NAMDIA

NAMIB DESERT DIAMONDS (PTY) LTD

NAMIB DESERT DIAMONDS (PTY) LTD | ANNUAL REPORT 2017/18

c/o Sam Nujoma Drive and Dr Kwame Nkrumah Avenue
Private Bag 91600
Klein Windhoek
NAMIBIA

CHAPTER ONE

CHAIRMAN'S REPORT

On behalf of the NAMDIA Board of Directors, I'm pleased to present the company's Annual Report for the 2017 financial year. NAMDIA is committed to creating value for its clients and shareholders. We have been operating for almost two (2) years and I am pleased to see progress across all areas of our business, with many of the strategic initiatives gaining momentum and generating positive results.

Introduction

On behalf of the NAMDIA Board of Directors, I'm pleased to present the company's Annual Report for the 2017 financial year. NAMDIA is committed to creating value for its clients and shareholders. We have been operating for almost two (2) years and I am pleased to see progress across all areas of our business, with many of the strategic initiatives gaining momentum and generating positive results.

Highlights from the year under review

In terms of our financial performance, NAMDIA had a satisfying performance with a reported profit before tax of NAD 206.2 million. NAMDIA has had ten (10) sales during the financial year under review. The company is in good standing with the fiscus. We are confident that NAMDIA remains well positioned to continue to deliver sustainable and superior selling prices to its shareholder.

I previously reported that the company has been operating without its own office building and was leasing temporary offices. It is with great pleasure to report that during December 2017, NAMDIA moved into its own offices at the Eumbo building, situated at the corner of Sam Nujoma Drive and Dr. Kwame Nkrumah Avenue. The building details sophisticated modern and security features that help ensure that the diamonds and employees of NAMDIA are safe and protected. Eumbo has been declared "fit to carry on diamond business" by the Ministry of Mines and Energy.

The Board is particularly pleased that the principles of good governance, ethical conduct and accountability, risk management and compliance – both within NAMDIA and in our interaction with service providers – continue to be maintained without compromise. During the year under review two (2) board subcommittees, the Audit, Risk and Compliance Committee and Human Resources and Remuneration Committee, were created to assist the board in discharging some of its responsibilities and to ensure that robust governance processes are complied with.

Since its inception, the Board has committed to engaging positively with all its stakeholders. We are satisfied that this process is already bearing some fruits and that NAMDIA will continue with its efforts to be a transparent and engaging company. We are also satisfied with the communications team's efforts to create momentum in profiling NAMDIA's activities and in entrenching stakeholder engagements and activations.

To drive a performance culture, the board needs to ensure we have the right capabilities and experience to support the core business of the company. To this light, the board has subsequently appointed Kennedy Hamutenya as the Chief Executive Officer. The board welcomes Kennedy to NAMDIA with his extensive experience and knowledge within the diamond industry.

On behalf of the Board, I would like to express our gratitude to all the stakeholders and shareholders of NAMDIA.

I would like to acknowledge the expertise and counsel that the Board has contributed to the progression of NAMDIA throughout the year. Similarly, thanks go out to our leadership team and employees.

Lastly, on behalf of the Board, I would like to thank our previous Minister of Mines and Energy, Honourable Obeth Mbui Kandjoze for his steadfast support and role in the development and growth of NAMDIA. I wish him well in his new endeavours.

I would also like to extend a warm welcome to our new Portfolio Minister, Honourable Tom K. Alweendo. The Board looks forward to a productive partnership to ensure that the company executes its mandate.

ADV SHAKESPEARE MASIZA
CHAIRMAN

ADV SHAKESPEARE MASIZA
CHAIRMAN

CHAPTER TWO

CEO'S REPORT

I am pleased and humbled to report on our operational aspects for the 2017/18 financial year, ending February 2018. As you might be aware, our initial annual report covering the year 2016/17, covered only six months of trading as our first sale of rough diamonds only commenced in September 2016, therefore; that report only covered half the year's operations. In comparison to the initial report, this report is equally special, because it is our very first report covering an entire financial year. This is important because our results –though difficult to compare with 2016 as a baseline and given the enormous and daunting challenges that came with being a start –up, presented us an opportunity to measure our performance over a period covering an entire financial year of operations.

One key highlight of 2017/18 is for the very first time we were able to work from our own office space and logistical base. We moved into our new "Eumbo" building in December 2017. This is exciting and important because our employees now have a second home where they are empowered to live, work, learn and leave a positive legacy. Another significant achievement which is pivotal to our business success is that we managed to secure the financing required to buy the rough diamonds from Namibia Diamond Trading Company (NDTC) (yes, NAMDIA does indeed buy the diamonds, contrary to some misconceptions that they are given away for free). This we have been able to achieve without sovereign Government (shareholder) guarantee.

We are fortunate indeed that the banks have taken into consideration our good trading and positive cash flow track record and hence their leap of faith to finance our diamond pipeline, on average we have received a total amount of USD 12 million to USD 23 million per cycle, every five weeks, ten times per annum to purchase rough diamonds from the NDTC. This has enabled NAMDIA to become self-sustaining as we have been able to build up much needed cash reserves –which further enhanced our ability to mitigate financing risks by using such cash reserves as collateral for further rough diamond pipeline financing; we have also for the first time during the period under review been able to use some of our own cash reserves to buy rough diamonds when our allocation of rough diamonds entitlement from the NDTC was unusually high due to disproportionate and unusual high production from the mine (we secure 15 percent of the run of mine production during the period under review, our financial performance was strongly driven by a buoyant market and a strong American economy (more than 50 percent of all polished diamonds are sold in the USA annually); and overall positive global market sentiment.

Our total revenue was some NAD 1.9 billion and we paid a total of NAD 79.7 million in taxes and export duties and our after tax profit amounted to NAD 139.4 million. This financial performance is stellar and outstanding by any standard. We hope and are continuously optimistic that this full year's performance is an indicator of great things to come in the medium to long term. As we improve on our business processes, as we are strengthening our governance processes and as we exploit synergies and leverage the strengths of our business units, we hope and are confident that we will be able to further maximize shareholder value in line with the noble ideas of the Harambee Prosperity Plan, the National Development goals and Vision 2030.

At the apex of our successes and challenges during the year under review, is the fact that without doubt, the lack of sovereign guarantees has proved challenging. NAMDIA is also cognisant of the fact that Namibia is going through a fiscal consolidation period, and that it is prudent that we tighten our belts (short term pain, long term gains). Nonetheless, we would be in remiss if we failed to caution that the lack of a sovereign guarantee limits NAMDIA to opt for one sales strategy; that is of direct sales, without exploring tenders and/or auctions.

The Sales Agreement enables NAMDIA to buy its rough diamond entitlement offered by the NDTC, and therefore we must buy every cycle. Cash flow management is critical to our buying capacity and therefore NAMDIA cannot afford to stock pile rough diamonds from any cycle, as stock piling comes with the unintended consequences of interest and stringent capital. In addition, because we are compelled to build up cash reserves which are used as collateral, it adversely impacts on our ability to declare a dividend at this juncture. It must therefore be emphasized that without sovereign guarantee, our cost of capital is more expensive and impacts our bottom line and this impedes our deep yearning to declare dividends to the state in the financial year under review.

Our operational challenges encountered involve staffing. It has often been asked why we have not sold to many buyers. It needs to be stressed that it is a daunting task to split even just one cycle's shipment into two, with skeletal staff on rough diamond sorting in order to make up a bespoken box of rough diamonds that meet the buyer's requirements. Without such key competencies and expertise, it is virtually impossible to split the assortment for multiple buyers. Therefore prior to recruiting seasoned and experienced sorters –we were compelled to sell the entire shipment to less than a handful of buyers. But we are pleased to report that as our key diamond competencies have improved, we have sold to up to five buyers, during the period under review.

During the period under review, some media houses were aiming to guide public perception through unfair negative media reports. NAMDIA has had to counter these perceptions and drive the narrative about the Company towards a more balanced, realistic, honest, and positive image. In this regard, a more concerted and robust public image enhancement campaign underscored by positive brand establishment initiatives was launched –which paved the way for increased local brand awareness which was also felt internationally.

Looking ahead, the market outlook is promising in the medium to long-term, supply and demand fundamentals look favorable. There are no new major mines that are slated to come on stream with no additional new sources of rough diamond suppliers so there would be no real threat to prices. But there are threats nonetheless. No one really knows how synthetics would affect the industry in the medium term. Synthetics would obviously become a major source on our long term especially given the fact that De Beers has opted to enter the synthetics manufacturing arena. But nobody knows whether they would find their own separate segment of the market and therefore not pose a threat to natural diamonds, or whether alternatively that they will begin to compete with natural diamonds. NAMDIA is confident though that synthetics are less of a threat to our business particularly because of the unique quality of the diamonds we sell.

NAMDIA will continue to monitor these developments and their impact on NAMDIA's rough diamond business. The other significant existential threat are countries within the mid-stream part of the diamond pipeline, who have major financing problems. All the major cutting center banks have either pulled out of the industry entirely or have curtailed their lending. Clearly it is not a good thing for the industry to be reliant on weaker banks for long term financing. Although the industry is coping at the moment, it is a worrying trend as it adds significantly to the risk profile. If the diamond market does plunge, there is a real danger that the storm may become the hurricane. For NAMDIA it is of utmost importance that the diamond pipeline mid-stream is sufficiently financed as we sell most of our stones in the secondary market, to buyers that are vertically integrated and with major cutting operations and therefore their liquidity is prominent to the sustainability and viability of NAMDIA's operations and that of the entire diamond industry.

The year 2017/18 was a good year in terms of our operational and financial performance. Our clients have paid premium prices for our diamonds and our cash position continues to strengthen. We hope to build on this positive momentum by expanding our client base through the exploration of mixed sale strategies depending on our assortment and the qualities and sizes that the mines present to us, and by improving our business processes and taking advantage of synergies and development within our business units.

We, however, remain cautious going forward as experience has taught us that the diamond industry is susceptible to global economic traumas and negative cycles, global political instability and consumer confidence. And in a world that is becoming increasingly unpredictable with the looming threat of trade wars; we can't rest, or be complacent. We will however, continue to keep abreast of the changing dynamics in the local and international environment, so that we are better able to mitigate potential risks to our business.

In conclusion, I wish to take this opportunity to thank the Staff, Executive Management and the Board for their hard work, innovative ideas, commitment to excellence and for their unconditional support. I will be in remiss if I fail to thank Namdeb Holdings (Pty) Ltd –without them we have nothing to sell, and to NDTC for their cooperation and synergistic partnership.

Last but not least, I wish to thank the key stakeholders –Ministry of Public Enterprises, for their continued guidance and support, the Ministry of Finance for their prompt payment of our Value Added Tax (VAT), without it our cash flow position would be detrimental to our business. I must use this opportunity to welcome our new portfolio Minister, Hon. Tom K. Alweendo. We embrace his wisdom and guidance going forward and NAMDIA wishes him the best of luck and favor in his new position as Minister of Mines and Energy.

KENNEDY HAMUTENYA
CHIEF EXECUTIVE OFFICER

KENNEDY HAMUTENYA
CHIEF EXECUTIVE OFFICER

CHAPTER THREE

STRATEGIC OVERVIEW

3.1 OVERVIEW OF NAMIB DESERT DIAMONDS

NAMDIA has been established and licensed by the Ministry of Mines and Energy as a rough diamond trader with business operations focused on the purchase of rough diamonds and sale of these diamonds to the international diamond industry. NAMDIA is positioned to create a sustainable route to market for 15 percent of NAMDEB Holdings' total production of rough diamonds, thus further ensuring Namibia's place as a major player in the entire global diamond value chain. NAMDIA also has the discretion to cut and polish some of its rough diamonds with the view to discover the market value of the polished outcome of its diamonds. It can further consign some of those polished diamonds for jewellery-making.

