ANNUAL REPORT 2020 / 2021

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CHAIRPERSON'S REPORT

On behalf of the Board of Directors of the National Petroleum Corporation of Namibia (NAMCOR), it gives me great pleasure to present the annual report for the period 01 April 2020 to 31 March 2021. The COVID-19 pandemic has severely affected the national economy, which shrunk by about 8.5% on account of significant declines in tourism, retail, trade and investments. Restricted movements of people and goods caused a general slowdown in business activities.

As a Board, we devoted our energies to overseeing the completion and approval of the company's five-year Integrated Strategic Business Plan (ISBP), which defines the Group's contribution to the country's energy mix in economically challenging times. Two key strategic pillars, namely harnessing Namibia's upstream potential and ensuring security of supply of petroleum products for Namibia on the downstream end, formed the bedrock of the company's growth blueprint. These two pillars were supported by two further strategic pillars, namely digital enablement, and operational and organisational excellence.

With only sixteen (16) wells drilled in Namibia over the last forty-eight (48) years, the Group leverages on the country's upstream narrative of an under-explored territory with a rich geology similar to that of some renowned oil producing countries around the world. NAMCOR's ambitious pursuit and acquisition of oil-producing assets in stable jurisdictions around the world formed and continues to form an integral part of our upstream strategy. To this end, we submitted four (4) bids for the acquisition of oil and gas assets in Nigeria and Angola. The acquisition of international oil- and gas-producing assets not only enhances the security of supply of petroleum products for Namibia, but also provides an opportunity to attain much needed sustainable financial growth and revenue diversification for the company. This will have a positive socio-economic impact on Namibia through NAMCOR's contribution to the national fiscus through the payment of taxes and regular dividend payouts to the shareholder.

The Group is also focused on acquiring new exploration blocks and diluting its equity in blocks in which it has a working interest. Furthermore, the Group opted to dilute its majority stake in the Kudu gas block to BW Kudu, and currently has a 5% stake, with the option of increasing its stake. This decision was prompted by a drastic change in Government's position towards the project, which was initially banked on the need to address energy shortages in the country and the region at large. However, the withdrawal of the Government support package in the form of financial guarantees resulted in the withdrawal of key guarantees.

As the national oil and gas company tasked with ensuring security of supply for Namibia, the Government of the Republic of Namibia officially handed over the management and operation of the 75-million litre capacity National Oil Storage Facility (NOSF) at Walvis Bay to NAMCOR. The facility is a significant enabler for executing our downstream strategy, as it has largely addressed storage capacity challenges previously experienced at the harbour town. Through this facility, the Group is able to maintain an acceptable stock threshold of petroleum products to ensure that the country does not run dry in the event of unforeseen circumstances. Most notably, other countries, such as Norway, have used such facilities to store products bought at a cheaper rate, to enable them to pass on this benefit to the consumer at times when fuel prices take an upward trajectory.

The Group took advantage of the period to thoroughly prepare for the commissioning of the NOSF at Walvis Bay. Preparations included the development of relevant operational guidelines, and appointing and capacitating new staff, which enabled the smooth commencement of operations in January 2021. The construction of the fuel pipeline between the NOSF and the oil industry at the harbour in Walvis Bay is nearing completion. Once completed, the pipeline will enable NOSF to deliver fuel directly to other oil companies, while at the same time enabling the exchange and transfer of fuel products between NAMCOR and industry.

I am satisfied with the steady increase in fuel volumes that the NOSF has handled in the first three (3) months of operations. Throughput increased from a mere 4 million litres in late January 2021 to 19.3 million litres in March 2021. The volumes comprise NAMCOR stock as well as products of other companies hosted at the facility.

Our digital enablement strategy is geared towards achieving operational excellence. The objective of the business, as it pertains to leveraging technology, is to clearly define the business processes that can help eliminate redundant tasks, improve data quality and consistency and, ultimately, free up time for staff to shift more focus to value-adding activities. Execution of the digital enablement strategy will involve direct engagement with the Information and Communication Technology Department by working as a team to understand how ITC can help achieve operational excellence as it pertains to the accounting system. The main benefit of the JDE Enterprise Resource Planning (ERP) solution is the real-time data integration across all our business units and the replacement of our existing ERP, which is not fully compliant with governance requirements. In particular, we foresee the project benefiting:

- Financial Management: Closing month-end processes on time
- Supply Chain Management: Responsive reduced lead time between buyer and supplier, and automated SCM process with better built-in controls
- Distribution and Logistics/Transportation Management: Real-time tracking of product through distribution value chain
- Sales and Marketing: Improving turn-around time for invoicing of clients
- Inventory Management: Real-time visibility between dispatchers and stock controllers, which will improve reporting

In conclusion, we remain upbeat about the Group's future. The appetite for exploration activities is on the increase, bringing us ever closer to our goal of finding oil on Namibian territory. We are in the process of compiling bids for the purchase of oil-producing assets in strategic locations around the world. This will change our profile from a dominant exploration focus on the upstream end to a producing company. The execution of our retail fuel strategy remains a high priority, and will result in the building of not less than ten (10) NAMCOR service stations around the country over the next two (2) years. All these strategic initiatives will surely sustain the Group's business model while at the same time ensuring its position in the entire oil and gas value chain. We are about to come full circle!

Engelhardt Kongoro
CHAIRPERSON

MANAGING DIRECTOR'S REPORT

I am delighted to provide an account of the performance of the National Petroleum Corporation of Namibia (NAMCOR) for the 2020/2021 financial year with renewed confidence in the company's future. Despite a turbulent business environment in the wake of the COVID-19 pandemic and resulting restrictions, the Group demonstrated resilience to these external shocks, closing off the year with a 26% year-on-year increase in the sale of petroleum products and seismic data. This performance, along with our investments in the fuel retail sector, has contributed to the Group's healthier and strengthened financial position.

The results for the year demonstrate an incremental improvement in certain operational metrics, although significant financial challenges remain, predominantly relating to tight margins not being sufficient to absorb operating costs. The COVID-19 pandemic had an undeniable impact on our bottom line. The Group reported a loss for the period under review, mainly attributable to the tight margins, day one accounting losses on lease contracts and the unfavourable foreign exchange rates on the foreign denominated bank balances. Nonetheless, the Group remains resilient amidst these challenges.

I am happy to announce that revenue from the sale of petroleum products and data continues to increase year-on-year. During the period under review, the Group recorded a total revenue of N$1.34 billion, compared to N$1.07 billion in the previous financial year. This constitutes an increase of 26%.

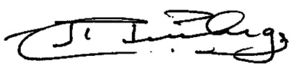
The financial position of the Group is robust and continues to strengthen, with an increase of 1.4% in the total asset base compared to the previous period. This increase is attributable to the appreciation in our equity investments and expansion of our downstream retail and commercial activities. NAMCOR is resolutely committed to capital allocation discipline and maintaining a strong and liquid financial position.

The Group generated attributable cash flow from operations of N$1.4 billion, a 43% increase year-on-year, largely due to downstream business activities, and improved and effective debt recovery. This increase constituted a turn-around in terms of debtors management, which in turn decreased the loss allowances from N$75 million in the previous year to N$10 million in the current year, based on a debtors book of N$344 million.

In the 2021/2022 financial year, the Group will focus on prioritising the monetisation of its upstream assets, increasing its revenue base and strengthening its financial position in line with its endeavour to become a world-class petroleum organisation.

We look forward to the year ahead with excitement and enthusiasm. NAMCOR will continue to leverage its current strategy, our skilled and highly dedicated workforce, as well as our position as the national oil company to further deliver on our strategic goals and mandate.

Immanuel Mulunga
MANAGING DIRECTOR



GOVERNANCE AND REPORTING STRUCTURES

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

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

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

BOARD OF DIRECTORS

Engelhardt Kongoro
Chairperson

Anna Libana
Vice-Chairperson

Lorentha Harases
Director

Dr. Roger Swarts
Director

Barbara Dreyer-Omoregie
Director

Onni-Ndangi Iithete
Director

EXECUTIVE MANAGEMENT

Immanuel Mulunga
Managing Director

Bonifatius Konjore
Executive: Information & Communication Technology

Davis Maphosa
Acting Executive: Sales & Marketing

Jennifer Hamukwaya
Executive: Finance & Administration

Manfriedt Muundjua
Executive: Upstream Development & Production

Maryke Kröhne
Executive: Human Capital

Victoria Sibeya
Executive: Exploration

Nestor Sheefeni
Executive: Engineering & Technical Services

Damoline Muruko
Executive: Corporate Governance

Rynier Du-Preez
Executive: Supply & Logistics

Board Composition

The company is governed by a Board of Directors which is appointed by the shareholder, more particularly under the auspices of the Ministry of Public Enterprises.

The Board comprises six (6) non-executive directors and one (1) executive director. The non-executive directors are:

- Jennifer Comalie (Chairperson) – appointed in August 2020
- Tim Ekandjo (Director) – appointed in August 2020
- Engelhardt Kongoro (Director) – appointed in February 2019 and re-appointed in August 2020
- Tersia Gowases (Director) – appointed in August 2020
- Florentia Amuenje (Director) – appointed in August 2020 and resigned in May 2021
- Onni-Ndangi Iithete (Director) – appointed in February 2019 and re-appointed in August 2020
- Selma Shimutwikeni (Director) – appointed in August 2020 and resigned in November 2020

The Chairperson is responsible for leading the Board and facilitating its effective functioning, excellence, accountability and agility. The Chairperson is a non-executive and independent director, whose independence is confirmed through assessment. The roles of the Chairperson and Managing Director are separate and distinct. The number and stature of the directors also ensures that the principle is adequately preserved when applied to the decision-making process of the Board.

The Managing Director attends Board meetings as an ex officio member responsible for the day-to-day management of the Group in accordance with the Delegation of Authority and strategic directions given by the Board. It is the responsibility of the Board to oversee the activities of Management in carrying out these delegated duties.

Core Responsibilities of the Board

The Board is responsible for the strategic direction and control of the company by ensuring that decisions and actions are based on values that support good corporate governance. The Board serves as the focal point and custodian of corporate governance. The protocol and responsibilities for exercising the leadership role of the Board is outlined in the Board Charter. It provides a clear approach on how the Board and its directors are expected to conduct themselves.

The company subscribes to principles of good corporate governance as outlined in Kings Reports III and IV, the Corporate Governance Code for Namibia (NamCode), the Companies Act, Act No. 28 of 2004, and its Companies Administrative Regulations, the Public Enterprises Governance Act, Act No. 1 of 2019, and other legislative regulatory governance and relevant rules, as amended from time to time. These are underpinned by a sound ethical foundation through effective leadership, oversight and Management accountability.

The Board established five (5) key committees to assist it with its governance and oversight functions. The committees are as follows:

- Finance and Audit Committee
- Upstream Committee
- Human Resources Committee
- Trading Board
- Governance, Ethics, Risk and Compliance Committee

Each committee has a clear charter, setting out its role, responsibilities and delegated authority from the Board. The charters clearly define the proceedings for the Board and committees and the procedures that Management must follow when submitting documentation for Board approval. The Board and committee charters are reviewed on a regular basis and updated to remain relevant to the business of the organisation and the industry in which it operates.

Board Governance Structure

NAMCOR currently reports to both the Ministry of Public Enterprises and the Ministry of Mines and Energy (MME).

Performance Assessments

An established appraisal process is employed on an annual basis to assess the Group's and Board's performance and effectiveness. NAMCOR's Executive Corporate Governance facilitates the Board's self-appraisal, which is followed by a Board committee peer review mechanism as well as an evaluation of whether the key performance areas set in the Governance Agreement with the Minister of Public Enterprises have been duly met.

Table 1: Board and committee meetings during the financial year 2020/2021

Board of Directors (including extraordinary meetings)	Finance & Audit Committee (including extraordinary meetings)	Human Resources Committee (including extraordinary meetings)	Governance, Ethics, Risk & Compliance Committee	Trading Board	Upstream Committee	Annual General Meeting
16	5	4	2	3	5	1

Board Committees

The Board delegates its powers and authorities to the committees to ensure operational efficiency and that issues which require specific expertise are dealt with by members with relevant specialised knowledge.

1. Finance and Audit Committee

Members: Engelhardt Kongoro (Chairperson), Jennifer Comalie, Tersia Gowases, Immanuel Mulunga

Duties and responsibilities:

- Oversight of the integrity of the financial statements of the company
- Oversight of the performance of the company's internal audit function and independent auditors

2. Human Resources Committee

Members: Tim Ekandjo (Chairperson), Onni-Ndangi Iithete, Florentia Amuenje (resigned in May 2021), Immanuel Mulunga

Duties and responsibilities:

- Ensure that the company's remuneration and employment principles and practices are aligned to its long-term objectives in order to ensure the attraction and retention of talent with skills required for effectively carrying out the company's mandate
- Consider and recommend policies related to human resources and remuneration to the Board
- Make recommendations to the Board in respect of the remuneration of the Managing Director and Executive Management

3. Upstream Committee

Members: Engelhardt Kongoro (Chairperson), Jennifer Comalie, Selma Shimutwikeni (resigned in November 2020), Immanuel Mulunga

Duties and responsibilities:

- Provision of a forum to discuss technical issues pertaining to exploration and production and the Kudu Gas Projects
- Provision of relevant recommendations to the Board

4. Trading and Distribution Board (Trading Board)

Members: Tim Ekandjo (Chairperson), Engelhardt Kongoro, Selma Shimutwikeni (resigned in November 2020), Immanuel Mulunga

Duties and responsibilities:

- Stewardship of the Trading and Distribution Company
- Support the Board in discharging duties related to trading and distribution issues, as guided by the Terms of Reference and the principles of NamCode

5. Governance, Ethics, Risk and Compliance Board Committee

Members: Tersia Gowases (Chairperson), Onni-Ndangi Iithete, Immanuel Mulunga
Duties and responsibilities: • Assist Board to carry out its risk management responsibilities (implementation of risk management processes is devolved to line management in each NAMCOR division, department or operation/business unit, and independent assurance on risk management process is provided by the company's internal audit function) • Set levels of risk tolerance and delegate the responsibility to design, implement and monitor risk management options to Management • Review and approve company policies and procedures at finance policy review sessions • Ensure that Information Technology adheres to good governance principles and systems and that the related Information Technology Charter, international control framework and policies are established and implemented throughout the company

Board Focus Areas for 2020/2021

During the financial year the Board and its committees focused attention on the following key areas:

- Oversight of the implementation of the company's strategic projects:
  - Bulk fuel storage facilities
  - 50% importation mandate
  - Retail project
- Oversight of the functional review process and approval of the new organisational structure
- Implementation of the five-year Strategic and Business Plan (2019 – 2023)
- Provision of strategic direction on exploring opportunities to grow downstream market share and profit
- Provision of strategic direction on the development and operation of downstream infrastructure
- Review of progress reports on implementation of IT projects
- Review of risk management reports, including review of key risks and responses
- Review of progress reports on the company debtors and debt management process
- Implementation of enablers for the 50% importation mandate
- Review, development and implementation of company policies and procedures
- Ensuring improvement of safety, health and quality procedures
- Embedding a high performance culture
- Establishment of good governance processes
- Approval of the revival of NAMCOR Exploration and Production Pty Ltd to ensure that the company is operational, and that its operations are separate from downstream operations
- Provision of strategic direction on acquisition of blocks
- Oversight of the implementation of upstream activities
- Provision of guidance on managing risks

RISK AND COMPLIANCE MANAGEMENT

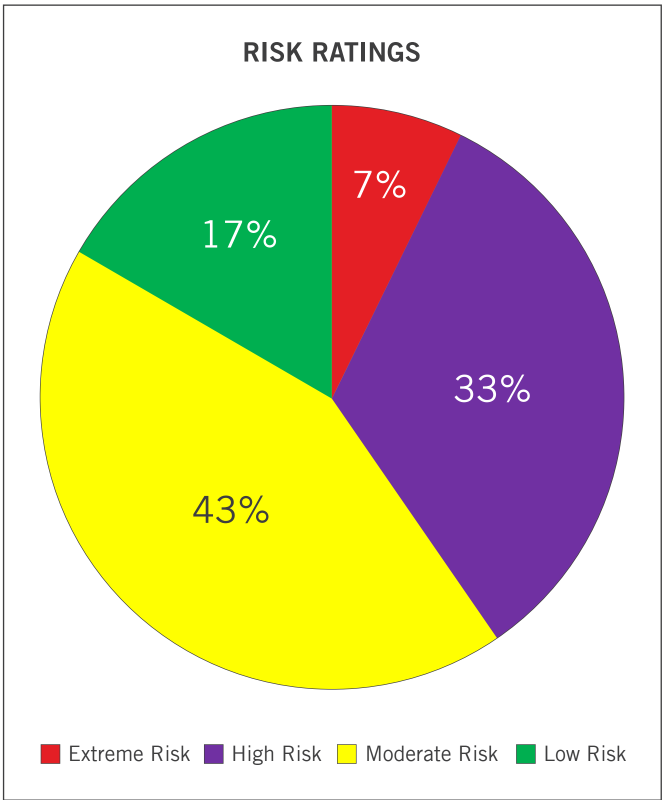
In pursing our vision of becoming a world-class petroleum organisation and delivering returns on the nation's oil and gas opportunities for the benefit of all stakeholders, we aim to proactively manage risks and opportunities through our adopted COSO Enterprise Risk Management (ERM) framework.

During the 2020/2021 financial year, the company ensured that all implemented strategic initiatives were within the approved risk appetite and tolerance parameters. The business ensured that ongoing risk management activities were conducted across the business.

Challenges and risks that had a significant impact on NAMCOR's business model during the 2020/2021 reporting period included delays in procurement activities, barriers to increasing the downstream market share and the impact of the COVID-19 pandemic.

However, adherence to our enterprise risk management process enabled the organisation to implement an appropriate and effective strategic response to mitigate these significant risks, which had the potential to obstruct the achievement of our strategic goals. During the 2020/2021 financial year, the business identified and mitigated 42 strategic risks, with high importance given to the extreme high-risk categories, which constituted 7% of the risk register, as shown in Figure 1.

Figure 1: Risk ratings



Board Oversight of Risk and Compliance Function

Through its Governance, Ethics, Risk and Compliance Committee (GERCC), the Board exercised its overall risk and compliance oversight role. The committee was satisfied with the risk management policies and procedures designed and implemented by Executive Management and found them to be consistent with the company's strategy and risk appetite. In addition, the committee found the policies and procedures to be functioning as directed, and that necessary steps are taken to promote an enterprise-wide culture that supports appropriate risk awareness, behaviours and decision-making.

The GERCC kept the Board informed of the type and magnitude of the company's major risks and Executive Management's efforts to manage those risks. Through its oversight role, the Board approved the current Risk Appetite and Tolerance Statement, which was developed based on the company's five-year Strategic Plan (2019 – 2023).

Enterprise Risk Management (ERM) Process

The first stage in the risk management process is to establish a benchmark for the company's acceptable risk levels, i.e. the company's risk appetite and tolerance levels. Risk tolerance and appetite levels are set by the Board on an annual basis. NAMCOR's ERM process is in accordance with industry best practice and has four (4) main stages:

(a) Risk identification
(b) Risk analysis and evaluation
(c) Risk treatment and control
(d) Risk monitoring and reviewing

During the period under review, we proactively managed risks within Board-approved risk appetite and tolerance levels. The company's risk appetite determines how much risk the organisation is willing to seek or accept to achieve its objectives. We recognise the need to take risks, both in the running of ordinary business and in order to achieve the objectives of the five-year Strategic Plan (2019 – 2023).

Hence, our approach focuses on minimising exposure to risks related to compliance, financial, environment, culture and people, while accepting predetermined acceptable levels of risk in pursuit of NAMCOR's vision and strategic goals. The company recognises that its appetite for risk varies according to the activity undertaken. During the 2020/2021 reporting period, risks were accepted subject to a good understanding of the potential benefits and adverse impacts on the business. All unacceptable risks were mitigated through control measures identified by the business on an ongoing basis.

