SINCE 1919

Ohlthaver&List GROUP

ONE HUNDRED YEARS

Creating a Future, Enhancing Life

GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Index

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 financial 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 company and group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Namibian Companies Act 28 of 2004. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and the Namibian Companies Act 28 of 2004 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 system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 30 June 2020 and, in light of this review and the current financial position, they are satisfied that the company and group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on 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 pages 3 to 5.

The consolidated and separate annual financial statements set out on pages 6 to 161, which have been prepared on the going concern basis, were approved by the board on 04 October 2019 and were signed on their behalf by:

S Thieme

G Hanke

Deloitte.

PO Box 47
Windhoek
Namibia

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
ICAN practice number: 9407
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INDEPENDENT AUDITOR'S REPORT
To the Members of Ohlthaver & List Finance and Trading Corporation Limited

Report on the Audit of the consolidated and separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Ohlthaver & List Finance and Trading Corporation Limited ("the Company") and its subsidiaries ("the Group") set out on pages 6 to 161, which comprise the consolidated and separate statements of financial position as at 30 June 2019 and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the report of the Directors.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Company and the Group as at 30 June 2019 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Company and Group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts 1 and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the statement of Directors responsibility and approval of the financial statements and the Integrated Annual Report which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements, report of the Directors and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated and separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RH Mc Donald
Partner
Windhoek
7 October 2019

Report of the Directors

1. Nature of business

The Group is engaged in diversified business activities. Details of the Group's activities are set out in Note 7.

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

2. Review of financial results and activities

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 28 of 2004. The accounting policies have been applied consistently compared to the prior year.

The consolidated profit attributable to owners of the parent for the year ended 30 June 2019 was N$ 1 845.8 million (2018: N$ 124.4 million).

During the year, the company concluded the termination agreement in respect of the option agreement with Heineken International BV (Heineken). An amount of € 97 million was received from Heineken for the waiver and release of each party's rights and obligations under the option agreement concluded in 2015. The option agreement gave contingent rights to the company to acquire additional shares in Heineken South Africa (Pty) Ltd if certain requirements were met, which have now been waived.

3. Dividends

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

An ordinary dividend of 123c per share was declared in respect of the year under review (2018: 112c per share).

4. Property, plant and equipment

Capital expenditure on property, plant and equipment during the year amounted to N$275.1 million (2018: N$ 325.8 million), of which N$ 252.4 million (2018: N$ 313.7 million) was in respect of plant, equipment and operating assets and N$ 22.7 million (2018: N$ 12.1 million) for land and buildings.

Capital expenditure on investment property of N$ 238.0 million (2018: N$ 200.8 million) was incurred during the year under review.

5. Share capital

There have been no changes to the authorised or issued share capital during the year under review. Full details of the Company's authorised and issued share capital at 30 June 2019 are set out in Note 25 to the consolidated and separate financial statements.

Report of the Directors

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
S Thieme	Executive	Namibian	
P Grüttemeyer	Non-executive	Namibian	
G Hanke	Executive	Namibian	
B Mukuahima	Executive	Namibian	
G Shilongo	Executive	Namibian	
P Hoeksema (alternate to S Thieme)	Executive	Namibian	
U Stritter	Non-executive	Namibian	
C-L List	Non-executive	Namibian	Resigned Saturday, 31 August 2019
H-H Müseler	Non-executive Independent	Namibian	
E Ender	Non-executive Independent	German	
L Mcleod-Katjirua	Non-executive	Namibian	
Willem Hanse	Non-executive	Namibian	Deceased Friday, 06 September 2019
H van der Westhuizen	Executive	Namibian	Appointed Monday, 01 July 2019
C G N Uushona	Non-executive	Namibian	Appointed Thursday, 11 July 2019

7. Secretary

The company secretary is Ohlthaver & List Centre (Proprietary) Limited.

Postal address:	P O Box 16 Windhoek Namibia
Business address:	7th Floor - South Block Alexander Forbes House 23-33 Fidel Castro Street Windhoek

8. Holding company

The Company’s immediate holding company is Ohlthaver & List Holdings (Proprietary) Limited. List Trust Company (Proprietary) Limited is the holding company of Ohlthaver & List Holdings (Proprietary) Limited, while The Werner List Trust is the majority shareholder of List Trust Company (Proprietary) Limited.

9. Subsidiaries

Details of the Company’s investment in subsidiaries are set out in Note 7 of the consolidated and separate annual financial statements.

10. 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.

11. Subsequent events

No adjusting events have occurred between the reporting date and the date of this report which are material in their effect on the affairs of the Group.

