ANNUAL REPORT
2021 / 2022

NAMCOR

ANNUAL REPORT 2021 / 2022

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CHAIRPERSON'S REPORT

On behalf of the Board of Directors of the National Petroleum Corporation of Namibia (NAMCOR), it gives me great pleasure to present the annual report for the period 01 April 2021 to 31 March 2022.

The 2021/2022 financial year was undoubtedly one of the most historic years in NAMCOR's existence, accounting for the success of high-impact upstream projects which will ensure a sustainable business model far into the future. These projects include the discovery of oil in two separate blocks on Namibian territory as well as the acquisition of an oil-producing asset in Angola. These developments alone have far-reaching benefits for socio-economic development in the industry and the country at large. They have radically transformed NAMCOR and Namibia's position on the global energy map, placing us among producing entities and nations.

They also give NAMCOR a competitive edge, especially in our quest for increased hydrocarbon investments. Speculation whether Namibia is an oil province is a thing of the past; the country is now a proven oil province.

We expect these developments to have a positive effect on our entire upstream portfolio, especially the dilution of blocks and data sales. Since the discovery, we have joined other stakeholders in highlighting the numerous socio-economic benefits these developments hold for the Company.

We made equally commendable progress in terms of the execution of our fuel retail strategy during the period under review, with ten retail sites currently under construction. Upon their completion, our retail portfolio will stand at around 23 service stations.

The implementation of a new Enterprise Resource Planning (ERP) system is of paramount importance for enabling NAMCOR's customer centricity, efficiency and profitability. Therefore, ICT will support business in the implementation of a new ERP system that is capable of addressing key business imperatives, and is specifically suited to meeting the needs of the industry and the Group. The ERP system is to have low-code capabilities, meaning it will be implemented with minimum customisation, resulting in a system with limited technical and financial implications.

> **“In line with our Corporate Social Responsibility policy, the Group committed an amount of N$1 million to different social causes in support of the education, environment and community upliftment pillars.”**

In line with our Corporate Social Responsibility policy, the Group committed an amount of N$1 million to different social causes in support of the education, environment and community upliftment pillars. These projects are aligned with the National Development Plan 3, the Harambe Prosperity Plan as well as the United Nations Sustainable Development Goals.

Outlook

The Group will continue to apply for strategic petroleum exploration licence blocks in its quest to find more oil in Namibian territory, while also seeking to acquire additional oil-producing assets in stable jurisdictions around the world. This will significantly contribute to the Group’s relevance as a going concern and the maximisation of its potential.

Stakeholder engagement will be high on the agenda in the following financial year, with a key focus on helping the shareholder, policymakers and the general public to understand NAMCOR’s business model as well as the challenges and opportunities associated with it.

From a human capital perspective, we have started to identify risks associated with the new discoveries and possible mitigating measures. A key risk is the possible loss of human capital to multinationals that will likely set up offices in Namibia in the future.

In conclusion, I would like to express my sincere appreciation for my fellow directors, management and staff for a fruitful year. I would also like to thank our shareholder, the Government of the Republic of Namibia, for its continued commitment and support.

Jennifer Comalie
CHAIRPERSON

MANAGING DIRECTOR'S REPORT

The 2021/2022 reporting period represents a catalogue of high impact achievements that will deliver favourable returns to the shareholder, the Namibian nation at large and the rest of the world. Chief among these achievements is the discovery of oil in Namibia's Orange Basin, on Blocks 2913A and 2913B, towards the end of the reporting period. These discoveries have not only put to rest the question whether Namibia has oil or not, but also strengthen NAMCOR's position as a National Oil Company (NOC) of note on the African continent.

Similarly, the oil discoveries also contribute towards the transformation of NAMCOR's upstream orientation from a mere explorer to an oil-producing company. Though formal commercial appraisals are still underway, preliminary indications on the size of the two discoveries are highly encouraging. I look forward to the varied socio-economic benefits for our country associated with these discoveries with great excitement.

Meanwhile, we worked around the clock to ensure the operability and efficient use of the National Oil Storage Facility (NOSF). During the reporting period, 3,978 maintenance job cards were issued at an average of 83 job cards per week. Maintenance schedule compliance was recorded at 94% against a required KPI of 85%.

Our downstream retail and commercial activities performed remarkably well during the reporting period. I speak to this in greater depth later in my report. All these core achievements are informed by NAMCOR's five-year Integrated Strategic Business Plan (ISBP) 2020 – 2024, which is underpinned by a series of carefully selected upstream and downstream oil and gas commercial activities.

Financial Performance Review

The results for the year demonstrate an incremental improvement in certain key operational metrics, although significant financial challenges remain, predominantly related to tight margins being insufficient to absorb all our operating costs, coupled with ever-changing dynamics in global market oil prices.

NAMCOR continues its upward trajectory of year-on-year increases in revenue from petroleum products in the downstream sector and data sales in the upstream sector. During the period under review, the Group recorded total revenue of N$2.88 billion compared to N$1.33 billion in the previous financial year, representing an increase of 115%. Gross profit margins also recovered during the financial year, from a negative gross profit margin of N$1.4 million in the previous financial year to a positive gross profit margin of N$221 million.

As operating costs increased as a result of business expansion, the Company implemented a cost containment plan to monitor and manage cost effectively.

> **“*I am, therefore, pleased to announce that NAMCOR made an after-tax profit of N$114 million for the period under review, compared to a loss of N$133 million in the previous financial year.*”**

The financial position of the Group continues to strengthen, with the total asset base increasing by 60% from the 2020/2021 to the 2021/2022 financial year. The increases are mainly attributable to the capitalisation of retail service stations, appreciation in equity investments and the acquisition of inventory from international markets on a larger scale.

Strengthening and Simplifying Our Core Business

In terms of our strategic priorities, our goal was and remains the simplification and strengthening of our core business, which includes the expansion of our retail network. The strategic intent to be a respected and active participant in the downstream retail business was supported by a rigorous market study, which revealed that there is scope to embark on a multi-faceted retail network roll-out project, which can deliver good revenue and increased profit margins for NAMCOR. NAMCOR remains committed to its plans to construct a total of 33 retail sites across the country by 2024, of which 11 were already completed as at reporting date.

In the upstream sector, we remain resolute in moving away from a dependency on discretionary income. We have thus embarked on an ambitious pursuit to acquire international oil- and gas-producing assets, with the view of generating an alternative revenue stream for the Group. The acquisition of international oil- and gas-producing assets not only enhances the security of supply of petroleum products for Namibia, but also provides an opportunity to attain sustainable financial growth and revenue diversification for the Company. Our Upstream Department employs a value creation business model, which at various phases of the value chain enables the Company to assess its risk-reward profile and determine whether divestment of an asset is required, with the purpose of enabling NAMCOR to be self-sustaining and thereby reducing reliance on Government guarantees and support, specifically the fuel levy.

Looking Ahead

NAMCOR and Namibia at large find themselves at an opportune time when the global energy sector is directing its focus to new frontiers to address looming energy shortages associated with the Russia-Ukraine War. We are also positioning ourselves as an energy company with the view of assessing and outlining our response to the global and multi-lateral energy blueprints. A number of factors count in our favour, including a clear strategic direction, a skilled and dedicated workforce, and an ever-growing demand for energy that continues to highlight our relevance as a going concern.

I remain firm in my belief that the Group will achieve its goals of monetising the value of its upstream activities and strengthening its position in the downstream sector through increased revenue, thereby delivering sustainability and profitability to propel the Company towards its vision of becoming a world-class petroleum organisation.

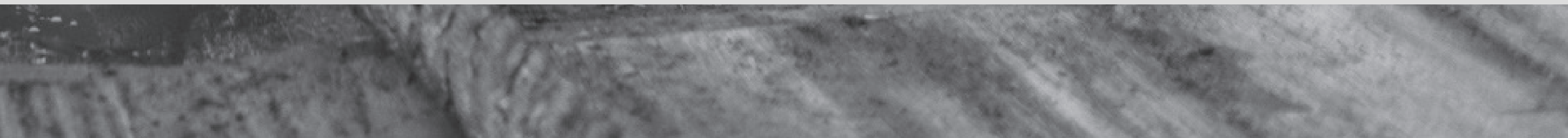
Immanuel Mulunga
MANAGING DIRECTOR

GOVERNANCE AND REPORTING STRUCTURES

The Governance Department, guided by its growth focus, service areas, departmental and strategic projects, provides the following ongoing services to the Board of Directors and the business with its different divisions:

- Governance and company secretarial
- Contract management
- Legal support
- Risk and compliance
- Research initiatives

These services ensure that good corporate governance is enhanced and promoted, that enterprise-wide risk and compliance is managed to avoid negative consequences, that sound legal advice is provided for the benefit of the business, and that legal proceedings are timeously instituted against errand debtors. Legal support to core departments and supporting departments and contract management are continuous processes.



BOARD OF DIRECTORS

Jennifer Comalie
Chairperson

Timoteus Ekandjo
Vice-Chairperson

Engelhardt Kongoro
Director

Tersia Gowases
Director

Onni-Ndangi Iithete
Director

Florentia Amuenje
Director (resigned on 10 May 2021)

EXECUTIVE MANAGEMENT

Immanuel Mulunga
Managing Director

Shiwana Ndeunyema
Executive: Business Strategy & Performance Management

Bonifatius Konjore
Executive: Information & Communication Technology

Nestor Sheefeni
Executive: Engineering & Technical Services

Manfriedt Muundjua
Executive: Upstream Development & Production

Jennifer Hamukwaya
Executive: Finance & Administration

Maryke Kröhne
Executive: Human Capital

Victoria Sibeya
Executive: Exploration

Damoline Muruko
Executive: Corporate Governance

Rynier Du-Preez
Executive: Supply & Logistics

Davis Maphosa
Acting Executive: Sales & Marketing

Board Composition

During the year under review, the Board comprised the following directors:

- Jennifer Comalie (Chairperson)
- Timoteus Ekandjo (Vice-Chairperson)
- Engelhardt Kongoro (Non-executive director)
- Tersia Gowases (Non-executive director)
- Onni-Ndangi Iithete (Non-executive director)
- Florentia Amuenje (Non-executive director) – resigned on 10 May 2021

Operations of the Board

The Board establishes strategic objectives, policies and performance criteria, and delegates its planning and implementation to management, within relevant risk parameters. Achievements and conformance with agreed parameters are monitored through performance reports and budget updates.

Matters Reserved for the Board

The Board reserves the adjudication of certain matters, which include, but are not limited to, the following:

- Approval of financial statements
- Annual capital and operational expenditure plan
- Major capital projects
- Significant changes to the organisational structure
- Approval of policies
- Risk management
- Oversight of assurance

Board Committees

Finance and Audit Committee

During the period under review, Mr. Engelhardt Kongoro served as the Chairperson of the Finance and Audit Committee, and Ms. Tersia Gowases and Ms. Jennifer Comalie served as the committee's members.

The committee's responsibilities, which are defined in its terms of reference, include, but are not restricted to, the following:

- Evaluate the effectiveness of the external auditors
- Approve fees paid to the external auditors
- Review the financial statements
- Review NAMCOR's operational and capital budget

Human Resources Committee

The members of the Human Resources Committee during the period under review were Ms. Florentia Amuenje (Chairperson), Mr. Onni-Ndangi Iithete and Mr. Timoteus Ekandjo.

The terms of reference of the committee include, but are not restricted to, the following:

- Ensure that remunerative scales conform to guidelines provided by the remunerative structures of the Ministry of Public Enterprises
- Ensure, in consultation with management, that employees receive market-related remuneration packages
- Ensure that remuneration practices reward productivity and each employee's contribution to the improvement of NAMCOR's outcomes

Governance, Ethics, Risk and Compliance Committee

During the period under review, the members of the Governance, Ethics, Risk and Compliance Committee were Ms. Tersia Gowases (Chairperson) and Mr. Onni-Ndangi Iithete.

The committee's responsibilities, which are defined in its terms of reference, include, but are not restricted to, the following:

- Review the effectiveness of internal controls, including internal financial control and business-risk management
- Review the audit findings
- Ensure that risk and control processes are relevant and effectively communicated within NAMCOR
- Ensure that risk assessments are conducted regularly to identify emerging and fluctuating risks
- Enhance NAMCOR's risk-management framework of prudent and effective control
- Enable risk assessment and management appropriate to the evolving structure and needs of NAMCOR
- Communicate NAMCOR's risk-management strategy to all employees, ensuring it is incorporated into the language and culture of the business
- Satisfy members of the committee that appropriate steps have been taken to manage risk and minimise the effect of losses on NAMCOR

Upstream Committee

The members of the Upstream Committee during the period under review were Mr. Engelhardt Kongoro (Chairperson), Ms. Jennifer Comalie and Ms. Florentia Amuenje.

The Upstream Committee is tasked with providing a forum for discussing technical issues pertaining to exploration and production and asset acquisition projects, and makes relevant recommendations to the Board for consideration.

Trading and Distribution Board

The members of the Trading and Distribution Board (Trading Board) during the period under review were Mr. Timoteus Ekandjo (Chairperson) and Mr. Engelhardt Kongoro.

The Trading Board is responsible for the stewardship of the Trading and Distribution Company and supports the Board of NAMCOR in discharging such duties. The committee is guided by a specific terms of reference related to trading and distribution issues and observes the principles of NamCode in the execution thereof.

Stakeholder Relations

NAMCOR engages in ongoing dialogue with its stakeholders and business analysts/advisers. The shareholding ministers, namely the Minister of Mines and Energy and the Minister of Public Enterprises, preside over the annual general meeting held at least 15 months after the date of the last preceding annual general meeting, during which both ministers present a report of the Group's financial results and other activities carried out during the financial year.

Board Charter

The Board's function is guided by principles enshrined in a Board charter and committee charters, which serve as terms of reference for the work of the Board and its committees. In the 2021/2022 financial year, these charters were reviewed and approved in line with best practices in corporate governance.

Corporate Governance Executive / Company Secretary

The company secretary oversees the portfolio of the secretariat and governance advisory services and plays a critical role as the legal and governance advisor to the Board, regarding risk and compliance management. In addition, the company secretary attends all Board and committee meetings as secretary. The company secretary's role is pivotal to entrenching good corporate governance.

The Board and its individual directors have access to the company secretary, who is tasked with guiding members in the discharge of their duties and responsibilities in the best interests of NAMCOR. The company secretary oversees the preparation and coordination of induction and ongoing training of Board members.

Board and Committee Meeting Attendance

Member	HR Committee	Upstream Committee	Trading Board	Governance, Ethics, Risk & Compliance Committee	Finance & Audit Committee	Board of Directors	Annual General Meeting (AGM)
Jennifer Comalie	N/A	3/3	N/A	N/A	4/5	8/9	1/1
Timoteus Ekandjo	4/4	N/A	3/3	N/A	N/A	9/9	1/1
Onni-Ndangi Iithete	4/4	N/A	N/A	3/3	N/A	8/9	1/1
Tersia Gowases	N/A	N/A	N/A	3/3	5/5	9/9	1/1
Engelhardt Kongoro	N/A	3/3	3/3	N/A	5/5	9/9	1/1

RISK AND COMPLIANCE MANAGEMENT

In pursuit of NAMCOR's vision to become a world-class petroleum organisation and to deliver returns on the nation's oil and gas opportunities for the benefit of all stakeholders, we aim to proactively manage risks and opportunities through our adopted COSO Enterprise Risk Management (ERM) framework. NAMCOR' risk management approach is based on the principle that line management is accountable for risk and control management. The Governance, Ethics, Risk and Compliance Committee and the Board are responsible for reviewing and monitoring the overall Group risk profile, the adequacy of risk management and the effectiveness of internal controls.

NAMCOR's risk management framework considers changes in the nature, likelihood and impact of existing and emerging risks, including the business's ability to respond to changes in its business and external environment. During the 2021/2022 financial year, the Company ensured that all initiatives were implemented within the approved risk appetite and tolerance parameters.

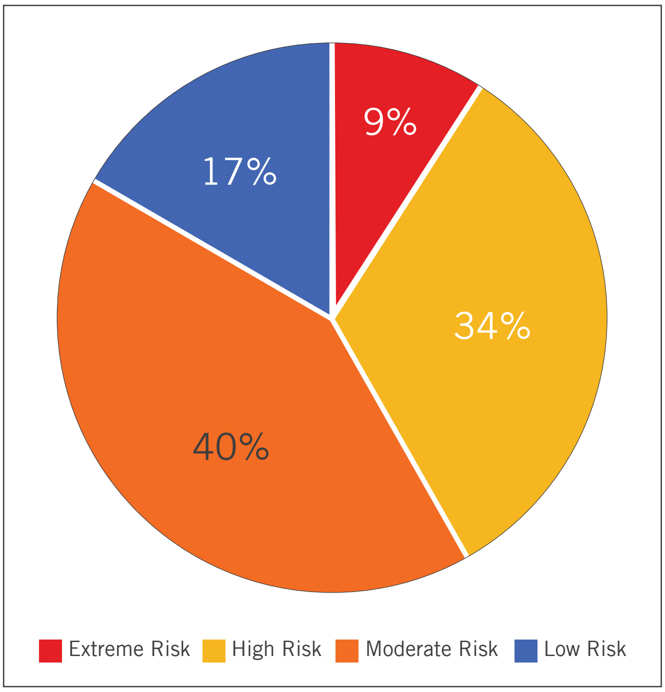
Key Strategic Risks and Uncertainties

The Group's business operations are exposed to various risks. During the 2021/2022 financial year, key risks to our business model were assessed and mitigated, as outlined hereunder. Specific focus was centred on the unpredictability of global markets, which negatively impacted the Basic Fuel Price (BFP), and outlined key efforts that were implemented to minimise potentially adverse effects on overall Group performance. Among these risks was the slow execution of our retail network expansion strategy, which was mitigated by instituting a project funding model of sites through the debt equity funding model and by aggressively pursuing the Dealer Owned Dealer Operated (DODO) sites and limiting the Company Leased Dealer Operated (CLDO) and Company Owned Dealer Operated (CODO) model. In addition, the risks associated with the optimisation of the National Oil Storage Facility (NOSF) were mitigated through joint hosting arrangements with other oil companies and minimisation of administrative costs at the site.

The fluctuation of global oil prices, which impacted the BFP, required the Company to develop a pricing strategy which looked at NAMCOR's options for acquiring product on a long-term contractual basis. Lastly, NAMCOR's exposure to pandemics, such as the recent COVID-19 pandemic, which have the potential to negatively affect our workforce and impact business continuity, cashflow and financial stability, was mitigated through various interventions, including activation of our business continuity policies and plans.

Overall, adherence to our enterprise risk management process enabled us to implement appropriate and effective strategic responses to mitigate these significant risks, which could have otherwise obstructed the achievement of our strategic goals. During the 2021/2022 period, the business identified and mitigated 52 strategic risks, with high importance given to the extreme risk category constituting 9% of the risk register, as illustrated in Figure 1.

Figure 1: Risk ratings



Board Oversight of Risk and Compliance Function

Through the Governance, Ethics, Risk and Compliance Committee (GERCC), the Board exercises its overall risk and compliance oversight role. During the year under review, the committee was satisfied with the risk management policies and procedures designed and implemented by Executive Management and found them to be consistent with the Company's strategy and risk appetite. The policies and procedures functioned as directed, and necessary steps were taken to promote an enterprise-wide culture that supports appropriate risk awareness, behaviours and decision-making around risks.

The GERCC kept the Board of Directors abreast of the type and magnitude of the Company's major risks and Executive Management's efforts in risk management.

Through its oversight role, the Board approved the revised risk appetite and tolerance statement during the 2021/2022 period, which was aligned to the Company's five-year Integrated Strategic Business Plan.

Enterprise Risk Management (ERM) Process

The first stage in the enterprise risk management (ERM) process is to establish a benchmark of the level of risk acceptable to the Company, that is the Company's risk appetite and tolerance levels. The risk tolerance and appetite levels are set by the Board on an annual basis. The ERM process, which is in accordance with industry best practice, has four main stages:

1) Risk Identification
2) Risk Analysis and Evaluation
3) Risk Treatment and Control
4) Risk Monitoring and Review

During the period under review, we proactively managed risks within Board-approved risk appetite and tolerance levels. The Company's appetite guides how much risk NAMCOR is willing to seek or accept to achieve its objectives.

We recognise the need to take risks, both in ordinary business and to achieve the priorities set out in the five-year Integrated Strategic Business Plan. Hence, our approach is to minimise exposure to risks relating to compliance, finances, environment, culture and people, while accepting predetermined acceptable levels of risk in pursuit of our vision and strategic goals.

The Company further recognises that its appetite for risk varies according to the activity undertaken. During the 2021/2022 period, risks were accepted subject to a clear understanding of the potential benefits and adverse impacts they might have on the business. However, all unacceptable risks were mitigated through control measures identified by the business on an ongoing basis.

Table 1: NAMCOR's top ten risks

Strategic Pillar	Risk Heading	Risk Description
Profitability and efficiency of downstream operations	Slow execution of the retail network expansion strategy	Delay in implementation of the retail network expansion will reduce the Trading Company's expected short- and long-term profits
Competitive sourcing of petroleum products and optimisation of NOSF	Optimisation of NOSF	• Underutilisation of NOSF • Installation of rail • Continuous utilisation of the facility • High operating costs of the facility
Ensuring supply for Namibia	Fluctuation in global oil prices (causing loss of profit margins)	Uncertainty in changes between BFP and selling prices may result in NAMCOR's inability to procure petroleum products at less than the BFP, which is key for generating reasonable profit margins
Operational and organisational excellence	COVID-19 pandemic	The COVID-19 pandemic may result in the following: • Decline in supporting industries (transport, wholesale & retail) • Non-adherence to national protocols • COVID-19-related travel restrictions leading to low fuel consumption, which may result in closure of retail sites (Hosea Kutako International Airport) • Low fuel consumption affecting profitability • Lower production due to 50% workforce onsite
Profitability and efficiency of downstream operations	Ineffective margin analysis and/or performance	NAMCOR currently sources products from the international market and is thus exposed to oil price fluctuations, which has a direct impact on product margins. Procuring petroleum products at an uncompetitive price will impact profitability.
Profitability and efficiency of downstream operations	Lack of ownership and participation in ICT projects	Lack of involvement and participation by management in ICT projects usually results in ineffective handover/takeover at the end of projects
Operational and organisational excellence	Shortage of skills/talent	For NAMCOR to operate optimally and compete in the competitive oil and gas market requires continuous availability of the right talent, which can be costly, if not available
High performance culture through 4DX	Poor performance culture or systems across the business	Ineffective evaluation and monitoring of performance goals may result in slow implementation of initiatives approved by NAMCOR's governance structures
Ensuring supply for Namibia	Inability to maintain or increase downstream market share	Loss of market share due to NAMCOR's inability to increase sales volumes and failure to maintain stock holding time
Harnessing the potential of E&P	Absence of a marketing strategy and plan	There is no approved marketing strategy for the Company, including upstream and downstream marketing techniques

Legal and Contract Management

NAMCOR's contract management framework and the Agiloft contract management system have been fully implemented and embedded in the Company. Effective contract management and administration is necessary for competent strategic decision making and for conducting efficient, effective and robust business processes that allow NAMCOR and its subsidiaries to take up opportunities, while meeting required standards of accountability, compliance, probity and transparency. Furthermore, contract management includes contract creation, execution and analysis to maximise the operational and financial performance of an organisation, while reducing financial, safety, health and environmental, and legal risks.

Contract Management Framework

The contract management framework requires compliance reviews to be conducted for all contracts entered between NAMCOR and/or its subsidiaries and third parties. The purpose of the contract management framework is to:

- Provide a clear and standardised approach to managing and administering contracts for goods, services and joint ventures between NAMCOR and/or its subsidiaries and third parties
- Ensure that all parties to contracts fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money
- Protect the rights of the parties and ensure required performance when circumstances change
- Ensure that valid contracts are in place for all services, joint ventures and business transactions

Agiloft Contract Management System

In an effort to initiate the journey of digitalising the organisation and the workforce in line with NAMCOR's strategic theme "Digital Enablement", we acquired and implemented the Agiloft contract management system. NAMCOR's out-of-the-box contract management system, hosted by Adaptive Holdings, is aimed at automating NAMCOR's workflows associated with initiating, executing and monitoring contractual agreements.

Functionality deliverables of the Agiloft system include:

- Tracking contract system efficiency
- Monitoring contract validity, providing reports and keeping track of all contracts
- Contract drafting
- Establishment of a platform for digital document repository

The Impact of Contract Management and Agiloft

The implementation of the contract management framework and the Agiloft system has resulted in improved operational efficiencies and digital enablement within the organisation. NAMCOR continues to strive to ensure 100% compliance, usage and optimisation of the contract management framework and the Agiloft system through regular staff engagements and training sessions.

Business Transactions and Contracts

NAMCOR and its subsidiaries entered into various commercial transactions and agreements. All agreements are drafted, negotiated and/or reviewed to ensure that they:

- Represent the best possible value proposition for the Company
- Are in line with the growth-at-home strategy and the spirit of the Public Procurement Act (Act No. 15 of 2015) to give preference to local products and services (without compromising on quality)
- Do not negatively affect the financial sustainability of the Company (i.e. the Company can afford the contracts without requiring subsidies)
- Contain critical services or products that are aligned to the core functions of the Company (must-haves and not-nice-to-haves)

During negotiations, the negotiating team strives to address the following points, among other things:

- Development of resources for the nation and the Company
- Fiscal/economic benefits
- Governance of risk through formal processes and risk management
- Capture best financial value for NAMCOR and/or its subsidiaries, i.e. taxes, share in profits
- Health, safety and environmental protection
- Infrastructure development, training and local content
- Compliance with existing laws, legislation and regulations

Downstream

NAMCOR Trading's core business ranges from procurement and supply of petroleum products, to retail business, transportation, storage and handling, among others. NAMCOR Trading entered into several agreements during the reporting period, such as supply agreements, lease agreements, storage and handling agreements, retail dealer agreements, contractor agreements and others.

