NAMDIA

NAMDIA ANNUAL REPORT | 2020/2021

"The destiny of this country (Namibia) is now fully in our hands" Presidential Acceptance and Inaugural Speech 21 March 1990.

Founding Father His Excellency Dr. Sam Shafiishuna Nujoma

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VISION

To be the leading supplier of ethically sourced, natural and high-quality diamonds exclusively of Namibian origin to premium and niche luxury markets.

MISSION

To discover the best market value for Namibian diamonds (price discovery mechanism). To contribute towards the beneficiation of diamonds. Striving to fulfil our corporate social responsibilities.

OUR CORE VALUES

Integrity

Acting with honesty and honour, underpinning our long-term relationships with our stakeholders.

Client Focus

To offer our clients a world class experience, making NAMDIA a Namibian diamond supplier and partner of choice.

Accountability

Acknowledging and assuming responsibility for actions, products, decisions, policies and operating with transparency.

Innovation

Taking an innovative and proactive approach to positioning the Namibian diamond industry in the global market.

Stewardship

Conscious commitment by leaders and employees to lead with NAMDIA values and foster a culture that always serves the interest of the Namibian people and the shareholder.

Glossary

Beneficiation
Also referred to as Downstream Beneficiation, is considered an opportunity to develop the domestic economy by creating jobs, building capacity, enhancing skills and diversifying the economy.

Carat
International unit of measurement for diamond weight: One carat equals a fifth of a gram (0.2 g).

Diamond Bourse
A diamond trading floor where diamonds are traded among bourse members.

Diamantaire
Knowledgeable and experienced person, usually a dealer or manufacturer, in the diamond trade.

Diamond Pipeline
Diamond pipeline The path diamonds follow from the mine to the consumer.

Downstream
The stage of the diamond value chain that includes jewellery retailing to end consumers.

Purchase Entitlement
Offer to purchase an asset that cannot be transferred to another party. NAMDIA has a Purchase Entitlement consisting of 15 percent per annum of NAMDEB Holding's total run-of-mine production, from the Namibia Diamond Trading Company, on an average 5.2-week cycle basis, 10 times a year.

Polished Diamonds
Diamonds that have undergone processing, without any connection to their size, shape or any other feature.

LIBOR
London Inter-bank Offered Rate, an interest-rate average calculated from estimates submitted by the leading banks in London.

Midstream
The stage of the diamond value chain that includes sales of rough diamonds, cutting and polishing, primary and secondary sales of polished diamonds, and jewellery manufacturing.

Rough Diamonds
Diamonds in their natural state, before undergoing processing.

Upstream
The stage of the diamond value chain that includes rough diamond exploration and production.

01 Chairperson's Report

Chairperson's Report

This Annual Report, which serves as the premier publication of NAMDIA, is prepared and published pursuant to articles 100 and 101 of the Articles of Association and the requirements of the Public Enterprise Governance Act, Act 1 of 2019. The report outlines the governance of Namib Desert Diamonds (Pty) Ltd (hereinafter referred to as "NAMDIA"), it also partly covers the global and domestic developments of the diamond industry, the audited annual financial statements, the governance report, the sales and marketing report and highlights the key achievements of NAMDIA in the 2020/2021 financial year.

Foreword

During the year under review the diamond industry has witnessed reduced diamond production and output. This was largely due to closure of diamond mines, disrupted supply chains and the impact on the workers as a result of the COVID-19 pandemic. The COVID-19 pandemic and lockdown of several countries around the world adversely affected the diamond industry.

As we progressed into the first 6 months of the period under review, the world was confronted by one of the most serious health and economic crises of our time, which led to loss of life and reduced ability to earn a living on the part of most people. As the first cases of COVID-19 were identified on our shores, the government took swift and decisive action to contain the spread and "flatten the curve" whilst preparing to deal with this pandemic.

NAMDIA as an institution had to refocus and reprioritise our operations, which until now have been executed under abnormal challenging times. Governance has played a pivotal role in swift responses, and will continue to be crucial both to the recovery and to the building of a resilient business in these uncertain times.

Since the beginning of 2020 the Board and management needed to display strong and ethical leadership whilst being proactive and adaptable. This allowed NAMDIA to identify, prioritise and mitigate key concerns and risks on the operations and outlook of the organisation.

In the face of the pandemic, NAMDIA had to shift its focus to its stakeholders including constant communication with the shareholder, the health and safety of its employees, the challenges faced by the clients due to the disruptions in the sector, as well as the needs of the wider society affected by the pandemic.

It has, therefore, been important for the Board to continue maintaining high standards of good governance as a basis for our thoughts, decisions and actions. We locate this within our country's quest, since the advent of democracy, to create a capable state with strong institutions that are capable of implementing Government's policy and translating its commitments into reality in keeping with the objectives of the Harambee Prosperity Plan and the National Development Plan. In this regard, NAMDIA is regularly cited as an example of a state-owned enterprise committed to service delivery, good governance as well as operational and financial efficiency.

Our resolve and commitment is to optimise the benefits of Namibian diamonds by meaningfully impacting the lives of all Namibians.

Performance of the Business in Unprecedented Times

The financial year under review turned out differently. We could not have anticipated the widespread impact that the COVID-19 pandemic would inflict on the global community - more particularly the diamond industry. Rough diamond sales were adversely affected by lockdowns and travel restrictions, delaying their shipping into cutting and trading centres and preventing buyers from attending sales events. This resulted in reduced rough diamond demand which led to a decline in sales volumes and softening of prices.

NAMDIA performed relatively well during the period under review, despite an extremely challenging year for the diamond industry and we were able to sell all our diamonds to our clients. Because of the trust relationships we have built over the years, we earned the trust of our clients in our processes - to be able to prepare bespoke parcels of rough diamonds that mirror their unique manufacturing and marketing needs. The reduced prices however, affected our group profit which amounted to N$42.8 million before tax.

Social and Economic Transformation

During the financial year, the acquisition of Namgem Diamond Manufacturing (Pty) Ltd was completed when government resolved to transfer it's 50% stake to NAMDIA.

As sustainability and social consumerism become more influential in guiding purchase decisions, the industry continues to ensure it perfects a legacy that consciously protects the environment by adapting environment preserving standards and practices; from exploration right through the value chain, down to jewellery manufacturing, that produce little to no carbon footprint. Social transformation of our communities from the proceeds of our diamonds has been at the forefront of our activities through The NAMDIA Foundation.

As custodians of one of Namibia's most sought-after resources, corporate governance has been the guiding force in ensuring positive ethical impact, through activities such as the compilation of our Annual Financial Statements, further demonstrating transparency of the organisation and the industry as a whole. We will continue to play a big part in ensuring the continued sustainability of the local diamond industry, whilst participating on the global scale with the least impact on our environment and simultaneously ensuring the greatest yield from our resources for our people.

As part of its tax obligations to the fiscus, NAMDIA paid N$ 32.3 million to the Ministry of Finance and we committed N$2 million to the fight against COVID-19 through The NAMDIA Foundation.

Good Governance

In addition to providing an effective stewardship and oversight function, our role as the Board is to ensure that a strong culture of ethics and good governance is embedded across the organisation, along with a clear commitment to corporate citizenship and to fulfilling the mandate of the company as per the Public Enterprises Governance Act, (Act 1 of 2009) the NAMDIA Articles of Association, the Corporate Governance Code for Namibia and the Companies Act, (Act 28 of 2004).

It is critically important that we demand high ethical standards and conduct from, not only our employees, but also our service providers and clients.

It was pleasing this year to see the active role of the Board in promoting good governance as per our country's National Development Plan 5 through transparency and accountability by:

- Placing greater emphasis on fulfilment of the company's mandate of price discovery;
- Reviewing the company's business and strategic plan;
- Embedding accountability, transparency and honesty in the company;
- Aligning the company's Articles of Association to the Public Enterprises Governance Act, 2019 and the Companies Act, 2004;
- Aligning the Board Charter and its Committees'

Terms of Reference to the Public Enterprises Governance Act, 2019 and the Companies Act, 2004;

- Adopting and ensuring the implementation of the Enterprise Risk Management Framework and Policy and the company's risk methodology and risk tolerance levels;
- Filling the internal audit function on an outsourced basis to provide independent assurance to the Board that NAMDIA's risk management, governance and the internal control processes are sufficient and operating effectively;
- Timely submission of the annual business and financial plan as per the Public Enterprises Governance Act, 2019; and
- Conducting the annual assessment of the Board's governance practices which found that the Board continues to function effectively.

I have been fortunate to have Board members that bring the strong diversity of skills, experience and outlook needed to drive full accountability, and to ensure that we fulfil our fiduciary obligations. We have been well supported in our oversight function by the committees which bring further depth and diversity to ensuring good governance and oversight of NAMDIA's performance and strategic direction.

Looking Ahead

- The Board is expecting the diamond industry to recover fully as we have seen the diamond trade picking up during the last quarter of the period under review, with optimism, following a relatively successful holiday season.
- Economic progression: NAMDIA will continuously ensure that it meets its mandate by striving to sell at-and-above the De Beers prices, that is, above 100 percent Standard Selling Value (SSV). By delivering on our mandate, NAMDIA grows and assists the government in poverty eradication and other nation building initiatives.
- The Board will approve and ensure the implementation of the Integrated Strategic Business Plan (ISBP) for the period 2022 - 2026.
- The Board will, as part of the NAMDIA ISBP for the next five years, ensure that competitive bidding sales channels are introduced with due consideration for market conditions and volume of sales.
- Technology: One of the key technological outcomes as a result of the pandemic is to ensure that NAMDIA's systems permit us to sell diamonds. The Board will ensure that Management procures and implements an online trading platform that can be utilised for the sale of diamonds, ensuring the continuous smooth operations of NAMDIA.
- Social transformation: The Board is cognisant that a happy workforce breeds a positive work culture, and we remain committed to ensuring that an environment exists where each employee can function, develop, and reach their full potential. For this reason, we will continue to place great emphasis on training and development while at the same time driving the transformation of our workforce and providing opportunities for skills and talent to meet the demands of the organisation. This includes recruiting and retaining highly skilled staff and ensuring continuous learning.
- Good governance: our responsibility is and will always be, to have accountability and transparency to our shareholder and all our stakeholders.
- The Board will ensure that it complies with the provisions of the signed governance and performance agreement with the Minister of Public Enterprises.
- The Board will ensure that it complies with the provisions of the signed governance and performance agreement with the Minister of Public Enterprises.
- NAMDIA will always strive through its corporate social responsibility initiatives to be a responsible corporate citizen.

A Note of Thanks

On behalf of the Board, I would like to thank all our stakeholders: our customers; employees; Ministry of Public Enterprises; Ministry of Mines and Energy; Ministry of Finance; Ministry of Home Affairs and Immigration; Ministry of Safety and Security for their continued trust and support throughout the year.

During the year under review, we said farewell to one of our board members. On behalf of the Board, I would like to thank Jacqualine Pack for her invaluable contribution and commitment to her work as a Director during her tenure. We wish you all the best for the future.

Without the support of Honourable Jooste, Minister of Public Enterprises, we cannot achieve our objectives nor fulfil our mandate. Your invaluable contribution and guidance to our success is highly appreciated.

The Board is confident that NAMDIA has the right vision and strategy, as well as culture and leadership, to deliver on its ambition of discovering diamond prices for a better future. The Board remains committed to ensuring that NAMDIA remains a responsible corporate citizen.

BRYAN EISEB
CHAIRPERSON

02 CEO's Report

CEO's Report

During the year under review the diamond industry has witnessed reduced diamond production. This was largely due to closure of diamond mines, disrupted supply chains and the impact on the workers as a result of the COVID-19 and subsequent lockdown of several countries around the world adversely affected the diamond industry.

The first 6 months of the period under review encountered the adverse effects of the COVID-19 pandemic, which not only threatened the survival of humankind, but shown the first signs of destruction to the industry and the entire world economy. As the first cases of COVID-19 were initially identified in Namibia, the government took decisive and effective steps to contain the spread of the virus and prevent the loss of life, which was being recorded in unprecedented numbers in some parts of the world.

In identifying our challenges, we were able to craft an industry-focused plan that gave us the advantage, to act in accordance with global challenges, whilst still being able to execute our mandate. Due to various factors, we managed to achieve a profit of N$73 million before tax. This is a unique achievement.

We are continuing to make good progress in building a world-class diamond company. With the continued strengthening of our balance sheet, cash flows and ongoing focus on capital efficiency, I am confident that we will do this while continuing to grow our business. NAMDIA is proud of its satisfactory performance under extraordinary challenges:

- The period under review had 6 sales totalling 144,967 carats for an average of USD494.36 per carat.
- The full year group profit after tax amounts to N$13.3 million, down 86.0% from the prior year's N$95.2 million. The company's ordinary performance from sale of rough diamonds amounts to a profit after tax of N$44.2 million, as result of the state of the diamond market in times of the COVID-19 pandemic. An exceptional impairment charge of N$30.9 million arose in the current financial year on the goodwill arising on the acquisition and first time inclusion of NamGem Diamond Manufacturing (Pty) Ltd into the consolidated AFS of NAMDIA.
- Export levy of N$11.3 million was paid for the full year.
- An amount of N$32.3 million was paid in taxes to the Ministry of Finance.
- NAMDIA purchases its 15 percent entitlement from NDTC using a revolving overdraft facility which settles upon the sale of the goods. The USD banking facility with RMB Namibia was renewed in February 2021 at USD 20 million and is secured by collateral of a 12-month Fixed Deposit placed with RMB for N$145 million. The facility incurs interest at a credit margin. NAMDIA has filled almost all of its key positions in the organizational structure thus

Our performance is attributed to a well-executed strategy that focuses on revenue maximization for Namibian diamonds; optimization of the sales strategy and robust internal processes and procedures.

ensuring efficiency and effectiveness in our services. NAMDIA has continued its robust communication campaign with a view to ensuring that the Namibian people, our stakeholders and shareholder have a much-illuminated insight into our business operations. This is pivotal to counter erroneous perceptions about the way we go about our business.

- The NAMDIA purchase entitlement profile remained the same. The entitlement profile was on average 73 percent and 25.6 percent consisting of stones weighing below 2 carats and above 2 carats, respectively. The specials and fancy stones represent on average, 1.4 percent of the entire NAMDIA entitlement. More than 30 percent of the entitlement is made up of the melee size category. The entitlement profile informs the NAMDIA assortment and consequently the clients' parcels which are mostly run-of-mine. The average stone size recorded was 0.70 carat on the entire shipment of the NAMDEB production over the period under review.

COVID-19 Response Plan

Namibia, together with the rest of the world, continues to be adversely affected by the outbreak of COVID-19. In a bid to relieve the Government and the nation of this burden, the NAMDIA Foundation donated a total of N$2 million to various organisations and projects in the fight against the pandemic.

MTC Knockout Project 2020

In August we partnered up with MTC in the Knockout Project 2020 against Homelessness where we sponsored a Namibian Personality. The project's goal was to raise N$1.5 million aimed at addressing and tackling one of our country's growing social ills, homelessness. The proceeds of N$1 183 340.00 went to Dolam Children's Home and Shack Dwellers Association of Namibia.

Diamond Talk

NAMDIA hosted a successful Diamond Table Talk session in September 2020 that was streamed live on Facebook. The objective of this initiative was to inform and educate the public about the Diamond Industry and the value it adds to Namibia's overall economic growth through focused discussions.

This on-going web series, which is now a collaborative partnership between Namib Desert Diamonds (NAMDIA) and Namibia Diamond Trading Company (NDTC) aired 4 additional episodes in 2020 with more earmarked for 2021.

Official Launch of The NAMDIA Foundation and 1-year Anniversary

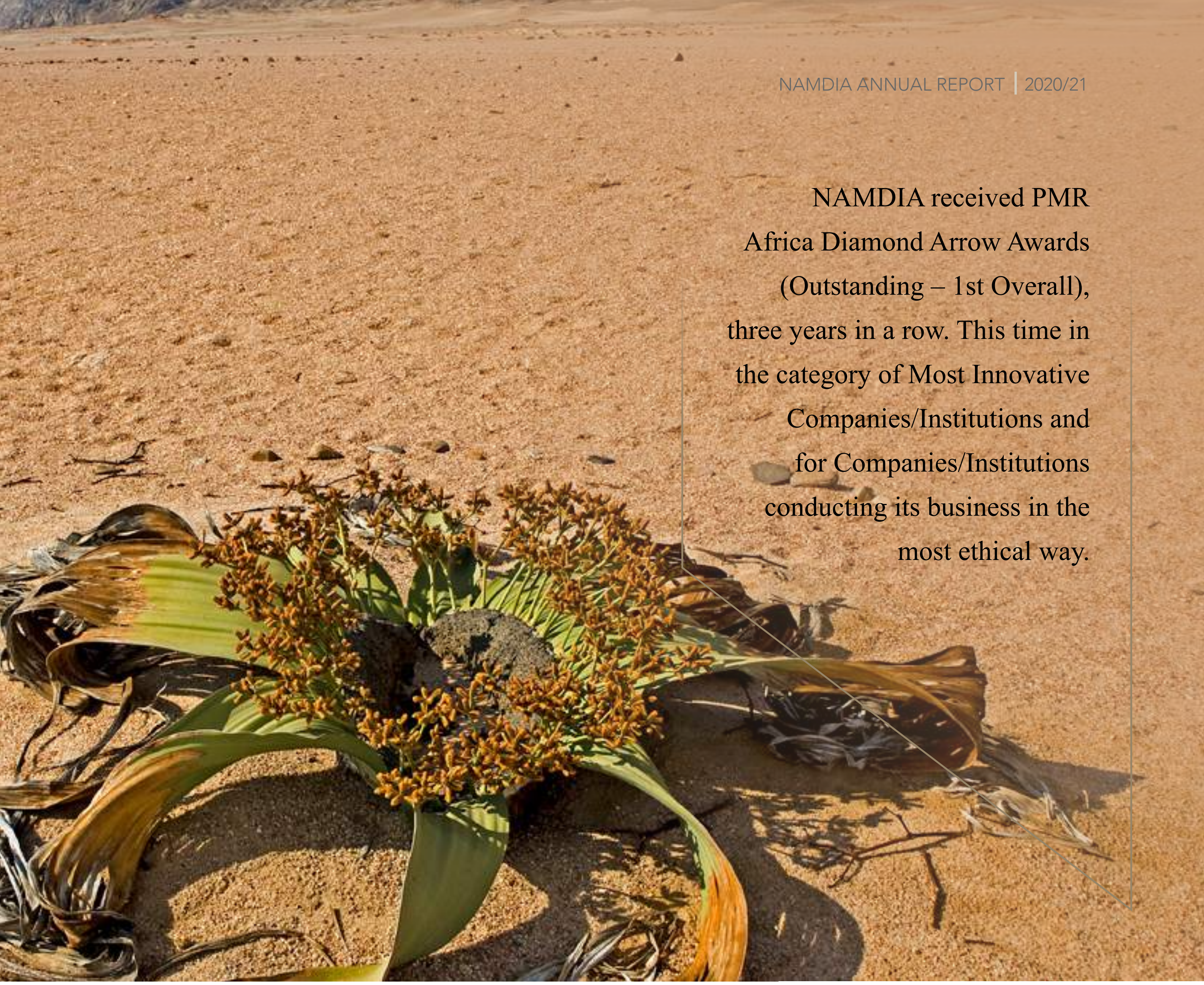
In November we celebrated the 1-year Anniversary and official launch of The NAMDIA Foundation. Established in October 2019, The NAMDIA Foundation serves as the Corporate Social Responsibility vehicle of NAMDIA and was founded with the purpose to combat Namibia's social and economic challenges in the fields of Education, Health & Sports.

Since its inception, NAMDIA has spent over N$20 million on various charity and philanthropic programs and anticipates continuing being involved in life changing initiatives through The NAMDIA Foundation.

