

# REVIEWED FINANCIAL RESULTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2013

**REGISTERED OFFICE**  
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**AUDITORS**  
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**SPONSOR**  
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**TRANSFER SECRETARIES**  
Transfer Secretaries (Pty) Ltd  
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PO Box 2401  
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**NAMIBIA ASSET MANAGEMENT**  
LIMITED

Wealth through Wisdom

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed 30 Sep 2013 N\$	Audited 30 Sep 2012 N\$	Change %
Revenue	63,848,283	41,645,220	53.3
Other income	45,435	33,523	35.5
Operating expenditure	(50,298,058)	(30,958,633)	62.5
<b>Operating profit</b>	<b>13,595,660</b>	<b>10,720,110</b>	<b>26.8</b>
Finance income	1,190,258	727,134	63.7
Finance costs	(3,113)	(358)	769.6
<b>Profit before tax</b>	<b>14,782,805</b>	<b>11,446,886</b>	<b>29.1</b>
Taxation	(4,681,555)	(3,752,696)	24.8
<b>Profit attributable to ordinary shareholders</b>	<b>10,101,250</b>	<b>7,694,190</b>	<b>31.3</b>
<b>Other comprehensive income</b>			
Net change in fair value of available-for-sale financial assets	634,627	401,508	58.1
Taxation	(209,427)	(136,513)	53.4
<b>Other comprehensive income for the year (net of income tax)</b>	<b>425,200</b>	<b>264,995</b>	<b>60.5</b>
<b>Total comprehensive income for the year</b>	<b>10,526,450</b>	<b>7,959,185</b>	<b>32.3</b>
Total comprehensive income is attributable to equity holders of the Group			
<b>EARNINGS PER SHARE (cents)</b>			
- Basic	5.98	4.64	28.9
- Diluted	5.98	4.60	30.0

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 30 September 2013 N\$	Audited 30 September 2012 N\$
<b>ASSETS</b>		
<b>Non – current assets</b>	<b>5,929,192</b>	<b>5,962,622</b>
Equipment	364,686	210,354
Intangible Assets	53,323	-
Marketable securities	4 000 000	4 000 000
Deferred tax	1,511,183	1,752,268
<b>Current assets</b>	<b>22,640,739</b>	<b>20,188,806</b>
Marketable securities	3,871,064	2,671,014
Trade and other receivables	8,770,376	8,727,859
Current tax asset	263,572	-
Cash and cash equivalents	9,735,727	8,789,933
<b>TOTAL ASSETS</b>	<b>28,569,931</b>	<b>26,151,428</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>19,117,840</b>	<b>16,057,228</b>
Issued capital and share premium	4,200,410	4,189,410
Reserve for own shares	(1,894,883)	(2,122,383)
Share based payment reserve	1,031,468	864,769
Fair value reserve	848,120	422,920
Retained earnings	14,932,725	12,702,512
<b>Current liabilities</b>	<b>9,452,091</b>	<b>10,094,200</b>
Shareholders for dividend	201,308	170,062
Current tax liability	-	1,822,671
Trade and other payables	9,250,783	8,101,467
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,569,931</b>	<b>26,151,428</b>

