	25 172 689
Other comprehensive income					
Foreign currency translation differences for foreign operations	14	2 850 123	1 516 321	--	--
Income tax on other comprehensive income		--	--	--	--
Other comprehensive income for the year, net of income tax		2 850 123	1 516 321	--	--
Total comprehensive income for the year		3 456 083	7 259 836	(1 788 314)	25 172 689
Attributable to:					
Owners of the Corporation		3 456 083	7 259 836	(1 788 314)	25 172 689
Non-controlling interest		--	--	--	--
Total comprehensive income for the year		3 456 083	7 259 836	(1 788 314)	25 172 168

Statements of Cash Flows

for the year ended 31 January 2013

	Note	Group		Corporation	
		2013 N\$	2012 N\$ Restated	2013 N\$	2012 N\$ Restated
Cash flows (used in)/generated from operating activities		(69 460 046)	(27 444 611)	(144 615 212)	34 259 085
Cash receipts from customers		1 286 856 835	1 381 179 842	1 272 438 636	1 273 328 811
Cash paid to suppliers and employees		(1 331 828 174)	(1 386 066 749)	(1 393 729 751)	(1 233 180 182)
Cash (utilised by)/from operations	16	(44 971 339)	(4 886 907)	(121 291 115)	40 148 629
Dividends received		--	--	--	11 575 980
Interest income		1 098 854	293 437	890 174	4 989 179
Interest expense		(24 214 396)	(22 775 204)	(24 214 271)	(22 454 703)
Income taxes paid	16	(1 373 165)	(75 937)	--	--
Cash flows used in investing activities		(22 335 137)	(20 645 167)	(22 323 334)	(20 471 673)
Acquisition of property, plant and equipment		(22 335 137)	(20 821 313)	(22 323 334)	(20 647 819)
Proceeds from disposal of property, plant and equipment		--	176 146	--	176 146
Cash flows before financing activities		(91 795 183)	(48 089 778)	(166 938 546)	13 787 412
Cash flows from financing activities		37 006 371	80 766 424	123 336 895	53 832 783
Proceeds from interest-bearing loans and borrowings		42 149 175	82 665 594	42 149 175	82 665 594
Repayment of interest-bearing loans and borrowings		(5 142 804)	(1 899 170)	(5 142 804)	(1 899 170)
Funds from/(to) subsidiaries		--	--	86 330 524	(26 933 641)
Net change in cash and cash equivalents		(54 788 812)	32 676 646	(43 601 651)	67 620 195
Cash and cash equivalents at beginning of year		28 960 427	(3 716 219)	4 714 146	(62 906 049)
Cash and cash equivalents at end of year	16	(25 828 385)	28 960 427	(38 887 505)	4 714 146

Statements of Changes in Equity

for the year ended 31 January 2013

Group	Retained earnings N\$	Foreign currency translation reserve N\$	Total N\$
Balance at 1 February 2011	335 421 913	2 731 535	338 153 448
Total comprehensive income for the year			
Profit for the year	5 743 515	--	5 743 515
Other comprehensive income			
Gain arising on translation of foreign operations	--	1 516 321	1 516 321
Balance at 31 January 2012	<u>341 165 428</u>	<u>4 247 856</u>	<u>345 413 284</u>
Balance at 1 February 2012	341 165 428	4 247 856	345 413 284
Total comprehensive income for the year			
Profit for the year	605 961	--	605 961
Other comprehensive income			
Gain arising on translation of foreign operations	--	2 850 123	2 850 123
Balance at 31 January 2013	<u>341 771 389</u>	<u>7 097 979</u>	<u>348 869 368</u>
Corporation			
Balance at 1 February 2011	319 734 584	--	319 734 584
Total comprehensive income for the year			
Profit for the year	25 172 689	--	25 172 689
Balance at 31 January 2012	<u>344 907 273</u>	<u>--</u>	<u>344 907 273</u>
Balance at 1 February 2012	344 907 273	--	344 907 273
Total comprehensive income for the year			
Loss for the year	(1 788 314)	--	(1 788 314)
Balance at 31 January 2013	<u>343 118 959</u>	<u>--</u>	<u>343 118 959</u>

Notes to the Annual Financial Statements

for the year ended 31 January 2013

1. General information

Meat Corporation of Namibia is a body corporate established in terms of the Meat Corporation of Namibia Act, 2001 (Act 1 of 2001) domiciled in Namibia. The consolidated financial statements of the Corporation for the year ended 31 January 2013 comprise the Corporation and its subsidiaries (together referred to as the "Group").

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Meat Corporation of Namibia have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations, and the

Meat Corporation of Namibia Act, 2001. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets and financial instruments measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The group has adopted IFRS 9 from 31 January 2011, as well as the related consequential amendments to other IFRSs, because this new accounting policy provides reliable and more relevant information for users to assess the amounts, timing and uncertainty of future cash flows.

International Financial Reporting Standards and amendments effective for the first time for 31 January 2013 year-end

International Financial Reporting Standards and amendments effective for the first time for 31 January 2013 year-end

Number	Effective date	Executive summary
Amendments to IFRS 1, 'First time adoption' on hyperinflation and fixed dates	1 July 2011	The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
Amendment to IFRS 7 Financial Instruments: Disclosures – Transfer of financial assets	1 July 2011	The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets.
Amendment to IAS 12, 'Income taxes' on deferred tax	1 January 2012	Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies

International Financial Reporting Standards and Amendments issued but not effective for 31 January 2013 year-end

Number	Effective Date	Executive Summary
Amendment to IFRS 1, 'First time adoption' on government loans	1 January 2013	This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.
Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting	1 January 2013	The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
Amendments to IAS 1, 'Presentation of Financial Statements', on presentation of items of OCI	1 July 2012	The IASB has issued an amendment to IAS 1, 'Presentation of financial statements'. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
IAS 19, "Employee benefits"	1 January 2013	The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
IFRS 9 – Financial Instruments (2009)	1 January 2013	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.
IFRS 9 – Financial Instruments (2010)	1 January 2013	The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.
Amendments to IFRS 9 – Financial Instruments (2011)	1 January 2015	The IASB has published an amendment to IFRS 9, 'Financial instruments', that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

International Financial Reporting Standards and Amendments issued but not effective for 31 January 2013 year-end

Number	Effective Date	Executive Summary
IFRS 10 – Consolidated financial statements	1 January 2013	This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.
IFRS 11 – Joint arrangements	1 January 2013	This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
IFRS 12 – Disclosures of interests in other entities	1 January 2013	This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IFRS 13 – Fair value measurement	1 January 2013	This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.
IAS 27 (revised 2011) – Separate financial statements	1 January 2013	This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
IAS 28 (revised 2011) – Associates and joint ventures	1 January 2013	This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
Amendments to IAS 32 – Financial Instruments: Presentation	1 January 2014	The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.
Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities'	1 January 2013	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

Interpretations of International Financial Reporting Standards issued but not yet effective for the 31 January 2013 year-ends

Number	Effective Date	Executive Summary
IFRIC 20 - Stripping costs in the production phase of a surface mine	1 January 2013	In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

2.2 Consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.2.2 Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.2.3 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Namibian Dollars (N\$), which is the group's presentation currency.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2.3.3 Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated life
Plant	20
Factory Equipment	5
Computer Equipment	3
Office Equipment	5
Motor Vehicles	5
Mobile Equipment	3
Tools	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

2.6.1 Classification

The group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

A debt investment is classified as 'amortised cost' only if both of the following criteria are met: the objective of the group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

If either of the two criteria above are not met, the debt instrument is classified as 'fair value through profit or loss'.