NAMDIA will leverages on the high quality and corresponding premium pricing of its Namibian diamonds to generate economic benefits to GRN, thereby supporting national development goals and policy in the diamond sector. NAMDIA intends to create a brand that positions Namibian diamonds as a niche product in the luxury brand segment as well as to make 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 key strategic objective of NAMDIA is for revenue maximization and to serve as a price discovery for the Namibian diamonds. This will be achieved by participating directly in the diamond value chain through trading and distributing its allocation of Namibian rough diamonds and create a Namibian footprint on the downstream market. The price discovery mechanism will ensure that the nation receives its full, fair share of revenue from the development of its upstream deposits and that GRN decision-making on upstream and mid-stream tax, investment, promotion and other diamond policies is fully informed.

NAMDIA will further advise GRN in general, and the Ministry of Mines and Energy (MME) at a high level on overall policy concerning the diamond industry. The industry remains a key contributor to national economic accounts, which is increasingly driven by developments and trends in the downstream market.

3.2 NAMDIA OBJECTIVE

The key strategic objectives of NAMDIA are:

- Revenue maximization mechanism and price discovery mechanism for Namibian diamonds;
- Optimisation of sales strategy and delivery mechanism of allotted rough diamonds;
- Positioning and branding of Namibia in the global market;
- Corporate and social responsibility to contribute to the development and growth of Namibia.

3.3 CORPORATE CHARTER

3.3.1 NAMDIA VISION

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

3.3.2 NAMDIA MISSION

To discover the best market value for Namibian diamonds – price discovery mechanism. To contribute towards beneficiation of diamonds, fulfilling 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 to make 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.

CHAPTER FOUR

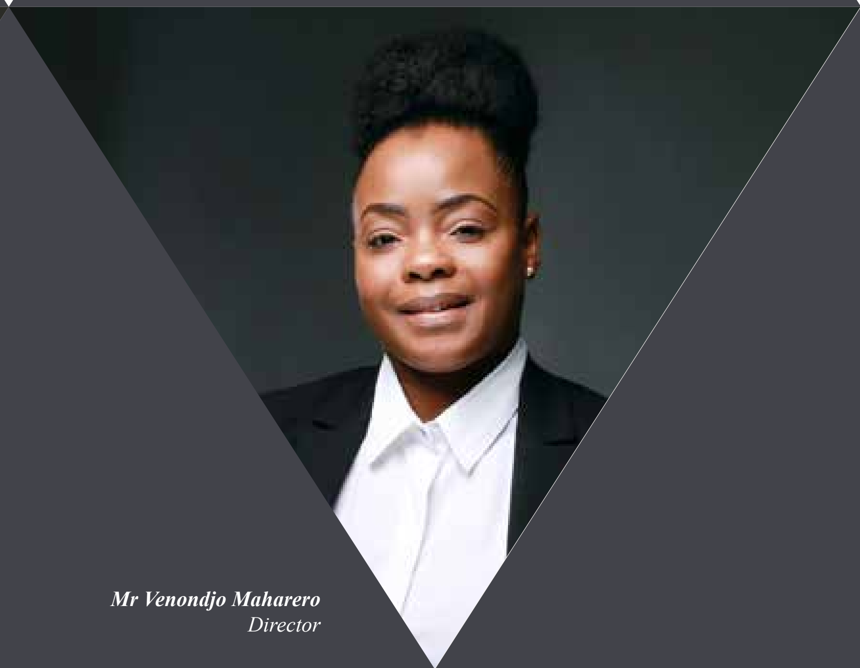
NAMDIA OPERATIONS

4.1 ORGANISATIONAL STRUCTURE OF NAMIB DESERT DIAMONDS (PTY) LTD

4.1.1 BOARD OF DIRECTORS

ADV Shakespeare Masiza
Chairman

Ms Tania Hangula
Deputy Chairperson



Mr Bonifatius Konjore
Director

Mr Venondjo Maharero
Director

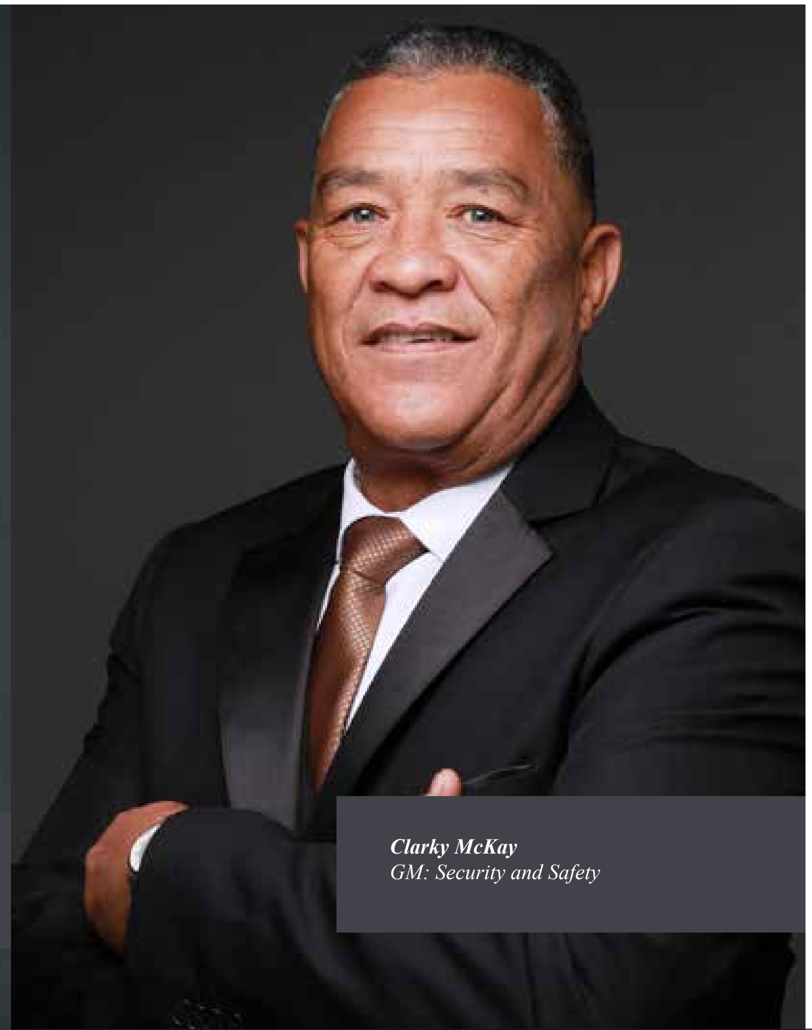
Mr Chris Nghaamwa
Director

Mrs Lorentha Harases
Director

4.1 ORGANISATIONAL STRUCTURE OF NAMIB DESERT DIAMONDS (PTY) LTD *(continued)*

4.1.2 MANAGEMENT STRUCTURE

Kennedy Hamutenya
CEO



Clarky McKay
GM: Security and Safety

Lelly Usiku
GM: Sales and Marketing

Irwin D Haihambo
GM: Human Resources and Administration

Sven Von Blottnitz
GM: Finance

Marvel Tjombonde
Company Secretary

4.2 CORPORATE GOVERNANCE

The primary function of the Board of Directors (the Board) is to provide effective leadership and direction to enhance the long-term value of NAMDIA to its shareholder and other stakeholders. The Board has the overall responsibility for reviewing the strategic plan and performance objectives, annual report, key initiatives, financial performance and corporate governance practices.

4.2.1 Directors

Composition

The NAMDIA Board consists of 6 independent non-executive directors. This composition creates a balance of power, which reduces the possibility of conflicts of interest and promotes objectivity. The Chairperson is an independent non-executive director.

Director Appointments

The Board has been appointed by the Minister of Mines and Energy for the period 2 August 2016 – 1 August 2019. The NAMDIA directors are:

- Adv. Shakespeare Masiza (Chairperson)
- Ms. Tania Hangula (Deputy Chairperson)
- Mrs. Lorentha Harases (Director)
- Mr. Bonifatius Konjore (Director
- Mr. Venondjo Maharero (Director)
- Mr. Chris Nghaamwa (Director)

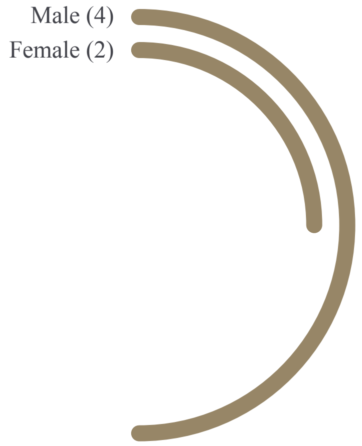
Board changes during the period

During the period under review Mrs. Florentia Amuenje resigned effective 30 June 2017.

Director attendance at board and committee meetings

During the financial year under review the board held four (4) ordinary and one (1) special Board Meeting. The Board created two (2) subcommittees, namely, the Audit, Risk and Compliance Committee and the Human Resources and Remuneration Committee to assist the board in the execution of some of its duties specific to each committee. The below table covers all board and committee meetings attendance.

Composition: Gender diversity



Board skills diversity

Name of Director	Board	[1]Meetings (4) Special meeting (1)	Audit, Risk and Compliance Committee	Meetings (1)	Human Resources and Remuneration Committee	Meetings (3)	Annual General Meeting
Adv. S. Masiza	Chairperson	5/5			Member	3/3	1/1
Ms. T. Hangula	Deputy Chairperson	3/5			Chairperson	2/3	1/1
Mrs. L. Harases	Director	5/5	Chairperson	1/1			1/1
Mr. B. Konjore	Director	5/5	Member	1/1			1/1
Mr. V. Maharero	Director	5/5			Member	3/3	1/1
Mr. C. Nghaamwa	Director	5/5	Member	1/1			1/1
Mrs. F. Amuenje	Director	2/5					

[1]Number of meetings held and attendance

4.2.2 Governance structures and processes

In discharging its duties, the Board is empowered to delegate to committees and management. Governance structures and processes are continuously reviewed and adopted to accommodate internal developments and to reflect international best practices.

The Board is satisfied that the composition of the committees of the Board and the arrangements of the delegation within its own structures promote independent judgement and assist with the balance of power and effective discharge of its duties.

4.2.3 Board Committees

The Board has delegated certain functions to structured and effective committees to assist the directors in the discharge of their duties and responsibilities. All committees have formal terms of references and report to the Board. The terms of reference inform the various committee meeting agendas and that the committee is satisfied that its responsibilities have been executed for the year in terms of the charter.

Audit, Risk and Compliance Committee

The audit, risk and compliance committee fulfil a vital role in corporate governance and in ensuring the integrity of integrated reporting and internal financial controls. The committee provides an independent oversight of risk and compliance activities. The Board retains the ultimate decision-making ability on such matters.

Composition of the Audit, Risk and Compliance Committee: Mrs. L. Harases (Chairperson), Mr. C Nghaamwa, and Mr. B Konjore

Human Resources and Remuneration Committee

The human resources and remuneration committee assists the Board in ensuring that NAMDIA remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and that the remuneration practices are appropriate and conform with the general philosophy of rewarding performance. The committee further has the following duties: to review, monitor and make recommendations to the Board on human resource strategies and policies that pertain to staffing, remuneration, benefits, succession planning, employment conditions, performance appraisals; and discipline. The Committee identifies and meets the training and/or building capacity needs of staff; and review performance systems including performance appraisal programs and employee recognition, incentive plans and other reward programs.

Composition of the Human Resources and Remuneration Committee: Ms. T Hangula (Chairperson), Mr. V. Maharero and Adv. S. Masiza

4.2.4 Conflict of interest

Directors sign a declaration stating that they are not aware of any undeclared conflicts of interest that may exist due to their interest in, or association with any other company. In addition, directors disclose interests in contracts and related party transactions for the Board to assess whether such transactions are on arm's length commercial terms. In such instances, directors will recuse themselves from deliberations on these matters. "Conflict of interest" is a standing agenda item at all Board and committee meetings.

4.3 SALES REPORT

4.3.1 Developments in the diamond market

The year 2017 was a momentous year for the big mining companies and many of the retailers. Whilst 2017 was a marked improvement on 2016 and 2015 for the traders and manufacturers, the underlying problem is the lack of profitability. It was a particularly good year for Rio Tinto, BHP, Glencore and Anglo American who all reported soaring profits, hefty dividends and a lighter debt burden. Anglo American's results in 2017 are one of the most impressive. Earnings climbed 45 percent to $8.8 billion in 2017 and revenue jumped 19 percent to $26.2 billion.

