



2016
2017

ANNUAL REPORT

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OVERVIEW OF OUR BUSINESS

The National Petroleum Corporation of Namibia (NAMCOR) has two major components: upstream and downstream operations. The upstream component, also known as the Exploration and Production sector, involves the search for potential underground or underwater oil and gas fields, the drilling of exploratory wells, and the subsequent operation of the wells which recover and extract this crude oil and/or raw natural gas to the surface.

The downstream component involves the refining and processing of the product derived from crude oil and the trading and distribution of the product and its derivatives, such as liquid petroleum gas, petrol, jet fuel, diesel oil, jet fuel, other fuel oils, asphalt and petroleum coke.



INDUSTRY PARTNERS

Azinam

www.azinam.com

Chariot Oil and Gas

www.charitoilandgas.com

CGG

www.cgg.com

CIECO Exploration and Production

www.cieco.co.uk

Commonwealth Secretariat

www.thecommonwealth.org

Eco Oil and Gas

www.ecoilandgas.com

ERCL

www.ercl.com

Geological Survey of Namibia

www.gsn.gov.na

ION GXT

www.iongeo.com

Impact Oil and Gas

www.impactoilandgas.com

IHS

www.ihs.com

Maurel and Prom

www.maureletprom.fr

Ministry of Mines and Energy

www.mme.gov.na

Murphy Oil and Gas

www.murphyoilcorp.com

NamPower

www.nampower.com.na

NAMCOR

www.namcor.com.na

PGS

www.pgs.com

Serica Energy

www.serica-energy.com

Schlumberger

www.slb.com

Shell

www.shell.com

Spectrum Geo

www.spectrumgeo.com

TGS

www.tgs.com



ACRONYMS

Bcf	Billion Cubic Feet
BG	British Gas
Board	NAMCOR Board of Directors
DBSA	Development Bank of Southern Africa
DST	Drill Stem Test
ESA	Early Start Agreement
FC	Financial Close
FID	Final Investment Decision (as set out in the PDA)
FPS	Floating Production and Storage facility
GIIP	Gas Initially in Place
GRN	Government of the Republic of Namibia
IDC	Industrial Development Corporation, South Africa
IFC	International Finance Corporation
IOC	International Oil Company
ITT	Invitation to Tender
KDP	Kudu Development Project
LHUM	Langer Heinrich Uranium Mine
PDA	Project Development Agreement
Subsea EPIC	Subsea Engineering, Procurement, Installation and Commissioning

CHAIRPERSON'S REPORT

I am humbled at the trust and confidence that the Ministers of Mines and Energy and Public Enterprises, Hon. Obeth Kandjoze and Hon. Leon Jooste showed in me, by appointing me as Chairperson of the NAMCOR Board of Directors on 1 October 2016.

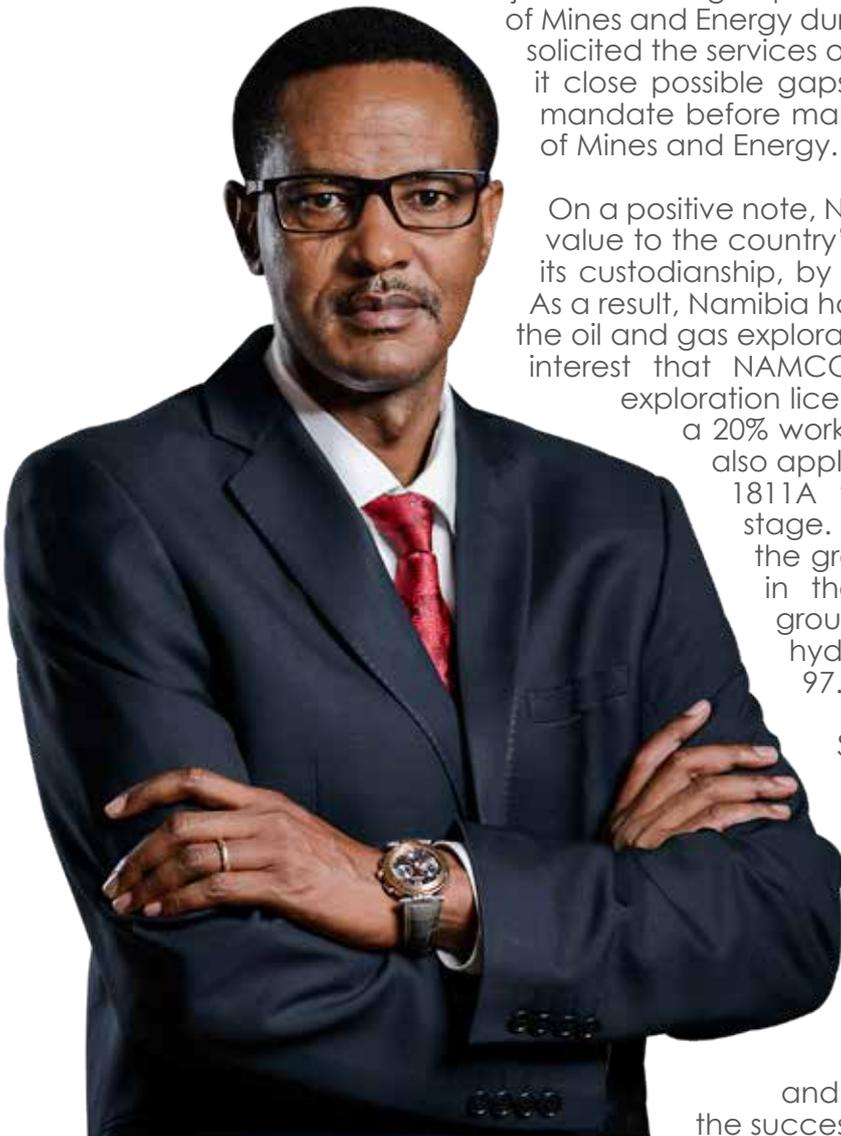
Despite a volatile and challenging business environment characterised by a slowdown in the Namibian economy, NAMCOR demonstrated resilience and stability when one takes our financial performance into consideration.

NAMCOR remains the market leader in Heavy Fuel Oil (HFO) in Namibia, while its retail fuel sales agenda is close to coming to full fruition. Reduced Government spending resulted in a significant drop in sales to most state entities and the construction sector that form a significant part of our clientele. This impacted the overall performance of the country's downstream business negatively.

The reinstatement of the 50% fuel import mandate remains a strategic objective of the group and we continued to engage the Ministry of Mines and Energy during the period under review. NAMCOR solicited the services of a specialised service provider to help it close possible gaps and risks associated with the import mandate before making another submission to the Ministry of Mines and Energy.

On a positive note, NAMCOR continues to add tremendous value to the country's hydrocarbon database that is under its custodianship, by upgrading it to world class standards. As a result, Namibia has continued to attract huge interest in the oil and gas exploration sector. Apart from the 10% carried interest that NAMCOR holds in almost all hydrocarbon exploration licenses issued in Namibia, it has acquired a 20% working interest in block 2914A. The group also applied for a 100% working interest in block 1811A with negotiations at an advanced stage. All these developments demonstrate the group's readiness to actively participate in the Namibian exploration arena. The group's participating interest in the hydrocarbon exploration licenses covers 97.3% of all licensed blocks.

Satisfactory progress has also been made towards the realisation of the Kudu Gas to Power Project, which will be one of the country's key potential power supply lifeline projects. NAMCOR successfully transferred 56% equity to BW Kudu, a subsidiary of BW Offshore. This not only reduces NAMCOR's contribution to the project but ensures the availability of technical and financial competencies needed for the success of this project.



As a caring and socially responsible corporate citizen, NAMCOR made its contribution to the global Sustainable Development Goals, Harambee Prosperity Plan and National Development Plan 5. The group supported worthy social causes that have a link to focus areas outlined in these national and global development plans, to the tune of about N\$500 000.

These include support to the Namibia Chamber of Commerce & Industry's (NCCI) entrepreneurship training programme, desk top computers to schools, Etunda farm & clinic project, laboratory equipment to the Kombat Primary School, Otjiwarongo Municipality's clean-up campaign, photo-copying services to the Oshikoto education circuit, as well as school beds to the Orotjitombo Primary School in the Kunene Region to mention just a few.

All of these initiatives cut across at least five of the below-mentioned Sustainable Development Goals:

- poverty eradication
- good health and wellbeing
- quality education
- reduced inequalities
- sustainable cities and communities
- industry innovation and infrastructure.

In conclusion, I am upbeat about NAMCOR's future and its impact to the socio economic development of Namibia. High impact projects I referred to earlier, such as the 50% fuel import mandate and the Bulk Fuel Storage Facility will favourably contribute to NAMCOR's standing.



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Mr Patrick Kauta
CHAIRPERSON

MANAGING DIRECTOR'S REPORT

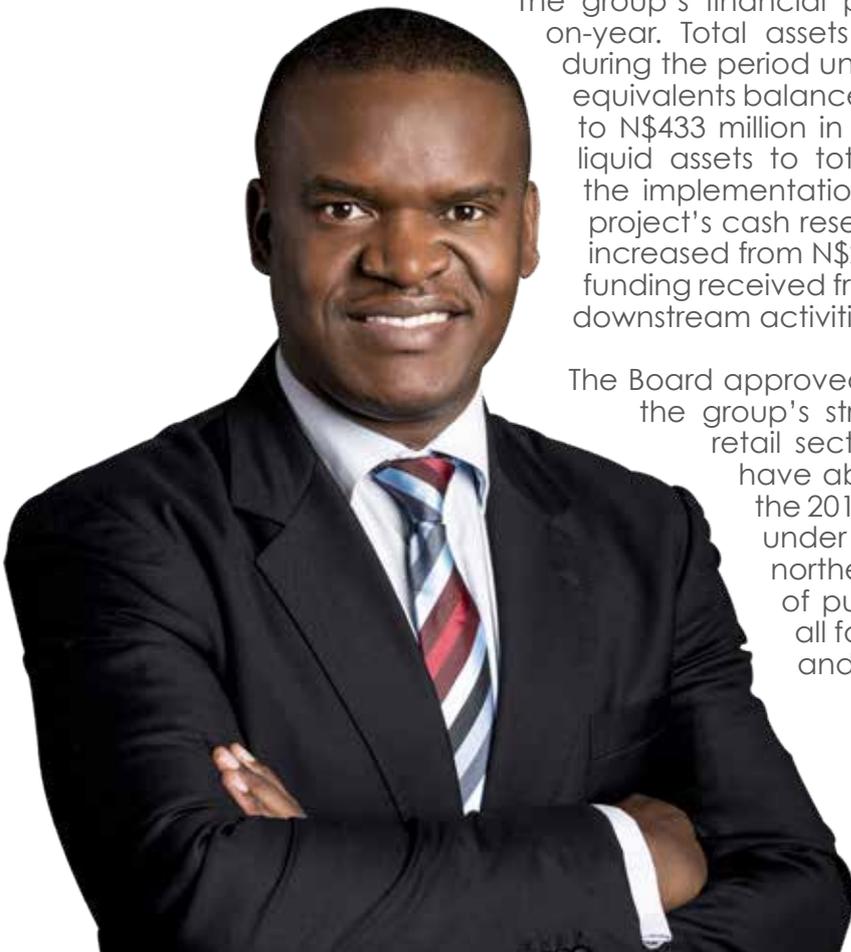
The financial position of NAMCOR strengthened during the 2016/17 reporting period, despite a turbulent economic environment for the group and the country at large. The group achieved revenues of N\$575 million during the period under review compared to N\$648 million in the 2015/16 financial year. This is attributed to the slowdown in the Namibian economy and the continued downward pressure put on global commodity prices. Despite these challenges, the group realised revenues of N\$23 million from the sale of seismic data. The group's financial position remains stable and robust, boasting cash reserves of N\$453 million.

The previous two financial years saw increases in Heavy Fuel Oils (HFO) volumes sold by the group. However, the past financial year saw a decline due to a combination of factors which include a decrease in HFO sales to the fishing and mining sectors and increased competition in the market. Both these sectors have come under pressure during the financial year as a result of low commodity prices and a decline in vessel trips.

Profit before tax amounted to N\$50.3 million. The 2017 financial year saw the strengthening of the Namibia dollar against the United States dollar, which in turn resulted in a foreign exchange loss of N\$17.3 million compared to foreign exchange gains of N\$26.5 million in the previous reporting period. Offsetting this decline in other income was an increase in the fuel levy income of N\$4.4 million. Other income also includes N\$32 million that was recognised as past costs reimbursements relating to the Kudu Gas project, emanating from the farmout agreement entered into with BW Kudu Limited as well as a recognition of N\$40 million relating to the Government Grant.

The group's financial position continues to strengthen year-on-year. Total assets increased by N\$87 to N\$963 million during the period under review. The group's cash and cash equivalents balances increased to N\$453 million compared to N\$433 million in the previous year. The high degree of liquid assets to total assets is associated with delays in the implementation of projects as well as the Kudu Gas project's cash reserves. The group's interest-bearing debt increased from N\$213 million to N\$241 million as a result of funding received from the National Energy Fund to finance downstream activities.

The Board approved a new brand for NAMCOR as part of the group's strategic objective of entering the fuel retail sector. I am confident that the group will have about 3 to 4 fully operational fuel sites in the 2016/17 reporting period. During the period under review, the group acquired land in the northern town of Ongwediva for the purposes of putting up a fuel depot. These initiatives all form part of NAMCOR's competitiveness and growth agenda in the market.



Mr Immanuel Mulunga
MANAGING DIRECTOR



GOVERNANCE STRUCTURE



MINISTER OF MINES AND ENERGY
HONOURABLE OBETH KANDJOZE



DEPUTY MINISTER OF MINES & ENERGY
HONOURABLE KORNELIA SHILUNGA

BOARD OF DIRECTORS



Mr Patrick Kauta
Chairperson



Mrs Anna Libana
Vice Chairperson



Dr Roger Swart
Director



Mrs Barbara Dreyer - Omoregie
Director



Mrs Lorentha Harases
Director

EXECUTIVE TEAM



Mr Immanuel Mulunga
Managing Director



Mrs Damoline Muruko
Executive Corporate Governance



Mr Ludwig Kapingana
Executive Commercial Business Unit



Mrs Victoria Sibeya
Acting Executive Exploration & Production



Mr Bonifatius Konjore
Executive ICT



Mrs Jennifer Hamukwaya
Acting Executive Strategic Finance and Procurement



Mr Nestor Sheefeni
Executive Business Support, Property Management & Projects



Mrs Maryke Khrone
Executive Human Capital & Strategic Development



GOVERNANCE DEPARTMENT

GOVERNANCE, LEGAL, RISK AND COMPLIANCE

The National Petroleum Corporation of Namibia (Pty) Ltd "NAMCOR" is governed by a Board of Directors (the Board) which is appointed by the Shareholder more particularly under the auspices of the Ministry of Mines and Energy. The Board is responsible for the strategic direction and control of NAMCOR by ensuring that decisions and actions taken are based on the values that underpin good corporate governance.

To this end, the Board subscribes to the above mentioned principles of good corporate governance as outlined in Kings Reports, IV, III, the Corporate Governance Code for Namibia (NamCode), the Companies Act, 2004 (Act No. 28 of 2004) and its Companies Administrative Regulations, the Public Enterprises Governance Amendment Act, 2015 (Act No. 8 of 2015) "MoPE Act", the Directives issued under the latter Act and other legislative, regulatory, governance and relevant rules, as amended from time to time.

COMPOSITION OF THE BOARD

A new Board composed of five non-executive members was appointed on 1 October 2016 for a period of three years, after the term of the previous board expired on 30 September 2016. The Managing Director attends all Board and Committee meetings, as a non-voting member.

BOARD OF DIRECTORS

Mr Patrick Kauta
(Chairperson)

Mrs Anna Libana
(Vice-Chairperson)

Mrs Barbara Dreyer-Omoregie
(Director)

Dr Roger Swart
(Director)

Mrs Lorenta Harases
(Director)

Directors are selected for their corporate leadership skills, experience and expertise. The current Board's balance of skills and experience is relevant to NAMCOR.

TRADING AND DISTRIBUTION BOARD

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

The Trading Board was comprised of the following independent non-executive Directors (from 01 October 2013 to 30 September 2016):

- Mrs Ally Angula (Chairperson)
- Mrs Anna Libana (Director)
- Mrs Merceline Geises (Director)

On expiry of the term of the Trading Board, the following independent non-executive Directors (from 01 October 2017 to date) were appointed:

- Mrs Anna Libana (Chairperson)
- Mrs Lorenta Harases (Director)
- Mr Patrick Kauta (Director)

Composition of Board Committees

The Board established four key committees to assist it with its governance and oversight functions. The committees are as follows:

- Audit, Risk and Compliance Board Committee
- Technical Board Committee
- Tender Board Committee (dissolved since the promulgation of the Public Procurement Act)
- Human Resources Board Committee

Audit, Risk and Compliance Board Committee (“the Committee”)

The NAMCOR Audit, Risk and Compliance Committee is directly responsible for integrated reporting and combined assurance, and ensures that appropriate policies and procedures are defined, adopted and maintained. The Committee also determines the appropriateness and appointment of an independent internal audit function as well as the appointment of an external auditing company, and ensures the implementation of the risk management policy, design of the compliance risk management framework and oversees compliance with legislation, rules, and standards applicable to the group. Furthermore the Committee ensures 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 Group.

