NAMCOR

ANNUAL REPORT 2017/18

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Contents

CHAIRPERSON'S REPORT

NAMCOR prides itself in being a market leader in heavy fuel oil (HFO) supply, a key player in the business to business sector, custodian of the country's world class seismic data, as well as having interest in over 97% of exploration petroleum licences issued in Namibia. These competitive advantages helped buffer the Group throughout the economic downturn experienced during the reporting period.

In carrying out its mandate during the period under review, the Group concentrated its efforts on the following high impact strategic business objectives:

- Restoration of the 50% Fuel Import Mandate;
- Bulk fuel Storage Facility;
- Fuel Retail Agenda;
- Kudu Gas to Power.

50% Fuel Import Mandate

The Group put in place measures aimed at addressing the shortcomings which led to the Government's temporary withdrawal of the 50% fuel import mandate in 2010. The auditing firm, PriceWaterhouseCoopers (PWC) was commissioned to undertake a thorough examination of the factors that led to the financial losses, the contractual commitments that were not in the interest of the Group and how these could be addressed.

Bulk Fuel Storage Facility

The Group engaged its shareholder through the Ministry of Mines and Energy on issues relevant to the Group's role in the bulk fuel storage facility. The deliberations are on-going and underscore the commonalities between the 50% fuel mandate and the bulk fuel storage facility. The Group is confident that it has successfully addressed the storage challenges that were experienced before the mandate was revoked, and it will be able to manage the operations of the bulk fuel storage facility which will stock a combination of both strategic and commercial stock.

Fuel Retail Sites

Contractors were appointed for the construction of two retail sites at the Hosea Kutako International Airport and the town of Ongwediva in the Oshana Region. Several unforeseen delays such as the approval of building plans by the local authorities and the issuing of environmental clearance certificates by the Ministry of Environment and Tourism, resulted in contractors being appointed for only two of the four retail sites. A further delaying factor was the need to conform the internal due diligence process to the Public Procurement Act of 2015.

Kudu Gas

As a result of a combination of factors, the Group, together with its development partner BW Offshore, agreed to reduce the size of the project to a single power train of 440 megawatt, and to bring on board the additional 445 megawatt at a later stage. The reduction in the overall costs had concurrent impact on the required Government support package. The afore-mentioned developments took place in consultation with the Government in order to ensure on-going support.

Concluding Remarks

As part of corporate social responsibility, the Group contributed approximately N$1,000, 000-00 (One million Namibia Dollars) to various programmes in areas such as education, environment and community upliftment. These support initiatives are in line with the Harambee Prosperity Plan, National Development Plan 5 as well as the United Nations Sustainable Development Goals (SDGs).

With the current strategic plan having reached its lifespan after serving as the Group's blueprint from the year 2013 to 2018, the Board and Management will soon commence with the process of coming up with another five year strategic plan covering the period 2019 to 2023. The plan will focus on a few exciting and high impact activities among them the operationalisation of the National Oil Storage Facility, the retail fuel agenda as well as operationalising the upstream company and locating local and international upstream commercial prospects.

Engelhardt Kongoro
CHAIRPERSON

MANAGING DIRECTOR'S REPORT

The operating business environment was characterized by a slowdown in the economy as a result of several factors, such as continued reduction in Government spending, as well as reduced HFO sales to the country's leading sectors in export earnings, namely the fishing and mining sectors.

Namibia's over-reliance on the extractive sector poses a growth challenge, as a result of the slow recovery of world demand for commodities. During the period under review, mining production was lower than expected due mainly to a decline in international uranium prices.

Despite these challenges, NAMCOR's financial position remains strong. This is mainly attributable to the acquisition of investment in property companies, purchase of strategic land and construction of retail outlets.

The financial position continues to strengthen year-on-year, with liquid assets and strong cash reserves. Total assets increased by N$18 million to N$982 million at the end of the financial year. This was driven mainly by acquiring hundred percent shares in two Property Development companies as well as valuation carried out on the property and investment portfolios of the group. Cash and cash equivalents declined by 14% to N$389 million due to utilization of own equity to fund capital projects.

The group recorded total revenue of N$734 million during the period under review compared to N$575 million in the 2016/2017 financial year.

Volume of sales increased by 12% during the reporting period. This was achieved largely through penetrating the Zambian and Botswana export markets and through organic growth in the Business-to-Business sector. The increase in product sales contributed to the overall revenue growth of 28% for the financial year.

Revenue from data sales was fifty-one percent lower than the previous financial year at N$11 million. The downturn in the industry and reduction in exploration activities globally has resulted in lower data sales.

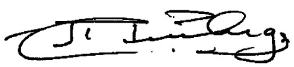
The diversification of our business activities ensures that we generate revenue from many sources in the face of an economic and challenging business environment.

The operating expenditure increased by 27% during the year under review from N$201 million to N$256 million, compared to a 54% increase in the 2016/2017 financial year. This financial year, we focused on stemming wastage, driving down costs and prioritizing cash generating activities.

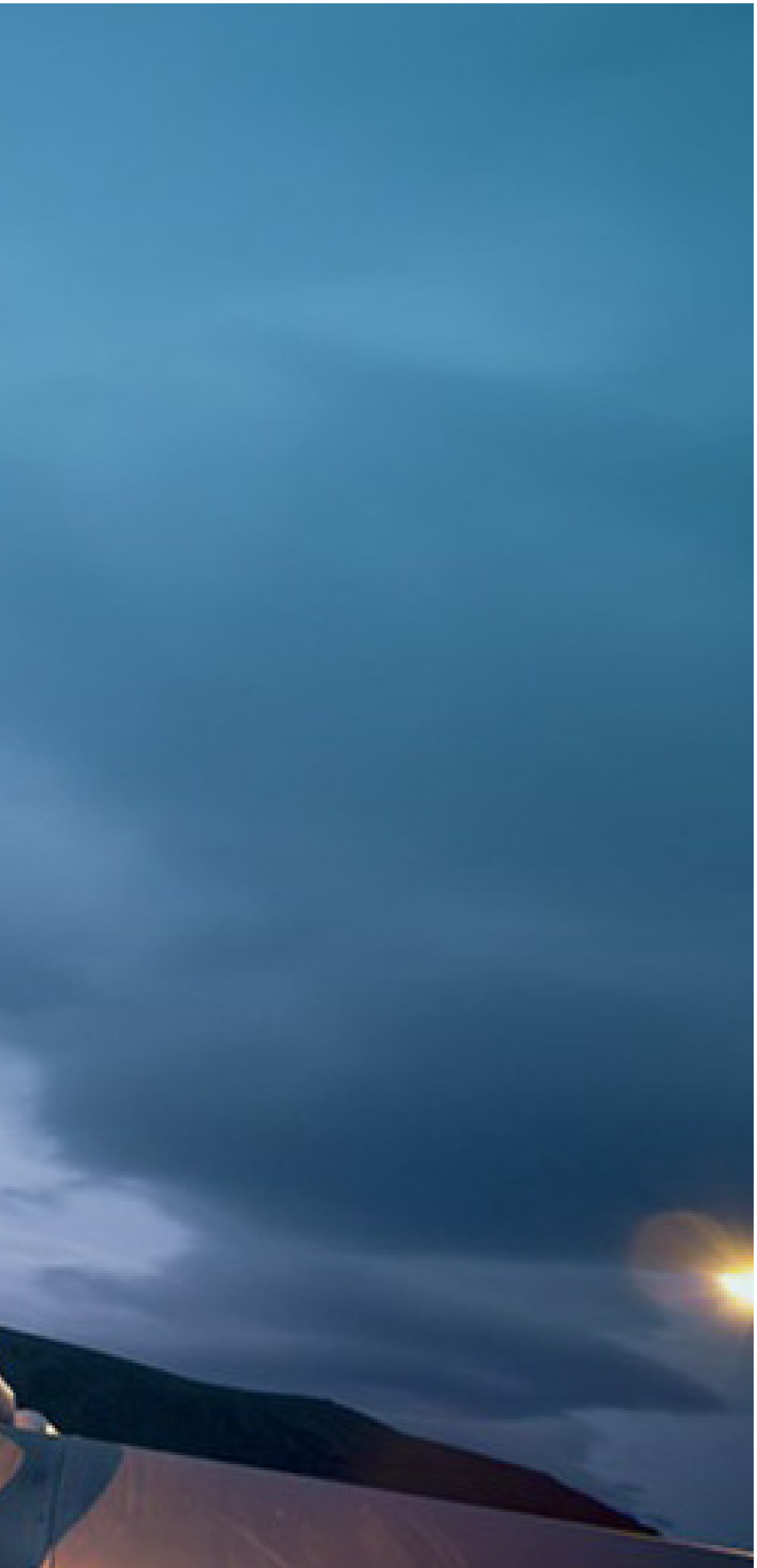
The Group realized a loss before tax amounting to N$61 million, mainly attributable to impairments of the work in progress (property,plant and equipment) asset class amounting to N$22 million, an increase in allowance for impairment of trade receivables of N$ 23 million and forex losses of N$19 million due to the Namibian dollar strengthening against the United Stated dollar.

NAMCOR's strategic objectives are there to enable it to meet its vision of being a world-class petroleum organization providing sustainable benefits to all its stakeholders and have not changed during the period under review. The roll out of the retail strategy remains one of the main priorities in the short to medium term. The Group has commenced with the construction of retail outlets, targeting strategic locations countrywide.

NAMCOR also continued with preparations to operate the National Oil Strategic Facilities and making its case to the Ministry of Mines and Energy to have its 50% fuel import mandate restored. I remain upbeat about NAMCOR's future and its contribution to the socio-economic development of the country.



Mr. Immanuel Mulunga
MANAGING DIRECTOR



GOVERNANCE, LEGAL, RISK AND COMPLIANCE

The Group established the Corporate Governance Department to ensure that integrity and transparency is maintained in all dealings of the Company. Ongoing transparent communication is maintained between the employees, Management, the Board of Directors and all the stakeholders.

Good Corporate Governance is a pillar to the Company's business model. The Board is committed to building a high standard of corporate governance practices and devotes considerable effort to identify and formalise best practices.

The Group continues to subscribe to the principles of good corporate governance as outlined in King Reports IV and III, the Corporate Governance Code for Namibia (NamCode), the Companies Act, 2004 (Act No. 28 of 2004) and its Companies Administrative Regulations, the Public Enterprises Governance Amendment Act, 2015 (Act No. 8 of 2015) "MoPE Act", the Directives issued under the latter Act and other legislative, regulatory, governance and relevant rules, as amended from time to time.

COMPOSITION OF THE BOARD AND ITS COMMITTEES

Engelhardt Kongoro
Chairperson
Board (Chairperson)
Trading Board (Director)
Technical Board Committee (Director)

Anna Libana
Vice Chairperson
Board (Vice Chairperson)
Audit, Risk & Compliance Comittee (Director)
Human Resources Board Committee (Director)
Trading Board (Chairperson)

Lorentha Harases
Director
Board (Director)
Audit, Risk & Compliance Comittee (Chairperson)
Trading Board (Director)

Dr Roger Swart
Director
Board (Director)
Human Resources Board Committee (Director)
Technical Board Committee (Chairperson)

Barbara Dreyer - Omoregie
Director
Board (Director)
Audit, Risk & Compliance Comittee (Director)
Human Resources Board Committee (Chairperson)
Technical Board Committee (Director)

EXECUTIVE MANAGEMENT

Immanuel Mulunga
Managing Director
Board (Director)
Audit, Risk & Compliance Comittee (Director)
Human Resources Board Committee (Director)
Trading Board (Director)
Technical Board Committee (Chairperson)

Bonifatius Konjore
Executive
ICT

Victoria Sibeya
Acting Executive
Exploration & Production

Maryke Khrone
Executive
Human Capital & Strategic Development

Ludwig Kapingana
Executive
Commercial Business Unit

Nestor Sheefeni
Executive
Business Support, Property Management & Projects

Jennifer Hamukuaya
Executive
Strategic Finance & Procurement

Damoline Muruko
Executive
Corporate Governance

The Board

The primary role of the Board is to protect and enhance long-term shareholder value. It sets overall strategy for the Group and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the Company. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its Shareholder.

The Board currently comprises of five non-executive Directors and one Executive director. The current Board's tenure commenced in October 2016 and will end in October 2019.

The day-to-day operation of the Group are delegated to management led by the Executive Committee. The Board closely monitors the Executive Committee which, by signing the performance scorecards, is accountable for the performance of the Group as measured against the corporate goals and business targets set by the Board.

Board and Committee Meetings

The Board meets regularly, but not less than four times a year at quarterly intervals and holds additional meetings as and when the Board deems necessary.

Notice of not less than 30 days was given to the Board for regular Board meetings. The agenda together with Board packs were circulated to the Board not less than three days before the intended date of the Board meetings.

Minutes of Board and Board Committee meetings were prepared by the Company Secretary with details of decisions taken, concerns raised and dissenting views expressed.

The draft minutes were sent to the Board within a reasonable time after each meeting for their comments before being formally approved and signed by the Chairperson of the Board or the Chairperson of the respective Committee.

The final approved and signed minutes were filed in the Minute Books and stored in a secure location.

During the financial year under review, the Board participated in the consideration and approval of matters of the Group by way of written resolutions.

At all Board or Committee meetings, the Board had to declare whether they, directly or indirectly had interests in a contract, arrangement or any matter to be discussed at the meeting, and these declarations were duly filed.

The Board and its Committees play an active role in participating in the Group's meetings through contribution of their professional opinions and active participation in the discussions.

The attendance record of each of the directors for the Board meetings, the Board Committee meetings and the Annual General meeting held in the 2017/2018 financial year is listed as follows:

Board Meetings and Board Committee Meetings Attended/Held

Name of Director	Board meeting including Extraordinary	Audit, Risk and Compliance Committee	Human Resources Committee	Technical Committee	Trading Board
Patrick Kauta - Chairperson	9/9	-	-	4/4	4/4
Anna Libana – Vice Chairperson	7/9	5/8	9/9	-	4/4
Lorentha Harases - Director	9/9	8/8	-	-	4/4
Barbara Dreyer-Omoregie - Director	8/9	8/8	9/9	4/4	-
Dr Roger Swart - Director	8/9	-	9/9	4/4	-
Immanuel Mulunga – ex Officio	9/9	8/8	9/9	4/4	4/4

Board Committees

The Board delegates its powers and authorities to the Committees to ensure operational efficiency and that specific issues which require expertise is dealt with by members who are experts in the area of expertise.

Terms of Reference were developed for the Board and its Committees and these are in line with the NamCode and applicable legislation. The Terms of Reference are updated on an annual basis.

Audit, Risk and Compliance Committee

Members: Lorentha Harases (Chairperson), Anna Libana, Barbara Dreyer-Omoregie, Immanuel Mulunga
Duties/responsibilities: The Audit, Risk and Compliance Committee is created by the Board to assist the Board's oversight of: • the integrity of the financial statements of the Group; • the performance of the Group's internal audit function and independent auditors; • compliance by the Group with legal and regulatory requirements; • implementation of the risk management policy, design of the compliance risk management framework; • review and approval of Corporate Policies and Procedures at the ARCC Policy Review Sessions; • Information Technology adherence to good governance principles and systems and the establishment and implementation of the related Information Technology Charter, international control framework and policies throughout the Group.

Human Resources Committee

Members: Barbara Dreyer-Omoregie (Chairperson), Anna Libana, Dr Roger Swart, Immanuel Mulunga
Duties/responsibilities: Human Resources Committee is created by the Board to assist the Board's oversight of: • remuneration and human resources related matters and policies;

Technical Committee

Members: Dr Roger Swart (Chairperson), Barbara Dreyer-Omoregie, Patrick Kauta, Immanuel Mulunga
Duties/responsibilities: • Provides a forum for discussing technical issues pertaining to exploration and production and the Kudu Gas Projects and makes relevant recommendations to the Board for consideration.

Trading Board

Members: Anna Libana (Chairperson), Lorentha Harases, Patrick Kauta, Immanuel Mulunga
Duties/responsibilities: • The Trading and Distribution Board ("Trading Board") is responsible for the stewardship of the Trading and Distribution Company and supports the Board of NAMCOR in discharging such duties. The board is guided by a specific Terms of Reference related to trading and distribution issues

Board: Continuous Professional Development

The Company Secretary provides the Board with updates on the latest legislative and regulatory developments and changes which could impact and/or are applicable to the Company.

The Company makes provision for the training and continuous professional development of the Board to develop and refresh their knowledge and skills.

Corporate Governance Function

The Corporate Governance function, guided by its growth focus, service areas, departmental and strategic projects, provides the following on-going services to the Board of Directors and the business with its different departments:

- Governance and company secretarial
- Contracts management
- Legal advice, litigation and legal actions
- Risk and compliance
- To develop and review the Company's policies and practices on corporate governance
- To review and monitor the Company's policies and practices for compliance with legal and regulatory requirement
- To provide support to the Board and its Committees
- Research initiatives

The provision of the above services is to ensure that good corporate governance is enhanced and promoted, to manage enterprise-wide risk and compliance to avoid negative consequences, to provide sound legal advice to the benefit of the business, and to institute legal proceedings timeously against errand debtors.

The Corporate Governance function strives to keep staff members abreast of the latest development on corporate governance issues.

The Corporate Governance function is spearheading the review and drafting of the Namcor Bill and various other legislative and regulatory instruments to facilitate the transformation of the Company into a commercial entity with a certain degree of autonomy to carry out petroleum operations on behalf of its stakeholders.

Risk Management and Internal Control

Risk Management is an essential part of corporate governance.

Effective risk management facilitates the Company's business development and operation by setting appropriate risk appetite, maintaining optimal risk level and most importantly, proactively managing risks.

It is the responsibility of management to uphold the Company's risk management function by ensuring that all staff members and business units comply with the risk management practices embedded into the Company's daily operations.

In analysing and assessing the strategic risks facing the Company, a Strategic Risk Register was developed. During the financial year under review, the Company conducted risk assessments to identify, evaluate and assess the key risk factors affecting the Company's objectives.

The Company reviews the effectiveness of the system of internal control in mitigating risks, and monitors the Company's risk profile and exposure. Ongoing assessment of the controls systems took place throughout the financial year.

The Board is responsible for ensuring sound that effective risk management and internal control systems are maintained, which management ensures the sufficient and effective operational controls over the key business processes are properly implemented with regular review and update.

The Company outsourced its internal audit function to PWC.

Communication with the Shareholder

The Board recognises the importance of communication with the Company's only Shareholder, the Government of the Republic of Namibia. The Annual General Meeting of the Company provides an opportunity for face-to-face communication between the Board and the Company's Shareholder.

Annual General Meeting

The Annual General Meeting was held on 4 December 2017.

CONTRACTS MANAGEMENT

The Accudoc System was installed into our system and our IT Team already has done the configurations and set up the users. What is remaining is to go through the fields with Accu Systems and start uploading the agreements. The Department has finalised its Contract Management Framework and is now ready for circulation to the EXCO.

BUSINESS CONTINUITY AND DISASTER RECOVERY PROJECT

The Business Continuity and Disaster Recovery Project has been fully implemented and policies, procedures and plans that are readily accessible and available for use in the event of a disaster or major disruption to NAMCOR's business activities are maintained by the management of Business Continuity and Disaster Recovery.

The following policies were developed during the period:

- Business Continuity Policy
- Business Continuity Plan Disaster Recovery Policy
- Disaster Recovery Plan Information, Communication and Technology Continuity Management Plan
- Crisis Management Plan and Emergency Response Plan

COMMUNICATIONS AND PUBLIC RELATIONS DIVISION

Rebranding

NAMCOR launched its long-awaited new brand on 23 August 2017 at the Windhoek Country Club Resort and Golf Estate. The auspicious event was attended by NAMCOR's valued internal and external stakeholders.

Communications and PR devoted a lot of its energy towards the rebranding exercise during the period under review. This included putting the necessary scope in place as working jointly with the Office of the Managing Director on the new brand launch. A mini internal launch was also held with staff members.

Several radio sessions took place that focused both on the new brand as well as the functions and operations of the two key business units namely Exploration and Production, and the Commercial Business Unit.

Public Relations in collaboration with an outside advertising service provider, Adforce, finalised a plan for promoting the new brand.

This was preceded by the finalisation of a Brand Manual which essentially serves as the Company's brand bible.

A **brand** style guide is the primary visual DNA of a company's **branding**, though it can also reference grammar, tone, word usage and point of view. Essentially, it is a document that describes, defines and presents examples of what your **brand** looks like in various visual media such as print, internet and broadcast.

The design of the corporate identity was completed and approved during the reporting period. The designs depicted the planned look and feel of the NAMCOR Head Office, mainly from a signage perspective.

Adverts promoting the new brand started featuring in the print media, while those of the broadcast media, specifically radio, will commence soon.

Trade Fairs and Exhibitions

Communications and Public Relations coordinated the involvement of NAMCOR's participation in the annual Ongwediva Trade Fair, Okakarara Trade Fair and the Erongo Trade Fair. Our primary objectives were brand and product promotion.