The group has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the income statement within 'other (losses)/gains net' in the period in which they arise.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method (Note 2.8).

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment. The group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.9 Investments in subsidiaries

Investments in subsidiaries in the entity's financial statements are stated at cost less accumulated impairment.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.10.1 Meat and meat products

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

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

2.10.2 Packing materials, consumable stores and spare parts

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

2.11 Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market. The fair value of livestock is based on the market price of livestock of similar age, breed and genetic merit.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

2.17.1 Pension obligations

The group operates a defined contribution plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.17.2 Long-term benefits: Severance benefits

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

Actuarial gains and losses are recognised in income or expense in full. Past service cost is recognised as an expense immediately.

2.18 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.19.1 Goods sold and services rendered

Revenue from the sale of goods and GATT quotas is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods. Revenue is recognised net of trade discounts and value added tax.

2.19.2 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Significant accounting policies (continued)

2.19.3 Dividend income

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

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Distributions from retained earnings

Distributions from prior financial year retained surplus and reserves to members are recognized in the Statement of Changes in Equity as allocations to members, and such distributions are not recognised in profit or loss as expenses, provided that the distributions are not based on the nature, extent, level and scope of purchases from members in current or future financial years.

3. Financial risk management

3.1 Overview

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which employees understand their roles and obligations.

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

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

3.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

3.3 Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro (EUR) and Sterling (GBP) but also U.S. Dollars (USD). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

According to market indicators, at any point of time the Group enters into forward exchange contracts up to 4 months of its estimated foreign currency exposure in respect of forecasted sales. Capital purchases are also covered where necessary.

Investments in subsidiaries are not covered as those currency positions are considered to be long-term in nature.

The Group is exposed to foreign currency risk as a result of the following transactions which are denominated in a currency other than the respective entity's functional currency: purchases, sales and borrowings. The currencies, giving rise to currency risk, in which the Group primarily deals are UK Pounds Stirling (GBP), US Dollars (USD) and Euro (EUR).

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

The following foreign currency monetary items are included in the financial statements:

Group – 2013		Foreign currency amount	Reporting date spot rate	N\$
Current assets				
Trade and other receivables before impairment	GBP	4 380 355	14.27	62 507 666
	EUR	16 435	12.25	201 329
	USD	299 899	9.03	2 708 088
				65 417 083
Cash and cash equivalents	GBP	1 002 878	14.27	14 311 069
	EUR	3 319 321	12.25	40 661 682
				54 972 751
Current liabilities				
Trade and other payables	GBP	492 295	14.27	7 025 050
Taxation payable	GBP	23 942	14.27	341 652
				7 366 702

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

Group – 2012		Foreign currency amount	Reporting date spot rate	N\$
Current assets				
Trade and other receivables before impairment	GBP	1 361 568	12.19	16 597 514
	EUR	6 774 410	10.21	69 166 726
	USD	1 207 469	7.76	9 369 959
				95 134 199
Cash and cash equivalents	GBP	3 318 310	12.19	40 450 199
	EUR	3 586 313	10.21	36 616 256
				77 066 455
Current liabilities				
Trade and other payables	GBP	843 225	12.19	10 278 913

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

Corporation – 2013		Foreign currency amount	Reporting date spot rate	N\$
Non-current assets				
Investment in subsidiary	GBP	240 538	14.27	3 432 477
Current assets				
Trade and other receivables before impairment	GBP	4 373 704	14.27	62 412 756
	EUR	16 435	12.25	201 329
	USD	299 899	9.03	2 708 088
				65 322 173
Cash and cash equivalents				
	GBP	1 002 878	14.27	14 311 069
	EUR	3 319 321	12.25	40 661 682
				54 972 751
Current liabilities				
Trade and other payables	GBP	492 295	14.27	7 025 050
Amount due to subsidiaries	GBP	1 210 532	14.27	17 274 292
				24 299 342

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

Corporation – 2012		Foreign currency amount	Reporting date spot rate	N\$
Non-current assets				
Amounts due from subsidiaries	GBP	734 898	12.19	8 958 407
Current assets				
Trade and other receivables before impairment	GBP	1 163 346	12.19	14 181 189
	EUR	6 774 410	10.21	69 166 726
	USD	1 207 469	7.76	9 369 959
				92 717 874
Cash and cash equivalents	GBP	2 136 002	12.19	26 037 864
	EUR	3 586 313	10.21	36 616 256
				62 654 120
Current liabilities				
Trade and other payables	GBP	457 898	12.19	5 581 777

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

3.3.1 Forward Exchange Contracts

Forward exchange contracts are entered into with banks for transactions in foreign currency. If contracts rates are more favourable than the spot rate, on the exercise date, they will be used. The maturity date represents the date when the contract must be exercised. As at the end of January 2013, the Corporation had unutilised forward exchange contracts amounting to N\$232 734 200 (2012: N\$75 330 475). These contracts consisted of EUR 10.3 million (2012: EUR 7.25 million) and GBP 8.5 (2012: GBP nil) at average rates of 11.7126 (2012: 10.3904) and 13.1876 (2012: 11.1654) respectively. The maturity dates for all unutilised forward exchange contracts as at the end of January 2013 were between 28 February 2013 and 17 April 2013.

(a) Price risk

The group is not exposed to equity securities price risk or to commodity price risk.

(b) Cash flow and fair value interest rate risk

The Group generally adopts a policy of entering into long-term loan agreements with a variable interest rate. During the year under review the Group entered into various finance lease agreements and short term loans, for which the interest rates are linked to the prime lending rate. Refer to Notes 12 and 17 for details of local and foreign borrowings. At the reporting date the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying amount		Corporation Carrying amount	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Fixed rate instruments				
Financial liabilities	==	==	==	==
Variable rate instruments				
Financial assets	96 868 222	143 965 056	83 808 998	217 983 389
Financial liabilities	(253 616 839)	(208 918 489)	(253 616 735)	(208 913 410)
	== (156 748 617) ==	== (64 953 433) ==	== (169 807 737) ==	== (9 069 979) ==

3.4 Cash flow sensitivity analysis for variable rate instruments

A change in 100 basis points in interest rates at the reporting date would have decreased equity and profit or loss by N\$2 421 439 (2012: N\$2 305 822) for the Group, and by N\$2 421 427 (2012: N\$1 791 336) for the Corporation. This analysis assumes that all other variables, in

particular foreign currency rates, remain constant. The Group currently adopts a policy of ensuring that its borrowings are on a prime linked basis.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

3.4.1 Sensitivity analysis

A 10 percent weakening of the Namibia Dollar against the following currencies at 31 January would have increased profit or loss and consequently equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Corporation	
	Equity	Profit or loss	Equity	Profit or loss
31 January 2013				
USD	(156 632)	(156 632)	(156 632)	(156 632)
GBP	(3 163 430)	(3 163 430)	(4 519 958)	(4 519 958)
EUR	(11 246 726)	(11 246 726)	(11 246 726)	(11 246 726)
31 January 2012				
USD	(936 996)	(936 996)	(936 996)	(936 996)
GBP	(4 676 881)	(4 676 881)	(2 974 813)	(2 974 813)
EUR	(10 578 299)	(10 578 299)	(10 578 299)	(10 578 299)

A 10 percent strengthening of the Namibia Dollar against the above currencies at 31 January would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

3.5 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents.