Alrosa, the world's largest mining company in carat terms had a good year in 2017. They sold 4.2 million carats of diamonds while rough and polished sales amounted to $4.2 billion and $96.9 million, respectively. The key drivers for this growth were higher output from their flagship Udachny and Arkhangelskaya mines coupled with more favourable trading conditions in 2017. Botswana's rough diamond exports fell by 17 percent in 2017 to $4 billion due to weaker demand for their goods in the second half of the year.

After a difficult 2015, the Antwerp diamond trade started to stabilize in 2016. This trend continued over the past year as the industry traded a total of $46 billion in diamonds. Over 223 million carats worth $23.3 billion were traded in Antwerp's rough diamond market in 2017. The volume of rough diamond imports as well as exports increased by 6 percent and 27 percent, respectively compared with 2016. This is largely a result of the fact that most of the diamond production from three new mines, two in Canada and one in Lesotho is now traded on the Antwerp market.

Rough

The first half of 2017 was most encouraging but the second half rather disappointing. Demand for rough returned aggressively in early 2017 as manufacturers in India recovered from the late-2016 liquidity crisis caused by the government's demonetisation of high denomination bank notes. By mid-year, however, new polished diamonds entered the market and compounded an already overstocked global polished inventory and manufacturers noticeably pulled back operating activity punctuated with longer than usual Diwali factory closures in the final quarter of the year in India.

Jewelry Industry

There was good and sad news for the jewelry industry in the all-important centre, the United States. The sad news; in 2017 many jewelry companies shut their doors. The good news, far fewer closed than in 2016. According to the Jewelers Board of Trade, 886 North American jewelry businesses ceased operations in 2017, which breaks down to 706 retailers, 109 wholesalers and 71 manufacturers. In addition to those 886 companies that ceased operations, another 151 merged or consolidated and 29 filed for bankruptcy. As bad as these numbers seem, the number of companies ceasing operations is far less than 2016, when 1564 jewelry companies stopped doing business in North America.

Many of the big brands had a good year in 2017 and LVMH posted record results. LVMH, the world's leading luxury products group, recorded revenue of Euros 42.6 billion in 2017, an increase of 13 percent over the previous year. Revenues for their watch and jewelry sector were up 10 percent showing a total revenue of Euros 3.8 billion for the year. Bulgari was the best performer in the LVMH watches and jewelry sector.

Outlook for 2018

The critical US consumer market is currently supported by a relatively strong economy. The stock market has performed well, and most employment figures are at favourable levels in the US. This has created positive consumer sentiment and Christmas sales were reportedly encouraging. The US remains by far the largest end-consumer market for diamonds, with a 50 percent market share. Greater China, which includes Mainland China, Hong Kong, Macau, Taiwan and India represent the industry's fastest growing and next most important markets. Initial reports suggest that there were excellent sales of diamond jewelry to celebrate the Chinese New Year in February.

In February 2018, the Punjab National Bank in India announced a $2 billion scam. The Nirav Modi and Mehul Choksi scam will go down as the biggest scam in the history of the diamond business and the story will dominate events in 2018. Banks have quickly reacted to this scam and borrowings reduced dramatically, with institutions such as ABN AMRO Bank closing two of their branches which lend to the industry, in New York and Dubai.

While the industry is currently dealing with challenges ranging from shorter-term lender confidence and lack of profitability in the Indian manufacturing sector to longer-term fundamental shifts in consumer preferences for luxury goods, forecasted industry fundamentals favouring healthy sales and buoyant retail diamond prices over the next two years. Producer excess inventories have been reduced to multi-year lows and any excess production capacity of the major producers is expected to be insufficient to significantly offset the pending supply gap. It is, however, necessary to highlight risks which could prevent the continuation of this positive trend; a global economic slowdown, further US/China trade hostility, escalation of the US/Russia/Iran proxy war, consequences of the over-levered Chinese consumer economy and negative implications of higher oil prices which are currently at a four-year high. Finally, lab-grown diamonds continue to be the single greatest existential threat to the diamond industry.

4.3.2 NAMDIA sales performance

The second financial year for NAMDIA started off when the diamond industry was recovering from the crisis in India caused by the Government's decision to abolish large denomination rupee bank notes. The industry had accumulated stocks as a result. The first half of 2017 was strong, however, the second half relatively disappointing. Demand for rough returned aggressively in early-2017 as manufacturers in India recovered from the late-2016 liquidity crisis caused by the government's demonetization of high denomination bank notes.

By mid-2017, however, new polished diamonds entering the market compounded an already overstocked global polished inventory and manufacturers noticeably pulled back operating activity punctuated with longer-than usual Diwali factory closures in the later part of the year.

During the period under review, NAMDIA successfully conducted ten (10) sales transactions, whereby it purchased and sold 272,518 carats in rough diamonds. Sales increased by 132 percent in terms of carats compared to the last financial year. This is attributed to the fact that there were only 5 sales transactions in the previous year and that the Namdeb Holdings production increased during the period under review resulting in high NAMDIA Entitlement allocation.

The NAMDIA rough diamond during the financial year was high in value in comparison to the previous year. The selling price per carat was US$537.25 on average, compared to US$533.12 recorded in the year before. This is ascribed to an increase in the quality of rough diamonds produced and improved market conditions. The last sales transaction of the year was conducted from the NAMDIA premises, after moving in the building in December 2017. Consequently, the number of the NAMDIA clients increased to 4 companies during the period under review.

The clients that NAMDIA sold to have numerous offices in major diamond centres, that is; Dubai, India, Israel and Hong Kong. All these clients are industry leaders who have exemplary reputations in the industry. Thorough due diligence was conducted after a rigorous and robust selection process. Going forward, the number of clients will increase as NAMDIA's proficiency and capacity continues to improve.

4.4 HUMAN RESOURCES

Strategic

The Human Resources Department plays an invaluable role in the securing of the future of NAMDIA, as human capital is the last remaining competitive advantage to be leveraged. In doing so, the function is guided by the organisational strategy and its long-term vision of working in partnership to create an environment where employees can thrive, are engaged and enabled to deliver sustainable organisational performance.

Specifically, in three long term priority areas:

1. To apply its human capital expertise deliberately and assertively to support business architecture to deliver results based on our values.
2. To strengthen its overarching administrative, control functionality for human capital risk and embed a high-performance culture, that is built on trust, fair reward and corrective measures when necessary.
3. To build the capability and capacity of the current and future, leaders, managers and staff to ensure business continuity in the spirit of stewardship and value driven leadership.

The staff complement consists of twenty (20) employees, deemed optimal based on current organisational strategy and the corresponding operational activities. The senior management staff complement total 6 (2 female and 4 male). The workforce is quite diverse and is a good representative of the Namibian population demographic. The HR Agenda for 2018/19 will focus on the implementation of the strategy, creation of a conducive and progressive workplace and a corporate culture, by helping to reduce complexity, leverage technology, encourage innovation, increase efficiencies and build an effective organisation. To obtain a comfortable intellectual hold on the needs, desires and aspirations of our workforce, we will participate in our maiden National Best Company to Work for Survey facilitated and managed by Deloitte. A strong corporate culture remains essential for NAMDIA, long-term success and its stakeholder relationships.

4.5 SECURITY AND IT INFRASTRUCTURE

It is important to acknowledge that security is not a one-time activity. It is an integral part of the system and the operational integrity of NAMDIA. The integrity and the safety of the NAMDIA premises is an important aspect and as such the necessary measures were integrated and implemented to achieve a safe environment where this national resource and asset will be kept and worked on giving everyone the peace of mind of all safety and security measures being put in place.

NAMDIA ensured that the safety of the diamonds, employees and all other property are safeguarded, and the building was accordingly certified to be fit to commence and continue diamond operations.

The system installed in the NAMDIA premises and currently in use and operational caters and provides for:

- *Confidentiality:* The system contains information which requires protection from unauthorised disclosure such as personal information and proprietary business information.
- *Integrity:* The system further contains information which is protected from unauthorised, unanticipated or unintentional modification such as confidential information and financial transactions.
- *Availability:* The system contains information or provides services that is available on a timely basis to meet requirements and/or to avoid substantial losses of critical information and data, available on an urgent basis and stored in and on different places of safety.

When and where necessary continuous upgrading of all systems are taking place.

4.6 FINANCIAL MANAGEMENT

Eumbo building

The acquisition and fitting of an own building was one of the key strategic imperatives for the year under review. After scouting around for suitable properties, the Eumbo building, on the corner of Sam Nujoma Drive and Dr Kwame Nkrumah Avenue was purchased for N$ 30 million using a property finance structure from Standard Bank Namibia. The building was then subjected to additional building works to be fitted with adequate security measures for the handling of diamonds as specified by the Ministry of Safety and Security. This building fitment was commenced in May 2017 and practical completion reached in December 2017. Additional preparations were done in January 2018 so that the first diamonds sale could be concluded from this facility in February 2018.

Banking Facility

NAMDIA traded successfully from inception to the completion of the Eumbo Building from the NDTC premises using customer finance as a model. The completion of the Eumbo building required the trade model to change and the sight of diamonds needed to be paid for and moved to NAMDIA's building, sorted there and offered to the customers for sale from here. This required a banking facility as bridging working capital. A government guarantee was an essential assumption of the initial business plan, but this was not forthcoming. Subsequent negotiations with the local commercial banks then gave rise to securing a partially secured revolving credit facility from RMB in November 2017. This was utilized for the first time in the February 2018 trade.

VAT refunds

A further key strategic finance aspect for NAMDIA was obtaining the VAT refunds in a timely manner as cash flow to finance the operating expenses and the building alterations. The diamonds are purchased from NDTC inclusive of VAT and sold as export, which is zero-rated of VAT. In such a position, NAMDIA is continually in a VAT refund position and subject to VAT audit for every VAT return. VAT compliance was essential and bookkeeping efficiency of vital importance to early submission of VAT returns and prompt auditing by the officials of the Large Taxpayers Office of the Receiver of Revenue. VAT refunds were paid out with sufficient promptness to finance the operations and build up sufficient cash reserves to serve as collateral for the banking facility.

4.7 PUBLIC RELATIONS

NAMDIA participated at the Chamber of Commerce Mining Expo during April 2017 in Windhoek. The event marked NAMDIA's first exhibition at the Expo and NAMDIA proved to be the new kid on the block by walking away with the coveted Best Stand Award. Inspired by the brilliant Namibian night sky, Namibia's diamonds and NAMDIA's journey, the stand featured a custom-made milky way roof and starry night wall that housed the four C's (carat, cut, colour and clarity) of diamonds for visitors to discover through various peepholes. This was a wonderful opportunity for NAMDIA to introduce itself to the public and make them aware of who we are and why we do exist.

Similarly, NAMDIA participated at the Ongwediva Annual Trade Fair during the last quarter of 2017.

During the first quarter of the period under review, NAMDIA faced numerous negative reports from selected media. In response, NAMDIA initiated the development and implementation of pro-active communications strategies to raise top-of-mind awareness of the company's operations and role as well as contribution to the country's socio-economic development. Activities during this time included a multi-pronged campaign - which included social media engagement as well as traditional media advertising and editorial roll out - during the final quarter of the year under review. An integrated PR, Communications and Media Relations Strategy, Directives and Policy document as well as a Corporate Social Responsibility Plan was approved by the Board of Directors during the period under review and the latter is planned for roll-out during the 2018-19 financial reporting period. A multi-pronged international media campaign is also planned for roll-out during the 2018-19 review period.

