



NAMCOR

EXPLORING & FUELLING NAMIBIA



ANNUAL REPORT 2014/2015



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VISION

“To be a world-class petroleum organisation providing sustainable benefits to all stakeholders.”

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GLOSSARY OF TERMS

The oil and gas industry is typically divided into two major components: upstream and downstream operations.

The **Upstream** oil sector refers to the search for and the recovery and production of crude oil and natural gas, also known as the exploration and production (E&P) sector. The upstream sector includes the search for potential underground or underwater oil and gas fields, drilling of exploratory wells, and subsequently drilling and operating the wells that recover and bring the crude oil and/or raw natural gas to the surface.

The **Downstream** oil sector refers to the selling and distribution of natural gas and products derived from crude oil. Such products include liquefied petroleum gas (LPG), gasoline or petrol, jet fuel, diesel oil, other fuel oils, asphalt and petroleum coke. This sector includes petroleum product distribution, retail outlets and natural gas distribution companies.

INDUSTRY PARTNERS *(listed in alphabetical order)*

Azinam	www.azinam.com
BP Namibia	www.bp.com
CGG	www.cgg.com
CIECO Exploration and Production	www.cieco.co.uk
Common Wealth Secretariat	www.thecommonwealth.org
Cowan Petróleo e Gás	www.cowan.com.br
Eco Oil & Gas	www.ecoilandgas.com
Engen	www.engenoi.com
Enigma/Chariot	www.chariotoilandgas.com
ERCL	www.ercl.com
FUGRO	www.fugro.com
HRT (now PetroRio)	www.ir.petroriossa.com.br
IHS	www.ihs.com
ION geophysical	www.iongeo.com
Langer Heinrich	www.infomine.com
Ministry of Mines and Energy	www.mme.gov.na
Murphy Oil Corporation	www.murphyoilcorp.com



NamPower	www.nampower.com.na
OMV (Europe)	www.omv.com
PASA	www.petroleumagency.co.za
PetroSa	www.petrosa.co.za
PGS	www.pgs.com
Polarcus	www.polarcus.com
Repsol	www.repsol.com
Sasol Oil Ltd	www.sasol.com
Schlumberger	www.slb.com
Serica Energy	www.serica-energy.com
Shell	www.shell.com
Southern African Development Community (SADC)	www.sadc.int
SpectrumGeo	www.spectrumgeo.com
TGS	www.tgs.com
Tullow Oil	www.energyafrica.com
Unitrans	www.unitrans.co.za
University of Namibia	www.unam.edu.na

INDUSTRY TERMINOLOGY – UPSTREAM

Exploration and Reconnaissance Licenses

Petroleum or exploration licensing is the act of attributing licenses (geographical areas at land and/or sea) to a company or a Joint Venture (JV) for the purpose of petroleum exploration. Each country distributes licenses in what is typically called a licensing regime (closed or open).

INDUSTRY TERMINOLOGY – DOWNSTREAM

Refining

Petroleum refining converts crude oil into more useful products like fuels and petrochemicals. Pure crude burns quickly and leaves behind unwanted residue. Thus the oil needs to be separated and treated before use.

Fossil fuels are made up of dead plants and animals buried between rock layers and heated by the earth to form crude oil. Through exploration and production, the crude oil is discovered and pumped out of the earth into tankers and pipelines and delivered to a refinery. During the refining process, these hydrocarbons are heated and sepa-



GLOSSARY OF TERMS (continued)

rated by distillation or fracturing. The resulting hydrocarbon molecules (fractions) often are further treated to change their size or structure, which makes them more usable.

Products made from refined crude include gasoline, diesel, kerosene, petroleum coke, asphalt, petrochemical feedstock, and lubricants, among others.

Petrochemicals

Petrochemicals are chemicals made from crude oil through the refining process. Some petrochemicals can be made using coal or natural gas, but these can be expensive.

There are two main classes of petrochemical materials. Olefins include ethylene and propylene. Aromatics include benzene and xylene isomers. Olefins are produced by cracking and aromatics are produced by reforming.

These petrochemical materials are used to make:

- Resins and plastics
- Synthetic fibres
- Engineering polymers

- Rubbers
- Solvents
- Industrial chemicals, including those used to manufacture detergents such coatings, pharmaceuticals and explosives.

Tankers

An oil tanker transports bulk liquids or gasses from offshore fields to shore, which is then sent to a refinery.

Once refined, product tankers distribute gasoline, heavy fuel oil, and diesel to the tank farms. From there the cargo is transported by tanker truck, pipelines, rail tanker cars, or inland barges to the consumers.





CHAIRPERSON'S REPORT

In every crisis innovation is born. The oil price has dropped significantly during the review period due to sluggish global growth, while Namibia is entering a period where it needs to make important decisions regarding its future energy needs and in particular regarding the development of the Kudu Gas to Power project. The country needs to make crucial investment decisions regarding its energy needs. It is hoped that the country will make investment decisions pertaining to its energy requirements that have the least regret in years to come.

Our strategy is to set up NAMCOR to create value and discharge its mandate as the national oil company. Stricter focus on our financial performance, project prioritization, operational excellence and governance are all showing good progress and the company is well positioned for the future.

NAMCOR's operating environment remained rather challenging during the period under review, with a decline in crude oil prices as a result

of continued growth in global inventories. Our operations were also affected by the fall in oil prices. Global economic activity and volatility in exchange rates also added their fair share to some of the uncertainty in the current environment.

NAMCOR seized the opportunity presented by the low oil prices to acquire services to the Kudu Gas Project at reduced rates. The situation also enabled upstream and downstream partners to reach consensus on a gas price, following months of negotiations. NAMCOR continues to enjoy an 85% participating interest in Hydrocarbon exploration licenses.

Overall the company is positioning itself to play its rightful role in ensuring security of supply of oil and related products and to accelerate upstream exploration. Towards this end, a six-point interim strategy has been developed which revolves around improving upstream exploration and the development of the Kudu Gas to Power, improving reach and profitability of its downstream operations and to prepare itself to restore its 50% import mandate. Investing in people, strengthening its governance and control environment and assisting national efforts regarding storage facili-



ties also featured prominently in the strategies of the company.

During the period under review NAMCOR received its first unqualified external audit statement for its Annual Financial Statements for the year ended 31 March 2015. The company's financial fortunes have turned around significantly for the better and we also have developed a fully-fledged Business Continuity Plan (BCP).

The company continued to play a significant role in community upliftment through various corporate social responsibility interventions. These included the support of science and ICT initiatives in schools, as well as the support to the elderly, amongst others.

Handwritten signature of Mr. Johannes !Gawaxab.

Mr Johannes !Gawaxab

Chairperson





ACTING MANAGING DIRECTOR REPORT

I am pleased to report good progress on the operational side made against the six strategic priorities. I am confident that NAMCOR is well placed to make a significant contribution to Namibia's energy related challenges and the national economy at large.

The group recorded a gross profit of N\$ 68 million (2014: N\$ 96 million) despite a deficit of N\$ 17 million in slate under-recoveries for the year under review.

The Group's financial position remains firm with total assets of N\$ 659 million (2014: N\$ 716 million) and available cash balance of N\$ 254 million (2014: N\$242 million). Cash generated by operating activities increased to N\$23 million (2014: N\$ -34 million) due to positive working capital movements at year-end. Investing activities were financed from cash generated in the current year. As stated by the Chairman, an unqualified report was issued for the 2015 financial year.

Significant data sales to the tune of N\$44 million were recorded during the period under review. This is mainly attributed to favourable market conditions, among them



the high oil price and the licensing of blocks, which attracted interest in Namibia hydrocarbon investment.

As part of NAMCOR's tireless efforts to boost data sales and promote Namibia as an attractive destination for petroleum investment, we have set up a Data Center at the cost of about N\$7 million. The Exploration & Production (E&P) and the Information, Communication and Technology (ICT) departments are working closely on the project, to ensure data safety.

Five out of six NAMCOR and PETROFUND sponsored MSc graduates successfully completed their postgraduate degrees in both Petroleum Geosciences and Petroleum Engineering, at top UK universities. The five have taken up employment with NAMCOR in the areas of their expertise, in accordance with their scholarship agreements.

In addition, staff members have undergone training in strategic areas of the business such as fuel trading at reputable international oil and gas

companies around the world. This is in preparation for the envisaged return of the 50% mandate and the Kudu Gas Project.

NAMCOR contributed a fair share of its corporate social responsibility role by contributing to various worthy causes in the education, health and environmental sectors. These included donations for the setting up of recreational facilities for the David Shingo Combined School, computer equipment to the Gobabis Combined School, a career fair for high school learners, sewerage facilities for the elderly and the disabled as well as food for the elderly amongst many others.

Mr Ludwig Kapingana

Acting Managing Director



From left: Mr Johannes !Gawaxab Chairperson, Ms Merceline Geises (Board member), Mr Ludwig Kapingana (Acting Managing Director 26 February 2015– 30 September 2015), Mr Gottlieb Amanyanga (Board member), Ms Ally Angula (Vice-Chairperson), Insert Ms Anna Libana (Board member).



GOVERNANCE

NAMCOR's Interim Strategic Plan was adopted in April 2013. The objective of the Plan is to communicate NAMCOR's emerging strategy, which would be developed into a detailed 5 year plan, by the end of the 2013/2014 financial year.

Amongst other things, the Interim Strategic Plan provides a high-level overview of the potential future characteristics of the oil and gas sector in Namibia, profiles the perspectives of key Government Stakeholders on their priorities for the oil and gas sector, highlights the key recruitment priorities during the current year and identifies key stakeholder perspectives on the potential role of NAMCOR. The Plan also summarises the emerging strategic option preferences for NAMCOR, and provides an overview of the sequencing of strategic priorities for NAMCOR and the implications for activities over the next year.

Factors which influenced the development of NAMCOR's Interim Strategic plan include:

- Interest from international oil and gas companies in Namibia's resources has increased significantly over the last three years.
- Developments in the financial and commercial markets have created both challenges and opportunities for NAMCOR's downstream operations.
- NAMCOR is therefore at a pivotal point in its evolution and is breaking new ground, evolving its business model.
- NAMCOR has engaged with Government as its shareholder and assessed lessons learnt from other African National Oil Companies to inform the development of its future strategy.

1. MANDATE OF THE CORPORATE GOVERNANCE DEPARTMENT

The Governance Department is mandated to develop optimal Governance arrangements to enable NAMCOR to effectively deliver its new strategy by:

- providing Legal Advisory Support and Board Secretarial Services to the Business;
- ensuring that the quality of Board meetings are optimized through effective planning and structuring of Board and Committee meetings;
- creating an optimum Departmental Support Structure to ensure optimal and better service delivery to the Core and other Departments;
- steering the legal strategy for various strategic projects to ensure success and implementation thereof, such as the Kudu, 50% Importation Mandate, NAMCOR Sonangol Crude offtake project, JOA implementation Strategy, Bulk storage, etc.
- developing and implementing Governance and Legal Frameworks that govern the operations of NAMCOR through drafting and implementing NAMCOR's Governance, industry and statutory frameworks, tools and guidelines;
- facilitating the transformation of NAMCOR into an integrated Commercial entity (entails drafting of the NAMCOR Bill, establishment and rationalization of subsidiary Company such as E&P Co, Trading Company and others).

2. DEPARTMENTAL PROJECTS

During the period under review, the Governance Department identified and attended to the following projects:

2.1 Governance Framework Project:

The Governance Department developed and reviewed NAMCOR's overall Govern-



ance framework, and developed the Corporation's Compliance and Risk Management frameworks. A review of the NAMCOR Board Charters was also conducted, and a Contract Management Framework was developed.

2.2 Transformation of NAMCOR into a commercial entity

The Department spearheaded the review and drafting of the NAMCOR Bill and various other legislative and regulatory instruments. This has facilitated the transformation of NAMCOR into a commercial entity with a certain degree of autonomy in carrying out Petroleum operations on behalf of its stakeholders. Once all the processes are finalised, the Department will spearhead the legislative and stakeholder consultation process.

3. GOVERNANCE REPORT

In fulfilling its primary responsibility of upholding good corporate governance, the Board provided clear strategic direction and control of NAMCOR during the period under review. The section below outlines the corporate governance activities for the year under review, and describes how the Board executed its fiduciary duties in fulfilling the Company's mandate and objectives.

3.1 Board meetings and Resolutions

The Board held 8 meetings during the 2014/2015 financial year, and the major resolutions made included:

- Re-appointment of KPMG as external auditors;

- Appointment of a Consultant as the Kudu Project Leader, Senior Advisor and Mentor, with the overall responsibility for managing the Kudu Project Core Team;
- Approval of the IT Governance Charter;
- Appointment of an Operator / equity partner to replace Tullow (with the appointment of Deloitte to assist in this regard);
- Approval of the new positions created in the 2014/2015 proposed new structure;
- Appointment of PricewaterhouseCoopers (PwC) as the Consultant to assist NAMCOR Trading in the development of business plans and strategies to reclaim the 50% Importation Mandate.

3.2 Composition of the Board

The Board is composed of 5 non-executive members and the Managing Director; the latter being an ex-officio member with no voting rights.

Board members from 1 April 2014 to 30 March 2015 were:

1. Mr. Johannes !Gawaxab (Chairperson), date of appointment 1 October 2013 (reappointed);
2. Mrs. Ally Angula (Vice Chairperson) date of appointment 1 October 2013;
3. Mr. Gottlieb Amanyanga (Director) date of appointment 1 October 2013;
4. Mrs. Anna Libana (Director), Date of appointment 1 October 2013 (reappointed);
5. Mrs. Merceline Geises (Director), date of appointment 1 October 2013;



6. Mr. Obeth Kandjoze (Managing Director/ex officio) resigned on 15 March 2015 and was replaced by Ludwig Kapingana in an acting capacity from 1 March 2015 to date.

The term of office for the above Directors is from 1 October 2013 to 30 September 2016.