Awards

NAMDIA received PMR Africa Diamond Arrow Awards (Outstanding – 1st Overall), three years in a row. This time in the category of Most Innovative Companies/ Institutions and for Companies/Institutions conducting its business in the most ethical way.

The pandemic accelerated structural changes in the diamond industry. E-commerce adoption increased in the retail sector and expanded into business-to-business (B2B) trading for rough and polished diamonds. In the rough diamond market, new sales platforms were deployed to overcome travel constraints and streamline the journey from miner to jeweller. As part of the sales strategy, NAMDIA will explore online trading platforms in line with the trend in the industry.



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In Conclusion

NAMDIA is seeking to acquire an online trading platform for the selling of rough diamonds. The system shall allow NAMDIA to offer all its clients from around the globe, the opportunity to participate in the sales, without having to travel to Namibia, thereby replicating the physical viewing to virtual viewing with high-definition imaging.

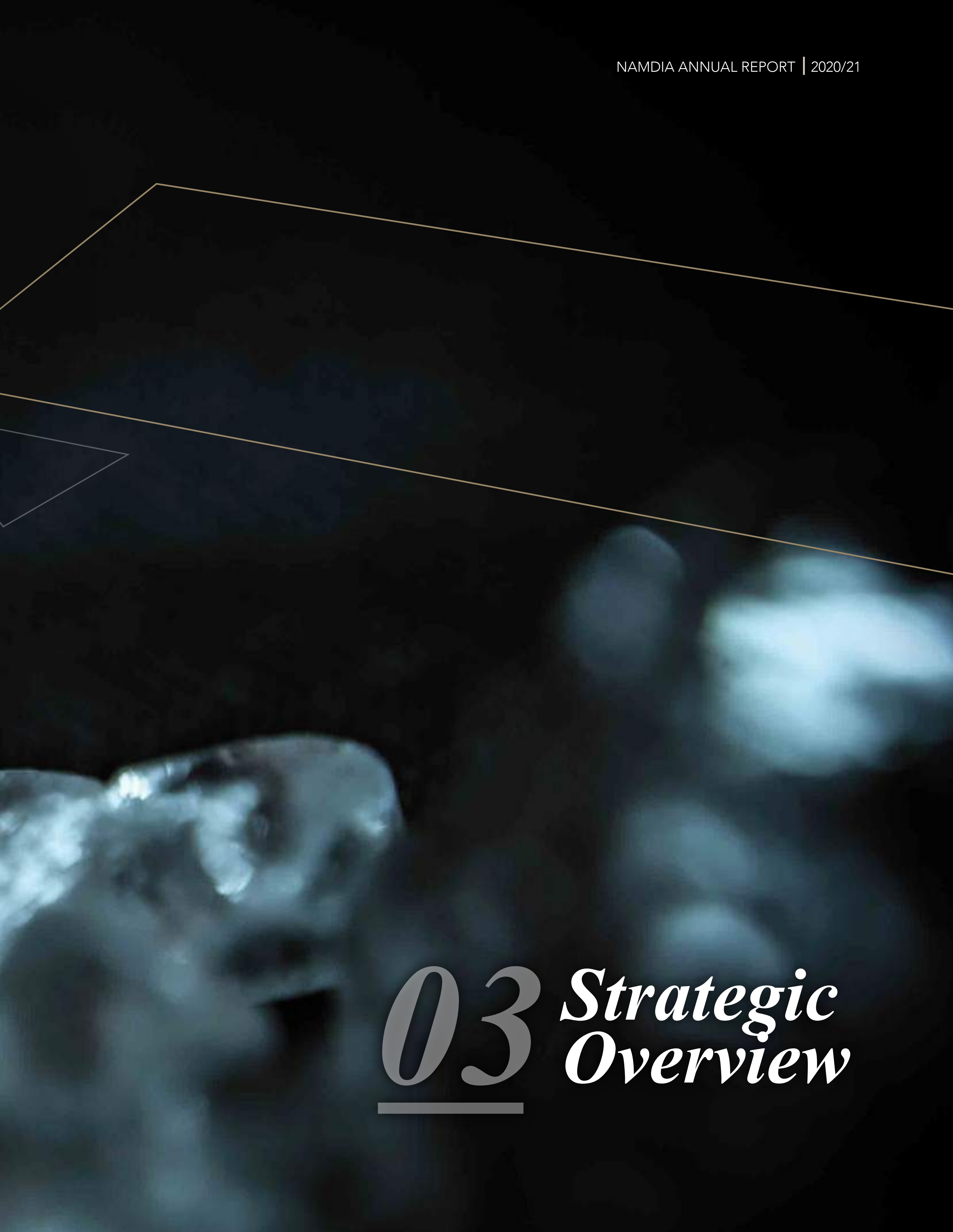
Gratitude

My gratitude goes to the members of our Board for their mentoring and counsel every step of the way during 2020/21. Thank you to the executive committee and staff for their passion and relentless commitment and their determination to persevere and beat the odds despite formidable challenges.

Lastly, thank you to our Shareholder who continues to entrust us with this very precious resource, our clients who trusted us with their goods when traveling to Namibia was not an option.

KENNEDY HAMUTENYA
CHIEF EXECUTIVE OFFICER

“ We must dare to invent the future – everything man is capable of imagining he can create”
Thomas Sankara



03 Strategic Overview

3. Strategic Overview

3.1 OVERVIEW OF NAMDIA

NAMDIA was been established and licensed by the Ministry of Mines and Energy as a rough diamond trader with business operations focused on the purchase and sale of rough diamonds to the international diamond industry. NAMDIA is poised to create a sustainable route - to market 15% of NAMDEB Holdings' total production of rough diamonds, thus further ensuring Namibia's place as a major player in the global diamond value chain. NAMDIA also has the discretion to cut and polish some of its rough diamonds in order to discover the market value of the polished outcome of its diamonds. The establishment of NAMDIA was a decision taken by Government to assert its sovereign rights over diamond mineral resources in this manner.

NAMDIA leverages on the high quality and corresponding premium pricing of its Namibian diamonds to generate economic benefits to government, thereby supporting national development goals and policy in the sector. NAMDIA intends to create a brand that positions Namibian diamonds as a niche product in the luxury brand segment as well as making it a highly sought-after commodity by the world's elite diamantaires and consumers. To that end, NAMDIA's business plan has been crafted to explore future upside opportunities further down the value chain in the international diamond pipeline. The acquisition of NamGem Diamond Manufacturing Company (Pty) Ltd is one such strategic initiative.

3.2 NAMDIA OBJECTIVE

NAMDIA's key strategic objectives are:

- Price discovery and revenue maximisation mechanism for Namibian diamonds;
- Optimisation of sales strategy and delivery mechanism of allotted rough diamonds;
- Positioning and branding of Namibia in the global market and;
- Corporate and social responsibility to contribute to the socio-economic development and growth of Namibia.

3.3 CORPORATE CHARTER

3.3.1 NAMDIA VISION

To be the leading supplier of ethically sourced, natural high-quality diamonds exclusively of Namibian origin to premium and niche luxury markets.

3.3.2 NAMDIA MISSION

Our mission is to discover the best market value for Namibian diamonds (through a price discovery mechanism). In-so-doing we contribute towards the beneficiation of diamonds while striving to fulfil our corporate social responsibilities.

3.3.3 NAMDIA CORE VALUES

Integrity – Acting with honesty and honour, underpinning our long-term relationships with our stakeholders.

Client Focus – To offer our clients a world class experience, making NAMDIA a Namibian diamond supplier and partner of choice.

Accountability – Acknowledging and assuming responsibility for actions, products, decisions, policies and operating with transparency.

Stewardship – Conscious commitment by leaders and employees to lead with NAMDIA values and foster a culture that always serves the interest of the Namibian people and the shareholder.

Innovation – Taking an innovative and proactive approach to positioning the Namibian diamond industry in the global market.

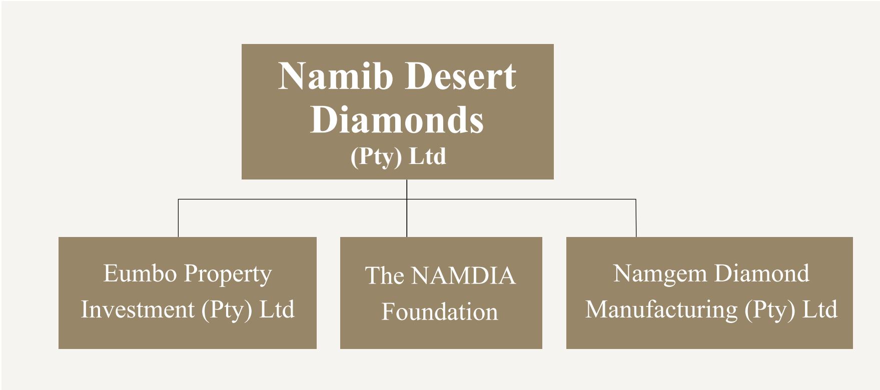
NAMDIA intends to create a brand that positions Namibian diamonds as a niche product in the luxury brand segment as well as making it a highly sought-after commodity by the world's elite diamantaires and consumers.

04 Operations

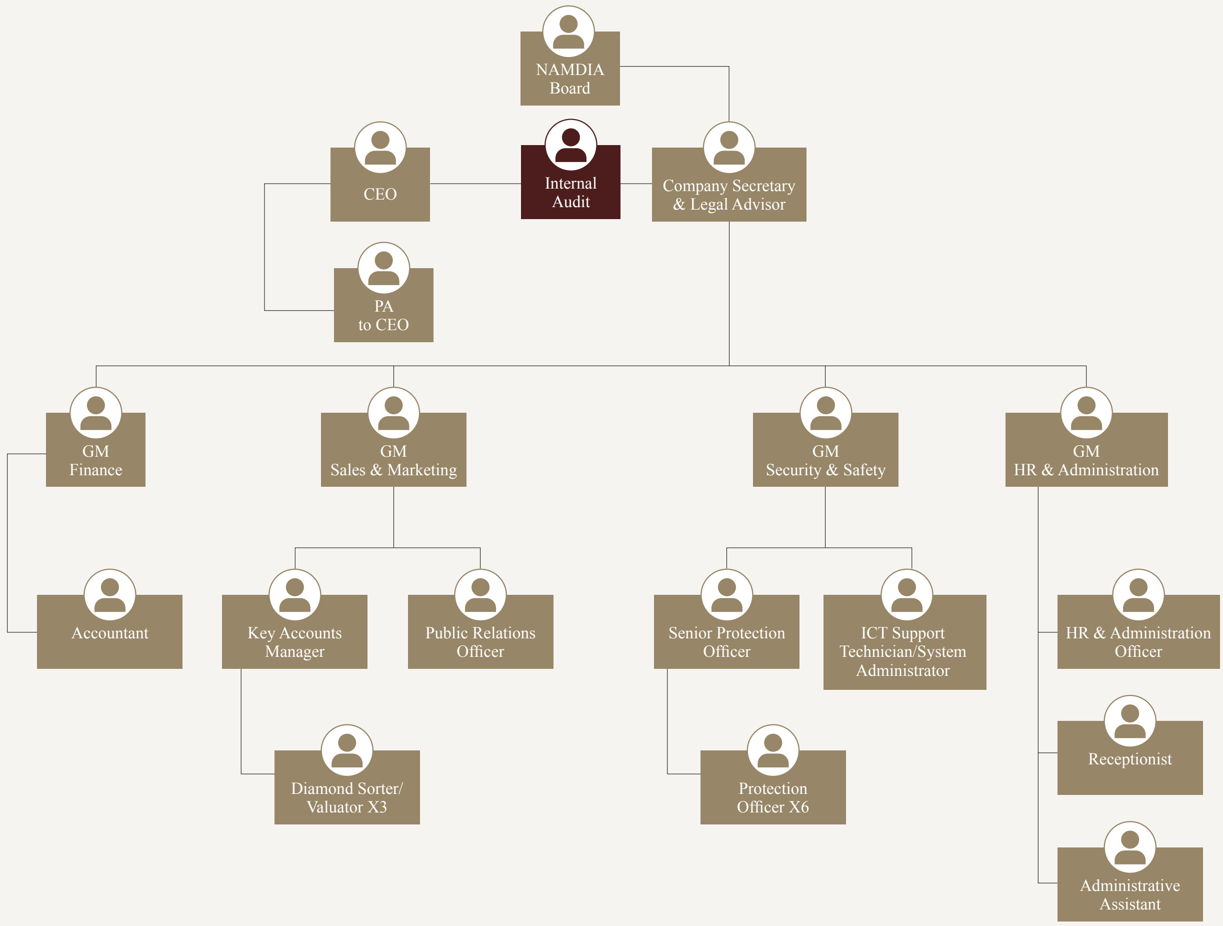
4. OPERATIONS

In terms of the Sales and Marketing Agreement, NAMDIA is to purchase, on behalf of Government, a Purchase Entitlement consisting of 15% per annum, of NAMDEB Holding's total run-of-mine production, from the Namibia Diamond Trading Company (NDTC), on an average 5.2-week cycle basis, 10 times a year. NAMDIA has thus been established as a rough diamond trader with business operations focused on the purchase of rough diamonds and the sale of these diamonds to the international diamond industry. NAMDIA's commercial strategy, is to deliver a market leading value proposition, which will encourage international diamantaires to acquire their rough diamonds from NAMDIA at market determined prices. The sales strategy is primarily direct sales focused with some of the world's reputable manufacturers of rough diamonds.

Organogram



4.1 ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS

Bryan Eiseb
Chairperson

Liina Muatunga
Director

Justus Hausiku
Director

Selma Shimutwikeni
Director

EXECUTIVE MANAGEMENT

Kennedy Hamutenya
CEO

Sven von Blottnitz
GM Finance

Lelly Usiku
GM Sales & Marketing

Clarky McKay
GM Security & Safety

Irwin Haihambo
GM HR &
Administration

Marvel Tjombonde
Company Secretary & Legal Advisor

4.2 CORPORATE GOVERNANCE

VALUE CREATION THROUGH ROBUST GOVERNANCE

The Board remains committed to good governance and standards of best practice. The Board is committed to ensuring an unequivocal tone from the top that requires a commitment by all directors and employees to the values of integrity, transparency and oversight over the company. This is to ensure that the Board of Directors monitors and addresses all governance issues within NAMDIA.

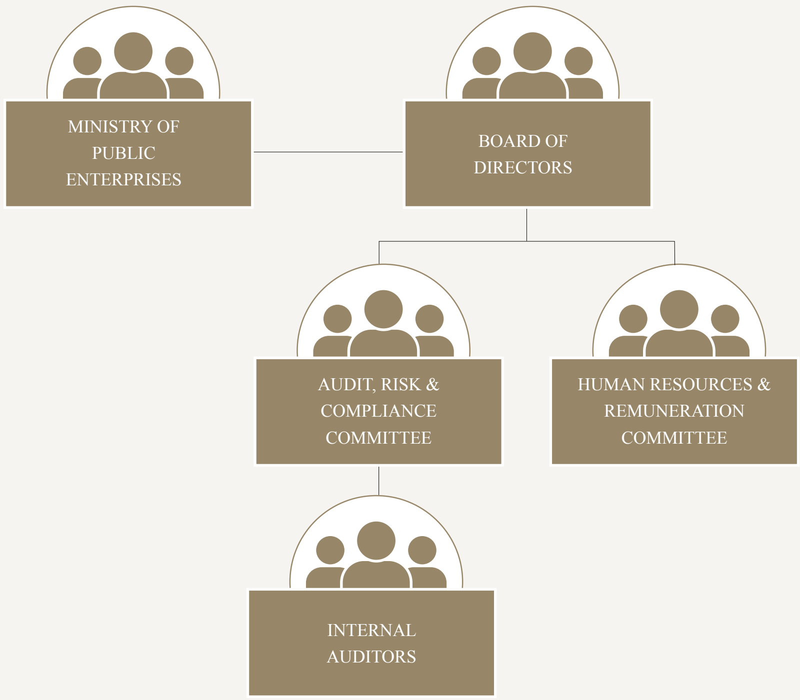
We believe that good governance contributes to living our values through enhanced accountability, robust risk and performance management, transparency and effective leadership. The Board continues to provide oversight using a combined assurance model which considers the role of management, control functions, internal and external audit and Board committees using a simplified governance approach in a complex environment as they strive to create maximum value and optimize shareholder returns.

GOVERNANCE MILESTONES

Corporate governance is the cornerstone of our business and ensures that we work responsibly. Thus, the Board, during its first year of tenure, made remarkable strides in ensuring that NAMDIA's governance environment is solid. This was achieved by:

- Reviewing and aligning the articles of association to the Public Enterprises Governance Act
- Reviewing and aligning of the Board Charter to the Public Enterprises Governance Act and Companies Act
- Reviewing and aligning of the Committee Terms of Reference to the Public Enterprises Governance Act and the Companies Act
- Comprehensive evaluation of the board and its committees
- Developing and implementing the Enterprise Risk Management Framework and Policy
- Developing the risk appetite and risk tolerance levels
- The Board was involved in planning and setting the strategy for the next strategy cycle (March 2022 – March 2026)
- Appointment of internal auditors for NAMDIA on an outsourced basis.

4.2.2 GOVERNANCE STRUCTURE



4.2.1 GOVERNANCE STRUCTURE

Namib Desert Diamonds (Pty) Ltd, (NAMDIA) is a private company that has been registered in 2016 under the Companies Act, 2004 and that is 100% owned by the Government of the Republic of Namibia. NAMDIA was declared as a public enterprise during September 2018 and as a commercial enterprise during January 2020.

4.2.2 OVERVIEW OF BOARD RESPONSIBILITIES

In terms of the Board Charter, the Board's responsibilities can be summarized as follows:

1.1 The Board is accountable and responsible to its shareholder.

1.2 The Board must therefore provide effective leadership based on the ethical values of responsibility, accountability, fairness and transparency.

1.3 The Board is also responsible for ensuring compliance with all relevant laws, regulations and codes.

1.4 The Board becomes the focal point of good corporate governance and must ensure that good corporate governance is practised by NAMDIA.

1.5 The Board directs the company by formulating and reviewing the company's policies, strategies and major plans of action. Review risk and risk policies, approving annual budget and business plans, setting performance objectives, monitoring the implementation of approved strategies and overseeing corporate performance.

1.6 It controls the company by laying down a code of conduct; overseeing the process of disclosure and communications; ensuring that appropriate systems for financial control, for reporting and monitoring risk are in place, evaluating the performance of management and the directors themselves.

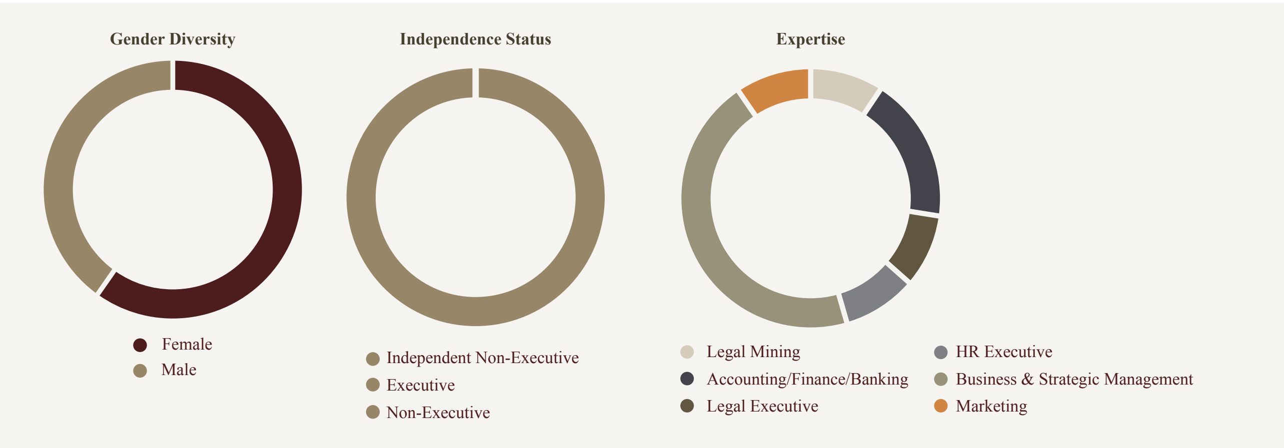
1.7 Is accountable to shareholders for creating, protecting and enhancing the wealth and resources of the company and reporting to them on the company's performance in a timely and transparent manner.