Upstream

NAMCOR Exploration and Production Pty Ltd entered into several agreements during the reporting period, including joint operating agreements, petroleum agreements, farm-out agreements, multi-client seismic agreements, data-use licensing agreements, sale and purchase agreements and others.

UPSTREAM EXPLORATION AND PRODUCTION

The primary function of NAMCOR through the Exploration and Production Company is to act as a vehicle for participation in the oil and gas industry on behalf of the Government.

When the Petroleum Exploration and Production Act (Act No. 2 of 1991) was amended and promulgated, it was the intention of the Government for NAMCOR to meaningfully participate in the exploration of oil and gas in Namibia, and not just to be a minority participant. Based on this premise, the Upstream Exploration Department focuses on revenue generation while harnessing the potential of petroleum exploration activities.

The revenue streams for the Upstream Exploration Department for the 2021/2022 financial year were derived from 1) licensing of upstream technical data, and 2) cash considerations from farming-down of participation interests in Petroleum Exploration Licences (PELs). In response to the overall departmental objectives, the Upstream Exploration Department reviewed and updated the Department's strategy with the view of aligning it to NAMCOR's five-year Integrated Strategic Business Plan. This process resulted in the identification and prioritisation of the following four strategic objectives:

- Acquire one Petroleum Exploration Licence
- Farm-out (block dilution) and generate cash consideration of N$28,062,000
- Generate data sales revenue of N$15 million
- Partner with leading players in broadband seismic technology with the aim of improving the accuracy of subsurface analysis and skills transfer

The Discovery of Oil in Namibia

On 30 November 2021, TotalEnergies and joint venture (JV) partners (NAMCOR, Qatar Energy and Impact Oil and Gas) spudded the Venus-1X well on PEL 56 (Block 2913B) and successfully drilled the Venus-1X prospect. On 24 February 2022, the JV partners announced a major light oil and associated gas discovery.

On 09 December 2021, Shell Namibia Upstream B.V. and JV partners (NAMCOR and Qatar Energy) spudded the Graff-1 well on PEL 39 (Block 2913A and 2914B) and successfully drilled the Graff-1 and Cenomanian prospect. On 04 February 2022, the JV partners announced a major light oil discovery.

To alleviate the effects of the COVID-19 pandemic, the Exploration Department undertook steps to ensure that potential farm-in partners have access to technical and commercial information required to farm-down NAMCOR's working interests. This was done through hosting Virtual Data Rooms (VDR) using the services of Zebra Data Sciences.

Industry, Country and Global Impact

The discoveries of light oil in the two wells Venus-1X and Graff-1 by TotalEnergies and Shell Namibia confirm the enormous potential of and firmly position the deep-water Orange Basin as one of the world's most promising oil prospects and Namibia as an emerging hydrocarbon exploration province in the world. According to a NAMCOR-commissioned study on the "Socioeconomic Impact of Recent Namibian Discoveries" conducted by Wood Mackenzie Energy Research and Consultancy, preliminary overall values of Graff-1 and Venus-1X to the investor are estimated at US$8.1 billion (NPV10, January 2022), which will provide the Namibian Government with a future undiscounted cashflow of US$44.9 billion. These initial estimates show that Graff-1 and Venus-1X have the potential to double the Namibian GDP by 2040 to close to US$37 billion.

The combined resources of the two oil discoveries could support a project producing 400,000 barrels per day (bbl/day) and potentially generate over 3,600 jobs at peak. The study further estimated that a total investment of over US$12 billion higher than Namibia's GDP in 2020 (US$10.7 billion) would be required and that the combined field could bring in over US$5.6 billion for the Government annually in taxes and royalties at peak production. The resulting economic boost will encourage further oil and gas investment, and play a pivotal role in accelerating the development and decarbonisation of other industries such as mining, agriculture, fishing and tourism.

Graff and Venus rank among the top 20 global oil discoveries of the last decade. As the industry has significantly more barrels available than needed, only the best barrels with the lowest costs, lowest carbon emissions and best economics will come to market. In light of these factors, Graff and Venus are classified as advantaged resources. Thus, these discoveries rank highly and will be strategically positioned in the portfolios of both Shell Namibia and TotalEnergies.

Operational Performance

Secure two (2) Petroleum Exploration Licences

- NAMCOR finalised commercial terms with local partner, NASMAM Pty Ltd, to take over operatorship and 70% working interest in Block 2614B.
- NAMCOR and NASMAM signed a Joint Operating Agreement (JOA) and submitted a Deed of Amendment to the Petroleum Agreement to the Ministry of Mines and Energy (MME).
- NAMCOR and NASMAM were awarded Petroleum Exploration Licence (PEL) 102 by the MME for Block 2614B on 10 October 2021.
- NAMCOR and Custos Investments Pty Ltd received approval for the Deed of Assignment on Blocks 2112B and 2212A (PEL 82) in February 2021, where NAMCOR and Custos were assigned participating interest on a 50:50 basis, after Galp Energy relinquished its interest in this licence.
- On 3 August 2021, the MME granted approval for NAMCOR to enter the second renewal period for PEL 67 and PEL 72, effective from 18 June 2021 until 18 June 2023.

Data Transcription Project

NAMCOR awarded Phase 1 of the data transcription project to Katalyst Data Management to transcribe approximately 18,589 media (tapes and 9 track reels) of 2D and 3D seismic data.

Regional Projects

The regional projects carried out by NAMCOR during the reporting period are summarised in Table 2.

Table 2: Regional projects for the 2021/2022 financial year

Project	Objective	Status
Syn-Rift Play Study	To develop and mature several strategic exploratory play concepts that contribute to the reduction of the exploration risks, and consequently make offshore Namibia a more attractive acreage on the West African offshore margin	Completed
Sequence Stratigraphy Project	To enhance understanding of the Orange Basin through a detailed sequence stratigraphic analysis and to develop an in-house regional time-calibrated stratigraphic model which could be used as a predictive exploration tool to attract future operators and partners	Ongoing
Comparative Study of Key Drilling Parameters in Orange Basin	To determine the optimum combinations of key drilling parameters, which were used during the drilling of various wellbore sections and resulted in enhanced drilling performance and safety, and subsequently cost-effective drilling operations	Completed
Volumetric Calculations for Additional Prospectivity in Block 2714 A&B and 2815	To carry out prospect volumetric calculations, and evaluate and rank the identified prospects in terms of prospect volumes and associated geological and reservoir uncertainties	Completed
Core Logging Project for Offshore Wells	To progressively generate accurate geological core description logs of all onshore and offshore wells housed in the NAMCOR core store	Phase 1 Completed

Financial Performance

Data Sales

The revenue generated from licensing of upstream technical data amounted to N$30,236,908 against a budget of N$15 million, which is 97% above the budgeted data sales revenue target.

Farm-Down Process

- Received firm offer from ReconAfrica for NAMCOR's 5% equity in PEL 73. The offer entails US$2 million in cash and 5 million shares. The transaction on PEL 73 is still ongoing.
- Received firm offer from Rhino Resources for NAMCOR's 20% working interest in PEL 85. The transaction on PEL 85 is still ongoing, pending Board approval.
- Received firm offer from MegaNorth (Pty) Ltd and partially signed a farm-out agreement. However, the transaction was not finalised due to MegaNorth failing to secure signatures of its funding and technical partner.

Future Prospects

NAMCOR is currently the operator of five Petroleum Exploration Licences located in the offshore Namibian margin, namely PEL 67, PEL 72, PEL 79, PEL 82 and PEL 102. Due to recent oil discoveries offshore Namibia by Shell and TotalEnergies, NAMCOR expects more interest from investors to farm-in its acreage and looks forward to divesting its share of working interest in these licences.

In the coming financial year, we expect the appraisal programmes on PEL 39 and PEL 56 with TotalEnergies and Shell Namibia to commence.

In addition, the drilling activities of ReconAfrica on the Makandina P33 well will be completed and 3D seismic surveys by Searcher in the Orange Basin will be conducted.

UPSTREAM DEVELOPMENT AND PRODUCTION

The Upstream Development and Production Department's strategy is premised on the acquisition of international oil-producing assets. Despite the ongoing COVID-19 pandemic during the 2021/2022 financial year, the Company made substantial progress in its asset acquisition efforts, with the Sonangol transaction having made encouraging progress. Based on learnings gained from previous failed acquisition attempts, the Upstream Development and Production Department implemented key measures to increase the chance of successfully closing a deal during the 2021/2022 financial year. In addition, for the purpose of ensuring objective confirmation of technical and commercial viability of acquisition targets, the Department secured globally renowned industry consultants to serve on a pre-qualified panel for four years. One of the companies will be selected via a Request for Proposal to conduct the independent due diligence on NAMCOR's future acquisition targets.

The main strategic objectives of the Upstream Development and Production Department for the 2021/2022 financial year were as follows:

- Completion of Kudu Farm-in and Carry Agreement (FICA) and receipt of cash consideration from BW Kudu
- Secure D&P equity funding options
- Pursuit of commercial oil-producing assets
- Implementation of Intelligence-based Targeted Asset Profiling (ITAP)

Details and progress of each of the above objectives are discussed hereunder.

Kudu Farm-in and Carry Agreement (FICA)

Following ministerial and Namibian Competition Commission approval, the sale of NAMCOR's 39% interest in the Kudu Project to BW Kudu was successfully completed on 6 July 2021. The transaction consideration includes a cash payment of US$4 million, a 5% free carry, a 5% back-in right exercisable by the second anniversary of the first gas date, a commitment to train NAMCOR staff through dedicated secondments, and a write-off of about N$50 million in past costs that NAMCOR owed to the joint venture (JV). The cash consideration of US$4 million was received by NAMCOR on 9 July 2021.

Following the completion of the transaction, the Kudu JV continued to look at various Kudu monetising options, including the delivery of gas to a near-shore power barge located at Elizabeth Bay, feeding into an onshore substation and transmission system tie-in. The Kudu JV continued to engage with NamPower and other electricity off-takers, including securing potential markets in South Africa through bilateral agreements.

Funding Options

Two of the lessons learnt by NAMCOR through previous unsuccessful divestment attempts are the need to secure funding at an early stage and the need to create JV partnerships with companies with similar strategies. Accordingly, the Upstream Development and Production Department initiated discussions with Sequa Petroleum and Petrolog Group on the formation of a consortium, and subsequently incorporated it as a Special Purpose Vehicle (SPV) for the acquisition of prospective assets. The heads of terms were signed on 27 July 2021, and a new jointly-owned company, Sungara Energies Limited (Sungara), was incorporated in the United Kingdom in December 2021. Sungara Energies will have access to equity and debt funding for the acquisition of producing assets, including Block 15/06. The consortium managed to secure enough funding commitments from lending institutions to fully cover the costs of new acquisition targets.

NAMCOR has set aside US$10 million as part of its share of the initial equity contributions expected from respective consortium partners.

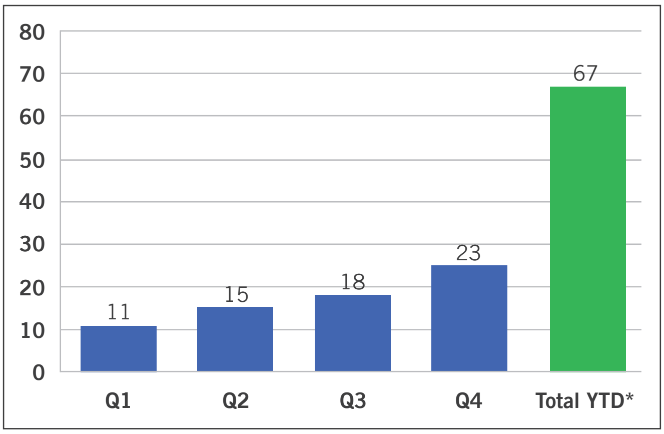
Commercial Oil-producing Assets: Blocks 15/06, 23 and 27

The Department successfully participated in the Sonangol divestment process, of which the management presentation and data room access was held on 2 July 2021. After comprehensive valuation and evaluation of the assets, in accordance with the Acquisition Policy for Upstream Development and Production assets, NAMCOR and its partners Sequa Petroleum and Petrolog jointly submitted a bid, as Sungara Energies, on 20 September 2021 to offered working interests in Sonangol for Blocks 15/06, 18, 31, 23 and 27. The consortium was notified of a positive bid outcome and accordingly the Sale and Purchase Agreement (SPA) for Blocks 15/06, 23 and 27 was in the final stages of negotiations as of 31 March 2022. As part of the Board requirement, NAMCOR subsequently appointed an independent consultant to conduct in-depth due diligence to confirm commercial and technical viability of the assets. The SPA is expected to be concluded during Quarter 2 of the 2022/2023 financial year.

Implementation of Intelligence-based Targeted Asset Profiling (ITAP)

The Intelligence-based Targeted Asset Profiling (ITAP) tool was implemented during Quarter 1 of the 2021/2022 financial year. NAMCOR will use the ITAP initiative to leverage the information and market footprint of third parties to identify potential assets ahead of other competitors, thereby enabling a proactive scouting method that will ensure a continuous pipeline of acquisition targets for NAMCOR. The implementation of the ITAP initiative resulted in 67 assets being profiled, of which five firm offers were submitted for 2022/2023.

Figure 2: Prospects pursued in 2021/2022



**Year to date*

Conclusion

The Development and Production Department remained firmly committed to delivering on its five key strategic objectives during the period under review. Below is a summary of the progress achieved by the end of the 2021/2022 financial year:

- The Department received the cash consideration of US$4 million on 9 July 2021, ahead of the target date of 30 August 2021.
- Through the Sungara Energies consortium, the Department submitted five firm offers for Blocks 15/06, 18, 31, 23 and 27 against an annual target of one firm offer and three unsolicited offers. NAMCOR and its partners received positive responses on Blocks 15/06, 23 and 27, for which SPA negotiations were at an advanced stage by the end of the reporting period.
- The ITAP guidelines were discussed in August 2021 and implemented ahead of the deadline of 30 September 2021. The ITAP asset register and monitoring dashboard are fully operational, and 67 assets were profiled for the 2021/2022 financial year.
- With the contribution from the Kudu cash consideration, NAMCOR has secured US$10 million to fund its share of equity contribution towards the acquisition of Blocks 15/06, 23 and 27. Additionally, NAMCOR and its partners received funding commitment letters from major financing entities towards acquisition of the Angola assets.

DOWNSTREAM SALES AND MARKETING

Industry Characteristics

The commercial business segment continues to be the main contributor to NAMCOR's revenue and volumes through the sale of Automotive Diesel Oil (ADO), Unleaded Petrol (ULP), Very Low Sulphur Fuel Oil (VLSFO) and lubricants to B2B customers, exports and bunkering. As the oil and gas industry is regulated in Namibia, sharing of sales information is extremely limited. Market share figures are no longer public information, as used to be the case in the past, thus making it difficult to obtain accurate share comparisons among industry players.

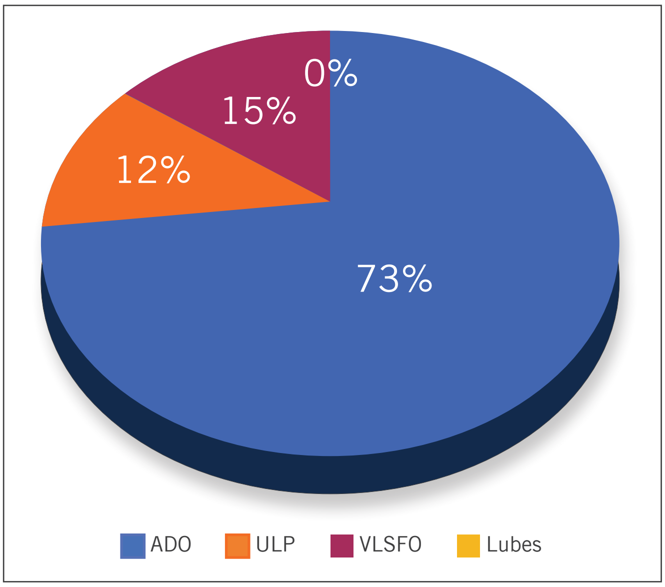
However, according to industry slate figures that are submitted monthly to the Ministry of Mines and Energy by all oil companies, it is estimated that Namibia consumes an average of 88 million litres of fuel per month, of which 9.5 million litres are NAMCOR's average monthly sales volume, translating to 10.8% market share. These statistics exclude exports, as such information is not shared in the industry due to Namibia's strict anti-competition laws. However, it is pleasing to note that during the 2021/2022 financial year, NAMCOR commercial fuel sales grew by 26%, compared to the previous year, as indicated in Table 3. ADO and VLSFO sales recorded the highest growth of 29% and 33%, respectively. ULP sales are predominantly made through service stations, with a smaller portion going to the Ministry of Safety and Security. With the increasing number of NAMCOR service stations countrywide, we anticipate substantial growth in ULP sales going forward.

Table 3: Commercial fuel sales 2020/2021 vs 2021/2022

	ADO 50 ppm	HFO / VLSFO	ULP 95	Lubricants	Total
Fuel sales volumes 2020/2021 (litres)	130,926,470	25,199,830	27,426,457	865,949	184,418,706
Fuel sales volumes 2021/2022 (litres)	183,140,751	37,564,127	29,214,351	964,458	250,883,687
Variance (litres)	52,214,281	12,364,297	1,787,894	98,509	66,464,981
Growth	29%	33%	6%	10%	26%

Figure 3 shows the general spread of product sales during the financial year under review. ADO remained the dominant selling product, with VLSFO and ULP together making up slightly less than a third of sales.

Figure 3: Sales by product 2021/2022



Revenue Performance

Revenue derived from the sale of fuels reached N$2.8 billion against a target of N$1.5 billion, which is 86% above target. This performance was largely driven by a sharp increase in exports and bunkering sales during the year. The product price increases that were effected by Government also contributed to the increase in revenue.

There are three other active participants in Namibia's oil export business, namely Puma, Vivo Energy and Engen, which makes it a highly competitive and price-sensitive industry.

One of the major factors that influences product sales is global oil price movement, which either positively or negatively impacts final handover prices to end users. The BFP movement, either up or down, also has an impact on export fuel prices. To have a price advantage over competitors, an oil company must procure fuel products at below, or as close as possible to, BFP. It was evident throughout the year that fuel sales would rise sharply when Supply and Logistics secured product below BFP, and that the inverse would occur with product landed above BFP.

Rebates as an Enabler of Customer Acquisition and Retention

Due to the competitive nature of commercial business, oil companies actively use rebates as an incentive to acquire and retain customers. It has become a norm in the oil industry that customers shop around for best rebates prior to contractually committing to a supplier. This has naturally forced oil companies to pay higher rebates in order to grow market share and to prevent customer loss. The adverse effect of this trend in the industry is that margins get squeezed, resulting in profitability erosion.

Retail Business

The retail business environment continued to bear the effects of the COVID-19 pandemic, with some sites taking longer than others to return to normalcy. Some retailers in the industry had to downsize their operations in order to save their businesses from total collapse. The appetite for retail network expansion was not only visible at NAMCOR; it became evident that network expansion was also part of the strategies of Vivo Energy and Total.

NAMCOR's aggressive retail growth strategy resulted in three new sites being added to the network, namely Dynamic Service Station in Mariental, Pitstop in Swakopmund and Karas Oasis in Karasburg, bringing the total number of operating sites to 11. In addition, construction of five new retail projects kicked off. The projects in Katutura, Kehemu in Rundu and Opuwo are nearing completion, while construction in Kamanjab, Gobabis and Paradise in Rundu is at various stages.

NAMCOR retail sales volumes stood at 18.8 million litres against a target of 14.6 million litres, which is 29% above target. ULP sales exceeded the set target by 47% and ADO closed off at 9% above target.

The Way Forward

Retail

On the retail front, NAMCOR Trading will continue to pursue the aggressive network expansion strategy due to its attractiveness in terms of margins. We realise almost full margins on retail fuels, compared to commercial fuels. In addition, retail business is more sustainable because of the long-term contracts that are signed between NAMCOR and dealers. Finally, retail business is more attractive as it builds strong brand equity through the vibrant and visible orange and red canopies at our retail sites.

Commercial

Our priorities for commercial business are to grow market share to 11.3% by the end of the 2022/2023 financial year and to establish a strong export presence in the SADC region. There is an opportunity to forge alliances to supply international bunkers. This segment has shown steady growth over the past two financial years and is likely to continue on this trajectory, given the appropriate focus. Although volumes are still vital for business materiality, it is important to shift our focus to stronger gross margins across all product lines, particularly on non-controlled products like VLSFO and lubricants.

Figure 4: Retail sales volumes of ULP and ADO

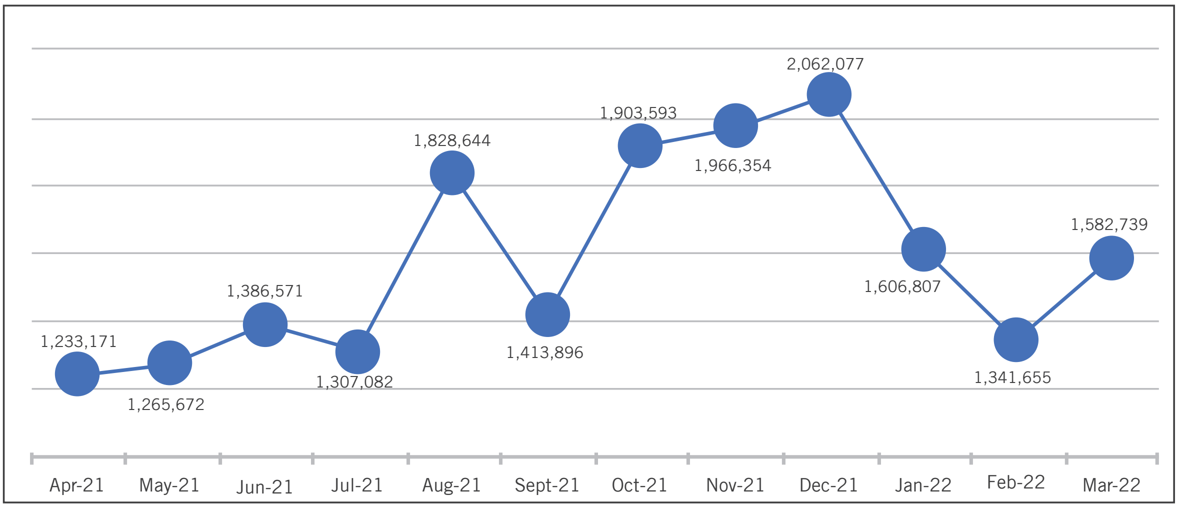
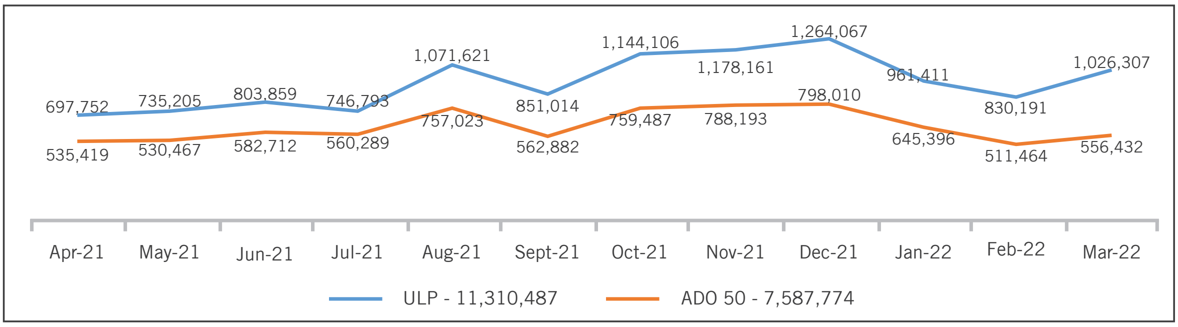


Figure 5: Retail sales by product



DOWNSTREAM SUPPLY AND LOGISTICS

The main objective of the Downstream Supply and Logistics Department is to secure alternative sources of supply and to establish reliable networks with various suppliers from which products can be sourced. The Department is also responsible for managing the 75-million-litre capacity National Oil Storage Facility (NOSF) in Walvis Bay on behalf of the Namibian Government, as well as depots and storage facilities across the country.

Implementation of the NOSF Optimisation Strategy

During the 2021/2022 financial year, the Downstream Supply and Logistics Department primarily focused on the optimisation of the National Oil Storage Facility (NOSF) to address the various challenges experienced since its commissioning. Most of the technical and operational gaps were successfully closed.

Throughput volumes have steadily increased since the start of operations and are expected to grow significantly in the year ahead. The business experienced an increase in vessel discharge volumes with few or no challenges that could prevent us from improving efficiencies.

The two mini laboratories at the jetty and the tank farm are fully operational and both laboratories are operated and managed by NAMCOR laboratory technicians.

Several milestones were achieved during the financial year. The NOSF successfully carried out a multiple operation where 5 million litres of Low Sulphur Fuel Oil (LSFO) were discharged into NOSF tanks, while at the same time supplying the vessel with 2.5 million litres of ADO on Berth 100. The operation was the first of its kind, with no third-party involvement or supervision. We are pleased to report that the operation ran smoothly, without challenges or bottlenecks.