Membership

The Committee comprised of the following independent non-executive Board members (from 1 October 2013 to 30 September 2016):

- Mrs Ally Angula (Chairperson)
- Mr Johannes !Gawaxab (Director)
- Mrs Merceline Geises (Director)

On 1 October 2016, the following new members were appointed to the Committee, comprising:

- Mrs Lorenta Harases (Chairperson)
- Mrs Anna Libana (Director)
- Mrs Barbara Dreyer-Omoregie (Director)

Technical Board Committee (“the Committee”)

The Technical Board Committee provides a forum for discussing technical issues pertaining to exploration and production projects and makes relevant recommendations to the Board for consideration.

The Committee comprised of the following independent non-executive Directors (from 1 October 2013 to 30 September 2016):

- Mr Gottlieb Amanyanga (Chairperson)
- Mrs Merceline Geises (Director)
- Mrs Anna Libana (Director)

The following new members were appointed on 01 October 2016:

- Dr Roger Swart (Chairperson)
- Mrs Barbara Dreyer-Omoregie (Director)
- Mr Patrick Kauta (Director)

Tender Board Committee (“the Committee”)

The Committee was established to assist in discharging its duties relating to procurement (reviewing tenders, expressions of interest, certificates of exemption or other means of procurement in excess of NAMCOR's Management's procurement threshold).

The Committee is comprised of the following independent non-executive Directors (from 01 October 2013 to 30 September 2016):

- Mrs Merceline Geises (Chairperson)
- Mrs Ally Angula (Director)
- Mr Gottlieb Amanyanga (Director)

The following new members were appointed during October 2016. This Committee has however ceased to exist pursuant to the implementation of the Public Procurement Act; Act no 15 of 2015 on 1 April 2017:

- Mrs Anna Libana (Chairperson)
- Mrs Lorenta Harases (Director)
- Mr Patrick Kauta (Director)

Human Resources Board Committee (“the Committee”)

The Human Resources Committee was established to advise the Board on remuneration and human resources related matters and policies.

The Committee is comprised of the following independent non-executive directors (from 1 October 2013 to 30 September 2016):

- Mrs Anna Libana (Chairperson)
- Mrs Merceline Geises (Director)
- Mr Gottlieb Amanyanga (Director)

The following new members were appointed on 1 October 2016:

- Mrs Barbara Dreyer-Omoregie (Chairperson)
- Dr Roger Swart (Director)
- Mrs Anna Libana (Director)

BOARD PERFORMANCE

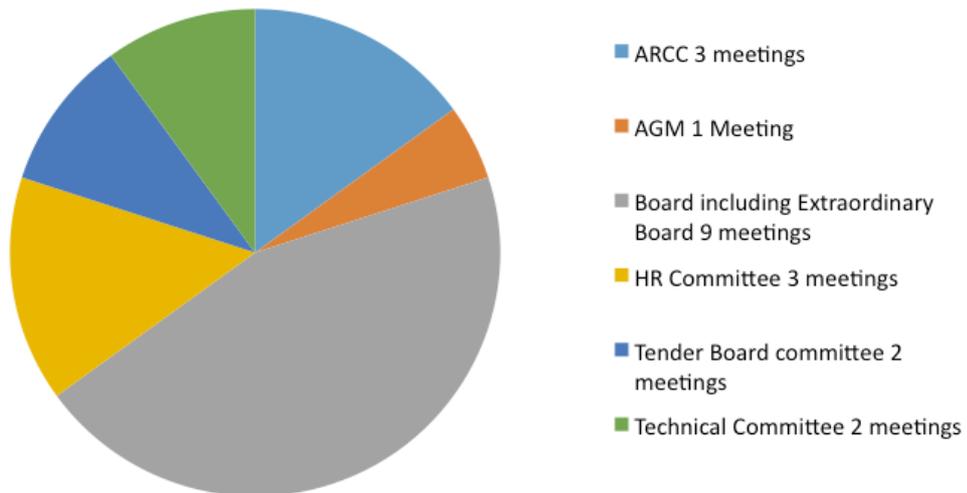
The Board entered into Performance and Governance agreements with the Minister of Mines & Energy, while the Managing Director entered into a Performance Agreement with the Board.

These agreements set out the expected key performance areas for the Board and the Managing Director respectively. The Minister of Mines & Energy assesses the Board's performance while the Board assesses the Managing Director's performance, both on an annual basis.

Meetings attended by the Board and Board Committees (from 1 April 2016 to 31 March 2017)

Director until September 2016	Board	ARCC	HR Committee	Trading Board	Tender Committee	Technical Committee	AGM
Johannes !Gawaxab	3	3	0	0	0		0
Ally Angula	2	3	0	2	1		0
Anna Libana	1	0	1	2	0	1	0
Gottlieb Amanyanga	1	0	2	0	1	1	0
Merceline Geises	3	3	2	2	1		0
Director from 1 October 2016							
Patrick Kauta	6	0	0	1	0	1	1
Anna Libana	6	0	1	1	1		1
Lorentha Harases	6	0	1	1	1		1
Barbara Dreyer – Omoregie	5	0	1	0	0	1	1
Dr. Roger Swart	5	0	1	0	0	1	1

Number of Board and Committee meetings that took place for the period 1 April 2016 to 31 March 2017



CORPORATE GOVERNANCE REPORT

The Corporate Governance department is responsible for developing optimal governance arrangements in order to enable the group to effectively implement its corporate strategies.

The department developed and implemented governance and legal frameworks that administer the operations of the group. These include the drafting and implementation of NAMCOR's Governance Frameworks including the Board and Committee Charters.

ENTERPRISE-WIDE RISK MANAGEMENT AND COMPLIANCE RISK MANAGEMENT

Enterprise-wide Risk Management

The primary role of the risk management function is to design, implement and monitor the process of enterprise-wide risk management and its integration into the day-to-day activities of the Group.

NAMCOR's philosophy on enterprise-wide risk management is to proactively manage risks accompanied by the exploitation of any related opportunities. Towards this end, the Corporate Governance Department has put in place a number of governance structures and related policies and procedures such as the Risk Management Framework and Risk Register. These are subject to periodic review and updates in order to ensure alignment with best practice.

Key risks and mitigating measures

In analyzing and assessing the strategic risks facing the group, a Strategic Risk Register was developed. Its function is to assess the residual risks and the effectiveness of the controls currently in place.

In addition, a risk based monitoring activity which focused on the top strategic risks was carried out. The following table shows the alignment between the strategic focus areas and business risks of the Group:

Focus area	Risks	Mitigation Measures
Upstream development	Data theft, data loss and inadequate IT infrastructure for E & P projects.	1) Physical data is stored on premises with full access control and cameras installed at strategic positions throughout the group. 2) Electronic data access rights are based on the user requirements of the various applications, software and systems.
Import mandate re-investment	Exchange rate risk and commodity price risk	Foreign Exchange Policy currently under review and will be tabled at the next ARCC Policy review session in the new financial year 2018/2019.
Investment in people	Non-adherence to safety, health, environment and quality (SHEQ) practices	The development of the Integrated Safety, Health, Environment and Quality (SHEQ) Management System based on ISO 14001, ISO 14001, ISO 9001 and ISO 45001 has been completed. The implementation of the second and last phase of the system will take place in the new financial year.
Corporate governance and control	Lack of management integration. Timely fraud detection and the enforcement of corrective action is hampered by the lack of fraud prevention plan, and strategy that outlines the organisation's means of combating fraud and corruption No formally documented business continuity plans in place	1) The Four Disciplines of Execution (DOE) programme has been rolled out across the business. EXCO and Management Forum meetings are held as planned. 2) Fraud and Whistleblowing Policies will be tabled at the next ARCC Policy review session in the 2018/2019 financial year. 3) Policies and strategies drafter included: Business Continuity Management (BCM) Strategy, Disaster Recovery (DR) Strategy, Business Continuity Management (BCM) Policy, Business Continuity (BCP) Plan, BCP Testing, DR Policy, DR Plan, Emergency Response (ER) Plans and Crisis Management (CM) Plan. DR Plan Test and Project close-out has been conducted.
Kudu Gas Project	Failure to raise funds for a joint venture partner and possible failure of the Government to raise funds for the 44% stake in Kudu Gas Project	NAMCOR is willing to dilute its interest to 10-15%. Discussions with interested parties from the international oil and gas industry and the global investment banking sector are at an advanced stage.

Business Continuity and Disaster Recovery Project

NAMCOR has policies, procedures and plans that are readily accessible and available for use in the event of a disaster or major disruption to its business activities. These frameworks are aimed at ensuring that personnel and group assets are both protected and functional in the case of a disruptive event.

Numerous policies and plans were drafted in conjunction with an external party and reviewed by EXCO. After review by ARCC, the policies and plans will be submitted to the Board for approval and adoption in the following financial year. These include:

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

COMPLIANCE RISK MANAGEMENT

The Board of NAMCOR is accountable for ensuring compliance with laws, regulations, policies, procedures and any adopted standards applicable to the Group.

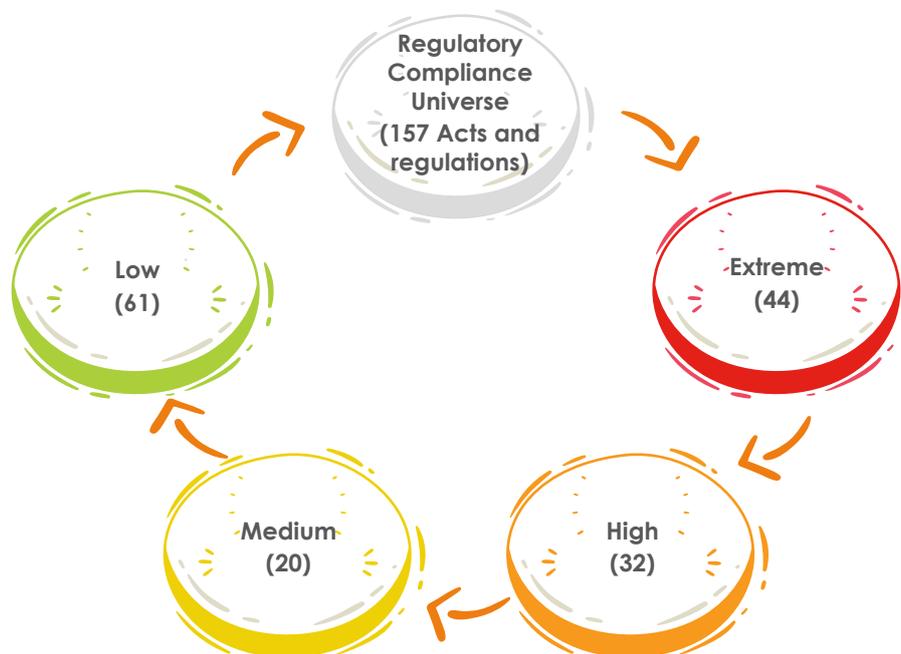
It has delegated this function to the Corporate Governance department which is charged with assisting management in executing its responsibility of complying with statutory, regulatory and supervisory requirements. This was done through facilitating the development, establishment and maintenance of an efficient and effective compliance risk management process.

The Corporate Governance department continues to monitor key controls implemented by management and found the controls to be mostly satisfactory.

In response to the changing regulatory landscape, which has remained a key focus area of the Department, a Regulatory Compliance Universe has been drafted.

Regulatory Compliance Universe

NAMCOR's Regulatory Compliance Universe contains a list of 157 Acts and regulations which are applicable to the group as illustrated below. The Acts and regulations are risk rated, based on probability and impact of non-compliance.



The Regulatory Compliance Universe was revisited during the year under review and will subsequently be escalated to EXCO and ARCC for review during the next financial year. Once reviewed and adopted, the Regulatory Compliance Universe will be escalated to the Board for approval. Regulations are currently being profiled and the process is at various stages of completion.

COMMUNICATIONS AND PUBLIC RELATIONS DIVISION

During the period under review, the Communications and Public Relations division coordinated NAMCOR's participation at various trade fairs countrywide, including the Ongwediva Annual Trade Fair, the Windhoek Agricultural and Industrial Show, and the Okakarara Trade Fair. In addition to pushing brand visibility, these platforms were used to market NAMCOR's product range and activities both from a Commercial Business Unit (CBU) and Exploration and Production (E&P) point of view.

NAMCOR's fuel retail agenda and the requirements for becoming a sales agent for the group topped the list of engagements with members of the public at the shows. At the same time, the Kudu Gas to Power Project and progress made around the discovery of oil in Namibia formed key issues of engagement. The Managing Director also hosted a business dinner during the Ongwediva Trade Fair, at which he presented the group's offerings to a large audience.

During the period under review, the division also facilitated stakeholder engagement activities between the Managing Director and a number of key stakeholders among them, existing and potential clients. The overall objective of the stakeholder engagements was to retain supportive stakeholders while at the same time encouraging less supportive stakeholders to support NAMCOR's strategic objectives. Discussions centred on NAMCOR's business proposition and future plans.

INFORMATION SCREENS/SCOREBOARD

The Communications and Public Relations division in collaboration with the ICT department installed four display screens to cater for the scoreboard element of the four disciplines of the Execution programme initiated by the Group.

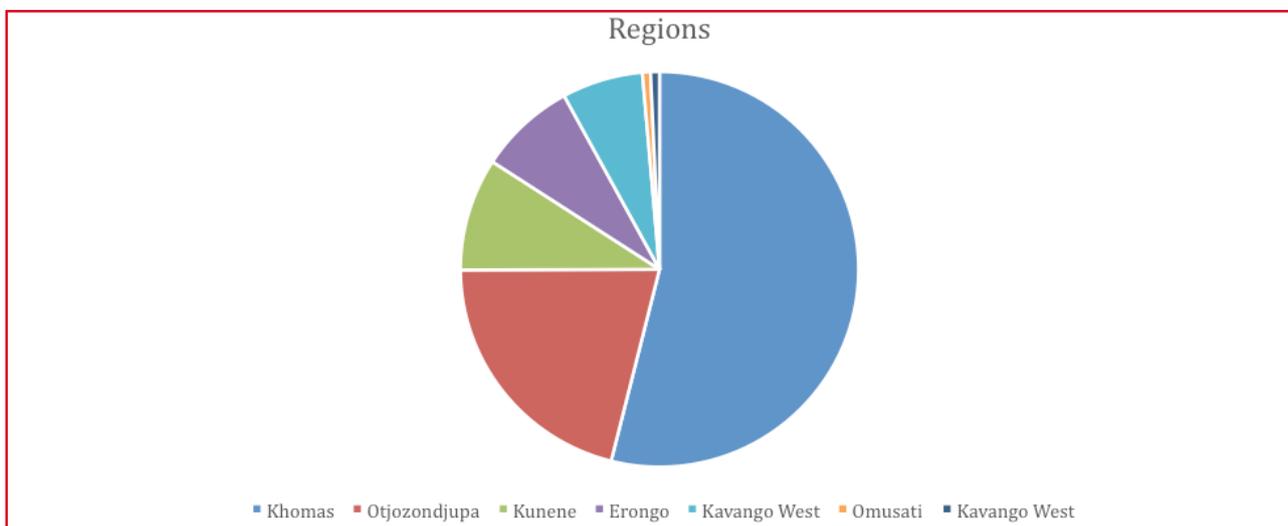
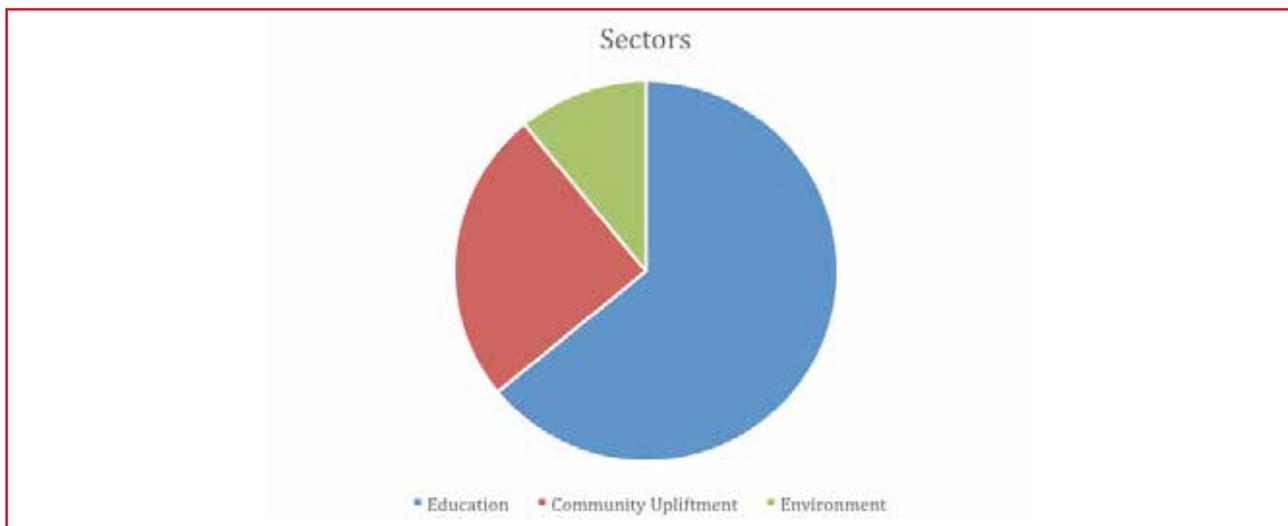
The display screens were placed at the main reception areas of the headquarters, outside the Commercial Business Unit (CBU) and Exploration and Production Department (E&P) as well as the Office of the Managing Director. The screens are used to display the monthly financial performance of the two key business legs, against their respective monthly budgeted performance. It is also used to display key milestones such as the block acquisitions and tender awards. Products of the group are also marketed on the screens to staff, customers and visitors alike.