4.2.3 COMPOSITION OF BOARD AND DEMOGRAPHICS

As of 01 March 2020, NAMDIA had a unitary board of five independent previously disadvantaged members who represent a broad spectrum of demographic attributes and characteristics. The diverse perspectives of directors allow for proper strategic oversight as well as robust deliberation during board meetings. The board is satisfied that all directors act independently, free of undue influence, and in the best interest of NAMDIA. The roles of the chairman and chief executive officer are clearly defined in the board charter, demonstrating a clear balance of power and authority at board level to ensure that no one director has unfettered powers of decision-making.

4.2.4 RESIGNATIONS

During the reporting period, Mrs. Jacqualine Pack resigned from the Board and its Committees effective 01 December 2020.



4.2.5 MEETING ATTENDANCE

Directors	Ordinary Board Meetings (5)	Extraordinary Board Meetings (3)	Annual General Meetings (1)	Strategic workshop (1)	Audit, Risk & Compliance Committee Ordinary Meetings (3)	Audit, Risk & Compliance Committee Extraordinary Meetings (1)	Human Resources & Remuneration Committee Ordinary Meetings (2)	Human Resources & Remuneration Committee Extraordinary Meetings (1)
B. Eiseb	5	3	1	1				
J. Hausiku	4	2	1		3	1		
L. Muatunga	5	3		1			2	1
S. Shimutwikeni	5	3	1	1	3	1	2	1
J. Pack	4	2		1	3	1	2	1

4.2.6 REMUNERATION OF BOARD

In terms of article 58 of NAMDIA's Articles of Association the remuneration of the directors shall from time to time be determined by the company in general meetings, and shall be in line with the Public Enterprises Remuneration Directive of 16 April 2018, as may be amended from time to time (or any relevant law or regulation which may be passed from time to time) contained in Government Notice No. 69 (Government Gazette No. 6572 of 16 April 2018).

4.2.7 COMMITTEE COMPOSITION

The Board comprises of the Audit, Risk and Compliance Committee and the Human Resources and Remuneration Committee.

Directors	Audit, Risk and Compliance Committee	Human Resources and Remuneration Committee
J. Hausiku	✓	
L. Muatunga		✓
S. Shimutwikeni	✓	✓
J. Pack	✓	✓

AUDIT, RISK AND COMPLIANCE COMMITTEE

The primary purpose of the Audit, Risk, and Compliance Committee (the "Committee") is to assist the Board of Directors of NAMDIA in fulfilling their oversight responsibility with respect to matters involving the accounting, auditing (internal and external), financial reporting, internal control, risk management, sustainability reporting and regulatory compliance functions of the Company and its subsidiaries, if any, including:

- Overseeing the integrity of the Company's financial statements;
- Overseeing the engagement letter, the qualifications, and independence of the Company's independent registered accounting firm ("independent auditors");
- Overseeing the performance of the Company's Internal Audit function and the independent auditors;
- Overseeing the Company's compliance with legal and regulatory requirements (other than those assigned to other committees of the Board); and
- Overseeing the Company's risk management practices and internal controls to evaluate whether they adequately and effectively address the risks present within the Company's current scope of operations.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The prime objective and mandate of the Committee is to assist the Board of Directors of NAMDIA in discharging their responsibilities with respect to remuneration policies and practices of NAMDIA including all forms of remuneration and awards to management including, but not limited to, remuneration, basic pay, perks and other benefits, bonus and incentive payments, restraint of trade agreements, if applicable, amongst others.

4.3 SALES REPORT

4.3.1 Global Economic Development

The pandemic has caused devastating harm not only to global health systems but also to economies as well. Prices of commodities have dropped and markets closed as the world battles to stop the spread of the pandemic. The closing of international marke-rallied after initial results for the coronavirus vaccine were developed and rolled-out.

Rough Diamonds

All parts of the diamond supply chain were severely impacted by the global lockdown measures introduced in response to the COVID-19 pandemic in the first half of 2020. Rough diamond sales have also been materially affected by lockdowns and travel restrictions, delaying the shipping of rough diamonds into cutting and trading centers and preventing buyers from attending sales events. Because of the heterogeneous nature of the product and the myriad of offerings available, it is imperative that diamantaires physically view the product they are purchasing, especially in the high value categories that typify the NAMDIA assortments. Subsequently, the volume of transactions has been minimal due to the travel restrictions and ultimately a lack of downstream demand as closed jewellers have no need to replenish inventory.

In response, the diamond mining companies reduced production and offered significantly increased flexibility to customers. Due to the crisis, major mining companies adopted a price-over-volume strategy and took initiatives to support the midstream segment of the value chain. They reduced rough diamond production and allowed customers to defer purchases. In Namibia, rough diamond production decreased by 15 percent to 1.4 million carats, mainly due to the suspension of marine mining during part of the third quarter of 2020 in response to lower demand. Debmarine Namibia, the company that produces the disproportionate value of Namdeb Holdings' production, also took advantage of the downturn to in-port their vessels to dry dock facilities in Cape Town for what is usually a phased service. Production at the land operations decreased by some 21 percent, largely as a result of the Covid-19-related shutdown.

The gradual easing of restrictions across the globe led to improved trading conditions and an increase in demand throughout the supply chain in the second half of the year. Consumer demand for diamond jewellery improved in key markets, particularly in China, which continued its strong recovery, while demand in the US has also been encouraging. The recovery in consumer demand supported polished diamonds price growth in the second half and a rebuild in inventory levels in advance of the year-end holiday season.

China has seen strong diamond jewellery sales post-lockdown. Despite the after-effects of the COVID-19 pandemic, China saw improvements in its jewellery market as 2020 drew to a close due to an unusual surge in bridal jewellery. This was a welcome outcome for the diamond industry, as China is both a major trade centre and a significant consumer buying force in the sector. By the end of the year, demand for rough diamonds was strong and stable, driven by a balanced sales policy of major diamond producers seeking to meet real demand, along with a seasonal uptick in demand and robust performance across all segments of the diamond market.

Polished Diamonds

The imports of rough diamonds to key cutting and polishing countries dropped by 26 percent in 2020, impacting the sales of polished diamonds. In India, net rough diamond imports decreased by 23 percent, yet the country retained about 95 percent market share of global polished diamond manufacturing. India's decrease in trading and manufacturing was a consequence of strict lockdowns, import moratoriums, restrictions at production sites and customs processing delays. Smaller factories suffered the most, with limited access to trading centres and higher costs to implement pandemic-related health requirements.

Despite disruptions, the midstream finished the year in good shape. Demand for polished diamonds increased in the second half of 2020, leading to a polished diamonds price recovery and only a 3 percent decrease year on year. Inventory levels decreased by 22 percent,
which is healthy for the segment. Profitability moved

from near breakeven in prior years to 3 - 5 percent margins. Cutters and polishers of high-quality diamonds benefited the most as demand for such diamonds was strong in the second half of 2020.

4.3.2 NAMDIA SALES PERFORMANCE

During the period under review, NAMDIA conducted six sales and declined three sales entitlements due to the COVID-19 pandemic, subsequently NAMDIA's purchase volume declined by 42.7 percent to 144 967 carats during the period in comparison to the previous year. NAMDIA opted not to participate in three sights at NDTC until such time that the market had recovered. This was during the period May-July 2020. Rough diamond sales were adversely affected by lockdowns and travel restrictions, delaying the shipping of rough diamonds into cutting and trading centres and preventing buyers from attending sales events. This resulted in reduced rough diamond demand which led to declines in sales volume and softening of prices.

Consequently, the sales revenue decreased by 46.5 percent to US$71.7 million in comparison to 2020. The buying average carat price was US$488.68 compared to the selling average carat price of US$494.36 which translates to an average of 1.2 percent margins above the 100 percent Standard Selling Value (SSV), compared to 2.4 percent margin the previous year.

The March 2020 sale coincided with the outbreak of COVID-19, and was the most difficult one for NAMDIA. Despite the challenges of COVID-19 and travel restrictions imposed, NAMDIA sold to a total number of 13 clients, who have bought blindly since the outbreak in March 2020, this is with the exception of two local manufacturers that were exempted and allowed to purchase at that critical juncture, which is a demonstration of excellent relations and NAMDIA's client centric approach.

The NAMDIA purchase entitlement profile remained the same. The entitlement profile was on average 73 percent and 25.6 percent consisting of stones weighing below 2 carats and above 2 carats, respectively. The specials and fancy stones represent on average, 1.4 percent of the entire NAMDIA entitlement. More than 30 percent of the entitlement is made up of the melee size category. The entitlement profile informs the NAMDIA assortment and consequently the clients' parcels which are mostly run-of-mine. The average stone size recorded was 0.70 carat on the entire shipment of the NAMDEB production over the period under review.

4.3.3 NAMDIA CLIENTS

During the period under review, NAMDIA embarked upon the client selection process and invitations were sent out in November of 2020. This process is ongoing and should be finalised November 2021. The travel restrictions have slowed down the on-site additional due diligence exercise. The choice and type of clients is crucial in the achievement of NAMDIA's strategic objective and to this end NAMDIA will continue to build and maintain client relationships which are fundamental to market information gathering and client commitment to the company and brand.

4.4 HUMAN RESOURCES

The COVID-19 pandemic has impacted all of us and calls for rapid and well-considered actions, particularly in the area of Human Resources (HR). It is already evident that the pandemic will have extensive impacts on the working world and has accelerated the adoption of new work methods. The health and safety of our employees is our highest priority. At the same time, in spite of that, business continuity is an imperative. Fostering a sustainable performance culture and a harmonious working environment is essential to remaining competitive in an ever-changing world of work. The HR function plays a critical role in defining, fostering key organisational factors, enabling, ensuring sustainable value creation and thus underpinning the working environment and our corporate social responsibility.

Our employees are the key to the success of NAMDIA. Strengthening a positive employee experience and thus achieving a high degree of engagement also means continuously developing, capacitating and empowering employees and managers. A high level of enthusiasm, energy and motivation are essential in achieving greater job performance, creativity, productivity, innovation and ultimately employee engagement.

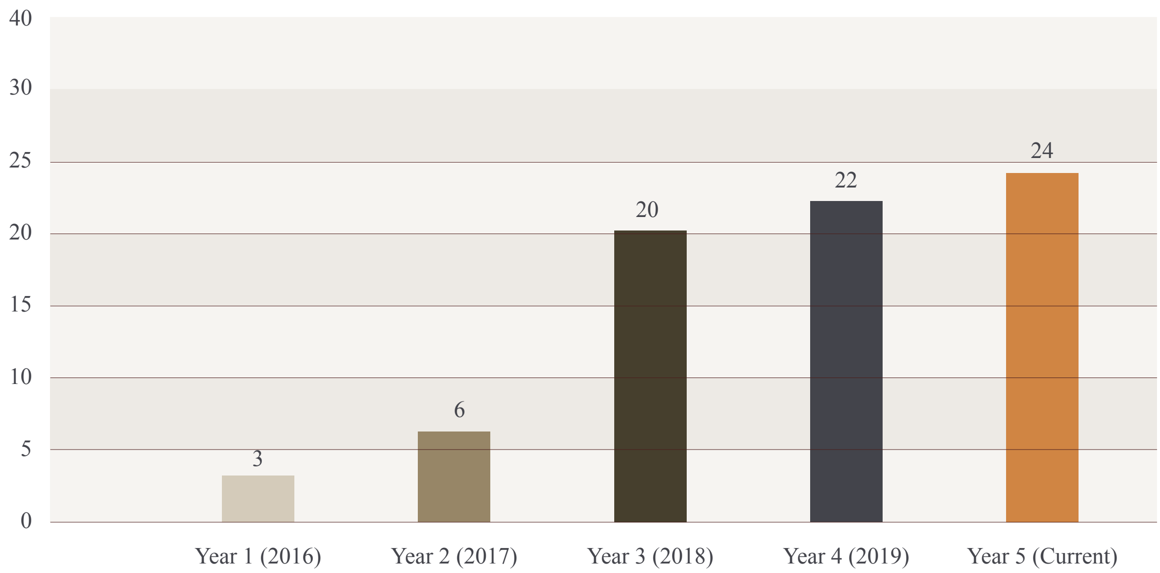
4.4.1 Workforce Profile

NAMDIA consists of five departments:

- Office of the CEO
- Security and Safety
- Finance
- Sales and Marketing
- Human Resources and Administration

The entire staff complement consists of twenty-six (26) positions, of which currently twenty-four (24) are filled. The two vacancies are frozen at the moment pending an organisational review exercise.

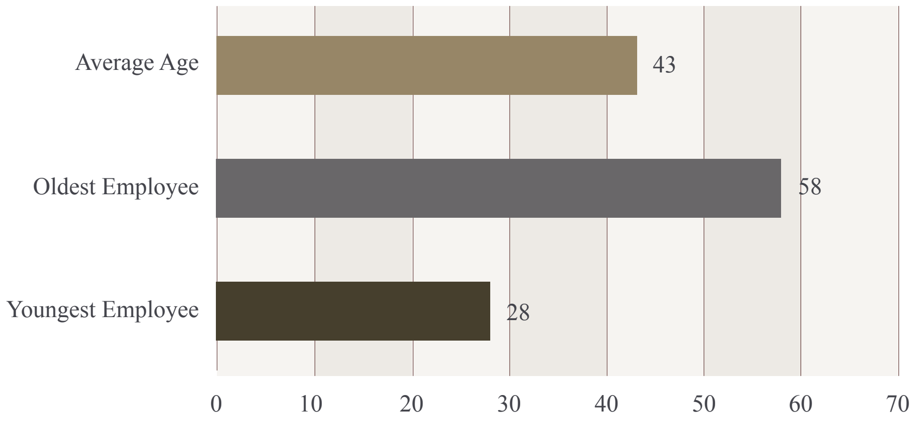
1.1.1 Workforce over the years



1.1.2 Male vs Female ratio

1.1.3 Male vs Female in Executive Management

1.1.4 Age profile of workforce



4.4.2 Employee Wellness

With the outbreak of the global pandemic our efforts focused on ensuring a healthy and safe workplace for all our employees according to the international directives provided by the World Health Organisation, which were characterised by strict adherence to Government protocols on the prevention and spread of the respiratory disease. We at NAMDIA were fortunate enough not to experience a single positive test or fatality during the reporting period. We recognise all our employees' wellbeing as highly important, deserving both protection and promotion by the institution. Despite the outbreak, 2020 allowed us to pause, reflect and consider our Human Resources practices, policies and procedures. We have certainly emerged stronger and more resilient. The digitisation of the HR processes to enhance both employee and managements experience is a vital component in the development of our function and is indicative of the efforts we have made to adapt and learn to live with the pandemic.

4.5 FINANCIAL MANAGEMENT

4.5.1 Properties

NAMDIA manages its properties through the subsidiary company Eumbo Property Investment (Pty) Ltd. Subsequent to the acquisition of the adjacent erf in Dr. Kwame Nkrumah Avenue in January 2019, plans for the development were prepared for the next financial year in terms of the objectives of the strategic plan.

The commencement of the development has been put on hold during the pandemic's sustained uncertainty.

4.5.2 Reserves

In March 2020, when the outbreak affected NAMDIA, the business and financial plan was remodelled to include worst, medium and best-case scenarios. NAMDIA had sufficient cash reserves to cover 33 months of operating expenses at that time. Throughout the financial year, cash reserves were utilised to cover operating costs until sales recovered again in September of that year. At the end of the financial year, NAMDIA found itself in a more favourable position, with cash reserves now covering 48 months.

4.5.3 Banking Facility

NAMDIA purchases its 15 percent entitlement from NDTC using a revolving overdraft facility which settles upon the sale of the goods. The USD banking facility with RMB Namibia was renewed in February 2021 at USD 20 million and is secured by collateral of a 12-month Fixed Deposit placed with RMB for N$ 145 million. The facility incurs interest at a credit margin above LIBOR.

4.5.4 VAT Refunds

A key strategic finance aspect for NAMDIA's cash flows remains obtaining the VAT refunds in a timely manner to finance the operating expenses. The diamonds are purchased from NDTC inclusive of VAT and sold as export, which is zero-rated of VAT.

It is of vital importance that VAT returns are submitted early for prompt auditing by the officials of the Large Taxpayers Office of the Receiver of Revenue. VAT refunds were paid out with sufficient promptness which allowed NAMDIA to pay taxes and dividends.

4.6 PROCUREMENT

NAMDIA has set up the structures required in terms of the Public Procurement Act, 2015 and is carrying out its procurement activities in line with the requirements of the Act and Regulations.

Procurement, however, remains a challenge and efforts are being undertaken to further strengthen the Procurement Management Unit as a vital support function to the business.

4.7 PUBLIC RELATIONS

The vacant position of a Public Relations Officer was filled in January 2020, which optimised our CSI efforts and brand optimisation strategy for the company.

Due to the outbreak of the COVID-19 pandemic, most planned interactive activities where temporarily put on hold, but did not bring all our efforts to a complete halt.

COVID-19 Response Plan

Namibia, together with the rest of the world, continues to be adversely affected by the outbreak of COVID-19. In a bid to relieve the Government and the nation of this burden, The NAMDIA Foundation donated a total of N$2 million to various organisations and projects in the fight against the pandemic, part of which was allocated as follows:

- N$1 000 000 to the Government's National Disaster Fund.
- N$200 000 to the State-Owned Enterprise CEO's Forum.
- N$150 000 to the City of Windhoek to supply water to informal settlements.
- 500 sanitizer bottles to the Robert Mugabe Clinic
- Food parcels (23,000kg) worth N$300 000 distributed to vulnerable communities by NAMDIA staff, partners and volunteers.
- N$50 000 to Round Table Namibia to assist them with the fire ravaged Twaloloka Settlement Recovery Initiative in Walvisbay.

Additionally, we also donated to the following organisations;

- N$200 000 to Walvisbay Round Table 36 towards their "Feed A Family" project.
- N$50 000 to the One Economy Foundation towards their charity initiatives.

Corporate Social Initiatives and Projects

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We are committed to uplifting and adding value to our communities through our Corporate Social Responsibility initiatives.

1 Diamond Talk Panel Discussion.
2 Team NAMDIA at the Windhoek City Runners Ya Toivo Marathon.
3 NAMDIA Staff and volunteers packaging food parcels for food distribution
4 Strategic Session Workshop.
5 One Economy Foundation Fundraising Event.
6 Team NAMDIA at the Windhoek City Runners Ya Toivo Marathon.
7 Food distribution in 7nde and 8ste Laan.
8 NAMDIA CEO addressing food parcels recipients.
9 NAMDIA Staff and volunteers packaging food parcels for food distribution
10 Donation to Round table WalvisBay for Twaloloka Informal Setllement.
11 One year Anniversary of the NAMDIA Foundation with Hon. Leon Jooste.
12 The NAMDIA Foundation Logo Design competition winner.