Additionally, truck waiting times (gate-to-gate times) were reduced due to improved consistency in flow rates.

During the reporting period, great strides were made in respect of the Terminal Management System/Multi-Arm Batch controller integration for sequential loading. The project is expected to be finalised during Quarter 1 of the 2022/2023 financial year.

Gobabis Depot Refurbishment

NAMCOR Gobabis depot was successfully refurbished during the financial year and is ready to commence business in the coming financial year.

Import of Petroleum Products

NAMCOR continues to import product on an ad hoc basis to meet our operational needs. Towards the end of the 2021/2022 fiscal year, petroleum products pricing was negatively affected by backwardation in the market, which is a situation where the spot or cash price of a commodity is higher than the forward price. To make matters worse, the war between Russia and the Ukraine resulted in less product being available in the market and traders either selling their cargos in the European markets where they receive better margins, or selling product to African countries at high margins.

Despite these challenges, NAMCOR imported 174 million litres of petroleum products, excluding lubricants, for our own operations at market-related pricing, thereby ensuring that security of supply was maintained.

Looking Ahead

Various projects to continue the implementation of the NOSF optimisation strategy have been identified for the 2022/2023 financial year. These projects include the implementation of jetty and terminal pipeline modifications, commissioning of the JET A1 pipeline downstream processes, and execution of an electrical audit and implementation of the recommended outcomes.

The commissioning and put-in-service of all industry-connecting pipelines is scheduled for April 2023. Lastly, tank roof structures are to be installed for safe access to operational activities.

HUMAN CAPITAL

The Human Capital Department plays a key role in providing a competitive advantage to the Group, through the retention and acquisition of intangible assets, which is the collective combination of skills and experience of staff. This includes recruiting the right people and providing them with the necessary training.

The Department is also tasked with developing human capital. All our organisational strategies are designed and implemented based on Motivation Engineering, our core technology and the source of our competitive advantage. We ourselves are a testing ground for Motivation Engineering, and we value being a role model for other organisations. We believe that making appropriate investments in human capital and achieving higher returns on those investments is essential for maximising results and improving employee engagement.

Attracting the Talent We Want to Hire

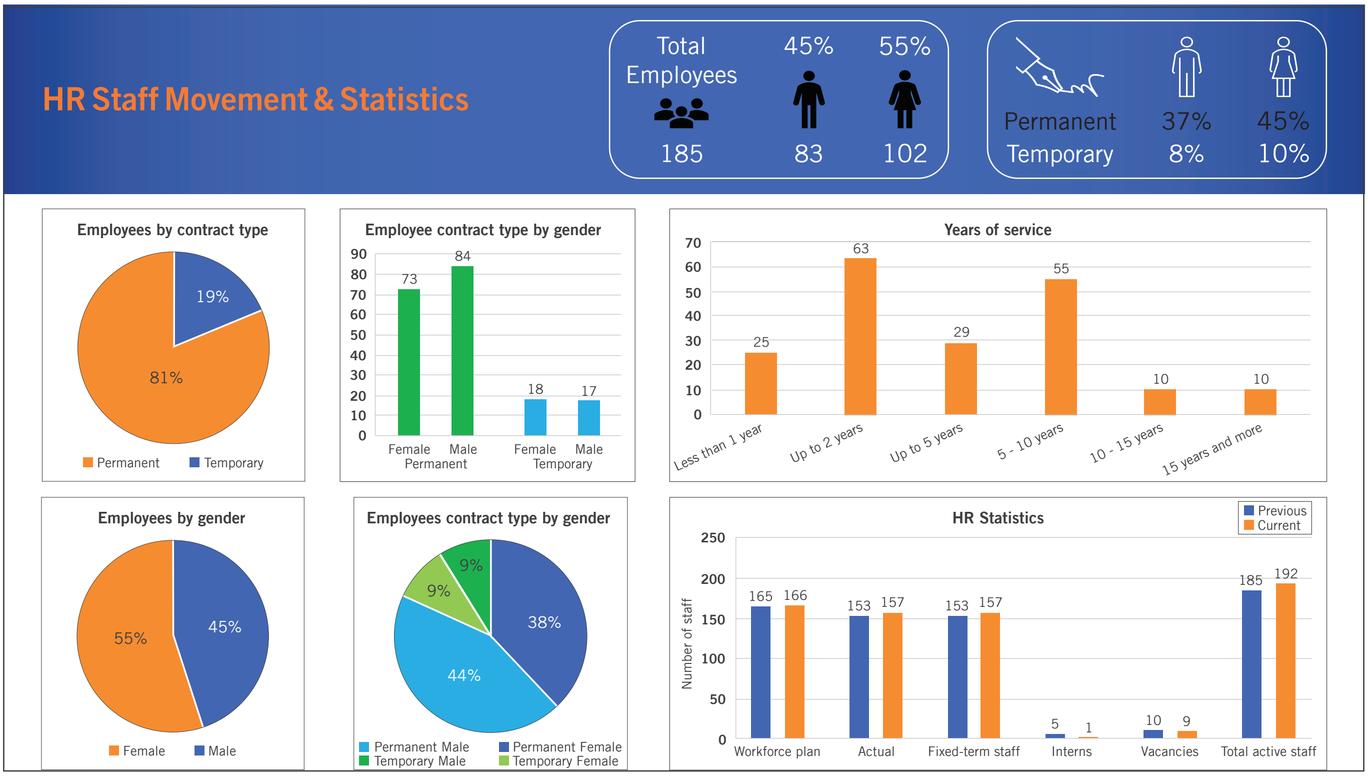
In recognition of the ambitious strategic and organisational shifts demanded by NAMCOR's 2019 – 2024 Integrated Strategic Business Plan, an analysis of the recruitment process was carried out and identified several areas that could be streamlined and improved. Common sense says that the quality of the talent a company hires determines its future, five to ten years ahead. Among the four areas of recruitment, development, systems and corporate culture, we invest the most in recruitment. Securing capable talent is the sine qua non of recruitment, but we also emphasise engagement (mutual understanding and affinity), particularly an applicant's compatibility with our values.

Recruitment serves as a central role in the creation of an engaged workforce. Based on the idea that recruiting capabilities will support the Company's future five years from now, we approach recruitment with the idea of attracting the talent we want, rather than choosing people who want to work for us. Conducting recruitment as a Group-wide endeavour has enabled us to build strong recruiting capabilities. For current employees, it is also an opportunity to take a fresh look at their day-to-day work and increase their motivation.

Staff Complement

In line with our commitment to building future talent, we started the 2021/2022 financial year with 152 employees and ended the year with 189 employees, which is an average growth rate of 24%. The Group's gender representation currently stands at 53% male employees to 47% female employees. This ratio is satisfactory, especially in what is traditionally perceived to be a male-dominated industry.

Figure 6: Total staff complement statistics

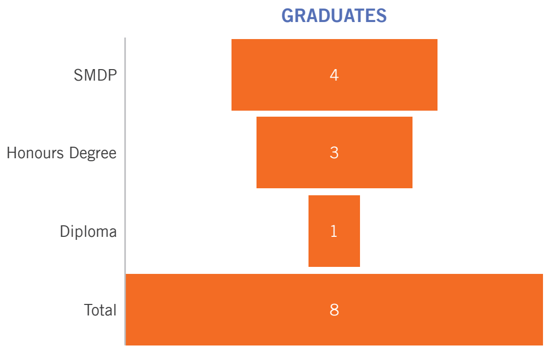


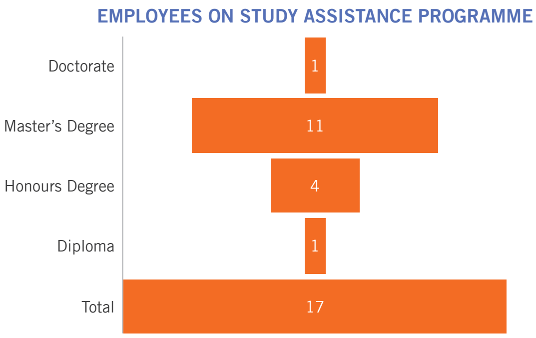
Employee Training and Development

Our training programmes incorporate different forms of learning, including e-learning. Managers play a crucial role in reinforcing their employees' learning journeys. Our training programmes are always competency-based and focus on leadership, digital fluency, sales, job-related skills and soft skills. We provide a variety of training and development opportunities aimed at building employee capacity to deliver services, meet strategic needs, and align with NAMCOR's values, strategic plan and overall mission. To accelerate the growth of individuals, all employees, including executives, complete professional development plans to identify individual growth opportunities and create an action plan.

The Organisational Development team works with departments and business units to design and facilitate customised workshops to support team and individual development. During the 2021/2022 financial year, a total of 114 employees attended formal training linked to their personal development plans. In an effort to build a competent workforce to support the successful execution of the Group's strategy, the organisation has a study assistance scheme that fully funds formal qualifications.

Figure 7: Employee study assistance programme





We are also committed to nurturing our next generation of managers. To continue to change and grow, we must continuously develop new leaders. These leaders must be able to not only advance our business, but also to understand and embody our philosophy, increase employee engagement, and link those attributes to successful results. We invested considerably in this area in the reporting period. Annually, we dedicate resources to enable our management and executive teams to complete management, senior management and executive development programmes.

Affirmative Action

The Group is strongly committed to equity, diversity and inclusion. We believe that this commitment helps to build a more agile, productive and innovative workforce that reflects our talent and client base, as well as the society in which we work. We are committed to advancing social justice and equity in our organisation, our communities and our society.

We are working towards a world where everyone, regardless of race, gender, age, religion, sexual orientation, ability or any other characteristic, has equal access to opportunities and feels valued and respected. In 2018, the Affirmative Action Committee (AAC) established an action plan with targets up to the year 2022, with five pillars: different abilities, gender, age, cultural diversity, flexibility and work-life balance.

Employee Movement

Recruitment and staff turnover are essential to employee movement. The Group's increasing headcount is a reflection of its growth agenda in that 24% of employees have been with the Company for more than five years, while 76% were appointed during the past five years.

The voluntary staff turnover rate was 2.64% during the reporting period, compared to 1.91% in the previous financial year. The slight increase of 0.7 percentage points is primarily attributable to resignations.

Table 4: Employee movement 2021/2022

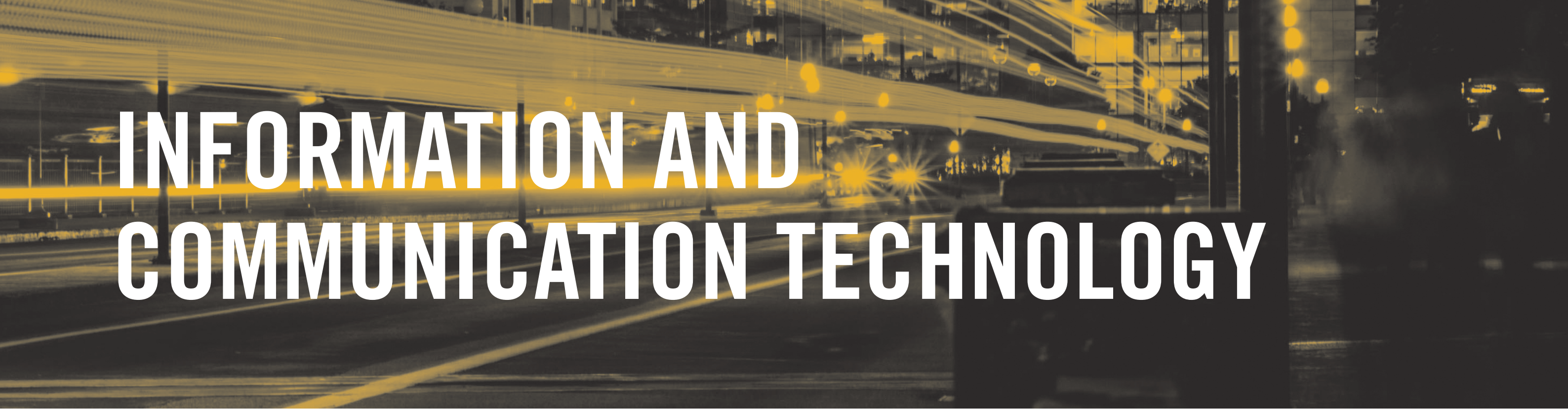
Termination	Number	Percentage of workforce
Resignations	5	2.6%
Death	1	0.5%
Dismissal/Termination	1	0.5%
Contracts ended	2	1%
Retirement due to ill-health	0	0.00%

Health and Safety

The Health and Safety team focused on the prompt development and execution of comprehensive safety protocols, and ensured that the health and safety of employees was prioritised at all times.

The COVID-19 pandemic has highlighted the importance of staying physically and mentally healthy and working in a safe workplace, whether at home or onsite. Returning to the workplace and reshaping a new future of work is key to ensuring the health and well-being of workers. Reopening workplaces requires new health and safety protocols that take COVID-19 into consideration. Throughout the 2021/2022 financial year, NAMCOR helped employees to return to work safely, supporting both employees and candidates through efforts related to sharing best practices on physical and mental health and well-being, providing personal protective equipment, and implementing health and safety protocols.

INFORMATION AND COMMUNICATION TECHNOLOGY



NAMCOR ICT Operating Model Context

The NAMCOR Information and Communication Technology (ICT) Department oversees industry-standard functional areas that define the key areas in which all ICT activities are executed. These functions are:

- ICT operations, infrastructure and service delivery
- Cyber security
- ICT governance and compliance
- Technology and information management

As the ICT team, our business performance revolves around the strategic endeavours that help NAMCOR excel in key business areas such as processes, application management, digital enablement and data management. Our business operating model is summarised in Figure 8.

Key ICT Business Performance Highlights 2021/2022

During the 2021/2022 financial year, we executed our departmental strategies against our operating model as well as the needs of the NAMCOR business. While we managed to execute our strategies as planned, the year was not without challenges. Our report details our successes as well as challenges.

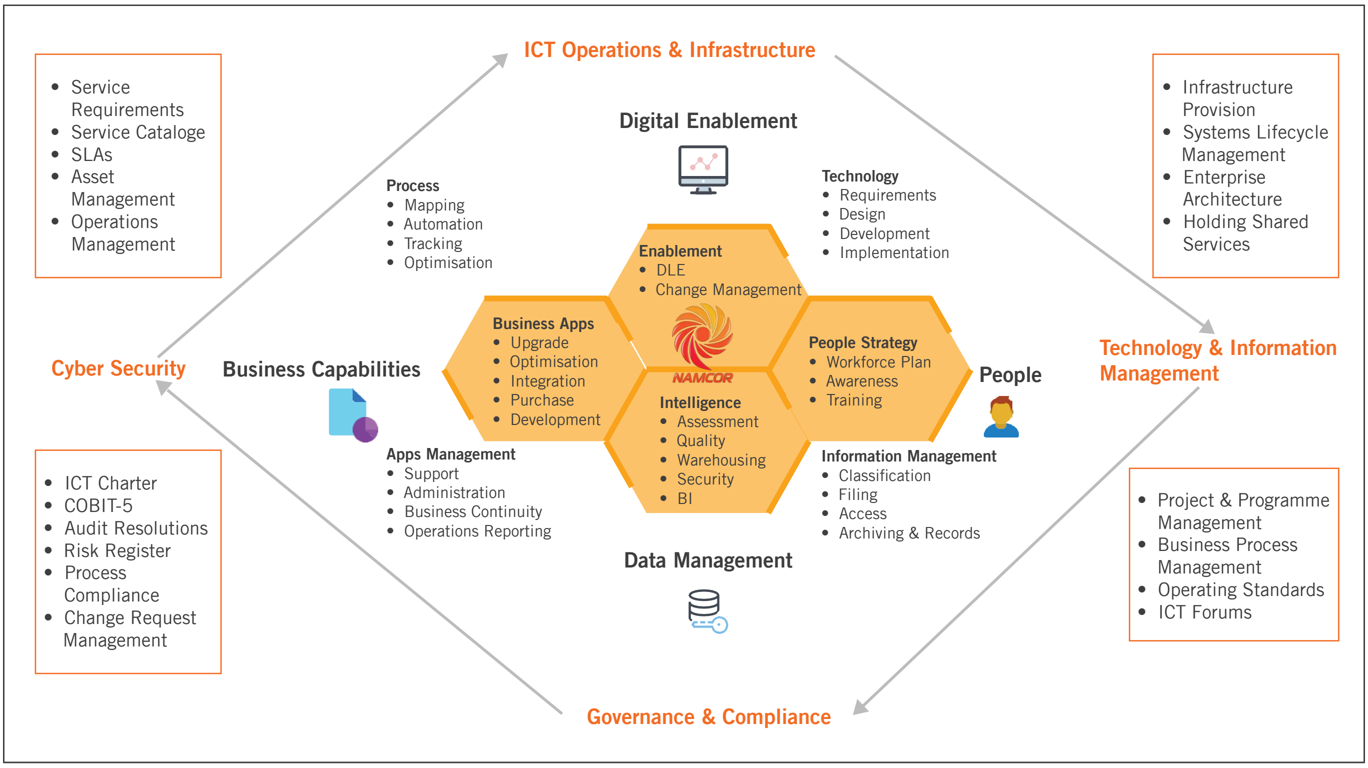
ICT Successes

Throughout the reporting period, we continued to transform the business digitally, with our digital transformation and business process re-engineering programmes enabling us to create a roadmap to a more efficient and effective NAMCOR. Our goal is to ensure NAMCOR's profitable operations and operational excellence.

Key achievements in terms of the digital transformation programme included the following:

- Designed ICT strategic map, capacitation of operations and resources
- Achieved full alignment of ICT strategic map to corporate objectives
- Prepared individual performance scorecards
- Delivered Enterprise Resource Planning (ERP) system business case, roadmap and detailed business requirements
- Signed off project inception document
- Held JDE systems structured workshops for the entire business in February 2022

Figure 8: ICT business operating model



- Commenced with the process reviews and development of the systems specification document in March 2022
- Initiated the integration of the new ERP system to the Terminal Management System (TMS) at the National Oil Storage Facility (NOSF)
- Commenced integration with financial institutions with the new ERP system project to reduce the bank reconciliation process
- Reviewed all business processes and re-mapped HR and Sales processes
- Developed and finalised the automation of the quote-to-cash workflow via the customer portal
- Finalised the Computerised Maintenance Management System (CMMS) for NOSF requirements and commenced procurement

ICT Challenges

Despite our strong performance as a department, we faced a variety of challenges during the course of the 2021/2022 financial year. Yet, these challenges presented us with the opportunity to improve our execution rate.

Key challenges during the reporting period included the following:

- Major setback in closing out on critical milestone activities under the Syspro Optimisation Project
- Inability to fully execute the sourcing and procurement of a process tracking tool
- Alignment of availability of key personnel on the Enterprise Resource Planning (ERP) system project has been difficult, given that other crucial projects or initiatives were competing for resources

ICT Plans for 2022/2023

For the 2022/2023 financial year, the ICT Department has developed a focused operational strategy that will help us to realise a digitally enabled NAMCOR workforce. The NAMCOR ICT Digital Transformation Strategy was designed to realise the vision of a workforce and operations that are productive, customer-centric, efficient and profitable.

Our success in the upcoming financial year will be measured through the following strategic results:

1) Customer centricity: Through the ERP system, deliver a highly efficient, streamlined business process that enables NAMCOR to swiftly service its clients and allows for an effective accounting cycle
2) Implement the ICT Service Delivery Programme, which will give NAMCOR new call centre capabilities to service multi-stakeholder ICT support
3) Ensure the provision of production visibility for new oil-producing assets
4) Cost containment: Focus on reducing expenditure through phasing out legacy systems and reviewing inefficient operations and structures that create bottlenecks in organisational workflows

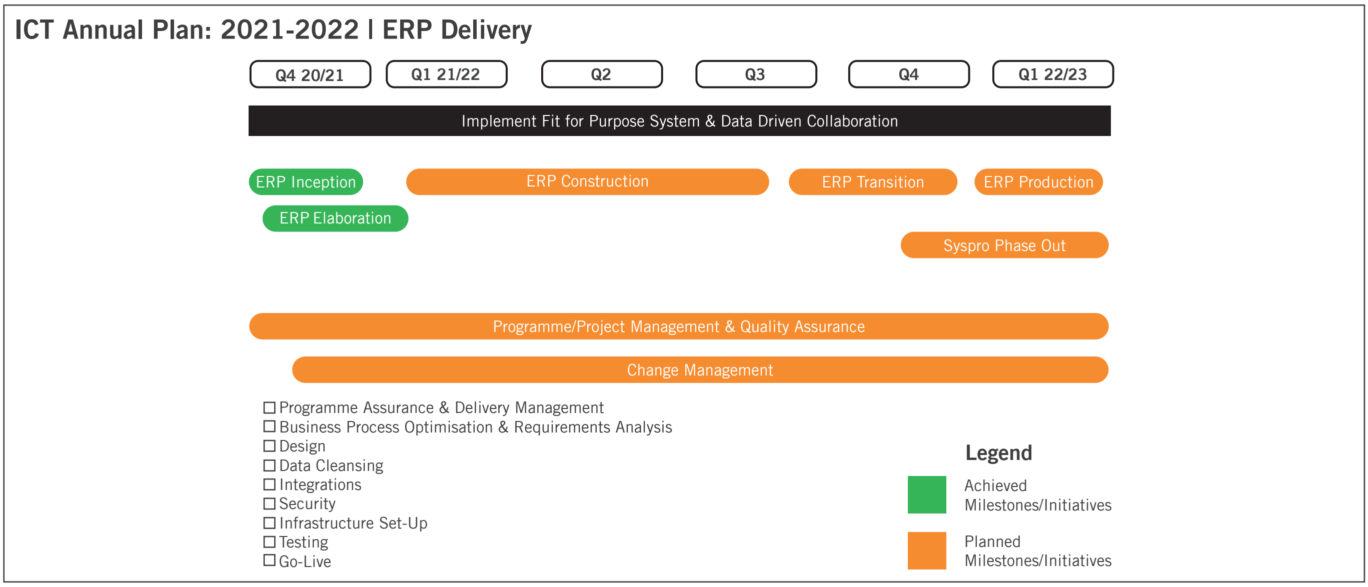
The key initiatives for 2022/2023 are summarised hereunder.

ERP Implementation

The implementation of a new Enterprise Resource Planning (ERP) system is of paramount importance to NAMCOR's success in terms of customer centricity, efficiency and profitability. ICT will support business in the implementation of a new ERP system which will address the following business requirements:

- Industry-specific: NAMCOR to implement an ERP system that is specific to the industry
- Low-code: The ERP will have low-code capabilities, meaning that it will be implemented with minimal customisation, and as such, will result in a system with minimal technical and financial implications
- High Integration Capability: The ERP will have capabilities to integrate with standard and custom applications specific to business use cases, such as SSHEQ, Order Management, Performance Management, etc.

Figure 9: Overview of ERP system implementation



The scope of the ERP system to be implemented in the 2022/2023 financial year is as follows:

- Financial Management
- Procurement, Stock and Distribution Management
- Supply Chain Management
- Inventory Management
- Distribution and Logistics Management
- Transportation Management
- Walvis Bay Fuel Terminal Tank Management and other third-party system integration

Roll-out of Downstream Infrastructure

In 2022/2023, the ICT Department will continue to provide support to the retail service station roll-out initiative, in the form of ICT infrastructure and help desk services to improve integrity and ensure up-time and availability of business systems.

Strengthen Organisational Controls

The ICT Department will improve governance and security controls through the ICT security programme, which will minimise the potentially negative impact of audit exceptions, and improve the overall reduction of risk exposure for critical assets such as NOSF, ERP, PMS, and upstream data.

Conclusion

In conclusion, we believe that NAMCOR is on a strong path towards digital transformation. Our current projects and initiatives are geared to support the business in achieving strategic goals in an efficient and cost-effective manner through a digitally-enabled workforce and automated operations.

ENGINEERING AND TECHNICAL SERVICES

This report highlights the 2021/2022 business performance of the Engineering and Technical Services Department. In addition, it provides an overview of the progress and status of capital projects and maintenance execution during the reporting period in relation to the corporate strategic objectives of the Department and NAMCOR's five-year ISBP.

Retail Site Expansion

The Department successfully commissioned the Karasburg retail site and the Swakopmund Municipality commercial site, and revitalised the Gobabis depot. Regrettably, the Department decommissioned three commercial sites, namely Shared Petroleum in Swakopmund and Walvis Bay, as well as Whale Rock in Otjiwarongo.

In support of the 2021/2022 retail roll-out expansion, the Department appointed contractors for the Katutura retail site (Soweto) and the Rundu Kehemu retail site. The consultants for the Otjiwarongo, Rundu, Independence Avenue and Gobabis retail sites were appointed.

The designs for Otjiwarongo, Rundu and Gobabis were completed. Bids for these sites were issued, the evaluation of which is in progress. The design for the Independence Avenue retail site was delayed, due to the land sub-division that needs to be done by TransNamib.

The Retail Virtual Identity material fabrication for Katutura, Kehemu, Opuwo and Kamanjab is in progress. Tanks and pumps for Otjiwarongo, Katutura, Kehemu, Opuwo and Kamanjab were procured.

The Department embarked on reducing the frequency of site visits to contain operating expenses.

Capital Projects Funding

Considering project over-runs from one financial year to the next, it is essential that feasibility studies, preliminary designs and detailed designs be carried out in the previous financial year for construction and capital expenditure started in April of a financial year, to ensure that these are completed in the same financial year.