This is a very informative communication tool that has enabled staff members to at all times monitor the group's performance against its targets.

CORPORATE SOCIAL INVESTMENT

NAMCOR demonstrated its commitment to the wellbeing of society investing a total of N\$500,000, particularly in education, environment and community upliftment. Such investment contributed to the wellbeing and upliftment of various communities in Namibia and cuts across several areas of the Sustainable Development Goals.

The following sectors and regions received support from the Group:



Otjiwarongo clean-up campaign	N\$30,000
One Economy Foundation	N\$40,000
Shanondo Primary School	N\$ 2,460
Tsaraxa Aibes School	N\$26,810
Christmas party for the elderly	N\$25,615
Oonte OVC Project	N\$30,000
Daweb Constituency	N\$25,000
Namibia Schools Debating Association	N\$15,000
Langer Heinrich Annual Golf Day	N\$10,000
Blouberg Primary School	N\$ 5,000
Dr Hage Geingob Cup	N\$25,000
Sunshine Project for the disabled	N\$70,000
Office of the President	N\$20,000
Geoscience Council Foundation	N\$10,000
Namibia University of Science and Technology	N\$ 8,000
Orotjitombo Primary School	N\$99,188
Dawib Khamuxab School	N\$25,829
Xungileni Primary School	N\$25,829

UPSTREAM DEPARTMENT

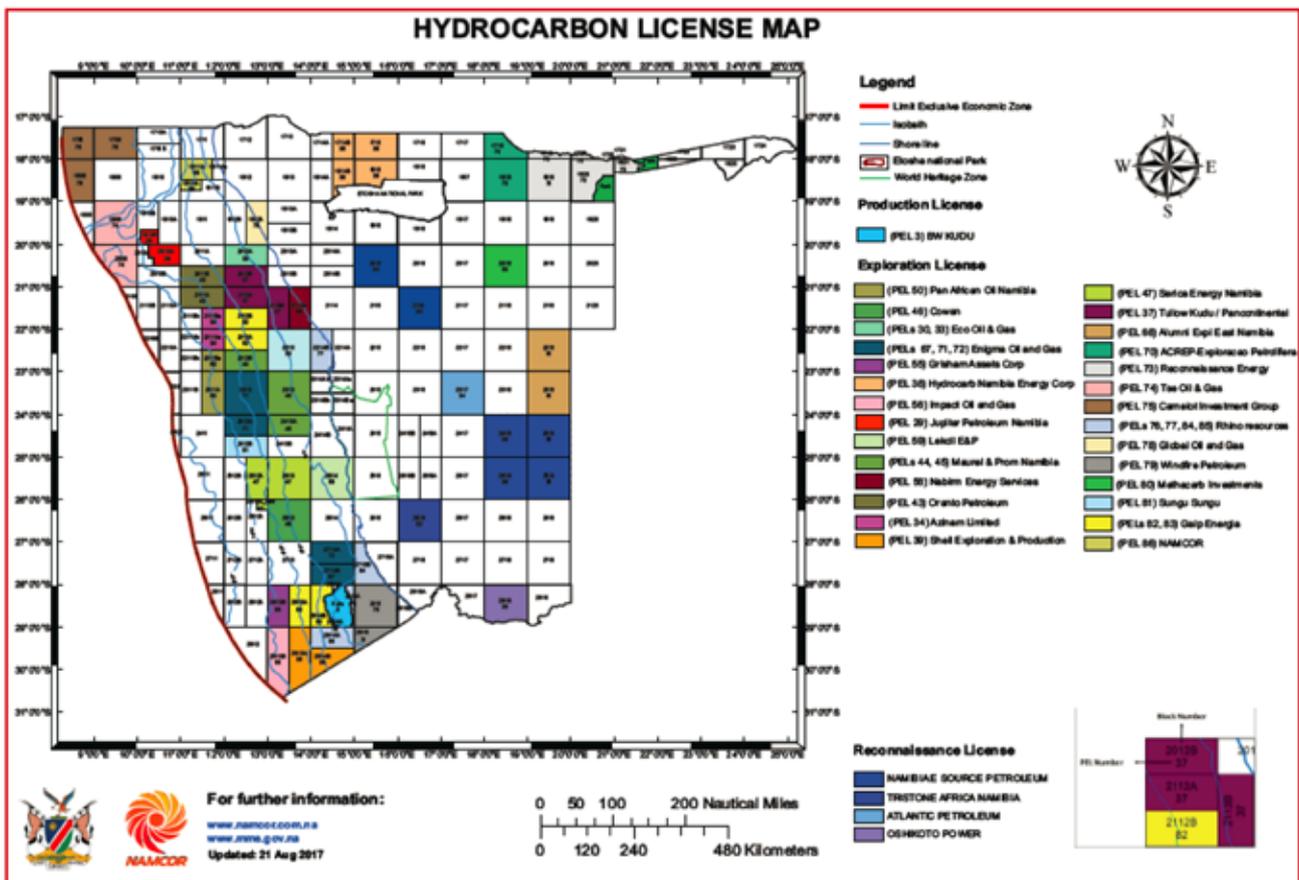
Exploration License Activities

NAMCOR successfully negotiated a Petroleum Agreement with the Ministry of Mines and Energy for Block 1811A located in the Namib Basin. NAMCOR will 100% working interest and is the current sole operator and shareholder. Furthermore, NAMCOR has together with Rhino Resources negotiated a Petroleum Agreement with the Ministry for Block 2914A located in the Orange Basin. Rhino Resources is the selected operator for Block 2914A while NAMCOR will hold a 20% and 10% working and carried interests respectively. Once all government conditions have been met, exploration licenses for both blocks will be awarded to the successful applicants. This will provide NAMCOR with an opportunity to meaningfully participate in the exploration for oil and gas in Namibia in terms of the Exploration and Production Act of 1991.

Under this legislation, NAMCOR has the right to carry out reconnaissance, exploration and production operations either on its own or in partnership with other organisations within the industry. NAMCOR is strategically positioned and adequately skilled to undertake appropriate technical studies to further assess the petroleum prospecting feasibility of any block as well as to identify new leads. Such skills and activities positively advance petroleum exploration in Namibia. This is a vital investment for NAMCOR and holds the potential to significantly generate future revenue for the group.

Moreover, NAMCOR has an average of 10% carried interest in 98% of issued exploration licenses. Figure 1: Hydrocarbon License Map shows the current offshore and onshore acreage of license holders in Namibia.

Figure 1: Hydrocarbon License Map for Namibia.



DATA SALES

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

- Spectrum Geo Limited
- Petroleum Geo-Services
- ION Geophysical
- WesternGeco
- TGS Nopec
- Core Laboratories Sales NV

The department achieved data sales revenue of N\$22,6 million during the period under review, against a budget of N\$20,4 million.

A new Data Policy was developed and approved by the Board. The policy regulates the sale of data and also stipulates the manner in which higher education institutions involved in oil and gas related research should be assisted.

For the first time in its history NAMCOR is working on a multi-client 3D Seismic Data Acquisition project to acquire a minimum of 6,000 m² offshore Namibia. The project is scheduled for completion in the 2017/18 financial year.

The objectives of the project are to:

- Assist exploration companies to meet work program obligations
- Advance exploration activities in Namibia
- Acquire new 3D seismic data over the Kudu block
- Attract Oil and Gas companies to farm-in and to facilitate informed decision-making

CONFERENCES

The Exploration and Production department is tasked with promoting the Namibian acreage to both local and international Oil and Gas companies. In order to execute this mandate effectively the Department continuously attends selected international Oil and Gas conferences. This provides a platform for the group to interact with international investors, other National Oil Companies (NOCs) and industry stakeholders. Through these networking events NAMCOR's Geoscientists are empowered to learn more about geology and geophysics from experienced industry leaders and to exchange views about new developments in the industry.

The continued promotion of Namibia's acreage during conferences is intended for investors to have Namibia top of mind when it comes to hydrocarbon investment. Along with seismic vendors, NAMCOR has during the period under review been marketing and promoting exploration data at various conferences, including four major conferences attended by E & P employees, namely the American Association of Petroleum Geologists (AAPG) International, Africa Oil Week, APPEX and ECIM.

PROSPECT INVENTORY (PI) PROJECT

The department initiated an in-house Prospect Inventory (PI) Project for the Orange Basin. The project intends to identify and rank the prospects within the Basin by means of the conventional play assessment method encompassing all the components of the petroleum system. Workflows were created and tasks assigned to E & P employees. These were followed up with weekly progress meetings.

The department in collaboration with Schlumberger secured technical assistance and support for Petrel software. The project is divided into two phases: (1) Well Log Correlation, and (2) Seismic Interpretation.

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

Phase 1 commenced during July 2016 and entails the generation of a Well log correlation chart and a litholog. Eleven Wells from the Orange Basin were used for the well analysis and were all quality controlled and analyzed. The Wells include **Kudu-1, Kudu-2, Kudu-3, Kudu-4, Kudu-5, Kudu-6, Kudu-7, Kudu-8, Kabeljou-1, and Moosehead-1** and **2815/15-1**. Lithologs were created for each of these wells, as shown in Figure 3 hereunder:

Figure 2: Lithologs and well tops for 11 wells in the Orange Basin.

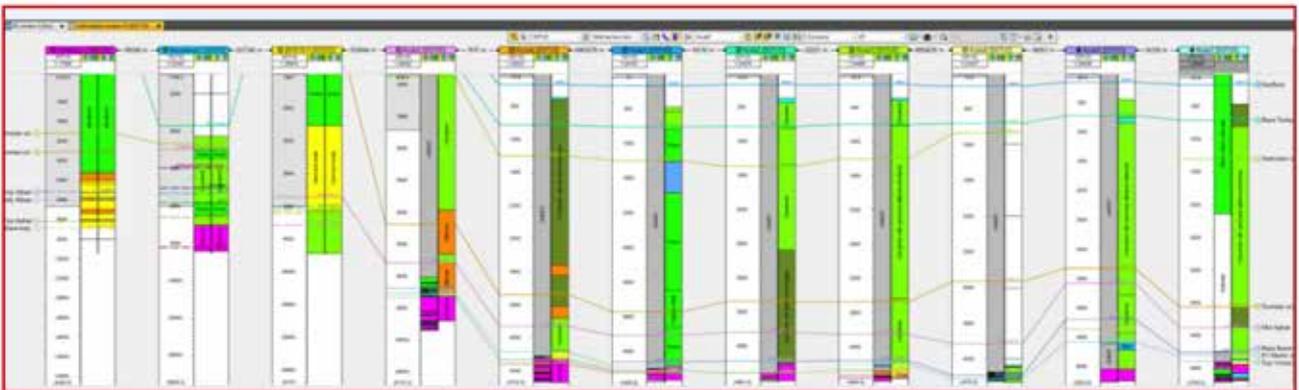
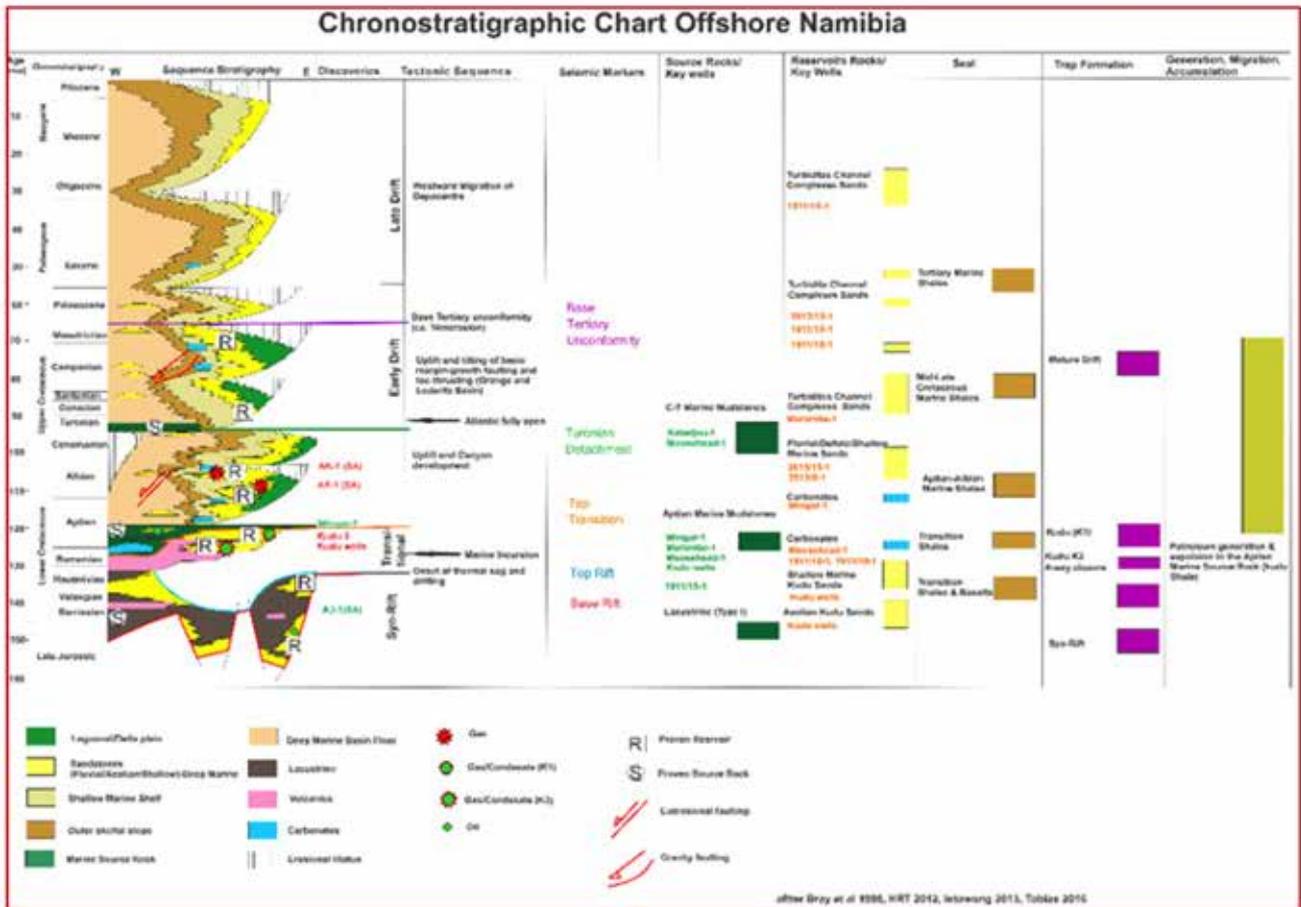


Figure 3: updated chronostratigraphic chart during PI project, after Bray et al 1998 and HRT 2012.



Benefits of PI projects:

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

Resources:

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

The PI Project is 25% complete (lithologs, mid-aptian interpretation, and chronostratigraphic chart) and seismic structural mapping is underway. The project is due for completion by the end of the 2017/18 financial year.

CONCLUSION

Despite the prevailing low oil price, the department exceeded its budgeted financial target of N\$20.4 million data sales by N\$2.2 million. The Data Sale campaign which was launched in September 2016 for two major related events drew huge interest from investors resulting in higher than expected data purchases. In addition, the strengthened partnership between the seismic vendors and NAMCOR E & P employees has led to promotional seminars being conducted aimed at marketing Namibian data to international investors.



We are adequately skilled with the relevant resources required to conduct exploration work on the license blocks awarded during the reporting period. Key resources include skilled personnel, technical data as well as financial resources required to optimally add value to these blocks.