05 Annual Financials Statements

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General Information

Country of Incorporation and Domicile	Namibia
Registration Number	2016/0338
Registration Date	18 April 2016
Nature of Business and Principal Activities	To market and sell diamonds on behalf of the Government of the Republic of Namibia.
Directors	B.K.G. Eiseb (Chairperson) J.H. Hausiku N.S. Shimutwikeni L.M. Muatunga
Shareholder	Government of the Republic of Namibia
Registered Office	Erf 336 Cnr of Dr Kwame Nkrumah Avenue & Dr Sam Nujoma Drive Klein Windhoek Windhoek Namibia
Postal Address	Private Bag 91600 Klein Windhoek Windhoek Namibia
Bankers	First National Bank of Namibia Limited Standard Bank of Namibia Limited Bank Windhoek Limited
Tax Number	07253608-11
Value Added Tax Number	07253608-15
PAYE Registration number	07253608-14
Auditor	Ernst & Young Chartered Accountants (Namibia) Registered Accountants & Auditors Namibia
Company Secretary	M.N.K Tjombonde
Compiler	Don Consulting Services CC

Report of the Compiler

To the Directors of Namib Desert Diamonds (Proprietary) Limited
We have compiled the accompanying consolidated and separate annual financial statements of Namib Desert Diamonds (Proprietary) Limited based on information you have provided. These annual financial statements comprise the consolidated and separate statements of financial position as at 28 February 2021, the consolidated and separate statements of profit or loss and other comprehensive income and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibian Companies Act 28 of 2004, as amended 2007. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated and separate annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated and separate annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards.

Don Consulting Services CC 15 October 2021

Per: Faizel V. Uaendere [BAP(SA) 1291]
Managing Member
Business Accountant in Practice (SA)

Directors' Responsibilities and Approval

The directors are required by the Namibian Companies Act 28 of 2004, as amended 2007 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the consolidated and separate statement of financial position, results of operations and business of the Group and Company, and explain the transactions and financial position of the business of the Group and Company at the end of the financial year. The consolidated and separate annual financial statements are based
upon appropriate accounting policies consistently applied throughout the Group and Company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are
required to maintain the highest ethical standards in ensuring the Group's and Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the consolidated and separate cash flow forecast for the year to 28 February 2022 and, in light of this review and the current financial position, they are satisfied that the Group and Company has or had adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's and company's external auditor and their report is presented on pages 48 to 49.

B.K.G. Eiseb
Chairperson
Friday, 15 October 2021

J.H. Hausiku

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF NAMIB DESERT DIAMONDS (PROPRIETARY) LIMITED

Opinion

We have audited the consolidated and separate annual financial statements of Namib Desert Diamonds (Proprietary) Limited and its subsidiaries ('the Group') set out on pages 50 to 109, which comprise the directors' report, the consolidated and separate statement of financial position as at 28 February 2021, the consolidated and separate statement of profit or loss and other comprehensive income, 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 consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards 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 annual financial statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Index on page 44, General Information on page 45, Report of the Compiler page 46, the directors' responsibilities and approval on page 47, the detailed income statement on pages 110 to 111, the value added statement on page 112, the three year financial summary on page 113, the ratio analysis on page 114, and the income tax computation on pages 115 to 116 in the consolidated and separate annual financial statements, which was obtained prior to the date of this report and the information included in the document titled "Namdia Annual Report 2020/2021", which is expected to be made available to us after this date. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon. Our opinion on the consolidated and separate annual 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 annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the Group's and 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 to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF NAMIB DESERT DIAMONDS (PROPRIETARY) LIMITED

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual 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 annual 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 or 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 annual 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 annual financial statements, including the disclosures, and whether the consolidated and separate annual 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 and separate annual 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.

Ernst & Young

Ernst & Young
Partner – Danica van Wyk
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Windhoek

19 October 2021

Directors' Report

The directors present their report for the year ended 28 February 2021.

1. Incorporation

The company incorporated on 18 April 2016 and obtained its certificate to commence business on the same day.

The company is domiciled in Namibia where it is incorporated as a private company limited by shares under the Companies Act 28 of 2004, as amended 2007. The address of the registered office is set out on page 2.

2. Nature of Business

Namib Desert Diamonds (Proprietary) Limited was incorporated in Namibia with interest in the diamond sales sector. The company operates in Namibia.

The principal activities of the company is to market and sell diamonds on behalf of the Government of the Republic of Namibia and there were no major changes herein during the year.

There have been no material changes to the nature of the Group's and Company's business from the prior year.

3. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 28 of 2004, as amended 2007. The accounting policies have been applied consistently compared to the prior year, except for the adoption of the new accounting policies.

For additional detail, please expand this grouping.
The Group generated a profit after tax for the year ended 28 February 2021 of N$13,342,028 (2020: N$95,249,096).

The Group revenue decreased from N$1,959,148,635 in the prior year to N$1,135,475,904 for the year ended 28 February 2021.

Group cash flows from operating activities changed from an inflow of N$113,178,554 in the prior year to an inflow of N$38,128,376 for the year ended 28 February 2021.

4. Authorised and issued share capital

	Group 2021	Group 2020
Authorised	Number of shares	
Ordinary shares	4,000	4,000

Authorised	Group 2021 N$	Group 2020 N$	Group 2021 Number of shares	Group 2020
Ordinary shares	1,000	1,000	1,000	1,000
Share premium	49,999,000	49,999,000	49,999,000	49,999,000
	50,000,000	50,000,000	50,000,000	50,000,000

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

5. Dividend

The Group's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

The board of directors recommend the approval of a final dividend of N$0 (2020: N$80,000,000).

6. Directors

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

Name	Date of appointment	Date of resignation
B.K.G. Eiseb (Chairperson)	12 December 2019	
J.H. Hausiku	12 December 2019	
N.S. Shimutwikeni	12 December 2019	
L.M. Muatunga	17 June 2019	
J.V. Pack	12 December 2019	02 December 2020

7. Directors' interest in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

8. Shareholder

There have been no changes in ownership during the current financial year.
The shareholder and its interest at the end of the year is:

	Holding
Government of the Republic of Namibia	100.00%

9. Ultimate holding company

The directors consider the company's immediate and ultimate holding company to be the Government of the Republic of Namibia.

10. Events after reporting date

The company evaluated its consolidated and separate annual financial statements for any subsequent events which might have an impact on the Group and Company. At reporting date, no events came to our attention. The Group and Company assessed all of its assets and did not identify any impairment on any assets as result.

The Group has entered into long-term lease agreement in with MSuresh, were the occupation commenced in July 2021 for the property held by Title Deed No. T5434/1998: Erf No. 2399, Industry Street, Division ''C'', Okahandja (Extension No. 11), Otjozondjupa Region, measuring 2,3857 Ha. The property is held by NamGem Diamond Manufacturing Company (Pty) Ltd. This will result in a reclassification for this property from being owner-occupied to investment property in subsequent financial periods.

Directors' Report

11. Going concern

The consolidated and separate annual financial statements were prepared on a going concern basis. The directors and management have assessed the potential impact of Covid-19 on the Group's and Company's ability to continue as a going concern. The Group and Company is able to sell diamonds despite travel restrictions for international travel and has adequate cash resources to continue to pay its liabilities as they become due for at least 12 months after the reporting period and believes that it will be able to pay its liabilities for a longer period up until 24 months after the reporting period. In addition to this the Group and Company has a very strong balance sheet with minimal debt compared to the Group's and Company's total and current assets. The Group's and Company's expenses are also expected to remain steady. The directors are also not aware of any other material change that may adversely impact the Group and Company or the going concern assumption. The directors are also not aware of any material non-compliance with statutory or regulatory requirement or of any pending changes to legislation which may affect the Group and Company.

12. Secretary

The Group's and Company's designated secretary is M.N.K Tjombonde.

Postal address	**Business address**
Private Bag 91600	Erf 336 Cnr of Dr Kwame Nkrumah Avenue & Dr Sam Nujoma Drive
Klein Windhoek	Klein Windhoek
Windhoek	Windhoek
Namibia	Namibia

13. Statement of disclosure to the Group's and Company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

14. Compiler

Don Consulting Services, represented by F.V Uaendere [BAP(SA)] was the compiler for the year under review.

Postal address	**Business address**
PO Box 26546	No. 41 c/o Johann Albrecht & Sturrock Street
Windhoek	Windhoek North,
Namibia	Windhoek
	Namibia

15. Independent Auditors

EY Namibia will continue as auditors in accordance with Section 278(2) of the Namibian Companies Act, No. 28 of 2004.

Statements of Financial Position

Figures in N$	Notes	Group 2021	Group 2020	Company 2021	Company 2020
Assets					
Non-current assets					
Property, plant and equipment	4	79,143,766	71,393,609	32,035,727	38,502,303
Investment in subsidiaries	6	-	-	36,807,876	13,806,851
Other financial assets	7	-	5,587,880	-	5,587,880
Loans to subsidiaries	8	-	-	28,936,415	21,100,807
Deferred tax assets	9	1,180,844	899,804	1,996,744	1,785,558
Total non-current assets		**80,324,610**	**77,881,293**	**99,776,762**	**80,783,399**
Current assets					
Trade and other receivables	10	48,853,833	40,767,356	48,771,542	40,765,456
Current tax assets	13	41,212	41,212	-	-
Other investments	11	-	19,219,796	-	19,219,796
Cash and cash equivalents	12	292,228,538	272,699,492	288,468,236	267,481,643
Total current assets		**341,123,583**	**332,727,856**	**337,239,778**	**327,466,895**
Total assets		**421,448,193**	**410,609,149**	**437,016,540**	**408,250,294**
Equity and liabilities					
Equity					
Issued capital	14	1,000	1,000	1,000	1,000
Share premium	14	49,999,000	49,999,000	49,999,000	49,999,000
Retained income		345,834,660	328,582,956	356,014,766	323,395,299
Total equity		**395,834,660**	**378,582,956**	**406,014,766**	**373,395,299**
Liabilities					
Non-current liabilities					
Deferred tax liabilities	9	3,293,090	3,928,778	3,181,345	4,032,740
Right of use liability	15	-	-	2,296,950	2,549,690
Financial liabilities	16	2,663,100	7,954,741	2,663,100	7,954,741
Total non-current liabilities		**5,956,190**	**11,883,519**	**8,141,395**	**14,537,171**
Current liabilities					
Provisions	17	4,080,310	2,831,809	3,690,138	2,831,809
Trade and other payables	18	914,459	650,737	254,928	607,596
Current tax liabilities	13	9,466,157	11,457,804	9,466,157	11,457,804
Intercompany payables	19	-	-	4,000,000	-
Right of use liability	15	-	-	252,739	218,291
Financial liabilities	16	5,160,000	5,160,000	5,160,000	5,160,000
Bank overdraft	12	36,417	42,324	36,417	42,324
Total current liabilities		**19,657,343**	**20,142,674**	**22,860,379**	**20,317,824**
Total liabilities		**25,613,533**	**32,026,193**	**31,001,774**	**34,854,995**
Total equity and liabilities		**421,448,193**	**410,609,149**	**437,016,540**	**408,250,294**

Statements of Profit or Loss and Other Comprehensive Income

Figures in N$	Notes	Group 2021	Group 2020	Company 2021	Company 2020
Revenue	22	1,135,475,904	1,959,148,635	1,135,371,564	1,959,148,635
Cost of sales	23	(1,020,078,458)	(1,749,999,908)	(1,020,078,458)	(1,749,999,908)
Gross profit		**115,397,446**	**209,148,727**	**115,293,106**	**209,148,727**
Other income	24	3,950,745	2,300	3,950,745	2,300
Impairment losses	25	(30,885,522)	-	(11,794,172)	-
Administrative expenses	26	(4,622,142)	(3,981,320)	(4,295,509)	(3,909,850)
Other expenses	27	(46,238,723)	(61,767,457)	(45,894,921)	(67,249,592)
Other gains and (losses)	28	(6,662,321)	(3,297,320)	(6,661,933)	(3,297,320)
Profit from operating activities	**29**	**30,939,483**	**140,104,930**	**50,597,316**	**134,694,265**
Finance income	30	16,107,053	15,667,440	15,972,067	15,584,188
Finance costs	31	(4,262,855)	(5,578,057)	(4,654,116)	(6,000,803)
Profit before tax		**42,783,681**	**150,194,313**	**61,915,267**	**144,277,650**
Income tax expense	32	(29,441,653)	(54,945,217)	(29,295,800)	(54,789,842)
Profit for the year		**13,342,028**	**95,249,096**	**32,619,467**	**89,487,808**
Profit for the year attributable to:					
Owners of Parent		14,526,613	95,249,096	32,619,467	89,487,808
Non-controlling interest		(1,184,585)	-	-	-
		13,342,028	**95,249,096**	**32,619,467**	**89,487,808**

Statements of Changes in Equity - Company

Figures in N$	Issued capital	Share premium	Retained income	Total
Balance at 1 March 2019	1,000	49,999,000	313,907,491	363,907,491
Changes in equity				
Profit for the year	-	-	89,487,808	89,487,808
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	89,487,808	89,487,808
Dividend recognised as distributions to shareholder	-	-	(80,000,000)	(80,000,000)
Balance at 29 February 2020	**1,000**	**49,999,000**	**323,395,299**	**373,395,299**
Balance at 1 March 2020	**1,000**	**49,999,000**	**323,395,299**	**373,395,299**
Changes in equity				
Profit for the year	-	-	32,619,467	32,619,467
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	32,619,467	32,619,467
Balance at 28 February 2021	**1,000**	**49,999,000**	**356,014,766**	**406,014,766**
Note	14	14		

Statements of Changes in Equity - Group and Company

Figures in N$	Issued capital	Share premium	Retained income	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 March 2019	1,000	49,999,000	313,333,860	363,333,860	-	363,333,860
Changes in equity						
Profit for the year	-	-	95,249,096	95,249,096	-	95,249,096
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	95,249,096	95,249,096	-	95,249,096
Dividend recognised as distributions to shareholder	-	-	**(80,000,000)**	(80,000,000)	-	(80,000,000)
Balance at 29 February 2020	**1,000**	**49,999,000**	**328,582,956**	**378,582,956**	**-**	**378,582,956**
Balance at 1 March 2020	**1,000**	**49,999,000**	**328,582,956**	**378,582,956**	**-**	**378,582,956**
			32,619,467			
Changes in equity						
Profit for the year	-	-	14,526,613	14,526,613	(1,184,585)	13,342,028
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	14,526,613	14,526,613	(1,184,585)	13,342,028
Non-controlling interest at acquisition	-	-	-	-	3,909,676	3,909,676
Transfers from non-controlling interest - subsidiary	-	-	2,725,091	2,725,091	(2,725,091)	-
Balance at 28 February 2021	**1,000**	**49,999,000**	**345,834,660**	**395,834,660**	**-**	**395,834,660**
Note	14	14				

Statements of Cash Flows

Figures in N$	Notes	Group 2021	Group 2020	Company 2021	Company 2020
Net cash flows from operations	37	**58,634,206**	**165,950,158**	**75,934,330**	**160,823,917**
Finance costs	31.1	(4,262,855)	(5,578,057)	(4,654,116)	(6,000,803)
Interest income	30.1	16,107,053	15,667,440	15,972,067	15,584,188
Income taxes paid	39	(32,350,028)	(62,860,987)	(32,350,028)	(62,819,775)
Net cash flows from operating activities		**38,128,376**	**113,178,554**	**54,902,253**	**107,587,527**
Cash flows used in investing activities					
Investment in subsidiaries	34.6	-	-	(15,575,401)	-
Purchase of property, plant and equipment	40	(821,660)	(765,963)	(821,660)	(765,963)
Purchase of other investment	11	-	(5,450,756)	-	(5,450,756)
Loan extended	7	-	(5,587,880)	-	(5,587,880)
Loan advanced to subsidiary	40.3	-	-	(2,247,728)	561,717
Cash flows used in investing activities		**(821,660)**	**(11,804,599)**	**(18,644,789)**	**(11,242,882)**
Cash flows used in financing activities					
Proceeds from issuing other equity instruments		(2,725,091)	-	-	-
Repayment of financial liabilities through profit or (loss)	40.4	(5,291,641)	(5,241,567)	(5,291,641)	(5,241,567)
Right of use liability principle portion	40.4	-	-	(218,292)	(188,539)
Dividend paid	38	-	(80,000,000)	-	(80,000,000)
Cash flows used in financing activities		**(8,016,732)**	**(85,241,567)**	**(5,509,933)**	**(85,430,106)**
Net increase in cash and cash equivalents before effect of exchange rate changes		**29,289,984**	**16,132,388**	**30,747,531**	**10,914,539**
Effect of exchange rate changes on cashand cash equivalents	28	(9,755,031)	(11,197,050)	(9,755,031)	(11,197,050)
Net increase / (decrease) in cash and cash equivalents		**19,534,953**	**4,935,338**	**20,992,500**	**(282,511)**
Cash and cash equivalents at beginningof the year		272,657,168	267,721,830	267,439,319	267,721,830
Cash and cash equivalents at end of the year	12	**292,192,121**	**272,657,168**	**288,431,819**	**267,439,319**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation and summary of significant accounting policies
The consolidated and separate annual financial statements of Namib Desert Diamonds (Proprietary) Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Namibian Companies Act 28 of 2004, as amended 2007. The consolidated and separate annual financial statements have been prepared under the historical cost convention.

The preparation of consolidated and separate annual financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's and company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Consolidation

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Accounting Policies

1. Significant accounting policies continued...

1.2 Consolidation continued...

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.3 Foreign currency translation

Functional and presentation currencies

The consolidated and separate annual financial statements have been presented in Namibian Dollar. The functional/trading currency of the company is the US Dollar. The company trades in US Dollars by acquiring diamonds in US Dollars from its suppliers and by selling diamonds in US Dollars to its customers. The presentation currency has been selected because of its shareholder.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘finance income or costs’. All other foreign exchange gains and losses are presented in profit or loss within ‘other (losses)/gains – net’.

Group companies

The results and financial position of all the group’s entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each statements of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the exchange rates at the dates of the transactions, in which case income and expense items are translated at the exchange rates at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

1.4 Property, plant and equipment

Definition

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

Recognition

Property, plant and equipment is recognised as an asset when:

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

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

Accounting Policies

1. Significant accounting policies continued...

1.4 Property, plant and equipment continued...

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent measurement - Cost model
After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property, plant and equipment are expensed as incurred.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation
Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Useful life / depreciation rate	Depreciation method
Land	Indefinite	None
Buildings	20 year	Straight line
Machinery	10 years	Straight line
Motor vehicles	3 years	Straight line
Fixtures and fittings	5 years	Straight line
Office equipment	2-3 years	Straight line
Computer equipment	2-5 years	Straight line
Other equipment	2-20 years	Straight line
Security equipment	5-10 years	Straight line

Accounting Policies

1. Significant accounting policies continued...

1.4 Property, plant and equipment continued...

Impairments
The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

Derecognition
The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. 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. Gains are classified as other gains on the face of the statements of profit or loss and other comprehensive income.

1.5 Intangible assets

Definition
An intangible asset is an identifiable non-monetary asset without physical substance. The asset is determined to be identifiable if it either is separable, or arises from contractual or other legal rights.

Recognition
An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

Initial measurement
Intangible assets are initially measured at cost.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Acquisitions as part of a business combination are initially measured at fair value at acquisition date.

Internally generated goodwill is not recognised as an asset.

Accounting Policies

1. Significant accounting policies continued...

1.5 Intangible assets continued...

The cost of assets acquired through an exchange of assets is measured at fair value at acquisition date unless the exchange lacks commercial substance, or the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired asset is immediately measured in this way even if the asset given up cannot immediately be derecognised. If the acquired asset is not measured at fair value, its cost is measured using the carrying amount of the asset given up.