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 30 September 2013 N\$	Audited 30 September 2012 N\$
<b>Cash flows from operating activities</b>		
Cash generated by operations	15,060,829	7,653,979
Finance cost	(3,113)	(358)
Finance income	684,370	727,134
Income taxes paid	(6,786,700)	(1,291,981)
Dividends paid	(6,664,706)	(4,964,134)
Distribution to trust beneficiaries paid	(1,175,084)	(380,000)
<b>Net cash flow from operating activities</b>	<b>1,115,596</b>	<b>1,744,640</b>
<b>Cash flow from investing activities</b>		
Acquisitions of equipment to maintain operations	(349,816)	(61,519)
Proceeds from sale of equipment	1,050	-
Movement in marketable securities	(59,536)	(982,720)
<b>Net cash flows from investing activities</b>	<b>(408,302)</b>	<b>(1,044,239)</b>
<b>Cash flows from financing activities</b>		
Proceeds on staff share options exercised	238,500	-
<b>Net cash flows from financing activities</b>	<b>238,500</b>	<b>-</b>
<b>Net movement in cash and cash equivalents</b>	<b>945,794</b>	<b>700,401</b>
Cash and cash equivalents at the beginning of the year	8,789,933	8,089,532
<b>Cash and cash equivalents at the end of the year</b>	<b>9,735,727</b>	<b>8,789,933</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Reviewed	Ordinary share capital N\$	Share premium N\$	Retained earnings N\$	Share based Payment Reserve N\$	Reserve for own shares N\$	Fair Value Reserve N\$	Total N\$
Balance as at 01 October 2011	1,937,550	2,251,860	10,360,972	864,769	(2,122,383)	157,925	13,450,693
<b>Comprehensive income for the year</b>	-	-	<b>7,694,190</b>	-	-	<b>264,995</b>	<b>7,959,185</b>
Profit for the year	-	-	7,694,190	-	-	-	7,694,190
Other comprehensive income for the year	-	-	-	-	-	264,995	264,995
<b>Transactions with owners recorded directly to equity</b>	-	-	<b>(5,352,650)</b>	-	-	-	<b>(5,352,650)</b>
Distributions to Trust beneficiaries	-	-	(380,000)	-	-	-	(380,000)
Dividends paid to equity holders	-	-	(4,972,650)	-	-	-	(4,972,650)
<b>Balance as at 30 September 2012</b>	<b>1,937,550</b>	<b>2,251,860</b>	<b>12,702,512</b>	<b>864,769</b>	<b>(2,122,383)</b>	<b>422,920</b>	<b>16,057,228</b>
<b>Comprehensive income for the year</b>	-	-	<b>10,101,250</b>	-	-	<b>425,200</b>	<b>10,526,450</b>
Profit for the year	-	-	10,101,250	-	-	-	10,101,250
Other comprehensive income for the year	-	-	-	-	-	425,200	425,200
<b>Transactions with owners recorded directly to equity</b>	<b>11,000</b>	-	<b>(7,871,037)</b>	<b>166,699</b>	<b>227,500</b>	-	<b>(7,465,838)</b>
Distributions to Trust beneficiaries	-	-	(1,175,084)	-	-	-	(1,175,084)
Dividends paid to equity holders	-	-	(6,695,953)	-	-	-	(6,695,953)
Share based payments	-	-	-	166,699	-	-	166,699
Staff share options exercised	11,000	-	-	-	227,500	-	238,500
<b>Balance as at 30 September 2013</b>	<b>1,948,550</b>	<b>2,251,860</b>	<b>14,932,725</b>	<b>1,031,468</b>	<b>(1,894,883)</b>	<b>848,120</b>	<b>19,117,840</b>

#### Financial Review

The Group's condensed annual financial statements for the year ended 30 September 2013 are set out in this document. Key highlights worth noting include:

- Operating profit increased by 26.8% (2012: 62.0%) to N\$13.6 million and profit before tax increased by 29.1% (2012: 60.0%) to N\$14.8 million.
- Group total comprehensive income increased by 32.3% (2012: 61.4%) to N\$10.5 million.
- The total assets under management (AUM) increased by N\$3.1 billion, from N\$12.2 billion in the prior year to N\$15.3 billion as at 30 September 2013. This represents a 25.4% increase year-on-year.
- Headline earnings per share increased by 28.9% (2012: 61.1%) to 5.98 cents.

#### Institutional Business

AUM increased by 21.8% to N\$13.4bn (2012: N\$11.0bn) on the back of excellent investment performance across all portfolios and good flows from our clients during the year. NAM's fully discretionary best investment house view portfolios continue to perform strongly over the longer term, achieving 1st position in the NMG Consultants and Actuaries' Survey for the Namibian Investment Managers Funds on a three-year, five-year and ten-year basis for the period ended 30 September 2013. Equally, our other segregated mandates continue to deliver strong performance despite the volatile markets experienced during the financial year.

#### Retail Business

Our unit trust funds continue to perform very well with all funds out-performing their respective benchmarks on a one-year, three-year and five-year basis to 30 September 2013. AUM grew by 58.3% to N\$1.9 billion (2012: N\$1.2 billion) on the back of good flows and excellent performance.

#### Financial Market Performance

Global equity markets rallied during the year under review with the MSCI World Index up 17.8% in US dollars up to September 2013. The JSE All Share and NSX Local Index rallied by 15.1% and 12.9% over the same period in their respective local currency. This is despite concerns over Europe's recession and sovereign debt crisis, fears of a pronounced economic slowdown in China, and political shenanigans over the US's fiscal position. It is clear in their actions to date, that governments and central bankers are determined to avert the global economy slipping back into recession and will continue to be accommodative. This will take the form of low interest rates, growth-oriented monetary and fiscal policy and general prevention of any unforeseen threats to economic recovery that may occur. Given this backdrop, interest rates are likely to remain at multi-decade low levels as authorities are prepared to tolerate higher inflation. South African equities, in general, remain fully valued and we expect future returns to be more muted given the average industrial company's high earnings base. The expectation of prolonged low interest rates has resulted in significant flows into high-yielding emerging markets as investors shun risk in their desperate search for yield. South Africa is no exception, and together with a ballooning current account deficit is increasingly reliant on these capital inflows to balance the books. Notwithstanding the recent sell-off, the rand remains vulnerable to any reversal in foreign sentiment. The Chairman of the US Federal Reserve, Ben Bernanke, signalled to the market in May that it was contemplating an exit from its aggressive quantitative easing policy. Markets reacted violently to the news in what is now known as the 'taper tantrum.' US bond yields spiked dramatically and emerging market bonds followed. The US dollar strengthened, the gold price fell sharply and most emerging market currencies weakened. In September, the Federal Open Market Committee meeting announced a delay to tapering, citing low inflation and some doubt over the strength of the US economic recovery. Bond yields fell on the news and equity markets rallied strongly. This means that the full burden of stimulating the economy will rest squarely on monetary policy. Consequently the unwinding of quantitative easing is likely to be slower, and interest rates are likely to remain lower for longer.