OHLTHAVER & LIST FINANCE AND TRADING CORPORATION LIMITED

(Registration number 331)
Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

		Group		Company	
		2019	2018	2019	2018 Restated
	Note(s)	N$ '000	N$ '000	N$ '000	N$ '000
Assets					
Non-Current Assets					
Property, plant and equipment	3	3 523 941	3 555 904	-	-
Investment property	4	2 589 247	2 272 049	-	-
Biological assets	5	56 085	51 676	-	-
Intangible assets	6	42 613	42 494	-	-
Investments in subsidiaries	7	-	-	94 853	93 699
Investments in joint ventures	9	3 436	3 748	-	-
Investments in associates	8	867 149	417 641	-	-
Loans to group companies	10	-	-	999 344	1 031 748
Loans to related parties	17	5 696	4 896	5 696	4 896
Loans receivable	13	12 701	-	-	-
Investments at fair value	12	1	-	-	-
Other financial assets	14	-	20 147	-	-
Deferred tax	16	12 235	13 043	-	-
Non current receivable	15	28 129	35 127	-	-
		7 141 233	**6 416 725**	**1 099 893**	**1 130 343**
Current Assets					
Inventories	19	589 213	521 427	-	-
Loans to group companies	10	-	-	263 102	242 223
Loans to related parties	17	164 816	122 030	92	-
Loans receivable	13	5 518	-	-	-
Trade and other receivables	20	806 154	657 859	1 814	705
Derivatives	29	3 025	-	-	-
Other financial assets	14	-	7 964	-	-
Current tax receivable	49	56 043	41 112	-	-
Property units for sale	23	11 366	15 728	-	-
Operating lease asset		110	-	-	-
Cash and cash equivalents	21&22	1 992 322	563 444	1 670 640	397
		3 628 567	**1 929 564**	**1 935 648**	**243 325**
Non-current assets held for sale	24	-	21 119	-	21 119
Total Assets		**10 769 800**	**8 367 408**	**3 035 541**	**1 394 787**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	25	3 391	3 391	3 391	3 391
Reserves		860 522	864 502	54 949	54 949
Retained income		3 995 167	2 157 480	2 078 449	493 858
Equity Attributable to Equity Holders of Parent		4 859 080	3 025 373	2 136 789	552 198
Non-controlling interest		1 619 399	1 380 179	-	-
		6 478 479	**4 405 552**	**2 136 789**	**552 198**

Statement of Financial Position as at 30 June 2019

		Group		Company	
	Note(s)	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 Restated N$ '000
Liabilities					
Non-Current Liabilities					
Loans from related parties	18	1 302	7 325	-	6 185
Borrowings	30	1 714 023	1 586 565	281 175	293 040
Finance lease liabilities	31	60 758	58 092	-	-
Deferred income	35	-	2 559	-	-
Deferred tax	16	554 243	554 396	-	-
Provisions	32	61 521	57 868	-	-
Non-current payables	34	7 372	6 670	-	-
		2 399 219	**2 273 475**	**281 175**	**299 225**
Current Liabilities					
Trade and other payables	36	1 131 192	1 043 439	1 848	2 371
Loans from group companies	11	-	-	477 128	392 961
Loans from related parties	18	19 938	23 010	1 322	1 769
Borrowings	30	526 543	444 535	126 075	127 406
Derivatives	29	1 436	8 392	-	-
Finance lease liabilities	31	33 916	26 802	-	-
Deferred income	35	1 980	-	-	-
Current tax payable	49	19 304	8 989	-	-
Provisions	32	227	511	-	-
Dividend payable		1 229	1 127	1 229	1 127
Bank overdraft	22	156 337	131 576	9 975	17 730
		1 892 102	**1 688 381**	**617 577**	**543 364**
Total Liabilities		**4 291 321**	**3 961 856**	**898 752**	**842 589**
Total Equity and Liabilities		**10 769 800**	**8 367 408**	**3 035 541**	**1 394 787**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Revenue	37	6 917 055	6 333 068	143 704	30 174
Cost of sales	38	(4 495 590)	(4 050 018)	-	-
Gross profit		**2 421 465**	**2 283 050**	**143 704**	**30 174**
Other gains and losses	39	1 691 312	99 691	1 604 613	10 270
Fair value adjustments	43	79 431	87 464	-	-
Other operating expenses	40	(1 787 641)	(1 643 836)	(157 431)	(65 418)
Operating profit (loss)	41	**2 404 567**	**826 369**	**1 590 886**	**(24 974)**
Investment income	42	41 673	36 967	45 980	37 977
Finance costs	44	(226 829)	(217 346)	(45 242)	(45 393)
Share of profit (loss) from associates - ongoing operations	8	454 509	(29 250)	-	-
Share of profit from joint ventures - ongoing operations	9	(312)	1 217	-	-
Profit (loss) before taxation		**2 673 608**	**617 957**	**1 591 624**	**(32 390)**
Taxation	45	(176 667)	(213 909)	-	-
Profit (loss) for the year		**2 496 941**	**404 048**	**1 591 624**	**(32 390)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		1 311	374	-	-
(Losses) gains on property revaluation		(2 152)	695	-	-
Income tax relating to items that will not be reclassified		(427)	(1 126)	-	-
Total items that will not be reclassified to profit or loss		**(1 268)**	**(57)**	**-**	**-**
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		(6)	(258)	-	-
Other comprehensive income for the year net of taxation	46	**(1 274)**	**(315)**	**-**	**-**
Total comprehensive income (loss) for the year		**2 495 667**	**403 733**	**1 591 624**	**(32 390)**
Total comprehensive income (loss) attributable to:					
Owners of the parent		1 845 852	124 295	1 591 624	(32 390)
Non-controlling interest		649 815	279 438	-	-
		2 495 667	**403 733**	**1 591 624**	**(32 390)**