Internally generated intangible assets are recognised initially at cost, being the sum of expenditure from the date the recognition criteria for an intangible asset are met, bearing in mind the following additional criteria:

- During the research phase, no intangible asset is recognised. Expenditure on research is recognised as an expense when it is incurred.
- During the development phase, an intangible asset will be recognised only if the following can be demonstrated:
  - it is technically feasible to complete the intangible asset so that it will be available for use or sale;
  - there is an intention to complete the intangible asset and use or sell it;
  - there is an ability to use or sell the intangible asset;
  - it is possible to demonstrate how the asset will generate probable future economic benefits;
  - there are available financial, technical and other resources to complete the development of the intangible asset as well as to use or sell the intangible asset;
  - the expenditure attributable to the intangible asset during the development phase can be reliably measured.

Research or development expenditure related to an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset and is incurred after the acquisition of that project is also accounted for in this way.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Expenditure on an intangible asset is recognised as an expense when it is incurred unless it is part of the cost of an intangible asset that meets the recognition criteria or if the item is acquired in a business combination and cannot be recognised as an intangible asset it is recognised as part of goodwill at the acquisition date. Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

Subsequent measurement - Cost model
After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation
An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

For other intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the depreciable amount is determined after deducting its residual value.

Accounting Policies

1. Significant accounting policies continued...

1.5 Intangible assets continued...

The residual values of intangibles assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
  - residual value can be determined by reference to that market; and
  - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

Asset class	Internally generated or other	Useful life classification	Useful life / amortisation rate	Amortisation method
Goodwill - Value of business acquired	(other)	(finite)	10%	straight line

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

1.6 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

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

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Accounting Policies

1. Significant accounting policies continued...

1.5 Intangible assets continued...
Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or

- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

A financial liability is any liability that is:
- Amortised cost;
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates orsignificantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

  Financial assets (note 20) and financial liabilities (note 21) presents the financial instruments held by the company based on their specific classifications.

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

Impairment of financial assets
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less cost to sell. These calculations require the use of estimates and assumptions.

The company reviews and test the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are group at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Loans to subsidiaries
Classification
Loans to subsidiaries (note 8) are classified as financial assets subsequently measured at amortised cost.

1. Significant accounting policies continued...
1.6 Financial instruments continued...

Recognition and measurement
Financial assets from subsidiary are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

It is subsequently measured at amortised cost using the effective interest method.

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 31).

Loan to (from) director, manager or employee
The loan to director, manager or employee is classified as a financial asset at amortised cost, and is initially measured at fair value plus transactions costs and subsequently measured at amortised cost using the effective interest method.

The loan from director, manager or employee is classified as a financial liabilty at amortised cost, and is initially measured at fair value plus transactions costs and subsequently measured at amortised cost using the effective interest method.

Trade and other receivables
Classification
Trade and other receivables, excluding when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised costs (note 10).
They have been classified in this manner because their contractual terms gives rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

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

They are subsequently measured at amortised cost.

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

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. These are initially recorded at fair value and subsequently carried at amortised cost.

1. Significant accounting policies continued...

1.6 Financial instruments continued...

Trade and other payables

Classification

Trade and other payables (note 18), excluding VAT and amount received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

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

Trade and other payables expose the company to liquidity risk and possible to interest risk. Refer to note 35 for details of risk exposure and management thereof.

Interest bearing borrowings

Classification

Interest bearing borrowings are classified as financial liabilities susbsequently measured at amortised costs.

Recognition and measurement

Long term borrowings are recognised when the company becomes a party to the contractual provisions of a loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an intergral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where applicable) a shorter period, to the amortised cost of a financial liability. Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 31). Borrowing expose the company to liquidy risk and interest rate risk. Refer to note 35 for details of risk exposure and management thereof.

1.7 Prepayments

Prepayments consist of various payments that have been made in advance for goods and services to be received in future. Prepayments are measured at amortised cost, and are derecognised when the goods and services to which the prepayment relate have been received.

1. Significant accounting policies continued...

1.8 Inventories

Definition

Inventories are assets:

- held for sale in the ordinary course of business;
- in the process of production for such sale; or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Recognition

Inventories are recognised as an asset when

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

Measurement

Inventories are measured at the lower of cost and net realisable value using either the first-in-first-out or weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use.

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.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs.

Recognition as an expense

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised, and the inventory is derecognised. 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and the write-down or reversal is recognised against the expense as indicated above.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end. Movements in this provision are included in the expense recognised as indicated above.

1.9 Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

1. Significant accounting policies continued...

1.9 Tax continued...

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:
- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Current tax assets and liabilities
Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. The amount already paid in respect of current and prior periods which exceeds the amount due for those periods, is recognised as an asset.
The benefit relating to a tax loss that can be carried back to recover current tax of a previous period 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 taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset only where:
- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and 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, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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.

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

1. Significant accounting policies continued...

1.9 Tax continued...

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax expense (income)

Current and deferred tax is 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, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

1.10 Leases

Definition

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Identification of a lease

At inception of a contract, it is assessed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still or now contains a lease.

Where a contract contains a lease, each lease component with the contract is accounted for separately from the non- lease components. The consideration is then allocated to each lease component on the basis of the relative stand- alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components are determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, an estimate of the stand-alone price is made, maximising the use of observable information in each case. All non-lease components are accounted for in accordance with whatever other policy is applicable to them.

Lease term

The lease term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.
The assessment of the reasonable certainty of the exercising of options to extend the lease or not exercising of options to terminate the lease is reassessed upon the occurrence of either a significant event or a significant change in circumstances that is within the group's control and it affects the reasonable certainty assumptions.

1. Significant accounting policies continued...

1.10 Leases continued...

The assessment of the lease term is revised if there is a change in the non-cancellable lease period.

Recognition
At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial performance within a classification relevant to the underlying asset, and not as a separate line item.

Measurement
Right-of-use assets are initially measured at cost, comprising the following:
- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The obligation for those costs are incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Where a lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right- of- use asset reflects a purchase option will be exercised, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The group tests for impairment where there is an indication that a right-of-use asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of a right-of-use asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined, else it is based on the relevant group entity's incremental borrowing rate. The following lease payments are included where they are not paid at the commencement date:
- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if there is reasonably certainty that the option will be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the exercising an option to terminate the lease.

Subsequently, the lease liability is measured by:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate described above, or if applicable the revised discount rate described below.

1. Significant accounting policies continued...

1.10 Leases continued...

Profit or loss for the year will include the interest expense on the lease liability, and the variable costs not included in the measurement of the lease liability are included in the year in which the event of condition that triggers the payment of the variable costs occurs.

Reassessment of the lease liability
Where there are changes in the lease payments, the amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. Where the carrying amount of the right of use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the remaining amount of the remeasurement is recognised in profit or loss.

The remeasurement is performed by discounting the revised lease payments using a revised discount rate where there is a change in the lease term or where there is a change in the assessment of exercising an option contained in the contract. The discount rate is revised to the interest rate implicit in the remainder of the lease term if it can be readily determined, or at the relevant group entity's incremental borrowing rate at the date of the reassessment.
The remeasurement is performed by discounting the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee, or if there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments. This remeasurement will use an unchanged discount rate unless the change in lease payments resulted from a change in a floating interest rate.

Lease modifications
A lease modification is treated as a separate lease if both: the modification inceases the scope of the lease by adding the right to use one or more underlying assets, and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand- alone price to reflect the circumstances of the particular contract.

Where the lease modification is not accounted for as a separate lease, at the effective date of the lease modification the following changes are made:
- allocate the consideration in the modified contract;
- determine the lease term of the modified lease; and
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the relevant group entity's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Where the lease modification is not accounted for as a separate lease, the remeasurement of the lease liability is accounted for by:
- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss.
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

1.11 Provisions and contingencies

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

1. Significant accounting policies continued...

1.11 Provisions and contingencies continued...

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A provision is recognised when:

- there is a a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when:

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

After initial recognition and until the liability is settled, cancelled or expires, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised as a provision, and the amount initially recognised less cumulative amortisation.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the annual financial statements.

1. Significant accounting policies continued...

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.

Incremental costs directly attributable to the issue of new shares or options are shown in the statement of profit of loss as a deduction, net of tax, from the proceeds.

Ordinary shares are recognised as par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.12 Revenue from contracts with customers
Revenue is income arising in the course of an entity's ordinary activities.

The group is in the business of selling rough diamonds.

A contract with a customer is recognised when all of the following criteria are met:
- the contract has been approved and all parties to the contract are committed to performing their respective obligations;
- each party's rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

At the inception of a contract, the goods or services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:
- a good or service that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

Revenue is is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

Measurement
When a performance obligation is satisfied, revenue is recognised as the amount of the transaction price that is allocated to the performance obligation, but excluding estimates of variable consideration that are constrained and any amounts collected on behalf of third parties. The transaction price may include fixed amounts, variable amounts, or both.

The group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The group recognises as an asset the incremental costs of obtaining a contract with a customer if the group expects to recover those costs.

1. Significant accounting policies continued...

1.12 Revenue from contracts with customers continued...

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the group can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

When either party to a contract has performed, the group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the group's performance and the customer's payment. The group presents any unconditional rights to consideration separately as a receivable.

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Short-term employee benefits
Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

Termination benefits
A liability for termination benefit is recognised at the earlier of when the offer can no longer be withdrawn and when the related restructuring costs are recognised.

1.14 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the group. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the group.

1. Significant accounting policies continued...

1.14 Government grants continued...

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that:
- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are expensed.

1.15 Related parties

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.
As a minimum, the following are regarded as related parties of the reporting entity:
- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control of the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - Both entities are joint ventures of the same third party;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - The entity is controlled or jointly controlled by a person identified as a related party;
  - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Changes in accounting policies and disclosures

3.1 Standards and Interpretations effective and adopted in the current year

In the current year, the company has adopted all new and revised IFRSs that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2021.

At the date of authorisation of these financial statements for the year ended 28 February 2021, the following IFRSs were adopted:

3. Changes in accounting policies and disclosures continued...

3.1 Standards and Interpretations effective and adopted in the current year continued...

Definition of a Business (Amendments to IFRS 3)
The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Definition of Material (Amendments to IAS 1 and IAS 8)
The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Application of the above standards did not impact these consolidated and separate financial statements.

3.2 New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 March 2020 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The directors anticipate that the new standards, amendments and interpretations will be adopted in the company's consolidated and separate financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Notes to the Consolidated and Separate Annual Financial Statements

4.1 Balances at year end and movements for the year

Figures in N$	Land and Buildings	Machinery	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Other equipment	Security equipment	Total
Reconciliation for the year ended 28 February 2021 - Group									
Balance at 1 March 2020									
At cost or revaluation	66,911,176	-	2,618,662	2,717,265	524,368	2,988,075	2,730,706	7,879,411	86,369,663
Accumulated depreciation	(6,766,836)	-	(995,399)	(1,178,373)	(399,252)	(1,509,156)	(604,360)	(3,522,678)	(14,976,054)
Net book value	**60,144,340**	**-**	**1,623,263**	**1,538,892**	**125,116**	**1,478,919**	**2,126,346**	**4,356,733**	**71,393,609**
Movements for the year ended 28 February 2021									
Additions from acquisitions	214,846	-	222,192	88,683	7,900	262,181	25,858	-	821,660
Cost adjustment through business combinations	6,086,540	18,377,337	200,458	354,660	181,137	2,348,412	117,466	1,366,890	29,032,900
Accumulated depreciation adjustment through business combinations	(5,575,372)	(18,047,980)	(200,458)	(339,147)	(168,673)	(2,329,472)	(115,290)	(1,030,586)	(27,806,978)
Depreciation	(3,425,910)	(91,783)	(542,177)	(563,810)	(126,097)	(786,464)	(220,992)	(1,658,504)	(7,415,737)
Revaluation increase	13,118,833	-	-	-	-	-	-	-	13,118,833
Disposals	-	-	-	-	(58,983)	(335,804)	-	-	(394,787)
Reversal of accumulated depreciation on disposal	-	-	-	-	55,133	339,133	-	-	394,266
Property, plant and equipment at the end of the year	**70,563,277**	**237,574**	**1,303,278**	**1,079,278**	**15,533**	**976,905**	**1,933,388**	3,034,533	79,143,766
Closing balance at 28 February 2021									
At cost or revaluation	86,331,395	18,377,337	3,041,312	3,160,608	654,422	5,262,864	2,874,030	9,246,301	128,948,269
Accumulated depreciation	(15,768,118)	(18,139,763)	(1,738,034)	(2,081,330)	(638,889)	(4,285,959)	(940,642)	(6,211,768)	(49,804,503)
Net book value	**70,563,277**	**237,574**	**1,303,278**	**1,079,278**	**15,533**	**976,905**	**1,933,388**	**3,034,533**	**79,143,766**

Notes to the Consolidated and Separate Annual Financial Statements

4. Property, plant and equipment continued...
4.1 Balances at year end and movements for the year continued...

Figures in N$	Land and Building	Machinery	Motor Vehicle	Fixtures and fittings	Office equipment	Computer equipment	Other equipment	Security equipment	Total
Reconciliation for the year ended 28 February 2021 - Group									
Balance at 1 March 2020									
At cost or revaluation	66,730,610	-	2,618,662	2,650,301	101,396	2,854,794	2,761,526	7,886,411	85,603,700
Accumulated depreciation	**(3,630,019)**	-	(479,205)	(631,956)	(72,849)	(1,020,202)	(531,602)	(1,962,617)	(8,328,450)
Net book value	**63,100,591**	-	**2,139,457**	**2,018,345**	**28,547**	**1,834,592**	**2,229,924**	**5,923,794**	**77,275,250**
Movements for the year ended 28 February 2021									
Additions from acquisitions	83,912	-	-	-	8,504	616,043	39,744	17,760	765,963
Depreciation	(3,136,817)	-	(516,194)	(546,417)	(326,403)	(488,954)	(72,758)	(1,560,061)	(6,647,604)
Increase (decrease) through transfers	96,654	-	-	66,964	414,468	(482,762)	(70,564)	(24,760)	-
Property, plant and equipment at the end of the year	**60,144,340**	-	**1,623,263**	**1,538,892**	**125,116**	**1,478,919**	**2,126,346**	**4,356,733**	**71,393,609**
Closing balance at 28 February 2021									
At cost or revaluation	66,911,176	-	2,618,662	2,717,265	524,368	2,988,075	2,730,706	7,879,411	86,369,663
Accumulated depreciation	(6,766,836)	-	(995,399)	(1,178,373)	(399,252)	(1,509,156)	(604,360)	(3,522,678)	(14,976,054)
Net book value	**60,144,340**	-	**1,623,263**	**1,538,892**	**125,116**	**1,478,919**	**2,126,346**	**4,356,733**	**71,393,609**

Notes to the Consolidated and Separate Annual Financial Statements

4. Property ,plant and equipment continued...

Figures in N$	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Other equipment	Security equipment	Right of use asset	Total
Reconciliation for the year ended 28 February 2021 - Group									
Balance at 1 March 2020									
At cost	31,411,176	2,618,662	2,717,265	524,368	2,988,075	2,730,706	7,879,411	2,956,520	53,826,183
Accumulated depreciation	(6,766,836)	(995,399)	(1,178,373)	(399,252)	(1,509,156)	(604,360)	(3,522,678)	(347,826)	(15,323,880)
Net book value	**24,644,340**	**1,623,263**	**1,538,892**	**125,116**	**1,478,919**	**2,126,346**	**4,356,733**	**2,608,694**	**38,502,303**
Movements for the year ended 28 February 2021									
Additions from acquisitions	214,846	222,192	88,683	7,900	262,181	25,858	-	-	821,660
Additions due to application of IFRS16	(3,149,373)	(542,177)	(555,469)	(122,596)	(778,240)	(220,469)	(1,571,565)	(347,826)	(7,287,715)
Depreciation	-	-	-	(59,461)	(346,869)	-	-	-	(406,330)
Increase (decrease) through transfers	-	-	-	55,611	350,198	-	-	-	405,809
Property, plant and equipment at the end of the year	**21,709,813**	**1,303,278**	**1,072,106**	**6,570**	**966,189**	**1,931,735**	**2,785,168**	**2,260,868**	**32,035,727**
Closing balance at 28 February 2021									
At cost	31,626,022	2,840,854	2,805,948	473,285	2,914,453	2,756,564	7,879,411	2,956,520	54,253,057
Accumulated depreciation	(9,916,209)	(1,537,576)	(1,733,842)	(466,715)	(1,948,264)	(824,829)	(5,094,243)	(695,652)	(22,217,330)
Net book value	**21,709,813**	**1,303,278**	**1,072,106**	**6,570**	**966,189**	**1,931,735**	**2,785,168**	**2,260,868**	**32,035,727**

Notes to the Consolidated and Separate Annual Financial Statements

4. Property ,plant and equipment continued...

Figures in N$	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Other equipment	Security equipment	Right of use asset	Total
Reconciliation for the year ended 28 February 2021 - Group									
Balance at 1 March 2020									
At cost	31,230,610	2,618,662	2,650,301	101,396	2,854,794	2,761,526	7,886,411	-	50,103,700
Accumulated depreciation	(3,630,019)	(479,205)	(631,956)	(72,849)	(1,020,202)	(531,602)	(1,962,617)	-	(8,328,450)
Net book value	**27,600,591**	**2,139,457**	**2,018,345**	**28,547**	**1,834,592**	**2,229,924**	**5,923,794**	**-**	**41,775,250**
Movements for the year ended 28 February 2021									
Additions from acquisitions	83,912	-	-	8,504	616,043	39,744	17,760	-	765,963
Additions due to application of IFRS16	-	-	-	-	-	-	-	2,956,520	2,956,520
Depreciation	(3,136,817)	(516,194)	(546,417)	(326,403)	(488,954)	(72,758)	(1,560,061)	(347,826)	(6,995,430)
Increase (decrease) through transfers	96,654	-	66,964	414,468	(482,762)	(70,564)	(24,760)	-	-
Property, plant and equipment at the end of the year	**24,644,340**	**1,623,263**	**1,538,892**	**125,116**	**1,478,919**	**2,126,346**	**4,356,733**	**2,608,694**	**38,502,303**
Closing balance at 28 February 2021									
At cost	31,411,176	2,618,662	2,717,265	524,368	2,988,075	2,730,706	7,879,411	2,956,520	53,826,183
Accumulated depreciation	(6,766,836)	(995,399)	(1,178,373)	(399,252)	(1,509,156)	(604,360)	(3,522,678)	(347,826)	(15,323,880)
Net book value	**24,644,340**	**1,623,263**	**1,538,892**	**125,116**	**1,478,919**	**2,126,346**	**4,356,733**	**2,608,694**	**38,502,303**

Notes to the Consolidated and Separate Annual Financial Statements

4.1 Balances at year end and movements for the year

Figures in N$	Land and Buildings	Machinery	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Other equipment	Security equipment	Total
Reconciliation for the year ended 28 February 2021 - Group									
Balance at 1 March 2020									
At cost or revaluation	66,911,176	-	2,618,662	2,717,265	524,368	2,988,075	2,730,706	7,879,411	86,369,663
Accumulated depreciation	(6,766,836)	-	(995,399)	(1,178,373)	(399,252)	(1,509,156)	(604,360)	(3,522,678)	(14,976,054)
Net book value	**60,144,340**	**-**	**1,623,263**	**1,538,892**	**125,116**	**1,478,919**	**2,126,346**	**4,356,733**	**71,393,609**
Movements for the year ended 28 February 2021									
Additions from acquisitions	214,846	-	222,192	88,683	7,900	262,181	25,858	-	821,660
Cost adjustment through business combinations	6,086,540	18,377,337	200,458	354,660	181,137	2,348,412	117,466	1,366,890	29,032,900
Accumulated depreciation adjustment through business combinations	(5,575,372)	(18,047,980)	(200,458)	(339,147)	(168,673)	(2,329,472)	(115,290)	(1,030,586)	(27,806,978)
Depreciation	(3,425,910)	(91,783)	(542,177)	(563,810)	(126,097)	(786,464)	(220,992)	(1,658,504)	(7,415,737)
Revaluation increase	13,118,833	-	-	-	-	-	-	-	13,118,833
Disposals	-	-	-	-	(58,983)	(335,804)	-	-	(394,787)
Reversal of accumulated depreciation on disposal	-	-	-	-	55,133	339,133	-	-	394,266
Property, plant and equipment at the end of the year	**70,563,277**	**237,574**	**1,303,278**	**1,079,278**	**15,533**	**976,905**	**1,933,388**	3,034,533	79,143,766
Closing balance at 28 February 2021									
At cost or revaluation	86,331,395	18,377,337	3,041,312	3,160,608	654,422	5,262,864	2,874,030	9,246,301	128,948,269
Accumulated depreciation	(15,768,118)	(18,139,763)	(1,738,034)	(2,081,330)	(638,889)	(4,285,959)	(940,642)	(6,211,768)	(49,804,503)
Net book value	**70,563,277**	**237,574**	**1,303,278**	**1,079,278**	**15,533**	**976,905**	**1,933,388**	**3,034,533**	**79,143,766**

4. Property, plant and equipment continued...

4.2 Property details

Property and security description	35,500,000	35,500,000	-	-
Costs	35,500,000	35,500,000	-	-

The group has pledged investment property to the value of N$24,510,000 to secure bank facilities from Standard Bank Namibia Ltd granted to the shareholder [Namib Desert Diamonds (Pty) Ltd] of the entity with a carrying value of N$7,823,100 (2020: N$13,114,741).