Table 2: NAMCOR's top risks

Strategic Pillar	Risk Heading	Risk Description
Operational and organisational excellence	Delay in procurement activities (by Central Procurement Board for activities above NAMCOR threshold)	Delays in procurement activities (and subsequent operations) for procurement of items/services above NAMCOR's threshold
Operational and organisational excellence	COVID-19 pandemic	Effects of COVID-19 may result in a further decline in supporting industries (Transport, Wholesale and Retail)
Harnessing the potential for E&P	Insufficient funding: Production	Limited funds for upstream capital requirements; production needs 100% funding
Operational and organisational excellence	Reputational damage due to leak of confidential information	Breaches in confidentiality clauses and leak of confidential information
Ensuring supply for Namibia	Inability to maintain or increase downstream market share	Loss of market share due to NAMCOR's inability to increase sales volumes and failure to maintain stock holding time
Ensuring supply for Namibia	Market competition/share and the loss thereof (downstream)	Increased market competition from new entries in the industry may pose competition threats
Ensuring supply for Namibia	Insufficient depot capacity to provide for inland volumes	Limited capacity to provide for inland volumes due to higher demand
Ensuring supply for Namibia	Underutilised bulk storage facility	Lack of alternative co-hosting partners for Walvis Bay bulk storage facility
Operational and organisational excellence	Non-compliance to laws, polices and standards resulting in penalties or loss of licences	Failure to transparently govern and embrace good governance practices, including managing compliance with relevant legislative requirements
Operational and organisational excellence	Poor organisational culture, insufficient support from leadership, and lack of trust among staff members	Openness, teamwork, transparency and accountability not sufficiently embedded in organisational culture
Operational and organisational excellence	Financial vulnerability	NAMCOR's inability to recover from sudden financial shocks, which include sudden and unexpected loss of income and/or sudden and uncontrollable increase in expenditure

Legal and Contract Management

During the period under review, NAMCOR implemented the Contracts Management Framework and Agiloft Contracts Management Database.

The Agiloft Contracts Management Database is an online system that enables the Corporate Governance Department to centrally log key details of contracts. The database enables:

- Individuals to keep track of their responsibilities under the contracts/agreements
- Easy monitoring of contract/agreement, renewal and other key dates to ensure adherence to deadlines
- Extraction of reports that can be analysed for business management and strategic purposes

Effective contract management and administration is necessary for competent strategic decision-making and for efficient, effective and robust business processes that allow NAMCOR and its subsidiaries to make use of opportunities while meeting the required standard of accountability, compliance, profitability and transparency.

NAMCOR is party to many different business relationships and, therefore, enters into a wide variety of contracts and agreements. These agreements include, but are not limited to, upstream and downstream contracts. NAMCOR enters into, manages and administers contracts in a manner which facilitates business and minimises risk.

UPSTREAM EXPLORATION AND PRODUCTION

The primary function of NAMCOR through the Exploration and Production (E&P) Company is to act as a vehicle for participation in the oil and gas industry on behalf of the Government of the Republic of Namibia.

When the Petroleum Exploration and Production Act, Act No. 2 of 1991, was amended and promulgated, it was the intention of the Government for NAMCOR to meaningfully participate in the exploration of oil and gas in Namibia, and not just to be a minority participant.

The revenue streams for the Upstream Exploration and Production Department for the 2020/2021 financial year were derived from:

1) Licensing of upstream technical data; and
2) Cash considerations from farming-down of participation interests in Petroleum Exploration Licences (PELs).

In response to the overall departmental objectives, the Upstream Exploration and Production Department embarked on reviewing and updating its strategy with the view of aligning it to the corporate strategy. This resulted in the identification and prioritisation of the following four (4) strategic objectives:

- The acquisition of two (2) Petroleum Exploration Licences
- Farm-out (block dilution) and generation of cash consideration of N$28,062,000
- Generation of data sales revenue of N$15 million
- Partnering with leading players in broadband seismic technology with the aim of improving the accuracy of subsurface analysis and skills transfer

The Group finalised commercial terms with local partner NASMAM Investment Pty Ltd to take over both the operatorship and 70% working interest in Block 2614B. In addition, NAMCOR applied to take over operatorship and 67% working interest in Blocks 2512A, 2513 and 2612A.The company is awaiting feedback from the Ministry of Mines and Energy on the matter. The Group has working interests in five (5) Petroleum Exploration Licences (PELs) offshore Namibia, of which four (4) are under its operatorship.

The company secured the services of Ikon Science as a preferred partner to jointly undertake a seismic technology project, with the aim of improving the accuracy of subsurface analysis, as well as skills and technology transfer. This project will be undertaken on a multi-client basis, at no cost to NAMCOR, and is scheduled to commence in the 2021/2022 financial year.

Key Achievements for the 2020/2021 Financial Year

- ***Secure two (2) Petroleum Exploration Licences***
  - NAMCOR and NASMAM Pty Ltd agreed on commercial terms for NAMCOR to take over operatorship and 70% working interest in Block 2614B. A Deed of Amendment and Novation to the Petroleum Agreement was submitted to the Ministry of Mines and Energy for approval.
  - NAMCOR lodged an application to the Ministry of Mines and Energy to continue with the negotiations for the Petroleum Agreement for Blocks 2512A, 2513 and 2612A after Serica Energy withdrew from the negotiations for a new licence over these blocks.
  - As a result, we updated the negotiated Petroleum Agreement for Blocks 2512A, 2513 and 2612A and submitted it to the Ministry of Mines and Energy for signature. NAMCOR awaits a response from the Ministry.
- ***Financial performance***
  - The revenue generated from licensing of upstream technical data amounts to N$24,112,748 against a budget of N$15 million, which is 60% above the budgeted data sales revenue target.
  - Farm-out activities aimed at realising a cash consideration of N$28 million for PEL 67, PEL 72 and PEL 79 are ongoing.
- ***Block promotion and marketing***
  - Due to COVID-19 regulations globally and the need to continue marketing and promoting exploration assets and secure potential partners, the Upstream Exploration and Production Department contracted Zebra Data to provide online platforms to engage interested parties via a virtual data room.
  - Use of the virtual data room is ongoing.

NAMCOR Exploration Rights

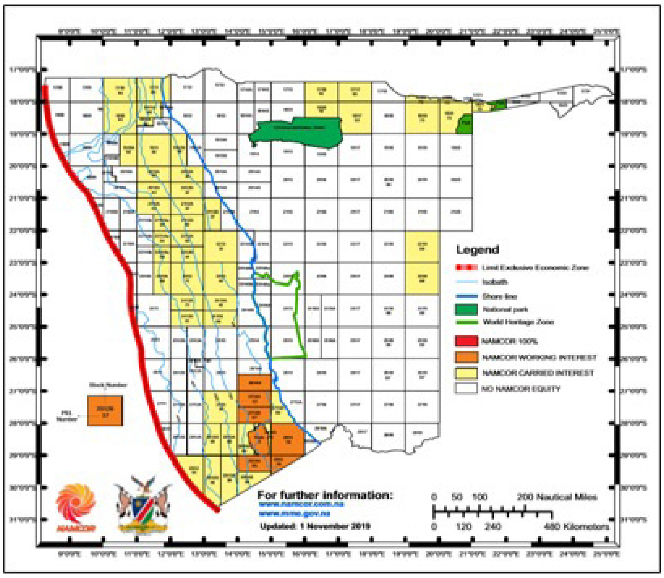
NAMCOR holds exploration rights in the Petroleum Exploration Licences as indicated in Table 3.

Table 3: Petroleum Exploration Licences in which NAMCOR has a working interest

Licence Blocks	Shareholding	Status
Block 2714A (PEL 72)	• NAMCOR 67% (operator) • Quiver 33%	Data room open to potential farm-in partners
Block 2714B (PEL 67)	• NAMCOR 67% (operator) • Quiver 33%	Data room open to potential farm-in partners
Block 2815 & 2915 (PEL 79)	• NAMCOR 67% (operator) • Quiver 33%	Data room open to potential farm-in partners
Block 2914A (PEL 85)	• NAMCOR 30% • Korres 15% • Rhino Resources 55% (operator)	NAMCOR still seeking a farm-in partner for 20% working interest
Block 2914A (PEL 85)	• NAMCOR 70% • NASMAM 30%	Awaiting MME approval of Deed of Amendments and Novation to the Petroleum Agreement

In addition, the Group holds an average of 10% carried interest in 98% of the Petroleum Exploration Licences issued in Namibia, which are operated by various oil and gas companies. The map in Figure 2 shows current licensed acreage offshore and onshore Namibia. Licence blocks with NAMCOR working interest are indicated in orange and licence blocks with average 10% carried interest are indicated in yellow.

Figure 2: NAMCOR participation in onshore and offshore blocks



E&P In-house Projects

As part of the company's five-year corporate strategy, NAMCOR E&P set a target to collaborate with at least one (1) reputable service company in the field of research and technology, particularly in the area of artificial intelligence related to hydrocarbon exploration in Namibia. The partnership is aimed at strengthening NAMCOR's position at the forefront of technology advancement in oil and gas exploration using sophisticated software, which can be tailored to solve Namibian offshore exploration challenges and de-risk exploration plays. NAMCOR E&P selected Ikon Science as the preferred partner for this project, which is scheduled to commence in the 2021/2022 financial year.

In addition, the Upstream Exploration and Production Department embarked on four (4) regional projects as outlined in Table 4.

Table 4: Regional projects for the 2020/2021 financial year

Project	Objective	Status
Syn-rift Play Study	Identify Syn-rift plays for offshore Namibia using selected regional data	100% completed for Orange Basin, with final technical report to be completed in 2021
Sequence Stratigraphy Project	Conduct detailed mapping of plays, trap identification for prospects and leads, and develop in-house regional time-calibrated stratigraphy that can be extended to adjacent basins along the Namibian margin	Planned to be completed in Quarter 3 of 2021
Compilation of Geohazards Offshore Namibia	Compile all reported constraints and any encountered geological features or man-made barriers that have the potential to impact the operational or environmental integrity of petroleum exploration and production activities offshore Namibia	Successfully completed
Prediction of Formation Pore Pressure	Use of density and sonic logs from the offset well in Block 2815 to predict formation pore pressure for a well to drill the Meerkat Prospect	Successfully completed

Conclusion

The Upstream Exploration and Production Department achieved data sales revenue of N$24,112,748 versus a budget of N$15 million, which represents a 160% over performance.

In addition, the Department continued to provide potential farm-in partners with access to view data on a virtual platform with the aim of soliciting indicative offers. The Exploration and Production team intensified its visibility via online platforms to promote and market NAMCOR exploration blocks with working interest to potential investors.

NAMCOR E&P acquired additional licence blocks with working interest through the acquisition of 70% working interest and operatorship in Block 2614B. As a result, the company now operates four (4) Petroleum Exploration Licences and has working interests in five (5) PELs.

The importance of regional studies cannot be over-emphasised, as these geological, geophysical and engineering studies not only enhance technical capabilities for the technical team but also contribute to the subsurface knowledge of the Namibian margin.

UPSTREAM DEVELOPMENT AND PRODUCTION

The Upstream Development and Production Department's strategy is premised on the acquisition of international production assets. The company continues to make significant progress in its acquisition efforts. At present, the biggest challenge to this core strategy relates to the availability of funding for acquisition of these costly assets.

In a bid to secure funding, the company held a host of presentations and meetings with major banks, which have all demonstrated an appetite for funding NAMCOR's international production asset acquisition ambitions.

During the period under review, the Upstream Development and Production Department focused on three (3) main strategic objectives:

1) Complete the farm-out of the Kudu Gas Project that will culminate in NAMCOR receiving cash considerations
2) Develop and implement the framework with which to evaluate the viability of NAMCOR's acquisition targets (Acquisition Policy for Development & Production Assets)
3) Identify and present three (3) producing assets to Management for investment decision

Development and Implementation of the Acquisition Policy for Development and Production Assets

The Upstream Development and Production Department has successfully developed and implemented the framework with which to evaluate the viability of NAMCOR's acquisition targets. The first draft of the policy was submitted to EXCO at the end of July 2020, after which it was discussed at the NAMCOR policy workshop at the end of August 2020. The document was then submitted for Board approval early in October 2020, after which it was approved and signed off later that month.

Scouting, Screening and Due Diligence of Production Opportunities

To date, NAMCOR, through the Upstream Development and Production Department, has considered 34 assets. Screening and evaluation of these assets is reflected at various levels of maturity. In addition, direct approaches have been used for companies that may offer divestment opportunities (such as TOTAL, Shell, Serica Energy, etc.) through submission of expressions of interest, for which NAMCOR has generally received favourable responses.

The Upstream Development and Production Department, through the procurement function, has secured a panel of due diligence consultants, which comprises of industry specialists with varying experience and expertise in in-depth due diligence of oil and gas assets. This arrangement allows NAMCOR to swiftly complete in-depth evaluations of assets and produce Competent Person's Reports (CPRs) within the tight timelines of asset sellers.

As financing is one of the identified strategic risks affecting NAMCOR's efforts to buy production, the Department initiated discussions with a potential long-term financing partner, Sequa Petroleum. Since the end of March 2021, the Upstream Development and Production's commercial team, together with Corporate Governance, has been working towards the first draft of the Heads of Terms, with the objective of securing a long-term agreement with the financing partner in Quarter 1 of the 2021/2022 financial year.

- ***TOTAL Block 14/14K***
  - Initiated discussions in June 2020 with TOTAL with regards to the planned divestment of their interests in Blocks 14 and 14K. TOTAL and its partner INPEX have a 20% interest in Block 14 and a 10% interest in Block 14K.
  - Received access to the data room in mid-October 2020 and concluded technical and commercial evaluation of the assets in mid-November 2020.
  - Mandate from the Board to make offer was secured on 20 January 2021.
  - Bid was submitted to TOTAL on 29 January 2021 NAMCOR obtained financial support from four (4) funding institutions.
  - TOTAL provided preliminary feedback between February and March 2021, which resulted in NAMCOR submitting two (2) subsequent amendments to the initial bid to the seller.
  - While the bid was judged to have been structured well, and with no fatal flaws, TOTAL noted that NAMCOR's upfront payment was lower than expected. The NAMCOR bid was based on an upfront payment of USD150 million and a series of deferred payments based on oil prices.
  - A postmortem report of Blocks 14 and 14K will be produced, highlighting NAMCOR's shortcomings and recommendations based on the seller's post-bid feedback.
- ***Chevron's OML 86 & 88***
  - Lekoil and NAMCOR signed a Memorandum of Understanding (MOU) and Strategic Alliance Agreement in October 2021 for the joint acquisition of production assets.
  - Both parties agreed to make a joint bid for Chevron's OML 86 & 88 producing asset, which produces 6,000 barrels of oil per day (bopd) and is situated in Nigeria.
  - NAMCOR and Lekoil concluded that the asset was viable based on independent assessments of available data.
  - The bid of USD75 million was judged to be insufficient by Chevron and was not accepted.
- ***2020 Nigeria Marginal Fields Licensing Round***
  - NAMCOR engaged reputable Nigerian companies for joint participation in the licensing round whose submission deadlines were November 2020.
  - All the assets offered in the Marginal Fields Licensing Round were development assets (i.e., not producing fields). Therefore, NAMCOR ended up not participating in this bidding round.

- ***Lekoil's Otakikpo (OML 11)***
  - Through the Strategic Alliance Agreement, Lekoil presented the Otakikpo opportunity to NAMCOR at the end of December 2020. Otakikpo is a 5,900-bopd-producing oil field held by Lekoil (40%) and Green Energy International (60%).
  - At the end of January 2021, Lekoil offered NAMCOR the opportunity to purchase 10% interest in the Otakikpo field for USD15 million.
  - NAMCOR initiated the Phase 0 & Phase 1 evaluation early in February. However, Lekoil withdrew the asset from the market mid-February. The Department plans to continue with commercial valuation of the asset and submit an optimised unsolicited offer by latest Quarter 2 of the 2021/2022 financial year.

Kudu Gas Field

Overview

The Kudu Gas Field is located in the northern Orange Basin, 130 km offshore, comprising two (2) separate gas accumulations. It is situated in Production Licence 003 (PL003), which has an area of 4,567 km^2 and a field water depth of approximately 170 m. The Kudu-1 Well, which lead to the discovery of gas, was drilled in 1974 by a joint venture between Chevron Oil, Regent Petroleum and SOEKOR (Pty) Ltd (the former national oil company of South Africa). The field was delineated by seven (7) subsequent wells.

The Kudu Gas Field contains 1.5 trillion cubic feet of recoverable gas resources. The fact that a well with a highly significant gas volume such as this remains undeveloped is anomalous by international standards.

Current status

While discussions on the sale of NAMCOR's 39% interest in the Kudu Gas Field to BW Kudu commenced in the 2019/2020 financial year, they were only finalised in the 2020/2021 financial year. However, the completion of the transaction was predicated on the satisfactions of all CPs. As such, the participation interests in the licence remained as reported in the 2019/2020 financial year, with NAMCOR holding 44% and BW Kudu the remaining 56%.

Key events with respect to the partial sale of NAMCOR's interest in the Kudu licence are outlined hereunder:

- On 7 December 2020, the Board of Directors approved the sale of NAMCOR's 39% interest to BW Kudu.
- On 14 December 2021, NAMCOR and BW Kudu executed the Farm-in and Carry Agreement (FICA) for NAMCOR to formalise the sale of the 39% interest in the Kudu licence. This transaction removes any funding obligations to NAMCOR. NAMCOR will receive USD4 million in cash and a N$50 million write-off in licence expenses incurred from July 2018 to March 2021. NAMCOR will retain 5% interest without any financial obligations. In future, NAMCOR can increase its equity to 10% upon production of gas.
- The Section 11 (Assignment of Interest) application was submitted to the Ministry of Mines and Energy on 29 January 2021 and approved on 29 March 2021 (with five (5) conditions).
- The merger filing application to the Namibian Competition Commission was submitted on 8 March 2021, with approval expected at the beginning of May 2021.
- Approval from the Ministry of Finance, the Ministry of Public Enterprises and the Cabinet of the Republic of Namibia is anticipated in the new financial year.
- The date by which all condition precedents must be satisfied and all documents completed is 15 July 2021. Thereafter, payment of the cash component of the transaction consideration will be made.

This new arrangement in the Kudu asset aims to support the operator's efforts in the process of developing alternative commercialisation options beyond the previously agreed gas-to-power project, while shielding NAMCOR from near-future cash outflows and guaranteeing long-term post-first commercial operations revenues to NAMCOR.

Conclusion

Discussions with BW Kudu on the sale of NAMCOR's 39% interest were concluded on 14 December 2020, with both parties signing the Farm-in and Carry Agreement to formalise the transaction. This transaction removes any future funding obligations from NAMCOR. Once all outstanding condition precedents have been met, the parties will move toward completion before mid-July 2021.

The Department completed a bid submission process to TOTAL for the Angola Block 14 & 14K. However, the bid was unsuccessful, as NAMCOR and its partner Sequa Petroleum were not able to meet the seller's expectation regarding the upfront payment. The Department has appointed due diligence experts to a panel, which will prepare an in-depth due diligence for potential acquisitions when needed. Furthermore, in conjunction with the Legal function, the Department is currently working on a long-term financing agreement with Sequa Petroleum to minimise the risks associated with funding the purchase of assets.

DOWNSTREAM SALES AND MARKETING

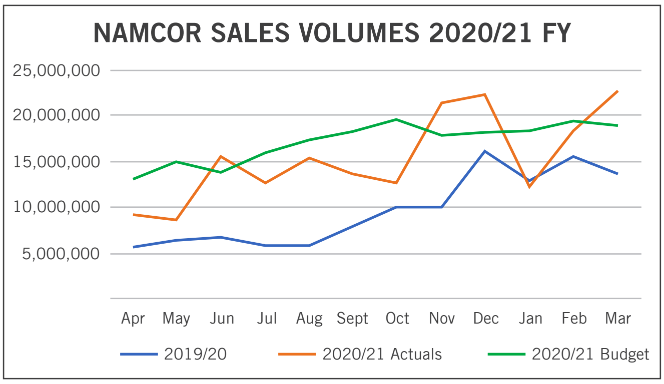
From a sales perspective, the year 2020/2021 was probably one of the most challenging in NAMCOR's history. The onset of COVID-19 came with unprecedented lockdowns. Most businesses suffered immensely, with some having to close down completely due to a lack of customers. Sales of fuel were also heavily impacted because of reduced travel by motorists. International oil prices crashed around April to May 2020 due to oversupply. This situation meant that oil companies were forced to absorb the revenue losses for those two (2) months and beyond. The impact on NAMCOR was substantial, since the crash occurred after we had already purchased product at a high price. Sourcing fuel from the international market at below BFP remained a challenge throughout the financial year.