In addition, it is imperative for the retail budget to make provisions for greenfields for sites that become available within a financial year, so as to allow for works to be expedited and not having to wait for a new financial year for approval or reallocation. Alternatively, only those sites with a signed agreement should be included in the budget.

To ensure that projects are completed on time and not delayed due to late or non-payment of contractors and suppliers, it would be preferable to allocate a dedicated fund for retail projects.

It is important to mention that advance payments to prospective retail dealers should be made based on milestones achieved by a dealer in the construction of a retail service station to avoid the situation we are currently facing on some of our capital projects.

Maintenance Management

From a maintenance perspective, the Department ensured that the execution of the maintenance programme at the NOSF was in full swing and tightly controlled during the period under review. Weekly preventative maintenance was executed as scheduled, analysed and reported. Weekly reviews ensure continuous improvement. Strategy execution is based on the contract between NAMCOR and the Ministry of Mines and Energy for maintenance, which must be executed as per Original Equipment Manufacturer recommendations.

In the period under review, 3,978 maintenance job cards were issued at an average of 83 job cards per week. Maintenance schedule compliance was recorded at 94% against a required KPI of 85%. Average resource loading (measuring resource time allocation efficiency) stood at 82%, and overtime was controlled to an average of 5% of the total hours worked per month.

NOSF maintenance statistics for the 2021/2022 financial year are outlined in Figures 10, 11 and 12.

Overall maitenance schedule compliance

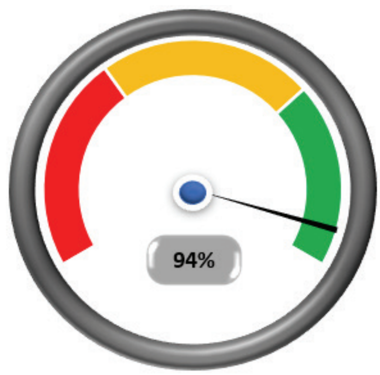


Figure 10: Maintenance schedule compliance

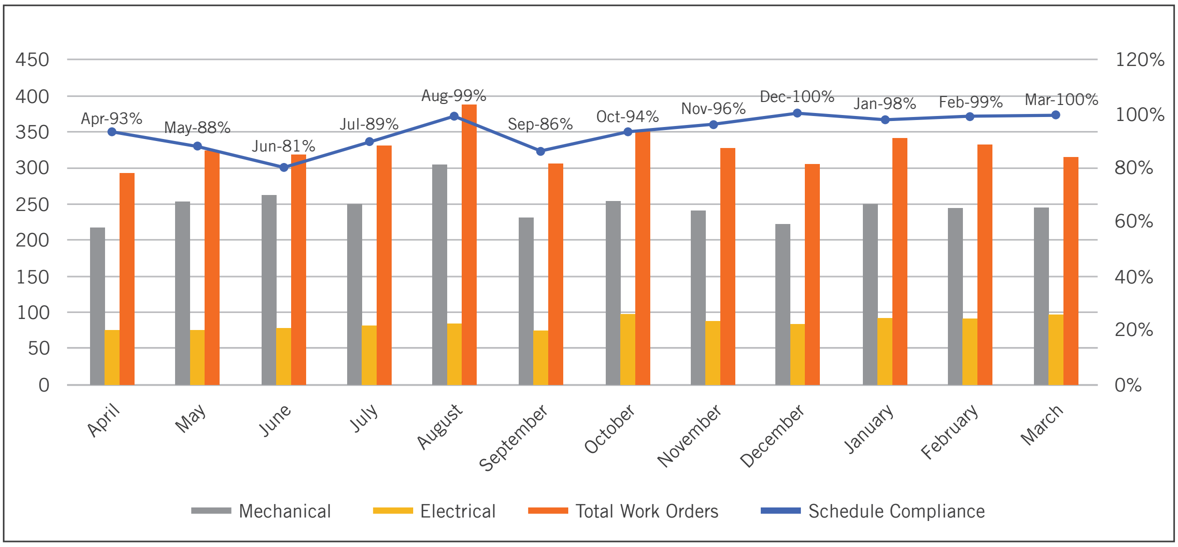
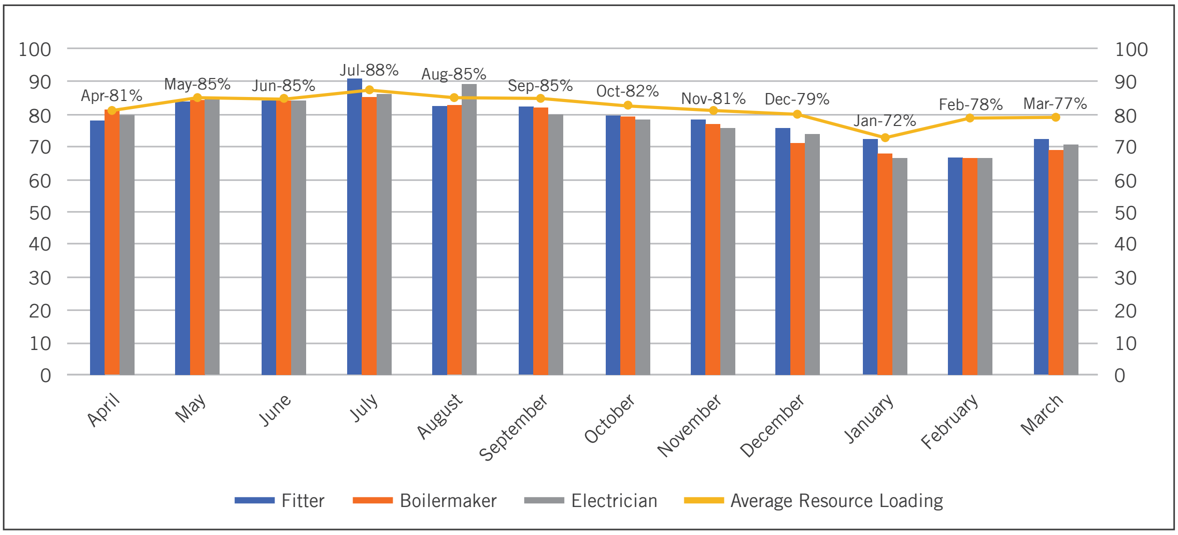


Figure 11: Resource loading



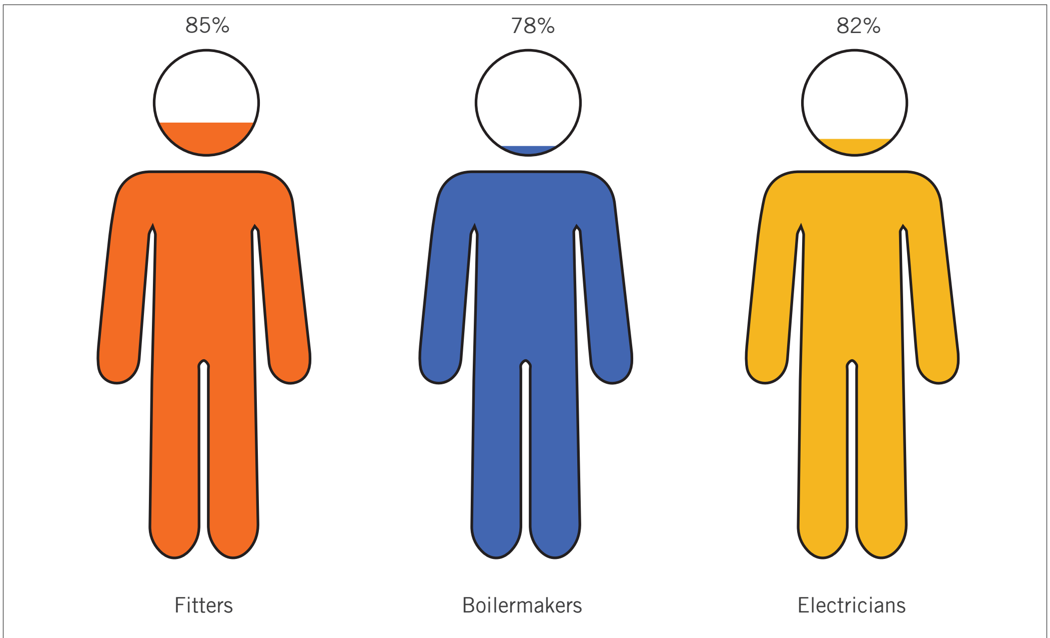
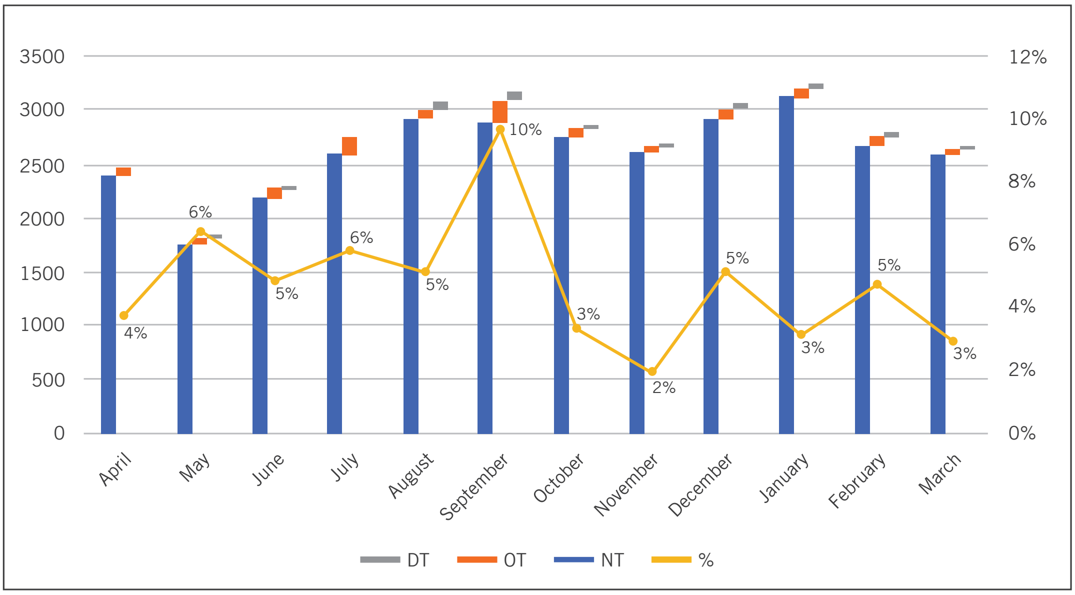


Figure 12: Monthly man-hours: Normal time vs overtime



Conclusion

The Engineering and Technical Services Department continues to play a vital role in business continuity by ensuring that retail and commercial sites are designed and constructed to standard to ensure supply of petroleum products. The Department actively engages relevant departments for service delivery to ensure the attainment of strategic objectives. Availability of funds is imperative for ensuring the successful execution of the various capital projects and maintenance of assets, as per the Department's core function. It is important to mention that advance payment to prospective retail dealers should be made based on milestones achieved toward the construction of a retail service station in order to avoid delays in the completion of projects.

The Department appointed a contactor to revitalise the Gobabis depot, with works completed at the end of March 2022. The depot is ready for operations to begin in 2022/2023. The Karas Oasis retail site was commissioned and handed over for the commencement of operations. In addition, the Department completed the appointment of maintenance contractors for the various disciplines and areas of operations. Three-year Service Level Agreements are currently being drafted.

The Department is in the process of rolling out the maintenance system currently being developed and streamlined at the NOSF to other NAMCOR depots, starting with HFO, JBS and Husab Mine. The roll-out of the maintenance system to all depots will increase effectiveness and efficiency by centralising the asset management component and decentralising the maintenance execution component.

Due to the high number of maintenance job cards (3,978 job cards for the period under review) executed with the manual system, the probability of human error is significant. The process for automated management of maintenance activities has commenced via the implementation of a Computerised Maintenance Management System (CMMS), as part of the ERP project implementation. ERP system implementation is imperative for the accurate reporting of schedule compliance, resource utilisation and backlogs for planned activities.

SAFETY, SECURITY, HEALTH, ENVIRONMENT AND QUALITY

The Safety, Security, Health, Environment and Quality (SSHEQ) Division is responsible for the promotion of health, safety and well-being of employees, the security of assets and the protection of the environment.

The Division's main task is to manage operational hazards and risks through monitoring and evaluating compliance to regulations, international standards and NAMCOR's set requirements. SSHEQ compliance ensures that accidents and near-misses are kept as low as is reasonably practicable in the workplace.

This report documents the SSHEQ Division's performance during the 2021/2022 financial year in support of the objectives of NAMCOR's five-year ISBP.

Hazard and Risk Management

In order to meet the regulatory requirement of providing a work environment that is safe and without risk to the health and safety of employees, visitors and contractors, the following measures were successfully implemented during the reporting period to ensure the identification, communication and mitigation of operational risks:

- **Safety inductions:** All new employees and contractors were inducted in site-specific hazards and risks in the NAMCOR work environment.
- **Contractor management:** Contractors are required to meet NAMCOR SSHEQ performance and compliance standards before permission to work is granted for non-routine job tasks outsourced to contractors. During the financial year, all contractors were successfully assessed and met compliance requirements.
- **Site inspections:** Site visits and inspections enable early detection and close-out of SSHEQ non-conformances to ensure operational SSHEQ excellence. During the period under review, site inspections were successfully completed for Group sites. Compliance at sites was found to be commendable and the SSHEQ Division looks forward to implementing improvement initiatives with the relevant stakeholders.

SSHEQ System Implementation

In addition to the Integrated Management System (IMS) implemented in the previous financial year, the NOSF operations-specific Safety Management System (SMS) manual and procedures were developed, approved and implemented.

In order to maintain continuous improvement of the integrated SSHEQ system, a formal internal compliance audit was performed to evaluate overall system effectiveness during the 2021/2022 reporting period. The audit findings will be used as performance targets for the Division for the 2022/2023 financial year.

Maritime Operations Compliance

International Ship and Port Facility Security (ISPS) Code implementation at NOSF jetty

In order to meet the requirements of the International Ship and Port Facility Security (ISPS) Code as mandated by the International Maritime Organization (IMO), the Group obtained temporary ISPS Code certification from the Directorate of Maritime Affairs. The temporary ISPS Code certification denotes that the Group met the minimum requirements for operating the tanker jetty after completion of a security risk assessment. In addition, the security system documentation suite has since been aligned to ISPS Code requirements and is in the process of being implemented.

Oil Spill Contingency Plan

The National Marine Pollution Contingency Plan (NMPCP) mandates that entities involved in oil and gas activities, including storage and bunkering operations, must have the ability to manage and arrange their own effective pollution response plans. In order to meet this legislative requirement, NAMCOR developed an Oil Spill Contingency Plan during the period under review. The plan has been internally approved and submitted to the Directorate of Maritime Affairs for final approval.

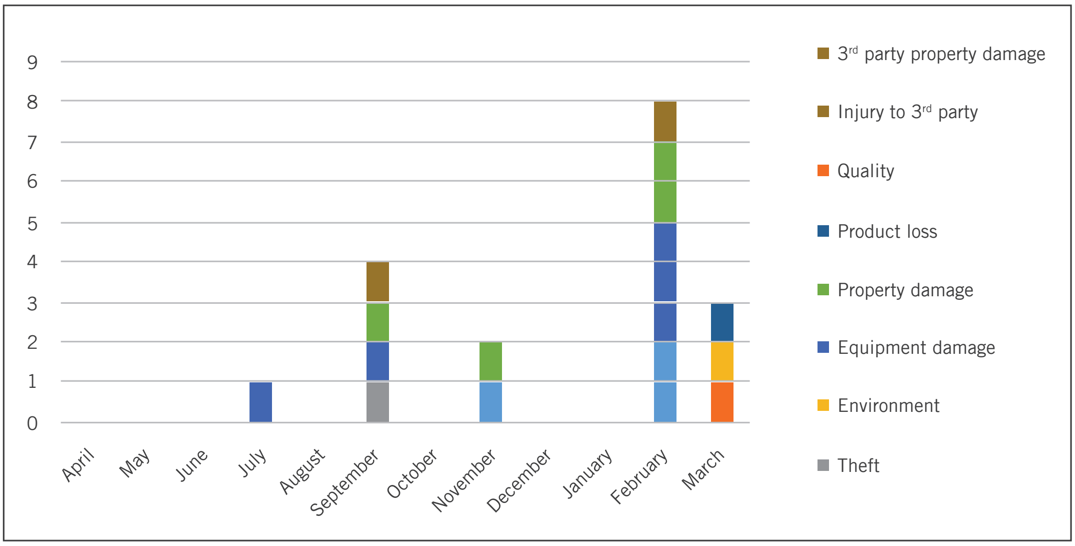
Overview of Health and Safety Awareness, Training and Legal Appointments

During the period under review, the SSHEQ Division engaged internal stakeholders on employer and supervisor SSHEQ roles and responsibilities as per the Labour Act (Act No. 11 of 2007) and its regulations. The execution of the SSHEQ regulatory training schedule was also achieved, which saw the appointment of safety representatives, first aiders, fire marshals and other legally-required SSHEQ appointments. An initiative to increase awareness of the Permit to Work system was conducted for various contractors and stakeholders that interact with NAMCOR operations.

Incident Statistics

We are pleased to report that the Company achieved zero cases of Lost Time Injury (LTI) during the period under review. Nonetheless, other incident types were recorded and consequently analysed for the prevention of recurrence and identification of improvement measures for the Company.

Figure 13: Monthly incident statistics 2021/2022



The lack of incident data during the first Quarter of 2021/2022 is attributed to the rise in COVID-19 cases, which resulted in a reduced workforce at the different work sites, which in turn created conditions for under-reporting of incidents.

Reflections on Operational Performance and Financial Status

The rise in COVID-19 cases during the first and second Quarters of 2021 had a significant impact on the execution of the SSHEQ Division's procurement plan for the year. The Division's contribution to operational excellence through site visits to inspect and audit downstream operations in various towns was also hindered.

The Division achieved an operational financial performance of 39.7% of the budget allocated for the 2021/2022 financial year. The industry trade and travel restrictions resulting from the COVID-19 pandemic prevented third-party resources from commencing work with the Division within the originally planned timelines. Consequently, planned projects and site visits were not sufficiently carried out in the third and fourth Quarters of 2021/2022.

The goal of attaining ISO 29001 certification during the reporting period did not materialise, mainly due to the objective not taking adequate consideration of the impact of COVID-19 on business and project timelines.

Conclusion

In line with the five-year ISBP, the SSHEQ Division is expected to improve performance to support the achievement of the strategic goal of "Improved Health and Safety Culture" going forward. This will be realised through the implementation and certification process for ISO 29001 and ISO 14001, planned for the 2022/2023 financial year. The achievement of these ISO certifications is expected to increase NAMCOR's commercial prospects and opportunities as a commercial entity doing business with international customers and stakeholders.

ANNUAL FINANCIAL STATEMENTS

National Petroleum Corporation of Namibia (Proprietary) Limited
(Registration number 164/67)
Consolidated and Separate Annual Financial Statements
for the year ended 31 March 2022

Index

The reports and statements set out below comprise the consolidated and separate annual financial statements presented to the shareholder:

Directors' Responsibility Statement and Approval of Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Group and Company financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited, comprising the statement of financial position at 31 March 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and the notes to the financial statements, and the directors' report in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

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 07 November 2022 and were signed on its behalf by:

Director

Director

Independent Auditor's Report

Grand Namibia
Chartered Accountants & Auditors

To the Shareholder of National Petroleum Corporation of Namibia (Proprietary) Limited

Opinion

We have audited the consolidated and separate financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited and its subsidiaries ("the Group") set out on pages 40 to 100 which comprise the consolidated and separate statements of financial position as at 31 March 2022, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statement of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2022, its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Namibian Companies Act (Act 28 of 2004).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Responsibility Statement and Approval of Annual Financial Statements which we obtained prior to the date of this auditor's report and the annual report, which is expected to be made available to us after the date of this auditor's report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated and separate annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also,

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group or Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the business's activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per R Theron
Partner
Place: Windhoek
Date: 06 December 2022

9 Axali Doeseb Street
PO Box 24304
Windhoek
Namibia
Tel: +264 61 228 423
+264 61 255 263/4
Fax: +264 61 227 078
info@grandnamibia.com
www.grandnamibia.com

Resident Partners: Richard Theron (Managing Partner) | Ronald N Beukes | Petrus T Nghipandulwa

Directors' Report

The directors submit their report for the year ended 31 March 2022.

1. Incorporation

The Company was incorporated in the Republic of Namibia on 06 November 1967 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operation

National Petroleum Corporation of Namibia (Pty) Ltd (NAMCOR) is the national oil company of Namibia, with the mission of creating value for all its stakeholders across the oil and gas value chain. The Group and Company are 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 consists of NAMCOR Petroleum Trading & Distribution (Pty) Ltd which delivers value in the downstream sector, through the sale of various petroleum products to different segments of the market, among them Government, parastatals and the private sector, which includes mining, construction, transport and others.

The Group has recently entered the downstream retail sector and it is currently rolling out several service stations at strategic locations around the country. The Group has also been designated as the operator of the National Oil Storage Facility and Jetty at Walvis Bay, which is aimed at improving Namibia's security of supply of petroleum products.

NAMCOR Exploration and Production (Pty) Ltd's main activities are to engage in gas, oil, petroleum and other related industries, including reconnaissance exploration, research and production operations and all objects ancillary thereto and operates principally in Namibia.

In addition, the Group owns Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd which have interests in the property holding industry. The entities are currently dormant.

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

3. Going concern

For the year ended 31 March 2022, the Group made an operating profit of N$125 827 453 (Loss 2021: N$166 605 685).

The profit earned by the Group and Company in the 2022 financial year is mainly attributable to the positive returns on petroleum products, cash consideration from the dilution of licence blocks and data sales.

The Group's financial statements reflect that the total assets exceed the total liabilities by N$737 640 293 (2021: N$449 714 795). The Company's financial statements reflect that the total assets exceed the total liabilities by N$818 978 054 (2021: N$539 060 886). The Group's financial statements reflect that the current liabilities exceed the current assets by N$9 127 932 (2021: N$50 947 453). The Company's financial statements reflect that the current assets exceed the current liabilities by N$169 519 651 (2021: N$214 354 898).

The Group and Company financial statements have been prepared based on 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 directors have satisfied themselves that the Group and Company are in a sound financial position, and have the sufficient borrowing facilities to meet all foreseeable cash requirements.

The directors are not aware of any other material changes that may adversely affect the Group and Company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to the legislation, which may affect the Group and Company.

4. Events after the reporting period

On 12 April 2022, NAMCOR Exploration and Production (Pty) Ltd (NAMCOR E&P) a subsidiary, Petrolog Energies Ltd and Sequa Petroleum Ltd through a consortium, Sungara Energies Limited, a company incorporated in the United Kingdom, signed a Sale and Purchase Agreement (SPA) with Sonangol Pesquisa & Produção for the acquisition of 10% working interest in 15/06 (Producing Asset). Each party within the consortium holds equally 33% of the stated equity and is required to provide an initial capital investment of up to US$ 20 million. As a result of this transaction, NAMCOR E&P will account for the investment as a joint venture in terms of IFRS 11 - Joint Arrangements in the 2022/2023 financial year.

On 24 November 2022, the company received notice from the Ministry of Mines and Energy to discontinue the fuel subsidy effective 1 April 2023.

In order to sustain operations, NAMCOR's integrated strategic business plan emphasises the acceleration of its retail expansion strategy as it illustrates healthy profit margins which will improve overall financial performance.

The directors are not aware of any other material matters or circumstances arising since the end of the financial year to the date of authorisation of these financial statements that may have an impact on the annual financial statements.

Directors' Report

5. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

6. Dividends

No dividends were declared or paid to the shareholder during the year (2021: nil).

7. Directorate

The directors in office at the date of this report are as follows:

Name	Changes
Jennifer Comalie (Chairperson)	-
Timoteus Ekandjo (Vice-Chairperson)	-
Engelhardt Kongoro	-
Onni-Ndangi Iithete	-
Tersia //Gowases	-
Florentia Amuenje	Resigned, 10 May 2021

8. Secretary

The company secretary is Ms. Damoline Muruko.

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

9. Shareholder

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

10. Investments in subsidiaries

Name of subsidiary	Country of incorporation
Brak Property Development 35 (Pty) Ltd Namibia	Namibia
Brak Property Development 36 (Pty) Ltd Namibia	Namibia
NAMCOR Petroleum Trading and Distribution (Pty) Ltd	Namibia
NAMCOR Exploration and Production (Pty) Ltd	Namibia

11. Non-compliance with laws and regulations

Road Fund Administration Act

In the previous financial years, the entity sold petroleum products to locally registered companies with the assumption that these products would be exported. As a result, there were no levies charged on these volumes. This practice is not in line with the requirements of the Road Fund Administration Act. The non-compliance with the Road Fund Administration Act quantified amounts to N$3 899 383 (2021: N$3 211 233), including interest. This amount was provided for in the financial statements.

Petroleum Products and Energy Act

In the previous financial years, the entity sold petroleum products to locally registered companies with the assumption that these products would be exported. As a result, there were no levies charged on these volumes. This practice is not in line with the requirements of the Petroleum Products and Energy Act. The non-compliance with the Petroleum Products and Energy Act quantified amounts to N$3 986 763 (2021: N$3 886 690). This amount was provided for in the financial statements.

12. Auditor

Grand Namibia Chartered Accountants and Auditors continued in office as auditors in accordance with section 287(1) of the Companies Act of Namibia.