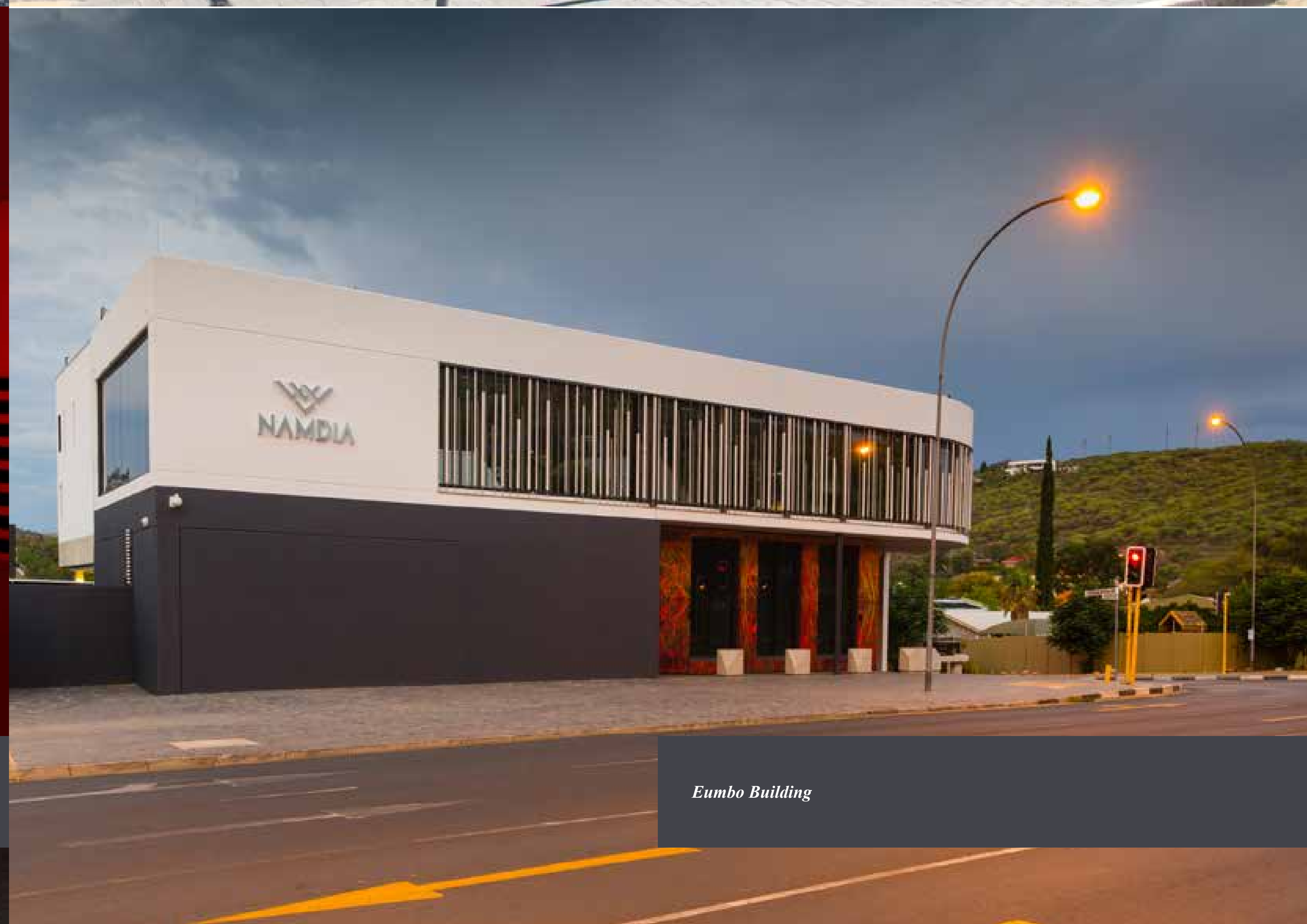
CHAPTER FIVE

MILESTONES

Mining Expo 2017

Mining Expo 2018

Ongwediva Trade Fair 2017



Eumbo Building

CHAPTER SIX

ANNUAL FINANCIAL STATEMENTS

NAMIB DESERT DIAMONDS (PROPRIETARY) LIMITED
Trading as NAMDIA
(Registration Number 2016/0338)
Consolidated and Separate Annual Financial Statements
for the year ended 28 February 2018

Index

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

General Information

Country of Incorporation and Domicile	Namibia
Nature of Business and Principal Activities	To market and sell diamonds on behalf of the Government of the Republic of Namibia
Directors	S.V Masiza (Chairperson) T. Hangula (Deputy Chairperson) V.K Maharero C.W.H Nghaamwa L. Harases B. Konjore F. Amuenje (Resigned 30 June 2017)
Registered Office	Erf 366 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 Namibia Limited
Auditors	Hamilton Chartered Accountants Chartered Accountants (Namibia) Registered Accountants & Auditors
Company Secretary	M.N.K Tjombonde
Income Tax Registration Number	7253608-01-1
Value Added Tax Registration Number	7253608-01-5

Report of the Compiler

To the shareholder 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 consolidated and separate annual financial statements comprise the Statement of Financial Position of Namib Desert Diamonds (Proprietary) Limited and its subsidiary as at 28 February 2018, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, 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 Companies Act of Namibia, Act No. 28 of 2004. 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 and the requirements of the Companies Act of Namibia.

Our compilation report is intended solely for your use in your capacity as management of Namib Desert Diamonds (Proprietary) Limited, and should not be distributed to other parties.

Don Consulting Services CC

Per: Faizel V. Uaendere
Independent Accountant

29 May 2018

PO Box 26546
Windhoek
Namibia

NAMIB DESERT DIAMONDS (PROPRIETARY) LIMITED
(Registration Number 2016/0338)
Consolidated and Separate Annual Financial Statements for the year ended 28 February 2018

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 28 of 2004 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets 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 all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group 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 systems 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 group's cash flow forecast for the year ended 28 February 2019 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in the operational existence for the foreseeable future.

The external auditors are responsible for independently auditing the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on page 42.

The consolidated and separate annual financial statements were compiled independently by Don Consulting Services CC for the year ended 28 February 2018.

The consolidated and separate annual financial statements as set out on pages 44 to 69 were approved by the board on 29 May 2018 and were signed on their behalf by:

Approval of consolidated and separate annual financial statements

S.V Masiza
Chairperson

T. Hangula
Deputy Chairperson

Independent Auditor's Report

TO THE SHAREHOLDER OF NAMIB DESERT DIAMONDS (PTY) LTD

We have audited the consolidated and separate annual financial statements of Namib Desert Diamonds (Pty) Ltd and its subsidiary, as set out on pages 9 to 40, which comprise the statement of financial position as at 28 February 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated and Separate Annual Financial Statements
The company's directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and requirements of the Companies Act 28 of 2004, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors Responsibility
Our responsibility is to express an opinion on these consolidated and separate annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate annual financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated and separate annual financial statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the financial position of Namib Desert Diamonds (Pty) Ltd and its subsidiary as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 28 of 2004.

Supplementary Information
Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 70 to 75 does not form part of the consolidated and separate annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other reports required by the Companies Act
As part of our audit of the consolidated and separate annual financial statements for the year ended 28 February 2018, we have read the Directors' Report and the Report of the Compiler for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate annual financial statements. The Directors' Report and the Report of the Compiler are the responsibility of the directors. Based on reading these reports we have not identified material inconsistencies between them and the audited consolidated and separate annual financial statements. However, we have not audited the Directors' Report and the Report of the Compiler and accordingly do not express an opinion thereon.

Hamilton Chartered Accountants
Registered Accountants and Auditors
31 May 2018
Chartered Accountants (Namibia)
JC Hamilton
Partner

NAMIB DESERT DIAMONDS (PROPRIETARY) LIMITED
(Registration Number 2016/0338)
Consolidated and Separate Annual Financial Statements for the year ended 28 February 2018

Directors' Report

The directors present their report for the year ended 28 February 2018.

1. General information
Namib Desert Diamonds (Proprietary) Limited is a private company incorporated in Namibia on 18 April 2016.

2. Review of activities
Main business and operations
The principal activity 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. The company operates principally in Namibia.

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.

The operating results and consolidated statement of financial position of the group are fully set out in the attached consolidated and separate annual financial statements and do not in our opinion require any further comment.

3. 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.

4. Events after reporting date
The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the group and the company.

5. Directors' interest in contracts
To our knowledge none of the directors had any interest in contracts entered into during the year under review.

6. Authorised and issued share capital
Authorised share capital consists of 4,000 ordinary shares of N$1.00 par value each. Issued share capital comprises of 1,000 shares of N$1.00 par value and a share premium of N$49,999,000. No changes were noted in the year under review.

7. Borrowing limitations
In terms of the Memorandum of Association of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

8. Dividends
No dividends were declared nor paid to the shareholder during the year.

9. Directors
The directors of the company during the year and to the date of this report are as follows:
S.V Masiza
V.K Maharero
C.W.H Nghaamwa
L. Harases
B. Konjore
T. Hangula
F. Amuenje (Resigned 30 June 2017)

10. Secretary
The group's designated secretary is M.N.K Tjombonde.

Postal Address
Private Bag 91600
Klein Windhoek
Windhoek
Namibia

Business Address
Erf 366 Cnr of Dr Kwame Nkrumah Avenue & Dr Sam Nujoma Drive
Klein Windhoek
Windhoek
Namibia

11. Shareholder
There has been no changes in ownership and the shareholder remains:

	%
Government of the Republic of Namibia	100

12. Compiler
Don Consulting Services CC, represented by F.V Uaendere [BAP(SA) 1291] was the compiler for the year under review.

Postal Address
PO Box 26546
Windhoek
Namibia

Business Address
City View Unit 1, Schweitzer Street
Windhoek West, Windhoek
Namibia

13. Auditors
Hamilton Chartered Accountants will continue in office in accordance with Section 278(2) of the Namibian Companies Act, No. 28 of 2004.

Statements of Financial Position

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 2017
Non-Current Assets					
Property, plant and equipment	5	70,774,782	23,870,622	40,774,782	9,368,375
Investment in subsidiary	6	-	-	13,806,851	-
Loan to subsidiary	7	-	-	16,193,149	-
Deferred taxation	13	319,289	94,388	319,289	94,388
		71,094,071	**23,965,010**	**71,094,071**	**9,462,763**
Current Assets					
Trade and other receivables	8	24,082,569	67,688,722	24,016,313	67,339,601
Cash and cash equivalents	9	199,327,566	72,593,527	199,327,566	71,320,723
		223,410,135	**140,282,249**	**223,343,879**	**138,660,324**
Total Assets		**294,504,206**	**164,247,259**	**294,437,950**	**148,123,087**
Equity and Liabilities					
Equity					
Issued capital	10	50,000,000	50,000,000	50,000,000	50,000,000
Member's contributions	10	-	100	-	-
Retained earnings		201,380,228	61,955,906	201,484,086	62,667,602
		251,380,228	**111,956,006**	**251,484,086**	**112,667,602**
Non-Current Liabilities					
Loans from members	11	-	2,323,715	-	-
Borrowings	12	18,247,403	12,046,832	18,247,403	-
Deferred taxation	13	1,787,723	499,638	1,265,709	499,638
		20,035,126	**14,870,185**	**19,513,112**	**499,638**
Current Liabilities					
Provisions	14	997,778	294,963	997,778	294,963
Trade and other payables	15	2,792,187	7,324,346	3,144,087	5,547,883
Current taxation	16	14,127,262	29,112,969	14,127,262	29,112,969
Current portion of borrowings	12	5,160,000	688,758	5,160,000	-
Bank overdraft	9	11,625	32	11,625	32
		23,088,852	**37,421,068**	**23,440,752**	**34,955,847**
Total Equity and Liabilities		**294,504,206**	**164,247,259**	**294,437,950**	**148,123,087**