3.3 Attendance of Board Meetings

The Board held eight meetings during the year, of which four were Extraordinary Board meetings, and were attended by Board members as indicated below:

1. Ordinary Board Meetings:

Date	J. !Gawaxab	A. Angula	M. Geises	A. Libana	G. Amanyanga	O. Kandjoze
7 April '14	✓	✓	✓	✓	✓	✓
23 June '14	✓	x	✓	✓	✓	✓
11 September '14	✓	✓	✓	✓	✓	✓
20 November '14	✓	x	✓	x	✓	✓

✓ Present x Not present

2. Extraordinary Board meetings:

Date	J. !Gawaxab	A. Angula	M. Geises	A. Libana	G. Amanyanga	O. Kandjoze
29 April '14	✓	✓	✓	✓	✓	✓
8 October '14	✓	✓	✓	✓	✓	✓
18 December '14	✓	✓	✓	✓	✓	✓
26 February '15	✓	✓	✓	✓	✓	✓

✓ Present x Not present

3.4 Trading and Distribution Board

The Board is explicitly responsible for the stewardship of the company. In discharging its obligations, the Board should assume responsibility in the following areas:

- retain effective control of the Corporation, including staying current on issues relating to the company between meetings;
- give strategic direction to the company;
- review, approve and monitor fundamental financial and business strategies, plans, goals and major corporate actions;
- review and evaluate the present and future strengths, weaknesses and opportunities of the company.

The Trading and Distribution Board consists of three members and the Managing Director (ex officio) and acting Managing Director as listed below:

- Mrs. Ally Angula (Chairperson),
- Mrs. Anna Libana (Director),
- Mrs. Merceline Geises,
- Mr. Obeth Kandjoze (Managing Director, Ex officio)
- Mr. Ludwig Kapingana (Acting Managing Director, Ex officio)

The Board held two meetings during the year, which were attended by the Board members indicated below:

Date	A. Angula	M. Geises	A. Libana	O. Kandjoze	L. Kapingana
3 September 2014	✓	✓	✓	✓	Not a member
25 March 2015	✓	✓	✓	x	✓

✓ Present x Not present

During the period under review, the Board :

- made necessary recommendations for the sourcing of petroleum products and the appointment of a dedicated person to investigate the margins and variables in the Downstream Department;
- provided guidance on NAMCOR's participation in the slate volumes;
- provided guidance in the capital allocation for business development initiatives;
- provided guidance on how the company could find ways to optimize product procurement and better manage margins in light of operating in a regulated environment.

3.5. Attendance and activities of Board Committees

The Board carried out its responsibilities and exercised its duties and powers through the following committees:

- Human Resources Board Committee
- Tender Board Committee
- Technical Board Committee
- Audit, Risk and Compliance Board Committee
- Kudu Board Committee (created on the 18th of December 2014)

3.5.1 Human Resources Board Committee

The Human Resources Committee was established by the Board to assist it in discharging its duties relating to human resources and remuneration.

The above Committee consists of three non-executive board members, and the Managing Director (ex officio) and acting Managing Director as listed below:

- Mrs. Anna Libana (Chairperson),
- Mr. Gottlieb Amanyanga (Director),
- Mrs. Merceline Geises (Director),
- Mr. Obeth Kandjoze - Managing Director (Ex Officio)
- Mr. Ludwig Kapingana - Acting Managing Director (Ex Officio)

During the period under review, the Committee reviewed and recommended the below matters to the Board:

- Human Resources policies;
- Proposed new structure for 2014/2015,
- Appointment of Executives,
- Salary increases,
- Managing Director's Performance Contract and confirmation of probation period;
- Mentorship plan for the Downstream and Exploration and Production;
- Finance Structure and Training for the Finance Department.



The Committee held three meetings during the year, and one special meeting, attended by Board members as indicated below:

Date	M. Geises	A.Libana	G. Amanyanga	O.Kandjoze	L. Kapingana
11 August 2014	✓	✓	✓	✓	Not a member
22 October 2014	✓	✓	✓	✓	Not a member
23 March 2015	x	✓	✓	x	✓

Special Committee meetings:

Date	M. Geises	A.Libana	G. Amanyanga	O. Kandjoze
15 April 2014	✓	✓	✓	✓

✓ Present x Not present

3.5.2 Tender Board Committee

The Tender Board Committee was established by the NAMCOR Board to assist it in discharging its duties relating to the review of tenders, expressions of interest, certificates of exemption or other means of procurement in excess of NAMCOR's procurement threshold.

The Committee consists of three members, and the Managing Director as ex officio member with no voting rights. Committee members are listed below:

- Mrs. Merceline Geises (Chairperson),
- Mr. Gottlieb Amanyanga (Director),
- Mrs. Ally Angula (Director),
- Mr. Obeth Kandjoze (Managing Director Ex officio)

The Committee held four meetings during the year, as well as one special Board Committee meeting. These meetings were fully attended by Committee members, as noted below:

Date	M. Geises	A. Angula	G. Amanyanga	O.Kandjoze
28 April 2014	✓	✓	✓	✓
13 June 2014	✓	✓	✓	✓
2 September 2014	✓	✓	✓	✓
5 February 2015	✓	✓	✓	✓

Special Committee meetings:

Date	M. Geises	A. Angula	G. Amanyanga	O. Kandjoze
29 April 2014	✓	✓	✓	✓

✓ Present x Not present

During the period under review, the Tender Committee reviewed and recommended the matters below to the Board:

- The appointment of PWC as Consultants to develop the 50% Import Plan for automotive fuels in Namibia. This recommendation has since been approved by the Holding Board.
- The tender for the supply, installation and maintenance of Selfbunded Bulk Diesel Tank to supply Diesel Fuel as well as various lubricants for the road construction fleet to the Teichman –RCC Joint Venture (Omaheke Road Construction Project).
- The procurement of Bulk Farmers Tanks as well as commercial user pumps.



3.5.3 Technical Board Committee

The Technical Committee was established by the Board to assist it in discharging its duties relating to technical issues.

The Committee consists of three non-executive board members and the Managing Director (ex officio) and acting Managing Director, as listed below:

- Mr. Gottlieb Amanyanga (Chairperson),
- Mrs. Anna Libana (Director),
- Mrs. Merceline Geises (Director),
- Mr. Obeth Kandjoze (Managing Director Ex officio)
- Mr. Ludwig Kapingana (Acting Managing Director Ex officio)

During the period under review, the Committee reviewed and recommended the below matters to the Board:

- Exploration license activities;
- Data sales;
- Data Audits, Quality Control and data loading;
- The acquisition of land in various towns that have been identified as lucrative for the construction of Inland Depots.

The Committee held three meetings during the year, which were attended by the Board Committee members as indicated below:

Date	G. Amanyanga	M. Geises	A.Libana	O. Kandjoze	L. Kapingana
2 September 2014	✓	✓	x	✓	Not a member
21 October 2014	✓	✓	✓	✓	Not a member
23 March 2015	✓	x	✓	x	✓

✓ Present x Not present

3.5.4 Audit, Risk and Compliance Board Committee

The Board Audit, Risk and Compliance Committee was created to carry out all duties assigned to it by the Board.

The Committee consists of three non-executive board members. The Managing Director and acting Managing Director attended by invitation only, as listed below:

- Mrs. Ally Angula (Chairperson),
- Mr. Johannes !Gawaxab (Director),
- Mrs. Merceline Geises (Director),
- Mr. Obeth Kandjoze (Managing Director Ex officio)
- Mr. Ludwig Kapingana (Acting Managing Director Ex officio)

During the period under review, the Committee reviewed and recommended the below matters to the Board:

- reviewed, considered and recommended the 2014/2015 budget and annual financial statements for approval by the Board;
- approved the annual internal audit plan;
- considered and recommended KPMG as external auditor;
- recommended the IT Governance Charter for approval.



The Committee held five meetings during the year (including a special Board Committee meeting on 29 April 2015), which were attended by Board Committee members as indicated below:

Date	A. Angula	M. Geises	J. !Gawaxab	O. Kandjoze	L. Kapingana
29 April '14	✓	✓	x	✓	N/A
17 June '14	✓	✓	x	✓	N/A
1 September '14	✓	✓	✓	✓	N/A
12 November '14	✓	x	✓	✓	N/A
25 March '15	✓	✓	✓	x	✓

Special Committee meetings:

Date	J. !Gawaxab	A. Angula	M. Geises	O. Kandjoze
29 April 2014	✓	✓	✓	✓

✓ Present x Not present

3.5.5 Kudu Board Committee:

The Kudu Board Committee was established on 18 December 2014 as an ad-hoc committee to assist the Board in discharging its duties related to the Kudu project. The Committee's responsibilities include considering the waivers of recruitment and procurement processes on a case by case basis, and with due regard to the Kudu Project deadlines.

The Kudu Committee consists of three non-executive board members and the Managing Director (ex officio) and acting Managing Director, as listed below:

- Mr. Gottlieb Amanyanga (Chairperson),
- Mr. Johannes !Gawaxab (Director),
- Mrs. Ally Angula (Director),
- Mr. Ludwig Kapingana (Ex officio Director);

No Committee meetings were held during the period under review.

3.6 Annual General Meeting (AGM)

The Board held one AGM during the period under review. The meeting took place on 20 November 2014, and was attended by Board members and the Minister of Mines and Energy, Honourable Isak Katali as indicated below:

Date	Hon I. Katali	J. !Gawaxab	A. Angula	M. Geises	A. Libana	G. Amanyanga	O. Kandjoze
20 Nov '14	✓	✓	✓	✓	✓	✓	✓

✓ Present x Not present

At its AGM, the Board reviewed and approved the below matters:

- considered and approved the Financial Statements 2013/2014, including the Directors' and Auditors Reports thereon;
- confirmed the appointment of new Directors and/or the re-appointment of Directors whose terms had come to an end;
- confirmed and approved the Directors' remuneration;
- confirmed the re-appointment of KPMG as the Company's External Auditors.

3.7 Board Training and Development

As part of NAMCOR's continuous education, training and development of Board members on matters relevant to the Company, members attended the board development opportunities listed below:

3.7.1 **Mrs. Anna Libana** and **Mr. Gottlieb Amanyanga** attended a Conference on Corporate Governance from 17-20 March 2015.

The following topics were some of the key highlights of the conference:

- Corporate Governance in State Owned Enterprises and Public Institutions,
- The relationship of Ethics and Risk Management to Fraud and Corruption,
- The Role, Functions, and Challenges of the Company Secretary,
- Financial Reporting,
- Strengthening the leadership role with good governance practices,
- Executing Directors' duties with confidence and making meaningful contributions to Board activities.

- Windhoek Agricultural Show 2014
- Erongo Business & Tourism Expo

CORPORATE SOCIAL RESPONSIBILITY

NAMCOR continues to play its corporate citizenry role through worthy corporate social responsibility initiatives, which fall under the company's key CSR focus areas. These are education, community development and environment.

During the period under review, NAMCOR made contributions to the following institutions:

1) David Shingo Combined School	N\$32 000
2) Ritja Career Fair	N\$15 000
3) Gobabis Project School	N\$13 000
4) Erica Shafuda Financial Management Foundation	N\$25 000
5) Office of the PM Back2School Programme	N\$20 000

COMMUNICATIONS & PUBLIC RELATIONS

In efforts to promote the NAMCOR brand locally, the company exhibited its products and services at a number of local trade fairs and exhibitions during the reporting period. These include the following:

- Otavi Show
- Otjiwarongo Agriculture & Business Show

EXECUTIVE COMMITTEE



LUDWIG KAPINGANA
Acting Managing Director



BONIFATIUS KONJORE
Executive: ICT



JULIA MUETUDHANA
Executive: Human Capital &
Strategic Capital Development



DAMOLINE MURUKO
Executive: Corporate
Governance



AKUA AVAFIA
Executive: Strategic Finance



VICTORIA SIBEYA
Acting Executive:
Exploration & Production



PANDENI SHIKONGO
Acting Executive: Business
Support, Property
Management & Projects



ASNATH NEUMBO
Acting Executive: Commercial
Business Unit

UPSTREAM ACTIVITIES

Advisory and Regulatory role

The institutional role of NAMCOR is to actively promote the hydrocarbon potential of Namibia. In exercising this role, the company is tasked with advising the Ministry of Mines and Energy on policy issues related to the upstream petroleum industry, and monitoring the petroleum activities of oil companies operating within Namibia. Since Namibia's independence in 1990, NAMCOR has facilitated the signing of several petroleum agreements with international oil companies. These agreements have been the result of four bidding rounds and an open licensing system which was adopted as an alternative to the bidding rounds.

Exploration and Production

To date, 44 exploration, 1 production, and 2 Coal bed Methane licenses have been issued to Namibian and international oil and gas companies. Overall, a total of 15 exploratory wells and 7 appraisal wells drilled in the KUDU gas field/license area have been drilled offshore Namibia. Subsequently, 10 Ocean Drilling Programme/Deep Sea Drilling Programme (ODP/DSPD) wells have been drilled offshore for research studies by various universities. In addition, 10 exploratory wells have been drilled onshore.

2D seismic survey coverage offshore Namibia stands at approximately 147

000 line km and more than 40 423 km² of 3D seismic data acquired by respective acreage operators. In addition to the wells and seismic data, NAMCOR acquired 28,000 km of aeromagnetic data in 1998, covering the whole of offshore Namibia. This data set has elucidated the structural setting of the Namibian margin, especially when used in conjunction with the regional and high-resolution data from onshore Namibia.

As a result of these and numerous other onshore and offshore exploration activities, an extensive geological and geophysical database on petroleum activities within Namibia is now in place.

Promotion

Promotion requires the active marketing of the hydrocarbon potential of the Namibian acreage to local and international oil exploration and production companies. Having identified prospects and leads with potential for accumulating hydrocarbons, and having carried out all necessary petroleum geological and geophysical work required, such acreage is offered to local and international oil companies. In furtherance of the above, the Corporation attends important international oil and gas promotion conferences targeting the oil capitals/centres of the world in order to cover as broad a spectrum of clients as possible.

Technical Data

NAMCOR is the custodian of all Exploration and Production data in Namibia,



and it is therefore required to avail these data to any potential investors. These data include all geological, geophysical as well as engineering data from both onshore and offshore Namibia.

UPSTREAM DEPARTMENT

Kudu Gas to Power Project

In terms of the Project Development Agreement (PDA), the final investment decision (FID) was originally scheduled to take place on or before 15 July 2014. However, due to numerous factors - many of them inter-dependant - FID has been postponed. Some of the factors that contributed to the rescheduling of the FID included:

- the inability of the Upstream and Downstream Parties to agree on a gas price;
- delays in obtaining and finalising the necessary government support package;
- finalisation of the Kudu Gas Field reserve numbers; and
- finalisation by the Upstream Partners of the Capex and Opex costs.