Block and Data Promotion

Adverts promoting both data and the newly-acquired NAMCOR blocks were placed in two major oil and gas publications.

The Exploration and Production Department reported a very encouraging response from international oil and gas companies as a result.

This resulted in enquiries from industry on the two business activities.

Annual Report

The 2017/18 Annual Report was printed and distributed to the Board and the Ministry of Mines and Energy. This followed rigorous review and corrections by both the Board and Auditors.

The report details key business highlights during the reporting period, among them financial performance as well as the megatrends that defined the operating business environment during the period under review.

Website

The corporate website had an average of about 13 500 visitors of which 80% constitute return visitors. On average, 20% of the visitors were new. The Exploration and Production section represented the highest number of visited pages, in particular the licence map and data pages.

The bulk of the visitors come from Namibia, United States of America, South Africa, United Kingdom, Canada, France and India.

Corporate Social Investment

NAMCOR demonstrated its commitment to corporate social investment by investing a total of N$1.2 million particularly in education and community upliftment. There is a five-member Corporate Social Responsibility committee that reviews requests that come in, and makes recommendations to the Managing Director.

In addition, the committee also proactively identifies worthy initiatives through newspaper articles and contact with community leaders and welfare organisations around the country.

UPSTREAM DEPARTMENT

Exploration Licence Activities

NAMCOR holds 100% working interest and operates Petroleum Exploration License (PEL) 89 (block 1711) and PEL 86 (block 1811A).

Additionally, NAMCOR acquired 67% and 20% working interest in PEL 72 (block 2714 A), PEL 67 (block 2714B) and PEL 85 (block 2914A) respectively, and also became the operator of PEL 72 (block 2714 A) & PEL 67 (2714B).

NAMCOR is in partnership with Quiver Oil and Gas in PEL 67 and 72, where Quiver holds 33% participating interest in each of the licences and the Joint Operating Agreement negotiations are underway.

Rhino Resources is the elected operator for PEL 85 (block 2914A) where NAMCOR holds 20% and 10% working and carried interest respectively.

NAMCOR together with Rhino Resources successfully negotiated a Joint Operating Agreement which governs the relationship between the joint venture partners.

The main objectives of the JOA are as follows:

- Define scope of joint operations
- Confirm participation interests and reservation of rights
- Establish an Operating Committee to authorise and supervise joint operations
- Provide for decision-making
- Designate an operator to conduct joint operations
- Set out rights and duties of operator and non-operators
- Provide for funding of joint operations, transfer, withdrawal and dispute resolution
- Allocate benefits, costs and liabilities of joint operations

The acquisition of working interest in Petroleum Exploration Licenses provides NAMCOR with an opportunity to meaningfully participate in exploration for oil and gas in Namibia as per the mandate in the Petroleum (Exploration and Production) Act of 1991.

Under this Exploration and Production Act, NAMCOR (Pty) Ltd has the right to carry out reconnaissance, exploration and production operations either on its own or in partnership with other organisations in the industry.

NAMCOR is strategically positioned and adequately skilled to undertake appropriate technical studies to further assess the petroleum prospectivity of any block and identify new leads to positively advance petroleum exploration in Namibia.

This is a vital investment for the Group which might generate future revenue for the Company.

Moreover, the Group has an average of 10% carried interest in 98% of the issued exploration licences.

The map below shows current licence holders of acreage offshore and onshore Namibia.

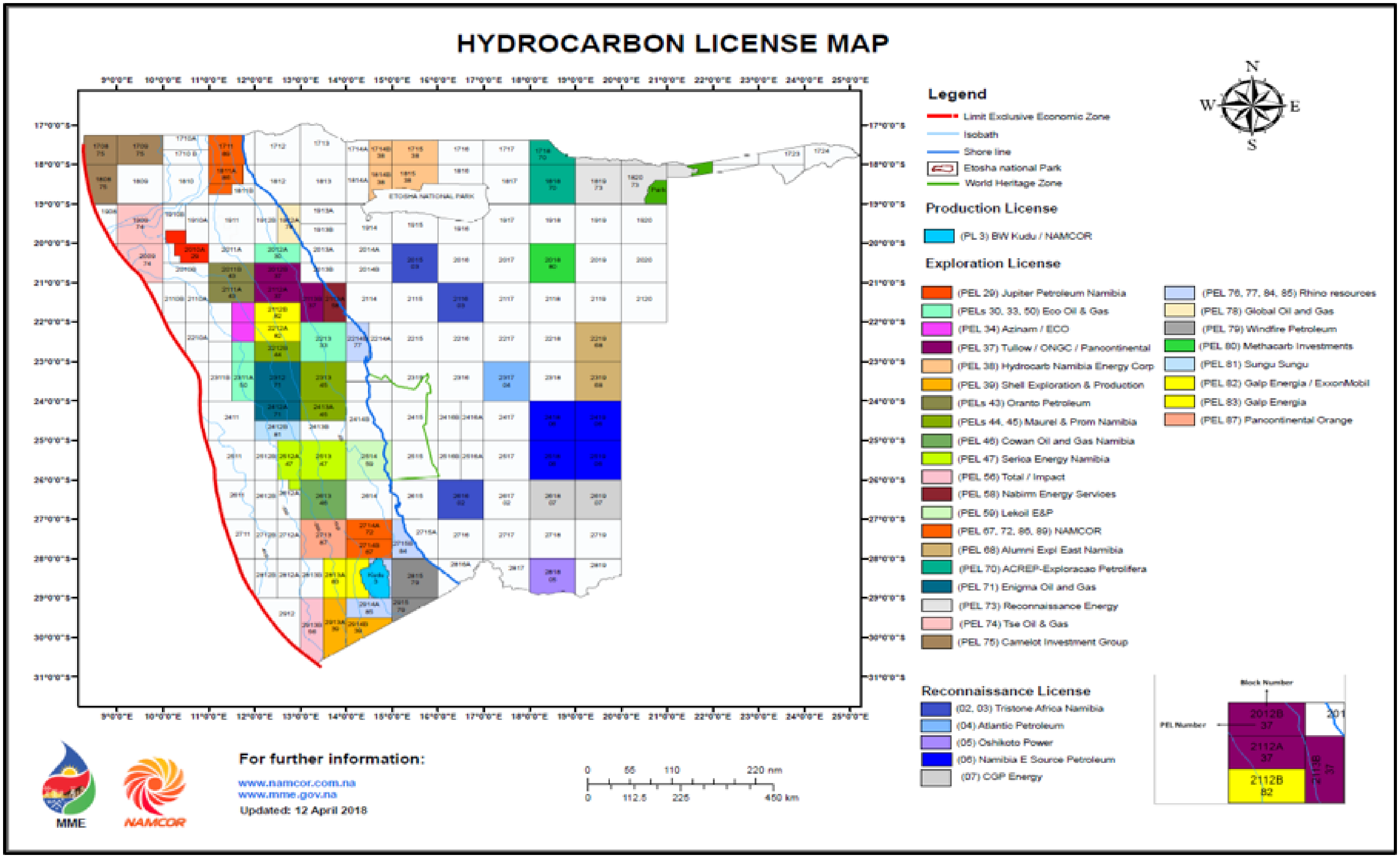


Figure 1: Hydrocarbon Licence Map for Namibia.

Data Sales

The main revenue source for the Exploration and Production (E & P) department currently stems from exploration data sales. These data sales are derived from multi-client agreements NAMCOR has entered into with some of the world's leading geophysical and geological service companies, as well as sales at the NAMCOR Head Office. These companies include:

I. Spectrum Geo Limited
II. PGS
III. ION
IV. WesternGeco
V. TGS Nopec
VI. Core Laboratories Sales NV

The E & P data sale revenue target for the 2017/18 financial year was N$21,400,000.00 and an amount of N$10 949 389 was achieved. NAMCOR marketed the data aggressively to achieve the target, which was not realised due to the economic down turn which resulted in most oil and gas companies reducing their investments in exploration activities. The diagram below displays cumulative budgeted data sales against achieved data sales revenues for the 2017/18 financial year.

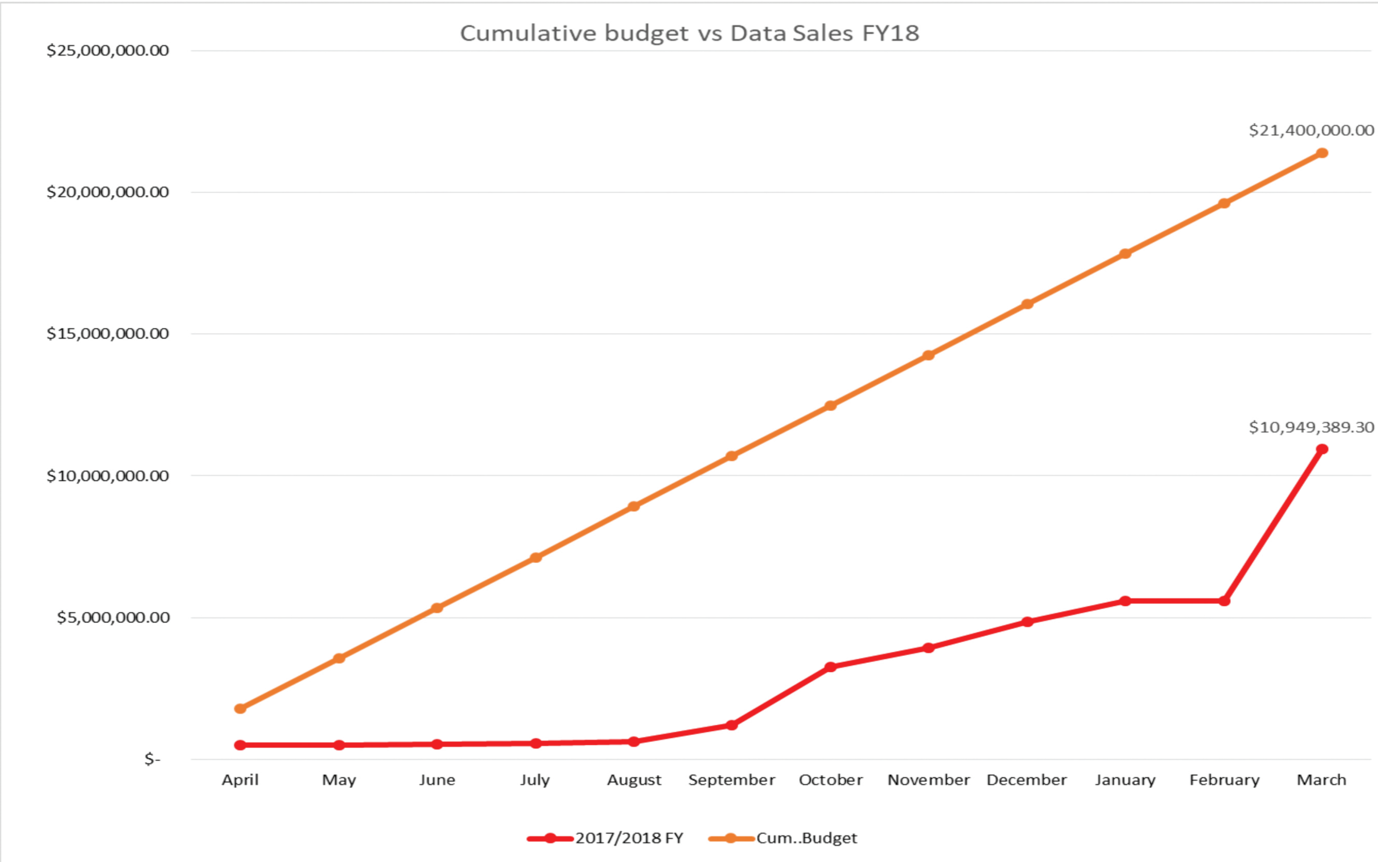


Figure 2: Budgeted data sale revenue Vs achieved data sale revenue

Prospect Inventory (PI) Project

The E&P department initiated an in-house Prospect Inventory (PI) Project for the Orange Basin. The project was aimed at identifying and ranking the prospects within the Basin, by way of the conventional play assessment method encompassing all the components of the petroleum system. Workflows were created, tasks were assigned to the E&P staff, weekly progress meetings were created, and the department, with Schlumberger, provides technical assistance/support for Petrel software. The project is divided into 3 phases; (1) Well Log Correlation), (2) Seismic Interpretation and (3) Prospect ranking and volumetric calculations.

Phase 1 (Well Log Correlation of the Orange Basin Component)

Phase 1 entails generating of well log correlation chart and a litholog. This phase commenced on 26 July 2016. Eleven wells from the Orange Basin were used for the well analysis. These wells were quality controlled and analysed. The wells include Kudu-1, Kudu-2, Kudu-3, Kudu-4, Kudu-5, Kudu-6, Kudu-7, Kudu-8, Kabeljou-1, Moosehead-1 and 2815/15-1. Lithologs were created for each of the abovementioned wells.

Benefits of PI Projects

- Promotion of the hydrocarbon potential of Namibia
- Adding value to the data
- Enhance exploration activities
- Increased prospectivity in Namibian Basins

Resources

- Petrel software, IP software and GIS
- NAMCOR E & P team

The Orange Basin PI Project is 80% done. Well log analysis and chronostratigraphic were completed, while Seismic structural mapping is 90% done. The geological and geophysical interpretation for this project was completed and it was audited (quality control) by AGR.

Against this background, the team is busy incorporating AGR recommendations into the interpretation project which is scheduled to be completed end of July 2018. Consequently, volumetric calculations and prospect ranking will commence in July 2018.

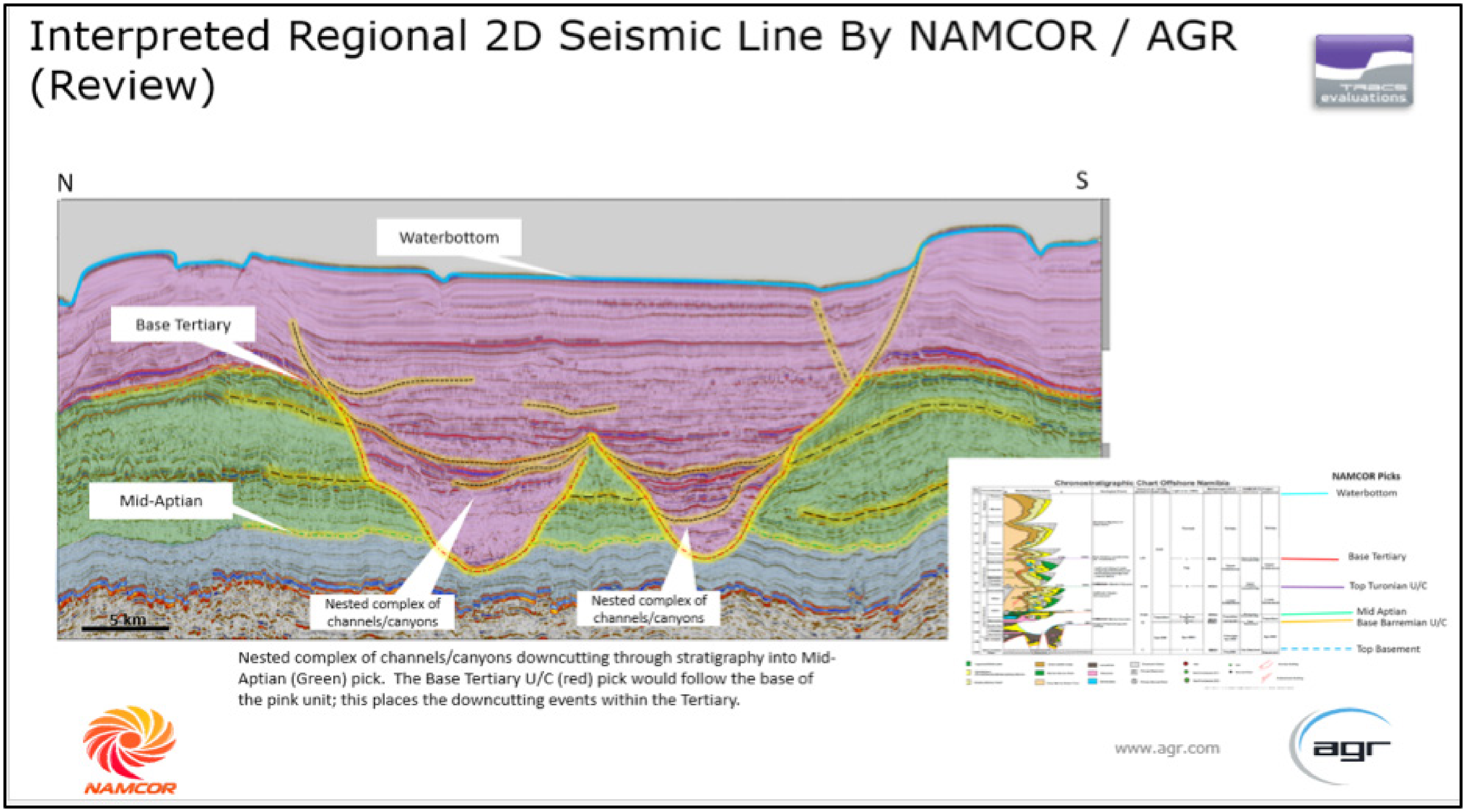


Figure 3: N-S seismic section showing interpreted regional 2D seismic line.

The main source of revenue for the Exploration & Production Department is exploration data sales, which stem from multi-client agreements NAMCOR entered into with some of the world's leading geophysical service companies. Even though the E&P department has only achieved 51.2% of its data sales target for the 2017/2018 financial year, the department will continue promoting the hydrocarbon dataset of Namibia in the 2018/19 financial year with the aim of attracting more investors into the hydrocarbon sector of Namibia.

Kudu Gas Field Development

The Kudu project was previously premised on the building of a new (to be constructed) 885 MW combined cycle gas turbine power station, the Kudu Power Station (KPS), onshore Namibia.

However, in late 2017, NamPower suggested that the development of the electricity plant occur via two phases by first building a single power train of 440 MW, with a second train to follow as soon as possible, based on both internal and export demand.

The benefit of so doing, being to spread the capital outlay in two phases yet still being able to provide power to Namibia without the need for exports to make the project viable.

The initial facilities of the offshore field would be reduced in size and cost as a consequence of the phased approach. Thus, the upstream capital requirement to develop the gas field is now estimated at US$ 750 million, significantly lower than the previous capital requirement of US$ 1 billion.

A further benefit of the phased approach being that the Kudu gas field would be brought on stream quicker with power being generated within 3 years and thus providing the capability of offsetting costly electricity imports from Eskom, South Africa.

Securing Funding for the 44% of the Licence

Project financing for the offshore development has been proposed by BW Offshore (BWO) and will include full cover for NAMCOR's 44% ($1.2billion total for complete infrastructure including FPS).

Furthermore, the International Finance Group (IFC), wholly-owned by the World Bank, has expressed their desire and willingness to participate in the project with potential involvement by arranging financing of NAMCORs 44% or sharing in the BWO funding.

Government does not need to inject cash into this massive investment.

Unsolicited proposals from various entities, including Namibian-owned companies, continue to be received. Apart from signing non-disclosure agreements with some of these entities, their proposals do not demonstrate the required financial or technical capacity.

Project Status

The Kudu offshore JV operator BW Kudu and 56% interest holder (a wholly owned subsidiary of BW Offshore of Norway) is currently finalising the engineering plan for the revised development of the Kudu field. Work will be finalised in June 2018 enabling Final Invest Decision thereafter with financial close planned for year end (2018).

The key commercial tie between the Upstream and Downstream projects is the Gas Supply Agreement (GSA). This agreement is in final draft form and anticipated completion date is end of August 2018.

Final Investment Decision (FID)

NAMCOR and BW Kudu have discussed a potential Kudu Joint Venture Work Program and Budget (WP&B) for 2018 leading up to FID in mid-2018. The WP&B was submitted to the Board and approved in February 2018.

Business Support and Property Management

The role of Business Support Services and Property Management Department is to support the realisation of NAMCOR's core business by ensuring the availability of appropriate work facilities and related infrastructure. This therefore entails strategic land acquisitions, property and related infrastructure development, upgrading and property maintenance. Another critical function is the management of NAMCOR's growing fleet of vehicles, which include strategic acquisition, optimum utilisation and maintenance of this fleet of vehicles.

Furthermore, the Department is also responsible for the provision of general services of ensuring cleanliness of work facilities and surrounding areas. The Department is responsible for developing and overseeing the implementation of operational plans such as the Land Master Plan, property development, upgrading and maintenance plans, vehicle acquisition, maintenance and disposal plans, as well as general administrative programs for effectively managing NAMCOR's front office, landscaping and cleaning activities. To achieve these objectives of the Department, the Business Support Services and Property Management optimises the utilisation of resources including human resources within the Department.