On the retail front, the major challenge pertained to the slow delivery of projects due to COVID-19 protocols limiting the number of people permitted on a construction site at any given time. Sourcing funds for our retail projects presented a further challenge, with the lack of funders compounding the slow progress of project delivery.

Despite these challenges, fuel sales for NAMCOR Trading closed off at 184.5 million litres against a target of 205.7 million litres, which is an achievement of 90%, with a year-on-year growth of 58% compared to the previous year. Revenue for the year was N$1.3 billion against a target of N$1.8 billion.

It was indeed rewarding to achieve victories despite numerous challenges. The strategic intent to grow volumes was achieved, but the great lesson going forward is to focus on margins in order to improve profitability. As the financial year 2021/2022 commences, the focus will be on timeous delivery of retail projects.

Figure 3: Downstream Sales and Marketing performance – 2019/2020 and 2020/2021 financial years



DOWNSTREAM SUPPLY AND LOGISTICS

Like the rest of the Group, the Supply and Logistics function of downstream operations was not spared the impact of the COVID-19 pandemic. The greatest impact was seen in the huge overnight drop in fuel prices, by a record N$2.75. At the time of the price decrease, we had already dispatched stock, which could not be cancelled. The Group and other industry players sought assistance from the Ministry of Mines and Energy, and succeeded in negotiating partial compensation.

Government restrictions on the movement of people to control the spread of the virus had a direct impact on sales volumes. We dedicated our energies to preparing the National Oil Storage Facility, which included the training of staff and initiating all required regulatory processes.

Commercial hosting agreements were finalised and signed with relevant stakeholders, such as Vitol, Gunvor and other players. NAMCOR successfully secured long-term tenants for the facility to ensure it achieves its two-fold objective, namely the full utilisation of the facility, and enabling the Ministry of Mines and Energy to meet financial obligations associated with the facility over the next 10 years.

The facility was commissioned, with the first vessel carrying 42 million litres of automotive diesel oil (ADO) arriving on 1 December 2020, followed by a vessel carrying unleaded petrol (ULP) 15 days later.

The commissioning of the facility was not without operational challenges. One of the primary challenges related to the design of the facility, which purely took into account a strategic storage facility without any provision for commercial activities. However, we remain confident that through hard work and dedication, the facility will play a major role in ensuring continuous supply of fuels to the Namibian economy.

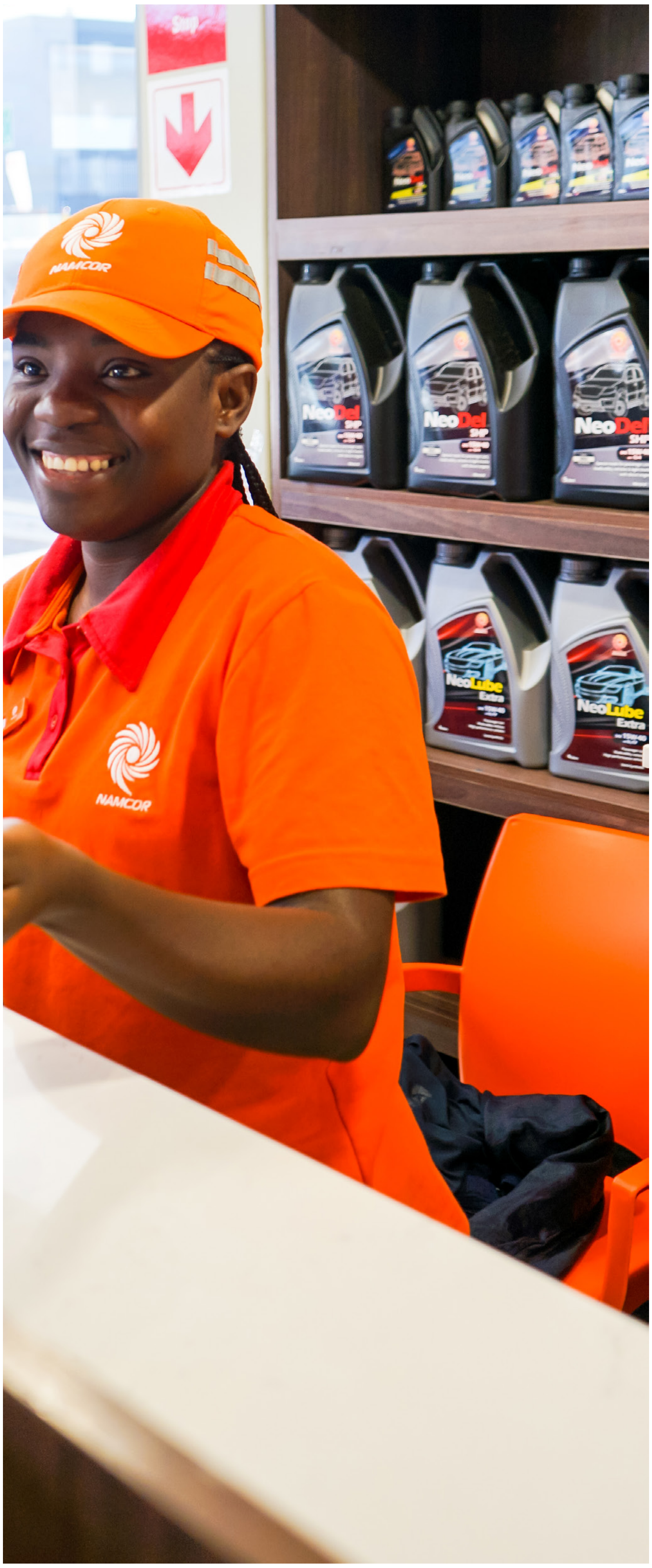
During the year under review, the Supply and Logistics team also conducted a detailed analysis of business processes to prepare the company for the future, and established the frame for a more integrated Enterprise Resource Planning (ERP) system. The upgrade of the current financial system was initiated, but could not progress to the expected level due to circumstances arising from the COVID-19 pandemic.

We also engaged with other industry players on potential commercial partnerships, which culminated in the signing of a joint-venture agreement with the industry. The agreement enabled the sharing of pipelines between NOSF and the industry, thereby facilitating the flow of product between the industry and NAMCOR.

We secured a long-term lease agreement with TOTAL Namibia to take over its depot facility in Gobabis. The aim of the agreement is to improve sales, in particular to the Botswana export market. The opening of the depot is envisioned for the third quarter of the new financial year.

Satisfactory progress was made on the construction of a new depot storage facility in Windhoek. This project forms part of the company's three-year strategy and is estimated to take at least two (2) years to complete.

The Supply and Logistics team prioritised operational efficiency as a means of reducing operational costs. The signing of additional joint-venture agreements with other oil companies supports the five-year strategy to develop talent within the company in order to effectively compete in this highly competitive environment.



ENGINEERING AND TECHNICAL SERVICES

This report highlights the business performance of the Engineering and Technical Services Department and provides an update of the status of capital projects in relation to the corporate strategic objectives of the Department and NAMCOR's five-year business plan.

Capital Projects for the 2020/2021 Financial Year

During the year under review, the Engineering and Technical Services Department successfully commissioned and handed over four (4) retail service stations, namely Otavi, Outapi, DJ Truck Port and Otjomuise retail service stations. In addition, four (4) sites were handed over to contractors for the construction of retail service stations at Mariental, Khorixas, Karasburg and Oshakati. To date, the combined progress of these construction projects is above 80%. The Department successfully commissioned and handed over four (4) commercial sites at the NBC in Windhoek, RCC/Teichman joint venture in Aminius, and UNIK Construction at Usakos for its own consumption, and Erongo Petroleum in Walvis Bay as a reseller.

The NOSF maintenance tender was awarded in the third quarter of the year and officially commenced on 1 November 2020. During the first three (3) months (November 2020 – January 2021), the setup and rollout of the maintenance system was concluded. As per NAMCOR's maintenance mandate from the Ministry of Mines and Energy, the maintenance system was developed based on the requirements of the Original Equipment Manufacturer (OEM), and supplemented with industry best practice. The resultant system includes over 460 equipment task lists for about 2,500 pieces of equipment at NOSF. The system is managed by ten (10) Key Performance Indicators (KPIs) and driven by a detailed work management process. This process is guided by the overall year plan cascaded into 53 detailed weekly plans, approved and executed by the respective maintenance teams. In February 2021, implementation of the ramp-up phase commenced as the maintenance teams launched the maintenance system, which is currently actively managed via weekly KPI reporting and data analysis.

Furthermore, the Department, on behalf of the MME, was mandated to manage the construction of the firefighting system for the oil industry in Walvis Bay, as well as the construction of two (2) new pipelines between NOSF and the oil industry in Walvis Bay. These are significant projects that will support the optimal operationalisation of NOSF. The construction of the pipelines will be completed by the end of June 2021, while the construction of the firefighting system was awarded by the Central Procurement Board.

Challenges

During the period under review, the Department experienced project delays due to COVID-19 as suppliers were closed and construction was halted as per the directives of the State of Emergency. After the lockdown, some factories did not resume operations, resulting in a shortage of construction materials, which further impeded the timely completion of projects.

Going Forward

In order to prevent projects from running over two (2) financial years, it is essential that feasibility studies, preliminary and detailed designs be carried out in the financial year before construction and capital expenditure is scheduled to commence. This measure will ensure that construction and capital expenditure can begin at the start of a reporting period (that is, in April every year) and be completed in that same reporting period. It is also imperative for the retail budget to make provision for greenfield sites, i.e. sites that become available unexpectedly, to allow for the speedy execution of works within the same financial year.

The Department strongly recommends the establishment of a dedicated Retail Fund to ensure the timely payment of contractors and completion of projects. In addition, advance payments to prospective dealers should be linked to agreed construction milestones.

INFORMATION AND COMMUNICATION TECHNOLOGY

Information and Communication Technology (ICT) is essential in the management of data, transactions, information and knowledge necessary to sustain NAMCOR's operations, thereby contributing to its growth. This report documents the Information and Communication Technology Department's performance during the 2020/2021 financial year, as related to its contribution to the objectives of NAMCOR's Strategic Plan and the ICT Department's Strategic Plan.

ICT Successes

The ICT Department is pleased with progress made in the 2020/2021 financial year. Highlights include the following:

- Implementation of three (3) COBIT 5 ICT Governance Processes, which will improve NAMCOR's ICT governance standards and ensure procedural controls, best practices and compliance across ICT
- Delivery of a total of 103 re-mapped and documented business processes that will be deployed in normal day-to-day business operations
- Automation of critical workflows and business processes for core business departments through various digital solutions
- Assessment of the core departments' data sources to deliver requirements for business intelligence across enterprise operations and in support of key business reporting
- Development of architecture for the creation of a data warehouse, to host all business data with the aim of improving access, visibility and collaboration
- Dedicated efforts to develop the integration requirements for the National Oil Storage Facility (NOSF)
- Launch of a project to optimise the existing financial and stock control system in order to improve financial controls and levels of efficiency
- Delivery of dry and wet stock management systems and data telecommunication services for three (3) retail sites, namely Outapi, Otjiwarongo and Otjomuise
- Delivery of Microsoft 365 cloud-collaboration services to support flexible working arrangements, online meetings and stable email services
- Delivery of dual internet feeds via optic fiber, 4G and microwave backbones to Head Office, retail sites and depots to improve internet connectivity required for new working norms
- Review of the organisational structure of the help desk in order to accommodate increased demand for end-user support services driven by operational growth in retail, depots and Head Office
- Launch of the data centre upgrade project to deliver processing and storage capabilities for housing E&P Geo data and related services as well as the ERP system

ICT Challenges

The year under review was not without challenges for the ICT Department. Challenges included the following:

- Slow rate of collating business requirements and less than optimal coordination, due to poor business and third-party vendor inputs
- Advent of COVID-19 pandemic affected the rate at which strategic project milestones were achieved, as business had to take time to adjust to the "new normal"
- Internal ICT resource allocations are not at an optimal level to allow ICT to be a reliable business partner to the company
- Lack of a comprehensive technology support programme for retail site operators to streamline response processes to forecourt and c-store operational disruptions countrywide
- Rapid upskilling requirements driven by the adoption of Microsoft 365 cloud-based collaboration services

ICT Plans

Going forward, the ICT Department plans to strengthen project management, change management and speed delivery of strategic projects and initiatives in order to ensure that we deliver on set project goals and targets. In addition, overall stakeholder engagement will be strengthened early on to attain business buy-in and ownership of delivered solutions. In order to mitigate the impact of the ongoing COVID-19 pandemic and prepare for the possibility of similar situations in future, business continuity capabilities will be improved.

ICT Initiatives

During the 2020/2021 financial year, the ICT Department initiated several projects in support of NAMCOR's business ventures. Below is a summary of and status update for each initiative.

COVID-19 pandemic initiative

At the onset of the COVID-19 pandemic, the ICT Department identified key initiatives for supporting NAMCOR's COVID-19 Response Plan.

A key focus area was the provision and rollout of Microsoft Teams to enable staff to work from home. This involved implementing processes, applications and communication facilities to allow staff to work remotely (including meeting and collaboration functionality). The following was commissioned as part of this project:

- All NAMCOR users were added to the Microsoft Cloud (Azure AD) and Office 365 directory to ensure access to Office and Teams accounts
- All on-premises user accounts were synchronised with Microsoft Cloud to ensure that users are able to log in to their laptops as well as their Office 365 and Teams applications using the regular NAMCOR account

- All users were provided with Microsoft Teams and Office 365 accounts
- Teams and users were set up for all Departments and committees inside the Microsoft Teams platform to enable them to host and join meetings from home
- Microsoft Teams application was set up on all users' laptops, including a plug-in in Outlook for scheduling meetings
- Procedures were formulated to guide users on the usage of Microsoft Teams to conduct meetings

The following plans for migrating or moving user emails to the Cloud to improve interoperability with Microsoft Teams was set in motion:

- Implement on-premises file sync capabilities to allow company file shares to be available to users via the Cloud
- Explore enablement of digital and e-signatures for faster approval processes
- Implement a policy on governance and usage of information and related resources while working from home
- Implement data protection for information stored, accessed, shared and collaborated on while working from home
- Explore ways to implement process and workflow automation in order to reduce cycle time for administrative tasks while working from home

Initiatives in support of Strategic Pillar: Ensuring Supply for Namibia

1. Bulk storage facility commissioning requirements

A key focus area during the reporting period was to determine requirements for information and business system functionality at the new bulk storage facility at Walvis Bay. The ICT Department appointed a task force mandated to focus on this task. Several interactions with vendors of the various facility components took place in order to determine process, system and infrastructure requirements to successfully commission the NOSF.

Key questions relating to the above were:

- What systems are in place with regards to automatic tank gauging, gantry loading and automation?
- What is the current Terminal Management System setup and what is required for integration with the finance system?

The engagements enabled the ICT Department to meet the following requirements:

- Establishment of a way forward for Point of Sale integration to give business visibility on franchise business
- Successful NOSF systems interface tests with visibility of transactions and inventory data
- Issuing of a Sales Order post to NOSF via interface between Syspro and NOSF, which eliminates the possibility of errors caused by manual creation of orders at NOSF
- Development of data governance catalogue which is a glossary of data terminology to be used across NAMCOR with the aim of creating a common understanding
- Ongoing process of defining data quality rules used to preserve the quality and accuracy of information during reporting
- Development of a model for monitoring budget versus expenditure to be rolled out to other departments to enable the tracking and monitoring of budget versus expenditure for the 2021/2022 financial year

2. ICT Governance Programme

In terms of the IT Governance Charter of 2014, the ICT Department is obligated to manage the ICT portfolio in terms of the COBIT 5 framework. This involves improving the maturity of IT management practices in line with 13 focus areas. For the financial year under review, the following tasks were completed as part of scoped initiatives:

- Development and implementation of three (3) formal processes, namely APO12, BAI 06 and DSS05, as part of the COBIT 5 implementation project
- Adoption of formal project management principles to improve the rate of delivery of strategic projects and initiatives and to ensure the delivery of set project goals and targets
- Improvement of effectiveness of stakeholder engagement to attain business buy-in and ownership of delivered solutions
- Improvement of business continuity capabilities to mitigate effects of current and future operational challenges
- Achievement of a 90% completion rate on implementation of recommended actions as part of Audit Findings Mitigation Plan

3. Information Security Management Programme

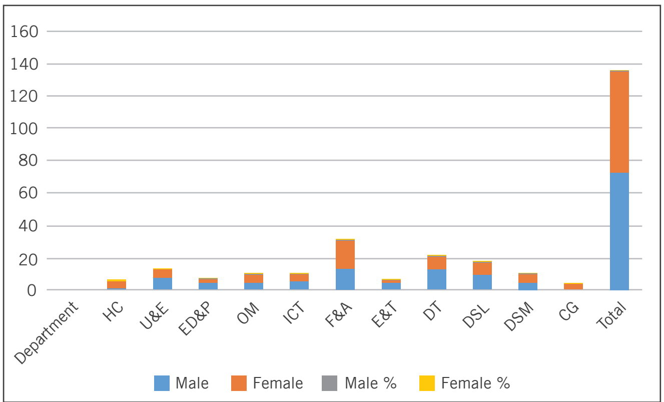
The ongoing Information Security Management Programme aims to implement various controls to improve the maturity of NAMCOR's cyber security. The programme involves the establishment of strategies, frameworks, policies, procedures and practices to mitigate risk, as identified by the Governance, Ethics, Risk and Compliance Committee. During the financial year under review, the following tasks were completed:

- Drafting of an Information and Cyber Security Policy
- Review of the governing framework and programme, inclusive of solutions to mitigate threats
- Establishment of an Information Security Officer position and recruitment of said Officer to oversee and manage the implementation of an information security management programme/system
- Inclusion of requirements for information security in daily operations of ICT Department, based on a business risk approach, to establish, implement, operate, monitor, review, maintain and improve information security and reduce NAMCOR's exposure to risks

HUMAN CAPITAL

At the end of the reporting period, NAMCOR had 157 employees, excluding temporary employees and interns (refer to Figure 4). In line with our commitment to build future talent, NAMCOR hired 19 temporary employees in 2021 and one (1) intern. NAMCOR's gender representation currently stands at 52% male employees to 48% female employees. This ratio is satisfactory, especially in what is generally perceived to be a male-dominated industry.

Figure 4: Workforce statistics as at 31 March 2021



Technological Progress

Technology is fundamentally changing the way we live, work and relate to each other. Our digital strategy focuses on building a solid technological and data-driven foundation that enables us to 'see the possible in people'. We aim to use insights derived from data to help identify new opportunities for talent that would have otherwise been overlooked. Going forward, we aim to continue leveraging on the best HR technologies available, combining these with our traditional added value of genuine human interaction with clients and talent. In addition, we will continue to conduct relevant research on the specific effects of digitalisation on the labour market, in order to contribute to the discussion and influence policy-making in this regard.

Employee Training and Development

Our training programmes incorporate different forms of learning, including e-learning. In addition, managers play a crucial role in reinforcing their employees' learning journeys. Our training programmes are always competency-based and focus on leadership, digital fluency, sales, job-related skills and soft skills. In the 2020/2021 financial year, most training initiatives were conducted online due to the COVID-19 pandemic.

Affirmative Action

The Group is strongly committed to equity, diversity and inclusion. We believe that these principles help us to build a more agile, productive and innovative workforce that reflects our talent and client base, and the society in which we work. We are committed to advancing social justice and equity in our organisation, our communities and our society. We are working towards a world where everyone, regardless of race, gender, age, religion, sexual orientation, ability or any other characteristic, has equal access to opportunities and feels valued and respected. In 2018, the Affirmative Action Committee (AAC) established an action plan outlining targets up to the year 2020 in five (5) working lines, namely different abilities, gender, age, cultural diversity, flexibility and work-life balance.

Employee Movement

Recruitment and staff turnover are essential to employee movement. Our workforce is a reflection of our growth agenda in that 24% of our employees have been with the company for more than five (5) years, while 76% were appointed during the past five (5) years.

The voluntary staff turnover rate was 1.91% in 2020 compared to 2.2% in 2019. This slight decrease of 0.3% can be attributed to high satisfaction and loyalty levels, a fact that we cherish and celebrate.