Notwithstanding the aforesaid delays in FID, a number of key PDA milestones have been achieved by the Upstream Parties during the period under review. Some of the most notable achievements include:

- the completion of the pipeline route survey;

- the completion of the Kudu Gas Field environmental impact assessment;
- receipt of an exemption certificate from the competition commission permitting the joint sale of gas by the Upstream Parties;
- the completion of the field development plan and well basis of design;
- the completion of the Kudu Gas Field reserve and resource estimates by Tullow;
- the completion of the FEED study;
- the generation of a shortlist for contractors responsible for the FPS; and
- the generation of a shortlist for contractors responsible for the subsea engineering, procurement, installation and commissioning.

As previously noted in the report of the preceding financial year (2013/2014), Deloitte was appointed by NAMCOR to advise and assist NAMCOR in the dilution of its 54% participating interest in the Kudu Project (farm-out). This process did not achieve the successful dilution by NAMCOR of its 37.8% participating interests in the Kudu Project. This process was terminated by mutual consent.

Following the termination of the farm-out process, NAMCOR received an indicative proposal from IFC to take up to 10% of NAMCOR's participating interests in the Kudu Project. IFC's condition to its indicative offer was that a suitable and reputable operating team must be in place to deliver the Kudu Project successfully. On 31 October 2014, NAMCOR and IFC signed a mandate letter in respect of the 10% participation interest in the Kudu Project.



Following IFC's positive declaration to participate in the Kudu Project, the Ministry of Mines and Energy together with the Ministry of Finance (subject to further and final GRN approval) expressed willingness to provide NAMCOR with the necessary and required funding for its remaining 44% participating interest in the Kudu Project, on the understanding that the remaining 10% is to be funded by IFC.

On 27 August 2014, Tullow notified the Ministry of Mines and Energy that it no longer wished to participate in the Kudu Project beyond December 2014. Following the executions of relevant agreements, operatorship and Tullow's 31% participating interest was transferred to NAMCOR on 23 December and 31 December 2014 respectively. Tullow cited concern at the lack of capital as their reason for withdrawing its approval to invest.

In February 2015, CIECO notified MME that it had made a decision to withdraw from the Kudu Project. On 31 March 2015, it informed both MME and NAMCOR that it had received preliminary approval from its shareholders to withdraw from the Kudu Project, and would issue a withdrawal notice shortly following endorsement of that decision. Due to limited resources, CIECO was not able to prioritise the Kudu project in comparison to other projects, whose return on investments is marginally higher than that of Kudu.

SUBSEA EPIC AND FPS TENDER PROCESS

As operator of the field, and prior to its departure from the Kudu Project, Tullow ran competitive tenders, (1) to select a contractor for the subsea engineering, procurement, installation and commissions and (2) to select a contractor for the design, build, charter and operation of the Floating Production System (FPS). It had shortlisted Bumi Modec and BW Offshore in respect of the FPS work scope, and Saipem and Subsea 7 for the subsea EPIC work. These bids were only valid until the end of January 2015.

Following transfer of operatorship to NAMCOR, the aforesaid contractors were requested to issue revalidated bids until the end of February 2015, and to submit revised bids valid up to 30 June 2015, in light of the softening of the oil price. The revised bids were received in March 2015.

Evaluation of the contractors will be concluded in the first quarter of the 2015/2016 reporting period.

MME FUNDING

The Ministry of Mines and Energy advised NAMCOR that its application for funding had been approved. The approved funds – totalling N\$350 million – were to be drawn from the MME Kudu Budget vote. Transfer of these funds was still awaited at the end of the current annual reporting period.



GOVERNMENT (GRN) SUPPORT PACKAGE

The final report from the African Development Bank on guarantees for the Kudu project was delivered to the Ministry of Finance by the end of July 2014. It comprised two parts: 1) a due diligence on the viability of the project, and 2) a summary of the requisite GRN enhancement and credit support for the project. These findings were incorporated into the Ministry of Finance submission made to Cabinet on 10 March 2015.

The government support package approved by Cabinet at the aforesaid meeting included:

- an equity injection to NAMCOR and provision of all requisite parent company guarantees in respect of its 44% of upstream costs and liabilities; and
- an exemption from the Withholding Tax, although this would require an explicit amendment to the relevant Act of Parliament.

Notwithstanding approval of GRN support to the Project, it is unclear when and how this support will be formally established, and over what timeframe.

Exploration & Production (E&P)

DATA LOADING PROJECT

With the assistance of ERCL, the E & P Department started with the data audit and quality control project during the 2013/2014 financial year for the 2D and 3D seismic and well data for both onshore and offshore Namibia, with the aim of

establishing a clearly defined and reputable database by adding value to the existing data. This project created high-quality and reputable datasets, for which most investors and operators visiting NAMCOR's data room have expressed satisfaction. The project was carried out in three phases. Phase 1 involved the initial audit of the data to identify problems associated with some of the data which could not be loaded on workstations. Phase 2 & 3 involved fixing of data, properly archiving data according to the data types, and loading of the data into an IHS Kingdom project. During Phase 2 & 3 new HQ SEG Y data for seismic and LAS files were created for some of the wells. In the envisaged project, a total of 110,925 line Km of 2D seismic were corrected and loaded into the project. This phase could not include some of the 2D and the rest of the 3D seismic data due to budget constraints. Similarly, LAS files for 13 of 32 wells for both offshore and onshore were corrected and loaded into the project. 19 wells contain multiple curve data which have to be corrected using sophisticated petrophysical methods. This work is expected to be carried out in the 2015/2016 financial year.

The current proposal is a continuation of the initial project, whereby a total of 189,604 line Km of 2D seismic and 40,468 sq. km lines of 3D will be corrected/loaded into the project. Work will also include an ICT Database Management System (to be provided to the ICT Department), quality control of wells which require petrophysical analysis, and quality controlling all the 3D seismic data, as well as the gravity and magnetic data.



NAMCOR Participation in Exploration Licences

Over the last 2 years, there has been a phenomenal increase in the number of licenses awarded for both onshore and offshore areas. This phenomena can be attributed several factors such as political stability, an easy and flexible licensing system, the attractive legal framework, and the aggressive promotion of Namibia's hydrocarbon potential at various international forums (American Association of Petroleum Geologist (AAPG), North American Prospect Expo (NAPE), etc).

Currently, more than 48 exploration licenses, one (1) production license and two (2) reconnaissance licenses have been issued to local and international oil companies.



Figure 1: Licence map depicting NAMCOR footprint in issued licence blocks.

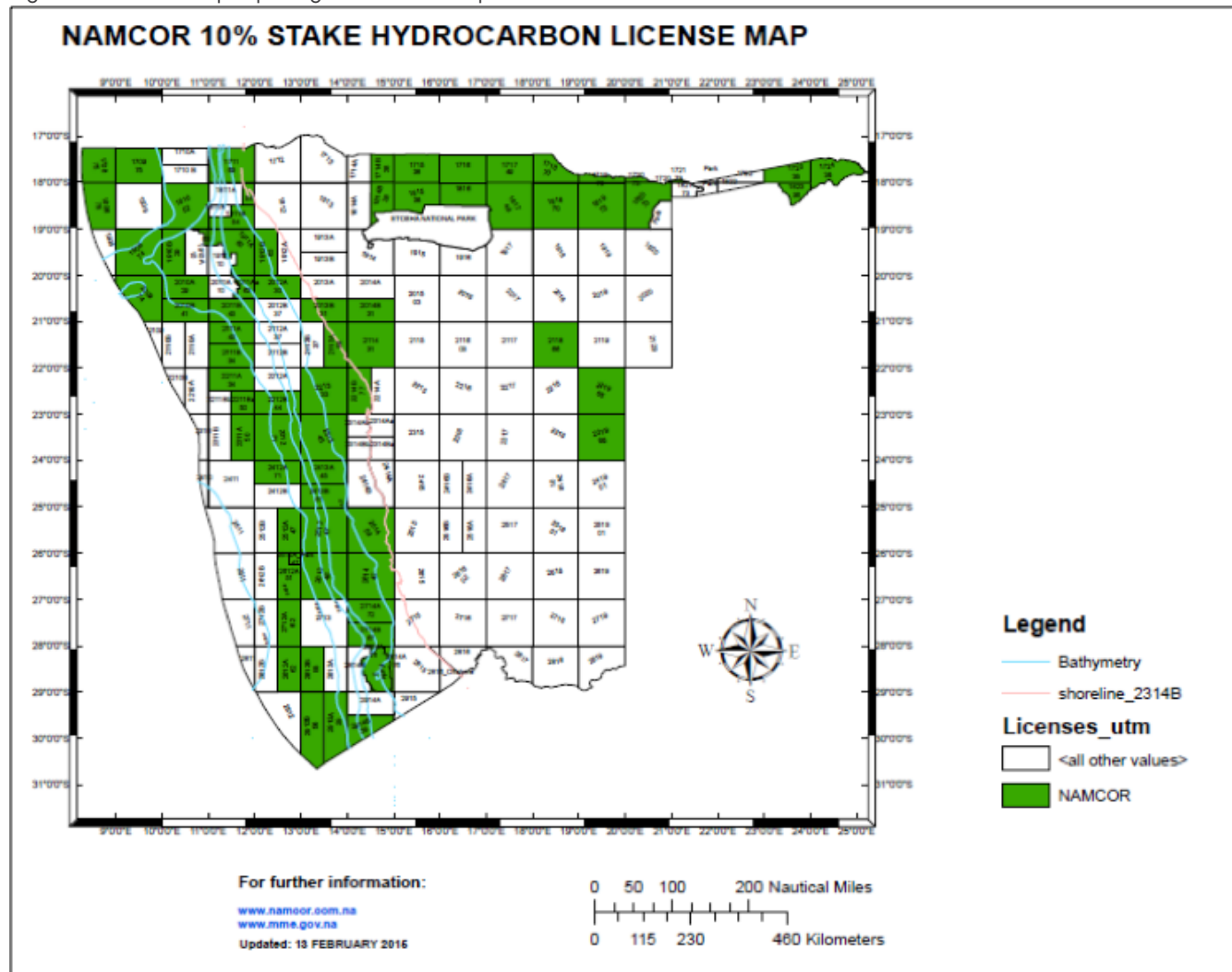
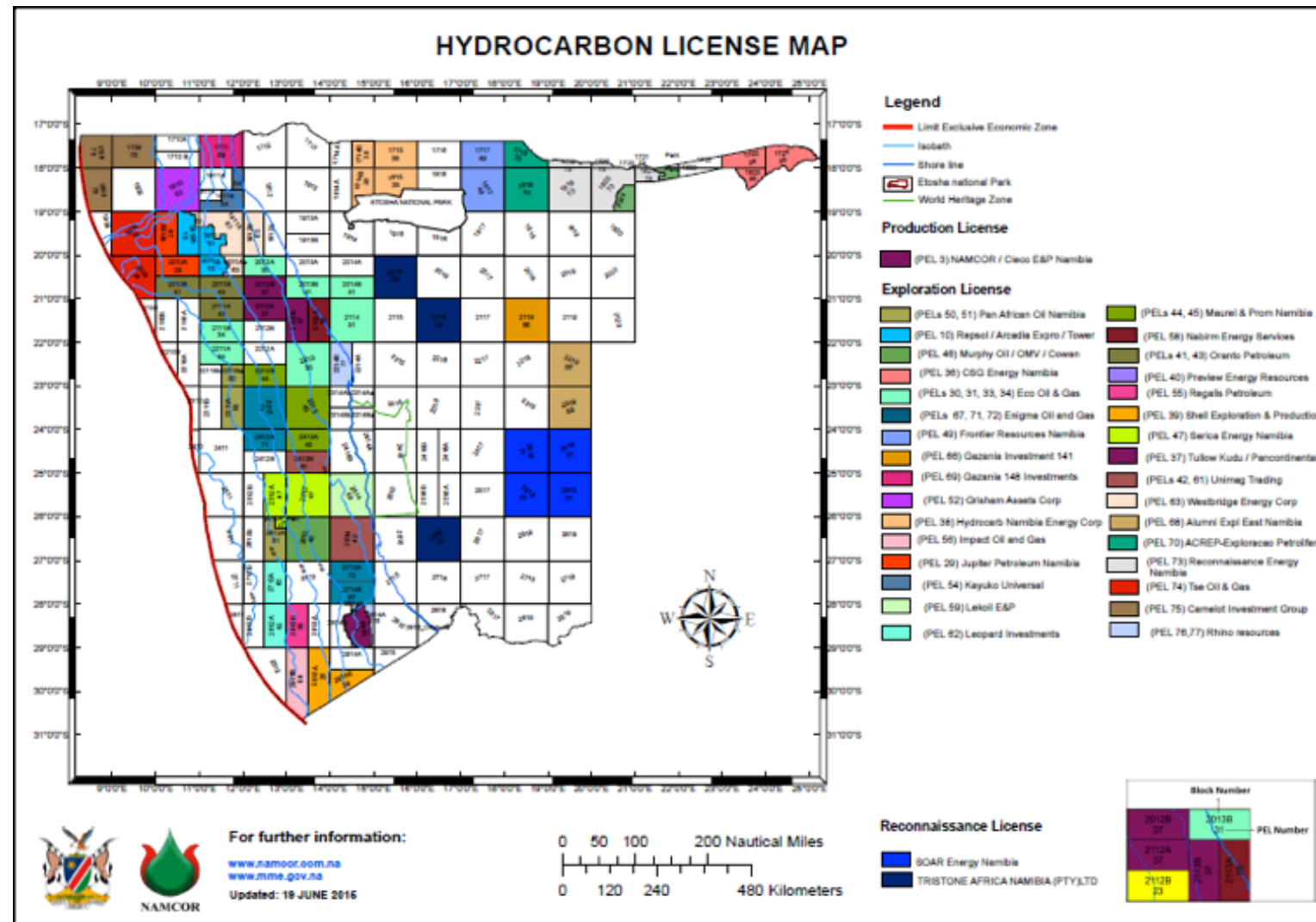




Figure 2: Hydrocarbon licence map.