Statements of Profit or Loss and Other Comprehensive Income

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Revenue	17	1,930,544,747	861,741,254	1,930,544,747	860,655,554
Cost of sales	18	(1,696,878,349)	(752,123,760)	(1,696,878,349)	(752,123,760)
Gross profit		**233,666,398**	**109,617,494**	**233,666,398**	**108,531,794**
Other income	19	-	6,733,638	-	6,733,638
Operating costs		(32,665,413)	(23,779,622)	(33,177,316)	(23,115,350)
Other gains	20	1,401,227	-	-	-
Operating profit	**21**	**202,402,212**	**92,571,510**	**200,489,082**	**92,150,082**
Finance income	22	6,002,611	35,739	6,002,611	35,739
Finance costs	23	(2,190,055)	(1,133,124)	(1,406,777)	-
Profit before taxation		**206,214,768**	**91,474,125**	**205,084,916**	**92,185,821**
Taxation expense	24	(66,790,446)	(29,518,219)	(66,268,432)	(29,518,219)
Profit for the year		**139,424,322**	**61,955,906**	**138,816,484**	**62,667,602**
Total comprehensive income for the year		**139,424,322**	**61,955,906**	**138,816,484**	**62,667,602**
Retained income at 1 March 2017		61,955,906	-	62,667,602	-
Profit for the year		139,424,322	61,955,906	138,816,484	62,667,602
Retained income at 28 February 2018		**201,380,228**	**61,955,906**	**201,484,086**	**62,667,602**
Profit for the year attributable to:					
Owners of the parent		139,424,322	61,955,906	138,816,484	62,667,602
		139,424,322	**61,955,906**	**138,816,484**	**62,667,602**
Total comprehensive income attributable to:					
Owners of the parent		139,424,322	61,955,906	138,816,484	62,667,602
		139,424,322	**61,955,906**	**138,816,484**	**62,667,602**

Statements of Changes in Equity

Figures in N$	Share capital	Share premium	Member's contributions	Retained earnings	Total
Group					
Balance at 1 March 2016	-	-	100	-	100
Total comprehensive income for the year					
Profit for the year				61,955,906	61,955,906
Total comprehensive income for the year	-	-	-	61,955,906	61,955,906
Issue of share capital	1,000	49,999,000			50,000,000
Balance at 28 February 2017	**1,000**	**49,999,000**	**100**	**61,955,906**	**111,956,006**
Balance at 1 March 2017	1,000	49,999,000	100	61,955,906	111,956,006
Total comprehensive income for the year					
Profit for the year				139,424,322	139,424,322
Total comprehensive income for the year	-	-	-	139,424,322	139,424,322
Issue of share capital	100		(100)		-
Eliminated upon consolidation	(100)		-		(100)
Balance at 28 February 2018	**1,000**	**49,999,000**	**-**	**201,380,228**	**251,380,228**
Note	10				

Statements of Changes in Equity

Figures in N$	Share capital	Share premium	Retained earnings	Total
Company				
Balance at 1 March 2016	-	-	-	-
Total comprehensive income for the year				
Profit for the year			62,667,602	62,667,602
Total comprehensive income for the year			**62,667,602**	**62,667,602**
Issue of share capital	1,000	49,999,000		50,000,000
Balance at 28 February 2017	**1,000**	**49,999,000**	**62,667,602**	**112,667,602**
Balance at 1 March 2017	1,000	49,999,000	62,667,602	112,667,602
Total comprehensive income for the year				
Profit for the year			138,816,484	138,816,484
Total comprehensive income for the year			**138,816,484**	**138,816,484**
Balance at 28 February 2018	**1,000**	**49,999,000**	**201,484,086**	**251,484,086**
Note	10			

Statements of Cash Flows

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Cash flows from operating activities					
Profit for the year		139,424,322	61,955,906	138,816,484	62,667,602
Adjustments for:					
Finance costs		2,190,055	1,133,124	1,406,777	-
Income tax		66,790,446	29,518,219	66,268,432	29,518,219
Depreciation of property, plant and equipment		1,558,910	22,726	1,558,910	8,093
Investment income		(6,002,611)	(35,739)	(6,002,611)	(35,739)
Loss on disposal of property, plant and equipment		82,918	-	-	-
Other gain		(1,401,227)	-	-	-
Operating cash flow before working capital changes		**202,642,813**	**92,594,236**	**202,047,992**	**92,158,175**
Working capital changes					
Decrease / (increase) in trade and other receivables		43,606,153	(66,864,522)	43,323,288	(67,339,601)
(Decrease) / increase in trade and other payables		(4,532,159)	6,983,166	(2,403,796)	5,547,883
Increase in provisions		702,815	294,963	702,815	294,963
Net cash flows from operations		**242,419,622**	**33,007,843**	**243,670,299**	**30,661,420**
Investment income		6,002,611	35,739	6,002,611	35,739
Finance costs		(2,190,055)	(1,133,124)	(1,406,777)	-
Income tax paid		(80,712,969)	-	(80,712,969)	-
Net cash flows from operating activities		**165,519,209**	**31,910,458**	**167,553,164**	**30,697,159**
Cash flows used in investing activities					
Property, plant and equipment acquired	5	(48,908,811)	(17,160,250)	(9,033,433)	(9,376,468)
Other gain		1,401,127	-	-	-
Transfers out of property, plant and equipment	5	362,823	-	362,823	-
Investment in subsidiary		-	-	(13,806,851)	-
Loan to subsidiary		-	-	(16,193,149)	-
Net cash flows used in investing activities		**(47,144,861)**	**(17,160,250)**	**(38,670,610)**	**(9,376,468)**
Cash flows from / (used in) financing activities					
Capital issued		-	50,000,000	-	50,000,000
Borrowings raised		10,671,813	7,913,499	23,407,403	-
Members' loans repaid		(2,323,715)	(160,020)	-	-
Finance lease payments		-	-	(24,294,707)	-
Net cash flows from / (used in) investing activities		**8,348,098**	**57,753,479**	**(887,304)**	**50,000,000**
Net increase in cash and cash equivalents		126,722,446	72,503,687	127,995,250	71,320,691
Cash and cash equivalents at beginning of the year		72,593,495	89,808	71,320,691	-
Cash and cash equivalents at end of the year	9	**199,315,941**	**72,593,495**	**199,315,941**	**71,320,691**

Accounting Policies

1. Basis of preparation

The annual financial statements of the group and the company have been prepared in accordance with, and in compliance with International Financial Reporting Standards (IFRS) and the Companies Act 28 of 2004.

The consolidated and separate annual financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principle accounting policies set out below. They are presented in Namibian Dollars, which is the group's functional currency.

The preparation of the consolidated and separate annual financial statements in conformity with 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 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 3.

2. Summary of significant accounting policies

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.

2.1 Business combinations

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 and separate from the date on which control is transferred to the group. They are deconsolidated and separate 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 excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Statement of Profit or Loss and Other Comprehensive Income.

2.2 Property, Plant and Equipment

Land and buildings comprise owner occupied property. Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in the Statement of Changes in Equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the Statement of Profit or Loss and Other Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Profit or Loss and Other Comprehensive Income, and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and available for use. Land is not depreciated as it is deemed to have an indefinite life. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

The major categories of property, plant and equipment are depreciated at the following rates:

Land	Indefine
Building	5% per annum
Building components	5% per annum
Furniture and fittings	20% per annum
IT equipment	20% to 50% per annum
Leasehold improvements	10% per annum
Motor vehicles	20% per annum
Office equipment	33,3% per annum
Other equipment	20% to 50% per annum
Plant and equipment	10% per annum
Security equipment	5% per annum

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

year, the directors determined that the useful lives of certain items of equipment should be extended due to the current assets still being in use.

The carrying amounts of the group's tangible assets are reviewed at each year end to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the greater of its fair value less cost to sell and its value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent from those of other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of operating income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

2.3 Impairment of assets

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

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

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

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

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

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

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

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

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

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

2.4 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the group. All other leases are classified as operating leases.

Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease after taking into account any fixed escalation clauses. Contingent rents are charged as an expense in the periods in which they are incurred.

2.4.1 Leases of land and building

When a lease includes both land and buildings elements, an entity assesses the classification of each element as a finance or an operating lease separately in the same way as leases of other assets. Whenever necessary in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease.

If the lease payments on a lease of land and building cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

2.4.2 Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the statement of financial position as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

2.4.3 Operating leases as lessor

Assets subject to operating leases are included in the statements of financial position according to the nature of the asset.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised

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as an expense over the lease term on the same basis as the lease income.

The depreciation policy for depreciable leased assets is in accordance with the policy set out for Property, plant and equipment and intangible assets (whichever is applicable).

2.5 Financial assets
2.5.1 Classification
The group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.5.2 Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

2.5.3 Trade and other receivables
Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each reporting date, the group assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

2.5.4 Cash and cash equivalents
Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short- term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the group's cash management are included as a component of cash and cash equivalents.

2.6 Financial liabilities
2.6.1 Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.6.2 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.7 Share capital
2.7.1 Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary
shares are recognised as a deduction from equity, net of any tax effects.

2.8 Post-employment benefits and short-term employee benefits
2.8.1 Short-term employee benefits
The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the group has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

2.8.2 Termination benefits
Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.9 Borrowings
Borrowings, mainly bank loans and overdrafts, are measured initially at fair value less transaction costs and, after initial recognition, at amortised cost, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount.

2.10 Income Taxation
Income taxation for the year includes current taxation and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss, except to the extent that the taxation arises from a transaction or event which is recognised directly in equity. In the case if the taxation relates to items that are recognised directly to equity, current taxation and deferred taxation are also recognised directly to equity.

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Current taxation liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the balance sheet date. Current taxation is the amount of income taxation payable or recoverable in respect of the taxable profit or loss for a period.

Deferred taxation assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation assets also arise from unused taxation losses and unused taxation credits.

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation liability arises from 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 (taxation loss).

A deferred taxation 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 taxation 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 (taxation loss).

At each Statement of Financial Position date, the group reviews and assesses the recognised and unrecognised deferred taxation assets and the future taxable profit to determine whether any recognised deferred taxation assets should be derecognised and any unrecognised deferred taxation assets should be recognised.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates and taxation laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred taxation assets and liabilities are not discounted.

2.11 Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided and goods delivered, net of discounts and Value Added Tax (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

2.11.1 Sales of goods
Revenue from the sales of good is recognised when all the following conditions have been satisfied: The group has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods;

- The amount of revenue can be measured reliably;
- Receipt of the future economic benefits is probable;
- Costs relating to the transaction can be measured reliably.

Revenue comprises net invoiced sales to customers excluding VAT and other non-operating income.

2.11.2 Rendering of Services
Revenue from commercial rental is accounted for when services are rendered.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

The amount of revenue can be measured reliably;
It is probable that the economic benefits associated with the transaction will flow to the group;
The stage of completion of the transaction at the reporting date can be measured reliably;
The costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

2.12 Dividends
Dividend income is recognised when the shareholder's right to receive payment is established.

2.13 Interest income
Interest income is recognised using the effective interest rate method.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.14 Foreign currency translation
2.14.1 Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

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 the Statement of Profit or Loss and Other Comprehensive Income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit or Loss and Other Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Profit or Loss and Other Comprehensive Income within 'Other (losses)/gains – net'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

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2.15 Provisions
Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Related parties
For the purposes of these consolidated and separate annual financial statements, a party is considered to be related to the group if:

a. directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the group, has an interest in the group that gives it significant influence over the group, or has joint control over the group;
b. the party is an associate of the group;
c. the party is a joint venture in which the group is a venture;
d. the party is a member of the key management personnel of the group or its parent;
e. the party is a close member of the family of any individual referred to in (i) or (iv);
f. the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
g. the party is a post-employment benefit plan for the benefit of employees of the group, or of any entity that is a related party of the group.