OHLTHAVER & LIST FINANCE AND TRADING CORPORATION LIMITED

(Registration number 331)
Financial Statements for the year ended 30 June 2019

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Revaluation reserve	Changes in ownership	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Group												
Balance at 01 July 2017	**2 746**	**645**	**3 391**	**47**	**823 192**	**(7 890)**	**54 949**	**870 298**	**2 039 122**	**2 912 811**	**1 215 781**	**4 128 592**
Profit for the year	-	-	-	-	-	-	-	-	124 443	124 443	279 605	404 048
Other comprehensive income	-	-	-	(76)	617	-	-	541	(689)	(148)	(167)	(315)
Total comprehensive income for the year	**-**	**-**	**-**	**(76)**	**617**	**-**	**-**	**541**	**123 754**	**124 295**	**279 438**	**403 733**
Transfer between reserves	-	-	-	-	3 865	-	-	3 865	756	4 621	(505)	4 116
Dividends	-	-	-	-	-	-	-	-	(6 152)	(6 152)	(118 354)	(124 506)
Changes in ownership interest - control not lost	-	-	-	-	-	(10 202)	-	(10 202)	-	(10 202)	3 819	(6 383)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**3 865**	**(10 202)**	**-**	**(6 337)**	**(5 396)**	**(11 733)**	**(115 040)**	**(126 773)**

OHLTHAVER & LIST FINANCE AND TRADING CORPORATION LIMITED

(Registration number 331)
Financial Statements for the year ended 30 June 2019

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Revaluation reserve	Changes in ownership	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Opening balance as previously reported	2 746	645	3 391	(29)	827 674	(18 092)	54 949	864 502	2 157 480	3 025 373	1 380 179	4 405 552
Adjustments												
Change in accounting policy	-	-	-	-	-	-	-	-	(4 999)	(4 999)	(730)	(5 729)
Balance at 01 July 2018 as restated	**2 746**	**645**	**3 391**	**(29)**	**827 674**	**(18 092)**	**54 949**	**864 502**	**2 152 481**	**3 020 374**	**1 379 449**	**4 399 823**
Profit for the year	-	-	-	-	-	-	-	-	1 847 198	1 847 198	649 743	2 496 941
Other comprehensive income	-	-	-	(2)	(2 228)	-	-	(2 230)	884	(1 346)	72	(1 274)
Total comprehensive income for the year	**-**	**-**	**-**	**(2)**	**(2 228)**	**-**	**-**	**(2 230)**	**1 848 082**	**1 845 852**	**649 815**	**2 495 667**
Transfer between reserves	-	-	-	-	(756)	-	-	(756)	756	-	-	-
Dividends	-	-	-	-	-	-	-	-	(6 152)	(6 152)	(409 704)	(415 856)
Changes in ownership interest - control not lost	-	-	-	-	-	(994)	-	(994)	-	(994)	(161)	(1 155)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(756)**	**(994)**	**-**	**(1 750)**	**(5 396)**	**(7 146)**	**(409 865)**	**(417 011)**
Balance at 30 June 2019	**2 746**	**645**	**3 391**	**(31)**	**824 690**	**(19 086)**	**54 949**	**860 522**	**3 995 167**	**4 859 080**	**1 619 399**	**6 478 479**
Note(s)	25	25	25	26&46	27&46		28		46			

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Revaluation reserve	Changes in ownership	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Company												
Balance at 01 July 2017	**2 746**	**645**	**3 391**	**-**	**-**	**-**	**54 949**	**54 949**	**532 400**	**590 740**	**-**	**590 740**
Loss for the year	-	-	-	-	-	-	-	-	(32 390)	(32 390)	-	(32 390)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(32 390)**	**(32 390)**	**-**	**(32 390)**
Dividends	-	-	-	-	-	-	-	-	(6 152)	(6 152)	-	(6 152)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6 152)**	**(6 152)**	**-**	**(6 152)**