Table 5: Employee movement during the 2020/2021 financial year

Termination	Numbers	As percentage of the workforce
Resignations	3	1.91%
Deaths	0	0.00%
Dismissals/Terminations	0	0.00%
Early retirement	2	1.27%
Normal retirement	0	0.00%
Desertions	0	0.00%
Retirement on ill-health	0	0.00%
Voluntary separation on redundancy conditions	0	0.00%

Health and Safety

The COVID-19 pandemic has highlighted the importance of maintaining physical and mental health and a safe workplace, at work and at home. To limit the number of employees at the office at any given time, we implemented flexible working schedules. Returning to the workplace and reshaping a new future of work is key to ensuring the health and wellbeing of our staff. Reopening workplaces requires new health and safety protocols that take COVID-19 into consideration. Throughout 2020, NAMCOR enabled staff to return to work safely, supporting employees and candidates by sharing best practices on physical and mental health and wellbeing, providing personal protective equipment, and implementing health and safety protocols.

Onboarding and Induction

In the first few months of employment, all new employees follow a formal induction programme to support success in their new role from the outset. In 2020, some of these programmes were conducted virtually due to the pandemic. The induction covers NAMCOR's ambitions, strategy, values, culture, history and corporate policies, as well as targeted job-related information. NAMCOR tracks the effectiveness of its induction programmes by measuring awareness of company values and policies, time to productivity, and other success metrics. Upon completion of the induction programme, individual development plans are drawn up for each employee.

SAFETY, SECURITY, HEALTH, ENVIRONMENT AND QUALITY

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

Implementation of Health and Safety Standards

During the period under review, implementation of the SSHEQ programme involved the management of change, which brought both excitement and a substantial amount of work. The introduction and rollout of retail sites and commencement of operations at the National Oil Storage Facility (NOSF) presented occupational health and safety hazards and risks to the business operation. The team examined potential gaps in the current SSHEQ systems to address exposure. Strategies that were implemented to promote GOAL ZERO Accidents are outlined hereunder.

Review and upgrade of the SSHEQ Integrated Management System (IMS)

During the reporting period, a consultant was appointed to review the SSHEQ Integrated Management System (IMS) and to develop an interface ISO 29001:2020, which is a Petroleum Quality Management Standard aimed at addressing customer satisfaction. Assessing customer satisfaction was vital as the business used new segments of operations to attract international investors, certification and accreditation. The consultant submitted draft health and safety measures to NAMCOR for alignment and approval. Once approved, the recommended measures will be implemented in the financial year 2021/2022 with the assistance of Bensibo EHS Consultants.

Review and upgrade the ISOMETRIX System

The ISOMETRIX software system was upgraded from Version 3 to Version 4 to accommodate other modules and make it fit for purpose to store and retrieve SSHEQ data swiftly. The project was carried out as scheduled and is ready for implementation.

During the period under review, 40 super users were trained on the navigation of the ISOMETRIX system and 100 loggers were recommended to be given access to upload potential incident notification across the business from the 2021/2022 financial year.

Contractor Management and Monitoring

In support of GOAL ZERO Accidents, the SSHEQ Division dedicated 70% of its efforts during the reporting period towards managing hazards and risks associated with all high-risk outsourced contractual projects across the business. These projects included:

- Rollout of retail sites
- NOSF
- Marine projects
- B2B commercial projects
- Bulk fuel transporters
- Security services
- CCTV installation

Ensuring SSHEQ Compliance at Operational Retail Sites

During the period under review, SSHEQ Operational Procedures and an Emergency Response Plan were compiled for retail sites. The procedures and plan have been implemented at retail sites across the country.

All retail site employees were successfully inducted and are familiar with life-saving rules at retail sites.

SSHEQ Compliance and Loss Prevention Inspection

During the period under review, combined business-wide inspections were carried out at retail sites and depots countrywide. Findings were shared with stakeholders for their action, correction and close-out.

Promoting a Healthy Workforce

The SSHEQ Division compiled an Occupational Health Policy and Procedures during the period under review. The policy and procedures were submitted to the Board of Directors for approval, which is expected to be granted during the next financial year.

SSHEQ Awareness and Training

During the period under review, the SSHEQ Division conducted the following training programmes:

- Eight (8) employees from various departments participated in the Permit to Work and Gas Testing training course to become familiar with the issuing of permits to contractors and technical employees when doing non-routine/high-risk work in all NAMCOR business departments
- SSHEQ depot operational training course for all employees at NOSF
- SSHEQ internal auditors training was conducted by external consultants and fourteen (14) employees from various departments were issued competency certificates as certified internal auditors of ISO 14001: 2015 and ISO 29001:2020.

Incident Statistics

We are pleased to report that fewer incidents were recorded for the current period, in comparison to previous financial years (refer to Figure 5). The decrease in incidents may partly be attributed to the fact that fewer employees were on-site due to COVID-19 regulations.

Figure 5: Number of incidents per category 2020/2021 financial year

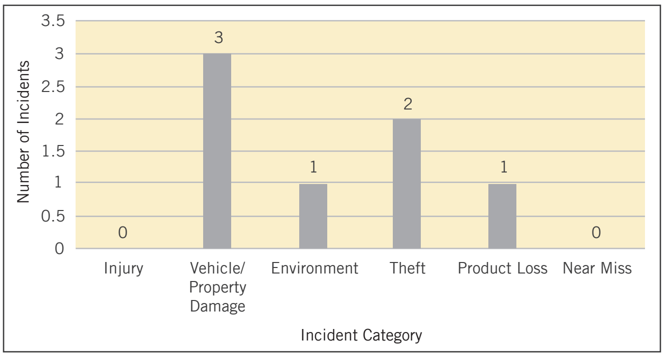
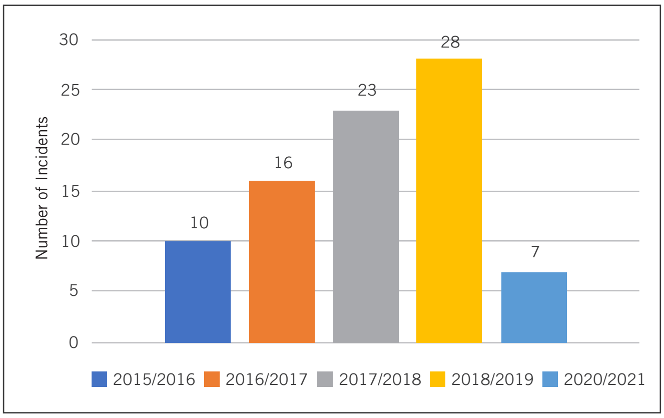


Figure 6: Comparable analysis of number of incidents over financial years 2015/2016 – 2020/2021



Challenges

Implementation of SSHEQ IMS as per OHSAS 18001

During the period under review, new business opportunities were introduced, namely the integration of ISO 29001:2020 (QMS) to place NAMCOR on the international map in terms of best practice to attract investors, and the introduction of ISO 45001, which eventually replaced the OHSAS 18001. While the process was challenging, the future looks promising as all parts of the updated systems are fully operational.

Availability of funds

During the period under review, the SSHEQ team was not visible at sites due to COVID-19 restrictions. A lack of funds was another contributing factor, which, if not addressed, could significantly impact the effective implementation of all SSHEQ targets and objectives in the 2021/2022 financial year.

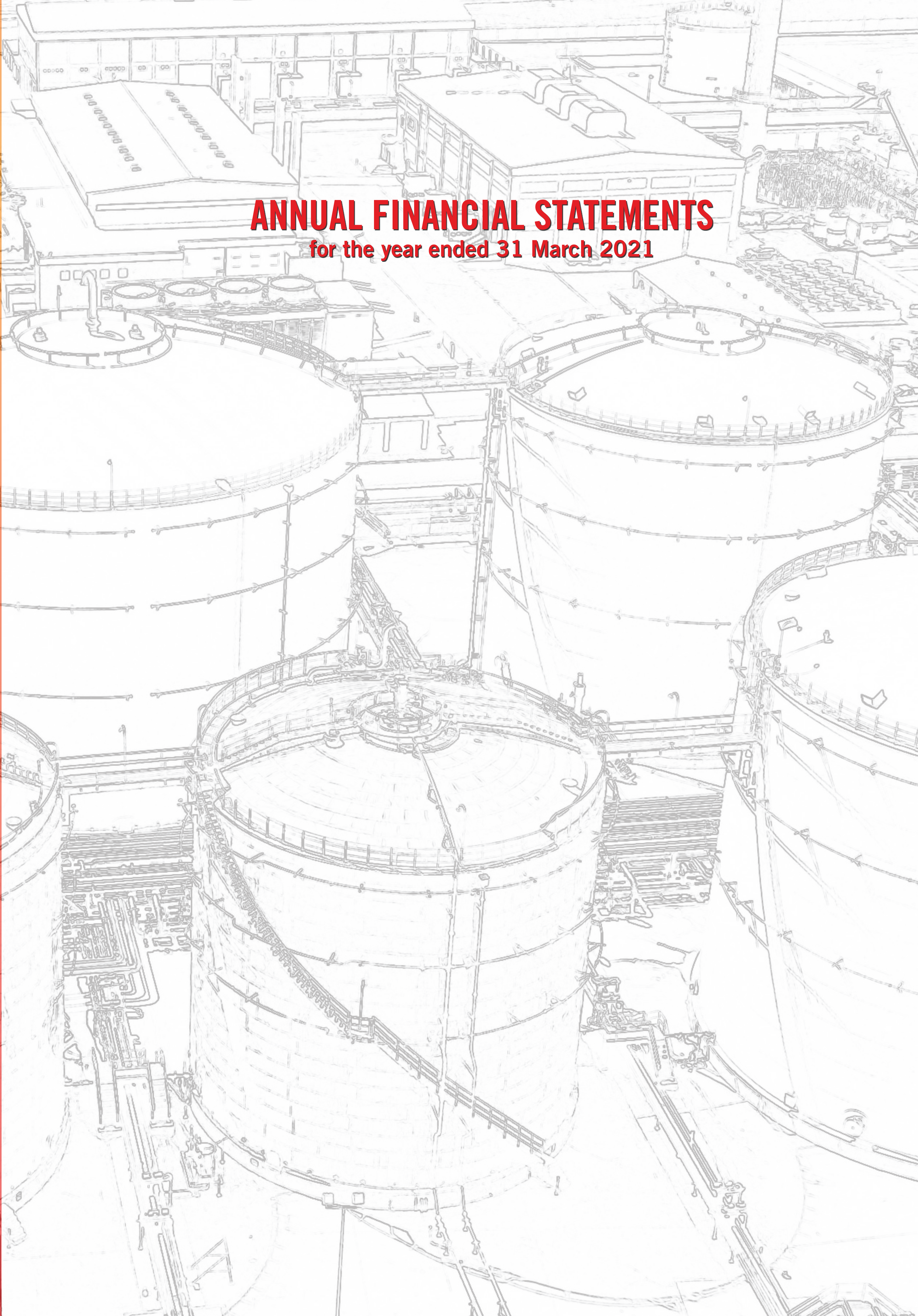
Inadequate size of SSHEQ team

In order to successfully implement the new SSHEQ IMS, the SSHEQ team requires an adequate number of staff. Yet the current staff complement may not be able to keep up with the growth and expansion of the business and to achieve the implementation of the SSHEQ IMS. This shortage of staff may potentially expose the business to operational safety risks.


NAMCOR
EVO
Unleaded
Diesel 50
Diesel 50
LITRES
MANDUS

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2021



National Petroleum Corporation of Namibia (Proprietary) Limited
(Registration number 164/67)
Consolidated and Separate Annual Financial Statements
for the year ended 31 March 2021

Index

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

Directors' Responsibilities and Approval

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 2021 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 18 March 2022 and were signed on its behalf by:

Director

Director

Independent Auditor's Report

Grand Namibia
Chartered Accountants & Auditors

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

Opinion

We have audited the consolidated and separate financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited and its subsidiaries ("the Group") set out on pages 34 to 99, which comprise the consolidated and separate statement of financial position as at 31 March 2021, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants* (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Independent Auditor's Report

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

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

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

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

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

Grand Namibia

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per R Theron
Partner
Place: Windhoek
Date: 29 March 2022

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www.grandnamibia.com

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

Directors' Report

The directors submit their report for the year ended 31 March 2021.

1. Incorporation

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

2. Review of activities

Main business and operation

National Petroleum Corporation of Namibia (Pty) Ltd (NAMCOR) is the national oil company of Namibia, with the mission of creating value for all its stakeholders across the oil and gas value chain. The Group and Company are engaged in ensuring the optimum exploitation of Namibia's petroleum resources and meaningful Namibian participation in resulting business developments in petroleum related exploration activities. The Group and Company also act as advisors to the Ministry of Mines and Energy and assist them in monitoring the exploration activities of licences.

The Group consists of NAMCOR Petroleum Trading & Distribution (Pty) Ltd which delivers value in the downstream sector, through the sale of various petroleum products to different segments of the market, among them Government, parastatals and the private sector, which includes mining, construction, transport and others.

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

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

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

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

3. Going concern

We draw your attention to the fact that for the year ended 31 March 2021, the Group made an operating loss of N$166 605 685 (2020: N$137 243 936).

The losses incurred by the Group in the 2021 financial year are attributable to the day one losses on the implementation of the new accounting standard IFRS 16 of N$39 130 386 and foreign exchange losses on the translation of foreign denominated bank balances of N$12 390 012. The Group also reported tight margins on petroleum products due to the economic impact of the global pandemic, which contributed to the losses incurred.

The losses incurred by the Company in the 2021 financial year are attributable to a fair value loss adjustment emanating from the fair valuing of the intercompany loan as per the requirements of the accounting standard (IFRS 9) amounting to N$15 325 651. Moreover, the exploration and production company NAMCOR Exploration and Production (Proprietary) Limited was revived during the year under review and as a result, the upstream income previously reported under the holding company is reported under the exploration and production company.

The Group's financial statements reflect that the total assets exceed the total liabilities by N$449 714 795 (2020: N$574 362 823). The Company's financial statements reflect that the total assets exceed the total liabilities by N$539 060 886 (2020: N$549 745 604). The Group's financial statements reflect that the current liabilities exceed the current assets by N$50 947 453 (2020: N$137 907 646). The Group is technically solvent and in a net current liability position. The Company's financial statements reflect that the current assets exceed the current liabilities by N$214 354 898 (2020: N$432 732 202). 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 of business.

The directors have satisfied themselves that the Group and Company is in a sound financial position, and has access to sufficient borrowing facilities to meet all foreseeable cash requirements. The Group receives a levy of 7.6 cents per litre from the National Energy Fund as approved by the Cabinet resolution of 2010 to cater for the expenditures.

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 other than the one disclosed in note 11.

Directors' Report

4. Events after the reporting period

In April 2021, the NAMCOR Petroleum Trading and Distribution (Pty) Ltd terminated its Retail Dealer Agreement with Big Day Investments CC (the operator of the Hosea Kutako Service Station). The board and management resolved that the Company take over operations of the site as Company-owned Company Operated Site. This will enable the Company to run the site as a training centre where new dealers and staff are equipped with the necessary skills to run their own operations.

During the 2022 financial year, management resolved to transfer the cash and cash equivalents pertaining to the Kudu project and the associated shareholder loan of N$117 million that was received in 2014. The transferred balances were reported under the holding company for the 31 March 2021 financial year and management intentions were to conclude the farming-down for part of its interest in Kudu before the transfer. The farm-down was concluded in April 2021 and the effective date of transfer was set for 1 May 2021.

NAMCOR Petroleum Trading and Distribution (Pty) Ltd (a subsidiary) received funds amounting to N$17.9 million on 02 July 2021 pertaining to a loan agreement entered with the Ministry of Mines and Energy. The loan is unsecured and bears interest at 2.5%. The loan is not repayable in its first two years. Thereafter the loan is payable in installments of N$500 000 per month until the full and final settlement of the loan. The loan has been granted at a below market interest rate. The fair value of the financial liability at recognition in terms of IFRS 9 is N$16 362 983. The market rate used to determine the fair value of the financial liability at recognition was the average incremental borrowing rate for the Company of the existing commercial loans as at 02 July 2021.

In April 2021, the Company concluded the farming-out of part of its 39% in the Kudu Project Partnership with BWK Limited and in return, a consideration of US$4 000 000 was received on 02 July 2021 as payment for "the transfer of interest and the reimbursement of past cost payment of the transfer interest".

Management assessment of the recognition in the current year was on the basis of the completion date as defined in the Farm-in and Carry Agreement, being the date that all conditions precedent as per clause 4.1 have been satisfied or waivered. The last two (2) conditions, namely the Ministerial and the Namibian Competition Commission approvals, were approved on 16 March and 28 April 2021, respectively, triggering the latter to be the completion date. The related cash call accumulated obligations were written off upon completion date. The total obligation written off as at 31 March 2021 was N$42 827 456.

In October 2021, management and the board resolved to write off long-outstanding trade receivables to the value of N$24 327 127. The balance written off was fully provided for as at 31 March 2021.

In December 2021, NAMCOR Petroleum Trading and Distribution (Pty) Ltd was granted a bonded warehouse licence by the Ministry of Finance for the purpose of exporting products. A guarantee of N$28 million was issued through Bank Windhoek in favour of the Ministry of Finance.

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

5. Share capital

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

6. Dividends

No dividends were declared or paid to the shareholder during the year (2019: nil).

7. Directorate

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

Name	Changes
Engelhardt Kongoro (Chairperson)	End of term 10 August 2020
Anna Simanekeni Libana (Vice Chairperson)	End of term 10 August 2020
Lorentha Harases	End of term 10 August 2020
Roger Swart	End of term 10 August 2020
Barbara Nicolene Dreyer-Omoregie	End of term 10 August 2020
Jennifer Comalie (Chairperson)	Appointed 10 August 2020
Timoteus Ekandjo (Vice Chairperson)	Appointed 10 August 2020
Immanuel Mulunga (Managing Director)	Re-appointed 01 October 2020
Engelhardt Kongoro	Appointed 10 August 2020
Florentia Amuenje	Appointed 10 August 2020 and resigned 10 May 2021
Ndapwilapo Shimutwikeni	Appointed 10 August 2020 and resigned 20 November 2020
Onno-Ndangi Lithete	Re-appointed 10 August 2020
Tersia //Gowases	Appointed 10 August 2020

Directors' Report

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 the Government of the Republic of Namibia.

10. Investments in subsidiaries

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

11. Non-compliance with laws and regulations

Road Fund Administration Act

In the previous financial years, the entity sold petroleum products to locally registered companies with the assumption that these products will be exported. As a result, there were no levies charged on these volumes. This practice is not in line with the requirements of the Road Fund Administration Act. The non-compliance with the Road Fund Administration Act quantified amounts to N$3 211 233 (2020: N$13 293 829), including interest. This amount has been provided for in the financial statements. The provision significantly decreased in the current year as a result of the confirmation received that the petroleum products were exported.

Petroleum Products and Energy Act

In the previous financial years, the entity sold petroleum products to locally registered companies with the assumption that these products 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$3 886 690 (2020: N$15 280 031). This amount has been provided for in the financial statements. The provision significantly decreased in the current year as result of the confirmation received that the petroleum products were exported.

