NAMIBIA ASSET MANAGEMENT LTD (the “Company”)
Registration No. 97/397
Registered in Namibia
ISIN Code: NA000AOJMZ44
NSX Share Code: NAM

**REVIEWED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2011**

## Financial Review

The Group’s condensed annual financial statements for the year ended 30 September 2011 are set out in this document. Some highlights worth noting include:

- Revenue (excluding the effect of performance fees) increased by 16.9%. This is attributable to good performance in the institutional business and substantially due to the good performance and growth of the Retail Business Unit, which managed to grow its Assets under Management (“AUM”) from N$418.3m to N$817.1m.

- This solid increase in revenue was set-off against an increase in operating expenditure of 70.4% which is largely attributable to performance fees, which in terms of the management agreement, are 100% payable to Coronation Fund Managers. Excluding performance fees, operating expenditure increased by 15.0%. This increase is a result of a combination of changes in office staff mix and cost increases that correlate with the increase in AUM in the Retail Business Unit.

- The operations of the business reflect positive results for the year. Operating profit increased by 11.1% (2010: decrease - N$18.8%). Equally profit before tax increased, albeit lower at 3.8%.

- Group total comprehensive income decreased by 13.5% in comparison to the prior year. The decrease is attributable mainly to an increase in income tax charge resulting from a once off credit in the prior financial year that was recognised in the Company’s subsidiary (see note 5).

## Institutional Business

AUM has increased by 1.2% to N$8.5bn (2010: N$8.4bn). We added one mandate to our portfolio. NAM's fully discretionary best investment house view portfolios continue to perform strongly over the longer term, ending 3rd in the Alexander Forbes Survey of Namibian Retirement Funds for the five years ended August 2011. NAM's other segregated mandates also continue to deliver strong performance.

**Retail Business**

Our unit trust funds generated positive returns for the year ended 30 September 2011. AUM grew by 95% to N$817.1m (2010: N$418.3m). The new unit trust which was established in April 2010, the NAM Coronation Balanced Plus Fund grew to a sizeable amount. We expect this fund to grow further in the years ahead. The Fund's performance has been acceptable in view of the current economic environment.

**Financial market performance**

The year 2011 proved to be quite an eventful one. News headlines were dominated by the political unrest in North Africa and the Middle East. The oil price moved sharply in February as the unrest reached Libya and raised concerns that it could spread to other oil producers such as Saudi Arabia. This coupled with rising global food prices, fuelled concerns over inflation which threatened to slow down global economic recovery. To add to this uncertainty, global markets were also impacted by renewed sovereign debt concerns in the Eurozone as well as the devastating earthquake and risk of a possible nuclear meltdown in Japan. This initially saw risk asset sell-off as risk appetite waned before recovering towards the end of the second quarter.

The combination of accommodative global monetary and fiscal policy together with rising food and oil prices is likely to lead to higher inflation. In this scenario, equities remain our preferred asset class for producing inflation-beating returns. We continue to find more value in global equities and are close to the maximum offshore limit.

Towards the end of the year under review, global news became dominated by the sovereign debt crisis in the Eurozone. The lack of decisive action by the European Central Bank ("ECB") and the European Union in resolving the Greek crisis allowed contagion to spread from the periphery to Spain and Italy. This resulted in the bond market bidding up the yields of these countries to levels where they would be unable to finance their deficits. Unlike Greece, Spain and Italy are too big to fail and given the entwined nature of the European banking system, any default would have dire consequences for the global economy.

Investor uncertainty was also fuelled by political wrangling in the US that resulted in a last minute decision by congress to raise the debt ceiling to combat a weakening economy. This culminated in ratings agency, Standard and Poor's, downgrading US debt-the first time in the country's history. This led to widespread panic and investors fled to safe-haven assets, resulting in a significant appreciation in the gold price and sharp compression in the yields of US treasuries notwithstanding the credit downgrade. Developed and emerging equity markets sold-off aggressively with massive intra-day volatility during August 2011. This culminated in the US Federal Reserve committing to maintain interest rates at close to zero levels until at least mid-2013. Even the ECB has softened its stance on inflation given the precarious state of the global economy.

In conclusion, there is no shortage of uncertainties in the global economy. As a result, markets are likely to remain volatile and challenging for some time to come. We remain resolute to our proven investment philosophy of investing for the long-term. We believe this is the best way to add value to our clients. In such an environment shareholders are advised to have muted expectations in revenue growth.

**Director appointments**

Eino Emvula was appointed to the position of Chief Executive Officer on 1 December 2010.

**Dividend**

After year-end the Board recommended a normal dividend of 3 cents per ordinary share (2010: 2 cents per ordinary share and 1 cent special dividend).

