

# UNAUDITED INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2018

NAMIBIA ASSET MANAGEMENT LTD ("NAM") | Registration No. 97/397 | Registered in Namibia | ISIN Code: NA000AOJMJ44 | NSX Share Code: NAM

## RESULTS

Namibia Asset Management delivered sound results, which were in line with management's expectations for the six months to 31 March 2018.

Key highlights from NAM's unaudited results for the period under review include:

- Revenue increased by 8.08% to N\$37.3 million (March 2017: N\$34.5 million) on the back of a credible performance and net inflows from new institutional clients.
- Operating profit and profit before tax were flat at N\$10.3 million (March 2017: N\$10.2 million) and N\$10.6 million (March 2017: N\$10.7 million), respectively.
- Total comprehensive income was marginally down by 3.09% to N\$6.9 million (March 2017: N\$7.2 million).
- Headline earnings per share decreased by 1.08% to 4.60 cents compared to 4.65 cents as at 31 March 2017.
- Our Asset under Management ("AuM") increased by 4.0% to N\$20.8 billion at the end of March 2018 (September 2017: N\$20 billion).

## INSTITUTIONAL SEGMENT

NAM continues to be one of the leading managers of institutional assets in the local savings industry. During the period, institutional AuM increased by 4.5% to N\$18.6 billion (September 2017: N\$17.8 billion) despite our institutional business experiencing total net outflows of N\$255 million. This is primarily attributed to the rebalancing of client portfolios in order to comply with regulatory requirements.

## RETAIL SEGMENT

Our retail business experienced net outflows of N\$61 million during the period, largely due to the tough economic environment. Despite such outflows, our market share of retail assets remained flat at 4%. We remain one of Namibia's leading third-party unit trust managers, with assets of N\$2.2 billion under management (2017: N\$2.2 billion).

## PROSPECTS

We expect domestic economic conditions to remain tough. The Minister of Finance announced during his 2018 budget speech that asset management services will be subjected to value-added tax and that a dividend tax of 10% will be introduced on all local dividends going forward. Coupled with other regulatory interventions such as the increased domestic asset requirements, this will continue to put pressure on investment returns and flows into the foreseeable future. Despite these challenges, we remain committed to delivering both strong investment performance over the long term and excellent client service. We are also encouraged by the re-opening of previously closed mandates to new institutional investors as well as our expanded global offering. Further, we believe that our robust investment approach to identifying the best investment opportunities across our client portfolios will generate long-term value for all stakeholders.



ANTON PILLAY  
Chairman  
21 June 2018



EINO EMVULA  
Chief Executive Officer

### BOARD OF DIRECTORS:

A PILLAY\* (CHAIRMAN)  
E EMVULA (CHIEF EXECUTIVE OFFICER)  
U EISEB (CHIEF FINANCIAL OFFICER)  
R G YOUNG\*  
B ROSSOUW  
S WALTERS  
E ANGULA  
A RHODA\*  
T SHAANIKA  
(\* SOUTH AFRICAN)

### COMPANY SECRETARY

U EISEB

### REGISTERED OFFICE

Unit 18, Tenbergen Village, Corner of Robert Mugabe and Lazarett Street, Windhoek  
P.O. Box 23329, Windhoek, Namibia

### AUDITORS

KPMG Namibia  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
30 Schanzens Road, Windhoek  
P.O. Box 86863, Eros

### SPONSOR

IJG Securities (Pty) Ltd  
Member of the NSX  
100 Robert Mugabe Avenue  
Windhoek, Namibia

### TRANSFER SECRETARIES

Transfer Secretaries (Pty) Ltd  
4 Robert Mugabe Avenue  
P.O. Box 2401  
Windhoek, Namibia

RELEASE DATE: 22 June 2018

## NOTES TO THE UNAUDITED CONDENSED INTERIM GROUP FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

Namibia Asset Management Ltd (the "Company") is a Company incorporated in Namibia. The condensed group financial statements for the six months ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group").