12. Auditor

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

13. Registered office

Petroleum House
1 Aviation Road
Windhoek

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

		Group		Company	
	Note(s)	2021 N$	2020 N$	2021 N$	2020 N$
Assets					
Non-Current Assets					
Property, plant and equipment	4	345 558 820	354 034 620	84 274 641	82 989 297
Right-of-use assets	5	28 445 360	22 372 841	-	717 078
Investment property	7	16 330 000	-	-	-
Intangible assets	6	49 711	134 914	49 711	134 914
Investments in subsidiaries	8	-	-	155 603 716	100
Loans to Group companies	12	-	74 718 025	35 295 189	74 718 025
Other financial assets	9	70 143 893	54 951 246	70 143 893	54 951 246
Net investment in the lease	10	58 592 758	35 455 292	-	-
Deferred tax asset	11	183 133 719	136 445 357	-	-
		702 254 261	**678 112 295**	**345 367 150**	**213 510 660**
Current Assets					
Inventories	13	230 878 108	107 052 980	-	-
Loans to Group companies	12	-	-	170 747 818	199 209 898
Trade and other receivables	14	266 323 447	337 598 370	21 126 888	32 269 422
Net investment in the lease	10	381 049	141 952	-	-
Current tax receivable	35	5 461 404	5 461 404	5 461 404	5 461 404
Contractual assets	36	-	22 017 581	-	22 017 581
Cash and cash equivalents	15	183 836 088	218 929 969	91 746 632	175 193 280
		686 880 096	**691 202 256**	**289 082 742**	**434 151 585**
Total Assets		**1 389 134 357**	**1 369 314 551**	**634 449 892**	**647 662 245**
Equity and Liabilities					
Equity					
Share capital	16	10 000 000	10 000 000	10 000 000	10 000 000
Kudu shareholder reserves		117 918 563	117 918 563	117 918 563	117 918 563
Reserves	17	99 910 328	101 430 905	75 002 595	64 905 261
Retained income		221 886 054	345 013 355	336 139 728	356 921 780
		449 714 945	**574 362 823**	**539 060 886**	**549 745 604**
Liabilities					
Non-Current Liabilities					
Loans from Group companies		-	74 718 025	-	-
Non-current portion - loans from shareholder	18	69 360 059	75 577 470	-	-
Non-current portion - borrowings	19	74 426 105	45 448 982	9 746 002	13 348 352
Finance lease liabilities	5	44 279 428	34 965 381	-	135 035
Deferred income	20	2 611 111	2 641 414	-	-
Deferred tax	11	10 915 160	8 295 846	10 915 160	8 295 846
		201 591 863	**241 647 118**	**20 661 162**	**21 779 233**
Current Liabilities					
Current portion - loans from shareholder	18	7 174 853	6 413 385	-	-
Current portion - borrowings	19	11 960 164	9 669 445	3 599 630	3 393 592
Finance lease liabilities	5	3 268 078	3 773 793	-	645 968
Deferred income	20	30 303	30 303	-	-
Trade and other payables	21	697 433 386	454 084 531	60 539 125	50 353 526
Current tax payable	22	10 371 657	11 249 832	10 371 657	11 249 832
Provisions	23	7 589 108	38 661 408	217 432	6 886 073
Bank overdraft	15	-	29 421 913	-	3 608 417
		737 827 549	**553 304 610**	**74 727 844**	**76 137 408**
Total Liabilities		**939 419 412**	**794 951 728**	**95 389 006**	**97 916 641**
Total Equity and Liabilities		**1 389 134 357**	**1 369 314 551**	**634 449 892**	**647 662 245**

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2021

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2021 N$	2020 N$	2021 N$	2020 N$
Revenue	24	1 338 670 936	1 066 564 810	275 456	36 935 143
Cost of sales	25	(1 340 075 749)	(1 035 929 806)	-	-
Gross (loss) / profit		**(1 404 813)**	**30 635 004**	**275 456**	**36 935 143**
Other income	26	59 311 047	93 247 354	7 574 068	58 212 138
Government grants	27	80 211 817	86 793 375	80 211 817	86 793 375
Distribution costs	28	(18 257 584)	(16 776 429)	(1 577 083)	(5 303 799)
Administrative expenses	28	(235 604 010)	(212 178 066)	(115 397 291)	(152 011 278
Impairment losses on financial and contractual assets	28	10 315 979	(75 074 629)	19 341 482	(24 546 994)
Other operating expenses		(61 178 121)	(43 890 545)	(16 927 421)	(14 118 646)
Operating loss	28	**(166 605 685)**	**(137 243 936)**	**(26 498 972)**	**(14 040 061**
Finance income	30	5 183 203	8 050 584	6 547 147	5 882 327
Finance costs	31	(19 092 054)	(14 067 538)	(830 227)	(1 452 976)
Loss before taxation		**(180 514 536)**	**(143 260 890)**	**(20 782 052)**	**(9 610 710)**
Taxation	32	46 688 362	49 096 687	-	-
Loss for the year		**(133 826 174)**	**(94 164 203)**	**(20 782 052)**	**(9 610 710)**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains / (losses) on property revaluation	4	(3 383 261)	(2 151 329)	(2 476 000)	5 567 250
Financial assets at fair value through other comprehensive income		-	(14 894 889)	-	(14 894 889
Income tax relating to items that will not be reclassified subsequent to profit or loss		-	5 953 165	-	5 953 165
Total items that will not be reclassified to profit or loss:		**(3 383 261)**	**(11 093 053)**	**(2 476 000)**	**(3 374 474)**
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets adjustments		15 193 414	-	15 193 414	-
Income tax relating to items that will be reclassified subsequent to profit or loss		(2 619 313)	-	(2 619 313)	-
Total items that may be reclassified to profit or loss		**12 574 101**	**-**	**12 574 101**	**-**
Other comprehensive income for the year net of taxation		**9 190 840**	**(11 093 053)**	**10 098 101**	**(3 374 474)**
Total comprehensive loss for the year		**(124 635 334)**	**(105 257 256)**	**(10 683 951)**	**(12 985 184)**

Statement of Changes in Equity

	Share capital	GC24 reserve	Revaluation reserve	Fair value adjustment financial assets through OCI	Kudu shareholder reserves	Other NDR	Total reserves	Retained income	Total equity
	N$	N$	N$	N$	N$	N$	N$	N$	N$
Group									
Balance at 01 April 2019	**10 000 000**	**(214 243)**	**59 908 055**	**104 136 044**	**117 918 563**	**1 764 076**	**283 512 495**	**386 343 730**	**679 856 225**
Loss for the year	-	-	-	-	-	-	-	(94 164 203)	(94 164 203)
Other comprehensive income	-	(149 935)	(2 151 329)	(8 299 321)	-	-	(10 600 585)	-	(10 600 585)
Total changes	-	**(149 935)**	**(2 151 329)**	**(8 299 321)**	-	-	**(10 600 585)**	**(94 164 203)**	**(104 764 788)**
Other movements	-	-	-	-	-	-	-	(86 190)	(86 190)
Reclassification	-	-	-	(52 920 018)	-	-	(52 920 018)	52 920 018	-
Balance at 01 April 2020	**10 000 000**	**(364 178)**	**57 756 726**	**42 274 281**	**117 918 563**	**1 764 076**	**219 349 468**	**345 001 578**	**574 351 046**
Loss for the year	-	-	-	-	-	-	-	(133 826 174)	(133 826 174)
Other comprehensive income	-	253 897	366 739	12 319 436	-	-	12 940 072	(3 750 000)	9 190 072
Total changes	-	**253 897**	**366 739**	**12 319 436**	-	-	**12 940 072**	**(137 576 174)**	**(124 636 102)**
Transfers	-	-	(14 460 650)	-	-	-	(14 460 650)	14 460 650	-
Balance at 31 March 2021	**10 000 000**	**(110 280)**	**43 662 815**	**54 593 717**	**117 918 563**	**1 764 076**	**217 828 891**	**221 886 054**	**449 714 945**
Note(s)	16		17	17					
Company									
Balance at 01 April 2019	**10 000 000**	**(214 243)**	**15 663 933**	**104 135 944**	**117 918 563**	**1 764 075**	**121 349 708**	**313 613 467**	**444 963 175**
Loss for the year	-	-	-	-	-	-	-	(9 610 710)	(9 610 710)
Other comprehensive income	-	(149 935)	5 567 250	(8 299 321)	-	-	(2 882 006)	-	(2 882 006)
Total changes	-	**(149 935)**	**5 567 250**	**(8 299 321)**	-	-	**(2 882 006)**	**(9 610 710)**	**(12 492 716)**
Reclassification	-	-	-	(52 919 023)	-	-	(52 919 023)	52 919 023	-
Balance at 01 April 2020	**10 000 000**	**(364 178)**	**21 231 082**	**42 916 685**	**117 918 563**	**1 764 075**	**183 466 227**	**356 921 780**	**550 388 007**
Loss for the year	-	-	-	-	-	-	-	(20 782 052)	(20 782 052)
Other comprehensive income	-	253 897	(2 476 000)	(12 319 436)	-	-	(14 541 539)	-	(14 541 539)
Total changes	-	**253 897**	**(2 476 000)**	**(12 319 436)**	-	-	**(14 541 539)**	**(20 782 052)**	**(35 323 591)**
Balance at 31 March 2021	**10 000 000**	**(110 280)**	**18 755 082**	**54 593 718**	**117 918 563**	**1 764 075**	**192 921 158**	**336 139 728**	**539 060 886**
Note(s)	16		17	17					

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)
Consolidated and Separate Annual Financial Statements for the year ended 31 March 2021

Statement of Cash Flows

		Group		Company	
	Note(s)	2021 N$	2020 N$	2021 N$	2020 N$
Cash flows from operating activities					
Cash receipts from customers		1 482 242 346	1 033 985 558	(3 293 010)	104 400 637
Cash paid to suppliers and employees		(1 380 993 589)	(1 019 669 530)	33 442 443	(81 911 206)
Cash generated from / (used in) operations	34	101 248 757	14 316 028	30 149 433	22 489 431
Interest received		14 303 738	8 050 584	6 547 147	5 882 327
Finance costs		(18 534 670)	(17 628 321)	(768 757)	(1 354 647)
Net cash from operating activities		**97 017 825**	**4 738 291**	**35 927 823**	**27 017 111**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(115 520 082)	(132 250 900)	(12 163 543)	(2 748 804)
Proceeds from sale of property, plant and equipment	4	-	12 071	-	12 071
Repayment of loans to Group companies		-	-	55 196 310	18 736 079
Investment in a subsidiary		-	-	(77 640 099)	-
Proceeds from disposal of equity investment		-	61 004 044	-	61 004 044
Loans advanced to Group companies		-	-	(72 985 337)	(140 378 209)
Net cash from investing activities		**(115 520 082)**	**(71 234 785)**	**(107 592 669)**	**(63 374 819)**
Cash flows from financing activities					
Repayment of loans from Group companies		(5 858 201)	-	-	-
Repayment of borrowings		(17 212 265)	(7 880 706)	(3 396 312)	(3 022 343)
Loans raised		-	34 000 000	-	-
Cash contribution from the shareholder		48 480 106	(6 039 038)	-	-
Payment of lease liabilities		(19 546 324)	(2 972 136)	(359 431)	(720 895)
Net cash from financing activities		**5 863 316**	**17 108 120**	**(3 755 743)**	**(3 743 238)**
Total cash movement for the year		**(12 638 941)**	**(49 388 374)**	**(75 420 589)**	**(40 100 946)**
Cash at the beginning of the year		189 508 056	216 034 243	171 584 863	188 739 340
Effect of exchange rate changes on cash and cash equivalents held		6 857 777	22 937 930	(4 430 908)	22 937 930
Effect of loss allowance on cash and cash equivalents		109 196	(75 743)	13 266	8 539
Total cash at end of the year	15	**183 836 088**	**189 508 056**	**91 746 632**	**171 584 863**

Significant Accounting Policies

1. Basis of preparation

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

They are presented in Namibia Dollar.

1.1 Significant accounting policies

The financial statements have been prepared on the historical basis except for owner occupied property which is measured at revalued amounts and financial instruments measured at fair value.

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

Basis of consolidation

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

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

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

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

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

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

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Business model assessment

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

Significant increase in credit risk

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

Loans and receivables

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

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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

The Group and Company follows the guidance of IFRS 9 to determine when financial assets at fair value through other comprehensive income (FVTOCI) is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

An allowance to write-down stock to the lower of cost or net realisable value is determined for the Group. 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 27.

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

Useful lives and residual values

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

Impairment of property, plant and equipment

The Group and Company assesses property, plant and equipment for impairment, if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of the unit itself. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and use the incremental borrowing rate as the discount rate in order to calculate the present value of those cash flows.

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 a judgement as to whether the related party is able to pay the loan amount when demanded.

Fair value estimation

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

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.

Fuel levy

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

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Related parties

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

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

Discount rate for IFRS 16 leases

The Group and Company used the incremental borrowing rate to discount all its finance leases (lessee) as the interest rate implicit in the lease is not readily determinable. The Company's incremental borrowing rate has been determined based on the current Company's asset-based finance loan with Bank Windhoek. These rates have been used to calculate an initial IFRS 16 lease liability at transition under the modified approach.

The trading subsidiary's incremental borrowing rate for the new contracts entered into during the 2021 financial year has been determined based on the current NAMCOR Trading secured term loan with Nedbank Namibia that prevailed on the effective date of the leases identified. The interest is determined using the prime rate minus 1.25 basis points as per the signed loan agreement.

The use of a blanket rate across all leases is deemed appropriate after taking into account the following:

Security

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

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

Term

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

Economic environment and currency

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

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Judgement in discounting the lessor's contractual cash flows

The Group applied the market rate to discount the contractual cash flows associated with the finance lease arrangement for the Hosea Kutako Service Station. The interest rate implicit in the lease calculation of the contract revealed a negative interest rate implicit in the lease. The negative interest rate is due to the fact that the monthly contracted rental amount for the lease of land is less than the capital investment made on the project.

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

Key sources of estimation uncertainty

Calculation of loss allowance

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

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

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

1.3 Investment property

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

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

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

1.4 Property, plant and equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and Company, and the cost of the item can be measured reliably.

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

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

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

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.

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

Assets under construction

Assets under construction are measured at cost, by the Group. 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 recognised immediately in profit or loss.

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

1.5 Intangible assets

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

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

Item	Useful life
Software	3 years

1.6 Investments in subsidiaries

In the Company 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.

Significant Accounting Policies

1.7 Financial instruments

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

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

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

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- Amortised cost.

Note 40 Financial instruments and risk management presents the financial instruments held by the Group and Company based on their specific classifications.

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

Loans receivable at amortised cost

Classification

Loans to Group companies (note 12) are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

Loans receivable are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value.

They are subsequently measured at amortised cost.

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

Significant increase in credit risk

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

The Group and Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward- looking macro-economic factors, that is available without undue cost or effort. Forward-looking information considered includes the forecasted Gross Domestic Product and consideration of the correlation between Gross Domestic Product and historical losses.

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

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

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

Definition of default

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

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

Significant Accounting Policies

1.7 Financial instruments (continued)

Measurement and recognition of expected credit losses

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

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

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

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

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

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 28).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 40).

Derecognition

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 14).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Trade and other receivables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 40).

Significant Accounting Policies

1.7 Financial instruments (continued)

Impairment

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

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

Measurement and recognition of expected credit losses

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

The customer base is widespread and shows significantly different loss patterns for different customer segments. The loss allowance is calculated based on the segregated customers at the Group level. Details of the loss allowance are presented in note 13.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 28).

Write-off policy

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

Credit risk

Details of credit risk are included in trade and other receivables in note 14 and the financial instruments and risk management in note 40.

Derecognition

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

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

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 9. They are classified as financial assets through comprehensive income (FVTOCI). As an exception to this classification, the Group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

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

Recognition and measurement

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

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

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

Significant Accounting Policies

1.7 Financial instruments (continued)

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

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

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

Borrowings and loans from related parties

Classification

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

Borrowings are classified as financial liabilities measured at amortised cost.

Derecognition

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

Trade and other payables

Classification

Trade and other payables (note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 31).

Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk. Refer to note 40 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 40).

Derecognition

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

Significant Accounting Policies

1.7 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be amortised cost.

Bank overdrafts

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

Derecognition

Financial assets

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

Financial liabilities

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

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.8 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

A deferred tax asset is recognised in the Group and Company for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, or 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.

Significant Accounting Policies

1.8 Tax (continued)

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.

1.9 Leases

Group and Company as lessee

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

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

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

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

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

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

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

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

Significant Accounting Policies

1.9 Leases (continued)

Group and Company as lessee (continued)

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

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

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

Group as lessor

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

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

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

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

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

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

1.10 Inventories

The Group measures inventories at the lower of cost and net realisable value. The cost of inventory is accounted for on a weighted average basis.

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

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

Significant Accounting Policies

1.11 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.

1.12 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.

1.13 Employee benefits

Defined contribution plans

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

Significant Accounting Policies

1.14 Provisions and contingencies

A provision is a liability of uncertain timing or amount.

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

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 liabilities are not recognised.

1.15 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attached to them; and
- the grants will be received.

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

1.16 Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Sale of petroleum products
- Storage and handling services
- Data licensing
- Administration services
- Retail site rentals
- Convenience store income
- Rental income on buildings
- ATM rental income

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

Significant Accounting Policies

1.16 Revenue from contracts with customers (continued)

Sale of petroleum products

The Group sells petroleum products to the wholesale market and directly to customers through its own retail, agents and outlets owned by other companies.

The Group supplies petroleum products including automotive diesel oils, unleaded petrol, jet A1 fuel, heavy fuel oils and lubricants. For such petroleum products, because a customer obtains control when a customer takes physical possession of the goods, revenue is recognised at the point in time that the goods are delivered to or collected by the customer. Revenue is measured at the consideration promised in a contract with the customer, less discounts, rebates and adjustments for Slate under or over recoveries.

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

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

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

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

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

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

Storage and handling services

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

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

For the handling performance obligation, revenue is measured at a point in time. For the storage performance obligation, revenue is measured by applying the practical expedient for measuring progress towards complete satisfaction of a performance obligation based on right to invoice. Revenue is measured by estimating the stand-alone selling price using a combination of methods, which includes an adjusted market assessment approach and an expected cost plus margin approach.

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

Significant Accounting Policies

1.16 Revenue from contracts with customers (continued)

Data licensing – Sales-based royalty

The Company is the custodian of all the Namibian exploration and production data; therefore the Company is required to provide these data to any potential investor and maintain the data standard. The Company is also mandated to receive the data through the Ministry of Mines and Energy of the Republic of Namibia, to maintain, store, interpret, evaluate, add value, and provide the petroleum data to investors.

The Company licenses data, including seismic data, gravity and magnetic data, borehole related data and technical reports. The data licensing sales-based royalty is recognised when a customer sub-licenses the data to a third party customer that is given the right to use the information, which is the point in time when the third party customer has the information made available to them. The Company recognises revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

a) the subsequent sale or usage occurs; and

b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Revenue is measured at the consideration promised in a contract with the customer less discounts, rebates and other items.

The Company enters into agreements with multi-client seismic vendors (customers). These multi-client seismic vendor agreements stipulate that multi-client seismic vendors have the right to perform geophysical and geological surveys over the territorial waters of Namibia, including, data acquisition, data processing and interpretation thereof and the right to market, sell and license this data to third parties. The Company receives a share of the proceeds per the revenue sharing arrangement in each respective multi-client seismic vendor agreement and recognises the consideration as a sales-based royalty on the Company's intellectual property.

The Company licenses data directly to customers through the Exploration & Production department. Customers who request a quotation from the Company for the data that they require initiate the in-house licences. For in-house licences, the quotation indicates the data being licensed as well as the rate/price for the data.

Administrative services

The Group and Company provides administrative services including financial, human resources and administrative services to Petroleum Training and Education (Petrofund). The services are a series of distinct services as they are substantially the same and have a similar pattern of transfer to the customer. The same services are provided continuously on a monthly and annual basis and the customer simultaneously receives and consumes the benefits provided by the Group as it performs, and revenue is recognised over time. Revenue is measured by estimating the stand-alone selling price using a combination of methods, which includes an adjusted market assessment approach and an expected cost-plus margin approach.

The administrative services are a series of distinct services as they are substantially the same and have a similar pattern of transfer to the customer. The Group and Company measures progress towards complete satisfaction of the performance obligation to transfer the distinct services in the series to customers on a monthly basis.

Convenience store income

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

Rental income on buildings

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

ATM rental income

This is income charged to customers for putting up the ATMs on the Company retail sites.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Significant Accounting Policies

1.18 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

1.19 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

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

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

1.20 Finance costs

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

Significant Accounting Policies

1.21 Exploration, production and evaluation assets

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

Pre-licence costs

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

Exploration and evaluation (E&E)

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

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

Licence blocks

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

Farm-outs

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

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

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

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

1.22 Joint operation

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

Notes to the Consolidated and Separate Annual Financial Statements

2. Changes in accounting policy

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year.

3. New Standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The impact of the amendment is not material.
• Definition of a Business: Amendments to IFRS 3	01 January 2020	The impact of the amendment is not material.
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the amendment is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01January 2020	The impact of the amendment is not material.

3.2 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 Company, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2021 or later periods.