Registers with details of land and buildings are available for inspection by the shareholder or their duly authorised representatives at the registered office of the company.

T5255/2017: Remainder of Erf No. 336, Klein Windhoek, Division ‘’K’’, Khomas Region, measuring 1,093 square metres. The property is held by Eumbo Property Investment (Pty) Ltd.

The fair value of the investment property can not be measured reliably without undue costs and effort as there is no active comparable market for it. The estimated fair value of the investment property ranges between N$25 million and N$35.5 million.

Direct expenses incurred during the current year relating to the investment property was assessment rates and
municipal charges of N$366,178 (2020: N$360,477). A portion of municipal charges incurred are recharged to the respective tenant in the current year of N$325,584 (2020: N$360,477).

4.2.2 Erf 2399 Okahandja

Property and security description	6,078,402	35,500,000	-	-
Costs	(5,843,771)	35,500,000	-	-
Accumulated depreciation	13,118,833	35,500,000	-	-
Valuation adjustment	13,353,464	35,500,000	-	-

Registers with details of land and buildings are available for inspection by the shareholder or their duly authorised representatives at the registered office of the company.

T5434/1998: Erf No. 2399, Industry Street, Division ‘’C’’, Okahandja (Extension No. 11), Otjozondjupa Region, measuring 2,3857 Ha. The property is held by NamGem Diamond Manufacturing Company (Pty) Ltd.

This property was revalued on 28 April 2021 to have a valuation of N$13,630,000.00 by Eaton Property Valuations represented by Mr. Eugene Lofty-Eaton (Professional/Sworn Appraiser).

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

5. Intangible assets

5.1 Reconciliation of changes in intangible assets

	Goodwill on value of business acquired	Total
Reconciliation for the year ended 28 February 2021 - Group		
Balance at 1 March 2020		
At cost	-	-
Accumulated amortisation	-	-
Net book value	-	-
Movements for the year ended 28 February 2021		
Investment in subsidiary	30,885,522	30,885,522
Impairment loss of goodwill recognised in profit or loss	(30,885,522)	(30,885,522)
Intangible assets at the end of the year	-	-
Closing balance at 28 February 2021		
At cost	30,885,522	30,885,522
Accumulated impairment	(30,885,522)	(30,885,522)
Net book value	-	-

6. Investment in subsidiaries

6.1 The amounts included on the statements of financial position comprise the following:

	Group 2021	Group 2020	Company 2020	Company 2020
Investments in subsidiaries	-	-	36,807,876	13,806,851
Investments in subsidiaries	-	-	**36,807,876**	**13,806,851**
Eumbo Property Investment (Pty) Ltd			13,806,851	13,806,851
Cost			13,806,851	13,806,851
NamGem Diamond Manufacturing Company (Pty) Ltd			23,001,025	-
Cost			34,795,197	-
Accumulated impairment			(11,794,172)	-
Total investment in subsidiaries			**36,807,876**	**13,806,851**

6.2 Investment in subsidiary

6.2.1 Details of the group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and business
Eumbo Property Investment (Pty) Ltd	The provision of property investments and management	Namibia
NamGem Diamond Manufacturing Company (Pty) Ltd	The cutting and polishing of diamonds	Namibia

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

6. Investment in subsidiaries continued...

6.2.2 Voting rights and interest held for these subsidiaries are as follows:

	Group 2021	Group 2020	Company 2020	Company 2020
Eumbo Property Investment (Pty) Ltd	100.00%	100.00%	100.00%	100.00%
NamGem Diamond Manufacturing Company (Pty) Ltd	100.00%	100.00%	100.00%	100.00%

6.2.3 Subsidiaries with different reporting periods

NamGem Diamond Manufacturing Company (Pty) Ltd has end of December as its reporting date. This is two (2) months prior to the reporting date of the company, which is within the three (3) months permissible difference in reporting periods.

7. Other financial assets

7.1 Other financial assets incorporates the following balances:

NamGem Diamond Manufacturing Company (Pty) Ltd The loan is interest-free, unsecured and unconditional. This arrangement is reviewed from time to time by the directors.	-	5,587,880	-	5,587,880
	-	**5,587,880**	-	**5,587,880**

8. Loans to subsidiaries

8.1 Loans to subsidiaries comprises the following balances

Eumbo Property Investment (Pty) Ltd The loan is interest-free, unsecured and unconditional. This arrangement is reviewed from time to time by the directors.	-	-	20,603,844	21,100,807
Namgem Diamond Manufacturing Company (Pty) Ltd The loan is interest-free, unsecured and unconditional. This arrangement is reviewed from time to time by the directors.	-	-	8,332,571	-
	-	-	**28,936,415**	**21,100,807**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

9. Deferred tax

9.1 The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets:				
- Provisions	1,180,844	899,804	1,180,844	899,804
- Right of use liabilities	-	-	815,900	885,754
Deferred tax balances from temporary differences other than unused tax losses	1,180,844	899,804	1,996,744	1,785,558
Total deferred tax asset	1,180,844	899,804	1,996,744	1,785,558
Deferred tax liabilities:				
- Property, plant and equipment	(3,213,375)	(3,860,657)	(2,378,152)	(3,129,837)
- Prepaid expenses	(79,715)	(68,121)	(79,715)	(68,121)
- Right of use assets	-	-	(723,478)	(834,782)
Total deferred tax liability	(3,293,090)	(3,928,778)	(3,181,345)	(4,032,740)
Total net deferred tax liabilities	(2,112,246)	(3,028,974)	(1,184,601)	(2,247,182)
Deferred tax asset	1,180,844	899,804	1,996,744	1,785,558
Deferred tax liability	(3,293,090)	(3,928,778)	(3,181,345)	(4,032,740)
Total net deferred tax liability	(2,112,246)	(3,028,974)	(1,184,601)	(2,247,182)

9.2 Reconciliation of deferred tax asset/(liability)

At the beginning of the year	(3,028,974)	(7,791,353)	(2,247,182)	(7,164,936)
Reversing/(originating) temporary differences in property, plant and equipment	647,283	(557,090)	751,685	(452,687)
Originating/(reversing) temporary differences in provisions	274,665	(70,776)	274,665	(70,776)
(Originating) temporary differences in prepaid expenses	(11,594)	-	(11,594)	-
Originating/(reversing) temporary difference on accrued liabilities	6,374	(6,374)	6,374	(6,374)
Taxable temporary differences on unrealised foreign exchange	-	5,396,619	-	5,396,619
Reversing/(originating) temporary differences in right of use assets	-	-	111,304	(834,782)
(Reversing)/originating temporary differences in right of use liabilities	-	-	(69,853)	885,754
	(2,112,246)	**(3,028,974)**	**(1,184,601)**	**(2,247,182)**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

10. Trade and other receivables

10.1 Trade and other receivables comprise:

Trade receivables	145,300	-	145,300	-
Prepaid expenses	254,028	212,877	249,100	212,877
Deposits	18,789	4,399	2,499	2,499
Medical aid control account	-	9,432	-	9,432
Value added tax	45,662,652	38,290,645	45,662,652	38,290,645
Other receivable	2,773,064	2,250,003	2,711,991	2,250,003
Total trade and other receivables	**48,853,833**	**40,767,356**	**48,771,542**	**40,765,456**

10.2 Items included in Trade and other receivables not classified as financial instruments

Prepaid expenses	254,028	212,877	249,100	212,877
Deposits	18,789	4,399	2,499	2,499
Value added tax	45,662,652	38,290,645	45,662,652	38,290,645
Other receivables	2,773,064	2,250,003	2,711,991	2,250,003
Total non-financial instruments included in trade and other receivables	48,708,533	40,757,924	48,626,242	40,756,024
At amortised costs	145,300	9,432	145,300	9,432
Total trade and other receivables	**48,853,833**	**40,767,356**	**48,771,542**	**40,765,456**

11. Other investments

11.1 Other investments comprise the following balances

NamGem Diamond Manufacturing Company (Pty) Ltd	-	19,219,796	-	19,219,796
Deposit paid for the purchase of NamGem Diamond Manufacturing (Pty) Ltd. A deposit of USD925,000 was paid, and an amount of USD250,000 was paid for retrenchment costs.				
	-	19,219,796	-	19,219,796
Non-current assets	-	-	-	-
Current assets	-	19,219,796	-	19,219,796
	-	**19,219,796**	-	**19,219,796**

12. Cash and cash equivalents

12.1 Cash and cash equivalents included in current assets:

Cash				
Cash on hand	2,494	325	1,372	325
Balances with banks	292,226,044	272,699,167	288,466,864	267,481,318
	292,228,538	**272,699,492**	**288,468,236**	**267,481,643**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

12. Cashandcashequivalentscontinued...

12.2 Overdrawn cash and cash equivalents included in current liabilities

Bank overdrafts	(36,417)	(42,324)	(36,417)	(42,324)
	(36,417)	**(42,324)**	**(36,417)**	**(42,324)**

12.3 Net cash and cash equivalents

Current assets	292,228,538	272,699,492	288,468,236	267,481,643
Current liabilities	(36,417)	(42,324)	(36,417)	(42,324)
	292,192,121	**272,657,168**	**288,431,819**	**267,439,319**

12.4 The balances indicated above are being secured; details of collateral are as follows:

1. Cession and pledges of credit balances N$50,000
2. Cession and pledges of credit balances N$145,000,000
3. Cession of insurance proceeds
4. Cession of sales proceeds
5. Cession of VAT refund proceeds
6. Ministry of Finance customs and excise bank guarantee N$5,000,000
7. Guarantee by Eumbo Property Investment (Pty) Ltd in favour of Standard Bank Namibia for N$24,510,000

12.5 Facilities:

1. Direct short-term N$100,000
2. Revolving working capital USD20,000,000 3. VAT financing facility N$20,000,000

13. Current tax assets and liabilities

13.1 Current tax assets and liabilities comprise the following balances

Amounts (payable) / receivable at the beginning of the year	(11,416,592)	(14,569,983)	(11,457,804)	(14,569,983)
Taxation (expense) / credit	(29,441,653)	(54,945,217)	(29,295,800)	(54,789,842)
Less deferred tax included in taxation expense	(916,728)	(4,762,379)	(1,062,581)	(4,917,754)
Taxation paid	**32,350,028**	**62,860,987**	**32,350,028**	**62,819,775**
Amounts (receivable) / payable at the end of the year	**(9,424,945)**	**(11,416,592)**	**(9,466,157)**	**(11,457,804)**
Split between current asset and liability				
Current asset	41,212	41,212	-	-
Current liability	(9,466,157)	(11,457,804)	(9,466,157)	(11,457,804)
	(9,424,945)	**(11,416,592)**	**(9,466,157)**	**(11,457,804)**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

14. Issued capital

14.1 Authorised and issued share capital

Authorised				
4000 Ordinary shares of N$1.00 each	4,000	4,000	4,000	4,000
	4,000	**4,000**	**4,000**	**4,000**
Issued				
1000 Ordinary shares of N$1.00 each	1,000	1,000	1,000	1,000
	1,000	**1,000**	**1,000**	**1,000**
Share premium	49,999,000	49,999,000	49,999,000	49,999,000
	50,000,000	**50,000,000**	**50,000,000**	**50,000,000**

14.2 Change in ownership interest

On 26 February 2021, the remaining 50% shareholding in NamGem Diamond Manufacturing Company (Pty) Ltd was acquired for N$2.00 being the nominal value of the issued shares that were held by The Government of the Republic of Namibia. This additional acquisition of the 50% shareholding resulted in the transfer of N$2,725,091 from Non- Controlling Interest (NCI) to the Retained Earnings, which is a distributable reserve.

15. Right of use liability

15.1 Right of use liability comprise:

Minimum lease payments due				
- within one year	-	-	252,739	218,291
- in second to fifth year inclusive	-	-	2,296,950	2,549,690
Present value of minimum lease payments	-	-	**2,549,689**	**2,767,981**
Non-current liabilities	-	-	2,296,950	2,549,690
Current liabilities	-	-	252,739	218,291
	-	-	**2,549,689**	**2,767,981**

15.2 Amounts recognised in the statements of profit or loss and other comprehensive income

Other expenses and gains				
Interest expense	-	-	393,708	423,461
	-	-	**393,708**	**423,461**

15.3 Amounts recognised in the statements of cash flows

Total cash outflow for leases	-	-	(218,292)	(188,539)
	-	-	**(218,292)**	**(188,539)**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

16. Financial liabilities

16.1 Financial liabilities comprise:

At amortised cost				
Commercial property loan - Standard Bank Namibia Ltd	7,823,100	13,114,741	7,823,100	13,114,741
The loan term is 60 months. Interest is charged at JIBAR (6.80% + Margin of 3%) and is repayable quarterly.				
	7,823,100	**13,114,741**	**7,823,100**	**13,114,741**

Secured by Erf 366 Cnr of Dr Kwame Nkrumah Avenue & Dr Sam Nujoma Drive, Klein Windhoek, Windhoek, Namibia of which the title deed is owned by Eumbo Property Investment (Pty) Ltd, to the value of N$24,510,000.

Non-current portion of financial liabilities	2,663,100	7,954,741	2,663,100	7,954,741
Current portion of financial liabilities	5,160,000	5,160,000	5,160,000	5,160,000
	7,823,100	**13,114,741**	**7,823,100**	**13,114,741**

17. Provisions

17.1 Provisions for employee benefits

	Leave pay provision	Severance pay provision	Total
Balance at 1 March 2020 - Group	**2,053,189**	**778,620**	**2,831,809**
Acquisitions through business combinations	390,172	-	390,172
Increase in existing provisions	359,418	498,911	858,329
Total changes	**749,590**	**498,911**	**1,248,501**
Balance at 28 February 2021	**2,802,779**	**1,277,531**	**4,080,310**
Balance at 1 March 2019 - Group	**2,606,812**	**426,249**	**3,033,061**
Increase in existing provisions	-	352,371	352,371
Reversed during the year	(553,623)	-	(553,623)
Total changes	**(553,623)**	**352,371**	**(201,252)**
Balance at 29 February 2020	**2,053,189**	**778,620**	**2,831,809**
Balance at 1 March 2020 - Company	**2,053,189**	**778,620**	**2,831,809**
Increase in existing provisions	359,418	498,911	858,329
Total changes	359,418	498,911	858,329
Balance at 28 February 2021	**2,412,607**	**1,277,531**	**3,690,138**
Balance at 1 March 2019 - Company	**2,606,812**	**426,249**	**3,033,061**
Increase in existing provisions	-	352,371	352,371
Reversed during the year	(553,623)	-	(553,623)
Total changes	(553,623)	352,371	(201,252)
Balance at 29 February 2020	**2,053,189**	**778,620**	**2,831,809**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

17. Provisions continued...

17.2 Provisions comprise:

Provisions for employee benefits	4,080,310	2,831,809	**3,690,138**	**2,831,809**
Provisions for employee benefits	4,080,310	2,831,809	3,690,138	2,831,809
Current portion	**4,080,310**	**2,831,809**	**3,690,138**	**2,831,809**
	4,080,310	**2,831,809**	**3,690,138**	**2,831,809**

18. Trade and other payables

18.1 Trade and other payables comprise:

Trade creditors	406,151	450,620	254,928	446,654
Accrued liabilities	502,678	134,958	-	134,958
SSC control account	33	3,590	-	3,590
VET Levy control account	-	195	-	195
Import VAT control account	-	32	-	32
Export Levy control account	-	12	-	12
Withholding tax control account	-	22,155	-	22,155
Value added tax	5,597	39,175	-	-
Total trade and other payables	**914,459**	**650,737**	**254,928**	**607,596**

19. Intercompany payables

19.1 Intercompany payables comprise:

The Namdia Foundation	-	-	4,000,000	-
			4,000,000	
Non-current portion of intercompany payables	-	-	-	-
Current portion of intercompany payables	-	-	4,000,000	-
	-	-	**4,000,000**	-

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

20. Financial instruments - financial assets

20.1 Carrying amount of financial assets by category

	At amortised cost	Total
Year ended 28 February 2021 - Group		
Trade and other receivables (Note 10)	145,300	145,300
Cash and cash equivalents (Note 12)	292,228,538	292,228,538
	292,373,838	**292,373,838**

	At amortised cost	Total
Year ended 29 February 2020 - Group		
Other financial assets (Note 7)	5,587,880	5,587,880
Trade and other receivables (Note 10)	9,432	9,432
Cash and cash equivalents (Note 12)	272,699,492	272,699,492
	278,296,804	**278,296,804**

	At amortised cost	Total
Year ended 28 February 2021 - Company		
Loans to subsidiaries (Note 8)	28,936,415	28,936,415
Trade and other receivables (Note 10)	145,300	145,300
Cash and cash equivalents (Note 12)	288,468,236	288,468,236
	317,549,951	**317,549,951**

	At amortised cost	Total
Year ended 29 February 2020 - Company		
Other financial assets (Note 7)	5,587,880	5,587,880
Loans to subsidiaries (Note 8)	21,100,807	21,100,807
Trade and other receivables (Note 10)	9,432	9,432
Cash and cash equivalents (Note 12)	267,481,643	267,481,643
	294,179,762	**294,179,762**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

21. Financial instruments - financial liabilities

21.1 Carrying amount of financial liabilities by category

	At amortised cost	Leases	Total
Year ended 28 February 2021 - Group			
Bank loans (Note 16)	7,823,100	-	7,823,100
Trade and other payables (Note 18)	908,829	-	908,829
Bank overdraft (Note 12)	36,417	-	36,417
	8,768,346	-	**8,768,346**
Year ended 29 February 2020 - Group			
Bank loans (Note 16)	13,114,741	-	13,114,741
Trade and other payables (Note 18)	585,578	-	585,578
Bank overdraft (Note 12)	42,324	-	42,324
	13,742,643	-	**13,742,643**
Year ended 28 February 2021 - Company			
Intercompany payables (Note 19)	4,000,000	-	4,000,000
Lease liabilities (Note 15)	-	2,549,689	2,549,689
Bank loans (Note 16)	7,823,100	-	7,823,100
Trade and other payables (Note 18)	254,928	-	254,928
Bank overdraft (Note 12)	36,417	-	36,417
	12,114,445	**2,549,689**	**14,664,134**
Year ended 29 February 2020 - Company			
Lease liabilities (Note 15)	-	2,767,981	2,767,981
Bank loans (Note 16)	13,114,741	-	13,114,741
Trade and other payables (Note 18)	581,612	-	581,612
Bank overdraft (Note 12)	42,324	-	42,324
	13,738,677	**2,767,981**	**16,506,658**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

22. Revenue

22.1 Revenue comprises:

Sales - rough diamonds at a point in time	1,135,371,564	1,959,148,635	1,135,371,564	1,959,148,635
Other revenue	104,340	-	-	-
Total revenue	**1,135,475,904**	**1,959,148,635**	**1,135,371,564**	**1,959,148,635**

22.2 Sources of revenue

Contracts with customers	1,135,371,564	1,959,148,635	1,135,371,564	1,959,148,635
Other non-contract revenue	104,340	-	-	-
	1,135,475,904	**1,959,148,635**	**1,135,371,564**	**1,959,148,635**

23. Cost of sales

23.1 Cost of sales comprise:

Purchases - rough diamonds	1,007,514,482	1,725,591,240	1,007,514,482	1,725,591,240
Diamond selling costs	1,036,475	4,609,827	1,036,475	4,609,827
Discount received	(12,181)	(17,760)	(12,181)	(17,760)
Export levies	11,301,730	19,429,522	11,301,730	19,429,522
Import permit	218	250	218	250
Transport & shipping charges	237,734	386,829	237,734	386,829
Total cost of sales	**1,020,078,458**	**1,749,999,908**	**1,020,078,458**	**1,749,999,908**

24. Other income

24.1 Other income comprises:

Bid documents	8,000	2,300	8,000	2,300
Deposits from applicants	3,942,745	-	3,942,745	-
Total other income	**3,950,745**	**2,300**	**3,950,745**	**2,300**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

25. Impairment losses

25.1 Impairment comprises:

Intangible assets	30,885,522	-	-	-
Investments in group companies	-	-	11,794,172	-
Total impairments	**30,885,522**	-	**11,794,172**	-

Impairment of goodwill

The goodwill acquired in the business combination as per Note 34.4 was impaired in full amounting to an impairment loss of N$30,885,522 in the current financial period. An impairment is recognized as a loss in the statement of profit and loss and other comprehensive income and as a reduction in the goodwill intangibile asset. The amount as a loss is the difference between the asset's current recoverable and its carrying value or amount (i.e., the amount equal to the asset's recorded cost). Refer to Note 5 for additional information.