### 2. STATEMENT OF COMPLIANCE

These condensed Group financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) IAS 34, Interim Financial Reporting and in the manner required by the Namibian Companies Act 28 of 2004. These condensed Group financial statements do not include all the information necessary for full International Financial Reporting Standard disclosures. These condensed Group interim financial statements were approved by the Board of directors on 15 May 2018.

### 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 2017.

### 4. MARKETABLE SECURITIES

Marketable securities includes statutory investments as well as the investment of excess cash into the Group's unit trust funds. These investments are classified as level one financial instruments as their carrying values are based on quoted prices in active markets for identical assets.

### 5. INTEREST-BEARING LIABILITIES

The interest bearing liabilities pertain to the acquisition of shares from Coronation Investment Management SA (Pty) Limited by the Urban Street Trust ("OST"), a controlled entity of NAM. The loan is repayable with any dividends that accrue on the 16 000 000 shares acquired as well as 30% of the dividends that accrue on the pre-existing 26 000 800 shares. The repayment would first be applied to any accrued interest and thereafter to the capital balance. The loan attracts interest at the prime rate of Nedbank South Africa less 200 basis points. The 16 000 000 shares are held as security against the loan amount until the loan and attributable interest is fully settled.

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	UNAUDITED 31 MARCH 2018 N\$	RESTATED UNAUDITED 31 MARCH 2017 N\$	RESTATED AUDITED 30 SEPT 2017 N\$
<b>ASSETS</b>			
Non – current assets	7 496 987	7 391 134	7 833 530
Equipment	826 483	901 832	905 970
Intangible assets	4 048	8 434	6 241
Marketable securities (Note 4)	5 000 000	5 000 000	5 000 000
Deferred tax	1 666 456	1 480 868	1 921 319
<b>Current assets</b>	<b>34 751 291</b>	<b>33 319 853</b>	<b>39 849 073</b>
Marketable securities (Note 4 & 6)	5 830 081	5 315 580	5 718 021
Trade and other receivables (Note 6)	13 328 964	13 513 775	11 971 534
Current tax asset	348 606	682 304	486 933
Cash and cash equivalents	15 243 640	13 808 194	21 672 585
<b>TOTAL ASSETS</b>	<b>42 248 278</b>	<b>40 710 987</b>	<b>47 682 603</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>20 531 995</b>	<b>18 144 392</b>	<b>26 436 828</b>
Issued capital and share premium	3 794 152	3 794 152	3 794 152
Reserve for own shares	(9 579 250)	(9 579 250)	(9 579 250)
Share based payment reserve	2 869 331	2 199 253	2 518 532
Fair value reserve	1 713 131	1 661 992	1 851 919
Retained earnings (Note 6)	21 734 631	20 068 245	27 851 475
<b>Non-current liabilities</b>	<b>5 806 526</b>	<b>7 015 434</b>	<b>7 318 415</b>
Interest-bearing liabilities (Note 5)	5 806 526	7 015 434	7 318 415
<b>Current liabilities</b>	<b>15 909 757</b>	<b>15 551 161</b>	<b>13 927 360</b>
Shareholders for dividends	173 024	122 322	117 341
Trade and other payables	15 736 733	15 428 839	13 810 019
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>42 248 278</b>	<b>40 710 987</b>	<b>47 682 603</b>