Land Acquisition for Inland Depots

Windhoek Land

The Group acquired two industrial erven (No 35 & 36) with a total area of 12,381 square meters at the Shali Industrial Park at Brakwater. The transaction was finalised and the transfer of shares into NAMCOR's name was completed in January 2018.

Otjiwarongo Land

NAMCOR acquired 2 hectares of land for a retail service station in Otjiwarongo, and the transfer of the property into NAMCOR's name is in progress.

Engineering Designs for Inland Depots

Ondangwa Bulk Fuel Storage Facilities

Burmeister & Partners Consulting Engineers (Pty) Ltd were appointed to carry out the design, tender documentation and site supervision for the construction of the bulk fuel storage and handling facility at Ondangwa. The designs have been completed, while the EIA study was completed and the Environmental Clearance Certificate obtained from the Environmental Commissioner. The Group awaits the securing of funding through public-private partnership (PPP) for the construction phase.

Windhoek Bulk Fuel Storage Facilities

Om'kumoh Consulting Engineers CC were appointed to carry out the design, tender documentation and site supervision for the construction of the bulk fuel storage and handling facility (depot) for Windhoek. The preliminary designs have been completed and the consultant is currently busy with the detailed designs for the facilities, which are expected to be completed by 31 August 2018. The EIA study was completed and submitted to the Environmental Commissioner following which the Environmental Clearance Certificate was awarded.

Gobabis Bulk Fuel Storage Facilities

Conselect Engineering Consulting Engineers Cc was appointed to carry out the design, tender documentation and site supervision for the construction of the Bulk Fuel Storage and Handling Facility at Gobabis. The detailed designs have been completed and the Environmental Impact Assesment (EIA) study has been completed and submitted to Environmental Commissioner, following which the Environment Clearance Certificate has been awarded. The Group opted to secure funding through Public- Private Partnership (PPP) for the construction phase.

National Oil Storage Facilities Project Walvis Bay

Employer Representative:	Om'kumoh-Aij Joint Venture
Contractor:	CRB Joint Venture
Commencement Date:	9 January 2015
Completion Date (Original):	9 April 2017
Completion Date (Revised):	2 December 2018
Contract Period:	818 Days (+ EOT) = 1240 Days Extension Of time (EOT)
Contract Price Vat Inc.:	N$ 3'699'297'000.00
Contract Amount for Works:	N$3'216'780'000.00
Contractual Work Valued to Date Excl Vat:	N$ 3,008,777,345.40

Construction Progress

The overall work progress is at 93.53% while construction is expected to be completed by December 2018.

National Oil Storage Facilities Operational Strategy Implementation

Background

The Government of the Republic of Namibia (GRN) through a Cabinet Decision, approved the construction of the National Strategic Oil Storage Facilities which would be utilised to store strategic stock of various petroleum products in the country.

The project was funded by the National Energy Fund with financial backing from the African Development Bank and the Development Bank of Namibia. The overall progress achieved to date is 93% while the envisaged new completion date for the project is 2 December 2018.

Update

The Minister of Mines and Energy appointed the new Steering Committee to oversee the finalization of the project, thus disbanding the previous structures. The new team comprises of representatives from MME, MOF, MWTC, NPC, Namport, NAMCOR, National Energy Fund and the Office of the Attorney General. The Chairperson of this Committee is the Permanent Secretary of the Ministry of Mines and Energy.

The Managing Director of NAMCOR is a member of the Steering Committee along with two Executives from NAMCOR with experience in the management of depots and the supply of petroleum products. The Committee held its first meeting on 16 November 2017. The meeting tasked NAMCOR to prepare a presentation on the Group's readiness to operate and maintain the facilities. NAMCOR, subsequently, made two presentations to the Steering Committee following which the Committee expressed its satisfaction with the proposed strategies.

The Steering Committee recommended to the Cabinet Committee on Treasury (CCT) that NAMCOR should conduct the operations and maintenance of the facility. The Group was tasked to prepare for this task while awaiting the CCT approval. Meanwhile, nine (9) staff members were selected for training to handle various work aspects upon the commissioning of the facility. The first phase of the training has been completed. The Group submitted a draft lease operating agreement to the Ministry of Mines and Energy for review. The intention is that NAMCOR will lease these National Oil Storage Facilities from the Government for a specified period of time.

NAMCOR is currently finalising the operations manuals for the facility as part of the enablers to position itself to manage the facilities on behalf of Government.

Funding for the Construction of Bulk Fuel Inland Depots in Windhoek, Ondangwa and Gobabis through the Public-Private Partnership

The project status is currently at a prefeasibility phase. A Project Concept Note was prepared and was signed off by the Managing Director.

An application for the registration of the Development of Petroleum Infrastructure in terms of Section 16 of Part 3 of the Public Private Partnership Act, 2017 (the PPP Act) was submitted to the Director of the PPP Unit at the Ministry of Finance for approval. Different PPP options were presented to Board and the Group is waiting the Board's decision on the way forward.

Development and Preparation of Site Specific Operational Procedures and Manuals for Petroleum Terminals in Walvis Bay

Namibia Petroleum Industry Consultancy Agent CC was appointed to develop and prepare site-specific operation procedures and manual for the National Oil Storage Facilities in Walvis Bay.

A draft Operational Procedures Manual was submitted for review and input.

The project duration is five (5) months and is expected to be completed by the end of June 2018.

Refurbishment of HFO Facilities

SEAL Consulting Engineers were appointed to carry out the design, tender documentation and site supervision for the refurbishment of the HFO Facilities, currently being leased from Namport.

Pioneer Mechanical Contractor CC was appointed as a contractor for the refurbishment of the facilities. The work is underway with 31 August 2018 as the completion date.

Construction of Turning Circle at Oven Street, Walvis Bay

Burmeister & Partner Consulting Engineers were appointed to carry out designs, tender documentation and site supervision. In addition, Brumar Construction CC was appointed for the construction of the turning circle.

The construction of the turning circle was completed on 31 May 2018.

Policies

The following policies were developed by the Business Support and Property Management department since 2015 and approval was obtained from the Board during the reporting period:

1. Fleet Management Policy and Procedure – Approved

2. Facility Maintenance Policy and Strategy - Approved

INFORMATION COMMUNICATION TECHNOLOGY DEPARTMENT

Information and Communication Technology (ICT) within NAMCOR is perceived as a key strategic enabler and partner for the success of the Group's corporate strategy.

ICT is also essential in the management of data, transactions, information and knowledge necessary to sustain NAMCOR's operations, thereby contributing to its growth. As mission critical business processes become more dependent on, and are supported and enabled by ICT, failure of ICT in this capacity could result in the Group being significantly exposed to risks that may result in material loss as well as the inability to meet its strategic objectives and obligations to stakeholders.

This insert documents the Information Technology department's governance implementation progress over the 2017/2018 Financial Year, as related to alignment to Namcor's Strategic Plan Objectives and the ongoing execution of the ICT Department Strategic Plan.

Mission Goals

- To provide reliable, secure, and easily accessible IT infrastructure and Services to meet the business and service needs of the organisation;
- To plan, implement, and maintain the corporate desktop, IT Service Desk, printing and telephony infrastructure;
- To develop and support initiatives that promotes IT Governance.

Strategic Focus Areas

The following represent the key focus areas of the Information Technology department for 2017/18, as informed by the growth objectives and operational requirements of NAMCOR:

- Improve Governance Processes – to establish a baseline for optimum levels of service availability, risk mitigation, IT performance and value delivery.

Delivering on Strategy through IT Governance

Implementing on IT Governance involves executing on deliverables to enable IT and business strategy alignment, mitigation of risk and better value derived from IT services.

ICT has embarked on an assessment of IT Governance maturity as a means to delivering on objectives more effectively. This section includes a summary of the Information Technology 2017/18 work plan including actions resulting from identified focus areas:

Strategic Alignment

Focuses on ensuring the linkage of business and IT plans; on defining, maintaining and validating the IT value proposition; and on aligning IT operations with enterprise operations.

Resource Management

Is about the optimal investment in, and the proper management of, critical IT resources: applications, information, infrastructure and people. Key issues relate to the optimisation of knowledge and infrastructure.

Risk Management

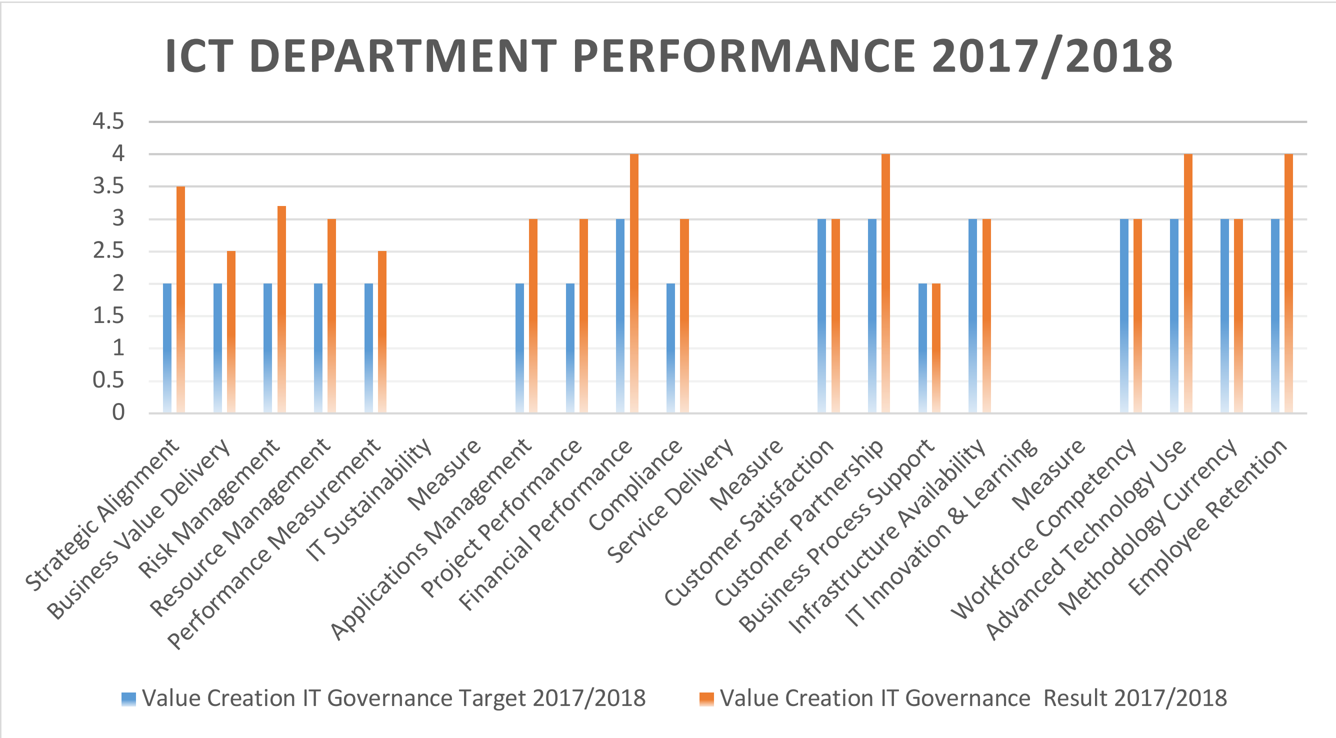
Requires risk awareness by senior corporate officers, a clear understanding of the Group's appetite for risk, understanding of compliance requirements, transparency about the significant risks to the Group, and embedding of risk management responsibilities in the organisation.

Performance Measurement

Tracks and monitors strategy implementation, project completion, resource usage, process performance and service delivery, using, for example, balanced scorecards that translate strategy into action to achieve goals measurable beyond conventional accounting.

Performance Analysis

This section provides detail on the accomplishments of the ICT Department across focus areas for the 2017/18 financial year.



- **Strategic Alignment:** This focus area quantifies the maturity of the ICT department as a service provider.

- **Risk Management – Information Security:** In 2017/18 the ICT department continued to implement initiatives under the Information Security Management Programme, to mitigate against risks identified. This is an ever-evolving program, based on responses to continued advancements in the cyber security threat landscape, involving a multi-faceted approach to risk mitigation.

  ICT has been effective in minimising the exposure to major threats, such as the recent spates of Ransomware attacks that have devastated the local and international business community.

- **Risk Management – Business Continuity, Disaster Recovery:** ICT continued to make improvements to the disaster recovery systems to minimise risk to operations.

  This included adding redundancy failover capabilities in terms of internet, networking and in-branch communication lines to ensure continuity in the event of a disaster. This culminated in the successful testing and validation of disaster recovery capabilities and plans.

- **Compliance - Financial Performance:** IT management has made an improvement of IT spending over the course of the 2017/2018 financial year versus the previous financial year.

  The ICT department spend managed to remain within allocated budget, with Capex spend totalling 99% of available budget and Opex 10% within expenditure thresholds, which represents a year on year improvement from the last financial year.

Total investment in ICT Capex	N$ 4,493,314.00
Total investment in ICT Opex	N$ 15,133,000.00

Enabling Business

A continued focus of the ICT department was to improve various processes to enable business growth through technology capabilities. The following initiatives were completed in support of Group goals:

Various improvements and additions to the existing suite of data management systems	Implemented PARS project archive, ESRI and Exprodat GIS solutions. Implemented an SFTP solution to aid in data transfers.
Various improvements and additions to the existing financial system	Implemented additional modules, made enhancements to reporting.

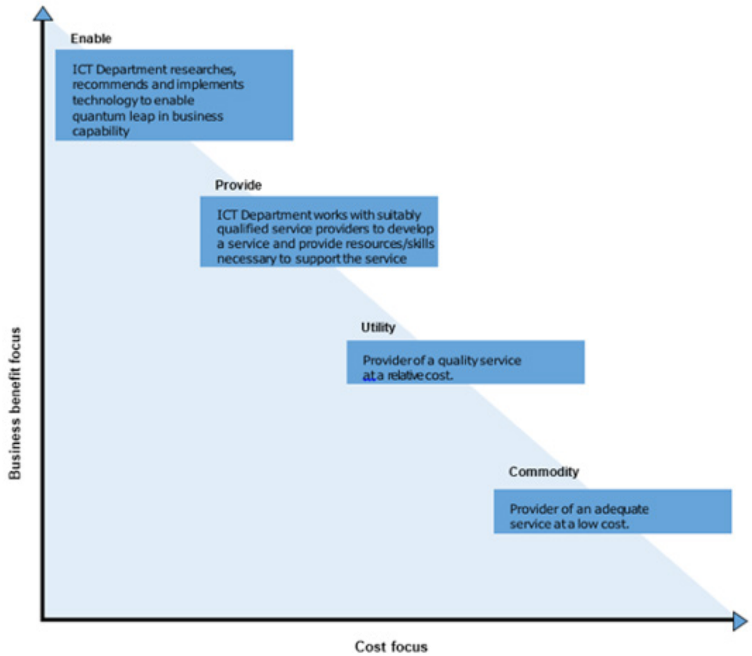
Future Initiatives

Planned initiatives to move to the higher maturity level are as follows:

- Implement IT service management as a means to becoming more service oriented;
- Continue to build IT executive-level awareness of the business key success factors;
- Train IT management staff to understand and communicate IT value in business terms;
- Continue to research and enhance IT-enabled process enhancements;
- Continue drive to shift the IT management role from an operations focus to a business manager focus.

Business Value Delivery

The IT department remains in the early stages of monitoring and reporting its business value to the organization but initiatives have been identified in the IT governance pillar of the ICT department Strategic Plan, which will drive us towards the goal of becoming an enabler of business.



The ICT Department, remains committed to supporting and enabling the Group's growth strategy, through the successful alignment of ICT and business goals to deliver increased value to the stakeholder.

COMMERCIAL BUSINESS UNIT

NAMCOR'S mandate includes importation, storage, distribution as well as the marketing of petroleum and related products. The marketing and selling of petroleum products remain one of the core activities to generate revenue for NAMCOR.

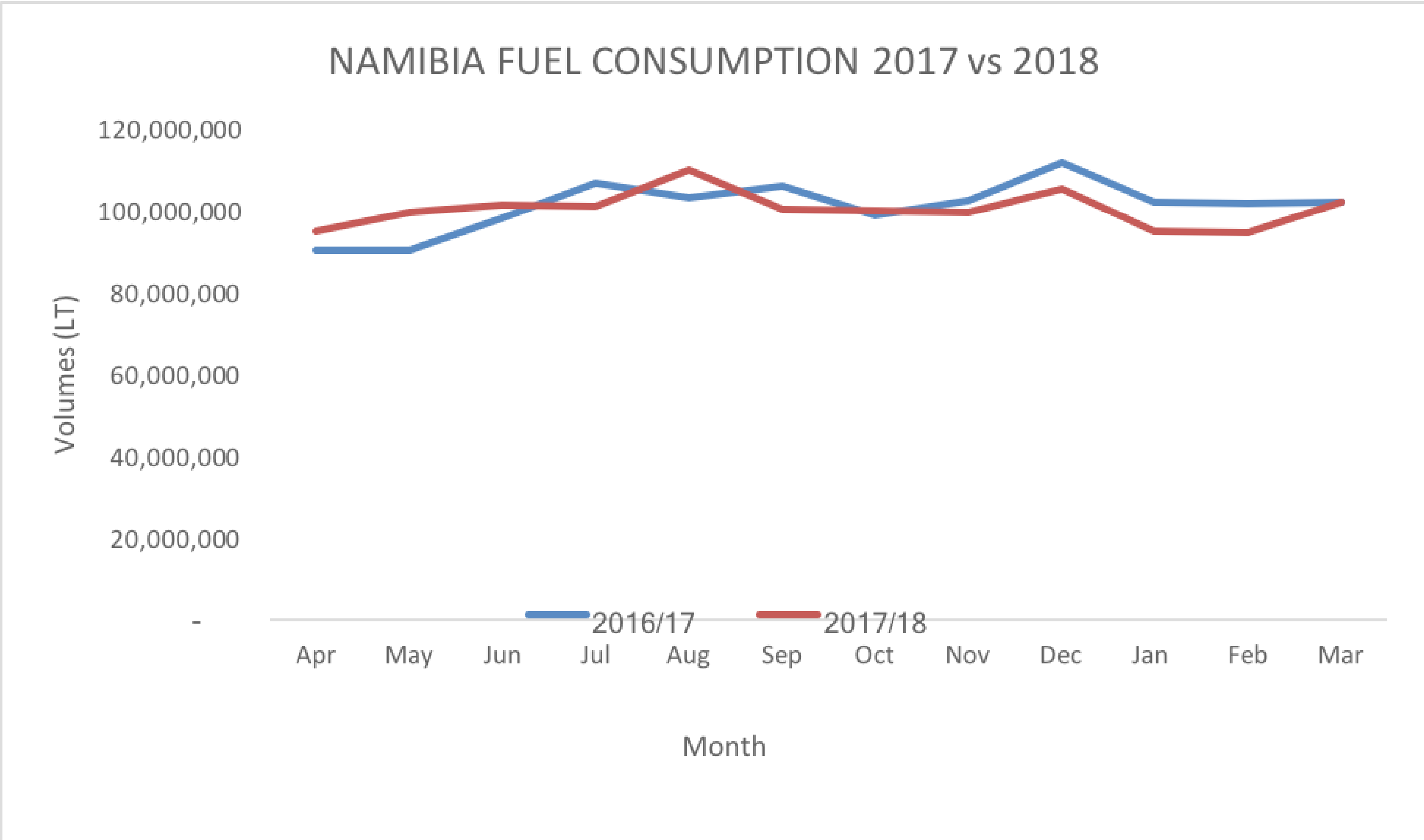
Key Focus in 2017/18 Financial Year

- **Growing NAMCOR's market share by 1%:** Sales volumes increased by 12 percent compared to the previous year
- **Maintaining an average Gross Profit target of 6.8%** - Actual GP margin realised was 6.7%, this is below the budget
- **Rolling out NAMCOR's Retail strategy:** Retail projects were formally approved by the Board, tenders for construction were advertised; contractor was appointed to commence with work in 2018/19 financial year
- **Diversifying the revenue stream:** Progress was made in attracting some exports to Zambia, DRC and Botswana in particular

NAMCOR'S primary revenue generating activities are grouped under the following activities being Commercial and Marketing and the Supply and Distribution roles. To date NAMCOR's participation in the downstream sector is limited to the Business to Business (B2B) and Business to Customer (B2C) Commercial sectors.

Market Overview

The national consumption of petroleum products in Namibia exceeds 1.2 billion litres per annum. Challenging market conditions in Namibia prevailed in the 2017/18 financial year. The decline in the consumption of petroleum products from the previous year continued into this financial year, mostly attributed to the slowdown in the economic activity attributed to reduced Government spending, a slow down in the mining, fishing, construction, as well as agriculture (due to unexpected weather conditions) sectors. It is expected that the overall consumption of petroleum products in 2017/18 will be at least 2-3% percent lower compared to the previous year.