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Revaluation reserve	Changes in ownership	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Opening balance as previously reported	2 746	645	3 391	-	-	-	54 949	54 949	493 858	552 198	-	552 198
Adjustments												
Change in accounting policy	-	-	-	-	-	-	-	-	(881)	(881)	-	(881)
Balance at 01 July 2018 as restated	**2 746**	**645**	**3 391**	**-**	**-**	**-**	**54 949**	**54 949**	**492 977**	**551 317**	**-**	**551 317**
Profit for the year	-	-	-	-	-	-	-	-	1 591 624	1 591 624	-	1 591 624
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 591 624**	**1 591 624**	**-**	**1 591 624**
Dividends	-	-	-	-	-	-	-	-	(6 152)	(6 152)	-	(6 152)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6 152)**	**(6 152)**	**-**	**(6 152)**
Balance at 30 June 2019	**2 746**	**645**	**3 391**	**-**	**-**	**-**	**54 949**	**54 949**	**2 078 449**	**2 136 789**	**-**	**2 136 789**
Note(s)	25	25	25	26&46	27&46		28		46			

Statement of Cash Flows

		Group		Company	
	Note(s)	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Cash flows from operating activities					
Cash generated from operations	47	2 516 423	1 105 677	1 727 379	29 070
Interest income		41 673	36 967	45 980	37 977
Finance costs		(226 829)	(217 346)	(45 242)	(45 393)
Tax paid	49	(181 056)	(179 938)	-	-
Employer benefit payments on provisions		(4 873)	(4 588)	-	-
Net cash from operating activities		**2 145 338**	**740 772**	**1 728 117**	**21 654**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(275 133)	(325 893)	-	-
Sale of property, plant and equipment	3	51 880	14 748	-	-
Purchase of investment property	4	(238 008)	(200 838)	-	-
Purchase of other intangible assets	6	(2 868)	(4 945)	-	-
Sale of other intangible assets	6	-	95	-	-
Acquisition of subsidiary/business combination		(10 000)	(2 500)	-	-
Repayment / (Advances) of investments and loans		7 356	(4 938)	-	-
Purchase of biological assets	5	(4 000)	-	-	-
Sale of biological assets	5	664	21	-	-
Acquisition of additional shares in subsidiaries		(1 155)	(7)	(1 155)	(7)
Sale of short term deposit		-	(438)	-	-
Sale of property units for sale		4 362	17 887	-	-
Acquisition of shares in associate		(214)	-	-	-
Repayment of joint venture loan		-	507	-	-
Sale of non-current asset held for sale		23 000	-	23 000	-
Net cash from investing activities		**(444 116)**	**(506 301)**	**21 845**	**(7)**
Cash flows from financing activities					
Proceeds from borrowings		490 959	326 837	100 679	125 000
Repayment of borrowings		(288 448)	(332 563)	(113 876)	(91 407)
Movement in non-current payables		702	170	-	-
Loans to related parties advanced		(43 944)	(44 771)	(892)	-
(Repayment) / proceeds from loans from related parties		(8 738)	(70)	(6 633)	(367)
Net finance lease payments		(31 876)	(38 606)	-	-
Net repayment of loans to group companies		-	-	(45 192)	(80 212)
Dividends paid	48	(415 754)	(124 436)	(6 050)	(6 082)
Net cash from financing activities		**(297 099)**	**(213 439)**	**(71 964)**	**(53 068)**
Total cash movement for the year		**1 404 123**	**21 032**	**1 677 998**	**(31 421)**
Cash at the beginning of the year		431 868	411 094	(17 333)	14 088
Net foreign exchange difference		(6)	(258)	-	-
Total cash and cash equivalents at end of the year	22	**1 835 985**	**431 868**	**1 660 665**	**(17 333)**

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards(IFRS) and the requirements of the Namibian Companies Act. The financial statements have been prepared on the historical cost basis, except for the measurement of land and buildings classified as property, plant and equipment; investment properties; biological assets and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in thousands of Namibia Dollar (N$ '000).

The consolidated and separate financial statements provide comparative information in respect of the previous period. In addition, the Group and Company will present an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Accounting Policies

1.2 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and AFS (Available for sale) financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually after discussion with and approval by the Company’s Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

The Group, in conjunction with the Group’s external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.3 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all investees which are controlled by the company and its subsidiaries.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

<u>Changes in the Group’s ownership interests in existing subsidiaries</u>

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Accounting Policies

1.3 Consolidation (continued)

Business combinations

Business combinations are recognised and measured in terms of IFRS 3 Business combinations. Business combinations under common control are recorded at cost and not fair value. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

In assessing value in use, the expected future cash flows from the unit under review are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and specific identifiable risks.

Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Accounting Policies

1.3 Consolidation (continued)

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses. Any change in other comprehensive income (OCI) of investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

Losses in an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as ‘Share of profit of an associate and a joint venture’ in the statement of profit or loss.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Joint ventures

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in joint ventures are carried in the consolidated annual statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. Profits or losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as ‘Share of profit of an associate and a joint venture’ in the statement of profit or loss.

When the company loses joint control, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Accounting Policies

1.3 Consolidation (continued)

Joint operations

The group's share of assets, liabilities, income, expenses and cash flows of jointly controlled operations are combined on a line by line basis with similar items in the consolidated annual financial statements.

The group's proportionate share of inter-company balances and transactions, and resulting profits or losses between the group and jointly controlled operations are eliminated on consolidation.

1.4 Investments in subsidiaries

Company financial statements

In the company’s financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Accounting Policies

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees, and for qualifying assets, borrowing costs are dealt with in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Owner-occupied land and buildings are carried at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Buildings are depreciated over their useful lives (2-12% depreciation per year) to the residual value. Land is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Hotel equipment is valued annually at the lower of cost or a value based on its remaining useful life.

Refits of fishing vessels which relate to separate components are capitalised when incurred, and amortised over their useful lives.

Other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful lives to their residual value, using the straight-line method. The depreciation for each significant part of an item of property, plant and equipment is separately determined.

The residual value of an item of property, plant and equipment is the amount it estimates it would receive currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation rates
Leasehold land and buildings	2.0–33.3%
Plant and machinery	4.0–25.0%
Vehicles	10.0–33.3%

Accounting Policies

1.5 Property, plant and equipment (continued)

Furniture and equipment	10.0–33.3%
Fishing vessels	4.0–15.0%
Refits	20.0–86.0%
Returnable containers	20.0%
Spare parts	4.0%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

In determining whether a property qualifies as an investment property or owner-occupied property, the group applies the principle that if the floor space occupied by third parties exceeds 80% of the total floor space of the property, then the property classifies as investment property and is treated in accordance with this policy. Where the asset does not meet this criterion, the property is treated in accordance with the policies on land and buildings referred to above.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in profit or loss for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Property interests held under operating leases are accounted for as investment property when the property is subleased.

Transfers

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Accounting Policies

1.7 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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 or 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.

Accounting Policies

1.8 Intangible assets

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

Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value (which is regarded as their cost) if acquired as part of a business combination.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The expenditure capitalised includes the cost of material,direct labour and an appropriate proportion of overheads.Other development expenditure is recognised in profit or loss in the period in which it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life and tested for impairment.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

Amortisation commences when the project generating the intangible asset has been completed. Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Accounting Policies

1.8 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The foreseeable lives of the intangible assets range between 3 and 7 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on the following bases:

• Raw materials, merchandise and consumable stores on the first-in, first-out basis or weighted average cost.

• Manufactured finished products and work in progress, at raw material cost on the first-in, first-out basis plus overhead expenses or weighted average cost.

1.10 Biological assets

The group's biological assets mainly consist of livestock. Livestock is used for dairy production.

The group is also involved in agronomy and its activities relate to the cultivation of oats.

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less estimated point-of-sale costs, except where the fair value cannot be measured reliably in which case the biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit less estimated point-of-sale costs.

The fair value of milk and agronomy is determined based on market prices in the local area.

The fair value of the oats fields is determined using the discounted cash flow method as at the end of the reporting period.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

Accounting Policies

1.10 Biological assets (continued)

Where market-determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined rate is used to determine fair value.

Amortisation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	Useful life
Oats fields	5 years
Milk cows	Indefinite
Game	12–50 years
Abalone	Indefinite

1.11 Provisions and contingent liabilities

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent assets and contingent liabilities are not recognised. Contingent liabilities are disclosed in note 51.

Onerous contracts:

Present obligations from onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from contract.

1.12 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale.

1.13 Government grants

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. The grant recognised as deferred income is amortised on a systematic basis over the expected useful life of the related asset, to match the depreciation or amortisation expense.

Grants related to income are presented as a credit in the profit or loss (separately).

Accounting Policies

1.14 Revenue from contracts with customers

The group recognises revenue from the following major sources:
- Sales of goods
- Rendering of services
- Construction contracts

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably. The Group has concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

Timing of revenue from exported goods
The timing of the transfer of control varies depending on the individual terms of the sales contract.

The Group sells certain products to the export market. Revenue is recognised when the customer obtains control of the goods. Determining the timing of transfer of control requires judgement. Where control is transferred on a later date, revenue on the transaction will only be recorded when control has transferred and will result in a delay in revenue recognition.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Revenue is measured at the consideration at which the Group is expected to be entitled, excluding discounts, rebates, and VAT.