The salient dates are as follows:

| | |
|---|---|
| Last day to trade: | 18 November 2011 |
| Securities start trading ex – dividend: | 21 November 2011 |
| Record date: | 25 November 2011 |
| Payment date: | 7 December 2011 |

**A MUSHIMBA**
**CHAIRMAN**
8 November 2011

**E EMVULA**
**CHIEF EXECUTIVE OFFICER**

**BOARD OF DIRECTORS:**

A MUSHIMBA (CHAIRMAN)
E EMVULA (CHIEF EXECUTIVE OFFICER)
H NELSON*
A PILLAY*
R G YOUNG*
B EIMBECK
H MAIER
(* SOUTH AFRICAN)

**COMPANY SECRETARY**

Purvance Heuer

**AUDITORS REVIEW OPINION**

The condensed consolidated results for the year ended 30 September 2011 have been reviewed by KPMG Namibia. The auditor’s unqualified review opinion is available for inspection at the Company’s registered office.

**REGISTERED OFFICE**
24 Orban Street
Klein Windhoek
P.O. Box 23329, Windhoek, Namibia

**AUDITORS**
KPMG Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
P.O. Box 86863, Eros
Windhoek
Namibia

**SPONSOR**
IJG Securities (Pty) Ltd

Member of the NSX
100 Robert Mugabe Avenue
Windhoek, Namibia

**TRANSFER SECRETARIES**
Transfer Secretaries (Pty) Ltd
Shop 8, Kaiser Krone
Post Street Mall
Windhoek, Namibia

**NAMIBIA ASSET MANAGEMENT LTD**

**REVIEWED CONDENSED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2011**

**CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME**

| | Reviewed 30 September 2011 N$ | Audited 30 September 2010 N$ | Change % |
|---|---|---|---|
| Revenue | 45 474 540 | 28 782 215 | 58.0 |
| Other income | 83 686 | 24 499 | 241.6 |
| Operating expenditure | (38 942 885) | (22 852 557) | 70.4 |
| **Operating profit** | **6 615 341** | **5 954 157** | **11.1** |
| Finance income | 607 345 | 1 057 501 | (42.6) |
| Finance costs | (67 508) | (120 621) | (44.0) |
| **Profit before tax** | **7 155 178** | **6 891 037** | **3.8** |
| Taxation (note 5) | (2 380 883) | (1 186 368) | 100.7 |
| **Profit attributable to ordinary shareholders** | **4 774 295** | **5 704 669** | **(16.3)** |
| **Other comprehensive income** | | | |
| Net change in fair value of available-for-sale financial assets (before income tax) (note 8) | 239 281 | - | 100.0 |
| Taxation | (81 356) | | 100.0 |
| **Other comprehensive income for the year (net of income tax)** | **157 925** | **-** | **100.0** |
| **Total comprehensive income for the year** | **4 932 220** | **5 704 669** | **(13.5)** |
| Total comprehensive income is attributable to equity holders of the Group | | | |
| EARNINGS PER SHARE (cents) | | | |
| - Basic | 2.88 | 2.99 | (3.7) |
| - Diluted | 2.86 | 2.92 | (2.1) |

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

| | Reviewed 30 September 2011 N$ | Restated Audited 30 September 2010 N$ (note 7) |
|---|---|---|
| **ASSETS** | | |
| **Non – current assets** | **6 773 766** | **6 722 269** |
| Equipment | 266 774 | 152 966 |
| Intangible assets | - | 14 |
| Marketable securities | 4 000 000 | 4 000 000 |
| Deferred tax | 2 506 992 | 2 569 289 |
| **Current assets** | **14 730 115** | **15 479 966** |
| Trade and other receivables | 5 425 997 | 7 580 096 |
| Marketable securities | 1 194 753 | 1 063 573 |
| Cash and cash equivalents | 8 089 532 | 6 836 297 |
| Current tax asset | 19 833 | - |
| **TOTAL ASSETS** | **21 503 881** | **22 202 235** |
| **EQUITY AND LIABILITIES** | | |
| **TOTAL EQUITY** | **13 450 693** | **15 259 470** |
| Issued capital and share premium | 4 189 410 | 4 162 660 |
| Reserve for own shares | (2 122 383) | (468 350) |
| Share based payment reserve | 864 769 | 830 833 |
| Fair value reserve | 157 925 | - |
| Retained earnings | 10 360 972 | 10 734 327 |
| **Current liabilities** | **8 053 188** | **6 942 765** |
| Shareholders for dividend | 161 546 | 137 388 |
| Current tax liability | - | 815 494 |
| Trade and other payables | 7 891 642 | 5 989 883 |
| **TOTAL EQUITY AND LIABILITIES** | **21 503 881** | **22 202 235** |