Downstream Activities (2017/18 Financial Year)

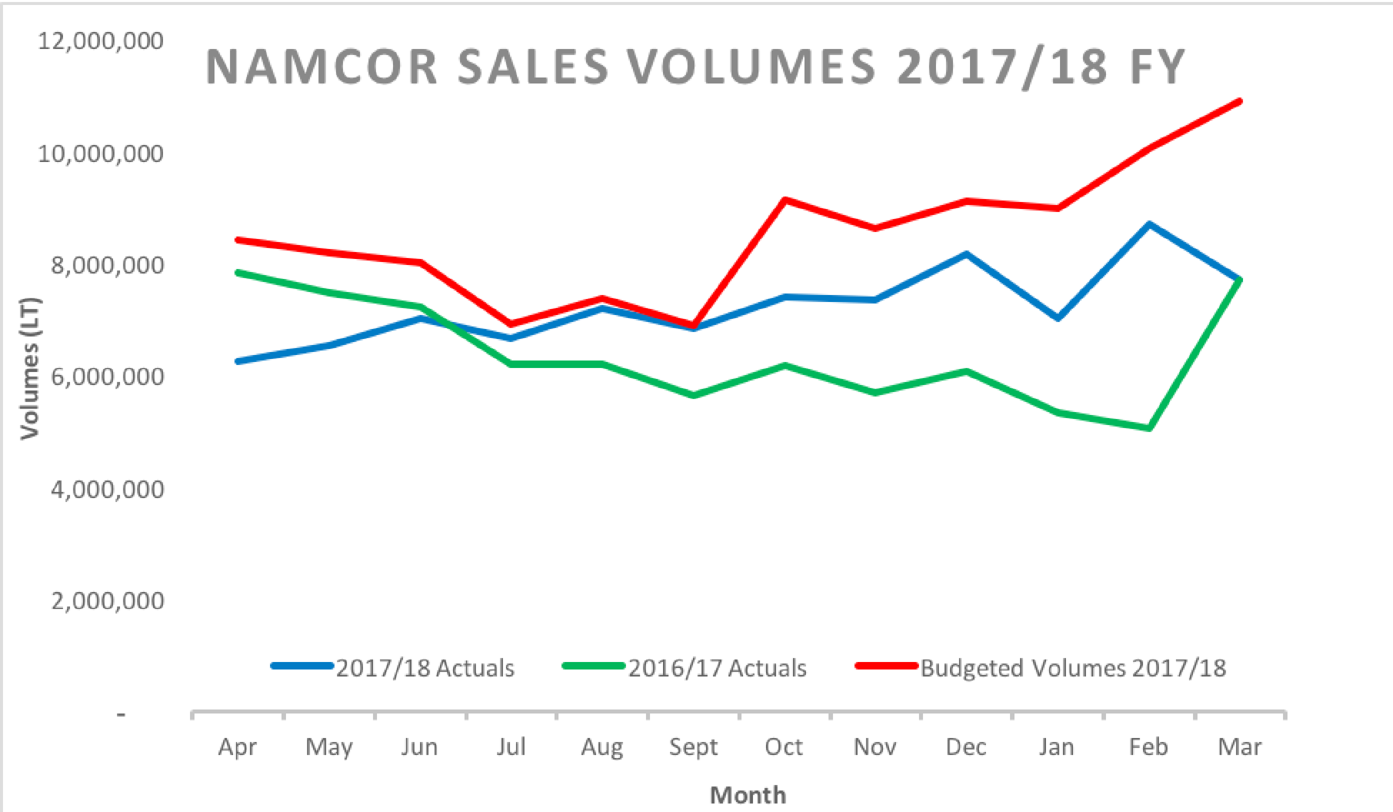
The Group has two operational units namely the Commercial and Marketing as well as the Supply and Distribution units. These units are responsible for overseeing sales and marketing as well as the supply, storage and distribution of petroleum products within NAMCOR.

Commercial and Marketing

The Commercial and Marketing Unit has the responsibility of marketing and selling fuels and lubricants to NAMCOR clients country wide. NAMCOR's client base mainly consists of Government agencies, re-sellers, construction companies, transporters, marine clients, etc. The objective over the past few years was to build on this client base and the Group has its sights on penetrating the Retail segment. NAMCOR has since invested a lot of resources to realize this objective.

Overall sales volumes reported at the end of the 2017/18 financial year were 15% below budget, however, the overall sales exceeded that of the previous financial year's actuals. Year on year comparisons showed a 12% increase in overall sales volumes in the 2017/18 financial year versus the 2016/17 financial year. The increase in sales is mostly attributed to organic growth of volumes sold to existing customers and some new accounts the Group has landed.

Gasoil (500ppm and 50ppm collectively) sales volumes were at the lead of the Group's sales performance, showing an increase of 31 percent from the previous year's sales. ULP95 sales fared poorer compared to the previous year mainly due to decline in sales to Government Ministries and Agencies and the construction sector (due to budget cuts) as well as non–realisation of retail sales as initially provided for in the budget. ULP 95 sales were 25% lower compared to the previous year. Furthermore there was a decline in heavy fuel oil sales that were negatively impacted by the slowdown in economic activity and thus resulted in a lower demand. Some of the vessels resorted to ship to ship bunkering. HFO sales were 10% lower compared to sales reported in the 2016/2017 financial year. Overall lubricants sales showed significant increase, by 81%.



Supply and Distribution

The Supply and Distribution function acts as a support function to the Commercial and Marketing function in achieving NAMCOR's yearly targets.

This function oversees the daily operations at all NAMCOR depot installations and is responsible for the all stock purchases to support the commercial activities. The value of fuel purchases by NAMCOR in the 2017/2018 financial year was in excess of half a billion Namibia Dollars.

The Supply and Distribution function is also responsible for the distribution of product to the various inland depots as well as to all NAMCOR clients. There were a number of challenges in securing the services of transporting companies. However NAMCOR was able to successfully ensure delivery of product to all customers despite these challenges.

The main activities for the 2017/2018 financial year were focused on maintenance and repair works at the various depot installations as well as ensuring that operations are done in accordance with industry standards. Various audits were performed at these installations in order to identify the risk profiles and to close those gaps accordingly.

The following activities were embarked upon at each of NAMCOR's depot installations to address the above:

Otjiwarongo Depot

- Preventative maintenance of all depot equipment
- Drafting of Standard Operating Procedures and the training of staff at the depot
- Automatic fire detection system was installed

Mariental Depot

- Preventative maintenance of all depot equipment
- Started with the construction of canopy
- Started with the process to build a wall at the depot for security reasons
- Automatic fire detection system was installed

Langer Heinrich Depot

- Preventative maintenance of all depot equipment

HUMAN RESOURCES

Human Capital and Strategic Development

As a support function of NAMCOR, the role of HR has changed in recent years. More than ever, it operates in partnership with senior management and all business divisions and core functions. Key to this role has been its continued focus on bringing the Group's values and beliefs to life through a long-term vision for the HR function, and specific commitments underpinning that vision.

We are sincerely grateful to all employees and their representatives for their close and constructive cooperation in 2017/18. Despite challenges, we were able to achieve good progress against many strategic priorities despite our challenges. Continuing that partnership will be key to implementing the significant changes announced under Strategy 2020 (Billion Dollar Group).

Another year marked by changes across the organisation lies ahead for NAMCOR in 2018/19. Enabling the Group and its employees to achieve sustainable organisational performance remains our overarching goal.

Delivering Sustainable Organisational Performance

HR plays an instrumental role in securing the future success of NAMCOR. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organisational performance. Specifically, three longer-term strategic priorities have been identified for HR:

- To apply its human capital expertise more assertively to support the business divisions and core functions in order to deliver results;
- To strengthen its role as a support function for the Group for human capital risks;
- To build the capabilities of managers and staff.

In 2017/18, our HR activities were in line with these priorities, which have come into particular focus with NAMCOR's Strategy 2020 (Billion Dollar Group) and its execution over the coming years.

A Balanced Approach to Talent Acquisition

Against the backdrop of strategic repositioning and the challenges ahead, NAMCOR adopted a balanced approach to talent acquisition. It relies both on leveraging the skills and experience already available within the organisation, while bringing in the necessary capabilities that will help position the Group for long-term sustainable performance.

In 2017/18, the Group continued to strengthen its internal career mobility activities to drive greater career development and retention of employees. The current focus is on communicating and informing employees, creating greater visibility of opportunities, enabling managers and setting a suitable management framework. In preparations for the implementation of the Group's Strategy (Billion Dollar Vision), a more focused approach was developed to actively identify redeployment opportunities, a key aspect of internal career mobility and an important measure to realise restructuring programmes in a socially responsible manner.

A particular focus will be placed on facilitating cross-divisional moves, which also allows employees to develop and expand their skills and pursue diverse careers. Throughout the year, one-third of open roles were filled internally which is a higher ratio in comparison to the market.

A Performance Management Culture

Since 2014 NAMCOR embarked on creating a performance management culture.

Fostering an environment that supports sustainable performance NAMCOR is transitioning all performance management and development processes into one fully integrated approach (E- performance), which aims to increase performance conversations between managers and employees, and will be launched with the objective-setting process in the last quarter of 2018.

In a first step towards implementation, talent reviews have been improved to help managers identify employees' strengths and areas for development. Continuous learning and development are seen as vital to ensuring employees have the skills, knowledge and abilities for their current roles and new challenges.

Acknowledging a person's individual performance and development as well as their personal contribution to overall organisational success is key.

The performance management process comprises objective-setting early in the year, a mid-year review and a year-end review, with employees' self-assessment playing a critical role. In 2017/18, 99.2% of employees in scope set their objectives, with 97.7% of year-end performance reviews completed.

Affirmative Action

In compliance with the Affirmative Action Act, Act 29 of 1998, NAMCOR successfully attained the affirmative action compliance for 2017/2018. The number of female employees rose from being 38% of the workforce to 46%.

More effort needs to be made to attract disabled people into our employment as current levels are below 2% and have been so for a long time.

Staff Turnover

Employee turnover continued to reflect high employee retention levels. All employee climate surveys support the fact that the majority of employees are satisfied with their jobs. But, as expressed by a significant percentage of employees, they could do with higher remuneration.

Staff employment contract terminations stood at 10%, which translates into a turnover rate of 10.7%, which was slightly higher than the 10% threshold which raises concerns with companies. The vast majority of them were temporary staff.

Termination	Numbers	As % of the workforce
Resignations	0	0.00%
Death	1	1.07%
Dismissal/Terminations	10.7%	0.00%
Early Retirements	0	0.00%
Normal Retirements	1	1.07%
Desertions	0	0.00%
Retirements on ill- Health	0	0.00%
Voluntary Separation on Redundancy Conditions	1	1.07%

Employee Engagement Diagnostics Survey, 2017

In August, NAMCOR participated in the 2017 Best-Group–to- Work-For Survey to assess levels of commitment and enablement as well as engagement with the values and beliefs. The Survey is administered by Deloitte nationally and in the sub-region. About 80 employees, or close to 90% of the total workforce (all permanent employees, including temporary staff), participated – an increase of 12% from 2016.

The survey provided a detailed understanding of how employees experience NAMCOR and their immediate working environment, as well as how they engage with their managers and peers. The results are intended to help senior management create an environment in which employees can thrive and deliver sustainable performance for the Group.

The results of the 2017 Best to Work For Survey were presented to management and staff in October to November 2018. Three action points emerged:

- Communicate and create a more open and transparent environment;
- Give greater accountability to employees and hold each other responsible for contributions and decisions;
- Remove barriers to effectiveness and follow through on decisions.

Since the survey was updated in 2016 to capture aspects of the Group's values and cultural change process, results have shown progress in both familiarity and engagement with the values and beliefs: employees' awareness rose to 88% (2016: 62%), while engagement was at 63%, up six (6) percentage points from the previous year.

Although the employees witnessed an increase in behavioural changes, they expressed the need for tangible evidence that living the values has a positive impact on achieving NAMCOR's strategic objectives. For this reason, the focus will shift from building awareness to putting the values and beliefs into practice and creating clearer links between culture, conduct and achieving business results.

Engaging with Employees

In 2017, the Human Resources department concluded a series of highly visible internal awareness campaigns and reminders on the values and beliefs as well as various policy workshops with all staff.

The Group continued its cooperation with the Pygmalion, a Cape Town based organisation and leadership development consultancy and coaching practice, holding leadership and management seminars for the executive committee and management and making these a regular feature of its leadership curriculum. Focus is now placed on ensuring that employees actively engage with Group's values and beliefs in day-to-day business.

The internal Innovation Ambassadors Network (best employee of the month), launched in 2017, has continued to grow to over 90 employees who are active culture carriers.

The Network's mission is to connect and engage employees from all divisions, regions and hierarchy levels in championing the values in their immediate teams and areas of influence. Furthermore, over 10 individuals were honoured in 2017 as part of the Living the Values Awards, which recognise employees who achieve business success through championing the values and demonstrating exemplary behaviour.

Employee loyalty continued to be promoted through long service awards with two employees receiving the awards. These awards recognise loyalty of employees who have maintained employment for at least 10 years and five years thereafter.

People Investment and Managing Talent

Investment in skills and accelerating employees' professional and personal development are essential components of the Group's people agenda. The Group is committed to strengthening the capability of managers and holding them accountable to enable employees to thrive and meet their full potential. This is reflected in the talent and development agenda, which includes a recalibrated offering (employee/manager of the month) that helps to develop and nurture future leaders who are accountable, champion the Group's values and inspire the best in their colleagues.

Inspired by our vision of striving to be a world-class petroleum organisation – providing sustainable benefits to all stakeholders, Petrofund and NAMCOR jointly sponsored two female employees to pursue Masters' degrees in the United Kingdom.

The Groups training and development strategy also focused on obtaining skills in downstream, upstream and across the institution by sending employees to various training and development interventions, granting study assistance and providing generic training for employees to address the skills gap and to produce the desired results in the respective areas of business. The Group had an execution rate of 85% in training during the period under review.

The Group has an approved succession plan and talent strategy. The plan focuses on the level of readiness of potential employees to fill critical positions internally and to develop a talent pool.

Promoting Professional and Personal Development

The Group continued to promote professional and personal development of staff and to enable employees to maximise their potential and get the most out of their career.

During the reporting period, the total investment in training amounted to N$6 000 000 in 2017, reflecting an increase of 12% over the previous year. The Group maintained a broad offering of programmes, with overall attendance increasing by 25% compared to the previous financial year.

In accordance with the strategic priorities of the Group, greater focus was placed on leadership and management, core skills, business finance, and regulatory and compliance topics. The participation rate increased by almost one-third during the reporting period.

Creating Future Leaders and Executive Coaching

During the reporting period, the Group's strategic focus areas in training and development aimed at developing the leadership pipeline and capabilities by sending the leadership team at middle and senior management and senior leadership to the African Leadership Institute to attend the management development programme.

This programme is aimed at equipping and developing leaders to transform Africa and their organisations. Further, the executive management team underwent executive coaching sessions with Pygmillion which offers expertise in organisational leadership and executive coaching.

The purpose of the executive coaching sessions was to ensure that the Executive Committee members direct, align and commit to deliver on the mandate from the Board.

The coaching also assisted Executive Committee members to realise that their leadership journey is not contained in job roles but to develop the capacity to proactively and strategically respond to various organisational challenges and to deliver the desired results to the Shareholder.

The Group takes a holistic approach to leadership development, which encompasses the following elements: a strong focus on corporate culture in the form of its values and beliefs, individual leadership capabilities, personal factors, and a growth mindset and schema-based learning.

Employee Relations

Maintaining good industrial relations through regular meetings with the trade unions was a crucial factor in the Group success during the year under review.

All parties contributed with mutually agreed solutions that were applied to various internal problems that arose. Consequently, the employee relations climate continued to be characterised by industrial peace. No work day was lost due to strike action by employees during the year under review thus reflecting the efforts of management leadership and the efficacy of communication and engagement between the Group and the trade unions.

Employee Occupational Health and Safety

The Group regards the health and safety of employees as a top priority. No employee deaths occurred as a result of a workplace accident or work-related illness during the reporting period. The main indicators of the level of staff health and safety are the number of accidents and the number of days taken as sick leave per employee. Equally impressive was the overall compliance with health and safety standards in the workplace.

Safety, Health, Environment and Quality (SHEQ)

The key function of Safety, Health, Environment and Quality (SHEQ) is the promotion of health, safety and wellbeing of employees and to ensure that incidents and near-misses are kept as low as is reasonably practicable, the security of personnel and assets, as well as the protection of the environment are crucial elements that contribute to the Group's overall objective of being a self-sustainable commercial entity.

Key Highlights

During the period under review, the following activities and performance targets were initiated and executed:

SHEQ Integrated Management System (IMS)

The development phase of the SHEQ Integrated Management System (IMS system) development phase was successfully completed and feedback report was provided to the relevant parties.

The implementation phase will commence in May 2018 and will be completed in consultation with Aurecon in the 2018/2019 financial year.

Figure 1 below illustrates activities completed under the development phase of the SHEQ IMS during the 2017/ 2018 period.

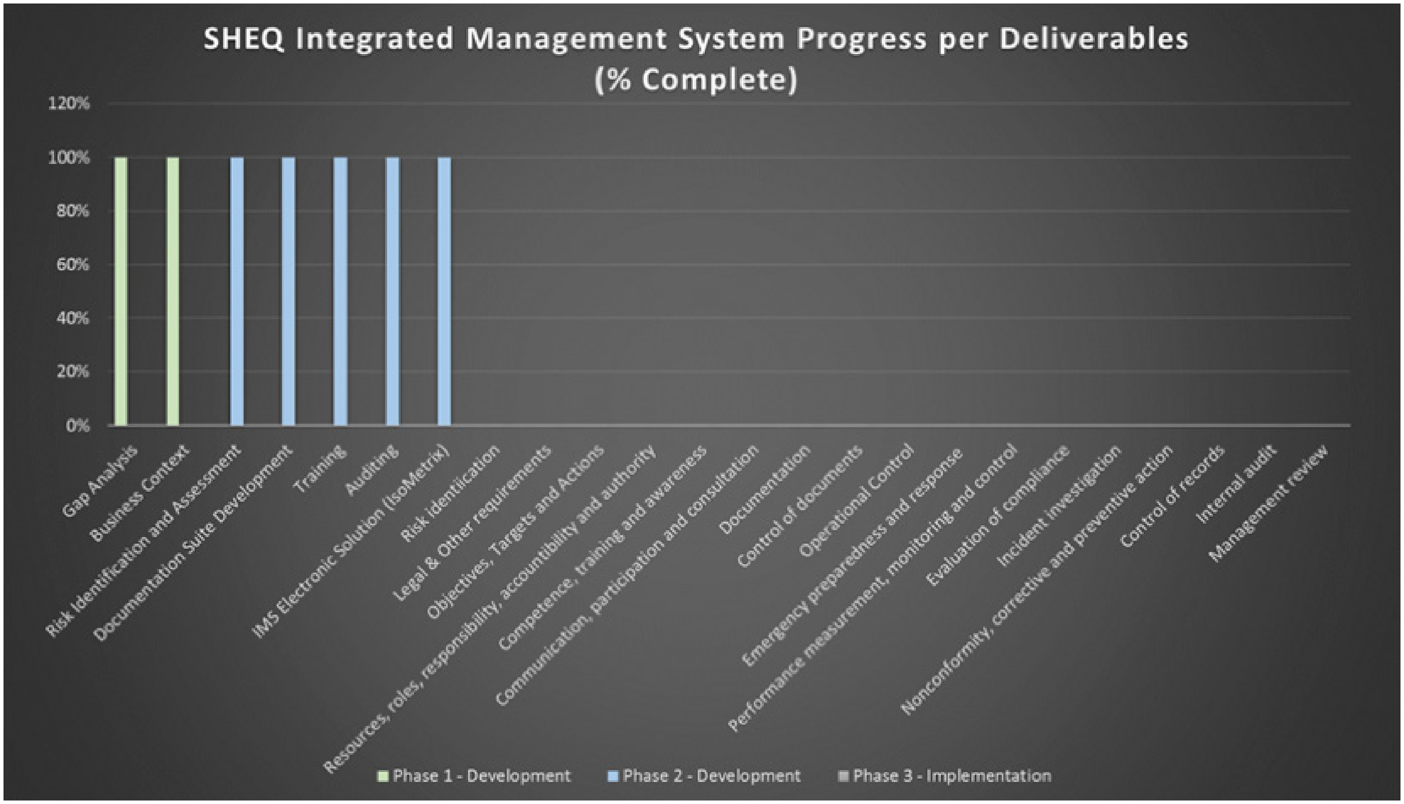


Figure 1: Development phase of the SHEQ IMS system (2017/2018)

- The SHEQ integrated Policy Statement together with 27 procedures were finalised and presented to the Executive Committee for approval.