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In respect of customers risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

3.5.1 Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Geographically there is no concentration of credit risk.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customers, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis. The Group requires collateral in respect of "high risk" trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.

3.5.2 Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in short term call accounts and also only with reputable long standing financial institutions. Management does not expect any counterparty to fail to meet its obligations.

3.5.3 Guarantees

The Group's policy is to provide financial guarantees only to institutions which require these in the normal course of business.

Collateral is required in respect of some financial assets. The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers requiring credit facilities over a certain amount. Reputable financial institutions are used for investing and cash handling purposes.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

3.5.4 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group Carrying amount		Corporation Carrying amount	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
At amortised cost	259 257 088	279 095 316	180 902 042	279 095 316

The maximum exposure to credit risk for trade receivables (included in loans and receivables above) at the reporting date by geographic region was:

	Group Carrying amount		Corporation Carrying amount	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Namibia, RSA and Botswana	106 745 452	67 432 618	28 876 739	13 711 082
European Union countries	92 554 313	58 469 314	92 460 246	57 749 149
	199 299 765	125 901 932	121 336 985	71 460 231

Included in the balance above is N\$78 933 183 (2012: N\$49 430 141) for Group and N\$71 824 352 (2012: N\$42 019 321) for Corporation which are insured for risk of loss due to insolvency and / or protracted default. This insurance covers 90% of the outstanding amount, limited

to the agreed credit limit per customer. At the reporting date amounts in excess of credit limits are N\$46 579 841 (2012: N\$36 533 118) for Group and N\$24 096 992 (2012: N\$9 207 022) for the Corporation.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

3.5.5 Impairment losses

The aging of trade receivables at the reporting date was:

Group	Gross 2013 N\$	Impairment 2013 N\$	Gross 2012 N\$	Impairment 2012 N\$
Not past due	105 831 924	--	68 864 952	--
Past due 31 – 180 days	94 305 316	837 476	56 395 978	172 135
Past due 6 – 12 months	--	--	1 867 485	1 762 358
More than one year	--	--	1 309 229	601 220
	<u>200 137 240</u>	<u>837 476</u>	<u>128 437 644</u>	<u>2 535 713</u>

Corporation	Gross 2013 N\$	Impairment 2013 N\$	Gross 2012 N\$	Impairment 2012 N\$
Not past due	56 861 241	--	45 925 349	--
Past due 31 – 180 days	65 313 219	837 476	24 893 881	172 135
Past due 6 – 12 months	--	--	210 255	105 127
More than one year	--	--	1 309 229	601 220
	<u>122 174 460</u>	<u>837 476</u>	<u>72 338 714</u>	<u>878 482</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Balance at 1 February	2 535 713	808 197	878 482	721 921
Provision raised	1 066 279	1 870 034	1 066 279	294 025
Impairment loss reversed	(2 277 826)	(125 755)	(620 595)	(120 701)
Impairment loss recognised	(486 690)	(16 763)	(486 690)	(16 763)
Balance at 31 January	<u>837 476</u>	<u>2 535 713</u>	<u>837 476</u>	<u>878 482</u>

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due. The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 31 January 2013 the Group does not have any collective impairment on its trade receivables (2012: Nil).

3.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses costing methods to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operation expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The need for working capital is very seasonal and is driven by the slaughtering of cattle which occur mainly from February to July each year. At its highest level, the Corporation borrowed N\$297.3 million (2013: N\$237.9 million) to finance inventories and trade and other receivables. The borrowings were all short term at interest rates from prime to prime minus 2.00 % (2013: prime to prime minus 2.00 %).

The group has an overdraft facility of N\$155 million at Bank Windhoek Limited which is reviewed annually on 1 July, as well as a pre-settlement facility of N\$15 million (relating to N\$150 million forward exchange contracts margined at 10%).

The group has an overdraft facility of N\$80 million with FNB Namibia Ltd, as well as a contingent facility of N\$1.6 million for guarantees issued by the bank and a pre-settlement facility of N\$10 million (N\$100 million forward exchange contracts margined at 10%).

The group has a seasonal overdraft facility of N\$170 million with Nedbank Namibia Ltd which is in the process of being reviewed to include two possible new facilities, namely N\$25 million for Cannery and N\$60 million for the Meatco owned cattle project. A further pre-settlement facility of N\$ 20 million (relating to N\$200 million forward exchange contracts margined at 10%) has also been granted to the group. A revolving credit limit of N\$3 million for the purchase of vehicles has been approved.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

The group has Vehicle Asset Finance facilities of N\$8.035 million with Standard Bank Namibia Ltd and Foreign Exchange Contract facilities with Standard Bank Namibia Ltd amounting to N\$5 million (relating to N\$50 million forward exchange contracts margined at 10%).

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity

groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group – 2013	Carrying amount	Contractual cash flows	1 to 12 months	1 to 5 years	More than 5 years
Interest bearing loans and borrowings	130 920 232	200 778 055	24 519 362	86 735 387	89 523 306
Bank overdraft	122 696 607	122 696 607	122 696 607	--	--
Trade and other payables	100 901 147	100 901 147	100 901 147	--	--
	<u>354 517 986</u>	<u>427 375 809</u>	<u>248 117 116</u>	<u>86 735 387</u>	<u>89 523 306</u>

Corporation – 2013	Carrying amount	Contractual cash flows	1 to 12 months	1 to 5 years	More than 5 years
Interest bearing loans and borrowings	130 920 232	200 778 055	24 519 362	86 735 387	89 523 306
Bank overdraft	122 696 503	122 696 503	122 696 503	--	--
Trade and other payables	93 542 988	93 542 988	93 542 988	--	--
	<u>347 159 723</u>	<u>417 017 546</u>	<u>240 758 853</u>	<u>86 735 387</u>	<u>89 523 306</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Financial Risk Management (continued)

Group – 2012	Carrying amount	Contractual cash flows	1 to 12 months	1 to 5 years	More than 5 years
Interest bearing loans and borrowings	93 913 860	334 594 051	115 000 000	140 477 495	165 024 530
Bank overdraft	115 004 629	115 004 629	115 004 629	--	--
Trade and other payables	87 363 545	87 363 545	87 363 545	--	--
	<u>296 282 034</u>	<u>536 962 225</u>	<u>317 368 174</u>	<u>140 477 495</u>	<u>165 024 530</u>

Corporation – 2012	Carrying amount	Contractual cash flows	1 to 12 months	1 to 5 years	More than 5 years
Interest bearing loans and borrowings	93 913 860	334 594 051	115 000 000	140 477 495	165 024 530
Bank overdraft	115 000 000	115 000 000	115 000 000	--	--
Trade and other payables	75 605 713	75 605 713	75 605 713	--	--
	<u>284 519 573</u>	<u>525 199 764</u>	<u>305 605 713</u>	<u>140 477 495</u>	<u>165 024 530</u>

3.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain its abattoir facilities on such standards as required by our export markets, whilst ensuring that producers are paid the maximum price for cattle supplied.