The Group is in a position to undertake appropriate technical studies to further assess the feasibility of petroleum prospecting of blocks where it intends to acquire working capital. These blocks will add value to NAMCOR's assets as there is potential for them to be farmed down to potential partners who have sound technical and financial capacity to conduct drilling operations. This is a long term revenue generation opportunity for the Group.

The Prospect Inventory project will add value to the country's hydrocarbon blocks as well as the Group's assets, which include seismic data. It will ease decision making and the de-risking of blocks, as a result of enhanced understanding of the subsurface geology. More importantly, the E & P team will be able to make well informed decisions when selecting any blocks to apply for in the future. The PI project for Orange Basin is envisaged to be completed by the end of 2017/18 financial year.

KUDU GAS FIELD DEVELOPMENT

The Kudu Gas field, approximately 170 km off the coast of Namibia, was discovered by Chevron in 1974. A further seven appraisal Wells have been drilled since then by various oil companies including Shell and Tullow. The Kudu Gas field, is estimated to contain 1C-2C-3C Contingent Resource ranges within the main reservoir ("K3") of 755-1330-2308 billion standard cubic feet (Bscf) respectively.

The project involves the development of the offshore Kudu gas field to deliver gas through a 170km-long pipeline to a new-build (to be constructed) 885 MW combined cycle gas turbine power station onshore Namibia. The upstream capital requirement to develop the gas field has been estimated at US\$ 1 billion.

Progress on dilution of interest in the Kudu License

Ministerial approval was granted in January 2017 to dilute NAMCOR's equity in the offshore Kudu Gas field, and in February 2017 the group announced that it had agreed to accept an investment offer from BW Kudu Limited (a wholly-owned subsidiary of BW Offshore Singapore (Pty) Ltd) for a 56 percent working interest in the Kudu License. NAMCOR will hold the remaining 44 percent interest in the license.

The assignment of interest to BW Kudu was in return for a total consideration of US\$ 10.2 million, payable in three instalments in accordance completion of specified project milestones. The first payment of US\$ 2.4 million which is linked to approval of the transaction by the Namibia Competition Commission is expected in the first quarter of the next reporting period (2017/2018), while the second installment in the amount of US\$ 4 million is due in the fourth quarter of the next reporting period following a Final Investment Decision by both Upstream and Downstream parties. The last payment is expected to be made in the first quarter of the 2021/2022 financial year. This represents a reimbursement of a portion of NAMCOR's past costs, part of which will be used to fund the group's share of the pre-Financial Investment Decision (FID) obligations required for the upstream component of the project.

The group further announced that it had agreed to transfer the role of field operator to BW Kudu. NAMCOR will however work closely together with BW Kudu as part of a joint development team while the field is being prepared for the FID and the subsequent field development. This will include the drilling of production wells, the construction of subsea and gas transmission pipelines and the installation of a Floating Production System (FPS).

BW Kudu is an integrated Petroleum Development Company following its purchase and development of an oil field in Gabon which will produce its first oil in 2018. This demonstrates its capability to act as the Kudu field operator.

Commercial Agreements

Approval was granted by the Namibian Competition Commission in March 2017 following an application made by NAMCOR to have BW Offshore included on the Kudu license. This was the last outstanding Condition Precedent to bring both the Farm-Out Agreement and Joint Operating Agreement with BW Kudu into effect. The FAO contemplates a further 13 percent dilution to BW Kudu.

Securing funding for the 44 percent of the License

In line with the previous mandate from the Board and Government's requirement to seek private funding, NAMCOR intends to further reduce its equity participation in the Kudu license to around 10 - 15 percent. Discussions with interested parties from the international Oil and Gas industry and the global investment banking sector are at an advanced stage. The group hopes to bring in a technically suitable and experienced oil company in the near future.

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

Project Status

All gas field development planning, feasibility and front-end engineering design (FEED) work has been completed. These have been agreed upon by the upstream joint venture and approved by Government. Tendering processes for substantive engineering work, including the subsea pipeline and floating production system have also been completed. The preferred contractors have been selected and duly notified.

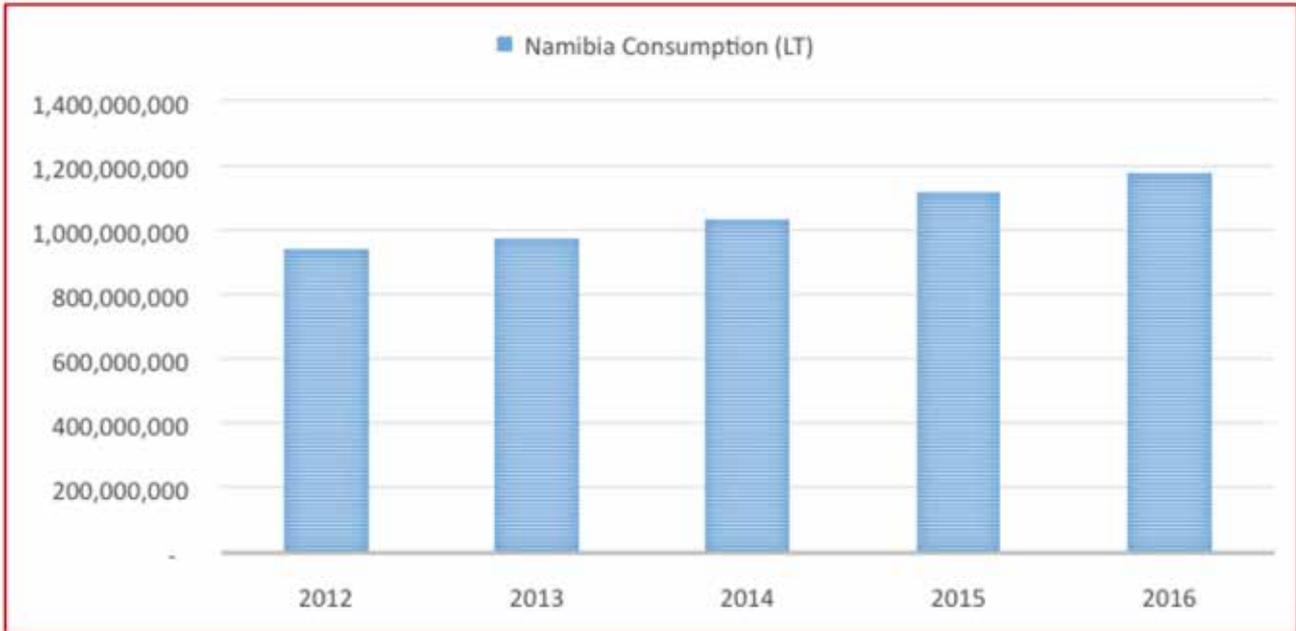
The key commercial tie between the Upstream and Downstream projects is the Gas Supply Agreement (GSA). This agreement is in final draft form and anticipated completion date is end-October 2017.

Final Investment Decision (FID)

NAMCOR and BW Kudu have discussed a potential Kudu Joint Venture Work Program and Budget (WP&B) for 2017 leading up to FID at the end of 2017. Once finalised, the work program and budget is anticipated to be submitted to the Board for approval.

COMMERCIAL BUSINESS UNIT

MARKET OVERVIEW



Namibia Fuel Consumption

The overall fuel consumption in the Namibian market grew by an average of two percent per annum over the past five years. The bulk of this growth is attributed to the mining, construction and retail sectors, while the agriculture sector experienced a decline in the demand for fuel products. The central, coastal and northern regions remain the key markets due to higher population densities and spending power.

DOWNSTREAM ACTIVITIES

Downstream activities remain the largest contributor to NAMCOR's total revenue pool. NAMCOR is an active participant in the following downstream activities within the Namibian market, including:

- Trading
- Importation
- Storage
- Distribution

The majority of revenues are derived from sales of petroleum and related products to a mostly local client base.

While the group's involvement in the downstream sector is currently limited to the business-to-business and commercial segments only, NAMCOR is preparing to make an entrance into the fuel retail sector and plans are well underway to roll out its retail strategy in the short to medium term.

The group has two operational units, namely the Commercial and Marketing Unit and the Supply and Distribution Unit. The activities carried out by these units include sales and marketing as well as the supply and distribution of petroleum products respectively.

Commercial and Marketing

The Commercial and Marketing Unit's primary function is to market and sell the various grades of fuels and lubricants to our clients countrywide. Our client base is mostly made up of distributors and end-users of petroleum products. These include resellers, Government agencies, fishing and mining companies.

Since entering the downstream business, we have remained committed to growing our client base by offering quality products and superior service to our clients. This has enabled the group to compete for market share in a highly competitive industry.

Supply and distribution

The Supply and Distribution function plays an integral part in the daily operations of the group. This unit's main responsibility is to ensure that NAMCOR has reliable sources of supply for the various grades of petroleum products sold to its customers.

The Supply and Distribution Unit is responsible for the day to day operations at the various depots managed by NAMCOR (or by third-party operators) countrywide.

NAMCOR's Strategic Objectives

The group's strategic objective for the period under review was to grow its non-discretionary income.

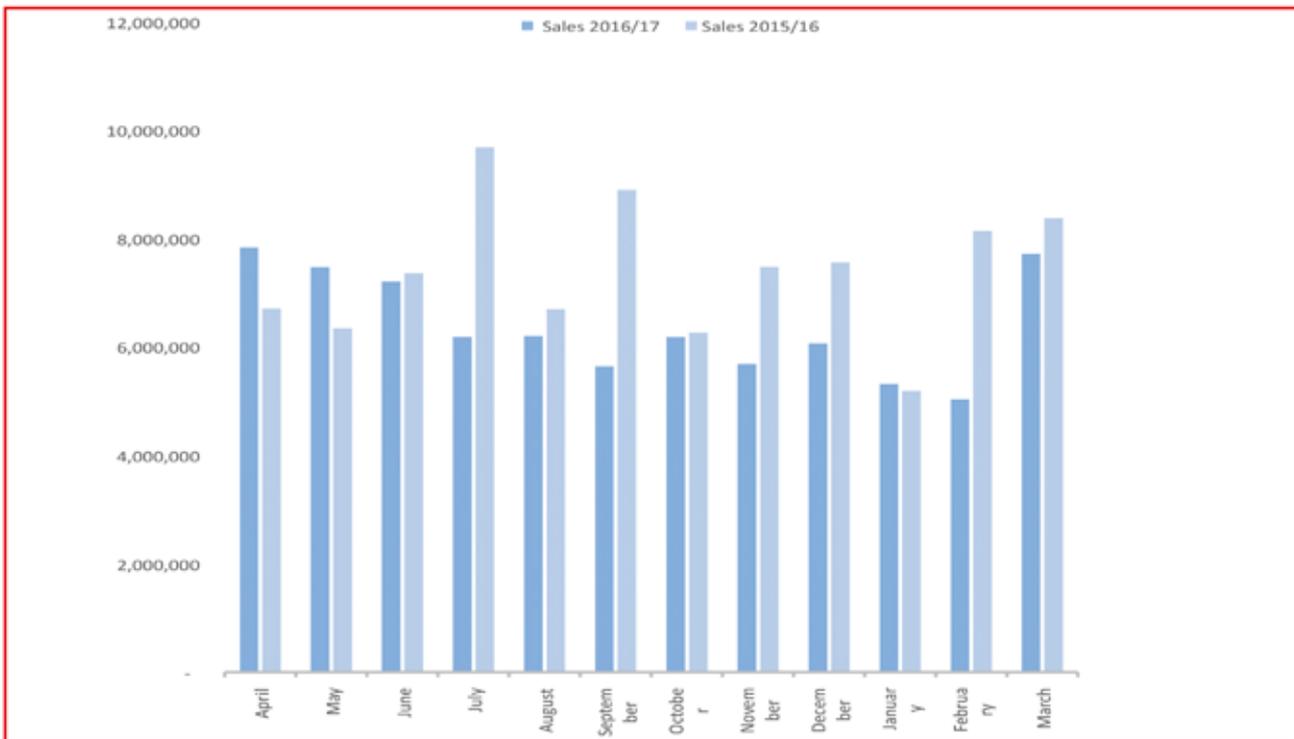
In order to achieve this objective the following key focus areas were identified:

- Growing sales volumes by at least three (3) percent - Overall sales volumes were down primarily driven by lower demand in the market.
- Rolling out of the retail strategy and completion of the Retail Visual Identity - Most of the design work for the identified sites was completed during the period under review, with implementation of these projects expected during the next financial year, subject to budget approval. Approval was obtained for the new NAMCOR Brand.
- Growing the group's market share in the Business to Business and Commercial sectors - Overall industry performance in this sector was down due to national economic downturn.
- Maintaining profit target - Gross profit and Net profit targets were achieved.

2016/17 Fuel Purchases

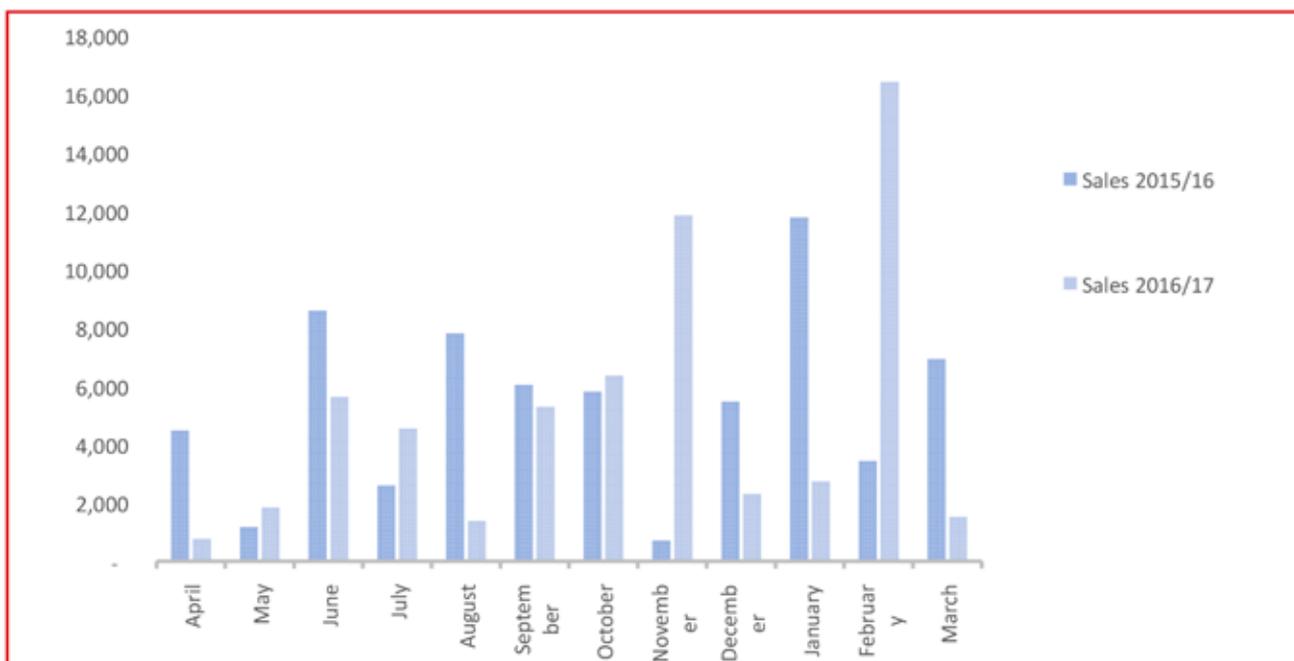
Fuel stocks purchased during the period under review amounted to N\$ 450 million. This was much lower than what we forecasted, primarily as a result of a decline in volumes sold during the financial year as well as lower selling prices of fuels in the market.

2016/17 Petroleum Product Sales



Sales of refined products decreased by 13 percent during the period under review compared to the preceding period. The largest decline in sales is attributed to lower demand for Heavy Fuel Oils in the market. Sales for Gas Oil 500ppm was also down, mainly due to the slowdown in the economy and reduced Government spending. In contrast, sales of Gas Oil 50ppm increased by 41 percent as a result of new customers gained, while sales of Unleaded 95 increased by 2 percent.

2016/17 Lubricants Sales



Overall, lubricant sales for the period under review remained well below budgeted targets.

This is linked to economic conditions of our main customers, which remained challenging during the reporting period. Reduced Government spending and a slowdown in the fishing sector were key contributing factors, as the two are the main consumers of these products.

Despite the challenging business operating environment, growing the group's market share in the business to business and commercial sectors along with gaining new customers will remain high priority focus areas.

KEY PROJECTS UNDERTAKEN

The two primary projects undertaken during the period under review were:

1. **Retail Visual Identity**- the NAMCOR brand was redesigned to support the Retail Strategy of having a brand that can compete with the brands of other well established Oil Companies in the Namibian market. Concept designs were developed and approved by the Board with implementation planned for 2018.
1. **Retail Rollout**- Consulting engineers were appointed for all the retail projects for the next three years'. At least 80 percent of the design works have been completed for three identified sites. According to project timelines, construction is due to commence in the latter half of 2017.