Figure 2 below illustrates the activities planned for the 2018/2019 period with regard to implementation of the SHEQ IMS

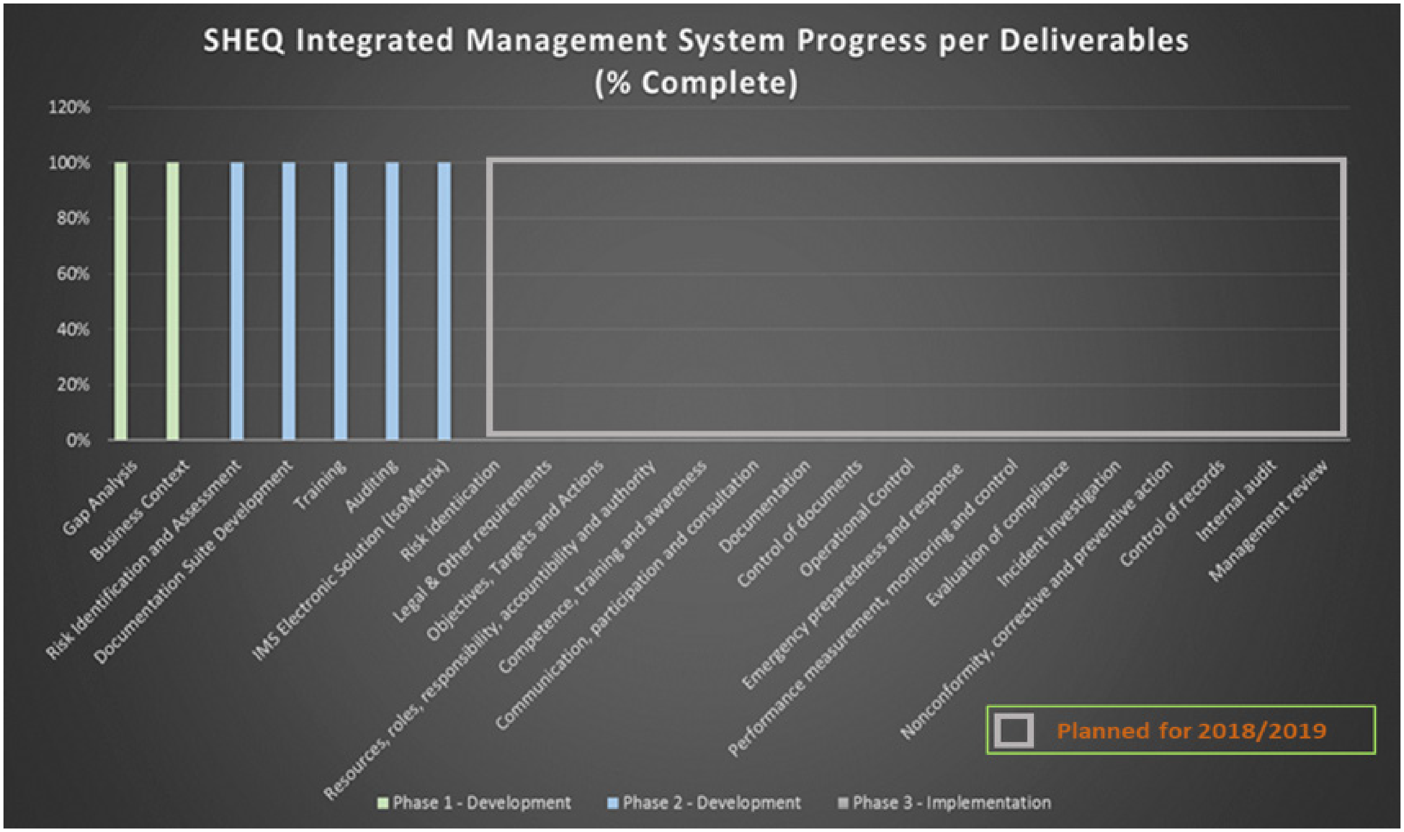


Figure 2: Implementation of the SHEQ IMS system planned for 2018/2019

ISOMETRIX System

- ISOMETRIX software system development and installation was completed with all SHEQ modules as per the scope.
- Ten (10) trained Isometrix system users have commenced with the loading of SHEQ documentation on the system, and ten (10) additional users will be trained on the system for the 2018/2019 period.

SHEQ Functional Review

- The SHEQ division presented its proposed structure to the executive management to streamline activities and discharge the mandate sufficiently and effectively.
- The Environmental Coordinator was appointed and assumed duty in the period under review.

Training and Inductions

The SHEQ division coordinated the following training courses as part of its strategic planning and legal requirements compliance:

- Fifteen (15) employees and ten (10) contractors were inducted.
- ISO 9001, 14001 and OHSAS 18001 awareness was presented to the Executive Committee and all staff at the Headquarters.
- Facilitated a practical presentation to Otjiwarongo depot, JBS, HFO and LHU mine personnel on the safe and correct usage of gas testers to enable them to determine presence of gas vapours at their sites.
- Three (3) employees were trained on IsoMetrix software system as administrators to enable them to make changes.

- Nine (9) employees were trained as SHEQ internal auditors.
- Ten (10) employees were trained on first aid.
- Defensive driving was facilitated in conjunction with Ministry of Mines and Energy (MME).

Servicing of Fire Extinguishers

- All fire-fighting equipment at all NAMCOR sites, including the headquarters, were serviced during the period under review.

First Aid Boxes/Kits Content Replacement

- All first aid boxes/kits company-wide were refilled in line with legal requirements.

This service was extended to the Group's vehicles. Four (4) additional first aid boxes/kits were purchased to ensure full capacity.

Personal Protective Equipment (PPE) Order

- All types of PPE as identified per Risk Assessment were procured, imprinted with the new Group logo, and distributed company-wide.

Incident Statistics

- Twenty (23) incidents were recorded during the period under review.

Figures 3 and 4 below indicate a summary of all incidents during the period under review.

Figure 3: The number of incidents per category for FY 2017/2018

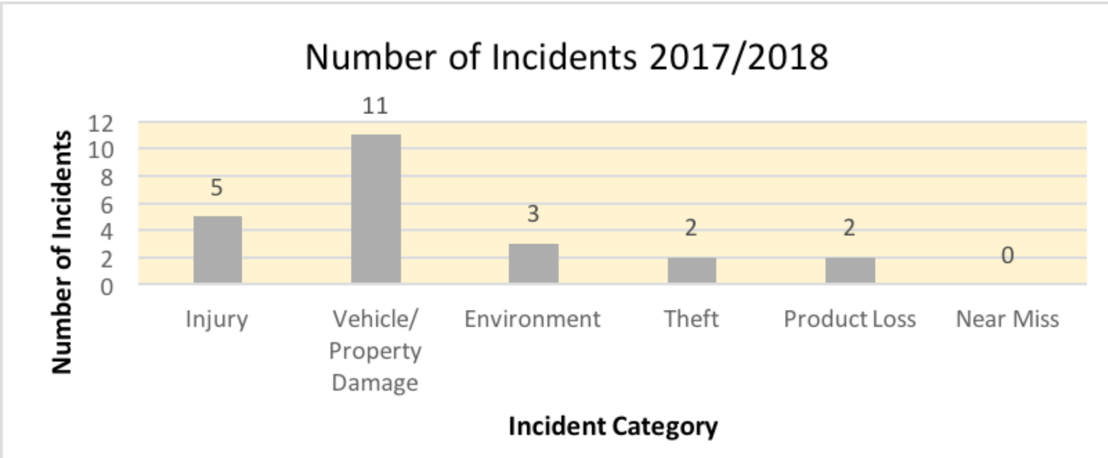


Figure 4: The percentage number of incidents per department for FY2017/2018

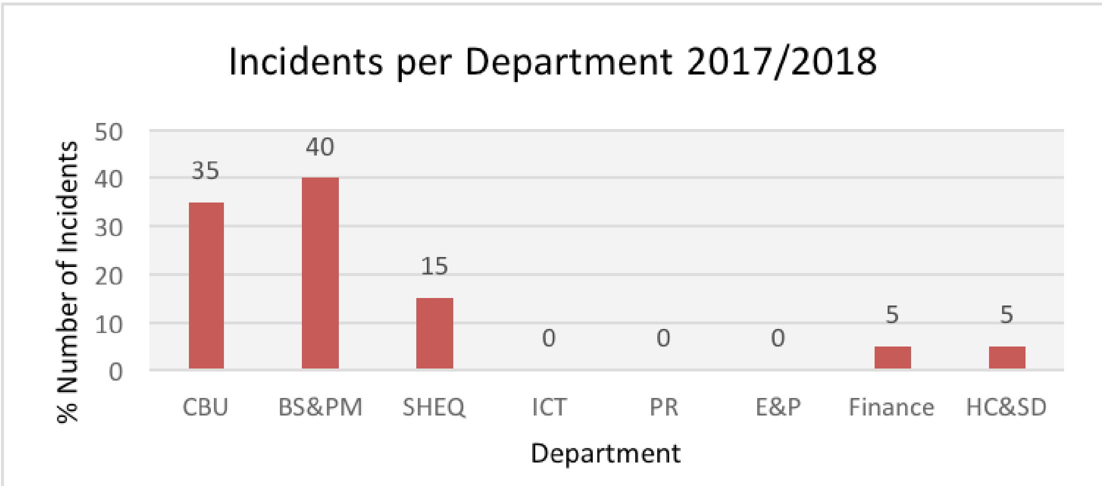
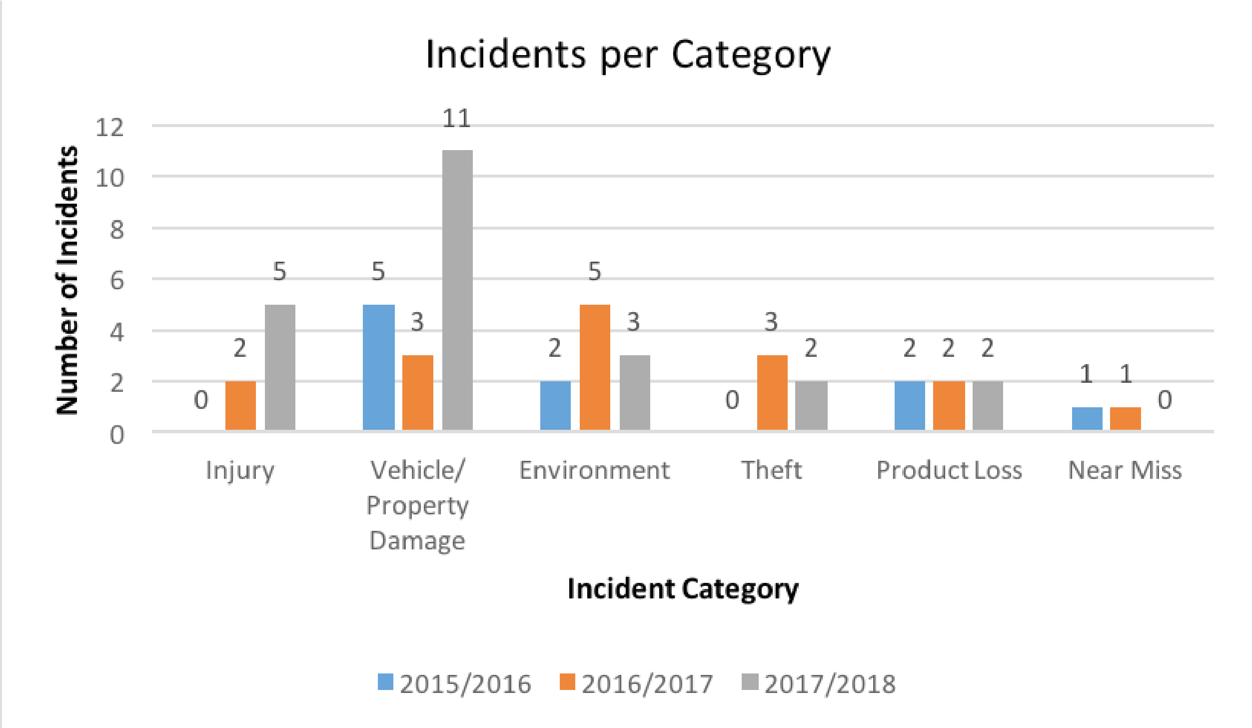


Figure 5 below shows the number of incidents for the financial period under review in comparison to the number of incidents of previous financial years.



For the period under review, the SHEQ budget has been managed in accordance with the Procurement Policy.

Budget

The division's operations and functions were affected by budgetary constraints.

SHEQ Complement and Structure

- The SHEQ complement is not at its full capacity to successfully discharge its mandate.
- The division experienced human resource challenges due to a retirement and a study commitment.
- The proposed SHEQ structure, aimed at maximising the division's effectiveness, is yet to be approved by the Board.

SHEQ Policies and Procedures

- The process of approving SHEQ Policies and Procedures is slow.

Future Prospects

- The speedy signing off of all SHEQ procedures by the members of the Executive Committee is crucial in order to augment the implementation of the SHEQ IMS.
- The environmental measuring and monitoring of air quality, waste, groundwater, effluent, water and energy consumption Group-wide.
- Certification to ISO14001, ISO9001 and OHSAS18001/ ISO45001 by 2021.
- Creation of a SHEQ department in line with oil and gas best practice world-wide.

The full implementation of the SHEQ Integrated Management System envisioned for the 2018/2019 financial year will enhance the Group's vision of becoming a N$5 billion Group by 2020.

This will be achieved through reducing consequential losses which will in turn increase the Group's bottom line.

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 2018

National Petroleum Corporation of Namibia (Proprietary) Limited
(Registration number 164/67)
Consolidated And Separate Annual Financial Statements for the year ended 31 March 2018

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

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated And Separate Annual Financial Statements for the year ended 31 March 2018

Directors' Responsibility Statement

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 statements of financial position at 31 March 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 28 August 2019 and were signed on its behalf by:

Director **Director**

Independent Auditor's Report

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 (the group and company) set out on pages 44 to 96, which comprise the Statements of Financial Position as at 31 March 2018, and the Statements of Profit or Loss and Other Comprehensive Income, the Statements of Changes in Equity and the Statements of Cash Flows for the year then ended, Significant Accounting Policies, Notes to the Financial Statements and the Director's Report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of National Petroleum Corporation of Namibia (Proprietary) Limited as at 31 March 2018, and consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

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 and/or Company in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Revised July 2016),* parts 1 and 3 of the International Ethics Standards Board for *Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018)* and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. 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 all information contained in the Annual Report. The 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, 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/or company's ability to continue as a going concern, disclosing, as applicable, matters related 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.

Auditor's Responsibilities for the Audit of the Consolidated and Separate 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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's and 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 consolidated and separate 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 and/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 appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated 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 the 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.

KPMG Namibia

Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Robert Grant
Partner
Windhoek, Namibia
30 August 2019

30 Schanzen Road
Klein Windhoek
Windhoek, Namibia

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated And Separate Annual Financial Statements for the year ended 31 March 2018

Directors' Report

The directors submit their report for the year ended 31 March 2018.

1. Incorporation

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

2. Review of activities

Main business and operations

National Petroleum Corporation of Namibia (Proprietary) Limited is a company domiciled in Namibia. The Group and Company 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 and Company also act as advisors to the Ministry of Mines and Energy and assist them in monitoring the exploration activities of licensees.

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

3. Going concern

We draw your attention to the fact that for the year ended 31 March 2018, the group made a loss of N$ 60 782 846. The losses incurred by the group in the 2018 financial year are attributable to impairments of the work in progress (property, plant and equipment) asset class amounting to N$ 22 349 975 and an increase in the allowance for impairment of trade receivables of N$ 23 129 195. The company made a loss of N$ 22 927 336.The losses incurred by the company in the 2018 financial year are attributable to impairments of the buildings (property, plant and equipment) asset class amounting to N$ 9 642 282. The other main contributor to the losses of the group and company are foreign exchange losses amounting to N$ 19 967 153.

The group’s financial statements reflect that the total assets exceed the total liabilities by N$ 572 773 111 (2017: N$ 587 000 024). The company’s financial statements reflect that the total assets exceed the total liabilities by N$ 453 681 012 (2017: N$ 432 518 118). The group’s financial statements reflect that the current assets exceed the current liabilities by N$ 440 977 863 (2017: N$ 534 559 888). The group is technically solvent and in a net current asset position. The company’s financial statements reflect that the current assets exceed the current liabilities by N$ 440 002 668 (2017: N$ 460 011 958). The company is technically solvent and in a net current asset position.

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 business.

The directors have satisfied themselves that the group and company is in a sound financial position, has access to sufficient borrowing facilities to meet all foreseeable cash requirements and that the market conditions are favourable to the group and company, with oil prices recoveriny.

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

The company's subsidiary, NAMCOR Petroleum Trading & Distribution (Pty) Ltd, agreed to withdraw a litigation claim on 2 July 2018 against a customer worth an estimated amount of N$ 57 628 322. The litigation was disclosed as a contingent asset in prior financial years.

NAMCOR Petroleum Trading & Distribution (Pty) Ltd previously litigated for the recovery of amounts owed by other oil companies. The nature of the claims were that the companies underpaid NAMCOR Petroleum Trading and Distribution (Pty) Ltd for products supplied during the currency of the company's mandate.

On 22 November 2018, the directors resolved to write off trade receivables held by NAMCOR Petroleum Trading and Distribution (Pty) Ltd amounting to N$ 119 532 620. The entire amount was previously impaired and the financial effect in the profit or loss is nil.

A provision N$ 1 494 147 was raised as at 31 March 2018 as a result of a Labour Court ruling that was issued on the 6th of September 2018. The settlement after the reporting period confirmed that the entity had a present obligation at the end of the reporting period.

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated And Separate Annual Financial Statements for the year ended 31 March 2018

Directors' Report

4. Events after the reporting period (continued)

The dismissed temporary employees instigated legal proceedings at the labour court on the basis that they had been unfairly dismissed. In terms of the Labour Court's adjudication, the entity subsequently paid out the respective employees their remuneration, which was based on the remaining duration of their contracts, including leave days.

The directors are not aware of any other matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements and that would further require adjustments or additional disclosure.

5. Authorised and issued share capital

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

6. Dividends

No dividends were declared or paid to the shareholder during the year (2017: nil).

7. Directors

Name	Changes
Patrick Kauta (Chairperson)	Resigned 17 October 2018
Engelhardt Kongoro (Chairperson)	Appointed 01 February 2019
Onni-Ndangi Iithete	Appointed 01 February 2019
Anna Simanekeni Libana (Deputy Chairperson)	-
Immanuel Mulunga (Managing Director)	-
Lorentha Harases	-
Roger Swart	-
Barbara Nicolene Dreyer-Omoregie	-

8. Secretary

The secretary of the company is Ms. Damoline Muruko of:

Business address
Petroleum House
1 Aviation Road
Windhoek

Postal address
Private Bag 13196
Windhoek
Namibia.

9. Shareholder

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

10. Investments in subsidiaries

Name of subsidiary	Country of incorporation	Net income (loss) after tax for the year ended 30 June 2018
Brak Property Development 35 (Pty) Ltd	Namibia	345 078
Brak Property Development 36 (Pty) Ltd	Namibia	374 830

Name of subsidiary	Country of incorporation	Net income (loss) after tax for the year ended 31 March 2018
Namcor Petroleum Trading & Distribution (Pty) Ltd	Namibia	(35 943 137)
Namcor Exploration and Production (Pty) Ltd	Namibia	181 795
Sonam Petroleum Company (Pty) Ltd	Namibia	37 495

National Petroleum Corporation of Namibia (Proprietary) Limited

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Directors' Report

10. Investments in subsidiaries (continued)

During the current financial year, the subsidiary company, NAMCOR Petroleum Trading and Distribution (Pty) Ltd acquired a 100% shareholding in Brak 35 Property Development (Pty) Ltd from Debona (Pty) Ltd, a company incorporated in Namibia. Furthermore a 100% shareholding had been aquired in Brak 36 Property Development (Pty) Ltd from the Van De Vijver Family Trust, an inter vivos trust registered in Namibia. The total cost for the aquisition amounted to N$ 23 004 864.

The acquired subsidiaries have been consolidated at group level under the parent company.

11. Non-Compliance with Laws and Regulations

Road Fund Administration Act
During the period under review, the company's subsidiary, NAMCOR Petroleum Trading and Distribution (Pty) Ltd 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. The practice is not in line with the requirements of the Road Fund Administration Act. The non-compliance with the Road Fund Administration Act quantified to N$ 5 804 864.56 including interest. This amount has been provided for in the financial statements.

Petroleum Products and Energy Act
During the period under review, the company's subsidiary, NAMCOR Petroleum Trading and Distribution (Pty) Ltd 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 Petroleum Products and Energy Act. The non-compliance with the Petroleum Products and Energy Act quantified amounts to N$ 6 908 803.39. This amount has been provided for in the financial statements.

12. Auditors

KPMG Namibia continued in office as auditors in accordance with section 278(2) of the Namibian Companies Act.