There were no changes in the Group's approach to capital management during the year.

Neither the Corporation, nor any of its subsidiaries, are subject to externally imposed capital requirements.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions:

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Critical accounting estimates and judgements (continued)

4.1.1 Impairment of trade receivables

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

4.1.2 Impairment of other assets

The recoverable amounts of cash-generating units and individual assets have been determined on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions that were used may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Corporation and the Group review and test the carrying value of assets when the events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of entity factors, together with economic factors.

4.1.3 Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Corporation and Group recognise liabilities for anticipated tax based on estimates of taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Corporation and the Group recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Corporation and the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on the forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation and the Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

4.1.4 Calculation of net realisable value for inventory

The valuation of the net realisable value of inventory is based on the latest selling prices available which are in certain instances foreign currency denominated. The significant volatility in the exchange rates as well as volatility in the selling prices thus affects the information used by management in determining the net realisable value.

4.1.5 Determination of fair value of biological assets

The fair value of livestock is based on the livestock prices per kilogram. The kilograms on hand at year-end are based on actual quantities of livestock on hand at year-end, adjusting the actual weight of the livestock at date of purchase with the estimated growth while in feedlot prior to slaughter.

4.1.6 Residual value and remaining life of Property, Plant and Equipment

The residual value of PPE (excluding motor vehicles) was estimated by management at nil. Based on the specialized nature of the equipment, further costs to be incurred to sell it and age of the assets, this seems to be reasonable. The residual value of motor vehicles was based on current trade-in values. The useful life of the Property, Plant and Equipment varies between 5% and 33,3% per annum.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Critical accounting estimates and judgements (continued)

4.2 Critical judgements in applying the entities accounting policies:

A significant portion of Meat Corporation of Namibia (UK) Ltd ("Meatco UK") revenue relates to the sale of GATT licenses. On an annual basis, Rural Payments Agency (RPA) awards Meatco UK the license to import a certain tonnage of meat into UK/Europe at a reduced levy. This GATT

license is then sold to willing traders. When a willing trader purchases the license from Meatco UK, an internal sale order confirmation is raised and revenue is then recognised by Meatco UK. Thereafter, the actual license is then issued by Meatco UK, to be submitted together with the customer's shipping documents and cargo, in order for the imports to be cleared. From management's perspective, the risk and rewards has been passed to the customer when the internal sale order confirmation has been raised and revenue is recognised at this point.

5. Property, plant and equipment

5.1 Property, plant and equipment

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Owned assets				
Land and buildings	69 728 056	32 782 936	69 600 936	32 655 816
At cost	100 110 618	53 367 801	99 914 347	53 171 531
Less: Accumulated depreciation and impairment losses	(30 382 562)	(20 584 865)	(30 313 411)	(20 515 715)
A register containing details of land and buildings is available for inspection at the registered office of the Corporation at Erf 3496, Northern Industrial Area, Windhoek.				
Plant, vehicles, furniture and equipment	85 410 622	117 042 352	84 824 768	116 278 813
At cost	206 256 705	245 686 799	204 034 672	243 761 133
Less: Accumulated depreciation and impairment losses	(120 846 083)	(128 644 447)	(119 209 904)	(127 482 320)
Buildings and plant under construction	7 113 154	5 091 485	7 113 154	5 091 485
At cost	7 113 154	5 091 485	7 113 154	5 091 485
Less: Accumulated depreciation and impairment losses	--	--	--	--
Total owned assets	<u>162 251 832</u>	<u>154 916 773</u>	<u>161 538 858</u>	<u>154 026 114</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Property, plant and equipment (continued)

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Leased assets				
Vehicles and equipment	14 960 487	13 253 680	14 960 488	13 253 680
At cost	20 025 701	18 038 028	20 025 701	18 038 028
Less: Accumulated depreciation and impairment losses	(5 065 214)	(4 784 348)	(5 065 213)	(4 784 348)
Total assets	<u>177 212 319</u>	<u>168 170 453</u>	<u>176 499 346</u>	<u>167 279 794</u>

5.2 Net book value-Group – 2013

	Land and buildings N\$	Plant, vehicles, furniture and equipment N\$	Uncompleted projects N\$	Total N\$
Owned assets				
Opening balance	32 782 937	116 783 103	5 091 485	154 657 525
Additions	159 268	9 805 362	8 307 514	18 272 144
Projects capitalised	2 123 196	4 162 649	(6 285 845)	--
Reclassifications	34 662 655	(34 662 655)	--	--
Disposals	--	(299 815)	--	(299 815)
Depreciation	--	(10 378 022)	--	(10 378 022)
	<u>69 728 056</u>	<u>85 410 622</u>	<u>7 113 154</u>	<u>162 251 832</u>
Leased assets				
Opening balance	--	13 512 928	--	13 512 928
Additions	--	4 062 993	--	4 062 993
Disposals	--	(607 979)	--	(607 979)
Depreciation	--	(2 007 455)	--	(2 007 455)
	<u>--</u>	<u>14 960 487</u>	<u>--</u>	<u>14 960 487</u>
Total assets	<u>69 728 056</u>	<u>100 371 109</u>	<u>7 113 154</u>	<u>177 212 319</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Property, plant and equipment (continued)

5.3 Net book value-group 2012

	Land and buildings N\$	Plant, vehicles, furniture and equipment N\$	Uncompleted projects N\$	Total N\$
Owned assets				
Opening balance	66 772 915	71 657 265	11 409 869	149 840 049
Additions	--	12 051 794	7 418 589	19 470 383
Projects capitalised	7 710 604	6 076 680	(13 787 284)	--
Reclassifications	(41 684 926)	41 599 115	85 811	--
Disposals	(290 576)	(35 500)	--	(326 076)
Depreciation	(15 656)	(14 311 175)	--	(14 326 831)
	<u>32 782 937</u>	<u>116 783 103</u>	<u>5 091 485</u>	<u>154 657 525</u>
Leased assets				
Opening balance	--	13 551 515	--	13 551 515
Additions	--	1 350 930	--	1 350 930
Disposals	--	--	--	--
Depreciation	--	(1 389 517)	--	(1 389 517)
	<u>--</u>	<u>13 512 928</u>	<u>--</u>	<u>13 512 928</u>
Total assets	<u>32 782 937</u>	<u>130 296 031</u>	<u>5 091 485</u>	<u>168 170 453</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Property, plant and equipment (continued)