## CONDENSED GROUP STATEMENT OF CASH FLOWS

	UNAUDITED 31 MARCH 2018 N\$	RESTATED UNAUDITED 31 MARCH 2017 N\$	RESTATED AUDITED 30 SEPT 2017 N\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers	36 289 380	34 512 113	70 391 692
Cash paid to suppliers and employees (Note 6)	(24 917 333)	(25 142 279)	(49 363 455)
Cash generated by operations	11 372 047	9 369 834	21 028 237
Finance income	752 788	785 078	1 807 498
Taxation	(3 078 532)	(3 208 519)	(7 056 349)
Dividends paid (Note 6)	(13 148 050)	(12 816 617)	(12 821 599)
<b>Net cash flow from operating activities</b>	<b>(4 101 747)</b>	<b>(5 870 224)</b>	<b>2 957 787</b>
<b>Cash flow from investing activities</b>			
Acquisitions of equipment to maintain operations	(63 901)	(28 370)	(161 607)
Marketable securities (investments)	(1 280 600)	(1 343 234)	(2 390 900)
Marketable securities disinvestments	802 321	1 564 876	1 782 160
<b>Net cash flows from investing activities</b>	<b>(542 180)</b>	<b>193 272</b>	<b>(770 347)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest-bearing liabilities (Note 5)	(1 148 806)	(1 579 334)	(1 579 335)
Interest paid on interest-bearing liabilities (Note 5)	(636 212)	(475 348)	(475 348)
<b>Net cash flows from financing activities</b>	<b>(1 785 018)</b>	<b>(2 054 682)</b>	<b>(2 054 683)</b>
Net movement in cash and cash equivalents	(6 428 945)	(7 731 634)	132 757
<b>Cash and cash equivalents at the beginning of the period</b>	<b>21 672 585</b>	<b>21 539 828</b>	<b>21 539 828</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>15 243 640</b>	<b>13 808 194</b>	<b>21 672 585</b>

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

Unaudited	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 2016 (audited)	1 542 292	2 251 860	25 474 013	1 852 370	(9 579 250)	1 657 454	23 198 739
<b>Comprehensive income for the period</b>	-	-	7 164 979	-	-	4 538	7 169 517
Profit for the period	-	-	7 164 979	-	-	-	7 164 979
Other comprehensive income for the year	-	-	-	-	-	4 538	4 538
<b>Transactions with owners recorded directly to equity</b>	-	-	(12 570 747)	346 883	-	-	(12 223 864)
Share-based payments	-	-	-	346 883	-	-	346 883
Dividends paid to equity holders	-	-	(14 625 429)	-	-	-	(14 625 429)
Prior year adjustment (Note 6)	-	-	2 054 682	-	-	-	2 054 682
<b>Restated balance as at 31 March 2017 (unaudited)</b>	<b>1 542 292</b>	<b>2 251 860</b>	<b>20 068 245</b>	<b>2 199 253</b>	<b>(9 579 250)</b>	<b>1 661 992</b>	<b>18 144 392</b>
<b>Comprehensive income for the period</b>	-	-	7 783 230	-	-	189 927	7 973 157
Profit for the period	-	-	7 783 230	-	-	-	7 783 230
Other comprehensive income for the period	-	-	-	-	-	189 927	189 927
<b>Transactions with owners recorded directly to equity</b>	-	-	-	319 279	-	-	319 279
Share-based payments	-	-	-	319 279	-	-	319 279
<b>Restated balance as at 30 September 2017 (audited)</b>	<b>1 542 292</b>	<b>2 251 860</b>	<b>27 851 475</b>	<b>2 518 532</b>	<b>(9 579 250)</b>	<b>1 851 919</b>	<b>26 436 828</b>
<b>Comprehensive income for the period</b>	-	-	7 086 887	-	-	(138 788)	6 948 099
Profit for the period	-	-	7 086 887	-	-	-	7 086 887
Other comprehensive income for the period	-	-	-	-	-	(138 788)	(138 788)
<b>Transactions with owners recorded directly to equity</b>	-	-	(13 203 731)	350 799	-	-	(12 852 932)
Share-based payments	-	-	-	350 799	-	-	350 799
Dividends paid to equity holders	-	-	(13 203 731)	-	-	-	(13 203 731)
<b>Balance as at 31 March 2018</b>	<b>1 542 292</b>	<b>2 251 860</b>	<b>21 734 631</b>	<b>2 869 331</b>	<b>(9 579 250)</b>	<b>1 713 131</b>	<b>20 531 995</b>