13. Registered office

Petroleum House
1 Aviation Road
Windhoek

Statement of Financial Position

		Group			Company	
	Note(s)	2022 N$	2021 Restated * N$	2020 N$	2022 N$	2021 N$
Assets						
Non-Current Assets						
Property, plant and equipment	3	358,351,026	342,117,153	354,034,620	79,528,755	84,274,641
Right-of-use assets	4	24,502,039	28,445,360	22,372,841	-	-
Investment property	6	16,225,000	16,330,000	-	-	-
Intangible assets	5	45,976,484	3,491,378	134,914	27,499,401	49,711
Investments in subsidiaries	7	-	-	-	320,799,558	155,603,716
Loans to Group companies	11	-	-	74,718,025	-	35,295,189
Other financial assets	8	227,606,745	70,143,893	54,951,246	227,606,745	70,143,893
Net investment in the lease	9	58,906,370	58,592,758	35,455,292	-	-
Deferred tax asset	10	184,477,737	183,133,719	136,445,357	-	-
		916,045,401	**702,254,261**	**678,112,295**	**655,434,459**	**345,367,150**
Current Assets						
Inventories	12	255,552,792	230,878,108	107,052,980	-	-
Loans to Group companies	11	-	-	-	121,351,503	170 747 818
Trade and other receivables	13	605,201,070	271,897,074	337,598,370	23,869,905	21,125,515
Contractual assets	33	22,252,895	-	22,017,581	-	-
Net investment in the lease	9	353,082	381,049	141,952	-	-
Current tax receivable	21	17,923	5,461,404	5,461,404	17,923	5,461,404
Cash and cash equivalents	14	420,584,662	183,836,088	218,929,969	44,581,716	91,746,632
		1,303,962,424	**692,453,723**	**691,202,256**	**189,821,047**	**289,081,369**
Total Assets		**2,220,007,825**	**1,394,707,984**	**1,369,314,551**	**845,255,506**	**634,448,519**
Equity and Liabilities						
Equity						
Share capital	15	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Reserves		268,275,679	99,910,328	101,430,905	241,396,608	75,002,595
Retained income		341,446,052	227,461,054	345,013,355	449,662,886	336,139,728
Kudu shareholder reserves		117,918,563	117,918,563	117,918,563	117,918,563	117,918,563
		737,640,294	**455,289,945**	**574,362,823**	**818,978,057**	**539,060,886**
Liabilities						
Non-Current Liabilities						
Loans from Group companies		-	-	74,718,025	-	-
Non-current portion - loans from shareholder	17	72,226,569	69,360,059	75,577,470	-	-
Non-current portion - borrowings	18	50,501,158	74,426,105	45,448,982	5,976,055	9,746,002
Finance lease liabilities	4	43,968,639	44,279,428	34,965,381	-	-
Deferred income	19	2,580,808	2,611,111	2,641,414	-	-
Deferred tax liability		-	10,915,160	8,295,846	-	10,915,160
		169,277,174	**201,591,863**	**241,647,118**	**5,976,055**	**20,661,162**
Current Liabilities						
Trade and other payables	20	1,259,796,916	697,432,013	454,084,531	16,227,123	60,537,752
Current portion - loans from shareholder	17	13,281,039	7,174,853	6,413,385	-	-
Current portion - borrowings	18	23,926,759	11,960,164	9,669,445	3,767,798	3,599,630
Finance lease liabilities	4	7,065,917	3,268,078	3,773,793	-	-
Deferred income	19	30,303	30,303	30,303	-	-
Current tax payable	21	428,717	10,371,657	11,249,832	-	10,371,657
Provisions	22	8,560,706	7,589,108	38,661,408	306,473	217,432
Bank overdraft	14	-	-	29,421,913	-	-
		1,313,090,357	**737,826,176**	**553,304,610**	**20,301,394**	**74,726,471**
Total Liabilities		**1,482,367,531**	**939,418,039**	**794,951,728**	**26,277,449**	**95,387,633**
Total Equity and Liabilities		**2,220,007,825**	**1,394,707,984**	**1,369,314,551**	**845,255,506**	**634,448,519**

* See Note 38

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
		2022	2021 Restated *	2022	2021
	Note(s)	N$	N$	N$	N$
Revenue	23	2,884,684,558	1,338,670,936	325,819	275,456
Cost of sales	24	(2,663,498,070)	(1,340,075,749)	-	-
Gross profit (loss)		**221,186,488**	**(1,404,813)**	**325,819**	**275,456**
Other income	25	158,447,018	59,311,047	112,514,193	7,574,068
Government grant	26	84,309,614	80,211,817	84,309,614	80,211,817
Distribution expenses	27	(20,827,254)	(18,257,584)	(3,456,327)	(1,577,083)
Impairment losses on financial and contractual assets	27	(15,153,378)	10,315,979	19,042,703	19,341,482
Other operating expenses	27	(38,454,072)	(61,178,121)	862,256	(16,927,421)
Adminstration expenses	27	(263,680,960)	(235,604,010)	(101,861,596)	(115,397,291)
Operating profit (loss)	27	**125,827,456**	**(166,605,685)**	**111,736,662**	**(26,498,972)**
Finance income	28	8,390,700	5,183,203	2,403,912	6,547,147
Finance costs	29	(20,833,454)	(19,092,054)	(617,417)	(830,227)
Profit (loss) before taxation		**113,384,702**	**(180,514,536)**	**113,523,157**	**(20,782,052)**
Taxation	30	915,300	46,688,362	-	-
Profit (loss) for the year		**114,300,002**	**(133,826,174)**	**113,523,157**	**(20,782,052)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains / (losses) on property revaluation		(12,662)	(3,383,261)	1,984,000	(2,476,000)
Financial assets at fair value through other comprehensive income		157,462,853	15,193,414	157,462,853	15,193,414
Income tax relating to items that will not be reclassified subsequently to profit or loss		10,915,160	(2,619,313)	10,915,160	(2,619,313)
Total items that will not be reclassified to profit or loss		**168,365,351**	**9,190,840**	**170,362,013**	**10,098,101**
Total comprehensive income (loss) for the year		**282,665,353**	**(124,635,334)**	**283,885,170**	**(10,683,951)**

* See Note 38

National Petroleum Corporation of Namibia (Proprietary) Limited
(Registration number 164/67)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

	Share capital N$	GC24 reserve N$	Revaluation reserve N$	Fair value adjustment financial assets through OCI N$	Kudu shareholder reserves N$	Other NDR N$	Total reserves N$	Retained income N$	Total equity N$
Group									
Balance at 1 April 2020	10,000,000	(364,178)	57,756,726	42,274,282	117,918 563	1,764 075	219,349,468	345,001,578	574,351,046
Loss for the year	-	-	-	-	-	-	-	(133,826,174)	(133,826,174)
Other comprehensive income	-	253,897	366,739	12,319,436	-	-	12,940,072	(3,750,000)	9,190,072
Total changes	**-**	**253,897**	**366,739**	**12,319,436**	**-**	**-**	**12,940,072**	**(137,576,174)**	**(124,636,102)**
Transfers	-	-	(14,460,650)	-	-	-	(14,460,650)	14,460,650	-
Opening balance as previously reported	**10,000,000**	(110,280)	43,662,815	54,593,718	117,918,563	1,764,075	217,828,891	221,886,054	449,714,945
Adjustments									
Prior year adjustments	-	-	-	-	-	-	-	5,575,000	5,575,000
Balance at 1 April 2021 as restated	**10,000,000**	**(110,280)**	**43,662,815**	**54,593,718**	**117,918 563**	**1,764 076**	**217,828,891**	**227,461,054**	**455,289,945**
Profit for the year	-	-	-	-	-	-	-	114,300,002	114,300,002
Other comprehensive income	-	(50,667)	(12,662)	168,428,680	-	-	168,365,351	(315,004)	168,050,347
Total comprehensive income for the year	**-**	**(50,667)**	**(12,662)**	**168,428,680**	**-**	**-**	**168,365,351**	**113,984,998**	**282,350,349**
Balance at 31 March 2022	**10,000,000**	**(160,947)**	**43,650,153**	**223,022,398**	**117,918 563**	**1,764 076**	**386,194,242**	**341,446,052**	**737,640,294**
Note(s)	15		16						
Company									
Balance at 1 April 2020	**10,000,000**	**(364,178)**	**21,231,082**	**42,274,282**	**117,918 563**	**1,764 075**	**182,823,824**	**356,921,780**	**549,745,604**
Loss for the year	-	-	-	-	-	-	-	(20,782,052)	(20,782,052)
Other comprehensive income	-	253,898	(2,476,000)	12,319,436	-	-	10,097,334	-	10,097,334
Total comprehensive loss for the year	**-**	**253,898**	**(2,476,000)**	**12,319,436**	**-**	**-**	**10,097,334**	**(20,782,052)**	**(10,684,718)**
Balance at 1 April 2021	**10,000,000**	**(110,280)**	**18,755,082**	**54,593,718**	**117,918 563**	**1,764 075**	**192,921,158**	**336,139,729**	**539,060,886**
Profit for the year	-	-	-	-	-	-	-	113,523,157	113,523,157
Other comprehensive income	-	(50,667)	(1,984,000)	168,428,680	-	-	166,394,013	-	166,394,013
Total comprehensive income for the year	**-**	**(50,667)**	**(1,984,000)**	**168,428,680**	**-**	**-**	**166,394,013**	**113,523,157**	**279,917,170**
Balance at 31 March 2022	**10,000,000**	**(160,947)**	**16,771,082**	**223,022,398**	**117,918 563**	**1,764 075**	**359,315,171**	**449,662,886**	**818,978,057**
Note(s)	15		16						

Statement of Cash Flows

		Group		Company	
	Note(s)	2022 N$	2021 N$	2022 N$	2021 N$
Cash flows from operating activities					
Cash receipts from customers		2,963,099,544	1,482,242,346	84,882,611	(3,293,010)
Cash paid to suppliers and employees		(2,666,277,284)	(1,380,993,589)	(99,136,837)	33,442,443
Cash (used in)/generated from operations	31	296,822,261	101,248,757	(14,254,227)	30,149,433
Interest received		8,276,075	14,303,738	1,968,231	6,547,147
Dividends received		2,126,670	-	2,126,670	1,992,725
Interest paid		(9,062,629)	(18,534,670)	(101,475)	-
Net cash from operating activities		**298,162,377**	**97,017,825**	**(10,260,800)**	**35,927,823**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(58,115,352)	(115,520,082)	(1,234,977)	(12,163,543)
Proceeds from the disposal of equity in licence block	3	56,480,000	-	-	-
Investment in a subsidiary	6	-	-	(46,548,030)	(77,640,099)
Purchase of intangible assets	5	(37,424,400)	-	(27,499,400)	-
Finance lease receipts	9	1,881,487	-	-	-
Loans advanced to Group companies		(7,473,235)	-	(7,473,235)	(72,985,337)
Repayment of loans from Group companies		-	-	49,959,857	55,196,310
Net cash from investing activities		**(44,651,500)**	**(115,520,082)**	**(32,795,785)**	**(107,592,669)**
Cash flows from financing activities					
Repayment of borrowings		(11,958,351)	(17,212,265)	(3,601,779)	(3,396,312)
Repayment of loans from shareholder		(7,778,526)	(5,858,201)	-	-
Loans raised		17,972,816	48,480,106	-	-
Payment of lease liabilities		(6,763,902)	(19,546,324)	-	(359,431)
Interest income		-	-	-	-
Interest paid		(7,425,481)	(18,534,670)	(527,641)	(768,757)
Net cash from financing activities		**(15,953,444)**	**5,863,316**	**(4,129,420)**	**(3,755,743)**
Total cash movement for the year		**237,557,430**	**12,638,941**	**(47,186,005)**	**(75,420,589)**
Cash at the beginning of the year		183,910,158	189,508,056	91,795,447	171,584,863
Effect of exchange rate changes on cash and cash equivalents held		(774,924)	6,857,777	-	(4,430,908)
Effect of loss allowance on cash and cash equivalents		(108,001)	109,196	(27,726)	13,266
Total cash at end of the year	14	**420,584,662**	**183,836,088**	**44,581,716**	**91,746,632**

Significant Accounting Policies

1. Basis of preparation

The Group and separate financial statements of National Petroleum Corporation of Namibia (Pty) Ltd have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

1.1 Significant accounting policies

The accounting policies have been consistently applied except for changes to the accounting policy described in note 3.1 IFRS 16 Leases in the notes to financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 transactions, 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 is used 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:

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test (please see financial assets sections of the Company's significant accounting policies). The Company determines the business model at a level that reflects how the Company's financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

As explained in the Group and Company's significant accounting policies, expected credit loss (ECL) is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Loans and receivables

The Group and Company assesses its 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.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Group and Company follows the guidance of IFRS 9 to determine when financial assets at fair value through other comprehensive income (FVTOCI) are impaired. This determination requires significant judgement. In making this judgement, 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 near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fuel levy

The Company still receives 7.6 cents per litre of the NEF fuel levy. The NEF is a directorate within the Ministry of Mines and Energy which forms part of the Government of Namibia. The question is whether in terms of the Cabinet decision, the Government was acting in its capacity as shareholder or not. The Government was not acting in its capacity as shareholder, hence the nature of the levy takes the form of a Government grant and is accounted for and disclosed in terms of the requirements of IAS 20.The fuel levy is received as a compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Company.

Related parties

The Group and Company follows the guidance of IAS 24 to determine who qualifies as a related party. This determination requires significant judgement. In making this judgement, the Group and Company considered the three spheres of Government (namely executive, legislative and judiciary). Each organ is responsible for a different function of the Government. The legislative branch is responsible for making laws, which are implemented by the executive and interpreted by the judiciary branch. All three spheres of the Government are constitutionally independent and therefore it cannot be assumed that public entities are related parties merely by the fact that the entities are part of Government. Municipalities are therefore not related parties by virtue of their dealings with National Petroleum Corporation of Namibia (Pty) Ltd. Where entities in different spheres have a relationship, the relationship is assessed in terms of IAS 24. The Group has concluded that all State-owned companies established by the legislative branch of Government would be related parties as per the definition of related party as the entities would be in the same group with the State as the principal shareholder. This would therefore essentially mean entities governed by the State-owned Enterprises Act are related parties because they are all controlled by the State.

Ministry departments and agencies that fall under the same Ministry are considered to be related parties. Ministry departments and agencies that fall outside the control of the respective Ministry are not considered to be related parties. We consider the departments and agencies that fall under the same Ministry to be related parties due to the control exerted by the Minister on all these departments and agencies, including National Petroleum Corporation of Namibia (Pty) Ltd. As other line Ministers do not have individual accountability apart from the Public Enterprises Minister for National Petroleum Corporation of Namibia, we consider that agencies and departments that form part of other line Ministries do not meet the definition of related party because there is no control, joint control and significant influence exerted by other line Ministries over National Petroleum Corporation of Namibia (Pty) Ltd.

Discount rate for IFRS 16 leases

The Group and Company used the incremental borrowing rate to discount all its finance leases (lessee) as the interest rate implicit in the leases is not readily determinable. For the leases recognised prior to the 2021 financial year, the Trading subsidiary's incremental borrowing rate has been determined based on the Company's asset-based finance loan with Standard Bank. This rate was used to calculate the initial IFRS 16 lease liability at transition under the modified approach.

The Trading subsidiary's incremental borrowing rate for the new contracts entered into during the 2021 and 2022 financial years has been determined based on the average of the current NAMCOR Trading secured term loan with Nedbank and Bank Windhoek that prevailed on the respective effective dates of the leases identified.

The use of blank rate across all leases was deemed appropriate on the basis of the following factors:

Security

The incremental borrowing rate used is based on the secured loans with the banks. The underlying assets (Land and Buildings) acquired have been used as the security for the loans advanced. With regards to the finance leases for which NAMCOR and its subsidiaries are the lessee, there is no security explicitly stated in the agreements. With the right-of-use asset effectively being pledged as collateral against the risk of default, this is a secured lending arrangement and could reduce the credit spread charged by the lender.

If the entities have to borrow to acquire the land for constructing the service stations, the purchase price will be equivalent to the required loan.

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Term

The lease terms differ from contract to contract. The Company's significant leases are those of leasing land where the service stations have been constructed. The lease terms range between 15 to 30 years which is close to an average commercial mortgage bond term. The interest rate that an entity would have to incur to obtain a loan to acquire land will not significantly differ from the existing bond rate (Standard Bank 9%). Although the existing loan is repayable over a period of 5 years, compared to the average lease term of 15 to 30 years, the Trading entity's rate has historically ranged between 7% and 9%. This is also considering the previous Standard Bank loan which was advanced for 8 years. The use of the incremental borrowing rate is therefore justifiable in this regard and the term does not appear to have a significant effect on the risk determination.

Economic environment and currency

All the leases entered are with local lessors and are subject to the same economic factors. A change in one of the key variable economic factors will affect the lessee or lessor's decision in identifying the appropriate rate that would yield desirable returns. Moreover, all the contractual payments are denominated in the Namibia Dollar currency. A change in a variable that would affect the currency will affect all the lease contracts.

Judgement in discounting the lessor's contractual cash flows

The Group applied the market rate to discount the contractual cash flows associated with the finance lease arrangements for its service stations. The interest rate implicit in the lease calculation of the contract revealed a negative interest rate implicit in the lease. The negative interest rate is due to the fact that the present value of the monthly contracted rental income for the lease of service stations is less than capital investment made for the project.

Management is of the view that the use of a negative rate to discount the service stations' contractual cash flows is not appropriate because it does not reflect the objective which is to reflect how the entire contract is priced. The main objective of investing in a service station is to ensure supply of the petroleum products and generate income through the sale of the petroleum products and not entirely to earn rental income from operating the service station. The accounting standard is not specific in terms of how the negative rate should be accounted for. In the absence of clear guidance in the accounting standard, management has resolved to use the entity's market rate to discount the cash flows from the lessor's perspective. This achieves a faithful and relevant representation of the transaction in terms of the conceptual framework.

Estimates for the lessee's contractual rental payments during extension periods

The Company estimated the future market related monthly rental payable during the extended period. The rental amount payable is not explicitly disclosed in the lease agreements. The leases accounting standard (IFR's 16) requires an entity to determine the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. Management deems it reasonably certain that the option to extend will be exercised at the end of the lease term as this will make the contract more commercially viable in as far as the recoupment of the investment is concerned.

Inclusion of the extended period at nil rental value is not appropriate and does not faithfully represent the economic substance of the lease agreement. The main objective of investing in a service station is to ensure supply of the petroleum products and generate income through the sale of the petroleum products from operating the service station. The accounting standard is not specific in terms of how the lease payments payable in the extended period should be estimated. In the absence of clear guidance in the accounting standard, management has resolved to use the estimated rental payments for the last lease term as the base and apply the escalation equivalent to the CPI rate that prevailed as at year end of which annual assessment will be performed at each financial year end to account for the change in the CPI rate.

Allocate the transaction price to separate performance obligations

The Group's customary business practice is to charge one transaction price for both storage and handling services. In order for the Group to allocate the transaction price to the separate performance obligations, the Group estimates the stand-alone selling price using a combination of methods which includes an adjusted market assessment approach and an expected cost plus margin approach.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Trade receivables

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

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The Group and Company uses judgement in selecting an appropriate valuation technique not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Financial instruments are valued using the amortised cost.

Useful lives of property, plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount, are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Impairment of property, plant and equipment

The Company assesses property, plant and equipment for impairment, if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of the unit itself. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provisions

For provisions, estimates are made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.

Taxation

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the 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. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the 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 to the extent that changes are above historic carrying amount and through profit or loss where the changes are below historic carrying amount.

Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Significant Accounting Policies

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement, investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

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 are initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Land and buildings are carried at revalued amount, being the fair value at reporting date 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 year.

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve 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.

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

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	50 years
Leasehold improvements	Straight line	Shorter of lease term and economic life
Motor vehicles	Straight line	8 years
Office equipment	Straight line	10 - 15 years
Electronic equipment	Straight line	3 - 5 years

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Refer to note 39 for details of the impact of the change in estimates.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The depreciation charge for each year 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.

Assets under construction

Assets under construction are measured at cost. This includes costs of materials and direct labour and any cost incurred in bringing it to its present location and condition for the intended use.

During the period of construction or assembling of the asset, depreciation is not charged. The assets are assessed for impairment if there is a reason to believe that impairment may be necessary. Impairment losses are recognised immediately in profit or loss.

When the asset is ready for use, it is reclassified and transferred to its appropriate category of property, plant and equipment.

1.5 Intangible assets

Intangible assets of the Company with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Software	3 years
Rights	Dealer agreement term

1.6 Financial instruments

Financial instruments held by the Group and Company are classified in accordance with the provisions of IFRS 9 Financial instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are equity instruments:
- Designated as at fair value through other comprehensive income.

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- Amortised cost.

Note 37 Financial instruments and risk management presents the financial instruments held by the Group and Company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group and Company are presented below:

Significant Accounting Policies

1.6 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to Group companies (note 11) and loans receivable (note 9) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments adjusted for any loss allowance.

Impairment

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Group and Company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group and Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group and Company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Group and Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Group and Company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Group and Company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Significant Accounting Policies

1.6 Financial instruments (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group and Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 27).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 37).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable are included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 37).

Significant Accounting Policies

1.6 Financial instruments (continued)

Impairment

The Group and Company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group and Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Group and Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix are presented in note 13.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 27).

Write-off policy

The Group and Company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 13) and the financial instruments and risk management note (note 37).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables are included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 8. They are classified as financial assets through comprehensive income (FVTOCI). As an exception to this classification, the Group may make an irrevocable election, on an instrument-by-instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the Group and Company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in fair value adjustment financial assets through other comprehensive income reserve.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in note 26.

Dividends received on equity investments are recognised in profit or loss when the Group and Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Significant Accounting Policies

1.6 Financial instruments (continued)

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Borrowings and loans from related parties

Classification

These include loans from banks as well as Government entities and are recognised initially at fair value plus direct transaction costs and subsequently measured at amortised cost.

Borrowings are classified as financial liabilities measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the Group and Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 29).

Borrowings expose the Group and Company to liquidity risk and interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group and Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 29).

Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the Goverment grants (note 26).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 37).

Significant Accounting Policies

1.6 Financial instruments (continued)

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

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

Derecognition

Financial assets

The Group and Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group and Company derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Group and Company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 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 in the Group and Company 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 in the Group and Company 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, and affects neither accounting profit nor taxable 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.

Significant Accounting Policies

1.7 Tax (continued)

Deferred tax assets and liabilities (continued)

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, 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 different 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.

1.8 Leases

Group and Company as lessee

The Group and Company assesses whether a contract is or contains a lease at inception of the contract. The Group and Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group and Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the lessee is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Group and Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Significant Accounting Policies

1.8 Leases (continued)

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group and Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group and Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its properties and leasehold improvements. The Group also rents equipment to retailers necessary for the operation of the business of fuel service stations and convenience stores.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

1.9 Inventories

The Group measures inventories 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.

Significant Accounting Policies

1.10 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the Group 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.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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.

1.11 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.

1.12 Employee benefits

Defined contribution plans

The Group contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

1.13 Provisions and contingencies

A provision is a liability of uncertain timing or amount.

Provisions are recognised when:
- the Group and Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Significant Accounting Policies

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.14 Government grants

Government grants are recognised when there is reasonable assurance that:
- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

1.15 Revenue from contracts with customers

The Group recognises revenue from the following major sources:
- Sale of petroleum products
- Storage and handling services
- Data licensing
- Administration services
- Retail site rentals
- Convenience store income
- Rental income on buildings
- Automated Teller Machine rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of petroleum products

The Group sells petroleum products to the wholesale market and directly to customers through its own retail, agents and outlets owned by other companies. The Group supplies petroleum products, including automotive diesel oils, unleaded petrol, jet A1 fuel, heavy fuel oils and lubricants. For such petroleum products, because a customer obtains control when a customer takes physical possession of the goods, revenue is recognised at the point in time that the goods are delivered or collected by the customer. Revenue is measured at the consideration promised in a contract with the customer, less discounts, rebates and adjustments for slate under or over recoveries.

The Group sells its regulated petroleum products in accordance with the Basic Fuel Price (BFP) for these products. The BFP is the official formula prescribed by the Ministry of Mines and Energy of the Republic of Namibia from time to time and used to determine the prices of regulated petroleum products sold in the Namibian market. It is determined in order to represent the realistic, market-related costs of importing a substantial portion of Namibia's liquid fuels requirements, and it is therefore deemed that such supplies are sourced from overseas refining centres capable of meeting Namibia's requirements in terms of both product quality and sustained supply considerations.

The BFP of petrol, diesel and illuminating paraffin is calculated on a daily basis. This daily calculated BFP is either higher or lower than the BFP reflected in the fuel price structures at that time. If the daily BFP is higher than the BFP in the fuel prices, a unit under recovery is realised on that day. When the BFP is lower than the BFP in the price structures, an over recovery is realised on that day. An under recovery means that fuel consumers are paying too little for product on that day, whilst in an over recovery situation, consumers are paying too much for product on that day. These calculations are done for each day in the fuel price review period and an average for the fuel price review period is calculated. The volumes sold locally in that month multiply this monthly unit over/under recovery and the cumulative over/under recovery is recorded on a cumulative over/under recovery account (referred to as the "slate account"). A slate levy is applicable on fuels to finance the balance in the slate account when the slate is in a negative balance.