BUSINESS SUPPORT, PROPERTY MANAGEMENT AND PROJECTS UNIT

An outline of the various types of projects undertaken by the Business Support Unit and the progress made on each one is provided as follows:

LAND MASTER PLAN UPDATE

The Business Support and Property Management Department has prioritized specific projects to be implemented at the following towns:

- Ondangwa
- Gobabis
- Mariental
- Keetmanshoop
- Lüderitz
- Windhoek

Acquisition of Land

Application to purchase land at these towns was made and resulted in land having been acquired for the establishment of bulk fuel storage and handling facilities in Ondangwa and Gobabis.

The acquisition of land in Windhoek is at an advanced stage. An application to acquire two hectare of land for the construction of a retail service station and truck port was submitted to the Keetmanshoop Municipality and is awaiting approval.

Erven were offered to NAMCOR by the Mariental Municipality for the purposes of a depot and a retail site. However, purchase thereof has been put on hold pending further assessment on the suitability of the land.

Regarding the acquisition of land at the town of Lüderitz, there are no suitable industrial erven available, so for the time being, this project has also been put on hold.

Final approval to purchase land in the Windhoek district (Brakwater) before end of the next financial year is awaited from the Board.

CONSTRUCTION OF INLAND DEPOT WINDHOEK, GOBABIS AND ONDANGWA

ONDANGWA

For the construction of a bulk fuel storage and handling facility depot at Ondangwa, Burmeister & Partners Consulting Engineers (Pty) Ltd was appointed to design, compile tender documentation including site supervision.

The preliminary design has been completed, with the detailed design and tender documentation expected to be completed in the next financial year.

Windhoek

Omkumoh Consulting Engineers cc was appointed to design, compile tender documentation including site supervision, for the construction of a bulk fuel storage and handling facility in Windhoek.

The preliminary design has been completed, with the detailed design and tender documentation being put on hold pending finalisation of land acquisition.

Gobabis

Conselect Engineering Consulting Engineers cc was appointed to design, compile tender documentation including site supervision, for the construction of bulk fuel storage and handling facility at Gobabis.

The preliminary design has been completed with the detailed design and tender documentation due for completion mid-June 2017.

UPDATE OF NATIONAL OIL STORAGE FACILITIES PROJECT AT WALVIS BAY

Commencement date:	09 January 2015
Completion Date:	02 January 2018
Contract Period:	818 Days
Contract Amount:	N\$ 3,7 billion
Amount Certified:	N\$ 2,5 billion

Progress of works.

The overall progress of works at end April 2017 stood at 71.98%. A breakdown is provided as follows:

- Engineering Phase - 99.30%
- Procurement Phase - 79.97%
- Construction Phase - 73.58%
- Oil Tanker-Dredging - 100%
- Oil Tanker-Structure - 88.40%
- Tank Farm - 28.29%
- Onshore Station- 31.98%
- Pipeline Facility- 23.832%

POLICIES

The following policies were developed by the Business Support and Property Management Department:

- Fleet Management Policy and Procedure – to be submitted to the Board for approval
- Facility Maintenance policy and Strategy - to be submitted to ARCC for approval

SERVICE LEVEL AGREEMENTS

NAMCOR entered into Service Level Agreements (SLA's) with the following service providers in the period under review:

- Rent a Drum - Removal of the office refuse
- Eye Track Technology – Motor vehicle tracking system
- Otis Elevator Company - Servicing and maintenance of elevators
- Lea Cleaning Services - Cleaning of offices in Otjiwarongo
- Danref Refrigerator - Servicing, repair and maintenance of air conditioners
- Prospective Power Engineering cc – Servicing, repair and maintenance of standby generator

INFORMATION COMMUNICATION TECHNOLOGY DEPARTMENT

Introduction

The NAMCOR Information Communication Technology Department proactively facilitates corporate service excellence through the provision and planned evolution of technology and related support services.

This Annual Report documents the Information Technology Department's performance over the 2016-2017 Financial Year, as related to NAMCOR's Strategic Plan Objectives and the ICT Department Strategic Plan.

ICT Department Strategic Plan

The ICT Department developed a strategic plan to align itself to the overall group goals and objectives which changed our model from Information Technology to business focused service delivery.

The department's mandate is to provide a reliable, secure, easily accessible, and high performing IT infrastructure to meet the business and service needs of the organization by:

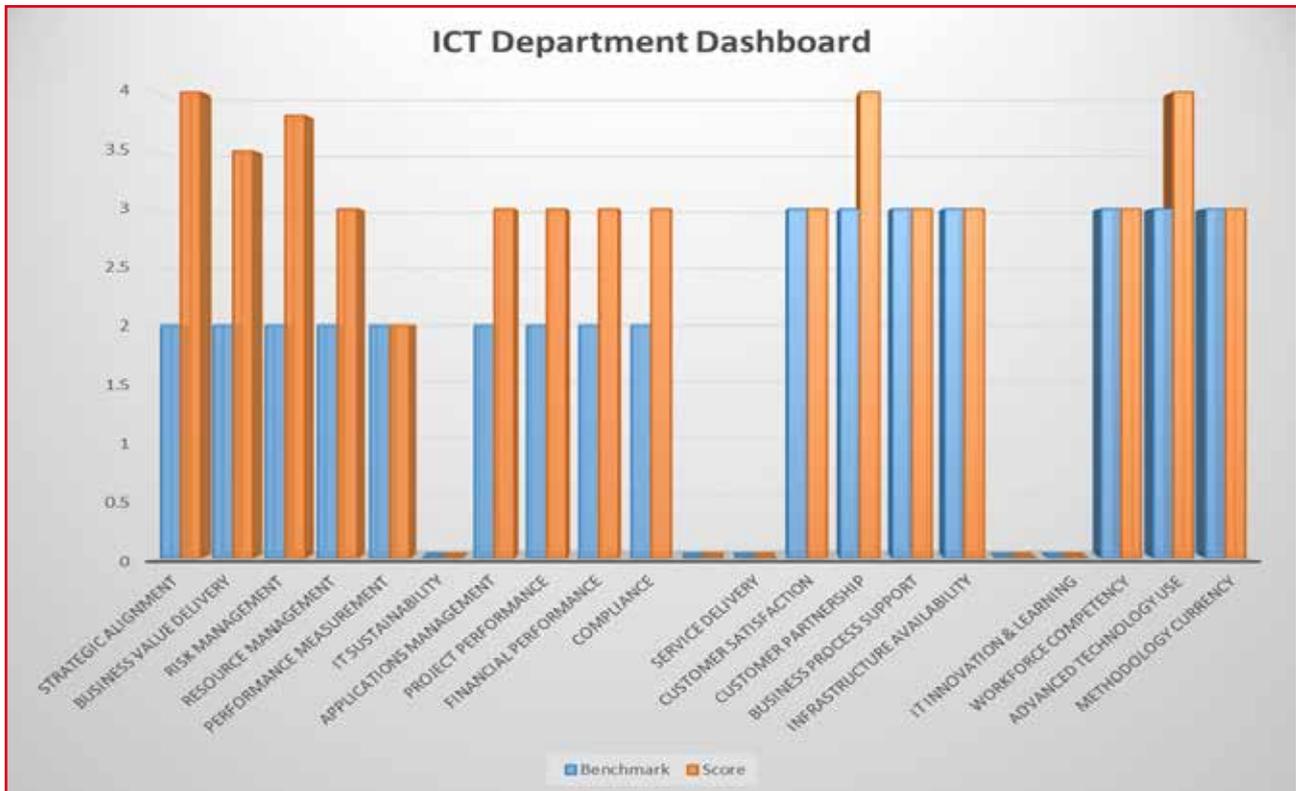
- Provisioning of quality network, server, storage and backup infrastructure to accommodate and protect the group's electronic information
- Developing and implementing IT policies, procedures, and processes that safeguard the group's IT investments

The department is also responsible for supporting the applications used by the group, and performs this function by:

- Providing application support for critical business systems and data
- Acting as a gateway between the group and external sources for geospatial data and information

Performance Analysis

This section provides detail on the accomplishments of the ICT Department across focus areas for the period under review:



Finance System Improvements

A key focus area for implementation during the period under review was to improve the operational and reporting capabilities of the Finance and Commercial Business Unit.

Improvements are underway which will enhance the overall user experience, and enhance functional capabilities within the existing NAMCOR financial system.

Collaboration Solution

A Skype for Business communication and collaboration environment for interacting with colleagues was implemented. This will greatly enhance the business unit's ability to conduct business while saving on travelling costs.

Data Management System

The Studio Data Management Solution to provide the Exploration and Production asset teams with a platform to collaborate while simultaneously performing the important task of searching for Oil prospects was implemented.

Conclusion

In conclusion, the ICT Department, through the successful implementation of the annual strategy, is geared towards supporting and enabling the group's growth strategy. The ICT Department will continue to collaborate with business and proactively manage demand growth while simultaneously identifying unexploited savings opportunities, to deliver true value.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

INTRODUCTION

The primary function of SHEQ is the promotion of safety, health, and wellbeing of NAMCOR employees, and to ensure that accidents and near-misses are kept to a minimum. The security of personnel and assets, as well as the protection of the environment are crucial elements that contribute to the group's overall objective of being a self-sustainable commercial entity.

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

SHEQ INTEGRATED MANAGEMENT SYSTEM (IMS)

The SHEQ Division in conjunction with Aurecon Namibia (Pty) Ltd embarked on the development and implementation of the NAMCOR SHEQ IMS. The following tasks were completed during the period under review:

1. Gap Analysis questionnaire and subsequent report
2. Conducting Company-wide Risk Assessment Survey and Report
3. Development of Risk Assessment Procedure – PRO 001
4. Development of SHEQ Documentation Manual – MAN 002
5. Development of SHEQ Objectives, Targets and Action Plans Procedure – PRO 002, concentrating primarily on “high” and “very high” risks profile
6. Signing of ISOMETRIX Software Service Level Agreement to develop SHEQ IMS software.

TRAINING AND LEGAL APPOINTMENTS

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

1. Roles, functions and legal responsibilities training for EXCO members and senior management cadres
2. SHE Representatives were appointed and trained
3. Management representatives at SHE meetings were appointed
4. SHEQ personnel attended the following training courses:
 - Health and Safety Nebosch Certificate in Oil and Gas
 - SHEQ Management System Compliance workshop
 - Health and Safety Audit training course
 - Quality Management conference
 - Permit to Work training course
 - Tender Process: from Preparation to Evaluation

ENVIRONMENT

NAMCOR's Environmental Policy

NAMCOR is committed to integrating SHEQ management into all spheres of activities, products and services. Safety, health, protection of the environment and the quality of petroleum products will form an integral part of NAMCOR's planning and decision making.

Management has committed to manage NAMCOR's operations, wherever they do business, in an ethical way that strikes an appropriate balance between economic, social and environmental needs.

NAMCOR's Management remains committed to environmental risk assessment as part of the whole range of commercial and process safety factors.

Environmental Incidents

During the period under review, the following environmental incidents were reported and attended to:

- A leakage of diesel from one of the trucks caused environmental pollution at the Langer Heinrich Uranium Mine (LHUM). The contaminated soil was removed for disposal and treatment, and the fuel tank was repaired.
- Diesel was recovered after a tank overflowed, and the bund wall was repaired after it was discovered that there were cracks in it.
- About 210 litres of HFO product was lost due to a ruptured loading pipe. Excavation was carried out after discovering that an underground pipe connected to the tank from the quay wall was leaking, causing environmental contamination. CBU has contracted a consultant to conduct an assessment on the extent of the diesel leakage which occurred at the Small Craft Harbour at NAMPORT. Soil and water samples at various depth were collected and dispatched to South African laboratories for analysis. The Consultant provided a draft report to CBU; and the final report is yet to be submitted. Meanwhile, the spill was contained and cleaned up and the loading pipe was replaced.
- A BV and trailer were overfilled with HFO at the NAMCOR loading gantry. The spill was contained and cleaned up.
- Diesel from one of the trucks leaked causing environmental pollution at LHU. The contaminated soil was removed for disposal and treatment, and the fuel tank was repaired.
- Diesel was recovered after a tank overflowed, and the bund wall was repaired after it was discovered that there were cracks in it.
- About 210 litres of HFO product was lost due to a ruptured loading pipe. The spill was contained and cleaned up and the loading pipe was replaced.
- Excavation was carried out after discovering that an underground pipe connected to the tank from the quay wall was leaking, causing environmental contamination.
- A BV and trailer were overfilled with HFO at the NAMCOR loading gantry. The spill was contained and cleaned up.

EMPLOYEE WELLNESS

World Aids Day

SHEQ facilitated and organised HIV/Aids role-plays among all employees in the various departments to educate and inform them about the impact HIV/Aids can have on them and their families.

The role-plays assisted all employees to better understand all aspects of HIV/Aids and most importantly explained the value of respecting and not discriminating against fellow colleagues with HIV/Aids.

Emphasis was placed on the following topics:

<ul style="list-style-type: none"> • Healthy Living If Infected
<ul style="list-style-type: none"> • Prevention Of New Infections
<ul style="list-style-type: none"> • Circumcision As Infection Reduction Tool
<ul style="list-style-type: none"> • Benefit of Voluntary Testing
<ul style="list-style-type: none"> • Impact of HIV/AIDS in the Workplace
<ul style="list-style-type: none"> • HIV Prevention From Mother to Child
<ul style="list-style-type: none"> • Nutritional Value to Prevent Diseases and Staying Healthy
<ul style="list-style-type: none"> • HIV/AIDS Stigma in the workplace

Flu Vaccine

NAMCOR employees were vaccinated against contracting flu to boost their immune system during the winter months.

Entrenching SHEQ requirements with all new CBU customers

The division visited new customers of the Commercial Business Unit (CBU) around the country, to ensure that their operations comply with NAMCOR's policies and regulations (NAMCOR SHEQ Policy and Act No. 11 of 2007: Regulations Relating to the Health and Safety of Employees at work) and that a culture of working safely is established and adhered to at all times.

National Petroleum Corporation of Namibia (Proprietary) Limited
(Registration number 164/67)
Annual Financial Statements
for the year ended 31 March 2017

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)

Annual Financial Statements for the year ended 31 March 2017

Index

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

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National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)

Annual Financial Statements for the year ended 31 March 2017

Directors' Responsibility Statement

The directors are responsible for the preparation and fair presentation of the group and company financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited, comprising the statements of financial position at 31 March 2017, 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, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and 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.

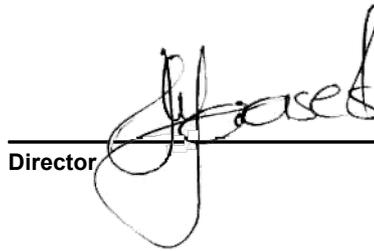
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

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 30 October 2017 and were signed on its behalf by:



Director



Director

Independent Auditor's Report

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

Opinion

We have audited the consolidated and separate financial statements of National Petroleum Corporation of Namibia (Proprietary) Limited (the group and company) set out on pages 42 to 90, which comprise the consolidated and separate statement of financial position as at 31 March 2017, 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 notes to the 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 National Petroleum Corporation of Namibia (Proprietary) Limited as at 31 March 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Responsibility Statement and Annual Report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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



KPMG Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Robert Grant
Partner
Windhoek

Date: 08/11/2017

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)

Annual Financial Statements for the year ended 31 March 2017

Directors' Report

The directors submit their report for the year ended 31 March 2017.

1. Incorporation

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

2. Review of activities

Main business and operations

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

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

3. Going concern

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

The market conditions of the oil and gas industry in which the group operates were less volatile for the 31 March 2017 financial year compared to the prior year. The oil price remained stable for the duration of the financial year.

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

4. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Authorised and issued share capital

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

6. Dividends

No dividends were declared or paid to the shareholder during the year (2016: nil).

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Directors' Report

7. Directors

Name	Changes
Patrick Kauta (Chairperson)	Appointed 1 October 2016
Anna Simanekeni Libana (Deputy Chairperson)	Re-appointed 1 October 2016
Immanuel Mulunga (Managing Director)	Appointed 1 October 2015
Ally Shaningwa Inedhimbwa Angula	Resigned 01 October 2016
Gottlieb Nendongo Amanyanga	Resigned 01 October 2016
Merceline Geises	Resigned 01 October 2016
Johannes !Gawaxab	Resigned 01 October 2016
Lorentha Harases	Appointed 01 October 2016
Roger Swart	Appointed 01 October 2016
Barbara Nicolene Dreyer-Omoregie	Appointed 01 October 2016

8. Secretary

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

Business address

Petroleum House
1 Aviation Road
Windhoek

Postal address

Private Bag 13196
Windhoek
Namibia.