Rendering of services

Revenue from services is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services, allocated to each specific performance obligation. Revenue is measured at the fair value of consideration received or receivable.

Revenue is measured at the consideration at which the Group is expected to be entitled, excluding discounts, rebates, and VAT.

Construction contracts

Revenue from construction contracts is recognised when the outcome of the construction contract can be measured reliably, by reference to satisfaction of the performance obligation(s) over a period of time. The Group has concluded that it is the principal in its construction contract revenue arrangements, because it typically controls the delivery of construction contracts over a period of time. Anticipated losses to completion are immediately recognised as an expense in contract costs.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

Where contract costs incurred to date plus recognised earnings, less recognised losses exceed progress billings, the surplus is reflected as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits, less recognised losses, the surplus is reflected as amounts due to customers for contract work.

Accounting Policies

1.14 Revenue from contracts with customers (continued)

Amounts received before the related work is performed are included as a liability in the consolidated statement of financial position, as amounts received in advance under the amounts due from / (to) contract customers. Amounts billed for work performed but not collected from customers are included as contract receivables. Variations in contract work, claims and incentive payments are included as part of contract revenue as follows:

Variations to a contract
Revenue related to variations is recognised when it can be reliably measured and it is highly probable that revenue will not be reversed in the future.

Incentive payments
Revenue is recognised when the contract is sufficiently advanced that it is highly probable that the specified performance standard will be met or exceeded and the revenue will not be reversed in the future, and the amount of incentive payment can be measured reliably.

Revenue is measured at the consideration at which the Group is expected to be entitled, excluding discounts, rebates, and value added taxation (VAT).

Combining and segmenting construction contracts
The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely inter-related or inter-dependent in terms of their design, technology and function. In certain circumstances, the Group measures revenue over a period of time for each separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or group of contracts.

Assets covered by a single contract are treated separately when:
- separate proposals have been submitted for each asset;
- each asset has been subject to separate negotiation and the Group and customer have been able to accept or reject that part of the contract relating to each asset; and
- the costs and revenues of each asset can be identified.

A group of contracts is treated as a single construction contract when:
- the group of contracts is negotiated as a single package;
- the contracts are so closely inter-related that they are, in effect, part of a single project with an overall positive margin; and
- the contracts are performed concurrently or in a continuous sequence.

Other revenue

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

1.15 Revenue other than from contracts with customers

Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the year to maturity, when it is probable that such income will accrue to the company.

Revenue from rentals is recognised on the accrual basis in accordance with the substance of the relevant lease agreements and when the right to receive rentals is assured.

Dividends are recognised, in profit or loss, when the shareholders' right to receive payment has been established.

Accounting Policies

1.16 Revenue: IAS 18 comparatives

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs 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.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts, volume rebates and value-added tax.

Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the year to maturity, when it is probable that such income will accrue to the company.

Revenue on construction contracts is recognised on the percentage of completion method.

Revenue from rentals is recognised on the accrual basis in accordance with the substance of the relevant lease agreements and when the right to receive rentals is assured.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the shareholders' right to receive payment has been established.

Where the group acts as an agent and is remunerated on a commission basis, only net commission income, and not the value of the business handled, is included in revenue.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 Construction contracts and receivables: IAS 11 comparatives

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.19 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessor

The group recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group’s net investment in the finance lease.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the group's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability. Finance costs directly attributable to qualifying assets are capitalised in accordance with the group’s general policy on borrowing costs. Contingent rentals are recognised as expenses in the period in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting Policies

1.20 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Namibia Dollar which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollar, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange exposures as well as foreign exchange contracts and options are recorded at the rate ruling on the transaction date and are remeasured to fair value at the end of the reporting period.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts and options (refer to 1.24 for details of the group’s accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in Namibian Dollar using exchange rates prevailing at the end of the reporting period. Items included in profit or loss are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity and attributed to non-controlling interests as appropriate. Such translation differences are reclassified to profit or loss in the period in which the foreign operation is disposed of. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On disposal of a foreign operation all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollar by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

1.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

Accounting Policies

1.21 Borrowing costs (continued)

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Retirement benefits

The policy of the group is to provide retirement benefits for its employees, the assets of which are held in a separate trustee-administrated fund. The contributions paid by the companies in the group to fund obligations for the payment of retirement benefits are recognised as an expense in the year of payment. The Ohlthaver & List Retirement Fund, which is a defined contribution fund, covers all the group’s employees and is governed by the Namibian Pension Funds Act.