Data sales

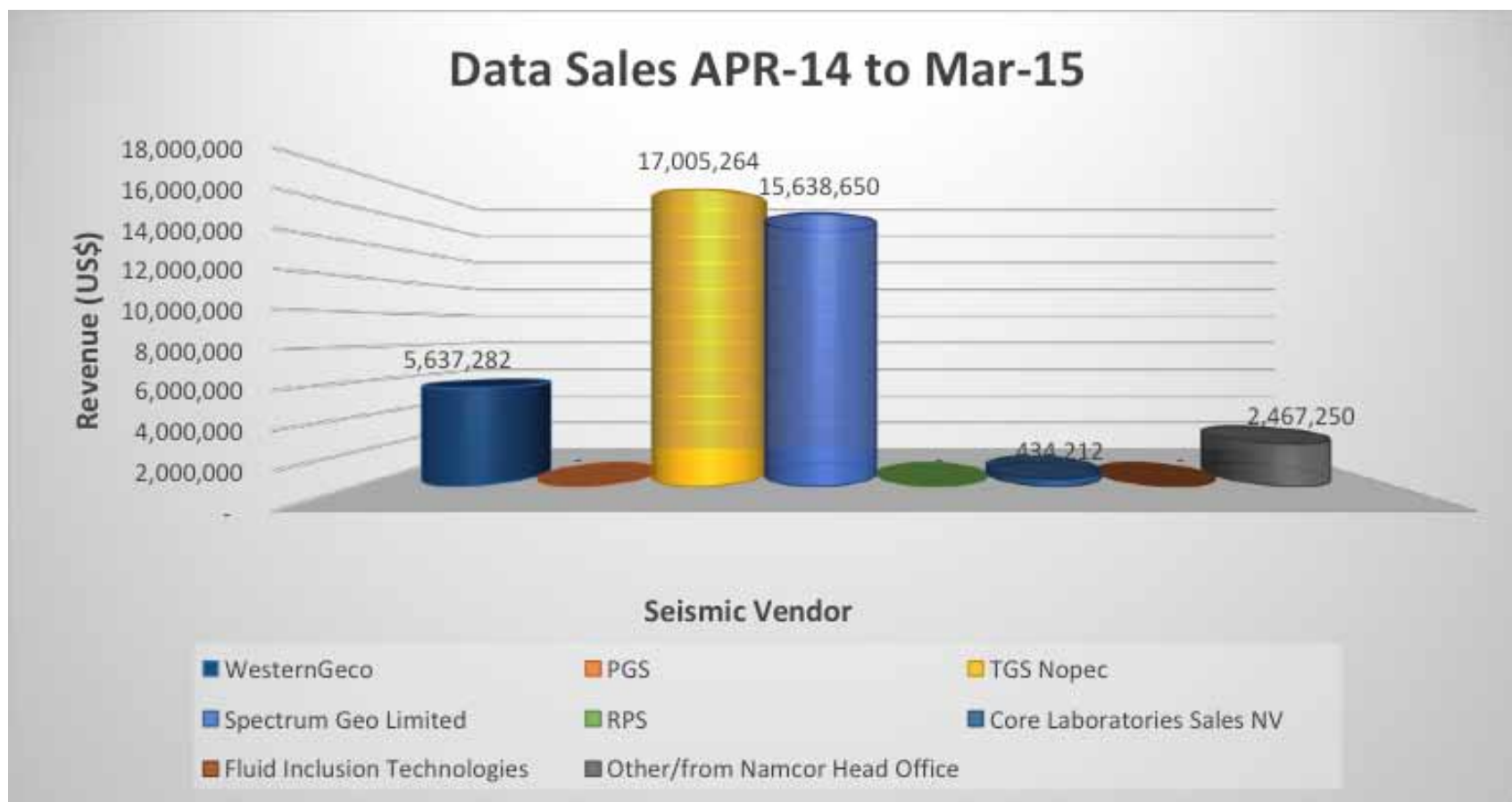
The main revenue source for the Exploration & Production (E&P) department at this point in time is from the licensing of exploration data. These data sales stem from brokerage and multi-client agreements that NAMCOR entered into with some of the world's leading Geophysical and Geological Service Companies. **Table 1 and Figure 3** below provide summaries the

names of these companies, as well as the revenue grossed for the financial year 2014/2015. A total of N\$ 40 million has been budgeted as income – generated from data sales – for the E&P department. During the 2014/2015 financial year, revenues from data sales amounted to N\$ 41, 182,660.

Table 1: Data Sales for 2014/15 financial year

NAMCOR (PTY) LTD DATA SALES 01 APRIL 2014 - 31 MARCH 2015							
Data Sale Vendors/ Agents	Mar-2015				Data Sales Invoiced to Date 31-Mar-15	Data Sales Received to Date 31-Mar-15	Total Revenue Due to NAMCOR as at 31-Mar-15
	Budgeted	YTD Budget	YTD Actual	YTD Variance			
		<u>10.7</u>	<u>10.88</u>		<u>USD</u>	<u>USD</u>	<u>USD</u>
WesternGeco	5,350,000	5,350,000	5,637,282	287,282	518,662	518,662	-
PGS	2,407,500	2,407,500	-	-2,407,500	-	-	-
Other	6,342,400	6,342,400	-	-6,342,400	-	-	-
TGS Nopec	3,263,500	3,263,500	17,005,265	13,741,765	1,564,581	1,147,500	417,081
Spectrum Geo Limited	18,778,500	18,778,500	15,638,650	-3,139,850	1,438,845	376,514	1,062,331
RPS	75,650	75,650	-	-75,650	-	-	-
Core Laboratories Sales NV	3,424,000	3,424,000	434,212	-2,989,788	39,950	39,950	-
Fluid Inclusion Technologies	306,020	306,020	-	-306,020	-	-	-
Other/from Namcor Head Office	52,430	52,430	2,467,250	2,414,820	227,001	31,600	195,401
	<u>40,000,000</u>	<u>40,000,000</u>	<u>41,182,660</u>	<u>1,182,660</u>	<u>3,789,039</u>	<u>2,114,226</u>	<u>1,674,813</u>
<u>TOTAL - USD</u>							
<u>FX Rate</u>					10.87	10.87	10.87
<u>TOTAL - NAD</u>					<u>41,182,660</u>	<u>22,979,294</u>	<u>18,203,365</u>

Figure 3: Data Sales for 2014/2015 financial year





COMMERCIAL BUSINESS UNIT

NAMCOR operates in the petroleum downstream sector by participating in fuel tenders and targeting profitable customers in the business to business (commercial) sectors. This downstream activity is in line with the Corporation's strategy of building an integrated oil company that can compete on an equal footing with other industry players; and although NAMCOR is wholly owned by the Government of the Republic of Namibia, it is important to note that it is required to comply with the same legislation as all other industry players. These include the following pieces of legislation through which the Namibian Government controls the transportation, storage, marketing and distribution of petroleum products (petrol and diesel):

- Petroleum Products and Energy Act, 1990 (Act 13 of 1990)
- Petroleum Products and Energy Amendment Act, 1994 (Act 29 of 1994)
- Petroleum Products and Energy Amendment Act, 2000
- Petroleum Products Regulations, 2000

Bulk Storage Facilities

Petroleum is a strategic commodity for any country and Namibia is heavily dependent on refined fuels for providing energy in industrial activities such as transport, electricity generation, road construction and mining. In light of this, enablers - such as bulk storage facilities from which the different sectors of the economy can be serviced - are essential.

NAMCOR owns and operates Bulk Fuel Depots throughout the country, where bulk fuels are stored and deliveries made to our customers. These (and future) storage facilities are for commercial, as well as strategic fuel supply, and ensure accessibility of fuel throughout Namibia. There are, however, tankage constraints throughout Namibia, and NAMCOR is exploring opportunities to build additional depots. To this end, a Land Master plan has been completed, recommending the growth towns where depots have to be constructed. Additionally, land has been acquired in Gobabis for the construction of a bulk fuel storage depot, and NAMCOR is in negotiations for land in other strategic towns for the same purpose (see Business Support and Property Management section below).

Following the end of the lease term for oil industry players, NAMPORT awarded the lease of its Joint Bunkering Services (JBS) and Heavy Fuel Oil (HFO) facilities to NAMCOR (May 2014) and REM Trading (August 2014). The transition went smoothly and operations at both facilities are continuing as normal.

The Government of Namibia, through the Ministry of Mines and Energy, awarded the contract for the construction of a Bulk Fuel Terminal in Walvis Bay to a consortium of companies headed by China Harbour Engineering Company (CHEC), a Beijing based Infrastructure Company and a local Engineering company called Om'kumoh Consulting Engineers. The facility will have a 75 million litre capacity of combined fuels, ULP 95 Petrol, Diesel 50 & 500 ppm, HFO



180 CST and Jet A1 Fuel. Upon completion, NAMCOR will be the operator of the facility, thereby giving the Corporation the much needed strategic advantage of having a bulk fuel storage facility at the coast.

Retail Business

NAMCOR was awarded the tender to construct a common fuel facility for the car rental companies and general public at the Hosea Kutako International Airport (HKIA). The appointment of consulting engineers and the RVI Company will be done during the 2015/2016 financial year, and construction will start thereafter.

Import Mandate

Upon the revocation of the import mandate, the shareholder tasked NAMCOR with identifying areas of development and getting geared up before the mandate could be reinstated. In light of this, PriceWaterhouse Coopers Advisory Services and SJS Energy Pty Ltd were appointed, and a final report has been received from the Consultants for discussion and approval by the Line Ministry. Thereafter, implementation will be fast tracked.

Fuel volume growth

During the 2014/2015 financial year, NAMCOR's sales volume increased 5.1% from 2013/14 sales. This is primarily due to the introduction of new customers and organic growth at existing customers. (2014: 60,109,619 litres; 2015: 63,329,961 litres).

Lubricants

NAMCOR markets and distributes its own NAMCOR branded lubricants in conjunction with Sasol Oil Ltd. The lubricants are intended for different sectors such as the mining, marine, agriculture and automotive sectors. Similarly to fuel sales, there has been an increase in the volumes of lubricants, with a 21% increase between the 2014 and 2015 financial years.



BUSINESS SUPPORT, PROPERTY MANAGEMENT & PROJECTS

During the financial year under review, the Business Support and Property Management Departments experienced various project highlights – both in terms of achievements and challenges. The level of implementation of Capital Projects such as the Land Master Plan and other related Projects supervised by the Business Support and Property Management Department are reported on below.

1. LAND MASTER PLAN

NAMCOR submitted applications to purchase land to various towns, and received offers in Ondangwa, Gobabis, Mariental, Lüderitz, Keetmanshoop and Windhoek.

Ondangwa

NAMCOR was offered four plots (Erven 4782, 4783, 4784 and 4796) in Ondangwa for purchase, by a private individual who had been allocated the land by the Ondangwa Town Council. A commitment letter was sent confirming NAMCOR's intention to buy the Erven. Valuations were conducted, negotiations have been completed, and an offer was agreed upon. NAMCOR is not awaiting finalisation of the Deed of sale for signing.

Gobabis

In Gobabis, NAMCOR offered to purchase three plots from the Municipal Council.

The Deed of Sale is currently being finalized for signing. NAMCOR has appointed Sisa Namandje & Co as Conveyancer in this transaction, and the purchase price of N\$ 2,930,863 has been transferred into their Trust Account pending the finalization of the registration of the Erven into NAMCOR's name.

Mariental

The two Erven offered by the Mariental Municipality are suitable for purchase, and a confirmation of interest was made in April 2015 by acting Executive: Business Support & Property Management. NAMCOR received an offer from the Municipal Council, stating the cost of the Erven to be N\$ 2,471,455. The Corporation is in the process of appointing a Company to provide an evaluation report on the two Erven.

Lüderitz

The Lüderitz Town Council has offered NAMCOR three sites of Land to choose from. The Department is appointing an expert to provide a second opinion on which site would be most suitable.

2. PROPERTY MATTERS

Walvis Bay

In Walvis Bay, the Department received a draft tender document for its comment and input with respect to a traffic roundabout. However, no provision has been made for



the construction cost – estimated at N\$ 1,028,596 – in the 2015/2016 budget. Also at Walvis Bay, a valuator was appointed to provide NAMCOR with a valuation report for Erf 2570 before it is transferred to the Government.

Windhoek

The matter of the consolidation of erven 5865 and 5066 to the existing erf 8020 of Petroleum House was referred to the High Court by the City of Windhoek. NAMCOR is waiting to hear from the City of Windhoek on the way forward.

NAMCOR also submitted an application for the long-term lease of a certain erf 17/288 Northern Industrial Area from the City of Windhoek, as well as an application to lease land with TransNamib in Windhoek. Responses have been received from the two entities and follow up is being made on the acquisition of the stated land.

3. PETROLEUM HOUSE RENOVATION

A number of renovations were conducted at the Petroleum House during the review period. Among other things, these included addressing flooding in Basement 1 and 2, painting the interior of the House, replacing blinds in the Old Wing, renovating the security guard booth, painting the steel bar boundary fence, painting the external wall of the Petroleum House, and partitioning certain offices in the House.

4. SUMMARISED CAPITAL PROJECT 2014/2015

During the 2014/2015 financial year, 4 of the 7 projects were implemented. This - represents 57% of the Total Capital Projects budget. The Department remains committed to ensuring the success of the Land Master Plan and other related Infrastructural Development Projects.

Project Description	Status	Remark
Land Master Plan	Implemented - The Second Draft was produced and approved by the Board of Directors	In progress – ongoing
Landscape Rehabilitation	Not implemented	
Property Maintenance Plan	Not implemented	
WB Warehouse Design	Not implemented	
Data Consolidation Storage Upgrade	Implemented - The project was implemented in 2013 and completed in July 2014	100% work completed
Office Rationalization	Implemented -The project was implemented in 2013 and completed in July 2014	100% work completed
Replacement of Air Conditioners	Implemented -The project was completed in July 2014	100% work completed

HUMAN CAPITAL DIVISION

1. Human Capital and Strategic Development

1.1 People Strategy

Inspired by our vision: "To be a world-class petroleum organisation – providing sustainable benefits to all stakeholder", 'People Strategy' is one of the key drivers in NAMCOR's business, and focuses on talent acquisition or talent attraction, training and development of our employees.

During the period under review, our people development management strategy focused on various training and development interventions such as study assistance, generic training and specialised training for our employees to enhance capacity and expertise in Upstream, Downstream and across the business, with a view to enable NAMCOR to produce the desired results in the respective areas of the business. The total spending for capacity building during the 2014/15 financial year was N\$ 3,659,992.

On an annual basis, NAMCOR has been partnering with the Petroleum and Training and Education Fund (Petrofund) to address skills shortages in the Corporation, by offering joint scholarships. During 2014/15, two female employees were awarded overseas scholarships for Masters studies in Petroleum Geoscience and Petroleum Geology, respectively. These scholarships were awarded with the view to increase technical capabilities in the Exploration and Production (Upstream) part of the business.