5.4 Net book value-Corporation – 2013

	Land and buildings N\$	Plant, vehicles, furniture and equipment N\$	Uncompleted projects N\$	Total N\$
Owned assets				
Opening balance	32 655 817	116 278 813	5 091 485	154 026 115
Additions	159 268	9 534 274	8 307 514	18 001 056
Projects capitalised	2 123 196	4 162 649	(6 285 845)	--
Reclassifications	34 662 655	(34 662 655)	--	--
Disposals	--	(266 235)	--	(266 235)
Depreciation	--	(10 222 078)	--	(10 222 078)
Total owned assets	<u>69 600 936</u>	<u>84 824 768</u>	<u>7 113 154</u>	<u>161 538 858</u>
Leased assets				
Opening balance	--	13 512 928	--	13 512 928
Additions	--	4 062 993	--	4 062 993
Disposals	--	(607 979)	--	(607 979)
Depreciation	--	(2 007 455)	--	(2 007 455)
	--	14 960 487	--	14 960 487
Total assets	<u>69 600 936</u>	<u>99 785 255</u>	<u>7 113 154</u>	<u>176 499 345</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Property, plant and equipment (continued)

5.5 Net book value-Corporation – 2012

	Land and buildings N\$	Plant, vehicles, furniture and equipment N\$	Uncompleted projects N\$	Total N\$
Owned assets				
Opening balance	66 645 795	71 103 469	11 374 369	149 123 633
Additions	--	11 878 300	7 418 589	19 296 889
Projects capitalised	7 710 604	6 076 680	(13 787 284)	--
Reclassification	(41 684 926)	41 599 115	85 811	--
Disposals	--	(290 576)	--	(290 576)
Depreciation	(15 656)	(14 103 831)	--	(14 088 175)
Total owned assets	<u>32 655 817</u>	<u>116 278 813</u>	<u>5 091 485</u>	<u>154 026 115</u>
Leased assets				
Opening balance	--	13 292 267	--	13 292 267
Additions	--	1 350 930	--	1 350 930
Disposals	--	--	--	--
Depreciation	--	(1 389 517)	--	(1 389 517)
	<u>--</u>	<u>13 253 680</u>	<u>--</u>	<u>13 253 680</u>
Total assets	<u>32 655 817</u>	<u>129 532 493</u>	<u>5 091 485</u>	<u>167 279 795</u>

5.6 Notes to property, plant and equipment

A valuation of property, plant and equipment was performed by Joe Colyer of Colyer Valuations, professional plant and machinery valuers, Edenvale, on 31 January 2012. The market value of the cost of the property, plant and equipment were fairly assessed at N\$444 737 900 by the valuator.

Encumbered as follows: The Okahandja plant has been encumbered by means of a mortgage bond in favour of Bank Windhoek Ltd as outlined in Note 12. The bank holds the following as collateral:

- A 1st Covering Mortgage bond for N\$ 64.5 million over Erf 479 and 480 Okahandja (extension 2).
- A 1st General Notarial Covering bond for N\$ 68.5 million covering loose assets on Erf 479 and 480 Okahandja (extension 2).
- Bank Windhoek Ltd is in the process of registering a 1st Covering Mortgage bond for N\$ 31.1 million over portion 3 of Farm Okapuka no 51.

The Windhoek plant has been encumbered by means of a mortgage bond in favour of Development Bank of Namibia as outlined in Note 12.

The bank holds the following as collateral:

- A 1st Covering Mortgage bond for N\$ 13.9 million over Erf 6564 Windhoek (extension 3).
- A 1st Covering Mortgage bond for N\$ 110 million over Erf 7130 Windhoek (extension 6).

All moveable property has been encumbered by means of a negative pledge over all moveable assets of Meatco. The movable assets include the following: Bonanza Butchery, Katima Mulilo Abattoir, Okapuka Feedlot, Okapuka Tannery, Oshakati Abattoir and Windhoek Abattoir.

The leased assets are encumbered as outlined in Note 12.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

6. Investment in and amounts due to subsidiaries

Details of the investments in subsidiaries and the loans to and from

subsidiaries are disclosed in the directors' report. The loans to Namibia Allied Meat Company (Pty) Ltd and Namibia Meat Importers and Exporters (Pty) Ltd have been subordinated in favour of other creditors until the assets of the company, fairly valued, exceed its liabilities.

7. Deferred tax assets

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Balance				
At the beginning of the year	27 759 386	32 454 176	27 229 659	32 251 347
Current charge	2 626 566	(4 694 790)	114 694	(5 021 688)
	<u>30 385 952</u>	<u>27 759 386</u>	<u>27 344 353</u>	<u>27 229 659</u>
Comprising of:				
- Capital allowances	(46 990 054)	(41 901 852)	(47 007 907)	(42 431 579)
- Impairment on trade receivables	569 483	224 013	569 483	224 013
- Prepayments	(890 755)	(629 554)	(890 755)	(629 554)
- Provisions				
- Tax losses	9 610 944	6 021 982	99 188 820	6 021 982
	68 086 334	64 044 797	64 754 712	64 044 797
	<u>30 385 952</u>	<u>27 759 386</u>	<u>27 344 353</u>	<u>27 229 659</u>

A deferred tax asset amounting to N\$2 549 084 (2012: N\$2 493 662) has not been recognised, which relates to calculated tax losses of Namibia Allied Meat Company (Pty) Ltd which have not been recognised

due to uncertainty of future taxable profits against which these can be utilised.

8. Inventories

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Meat and meat products	122 455 448	107 837 934	114 369 216	98 605 200
Cost	121 970 016	105 154 281	113 883 784	95 921 548
Inventories stated at fair value less costs to sell	485 432	2 683 653	485 432	2 683 652
Packing materials, consumable stores and spare parts	17 426 402	13 522 236	17 426 402	13 522 236
	<u>139 881 850</u>	<u>121 360 170</u>	<u>131 795 618</u>	<u>112 127 436</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

Inventories (continued)

8.1 Inventories

A General Notarial Bond of N\$15 million over inventory located in Namibia (including beef, sheep, biological assets, hides and cans, but

excluding consumables and stock in transit) is registered in favour of Nedbank Namibia Ltd.

9. Biological assets

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Livestock 5 822 (2012: 4 007) cattle	35 172 918	27 992 804	35 172 918	27 992 804
Reconciliation of changes in carrying amount of biological assets:				
Carrying amount at beginning of year	27 992 804	14 281 112	27 992 804	14 281 112
Increase due to acquisitions	193 415 632	158 793 137	193 415 632	158 793 137
Net loss arising from changes in fair value	(16 099 422)	(7 064 829)	(16 099 422)	(7 064 829)
Decrease due to sales	(170 136 096)	(138 016 616)	(170 136 096)	(138 016 616)
Carrying amount at end of year	35 172 918	27 992 804	35 172 918	27 992 804

The fair value of livestock is based on the livestock prices per kilogram. The kilograms on hand at year-end are based on actual quantities of livestock on hand at year-end, adjusting the actual weight of the

livestock at date of purchase with the estimated growth while in feedlot prior to slaughter.