Medical benefits

Qualifying employees in the group are entitled to certain post-retirement medical benefits. The group’s obligation for post-retirement medical aid benefits to past employees is actuarially determined in respect of current and retired employees and is provided for in full. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating expenses in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements, and
- Net interest expense or income.

Accounting Policies

1.22 Employee benefits (continued)

Severance pay

In accordance with the Namibia Labour Act, 2007, severance benefits are payable to an employee, if the employee is unfairly dismissed, dies while employed or resigns/retires on reaching the age of 65 years. The obligation for severance benefits to current employees is actuarially determined in respect of all its employees and is provided for in full. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating expenses:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- Net interest expense or income.

1.23 Taxation

Current taxation assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). In addition, deferred tax liabilities are not recognised if the temporary difference arises from initial recognition of goodwill.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets or liabilities that arise on investment property are measured on the basis of the tax consequences that would follow from recovery of the carrying amount of that asset through sale.

Accounting Policies

1.23 Taxation (continued)

Taxation expenses

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated (statement of profit or loss and other comprehensive income/ statement of profit or loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.24 Financial instruments

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

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

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss.

Financial assets which are debt instruments:

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

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost.

Note 54 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

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

Accounting Policies

1.24 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to group companies (note 10), loans to related parties (note 17) and loans receivable (note 13) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group and company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group and company become a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

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

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 42).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other gains and losses (note 39).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 54).

Impairment

The group and company recognise a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group and company measure the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Accounting Policies

1.24 Financial instruments (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group and company consider whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group and company compare the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group and company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group and company have reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The group and company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group and company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group and company consider that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group and company write off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group and company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

Accounting Policies

1.24 Financial instruments (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group and company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group and company measure the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 41).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 54).

Accounting Policies

1.24 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 20).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group and company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 42).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other gains and losses (note 39).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 54).

Impairment

The group and company recognise a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group and company measure the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Accounting Policies

1.24 Financial instruments (continued)

Measurement and recognition of expected credit losses

The group and company make use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 20.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 41).

Write off policy

The group and company write off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 20) and the financial instruments and risk management note (note 54).

Accounting Policies

1.24 Financial instruments (continued)

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 12. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the group and company may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the group and company become a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification. Details of the valuation policies and processes are presented in note 55.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in fair value adjustments (note 43).

Dividends received on equity investments are recognised in profit or loss when the group and company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 42).

Investments denominated in foreign currencies

When an investment in an equity instrument is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss as part of the fair value adjustment for investments which are classified as at fair value through profit or loss. Foreign exchange gains or losses arising on investments at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 54).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

Accounting Policies

1.24 Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies (note 10), loans from related parties (note 17) and borrowings (note 30) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group and company become a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 44.)

Borrowings expose the group and company to liquidity risk and interest rate risk. Refer to note 54 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other gains and losses (note 39).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 54).

Accounting Policies

1.24 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 36), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group and company become a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 44).

Trade and other payables expose the group and company to liquidity risk and possibly to interest rate risk. Refer to note 54 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other gains and losses (note 39).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 54).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Bank overdrafts are recorded as cash and cash equivalents under current liabilities, for the purposes of the cash flow statement.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Bank overdrafts are recorded as cash and cash equivalents under current liabilities.

1.24 Financial instruments (continued)

Derivatives

Derivative financial instruments, principally options, forward foreign exchange contracts, interest rate swap agreements and interest rate collars, are used by the group in its management of financial risks. Therefore, the group's objective in using derivative financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency and interest rates. The risks being hedged are exchange losses due to unfavourable movements between the Namibia Dollar and the foreign currency and the movements in interest rates. Currency and interest exposure is managed within board-approved policies and guidelines. As a matter of principle, the group does not enter into derivative contracts for speculative purposes.

Derivative financial instruments are initially recorded at fair value at the date the derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The fair value of foreign exchange forward contracts, options, interest rate swaps and interest rate collars represents the estimated amounts the group would receive, should the contracts be terminated at the reporting date, thereby taking into account the unrealised gains or losses. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

Financial assets

The group and company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group and company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the group and company recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the group and company retain substantially all the risks and rewards of ownership of a transferred financial asset, the group and company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

Financial liabilities

The group and company derecognise financial liabilities when, and only when, the group and company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Reclassification

Financial assets

The group and company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.25 Financial instruments: IAS 39 comparatives

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Accounting Policies

1.25 Financial instruments: IAS 39 comparatives (continued)

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - held for trading
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity.

Available-for-sale (AFS) financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Accounting Policies

1.25 Financial instruments: IAS 39 comparatives (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group and company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in profit or loss.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs and amounts paid for it, are included in profit or loss.

Fair value determination

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risks existing at the reporting date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values due to the short-term trading cycle of these items.