During the period under review, NAMCOR embarked on a journey to embed a culture of performance across the organisation. Employees received in-house training on performance management and subsequently signed performance agreements. The aim of this intervention is to ensure a high performance workforce at NAMCOR, and to make sure that employees at every level and in every function are clear on the connection between their work and the success of the organisation. This means everyone is focused on the right priorities, knows exactly what they have to do and is clear on their responsibility for delivering the right results. Performance management processes are continuously improved upon to ensure that employees are measured on robust key performance indicators that will deliver the Company's operating and financial targets.

1.2 Equity at the workplace

Employment equity is an important enabler that delivers on meaningful transformation by ensuring that we adopt fair employment practices in matters such as recruitment, selection, appointment, training, promotion and remuneration, particularly for previously racially disadvantaged people. During 2014, NAMCOR was awarded an Affirmative Action Certificate – an indication that we are in compliance with the Affirmative Action Employment Act of 1998, and that the planned numerical goals have been obtained. The new 3 year numerical plan (2015 – 2018) focuses on increasing technical capabilities, developing and promoting women into management positions, and ensuring growth opportunities for understudies. The plan is being monitored and is well on track. Workforce

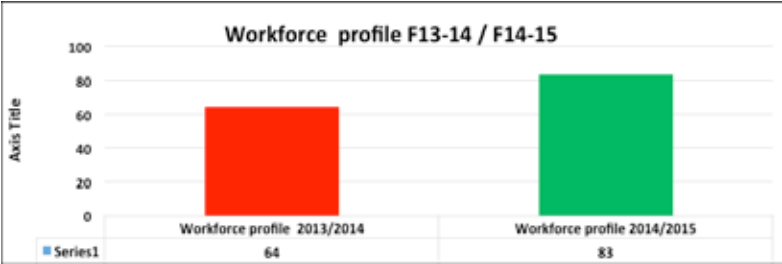
statistics are summarised below:

Designated group employees	95.38%
Of which previously disadvantaged employees	
Female employees in the workplace	47.69%
Persons with disabilities in the workplace	3.08%
Non-Namibians in the workplace	0%

2. Organisational Growth

During the 2014/15 financial year, NAMCOR’s workforce increased from 64 to 83 employees. This equates to a 23% increase in the workforce profile due to business expansion, as illustrated in Figure 1.

Figure 1: Workforce profile comparison between 2013/2014 and 2014/2015





INFORMATION COMMUNICATION TECHNOLOGY DEPARTMENT

1. ICT Infrastructure Upgrade

NAMCOR's current server, network and storage infrastructure required expansion due to an array of business requirements, including data requirements, information growth and management for all business-critical applications.

Like other companies today, NAMCOR must manage ever increasing information growth while keeping costs down and meeting stringent service levels. In order to meet these challenges, the need for a consolidated server, network and storage solution was identified. During the period under review, the ICT Department issued a Request for Proposal (RFP) for Enterprise Server, Storage and Recovery Solution, and is currently in the final stages of awarding the tender.

2. Disaster recovery and business continuity

NAMCOR secured a hosting agreement with the Bank of Namibia at the Business Continuity Site in Southern Industrial Area. This site makes provision for an off-site, secure location, to which NAMCOR's mission critical systems and data can be replicated.

NAMCOR-owned servers will be hosted in a secure, state of the art Server Room inside the Business Continuity Site, to enable NAMCOR to recover from a

possible disaster in an acceptable timeframe. Provision of office facilities for up to 10 users in case of a disaster have also been catered for under this hosting agreement.

The Disaster Recovery and Business Continuity solution will be implemented as part of the Enterprise Server, Storage and Recovery Solution.

3. Security Baseline Assessment

The ICT Department embarked on an Information Security Program as part of a deliverable identified under the approved ICT Governance Charter of 8 September 2014. One of the key deliverables under this program was to conduct a baseline assessment on the status of NAMCOR's information security, as well as identify required interventions to mitigate future risks. The purpose of this vulnerability assessment is to provide the Corporation with a better understanding of its current Information Security Status and to assist with the planning of the IT Security Strategy or Roadmap.

With the help of BCX – NAMCOR's Information Security partner, this assessment has been completed, and a preliminary report compiled. The next step identified under the security services agreement is to implement initiatives to mitigate the risks identified. This process serves as evidence that NAMCOR is proactively seeking to enhance its Information Security Status and to ensure that Confidential Data is protected.



The Security BASELINE Assessment is based on 21 industry accepted standards of good practice on Information Security, as defined by the Information Security Forum (ISF). The findings are based on the ISF Standard of Good Practice and the SANS Top 20 critical controls, with the four most important to NAMCOR being:

- Asset Management
- Identity and Access Management (Access Control)
- Electronic Communication
- Information Security Incident Management

Mitigating the Risks Identified

In order to address the shortcomings identified, the following Information Security features and solutions have to be implemented:

- Perform a Data Classification exercise to identify Secret, Confidential, Internal and Public information assets.
- Ensure that Technical controls, like DLP (Data Loss Prevention) and a Document Management system is implemented and configured.
- A Mobile Device Management solution should be implemented to cater for mobile requirements.
- Protect Confidential Data from unauthorized access, by using Encrypted Devices.
- Approve and Communicate the Information Security Policies.
- Establish Monthly IT Security Awareness Sessions to create User Awareness.

- Implement a Monthly Information Security Forum to review and maintain a healthy Information Security status.

Solution Cost Breakdown

IMSS – SPAM Filtering Solution	(N\$ 20,120 per year)
MDM – Mobile Device Management	(N\$ 2,300 per Month)
ITMS – Asset Management Solution	(N\$ Awaiting Cost information)
DLP – Data Loss Prevention	(N\$ 144,772 Once off)
datAshur – Encrypted Memory Sticks	(N\$ 30,500 Once off)
IT Security Governance Professional Services	(N\$ 20,800 per month)





HEALTH, SAFETY, ENVIRONMENT AND QUALITY (SHEQ)

Health, Safety, Environment and Quality (SHEQ)

The objective of the SHEQ Division is to promote compliance with legislation and to ensure a safe, secure and healthy working environment for NAMCOR employees and other stakeholders, whilst embedding a SHEQ culture.

The accountability and adherence of the SHEQ Policy rests with the Board of Directors or their delegates, per the Labour Act No. 11 of 2007.

1. Policy Development and Review

During the period under review, the following SHEQ policies and procedures were drafted and reviewed, and are currently being finalised:

- Waste Management Policy and Plans
- Environmental Policy and Emergency Response Preparedness
- SHEQ Policy statement
- Environmental Charter
- Alcohol and Drug Policy and Procedures

2. Audit and Inspections

A company-wide waste management audit was conducted to measure compliance with

relevant legislation. Reports were produced and made available to the Commercial Business Unit (CBU) for action. SHEQ liaises regularly with the CBU to close any compliance gaps that may exist.

3. Integrated Management System ISO 9001, ISO 14001 and OHSAS 18001 (IMS)

SHEQ has begun the process of implementing the IMS system (ISO 14001, 9001 and OHSAS 18001) throughout the company and has committed itself to reaching this objective in 2016.

ISO International Standards ensure that NAMCOR products and services are safe, reliable and of good quality. For business, these standards serve as strategic tools that reduce costs by minimizing waste and errors and increasing productivity. They also help companies to access new markets, level the playing field for developing countries and facilitate free and fair global trade.

To date, three (3) companies have presented proposals to the SHEQ Division for conducting the required work, which will be carried out in the eleven phases noted below. Due to SHEQ budget constraints, only the first five objectives are ear-marked for completion during the 2015/16 financial year.

- 1) A gap analysis to determine the level of compliance with legislation.
- 2) Review SHEQ Standards.

- 3) Training for Top Management: Raising awareness on ISO 9001, ISO 14001 & OSHAS 18001; equipping management with skills needed to implement the SHEQ management system.
- 4) Training Management Representative (MR) and Cross Functional Team (CFT) to develop the SHEQ Management System.
- 5) Drafting or Reviewing the SHEQ Policy as a show of management's commitment to Safety, Health, Environment and Quality management.
- 6) Drafting and developing the SHEQ Management System based on ISO 14001, ISO 9001 and OSHAS 18001 International Standards.
- 7) Developing the SHEQ Manual according to the set international standards, with SHEQ procedures, programs, and plans.
- 8) Training Internal Auditors on ISO 9001, ISO 14001, and OSHAS 18001.
- 9) Training for general employees to know how the system functions and its benefits.
- 10) Internal Auditing process.
- 11) External Auditing process. External auditors will be commissioned to audit the system for completeness. Subsequent to the external audit, the system shall be subjected to certification; provided the audit is successful.

4. Employee Wellness Activities

- The SHEQ Division arranged for employees at Headquarters to receive the Flu Vaccine, in an attempt to minimize the impact of winter flu. 45 employees were vaccinated, and the SHEQ division hopes to extend this intervention to other sites in the future.

5. SHEQ Induction

All new employees to the company have been inducted in various areas regarding safety, including Access Control, the functions of CCTV cameras, the building alarms, security control measures and adherence, the recording, reporting and investigation of incidents, and NAMCOR's emergency evacuation drill. All contractors carrying out work at NAMCOR's headquarters and sites have also been instructed on SHEQ safety operations.

6. Training

With the Kudu Gas Project gaining steam, SHEQ is vigorously pursuing compliance to international standards by identifying and sending employees to attend E&P SHEQ-related courses, to ensure our employees are well-prepared for this project. To date, two employees attended a course on by the National Examination Board in Occupational Safety and Health (NEBOSH), 10 employees took part in a First Aid Course, eight participated in a course on Fork Lift operating, and another eight took part in an Incident Reporting and Investigation course. All these courses were aimed specifically at health and safety in the Oil and Gas industry.

7. Service Contract Management

SHEQ oversees the following maintenance contracts:

- Rubicon Security Services cc (for security services)
- NewTeck Electronic cc (for CCTV, building alarms, fire suppression, fire detection and prevention, and access control)





MISSION

- *ensuring security of supply, through upstream and downstream operations;*
- *harnessing innovative industry best practices;*
- *proactively embracing international safety, health and environmental protocols;*
- *recruiting and retaining high performing, passionate and competent people.*

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are responsible for the preparation and fair presentation of the annual financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited, comprising the statement of financial position at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Companies Act.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the group and company to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

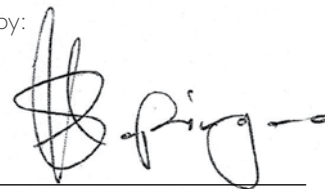
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited as identified in the first paragraph, were approved by the board on 28 September 2015 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. H. H. H.', written over a horizontal line.

Director

A handwritten signature in black ink, appearing to read 'S. P. H.', written over a horizontal line.

Director



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF NATIONAL PETROLEUM CORPORATION OF NAMIBIA (PROPRIETARY) LIMITED

We have audited the group financial statements and annual financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited, which comprise the statement of financial position at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 46 to 94.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL 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 Namibian Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 about 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of National Petroleum Corporation of Namibia (Proprietary) Limited at 31 March 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Companies Act.




Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: Robert Grant

Partner

Windhoek, 28 September 2015

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2015.

1. INCORPORATION

The company was incorporated in Namibia on 6 November 1967 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

National Petroleum Corporation of Namibia (Proprietary) Limited is a company domiciled in Namibia. The Group and Company is engaged in ensuring the optimum exploitation of Namibia's petroleum resources and meaningful Namibian participation in resulting business developments in petroleum related exploration activities. The Group and Company also act as advisors to the Ministry of Mines and Energy and assist them in monitoring the exploration activities of licensees.

The operating results and state of affairs of the Group and Company are fully set out in the attached financial statements.

3. GOING CONCERN

We draw attention to the fact that during the year ended 31 March 2015, the group and company made losses of N\$ 65 669 912 and N\$ 22 831 921, respectively.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. Management has made great strides in improving the profitability of the group with specific emphasis on improved gross profit margins and an increase in market-share particularly in the heavy fuels and oils sector.

The market conditions of the oil and gas industry in which the group operates were adversely affected during the 31 March 2015 financial year end by large

movements in the oil commodity prices. The oil price has subsequently remained stable and is not likely to decrease to the extent seen in the prior year.

Consequently, the directors believe that the group is well placed to manage its business risks successfully.

4. EVENTS AFTER THE REPORTING PERIOD

The following material non-adjusting subsequent event occurred after year end:

Liquidation of NAMCOR International Trading Limited

Namcor International Trading Limited has been liquidated after year end. The entity had no operating assets, liabilities, income or expenses at 31 March 2015.

5. AUTHORISED AND ISSUED SHARE CAPITAL

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

6. DIVIDENDS

No dividends were declared or paid to shareholder during the year (2014: Nil).

7. DIRECTORS

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

Name	Changes
Johannes !Gawaxab (Chairperson)	
Ally Shaningwa Inedhimbwa Angula (Vice Chairperson)	
Ludwig Kapingana (Acting Managing Director)	Appointed 26 February 2015
Anna Simanekeni Libana	
Obeth Mbuipaha Kandjoze (Managing Director)	Resigned 26 February 2015
Gottlieb Nendongo Amanyanga	
Merceline Mercia Geises	

8. SECRETARY

The secretary of the company is Ms. Damoline Muruko:

Business address	Petroleum House 1 Aviation Road Windhoek
Postal address	Private Bag 13196 Windhoek Namibia

9. SHAREHOLDER

The company's shareholder is Government of the Republic of Namibia.

10. AUDITORS

KPMG Namibia will continue in office in accordance with section 278(2) of the Companies Act.