9. Shareholder

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

10. Auditors

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

11. Registered office

Petroleum House
1 Aviation Road
Windhoek

National Petroleum Corporation of Namibia (Proprietary) Limited

(Registration number 164/67)

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Statement of Financial Position

	Note(s)	Group		Company	
		2017 N\$	2016 N\$	2017 N\$	2016 N\$
Assets					
Non-Current Assets					
Property, plant and equipment	3	191 875 773	183 889 399	86 315 894	90 757 023
Investments in subsidiaries	4	-	-	100	320 100
Available-for-sale investment	7	26 605 864	13 802 419	26 605 864	13 802 419
Deferred tax asset	8	71 480 736	79 098 521	-	-
		289 962 373	276 790 339	112 921 858	104 879 542
Current Assets					
Loans to group companies	5	-	-	134 508 291	132 684 137
Inventories	9	45 204 614	34 832 353	-	-
Trade and other receivables	10	165 099 305	121 937 234	64 523 944	38 207 845
Current tax receivable		9 687 368	9 687 368	5 461 404	5 461 404
Cash and cash equivalents	11	453 464 143	432 881 690	303 737 229	325 556 582
		673 455 430	599 338 645	508 230 868	501 909 968
Total Assets		963 417 803	876 128 984	621 152 726	606 789 510
Equity and Liabilities					
Equity					
Share capital	13	10 000 000	10 000 000	10 000 000	10 000 000
Reserves		85 414 562	68 933 624	37 614 718	23 039 616
Retained income		491 585 462	432 062 131	384 903 400	344 804 260
		587 000 024	510 995 755	432 518 118	377 843 876
Liabilities					
Non-Current Liabilities					
Loans from shareholder	6	117 918 563	117 918 563	117 918 563	117 918 563
Non-current portion - borrowings	17	116 871 351	88 197 036	22 497 135	25 126 143
Deferred income	20	2 732 323	2 762 642	-	-
		237 522 237	208 878 241	140 415 698	143 044 706
Current Liabilities					
Loans from group companies	5	-	-	-	21 237
Current portion - borrowings	17	7 039 863	6 792 809	2 584 308	2 337 253
Trade and other payables	18	97 929 258	75 211 987	13 895 971	9 322 549
Deferred income	20	25 529 356	66 084 326	25 499 053	66 054 023
Provisions	21	8 397 065	8 165 866	6 239 578	8 165 866
		138 895 542	156 254 988	48 218 910	85 900 928
Total Liabilities		376 417 779	365 133 229	188 634 608	228 945 634
Total Equity and Liabilities		963 417 803	876 128 984	621 152 726	606 789 510

National Petroleum Corporation of Namibia (Proprietary) Limited

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Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	Group		Company	
		2017 N\$	2016 N\$	2017 N\$	2016 N\$
Continuing operations					
Revenue	22	574 830 848	648 260 351	22 604 775	23 166 523
Cost of sales		(505 028 382)	(557 549 494)	-	-
Gross profit		69 802 466	90 710 857	22 604 775	23 166 523
Other income	23	167 505 531	186 228 597	163 118 185	185 691 493
Operating expenses		(201 286 317)	(130 394 570)	(157 412 279)	(116 775 705)
Operating profit	24	36 021 680	146 544 884	28 310 681	92 082 311
Finance income	25	25 355 044	17 133 019	14 068 037	11 220 697
Finance costs	26	(11 092 160)	(7 452 814)	(2 279 575)	(2 108 689)
Profit before taxation		50 284 564	156 225 089	40 099 143	101 194 319
Taxation	27	(7 617 785)	(16 900 628)	-	-
Profit from continuing operations		42 666 779	139 324 461	40 099 143	101 194 319
Discontinued operations					
Profit from discontinued operations		-	667 895	-	-
Profit for the year		42 666 779	139 992 356	40 099 143	101 194 319
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains and losses on property revaluation	3	821 056	37 375 401	(1 551 503)	7 841 395
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets adjustments	7	16 126 605	4 927 957	16 126 605	4 927 957
FCTR on foreign subsidiary		-	109 125	-	-
Total items that may be reclassified to profit or loss		16 126 605	5 037 082	16 126 605	4 927 957
Other comprehensive income for the year net of taxation		16 947 661	42 412 483	14 575 102	12 769 352
Total comprehensive income for the year		59 614 440	182 404 839	54 674 245	113 963 671

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Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Revaluation reserve	Fair value adjustment assets-available-for-sale reserve	Non distributable reserve	Total reserves	Retained income	Total equity
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Group								
Balance at 01 April 2015	10 000 000	(109 125)	24 866 190	-	1 764 076	26 521 141	292 069 775	328 590 916
Profit	-	109 125	37 375 401	4 927 957	-	42 412 483	139 992 356	139 992 356
Other comprehensive income	-	-	-	-	-	-	-	-
Total changes	-	109 125	37 375 401	4 927 957	-	42 412 483	139 992 356	182 404 839
Balance at 01 April 2016	10 000 000	-	62 241 591	4 927 957	1 764 076	68 933 624	432 062 131	510 995 755
Profit	-	-	821 056	16 126 605	-	16 947 661	42 666 779	42 666 779
Other comprehensive income	-	-	-	-	-	-	-	-
Total changes	-	-	821 056	16 126 605	-	16 947 661	42 666 779	59 614 440
Recognised directly in equity (refer to note 16)	-	-	-	-	-	-	16 390 625	16 390 625
Transfer between reserves (refer to note 15)	-	-	(466 706)	-	-	(466 706)	466 706	-
Other movements	-	-	(17)	-	-	(17)	(779)	(796)
Balance at 31 March 2017 (refer to note 15)	10 000 000	-	62 595 924	21 054 562	1 764 076	85 414 562	491 585 462	587 000 024
Note(s)	13	14	15					

National Petroleum Corporation of Namibia (Proprietary) Limited

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Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Revaluation reserve	Fair value adjustment assets- available-for- sale reserve	Other NDR	Total reserves	Retained income	Total equity
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Company								
Balance at 01 April 2015	10 000 000	-	8 506 189	-	1 764 075	10 270 264	243 609 941	263 880 205
Profit	-	-	7 841 395	4 927 957	-	12 769 352	101 194 319	101 194 319
Other comprehensive income	-	-	-	-	-	-	-	12 769 352
Total changes	-	-	7 841 395	4 927 957	-	12 769 352	101 194 319	113 963 671
Balance at 01 April 2016	10 000 000	-	16 347 584	4 927 957	1 764 075	23 039 616	344 804 260	377 843 876
Profit	-	-	(1 551 503)	16 126 605	-	14 575 102	40 099 143	40 099 143
Other comprehensive income	-	-	-	-	-	-	-	14 575 102
Total changes	-	-	(1 551 503)	16 126 605	-	14 575 102	40 099 143	54 674 245
Other movement	-	-	-	-	-	-	(3)	(3)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	-	-	(3)	(3)
Balance at 31 March 2017	10 000 000	-	14 796 081	21 054 562	1 764 075	37 614 718	384 903 400	432 518 118
Note(s)	13	14	15					

National Petroleum Corporation of Namibia (Proprietary) Limited

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Statement of Cash Flows

	Note(s)	Group		Company	
		2017 N\$	2016 N\$	2017 N\$	2016 N\$
Cash flows from operating activities					
Cash receipts from customers		658 619 337	684 472 458	118 851 890	198 378 851
Cash paid to suppliers and employees		(665 662 123)	(488 821 183)	(130 112 988)	(71 718 193)
Cash (used in)/ generated from operations	29	(7 042 786)	195 651 275	(11 261 098)	126 660 658
Interest received		25 355 044	17 133 019	14 068 037	11 220 697
Finance costs		(11 092 160)	(7 452 814)	(2 279 575)	(2 108 689)
Net cash from operating activities		7 220 098	205 331 480	527 364	135 772 666
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(16 504 467)	(20 833 382)	(2 654 137)	(10 397 684)
Proceed from sale of property, plant and equipment	3	21 931	-	21 931	-
Increase in loans advanced to group companies		-	-	(1 844 218)	(2 094 925)
Net cash from investing activities		(16 482 536)	(20 833 382)	(4 476 424)	(12 492 609)
Cash flows from financing activities					
Repayment of long-term liabilities		(4 688 006)	(5 286 325)	(2 381 953)	(2 260 215)
New loans raised		50 000 000	-	-	-
Decrease in loans from group companies		-	-	(21 237)	(59 298)
Net cash from financing activities		45 311 994	(5 286 325)	(2 403 190)	(2 319 513)
Total cash movement for the year		36 049 556	179 211 773	(6 352 250)	120 960 544
Cash at the beginning of the year		432 881 690	253 669 917	325 556 582	204 596 038
Effect of exchange rate changes on cash and cash equivalents held		(15 467 103)	-	(15 467 103)	-
Total cash at end of the year	11	453 464 143	432 881 690	303 737 229	325 556 582

National Petroleum Corporation of Namibia (Proprietary) Limited

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Annual Financial Statements for the year ended 31 March 2017

Significant Accounting Policies

1. Presentation of annual financial statements

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

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

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

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

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

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

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

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

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

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

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables and Loans and receivables

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

Available-for-sale financial assets

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

Allowance for slow moving, damaged and obsolete stock

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

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Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

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

Revaluation of land and buildings

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

Useful lives and residual values

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

Impairment of property, plant and equipment

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

Impairment of value added taxation

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

Impairment of investment in subsidiaries

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

Impairment of loans to group

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

Fair value estimation

The group uses judgement in selecting an appropriate valuation technique not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

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Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provisions

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

1.3 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.4 Intangible assets

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

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Significant Accounting Policies

1.4 Intangible assets (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the profit or loss when the asset is derecognised.

1.5 Investments in subsidiaries

Company annual financial statements

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

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

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

1.6 Financial instruments

Classification

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

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

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

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Significant Accounting Policies

1.6 Financial instruments (continued)

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

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

Derecognition

A financial asset is derecognised when, and only when:

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

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

A financial liability is derecognised when, and only when:

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

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

Fair value determination

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

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Significant Accounting Policies

1.6 Financial instruments (continued)

Impairment of financial assets

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

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

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

Other impairment losses are recognised in profit or loss.

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

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

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

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

Offset

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

Loans to/ (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

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

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Significant Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

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

Cash and cash equivalents

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

Cash and cash equivalents are classified as loans and receivables.

Borrowings

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

Borrowings are classified as financial liabilities measured at amortised cost.

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Significant Accounting Policies

1.6 Financial instruments (continued)

Available-for-sale investments

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

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

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

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

Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the group and company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

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

1.7 Tax

Current tax assets and liabilities

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

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

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Significant Accounting Policies

1.7 Tax (continued)

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

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

1.8 Leases

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

Operating leases - lessor

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

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

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

Operating leases – lessee

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

1.9 Inventories

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

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

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Significant Accounting Policies

1.9 Inventories (continued)

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

1.10 Impairment of assets

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

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

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

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

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

Ordinary shares are classified as equity.

1.12 Employee benefits

Defined contribution plans

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

1.13 Government grants

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

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



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Significant Accounting Policies

1.13 Government grants (continued)

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

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

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

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

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

1.14 Revenue

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

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

Sale of goods

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

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

Other income

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

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

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

Finance income

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

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Significant Accounting Policies

1.15 Cost of sales

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

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

1.16 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

Investments in subsidiaries

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

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

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

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.17 Finance costs

Finance cost. Comprise interest expenses on borrowings. Interest expense is recognised as it accrues, using the effective interest method.

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Disclosure Initiative (Amendments to IAS 1)

Effective for annual periods beginning on or after 1 January 2016.

Key requirements

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, the existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

Impact

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Although these amendments clarify existing requirements of IAS 1, the clarifications may facilitate enhanced disclosure effectiveness.

Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception (effective annual periods beginning on or after 1 January 2016)

These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Amendments to IAS 27, 'Separate financial statements' on the equity method (effective annual periods beginning on or after 1 January 2016)

These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

IAS 16 Property, Plant and Equipment

Amendments to both IAS 16 and IAS 38 established the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. The effective date was for annual periods beginning on or after 1 January 2016.

There was no significant impact on the adoption of the amendments.

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2.2 Standards and interpretations not yet effective

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective as at 31 March 2017. These include the following Standards and Interpretations that are applicable to the business of the group and company and may have an impact on future financial statements:

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

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

The directors have not yet assessed the impact of these amendments on the group and company financial statements.

IFRS 9 Financial Instruments

The effective date of the standard is for the financial years commencing 1 January 2018.

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

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

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

The directors have not yet assessed the impact of this standard on the group and company financial statements.

IFRS 15 Revenue from Contracts with Customers

The effective date of the standard is for the financial years commencing 1 January 2018.

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

The standard will most likely have a significant impact on the group and company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

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

The directors have not yet assessed the impact of this standard on the group and company financial statements.

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Disclosure Initiative (Amendments to IAS 7)

The effective date of the standard is for the financial years commencing 1 January 2017.

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The group and company expect to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the group and company's annual financial statements.

IFRS 16 Leases

The effective date of the standard is for the financial years commencing 1 January 2019.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The group and company expect to adopt the amendment for the first time in the 2020 annual financial statements.

The directors have not yet assessed the impact of this standard on the group and company financial statements.

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

3. Property, plant and equipment

Group	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	164 051 703	(3 262 923)	160 788 780	163 912 865	(1 405 786)	162 507 079
Motor vehicles	2 216 945	(1 583 955)	632 990	2 279 982	(1 244 125)	1 035 857
Office, electronic, storage and mechanical equipment	38 046 969	(20 614 686)	17 432 283	35 066 659	(19 391 713)	15 674 946
Work in progress	13 021 720	-	13 021 720	4 671 517	-	4 671 517
Total	217 337 337	(25 461 564)	191 875 773	205 931 023	(22 041 624)	183 889 399

Company	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	76 279 717	(1 629 717)	74 650 000	78 115 000	-	78 115 000
Motor vehicles	1 355 293	(1 056 216)	299 077	1 418 331	(888 716)	529 615
Office, electronic, storage and mechanical equipment	22 033 626	(10 666 809)	11 366 817	21 799 634	(10 115 257)	11 684 377
Work in progress	-	-	-	428 031	-	428 031
Total	99 668 636	(13 352 742)	86 315 894	101 760 996	(11 003 973)	90 757 023

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Figures in Namibia Dollar

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2017

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

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other movements	Depreciation	Impairment loss	Total
Land and buildings	118 109 255	6 464 144	-	3 336 239	37 375 401	-	(2 171 670)	(606 290)	162 507 079
Motor vehicles	1 237 622	211 847	-	-	-	-	(413 612)	-	1 035 857
Office, electronic, storage and mechanical equipment	8 825 754	9 774 983	-	955 315	-	-	(3 881 106)	-	15 674 946
Work in progress	4 580 663	4 382 408	-	(4 291 554)	-	-	-	-	4 671 517
	132 753 294	20 833 382	-	-	37 375 401	-	(6 466 388)	(606 290)	183 889 399

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2017

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

Reconciliation of property, plant and equipment - Company - 2016

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other movements	Depreciation	Impairment loss	Total
Land and buildings	71 222 098	546 625	-	-	7 841 395	-	(1 495 118)	-	78 115 000
Motor vehicles	559 049	211 849	-	-	-	-	(241 283)	-	529 615
Office, electronic, storage and mechanical equipment	3 948 323	9 500 288	-	-	-	-	(1 764 234)	-	11 684 377
Work in progress	289 109	138 922	-	-	-	-	-	-	428 031
	76 018 579	10 397 684	-	-	7 841 395	-	(3 500 635)	-	90 757 023

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

3. Property, plant and equipment (continued)

Revaluations

Land and Buildings consists of the following property:

Company:

Erf 8521 Windhoek

Group:

Erf 1055 Otjiwarongo

Erf 2590 Walvis Bay

Erf 2570 Walvis Bay

Erf 2889 Walvis Bay

Erf 1315 Gobabis

Erf 1316 Gobabis

Erf 1317 Gobabis

Erf 4282 Ondangwa

Erf 4283 Ondangwa

Erf 4284 Ondangwa

Erf 4796 Ondangwa

Erf 8521 Windhoek

The effective date for the revaluations of all the above properties was 31 March 2017. The valuations were performed by an independent valuator, Mr PJ Scholtz of Property Valuations Namibia. Property Valuations Namibia is not connected to the company.

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

The valuation was performed based on active market prices, adjusted for any difference in nature, location or condition of the specific property.