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Not material
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Not material
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Not material
• Onerous Contracts: Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Not material
• COVID-19-Related Rent Concessions: Amendment to IFRS 16	01 January 2022	Not material

Notes to the Consolidated and Separate Annual Financial Statements

4. Property, plant and equipment

Group	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	180 115 739	(5 130 986)	174 984 753	177 523 626	(7 896 580)	169 627 046
Motor vehicles	5 175 872	(2 915 877)	2 259 995	3 330 079	(2 501 256)	828 823
Office, electronic, storage tanks and mechanical equipment	146 292 268	(61 538 622)	84 753 646	107 000 218	(42 715 914)	64 284 304
Leasehold improvements	32 235 942	(13 080 029)	19 155 913	35 875 284	(7 474 884)	28 400 400
Work in progress	86 716 549	(22 312 036)	64 404 513	113 707 783	(22 813 736)	90 894 047
Total	**450 536 370**	**(104 977 550)**	**345 558 820**	**437 436 990**	**(83 402 370)**	**354 034 620**

Company	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	69 829 584	(4 879 542)	64 950 042	74 739 584	(4 879 584)	69 860 000
Motor vehicles	3 556 730	(1 868 128)	1 688 602	2 281 037	(1 542 786)	738 251
Office, electronic, storage tanks and mechanical equipment	42 492 214	(26 747 356)	15 744 858	33 794 942	(23 318 372)	10 476 570
Leasehold improvements	2 129 364	(427 825)	1 701 539	2 129 364	(214 888)	1 914 476
Work in progress	189 600	-	189 600	-	-	-
Total	**118 197 492**	**(33 922 851)**	**84 274 641**	**112 944 927**	**(29 955 630)**	**82 989 297**

Notes to the Consolidated and Separate Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Borrowing costs capitalised	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment reversal	Closing balance
Land and buildings	169 627 046	-	-	-	32 456 367	(11 364 941)	(12 437 775)	(3 094 636)	(201 308)	174 984 753
Motor vehicles	828 823	1 845 793	-	-	-	-	-	(414 621)	-	2 259 995
Office, electronic, storage tanks and mechanical equipment	64 284 304	11 658 120	-	(903 415)	24 149 587	-	3 544 533	(17 979 483)	-	84 753 646
Leasehold improvements	28 400 400	-	-	-	-	-	(3 639 343)	(5 605 144)	-	19 155 913
Work in progress	90 894 047	65 056 340	3 389 972	-	(56 531 966)	-	(38 905 580)	-	-	64 404 513
	354 034 620	**78 560 253**	**3 389 972**	**(903 415)**	**73 988**	**(11 364 941)**	**(51 438 165)**	**(27 093 884)**	**(201 308)**	**345 558 820**

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Borrowing costs capitalised	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Closing balance
Land and buildings	176 118 468	513 823	-	-	4 016 823	(7 402 550)	(253 513)	(5 056 398)	1 690 393	169 627 046
Motor vehicles	565 597	550 897	-	-	-	-	-	(287 671)	-	828 823
Office, electronic, storage tanks and mechanical equipment	21 003 808	53 013 106	-	(16 719)	1 552 701	-	(7 003)	(11 261 589)	-	64 284 304
Leasehold improvements	22 670 911	3 044 458	-	-	48 975 350	-	(41 460 374)	(4 829 945)	-	28 400 400
Work in progress	66 546 687	75 128 615	3 659 113	-	(54 543 959)	-	103 602	-	-	90 894 047
	286 905 471	**132 250 899**	**3 659 113**	**(16 719)**	**915**	**(7 402 550)**	**(41 617 288)**	**(21 435 603)**	**1 690 393**	**354 034 620**

A significant portion of other movements of N$38 905 580 relates to transfers of lease hold improvements in respect of the Otjomuise and Otavi service stations that have been leased to the dealers. The costs have been accounted for in accordance with IFRS 16 requirements.

Notes to the Consolidated and Separate Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Closing balance
Land and buildings	69 860 000	-	-	-	(3 429 640)	(6 266)	(1 474 052)	64 950 042
Motor vehicles	738 251	1 275 693	-	-	-	-	(325 342)	1 688 602
Office, electronic, storage tanks and mechanical equipment	10 476 570	10 698 250	(100 317)	(1 071 229)	-	-	(4 258 416)	15 744 858
Leasehold improvements	1 914 476	-	-	-	-	-	(212 937)	1 701 539
Work in progress	-	189 600	-	-	-	-	-	189 600
	82 989 297	**12 163 543**	**(100 317)**	**(1 071 229)**	**(3 429 640)**	**(6 266)**	**(6 270 747)**	**84 274 641**

Reconciliation of property, plant and equipment - Company - 2020

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Closing balance
Land and buildings	70 764 945	-	-	-	811 030	(1 715 975)	-	69 860 000
Motor vehicles	397 293	550 898	-	-	-	(209 940)	-	738 251
Office, electronic, storage tanks and mechanical equipment	13 248 028	2 143 361	(16 719)	122 720	-	(5 013 849)	(7 019)	10 476 570
Leasehold improvements	-	-	-	2 129 365	-	(214 889)	-	1 914 476
Capital - Work in progress	2 197 583	54 545	-	(2 252 085)	-	-	-	-
	86 607 849	**2 748 804**	**(16 719)**	**-**	**811 030**	**(7 154 653)**	**(7 019)**	**82 989 297**

Notes to the Consolidated and Separate Annual Financial Statements

	2021 N$	2020 N$	2021 N$	2020 N$
4. Property, plant and equipment (continued)				
Pledged as security				
The following properties have been pledged as security:				
Land and buildings Erf 1055 Otjiwarongo	22 780 000	23 560 000	-	-
The property has been pledged as security in respect of a mortgage loan of N$18 500 000. The Group also ceded to the bank the Material Damage Policy for the full replacement value of the property as well as all rentals payable in terms of any present or future lease contracts entered in respect of the property.				
Land and buildings Erf 8521 Windhoek	64 950 000	47 723 363	64 950 000	47 723 363
The property has been pledged as security in respect of a first and second mortgage loan of N$14 000 000 and N$40 000 000, respectively, owing to Bank Windhoek. The Group also ceded to the bank the Comprehensive Insurance Policy for an amount of N$79 800 000.				
	87 730 000	**71 283 363**	**64 950 000**	**47 723 363**

Notes to the Consolidated and Separate Annual Financial Statements

4. Property, plant and equipment (continued)

Impairment of assets under construction

Gobabis depot

The Group 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 2021 amounts to N$4 175 845. No borrowing costs were capitalised to this project for the year ended 31 March 2021. 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 2021 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 2021 is nil, therefore the carrying amount of N$4 175 845, including borrowing costs of N$143 675, is fully impaired. The carrying amount was fully impaired in the 2018 financial year and no further costs were incurred in the 2019 and 2020 financial years.

Ondangwa depot

The Group has incurred costs relating to the preliminary designs for the envisioned fuel depot to be constructed on Erven 4282, 4283, 4284 and 4796 in Ondangwa. The depot is estimated to cost N$110.5 million to construct. The total cost incurred up to the financial year ended 31 March 2021, amounts to N$9 602 289. Borrowing costs of N$621 632 were capitalised to this project for the year ended 31 March 2021. 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 2021, 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 2021 is nil, therefore the carrying amount of N$9 602 289 and borrowing costs of N$621 632 is fully impaired. An impairment loss of N$10 223 921 was recognised in the 2018 financial year.

Windhoek depot

The Group has incurred costs relating to the preliminary designs for the envisioned fuel depot to be constructed on Erven 35 and 36 in Windhoek. Title deeds on the erven are held by the subsidiaries Brak Property Development 35 (Pty) Ltd and Brak Property Development 36 (Pty) Ltd, respectively. The depot is estimated to cost N$163.4 million to construct. The total cost incurred up to the financial year ended 31 March 2021 amounts to N$7 884 446. Borrowing costs of N$181 873 were capitalised to this project for the year ended 31 March 2021. 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 2021, 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 2021 is nil, therefore the carrying amount of N$7 884 446, including borrowing costs of N$181 873, is fully impaired. An impairment loss of N$8 066 319 was recognised in the 2018 financial year.

Notes to the Consolidated and Separate Annual Financial Statements

	2021 N$	2020 N$	2021 N$	2020 N$

4. Property, plant and equipment (continued)

Revaluations

Land and buildings consist of the following property:

Company:

Erf 8521 Windhoek

Group:

Erf 1055 Otjiwarongo
Erf 2590 Walvis Bay
Erf 2570 Walvis Bay
Erf 2889 Walvis Bay
Erf 1315 Gobabis
Erf 1316 Gobabis
Erf 1317 Gobabis
Erf 4782 Ondangwa
Erf 4783 Ondangwa
Erf 4784 Ondangwa
Erf 4796 Ondangwa
Erf 8521 Windhoek
Erf 35 Windhoek
Erf 36 Windhoek
Portion 73 of Otjitasu No.19

The effective date for the revaluations of all the above properties was 31 May 2021. 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:

	2021 N$	2020 N$	2021 N$	2020 N$
Cost				
Land	22 711 811	26 431 781	1 028 919	1 028 919
Buildings	89 438 009	89 229 108	68 507 417	68 507 417
Accumulated depreciation				
Buildings	(11 824 237)	(13 474 268)	(10 744 792)	(10 744 792)
Accumulated impairment				
Land	(22 391 378)	(287 520)	-	-
Buildings	(9 803 425)	-	-	-
	68 130 780	**101 899 101**	**58 791 544**	**58 791 544**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	**2020 N$**	**2021 N$**	**2020 N$**

4. 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 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Land and buildings				
Balance as at 01 April	169 627 046	176 118 466	69 860 000	70 764 945
Additions/transfers	32 456 367	4 530 647	-	-
Depreciation	(201 308)	(5 056 398)	(1 474 052)	(1 715 974)
Impairment loss	1 684 085	1 690 393	(6 308)	-
(Losses) / gains included in other comprehensive income				
Change in fair value	(11 364 982)	7 402 550	(3 429 640)	811 029
	192 201 208	**184 685 658**	**64 950 000**	**69 860 000**

Valuation technique

Erf 1055 Otjiwarongo

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

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

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

Erf 8521 Windhoek

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

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

Erf 35 and Erf 36 Windhoek

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

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

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

Interrelationship between key observable inputs and fair value measurements.

Notes to the Consolidated and Separate Annual Financial Statements

4. Property, plant and equipment (continued)

Cost approach

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

Market approach

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

Income capitalisation method of valuation

The estimated fair value will increase/(decrease) if:
- The age of the building was higher/(lower)
- The remaining useful life of the building were higher/(lower)
- The square metres were higher/(lower)

Significant unobservable inputs

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

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

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

Change in useful lives of property, plant and equipment

The Group 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 property, plant and equipment during the current year.

	2020 N$	2019 N$	2020 N$	2019 N$

5. Leases (Group as lessee)

Right-of-use assets

Group - 2021	**Land and buildings N$**	**Motor vehicles N$**	**Storage equipment N$**	**Total N$**
Cost				
At 01 April 2020	11 339 025	2 326 520	12 743 540	26 409 085
Additions	26 530 798	-	-	26 530 798
Sub-lease derecognition	(15 356 666)	-	(346 830)	(15 703 496)
Opening balance correction	-	574 960	-	574 960
	22 513 157	**2 901 480**	**12 396 710**	**37 811 347**
Accumulated depreciation				
At 01 April 2020	(596 987)	(406 109)	(3 033 149)	(4 036 245)
Charge for the year	(1 484 867)	(534 856)	(2 735 059)	(4 754 782)
Opening balance revision	-	(574 960)	-	(574 960)
	(2 081 854)	**(1 515 925)**	**(5 768 208)**	**(9 365 987)**
Carrying amount at 31 March 2021	**20 431 303**	**1 385 555**	**6 628 502**	**28 445 360**

Group - 2020	**Land and buildings N$**	**Motor vehicles N$**	**Storage equipment N$**	**Total N$**
Cost				
At 01 April 2019	14 374 039	832 458	12 743 540	27 950 037
Additions	12 218 108	1 725 841	-	13 943 949
Sub-lease derecognition	(15 253 122)	(231 779)	-	(15 484 901)
	11 339 025	**2 326 520**	**12 743 540**	**26 409 085**
Accumulated depreciation				
At 01 April 2019	-	-	(34 192)	(34 192)
Charge for the year	(1 117 052)	(461 004)	(2 998 957)	(4 577 013)
Sub-lease derecognition	520 065	54 895	-	574 960
	(596 987)	**(406 109)**	**(3 033 149)**	**(4 036 245)**
Carrying amount at 31 March 2020	**10 742 038**	**1 920 411**	**9 710 391**	**22 372 840**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2020 N$	2019 N$	2020 N$	2019 N$

5. Leases (Group as lessee) (continued)

Right-of-use assets

Company - 2021	Land and buildings N$	Motor vehicles N$	Storage equipment N$	Total N$
Cost				
At 01 April 2020	-	-	1 501 889	1 501 889
Derecognition	-	-	(346 830)	(346 830)
	-	**-**	**1 155 059**	**1 155 059**
Accumulated depreciation				
At 01 April 2020	-	-	(784 821)	(784 821)
Charge for the year	-	-	(370 248)	(370 248)
	-	**-**	**(1 155 069)**	**(1 155 069)**

Company - 2020	Land and buildings N$	Motor vehicles N$	Storage equipment N$	Total N$
Cost				
At 01 April 2019	-	-	1 501 899	1 501 899
Accumulated depreciation				
At 01 April 2019	-	-	(34 192)	(34 192)
Charge for the year	-	-	(750 629)	(750 629)
	-	**-**	**(784 821)**	**(784 821)**
Carrying amount at 31 March 2020	**-**	**-**	**717 078**	**717 078**

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

Amounts recognised in profit and loss

	Group 2020 N$	Group 2019 N$	Company 2020 N$	Company 2019 N$
Interest expense on lease liabilities	3 875 381	2 926 939	10 506	88 590
Depreciation expense on right-of-use assets	4 014 287	-	370 248	-
Expense relating to short-term leases	729 338	-	729 338	-
Expense relating to leases of low-value assets	65 951	-	65 951	-
Expense relating to variable lease payments not included in the measurement of the lease liability	1 409 065	-	1 126 578	-
Income from subleasing right-of-use assets	-	-	-	-

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

	Group 2020 N$	Group 2019 N$	Company 2020 N$	Company 2019 N$
Fixed payments	23 024 787	5 899 074	395 974	809 485
Variable payments	1 409 065	1 108 120	1 126 578	773 774
	24 433 852	**7 007 194**	**1 522 552**	**1 583 259**

Overall the variable payments constitute up to 16% of the Group's entire lease payments. The Group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next years, variable rent expenses are expected to continue to present a similar proportion of sales in future years.

The total cash outflow for leases amount to N$14.5 million.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2020 N$	2019 N$	2020 N$	2019 N$

5. Leases (Group as lessee) (continued)

Finance lease liabilities

The maturity analysis of lease liabilities is as follows:

	Group 2020 N$	Group 2019 N$	Company 2020 N$	Company 2019 N$
Year 1	3 621 976	6 246 366	-	683 085
Year 2	3 380 991	5 816 372	-	135 036
Year 3	3 112 829	5 620 876	-	-
Year 4	2 957 483	5 715 964	-	-
Year 5	3 020 302	2 347 446	-	-
Onwards	48 331 739	67 825 571	-	-
	64 425 320	-	-	-
Less unearned finance income	(16 877 814)	(54 833 419)	-	(37 118)
	47 547 506	**12 992 152**	**-**	**(37 118)**
Non-current liabilities	44 279 428	34 965 381	-	135 035
Current liabilities	3 268 078	3 773 793	-	645 968
	47 547 506	**38 739 174**	**-**	**781 003**

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

6. Intangible assets

Group

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Intangible assets	255 604	(205 893)	49 711	255 604	(120 690)	134 914

Company

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Intangible assets	255 604	(205 893)	49 711	255 604	(120 690)	134 914

Reconciliation of intangible assets - Group - 2021

	Opening balance	Amortisation	Total
Intangible assets	134 914	(85 203)	49 711

Reconciliation of intangible assets - Group - 2020

	Opening balance	Amortisation	Total
Intangible assets	220 107	(85 193)	134 914

Reconciliation of intangible assets - Company - 2021

	Opening balance	Amortisation	Total
Intangible assets	134 914	(85 203)	49 711

Reconciliation of intangible assets - Company - 2020

	Opening balance	Amortisation	Total
Intangible assets	220 107	(85 193)	134 914

Notes to the Consolidated and Separate Annual Financial Statements

7. Investment property

Group	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Investment property	16 330 000	-	16 330 000	-	-	-

Reconciliation of investment property - Group - 2021

	Opening balance	Transfers	Total
Investment property	-	16 330 000	16 330 000

8. Investments in subsidiaries

	Group		Company	
	2020 N$	2019 N$	2020 N$	2019 N$

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

Name of company	2021	2020
Cost		
NAMCOR Petroleum Trading and Distribution (Pty) Ltd	100	100
NAMCOR Exploration and Production (Pty) Ltd	155 603 616	160 000
Accumulated impairment		
NAMCOR Exploration and Production (Pty) Ltd	-	(160 000)
Carrying amount	**155 603 716**	**100**

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

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

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

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2020 N$	2019 N$	2020 N$	2019 N$
9. Other financial assets				
At fair value through other comprehensive income - designated				
Government Bond GC24	2 830 487	2 576 589	2 830 487	2 576 589
At fair value through other comprehensive income - designated				
Serica Energy plc	67 313 406	52 374 657	67 313 406	52 374 657
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$.				
Total other financial assets	**70 143 893**	**54 951 246**	**70 143 893**	**54 951 246**
Non-current assets				
Financial assets: Fair value through other comprehensive income	2 830 487	2 576 589	2 830 487	2 576 589
Investment equity instrument	67 313 406	52 374 657	67 313 406	52 374 657
	70 143 893	**54 951 246**	**70 143 893**	**54 951 246**

Fair value hierarchy of investment equity instrument

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

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

Level 1				
Listed shares	67 313 406	52 374 657	67 313 406	52 374 657
Reconciliation of movement				
Opening balance	52 374 657	131 640 960	52 374 657	131 640 960
Fair value gain/(loss)	21 651 126	(18 928 541)	21 651 126	(18 928 541)
Unrealised exchange gain/(loss)	(6 712 377)	3 743 370	(6 712 377)	3 743 370
Disposal	-	(64 081 132)	-	(64 081 132)
Closing balance	**67 313 406**	**52 374 657**	**67 313 406**	**52 374 657**

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

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

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

Level 1				
Listed bond	2 830 487	2 576 589	2 830 487	2 576 589
Reconciliation of movement				
Fair value at the beginning of the year	2 584 368	2 726 524	2 576 589	2 726 524
Fair value gain/(loss)	254 664	(150 388)	254 664	(150 388)
Accumulated loss allowance				
Opening balance	7 779	8 684	7 779	8 684
Loss allowance for the year	767	905	767	905
	2 847 578	**2 585 725**	**2 839 799**	**2 585 725**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
10. Net investment in lease				
Maturity analysis of lease payments receivable				
Year 1	1 894 530	918 042	-	-
Year 2	2 046 092	991 486	-	-
Year 3	2 209 780	1 070 804	-	-
Year 4	2 386 562	1 156 469	-	-
Year 5	7 946 719	1 248 986	-	-
Onwards	87 145 580	40 669 779	-	-
Unguaranteed residual values	-	-	-	-
Total undiscounted amounts receivable	103 629 263	46 055 566	-	-
Gross investment in the leases	103 629 263	46 055 566	-	-
Less: Unearned finance income	(44 655 456)	(10 458 322)	-	-
Net investment in the lease	**58 973 807**	**35 597 244**	**-**	**-**
Non-current assets	58 592 758	35 455 292	-	-
Current assets	381 049	141 952	-	-
	58 973 807	**35 597 244**	**-**	**-**
Undiscounted lease payments analysed as:				
Recoverable after 12 months	101 734 733	45 137 523	-	-
Recoverable within 12 months	1 894 530	918 042	-	-
Closing balance	**103 629 263**	**46 055 565**	**-**	**-**
Net investment in lease analysed as:				
Recoverable after 12 months	58 592 758	35 455 292	-	-
Recoverable within 12 months	381 049	141 952	-	-
	58 973 807	**35 597 244**	**-**	**-**

During the year, the finance lease receivables increased due to the Group entering into new retail dealer arrangements pertaining to the completed service stations.