11. REGISTERED OFFICE

Petroleum House
1 Aviation Road
Windhoek

STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
	Note(s)	2015 N\$	2014 N\$	2015 N\$	2014 N\$
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	132 753 294	129 451 380	76 018 579	75 125 801
Investments in subsidiaries	4	-	-	780 844	780 844
Available-for-sale investment	7	3 258 569	6 898 920	3 258 569	6 898 920
Deferred tax	8	95 999 149	86 581 305	-	-
		232 011 012	222 931 605	80 057 992	82 805 565
Current Assets					
Inventories	9	23 103 514	36 513 531	-	-
Loans to group companies	5	-	-	130 589 212	78 624 079
Current tax receivable		9 687 368	9 687 368	5 461 404	5 461 404
Trade and other receivables	10	140 044 683	204 864 698	27 728 680	63 730 860
Cash and cash equivalents	11	253 669 917	242 415 835	204 596 038	225 946 668
		426 505 482	493 481 432	368 375 334	373 763 011
Total Assets		658 516 494	716 413 037	448 433 326	456 568 576
EQUITY AND LIABILITIES					
Equity					
Share capital	14	10 000 000	10 000 000	10 000 000	10 000 000
Reserves		26 521 140	27 476 684	10 270 265	11 225 809
Retained income		292 069 775	357 739 687	243 609 941	266 441 862
		328 590 915	395 216 371	263 880 206	287 667 671
LIABILITIES					
Non-Current Liabilities					
Loans from shareholder	6	117 918 563	117 918 563	117 918 563	117 918 563
Long term loans	18	93 540 593	101 149 826	27 443 590	29 167 821
		211 459 156	219 068 389	145 362 153	147 086 384
Current Liabilities					
Loans from group companies	5	-	-	80 535	131 067
Long term loans	18	6 735 577	7 210 080	2 280 021	2 754 524
Trade and other payables	19	111 730 846	94 918 197	36 830 411	18 928 930
		118 466 423	102 128 277	39 190 967	21 814 521
Total Liabilities		329 925 579	321 196 666	184 553 120	168 900 905
Total Equity and Liabilities		658 516 494	716 413 037	448 433 326	456 568 576

STATEMENTS OF COMPREHENSIVE INCOME

	Note(s)	GROUP		COMPANY	
		2015 N\$	2014 N\$	2015 N\$	2014 N\$
Revenue	21	696 894 081	694 615 381	41 182 660	72 046 113
Cost of sales		(628 951 212)	(598 557 991)	-	-
Gross profit		67 942 869	96 057 390	41 182 660	72 046 113
Other income	21	90 712 984	91 480 952	90 682 698	89 884 468
Operating expenses		(241 061 686)	(167 457 350)	(164 211 604)	(56 450 443)
Operating (loss) profit	22	(82 405 833)	20 080 992	(32 346 246)	105 480 138
Finance income	23	14 597 413	10 825 659	11 552 841	9 725 975
Finance costs	24	(7 279 336)	(6 855 714)	(2 038 516)	(2 157 834)
(Loss) profit before taxation		(75 087 756)	24 050 937	(22 831 921)	113 048 279
Taxation	25	9 417 844	61 717 667	-	3 760 816
(Loss) profit for the year		(65 669 912)	85 768 604	(22 831 921)	116 809 095
Other comprehensive income:					
<i>Items that are or may be reclassified to profit or loss</i>					
Exchange differences on translating foreign operations		-	(3 108)	-	-
Available-for-sale financial assets adjustments		(955 544)	6 750 199	(955 544)	(6 750 199)
<i>Items that will never be reclassified to profit or loss</i>					
Gains and losses on property revaluation		-	(67 039)	-	(4 083 839)
Other comprehensive (loss) income for the year net of taxation		(955 544)	(6 820 346)	(955 544)	(10 834 038)
Total comprehensive (loss) income		(66 625 456)	78 948 258	(23 787 465)	105 975 057

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Foreign currency translation reserve	Revaluation reserve	Fair value adjustment assets available-for sale reserve	Non distributable reserve	Total reserves	Retained income	Total equity
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
GROUP								
Balance at 01 April 2013	10 000 000	(106 017)	24 933 228	7 705 743	1 764 076	34 297 030	271 971 083	316 268 113
Changes in equity								
Profit	-	-	-	-	-	-	85 768 604	85 768 604
Other comprehensive income	-	(3 108)	(67 039)	(6 750 199)	-	(6 820 346)	-	(6 820 346)
Total changes	-	(3 108)	(67 039)	(6 750 199)	-	(6 820 346)	85 768 604	78 948 258
Balance at 01 April 2014	10 000 000	(109 125)	24 866 189	955 544	1 764 076	27 476 684	357 739 687	395 216 371
Changes in equity								
Loss	-	-	-	-	-	-	(65 669 912)	(65 669 912)
Other comprehensive income	-	-	-	(955 544)	-	(955 544)	-	(955 544)
Total changes	-	-	-	(955 544)	-	(955 544)	(65 669 912)	(66 625 456)
Balance at 31 March 2015	10 000 000	(109 125)	24 866 189	-	1 764 076	26 521 140	292 069 775	328 590 915
Note(s)	14	15	16	17				

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Foreign currency translation reserve	Revaluation reserve	Fair value adjustment assets available-for sale reserve	Other non distributable reserve	Total reserves	Retained income	Total equity
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
COMPANY								
Balance at 01 April 2013	10 000 000	-	12 590 028	7 705 743	1 764 076	22 059 847	149 632 767	181 692 614
Changes in equity								
Profit	-	-	-	-	-	-	116 809 095	116 809 095
Other comprehensive income	-	-	(4 083 839)	(6 750 199)	-	(10 834 038)	-	(10 834 038)
Total changes	-	-	(4 083 839)	(6 750 199)	-	(10 834 038)	116 809 095	105 975 057
Balance at 01 April 2014	10 000 000	-	8 506 189	955 544	1 764 076	11 225 809	266 441 862	287 667 671
Changes in equity								
Loss	-	-	-	-	-	-	(22 831 921)	(22 831 921)
Other comprehensive income	-	-	-	(955 544)	-	(955 544)	-	(955 544)
Total changes	-	-	-	(955 544)	-	(955 544)	(22 831 921)	(23 787 465)
Balance at 31 March 2015	10 000 000	-	8 506 189	-	1 764 076	10 270 265	243 609 941	263 880 206
Note(s)	14	15	16	17				

STATEMENTS OF CASH FLOW

		GROUP		COMPANY	
	Note(s)	2015 N\$	2014 N\$	2015 N\$	2014 N\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		821 740 078	676 965 615	167 867 518	118 994 304
Cash paid to suppliers and employees		(798 868 414)	(710 947 688)	(140 934 279)	(154 079 413)
Cash generated from/(used in) operations	27	22 871 664	(33 982 073)	26 933 239	(35 085 109)
Interest received		12 586 955	10 825 659	11 552 841	9 725 975
Interest paid		(7 279 336)	(6 855 714)	(2 038 516)	(2 157 834)
Net cash from operating activities		28 179 283	(30 012 128)	36 447 564	(27 516 968)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(8 890 014)	(11 504 737)	(3 606 150)	(9 584 899)
Sale of property, plant and equipment	3	48 549	-	22 355	-
(Increase) / decrease in loans advanced to group companies		-	-	(51 965 133)	221 835
Net cash from investing activities		(8 841 465)	(11 504 737)	(55 548 928)	(9 363 064)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term liabilities		(8 083 736)	(6 543 442)	(2 198 734)	(2 087 887)
Proceeds from shareholders loan		-	117 918 563	-	117 918 563
(Decrease) / increase in loans from group companies		-	-	(50 532)	-
Net cash from financing activities		(8 083 736)	111 375 121	(2 249 266)	115 830 676
Total cash movement for the year		11 254 082	69 858 256	(21 350 630)	78 950 644
Cash at the beginning of the year		242 415 835	172 557 579	225 946 668	146 996 024
Total cash at end of the year	11	253 669 917	242 415 835	204 596 038	225 946 668

SIGNIFICANT ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

These financial statements have been prepared in accordance with International Financial Reporting Standards, and the Namibian Companies Act. These financial statements have been prepared on the historical cost basis except for owner occupied property which is measured at revalued amounts, financial instruments initially recognised at fair value and available for sale investments measured at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the annual financial statements of the company and all subsidiaries which are controlled by the company.

Control exists when the company has the exposure or rights to variable returns and the ability to affect those returns through power over an investee.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables and Loans and receivables

The group and company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group and company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale financial assets

The group and company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Taxation

The group and company recognises the net future tax benefit related to deferred in-

come 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 group and company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on 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 group and company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Revaluation of land and buildings

The group and company measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income.

Useful lives and residual values

Plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing useful lives, factors such as technological innovation and the number of years the assets are expected to be available for use within the group and company are taken into account. Residual value assessments take into account issues such as future market conditions, the remaining life of the asset and projected disposal values.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group and company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Other items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

- | | |
|---|---------------|
| • Buildings | 50 years |
| • Vehicles | 5 years |
| • Office, Electronic and mechanical equipment | 3 to 10 years |

The residual value, useful life and depreciation method of each asset are reviewed

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Investments in subsidiaries

Company financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.5 Financial instruments

Classification

The group and company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices.

Impairment of financial assets

At each reporting date the group and company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group and company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Other impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale. Reversal of impairment losses on available-for-sale investments are recognised in other comprehensive income unless if the original impairment was recognised in profit or loss.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Derecognition

A financial asset is derecognised when, and only when:

- The contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the group or company; or
- The group or company transfers the financial asset including substantially all risks

and rewards of ownership of the asset; or

- The group or company transfers the financial asset, neither retaining nor transferring substantially all risks and rewards of ownership of the asset, but no longer retains control of the asset. Any interest in the transferred financial assets that is created or retained is recognised as a separate asset or liability.

The difference between the carrying amount of a financial asset (or part thereof) derecognised and consideration received, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial liability is derecognised when, and only when:

- the liability is extinguished, that is, when the obligation specified in the contract is discharged,
- cancelled;
- or has expired.

The difference between the carrying amount of a financial liability (or part thereof) derecognised and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offset

Financial assets and liabilities are offset against each other only when a legally enforceable right exists to set off the recognised amounts, and the group or company

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as loans and receivables. Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Trade and other payables are classified as financial liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits that are readily convertible to a known amount of cash. These are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Cash and cash equivalents are classified as loans and receivables.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long term loans

These include loans from banks as well as government entities and are recognised initially at fair value plus direct transaction cost and subsequently measured at amortised cost. Long term loans are classified as financial liabilities measured at amortised cost.

Available-for-sale investments

Available-for-sale financial investments include equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income.

Changes in the carrying amount of available-for-sale financial investments relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments, are recognised in profit or loss.

If the investment is determined to be impaired, the cumulative loss is reclassified

from the available-for-sale reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method. The group and company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the group and company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the group and company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the group and company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate method. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor tax-

able profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income,
- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a dif-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ferent period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventory is accounted for on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventory also includes normal evaporation losses.

1.9 Impairment of assets

The group and company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group and company estimates the recoverable amount of the asset.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Irrespective of whether there is any indication of impairment, the group and company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an

impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.11 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group and company has transferred to the buyer the significant risks and

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

rewards of ownership of the goods;

- the group and company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group and company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of goods

Revenue comprises of sales of petroleum products to local oil companies and data sales, excluding Value Added Taxation. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of returns, trade discounts and volume rebates.

Data sales are recognised to the extent that it is probable that the economic benefits will flow to the group and company and the revenue can be reliably measured, regardless of when the payment is being made. Data sales relate to the sales of seismic data of geological information.

Other income

Other income comprise of fuel levy income, license income and exchange gains.

Fuel levy income is recognised to the extent that it is probable that economic benefits will flow to the group and company and the revenue can be measured reliably, regardless of when payment is being made. Fuel levy income is based on the litres sold by petroleum companies, which is declared to the Ministry of Mines and Energy monthly. Fuel levy income is recognised on a monthly basis.

License income is recognised to the extent that it is probable that economic benefits will flow to the group and company and the revenue can be measured reliably, regardless of when payment is being made. This occurs upon signature of the license agreement, which is when payment of the license fee becomes receivable.

Finance income

Interest income consists of interest charged on staff loans, trade receivables and interest earned on cash and cash equivalents. Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollar, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using
 - the exchange rate at the date of the transaction; and
 - non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollar by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a

NOTES TO THE FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective as at 31 March 2015. These include the following Standards and Interpretations that are applicable to the business of the group and company and may have an impact on future financial statements:

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The changes will include changes in the measurement bases of the group and company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group and company expect to adopt the standard for the first time in the 2019 financial statements.

The company is currently in the process of assessing the impact of this standard on the financial statements.

Disclosure Initiative (Amendments to IAS 1)

Effective for the financial years commencing on or after 1 January 2016.

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principals applicable to the order of notes, OCI, equity accounted investees and subtotals presented in the statement of financial position and the statement of profit or loss and other comprehensive income.

The group and company expect to adopt the standard for the first time in the 2017 financial statements.

IFRS 15 Revenue from contracts with customers.

Effective for the financial years commencing on or after 1 January 2018. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The

NOTES TO THE FINANCIAL STATEMENTS

model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard will most likely have a significant impact on the company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The company is currently in the process of assessing the impact of this standard on the financial statements.

The group and company expect to adopt this standard for the first time in the 2019 financial statements.

Accounting for Acquisition of Interests in Joint Operations (Amendments to IFRS 11)

Effective for the financial years commencing on or after 1 January 2016.

The amendment require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interest in a joint operation while the joint operator retains joint control. The previously held interest in the joint operation will not be remeasured.

The group and company will amend its accounting policy with effect from

March 2016 for acquisition of interest in a joint operation. The company is currently in the process of assessing the impact of this standard on the financial statements.