3. Critical accounting judgements and key sources of estimation uncertainty

The group's management makes assumptions, estimates and judgements in the process of applying the group's accounting policies that affect the assets, liabilities, income and expenses in the consolidated and separate annual financial statements prepared in accordance with IFRS. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. New Standards and Interpretations

Standards and Interpretations not yet effective

The group has chosen not to early adopt the following standard and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2018 or later periods:

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requires of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of the subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging

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instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

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

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

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

5. Property, plant and equipment

Group	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
Owned assets						
Land and buildings	56,545,696	(663,642)	55,882,054	16,670,318	-	16,670,318
Plant and equipment	-	-	-	6,473,393	-	6,473,393
Motor vehicles	566,438	(28,322)	538,116	-	-	-
Furniture and fittings	2,370,610	(108,509)	2,262,101	97,551	(14,633)	82,918
Other equipment	2,450,688	(75,736)	2,374,952	-	-	-
Office equipment	99,835	(33,588)	66,247	43,549	(2,296)	41,253
IT equipment	2,681,775	(275,869)	2,405,906	608,537	(5,797)	602,740
Security equipment	7,626,743	(381,337)	7,245,406	-	-	-
	72,341,785	**(1,567,003)**	**70,774,782**	**23,893,348**	**(22,726)**	**23,870,622**

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Transfers (Out)/In	Scrapped	Depreciation	2018 Carrying value at end of year
Owned assets						
Land and buildings	16,670,318	39,875,378	-	-	(663,642)	55,882,054
Plant and equipment	6,473,393	-	(6,473,393)		-	-
Motor vehicles	-	566,438	-	-	(28,322)	538,116
Furniture and fittings	82,918	2,370,610	-	(82,918)	(108,509)	2,262,101
Other equipment	-	1,373,329	1,077,359	-	(75,736)	2,374,952
Office equipment	41,253	56,286	-	-	(31,292)	66,247
IT equipment	602,740	2,073,238	-	-	(270,072)	2,405,906
Security equipment	-	2,593,532	5,033,211	-	(381,337)	7,245,406
	23,870,622	**48,908,811**	**(362,823)**	**(82,918)**	**(1,558,910**	**70,774,782**

	Carrying value at beginning of year	Additions	Transfers (Out)/In	Depreciation	2018 Carrying value at end of year
Owned assets					
Land and buildings	6,635,547	10,034,771	-	-	16,670,318
Plant and equipment	-	6,473,393	-	-	6,473,393
Furniture and fittings	97,551	-	-	(14,633)	82,918
Office equipment	-	43,549	-	(2,296)	41,253
IT equipment	-	608,537	-	(5,797)	602,740
	6,733,098	**17,160,250**	**-**	**(22,726)**	**23,870,622**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

Company	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
Owned assets						
Land and buildings	-	-	-	2,250,989	-	2,250,989
Plant and equipment	-	-	-	6,473,393	-	6,473,393
Motor vehicles	566,438	(28,322)	538,116	-	-	-
Furniture and fittings	2,370,610	(108,509)	2,262,101	-	-	-
Other equipment	2,450,688	(75,736)	2,374,952	-	-	-
Office equipment	99,835	(33,588)	66,247	43,549	(2,296)	41,253
IT equipment	2,681,775	(275,869)	2,405,906	608,537	(5,797)	602,740
Security equipment	7,626,743	(381,337)	7,245,406	-	-	-
	15,796,089	**(903,361)**	**14,892,728**	**9,376,468**	**(8,093)**	**9,368,375**

Company	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
Capitalised leased assets						
Land and buildings	26,545,696	(663,642)	25,882,054	-	-	-
	26,545,696	(663,642)	25,882,054	-	-	-
	42,341,785	**(1,567,003)**	**40,774,782**	**9,376,468**	**(8,093)**	**9,368,375**

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Transfers (Out)/In	Depreciation	2018 Carrying value at end of year
Owned assets					
Land and buildings	2,250,989	-	(2,250,989)	-	-
Plant and equipment	6,473,393	-	(6,473,393)	-	-
Motor vehicles	-	566,438	-	(28,322)	538,116
Furniture and fittings	-	2,370,610	-	(108,509)	2,262,101
Other equipment	-	1,373,329	1,077,359	(75,736)	2,374,952
Office equipment	41,253	56,286	(3,850)	(31,292)	62,397
IT equipment	602,740	2,073,238	3,850	(270,072)	2,409,756
Security equipment	-	2,593,532	5,033,211	(381,337)	7,245,406
	9,368,375	**9,033,433**	**(2,613,812)**	**(895,268)**	**14,892,728**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
Owned assets					
Land and buildings	-	2,250,989	-	-	2,250,989
Plant and equipment	-	6,473,393	-	-	6,473,393
Office equipment	-	43,549	-	(2,296)	41,253
IT equipment	-	608,537	-	(5,797)	602,740
	-	**9,376,468**	**-**	**(8,093)**	**9,368,375**

	Carrying value at beginning of year	Additions	Transfers (Out)/In	Depreciation	2018 Carrying value at end of year
Capitalised leased assets					
Land and buildings	-	24,294,707	2,250,989	(663,642)	25,882,054
	-	**24,294,707**	**2,250,989**	**(663,642)**	**25,882,054**

Details of property:
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 Investments CC (a subsidiary), the former name of the company prior to conversion.
The property was revalued on 27 July 2016 by The Trust & Estate Co (Pty) Ltd on a market value basis.

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
- Land	1,016,541	1,016,541	-	-
- Building	5,619,006	5,619,006	-	-
- Acquisitions and additions	34,702,171	10,034,771	-	-
- Accumulated depreciation	(663,642)	-	-	-
- Revaluation - Land	3,483,459	-	-	-
- Revaluation - Building	11,724,519	-	-	-
	55,882,054	**16,670,318**	**-**	**-**

The group has pledged investment property to the value of N$30million to secure bank facilities from Standard Bank Namibia Ltd granted to Namib Desert Diamonds (Pty) Ltd with a carrying amount of N$23,407,403 (2017: N$ nil).

6. Investment in subsidiary

The following lists the entities which are controlled directly by the group, and the carrying amounts of the investment listed in the company's separate annual financial statements.

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Eumbo Property Investment (Pty) Ltd	-	-	13,806,851	-
	-	**-**	**13,806,851**	**-**

Name of entity	Country of incorporation and principal place of business	Nature	Principal activities	% of voting power in 2018	% of voting power in 2017
Eumbo Property Investment (Pty) Ltd	Namibia	100% shareholding	Property investments and management	100%	0%

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

7. Loan to subsidiary

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Eumbo Property Investment (Pty) Ltd	-	-	16,193,149	-
	-	**-**	**16,193,149**	**-**
Non-current assets	-	-	16,193,149	-
Current assets	-	-	-	-
			16,193,149	

This loan is interest-free, unsecured and unconditional.
This arrangement is reviewed from time to time by the directors.

8. Trade and other receivables

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Trade debtors	(2,044)	349,770	(2,044)	649
Prepaid expenses	256,982	1,519,980	256,982	1,519,980
Value Added Tax	22,274,206	65,744,512	22,207,950	65,744,512
Accrued interest receivable	1,550,926	-	1,550,926	-
Rental deposit	2,499	74,460	2,499	74,460
	24,082,569	**67,688,722**	**24,016,313**	**67,339,601**
Impairment loss	-	-	-	-
	24,082,569	**67,688,722**	**24,016,313**	**67,339,601**

8.1 Items included in trade and other receivables not classified as financial instruments

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Prepaid expenses	256,982	1,519,980	256,982	1,519,980
Value Added Tax	22,274,206	65,744,512	22,207,950	65,744,512
Accrued interest receivable	1,550,926	-	1,550,926	-
Rental deposit	2,499	74,460	2,499	74,460
	24,084,613	**67,338,952**	**24,018,357**	**67,338,952**
Trade and other receivables net of non-financial instruments (refer note 29)	**(2,044)**	**349,770**	**(2,044)**	**649**

The average credit period is less than 60 days with no interest charged on late payment. The amounts presented above include amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been significant change in the credit quality of the receivables and the amounts are considered to still be recoverable.

The carrying amount of trade and other receivables approximates their fair value.

Ageing of debtors past due but not impaired

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Current	(876)	(1,334,641)	(876)	-
31 - 60 days	-	88,406	-	325
61 - 90 days	(292)	246,046	(292)	-
91 - 120 days	(876)	1,349,959	(876)	324
Total	**(2,044)**	**349,770**	**(2,044)**	**649**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

Trade and other receivables past due but not impaired
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2018, N$(1,168) [2017: N$1,684,411] were past due but not impaired.

The aging of amounts past due but not impaired is as follows:

1 month past due		-	88,406	-	325
2 months past due		(292)	246,046	(292)	-
3 months past due		(876)	1,349,959	(876)	324
		(1,168)	**1,684,411**	**(1,168)**	**649**

9. Cash and cash equivalents

Favourable cash balances					
FNB Fixed Deposit		100,000,000	-	100,000,000	-
Cash on hand		5,326	5,100	5,326	5,000
FNB Corporate Cheque Account		810,465	23,824,623	810,465	23,824,623
Standard Bank Current Account		3,962	-	3,962	-
Bank Windhoek Current Account		-	1,272,704	-	-
Standard Bank Call Account		5,197,956	-	5,197,956	-
FNB Call Account		67,322,124	45,000,000	67,322,124	45,000,000
RMB CFC Account [USD 1,873,190 (2017: USD nil)]		21,881,165	-	21,881,165	-
FNB CFC Account [USD 351,553 (2017:USD 191,923)]		4,106,568	2,491,100	4,106,568	2,491,100
		199,327,566	**72,593,527**	**199,327,566**	**71,320,723**
Overdraft					
FNB Credit Cards		11,625	32	11,625	32
		11,625	**32**	**11,625**	**32**
Current assets		199,327,566	72,593,527	199,327,566	71,320,723
Current liabilities		(11,625)	(32)	(11,625)	(32)
		199,315,941	**72,593,495**	**199,315,941**	**71,320,691**

10. Share capital

Authorised					
4,000 Ordinary shares of N$1.00 each		4,000	4,000	4,000	4,000
		4,000	**4,000**	**4,000**	**4,000**
Issued					
1,000 Ordinary shares of N$1.00 each		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**

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Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Members' contributions					
D.R Opperman		-	50	-	-
J.B Opperman		-	50	-	-
		-	**100**	**-**	**-**

The group's only subsidiary was converted from a close corporation namely, Eumbo Property Investment CC (CC/2014/01377) effective 27 July 2017.

11. Loans from members

D.R Opperman		-	1,287,648	-	-
J.B Opperman		-	1,036,067	-	-
		-	**2,323,715**	**-**	**-**
Non-current liabilities		-	2,323,715	-	-
Current liabilities		-	-	-	-
		-	**2,323,715**	**-**	**-**

These loans are interest-free, unsecured and unconditional. These arrangements are reviewed from time to time by the members. Payments are made on judgements. The loans were repaid during the year.

12. Borrowings

Secured					
Commercial Property Loan - Standard Bank Namibia Ltd The loan term is 120 months. Interest is charged at JIBAR (7.1580% + Margin of 3%) and is repayable quarterly.		18,247,403	-	18,247,403	-
Secured by Erf 336 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.					
Bank Windhoek Ltd - ML 7000315150		-	12,046,832	-	-
The loan is repayable in equal monthly instalments of N$185,004 (2017: N$185,004). The loan was repaid during the year. The loan bears interest at 11.75% (2017:11.75%).					
Secured by Erf 336 Cnr of Dr Kwame Nkrumah Avenue & Dr Sam Nujoma Drive, Klein Windhoek, Windhoek, Namibia of which the title deed is owned by the Eumbo Property Investment (Pty) Ltd.					
Current portion of borrowings		5,160,000	688,758	5,160,000	-
		23,407,403	**12,735,590**	**23,407,403**	**-**
Repayable within one year, transferred to current liabilities		(5,160,000)	(688,758)	(5,160,000)	-
		18,247,403	**12,046,832**	**18,247,403**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

13. Deferred taxation

Balance at beginning of year *Movements consisting of:*		(405,250)	-	(405,250)	-
Originating and reversing temporary differences		(1,063,184)	(405,250)	(541,170)	(405,250)
Balance at end of year		**(1,168)**	**(405,250)**	**(946,420)**	**(405,250)**
The deferred tax asset/(liability) arises from the following temporary differences:					
Property, plant and equipment		5,329,655	41,388	3,698,360	41,388
Provisions		(997,778)	(294,963)	(997,778)	(294,963)
Prepaid expenses		256,982	1,519,980	256,982	1,519,980
		4,588,859	**1,266,405**	**2,957,564**	**1,266,405**
Deferred tax liability		(1,787,723)	(499,638)	(1,265,709)	(499,638)
Deferred tax asset		319,289	94,388	319,289	94,388
		(1,468,434)	**(405,250)**	**(946,420)**	**(405,250)**

14. Provisions

Provision for leave pay					
Carrying amount at the beginning of the year		294,963	-	294,963	-
Increase in provision		627,442	294,963	627,442	294,963
Carrying amount at end of the year		**922,405**	**294,963**	**922,405**	**294,963**

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to Statement of Financial Position date, with a maximum of 24 days per employee.