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

| Reviewed | Ordinary share capital | Share premium | Retained earnings | Share based Payment Reserve | Reserve for own Shares (note 6 ) | Fair Value Reserve | Total |
|---|---|---|---|---|---|---|---|
| | N$ | N$ | N$ | N$ | N$ | N$ | N$ |
| Balance as at 01 October 2009 | 1 901 050 | 2 251 860 | 7 322 618 | 904 994 | (502 475) | - | 11 878 047 |
| **Comprehensive income for the year** | **-** | **-** | **5 704 669** | **-** | **-** | **-** | **5 704 669** |
| Profit for the year | - | - | 5 704 669 | - | - | - | 5 704 669 |
| **Transactions with owners recorded directly to equity** | **9 750** | **-** | **(2 292 960)** | **(74 161)** | **34 125** | **-** | **(2 323 246)** |
| Repayment of capital | - | - | - | - | - | - | - |
| Staff share options exercised | 9 750 | - | - | - | 34 125 | - | 43 875 |
| Share based payments | - | - | - | (74 161) | - | - | (74 161) |
| Dividends paid to equity holders | - | - | (2 292 960) | - | - | - | (2 292 960) |
| **Balance as at 30 September 2010** | **1 910 800** | **2 251 860** | **10 734 327** | **830 833** | **(468 350)** | - | **15 259 470** |
| **Comprehensive income for the year** | **-** | **-** | **4 774 295** | **-** | **-** | **157 925** | **4 932 220** |
| Profit for the year | - | - | 4 774 295 | - | - | - | 4 774 295 |
| Other comprehensive income for the year | - | - | - | - | - | 157 925 | 157 925 |
| **Transactions with owners recorded directly to equity** | **26 750** | **-** | **(5 147 650)** | **33 936** | **(1 654 033)** | **-** | **(6 740 997)** |
| Staff share options exercised | 26 750 | - | - | - | 93 625 | - | 120 375 |
| Acquisition of Heike39 & Orban Street Trust | - | - | - | - | (1 747 658) | - | (1 747 658) |
| Share based payments | - | - | - | 33 936 | - | - | 33 936 |
| Distributions to Trust beneficiaries | - | - | (175 000) | - | - | - | (175 000) |
| Dividends paid to equity holders | - | - | (4 972 650) | - | - | - | (4 972 650) |
| **Balance as at 30 September 2011** | **1 937 550** | **2 251 860** | **10 360 972** | **864 769** | **(2 122 383)** | **157 925** | **13 450 693** |

## CONDENSED GROUP STATEMENT OF CASH FLOWS

| | Reviewed 30 September 2011 N$ | Restated Audited 30 September 2010 N$ (note 7) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash generated by operations | 10 710 195 | 4 354 053 |
| Finance cost | (67 508) | (120 621) |
| Finance income | 607 345 | 1 057 501 |
| Income taxes paid | (3 252 752) | (1 560 146) |

| | | |
|---|---|---|
| Dividends paid | (4 948 492) | (2 274 609) |
| Distribution to trust beneficiaries paid | (175 000) | - |
| **Net cash flow from operating activities** | **2 873 788** | **1 456 178** |
| **Cash flow from investing activities** | | |
| Acquisitions of equipment to maintain operations | (238 133) | (94 628) |
| Proceeds form sale of equipment | 3 316 | - |
| Movement in marketable securities | (62 505) | (20 105) |
| Statutory investment in unit trust fund | - | (1 000 000) |
| **Net cash flows from investing activities** | **(297 322)** | **(1 114 733)** |
| **Cash flows from financing activities** | | |
| Proceeds on staff share options exercised | 120 375 | 43 875 |
| Redemption of preference shares | (1 420 700) | - |
| Movement in amounts owing by group companies | (22 906) | - |
| **Net cash flows from financing activities** | **(1 323 231)** | **43 875** |
| Net movement in cash and cash equivalents | 1 253 235 | 385 320 |
| **Cash and cash equivalents at the beginning of the year** | **6 836 297** | **6 450 977** |
| **Cash and cash equivalents at the end of the year** | **8 089 532** | **6 836 297** |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Reporting entity

Namibia Asset Management Ltd (the “Company”) is a Company domiciled in Namibia (Registration number:97/397). The condensed Group financial statements for the year ended 30 September 2011 comprise the Company, its subsidiary and other controlled entities, together referred to as the “Group”

### 2. Statement of compliance

The condensed Group financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34: Interim Financial Reporting and in the manner required by the Namibian Companies Act 28 of 2004.

The condensed Group financial statements were approved by the Board of Directors on 7 November 2011.

**3. Significant accounting policies**

The accounting policies applied by the Group in these condensed Group financial statements are the same as those applied by the Group in its full Group financial statements as at and for the year ended 30 September 2010.