The group and company expect to adopt this standard for the first time in the 2017 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment

GROUP	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	128 966 182	(10 856 927)	118 109 255	119 407 251	(8 890 782)	110 516 469
Buildings under construction	289 107	-	289 107	7 292 433	-	7 292 433
Motor vehicles	2 068 134	(830 512)	1 237 622	1 602 564	(431 990)	1 170 574
Office, electric and core store equipment	28 627 918	(15 510 608)	13 117 310	22 360 937	(11 889 033)	10 471 904
Total	159 951 341	(27 198 047)	132 753 294	150 663 185	(21 211 805)	129 451 380

COMPANY	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	79 514 886	(8 292 788)	71 222 098	70 554 509	(6 919 982)	63 634 527
Buildings under construction	289 107	-	289 107	7 292 433	-	7 292 433
Motor vehicles	1 206 483	(647 434)	559 049	1 143 446	(380 988)	762 458
Office equipment	12 299 349	(8 351 024)	3 948 325	10 284 304	(6 847 921)	3 436 383
Total	93 309 825	(17 291 246)	76 018 579	89 274 692	(14 148 891)	75 125 801

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land and buildings	1 10 516 469	644 835	-	8 914 096	(1 966 145)	118 109 255
Buildings under construction	7 292 433	1 837 731	-	(8 841 057)	-	289 107
Motor vehicles	1 170 574	402 532	-	-	(335 484)	1 237 622
Office, electric and core store equipment	10 471 904	6 004 916	(55 392)	(73 039)	(3 231 079)	13 117 310
	129 451 380	8 890 014	(55 392)	-	(5 532 708)	132 753 294

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2014

	Opening balance	Additions	Revaluations	Depreciation	Total
Land and buildings	112 042 415	636 350	(67 039)	(2 095 257)	110 516 469
Buildings under construction	-	7 292 433	-	-	7 292 433
Motor vehicles	548 908	851 031	-	(229 365)	1 170 574
Office, electric and core store equipment	10 643 793	2 724 923	-	(2 896 812)	10 471 904
	123 235 116	11 504 737	(67 039)	(5 221 434)	129 451 380

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - COMPANY - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land and buildings	63 634 527	46 281	-	8 914 096	(1 372 806)	71 222 098
Buildings under Construction	7 292 433	1 837 731	-	(8 841 057)	-	289 107
Motor vehicles	762 458	-	-	-	(203 409)	559 049
Office equipment	3 436 383	1 722 138	(29 178)	(73 039)	(1 107 979)	3 948 325
	75 125 801	3 606 150	(29 178)	-	(2 684 194)	76 018 579

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - COMPANY - 2014

	Opening balance	Additions	Revaluations	Depreciation	Total
Land and buildings	68 583 935	636 349	(4 083 839)	(1 501 918)	63 634 527
Buildings under construction	-	7 292 433	-	-	7 292 433
Motor vehicles	548 908	391 913	-	(178 363)	762 458
Office equipment	3 033 748	1 264 204	-	(861 569)	3 436 383
	72 166 591	9 584 899	(4 083 839)	(2 541 850)	75 125 801

Revaluations

Land and Buildings consists of the following property:

Erf 1055 Otjiwarongo

Erf 2590 Walvis Bay

Erf 2570 Walvis Bay

Erf 8521 Windhoek

The effective date of the revaluations of Erf 1055, Erf 8521 and Erf 2590 was 14 May 2014 and 4 July 2012 for Erf 2570. The revaluation of Erf 1055, Erf 8521 and Erf 2590 were performed by independent valuer, Mr PJ Scholtz, of Property Valuations Namibia. Property Valuations Namibia is not connected to the group.

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
3. Property, plant and equipment (continued)				
Land and buildings are revalued with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.				
The valuation was performed based on active market prices, adjusted for any difference in nature, location or condition of the specific property.				
The carrying value of the revalued assets under the cost model would have been:				
Cost				
Land	12 853 548	3 775 570	424 430	424 430
Buildings	79 510 321	79 464 040	58 848 129	58 801 848
Accumulated depreciation				
Buildings	(8 690 285)	(7 040 074)	(6 600 633)	(5 423 670)
	83 673 584	76 199 536	52 671 926	53 802 608

Measurement of fair values

The fair value measurement of land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used as set out below. The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Land and buildings				
Balance at 1 April	110 516 469	112 042 415	63 634 527	68 583 935
Additions	9 558 931	635 800	8 960 377	636 349
Depreciation	(1 966 145)	(2 094 707)	(1 372 806)	(1 501 918)
(Losses)/ gains included in other comprehensive income				
Changes in fair value	-	(67 039)	-	(4 083 839)
	118 109 255	110 516 469	71 222 098	63 634 527

Valuation technique

Discounted cash flows: The valuation model considers the present values of net cash flows that could be generated by the property in terms of rentals taking into account market conditions such as inflation rate, occupancy rates and letability of the property.

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
3. Property, plant and equipment (continued)				
Significant unobservable inputs				
<ul style="list-style-type: none"> • Expected market rentals • Occupancy rates • Letability of the property • Discount rates. 				
Interrelationship between key observable inputs and fair value measurements				
The estimated fair value would increase/ (decrease) if:				
<ul style="list-style-type: none"> • expected market rentals were higher/ (lower) • potential occupancy rates were higher/ (lower) • letability of the properties were higher / (lower), or • Discount rates were lower/ (higher). 				
Pledged as security				
The following properties have been pledged as security:				
Land and buildings (Erf 1055)	18 542 000	18 935 000	-	-
The property has been pledged as security in respect of a mortgage loan of N\$ 18 500 000. The group also ceded to the bank, the Material Damage Policy for the full replacement value of the property as well as all rentals payable in terms of any present or future lease contracts entered in respect of the property.				
Land and buildings (Erf 8020)	71 222 098	63 634 527	71 222 098	63 634 527
The property has been pledged as security in respect of a first and second mortgage loan of N\$14 000 000 and N\$ 40 000 000 respectively owing to Bank Windhoek. The group also ceded to the bank, the Fire Policy for an amount of N\$ 90 783 939.				

NOTES TO THE FINANCIAL STATEMENTS

	GROUP			COMPANY	
	2015 N\$		2014 N\$	2015 N\$	2014 N\$
4. Investments in subsidiaries					
Name of company	Issued share capital	% holding 2015	% holding 2014	Carrying amount 2015	Carrying amount 2014
NAMCOR Exploration and Production (Pty) Ltd	160,000	100,00 %	100,00 %	160 000	160 000
NAMCOR Petroleum Trading and Distribution (Pty) Ltd	100	100,00 %	100,00 %	100	100
Sonam Petroleum Company (Pty) Ltd	160,000	100,00 %	100,00 %	160 000	160 000
Namcor International Trading	51,000	50,00 %	50,00 %	460 744	460 744
				780 844	780 844

The carrying amounts of subsidiaries are shown net of impairment losses.

All subsidiaries except for Namcor International Trading are incorporated in Namibia. Namcor International Trading is incorporated in Mauritius and has been liquidated subsequent to year end.

5. Loans to (from) group companies**Subsidiaries**

NAMCOR Exploration and Production (Pty) Ltd	-	-	(32 040)	(51 408)
The loan is unsecured, interest free and repayable on demand.				
NAMCOR Petroleum Trading and Distribution (Pty) Ltd	-	-	130 382 061	78 402 244
The loan is unsecured, interest free and repayable on demand.				
Sonam Petroleum Company (Pty) Ltd	-	-	(48 495)	(79 659)
The loan is unsecured, interest free and repayable on demand.				
Namcor International Trading	-	-	207 151	221 835
The loan is unsecured, interest free and repayable on demand.				
	-	-	130 508 677	78 493 012
Current assets	-	-	130 589 212	78 624 079
Current liabilities	-	-	(80 535)	(131 067)
	-	-	130 508 677	78 493 012

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
6. Loans to (from) shareholder				
Ministry of Mines and Energy	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
The loan was granted by the Ministry of Mines and Energy for the funding of the Kudu Project. The loan is repayable in monthly installments from the first day of economical production or 1 July 2017, whichever is the later, and will bear interest at 2.5%. The interest will accrue from the first day of economic production or 1 July 2017, whichever is later.				
Non-current assets	-	-	-	-
Non-current liabilities	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
7. Available-for-sale investment				
Serica Energy Plc	3 258 569	6 898 920	3 258 569	6 898 920
Serica Energy Plc is a foreign company incorporated in England and Wales. The shares are listed on the London Stock Exchange and denominated in US\$.				
Fair value hierarchy of available-for-sale financial assets				
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.				
Level 1				
Listed Shares	3 258 569	6 898 920	3 258 569	6 898 920
Reconciliation of movement				
Fair value at the beginning of the year	6 898 920	12 532 242	6 898 920	12 532 242
Impairment	(3 058 856)	-	(3 058 856)	-
Fair value loss	(955 544)	(6 750 199)	(955 544)	(6 750 199)
Unrealised exchange gain	374 049	1 116 877	374 049	1 116 877
	3 258 569	6 898 920	3 258 569	6 898 920

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
8. Deferred tax				
Deferred tax asset				
Accelerated capital allowances for tax purposes	(7 089 884)	(2 015 467)	-	-
Allowance for impairment - trade receivables	38 745 197	30 976 732	-	-
Deferred income	931 671	941 670	-	-
Tax losses available for set off against future taxable income	63 412 165	56 678 370	-	-
	95 999 149	86 581 305	-	-
Reconciliation of deferred tax asset (liability)				
At beginning of the year	86 581 305	24 863 637	-	-
Current year charge in profit or loss	14 816 065	61 154 548	-	-
Prior year under-provision	(5 398 221)	563 120	-	-
	95 999 149	86 581 305	-	-

Recognition of deferred tax asset

The group has recognised a deferred tax asset on calculated tax losses for one of its subsidiaries as sufficient support and evidence exist at the date of the annual financial statements, based on an analysis of once off items included in current year losses and future cash flow forecasts prepared by management, that future taxable profits will be in excess of the profits arising from the reversal of existing taxable temporary differences.

9. Inventories

Finished goods	23 103 514	36 513 531	-	-
Write-down of inventories recognised as an expense	7 487 369	929 824	-	-

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
10. Trade and other receivables				
Trade receivables	264 511 881	304 532 565	20 614 465	57 866 812
Impairment of Trade Receivables	(156 546 253)	(125 158 513)	-	-
Value Added Taxation	15 752 076	9 363 146	7 059 432	5 752 015
Other receivables	14 163 267	14 037 786	54 783	112 033
Customs and levies	2 089 714	2 089 714	-	-
Guarantees	73 998	-	-	-
	140 044 683	204 864 698	27 728 680	63 730 860

Trade and other receivables past due but not impaired

At 31 March 2015, N\$ 48 611 682 (2014: N\$ 48 450 419) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	36 378 071	20 565 621	7 330 676	-
2 months past due	9 271 637	10 945 877	-	285 203
3 months past due	2 961 974	16 938 921	2 898 930	-

Trade and other receivables impaired

As of 31 March 2015, trade and other receivables of N\$ 31 387 740 (2014: N\$ 1 552 278) were impaired and provided for.

The amount of the provision was N\$ 156 546 253 as of 31 March 2015 (2014: N\$ 125 158 513).

The ageing of these receivables impaired is as follows:

Past due 31 -120 days	31 387 740	3 969 409	-	-
More than 1 year	125 158 513	121 189 103	-	-

Reconciliation of provision for impairment of trade and other receivables

Opening balance	125 158 513	123 606 235	-	-
Provision for impairment	31 387 740	1 552 278	-	-
	156 546 253	125 158 513	-	-

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
11. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	4 000	4 000	2 000	2 000
Bank balances	231 982 785	231 213 770	204 594 038	225 944 668
Short-term deposits	21 683 132	11 198 065	-	-
	253 669 917	242 415 835	204 596 038	225 946 668

Cash and cash equivalents included above that are not available for use by the group.	6 928 598	6 500 000	-	-
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The short-term deposits mature at periods between 3 to 6 months and carry interest at an average rate of 5.70% (2014: 4.90%). Bank Windhoek holds a limited cession of N\$ 6 928 598 (2014: N\$ 6 500 000) to cover guarantees issued as well as a limited cession over all Bank Windhoek investment accounts for N\$ 150 000 000 to cover the mortgage loans owing to Bank Windhoek.

12. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

GROUP - 2015

	Loans and receivables	Available- for-sale	Total
Available-for-sale investment	-	3 258 569	3 258 569
Trade and other receivables	124 292 607	-	124 292 607
Cash and cash equivalents	253 665 917	-	253 665 917
	377 958 524	3 258 569	381 217 093

NOTES TO THE FINANCIAL STATEMENTS

12. Financial assets by category (continued)

GROUP - 2014

	Loans and receivables	Available- for-sale	Total
Available-for-sale investment	-	6 898 920	6 898 920
Trade and other receivables	195 501 552	-	195 501 552
Cash and cash equivalents	242 411 835	-	242 411 835
	437 913 387	6 898 920	444 812 307

Company - 2015

	Loans and receivables	Available- for-sale	Total
Loans to group companies	130 589 212	-	130 589 212
Available-for-sale investment	-	3 258 569	3 258 569
Trade and other receivables	20 669 248	-	20 669 248
Cash and cash equivalents	204 594 038	-	204 594 038
	355 852 498	3 258 569	359 111 067

Company - 2014

	Loans and receivables	Available- for-sale	Total
Loans to group companies	78 624 079	-	78 624 079
Available-for-sale investment	-	6 898 920	6 898 920
Trade and other receivables	57 978 845	-	57 978 845
Cash and cash equivalents	225 944 668	-	225 944 668
	362 547 592	6 898 920	369 446 512

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$

13. Interest in joint venture

National Petroleum Corporation of Namibia had a 50% interest in Namcor International Trading Limited.

The entity is in the process of being liquidated and has no operating assets, liabilities, income or expenses at 31 March 2015 (2014: Nil).

14. Share capital**Authorised and Issued**

10,000,000 Ordinary shares of N\$1 each	10 000 000	10 000 000	10 000 000	10 000 000
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regards to the company's residual assets.

15. Foreign currency translation reserve

Translation reserve relates to exchange differences on consolidation of Namcor Internal Trading, a foreign subsidiary.

Opening balance	(109 125)	(106 017)	-	-
Exchange differences on translating foreign operations	-	(3 108)	-	-
Closing balance	(109 125)	(109 125)	-	-

16. Revaluation reserve

The revaluation reserve relates to the revaluation of property.