13. Registered office

Petroleum House
1 Aviation Road
Windhoek

National Petroleum Corporation of Namibia (Proprietary) Limited

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Consolidated And Separate Annual Financial Statements for the year ended 31 March 2018

Statements of Financial Position

		Group		Company	
	Note(s)	2018 N$	2017 N$	2018 N$	2017 N$
Assets					
Non-Current Assets					
Property, plant and equipment	3	225 676 257	191 875 773	84 854 238	86 315 894
Intangible assets	4	255 604	-	255 604	-
Investments in subsidiaries	5	-	-	100	100
Other financial assets	8	66 198 435	26 605 864	66 198 435	26 605 864
Deferred tax asset	9	77 311 579	71 480 736	-	-
		369 441 875	**289 962 373**	**151 308 377**	**112 921 858**
Current Assets					
Loans to group companies	6	-	-	154 228 912	134 508 291
Inventories	10	34 427 781	45 204 614	-	-
Trade and other receivables	11	179 753 414	165 099 305	35 384 180	64 523 944
Current tax receivable	36	9 687 368	9 687 368	5 461 404	5 461 404
Cash and cash equivalents	12	388 530 275	453 464 143	270 960 619	303 737 229
		612 398 838	**673 455 430**	**466 035 115**	**508 230 868**
Total Assets		**981 840 713**	**963 417 803**	**617 343 492**	**621 152 726**
Equity and Liabilities					
Equity					
Share capital	14	10 000 000	10 000 000	10 000 000	10 000 000
Reserves		131 970 495	85 414 562	81 704 948	37 614 718
Retained income		430 802 616	491 585 462	361 976 064	384 903 400
		572 773 111	**587 000 024**	**453 681 012**	**432 518 118**
Liabilities					
Non-Current Liabilities					
Non-current portion - loans from shareholder	7	205 948 455	209 277 441	117 918 563	117 918 563
Non-current portion - borrowings	17	28 996 152	25 512 473	19 711 470	22 497 135
Deferred income	20	2 702 020	2 732 323	-	-
		237 646 627	**237 522 237**	**137 630 033**	**140 415 698**
Current Liabilities					
Current portion - loans from shareholders	7	5 699 607	2 400 000	-	-
Current portion - borrowings	17	6 664 157	4 639 863	2 792 127	2 584 308
Trade and other payables	18	139 354 463	97 929 258	17 624 187	13 895 971
Deferred income	20	30 303	25 529 356	-	25 499 053
Provisions	21	19 672 445	8 397 065	5 616 133	6 239 578
		171 420 975	**138 895 542**	**26 032 447**	**48 218 910**
Total Liabilities		**409 067 602**	**376 417 779**	**163 662 480**	**188 634 608**
Total Equity and Liabilities		**981 840 713**	**963 417 803**	**617 343 492**	**621 152 726**

National Petroleum Corporation of Namibia (Proprietary) Limited

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Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2018 N$	2017 N$	2018 N$	2017 N$
Revenue	22	734 333 744	574 830 848	10 949 389	22 604 775
Cost of sales	23	(685 355 220)	(505 028 382)	-	-
Gross profit		**48 978 524**	**69 802 466**	**10 949 389**	**22 604 775**
Other income	24	128 403 157	167 505 531	124 700 548	163 118 185
Operating expenses	37	(256 237 420)	(201 286 317)	(169 083 089)	(157 412 279)
Operating (loss)/ profit	25	**(78 855 739)**	**36 021 680**	**(33 433 152)**	**28 310 681**
Finance income	26	21 241 882	25 355 044	12 307 950	14 068 037
Finance costs	27	(8 999 831)	(11 092 160)	(1 802 134)	(2 279 575)
(Loss)/ profit before taxation		**(66 613 688)**	**50 284 564**	**(22 927 336)**	**40 099 143**
Taxation	28	5 830 842	(7 617 785)	-	-
(Loss)/ profit for the year		**(60 782 846)**	**42 666 779**	**(22 927 336)**	**40 099 143**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains and losses on property revaluation	3	7 791 504	821 056	5 325 801	(1 551 503)
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets adjustments	8	38 764 429	16 126 605	38 764 429	16 126 605
Other comprehensive income for the year net of taxation		**46 555 933**	**16 947 661**	**44 090 230**	**14 575 102**
Total comprehensive (loss)/ income for the year		**(14 226 913)**	**59 614 440**	**21 162 894**	**54 674 245**

National Petroleum Corporation of Namibia (Proprietary) Limited

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Statement of Changes in Equity

	Share capital N$	Revaluation reserve N$	Fair value adjustment assets-available-for-sale reserve N$	Non distributable reserve N$	Total reserves N$	Retained income N$	Total equity N$
Group							
Balance at 01 April 2016	**10 000 000**	**62 241 591**	**4 927 957**	**1 764 076**	**68 933 624**	**432 062 131**	**510 995 755**
Profit for the year	-	-	-	-	-	42 666 779	42 666 779
Other comprehensive income	-	821 056	16 126 605	-	16 947 661	-	16 947 661
Total changes	**-**	**821 056**	**16 126 605**	**-**	**16 947 661**	**42 666 779**	**59 614 440**
Recognised directly in equity (refer to note 16)	-	-	-	-	-	16 390 625	16 390 625
Transfer between reserves (refer to note 15	-	(466 706)	-	-	(466 706)	466 706	-
Other movements	-	(17)	-	-	(17)	(779)	(796)
Balance at 01 April 2017	**10 000 000**	**62 595 924**	**21 054 562**	**1 764 076**	**85 414 562**	**491 585 462**	**587 000 024**
Loss for the year	-	-	-	-	-	(60 782 846)	(60 782 846)
Other comprehensive income	-	7 791 504	38 764 429	-	46 555 933	-	46 555 933
Total changes	**-**	**7 791 504**	**38 764 429**	**-**	**46 555 933**	**(60 782 846)**	**(14 226 913)**
Balance at 31 March 2018	**10 000 000**	**70 387 428**	**59 818 991**	**1 764 076**	**131 970 495**	**430 802 616**	**572 773 111**
Note(s)	14	15				16	

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated And Separate Annual Financial Statements for the year ended 31 March 2018

Statement of Changes in Equity

	Share capital N$	Revaluation reserve N$	Fair value adjustment assets-available-for-sale reserve N$	Other NDR N$	Total reserves N$	Retained income N$	Total equity N$
Company							
Balance at 01 April 2016	**10 000 000**	**16 347 584**	**4 927 957**	**1 764 075**	**23 039 616**	**344 804 260**	**377 843 876**
Profit for the year	-	-	-	-	-	40 099 143	40 099 143
Other comprehensive income	-	(1 551 503)	16 126 605	-	14 575 102	-	14 575 102
Total changes	**-**	**(1 551 503)**	**16 126 605**	**-**	**14 575 102**	**40 099 143**	**54 674 245**
Other movement	-	-	-	-	-	(3)	(3)
Balance at 01 April 2017	**10 000 000**	**14 796 081**	**21 054 562**	**1 764 075**	**37 614 718**	**384 903 400**	**432 518 118**
Loss for the year	-	-	-	-	-	(22 927 336)	(22 927 336)
Other comprehensive income	-	5 325 801	38 764 429	-	44 090 230	-	44 090 230
Total changes	**-**	**5 325 801**	**38 764 429**	**-**	**44 090 230**	**(22 927 336)**	**21 162 894**
Balance at 31 March 2018	**10 000 000**	**20 121 882**	**59 818 991**	**1 764 075**	**81 704 948**	**361 976 064**	**453 681 012**
Note(s)	14	15				16	

National Petroleum Corporation of Namibia (Proprietary) Limited

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Statements of Cash Flows

		Group		Company	
	Note(s)	2018 N$	2017 N$	2018 N$	2017 N$
Cash flows from operating activities					
Cash receipts from customers		839 590 175	658 619 337	167 726 192	118 851 980
Cash paid to suppliers and employees		(838 648 234)	(665 662 123)	(160 370 401)	(130 112 988)
Cash (used in)/ generated from operations	30	941 941	(7 042 786)	7 355 791	(11 261 098)
Interest received		21 241 882	25 355 044	12 307 950	14 068 037
Finance costs		(8 054 512)	(11 092 160)	(1 802 134)	(2 279 575)
Net cash from operating activities		**14 129 311**	**7 220 098**	**17 861 607**	**527 364**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(62 752 700)	(16 504 467)	(8 044 872)	(2 654 137)
Proceeds from sale of property, plant and equipment	3	345 670	21 931	345 670	21 931
Purchase of intangible assets	4	(255 604)	-	(255 604)	-
(Increase)/ decrease in loans advanced to group companies		-	-	(36 500 226)	(1 844 218)
Loans to group companies repaid		-	-	16 736 594	-
Net cash from investing activities		**(62 662 634)**	**(16 482 536)**	**(27 718 438)**	**(4 476 424)**
Cash flows from financing activities					
Repayment of long-term liabilities		(5 069 252)	(4 688 006)	(2 577 846)	(2 381 953)
New loans raised		11 410 640	50 000 000	-	-
Decrease in loans from group companies		-	-	-	(21 237)
Repayment of loans from shareholder		(2 400 000)	-	-	-
Net cash from financing activities		**3 941 388**	**45 311 994**	**(2 577 846)**	**(2 403 190)**
Total cash movement for the year		**(44 591 935)**	**36 049 556**	**(12 434 677)**	**(6 352 250)**
Cash at the beginning of the year		453 464 143	432 881 690	303 737 229	325 556 582
Effect of reclassification of financial asset through profit or loss on cash and cash equivalents		(2 714 581)	-	(2 714 581)	-
Effect of exchange rate changes on cash and cash equivalents held		(17 627 352)	(15 467 103)	(17 627 352)	(15 467 103)
Total cash at end of the year	12	**388 530 275**	**453 464 143**	**270 960 619**	**303 737 229**

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated And Separate Annual Financial Statements for the year ended 31 March 2018

Significant Accounting Policies

1. Presentation of consolidated and separate annual financial statements

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

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the 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:

Loans and receivables

The group 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 makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale financial assets

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

Allowance for slow moving, damaged and obsolete stock

An allowance to write down stock to the lower of cost or net realisable value. Management has made estimates on the selling price and direct costs to sell on certain inventory items. The write down is included in the operating profit note.

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Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

The group 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 group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group 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 measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income.

Useful lives and residual values

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

Impairment of property, plant and equipment

The group 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.

Impairment of value added taxation

The group made the judgement to impair value added taxation input claims not submitted to the Receiver of Inland Revenue, but that were recognised in the group's financial records as an asset. A difference exists between the group's financial records and the Receiver of Inland Revenue's records due to unreconciled value added tax input claims. The group at reporting date is unable to substantiate the valued added tax input claims that were unclaimed in terms of the statutory requirements. The value added taxation balance net of the impairment represents the estimated future cash flows from statutory requirements.

Impairment of investment in subsidiaries

The company assesses its investment in subsidiaries 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 judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment of loans to group

The company assesses its loans to group companies 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 judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The group 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 a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

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Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

1.3 Property, plant and equipment

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

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

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

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

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

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

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

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

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 of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	Straight line	50 years
Motor vehicles	Straight line	5 years
Office, electronic, storage and mechanical equipment	Straight line	3 to 15 years

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

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 period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

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Significant Accounting Policies

1.3 Property, plant and equipment (continued)

Assets under Construction

Assets under construction are measured at cost, which is assumed equal to fair value. These include 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 recognized 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.

1.4 Intangible assets

Intangible assets 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:

Software	3 years

1.5 Investments in subsidiaries

Company consolidated and separate annual financial statements

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

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

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

1.6 Financial instruments

Classification

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

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

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

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Significant Accounting Policies

1.6 Financial instruments (continued)

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Available-for-sale financial assets are subsequently measured at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired.

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

Derecognition

A financial asset is derecognised when, and only when:

- The contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the group; or
- The group transfers the financial asset including substantially all risks and rewards of ownership of the asset; or
- The group transfers the financial asset, neither retaining nor transferring substantially all risks and rewards of ownership of the asset, but no longer retains control of the asset. Any interest in the transferred financial assets that is created or retained is recognised as a separate asset or liability.

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

A financial liability is derecognised when, and only when:

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

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

Fair value determination

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

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Significant Accounting Policies

1.6 Financial instruments (continued)

Impairment of financial assets

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

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

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

Other impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

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

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

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

Offset

Financial assets and liabilities are offset against each other only when a legally enforceable right exists to set off the recognised amounts, and the group or company intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

Loans to/ (from) group companies

These include loans to and from group companies and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

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Significant Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are classified as loans and receivables.

Borrowings

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

Borrowings are classified as financial liabilities measured at amortised cost.

Available-for-sale investments

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income. Changes in the carrying amount of available-for-sale financial investments relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments, are recognised in profit or loss.

If the investment is determined to be impaired, the cumulative loss is reclassified from the available-for-sale reserve to profit or loss in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest method.

The group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the group may elect to reclassify these financial assets.

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Significant Accounting Policies

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

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

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

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

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

Operating leases - lessor

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

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

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

Operating leases – lessee

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

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Significant Accounting Policies

1.9 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventory also includes normal evaporation losses.

1.10 Impairment of assets

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

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

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Significant Accounting Policies

1.13 Provisions and contingencies

Provisions are recognised when:
- the group 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.

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. Contingencies are disclosed in note 33.

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.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statements of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

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Significant Accounting Policies

1.15 Revenue

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

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

Sale of goods

Revenue comprises of sales of petroleum products and data sales, excluding value added taxation. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of returns, trade discounts and volume rebates and value added tax.

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

Other income

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

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

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

Finance income

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

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.

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

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.

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1.17 Borrowing costs (continued)

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.

Capitalising borrowing costs directly attributable to the acquisition, construction or production of assets measured at fair value is not required. The entity has however chosen not to apply this exemption and has elected to capitalise borrowing costs to qualifying assets measured at fair value.

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.

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.

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 comprises of interest expenses on borrowings. Interest expense is recognised as it accrues, using the effective interest method.

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Notes to the Consolidated And Separate Annual Financial Statements

2. New Standards and Interpretations

On April 1, 2017, the group adopted all the new and revised standards and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised standards and interpretations does not result in changes to the group's accounting policies and has no material effect on the amounts reported for the current or prior years.

Amendments to IAS 7, Statement of cash flows on disclosure initiative

These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The effective date is for annual periods beginning on or after 1 January 2017.

Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses

These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The effective date is for annual periods beginning on or after 1 January 2017.

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, relevant to the existing factors of the group, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2018 or later periods. These new/revised standards and interpretations may have an impact on the future financial statements.

IFRS 9 Financial Instruments

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

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI, and the remaining amount of change in the fair value is presented in profit or loss.

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

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 annual financial statements

The group has not yet assessed the impact of this standard on the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15.

Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when the revenue is recognised.

The effective date of the standard is for years beginning on or after 1 January 2018.

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2.1 Standards and interpretations not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

The group has not yet assessed the impact of this standard on the financial statements.

The group expects to adopt the standard for the first time in the 2019 annual financial statements.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor").

IFRS 16 replaces the previous leases standard, IAS 17 Leases, and the related interpretations. IFRS 16 has one model for leases which will result in almost all leases being recognised on the statement of financial position. No significant changes have been included for the lessors.

The standard is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

The group expects to adopt the standard for the first time in the 2020 annual financial statements.

The group has not yet assessed the impact of this standard on the financial statements.

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Figures in Namibia Dollar

3. Property, plant and equipment

Group

	2018			2017		
	Cost or revaluation	Accumulated depreciation and impairment	Carrying value	Cost or revaluation	Accumulated depreciation and impairment	Carrying value
Land and buildings	193 257 721	(12 034 702)	181 223 019	164 051 703	(3 262 923)	160 788 780
Motor vehicles	2 779 182	(1 876 970)	902 212	2 216 945	(1 583 955)	632 990
Office, electronic, storage and mechanical equipment	44 197 749	(25 097 106)	19 100 643	38 046 969	(20 614 686)	17 432 283
Work in progress	46 800 358	(22 349 975)	24 450 383	13 021 720	-	13 021 720
Total	**287 035 010**	**(61 358 753)**	**225 676 257**	**217 337 337**	**(25 461 564)**	**191 875 773**

Company

	2018			2017		
	Cost or revaluation	Accumulated depreciation and impairment	Carrying value	Cost or revaluation	Accumulated depreciation and impairment	Carrying value
Land and buildings	80 381 997	(11 271 997)	69 110 000	76 279 717	(1 629 717)	74 650 000
Motor vehicles	1 730 140	(1 155 039)	575 101	1 355 293	(1 056 216)	299 077
Office, electronic, storage and mechanical equipment	25 615 573	(13 990 733)	11 624 840	22 033 626	(10 666 809)	11 366 817
Work in progress	3 544 297	-	3 544 297	-	-	-
Total	**111 272 007**	**(26 417 769)**	**84 854 238**	**99 668 636**	**(13 352 742)**	**86 315 894**

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Borrowing costs capitalised	Disposals	Transfers	Revaluations	Other movements	Depreciation	Impairment loss	Total
Land and buildings	160 788 780	23 004 864	-	-	268 400	7 791 504	-	(1 799 093)	(8 831 436)	181 223 019
Motor vehicles	632 990	703 880	-	(1)	-	-	-	(434 657)	-	902 212
Office, electronic, storage and mechanical equipment	17 432 283	4 109 680	-	(326 905)	2 457 672	-	-	(4 543 984)	(28 103)	19 100 643
Work in progress	13 021 720	34 934 276	1 633 789	-	(2 726 072)	-	(63 355)	-	(22 349 975)	24 450 383
	191 875 773	**62 752 700**	**1 633 789**	**(326 906)**	**-**	**7 791 504**	**(63 355)**	**(6 777 734)**	**(31 209 514)**	**225 676 257**

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other movements	Depreciation	Impairment loss	Total
Land and buildings	162 507 079	-	-	876 596	821 056	-	(1 818 433)	(1 597 518)	160 788 780
Motor vehicles	1 035 857	-	-	-	-	12 193	(415 060)	-	632 990
Office, electronic, storage and mechanical equipment	15 674 946	-	(23 753)	4 951 891	-	21 422	(3 192 223)	-	17 432 283
Work in progress	4 671 517	16 504 467	-	(5 828 487)	-	(2 325 777)	-	-	13 021 720
	183 889 399	**16 504 467**	**(23 753)**	**-**	**821 056**	**(2 292 162)**	**(5 425 716)**	**(1 597 518)**	**191 875 773**

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other movements	Depreciation	Impairment loss	Total
Land and buildings	74 650 000	-	-	-	5 325 801	-	(1 223 519)	(9 642 282)	69 110 000
Motor vehicles	299 077	516 491	(1)	-	-	-	(240 466)	-	575 101
Office, electronic, storage and mechanical equipment	11 366 817	3 984 085	(322 939)	-	-	-	(3 382 419)	(20 704)	11 624 840
Work in progress	-	3 544 297	-	-	-	-	-	-	3 544 297
	86 315 894	**8 044 873**	**(322 940)**	**-**	**5 325 801**	**-**	**(4 846 404)**	**(9 662 986)**	**84 854 238**

Reconciliation of property, plant and equipment - Company - 2017

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other movements	Depreciation	Impairment loss	Total
Land and buildings	78 115 000	-	-	876 596	(1 551 503)	-	(1 261 134)	(1 528 959)	74 650 000
Motor vehicles	529 615	-	-	-	-	12 193	(242 731)	-	299 077
Office, electronic, storage and mechanical equipment	11 684 377	-	(23 753)	2 205 572	-	21 422	(2 520 801)	-	11 366 817
Work in progress	428 031	2 654 137	-	(3 082 168)	-	-	-	-	-
	90 757 023	**2 654 137**	**(23 753)**	**-**	**(1 551 503)**	**33 615**	**(4 024 666)**	**(1 528 959)**	**86 315 894**

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3. Property, plant and equipment (continued)

Impairment of assets under construction

The Gobabis depot

Namcor Petroleum Trading and Distribution (Pty) Ltd has 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 is estimated to cost N$ 51.3 million to construct. The total cost incurred up to the financial year ended 31 March 2018, amounts to N$ 4 175 845. Borrowing costs of N$ 143 675 were capitalised to this project for the year ended 31 March 2018. The project has been put on hold until viable funding is made available to finance and complete the construction of the depot. A lack of funds has brought into question the viability of the project and this is an impairment indicator. As at 31 March 2018 the probability of future economic benefits is 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 due to a lack of funding. 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 2018 is nil, therefore the carrying amount of N$ 4 175 845 including borrowing cost of N$ 143 675 is fully impaired. An impairment loss of N$ 4 319 520 was recognised in the profit or loss.

Ondangwa depot

Namcor Petroleum Trading and Distribution (Pty) Ltd 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 is estimated to cost N$ 110.5 million to construct. The total cost incurred up to the financial year ended 31 March 2018, amounts to N$ 9 785 725. Borrowing costs of N$ 620 557 were capitalised to this project for the year ended 31 March 2018. The project has been put on hold until viable funding is made available to finance and complete the construction of the depot. A lack of funds has brought into question the viability of the project and this is an impairment indicator. As at 31 March 2018, the probability of future economic benefits is 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 due to a lack of funding. 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 2018 is nil therefore the carrying amount of N$ 9 785 725 and borrowing cost of N$ 620 557 is fully impaired. An impairment loss of N$ 10 406 282 was recognised in the profit or loss.