The carrying value of the revalued assets under the cost model would have been:

Cost				
Land	22 711 811	22 107 293	1 028 919	424 430
Buildings	89 169 609	80 056 946	68 507 417	59 394 754
Accumulated depreciation				
Buildings	(12 307 032)	(9 322 869)	(9 374 643)	(7 127 371)
Accumulated impairment				
Land	(674 850)	-	-	-
Buildings	(307 774)	-	(307 774)	-
	98 591 764	92 841 370	59 853 919	52 691 813

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	Group		Company	
	2017	2016	2017	2016
	N\$	N\$	N\$	N\$

3. Property, plant and equipment (continued)

Measurement of fair values

The fair value measurement of land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used as set out below.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Land and Buildings

Balance as at 1 April	162 507 079	118 109 255	78 115 000	71 222 098
Additions/transfers	876 596	9 800 383	876 596	546 625
Depreciation	(1 818 433)	(2 171 670)	(1 261 134)	(1 495 118)
Impairment loss	(1 597 518)	(606 290)	(1 528 959)	-
(Losses)/ gains included in other comprehensive income				
Change in fair value	821 056	37 375 401	(1 551 503)	7 841 395
	160 788 780	162 507 079	74 650 000	78 115 000

Valuation technique

Erf 1055 Otjiwarongo

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

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

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

Erf 8521 Windhoek

For the building portion:

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

For the land portion:

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

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	2017 N\$	2016 N\$	2017 N\$	2016 N\$

3. Property, plant and equipment (continued)

Erf 1315 Gobabis, Erf 1316 Gobabis, Erf 1317 Gobabis, Erf 4282 Ondangwa, Erf 4283 Ondangwa, Erf 4284 Ondangwa and Erf 4796 Ondangwa

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

Interrelationship between key observable inputs and fair value measurements

Cost approach

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

- The remaining useful life of property were higher/(lower); or
- The physical condition of the property were higher/(lower); or
- Potential occupancy rates were higher/(lower); or
- The specialised nature of structures and installations were lower/(higher).

Market approach

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

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

Income Capitalization Method of Valuation

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

- The age of building was higher/lower
- The remaining useful life of building were higher/lower
- The square metres were higher or lower

Significant unobservable inputs

Cost approach

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

Market approach

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

Income Capitalization Method of Valuation

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

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

3. Property, plant and equipment (continued)

Pledged as security

The following properties have been pledged as security:

Land and Buildings Erf 1055 Otjiwarongo The property has been pledged as security in respect of a mortgage loan of N\$ 18 500 000. The group also ceded to the bank the Material Damage Policy for the full replacement value of the property as well as all rentals payable in terms of any present or future lease contracts entered in respect of the property.	22 775 288	22 554 356	-	-
Land and Buildings Erf 8521 Windhoek The property has been pledged as security in respect of a first and second mortgage loan of N\$ 14 000 000 and N\$ 40 000 000 respectively owing to Bank Windhoek. The group also ceded to the bank, the Fire Policy for an amount of N\$ 90 783 939.	74 650 000	78 115 000	74 650 000	78 115 000
	97 425 288	100 669 356	74 650 000	78 115 000

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. During the current year, the directors determined that the useful lives of certain items of office, mechanical and electronic equipment should be lengthened, due to evidence that similar assets held by the company had been fully depreciated while still being in use.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the depreciation expense in the current financial year by N\$ 2 588 108 (Company: N\$ 1 808 518). The effect on future periods is an increase in the total depreciation expense of N\$ 2 588 108 (Company: N\$ 1 808 518) for the remaining useful lives as follows:

Financial year	Group N\$	Company N\$
FY 2017	(2 588 108)	(1 808 518)
FY 2018	(1 465 145)	(1 538 107)
FY 2019	(714 789)	(793 504)
FY 2020	2 032 929	1 877 291
FY 2021	1 761 742	1 579 906
FY 2022	208 232	76 655
FY 2023	125 248	76 496
FY 2024	137 860	89 474
FY 2025	129 773	109 409
FY 2026	105 133	89 036
FY 2027	86 348	76 930
FY 2028	81 240	75 017
FY 2029	69 375	64 113
FY 2030	24 138	19 778
FY 2031	6 024	6 024
	-	-

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

4. Investments in subsidiaries

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

Company

Name of company	Carrying amount 2017	Carrying amount 2016
Cost		
Namcor Petroleum Trading and Distribution (Pty) Ltd	100	100
Namcor Exploration and Production (Pty) Ltd	160 000	160 000
Sonam Petroleum Company (Pty) Ltd	160 000	160 000
Impairment		
Namcor Exploration and Production (Pty) Ltd	(160 000)	-
Sonam Petroleum Company (Pty) Ltd	(160 000)	-
	100	320 100

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

5. Loans to/ (from) group companies

Subsidiaries

NAMCOR Exploration and Production (Pty) Ltd	-	-	18 724	(826)
The loan is unsecured, interest free and repayable on demand.				
Sonam Petroleum Company (Pty) Ltd	-	-	1 339	(20 411)
The loan is unsecured, interest free and repayable on demand.				
Namcor Petroleum Trading and Distribution (Pty) Ltd	-	-	134 508 291	132 684 137
The loan is unsecured, interest free and repayable on demand.				
	-	-	134 528 354	132 662 900
Impairment of loans to subsidiaries	-	-	(20 063)	-
	-	-	134 508 291	132 662 900
Current assets	-	-	134 508 291	132 684 137
Current liabilities	-	-	-	(21 237)
	-	-	134 508 291	132 662 900

6. Loans to/ (from) shareholders

Ministry of Mines and Energy	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
The loan was granted by the Ministry of Mines and Energy for the funding of the Kudu Project. The loan is repayable in monthly instalments from the first day of economical production or 1 July 2017, whichever is the later, and will bear interest at 2.5%. The interest will accrue from the first day of economic production or 1 July 2017, whichever is later.				

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$
7. Available-for-sale investment				
Serica Energy Plc	26 605 864	13 802 419	26 605 864	13 802 419
Serica Energy Plc is a foreign company incorporated in England and Wales. The shares are listed on the London Stock Exchange and denominated in US\$.				
Non-current assets				
Available-for-sale	26 605 864	13 802 419	26 605 864	13 802 419
Fair value hierarchy of available-for-sale financial assets				
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.				
Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.				
Level 1				
Listed shares	26 605 864	13 802 419	26 605 864	13 802 419
Reconciliation of movement				
Fair value at the beginning of the year	13 802 419	3 258 569	13 802 419	3 258 569
Reversal of impairment	-	3 058 856	-	3 058 856
Fair value gain	16 126 605	4 927 957	16 126 605	4 927 957
Unrealised exchange (loss) / gain	(3 323 160)	2 557 037	(3 323 160)	2 557 037
	26 605 864	13 802 419	26 605 864	13 802 419

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$
8. Deferred tax				
Deferred tax asset				
Accelerated capital allowances for tax purposes	(12 919 174)	(12 689 666)	(9 507 973)	(9 797 009)
Allowance for impairment - trade receivables	-	33 225 988	-	-
Deferred income	1 143 392	22 031 030	-	21 137 287
Tax losses available for set off against future taxable income	73 443 168	110 022 849	-	-
Tax losses not utilised to create a deferred tax asset	(26 547 678)	(76 321 212)	(26 547 678)	-
Provisions	1 324 708	-	1 019 331	2 613 077
Unrealised foreign exchange	6 027 302	-	6 027 302	(7 684 792)
Accumulated costs on Kudu Gas Project deductible on commencement of production	29 023 461	-	29 023 461	-
Deferred income not utilised to create a deferred tax asset	-	-	-	(6 256 581)
Allowances	-	2 841 514	-	-
Prepayments	(14 443)	(11 982)	(14 443)	(11 982)
Total deferred tax asset	71 480 736	79 098 521	-	-
Reconciliation of deferred tax asset				
At beginning of year	79 098 521	95 999 149	-	-
Reduction due to rate change	-	(2 909 065)	-	-
Current year charge in profit or loss	(4 837 545)	(17 670 188)	-	-
Prior year over / (under) provision	(2 780 240)	3 678 625	-	-
	71 480 736	79 098 521	-	-
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 cash flow 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.				
9. Inventories				
Finished goods	45 204 614	34 832 353	-	-
Write down of inventories recognised as an expense	1 051 569	1 371 774	-	-
10. Trade and other receivables				
Trade receivables	270 059 360	229 819 171	49 749 160	26 440 919
Impairment of trade receivables	(141 991 872)	(138 441 617)	-	-
Value added taxation	21 734 742	13 832 532	14 806 555	10 741 782
Impairment on value added taxation	(2 719 743)	-	(1 495 913)	-
Other receivables	18 016 818	16 712 904	1 464 142	1 025 144
Customs and levies	-	14 244	-	-
	165 099 305	121 937 234	64 523 944	38 207 845

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

10. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

1 month past due	21 325 047	32 018 154	2 994 977	7 445 362
2 months past due	3 152 480	12 456 564	527	10 202 143
3 months past due	8 671 789	5 921 705	6 671 846	2 235 757

Trade and other receivables impaired

For the year ended 31 March 2017, the trade and other receivables impairment increased / (decreased) by N\$ 3 550 255 (2016: N\$ (18 104 637)).

The amount of the provision was N\$ 141 991 872 as of 31 March 2017 (2016: N\$ 138 441 617).

The ageing of these receivables impaired is as follows:

Current	117 631	138 165	-	-
Past due 31 to 90 days	352 891	341 355	-	-
More than 120 days past due	141 521 350	137 962 098	-	-

Reconciliation of provision for impairment of trade and other receivables

Opening balance	138 441 617	156 546 253	-	-
Provision for / (Reversal of) impairment	3 550 255	(18 104 636)	-	-
	141 991 872	138 441 617	-	-

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 714	6 886	3 000	3 000
Bank balances	400 413 319	397 784 836	250 687 119	318 053 629
Short-term deposits	53 047 110	35 089 968	53 047 110	7 499 953
	453 464 143	432 881 690	303 737 229	325 556 582

Cash and cash equivalents held by the entity that are not available for use by the group.

	18 914 353	7 499 953	-	-
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The short-term deposits mature at periods between 3 to 6 months and carry interest at an average rate of 8.80% (2016: 6.90%).

Bank Windhoek holds a limited cession of N\$ 7 449 953 (2016: N\$7 449 953) to cover guarantees issues as well as a limited cession over all Bank Windhoek investment accounts for N\$150 000 000 to cover the mortgage loans owing to Bank Windhoek.

Standard Bank Namibia holds a limited cession of N\$11 414 400 (2016: nil) to cover guarantees issued.

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	2017 N\$	2016 N\$	2017 N\$	2016 N\$

12. Financial assets by category

The prior year financial assets classified as loans and receivables emanating from the trade and other receivables included balances that were determined to not meet the definition of a financial asset. The prior period amount has been restated to enhance comparability.

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

Group - 2017

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

Group - 2016

	Loans and receivables	Available-for- sale	Total
Available-for-sale investment	-	13 802 419	13 802 419
Trade and other receivables	92 473 189	-	92 473 189
Cash and cash equivalents	432 881 690	-	432 881 690
	525 354 879	13 802 419	539 157 298

Company - 2017

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

Company - 2016

	Loans and receivables	Available-for- sale	Total
Loans to group companies	132 684 137	-	132 684 137
Available-for-sale investment	-	13 802 419	13 802 419
Trade and other receivables	27 417 044	-	27 417 044
Cash and cash equivalents	325 556 582	-	325 556 582
	485 657 763	13 802 419	499 460 182

13. Share capital

Authorised and issued

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

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$
14. Foreign currency translation reserve				
Translation reserve relates to exchange differences on consolidation of Namcor Internal Trading, a foreign subsidiary that has been disposed of in 2016.				
	-	(109 125)	-	-
	-	109 125	-	-
Closing balance	-	-	-	-

15. Revaluation reserve

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

The revaluation reserve relates to the revaluation of property.

Opening Balance	62 241 591	24 866 190	16 347 584	8 506 189
Revaluation of property	821 056	37 375 401	(1 551 502)	7 841 395
Transfer to retained earnings	(466 706)	-	-	-
Other movement	(17)	-	-	-
	62 595 924	62 241 591	14 796 082	16 347 584

16. Retained income

A subsidiary received funding from the National Energy Fund which is a directorate in the Ministry of Mines and Energy amounting to N\$ 50 000 000 at a below market interest rate.

The loan will carry an annual interest for the grace period of 2.5% on the aggregate principal amount from the date of transfer and after the expiration of the 2-year grace period carry interest at an annual rate of 2.5% payable on a monthly pro-rata basis thereafter for 8 years. The period of the loan amount is therefore 10 years, consisting of the grace period and maturity period.

The fair value of the financial liability was determined in terms of the requirements of IAS 39 Financial Instruments: Recognition and Measurement with the fair value at 1 April 2016 determined to be N\$ 33 609 376. The difference between the actual proceeds and the fair value of the liability at recognition is equity in nature as the company assessed that the Government agencies involved were acting in their capacity as the shareholder.

The assessment took into account the following factors:

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

The equity contribution was recognised directly in retained earnings.

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$
17. Borrowings				
Held at amortised cost				
Bank Windhoek	25 081 443	27 463 396	25 081 443	27 463 396
The Bank Windhoek loan bears interest at the prime lending rate less 3%, 2017: 7.75% (2016: 7.75%) per annum and is secured by a first and second mortgage bond over Erf 8521 Windhoek. Bank Windhoek also holds a limited cession over all Bank Windhoek investment accounts for N\$ 150 000 000. The loan is repayable in 96 monthly installments of N\$ 365 101 (2015: N\$ 355 176) each.				
National Energy Fund	58 000 000	60 400 000	-	-
The loan is unsecured and bears interest at prime lending rate less 3%. The loan is repayable in 338 monthly installments of N\$ 200 000 each.				
Standard Bank of Namibia	5 070 893	7 126 449	-	-
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.				
National Energy Fund	35 758 878	-	-	-
The company received funds amounting to N\$ 50 million on 1 April 2016 pertaining to a loan agreement entered into with the Ministry of Mines and Energy through the National Energy Fund. The loan is unsecured and bears interest at 2.5%. The loan is not repayable in its first two years apart from a monthly interest charge of N\$ 104 167. Thereafter the loan is repayable in 96 instalments of N\$ 575 192. The loan has been granted at a below a market interest rate. The fair value of the financial liability at recognition in terms of IAS 39 was N\$ 33 609 375. The market rate used to determine the fair value of the financial liability at recognition was the yield to maturity rate of Government Bond GC25 which was 10.29% on 1 April 2016.				
	123 911 214	94 989 845	25 081 443	27 463 396
Non-current liabilities				
Non-current portion	116 871 351	88 197 036	22 497 135	25 126 143
Current liabilities				
Current portion	7 039 863	6 792 809	2 584 308	2 337 253
	123 911 214	94 989 845	25 081 443	27 463 396

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	2017 N\$	2016 N\$	2017 N\$	2016 N\$
18. Trade and other payables				
Trade payables	75 626 241	56 284 388	12 672 454	5 921 028
Other payables	11 884 573	5 980 645	947 754	3 401 521
Accruals	10 418 444	12 946 954	275 762	-
	97 929 258	75 211 987	13 895 970	9 322 549

The bonus and leave pay provision was categorised as trade and other payables in the prior year financials. It has been separately categorised in the current year to enhance users of financial statements understanding of the balance due to uncertain timing or amount of the liability. The prior period column has been reclassified to enhance comparability.

19. Financial liabilities by category

The prior year financial liabilities measured at amortised cost emanating from the trade and other payables included balances that were determined to not meet the definition of a financial liability. The prior period amount has been restated to enhance comparability.

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

Group - 2017

	Financial liabilities at amortised cost	Total
Loans from shareholders	117 918 563	117 918 563
Borrowings	123 911 214	123 911 214
Trade and other payables	86 708 772	86 708 772
	328 538 549	328 538 549

Group - 2016

	Financial liabilities at amortised cost	Total
Loans from shareholders	117 918 563	117 918 563
Borrowings	94 989 845	94 989 845
Trade and other payables	65 451 367	65 451 367
	278 359 775	278 359 775

Company - 2017

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

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

19. Financial liabilities by category (continued)

Company - 2016

	Financial liabilities at amortised cost	Total
Loans from group companies	21 237	21 237
Loans from shareholders	117 918 563	117 918 563
Borrowings	27 463 396	27 463 396
Trade and other payables	9 140 007	9 140 007
	154 543 203	154 543 203

20. Deferred income

A subsidiary entered into a 99 year lease agreement with Hammerhead Investments (Pty) Ltd on 1 June 2009. The full rent amounting to N\$ 3 000 000 in respect of the lease was paid in advance upon commencement of the lease. Deferred income was recognised and is released to profit or loss through the passage of time and use of the property.

Deferred income was categorised as trade and other payables in the prior year financial statements. It has been separately categorised in the current year to enhance the users of the financial statements understanding of the balance. The prior period column has been reclassified to enhance comparability.