**4. Earnings per share**

| | Reviewed 30 September 2011 N$ | Audited 30 September 2010 N$ | Change % |
|---|---|---|---|
| **EARNINGS** | | | |
| Earnings per share is based on basic earnings of: | 4 774 295 | 5 704 669 | (16.3) |
| Headline earnings per share is based on headline earnings of: | 4 770 979 | 5 702 664 | (16.3) |
| **Reconciliation of earnings to headline earnings** | | | |
| Profit attributable to ordinary shareholders | 4 774 295 | 5 704 669 | (16.3) |
| Profit on sale of equipment | (3 316) | (2 005) | 65.4 |
| **Headline earnings** | **4 770 979** | **5 702 664** | **(16.3)** |
| **WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES** | | | |
| Ordinary shares in issue | 165 755 000 | 191 080 000 | |
| Diluted ordinary shares in issue* | 166 993 000 | 195 549 000 | |
| **Reconciliation of statutory shares in issue to diluted ordinary shares in issue** | | | |
| Statutory issued shares | 200 000 000 | 200 000 000 | |
| Effect of own shares held (Namibia Asset Management Executive Share Purchase Scheme) | (6 245 000) | (8 920 000) | |

| | | | |
|---|---|---|---|
| Effect of own shares held (Heike 39 Investments (Pty) Ltd | (28 000 000) | - | |
| Effect of share options exercised | 1 238 000 | 4 469 000 | |
| **Diluted ordinary shares in issue** | **166 993 000** | **195 549 000** | |
| Basic earnings per share in cents | 2.88 | 2.99 | (3.7) |
| Headline earnings per share in cents | 2.88 | 2.98 | (3.4) |
| Diluted earnings per share in cents | 2.86 | 2.92 | (2.1) |

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

Diluted ordinary shares decreased from 195 549 000 to 166 993 000 during the year. This decrease results from the control that the Group gained over Heike 39 Investments (Pty) Ltd, which holds 28 000 000 shares in the Company (refer note 6).

**5. Income tax**

The Group effective tax rate increased from 17.23% to 34.42%. In the prior financial year, the Company’s subsidiary recognised a deferred tax asset that resulted in a credit to the Group Statement of Comprehensive Income. The deferred tax asset resulted from tax losses that had accumulated in the subsidiary to that date.

**6. Business Combination**

On 1 October 2010 the Group gained control of The Orban Street Trust and Heike 39 Investments (Pty) Ltd, both of which were established for the purpose of incentivising staff. Both entities were therefore consolidated from that date. The consolidation of the two entities results in a decrease in share capital and reserves of N$1.7m and an immaterial impact on profit or loss. The Orban Street Trust owns 92.86% of the issued shares of Heike 39 Investments (Pty) Ltd, while Heike 39 Investments (Pty) Ltd owns 14% of the issued shares of the Company.

Identifiable assets acquired and liabilities assumed

| | N$ |
|---|---|
| Investments | 7 000 000 |
| Trade and other receivables | 5 000 |
| Preference share capital | (1 420 700) |
| Loans and borrowings | (31 958) |

| | |
|---|---|
| **Total Identifiable net assets** | **5 552 342** |

Preference share capital was classified as non-derivative financial liabilities. The preference share capital was fully redeemed in the first half of the financial year.

No goodwill was recognised as a result of the business combination.

The carrying value of the receivables acquired approximates fair value. The gross contractual amounts receivable is N$5 000 and all contractual cash flows are expected to be collected.

## 7. Restatement

During prior years the Company's subsidiary recognised the balances of bank accounts in the names of the unit trust funds under cash and cash equivalents on the face of the Group Statement of Financial Position.

The corresponding liability that arose resulting from deposits made by investors before units are created and allocated was recognised under trade and other payables in the Group Statement of Financial Position.

During the current year management changed its assessment relating to the legal and constructive obligation that arises as a result of the monies deposited by investors. Bank balances that are not in the name of any companies in the Group are not assets of the Group and should therefore be recognised in the accounting records of the relevant unit trust funds.

The table below shows the impact of this change in the Group Statement of Financial Position:

| | 30 September 2010 |
|---|---|
| Decrease in cash and cash equivalents | 763 863 |
| Decrease in trade and other payable | 763 863 |

The table below shows the impact of this change in the Group Statement of Cash Flows:

30 September

| | 2010 |
|---|---|
| Decrease in cash generated by operations | 763 863 |
| Decrease in cash and cash equivalents | 763 863 |

This restatement has no impact on the Group Statement of Comprehensive Income or the Group Statement of Changes in Equity.

This restatement is not considered to be material on financial years prior to 2010.

**8. Net change in fair value of available-for-sale financial assets**

The changes in fair value relate to market value movements in the statutory investments that the Group holds in its unit trust funds. These funds are classified as available-for-sale. During the current financial year the Group split its underlying investor accounts between statutory investment accounts and additional investment accounts. Historically these accounts were manually adjusted in the accounting records. In the prior financial years the net change in the fair value was not considered material.