Significant Accounting Policies

1.15 Revenue from contracts with customers (continued)

Sale of petroleum products (continued)

Included in the BFP is the prevailing slate unit over/under recovery. The slate over/under recovery as explained above is considered a variable consideration as it may result in refunds or price concessions with the National Energy Fund. The slate over/under recovery per litre is a component of the BFP. The National Energy Fund adjusts the variable consideration for each respective period. The Group, using the expected value method, therefore adjusts the variable consideration in determining the transaction price.

Petroleum products are physical goods and the customer obtains control over petroleum products through physical possession, either when the customer collects or when the petroleum products are delivered to the customer.

The Group also supplies petroleum products in agency arrangements and vendor managed inventory arrangements. The performance obligations in these arrangements remains the supply of petroleum products. The difference to the other arrangements is that the Group supplies in bulk to the premises of an agent in an agency arrangement and to a customer in a vendor managed arrangement. The inventory remains in the control of the Group and control transfers as petroleum products are dispensed. Vendor managed inventory arrangements include promises of services that are considered fulfilment activities as they pertain to the sale of petroleum products.

The transportation of the petroleum products to the customer is considered a fulfilment activity instead of a service. The installation of equipment at customer sites falls into the scope of IAS 16 and is considered a cost incurred in fulfilling a contract with a customer within the scope of another standard.

Storage and handling services

The Group provides storage and handling services to other oil companies at storage facilities controlled by the entity.

The obligation to provide services relating to the handling of a tenant’s petroleum products is considered to be distinct on its own as the customer can benefit from it with other resources that are readily available, and it is separately identifiable from other promises in the contract. The obligation to provide services relating to the storage of a tenant’s petroleum products is considered to be distinct on its own as the customer can benefit from it with other resources that are readily available, and it is separately identifiable from other promises in the contract.

For the handling performance obligation, revenue is measured at a point in time. For the storage performance obligation, revenue is measured by applying the practical expedient for measuring progress towards complete satisfaction of a performance obligation based on right to invoice. Revenue is measured by estimating the stand-alone selling price using a combination of methods, which includes an adjusted market assessment approach and an expected cost-plus margin approach. Handling services are provided when inventory is deposited and when inventory is withdrawn. Storage activities result in customers simultaneously receiving and consuming the benefits provided by the Company as it performs. The Group has the right to invoice based on throughput volumes for the month. The Group applies the practical expedient for measuring progress towards complete satisfaction of a performance obligation based on right to invoice. Revenue is measured by estimating the stand-alone selling price using a combination of methods, which includes an adjusted market assessment approach and an expected cost-plus margin approach.

Convenience store income

The Group earns income from the sale of fast moving consumer goods (FMCG) in the shop. Operators are charged franchise fees based on percentage of shop turnover. Other streams of income include shop equipment rental and supplier rebates.

Rental income on buildings

This is rental charged to the dealer for use of the building premises and charged per square metre of the area in use on a monthly basis.

Automatic Teller Machine rental income

This is income generated from customers for putting up the ATMs on the Company retail sites.

1.16 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 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.

Significant Accounting Policies

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Namibia Dollars 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.

In circumstances where the Group and Company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Group and Company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, the Group and Company determines a date of transaction for each payment or receipt of advance consideration.

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 consolidated and separate annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars 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.

1.19 Finance costs

Finance costs comprise interest expenses on borrowings, accounts payable and lease liabilities. Interest expense is recognised as it accrues, using the effective interest rate method.

Significant Accounting Policies

1.20 Exploration, production and evaluation assets

IFRS 6 Exploration for and evaluation of mineral resources requires exploration and evaluation assets to be classified as tangible or intangible according to the nature of the assets in the Group and Company financial statements.

Pre-licence costs

Costs incurred prior to the award of oil and gas licences, concessions and other exploration rights are expensed in the statement of profit and loss and comprehensive income.

Exploration and evaluation (E&E)

The Group and Company adopts the 'successful efforts' method of accounting for exploration and evaluation costs in accordance with IFRS 6. Costs incurred during the evaluation and exploration phase are partially capitalised and matched against the future revenue from the successful projects. Costs capitalised are those that are directly related (or lead directly to) the discovery, acquisition, and development of a specific discrete mineral reserve. The costs that are incurred, but do not meet the above-mentioned criteria, are recognised in the statement of comprehensive income as expenses in the period they were incurred.

Exploration and evaluation costs are recognised in the balance sheet provided they meet the definition of an asset as defined in the conceptual framework. The economic benefits are considered available through commercial exploitation of hydrocarbon reserves or sales of exploration findings or further development rights. It is difficult for an entity to demonstrate that the recovery of exploration expenditure is probable. Costs incurred after the technical feasibility and commercial viability are demonstrable are not within the scope of IFRS 6 and are capitalised only if the costs are necessary to bring the resource to commercial production. Due to the difficulty experienced in proving the probability for future economic benefits for the past and current existing projects, management has always been prudent and has opted to expense the exploration and evaluation costs until it is sufficiently certain that economic benefits will flow to the entity.

Licence blocks

Licences and training costs are generally recognised as an asset provided they meet the definition of an asset as defined in the conceptual framework. Control is deemed to exist by virtue of the fact that the Group has the right to explore in the specified blocks as a result of the licence acquired. The economic benefits are considered available through commercial exploitation of hydrocarbon reserves or sales of exploration findings or further development rights. Where discovery at the respective licence blocks is yet to materialise, the probability of future economic benefit cannot be demonstrated and as a result the related expenses are recognised in the statement of comprehensive income.

Farm-out

Where there are proven reserves associated with the property, the farm-in is accounted for in accordance with the principles of IAS 16. The farm-out is viewed as an economic event, as the farmor has relinquished its interest in part of the asset in return for the farmee delivering a developed asset in the future. There is sufficient information for there to be a reliable estimate of fair value of both the asset surrendered and the commitment given to pay cash in the future.

The farmor derecognises the carrying value of the asset attributable to the proportion given up, and then recognises the 'new' asset to be received at the expected value of the work to be performed by the farmee. After also recording any cash received as part of the transaction, a gain or loss is recognised in the income statement. The asset to be received is normally recognised as an intangible asset or 'other receivable'. When the asset is constructed, it is transferred to property, plant and equipment. The value of the asset to be received will be assessed based on the underlying farm-out agreement expected level of expenditure to be incurred on the project (based on the overall budget approved by all participants in the field development).

If there are no proven reserves, the mineral asset is still in the exploration or evaluation stage. The asset would still be subject to IFRS 6 Exploration for and evaluation of mineral resources, rather than IAS 16. The reliable measurement test in IAS 16 for non-cash exchanges may not be met. Neither IFRS 6 nor IFRS 11 gives specific guidance on the appropriate accounting for farm-outs.

Several approaches have been developed in practice by farmors. Management recognises only any cash payments received and does not recognise any consideration in respect of the value of the work to be performed by the farmee and instead carries the remaining interest at the previous cost of the full interest reduced by the amount of any cash consideration received for entering the agreement. The effect will be that there is no gain recognised on the disposal unless the cash consideration received exceeds the carrying value of the entire asset held. Management's approach is known to be prevalent industry practice.

1.21 Joint operation

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities, relating to the arrangement. The Group and Company conducts petroleum and natural gas exploration and production activities jointly with other ventures that each have direct ownership in and jointly control the operations of the ventures. These are classified as jointly controlled operations and the financial statements reflect the Group's share of assets and liabilities in such activities. Income from the sale or use of the Group and Company's share of the output of jointly controlled operations, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably. Full details of the Group's working interests in those petroleum and natural gas exploration and production activities classified as joint operations are disclosed in note 28.

Notes to the Consolidated and Separate Annual Financial Statements

2. New Standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2022 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Disclosure of Accounting Policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
• Definition of Accounting Estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current: Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	1 January 2022	Unlikely there will be a material impact

Notes to the Consolidated and Separate Annual Financial Statements

3. Property, plant and equipment

Group	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	174,716,843	(5,761,818)	168,955,025	180,115,739	(5,130,986)	174,984,753
Motor vehicles	5,512,872	(2,401,064)	3,111,808	5,175,872	(2,915,877)	2,259,995
Leasehold improvements	49,482,614	(20,990,401)	28,492,213	28,735,942	(13,021,696)	15,714,246
Office, electronic, storage tanks and mechanical equipment	176,516,144	(71,576,837)	104,939,307	146,292,269	(61,538,623)	84,753,646
Forecourt	31,835,705	(603,115)	31,232,590	-	-	-
Capital - Work in progress	43,932,119	(22,312,036)	21,620,083	86,716,549	(22,312,036)	64,404,513
Total	**481,996,297**	**(123,645,271)**	**358,351,026**	**447,036,371**	**(104,919,218)**	**342,117,153**

Company	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	67,489,584	(4,879,584)	62,610,000	69,829,584	(4,879,542)	64,950,042
Motor vehicles	3,556,730	(1,576,011)	1,980,719	3,556,730	(1,868,128)	1,688,602
Leasehold improvements	2,129,364	(640,761)	1,488,603	2,129,364	(427,825)	1,701,539
Office, electronic, storage tanks and mechanical equipment	37,647,509	(24,387,676)	13,259,833	42,492,214	(26,747,356)	15,744,858
Capital - Work in progress	189,600	-	189,600	189,600	-	189,600
Total	**111,012,787**	**(31,484,032)**	**79,528,755**	**118,197,492**	**(33,922,851)**	**84,274,641**

Notes to the Consolidated and Separate Annual Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Closing balance
Land and buildings	174,984,753	406,881	-	121,578	721,000	(5,104,274)	(2,174,913)	168,955,025
Motor vehicles	2,259,995	337,000	-	492,621	-	(49,921)	72,113	3,111,808
Leasehold improvements	15,714,246	-	-	-	-	20,808,425	(8,030,458)	28,492,213
Office, electronic and storage equipment	84,753,646	14,457,373	603,531	21,988,233	-	1,728,875	(17,177,548)	104,939,307
Forecourt	-	13,778,838	-	15,014,816	-	2,992,642	(553,706)	31,232,590
Work in progress	64,404,513	12,010,005	-	(55,076,133)	-	(3,184,055)	-	21,620,083
	342,117,153	**40,990,097**	**603,531**	**2,566,292**	**721,000**	**17,191,692**	**(27,864,512)**	**358,351,026**

The additions to leasehold improvements relate to the recognition of Hosea Kutako retail lease hold improvements subsequent to the termination of the dealer agreement.

A significant portion of the transfers from work in progress to office, electronic, storage tanks and mechanical equipment relate to Ekuku, Mariental, Karasburg and Khorixas retail service stations that were capitalised during the financial year under review.

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Borrowing costs capitalised	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Closing balance
Land and buildings	169,627,046	-	-	-	32,456,367	(11,364,982)	(12,437,733)	(3,094,636)	(201,308)	174,984,752
Motor vehicles	828,823	1,845,793	-	-	-	-	-	(414,621)	-	2,259,995
Leasehold improvements	28,400,400	-	-	-	-	-	(3,639,343)	(5,605,144)	-	19,155,913
Office, electronic and storage equipment	64,284,305	11,658,120	-	(903,414)	24,149,587	-	3,544,532	(17,979,483)	-	84,753,647
Work in progress	90,894,047	65,056,340	3,389,972	-	(56,531,966)	-	(38,905,581)	-	501,701	64,404,513
	354,034,621	**78,560,253**	**3,389,972**	**(903,414)**	**73,988**	**(11,364,982)**	**(51,438,125)**	**(27,093,884)**	**300,393**	**345,558,820**

A significant portion of other movements of N$38 905 680 relates to transfers of lease hold improvements in respect of the service stations that have been leased to the dealers operating the Otjomuise and Otavi retail service stations. The costs have been accounted for in accordance with the IFRS 16 requirements.

Notes to the Consolidated and Separate Annual Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Disposals	Revaluations	Other changes, movements	Depreciation	Impairment loss	Closing balance
Land and buildings	64,950,042	-	-	-	-	-	-	62,610,000
Motor vehicles	1,688,602	-	-	-	-	292,117	-	1,980,719
Leasehold improvements	1,701,539	-	-	-	-	(212,937)	-	1,488,603
Office, electronic and storage equipment	15,744,858	1,234,978	(136,739)	-	127,285	(3,710,549)	-	13,259,833
Work in progress	189,600	-	-	-	-	-	-	189,600
	84,274,641	**1,234,978**	**(136,739)**	**-**	**127,285**	**(3,631,368)**	**-**	**79,528,755**

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Closing balance
Land and buildings	69,860,000	-	-	-	(3,429,640)	(1,474,052)	(6,308)	64,950,000
Motor vehicles	738,251	1,275,693	-	-	-	(325,342)	-	1,688,602
Leasehold improvements	1,914,476	-	-	-	-	(212,937)	-	1,701,539
Office, electronic, storage tanks and mechanical equipment	10,476,570	10,698,250	(100,317)	(1,071,229)	-	(4,258,416)	-	15,744,858
Work in progress	-	189,600	-	-	-	-	-	189,600
	82,989,297	**12,163,543**	**(100,317)**	**(1,071,229)**	**(3,429,640)**	**(6,270,747)**	**(6,308)**	**84,274,599**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
3. Property, plant and equipment (continued)				
Pledged as security				
The following properties have been pledged as security:				
Land and buildings Erf 1055 Otjiwarongo	22,840,000	22,780,000	-	-
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 8521 Windhoek	62,610,000	64,950,000	-	-
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 Comprehensive Insurance Policy for an amount of N$79 800 000.				

Notes to the Consolidated and Separate Annual Financial Statements

3. Property, plant and equipment (continued)

Impairment of assets under construction

Gobabis depot

The Group incurred costs relating to the preliminary designs for the envisioned fuel depot to be constructed on Erven 1315, 1316 and 1317 in Gobabis. The depot was estimated to cost N$51.3 million to construct. The total cumulative cost incurred up to the financial year ended 31 March 2022 amounts to N$4 175 845. No costs were incurred on this project for the year ended 31 March 2022. The project has been put on hold until viable funding is made available to finance and complete the construction of the depot. The decision previously taken to put the project on hold due to lack of funds brought into question the viability of the project and this was an impairment indicator. The probability of future economic benefits was therefore brought into question.

The carrying amount of Gobabis depot is based on its actual cost incurred in line with IAS 16 Property, plant and equipment. The asset is not expected to be brought into use in the foreseeable future as the tender was not yet awarded and management was still busy with the review process on the bidder selection. As the assets related to the project are not expected to be brought into use by the entity at the time of this assessment, projected cash inflows are nil, hence the value in use is nil.

Based on the assessment of the recoverable amount, the recoverable amount of Gobabis depot as at 31 March 2022 is nil, therefore the carrying amount of N$4 175 845 including borrowing cost of N$143 675 is fully impaired. The carrying amount was fully impaired in the 2018 financial year and no further costs have been incurred in the subsequent financial years.

Ondangwa depot

The Group has incurred costs relating to the preliminary designs for the envisioned fuel depot to be constructed on Erven 4282, 4283, 4284 and 4796 in Ondangwa. The depot was estimated to cost N$110.5 million to construct. The total cumulative cost incurred up to the financial year ended 31 March 2022 amounts to N$9 602 289. Borrowing costs of N$621 632 were capitalised to this project. The project has been put on hold until viable funding is made available to finance and complete the construction of the depot. The decision previously taken to put the project on hold due to lack of funds brought into question the viability of the project and this was an impairment indicator. The probability of future economic benefits was therefore brought into question.

The carrying amount of Ondangwa depot is based on its actual cost incurred in line with IAS 16 Property, plant and equipment. The asset is not expected to be brought into use in the foreseeable future as the tender was not yet awarded and management was still busy with the review process on the bidder selection. As the assets related to the project are not expected to be brought into use by the entity at the time of this assessment, projected cash inflows are nil, hence the value in use is nil. Based on the assessment of the recoverable amount, the recoverable amount of Ondangwa depot as at 31 March 2022 is nil therefore the carrying amount of N$9 602 289 and borrowing cost of N$621 632 is fully impaired. An impairment loss of N$10 223 921 was recognised in the 2018 financial year and no further costs have been incurred in the subsequent financial years.

Windhoek depot

The Group has incurred costs relating to the preliminary designs for the envisioned fuel depot to be constructed on Erven 35 and 36 in Windhoek. Title deeds on the erven are held by the subsidiaries Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd respectively. The depot was estimated to cost N$163.4 million to construct. The total cumulative cost incurred up to the financial year ended 31 March 2022 amounts to N$7 884 446. Borrowing costs of N$181 873 were capitalised to this project. The project has been put on hold until viable funding is made available to finance and complete the construction of the depot. The decision previously taken to put the project on hold due to lack of funds brought into question the viability of the project and this was an impairment indicator. The probability of future economic benefits was therefore brought into question.

The carrying amount of Windhoek depot is based on its actual cost incurred in line with IAS 16 Property, plant and equipment. The asset is not expected to be brought into use in the foreseeable future as the tender was not yet awarded and management was still busy with the review process on the bidder selection. As the assets related to the project are not expected to be brought into use by the entity at the time of this assessment, projected cash inflows are nil, hence the value in use is nil.

Based on the assessment of the recoverable amount, the recoverable amount of Windhoek depot as at 31 March 2022 is nil therefore the carrying amount of N$7 884 446 including borrowing costs of N$181 873 is fully impaired. An impairment loss of N$8 066 319 was recognised in the 2018 financial year and no further costs have been incurred in the subsequent financial years.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$

3. Property, plant and equipment (continued)

Revaluations

Land and buildings consist of the following property:

Company:

Erf 8521 Windhoek

Group:

Erf 1055 Otjiwarongo
Erf 2590 Walvis Bay
Erf 2570 Walvis Bay
Erf 2889 Walvis Bay
Erf 1585 Gobabis
Erf 4782 Ondangwa
Erf 4783 Ondangwa
Erf 4784 Ondangwa
Erf 4796 Ondangwa
Erf 8521 Windhoek
Erf 35 Windhoek
Erf 36 Windhoek
Portion 73 of Otjitasu No.19
656 Ompumbu Ext 3 Oshakati

The effective date for the revaluations of all the above properties was 31 March 2022. The valuations were performed by an independent valuator, Mr. PJ Scholtz of Property Valuations Namibia. Property Valuations Namibia is not connected to the Group.

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	23,240,270	22,711,811	1,028,919	1,028,919
Buildings	114,399,878	89,438,009	68,507,417	68,507,417
Accumulated depreciation				
Buildings	(11,824,238)	(11,824,237)	(10,744,792)	(10,744,792)
Accumulated impairment				
Land	(23,407,699)	-	-	-
Buildings	-	(9,803,425)	-	-
	102,408,211	**90,522,158**	**58,791,544**	**58,791,544**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$

3. Property, plant and equipment (continued)

Pledged as security

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.

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Land and buildings				
Balance as at 01 April	174,984,753	169,627,046	64,950,042	69,860,000
Additions/transfers	919,885	20,018,633	-	-
Depreciation	(2,880,477)	(3,094,636)	(1,404,705)	(1,474,052)
Impairment loss	(4,655,136)	(201,308)	-	(6,308)
Change in fair value	586,000	(11,364,982)	(935,337)	(3,429,640)
	168,955,025	**174,984,753**	**62,610,000**	**64,950,000**

Valuation technique

Erf 1055 Otjiwarongo

Cost approach: The valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset, often referred to as current replacement cost. In addition to the cost approach, the market approach is used for the portion consisting of land.

Erf 2590 Walvis Bay, Erf 2570 Walvis Bay and Erf 2889 Walvis Bay

Market approach: The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Erf 8521 Windhoek

For the building portion:
Income capitalisation method of valuation: This method concerns the determination of the gross income by making use of market income of comparable properties, actual turnover and projected turnover, from which operational expenses are deducted to determine a possible net income of the subject property.

For the land portion:
Market approach: The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Erf 35 and Erf 36 Windhoek

For the land portion:
Market approach: The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Erf 1315 Gobabis, Erf 1316 Gobabis, Erf 1317 Gobabis, Erf 4782 Ondangwa, Erf 4783 Ondangwa, Erf 4784 Ondangwa, Erf 4796 Ondangwa and Portion 73 of Otjitasu No.19

Market approach: The valuation technique uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Interrelationship between key observable inputs and fair value measurements.

Notes to the Consolidated and Separate Annual Financial Statements

3. Property, plant and equipment (continued)

Cost approach

The estimated fair value would increase/(decrease) if:
- The remaining useful life of property were higher/(lower); or
- The physical condition of the property were higher/(lower); or
- Potential occupancy rates were higher/(lower); or
- The specialised nature of structures and installations were lower/(higher).

Market approach

The estimated fair value would increase/(decrease) if:
- Property prices at locations increased/(decreased); or
- Industrialisation/development in surrounding location increased/(decreased); or
- Demand for property increased/(decreased).

Income capitalisation method of valuation
- The age of building were higher/(lower)
- The remaining useful life of buildings were higher/(lower)
- The square metres were higher or lower

Significant unobservable inputs

Cost approach
- Expected useful lives
- Physical condition of property
- Occupancy rates
- Effects of specialised nature of structures and installations

Market approach
- Location property prices
- Levels of industrialisation and development of location
- Market demand for the type of property

Income capitalisation method of valuation
- Estimated rental value
- Expected useful lives
- Price per square metre

Notes to the Consolidated and Separate Annual Financial Statements

4. Leases (Group as lessee)

Group

Right-of-use assets	**Land and buildings N$**	**Motor vehicles N$**	**Storage equipment N$**	**Total N$**
Cost				
At 01 April 2021	22,513,158	2,901,480	12,396,710	37,811,348
Additions	11,051,387	-	-	11,051,387
Sub-lease derecognition	(10,159,509)	-	(1,155,059)	(11,314,568)
	23,405,036	**2,901,480**	**11,241,651**	**37,548,167**
Accumulated depreciation				
At 01 April 2021	(2,081,854)	(1,515,925)	(5,768,208)	(9,365,987)
Charge for the year	(1,935,531)	(534,856)	(2,364,813)	(4,835,200)
Derecognition	-	-	1,155,059	1,155,059
Carrying amount at 31 March 2021	**19,387,651**	**850,699**	**4,263,689**	**24,502,039**

Company	**Land and buildings N$**	**Motor vehicles N$**	**Storage equipment N$**	**Total N$**
Cost				
At 01 April 2021	-	-	1,155,059	1,155,059
Derecognition	-	-	(1,155,059)	(1,155,059)
Accumulated depreciation				
At 01 April 2021	-	-	(1,155,059)	(1,155,059)
Derecognition	-	-	1,155,059	1,155,059
	-	-	-	-

The Group leases several assets including land, buildings, motor vehicles and storage equipment. The average lease term is 10 years. The land leased assets are in respect of sites where service stations have been constructed. Motor vehicles are used in facilitation of transporting the company's related administration. The storage equipment is used to store the products of the Company at Walvis Bay depot as well as hosting other oil companies.

	Group		**Company**	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
Amounts recognised in profit and loss				
Interest expense on lease liabilities	3,970,102	3,875,381	-	10,506
Depreciation expense on right-of-use assets	4,385,144	4,014,287	-	370,248
Expense relating to short-term leases	-	729,338	-	729,338
Expense relating to leases of low-value assets	-	65,951	-	65,951
Expense relating to variable lease payments not included in the measurement of the lease liability	217,879	1,409,065	-	1,126,578
	8,573,125	**10,094,022**	**-**	**2,302,621**

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased properties.Variable payment terms are used to link rental payments to property cash flows and reduce fixed cost. The breakdown of lease payments for these properties is as follows.

Fixed payments	6,763,902	22,628,812	-	395,974
Variable payments	217,879	282,487	-	1,126,578
Total payments	**6,981,781**	**22,911,299**	**-**	**1,522,552**

Overall the variable payments constitute up to 6% of the Group's entire lease payments. The Group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next years, variable rent expenses are expected to continue to present a similar proportion of sales in future years.

The total cash outflow for leases amounts to N$ 6.8 million.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
4. Leases (Group as lessee) (continued)				
Finance lease liabilities				
The maturity analysis of lease liabilities is as follows:				
Year 1	7,065,916	3,621,976	-	683,085
Year 2	7,126,226	3,380,991	-	135,036
Year 3	3,138,074	3,112,829	-	-
Year 4	2,739,956	2,957,483	-	-
Year 5	2,849,733	3,020,302	-	-
Onwards	95,970,386	48,331,739	-	-
	118,890,290	13,891,400	-	-
Less unearned finance income	(67,855,735)	(16,877,814)	-	-
	51,034,556	**48,365,627**	**-**	**-**
Non-current liabilities	43,968,639	44,279,428	-	-
Current liabilities	7,065,917	3,268,078	-	
	51,034,556	**47,547,506**	**-**	**-**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

5. Intangible assets

Group

	2022			2021		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Work in progress (Software)	27,499,400	-	27,499,400	-	-	-
Software	255,604	(255,603)	1	255,604	(205,893)	49,711
Rights	19,000,000	(522,917)	18,477,083	3,500,000	(58,333)	3,441,667
Total	**46,755,004**	**(778,520)**	**45,976,484**	**3,755,604**	**(264,226)**	**3,491,378**

Company

	2022			2021		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Work in progress (Software)	27,499,400	-	27,499,400	-	-	-
Software	255,604	(255,603)	1	255,604	(205,893)	49,711
Total	**27,755,004**	**(255,603)**	**27,499,401**	**255,604**	**(205,893)**	**49,711**

Notes to the Consolidated and Separate Annual Financial Statements

5. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Amortisation	Total
Work in progress	-	27,499,400	-	27,499,400
Software	49,711	-	(49,710)	1
Rights	3,441,667	15,500,000	(464,584)	18,477,083
	3,491,378	**42,999,400**	**(514,294)**	**45,976,484**

Reconciliation of intangible assets - Group - 2021

	Opening balance	Additions	Amortisation	Total
Software	134,914	-	(85,203)	49,711
Rights	-	3,500,000	(58,333)	3,441,667
	134,914	**3,500,000**	**(143,536)**	**3,491,378**

Reconciliation of intangible assets - Company - 2022

	Opening balance	Additions	Amortisation	Total
Work in progress	-	27,499,400	-	27,499,400
Software	49,711	-	(49,710)	1
	49,711	**27,499,400**	**(49,710)**	**27,499,401**

Reconciliation of intangible assets - Company - 2021

	Opening balance	Amortisation	Total
Software	134,914	(85,203)	49,711

6. Investment property

Group	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	16,225,000	-	16,225,000	16,330,000	-	16,330,000

Reconciliation of investment property - Group - 2022

	Opening balance	Fair value adjustments	Total
Investment property	16,330,000	(105,000)	16,225,000

Reconciliation of investment property - Group - 2021

	Opening balance	Fair value adjustments	Total
Investment property	-	16,330,000	16,330,000

Notes to the Consolidated and Separate Annual Financial Statements

	2022 N$	2021 N$
7. Investments in subsidiaries		
The following table lists the entities which are controlled by the Group, either directly or indirectly, through subsidiaries.		
Name of company		
Cost		
NAMCOR Petroleum Trading and Distribution (Pty) Ltd	100	100
NAMCOR Exploration and Production (Pty) Ltd	320,799,458	155,603,616
Impairment of investment in subsidiaries	-	-
	320,799,558	**155,603,716**

NAMCOR Exploration and Production (Pty) Ltd was revived during the 2021 financial year. The exploration and production related assets were as a result transferred to the subsidiary. The net effect of the transfer was accounted for as an additional investment in the subsidiary.