Impair of investment in subsidiary

The investment in a subsidiary (NamGem Diamond Manufacturing Company (Pty) Ltd) was impaired by N$11,794,172 in the current financial period. An impairment loss occurs when the carrying amount of the investment exceeds its recoverable amount. Refer to Note 6 for addititional information.

26. Administrative expenses

26.1 Administrative expenses comprise:

Accounting fees	130,935	170,100	93,325	155,520
Annual duty	65,620	32,950	32,500	32,770
Auditors remuneration - Fees	562,974	376,866	446,549	321,366
Bank charges	1,406,087	1,640,670	1,397,074	1,640,960
Computer expenses	506,379	617,569	458,734	617,569
Secretarial fees	1,900	1,500	1,900	-
Subscriptions	1,164,723	419,954	1,152,291	419,954
Telecommunication	783,524	721,711	713,136	721,711
Total administrative expenses	**4,622,142**	**3,981,320**	**4,295,509**	**3,909,850**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

27. Other expenses

27.1 Other expenses comprise:

Advertising	482,939	381,985	468,294	381,985
Assessment rates and municipal charges	105,904	-	-	-
Cleaning	223,484	218,359	223,484	218,359
Consulting fees	1,304,140	732,010	1,304,140	732,010
Consumables	113,262	73,551	91,631	73,551
Depreciation	7,415,737	6,647,604	7,287,714	6,995,430
Donations - non-tax deductible	34,313	19,252,707	4,034,313	24,888,658
Donations - tax deductible	2,240,337	501,643	-	-
Electricity and water	371,763	-	-	-
Employee costs - directors emoluments	1,232,027	1,230,371	1,232,027	1,230,371
Employee costs - salaries, wages, bonuses and other benefits	26,496,225	24,510,986	25,422,642	24,510,986
Entertainment	273,969	301,923	233,864	301,924
General expenses	(2,362)	54,677	31,833	54,677
Gifts	4,530	-	4,530	-
Insurance	2,357,109	1,245,166	2,263,458	1,245,166
Legal expense	300,242	840,890	300,242	840,890
Motor vehicle expense	98,749	46,270	31,097	46,270
Printing and stationery	198,167	91,782	198,167	91,782
Promotions	731,367	1,078,531	731,367	1,078,531
Property related expenses	637,752	685,811	541,193	685,811
Repairs and maintenance	176,736	596,307	172,026	596,307
Security	804,521	237,475	708,132	237,475
Staff welfare	306,990	383,490	306,990	383,490
Stamp duty	14,300	9,325	12,800	9,325
Training	108,367	247,886	102,603	247,886
Travel - Local	23,282	303,351	7,500	303,351
Travel - Overseas	184,874	2,095,357	184,874	2,095,357
Total other expenses	**46,238,723**	**61,767,457**	**45,894,921**	**67,249,592**

28. Other gains and (losses)

28.1 Other gains and (losses) comprise:

Gain or (loss) on disposal of assets	(11,544)	-	(11,544)	-
Gain or (loss) on foreign exchange differences on cash and cash equivalents	(9,755,031)	(11,197,050)	(9,755,031)	(11,197,050)
Gain or (loss) on foreign exchange differences on statements of profit or loss and other comprehensive income items	3,098,254	7,899,730	3,098,642	7,899,730
Unrealised gain or (loss) on foreign exchange	6,000	-	6,000	-
Total other gains and (losses)	**(6,662,321)**	**(3,297,320)**	**(6,661,933)**	**(3,297,320)**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

29. Profit from operating activities

29.1 Profit from operating activities includes the following separately disclosable items

Other operating expenses				
Property plant and equipment - depreciation	7,415,737	6,647,604	7,287,714	6,995,430
Intangible assets				
- impairment loss	30,885,522	-	-	-
Other impairments				
- investments in subsidiaries, associates and joint ventures	-	-	11,794,172	-
Audit fees				
Auditors remuneration - Fees	562,974	376,866	446,549	321,366

30. Interest income

30.1 Interest income comprises:

Interest received	16,107,053	15,667,440	15,972,067	15,584,188
Total finance income	16,107,053	15,667,440	15,972,067	15,584,188

31. Finance costs

31.1 Finance costs included in profit or loss:

Borrowings	4,260,408	5,577,342	4,260,408	5,577,342
Right-of-use liability	-	-	393,708	423,461
Trade and other payables	2,447	715	-	-
Total finance costs	**4,262,855**	**5,578,057**	**4,654,116**	**6,000,803**

32. Income tax expense

32.1 Income tax recognised in profit or loss:

Current tax				
Local income tax - current period	30,358,381	57,963,491	30,358,381	57,963,491
Local income tax - recognised in current tax for prior periods	-	1,744,105	-	1,744,105
Total current tax	**30,358,381**	**59,707,596**	**30,358,381**	**59,707,596**
Deferred tax				
Originating and reversing temporary **differences**	(916,728)	(4,762,379)	(1,062,581)	(4,917,754)
Total deferred tax	**(916,728)**	**(4,762,379)**	**(1,062,581)**	**(4,917,754)**
Total income tax expense	**29,441,653**	**54,945,217**	**29,295,800**	**54,789,842**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

33. Related parties

33.1 Group companies

Parent company	The Government of the Republic of Namibia
Ultimate parent	The Government of the Republic of Namibia
Subsidiaries	Eumbo Property Investment (Pty) Ltd [Reg No. 2017/0771] - Refer note 6
	NamGem Diamond Manufacturing Company (Pty) Ltd [Reg No. 1996/0461] - Refer note 6

33.2 Other related parties

30.1 Interest income comprises:

Entity name	Nature of relationship
The Namdia Foundation (Non-Profit Association Incorporated Under Section 21) [Reg No. 21/2019/0816]	Founder

33.3 Compensation paid to directors and prescribed officers

Name	Sitting fees	Expense allowance	Total remuneration
2021			
B.K.G. Eiseb	226,953	-	226,953
J.H. Hausiku	205,943	-	205,943
N.S. Shimutwikeni	257,776	-	257,776
L.M. Muatunga	228,047	65,856	293,903
J.V. Pack	247,453	-	247,453
Total compensation paid to directors and prescribed officers	**1,166,172**	**65,856**	**1,232,028**
2020			-
B.K.G. Eiseb (Chairperson)	226,953	-	25,950
J.H. Hausiku	33,831	-	33,831
J.V. Pack	37,499	-	37,499
N.S. Shimutwikeni	37,499	-	37,499
C.W.H Nghaamwa	122,176	-	122,176
L.M. Muatunga	97,133	39,556	136,689
S.V. Masiza (Chairperson)	184,142	75,063	259,205
T. Hangula (Deputy - Chairperson)	138,926	-	138,926
B. Konjore	118,811	-	118,811
L. Harases	147,054	-	147,054
V.K. Maharero	135,938	36,793	172,731
Total compensation paid to directors and prescribed officers	**1,078,959**	**151,412**	**1,230,371**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

34. Business combinations

34.1 Details of acquisition

Name of acquiree	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	
			%	N$
NamGem Diamond Manufacturing Company (Pty) Ltd	The cutting and polishing of diamonds	27 Mar 2020	50	34,795,197
NamGem Diamond Manufacturing Company (Pty) Ltd	The cutting and polishing of diamonds	26 Feb 2021	50	2

On 20 December 2018 a deposit of USD925,000 was paid to Lazare Kaplan International Inc. [“LKI”] for the acquisition of 50% of NamGem Diamond Manufacturing Company (Pty) Ltd [“NamGem”], the remaining deposit was settled on 27 March 2020 once the conditions were met.

On 26 February 2021, the Government of the Repulic of Namibia has agreed to sell its 50% shareholding in NamGem Diamond Manufacturing Company (Pty) Ltd for a nominal value of N$2.00 to Namib Desert Diamonds (Pty) Ltd.

34.2 Consideration transferred

	NamGem Diamond Manufacturing Company (Pty) Ltd	Total
Non-current assets		
Property, plant and equipment	14,310,000	**14,310,000**
	14,310,000	**14,310,000**
Current assets		
Trade and other current receivables	**64,119**	**64,119**
Cash and cash equivalents	15,032	**15,032**
	79,151	**79,151**
Non-current liabilities		
Other non-current financial liabilities	**(5,670,881)**	**(5,670,881)**
	(5,670,881)	**(5,670,881)**
Current liabilities		
Current provisions	(179,550)	**(179,550)**
Trade and other current payables	(719,369)	**(719,369)**
	(898,919)	**(898,919)**
Assets acquired and liabilities recognised at the date of acquisition (i.e Net Assets)	**7,819,351**	**7,819,351**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

34. Business combinations continued...

34.4 Good will arising on acquisition

	NamGem Diamond Manufacturing Company (Pty) Ltd	Total
Consideration transferred	34,795,197	**34,795,197**
Plus non-controlling interest	3,909,676	**3,909,676**
Share capital of subsidiary	(4)	**(4)**
Share premium of subsidiary	(49,799,486)	**(49,799,486)**
Opening retained earnings of subsidiary	98,610,368	**98,610,368**
Current year profit of subsidiary at acquisition	(43,511,396)	**(43,511,396)**
Revaluation reserve of subsidiary	(13,118,833)	**(13,118,833)**
Goodwill arising at acquisition	**30,885,522**	**30,885,522**

34.5 Impact of acquisitions on the results of the group

	NamGem Diamond Manufacturing Company (Pty) Ltd	Total
Profit or loss since acquisition included in results	(2,369,170)	**(2,369,170)**
Attributable to non-controlling interest	(1,184,585)	**(1,184,585)**
Attributable to owners of parent	(1,184,585)	**(1,184,585)**
	(2,369,170)	**(2,369,170)**

	Group 2021	Group 2020	Company 2020	Company 2020
33.6 Net cash flow from acquisition of subsidiaries				
Movement in investments in subsidiaries before adjustments	-	-	(34,795,197)	-
Less: non-cash items	-	-	19,219,796	-
Total net cash flow from acquisition of subsidiaries	-	-	**(15,575,401)**	-
34.7 Non-controlling interests				
Non-controlling interest recognised at acquisition date	3,909,676	-	-	-

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$

35. Financial risk management

Overview

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

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

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

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

The company is exposed to credit risk on loans receivable, trade and other receivables, contract receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well established financial institutions with high credit ratings.

	2021 - Group		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
33.6 Net cash flow from acquisition of subsidiaries			
Trade and other receivables (Note 10)	48,853,833	-	48,853,833
Cash and cash equivalents (Note 12)	292,228,538	-	292,228,538
	341,082,371	-	**341,082,371**

	2020 - Group		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables (Note 10)	40,767,356	-	40,767,356
Cash and cash equivalents (Note 12)	272,699,492	-	272,699,492
	313,466,848	-	**313,466,848**

Notes to the Consolidated and Separate Annual Financial Statements
Figures in N$

35. Financial risk management continued...

35. Financial risk management continued...

	2021 - Company		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables (Note 10)	48,771,542	-	48,771,542
Cash and cash equivalents (Note 12)	288,468,236	-	288,468,236
	337,239,778	-	**337,239,778**

	2020 - Company		
	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables (Note 10)	40,765,456	-	40,765,456
Cash and cash equivalents (Note 12)	267,481,643	-	267,481,643
	308,247,099	-	**308,247,099**

Liquidity Risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings.

Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at credible banking institutions.

	Group 2021	Group 2020	Company 2020	Company 2020
Current liabilities				
Trade and other payables (Note 18)	914,459	650,737	254,928	607,596
Intercompany payables (Note 19)	-	-	4,000,000	-
	914,459	**650,737**	**4,254,928**	607,596

	2020 - Group			
	Less than 1 year	2-5 years	Total undiscounted cash flows	Carrying amount as per financial statements
Non-current				
Right of use liability (Note 15)	-	-	-	-
Financial liabilities (Note 16)	-	**2,698,546**	**2,698,546**	2,663,100
	-	**2,698,546**	**2,698,546**	2,663,100
Current				
Right of use liability (Note 15)	-	-	-	-
Financial liabilities (Note 16)	**5,489,816**	-	**5,489,816**	5,160,000
Trade and other payables (Note 18)	**914,459**	-	**914,459**	914,459
Intercompany payables (Note 19)	-		-	-
	6,404,275	-	**6,404,275**	6,074,459

Notes to the Consolidated and Separate Annual Financial Statements
Figures in N$

35. Financial risk management continued...

35. Financial risk management continued...

6,404,275	**2,698,546**	**9,102,821**	**8,737,559**

	2020 - Group			
	Less than 1 year	2-5 years	Total undiscounted cash flows	Carrying amount as per financial statements
Non-current	-	-	-	-
Right of use liability (Note 15)	-	8,188,362	8,188,362	**7,954,741**
Financial liabilities (Note 16)	-	**8,188,362**	**8,188,362**	**7,954,741**
Current				
Right of use liability (Note 15)	-	-	-	-
Financial liabilities (Note 16)	5,918,335	-	5,918,335	5,160,000
Trade and other payables (Note 18)	650,737	-	650,737	650,737
Intercompany payables (Note 19)	-	-	-	-
	6,404,275	-	**6,569,072**	**5,810,737**
	6,569,072	**8,188,362**	**14,757,434**	**13,765,478**

	2020 - Company			
	Less than 1 year	2-5 years	Total undiscounted cash flows	Carrying amount as per financial statements
Non-current	-	3,366,000	3,366,000	2,296,950
Right of use liability (Note 15)	-	2,698,546	2,698,546	2,663,100
Financial liabilities (Note 16)	-	**6,064,546**	**6,064,546**	**4,960,050**
Current				
Right of use liability (Note 15)	612,000	-	612,000	252,739
Financial liabilities (Note 16)	5,489,816	-	5,489,816	5,160,000
Trade and other payables (Note 18)	254,928	-	254,928	254,928
Intercompany payables (Note 19)	4,000,000	-	4,000,000	4,000,000
	10,356,744	-	**10,356,744**	**9,667,667**
	10,356,744	**6,064,546**	**16,421,290**	**14,627,717**

Notes to the Consolidated and Separate Annual Financial Statements
Figures in N$

35. Financial risk management continued...

35. Financial risk management continued...

	6,404,275	**2,698,546**	**9,102,821**	**8,737,559**
	2020 - Company			
	Less than 1 year	**2-5 years**	**Total undiscounted cash flows**	**Carrying amount as per financial statements**
Non-current				
Right of use liability (Note 15)	-	3,978,000	3,978,000	2,549,690
Financial liabilities (Note 16)	-	8,188,362	8,188,362	7,954,741
	-	**12,166,362**	**12,166,362**	**10,504,431**
Current				
Right of use liability (Note 15)	612,000	-	612,000	218,291
Financial liabilities (Note 16)	5,918,335	-	5,918,335	5,160,000
Trade and other payables (Note 18)	607,596	-	607,596	607,596
Intercompany payables (Note 19)	-	-	-	-
	7,137,931	-	**7,137,931**	**5,985,887**
	7,137,931	**12,166,362**	**19,304,293**	**16,490,318**

The company trades in US Dollars by acquiring diamonds in US Dollars from its supplier and by selling diamonds in US Dollars to its customers. The company has three US Dollar denominated bank accounts which it uses for trading in diamonds. At year end the year all US Dollar suppliers were paid in full and no amounts were outstanding from US Dollar customers. Due to the fact that the company trades in US Dollars it is not subject to foreign currency risk in US Dollars. At year end the US Dollar bank accounts were translated to Namibian Dollars as the entity presents its annual financial statements in Namibian Dollars.

Exposure in Namibian Dollars

The company settles all is operating expenses and tax expenses in Namibian Dollars. Due to the fact that the company earns a majority of its income in US Dollars but settles its operating expenses and tax expenses in Namibian Dollars, it is exposed to foreign currency risk when it transfers money from its US Dollar denominated bank accounts to Namibian Dollars. The company's foreign currency exposure risk in Namibian Dollars was not significant during the current or prior year. Refer to note 28 for realised foreign currency gains (losses).