Provision for severance pay					
Increase in provision		75,373	-	75,373	-
Carrying amount at end of the year		**75,373**	**-**	**75,373**	**-**

Employees' entitlement to severance pay is recognised when it accrues to employees. An accrual is made for all the employees who have been employed by the group for at least 12 months at the end of the financial year.

Total provisions		**997,778**	**294,963**	**997,778**	**294,963**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

15. Trade and other payables

Directors fees payable		-	390,000	-	390,000
Export levy control account		1,688,155	-	1,688,155	-
Income received in advance	15.1	-	1,519,980	-	-
PAYE control account		417,701	-	417,701	-
Medical aid control account		83,940	-	83,940	-
Pension control account		203,675	-	203,675	-
SSC control account		3,184	2,584	3,184	2,584
Trade creditors		386,511	5,121,891	738,411	4,872,463
Current year rounding		(3)	-	(3)	-
Value Added Tax		-	7,055		-
VET levy control account		14,666	34,880	14,666	34,880
Withholding Tax control account		(5,642)	247,956	(5,642)	247,956
		2,792,187	**7,324,346**	**3,144,087**	**5,547,883**

15.1 Income received in advance

Rental income - Namib Desert Diamonds (Pty) Ltd		-	1,519,980	-	-
		-	**1,519,980**	**-**	**-**

15.2 Items included in trade and other payables not classified as financial instruments

Value Added Tax		-	7,055	-	-
		-	**7,055**	**-**	**-**
Trade and other payables net of non-financial instruments (refer note 29)		**2,792,187**	**7,317,291**	**3,144,087**	**5,547,883**

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. The carrying amounts approximate fair value.

Ageing of creditors					
Current		388,964	658,590	740,864	1,702,915
31 - 60 days		16,693	2,297,667	16,693	2,292,396
61 - 90 days		(13,447)	(604,117)	(13,447)	(41,721)
91 - 120 days		(2,842)	(300,875)	(2,842)	100
+ 120 days		(2,857)	3,070,626	(2,857)	918,773
Total		**386,511**	**5,121,891**	**738,411**	**4,872,463**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

16. Income tax in the statement of financial position

Current taxation in the Statement of Financial Position represents:					
Provision for taxation for the year		65,678,579	29,456,813	65,678,579	29,091,623
Provisional taxation paid		(80,712,969)	-	(80,712,969)	-
		(15,034,390)	**29,456,813**	**(15,034,390)**	**29,091,623**
Provision for taxation relating to previous years		29,456,813	-	29,091,623	-
		14,422,423	**29,456,813**	**14,057,234**	**29,091,623**

17. Revenue

An analysis of revenue is as follows:					
Sales - rough diamonds		1,930,523,008	860,655,554	1,930,523,008	860,655,554
Rental income		-	1,085,700	-	-
Other sales		21,739	-	21,739	-
Carrying amount at end of the year		**1,930,544,747**	**861,741,254**	**1,930,544,747**	**860,655,554**

18. Cost of Sales

Transport & shipping charges		10,157	4,364	10,157	4,364
Diamond selling costs		3,351,364	-	3,351,364	-
Diamond valuation costs		6,400,964	-	6,400,964	-
Export levies		12,917,649	-	12,917,649	-
Import permit		2,500	-	2,500	-
Purchases - rough diamonds		1,674,195,715	752,119,396	1,674,195,715	752,119,396
		1,696,878,349	**752,123,760**	**1,696,878,349**	**752,123,760**

Additional note
Certain expenses that are included in costs of sales in the current year were included as part of consulting fees in the prior year. There was no reclassification of these expenses in the current year.

The affected expenses are as follows:					
Diamond selling costs		-	2,079,559	-	2,079,559
Diamond valuation costs		-	6,936,525	-	6,936,525
		-	**9,016,084**	**-**	**9,016,084**

19. Other Income

Profit on foreign exchange	19.1	-	6,733,638	-	6,733,638
		-	**6,733,638**	**-**	**9,016,084**

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19.1 Profit on foreign exchange is made up as follows:

Forex losses on marked to market (translation of CFC account at year end)		-	(1,997,790)	-	(1,997,790)
Forex gains realised (foreign currency transactions settled within the period)		-	8,733,459	-	8,733,459
Forex losses unrealised (foreign currency transactions unsettled at year end)		-	(2,031)	-	(2,031)
		-	**6,733,638**	**-**	**6,733,638**

20. Other gains

Goodwill on acquisition		1,401,227	-	-	-

This goodwill relates to the acquisition of Eumbo Property Investment (Pty) Ltd, were the net assets acquired exceeds the purchase price by N$1,401,227

21. Operating profit

Operating profit is arrived at after taking into account the following items:					
Expenditure					
Loss on disposal of property, plant and equipment		82,918	-	-	-
Loss on foreign exchange	21.1	148,335	-	148,335	-
		231,253	**-**	**148,335**	**-**

21.1 Loss on foreign exchange is made up as follows:

Forex losses on marked to market (translation of CFC account at year end)		5,096,232	-	5,096,232	-
Forex gains realised (foreign currency transactions settled within the period)		(4,947,922)	-	(4,947,922)	-
Forex losses unrealised (foreign currency transactions unsettled at year end)		25	-	25	-
		148,335	**-**	**148,335**	**-**

Depreciation and impairments					
Owned assets					
Land and buildings		663,642	-	-	-
Motor vehicles		28,322	-	28,322	-
Furniture and fittings		108,509	14,633	108,509	-
Other equipment		75,736	-	75,736	-
Office equipment		31,292	2,296	31,292	2,296
IT equipment		270,072	5,797	270,072	5,797
Security equipment		381,337	-	381,337	-
		1,558,910	**22,726**	**895,268**	**8,093**
Capitalised leased assets					
Land and buildings		-	-	663,642	-
		-	**-**	**663,642**	**-**

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Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Auditors' remuneration					
Audit fees					
- prior year		98,000	-	98,000	-
		98,000	-	**98,000**	-
Secretarial fees		4,700	-	4,700	-
Directors' emoluments					
Non-executive					
- Services as directors'		3,729,400	3,955,000	3,729,400	3,955,000
- Expense allowances		398,826	38,876	398,826	38,876
	25	**4,128,226**	**3,993,876**	**4,128,226**	**3,993,876**
Operating lease charges					
Premises		568,367	1,646,219	2,177,207	1,382,891
		568,367	**1,646,219**	**2,177,207**	**1,382,891**

22. Investment income

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Interest income					
Interest received		6,002,611	35,739	6,002,611	35,739
		6,002,611	**35,739**	**6,002,611**	**35,739**

23. Finance costs

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Borrowings		2,182,171	1,133,124	1,398,893	-
Inland revenue		7,884	-	7,884	-
		2,190,055	**1,133,124**	**1,406,777**	**-**

24. Taxation expense

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Current taxation		65,727,262	29,112,969	65,727,262	29,112,969
Deferred taxation					
Originating and reversing temporary differences		1,063,184	405,250	541,170	405,250
Income taxation for the year		**66,790,446**	**29,518,219**	**66,268,432**	**29,518,219**

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Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

25. Directors' emoluments

Name	Fees paid to directors for services 2018	Expense allowances 2018	Fees paid to directors for services 2017	Expense allowances 2017	Total 2018	Total 2017
S.V Masiza	620,000	204,268	595,000	21,597	824,268	616,597
V.K Maharero	600,000	70,776	560,000	17,279	670,776	577,279
C.W.H Nghaamwa	600,000	-	560,000	-	600,000	560,000
L. Harases	600,000	-	560,000	-	600,000	560,000
B. Konjore	600,000	66,361	560,000	-	666,361	560,000
T. Hangula	524,400	57,421	560,000	-	581,821	560,000
F. Amuenje	185,000	-	560,000	-	185,000	560,000
	3,729,400	**398,826**	**3,955,000**	**38,876**	**4,128,226**	**3,993,876**

26. List of subsidiaries, associates and joint ventures

Name	Interest held 2018	Interest held 2017	Share cost 2018	Share cost 2017
Eumbo Property Investment (Pty) Ltd	100.00%	0.00%	30,000,000	-

27. Related party transactions and balances

			Transactions and other balances		Amounts owed (to) / by the related party at year-end	
Name	Relationship	Transactions	2018	2017	2018	2017
Group						
S.V Masiza	Director	Emoluments	824,268	616,597	-	-
V.K Maharero	Director	Emoluments	670,776	577,279	-	-
C.W.H Nghaamwa	Director	Emoluments	600,000	560,000	-	(390,000)
L. Harases	Director	Emoluments	600,000	560,000	-	-
B. Konjore	Director	Emoluments	666,361	560,000	-	-
T. Hangula	Director	Emoluments	581,821	560,000	-	-
F. Amuenje	Director	Emoluments	185,000	560,000	-	-
D.R Opperman	Member	Loan	-	-	-	(1,287,648)
J.B Opperman	Member	Loan	-	-	-	(1,036,067)
			4,128,226	**3,993,876**	**-**	**(2,713,715)**

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Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

			Transactions and other balances		Amounts owed (to) / by the related party at year-end	
Name	Relationship	Transactions	2018	2017	2018	2017
Company						
S.V Masiza	Director	Emoluments	824,268	616,597	-	-
V.K Maharero	Director	Emoluments	670,776	577,279	-	-
C.W.H Nghaamwa	Director	Emoluments	600,000	560,000	-	(390,000)
L. Harases	Director	Emoluments	600,000	560,000	-	-
B. Konjore	Director	Emoluments	666,361	560,000	-	-
T. Hangula	Director	Emoluments	581,821	560,000	-	-
F. Amuenje	Director	Emoluments	185,000	560,000	-	-
Eumbo Property Investment (Pty) Ltd	Subsidiary	Rental expense	1,608,840	1,085,700	(351,900)	1,519,980
Eumbo Property Investment (Pty) Ltd	Subsidiary	Municipal sub-charges	201,127	-	-	-
Eumbo Property Investment (Pty) Ltd	Subsidiary	Investment	13,806,851	-	-	-
Eumbo Property Investment (Pty) Ltd	Subsidiary	Loan	-	-	16,193,149	-
			19,745,044		**15,841,249**	**1,129,980**

28. Foreign Currency Translation

The consolidated and separate annual financial statements are presented in Namibian Dollars (NAD/N$). Thus all foreign currency denominated bank accounts, supplier accounts and/or customer accounts are translated into the presentation currency.

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Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

29. Financial instrumentst

The group has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
2018					
Current financial assets					
Trade and other receivables (refer note 8)	-	-	(2,044)	-	(2,044)
Cash and cash equivalents (refer note 9)	-	-	199,327,566	-	199,327,566
2017					
Current financial assets					
Trade and other receivables (refer note 8)	-	-	349,770	-	349,770
Cash and cash equivalents (refer note 9)	-	-	72,593,527	-	72,593,527

The group has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2018			
Non-current financial liabilities			
Borrowings (refer note 12)	-	18,247,403	18,247,403
Current financial liabilities			
Trade and other payables (refer note 15)	-	2,792,187	2,792,187
Current portion of borrowings (refer note 12)	-	5,160,000	5,160,000
Bank overdraft (refer note 9)	-	11,625	11,625
2018			
Non-current financial liabilities			
Loans from members (refer note 11)	-	2,323,715	2,323,715
Borrowings (refer note 12)	-	12,046,832	12,046,832
Current financial liabilities			
Trade and other payables (refer note 15)	-	7,317,291	7,317,291
Current portion of borrowings (refer note 12)	-	688,758	688,758
Bank overdraft (refer note 9)	-	32	32

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Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

The company has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
2018					
Non-current financial assets					
Interest in subsidiary (refer note 6)	-	-	13,806,851	-	13,806,851
Loan to subsidiary (refer note 7)	-	-	16,193,149	-	16,193,149
Current financial assets					
Trade and other receivables (refer note 8)	-	-	(2,044)		(2,044)
Cash and cash equivalents (refer note 9)	-	-	199,327,566		199,327,566
2017					
Current financial assets					
Trade and other receivables (refer note 8)	-	-	649		649
Cash and cash equivalents (refer note 9)	-	-	71,320,723		71,320,723

The company has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2018			
Non-current financial liabilities			
Borrowings (refer note 12)	-	18,247,403	18,247,403
Current financial liabilities			
Trade and other payables (refer note 15)	-	3,144,087	3,144,087
Current portion of borrowings (refer note 12)	-	5,160,000	5,160,000
Bank overdraft (refer note 9)	-	11,625	11,625
2017			
Current financial liabilities			
Trade and other payables (refer note 15)	-	5,547,883	5,547,883
Bank overdraft (refer note 9)	-	32	32

Notes to the Consolidated and Separate Annual Financial Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

Risk Management

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

The capital structure of the group consists of cash and cash equivalents disclosed in note 9, and equity as disclosed in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

Financial risk management
The group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

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

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

Foreign exchange risk
The group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The group does not hedge foreign exchange fluctuations.