Kudu Government Grant

At 1 April 2016	66 054 023	-	66 054 023	-
Received during the year	-	142 000 000	-	142 000 000
Released into the income statement	(40 554 970)	(75 945 977)	(40 554 970)	(75 945 977)
At 31 March 2017	25 499 053	66 054 023	25 499 053	66 054 023

Hammerhead Investments lease

At 1 April 2016	2 792 945	2 823 248	-	-
Released into the income statement	(30 319)	(30 303)	-	-
At 31 March 2017	2 762 626	2 792 945	-	-

Non-current	2 732 323	2 762 642	-	-
Current	25 529 356	66 084 326	25 499 053	66 054 023
	28 261 679	68 846 968	25 499 053	66 054 023

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

The amount recognised in profit or loss in the current year is equal to the expenses incurred in relation to the Kudu Project up to the end of the year with the remainder being deferred for future expenses to be incurred on the Kudu Project.

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

21. Provisions

Reconciliation of provisions - Group - 2017

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

Reconciliation of provisions - Group - 2016

	Balance at 1 April 2015	Additions	Reductions arising from payments/ other sacrifices of future economic benefits	Balance at 31 March 2016
Provision for bonuses	2 193 250	2 448 504	-	4 641 754
Provision for leave pay	2 627 362	1 240 162	(343 412)	3 524 112
	4 820 612	3 688 666	(343 412)	8 165 866

Reconciliation of provisions - Company - 2017

	Balance at 1 April 2016	Additional provisions recognised	Reductions arising from payments / other sacrifices of future economic benefits	Balance at 31 March 2017
Provision for bonuses	4 641 754	2 016 669	(3 202 393)	3 456 030
Provision for leave pay	3 524 112	253 691	(994 255)	2 783 548
	8 165 866	2 270 360	(4 196 648)	6 239 578

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

21. Provisions (continued)

Reconciliation of provisions - Company - 2016

	Opening balance	Additions	Reductions arising from payments/ other sacrifices of future economic benefits	Total
Provision for bonuses	2 193 250	2 448 504	-	4 641 754
Provision for leave pay	2 627 362	1 240 162	(343 412)	3 524 112
	4 820 612	3 688 666	(343 412)	8 165 866

Bonus Provision

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

Provision for leave pay

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

The bonus and leave pay provision was categorised as trade and other payables in the prior year financials. It has been separately categorised in the current year to enhance users of financial statements understanding of the balance due to uncertain timing or amount of the liability. The prior period column has been amended to enhance comparability.

22. Revenue

Data Sales	22 604 775	23 166 523	22 604 775	23 166 523
Petroleum Products	552 226 073	625 093 828	-	-
	574 830 848	648 260 351	22 604 775	23 166 523

23. Other income

Foreign exchange gains	-	23 905 851	-	24 014 976
Sundry income	5 255 640	718 276	868 293	72 047
Fuel levy income	90 053 801	85 658 493	90 053 802	85 658 493
Kudu project past cost reimbursements	31 641 120	-	31 641 120	-
Government grants	40 554 970	75 945 977	40 554 970	75 945 977
	167 505 531	186 228 597	163 118 185	185 691 493

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$
24. Operating profit				
Operating profit for the year is stated after accounting for the following:				
Remuneration, other than to employees, for:				
Professional fees	10 909 565	4 086 493	8 241 521	2 452 325
Operating lease charges				
Premises				
• Contractual amounts	2 757 812	1 567 535	-	-
Motor vehicles				
• Contractual amounts	177 826	101 843	-	-
Equipment				
• Contractual amounts	2 515 139	144 371	2 369 416	1 519 328
Outsourced transport services				
• Contractual amounts	8 744 974	8 662 236	-	-
	14 195 751	10 475 985	2 369 416	1 519 328
Loss on sale of property, plant and equipment	1 822	-	1 822	-
Receiver of Revenue penalties and interest	270 701	18 715	8 401	-
Inventory written off	1 051 569	1 371 774	-	-
Impairment of property, plant and equipment	1 597 519	606 290	1 528 959	-
Slate (income) / expenses	(5 911 499)	4 485 000	-	-
Impairment of value added tax	2 719 743	-	1 495 913	-
(Reversal of)/ impairment of trade and other receivables	3 550 255	(18 104 637)	-	-
Impairment of investment in subsidiaries	-	-	320 000	-
Impairment of loans to group companies	-	-	20 063	-
Reversal of available-for-sale asset	-	(3 058 857)	-	(3 058 857)
Unrealised foreign exchange loss/ (gain)	18 835 318	(2 557 037)	18 835 318	(2 557 037)
Realised foreign exchange gain	(1 527 846)	-	(1 527 846)	-
Depreciation on property, plant and equipment	5 425 716	6 466 388	4 024 666	3 500 635
Employee costs	62 225 010	55 597 031	44 237 452	41 730 054
Legal fees	2 601 783	114 683	2 425 083	-
Non-executive Director's fees and allowances	1 170 099	1 238 574	1 031 053	1 039 043
25. Finance income				
Interest revenue				
Interest charged on trade receivables	1 454 446	2 106 910	-	-
Staff loans	46 453	20 477	46 453	20 477
Cash and cash equivalents	23 854 145	15 005 632	14 021 584	11 200 220
	25 355 044	17 133 019	14 068 037	11 220 697
26. Finance costs				
Long term borrowings	11 092 160	7 452 814	2 279 575	2 108 689

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	2017 N\$	2016 N\$	2017 N\$	2016 N\$

27. Taxation

Major components of the tax expense (income)

Deferred

Current year charge	4 837 545	17 670 188	-	-
Prior year charge	2 780 240	(3 678 625)	-	-
Change in tax rate	-	2 909 065	-	-
	7 617 785	16 900 628	-	-

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	1,03 %	- %	1,07 %	- %
Non-deductible impairment losses	1,99 %	- %	1,46 %	- %
Non-deductible finance costs	2,15 %	- %	- %	- %
Non-deductible fines and penalties	0,01 %	- %	0,01 %	- %
Fuel levy income not taxable	(83,12)%	(17,50)%	(104,23)%	(27,09)%
Unrecognised deferred tax asset	55,57 %	(3,15)%	69,69 %	(4,92)%
Change in tax rate	- %	1,86 %	- %	- %
Disallowable charges	- %	0,01 %	- %	0,01 %
Prior year (under)/over provision	5,52 %	(2,35)%	- %	- %
	15,15 %	10,87 %	- %	- %

Estimated tax loss available for set off against future taxable income	521 819 857	343 821 402	292 309 956	194 956 036
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28. Auditors' remuneration

Fees	881 552	599 927	592 073	276 213
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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$
29. Cash (used in)/ generated from operations				
Profit before taxation	50 284 564	156 225 089	40 099 143	101 194 319
Adjustments for:				
Depreciation and amortisation	5 425 716	6 466 388	4 024 666	3 500 635
Property, plant and equipment non-cash movement	2 325 777	-	-	-
Loss on sale of property, plant and equipment	1 822	-	1 822	-
Interest received	(25 355 045)	(17 133 019)	(14 068 037)	(11 220 697)
Finance costs	11 092 160	7 452 814	2 279 575	2 108 689
(Reversal of) / impairment of available-for-sale investment	-	(3 058 856)	-	(3 058 856)
Impairment of property, plant and equipment	1 597 519	606 290	1 528 959	-
Disposal of subsidiary	-	777 017	-	-
Impairment loss on liquidation of foreign subsidiary	-	-	-	460 744
Impairment of inventories	1 051 569	1 371 774	-	-
Impairment of loans to group companies	-	-	20 063	-
Impairment of investment in subsidiaries	-	-	320 000	-
Impairment of value added taxation	2 719 743	-	1 495 913	-
(Reversal of) / Impairment of trade receivables	3 550 255	(18 104 654)	-	-
Unrealised (gain)/ loss on foreign exchange	18 835 318	(2 557 037)	18 835 318	(2 557 037)
Other property, plant and equipment movements	(33 615)	-	(33 616)	-
Operating accruals	(358 945)	-	(2 780 426)	-
Movement in provision for leave pay	1 456 872	-	253 691	-
Movement in provision for bonus	2 970 974	-	2 016 669	-
Deferred income	(30 318)	-	-	-
Other loan movements	(796)	-	-	-
Changes in working capital:				
Inventories	(11 423 830)	(13 100 613)	-	-
Trade and other receivables	(49 423 510)	36 212 107	(27 803 453)	(10 479 165)
Trade and other payables	18 825 954	(25 560 048)	3 103 585	(19 341 997)
Deferred income - Kudu Government Grant	(40 554 970)	66 054 023	(40 554 970)	66 054 023
	(7 042 786)	195 651 275	(11 261 098)	126 660 658

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

30. Commitments

Guarantees

The company has provided security for financial guarantees issued by Bank Windhoek on behalf of the subsidiary company in favour of Sasol Oil (Proprietary) Limited Registration number 1981/007622/07. The value as at 31 March 2017 is N\$ 800 000 (2016: N\$ 800 000).

The company has provided security for financial guarantees issued by Bank Windhoek on behalf of its subsidiary company in favour of the Ministry of Finance for import VAT. The Ministry of Finance required this security as the subsidiary company had significant monthly imports when it had the fuel import mandate. The value as at 31 March 2017 is N\$ 6 500 000 (2016: N\$ 6 500 000).

Namcor Petroleum Trading and Distribution (Proprietary) Limited has provided security for financial guarantees issued by Standard Bank Namibia on behalf of the company in favour of Brak Property Development Thirty Six (Proprietary) Limited Registration number 2012/0053. The value as at 31 March 2017 is N\$ 11 414 400 (2016: nil).

Operating leases – as lessee

The group has entered into commercial leases on motor vehicles, office equipment and outsourced transport services. These leases have an average life of between three and five years with no option included in the lease contracts. The group has also entered into commercial leases for property, with an average life of one year. There are no restrictions placed upon the company by entering into these leases. Future minimum lease payable on non-cancellable operating leases as at 31 March 2017 are as follows:

Minimum lease payments due on non-cancellable operating leases

- within one year	12 199 833	11 948 589	887 953	648 783
- in second to fifth year inclusive	9 944 153	9 461 958	79 440	-
- later than five years	4 365 456	6 548 184	-	-
	26 509 442	27 958 731	967 393	648 783

Capital expenditure commitments

Capital Expenditure as approved	142 798 730	77 898 583	45 977 755	31 093 975
Less: Expenditure to 31 March	-	19 664 163	-	1 372 454

Amounts still to be expended

Commitments in respect of contracts placed	97 015 478	12 982 656	34 489 989	-
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The company has an approved capital expenditure budget amounting to N\$ 46 million for the 2018 financial year relating to block acquisitions, office, mechanical and electronic equipment as well as strategic land acquisitions. The capital expenditure will be financed through internal financing

The group has an approved capital expenditure budget amounting to N\$ 142.8 million for the 2018 financial year. N\$62.5 million of the approved expenditure has been earmarked for the roll-out of the retail network. NAMCOR intends to construct and /or acquire retail outlets, targeting strategic locations country wide. The remaining amount relates to the upgrade of infrastructure at existing depots as well as installation of storage tanks and pumps at customer sites.

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

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$
31. Contingencies				
Legal claim contingency				
Litigation is in the process by the group against several other oil companies for the recovery of amounts owing by these companies. The nature of the claims is that the companies underpaid NAMCOR Petroleum Trading and Distribution (Proprietary) Limited for products supplied during the currency of the company's mandate. In addition the defendants incurred demurrage costs in respect of the excess time used to discharge the quantity of product which costs are also to be recovered through this litigation. The group's lawyers have advised that it is too early to provide an opinion on the success at this point. Should the claim be successful, the estimated amount to be received is N\$ 57 628 322.				
32. Related parties				
Relationships				
Subsidiaries			Refer to note 4	
Shareholder			Government of the Republic of Namibia	
Related party balances				
Loan accounts - Owing (to) by related parties				
NAMCOR Exploration and Production (Proprietary) Limited	-	-	-	(826)
Namcor Petroleum Trading and Distribution (Proprietary) Limited	-	-	134 508 291	132 684 137
Sonam Petroleum Company (Proprietary) Limited	-	-	-	(20 411)
Long term loans - Owing (to) by related parties				
Ministry of Mines and Energy	(117 918 563)	(117 918 563)	(117 918 563)	(117 918 563)
National Energy Fund	(93 758 878)	(60 400 000)	-	-
Related party transactions				
Interest paid to (received from) related parties				
National Energy Fund	7 995 252	4 472 417	-	-
Levies received from related parties				
Ministry of Mines and Energy	90 053 801	85 658 493	90 053 801	85 658 493
Compensation to directors and other key management				
Salaries	1 645 790	1 301 431	1 645 790	1 301 432
Director's fees	1 080 099	1 238 574	941 053	1 039 043
Expense allowance	266 400	156 505	266 400	156 506
	2 992 289	2 696 510	2 853 243	2 496 981

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	Group		Company	
	2017	2016	2017	2016
	N\$	N\$	N\$	N\$

33. Risk management

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 6 and 17, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

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

There are no externally imposed capital requirements.

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

The gearing ratio at 2017 and 2016 respectively were as follows:

Total borrowings

Shareholder loan	6	117 918 563	117 918 563	117 918 563	117 918 563
Borrowings	17	123 911 214	94 989 845	25 081 443	27 463 396
Trade and other payables		97 929 258	75 211 987	13 895 971	9 322 549
		339 759 035	288 120 395	156 895 977	154 704 508
Less: Cash and cash equivalents	11	453 464 143	432 881 690	303 737 229	325 556 582
Net debt		(113 705 108)	(144 761 295)	(146 841 252)	(170 852 074)
Capital		587 000 024	510 995 755	432 518 118	377 843 876
Total capital		473 294 916	366 234 460	285 676 866	206 991 802

Gearing ratio (19)% (28)% (34)% (45)%

Financial risk management

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

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

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

33. 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 statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	86 708 772	-	-	-
Borrowings	14 686 481	20 249 203	52 725 235	118 969 780
Shareholder loan	-	26 261 447	75 246 783	23 903 075

At 31 March 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	65 451 367	-	-	-
Borrowings	7 092 286	6 890 079	16 513 709	15 843 309
Shareholder loan	6 847 500	49 118 385	148 928 335	120 529 488

Company

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

At 31 March 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	9 140 007	-	-	-
Borrowings	4 418 040	4 421 388	13 264 165	15 843 309
Shareholder loan	-	42 450 885	130 005 835	35 375 738

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

33. Risk management (continued)

Interest rate risk

The group's interest rate risk arises from long-term borrowings and bank balances. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2017 and 2016, the group's borrowings at variable rates were denominated in the Namibian Dollar.

At 31 March 2017, if interest rates on Namibia Dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, company and group post-tax profit for the year would have been N\$ 3 295 429 (2016: N\$ 3 028 019) and N\$ 2 786 528 (2016: N\$ 2 905 932) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Financial instrument

Fixed rate instrument

Short-term deposits	53 047 110	35 089 968	53 047 110	7 499 953
Borrowings	(35 758 878)	-	-	-

Variable rate instrument

Bank and cash balances	400 413 319	397 791 722	250 687 119	318 056 629
Borrowings	(88 152 337)	(94 989 845)	(25 081 443)	(27 463 396)

329 549 214	337 891 845	278 652 786	298 093 186
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Credit risk

Credit risk is managed on a group basis.

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

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

Financial instrument	Group - 2017	Group - 2016	Company - 2017	Company - 2016
Loans to group companies	-	-	134 508 291	132 684 137
Trade and other receivables	129 639 316	92 473 189	51 313 188	27 417 044
Cash and cash equivalents	453 460 429	432 881 690	303 734 229	325 556 581

The group's 5 most significant customers account for N\$ 93 288 103 (2016: N\$ 140 274 461) of trade receivables at year end.

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	Group		Company	
	2017 N\$	2016 N\$	2017 N\$	2016 N\$

33. Risk management (continued)

Foreign exchange risk

The group does not hedge foreign exchange fluctuations.

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

At 31 March 2017, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, company and group post-tax profit for the year would have been N\$ 19 549 924 (2016: N\$ 17 968 389) and N\$ 19 536 415 (2016: N\$ 17 968 389) higher, mainly as a result of foreign exchange gains on the translation of US dollar denominated trade receivables, financial assets at fair value through profit or loss, debt securities classified as available-for-sale and foreign exchange losses or gains on translation of US dollar denominated borrowings.

Foreign currency exposure at the end of the reporting period

Non-current assets

Available for sale investment, USD 2 018 073 (2016: USD 930 678)	26 605 864	13 802 419	26 605 864	13 802 419
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Current assets

Trade and other receivables	34 968 316	12 437 900	34 968 316	12 437 900
Cash and cash equivalents	135 000 695	152 667 039	135 000 695	152 667 039

Liabilities

Trade and other payables	(1 210 724)	(925 957)	(1 075 636)	(777 652)
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Exchange rates used for conversion of foreign items were:

USD	N\$ 13.19	N\$14.83	N\$13.19	N\$ 14.83
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The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

Price risk

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

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

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

Group and company

Financial instrument	Impact on post tax profit in Namibia Dollar		Impact on other components of equity in Namibia Dollar	
	2017	2016	2017	2016
Available-for-sale investment	1 330 293	690 121	1 330 293	690 121

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



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