10. Trade and other receivables

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Trade receivables in Namibia, South Africa and Botswana	106 745 452	67 432 618	28 876 739	13 711 082
Trade receivables Europe & Norway	92 554 313	58 469 314	92 460 246	57 749 149
Other receivables and prepayments	59 957 323	38 089 755	59 565 057	34 032 197
	259 257 088	163 991 687	180 902 042	105 492 428

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 3.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

11. Provisions

11.1 Severance pay benefits

The Corporation raised a provision for severance pay benefits payable to employees upon death, resignation or retirement. This obligation arose as a result of the revised Labour Act 11 of 2007 which was promulgated during November 2008. Severance pay is an amount equal to at least one week's remuneration for each year of continuous service with the employer.

An actuarial valuation was performed on 31 January 2012 of the company's liability in respect of the provision for severance pay, and rolled forward to 31 January 2013.

The financial statement effects of the severance benefit liability are illustrated below.

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Amounts recognised in the balance sheet				
Present value of unfunded obligations	19 201 995	12 891 995	19 061 000	12 751 000
Amounts recognised in profit or loss				
Current service costs	4 854 116	1 031 894	4 884 520	1 007 000
Interest cost	1 730 483	1 109 072	1 700 079	1 103 000
Adjustment for unrecognised past service cost	--	(350 280)	--	(342 964)
Benefits paid	(274 599)	(90 000)	(274 599)	(90 000)
Total, included in employee remuneration costs	6 310 000	1 700 686	6 310 000	1 677 036
Movements in the net liability recognised in the balance sheet are as follows				
Net expense recognised in profit or loss	6 310 000	1 700 686	6 310 000	1 677 036
Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)				
Discount rate at 31 January	7.95%	8.50%	7.95%	8.50%
Future salary increase rate	7.15%	7.75%	7.15%	7.75%

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

12. Interest bearing loans and borrowings

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Secured loans				
<i>Finance lease liabilities</i> - Secured by leased vehicles as set out in Note 5. Repayable in monthly instalments which include interest at a rate of prime less 1.5% to 2.5% (2013: prime less 1.5% to 2.5%) per annum.	10 398 378	11 248 266	10 398 378	11 248 266
<i>Development Bank of Namibia</i> - Secured by Windhoek Factory plant as set out in Note 5. Interest is payable at prime overdraft rate (9.25%) monthly in arrears. Capital and interest are repayable in 114 (2012: 126) monthly in instalments of N\$1 657 839.	120 521 854	82 665 594	120 521 854	82 665 594
Total secured loans	<u>130 920 232</u>	<u>93 913 860</u>	<u>130 920 232</u>	<u>93 913 860</u>
<u>Less:</u> Current portion of interest bearing loans and borrowings	(3 904 123)	(3 613 942)	(3 904 123)	(3 613 942)
Finance lease liabilities	(8 137 227)	--	(8 137 227)	--
Development Bank of Namibia	<u>118 878 882</u>	<u>90 299 918</u>	<u>118 878 882</u>	<u>90 299 918</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

12. Interest bearing loans and borrowings (continued)

Finance lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum payments
	2013	2013	2013	2012	2012	2012
Group						
Less than one year	4 625 294	721 170	3 904 124	4 413 083	812 746	3 600 337
Between one and five years	7 159 115	664 862	6 494 253	8 429 130	823 547	7 605 583
More than five years	--	--	--	--	--	--
	<u>11 784 409</u>	<u>1 386 032</u>	<u>10 398 377</u>	<u>12 842 213</u>	<u>1 636 293</u>	<u>11 205 920</u>
Corporation						
Less than one year	4 625 294	721 170	3 904 124	4 413 083	812 746	3 600 337
Between one and five years	7 159 115	664 862	6 494 253	8 429 130	823 547	7 605 583
More than five years	--	--	--	--	--	--
	<u>11 784 409</u>	<u>1 386 032</u>	<u>10 398 377</u>	<u>12 842 213</u>	<u>1 636 293</u>	<u>11 205 920</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

13. Additional disclosure

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Revenue				
Sale of goods	1 382 122 235	1 381 514 150	1 347 848 25	1 230 693 592
Services	--	--	--	5 818 880
Total revenue	<u>1 382 122 235</u>	<u>1 381 514 150</u>	<u>1 347 848 250</u>	<u>1 236 512 472</u>
Other income				
Other income	7 784 426	7 799 177	5 855 711	8 223 023
Net foreign exchange gain	8 010 823	5 483 375	8 419 742	4 988 694
Total other income	<u>15 795 249</u>	<u>13 282 552</u>	<u>14 275 453</u>	<u>13 211 717</u>
Operating profit before financing costs is stated after taking into account:				
Depreciation of property, plant and equipment	12 385 477	15 716 348	12 229 533	15 493 349
Machinery, vehicles, furniture equipment	12 385 477	15 700 692	12 229 533	15 477 693
Buildings and plant under construction	--	15 656	--	15 656
Auditors' remuneration	2 041 027	1 839 998	1 448 417	1 232 798
Local – for services as auditors	1 448 417	1 267 413	1 448 417	1 232 798
Current year audit fees	1 314 624	1 232 798	1 314 624	1 232 798
(over)/under provision previous year	--	--	--	--
Other services	133 793	34 615	133 793	--
Subsidiaries - for services as auditors	545 304	398 564	--	--
Subsidiaries - for other services	47 306	174 021	--	--

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

13. Additional disclosure (continued)

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Net loss on disposal and scrapping of property, plant and equipment	907 794	149 929	874 214	114 429
Rentals under operating leases for land and buildings	1 028 119	1 013 575	520 520	450 865
Directors' emoluments	--	--	1 265 580	735 984
Losses arising from changes in fair value less estimated point of sale costs attributable to livestock	16 099 422	7 064 829	16 099 422	7 064 829
Impairment loss/(reversal) on trade and other receivables, including amounts written off during the year, net of recoveries	(1 698 237)	1 929 573	(41 006)	253 859

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

13. Additional disclosure (continued)

	2013 N\$	Group	2012 N\$	2013 N\$	Corporation	2012 N\$
Northern Communal Areas						
Loss included in operating profit	(28 325 103)		(23 330 935)	(28 325 103)		(23 330 935)
Personnel expenses						
Salaries and wages	145 503 600		127 030 070	138 339 620		120 941 587
Contributions to defined contribution plans	8 599 878		8 655 390	8 129 139		7 981 478
	<u>154 103 478</u>		<u>135 685 460</u>	<u>146 468 759</u>		<u>128 923 065</u>

The group salaries and wages include a severance pay provision charge of N\$6 310 000 (2012: N\$1 700 686). The Corporation provides retirement benefits for all its permanent employees through a defined contribution pension fund which is subject to the Pension Funds Act of 1956 as amended. The fund is appraised every 3 years by an independent actuary. At 30 June 2012, the date of the most recent appraisal, the fund was found to be in a sound financial position.

14. Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

15. Income tax

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Normal income taxation				
Foreign tax	(3 059 541)	(17 601)	--	--
Deferred taxation				
Current year	2 626 566	(4 694 790)	114 694	(5 021 688)
	<u>(432 975)</u>	<u>(4 712 391)</u>	<u>114 694</u>	<u>(5 021 688)</u>
Reconciliation of tax rate	%	%	%	%
Current year charge as a percentage of income before taxation	41.7	45.1	6.0	16.60
Effect of subsidiaries being taxed at rates different to the Corporation's standard rate	177.3	(4.1)	--	--
Prior period adjustment	14.7	4.4	8.0	4.4
Tax rate change for deferred tax	--	--	--	--
Capital profits and exempt income not subject to tax	(3.7)	13.00	(2.0)	13.00
Unrecognised tax asset on calculated tax losses	(236.3)	(24.4)	--	--
Non-deductible expenditure	40.3	--	22.0	--
Standard tax rate	<u>34.00</u>	<u>34.00</u>	<u>34.00</u>	<u>34.00</u>

Provision has not been made for the Corporation's normal income taxation as the Corporation has a calculated tax loss of N\$188 457 305

(2012: N\$183 211 325) which is available for set off against future taxable income.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

16. Notes to the cash flow statement

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Cash (utilised by)/from operations				
Operating profit before financing costs	24 154 478	32 937 67	21 421 089	47 659 901
Dividends	--	--	--	(11 575 980)
Translation of foreign operations recognised in equity	2 850 123	1 516 321	--	--
Adjustments for non-cash flow items:				
-Depreciation	12 385 477	15 716 348	12 229 533	15 493 348
-Loss on disposal and scrapping of property, plant & equipment	907 794	149 929	874 214	114 492
-Loss arising from changes in fair value of livestock	16 099 422	7 064 829	16 099 422	7 064 829
-Provision for severance pay	6 310 000	1 700 686	6 310 000	1 677 036
- Financial instrument liability	15 850 381	--	15 477 254	--
	<u>78 557 675</u>	<u>59 085 786</u>	<u>72 411 512</u>	<u>60 433 626</u>
(Increase)/decrease in working capital	(123 529 014)	(63 972 693)	(193 702 627)	(20 284 934)
Inventories and biological assets	(41 801 216)	(63 099 219)	(42 947 682)	(57 285 539)
Trade and other receivables	(95 265 400)	334 309	(75 409 614)	36 816 339
Trade and other payables	13 537 602	(1 207 783)	17 937 275	184 266
Investment in subsidiaries	--	--	(93 282 606)	--
	<u>(44 971 339)</u>	<u>(4 886 907)</u>	<u>(121 291 115)</u>	<u>40 148 692</u>
Income taxes paid				
Amounts outstanding at beginning of year	1 347 757	1 289 421	--	--
Income statement charge	(3 059 541)	(17 601)	--	--
Amounts outstanding at end of year	338 619	(1 347 757)	--	--
	<u>(1 373 165)</u>	<u>(75 937)</u>	<u>--</u>	<u>--</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

16. Notes to the cash flow statement (continued)

	Group		Corporation	
	2013 N\$	2012 N\$	2013 N\$	2012 N\$
Cash and cash equivalents				
Cash and cash equivalents	96 868 222	143 965 056	83 808 998	119 714 146
Bank overdrafts	(122 696 607)	(115 004 629)	(122 696 503)	(115 000 000)
	<u>(25 828 385)</u>	<u>28 960 427</u>	<u>(38 887 505)</u>	<u>4 714 146</u>

N\$ 4 million of the balance above is restricted cash which was received from the Government for projects in the NCA.

The overdraft facilities have been secured as follows:

- A 1st Covering Mortgage bond for N\$ 64.5 million over Erf 479 and 480 Okahandja (extension 2).
- A 1st General Notarial Covering bond for N\$ 68.5 million covering loose assets on Erf 479 and 480 Okahandja (extension 2).
- Bank Windhoek Ltd is in the process of registering a 1st Covering Mortgage bond for N\$31.1 million over portion 3 of Farm Okapuka no 51.

Pledge and cession of VAT claims amounting to N\$52.3 million (2012: N\$23.4 million) has been ceded to Nedbank Namibia Ltd.

RSA debtors have been ceded to FNB Namibia Ltd.

Namibian debtors have been ceded to Bank Windhoek Ltd.

Foreign debtors (excluding RSA debtors) have been ceded to Nedbank Namibia Limited.

A General Notarial Bond of N\$15 million over inventory located in Namibia (including beef, sheep, biological assets, hides and cans, but excluding consumables and stock in transit) is registered in favour of Nedbank Namibia Ltd.

Unlimited suretyship by Namibia Allied Meat Company (Pty) Ltd supported by a cession of all VAT refunds.

Negative pledge in favour of Nedbank Namibia Ltd over all moveable assets of Meatco. The movable assets include the following: Bonanza Butchery, Katima Mulilo Abattoir, Okapuka Feedlot, Okapuka Tannery, Oshakati Abattoir and Windhoek Abattoir.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

17. Financial instruments

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's business. Derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates, when deemed necessary.

17.1 Fair values of financial assets and liabilities

The fair values of all financial instruments are substantially identical to carrying values reflected in the statement of financial position. The fair

17.2 Categories of financial assets and liabilities

The following tables reconcile the statement of financial position to the categories of financial instruments:

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non financial assets and liabilities N\$	Total N\$
Group – 2013					
Assets					
Property, plant and equipment	--	--	--	177 212 319	177 212 319
Deferred tax assets	--	--	--	30 385 952	30 385 952
Inventories	--	--	--	139 881 850	139 881 850
Biological assets	--	--	--	35 172 918	35 172 918
Trade and other receivables	--	199 887 093	--	59 369 995	259 257 088
Taxation	--	--	--	--	--
Cash and cash equivalents	--	96 868 222	--	--	96 868 222
	--	296 755 315	--	442 023 034	738 778 349

value of financial assets is estimated as the present value of future

cash flows, discounted at the market rate of interest at the reporting date. The fair value of financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. These fair values are determined for disclosure purposes.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

17. Financial instruments (continued)

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non financial assets and liabilities N\$	Total N\$
Liabilities					
Non – current interest bearing loans and borrowings	--	--	118 878 882	--	118 878 882
Provisions	--	--	--	19 201 995	19 201 995
Bank overdraft	--	--	122 696 607	--	122 696 607
Current interest bearing loans and borrowings	--	--	12 041 350	--	12 041 350
Trade and other payables	--	--	100 901 147	--	100 901 147
Income tax payable	--	--	--	338 619	338 619
Financial instrument liability	--	--	15 850 381	--	15 850 381
	--	--	370 368 367	19 540 614	389 908 981