Windhoek Depot

Namcor Petroleum Trading and Distribution (Pty) Ltd 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) Limited and Brak Property Development 36 (Pty) Ltd respectively. The depot is estimated to cost N$ 163.4 million to construct. The total cost incurred up to the financial year ended 31 March 2018 amounts to N$ 7 130 765. Borrowing costs of N$ 196 580 were capitalised to this project for the year ended 31 March 2018. The project has been put on hold until viable funding is made available to finance and complete the construction of the depot. A lack of funds has brought into question the viability of the project and this is an impairment indicator. As at 31 March 2018, the probability of future economic benefits is 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 due to a lack of funding. 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 2018 is nil therefore the carrying amount of N$ 7 130 765 including borrowing costs of N$ 196 580 is fully impaired. An impairment loss of N$ 7 327 345 was recognised in the profit or loss.

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

3. Property, plant and equipment (continued)

Revaluations

Land and Buildings consists 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 1315 Gobabis
Erf 1316 Gobabis
Erf 1317 Gobabis
Erf 4282 Ondangwa
Erf 4283 Ondangwa
Erf 4284 Ondangwa
Erf 4796 Ondangwa
Erf 8521 Windhoek
Erf 35 Windhoek
Erf 36 Windhoek

The effective date for the revaluations of all the above properties was 31 March 2018. 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:

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Cost				
Land	22 711 811	22 711 811	1 028 919	1 028 919
Buildings	89 438 009	89 169 609	68 507 417	68 507 417
Accumulated depreciation				
Buildings	(14 119 797)	(12 307 032)	(10 744 792)	(9 374 643)
Accumulated impairment				
Land	(117 520)	(674 850)	-	-
Buildings	(9 803 425)	(307 774)	(9 803 425)	(307 774)
	88 109 078	**98 591 764**	**48 988 119**	**59 853 919**

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	Group		Company	
	2018 N$	**2017 N$**	**2018 N$**	**2017 N$**

3. Property, plant and equipment (continued)

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 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Land and Buildings				
Balance as at 1 April	160 788 780	162 507 079	74 650 000	78 115 000
Additions/transfers	23 273 264	876 596	-	876 596
Depreciation	(1 799 093)	(1 818 433)	(1 223 519)	(1 261 134)
Impairment loss	(8 831 436)	(1 597 518)	(9 642 282)	(1 528 959)
(Losses)/ gains included in other comprehensive income				
Change in fair value	7 791 504	821 056	5 325 801	(1 551 503)
	181 223 019	**160 788 780**	**69 110 000**	**74 650 000**

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 capitalization 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 4282 Ondangwa, Erf 4283 Ondangwa, Erf 4284 Ondangwa and Erf 4796 Ondangwa

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.

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

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/ (decrease); or
- Industrialisation/development in surrounding location increased/(decreased); or
- Demand for property increased/(decreased).

Income Capitalization Method of Valuation

The estimated fair value will increase/ (decrease) if:

- The age of building was higher/lower
- The remaining useful life of building 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 Capitalization Method of Valuation

- Estimated rental value
- Expected useful lives
- Price per square metre

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$
3. Property, plant and equipment (continued)				
Pledged as security				
The following properties have been pledged as security:				
Land and Buildings Erf 1055 Otjiwarongo 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.	23 050 000	22 775 288	-	-
Land and Buildings Erf 8521 Windhoek The property has been pledged as security in respect of a first and second mortgage loan of N$ 14 000 000 and N$ 40 000 000 respectively owing to Bank Windhoek. The group also ceded to the bank, the Fire Policy for an amount of N$ 79 210 000.	69 110 000	74 650 000	69 110 000	74 650 000
Land Erf 35 Windhoek	11 800 000	-	-	-
Land Erf 36 Windhoek Erven 35 and 36 in Windhoek, which are held by the subsidiaries Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd respectively, have been mortgaged and pledged as security in respect of the N$ 11 410 640 term loan facility that the subsidiary, Namcor Petroleum Trading and Distribution (Pty) Ltd has with Standard Bank of Namibia. Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd have additionally ceded to the bank their respective rights and title in the respective properties and to the rents arising or which may arise in respect of the mortgaged properties. Namcor Petroleum Trading and Distribution (Pty) Ltd has also pledged the shares held in Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd to the bank. The National Petroleum Corporation of Namibia (Pty) Ltd has subordinated its loan to Namcor Petroleum Trading and Distribution (Pty) Ltd in favour of Standard Bank of Namibia Limited.	12 970 000	-	-	-
	116 930 000	**97 425 288**	**69 110 000**	**74 650 000**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

3. Property, plant and equipment (continued)

Change in useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

There were no changes to the useful lives of the property, plant and equipment during the current year.

4. Intangible assets

Group	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Assets under construction	255 604	-	255 604	-	-	-

Company	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Assets under construction	255 604	-	255 604	-	-	-

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Total
Assets under construction	-	255 604	255 604

Reconciliation of intangible assets - Company - 2018

	Opening balance	Additions	Total
Assets under construction	-	255 604	255 604

The intangible asset under construction relates to a storage and archiving system for the group. As at year end, the costs incurred relate to the software acquisition. The group expects to incur additional costs in respect of installation and implementation during the next financial year.

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

5. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	Carrying amount 2018	Carrying amount 2017
Cost		
Namcor Petroleum Trading and Distribution (Pty) Ltd	100	100
Namcor Exploration and Production (Pty) Ltd	160 000	160 000
Sonam Petroleum Company (Pty) Ltd	160 000	160 000
Accumulated Impairment		
Namcor Exploration and Production (Pty) Ltd	(160 000)	(160 000)
Sonam Petroleum Company (Pty) Ltd	(160 000)	(160 000)
	100	**100**

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 acquired 100% shareholding during the current financial year.

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

6. Loans to group companies

Subsidiaries

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
NAMCOR Exploration and Production (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	40 229	18 724
Sonam Petroleum Company (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	22 844	1 339
Namcor Petroleum Trading and Distribution (Pty) Ltd The loan is unsecured, interest free and repayable on demand. National Petroleum Corporation of Namibia (Pty) Ltd has subordinated its loan in favour of Standard Bank of Namibia.	-	-	154 228 912	134 508 291
	-	-	154 291 985	134 528 354
Impairment of loans to subsidiaries	-	-	(63 073)	(20 063)
	-	**-**	**154 228 912**	**134 508 291**
Non-current assets	-	-	-	-
Current assets	-	-	154 228 912	134 508 291
Non-current liabilities	-	-	-	-
Current liabilities	-	-	-	-
	-	**-**	**154 228 912**	**134 508 291**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$
7. Loans from shareholders				
Ministry of Mines and Energy The loan was granted by the Ministry of Mines and Energy for the funding of the Kudu Project. The loan is repayable in monthly instalments from the first day of economical production or 1 July 2017, whichever is the later, and will bear interest at 2.5%. The interest will accrue from the first day of economic production or 1 July 2017, whichever is later.	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
Ministry of Mines and Energy 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	(55 600 000)	(58 000 000)	-	-
Ministry of Mines and Energy 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. The loan has been granted at a below a 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.	(38 129 499)	(35 758 878)	-	-
	(211 648 062)	**(211 677 441)**	**(117 918 563)**	**(117 918 563)**
Non-current liabilities	(205 948 455)	(209 277 441)	(117 918 563)	(117 918 563)
Current liabilities	(5 699 607)	(2 400 000)	-	-
	(211 648 062)	**(211 677 441)**	**(117 918 563)**	**(117 918 563)**
8. Other financial assets				
At fair value through profit or loss - designated				
Government Bond GC24	2 770 388	-	2 770 388	-
Available-for-sale investment				
Serica Energy Plc	63 428 047	26 605 864	63 428 047	26 605 864
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$.				
Non-current assets				
Financial assets: Fair value through profit or loss	2 770 388	-	2 770 388	-
Available-for-sale	63 428 047	26 605 864	63 428 047	26 605 864
	66 198 435	**26 605 864**	**66 198 435**	**26 605 864**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

8. Other financial assets (continued)

Fair value hierarchy of available-for-sale financial assets

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Level 1				
Listed shares	63 428 047	26 605 864	63 428 047	26 605 864
Reconciliation of movement				
Fair value at the beginning of the year	26 605 864	13 802 419	26 605 864	13 802 419
Fair value gain	38 764 429	16 126 605	38 764 429	16 126 605
Unrealised exchange (loss) / gain	(1 942 246)	(3 323 160)	(1 942 246)	(3 323 160)
	63 428 047	**26 605 864**	**63 428 047**	**26 605 864**

Fair value hierarchy of financial assets at fair value through profit or loss

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 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Level 1				
Listed bond	2 770 388	-	2 770 388	-
Reconciliation of movement				
Fair value at begining of the year	-	-	-	-
Reclassification from cash and cash equivalents	2 714 582	-	2 714 582	-
Fair value gain	55 806	-	55 806	-
	2 770 388	**-**	**2 770 388**	**-**

9. Deferred tax asset

Deferred tax asset

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Accelerated capital allowances for tax purposes	(11 259 848)	(12 919 174)	(7 468 808)	(9 507 973)
Deferred income	1 040 048	1 143 392	-	-
Tax losses available for set off against future taxable income	80 150 097	73 443 168	-	-
Tax losses not utilised to create a deferred tax asset	(36 745 478)	(26 547 678)	(36 745 478)	(26 547 678)
Provisions	-	1 324 708	-	1 019 331
Unrealised foreign exchange	6 387 281	6 027 302	6 387 281	6 027 302
Accumulated costs on Kudu Gas Project deductible on commencement of production	38 102 907	29 023 461	38 102 907	29 023 461
Prepayments	(363 428)	(14 443)	(275 902)	(14 443)
Total deferred tax asset	**77 311 579**	**71 480 736**	**-**	**-**

Reconciliation of deferred tax asset

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
At beginning of year	71 480 736	79 098 521	-	-
Current year charge in profit or loss	5 830 843	(4 837 545)	-	-
Prior year over / (under) provision	-	(2 780 240)	-	-
	77 311 579	**71 480 736**	**-**	**-**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

9. Deferred tax asset (continued)

Recognition of deferred tax asset

The group has recognised a deferred tax asset on calculated tax losses of its subsidiary as sufficient support and evidence exists at the date of the annual financial statements, based on analysis of once off items included in prior year losses and future profit forecasts prepared by management, that 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.

A subsidiary won a fuel supply tender of significant value. In the assessment of the deferred tax asset, management incorporated the impact of this contract. Management has estimated that the revenue expected from this contract will result in the group generating taxable profits that will utilise the unused assessed loss.

10. Inventories

Finished goods	34 427 781	45 204 614	-	-
Write down of inventories recognised as an expense	25 238	1 051 569	-	-

11. Trade and other receivables

Trade receivables	301 268 506	270 059 360	23 822 951	49 749 160
Impairment of trade receivables	(165 121 067)	(141 991 872)	(2 936 490)	-
Value added taxation	25 643 537	21 734 742	11 588 302	14 806 555
Impairment on value added taxation	(3 754 180)	(2 719 743)	(2 530 350)	(1 495 913)
NEF receivable	15 671 951	15 671 951	-	-
Other receivables	6 044 667	2 344 867	5 439 767	1 464 142
	179 753 414	**165 099 305**	**35 384 180**	**64 523 944**

Trade and other receivables past due but not impaired

1 month past due	40 403 873	21 325 047	7 014 537	2 994 997
2 months past due	9 055 985	3 152 480	-	527
3 months past due	11 241 755	8 671 789	426 482	6 671 846

Trade and other receivables impaired

For the year ended 31 March 2018, the trade and other receivables impairment increased by N$ 23 129 195 (2017: N$ 3 550 255).

The amount of the provision was N$ 165 121 067 as of 31 March 2018 (2017: N$ 141 991 872).

The ageing of these receivables impaired is as follows:

Current	3 285 665	117 631	-	-
Past due 31 to 90 days	8 081 562	352 891	-	-
Past due 90 to 119 days	5 812 142	-	-	-
More than 120 days past due	147 941 698	141 521 350	2 936 490	-

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	2018 N$	2017 N$	2018 N$	2017 N$

11. Trade and other receivables (continued)

Reconciliation of provision for impairment of trade and other receivables

	2018 N$	2017 N$	2018 N$	2017 N$
Opening balance	141 991 872	138 441 617	-	-
Provision for impairment	23 280 154	3 550 255	2 936 490	-
Bad debts written off during the year	(150 959)	-	-	-
	165 121 067	**141 991 872**	**2 936 490**	**-**

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018 N$	2017 N$	2018 N$	2017 N$
Cash on hand	17 783	3 714	3 000	3 000
Bank balances	270 922 104	400 413 319	153 367 231	250 687 119
Short-term deposits	117 590 388	53 047 110	117 590 388	53 047 110
	388 530 275	**453 464 143**	**270 960 619**	**303 737 229**
Cash and cash equivalents that are not available for use by the group.	19 994 626	18 914 353	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 7.25% (2017: 8.80%).

Bank Windhoek holds a limited cession of N$7 499 953 (2017: N$7 449 953) 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.

Standard Bank Namibia holds a limited cession of N$11 411 000 (2017: N$11 414 400) to cover guarantees issued.

13. Financial assets by category

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

Group - 2018

	Loans and receivables	Fair value through profit or loss	Available-for-sale	Total
Trade and other receivables	136 686 444	-	-	136 686 444
Cash and cash equivalents	388 530 275	-	-	388 530 275
Available-for-sale investment	-	-	63 428 047	63 428 047
Financial assets	-	2 770 388	-	2 770 388
	525 216 719	**2 770 388**	**63 428 047**	**591 415 154**

Group - 2017

	Loans and receivables	Fair value through profit or loss	Available-for-sale	Total
Available-for-sale investment	-	-	26 605 864	26 605 864
Trade and other receivables	129 494 294	-	-	129 494 294
Cash and cash equivalents	453 464 143	-	-	453 464 143
	582 958 437	**-**	**26 605 864**	**609 564 301**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

13. Financial assets by category (continued)

Company - 2018

	Loans and receivables	Fair value through profit or loss	Available-for-sale	Total
Loans to group companies	154 228 912	-	-	154 228 912
Trade and other receivables	21 321 171	-	-	21 321 171
Cash and cash equivalents	270 960 619	-	-	270 960 619
Available-for-sale investment	-	-	63 428 047	63 428 047
Financial assets	-	2 770 388	-	2 770 388
	446 510 702	**2 770 388**	**63 428 047**	**512 709 137**

Company - 2017

	Loans and receivables	Fair value through profit or loss	Available-for-sale	Total
Loans to group companies	134 508 291	-	-	134 508 291
Available-for-sale investment	-	-	26 605 864	26 605 864
Trade and other receivables	51 168 166	-	-	51 168 166
Cash and cash equivalents	303 737 229	-	-	303 737 229
	489 413 686	**-**	**26 605 864**	**516 019 550**

14. Share capital

	Group 2018	Group 2017	Company 2018	Company 2017
Authorised and issued				
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.

15. Revaluation reserve

In the prior year, a subsidiary transferred N$466 706 from the revaluation reserve to retained income in the current financial year. The N$ 466 706 was the remaining accumulated revaluation surplus concerning a building on Erf 2590 Walvis Bay that was demolished and derecognised in the prior year.

The revaluation reserve relates to the revaluation of property.

	Group 2018	Group 2017	Company 2018	Company 2017
Opening Balance	62 595 924	62 241 591	14 796 081	16 347 584
Revaluation of property	7 791 504	821 056	5 325 801	(1 551 503)
Transfer to retained earnings	-	(466 706)	-	-
Other movement	-	(17)	-	-
	70 387 428	**62 595 924**	**20 121 882**	**14 796 081**

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	2018 N$	2017 N$	2018 N$	2017 N$

16. Retained income

Namcor Petroleum Trading and Distribution (Pty) Ltd received funds amounting to N$ 50 000 000 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. The loan has been granted at a below a 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.

The difference between the actual proceeds and the fair value of the liability at recognition is equity in nature as the company assessed that the Government agencies involved were acting in their capacity as the shareholder.

The assessment took into account the following factors:
- The National Energy Fund has not provided below market interest rates to other oil and gas sector public enterprises and/or non-Government private and public companies.
- The below market rate offered by the National Energy Fund to the company was not in the normal course of business.
- The company lodged an application with the Ministry of Mines and Energy for funding and the funding was not obtained via a competitive tendering process.
- The funding was received for downstream activities, but there are no specific conditions attached to the funding relating to company's operating activities. The loan agreement contains no explicit clause requiring the return of unutilised funds to the Government other than the repayment of the loan. The time value of money is in effect the economic contribution.

The equity contribution was recognised directly in retained earnings.

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$
17. Borrowings				
Held at amortised cost				
Standard Bank of Namibia The secured loan is a commercial property bond and bears interest at the prime lending rate less 1.5% per annum. The loan is repayable in 96 monthly installments of N$ 171 296 each.	2 181 924	5 070 893	-	-
Standard Bank of Namibia Interest is accrued per annum which is the aggregate of the margin at 3.75% and three months JIBAR currently at 7.125%. The loan is repayable in 20 JIBAR linked quarterly installments. Erven 35 and 36 in Windhoek, which are held by the subsidiaries Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd respectively, have been mortgaged and pledged as security in respect of the N$ 11 410 640 term loan facility that the subsidiary, Namcor Petroleum Trading and Distribution (Pty) Ltd has with Standard Bank of Namibia. Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd have additionally ceded to the bank their respective rights and title in the respective properties and to the rents arising or which may arise in respect of the mortgaged properties. Namcor Petroleum Trading and Distribution (Pty) Ltd has also pledged the shares held in Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd to the bank. The National Petroleum Corporation of Namibia (Pty) Ltd has subordinated its loan to Namcor Petroleum Trading and Distribution (Pty) Ltd in favour of Standard Bank of Namibia Limited.	10 974 788	-	-	-
Bank Windhoek The Bank Windhoek loan bears interest at the prime lending rate less 3%, 2018: 7.5% (2016: 7.75%) 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 installments of N$ 365 101 (2015: N$ 355 176) each.	22 503 597	25 081 443	22 503 597	25 081 443
	35 660 309	**30 152 336**	**22 503 597**	**25 081 443**
Non-current portion - borrowings				
At amortised cost	28 996 152	25 512 473	19 711 470	22 497 135
Current portion - borrowings				
At amortised cost	6 664 157	4 639 863	2 792 127	2 584 308
	35 660 309	**30 152 336**	**22 503 597**	**25 081 443**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

18. Trade and other payables

	2018 N$	2017 N$	2018 N$	2017 N$
Trade payables	120 430 305	75 626 242	15 600 049	12 672 455
Other payables	2 452 906	2 203 908	983 649	947 754
Accruals	4 711 769	10 156 143	1 040 489	275 762
Levies	11 759 483	9 942 965	-	-
	139 354 463	**97 929 258**	**17 624 187**	**13 895 971**

19. Financial liabilities by category

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

Group - 2018

	Financial liabilities at amortised cost	Total
Loans from shareholders	211 648 062	211 648 062
Borrowings	35 660 308	35 660 308
Trade and other payables	126 105 544	126 105 544
	373 413 914	**373 413 914**

Group - 2017

	Financial liabilities at amortised cost	Total
Loans from shareholders	211 677 440	211 677 440
Borrowings	30 152 337	30 152 337
Trade and other payables	86 708 772	86 708 772
	328 538 549	**328 538 549**

Company - 2018

	Financial liabilities at amortised cost	Total
Loans from shareholders	117 918 563	117 918 563
Borrowings	22 503 597	22 503 597
Trade and other payables	17 604 006	17 604 006
	158 026 166	**158 026 166**

Company - 2017

	Financial liabilities at amortised cost	Total
Loans from shareholders	117 918 563	117 918 563
Borrowings	25 081 443	25 081 443
Trade and other payables	13 874 605	13 874 605
	156 874 611	**156 874 611**

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	Group		Company	
	2018 N$	**2017 N$**	**2018 N$**	**2017 N$**

20. Deferred income

Government grants have been received to defer the Kudu Projects Expenses. There are no unfulfilled conditions or contingencies attached to these grants.

The amount recognised in profit or loss in the current year is equal to the expenses incurred in relation to the Kudu Project up to the end of the year. The Kudu Project Government grant was fully utilised in the 2018 financial year.

A subsidiary entered into a 99 year lease agreement with Hammerhead Investments (Pty) Ltd on 1 June 2009. 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 profit or loss through the passage of time and use of the property.