#### Regulatory Environment

On the regulatory front the much awaited Regulations 15 and 28, in Namibia, were promulgated during September 2013. Insurance companies and pension funds are now directed to invest a minimum of 1.75% (maximum of 3.5%) in unlisted investments within a prescribed period of time.

The regulations also propose a reduction in investments in dual-listed companies to no more than 10% of an overall pension fund's asset base. We understand the rationale for the proposal but we are concerned that this proposal will result in reduced returns for Namibian Pension Funds owing to limited investment opportunities in the country, which could lead to more funds being invested in cash. Over the past decade cash has generated positive real returns; however our view is that cash will generate negative real returns over the next few years.

While we welcome the certainty provided by the promulgation of these regulations, we expect the implementation thereof to be challenging. We will continuously engage with our clients, regulator and other service providers to formulate the best possible implementation strategy.

#### Board Composition

Hugo Nelson resigned as director with effect from 31 January 2013. The Board of directors would like to thank him for his contribution to the success of NAM and wish him well in all his future endeavours.

Aimee Rhoda has been appointed to the Board of directors with effect from 1 March 2013. We welcome her and look forward to her valued contribution to the group.

#### Dividend

The Board recommended a normal dividend of 4 cents per ordinary share (2012: 4 cents per ordinary share).

The salient dates are as follows:

Last day to trade:	15 November 2013
Securities start trading	
ex – dividend:	18 November 2013
Record date:	22 November 2013
Payment date:	04 December 2013

#### Conclusion

We continue to caution investors that the absolute levels of returns delivered by capital markets are unsustainable and that we expect lower returns in the future.

Despite the current volatility in financial markets we remain committed to our proven investment philosophy of creating long-term value for all stakeholders.

A MUSHIMBA  
CHAIRMAN  
8 November 2013

E EMVULA  
CHIEF EXECUTIVE OFFICER

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Reporting entity

Namibia Asset Management Ltd (the "Company") is a Company incorporated in Namibia (Registration number: 97/397). The condensed consolidated financial statements for the year ended 30 September 2013 comprise the Company, its subsidiary and other controlled entities, together referred to as the "Group"

#### 2. Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34: Interim Financial Reporting and in the manner required by the Companies Act 28 of 2004. The condensed consolidated financial statements were approved by the Board of Directors on 31 October 2013.

#### 3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its full consolidated financial statements as at and for the year ended 30 September 2012.

#### 4. Earnings per share

	Reviewed 30 Sep 2013 N\$	Audited 30 Sep 2012 N\$	Change %
<b>EARNINGS</b>			
Earnings per share is based on basic earnings of:	10 101 250	7 694 190	31.3
Headline earnings per share is based on headline earnings of:	10 100 200	7 694 190	31.3
<b>Reconciliation of earnings to headline earnings</b>			
Profit attributable to ordinary shareholders	10 101 250	7 694 190	31.3
Profit on sale of equipment	(1 050)	-	(100.0)
<b>Headline earnings</b>	<b>10 100 200</b>	<b>7 694 190</b>	<b>31.3</b>

#### WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

Ordinary shares in issue	168 854 200	165 755 000
Diluted ordinary shares in issue*	168 854 200	167 427 794

#### Reconciliation of statutory shares in issue to diluted ordinary shares in issue

Authorised and issued shares	200,000,000	200,000,000
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#### Treasury shares

Shares held by Namibia Asset Management Executive Share Purchase Scheme	(5 145 000)	(6 245 000)
Shares held by Heike 39 Investments (Pty) Ltd	(26,000,800)	(28,000,000)

Weighted average number of ordinary shares in issue**	168 854 200	165 755 000
Effect of share options exercised	-	1,672,794

#### Diluted ordinary shares in issue

	<b>168 854 200</b>	<b>167 427 794</b>
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Basic earnings per share in cents	5.98	4.64	28.9
Headline earnings per share in cents	5.98	4.64	28.9
Diluted earnings per share in cents	5.98	4.60	30.0

\*Dilution of ordinary shares takes place if all staff exercise their options.

\*\*After consolidation of treasury shares