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non financial assets and liabilities N\$	Total N\$
Corporation – 2013					
Assets					
Property, plant and equipment	--	--	--	176 499 346	176 499 346
Investment in subsidiaries	--	109 441 534	--	--	109 441 534
Deferred tax assets	--	--	--	27 344 353	27 344 353
Inventories	--	--	--	131 795 618	131 795 618
Biological assets	--	--	--	35 172 918	35 172 918
Trade and other receivables	--	122 553 511	--	58 348 531	180 902 042
Cash and cash equivalents	--	83 808 998	--	--	83 808 998
	--	315 804 043	--	429 160 766	744 964 809

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

17. Financial instruments (continued)

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non financial assets and liabilities N\$	Total N\$
Liabilities					
Non – current interest bearing loans and borrowings	--	--	118 878 882	--	118 878 882
Provisions	--	--	--	19 061 000	19 061 000
Current interest bearing loans and borrowings	--	--	12 041 350		12 041 350
Trade and other payables	--	--	93 542 988		93 542 988
Amounts due to subsidiaries	--	--	20 147 873	--	20 147 873
Financial instrument liability	--	--	15 477 254	--	15 477 254
	--	--	260 088 347	19 061 000	279 149 347

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non financial assets and liabilities N\$	Total N\$
Group – 2012					
Assets					
Property, plant and equipment	--	--	--	168 170 453	168 170 453
Deferred tax assets	--	--	--	27 759 386	27 759 386
Inventories	--	--	--	121 360 170	121 360 170
Biological assets	--	--	--	27 992 804	27 992 804
Trade and other receivables	--	135 130 260	--	28 861 428	163 991 688
Taxation	--	--	--	1 377 541	1 377 541
Cash and cash equivalents	--	143 965 056	--	--	143 965 056
	--	279 095 316	--	375 521 782	654 617 098

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

17. Financial instruments (continued)

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non financial assets and liabilities N\$	Total N\$
Liabilities					
Non – current interest bearing loans and borrowings	--	--	90 299 918	--	90 299 918
Provisions	--	--	--	12 891 995	12 891 995
Bank overdraft	--	--	115 004 629	--	115 004 629
Current interest bearing loans and borrowings	--	--	3 613 943	--	3 613 943
Trade and other payables	--	--	87 363 545	--	87 363 545
Income tax payable	--	--	--	29 784	29 784
	--	--	296 282 035	12 921 779	309 203 814

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non-financial assets and liabilities N\$	Total N\$
Corporation - 2012					
Assets					
Property, plant and equipment	--	--	--	167 279 794	167 279 794
Investment in subsidiaries	--	98 269 243	--	--	98 269 243
Deferred tax assets	--	--	--	27 229 659	27 229 659
Inventories	--	--	--	112 127 436	112 127 436
Biological assets	--	--	--	27 992 804	27 992 804
Trade and other receivables	--	81 012 559	--	--	81 012 559
24 479 869					
105 492 428					
Cash and cash equivalents	--	119 714 146	--	--	119 714 146
	--	298 995 948	--	359 109 562	658 105 501

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

17. Financial instruments (continued)

	At fair value through profit or loss N\$	At amortised cost N\$	Financial liabilities at amortised cost N\$	Non-financial assets and liabilities N\$	Total N\$
Liabilities					
Non – current interest bearing loans and borrowings	--	--	90 299 918	--	90 299 918
Amounts due to subsidiaries	--	--	15 927 664	--	15 927 664
Provisions	--	--	--	12 751 000	12 751 000
Bank overdraft	--	--	115 000 000	--	115 000 000
Current interest bearing loans and borrowings	--	--	3 613 942	--	3 613 942
Trade and other payables	--	--	75 605 713	--	75 605 713
	--	--	300 447 237	12 751 000	313 198 237

18. Related parties

18.1 Identity of related parties with whom material transactions have occurred

The subsidiaries of the Group are listed in the directors' report. All of these entities are related parties of the Corporation.

18.2 Types of related party transactions

Slaughtering and cold storage fees received from Namibia Allied Meat Company (Pty) Ltd, and included in revenue of the Corporation amounted to N\$ nil (2012: N\$ 5 818 880).

The Corporation paid commission of N\$3 271 648 (2012: N\$ Nil) to Namibia Meat Importers and Exporters (Proprietary) Limited, a wholly owned subsidiary, incorporated in the Republic of South Africa.

The Corporation paid commission of N\$13 677 252 (2012: N\$ 26 717 317) to Meat Corporation of Namibia (UK), a wholly owned subsidiary, incorporated in the United Kingdom).

The Corporation paid commission of N\$3 277 440 (2012: N\$ nil) to Namibia Allied Meat Company (Pty) Ltd.

Interest income received from subsidiaries is as follows:

- Namibia Meat Importers & Exporters (Pty) Ltd: N\$ nil (2012: 4865 028)

Amounts owing to/by subsidiaries are reflected in the directors' report.

Meatco recovered costs amounting to N\$14 243 (2012: N\$ 431 492) from Namibia Allied Meat Company (Pty) Ltd.

Sales from Namibia Allied Meat Company (Pty) Ltd to Meatco amounted to N\$ nil (2012: N\$1 425 013).

Sales to Namibia Meat Importers & Exporters (Pty) Ltd amounted to N\$318 187 018 (2012: N\$397 761 516).

The directors' remuneration is reflected in Note 14.2.

Notes to the Annual Financial Statements (continued)

for the year ended 31 January 2013

19. Contingent liabilities

As at year-end the Corporation had the following guarantees in place:

- A guarantee of N\$1 000 000 (2012: N\$1 000 000) is supplied to Customs and Excise.
- A guarantee of N\$91 000 (2012: N\$91 000) is supplied to Nampower for the purchase of electricity for Okapuka Tannery and Feedlot.
- A guarantee of N\$67 566 (2012: N\$67 566) is supplied to the Municipality of Windhoek for the monthly water and electricity account of Windhoek Factory.

During the prior years, the Corporation entered into agreements with producers, whereby the producers are required to deliver an agreed quantity of cattle at an agreed future date. The Corporation guarantees the minimum price per kilogram per grade carcass weight to be paid for

these cattle, which will not be lower than the prevailing price per kilogram per grade payable by the Corporation to non-participant producers who slaughter their cattle at the Corporation as at the slaughter date. At year-end the Corporation had entered into agreements with producers for the future delivery of a total of 10 626 (2012: 10 778) cattle.

20. Presentation of comparatives

During the current year the presentation of the income statement was adjusted to disclose cost of sales on the face of the income statement and not in the notes.

A bank overdraft of N\$115 million which was previously disclosed as a current loan, was reclassified as a bank overdraft. Both of these line items are current liabilities.

Since these adjustments had no impact on the profit of the prior year or the balance sheet on 1 February 2012, a third balance sheet was not presented on 1 February 2012.