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Kudu Government Grant				
At 1 April	25 499 053	66 054 023	25 499 053	66 054 023
Received during the year	-	-	-	-
Released into the income statement	(25 499 053)	(40 554 970)	(25 499 053)	(40 554 970)
At 31 March 2018	**-**	**25 499 053**	**-**	**25 499 053**
Hammerhead Investments lease				
At 1 April	2 762 626	2 792 945	-	-
Released into the income statement	(30 303)	(30 319)	-	-
At 31 March 2018	**2 732 323**	**2 762 626**	**-**	**-**
Non-current	2 702 020	2 732 323	-	-
Current	30 303	25 529 356	-	25 499 053
	2 732 323	**28 261 679**	**-**	**25 499 053**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

21. Provisions

Reconciliation of provisions - Group - 2018

	Balance at 1 April 2017	Additional provisions recognised	Reductions arising from payments / utilisation of the provision	Balance at 31 March 2018
Provision for bonuses	4 410 335	(137 605)	(4 016 300)	256 430
Provision for leave pay	3 986 730	1 906 577	(685 107)	5 208 200
Provision for legal dispute	-	1 494 147	-	1 494 147
Provision for levies payable	-	12 713 668	-	12 713 668
	8 397 065	**15 976 787**	**(4 701 407)**	**19 672 445**

Reconciliation of provisions - Group - 2017

	Balance at 1 April 2016	Additional provisions recognised	Reductions arising from payments / utilisation of the provision	Balance at 31 March 2017
Provision for bonuses	4 641 754	2 970 974	(3 202 393)	4 410 335
Provision for leave pay	3 524 112	1 456 872	(994 254)	3 986 730
	8 165 866	**4 427 846**	**(4 196 647)**	**8 397 065**

Reconciliation of provisions - Company - 2018

	Balance at 1 April 2016	Additional provisions recognised	Reductions arising from payments / utilisation of the provision	Balance at 31 March 2018
Provision for bonuses	3 456 030	(118 802)	(3 185 408)	151 820
Provision for leave pay	2 783 548	1 537 662	(351 044)	3 970 166
Provision for legal dispute	-	1 494 147	-	1 494 147
	6 239 578	**2 913 007**	**(3 536 452)**	**5 616 133**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

21. Provisions (continued)

Reconciliation of provisions - Company - 2017

	Opening balance	Additional provisions recognised	Reductions arising from payments / utilisation of the provision	Total
Provision for bonuses	4 641 754	2 016 669	(3 202 393)	3 456 030
Provision for leave pay	3 524 112	253 691	(994 255)	2 783 548
	8 165 866	**2 270 360**	**(4 196 648)**	**6 239 578**

Bonus Provision

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

Provision for leave pay

The group has a constructive obligation of paying a maximum of 45 leave days as result of past service provided by an employee when the employee leaves the employment of the company.

Provision for legal dispute

A provision of N$1 494 147 was raised as at 31 March 2018 as a result of a Labour Court ruling that was issued on the 6th of September 2018. The settlement after the reporting period confirmed that the entity had a present obligation at the end of the reporting period.

The dismissed temporary employees instigated legal proceedings at the labour court on the basis that they had been unfairly dismissed. In terms of the Labour Court's adjudication, the entity subsequently paid out the respective employees their renumeration, which was based on the remaining duration of their contracts, including leave days.

Provision for levies payable

Road Fund Administration Act
During the period under review, the company's subsidiary, NAMCOR Petroleum Trading and Distribution (Pty) Ltd 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. The practice is not in line with the requirements of the Road Fund Administration Act. The non-compliance with the Road Fund Administration Act quantified to N$ 5 804 864.56 including interest. This amount has been provided for in the financial statements.

Petroleum Products and Energy Act
During the period under review, the company's subsidiary, NAMCOR Petroleum Trading and Distribution (Pty) Ltd 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 Petroleum Products and Energy Act. The non-compliance with the Petroleum Products and Energy Act quantified amounts to N$ 6 908 803.39. This amount has been provided for in the financial statements.

22. Revenue

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Data Sales	10 949 389	22 604 775	10 949 389	22 604 775
Petroleum Products	723 384 355	552 226 073	-	-
	734 333 744	**574 830 848**	**10 949 389**	**22 604 775**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$
23. Cost of sales				
Cost of petroleum products sold	685 355 220	505 028 382	-	-
24. Other income				
Sundry income	4 607 292	5 255 640	905 204	868 293
Fuel levy income	89 270 688	90 053 801	89 270 167	90 053 802
Kudu project past cost reimbursement	9 026 124	31 641 120	9 026 124	31 641 120
Government grants	25 499 053	40 554 970	25 499 053	40 554 970
	128 403 157	**167 505 531**	**124 700 548**	**163 118 185**
25. Operating (loss)/ profit				
Operating (loss)/ profit for the year is stated after accounting for the following:				
Remuneration, other than to employees, for:				
Professional fees	16 118 366	10 909 565	7 358 740	8 241 521
Operating lease charges				
Premises				
• Contractual amounts	2 926 584	2 757 812	-	-
Motor vehicles				
• Contractual amounts	242 345	177 826	-	-
Equipment				
• Contractual amounts	3 020 393	2 515 139	3 020 393	2 369 416
Outsourced transport services				
• Contractual amounts	8 772 554	8 744 974	-	-
	14 961 876	**14 195 751**	**3 020 393**	**2 369 416**
(Profit)/ loss on sale of property, plant and equipment	(18 766)	1 822	(22 730)	1 822
Receiver of Revenue penalties and interest	1 929	270 701	1 447	8 401
Inventory written off	25 238	1 051 569	-	-
Slate (income) / expenses	(9 507 388)	(5 911 499)	-	-
Impairment of value added tax	1 034 437	2 719 743	1 034 437	1 495 913
Impairment of property, plant and equipment	31 209 513	1 597 519	9 662 985	1 528 959
Impairment of investment in subsidiaries	-	-	-	320 000
Impairment of loans to group companies	-	-	43 010	20 063
Impairment on trade and other receivables	23 129 195	3 550 255	2 936 490	-
Unrealised foreign exchange loss/ (gain)	19 960 254	18 835 318	19 960 254	18 835 318
Realised foreign exchange gain	6 899	(1 527 846)	6 899	(1 527 846)
Depreciation on property, plant and equipment	6 777 736	5 425 716	4 846 404	4 024 666
Employee costs	62 323 342	62 225 010	46 577 303	44 237 452
Legal fees	3 455 126	2 601 783	3 172 553	2 425 083
Non-executive Directors' fees and allowances	1 139 448	1 170 099	988 495	1 031 053
Fair value gain on financial asset through profit or loss	(55 806)	-	(55 806)	-
26. Finance income				
Interest revenue				
Cash and cash equivalents	19 719 134	23 854 145	12 254 694	14 021 584
Interest charged on trade receivables	1 469 492	1 454 446	-	-
Staff loans	53 256	46 453	53 256	46 453
	21 241 882	**25 355 044**	**12 307 950**	**14 068 037**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

27. Finance costs

	2018 N$	2017 N$	2018 N$	2017 N$
Long term borrowings	10 633 620	11 092 160	1 802 134	2 279 575
Less: borrowing costs capitalised	(1 633 789)	-	-	-
	8 999 831	**11 092 160**	**1 802 134**	**2 279 575**

Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 7.96%.

28. Taxation

Major components of the tax (income) expense

	2018 N$	2017 N$	2018 N$	2017 N$
Deferred				
Current year charge	(5 830 842)	4 837 545	-	-
Prior year charge	-	2 780 240	-	-
	(5 830 842)	**7 617 785**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2018	2017	2018	2017
Applicable tax rate	32,00 %	32,00 %	32,00 %	32,00 %
Non-deductible expenses deemed capital in nature	(0,48)%	1,03 %	(1,20)%	1,07 %
Non-deductible impairment losses	(11,23)%	1,99 %	(1,63)%	1,46 %
Non-deductible finance costs	(1,94)%	2,15 %	- %	- %
Non-deductible fines and penalties	(0,01)%	0,01 %	(0,03)%	0,01 %
Non-deductible donations	(0,07)%	- %	- %	- %
Fair value gains not taxable	1,08 %	- %	- %	- %
Fuel levy and income not taxable	56,90 %	(83,12)%	160,58 %	(104,23)%
Unrecognised deferred tax asset	(67,23)%	55,57 %	(189,72)%	69,69 %
Prior year (under)/over provision	- %	5,52 %	- %	- %
	9,01 %	**15,15 %**	**- %**	**- %**
Estimated tax loss available for set off against future taxable income	646 798 419	521 819 857	396 329 366	292 309 956

29. Auditors' remuneration

	2018 N$	2017 N$	2018 N$	2017 N$
Fees	1 005 309	881 552	616 547	592 073

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	2018 N$	2017 N$	2018 N$	2017 N$
30. Cash (used in)/ generated from operations				
(Loss)/ Profit before taxation	(66 613 688)	50 284 564	(22 927 336)	40 099 143
Adjustments for:				
Depreciation and amortisation	6 777 734	5 425 716	4 846 404	4 024 666
Property, plant and equipment non-cash movement	-	2 325 777	-	-
(Profit)/ loss on sale of property, plant and equipment	(18 766)	1 822	(22 730)	1 822
Interest received	(21 241 882)	(25 355 045)	(12 307 950)	(14 068 037)
Finance costs	8 999 830	11 092 160	1 802 134	2 279 575
Other property, plant and equipment movements	63 355	(33 615)	-	(33 616)
Impairment of property, plant and equipment	31 209 514	1 597 519	9 662 988	1 528 959
Adjustment for non-cash flow fair value adjustment on Standard Bank loan	(833 415)	-	-	-
Impairment of inventories	25 238	1 051 569	-	-
Impairment of loans to group companies	-	-	43 010	20 063
Impairment of investment in subsidiaries	-	-	-	320 000
Impairment of value added taxation	1 034 438	2 719 743	1 034 438	1 495 913
Impairment of trade receivables	23 129 195	3 550 255	2 936 490	-
Unrealised (gain)/ loss on foreign exchange	19 960 254	18 835 318	19 960 254	18 835 318
Operating accruals	(5 706 673)	(358 945)	764 728	(2 780 426)
Movement in provision for leave pay	1 906 577	1 456 872	1 537 663	253 691
Movement in provision for bonus	(137 605)	2 970 974	(118 802)	2 016 669
Movement in provision for legal disputes	1 494 147	-	1 494 147	-
Non-cash operating expenses movement in provision for non-compliance with laws and regulations	12 505 183	-	-	-
Deferred income	(30 303)	(30 318)	-	-
Other loan movements	-	(796)	-	-
Fair value gain on financial assets through profit or loss	(55 806)	-	(55 806)	-
Changes in working capital:				
Inventories	10 751 595	(11 423 830)	-	-
Trade and other receivables	(39 378 189)	(49 423 510)	24 608 392	(27 803 453)
Trade and other payables	47 301 668	18 825 954	3 133 273	3 103 585
Deferred income - Kudu Government Grant	(25 499 053)	(40 554 970)	(25 499 053)	(40 554 970)
Provisions	(4 701 407)	-	(3 536 453)	-
	941 941	**(7 042 786)**	**7 355 791**	**(11 261 098)**

31. Cash from financing activities

The tables below details changes in the group and company's liabilities arising from the financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group and company's statement of cash flows as cash flows from financing activities.

Group - 2018

	Loan from shareholder	Borrowings	Total
Balance as at 01 April 2017	211 677 440	30 152 336	241 829 776
Cash flows			
Repayments	(2 400 000)	(5 069 252)	(7 469 252)
New loans raised	-	11 410 640	11 410 640
Non-cash changes			
Fair value adjustments	2 370 622	(833 415)	1 537 207
Balance as at 31 March 2018	**211 648 062**	**35 660 309**	**247 308 371**

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	2018 N$	2017 N$	2018 N$	2017 N$

31. Cash from financing activities (continued)

Company - 2018

	Loan from shareholder	Borrowings	Total
Balance as at 1 April 2017	117 918 563	25 081 443	143 000 006
Cash flows			
Repayments	-	(2 577 846)	(2 577 846)
Balance as at 31 March 2018	**117 918 563**	**22 503 597**	**140 422 160**

The above disclosure is as a result of the amendments to IAS 7 Disclosure Initiative. The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.

32. Commitments

Guarantees

The company has provided security for financial guarantees issued by Bank Windhoek on behalf of the subsidiary company in favour of Sasol Oil (Pty) Ltd Registration number 1981/007622/07. The value as at 31 March 2018 is N$ 800 000 (2017: N$ 800 000).

The company 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 2018 is N$ 6 500 000 (2017: N$ 6 500 000).

Namcor Petroleum Trading and Distribution (Proprietary) Limited has provided security for financial guarantees issued by Standard Bank Namibia on behalf of the company in favour of Brak Property Development 36 (Pty) Ltd Registration number 2012/0053. The value as at 31 March 2018 is N$ 11 411 000 (2017: N$ 11 414 400).

Operating leases – as lessee

The group has entered into commercial leases on motor vehicles, office equipment and outsourced transport services. These leases have an average life of between three and five years with no option included in the lease contracts. The group has also entered into commercial leases for property, with an average life of one year. There are no restrictions placed upon the company by entering into these leases. Future minimum lease payable on non-cancellable operating leases as at 31 March 2018 are as follows:

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Minimum lease payments due on non-cancellable operating leases				
- within one year	5 898 223	12 199 833	2 358 916	887 953
- in second to fifth year inclusive	11 705 236	9 944 153	2 038 319	79 440
- later than five years	2 182 728	4 365 456	-	-
	19 786 187	**26 509 442**	**4 397 235**	**967 393**

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$
32. Commitments (continued)				
Capital expenditure commitments				
Capital Expenditure as approved	149 480 098	142 798 730	21 043 703	45 977 755
Commitments in respect of contracts placed	90 728 417	97 015 478	-	34 489 989

The company has an approved capital expenditure budget amounting to N$ 21 million for the 2019 financial year relating to block acquisitions, office, mechanical and electronic equipment as well as strategic land acquisitions. The capital expenditure will be financed through internal financing.

The group has an approved capital expenditure budget amounting to N$ 149.5 million for the 2019 financial year.
N$90.70 million of the approved expenditure has been earmarked for the roll-out of the retail network. NAMCOR intends to construct and /or acquire retail outlets, targeting strategic locations country wide. 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.

33. Contingencies

Legal claim contingency

Namcor Petroleum Trading and Distribution (Pty) Ltd agreed to withdraw a litigation claim on 2 July 2018 against a customer worth an estimated amount of N$ 57 628 322. The litigation was disclosed as a contingent asset in prior financial years.

Namcor Petroleum Trading and Distribution (Pty) Ltd previously litigated for the recovery of amounts owed by other oil companies. The nature of the claims were that the companies underpaid Namcor Petroleum Trading and Distribution (Pty) Ltd for products supplied during the currency of the company's mandate.

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

34. Related parties

Relationships

Subsidiaries	Refer to note 5
Shareholder	Government of the Republic of Namibia

Related party balances

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Loan accounts - Owing by related parties				
Namcor Petroleum Trading and Distribution (Proprietary) Limited	-	-	154 228 912	134 508 291
Long term loans - Owing to related parties				
Ministry of Mines and Energy	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
National Energy Fund	(93 729 499)	(93 758 878)	-	-

Related party transactions

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Interest paid to related parties				
National Energy Fund	7 936 205	7 995 252	-	-
Levies received from related parties				
Ministry of Mines and Energy	88 754 713	90 053 801	88 754 813	90 053 801
Compensation to directors and other key management				
Salaries	1 750 516	1 645 790	1 750 516	1 645 790
Directors' fees	1 049 451	1 080 099	898 498	941 053
Expense allowance	268 105	266 400	268 105	266 400
	3 068 072	**2 992 289**	**2 917 119**	**2 853 243**

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		Group		Company	
		2018 N$	2017 N$	2018 N$	2017 N$

35. Risk management

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (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.

The gearing ratio at 2018 and 2017 respectively were as follows:

	Note	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Total borrowings					
Shareholder loan	7	211 648 062	211 677 441	117 918 563	117 918 563
Borrowings	17	35 660 309	30 152 336	22 503 597	25 081 443
Trade and other payables		139 354 463	97 929 258	17 624 187	13 895 971
		386 662 834	**339 759 035**	**158 046 347**	**156 895 977**
Less: Cash and cash equivalents	12	388 530 275	453 464 143	270 960 619	303 737 229
Net debt		(1 867 441)	(113 705 108)	(112 914 272)	(146 841 252)
Capital		572 773 111	587 000 024	453 681 012	432 518 118
Total capital		**570 905 670**	**473 294 916**	**340 766 740**	**285 676 866**
Gearing ratio		- %	(19)%	(25)%	(34)%

Financial risk management

Exposure to credit, liquidity and market risk arises in the normal course of the group and company's business.

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

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

35. 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

At 31 March 2018	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	126 105 544	-	-	-
Borrowings	9 537 722	7 491 162	21 384 641	6 577 819
Shareholder loan	13 389 806	13 209 806	38 549 418	301 978 000

At 31 March 2017	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	86 708 772	-	-	-
Borrowings	6 626 730	6 723 147	13 263 067	11 047 430
Shareholder loan	8 059 750	39 787 502	114 708 950	131 825 424

Company

At 31 March 2018	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	17 604 007	-	-	-
Borrowings	4 385 213	4 385 213	13 155 639	6 577 819
Shareholder loan	-	-	-	207 832 331

At 31 March 2017	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	13 874 605	-	-	-
Borrowings	4 421 388	4 421 310	13 263 067	11 047 431
Shareholder loan	-	26 261 447	75 246 783	23 903 075

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

35. Risk management (continued)

Interest rate risk

The group’s interest rate risk arises from long-term borrowings and bank balances. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2018 and 2017, the group's borrowings at variable rates were denominated in Namibia Dollar.

At 31 March 2018, if interest rates on Namibia Dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, group and company post-tax profit for the year would have been N$ 2 618 931 (2017: N$ 3 295 429) and N$ 2 512 244 (2017: N$ 2 786 528) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Financial instrument				
Fixed rate instrument				
Financial assets: Fair value through profit or loss	2 770 388	-	2 770 388	-
Short-term deposits	117 590 388	53 047 110	117 590 388	53 047 110
Loans from shareholder	(38 129 499)	(35 758 877)	-	-
Variable rate instrument				
Bank balances	270 922 104	400 413 319	153 367 231	250 687 119
Borrowings	(35 660 308)	(30 152 336)	(22 503 597)	(25 081 443)
Loans from shareholder	(55 600 000)	(58 000 000)	-	-
	261 893 073	**329 549 216**	**251 224 410**	**278 652 786**

Credit risk

Credit risk is managed on a group basis.

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

Trade receivables comprise a widespread customer base. Management 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

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

Financial instrument	**Group - 2018**	**Group - 2017**	**Company - 2018**	**Company - 2017**
Financial assets: Fair value through profit or loss	2 770 388	-	2 770 388	-
Loans to group companies	-	-	154 228 912	134 508 291
Trade and other receivables	136 686 444	129 639 316	21 321 171	51 313 188
Cash and cash equivalents	388 512 492	453 460 429	270 957 619	303 737 229

The group's 5 most significant customers account for N$ 92 348 477 (2017: 93 288 103) of trade receivables at year end.

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	Group		Company	
	2018 N$	2017 N$	2018 N$	2017 N$

35. Risk management (continued)

Foreign exchange risk

The group does not hedge foreign exchange fluctuations.

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

At 31 March 2018, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, company and group post-tax profit for the year would have been N$ 20 285 207 (2017: N$ 19 549 924) and N$ 20 086 556 (2017: N$ 19 536 415) higher, mainly as a result of foreign exchange gains on the translation of US dollar denominated trade receivables, financial assets at fair value through profit or loss, debt securities classified as available-for-sale and foreign exchange losses or gains on translation of US dollar denominated borrowings.

Foreign currency exposure at the end of the reporting period

	Group 2018 N$	Group 2017 N$	Company 2018 N$	Company 2017 N$
Non-current assets				
Available for sale investment, USD 2 018 073 (2017: USD 2 018 073)	63 428 047	26 605 864	63 428 047	26 605 864
Current assets				
Trade and other receivables	12 545 057	34 968 316	12 545 057	34 968 316
Cash and cash equivalents	128 303 403	135 000 695	128 303 403	135 000 695
Liabilities				
Trade and other payables	(3 410 949)	(1 210 724)	(1 424 438)	(1 075 636)

Exchange rates used for conversion of foreign items were:

	Group 2018	Group 2017	Company 2018	Company 2017
USD	N$ 11.80	N$13.19	N$11.80	N$ 13.19

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statements of financial position as available-for-sale.

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

The table below summarises the impact of increases/decreases of the indexes on the group's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes have increased/decreased by 5% with all other variables held constant:

Group and company

	Impact on post tax profit in Namibia Dollar		Impact on other components of equity in Namibia Dollar	
Financial instrument	**2018**	**2017**	**2018**	**2017**
Available-for-sale investment	3 171 402	1 330 293	3 171 402	1 330 293
Financial asset: Fair value through profit or loss	138 519	-	138 519	-

Post-tax profit for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.