The Group indirectly controls Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd through its subsidiary NAMCOR Petroleum Trading and Distribution (Pty) Ltd which owns 100% of the shares.

All the subsidiaries are incorporated in Namibia and are 100% owned.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$
8. Other financial assets				
Investments held by the Group which are measured at fair value, are as follows:				
Debt investments at fair value through profit or loss	227,606,745	70,143,893	227,606,745	70,143,893
At fair value through other comprehensive income - designated				
Government Bond GC24				
The Bond bears 10.50% interest per annum and expires on 15 Oct 2024.	2,779,820	2,830,487	2,779,820	2,830,487
Investment in equity - Serica Energy Plc	224,826,925	67,313,406	224,826,925	67,313,406
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$.				
	227,606,745	**70,143,893**	**227,606,745**	**70,143,893**
Split between non-current and current portions				
Non-current assets	227,606,745	70,143,893	227,606,745	70,143,893
Current assets	-	-	-	-
	227,606,745	**70,143,893**	**227,606,745**	**70,143,893**

Fair value hierarchy of investment equity instrument

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.

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Level 1				
Listed shares	224,826,925	67,313,406	224,826,925	67,313,406
Reconciliation of movement				
Opening balance	67,313,406	52,374,657	67,313,406	52,374,657
Fair value gain/(loss)	174,061,326	21,651,126	174,061,326	21,651,126
Unrealised exchange gain/(loss)	(16,547,807)	(6,712,377)	(16,547,807)	(6,712,377)
Closing balance	**224,826,925**	**67,313,406**	**224,826,925**	**67,313,406**

Fair value hierarchy of financial assets at fair value through other comprehensive income.

For financial assets recognisedf at fair value, disclosure is required of a fair value hierachy 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.

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Level 1				
Listed bond	2,779,820	2,830,487	2,779,820	2,830,487
Subtotal	2,779,820	2,830,487	2,779,820	2,830,487
Reconciliation of movement				
Fair value at the beginning of the year	2,839,032	2,576,589	2,839,032	2,576,589
Fair value gain/(loss)	(59,212)	254,664	(59,212)	254,664
Accumulated loss allowance				
Opening balance	(8,545)	7,779	(8,545)	7,779
Loss allowance for the year	8,545	767	8,545	767
Subtotal	2,779,820	2,839,799	2,779,820	2,839,79
	2,779,820	**2,839,799**	**2,779,820**	**2,839,799**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$
9. Net investment in lease				
Maturity analysis of lease payments receivable				
Year 1	2,145,138	1,894,530	-	-
Year 2	2,281,661	2,046,092	-	-
Year 3	2,425,588	2,209,780	-	-
Year 4	2,580,674	2,386,562	-	-
Year 5	2,747,796	7,946,719	-	-
Sixth year and onwards	93,509,511	87,145,580	-	-
Gross investment in the leases	105,690,368	103,629,263	-	-
Less: Unearned finance income	(44,713,413)	(44,655,456)	-	-
Present value of minimum lease payments receivable	60,976,955	58,973,807	-	-
Less: Loss allowance	(1,719,526)	-	-	-
Net investment in the lease	**59,257,429**	**58,973,807**	**-**	**-**
Non-current assets	58,906,370	58,592,758	-	-
Current assets	-	381,049	-	-
	58,906,370	**58,973,807**	**-**	**-**
Undiscounted lease payments analysed as:				
Recoverable after 12 months	103,545,227	101,734,733	-	-
Recoverable within 12 months	2,145,148	1,894,530	-	-
	105,690,375	**103,629,263**	**-**	**-**
Net investment in lease analysed as:				
Recoverable after 12 months	59,257,140	58,592,758	-	-
Recoverable within 12 months	-	381,049	-	-
	59,257,140	**58,973,807**	**-**	**-**

During the year, the finance lease receivables increased due to the Company entering into retail dealer arrangements.

The Group entered into finance leasing arrangements as a lessor for certain properties, leasehold improvements and store equipment to its retailers. The properties, leasehold improvement and equipment are necessary for the operation of the business of fuel service stations and convenience stores. The average term of finance leases entered into is 20 years. Generally, these lease contracts include extension or early termination options.

The Group and Company is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in Namibia Dollar. Residual value risk on equipment under lease is not significant.

The following table presents the amounts included in profit or loss.

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Day one losses / loss for finance leases	31,350,923	39,130,386	-	-
Finance income on the net investment in finance lease	(2,201,036)	(1,442,291)	-	-
Income relating to variable lease payments not included in the net investment in finance leases	-	(484,507)	-	-
	29,149,887	**37,203,588**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
10. Deferred tax asset				
Deferred tax asset				
Accelerated capital allowances for tax purposes	(104,434,568)	(46,180,725)	(32,437,905)	(9,147,972)
Allowance for impairment - trade receivables	11,718,781	6,395,288	-	-
Deferred income	49,660,144	5,714,574	-	-
Right-of-use asset	49,745,712	24,849,922	-	-
Tax losses available for set off against future taxable income	1,258,662,257	751,561,486	729,807,175	198,115,566
Tax losses not utilised to create a deferred tax asset	(694,191,993)	(257,057,532)	(694,191,993)	(257,057,532)
Provisions	7,954,061	7,097,922	-	-
Unrealised foreign exchange	-	1,136,875	-	1,136,875
Accumulated costs on Kudu Gas Project deductible on commencement of production	-	67,965,343	-	67,965,343
Prepayments	(5,897,598)	(1,432,280)	(3,177,277)	(1,012,280)
	573,216,796	**560,050,873**	**-**	**-**

Recognition of deferred tax asset

The Group has recognised a deferred tax asset on calculated tax losses as sufficient support and evidence exists at the date of the annual financial statements. Based on the recoverability of deferred tax asset assessment and future profit forecasts prepared by management, future taxable profits will be available to utilise these tax losses.

The Company has not recognised a deferred tax asset arising from the unutilised tax losses. Insufficient support and evidence exists at the date of the annual financial statements for the recognition of the deferred tax asset. Analysis indicates that the Company will not earn sufficient future taxable profits to utilise these tax losses. A significant portion of the Company's income is the levy received from National Energy Fund, which is not taxable.

As part of National Petroleum Corporation of Namibia (Pty) Ltd's five-year strategic business plan, NAMCOR Petroleum Trading and Distribution (Pty) Ltd is embarking on an aggressive roll-out to construct 33 retail sites. The strategy to expand into the retail fuel market segment will result in additional capital expenditure in the current and future financial years, with resultant increased tax deductions and increased taxable income.

In the assessment of the deferred tax asset, management incorporated the impact of this strategy. Management has estimated that the revenue expected from the retail sites will result in the entity generating taxable profits that will utilise the unused assessed loss.

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
11. Loans to Group companies				
Subsidiaries				
NAMCOR Exploration and Production (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	352,744	1,554,045
NAMCOR Trading and Distribution (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	134,486,110	237,372,230
Brak Property Development 35 (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	496,755	381,345
Brak Property Development 36 (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	493,065	377,537
Loss allowance	-	-	(14,477,172)	(33,608,993)
	-	**-**	**121,351,502**	**206,043,007**
Split between non-current and current portions				
Non-current assets	-	-	-	35,295,189
Current assets	-	-	121,351,503	170,747,818
	-	**-**	**121,351,503**	**206,043,007**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$
12. Inventories				
Finished goods	255,552,792	230,878,108	-	-
Write down of inventories recognised as an expense	(223,837)	(1,180,156)	-	-
13. Trade and other receivables				
Financial instruments:				
Trade receivables	486,526,446	344,320,296	-	57,000
Loss allowance	(173,645,674)	(182,944,933)	-	-
Trade receivables at amortised cost	312,880,772	161,375,363	-	57,000
Other receivables	4,410,270	175,062	-	-
Operating lease receivables (if immaterial)	15,850,000	5,575,000	-	-
Other receivables - loss allowance	(111,537)	(497,652)	-	-
Slate income receivable	31,102,200	-	-	-
NOSF receivable	-	4,920,508	-	-
Other receivables	19,448,133	22,262,895	14,497,894	16,247,286
Non-financial instruments:				
Value added tax	7,455,681	16,025,801	6,990,736	2,453,857
Impairment on value added taxation	(796,002)	(2,019,832)	(796,002)	(796,002)
Export fuel tax receivable	126,216,874	56,169,505	-	-
Prepayments	13,982,712	7,036,424	3,177,277	3,163,374
Other	74,761,967	874,000	-	-
Total trade and other receivables	**605,201,070**	**271,897,074**	**23,869,905**	**21,125,515**
Split between non-current and current portions				
Non-current assets	-	-	-	-
Current assets	605,201,070	271,897,074	23,869,905	21,125,515
	605,201,070	**271,897,074**	**23,869,905**	**21,125,515**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9 Financial instruments:

At amortised cost	458,341,805	194,685,176	14,497,894	16,304,286
Non-financial instruments	146,859,265	77,211,898	9,372,011	4,821,229
	605,201,070	**271,897,074**	**23,869,905**	**21,125,515**

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

Reconciliation for loss allowance on trade and other receivables

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance	**183,502,080**	**193,749,183**	**59,494**	**263,384**
(Reversal of) / provision for impairment	14,609,372	(10,247,103)	260	(203,890)
Bad debts written off	(24,327,127)	-	-	
Closing balance	**173,784,325**	**183,502,080**	**59,754**	**59,494**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$
14. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	6,004	13,063	587	3,000
Bank balances	343,123,392	157,397,141	34,928,889	84,292,494
Short-term deposits	77,563,267	26,499,953	9,679,965	7,499,953
Other cash and cash equivalents	(108,001)	(74,069)	(27,725)	(48,815)
	420,584,662	**183,836,088**	**44,581,716**	**91,746,632**
Cash and cash equivalents held by the entity that are not available for use by the Group	26 449 953	26,449,953	7 499 953	7 499 953

The short-term deposits mature at periods between 3 to 6 months and carry interest at an average rate of 4.26% (2021: 6.25%).

Bank Windhoek holds a limited cession of N$7 499 953 (2021: N$7 499 953) to cover guarantees issues 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.

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
15. Share capital				
Authorised				
10 000 000 Ordinary shares of N$1 each	10,000,000	10,000,000	10,000,000	10,000,000
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.				
Issued				
10 000 000 Ordinary shares of N$1 each	10,000,000	10,000,000	10,000,000	10,000,000
16. Revaluation reserve				
Opening balance	42,962,113	42,962,113	18,755,082	21,231,082
Revaluation of property	688,040	700,702	(1,984,000)	(2,476,000)
	43,650,153	**43,662,815**	**16,771,082**	**18,755,082**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
17. Loans from shareholder				
Ministry of Mines and Energy (NEF Loan for unpumpable stock)	16,751,226	-	-	-
The loan is unsecured and bears interest at 2.5%. The loan is repayable in 338 monthly instalments of N$500 000 each.				
Ministry of Mines and Energy - 50 million	22,756,382	27,752,662	-	-
NAMCOR Petroleum Trading and Distribution (Pty) Ltd received funds amounting to N$50 million on 1 April 2016 pertaining to a loan agreement entered into with the Ministry of Mines and Energy through the National Energy Fund. The loan is unsecured and bears interest at 2.5%. The loan is not repayable in its first two years apart from a monthly interest charge of N$104 167. Thereafter the loan is repayable in 96 instalments of N$575 192 each. The loan has been granted at a below market interest rate. The fair value of the financial liability at recognition in terms of IAS 39 was N$33 609 375. The market rate used to determine the fair value of the financial liability at recognition was the yield to maturity rate of Government Bond GC25 which was 10.29% on 1 April 2016.				
Ministry of Mines and Energy - 70 million	46,000,000	48,782,250	-	-
The loan is unsecured and bears interest at prime lending rate less 3%. The loan is repayable in 338 monthly instalments of N$200 000 each.				
	85,507,608	**76,534,912**	**-**	**-**
Split between non-current and current portions				
Non-current liabilities	72,226,570	69,360,059	-	-
Current liabilities	13,281,039	7,174,853	-	-
	85,507,609	**76,534,912**	**-**	**-**

Refer to note 34 Changes in liabilities arising from financing activities for details of the movement in loans from shareholders during the reporting period.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$
18. Borrowings				
Held at amortised cost				
Secured				
Bank Windhoek	9,743,853	13,345,632	9,743,853	13,345,632
The Bank Windhoek loan bears interest at the prime lending rate less 3% per annum and is secured by a first and second mortgage bond over Erf 8521 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 instalments of N$365 101 (2021: N$365 101) each.				
Nedbank Namibia	18,519,051	25,154,192	-	-
The Company received a N$34 000 000 commercial loan facility from Nedbank Limited. The secured loan is a commercial loan and bears interest at a prime lending rate less 1.25% per annum. The loan is repayable in 61 monthly instalments. Proceeds from the agreement for the supply of fuel and lubricants and the operation and maintenance of bulk storage and dispensing equipment and fuel management systems between Swakopmund Uranium (Pty) Ltd and NAMCOR Petroleum Trading and Distribution (Pty) Ltd have been pledged as security in respect of the N$34 000 000 term loan facility. The loan was fully settled in April 2022.				
Bank Windhoek Namibia Limited	46,165,013	47,886,445	-	-
The subsidiary NAMCOR Petroleum Trading and Distribution Pty (Ltd) received a N$48 000 000 commercial loan facility from Bank Windhoek Limited. The secured loan is a commercial loan and bears interest at a prime lending rate plus 1.00% per annum. The loan is repayable in 60 monthly instalments. The Notice Deposit Account to the value of N$19 000 000 has been pledged as security for the loan. The loan was fully settled on 1 April 2022.				
	74,427,917	**86,386,269**	**9,743,853**	**13,345,632**
Split between non-current and current portions				
Non-current liabilities	50,501,158	74,426,105	5,976,055	9,746,002
Current liabilities	23,926,759	11,960,164	3,767,798	3,599,630
	74,427,917	**86,386,269**	**9,743,853**	**13,345,632**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
19. Deferred income				
The Company entered into a 99-year lease agreement with Hammerhead Investments (Pty) Ltd on 1 June 2009 in respect of its Walvis Bay land, Erf 2590. The full rent amounting to N$3 000 000 in respect of the lease was paid in advance upon commencement of the lease. Deferred income was recognised and is released to the profit or loss through the passage of time and use of the property.				
Hammerhead Investments lease				
At 01 April 2021	2,641,414	2,671,717	-	-
Released into the income statement	(30,303)	(30,303)	-	-
	2,611,111	**2,641,414**	**-**	**-**
Non-current liabilities	2,580,808	2,611,111	-	-
Current liabilities	30,303	30,303	-	-
	2,611,111	**2,641,414**	**-**	**-**
20. Trade and other payables				
Financial instruments:				
Trade payables	940,392,358	551,817,160	3,194,692	7,313,338
Customs & Excise payable	195,050,894	35,588,510	-	-
Levies	40,652,506	38,373,854	-	-
Accrued leave pay	18,789,502	65,105,663	9,582,120	50,359,525
Other payables	50,906,044	6,546,826	3,450,311	2,864,889
Non-financial instruments:				
VAT (flip receiver only)	14,005,612	-	-	-
	1,259,796,916	**697,432,013**	**16,227,123**	**60,537,752**
21. Current tax payable				
Reconciliation of current taxation paid during the year				
Charge to the statement of comprehensive income	10,371,657	11,249,832	10,371,657	11,249,832
Foreign exchange (gain)/loss	-	(878,175)	-	(878,175)
Written off to profit and loss	(10,371,657)	-	(10,371,657)	-
Subtotal	-	10,371,657	-	10,371,657
Current tax payable	**-**	**10,371,657**	**-**	**10,371,657**

Notes to the Consolidated and Separate Annual Financial Statements

22. Provisions

Reconciliation of provisions - Group - 2022

	Opening balance	Additions	Payments / utilisation	Closing balance
Provision for bonuses	491,186	1,791,789	(1,676,330)	606,645
Provision for levies payable	7,097,922	7,954,061	(7,097,922)	7,954,061
	7,589,108	**9,745,850**	**(8,774,252)**	**8,560,706**

Reconciliation of provisions - Group - 2021

	Opening balance	Additions	Payments / utilisation	Closing balance
Provision for bonuses	518,689	7,269	(34,772)	491,186
Provision for leave pay	8,705,207	(7,628,898)	(1,076,309)	-
Provision for levies payable	28,573,859	(21,475,937)	-	7,097,922
	37,797,755	**29,097,566)**	**(1,111,081)**	**7,589,108**

Reconciliation of provisions - Company - 2022

	Opening balance	Additions	Payments / utilisation	Closing balance
Provision for bonuses	217,432	877,861	(788,820)	306,473

Reconciliation of provisions - Company - 2021

	Opening balance	Additions	Payments / utilisation	Closing balance
Provision for bonuses	271,254	88,750	(142,572)	217,432
Provision for leave pay	6,614,819	(3,867,851)	(2,746,968)	-
	6,886,073	**(3,779,101)**	**(2,889,540)**	**217,432**

Bonus provision

The bonus provision is for employees who qualify in terms of their employment contracts. The provision consists of 13th cheque bonuses and performance bonuses.

Provision for leave pay

The Group and Company has a constructive obligation of paying a maximum of 45 days as a result of past service provided by an employee when the employee leaves the employment of the Company.

Provision for assets decommissioning

The Group enters into different bulk fuel supply agreements to provide petroleum products to customers. Some agreements require that the Company install storage equipment for petroleum products at customers' premises. The Company has a constructive obligation of decommissioning and restoring the environment where the equipment has been installed. The provision has been raised based on the estimated costs of restoring the environment and has been discounted using the average rate of the borrowings as at reporting date. The provision was de-recognised in the 2021 financial year on the basis that it cannot be reliably measured as the entity is yet to incur these costs.

Provision for levies payable

In the previous financial years, the Trading subsidiary sold petroleum products to locally registered companies with the assumption that these products will be exported. As a result, there were no levies charged on these volumes. This practice is not in line with the requirements of the Road Fund Administration Act and the Petroleum Products and Energy Act.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
23. Revenue				
Revenue from contracts with customers				
Sale of petroleum products	2,796,796,466	1,275,740,816	-	-
Storage and handling fees	3,598,725	936,364	-	-
Tender income	6,572,801	1,663,500	-	-
ATM rental income	854,204	831,804	-	-
Administration fee - Petrofund	57,015	42,358	57,015	42,358
Other	748,568	484,507	-	-
Building rental income	151,804	138,398	151,804	138,398
Customer loyalty programmes	117,000	94,700	117,000	94,700
Rental income	45,551,067	34,625,741	-	-
Interest received (trading)	30,236,908	24,112,748	-	-
	2,884,684,558	**1,338,670,936**	**325,819**	**275,456**
Disaggregation of revenue from contracts with customers				
The Group disaggregates revenue from customers as follows:				
Timing of revenue recognition				
At a point in time	2,881,274,359	1,336,144,354	325,819	275,456
Over time	3,410,199	2,526,582	-	-
Total revenue from contracts with customers	**2,884,684,558**	**1,338,670,936**	**325,819**	**275,456**
24. Cost of sales				
Sale of petroleum products and rendering of services	2,663,498,070	1,340,075,749	-	-
24. Other operating income				
Profit on sale of assets	-	12,792,137	-	-
Recoveries	15,652,503	30,704,803	-	-
Prior year corrections	3,524,689	4,845,859	-	-
VET levy income	8,388	525,758	8,388	525,758
Foreign exchange differences	321,752	4,648,303	321,752	4,648,303
Fair value adjustments	-	(325,000)	-	-
Sundry income	14,200,460	929,099	10,782,095	303,969
Interest write off on non-compliance provisions	-	3,094,049	-	-
Equity investments dividends	2,084,502	1,887,085	2,084,502	1,887,084
VAT impairment reversal	-	160,249	-	160,249
Gain on IFRS 16 derecognition	23,337,268	48,705	-	48,705
Cash block dilution proceeds	99,317,456	-	99,317,456	-
	158,447,018	**59,311,047**	**112,514,193**	**7,574,068**
26. Government grants				
Fuel levy income	84,309,614	80,211,817	84,309,614	80,211,817

The Company receives 7.6 cents per litre from the National Energy Fund. The fuel levy is reserved as a compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Group.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$
27. Operating (loss)/profit				
Operating loss for the year is stated after charging (crediting) the following:				
Distribution costs				
Advertising	4,806,186	1,967,066	3,300,974	1,495,591
Management fee	12,741,601	13,754,634	-	-
Motor vehicle expenses	464,271	311,009	155,355	81,492
Other	2,815,198	2,224,875	-	-
	20,827,256	**18,257,584**	**3,456,329**	**1,577,083**
Administrative expenses				
Employee costs	118,025,522	102,072,319	61,063,963	52,405,885
Training	2,832,297	2,053,267	2,435,951	1,597,566
Professional fees	13,304,555	15,867,955	3,618,831	10,785,440
Depreciation	32,669,063	30,046,680	5,087,803	6,725,888
External audit fees	2,914,055	2,381,891	1,204,625	694,083
Consumables	418,428	869,368	-	-
Insurance	2,104,396	1,364,063	431,634	377,496
Rental charges	(84,451)	238,922	-	-
Repairs and maintenance	13,855,574	9,403,672	1,997,109	1,661,352
Travel expenses	4,615,679	1,541,172	1,946,386	924,173
Computer expenses	15,705,699	11,307,119	6,207,376	8,734,694
Legal fees	3,631,087	2,497,799	563,073	1,123,762
Leasing charges	3,531,363	4,075,846	2,088,257	2,895,893
Municipal charges	12,812,859	4,246,684	2,182,716	2,224,157
Directors' remuneration	1,616,332	1,894,268	1,335,911	1,657,961
Internal audit fees	779,142	1,443,750	570,342	1,443,750
Exploration cost	7,766,113	8,639,824	-	811
Kudu project costs	286	13,909,839	286	13,909,839
Due dilligence	1,076,241	-	-	-
Other	26,106,720	21,749,572	11,127,332	8,234,541
	263,680,960	**235,604,010**	**101,861,595**	**115,397,291**
Impairment losses on financial and contractual assets				
Trade receivables	15,027,867	(10,550,746)	-	(241)
Other receivables	105,563	340,258	260	18,410
Cash and cash equivalents	19,949	(105,491)	790	(962)
Loans to Group companies	-	-	(19,043,753)	(19,358,689)
	15,153,379	**(10,315,979)**	**(19,042,703)**	**(19,341,482)**
Other operating expenses				
Day one gain / loss on IFRS 16	31,350,923	39,130,386	-	-
Other operating expenses	7,742,728	9,589,239	185,442	641,822
Revaluation loss on property, plant and equipment	(2,262,925)	959,948	(1,047,698)	959,948
Fair value adjustment on loans to Group companies	-	-	-	15,325,651
Loss on disposal of property, plant and equipment	600,545	-	-	-
Decomissioning liability movement	-	(891,464)	-	-
Foreign exchange	1,022,803	12,390,012	-	-
	38,454,074	**61,178,121**	**(862,256)**	**16,927,421**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
28. Finance income				
Interest income				
Cash and cash equivalents	6,032,997	3,673,132	2,020,957	2,599,771
Finance lease receivables	2,201,038	1,442,291	-	-
Interest charged on trade receivables	94,767	-	-	-
Staff loans	61,898	67,780	61,898	67,780
Loans to Group companies:				
Subsidiaries	-	-	321,057	3,879,596
Total interest income	**8,390,700**	**5,183,203**	**2,403,912**	**6,547,147**
29. Finance costs				
Interest on accounts payable	8,258,661	7,077,531	-	-
Finance leases	3,967,802	3,896,392	-	10,506
Bank overdraft	-	463,962	-	-
Long-term borrowings	11,370,250	9,066,290	617,417	819,721
Other interest paid	702,493	1,702,486	-	-
Total finance costs	**24,299,206**	**22,206,661**	**617,417**	**830,227**
Less: Borrowing costs capitalised	(3,465,752)	(3,114,607)		-
Total finance costs expensed	**20,833,454**	**19,092,054**	**617,417**	**830,227**

Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 7.32% (2021: 8.74%).