Foreign currency exposure at the end of the reporting period

	Group 2018	Group 2017	Company 2018	Company 2017
Current assets				
Trade debtors, USD (175) [2017: USD 50]	-2,044	649	-2,044	649
FNB CFC Account, USD 351 553 [2017: USD 191,923]	4,106,568	2,491,100	4,106,568	2,491,100
RMB CFC Account, USD 1,873,190 [2017: USD nil]	21,881,165		21,881,165	
Current liabilities				
Trade creditors, USD (230) [2017: USD (12,000)]	-2,689	-155,756	-2,689	-155,756
Exchange rates used for conversion of foreign items were:				
USD	11.68123	12.97967	11.68123	12.97967

30. Parent and ultimate holding company

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

Detailed Income Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Gross Revenue					
Sales - rough diamonds	17	1,930,523,008	860,655,554	1,930,523,008	860,655,554
Other sales	17	21,739	-	21,739	-
Rental income	17	-	1,085,700	-	-
		1,930,544,747	**861,741,254**	**1,930,544,747**	**860,655,554**
Cost of Sales					
Diamond selling costs	18	3,351,364	-	3,351,364	-
Diamond valuation costs	18	6,400,964	-	6,400,964	-
Export levies	18	12,917,649	-	12,917,649	-
Import permit	18	2,500	-	2,500	-
Transport & shipping charges	18	10,157	4,364	10,157	4,364
Purchases - rough diamonds	18	1,674,195,715	752,119,396	1,674,195,715	752,119,396
		1,696,878,349	**752,123,760**	**1,696,878,349**	**752,123,760**
Gross Profit		**233,666,398**	**109,617,494**	**233,666,398**	**108,531,794**
Other Income					
Goodwill on acquisition	20	1,401,227	-	-	-
Investment income	22	6,002,611	35,739	6,002,611	35,739
Profit on foreign exchange	19	-	6,733,638	-	6,733,638
		7,403,838	**6,769,377**	**6,002,611**	**6,769,377**
		241,070,236	**116,386,871**	**239,669,009**	**115,301,171**

Detailed Income Statements

Figures in N$	Notes	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Expenditure	21	82,918	-	-	-
Accounting fees		270,114	78,667	263,000	62,250
Advertising		643,352	71,884	624,294	71,884
Annual Duty		5,000	-	5,000	-
Assessment rates and municipal charges		291,994	50,465	296,437	-
Auditors' remuneration	21	98,000	-	98,000	-
Bank charges		1,849,635	20,416	1,822,728	16,295
Branding and promotions		1,081,095	304,060	1,081,095	304,060
Cleaning		48,512	-	48,512	-
Commission paid		750,000	217,140	-	-
Computer expenses		549,899	4,955	549,899	4,955
Consulting fees		3,327,878	11,248,878	3,146,321	11,248,878
Depreciation and impairments	21	1,558,910	22,726	1,558,910	8,093
Emoluments - Directors	21	4,128,226	3,993,876	4,128,226	3,993,876
Entertainment		78,633	37,685	78,633	37,685
Finance costs	23	2,190,055	1,133,124	1,406,777	-
Fines and penalties		-	58,612	-	58,612
General expenses		197,756	7,636	197,756	7,636
Gifts		11,335	-	11,335	-
Insurance		106,470	36,892	78,701	-
Lease rental on operating lease	21	568,367	1,646,219	2,177,207	1,382,891
Legal expenses		551,519	61,276	550,449	-
Loss on foreign exchange	21	148,335	-	148,335	-
Motor vehicle expense		4,415	-	4,415	-
Printing and stationery		75,754	15,926	75,754	15,926
Repairs and maintenance		9,357	-	4,370	-
Salaries		12,034,181	3,800,181	12,034,181	3,800,181
Secretarial fees	21	4,700	-	4,700	-
Security		95,815	10,399	95,815	10,399
Sponsorships		1,081,283	-	1,081,283	-
Stamp Duty		804,650	27,100	804,650	27,100
Subscriptions		89,863	1,146	89,863	1,146
Telephone and fax		273,855	1,643	273,855	1,643
Training		169,912	-	169,912	-
Travel - local		63,916	22,553	63,916	22,553
Travel - overseas		1,609,764	2,039,287	1,609,764	2,039,287
		34,855,468	**24,912,746**	**34,584,093**	**23,115,350**
Profit before tax		**206,214,768**	**91,474,125**	**205,084,916**	**92,185,821**
Taxation	24	(66,790,446)	(29,518,219)	(66,268,432)	(29,518,219)
Profit for the year		**139,424,322**	**61,955,906**	**138,816,484**	**62,667,602**

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 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017
Profit before taxation	**206,214,768**	**91,474,125**	**205,084,916**	**92,185,821**
Wear and tear	(5,265,363)	(49,481)	(5,265,363)	(49,481)
Depreciation per income statement	-	8,093	-	-
Fines and penalties	1,406,777	1,133,124	1,406,777	-
Leave pay provision	627,442	294,963	627,442	294,963
Severance pay provision	75,373	-	75,373	-
Prepaid expenses	1,262,998	(1,519,980)	1,262,998	(1,519,980)
Scrapping allowance - s17(1)(u)	(97,551)	-	-	-
Loss on disposal of property, plant and equipment	82,918	-	-	-
Building allowance - s17(1)(f): (20%)	(1,631,295)	-	-	-
Goodwill on acquisition	(1,401,227)	-	-	-
Sponsorships	1,081,283	-	1,081,283	-
Legal fees	161,020	-	159,950	-
Stamp duty	804,300	-	804,300	-
Interest expense (Inland Revenue)	7,884	-	7,884	-
	(2,885,441)	**(133,281)**	**160,644**	**(1,274,498)**
Computed income/(loss) for the year	**203,329,327**	**91,340,844**	**205,245,560**	**90,911,323**
Reversal of computed loss for the year (subsidiary)	1,916,233	711,696		
Taxable income	**205,245,560**	**92,052,540**	**205,245,560**	**90,911,323**
Normal tax on taxable income	**65,678,579**	**29,456,813**	**65,678,579**	**29,091,623**
Deferred taxation	1,063,184	405,250	541,170	405,250
Total per income statement	**66,741,763**	**29,862,063**	**66,219,749**	**29,496,873**
Provisional tax - 1st payment	32,500,000	-	32,500,000	-
- 2nd payment	19,100,000	-	19,100,000	-
- prior year taxes paid	29,112,969	-	29,112,969	-
Deferred tax	1,063,184	405,250	541,170	405,250
Debit/(Credit) balance brought forward	29,456,813)	-	(29,091,623)	-
Total per balance sheet - Asset/(Liability)	**(14,422,423)**	**(29,456,813)**	**(14,057,234)**	**(29,091,623)**
Tax rate (%)	32	32	32	32

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Income Tax Computation

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

Wear & Tear Schedule

Group	2018		2017	
	Costs	**Wear & tear**	**Costs**	**Wear & tear**
Furniture and fittings	2,370,610	790,203	-	-
IT equipment	2,681,775	893,925	608,537	34,965
Land and buildings	-	-	2,250,989	-
Motor vehicle	566,438	188,813	-	-
Office equipment	99,835	33,278	43,549	14,516
Other equipment	2,450,688	816,896	-	-
Plant and equipment	-	-	6,473,393	-
Security equipment	7,626,743	2,542,248	-	-
	15,796,089	**5,265,363**	**9,376,468**	**49,481**

Company	2018		2017	
	Costs	**Wear & tear**	**Costs**	**Wear & tear**
Furniture and fittings	2,370,610	790,203	-	-
IT equipment	2,681,775	893,925	608,537	34,965
Land and buildings	-	-	2,250,989	-
Motor vehicle	566,438	188,813	-	-
Office equipment	99,835	33,278	43,549	14,516
Other equipment	2,450,688	816,896	-	-
Plant and equipment	-	-	6,473,393	-
Security equipment	7,626,743	2,542,248	-	-
	15,796,089	**5,265,363**	**9,376,468**	**49,481**

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Income Tax Computation

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

Building Allowance

Group

	2018		2017	
	Costs	s17(1)(f)	Costs	s17(1)(f)
Land - costs @ acquisition not subject to s17(1)(f)	1,016,541	-	1,016,541	-
Building - costs @ acquisition not subject to s17(1)(f)	5,619,006	-	5,619,006	-
Building - erection costs subject to s17(1)(f)	8,156,475	1,631,295	7,783,782	-
	14,792,022	**1,631,295**	**14,419,329**	**-**

Company

	2018		2017	
	Costs	s17(1)(f)	Costs	s17(1)(f)
Land - costs @ acquisition not subject to s17(1)(f)	-	-	-	-
Building - costs @ acquisition not subject to s17(1)(f)	-	-	-	-
Building - erection costs subject to s17(1)(f)	-	-	-	-
	-	-	-	-

Leasehold improvements

Group

	2018		2017	
	Costs	s17(1)(h) and (k)	Costs	s17(1)(h) and (k)
Land & Buildings	-	-	-	-
	-	-	-	-

Company

	2018		2017	
	Costs	s17(1)(h) and (k)	Costs	s17(1)(h) and (k)
Land & Buildings	26,545,696	-	-	-
	26,545,696	**-**	**-**	**-**

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NAMIB DESERT DIAMONDS (PROPRIETARY) LIMITED
(Registration Number 2016/0338)
Consolidated and Separate Annual Financial Statements for the year ended 28 February 2018

Income Tax Computation

Figures in N$	Group 2018	Group 2017	Company 2018	Company 11 months ended 28 February 2017

Deferred Tax Calculation

Group

2017

	Accounting value	Tax Value	Difference	Deferred Tax
Property, Plant and Equipment	9,368,375	9,326,987	41,388	(13,244)
Investment Property	-	-	-	-
Prepaid Expense	1,519,980	-	1,519,980	(486,394)
Assessed loss	-	-	-	-
Severance Pay Provision	-	-	-	-
Leave Pay Provision	(294,963)	-	(294,963)	94,388
	10,593,392	**9,326,987**	**1,266,405**	**(405,250)**

Deferred Tax Calculation

2018

	Accounting value	Tax Value	Difference	Deferred Tax
Property, Plant and Equipment	48,931,257	43,601,602	5,329,655	(1,705,489)
Prepaid Expense	256,982	-	256,982	(82,234)
Assessed loss	-	-	-	-
Severance Pay Provision	(75,373)	-	(75,373)	24,119
Leave Pay Provision	(922,405)	-	(922,405)	295,170
	48,190,461	**43,601,602**	**4,588,859**	**(1,468,434)**

Deferred Tax Calculation

Company

2017

	Accounting value	Tax Value	Difference	Deferred Tax
Property, Plant and Equipment	9,368,375	9,326,987	41,388	(13,244)
Prepaid Expense	1,519,980	-	1,519,980	(486,394)
Leave Pay Provision	(294,963)	-	(294,963)	94,388
	10,593,392	**9,326,987**	**1,266,405**	**(405,250)**

Deferred Tax Calculation

2018

	Accounting value	Tax Value	Difference	Deferred Tax
Property, Plant and Equipment	40,774,782	37,076,422	3,698,360	(1,183,475)
Investment Property	-	-	-	-
Prepaid Expense	256,982	-	256,982	(82,234)
Severance Pay Provision	(75,373)	-	(75,373)	24,119
Leave Pay Provision	(922,405)	-	(922,405)	295,170
	40,033,986	**37,076,422**	**2,957,564**	**(946,420)**

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NOTES

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