Opening balance	24 866 189	24 933 228	8 506 189	12 590 028
Revaluation of Property	-	(67 039)	-	(4 083 839)
	24 866 189	24 866 189	8 506 189	8 506 189

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
17. Fair value adjustment assets-available-for-sale reserve				
The fair value reserve relates to the change in fair value of the available for sale equity instruments.				
Available-for-sale financial instruments	-	955 544	-	955 544
18. Long term loans				
Held at amortised cost				
Standard Bank of Namibia	9 182 005	11 237 561	-	-
The secured loan is a commercial property bond and bears interest at the prime lending rate less 1.5% per annum. The loan is repayable in 96 installments of N\$ 171 296 each.				
Bank Windhoek	29 723 611	31 922 345	29 723 611	31 922 345
The Bank Windhoek loan bears interest at the prime lending rate less 3%, 2015: 7% (2014: 6.25%) per annum and is secured by a first and second mortgage bond over Erf 8020 Windhoek. Bank Windhoek also holds a limited cession over all Bank Windhoek investment accounts for N\$ 150 000 000. The loan is repayable in 96 monthly installments of N\$ 355 176 (2012: N\$ 355 176) each.				
National Energy Fund	61 370 554	65 200 000	-	-
The loan is unsecured and bears interest at prime less 3%.				
The loan is repayable in 338 installments of N\$ 200 000 each.				
	100 276 170	108 359 906	29 723 611	31 922 345
Non-current liabilities				
Non-current portion	93 540 593	101 149 826	27 443 590	29 167 821
Current liabilities				
Current portion	6 735 577	7 210 080	2 280 021	2 754 524
	100 276 170	108 359 906	29 723 611	31 922 345

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
19. Trade and other payables				
Trade payables	74 465 258	79 378 948	24 958 021	16 167 749
Other payables	12 254 354	3 595 326	9 245 028	536 155
Accruals	22 383 872	9 718 897	-	-
Leave pay accrual	2 627 362	2 225 026	2 627 362	2 225 026
	111 730 846	94 918 197	36 830 411	18 928 930

20. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

GROUP - 2015

	Financial liabilities at amortised cost	Total
Loans from shareholders	117 918 563	117 918 563
Long term loans	100 276 170	100 276 170
Trade and other payables	86 719 612	86 719 612
	304 914 345	304 914 345

GROUP - 2014

	Financial liabilities at amortised cost	Total
Loans from shareholders	117 918 563	117 918 563
Long term loans	108 359 906	108 359 906
Trade and other payables	82 974 274	82 974 274
	309 252 743	309 252 743

NOTES TO THE FINANCIAL STATEMENTS

20. Financial liabilities by category (continued)

COMPANY - 2015

	Financial liabilities at amortised cost	Total
Loans from group companies	80 535	80 535
Loans from shareholders	117 918 563	117 918 563
Long term loans	29 723 611	29 723 611
Trade and other payables	34 203 049	34 203 049
	181 925 758	181 925 758

COMPANY - 2014

	Financial liabilities at amortised cost	Total
Loans from group companies	131 067	131 067
Loans from shareholders	117 918 563	117 918 563
Long term loans	31 922 345	31 922 345
Trade and other payables	16 703 904	16 703 904
	166 675 879	166 675 879

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
21. Revenue				
Data Sales	41 182 660	72 046 113	41 182 660	72 046 113
Petroleum Products	655 711 421	622 569 268	-	-
	696 894 081	694 615 381	41 182 660	72 046 113
Other income				
Fuel levy income	80 373 283	75 395 305	80 373 283	75 395 305
Licence income	-	9 637 800	-	9 637 800
Sundry income	86 316	1 823 696	56 030	227 212
Foreign exchange gains	10 253 385	4 624 151	10 253 385	4 624 151
	90 712 984	91 480 952	90 682 698	89 884 468
22. Operating (loss) profit				
Operating (loss) profit for the year is stated after accounting for the following:				
Remuneration, other than to employees, for:				
Professional fees	15 874 706	7 258 576	11 361 402	6 379 989
Operating lease charges				
Premises				
• Contractual amounts	2 408 449	814 483	1 133 075	814 483
Motor vehicles				
• Contractual amounts	118 611	151 181	-	-
Equipment				
• Contractual amounts	42 215	38 152	-	-
	2 569 275	1 003 816	1 133 075	814 483

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
22. Operating (loss) profit (continued)				
Profit (loss) on sale of property, plant and equipment	(6 843)	223 012	(6 843)	223 012
Receiver of Revenue penalties and interest	6 925 892	312 867	-	-
Inventory written off	7 487 369	622 475	-	-
Reversal of impairment on loans to group companies	-	-	-	102 901 937
Impairment on available-for-sale asset	3 058 856	-	3 058 856	-
Impairment on trade and other receivables	31 387 740	1 552 278	-	-
Depreciation on property, plant and equipment	5 532 708	5 221 434	2 684 194	2 541 850
Employee costs	43 301 871	30 318 735	43 301 871	30 308 155
23. Finance income				
Interest income				
Cash and cash equivalents	12 566 899	10 800 009	11 532 785	9 700 325
Interest charged on trade receivables	2 010 458	-	-	-
Staff loans	20 056	25 650	20 056	25 650
	14 597 413	10 825 659	11 552 841	9 725 975
24. Finance costs				
Late payment of tax	15 896	88 508	15 896	88 508
Long term borrowings	7 263 440	6 767 206	2 022 620	2 069 326
	7 279 336	6 855 714	2 038 516	2 157 834

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
25. Taxation				
Major components of the tax income				
Deferred				
Current year charge	(14 816 065)	869 699	-	(3 760 816)
Arising from previously unrecognised tax loss	-	(62 024 247)	-	-
Arising from prior period adjustments	5 398 221	(563 119)	-	-
	(9 417 844)	(61 717 667)	-	(3 760 816)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	33,00 %	33,00 %	3,00 %	33,00 %
Exempt income	(36,00)%	(105,00)%	(118,86)%	(22,30)%
Disallowable charges	4,00 %	(140,40)%	5,00 %	(30,00)%
Unrecognised tax losses	18,77 %	469,00 %	80,86 %	22,63 %
Prior year under-provision	(7,23)%	0,01 %	- %	- %
	12,54 %	256,61 %	- %	3,33 %

No provision has been made for normal income tax as the group and company has no taxable income.

The estimated tax loss available for set off against future taxable income for the group and company is N\$ 442 196 876 (2014: N\$ 310 735 030) and N\$ 250 038 804 (2014: N\$ 123 361 165), respectively.

26. Auditors' remuneration

Fees	466 985	374 016	279 479	117 308
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NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
27. Cash generated from (used in) operations				
(Loss) profit before taxation	(75 087 756)	24 050 937	(22 831 921)	1 13 048 279
Adjustments for:				
Depreciation and amortisation	5 532 708	5 221 434	2 684 194	2 541 850
Loss (profit) on sale of assets	6 843	(223 012)	6 843	(223 012)
Unrealised (gain)/ loss on foreign exchange	(374 049)	(896 974)	(374 049)	(996 973)
Impairment of inventories	7 487 369	662 476	-	-
Impairment of Trade Receivables	31 387 740	1 552 278	-	-
Interest received	(14 597 413)	(10 825 659)	(11 552 841)	(9 725 975)
Finance costs	7 279 336	6 855 714	2 038 516	2 157 834
(Reversal)/ Impairment of loan to subsidiary	-	-	-	(102 901 937)
Impairment of Available-for-sale investment	3 058 856	-	3 058 856	-
Accrued interest	-	-	-	585 448
Changes in working capital:				
Inventories	5 922 648	(3 022 441)	-	-
Trade and other receivables	35 442 733	(109 566 116)	36 002 160	(41 819 400)
Trade and other payables	16 812 649	52 209 290	17 901 481	2 248 777
	22 871 664	(33 982 073)	26 933 239	(35 085 109)

28. Commitments

Guarantees

The company has provided financial guarantees on behalf of its subsidiary Namcor Petroleum Trading and Distribution in favour of the Ministry of Finance for Import VAT. The Ministry of Finance required this security as the latter has significant monthly imports. The value at 31 March 2015 is N\$ 6 928 598 (2014: N\$ 6 500 000).

Operating leases – as lessee (expense)

The group has entered into commercial leases on motor vehicles and office equipment. These leases have an average life of between three and five years with no renewal option included in the lease contracts. The group has also entered into commercial leases for property, with an average life of one year. There are no restrictions placed upon the group by entering into these leases. Future minimum lease payable on non-cancellable operating leases as at 31 March are as follows:

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
28. Commitments (continued)				
Minimum lease payments due on noncancellable operating leases				
- within one year	277 720	-	277 720	-
29. Contingencies				
Legal claim contingency				
Litigation is in the process by the group against several other oil companies for the recovery of amounts owing by these companies. The nature of the claims is that the companies underpaid NAMCOR Petroleum Trading and Distribution (Proprietary) Limited for products supplied during the currency of the company's mandate. In addition the defendants incurred demurrage costs in respect of the excess time used to discharge the quantity of product which costs are also to be recovered through this litigation. The group's lawyers have advised that it is too early to provide an opinion on the success at this point. Should the claim be successful, the estimated amount to be received is N\$ 57 628 322.				
30. Related parties				
Relationships				
Shareholder				Government of the Republic of Namibia
Subsidiaries				Refer to note 4
Related party balances				
Loan accounts - Owing by/(to) group companies				
NAMCOR Exploration and Production (Proprietary) Limited	-	-	(32 040)	(51 408)
Namcor Petroleum Trading and Distribution (Proprietary) Limited	-		130 382 061	78 402 244
Sonam Petroleum Company (Proprietary) Limited	-	-	(48 495)	(79 659)
Namcor International Trading	-	-	207 151	221 835
Long term loans - Owing to related parties				
Ministry of Mines and Energy	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
National Energy Fund	(61 370 554)	(65 200 000)	-	-

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
30. Related parties (continued)				
Related party transactions				
Interest paid to related parties				
National Energy Fund	4 347 309	3 577 475	-	-
Levies received from related parties				
Ministry of Mines and Energy	80 373 284	75 395 305	80 373 284	75 395 305
Compensation to directors				
Salaries	2 118 443	2 483 902	2 118 443	2 483 902
Director's fees	418 703	364 123	418 703	353 478
Expense allowance	-	82 536	-	82 563
	2 537 146	2 930 561	2 537 146	2 919 943

31. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 5, 6 and 18, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position. The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. The group's strategy is to maintain a gearing ratio below 100%. The group includes within net debt, interest bearing loans, trade and other payables, less cash and cash equivalents.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

NOTES TO THE FINANCIAL STATEMENTS

		GROUP		COMPANY	
		2015 N\$	2014 N\$	2015 N\$	2014 N\$
31. Risk management (continued)					
The gearing ratio at 2015 and 2014 respectively were as follows:					
Total borrowings					
Long term loans	18	100 276 170	108 359 906	29 723 611	31 922 345
Shareholder loan	6	117 918 563	117 918 563	117 918 563	117 918 563
Trade and other payables	19	111 730 846	94 918 197	36 830 411	18 928 930
		329 925 579	321 196 666	184 472 585	168 769 838
Less: Cash and cash equivalents	11	253 669 917	242 415 835	204 596 038	225 946 668
Net debt		76 255 662	78 780 831	(20 123 453)	(57 176 830)
Capital		10 000 000	10 000 000	10 000 000	10 000 000
Total capital		86 255 662	88 780 831	(10 123 453)	(47 176 830)
Gearing ratio		88 %	89 %	199 %	121 %

Financial risk management

Exposure to credit, liquidity and market risk arises in the normal course of the group and company's business. The Board of Directors has overall responsibility for the establishment and oversight for the group's risk management framework.

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 manage 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's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

31. Risk management (continued)

GROUP

At 31 March 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	11 054 576	12 902 188	34 547 236	109 344 726
Shareholder loan	-	-	117 918 563	-
Trade and other payables	111 730 846	-	-	-

At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	13 414 787	13 105 482	37 460 652	115 409 005
Shareholder loan	-	-	117 918 563	-
Trade and other payables	94 918 197	-	-	-

COMPANY

At 31 March 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	2 280 021	4 295 633	12 886 899	20 762 226
Shareholder loan	-	-	117 918 563	-
Trade and other payables	36 830 411	-	-	-

At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	4 155 086	4 155 086	12 465 258	24 238 001
Shareholder loan	-	-	117 918 563	-
Trade and other payables	18 928 930	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$
31. Risk management (continued)				
Interest rate risk				
The group's interest rate risk arises from long-term borrowings and bank balances. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2015 and 2014, the group's borrowings at variable rate were denominated in the Namibia Dollar.				
At 31 March 2015, if interest rates on Namibia Dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, group and company pre-tax profit for the year would have been N\$ 1 317 106 (2014: N\$ 1 228 579) and N\$ 1 748 724 (2014: N\$ 1 940 243) lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings and bank balances.				
Financial instrument				
Fixed rate instruments				
Short-term deposits	21 683 132	11 198 065	-	-
Variable rate instruments				
Bank and cash balances	231 986 785	231 217 770	204 596 038	225 946 668
Long term loans	(100 276 170)	(108 359 906)	(29 723 611)	(31 922 345)
	153 393 747	134 055 929	174 872 427	194 024 323

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

loans to group companies	-	-	130 589 212	78 624 079
Trade and other receivables	124 292 607	195 501 552	20 669 248	57 978 846
Cash and cash equivalents	253 669 917	242 415 835	204 596 038	225 946 668

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015 N\$	2014 N\$	2015 N\$	2014 N\$
31. Risk management (continued)				
The group's 5 most significant customers account for N\$ 140 341 338 (2014: N\$ 158 067 436) of trade receivables at year end.				
The company's most significant loans and receivables were amounts due by subsidiaries of N\$ 130 589 212 (2014: N\$ 78 624 079).				
Foreign exchange risk				
The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.				
The group does not hedge foreign exchange fluctuations.				
The group has an investment in a foreign operation, whose net assets are exposed to foreign currency translation risk.				
The group undertakes transactions denominated in foreign currencies and hence the exposures to exchange rate fluctuations arise. The balances that are exposed to foreign currency fluctuations are investments classified as available-for-sale, certain US dollar denominated trade receivables, US dollar denominated bank balances and US dollar denominated trade payables. At 31 March 2015, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, group and company pre-tax profit for the year would have been N\$ 2 355 691 (2014: N\$ 6 791 146) and N\$ 2 355 691 (2014: N\$ 6 962 943) lower/higher respectively, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables, securities classified as available-for-sale, bank balances and trade payables.				
Foreign currency exposure at the end of the reporting period				
Non current assets				
Available for sale investment, USD 269 682 (2014 : USD 645 000)	3 258 569	6 898 920	3 258 569	6 898 920
Current assets				
Trade debtors	6 891 747	45 251 321	6 891 747	45 251 321
Cash and cash equivalents	28 487 947	29 048 104	28 487 947	28 966 068
Liabilities				
Trade and other payables	(18 210 793)	(11 486 884)	(18 210 793)	(11 486 884)

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	N\$	N\$	N\$	N\$

31. Risk management (continued)

Exchange rates used for conversion of foreign items were:

USD	N\$12.08	N\$10.70	N\$12.08	N\$10.70
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Price risk

The group is exposed to equity securities price risk because of its equity investment classified as available for sale. To manage its price risk arising from investments in equity securities, the group monitors the equity price of the investment.

The group is exposed to commodity risk through trading in fuel.

The table below summarises the impact of increases/decreases of the indexes on the group's equity. The analysis is based on the assumption that the equity indexes has increased/decreased by 5% with all other variables held constant:

Group and company

	Impact on post tax profit in Namibia Dollar		Impact on other components of equity in Namibia Dollar	
	2015	2014	2015	2014
Financial instrument				
Available for sale investments	-	-	162 929	344 946





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