### 6. CORRECTION OF PRIOR YEAR ERROR

During the 2017 financial year the Company incorrectly recorded a consolidation journal entry pertaining to the intercompany dividends paid by NAM to OST. In terms of the loan agreement between OST and Coronation the dividends accruing on certain OST shares are used to repay the Coronation loan (see note 5). The first repayment towards the loan was made from the 2016 NAM dividends received by the Trust, however these dividends were not consolidated out at a group level and therefore resulted in an understatement of the retained income balance as at 31 March 2017 as well as at 30 September 2017. The error has been corrected by restating each of the impacted financial statement line items for the respective affected periods. The tables below summarise the impact of the restatement on the Group's consolidated financial statements:

### 31 March 2017

	As previously reported	Adjustments	As restated
<b>i) Statement of financial</b>			
Marketable securities	4 275 231	1 040 349	5 315 580
Trade and other receivables	12 499 442	1 014 333	13 513 775
Retained earnings	18 013 563	2 054 682	20 068 245
<b>ii) Statement of cash flows</b>			
Cash paid to suppliers and employees	(23 087 597)	(2 054 682)	(25 142 279)
Dividends paid	(14 871 299)	2 054 682	(12 816 617)
<b>iii) Statement of changes in equity</b>			
Dividend paid to equity holders	(14 625 429)	2 054 682	(12 570 747)
Retained earnings	18 013 563	2 054 682	20 068 245

### 30 September 2017

	As previously reported	Adjustments	As restated
<b>i) Statement of financial</b>			
Marketable securities	3 663 339	2 054 682	5 718 021
Retained earnings	25 796 793	2 054 682	27 851 475
<b>ii) Statement of cash flows</b>			
Dividends paid	(14 876 281)	2 054 682	(12 821 599)
Marketable securities			
Disinvestments	3 836 842	(2 054 682)	1 782 160
<b>iii) Statement of changes in equity</b>			
Dividend paid to equity holders	(14 625 429)	2 054 682	(12 570 747)
Retained earnings	25 796 793	2 054 682	27 851 475

### 7. EARNINGS PER SHARE

	UNAUDITED 31 MARCH 2018 N\$	UNAUDITED 31 MARCH 2017 N\$	AUDITED 30 SEPT 2017 N\$
Earnings			
Earnings per share is based on basic earnings of:	7 086 887	7 164 979	14 948 210
Headline earnings per share is based on headline earnings of:	7 086 887	7 164 979	14 948 210
<b>Reconciliation of basic earnings to headline earnings</b>			
Basic earnings	7 086 887	7 164 979	14 948 210
<b>Headline earnings attributable to ordinary shareholders</b>	<b>7 086 887</b>	<b>7 164 979</b>	<b>14 948 210</b>
Weighted average number of ordinary shares in issue	154 229 200	154 229 200	154 229 200
Diluted weighted average number of ordinary shares in issue*	160 133 232	161 338 963	160 024 007
<b>Reconciliation of statutory shares in issue to diluted ordinary shares in issue</b>			
Authorised and issued shares	200 000 000	200 000 000	200 000 000
<b>Treasury shares</b>			
- Shares held by NAM Staff Share Trust	(3 770 000)	(3 770 000)	(3 770 000)
- Shares held by The Urban Street Trust	(42 000 800)	(42 000 800)	(42 000 800)
Weighted average number of shares in issue**	154 229 200	154 229 200	154 229 200
Effect of share options outstanding	5 665 765	7 109 763	5 794 807
Diluted ordinary shares in issue	<b>159 894 965</b>	<b>161 338 963</b>	<b>160 024 007</b>
	(cents)	(cents)	(cents)
Basic earnings per share	4.60	4.65	9.69
Headline earnings per share	4.60	4.65	9.69
Diluted earnings per share	4.43	4.44	9.34

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

\*\* after consolidation of treasury shares held

This unaudited short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decision should be based on the full announcement published on SENS and is also available on our website www.namasset.com.na