30. Taxation

Major components of the tax income

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Current				
Local income tax - current period	428,717	-	-	-
Deferred				
Current year charge	(1,344,017)	(46,688,362)	-	-

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2022	Group 2021	Company 2022	Company 2021
Applicable tax rate	32,00 %	32,00 %	32,00 %	32,00 %
Non-deductible expenditure deemed capital in nature	(1.51)%	(0.48)%	- %	- %
Non-deductible impairment losses	(3.30)%	(31.31)%	- %	- %
IFRS 16 day one loss	- %	(4.15)%	- %	(30.30)%
COVID-19 relief receipt from MME	- %	3.20 %	- %	- %
Depreciation of leasehold improvements	(19.69)%	(0.94)%	- %	- %
Fuel levy and income not taxable	(23.77)%	(123.51)%	(24.00)%	(123.50)%
Non-deductible capital expenditure - legal and professional fees	- %	0.29 %	- %	0.30 %
Gain of derecognition of IFRS 16	43.04 %	- %	- %	- %
Fair value gain/(loss) on initial recognition IFRS 9	4.02 %	- %	- %	- %
Exempt dividends	(2.64)%	(3.86)%	(1.00)%	(3.90)%
Unrecognised deferred tax asset	- %	125.31 %	- %	125.30 %
Prior year (under) / over provision	- %	(0.95)%	- %	- %
Non-deductible finance costs	(24.27)%	(0.84)%	- %	- %
Non-deductible fines and penalties	- %	0.19 %	- %	0.10 %
Reversal of provision for tax on Serica shares	(2.92)%	- %	(3.00)%	- %%
Non-deductible impairment losses - investments	- %	- %	(5.00)%	- %
Amortisation of intangible assets - supply rights	(1.16)%	- %	- %	- %
Donations	(0.27)%	- %	- %	- %
Prior years deferred tax adjustment - derecognition of deferred tax asset on Kudu costs	31.70 %	- %	32.00 %	- %
	(18.91)%	**(5.04)%**	**7.00 %**	**- %**
Estimated tax loss available for set off against future taxable income	1,258,662,257	762,754,173	-	198,115,566

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	**2021 N$**	**2022 N$**	**2021 N$**
31. Cash (used in)/generated from operations				
Profit (loss) before taxation	112,396,871	(180,514,536)	113,523,157	(20,782,052)
Adjustments for:				
Depreciation and amortisation	27,832,925	24,775,834	5,087,803	6,355,640
Depreciation of right-of-use assets	4,836,138	4,730,474	-	370,2488
Amortisation of intangible assets	464,583	-	-	-
Dividends received	(2,084,502)	-	(2,084,502)	-
(Profit) / Loss on sale of property, plant and equipment	157,845	100,317	133,754	100,317
Fair interest income	(8,390,700)	(6,725,900)	(2,082,856)	(6,614,926)
Fair value adjustment on loans from shareholder	(1,610,833)	-	-	-
Finance income on net investment in lease	(2,201,038)	(1,442,291)	-	-
Fair value adjustment on investment property	105,000	-	-	-
Finance income on loans to Group companies	-	-	(321,057)	(3,879,596)
Finance costs	4,402,901	5,962,189	617,417	830,227
Finance cost on loans from shareholders	3,501,597	-	-	-
Finance costs on lease liability	3,967,802	3,896,392	-	10,506
Finance costs on accounts payable	8,961,154	7,077,531	-	-
Other finance costs	-	2,166,448	-	-
Impairment of inventories	-	1,180,156	-	-
Impairment of property, plant and equipment	(2,262,925)	9,412,116	(1,047,698)	959,948
Impairment of loans to Group companies	-	-	(19,043,753)	19,358,689
Impairment reversal of value added taxation	-	(160,249)	-	(160,249)
Impairment of trade receivables	15,027,867	(10,516,375)	-	-
Impairment of other receivables	-	(145,163)	-	18,410
Impairment of cash and cash equivalents	40,669	(4,667)	790	(961)
Impairement of contractual assets	57,986	-	-	-
Operating accruals	-	(67,511,110)	-	(9,121,933)
Movement in provision for bonuses	115,458	46,552	89,041	53,822
Impairment on investment in subsidiaries	-	-	-	(160,000)
Day one loss on IFRS 16	31,350,923	39,130,386	-	-
Unrealised gain/(loss) on foreign exchange (cash and cash equivalents)	774,924	15,719,594	-	4,430,908
Unrealised gain/(loss) on foreign exchange (trade creditors)	-	(7,558,977)	-	(7,745,434)
Adjustment for operating expenses	7,588,455	13,325,116	-	-
Data licensing	(23,476,839)	-	-	-
Other non-cash operating expenses	189,780	731,286	-	541,506
Sundry income	-	(929,099)	-	(143,969)
Bad debts written off	-	403,168	-	-
Tax payable written off	(10,371,657)	-	(10,371,657)	-
Other property, plant and equipment non-cash items	(127,285)	-	(127,285)	-
Realised forex on dividends	(42,167)	-	(42,168)	-
Write off of cash call liability	(42,827,456)	-	(42,827,456)	-
Realised forex on farm-out receivable - non-cash	10,000	-	(610,000)	-
Proceeds from cash block dilution	(56,490,000)	-	(56,490,000)	-
Non-cash movement in contractual assets	1,165,957	-	-	-
IFRS 16 derecognition loss/(gain)	4,367,864	(48,705)	-	(48,705)
Prior year corrections	202,475	(4,845,859)	-	-
Prior year interest charged on non-compliance	7,954,061	(3,094,049)	-	-
Other non-cash items	1,043,710	(2,168,294)	-	(765,956)
Other PPE non-cash movements	(339,854)	-	-	-
Deferred income	(30,303)	(30,303)	-	-
Fair value adjustments	-	(19,483,855)	-	15,325,651
Impairment of net investment in the lease	1,717,526	-	-	-
Gain on revival of Hosea Kutako	(23,337,268)	-	-	-
Changes in working capital:				
Inventories	(24,674,684)	(125,005,284)	-	-
Trade and other receivables	(353,790,868)	82,240,683	(2,628,392)	11,428,343
Trade and other payables	605,202,688	348,535,724	(1,472,846)	26,511,462
Provisions	-	(28,024,802)	-	(6,722,463)
Current tax receivable	5,443,481	-	5,443,481	-
	296,822,261	**101,224,448**	**(14,254,227)**	**30,149,433**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$
32. Tax receivable				
Balance at the beginning of the year	5,461,404	5,461,404	5,461,404	5,461,404
Refunded during the year	(5,443,481)	-	(5,443,481)	-
	17,923	**5,461,404**	**17,923**	**5,461,404**
33. Contractual assets				
Contract assets	22,310,881	-	-	-
Loss allowance	(57,986)	-	-	-
	22,252,895	**-**	**-**	**-**

The contractual assets relate to the accrual in respect of data licensing.

34. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2022

	Opening balance	Repayments	New loans raised	Fair value changes	Other non-cash movements	Closing balance
Borrowings	86,386,269	(11,958,352)	-	-	-	74,427,917
Loan from shareholder	76,534,912	(7,778,529)	17,972,816	(1,610,833)	389,243	85,507,609
	162,921,181	**(19,736,881)**	**17,972,816**	**(1,610,833)**	**389,243**	**159,935,526**
Total liabilities from financing activities	**162,921,181**	**(19,736,881)**	**17,972,816**	**(1,610,833)**	**389,243**	**159,935,526**

Reconciliation of liabilities arising from financing activities - Group - 2021

	Opening balance	Repayments	New loans raised	Other non-cash movements	Closing balance
Borrowings	55,118,427	(17,212,264)	48,000,000	480,106	86,386,269
Loan from shareholder	81,990,855	(5,858,201)	-	402,258	76,534,912
	137,109,282	**(23,070,465)**	**48,000,000**	**882,364**	**162,921,181**
Total liabilities from financing activities	**137,109,282**	**(23,070,465)**	**48,000,000**	**882,364**	**162,921,181**

Reconciliation of liabilities arising from financing activities - Company - 2022

	Opening balance	Repayments	New loans raised	Other non-cash movements	Closing balance
Borrowings	13,345,632	(3,601,779)	-	-	9,743,853
	13,345,632	**(3,601,779)**	**-**	**-**	**9,743,853**
Total liabilities from financing activities	**13,345,632**	**(3,601,779)**	**-**	**-**	**9,743,853**

Reconciliation of liabilities arising from financing activities - Company - 2021

	Opening balance	Repayments	New loans raised	Other non-cash movements	Closing balance
Borrowings	16,741,944	(3,396,312)	-	-	13,345,632
	16,741,944	**(3,396,312)**	**-**	**-**	**13,345,632**
Total liabilities from financing activities	**16,741,944**	**(3,396,312)**	**-**	**-**	**13,345,632**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2022 N$	2021 N$	2022 N$	2021 N$

35. Commitments and guarantees

Authorised capital expenditure

Guarantees

The Group has provided security for financial guarantees issued by Bank Windhoek on behalf of its subsidiary company in favour of the Ministry of Finance for import VAT. The Ministry of Finance required this security as the subsidiary company had significant monthly imports when it had the fuel import mandate. The value as at 31 March 2022 is N$6 800 000 (2021: N$6 800 000).

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Capital expenditure commitments				
Capital expenditure approved	493,552,499	216,474,402	46,740,274	35,479,009
Commitments in respect of contracts	162,615,261	6,109,524	-	-

The Group has an approved capital expenditure budget amounting to N$493.6 million for the 2022/2023 financial year. N$164.2 million of the approved expenditure has been earmarked for the roll-out of the retail network. The Group intends to construct and acquire retail outlets, targeting strategic locations countrywide. The remaining amount relates to the upgrade of infrastructure at existing depots as well as installation of storage tanks and pumps at customer sites.

The capital expenditure in respect of the roll-out of retail service stations will be financed through debt, and the remainder through equity.

36. Related parties

Relationships

Ultimate holding company	Government of the Republic of Namibia
Subsidiaries	Refer to note 7
Directors	Refer to directors' report
State-owned enterprises	Refer to significant accounting policies

Related party balances

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Long-term loans - Owing (to)/by related parties				
Ministry of Mines and Energy	(117,918,563)	(117,918,563)	(117,918,563)	117,918,563
Trade receivables				
TransNamib Holdings (Pty) Ltd	3,790,124	6,328,061	-	-
Namibia Ports Authority (Pty) Ltd	1,242,299	881,262	-	-
Road Fund Administration	-	12,420	-	-
Roads Contractor Company	10,991,180	13,211,180	-	-
Roads Contractor Company projects cash account	2,336,507	(15,634)	-	-
Namibia Development Corporation	-	(5,925)	-	-
Namibia Power Corporation	-	(38)	-	-
Namibian Broadcasting Corporation	-	(1,270)	-	-
National Energy Fund	73,435	-	-	-
Trade payables				
Namibia Ports Authority (Pty) Ltd	293,059	312,672	-	-
Telecom Namibia Limited	12,796	10,109	-	-
Namibia Airports Company Limited	38,952	242,851	-	-
Related party transactions				
Interest paid to related parties				
National Energy Fund	3,376,657	3,191,659	-	-
Sales to related parties				
Namibia Ports Authority (Pty) Ltd	18,716,989	13,304,909	-	-
Roads Contractor Company (Pty) Ltd	19,667,010	4,352	-	-
Namibia Power Corporation	-	208,898	-	-
Namibia Broadcasting Corporation	657,988	495,533	-	-
Meat Corporation of Namibia	-	45,579	-	-
TransNamib Holdings (Pty) Ltd	1,163,899	-	-	-
Compensation to directors and other key management				
Salaries	2,226,256	2,338,562	-	-
Directors' fees	1,661,597	1,894,268	-	-
	3,887,853	**4,232,830**	**-**	**-**

37. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2022

	Note(s)	Amortised cost
Trade and other receivables	13	561,981,947
Cash and cash equivalents	14	420,584,663
Contractual assets		22,254,570
		1,004,821,180

Group - 2021

	Note(s)	Amortised cost
Trade and other receivables	13	245,281,056
Cash and cash equivalents	14	183,910,160
		429,191,216

Company - 2022

	Note(s)	Amortised cost
Loans to Group companies	11	121,351,504
Investments at fair value	8	-
Trade and other receivables	13	23,708,970
Cash and cash equivalents	14	44,581,717
		189,642,191

Company - 2021

	Note(s)	Amortised cost
Loans to Group companies	11	206,043,007
Trade and other receivables	13	16,304,286
Cash and cash equivalents	14	91,795,448
		314,142,741

Notes to the Consolidated and Separate Annual Financial Statements

37. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2022

	Note(s)	Amortised cost
Trade and other payables	20	1,228,835,173
Loans from shareholder	17	85,507,609
Borrowings	18	74,427,918
		1,388,770,700

Group - 2021

	Note(s)	Amortised cost
Trade and other payables	20	697,432,013
Loans from shareholder	17	76,534,912
Borrowings	18	86,386,269
Bank overdraft	14	2
		860,353,196

Company - 2022

	Note(s)	Amortised cost
Trade and other payables	20	16,317,543
Borrowings	18	9,743,853
		26,061,396

Company - 2021

	Note(s)	Amortised cost
Trade and other payables	20	60,537,752
Borrowings	18	13,345,632
		73,883,384

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
	Notes	2022 N$	2021 N$	2022 N$	2021 N$

37. Financial instruments and risk management (continued)

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 the 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 (excluding derivative financial liabilities) disclosed in notes 7 and 17, cash and cash equivalents disclosed in note 12, and equity as disclosed in the statements of financial position.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by 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	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Loans from Group companies		-	-	-	-
Loans from shareholder	17	85,507,608	76,534,912	-	-
Borrowings	18	74,427,917	86,386,269	9,743,853	13,345,632
Lease liabilities		51,034,556	47,547,506	-	-
Trade and other payables	20	1,259,796,920	697,432,013	16,227,127	60,537,752
Total borrowings		**1,470,767,001**	**907,900,700**	**25,970,980**	**73,883,384**
Cash and cash equivalents	14	(420,584,662)	(183,836,088)	(44,581,716)	(91,746,632)
Net borrowings		**1,050,182,339**	**724,064,612**	**(18,610,736)**	**(17,863,248)**
Equity		737,640,294	455,317,757	818,978,057	539,060,888
Gearing ratio		142 %	159 %	(2)%	(3)%

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

37. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk is managed on a Group basis.

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated 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.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management has chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

Group		**2022**			**2021**		
	Note(s)	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Investments at fair value through profit or loss	8	227,606,745	-	227,606,745	70,143,893	-	70,143,893
Net investment in lease	9	59,259,452	-	59,259,452	58,973,807	-	58,973,807
Trade and other receivables	13	778,958,281	(173,645,674)	605,312,607	455,339,659	(182,944,933)	272,394,726
Contractual assets	33	22,310,881	(57,986)	22,252,895	-	-	-
Cash and cash equivalents	14	430,696,151	-	430,696,151	183,910,160	-	183,910,160
		1,518,831,510	**(173,703,660)**	**1,345,127,850**	**768,367,519**	**(182,944,933)**	**585,422,586**

Company		**2022**			**2021**		
	Note(s)	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to Group companies	11	135,828,674	(14,477,171)	121,351,503	239,685,156	(33,642,149)	206,043,007
Trade and other receivables	13	23,869,905	-	23,869,905	21,125,515	-	21,125,515
Cash and cash equivalents	14	44,609,442	-	44,609,442	91,795,448	-	91,795,448
		431,914,766	**(14,477,171)**	**417,437,595**	**422,750,012**	**(33,642,149)**	**389,107,863**

Notes to the Consolidated and Separate Annual Financial Statements

37. Financial instruments and risk management (continued)

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 and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statements 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.

Group - 2022

	Note(s)		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-current liabilities							
Loans from shareholder	17	-	8,333,398	20,049,229	43,843,942	72,226,569	72,226,569
Borrowings	18	-	11,282,490	23,076,192	16,142,476	50,501,158	50,501,158
Lease liabilities		-	-	-	-	-	43,968,639
Current liabilities							
Trade and other payables	20	13,281,039	-	-	-	13,281,039	1,245,791,308
Loans from shareholder	17	1,228,686,718	-	-	-	1,228,686,718	13,281,039
Borrowings	18	23,926,759	-	-	-	23,926,759	23,926,759
Lease liabilities		-	-	-	-	-	7,065,917
		(1,265,894,516)	**(19,615,888)**	**(43,125,421)**	**(59,986,418)**	**(1,388,622,243)**	**(1,456,761,389)**

Group - 2021

	Note(s)		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-current liabilities							
Loans from shareholder	17	7,174,853	7,765,974	25,194,084	36,400,000	76,534,911	72,226,569
Borrowings	18	8,360,534	8,939,561	18,127,404	37,613,137	73,040,636	74,426,105
Lease liabilities		-	-	-	-	-	44,279,428
Trade and other payables		618,840,089	-	-	-	618,840,089	-
Current liabilities							
Trade and other payables		-	-	-	-	-	697,432,013
Loans from shareholder	17	-	-	-	-	-	13,281,039
Borrowings	18	-	-	-	-	-	11,960,164
Lease liabilities		-	-	-	-	-	3,268,078
Bank overdraft	14	-	-	-	-	-	10,003,488
		(634,375,476)	**(16,705,535)**	**(43,321,488)**	**(74,013,137)**	**(768,415,636)**	**(926,876,884)**

Notes to the Consolidated and Separate Annual Financial Statements

37. Financial instruments and risk management (continued)

Liquidity risk (continued)

	Note(s)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Company - 2022						
Non-current liabilities						
Borrowings	18		-	2,949,092	3,026,963	5,976,055
Lease liabilities			41,508,754	-	-	-
Current liabilities						
Trade and other payables			3,767,798	-	-	-
Borrowings	18		3,767,798	-	-	-
			(49,044,350)	**(2,949,092)**	**(3,026,963)**	**(5,976,055)**
Company - 2021						
Non-current liabilities						
Loans from shareholder	17		-	-	-	72,226,569
Borrowings	18		-	18,127,404	18,127,404	9,746,002
Current liabilities						
Trade and other payables	20		59,511,669	-	59,511,669	60,537,752
Loans from shareholder	17		-	-	-	13,281,039
Borrowings	18		-	-	-	3,599,630
Bank overdraft	14		-	-	-	1
			(59,511,669)	**(18,127,404)**	**(77,639,073)**	**(159,390,993)**

Foreign currency risk

The Group does not hedge foreign exchange fluctuations.

The Group undertakes transactions denominated in foreign currencies and hence the exposure to exchange rate fluctuations arises. The balances that are exposed to foreign currency fluctuations are investments classified as available-for-sale, certain foreign currency denominated trade receivables; foreign currency denominated bank balances and foreign currency denominated trade payables.

At 31 March 2022, if the currency had weakened / strengthened by 10% against the foreign currencies with all other variables held constant, Company and Group post-tax profit for the year would have been N$1 943 773 (2021: N$12 136 686) lower/higher and N$10 943 773 (2021: N$11 942 326) lower/higher, mainly as a result of foreign exchange gains on the translation of foreign currencies denominated trade receivables and contractual assets, respectively.

Notes to the Consolidated and Separate Annual Financial Statements

	Notes	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$

37. Financial instruments and risk management (continued)

Exposure in Namibia Dollar

The net carrying amounts, in Namibia Dollar, of the various exposures, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amounts at the closing rate at the reporting date:

	Notes	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
US Dollar exposure:					
Current assets					
Cash and cash equivalents	14	126,435,610	72,945,565	-	17,318,621
Current liabilities					
Trade and other payables	20	(2,436,317)	(46,656,691)	-	(42,834,987)
Net US Dollar exposure		**123,999,293**	**26,288,874**	**-**	**(25,516,366)**
GBP exposure:					
Non-current assets					
Other financial assets		227,606,745	67,313,406	227,606,745	67,313,406
Current liabilities					
Trade and other payables	20	(136,436)	(46,656,691)	-	(42,834,987)
Net GBP exposure		**227,470,309**	**20,656,715**	**227,606,745**	**24,478,419**
Net exposure to foreign currency in Namibia Dollar		**351,469,602**	**46,945,589**	**227,606,745**	**(1,037,947)**

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure were as follows:

	Notes	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
US Dollar exposure:					
Current assets					
Cash and cash equivalents	14	8,784,338	5,009,138	-	1,189,874
Current liabilities					
Trade and other payables	20	(2,436,317)	(3,141,130)	-	(2,878,695)
Net US Dollar exposure		**6,348,021**	**1,868,008**	**-**	**(1,688,821)**
GBP exposure:					
Non-current assets					
Other financial assets		11,955,000	3,378,000	11,955,000	3,378,000

Exchange rates

The following closing exchange rates were applied at reporting date:

	Group 2022	Group 2021	Company 2022	Company 2021
USD				
Buying	14.393	14.563	14.393	14.563
Selling	14.758	14.880	14.758	14.880
GBP				
Buying	18.806	-	18.806	-
Selling	19.491	-	19.491	-

Interest rate risk

The Group's interest rate risk arises from long-term borrowings and bank overdrafts. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rates were denominated in Namibia Dollar.

Notes to the Consolidated and Separate Annual Financial Statements

	Notes	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$

37. Financial instruments and risk management (continued)

Interest rate profile

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Notes	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Financial instrument:					
Variable rate instrument					
Bank balance	11	-	157,174,429.00	-	84,069,780
Borrowings	13	-	(86,386,269.00)	-	(13,345,631)
Loans from shareholder	8	-	(73,235,305.00)	-	-
Fixed rate instrument:					
Assets					
Financial assets: Fair value through profit or loss	11	-	2,830,487	-	2,830,487
Short-term deposits	13	7,499,953	7,499,953	7,499,953	7,499,953
Loans from shareholder	8	-	(3,299,607)	-	-

38. Restatement

The Group financial statements have been restated for the effect of the accounting treatment on the Dealer Owned Dealer Operated service stations.

The Group enters into fuel supply agreements with dealers whereby it is required to co-invest in the construction of the retail sites by installing equipment and company signage. Moreover, the Company is at times required to assist the dealer with upfront payments for construction of the retail sites. In return, the Company becomes the sole supplier of the petroleum products to the dealer service station. These types of arrangements are classified as Dealer Owned Dealer Operated (DODO).

During the 2021 financial year, the expenditure incurred in respect of Dealer Owned Dealer Operated (DODO) service stations was accounted for in the statement of comprehensive income as an expense.

The nature of the expenditure meets the requirements of an intangible asset (rights) in accordance with the asset definition and recognition criteria in term of the Conceptual Framework and IAS 38.

The correction of the error(s) results in adjustments as follows:

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Impact on Statement of Financial Position as at 31 March 2021				
(Increase)/Decrease in accumulated loss: Retained earnings	-	(5,575,000)	-	-
Increase/(Decrease) in other receivables (prepayments of rights)	-	5,575,000	-	-
Increase/(Decrease) in intangible assets	-	3,500,000	-	-
(Increase)/Decrease in accumulated amortisation	-	58,333	-	-
Increase/(Decrease) in leasehold improvements	-	(3,500,000)	-	-
Increase/(Decrease) in accumulated depreciation - Leasehold improvement	-	58,333	-	-
Impact on statement of comprehensive income as at 31 March 2021	-	-	-	-
Increase/(Decrease) in administration expenses	-	(5,575,000)	-	-
	-	**(5,458,334)**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
	Notes	2022 N$	2021 N$	2022 N$	2021 N$

39. Change in accounting estimates

During the financial year under review, management revised the useful life of motor vehicles from 5 to 8 years and residual value from nil to 20% of cost.

The useful lives and residual value is subjective, and management used professional judgement in the determination of both, taking into account factors such as market practice and conditions, and Company intentions as well as the usage of the related vehicles. Prior to concluding the 20%, management looked at the traditional financial institutions financing model, prior to the new introduction of 72-month repayment terms which management believed was introduced to boost consumer spending as demand continuously declined.

A 5-year Vehicle and Asset Finance (VAF) deal usually comes with an up to 30% residual value (balloon payment), which entails that at the end of the credit instalment agreement, the vehicle can still be sold at minimum of 30% of its acquisition value. As the Group and Company's primary business objective is not to buy and lease a fleet, Group and Company vehicles are typically used for transporting employees going out of town for business purposes or to run Company errands. On average in a year, fewer than 15 000 km are travelled. It would be fair to increase the useful lives and subsequently introducing a 20% residual value lower than industry norms which caters for Group and Company specifications. Management believes this approach is more conservative and prudent.

For the 8-year useful life, management looked at the average useful life for old vehicles that are still in use as at 31 March 2021.The following is the impact of the change in estimates of the motor vehicles:

	Group 2022 N$	Group 2021 N$	Company 2022 N$	Company 2021 N$
Impact on Statement of Financial Position as at 31 March 2022				
Increase/(Decrease) in accumulated depreciation - Motor vehicles	(1,203,433)	-	(760,733)	-
Impact on statement of comprehensive income as at 31 March 2022	-	-	-	-
Increase/(Decrease) in depreciation expense	(1,203,433)	-	(760,733)	-
	(2,406,866)	-	**(1,521,466)**	-

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1 Aviation Road, Petroleum House
Private Bag 13196, Windhoek, Namibia
T +264 61 204 5000 **F** +264 61 204 5061/30/92
www.namcor.com.na