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

US Dollar exposure:				
Current assets				
FNB CFC Account, Note 12 1,419 (2020: USD 1,419)	20,623	21,858	20,623	21,858
FNB CFC Account, Note 12 591,881 (2020: USD 79563	8,600,034	1,225,275	8,600,034	1,225,275
RMB USD Term Deposit, Note 12 NIL (2020 : USD 2,400,000)		36,096,000	-	36,096,000
	8,620,657	37,343,133	8,620,657	37,343,133

Exchange rates

Notes to the Consolidated and Separate Annual Financial Statements
Figures in N$

36. Capital management continued...

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

Financial liabilities (Note 16)	7,823,100	13,114,741	7,823,100	13,114,741
Right of use liability (Note 15)	-	-	2,549,689	2,767,981
Trade and other payables (Note 18)	914,459	650,737	254,928	607,596
Total borrowings	**8,737,559**	**13,765,478**	**10,627,717**	**16,490,318**
Cash and cash equivalents (Note 12)	(292,192,121)	(272,657,169)	(288,431,819)	(267,439,319)
Net borrowings	**(283,454,562)**	**(258,891,691)**	**(277,804,102)**	**(250,949,001)**
Share capital (Note 14)	1,000	1,000	1,000	1,000
Share premium (Note 14)	49,999,000	49,999,000	49,999,000	49,999,000
Retained earnings	345,834,660	328,582,955	356,014,766	323,395,299
Total equity	**395,834,660**	**378,582,955**	**406,014,766**	**373,395,299**
Gearing ratio	**-72 %**	**-68 %**	**-68 %**	**-67 %**

37. Cash flows from operating activities

Profit for the year	**42,783,681**	**150,194,313**	**61,915,267**	**144,277,650**
Adjustments for:				
Finance income	(16,107,053)	(15,667,440)	(15,972,067)	(15,584,188)
Finance costs	4,262,855	5,578,057	4,654,116	6,000,803
Depreciation and amortisation expense	7,415,737	6,647,604	7,287,714	6,995,430
Impairment losses and reversal of impairment losses recognised in profit or loss	30,885,522	-	11,794,172	-
Gain or (loss) on foreign exchange differences on cash and cash equivalents	9,755,031	11,197,050	9,755,031	11,197,050
Movements for provisions	(285,684)	(201,252)	858,329	(201,252)
Non-cash losses on disposal of non- current assets	11,544	-	11,544	-
Non-cash revaluations on property, plant and equipment	(13,118,833)	-	-	-
Unrealised (gain)/loss on foreign exchange	6,000	-	6,000	-
Change in operating assets and liabilities:				
Adjustments for (increase) / decrease in trade accounts receivable	(145,300)	12,162	(145,300)	(695)
Adjustments for (increase) / decrease in other operating receivables	(7,418,116)	8,695,402	(7,860,786)	8,695,402
Adjustments for (decrease) / increase in trade accounts payable	(44,469)	317,508	(191,726)	313,770
Adjustments for increase / (decrease) in other operating payables	633,291	(823,246)	(177,964)	(870,053)
Adjustments for increase in intercompany payables	-	-	4,000,000	-
Net cash flows from operations	**58,634,206**	**165,950,158**	**75,934,330**	**160,823,917**

Notes to the Consolidated and Separate Annual Financial Statements
Figures in N$

38. Dividend paid

38.1 Dividend paid are calculated as follows:

Dividend declared	-	(80,000,000)	-	(80,000,000)
	-	(80,000,000)	-	(80,000,000)
Dividend paid cash flows are classified as follows:				
Financing cash flow	-	(80,000,000)	-	(80,000,000)
	-	(80,000,000)	-	(80,000,000)

39. Income tax paid

39.1 Income tax paid

Amounts receivable / (payable) at the beginning of the year	(11,416,592)	(14,569,983)	(11,457,804)	(14,569,983)
Amounts (receivable) / payable at the end of the year	9,424,945	11,416,592	9,466,157	11,457,804
Taxation expense (credit)	(29,441,653)	(54,997,142)	(29,295,800)	(54,789,842)
Less deferred tax included in taxation expense	(916,728)	(4,710,454)	(1,062,581)	(4,917,754)
	(32,350,028)	(62,860,987)	(32,350,028)	(62,819,775)
Income tax cash flows are classified as follows:				
Operating cash flow	(32,350,028)	(62,860,987)	(32,350,028)	(62,819,775)
	(32,350,028)	(62,860,987)	(32,350,028)	(62,819,775)

40. Cash flow calculations

40.1 Purchase of property, plant and equipment

Purchase of property, plant and equipment before adjustments	(821,660)	(765,963)	(821,660)	(765,963)
	(821,660)	(765,963)	(821,660)	(765,963)

40.2 Goodwill acquired through business combination

Purchase of intangible assets before adjustments	(30,885,522)	-	-	-
Other non-cash impact	30,885,522	-	-	-
	-	-	-	-

40.3 Loans to subsidiaries

Movement in loans to subsidiaries before adjustments	-	-	(7,835,608)	561,717
Other non-cash impact	-	-	5,587,880	(620,825)
	-	-	(2,247,728)	(59,108)

Notes to the Consolidated and Separate Annual Financial Statements
Figures in N$

38. Dividend paid

38.1 Dividend paid are calculated as follows:

Dividend declared	-	(80,000,000)	-	(80,000,000)
	-	(80,000,000)	-	(80,000,000)
Dividend paid cash flows are classified as follows:				
Financing cash flow	-	(80,000,000)	-	(80,000,000)
	-	(80,000,000)	-	(80,000,000)

39. Income tax paid

39.1 Income tax paid

Amounts receivable / (payable) at the beginning of the year	(11,416,592)	(14,569,983)	(11,457,804)	(14,569,983)
Amounts (receivable) / payable at the end of the year	9,424,945	11,416,592	9,466,157	11,457,804
Taxation expense (credit)	(29,441,653)	(54,997,142)	(29,295,800)	(54,789,842)
Less deferred tax included in taxation expense	(916,728)	(4,710,454)	(1,062,581)	(4,917,754)
	(32,350,028)	(62,860,987)	(32,350,028)	(62,819,775)
Income tax cash flows are classified as follows:				
Operating cash flow	(32,350,028)	(62,860,987)	(32,350,028)	(62,819,775)
	(32,350,028)	(62,860,987)	(32,350,028)	(62,819,775)

40. Cash flow calculations

40.1 Purchase of property, plant and equipment

Purchase of property, plant and equipment before adjustments	(821,660)	(765,963)	(821,660)	(765,963)
	(821,660)	(765,963)	(821,660)	(765,963)

40.2 Goodwill acquired through business combination

Purchase of intangible assets before adjustments	(30,885,522)	-	-	-
Other non-cash impact	30,885,522	-	-	-
	-	-	-	-

40.3 Loans to subsidiaries

Movement in loans to subsidiaries before adjustments	-	-	(7,835,608)	561,717
Other non-cash impact	-	-	5,587,880	(620,825)
	-	-	(2,247,728)	(59,108)

40. Cashflow calculations continued...

40.4 Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2021 Group

	Opening balance	New leases	Interest	Cash outflow	Total movements	Closing balance
Other financial liabilities measured as fair value	13,114,741	-	758,335	(6,049,976)	(5,291,641)	7,823,100
Right of use liability	-	-	-	-	-	-
	13,114,741	-	**758,335**	**(6,049,976)**	**(5,291,641)**	**7,823,100**
Total liabilities from financing activities	**13,114,741**	-	**758,335**	**(6,049,976)**	**(5,291,641)**	**7,823,100**

Reconciliation of liabilities arising from financing activities - 2020 Group

Other financial liabilities measured as fair value	18,356,308	-	1,536,954	(6,778,521)	(5,241,567)	13,114,741
Right of use liability	-	-	-	-	-	-
	18,356,308	-	**1,536,954**	**(6,778,521)**	**(5,241,567)**	**13,114,741**
Total liabilities from financing activities	**18,356,308**	-	**1,536,954**	**(6,778,521)**	**(5,241,567)**	**13,114,741**

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

Notes to the Consolidated and Separate Annual Financial Statements
Figures in N$

40. Cashflow calculations continued...
40.4 Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2021 Company

	Opening balance	New leases	Interest	Cash outflow	Total movements	Closing balance
Other financial liabilities measured as fair value	13,114,741	-	758,335	(6,049,976)	(5,291,641)	7,823,100
Right of use liability	2,767,981	-	393,708	(612,000)	(218,292)	2,549,689
	15,882,722	-		**(6,661,976)**	**(5,509,933)**	**10,372,789**
Total liabilities from			**1,152,043**			
financing activities	**15,882,722**	-	**1,152,043**	**(6,661,976)**	**(5,509,933)**	**10,372,789**

Reconciliation of liabilities arising from financing activities - 2020 Company

Other financial liabilities measured as fair value	13,114,741	-	1,536,954	(6,778,521)	(5,241,567)	13,114,741
Right of use liability	-	2,956,520	423,461	(612,000)	2,767,981	2,767,981
	13,114,741	**2,956,520**	**1,960,415**	**(7,390,521)**	**(2,473,586)**	**15,882,722**
Total liabilities from financing activities	**13,114,741**	**2,956,520**	**1,960,415**	**(7,390,521)**	**(2,473,586)**	**15,882,722**

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

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Group 2021	Group 2020	Company 2020	Company 2020

41. Contingent liabilities and contingent assets

41.1 Bravo Compliance (Pty) Ltd

Estimated financial effect	1,000,000	702,314	1,000,000	702,314

The contingent liability relates to a legal proceeding instituted by Bravo Compliance against NAMDIA for the payment of alleged invoices and damages for a contract award that was cancelled by NAMDIA. The likelihood of the reimbursement of N$1,000,000 (2020: N$702,314) claimed by Bravo Compliance is considered to be remote, and no outflow of economic benefits is expected.

42. Events after the reporting date

It is management's assessment that the event which gives rise to the decrease in economic activity is the lockdown/stay-at-home-order imposed and not the COVID-19 pandemic itself, although both are regarded as non- adjusting post balance sheet events.

43. Going concern

The consolidated and separate annual 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.

Detailed Income Statement

Figures in N$	Notes	Group 2021	Group 2020	Company 2020	Company 2020
Revenue	22				
Other revenue		104,340	-	-	-
Sales - rough diamonds		1,135,371,564	1,959,148,635	1,135,371,564	- 1,959,148,635
		1,135,475,904	**1,959,148,635**	**1,135,371,564**	**1,959,148,635**
Cost of sales	23				
Diamond selling costs		(1,036,475)	(4,609,827)	(1,036,475)	(4,609,827)
Discount received		12,181	17,760	12,181	17,760
Export levies		(11,301,730)	(19,429,522)	(11,301,730)	(19,429,522)
Import permit		(218)	(250)	(218)	(250)
Purchases - rough diamonds		(1,007,514,482)	(1,725,591,240)	(1,007,514,482)	(1,725,591,240)
Transport & shipping charges		(237,734)	(386,829)	(237,734)	(386,829)
Gross profit		**115,397,446**	**209,148,727**	**115,293,106**	**209,148,727**
Other income	24				
Bid documents		8,000	2,300	8,000	**2,300**
Deposits from applicants		3,942,745	-	3,942,745	-
Donations received		-	-	-	-
Impairments and reversals - investments	25	(30,885,522)	-	(11,794,172)	-
Administrative expenses	26				
Accounting fees		(130,935)	(170,100)	(93,325)	(155,520)
Annual duty		(65,620)	(32,950)	(32,500)	(32,770)
Auditors remuneration - Fees		(562,974)	(376,866)	(446,549)	(321,366)
Bank charges		(1,406,087)	(1,640,670)	(1,397,074)	(1,640,960)
Computer expenses		(506,379)	(617,569)	(458,734)	(617,569)
Secretarial fees		(1,900)	(1,500)	(1,900)	-
Subscriptions		(1,164,723)	(419,954)	(1,152,291)	(419,954)
Telecommunication		(783,524)	(721,711)	(713,136)	(721,711)
		(4,622,142)	**(3,981,320)**	**(4,295,509)**	**(3,909,850)**

The supplementary information presented does not form part of the consolidated and separate annual financial statements and is unaudited.

Detailed Income Statement

Figures in N$	Notes	Group 2021	Group 2020	Company 2020	Company 2020
Finance income	30				
Interest Received		16,107,053	15,667,440	15,972,067	15,584,188
Finance Costs	31				
Borrowings		(4,260,408)	(5,577,342)	(4,260,408)	(5,577,342)
Right-of-use-liability		-	-	(393,708)	(423,461)
Trade and other payables		(2,447)	(715)	-	-
		(4,262,855)	**(5,578,057)**	**(4,654,116)**	**(6,000,803)**
Profit before tax	32	**42,783,681**	**150,194,313**	**61,915,267**	**144,277,650**
Income tax		(30,358,381)	(59,707,596)	(30,358,381)	(59,707,596)
Current tax		916,728	4,762,379	1,062,581	4,917,754
Deferred tax		**(29,441,653)**	**(54,945,217)**	**(29,295,800)**	**(54,789,842)**
Profit for the year		**13,342,028**	**95,249,096**	**32,619,467**	**89,487,808**

The supplementary information presented does not form part of the consolidated and separate annual financial statements and is unaudited.

Value Added Statement

Figures in N$	Group 2021 N$	Group 2021 %	Group 2021 N$	Group 2021 %	Group 2021 N$	Group 2021 %
Value added by operating activities						
Revenue	1,135,475,904		1,959,148,635		2,274,872,762	
Bought - in materials and services	(1,066,680,856)		(1,783,359,725)		(2,019,133,983)	
Other income	3,950,745		2,300		8,419,544	
Other operating gains (losses)	(6,662,321)		(3,297,320)		3,120,313	
	66,083,472	**80**	**172,493,890**	**92**	**267,278,636**	**96**
Value added by investing activities						
Investment income	16,107,053		15,667,440		**10,628,130**	
	16,107,053	**20**	**15,667,440**	**8**	**10,628,130**	**4**
Total Value Added	**82,190,525**	**100**	**188,161,330**	**100**	**277,906,766**	**100**
VALUE DISTRIBUTED						
To Pay Employees						
Salaries, wages, medical and other benefits	27,728,252		**25,741,357**		**27,231,383**	
	27,728,252	**34**	**25,741,357**	**14**	**27,231,383**	**-10**
To Pay Providers of Capital						
Finance costs	4,262,855		**5,578,057**		**5,276,975**	
	4,262,855	**5**	**5,578,057**	**3**	**5,276,975**	**2**
To Pay Government						
Income tax	30,358,381		**59,707,596**		**70,360,405**	
	30,358,381	**37**	**59,707,596**	**32**	**70,360,405**	**25**
To be retained in the business for expansion and future wealth creation:						
Value reinvested						
Depreciation, amortisation and impairments	7,415,737		6,647,604		6,761,448	
Deferred tax	**(916,728)**		**(4,710,454)**		**6,359,102**	
	6,499,009	**8**	**1,937,150**	**1**	**13,120,550**	**5**
Value retained	17,251,704		95,249,096		161,953,812	
Retained profit	**17,251,704**	**21**	**95,249,096**	**51**	**161,953,812**	**58**
Total Value Distributed	**86,100,201**	**105**	**188,213,256**	**10**	**277,943,125**	**100**

The supplementary information presented does not form part of the consolidated and separate annual financial statements and is unaudited.

Three Year Financial Summary

	Group 2021	Group 2020	Group 2019
CONDENSED BALANCE SHEET			
Fixed assets	79,143,766	76,981,489	77,275,250
Net current assets/(liabilities)	321,466,232	312,585,182	307,046,270
	400,609,998	389,566,671	384,321,520
Deferred taxation	(2,112,246)	(3,028,974)	(7,791,353)
Long term liabilities	(5,956,190)	(11,883,519)	(11,883,519)
Total net assets	**392,541,562**	**374,654,178**	**364,646,648**
FINANCED BY:			
Share capital	1,000	1,000	1,000
Share premium	49,999,000	49,999,000	49,999,000
Retained income	345,834,660	328,582,956	313,333,860
	395,834,660	**378,582,956**	**363,333,860**
CONDENSED INCOME STATEMENT			
Turnover	1,135,475,904	1,959,148,635	2,274,872,762
Profit before taxation	42,783,681	150,194,313	238,636,960
Taxation	(29,441,653)	(54,945,217)	(76,719,507)
Profit for the period	**13,342,028**	**95,249,096**	**161,917,453**
Retained income for the period	**13,342,028**	**95,249,096**	**161,917,453**
CONDENSED STATEMENT OF CASHFLOWS			
Cash flow from operating activities	38,128,376	113,178,554	133,944,781
Cash flow from investing activities	(821,660)	(11,804,599)	(27,352,231)
Cash flow from financing activities	(8,016,732)	(85,241,567)	(55,051,095)
	29,289,984	**16,132,388**	**51,541,455**
FINANCIAL RATIOS			
Liquidity ratios			
Current Ratio	17.35	16.52	13.83
Quick ratio	17.35	16.52	13.91
Profitability %			
Return on operating assets	3.96%	28.69%	29.19%
Profit for the year	13,342,028	95,249,096	161,917,453
Return on equity	0	0	
Gross margin	10.16%	10.68%	12.04%

Ratio Analysis

	Group 2021	Group 2020	Company 2021	Company 2020
Liquidity Ratios				
Current Ratio	17.35	16.52	14.75	16.12
Acid Test Ratio	17.35	16.52	14.75	16.12
Asset Management Ratios				
The asset management analysis consists of the calculation of five ratios:				
Receivables Turnover – Collection period	26.84	45.71	26.85	45.72
Days sales in receivables	14.81	7.18	14.81	7.18
Inventory turnover	0.00	0.00	0.00	0.00
Days cost of sales in inventory	0.00	0.00	0.00	0.00
Days purchases in creditors	0.30	0.12	0.09	0.12
Profitability Ratios				
Gross profit margin	10.16%	10.68%	10.15%	10.68%
Return on operating assets	3.96%	28.69%	9.82%	28.88%
Profit for the year	13,342,028	95,249,096	32,619,467	89,487,808

The supplementary information presented does not form part of the consolidated and separate annual financial statements and is unaudited.

Income Tax Computation

Figures in N$	Group 2021	Group 2020	Company 2021	Company 2020
Profit before tax	**42,783,681**	**150,194,313**	**61,915,267**	**144,277,650**
Dissallowed expenditure & non-taxable income				
Depreciation per statements of profit or loss and other comprehensive income	7,415,737	6,647,604	7,287,714	6,995,430
Consulting fees - capital in nature	510,349	-	510,349	-
Donations and fines	2,274,650	19,754,350	4,034,313	24,888,658
Legal expenses	300,242	617,700	300,242	617,700
Interest on lease liability	-	-	393,708	423,461
Unrealised forex losses	9,755,031	11,197,050	9,755,031	11,197,050
General expenses	(34,195)	2,866	-	2,866
Stamp duty	14,300	9,325	12,800	9,325
Loss/(gain) on loans write-off	-	-	-	
Loss on diposal of assets	11,544	-	11,544	-
Impairments	30,885,522	-	11,794,172	-
	51,133,180	**38,228,895**	**34,099,873**	**44,134,490**
Deductions specifically allowed				
Wear and tear	(1,433,751)	(6,462,980)	(1,433,751)	(6,462,980)
Forex unrealised gains	6,000	-	6,000	-
Rent paid (remove IFRS16 adjustments)	(612,000)	(612,000)	(612,000)	(612,000)
Building allowance [s17(1)(f)]	(326,259)	(326,259)	-	-
	(2,366,010)	**(7,401,239)**	**(2,039,751)**	**(7,074,980)**
Other temporary difference				
Severance pay provision (CY)	1,277,531	778,620	1,277,531	778,620
Severance pay provision (PY)	(778,620)	(426,249)	(778,620)	(426,249)
Prepaid expenses (CY)	254,028	212,877	249,100	212,877
Prepaid expenses (PY)	(212,877)	(212,877)	(212,877)	(212,877)
Leave pay provision (CY)	2,802,779	2,053,189	2,412,607	2,053,189
Leave pay provision (PY)	(2,053,189)	(2,606,812)	(2,053,189)	(2,606,812)
	1,289,652	**(201,252)**	**894,552**	**(201,252)**

Income Tax Computation

Figures in N$	Group 2021	Group 2020	Company 2021	Company 2020
Profit before tax				
Computed income for the year	**92,840,503**	**180,820,717**	**94,869,941**	**181,135,908**
Assessed loss brought forward	(2,352,592)	(2,565,858)	-	-
Taxable income	**90,487,911**	**178,254,859**	**94,869,941**	**181,135,908**
Normal tax	**30,358,381**	**57,963,491**	**30,358,381**	**57,963,491**
Deferred tax	(916,728)	(4,762,379)	(1,062,581)	(4,917,754)
Under/(over) provision in previous year	-	1,744,105	-	1,744,105
Total per statements of profit or loss and other comprehensive income	**29,441,653**	**54,945,217**	**29,295,800**	**54,789,842**

Provisional tax	- 1st payment	-	(23,905,083)	-	(23,890,501)
	- 2nd payment	(20,892,224)	(24,385,921)	(20,892,224)	(24,359,291)
	- 3rd payment	(11,457,804)	(14,569,983)	(11,457,804)	(14,569,983)
Deferred tax		916,728	4,762,379	1,062,581	4,917,754
(Debit) / Credit balance brought forward		11,416,592	14,569,983	11,457,804	14,569,983
Total per statement of financial position - (Asset) / Liability		**9,424,945**	**11,416,592**	**9,466,157**	**11,457,804**

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