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

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

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

Selling (profit) / loss for finance leases - Day one loss	39 130 386	20 495 145	-	-
Finance income recognised on net investment in the leases	-	356 232	-	-
Income relating to variable lease payments not included in the net investment in finance leases	1 442 291	(604 748)	-	-

The market interest rate of 9% per annum and the interest rate implicit in the lease of 1.23% has been used to discount the contractual amounts for Hosea Kutako and Hannover Service Stations, respectively.

The directors of the Group estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period are past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables, the directors of the Group consider that no finance lease receivable is impaired.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
11. Deferred tax				
Deferred tax asset				
Accelerated capital allowances for tax purposes	(46 180 725)	(9 838 548)	(9 147 972)	(8 621 221
Allowance for impairment - trade receivables	6 395 288	-	-	-
Deferred income	5 714 574	1 194 795	-	-
Right-of-use asset	24 849 922	-	-	-
Tax losses available for set off against future taxable income	751 561 486	180 803 973	198 115 566	166 897 256
Tax losses not utilised to create a deferred tax asset	(257 057 532)	(69 072 895)	(257 057 532)	(215 852 796
Provisions	7 097 922	8 988 495	-	-
Unrealised foreign exchange	1 136 875	-	1 136 875	-
Accumulated costs on Kudu Gas Project deductible on commencement of production	67 965 343	-	67 965 343	-
Prepayments	(1 432 280)	-	(1 012 280)	-
Total deferred tax asset	**560 050 873**	**112 075 820**	**-**	**(57 576 761)**
Reconciliation of deferred tax liability				
At the beginning of the year	(8 295 846)	(23 895 859)	(8 295 846)	(23 895 859
Current year charge in Other Comprehensive Income	(2 619 314)	5 953 165	(2 619 314)	5 953 165
Transferred to tax payable	-	9 646 848	-	9 646 848
Total deferred tax liability	**(10 915 160)**	**(8 295 846)**	**(10 915 160)**	**(8 295 846)**
Reconciliation of deferred tax asset				
At beginning of year	136 445 357	87 348 670	-	-
Increase (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	46 688 362	49 096 687	-	-
	183 133 719	**136 445 357**	**-**	**-**

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 the National Energy Fund, which is not taxable.

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

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

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
12. Loans to Group companies				
Subsidiaries				
NAMCOR Exploration and Production (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	74 718 025	36 473 605	74 707 130
Sonam Petroleum Company (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	-	63 678 287
Brak Property Development 36 (Pty) Ltd The loan is unsecured, interest free and repayable on demand.	-	-	381 345	223 966
NAMCOR 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.	(1)	-	(381 346)	342 287 337
Kudu	-	-	342 287 337	-
Group co ID 10	-	-	23 976 780	-
	-	**74 718 025**	**206 043 007**	**273 927 923**
Split between non-current and current portions				
Non-current assets	-	-	35 295 189	74 718 025
Current assets	-	-	170 747 818	199 209 898
	-	**-**	**206 043 007**	**273 927 923**
13. Inventories				
Finished goods	230 878 108	107 052 980	-	-
Write down of inventories recognised as an expense	1 180 156	2 748 585	-	-

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
14. Trade and other receivables				
Financial instruments:				
Trade receivables	344 320 296	412 494 060	57 000	1 442 197
Loss allowance on trade receivables	(182 944 933)	(193 504 158)	-	(26 885)
Trade receivables at amortised cost	161 375 363	218 989 902	57 000	1 415 312
Deposits	175 062	-	-	-
Impairment on value added taxation	(2 019 832)	-	-	-
Other receivables	27 561 126	24 946 981	16 248 659	17 284 548
Other receivables - loss allowance	-	(8 527)	-	-
Non-financial instruments:				
Value added tax	16 025 799	58 264 555	2 453 857	11 687 865
Impairment on value added taxation	-	(2 180 081)	(796 002)	(956 251)
NEF receivable	-	15 671 951	-	-
Prepaid expenses	7 036 424	4 574 274	3 163 374	2 837 948
Export fuel tax receivable	-	17 339 315	-	-
Total trade and other receivables	**266 323 447**	**337 598 370**	**21 126 888**	**32 269 422**

Split between non-current and current portions

Current assets	266 323 447	337 598 370	21 126 888	32 269 422

Categorisation of trade and other receivables

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

At amortised cost	243 261 224	243 928 355	15 509 657	18 699 860
Non-financial instruments	23 062 223	93 670 015	5 617 231	13 569 562
	266 323 447	**337 598 370**	**21 126 888**	**32 269 422**

Exposure to credit risk

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

Reconciliation of provision for impairment of trade and other receivables

Opening balance	193 749 183	118 750 298	263 384	253 498
(Reversal of)/provision for impairment	(10 247 103)	74 998 885	(203 890)	9 886
	183 502 080	**193 749 183**	**59 494**	**263 384**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	**2020 N$**	**2021 N$**	**2020 N$**
15. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	235 776	12 895	225 714	3 000
Bank balances	157 174 429	200 838 254	84 069 780	156 990 276
Short-term deposits	26 499 953	18 262 085	7 499 953	18 262 085
Bank overdraft	-	(29 421 913)	-	(3 608 417)
Loss allowance on cash and cash equivalents	(74 070)	(183 266)	(48 815)	(62 081)
	183 836 088	**189 508 055**	**91 746 632**	**171 584 863**
Current assets	183 836 088	218 929 969	91 746 632	175 193 280
Current liabilities	-	(29 421 913)	-	(3 608 417)
	183 836 088	**189 508 056**	**91 746 632**	**171 584 863**
Cash and cash equivalents held by the entity that are not available for use by the Group	26 449 953	7 499 953	7 499 953	7 499 953

The short-term deposits mature at periods between 3 to 6 months and carry interest at an average rate of 6.25% (2020: 7.25%).

Bank Windhoek holds a limited cession of N$7 499 953 (2020: N$7 499 953) to cover guarantees issues as well as a limited cession over all Bank Windhoek investment accounts for N$150 000 000 to cover the mortgage loans owing to Bank Windhoek.

16. Share capital

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Authorised				
10 000 000 Ordinary shares of N$1 each	10 000 000	10 000 000	10 000 000	10 000 000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Issued				
10 000 000 Ordinary shares of N$1 each	10 000 000	10 000 000	10 000 000	10 000 000

17. Revaluation reserve

The revaluation reserve relates to the revaluation of property.

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Opening balance	56 301 370	59 908 055	21 231 082	15 663 933
Revaluation of property	-	(3 306 685)	(2 476 000)	5 567 149
Closing balance	**56 301 370**	**56 601 370**	**18 755 082**	**21 231 082**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
18. Loans from shareholders				
Ministry of Mines and Energy	27 752 662	30 477 077	-	-
NAMCOR Petroleum Trading and Distribution (Pty) Ltd received funds amounting to N$50 million on 01 April 2016 pertaining to a loan agreement entered into with the Ministry of Mines and Energy through the National Energy Fund. The loan is unsecured and bears interest at 2.5%. The loan is not repayable in its first two years apart from a monthly interest charge of N$104 167. Thereafter the loan is repayable in 96 instalments of N$575 192 each. The loan has been granted at a below market interest rate. The fair value of the financial liability at recognition in terms of IAS 39 was N$33 609 375. The market rate used to determine the fair value of the financial liability at recognition was the yield to maturity rate of Government Bond GC25 which was 10.29% on 01 April 2016.	48 782 250	51 513 778	-	-
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.				
	76 534 912	**81 990 855**	**-**	**-**
Split between non-current and current portions				
Non-current liabilities	69 360 059	75 577 470	-	-
Current liabilities	7 174 853	6 413 385	-	-
	76 534 912	**81 990 855**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	**2020 N$**	**2021 N$**	**2020 N$**
19. Borrowings				
Held at amortised cost				
Secured				
Bank Windhoek	13 345 632	16 741 944	13 345 632	16 741 944
The Bank Windhoek loan bears interest at the prime lending rate less 3% (2018: 7.5%) 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 (2018: N$365 101) each.				
Nedbank Namibia	25 154 192	31 347 702	-	-
The secured loan is a commercial loan and bears interest at a prime lending rate less 7.75% per annum. The loan is repayable in 61 monthly instalments. Proceeds from the Agreement for the supply of Fuel and Lubricants and the Operation and Maintenance of Bulk Storage and Dispensing Equipment and Fuel Management Systems between Swakopmund Uranium (Pty) Ltd and NAMCOR Petroleum Trading and Distribution (Pty) Ltd have been pledged as security in respect of the N$34 000 000 term loan facility.				
Bank Windhoek	47 886 445	-	-	-
The Company received a N$48 000 000 commercial loan facility from Bank Windhoek Limited. The secured loan is a commercial loan and bears interest at a prime lending rate plus 1.00% per annum. The loan is repayable in 60 monthly instalments. The Notice Deposit Account to the value of N$19 000 000 has been pledged as security for the loan.				
Standard Bank of Namibia	-	7 028 781	-	-
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. The loan was fully settled during the financial year under review.				
	86 386 269	**55 118 427**	**13 345 632**	**16 741 944**
Split between non-current and current portions				
Non-current liabilities	74 426 105	45 448 982	9 746 002	13 348 352
Current liabilities	11 960 164	9 669 445	3 599 630	3 393 592
	86 386 269	**55 118 427**	**13 345 632**	**16 741 944**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$

20. Deferred income

The Company entered into a 99-year lease agreement with Hammerhead Investments (Pty) Ltd on 01 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. The property has been classified as an investment property.

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Hammerhead Investments lease				
At 01 April	2 671 717	2 702 020	-	-
Released into the income statement	(30 303)	(30 303)	-	-
	2 641 414	**2 671 717**	**-**	**-**
Non-current liabilities	2 611 111	2 641 414	-	-
Current liabilities	30 303	30 303	-	-
	2 641 414	**2 671 717**	**-**	**-**

21. Trade and other payables

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Financial instruments:				
Trade payables	551 817 156	328 066 311	7 313 334	7 931 894
Other payables	6 548 199	2 274 947	2 866 262	1 184 035
Levies	38 373 854	15 922 067	-	-
Accruals	65 105 667	107 821 206	50 359 529	41 237 597
Customs & excise control payable	35 588 510	-	-	-
	697 433 386	**454 084 531**	**60 539 125**	**50 353 526**

Exposure to currency risk

Refer to note 40 Financial instruments and financial risk management for details of currency risk management for trade payables.

Exposure to liquidity risk

Refer to note 40 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 40 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

22. Current tax payable

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Reconciliation of current taxation paid during the year				
Charge to the statement of comprehensive income	11 249 832	9 646 848	11 249 832	9 646 848
Foreign exchange (gain)/loss	(878 175)	1 602 984	(878 175)	1 602 984
Current tax payable	**10 371 657**	**11 249 832**	**10 371 657**	**11 249 832**

The current tax payable relates to the 19% capital charge on the disposal of 3 000 000 shares in Serica Energy Plc, a foreign company incorporated in England and Wales.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$

23. Provisions

Reconciliation of provisions - Group - 2021

	Opening balance	Additions	Payments / utilisation	Reversed during the year	Closing balance
Provision for bonuses	518 689	7 269	(34 772)	-	491 186
Provision for leave pay	8 705 207	(7 628 898)	(1 076 309)	-	-
Provision for levies payable	28 573 859	(21 475 937)	-	-	7 097 922
Provision for decommissioning	863 653	-	-	(863 653)	-
	38 661 408	**(29 097 566)**	**(1 111 081)**	**(863 653)**	**7 589 108**

Reconciliation of provisions - Group - 2020

	Opening balance	Additions	Payments / utilisation	Reversed during the year	Closing balance
Provision for bonuses	302 419	216 270	-	-	518 689
Provision for leave pay	6 902 452	2 854 297	(1 051 542)	-	8 705 207
Provision for levies payable	31 813 803	3 965 838	(7 205 782)	-	28 573 859
Provision for legal dispute	-	-	-	863 653	863 653
	39 018 674	**7 036 405**	**(8 257 324)**	**863 653**	**38 661 408**

Reconciliation of provisions - Company - 2021

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

Reconciliation of provisions - Company - 2020

	Opening balance	Additions	Payments / utilisation	Closing balance
Provision for bonuses	182 504	88 750	-	271 254
Provision for leave pay	5 379 222	1 670 659	(435 062)	6 614 819
	5 561 726	**1 759 409**	**(435 062)**	**6 886 073**

Notes to the Consolidated and Separate Annual Financial Statements

23. Provisions (continued)

Bonus provision

The provision for bonus is for employees who qualify in terms of their employment contracts. The provision consists 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 a result of past service provided by an employee when the employee leaves the employment of the Company.

Provision for levies payable

Road Fund Administration Act

In the previous financial years, the entity sold petroleum products to locally registered companies with the assumption that these products will be exported. As a result, there were no levies charged on these volumes. This practice is not in line with the requirements of the Road Fund Administration Act. The non-compliance with the Road Fund Administration Act quantified amounts to N$3 211 233 (2020: N$13 293 829), including interest. This amount has been provided for in the financial statements. The provision significantly decreased in the current year as a result of the confirmation received that the petroleum products were exported.

Petroleum Products and Energy Act

In the previous financial years, the entity sold petroleum products to locally registered companies with the assumption that these products 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$3 886 690 (2020: N$15 280 031). This amount has been provided for in the financial statements. The provision significantly decreased in the current year as a result of the confirmation received that the petroleum products were exported.

Provision for decommissioning

The Group enters into bulk fuel supply agreements to provide petroleum products to customers. Some agreements require that NAMCOR Trading installs storage equipment for petroleum products at customers' premises. The Group has a constructive obligation of decommissioning and restoring the environment where the equipment has been installed. The provision has been raised based on the estimated costs of restoring the environment and has been discounted using the average rate of the borrowings as at reporting date. The provision was reversed in the current year as the amount cannot be reliably measured.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
24. Revenue				
Revenue from contracts with customers				
Sale of lubricants	34 625 740	20 154 267	-	-
Building rental income	831 804	-	-	-
Convenience store income	484 507	-	-	-
Storage and handling fees	2 526 582	4 922 723	-	-
Administration fee - Petrofund	42 358	21 631	42 358	21 631
Sale of petroleum products	1 275 740 816	1 004 552 677	-	-
Lease income - Petrofund	138 398	68 264	138 398	68 264
Data sales	24 112 748	36 721 648	-	36 721 648
Tender income	94 700	123 600	94 700	123 600
ATM rental	73 283	-	-	-
	1 338 670 936	**1 066 564 810**	**275 456**	**36 935 143**

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

Timing of revenue recognition

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
At a point in time	1 336 144 354	1 062 952 965	275 456	36 845 248
Over time	2 526 582	3 611 845	-	89 895
Total revenue from contracts with customers	**1 338 670 936**	**1 066 564 810**	**275 456**	**36 935 143**

25. Cost of sales

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Sale of goods	1 340 075 749	1 035 929 806	-	-

26. Other income

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Prior year corrections	4 845 859	-	-	-
Other rental income	-	30 303	-	-
Equity investments dividends	1 887 084	574 404	1 887 084	-
Interest write-off on non-compliance provisions	3 094 049	29 849 776	-	29 849 776
Sundry income	929 099	2 288 459	303 969	1 983 553
Fair value adjustments	(325 000)	-	-	-
COVID-19 Slate relief income	-	15 784 600	-	-
Recoveries	30 704 804	9 920 263	-	-
Gain on IFRS 16 derecognition	48 705	691	48 705	691
Foreign exchange differences	4 648 303	24 331 753	4 648 303	24 331 753
Recoveries	-	4 968 480	-	-
VAT impairment reversal	160 249	2 420 566	160 249	1 574 099
Dealer deposit income	-	2 600 000	-	-
Profit on sale of assets	12 792 137	-	-	-
VET levy income	525 758	478 059	525 758	472 266
	59 311 047	**93 247 354**	**7 574 068**	**58 212 138**

27. Government grants

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Fuel levy income	80 211 817	86 793 375	80 211 817	86 793 375

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

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28. Operating (loss)/profit

Operating loss for the year is stated after charging (crediting) the following:

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Distribution costs				
Advertising	1 967 066	5 241 304	1 495 591	5 195 820
Management fee	13 754 634	9 655 176	-	-
Motor vehicle expenses	311 009	418 872	81 492	107 979
Other distribution costs	2 224 875	1 461 077	-	-
	18 257 584	**16 776 429**	**1 577 083**	**5 303 799**
Other operating expenses				
Administration and management fees	-	253 516	-	-
Impairments - income tax receivables	-	4 225 964	-	-
Day 1 gain/loss on IFRS 16	39 130 386	20 495 145	-	-
Other operating expenses	9 589 239	14 185	641 822	4 000
Prior year adjustments	-	4 792 552	-	5 463
Foreign exchange	12 390 012	7 168 738	-	7 168 738
Revaluation loss on property, plant and equipment	959 948	4 763 230	959 948	4 763 230
Loss on sale of financial assets	-	2 177 215	-	2 177 215
Fair value adjustments on loan to Group companies	-	-	15 325 651	-
Decommissioning liability movement	(891 464)	-	-	-
	61 178 121	**43 890 545**	**16 927 421**	**14 118 646**
Impairment losses on financial and contractual assets				
Trade receivables	(10 550 746)	74 842 771	(241)	(161 348)
Loans to Group companies	(424 890)	-	(19 358 689)	24 545 647
Other receivables	765 148	231 858	18 410	162 695
Other assets	(105 491)	-	(962)	-
	(10 315 979)	**75 074 629**	**(19 341 482)**	**24 546 994**
Administrative expenses				
Employee costs	102 072 319	83 631 377	52 405 885	58 648 146
Training	2 053 267	6 691 361	1 597 566	6 300 362
Professional fees	15 867 955	17 602 395	10 785 440	12 798 591
Depreciation	30 046 680	24 440 931	6 725 888	8 025 464
Internal audit fees	1 443 750	1 755 336	1 443 750	1 755 336
External audit fees	2 381 891	2 303 640	694 083	1 488 607
Consumables	869 368	282 854	-	-
Insurance	1 364 063	825 320	377 496	361 451
Rental charges	238 922	913 483	-	-
Repairs and maintenance	9 403 672	4 812 519	1 661 352	1 428 345
Travel expenses	1 541 172	4 357 473	924 173	3 441 950
Municipal charges	4 246 684	4 179 221	2 224 157	2 608 923
Computer expenses	11 307 119	11 687 276	8 734 694	11 236 399
Directors' remuneration	1 894 268	1 579 461	1 657 961	1 304 497
Legal fees	2 497 799	1 994 919	1 123 762	1 493 342
Exploration costs	8 639 824	4 445 290	811	4 445 290
Kudu project expenses	13 909 839	20 230 687	13 909 839	20 230 687
Leasing charges	4 075 846	2 913 532	2 895 893	2 913 532
Other	21 749 572	17 530 991	8 234 541	13 493 656
	235 604 010	**212 178 066**	**115 397 291**	**151 974 578**

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	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$

29. Joint operations

The holding company has 44% interest in a joint arrangement called the Kudu Gas to Power Project Field Partnership which was set up as a partnership together with BWK Kudu Limited to develop the Kudu Gas Field located offshore Republic of Namibia. The principal place of business of the joint operation is in Namibia. The joint venture agreements in relation to the Kudu Gas to Power Project Field require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

The table below details the expenses incurred on the Kudu Gas to Power Project:

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Consultancy support	136 197	207 740	136 197	207 740
Drilling	-	379	-	379
General and administration expenditure	5 776 992	9 894 967	5 776 992	9 894 967
Insurance	1 500 442	1 594 146	1 500 442	1 594 146
Kudu activities to FID	345 318	90 105	345 318	90 105
Licence fee obligation	2 779 130	3 151 344	2 779 130	3 151 344
Other expenses	104 195	475 263	104 195	475 263
Subsurface modelling	296	248 347	296	248 347
Training	592 386	425 574	592 386	425 574
	11 234 956	**16 087 865**	**11 234 956**	**16 087 865**

30. Finance income

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Interest income				
Cash and cash equivalents	3 673 132	6 760 781	2 599 771	5 822 334
Finance lease receivables	1 442 291	356 232	-	-
Interest charged on trade receivables	-	873 578	-	-
Staff loans	67 780	59 993	67 780	59 993
Loans to Group companies:				
Subsidiaries	-	-	3 879 596	-
Total interest revenue	**5 183 203**	**8 050 584**	**6 547 147**	**5 882 327**

31. Finance costs

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Interest on accounts payable	7 077 531	-	-	-
Finance leases	3 896 392	2 926 939	10 506	88 590
Bank overdraft	463 962	3 416 126	-	-
Long-term borrowings	9 066 290	10 834 150	819 721	1 364 386
Other interest paid	1 702 486	549 436	-	-
Total finance costs	**22 206 661**	**17 726 651**	**830 227**	**1 452 976**
Less: borrowing costs capitalised	(3 114 607)	(3 659 113)	-	-
Total finance costs expensed	**19 092 054**	**14 067 538**	**830 227**	**1 452 976**

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 8.74%.

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
32. Taxation				
Major components of the tax income				
Deferred				
Current year charge	(46 688 362)	(49 096 687)	-	-
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	32,00 %	32,00 %	32,00 %	32,00 %
Non-deductible expenses deemed capital in nature	(0,48)%	13,52 %	- %	14,00 %
Non-deductible impairment losses	(31,31)%	81,10 %	(30,30)%	82,10 %
IFRS 16 day 1 loss	(4,15)%	(4,15)%	- %	- %
COVID-19 relief receipt from MME	3,20 %	33,20 %	- %	- %
Depreciation of leasehold improvements	(0,94)%	(0,94)%	- %	- %
Fuel levy and income not taxable	(123,51)%	(290,10)%	(123,50)%	(290,10)%
Non-deductible capital expenditure - legal and professional fees	0,29 %	4,62 %	0,30 %	4,62 %
Loss on disposal of financial assets	- %	7,28 %	- %	7,28 %
Prior year deferred tax recognised in OCI	- %	(6,06)%	- %	(6,06)%
Excempt dividends	(3,86)%	(1,64)%	(3,90)%	(1,64)%
Unrecognised deferred tax asset	125,31 %	157,83 %	125,30 %	157,83 %
Prior year (under)/over provision	(0,95)%	(0,95)%	- %	- %
Non-deductible finance costs	(0,84)%	(0,84)%	- %	- %
Non-deductible fines and penalties	0,19 %	0,08 %	0,10 %	- %
	(5,04)%	**(5,04)%**	**- %**	**- %**
Estimated tax loss available for set off against future taxable income	762 754 173	565 012 415	198 115 566	166 897 256

33. Auditors' remuneration

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Fees	2 381 891	2 330 675	694 083	1 488 607

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
34. Cash generated from operations				
Loss before taxation	(180 514 536)	(143 260 890)	(20 782 052)	(9 610 710)
Adjustments for:				
Depreciation and amortisation of property, plant and equipment	24 775 834	21 520 795	6 355 640	7 239 843
Depreciation of right-of-use assets	4 754 783	4 612 004	370 248	785 620
(Profit)/Loss on sale of right-of-use assets	-	(5 793)	-	-
(Profit)/Loss on sale of property, plant and equipment	100 317	499 648	100 317	4 648
Other property, plant and equipment movements	-	404 912	-	-
Interest income	(6 725 900)	(7 694 352)	(6 614 926)	(5 882 327)
Finance income on net investment in lease	(1 442 291)	(356 232)	-	-
Finance income on loans to Group companies	-	-	(3 879 596)	-
Finance costs	5 962 189	11 130 859	830 227	1 354 647
Finance costs on lease liability	3 896 392	2 926 939	10 506	88 590
Finance costs on accounts payable	7 077 531	-	-	-
Other finance costs	2 166 448	-	-	-
Impairment of inventories	1 180 156	2 748 585	-	-
Impairment of property, plant and equipment	9 412 116	3 072 838	959 948	4 763 230
Impairment of loans to Group companies	-	-	19 358 689	24 545 646
Impairment reversal of value added taxation	(160 249)	(1 574 099)	(160 249)	(1 574 099)
Impairment of trade receivables	(10 516 375)	74 842 771	-	(161 348)
Impairment of other receivables	(145 163)	156 115	18 410	171 234
Impairment of cash and cash equivalents	(4 667)	75 743	(961)	(8 539)
Unrealised (gain)/loss on foreign exchange	-	(998 484)	-	(998 484)
Operating accruals	(67 511 110)	42 937 654	(9 121 933)	41 237 597
Movement in provision for leave pay	-	2 854 297	-	1 670 659
Movement in provision for bonuses	46 552	216 269	53 822	88 750
Movement in provision for decommissioning liability	-	(484 816)	-	-
Impairment on investment in subsidiaries	-	-	(160 000)	-
IFRS 16 derecognition gain	39 130 386	-	-	-
Unrealised gain/(loss) on foreign exchange (cash and cash equivalents)	15 719 594	(22 937 930)	4 430 908	(22 937 930)
Unrealised gain/(loss) on foreign exchange (trade creditors)	(7 558 977)	9 538 462	(7 745 434)	9 538 462
Adjustment for operating expenses	13 325 116	-	-	-
Data licensing	-	(22 017 581)	-	(22 017 581)
Other non-cash operating expenses	731 286	4 792 552	541 506	5 463
COVID-19 Slate relief income	-	(15 784 600)	-	-
Impairment of income tax receivable	-	4 225 964	-	-
Sundry income - past cost reimbursements	(929 099)	(3 472 495)	(143 969)	(3 472 495)
Proceeds from insurance claims	-	(304 865)	-	-
Bad debts written off	403 168	-	-	-
Day one loss IFRS 16 / (IFRS 16 derecognition gain)	(48 705)	20 495 145	(48 705)	-
Prior year corrections	(4 845 859)	-	-	-
Prior year interest charged on non-compliance	(3 094 049)	-	-	-
Other non-cash items	(2 168 294)	1 989 915	(765 956)	1 271 538
Deferred income	(30 303)	(30 303)	-	-
Fair value adjustments	(19 483 855)	-	15 325 651	-
Changes in working capital:				
Inventories	(125 005 284)	(51 694 827)	-	-
Trade and other receivables	82 240 683	(190 964 678)	11 428 343	18 799 417
Trade and other payables	348 535 724	269 799 522	26 511 462	(21 977 338)
Provisions	(28 024 802)	(2 943 016)	(6 722 463)	(435 062)
	101 248 757	**14 316 028**	**30 149 433**	**22 489 431**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
35. Tax receivable				
Balance at the beginning of the year	5 461 404	9 687 368	5 461 404	5 461 404
Impairment of tax receivable	-	(4 225 964)	-	-
	5 461 404	**5 461 404**	**5 461 404**	**5 461 404**
36. Contractual assets				
	-	22 017 581	-	22 017 581

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

37. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2021

	Opening balance	Repayments	New loans raised	Fair value changes	Other non-cash movements	Closing balance
Borrowings	55 118 427	(17 212 264)	48 000 000	-	480 106	86 386 269
Loan from shareholders	81 990 855	(5 828 201)	-	-	402 258	76 534 912
	137 109 282	**(23 040 465)**	**48 000 000**	**-**	**882 364**	**162 921 181**
Total liabilities from financing activities	**137 109 282**	**(23 040 465)**	**48 000 000**	**-**	**882 364**	**162 921 181**

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance	Repayments	New loans raised	Fair value changes	New leases	Closing balance
Borrowings	28 999 134	(7 880 707)	33 609 000	-	391 000	55 118 427
Loan from shareholders	93 729 499	(11 738 644)	-	-	-	81 990 855
	122 728 633	**(19 619 351)**	**33 609 000**	**-**	**391 000**	**137 109 282**
Total liabilities from financing activities	**122 728 633**	**(19 619 351)**	**33 609 000**	**-**	**391 000**	**137 109 282**

Reconciliation of liabilities arising from financing activities - Company - 2021

	Opening balance	Repayments	New loans raised	Fair value changes	Closing balance
Borrowings	16 741 944	(3 396 312)	-	-	13 345 632
Finance lease liabilities	781 003	(781 003)	-	-	-
	17 522 947	**(4 177 315)**	**-**	**-**	**13 345 632**
Total liabilities from financing activities	**17 522 947**	**(4 177 315)**	**-**	**-**	**13 345 632**

Reconciliation of liabilities arising from financing activities - Company - 2020

	Opening balance	Repayments	New loans raised	Fair value changes	New leases	Closing balance
Borrowings	19 764 287	(3 022 343)	-	-	-	16 741 944
Finance lease liabilities	-	-	-	-	781 003	781 003
	19 764 287	**(3 022 343)**	**-**	**-**	**781 003**	**17 522 947**
Total liabilities from financing activities	**19 764 287**	**(3 022 343)**	**-**	**-**	**781 003**	**17 522 947**

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$

38. Commitments and guarantees

Guarantees

The Group 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 2021 is N$800 000 (2020: N$800 000).

The Group has provided security for financial guarantees issued by Bank Windhoek on behalf of its subsidiary company in favour of the Ministry of Finance for import VAT. The Ministry of Finance required this security as the subsidiary company had significant monthly imports when it had the fuel import mandate. The value as at 31 March 2021 is N$6 800 000 (2020: N$6 800 000).

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Capital expenditure commitments				
Capital expenditure approved	216 474 402	269 722 414	35 479 009	38 679 009
Commitments in respect of contracts	6 109 524	62 584 265	-	-

The Group has an approved capital expenditure budget amounting to N$224.4 million for the 2020 financial year. N$132.3 of the approved expenditure has been earmarked for the rollout of the retail network. The Group intends to construct and acquire retail outlets, targeting strategic locations countrywide. The remaining amount relates to the upgrade of infrastructure at existing depots as well as installation of storage tanks and pumps at customer sites.

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

39. Related parties

Relationships

Ultimate holding company	Government of the Republic of Namibia
Directors	Refer to directors' report
State owend enterprises	Refer to significant accounting policies
Subsidiaries	Refer to note 8

Related party balances

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Long-term loans - Owing (to)/by related parties				
Ministry of Mines and Energy	-	-	(117 918 563)	(117 918 563)
National Petroleum Trading and Distribution (Pty) Ltd	-	-	237 372 230	342 848 353
Trade receivables				
TransNamib Holdings (Pty) Ltd	6 328 061	10 316 639	-	-
Namibia Ports Authority (Pty) Ltd	881 262	2 921 177	-	-
Roads Contractor Company (RCC)	13 211 180	13 561 180	-	-
RCC projects cash account	(15 634)	(6 853)	-	-
Road Fund Administration	12 420	-	-	-
Namibia Development Corporation	(5 925)	-	-	-
Namibia Power Corporation	(38)	-	-	-
Namibian Broadcasting Corporation	(1 270)	-	-	-
Trade payables				
Namibia Ports Authority (Pty) Ltd	312 672	283 833	-	-
Telecom Namibia Limited	10 109	17 063	-	-
TransNamib Holdings (Pty) Ltd	-	335 722	-	-
Namibia Airports Company Limited	242 851	-	-	-

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$
39. Related parties (continued)				
Related party transactions				
Interest paid to related parties				
National Energy Fund	3 191 659	3 609 633	-	-
Sales to related parties				
Namibia Ports Authority (Pty) Ltd	13 304 909	16 818 065	-	-
Roads Contractor Company (Pty) Ltd	109 297	-	-	-
TransNamib Holdings (Pty) Ltd	-	22 708 697	-	-
Namibia Power Corporation	208 897	31 623 257	-	-
Namibian Broadcasting Corporation	495 533	-	-	-
Meat Corporation of Namibia	45 579	-	-	-
Compensation to directors and other key management				
Salaries	2 338 562	1 848 306	2 338 562	1 848 306
Directors' fees	1 894 268	1 579 461	1 657 961	1 304 497
	4 232 830	**3 427 767**	**3 996 523**	**3 152 803**

40. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Note(s)	Amortised cost
Trade and other receivables	14	245 281 056
Cash and cash equivalents	15	183 910 158
Contractual assets		22 017 587
		451 208 801

Group - 2020

	Note(s)	Amortised cost
Loans to Group companies	12	74 718 025
Trade and other receivables	14	243 928 355
Cash and cash equivalents	15	218 929 969
Contractual assets		22 017 587
		559 593 936

Company - 2021

	Note(s)	Amortised cost
Loans to Group companies	12	206 043 007
Trade and other receivables	14	16 305 659
Cash and cash equivalents	15	91 795 447
		314 144 113

Company - 2020

	Note(s)	Amortised cost
Loans to Group companies	12	273 927 923
Trade and other receivables	14	18 699 860
Cash and cash equivalents	15	175 193 280
		467 821 063

Notes to the Consolidated and Separate Annual Financial Statements

	Group		Company	
	2021 N$	2020 N$	2021 N$	2020 N$

40. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2021

	Note(s)	Amortised cost
Trade and other payables	21	1
Loans from shareholders		1
Borrowings	19	86 386 269
Bank overdraft	15	1
		86 386 272

Group - 2020

	Note(s)	Amortised cost
Trade and other payables	21	454 084 529
Loans from Group companies		74 718 025
Loans from shareholders		81 990 855
Borrowings	19	55 118 427
Bank overdraft	15	25 813 496
		691 725 332

Company - 2021

	Note(s)	Amortised cost
Trade and other payables	21	60 539 129
Borrowings	19	13 345 632
Bank overdraft	15	1
		73 884 762

Company - 2020

	Note(s)	Amortised cost
Trade and other payables	21	50 353 527
Borrowings	19	16 741 944
Bank overdraft	15	3 608 417
		70 703 888

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
	Note(s)	2021 N$	2020 N$	2021 N$	2020 N$

40. Financial instruments and risk management (continued)

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 7 and 17, cash and cash equivalents disclosed in note 12, and equity as disclosed in the statements of financial position.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by capital. The Group's strategy is to maintain a gearing ratio below 100%. The Group includes within net debt, interest bearing loans, trade and other payables, less cash and cash equivalents.

There are no externally imposed capital requirements.

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

The capital structure and gearing ratio of the Group at the reporting date was as follows:

	Note(s)	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Loans from Group companies		-	74 718 025	-	-
Loans from shareholders	18	76 534 912	81 990 855	-	-
Borrowings	19	86 386 269	55 118 427	13 345 632	16 741 944
Trade and other payables	21	697 433 386	454 084 529	60 539 129	50 353 527
Total borrowings		**860 354 567**	**665 911 836**	**73 884 761**	**67 095 471**
Cash and cash equivalents	15	(183 884 904)	(189 570 138)	(91 795 447)	(171 646 945)
Net borrowings		**676 469 663**	**476 341 698**	**(17 910 686)**	**(104 551 474)**
Equity		445 133 762	574 362 825	539 060 888	549 828 027
Gearing ratio		152 %	70 %	(3)%	(19)%

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

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

Notes to the Consolidated and Separate Annual Financial Statements

40. Financial instruments and risk management (continued)

Credit risk

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

Credit risk is managed on a Group basis.

Credit risk consists mainly of cash deposits, cash equivalents, 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 counterparty.

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

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

Group		2020			2019		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to Group companies	12	-	-	-	74 718 025	-	74 718 025
Net investment in lease		58 973 807	-	58 973 807	35 597 244	-	35 597 244
Trade and other receivables	14	244 057 226	(796 002)	243 261 224	260 043 841	(956 251)	259 087 590
Cash and cash equivalents	15	183 910 158	-	183 910 158	219 113 235	-	219 113 235
		486 941 191	**(796 002)**	**486 145 189**	**589 472 345**	**(956 251)**	**588 516 094**

Company		2020			2019		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to Group companies	12	239 685 156	(33 642 149)	206 043 007	342 908 334	(68 980 411)	273 927 923
Trade and other receivables	14	16 305 659	(796 002)	15 509 657	18 699 860	(956 251)	17 743 609
Cash and cash equivalents	15	91 795 447	-	91 795 447	175 255 362	-	175 255 362
		347 786 262	**(34 438 151)**	**313 348 111**	**536 863 556**	**(69 936 662)**	**466 926 894**

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40. Financial instruments and risk management (continued)

Liquidity risk

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

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

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

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

Group

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans from Group companies	23 772 481	-	-	-
Loans from shareholders	7 174 853	7 765 974	25 194 084	36 400 000
Borrowings	8 360 534	8 939 561	18 127 404	37 613 137
Trade and other payables	618 840 089	-	-	-
	658 147 957	**16 705 535**	**43 321 488**	**74 013 137**

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans from shareholders	6 413 385	6 826 242	23 402 869	45 348 359
Borrowings	-	12 691 006	32 757 977	-
Trade and other payables	443 063 475	-	-	-
Bank overdraft	29 421 913	-	-	-
	478 898 773	**19 517 248**	**56 160 846**	**45 348 359**

Company

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	59 511 669	-	-	-

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	3 393 592	3 505 928	9 842 424	-
Trade and other payables	50 278 258	-	-	-
Bank overdraft	3 608 417	-	-	-
	57 280 267	**3 505 928**	**9 842 424**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
	Note(s)	2021 N$	2020 N$	2021 N$	2020 N$

40. Financial instruments and risk management (continued)

Foreign currency 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 foreign currency denominated trade receivables, foreign currency denominated bank balances, and foreign currency denominated trade payables.

At 31 March 2020, if the currency had weakened / strengthened by 10% against the foreign currencies with all other variables held constant, Company and Group post-tax profit for the year would have been N$1 943 773 (2019: N$12 136 686) lower/higher and N$10 943 773 (2019: N$11 942 326) lower/higher, mainly as a result of foreign exchange gains on the translation of foreign currencies denominated trade receivables and contractual assets, respectively.

Exposure in Namibia Dollar

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

	Note(s)	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
US Dollar exposure:					
Current assets:					
Trade and other receivables	14	-	4 956 089	-	4 956 089
Cash and cash equivalents	15	72 945 565	121 826 737	17 318 621	121 826 737
Contractual assets		-	22 017 581	-	22 017 581
Current liabilities:					
Trade and other payables	21	(46 656 691)	(39 362 675)	(42 834 987)	(39 362 675)
Net US Dollar exposure		**26 288 874**	**109 437 732**	**(25 516 366)**	**109 437 732**
GBP exposure:					
Non-current assets:					
Other financial assets	9	67 313 406	52 374 657	67 313 406	52 374 657
Net GBP exposure		**67 313 406**	**52 374 657**	**67 313 406**	**52 374 657**
Net exposure to foreign currency in Namibia Dollar		**93 602 280**	**161 812 389**	**41 797 040**	**161 812 389**

Notes to the Consolidated and Separate Annual Financial Statements

		Group		Company	
	Note(s)	2021 N$	2020 N$	2021 N$	2020 N$

40. Financial instruments and risk management (continued)

Foreign currency risk (continued)

Exposure in foreign currency amounts

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

US Dollar exposure:

	Note(s)	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Current assets:					
Trade and other receivables	14	-	282 451	-	282 451
Cash and cash equivalents	15	5 009 138	6 943 000	1 189 874	6 943 000
Contractual assets		-	1 254 799	-	1 254 799
Current liabilities:					
Trade and other payables	21	(3 141 130)	(2 191 701)	(2 878 695)	(2 193 701)
Net US Dollar exposure		**1 868 008**	**6 288 549**	**(1 688 821)**	**6 286 549**

GBP exposure:

	Note(s)	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Non-current assets:					
Other financial assets	9	3 378 000	2 402 507	3 378 000	2 402 507
Net GBP exposure		**3 378 000**	**2 402 507**	**3 378 000**	**2 402 507**

Exchange rates

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
USD				
Buying	14,563	17,547	-	17,547
Selling	14,880	17,944	-	17,944
GBP				
Buying	-	21,800	-	21,800

Interest rate risk

The Group's interest rate risk arises from long-term borrowings and bank overdraft. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2021 and 2020, the Group's borrowings at variable rates were denominated in Namibia Dollar.

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

	Group 2021 N$	Group 2020 N$	Company 2021 N$	Company 2020 N$
Financial instrument				
Variable rate instrument				
Bank balance	157 174 429	200 838 255	84 069 780	156 990 276
Borrowings	(86 386 269)	(23 770 725)	(13 345 631)	(16 741 944)
Loans from shareholder	(73 235 305)	-	-	-
Fixed rate instrument				
Financial assets: Fair value through profit or loss	2 830 487	20 838 674	2 830 487	20 838 674
Short-term deposits	7 499 953	(51 513 778)	7 499 953	-
Loans from shareholder	(3 299 607)	-	-	-

NOTES