Accounting Policies

1.25 Financial instruments: IAS 39 comparatives (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, for indicators of impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset the estimated cashflows of the investment have been affected.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale. Increases in their fair value after impairment are recognised in OCI.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial instruments designated as at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss (FVTPL) where the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. The group only has financial liabilities as held for trading under this category.

A financial liability is classified as held for trading if:
- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated a fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Accounting Policies

1.25 Financial instruments: IAS 39 comparatives (continued)

Financial instruments designated as available-for-sale

Unlisted shares held by the group, whose fair value cannot be reliably determined are classified as being Available-for-sale and are stated at cost. These assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the asset, the estimated future cash flows of the investment have been impacted.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to/(from) related parties

Loans to related parties are classified as loans and receivables.

Loans from related parties are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. For the purposes of the cash flow statement, bank overdrafts are reflected as part of cash and cash equivalents.

Accounting Policies

1.25 Financial instruments: IAS 39 comparatives (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Interest-bearing debt is recognised at amortised cost, namely original debt less principal repayments and amortisations.

Non-interest-bearing debt is recognised at original debt less principal repayments.

Preference shares are used by the group in order to raise cost-effective finance. These instruments are classified between equity and liabilities taking into account the specific characteristics of each preference share. Where the preference shares are classified as equity they are treated in accordance with the policy for equity instruments below (Note 1.27).

Preference shares, which are redeemable on specific dates, are classified as liabilities and are stated at proceeds received. Preference dividends are recognised as finance charges and where not paid by the year end are added to the amount outstanding in respect of the preference shares.

The dividends on these preference shares are recognised in profit or loss as interest expense.

Derivatives

Derivative financial instruments, principally options, forward foreign exchange contracts, interest rate swap agreements and interest rate collars, are used by the group in its management of financial risks. Therefore, the group's objective in using derivative financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency and interest rates. The risks being hedged are exchange losses due to unfavourable movements between the Namibia Dollar and the foreign currency and the movements in interest rates. Currency and interest exposure is managed within board-approved policies and guidelines. As a matter of principle, the group does not enter into derivative contracts for speculative purposes.

Derivative financial instruments are initially recorded at fair value at the date the derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The fair value of foreign exchange forward contracts, options, interest rate swaps and interest rate collars represents the estimated amounts the group would receive, should the contracts be terminated at the reporting date, thereby taking into account the unrealised gains or losses. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Accounting Policies

1.25 Financial instruments: IAS 39 comparatives (continued)

Hedging activities

Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through profit or loss.

The group designates certain derivatives as either:
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 29.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised to other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other income'.

Amounts accumulated in equity are reclassified to other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss as a reclassification adjustment through to other comprehensive income when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in profit or loss as a reclassification adjustment through to other comprehensive income.

1.26 Hedge accounting

At the inception of the hedge relationship, the group and company document the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group and company document whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

1.26 Hedge accounting (continued)

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group and company actually hedge and the quantity of the hedging instrument that the group and company actually use to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group and company adjust the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group and company designate the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group and company exclude the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option’s intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income, in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument. The net gains (losses) on fair value hedges which are recognised in profit or loss are included in other operating gains (losses) note 43.

The group and company discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss in other operating gains (losses) 43.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The group and company discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1.27 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

If the group and company reacquire its own equity instruments, the consideration paid, including any directly attributable incremental costs on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group and company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

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

1.28 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements. Key assumptions used and significant judgements include the following:

Post-employment benefit obligations

Post-retirement defined benefits are provided for certain former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation costs and rates of increases in compensation costs.

Severance pay obligation

Severance pay has been provided for all employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the inflation rate and rates of increases in compensation costs.

Valuation of investment properties and freehold land and building

Valuations are based on assumptions regarding discount rates, vacancy factors, structural conditions and inflation rates, and are performed by independent external valuers.

Biological assets

Fair value of livestock (including Abalone livestock) is determined based on market prices of livestock of similar age, breed and genetic merit.

Expected credit loss

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Trade receivables and loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

Available-for-sale financial assets

The group follows the guidance of International Accounting Standards (IAS) 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration of and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock is recognised to write stock down to the lower of cost and net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Fair value estimation

The valuation of derivative financial instruments is based on the market situation at reporting date. The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the reporting date.

The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of the assumptions used and of the results of sensitivity analyses regarding these assumptions are provided in Note 55.

Asset lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Recoverability of investment in Associate

The Company's investment in the associate is carried at cost less impairment. The Directors have evaluated the value of the investment and have considered this to approximate the Company's investment less equity-accounted losses at year-end. Changes in the assumptions impacting expected future cash generation could affect the recoverability of the valuation of the investment in the associate. See note 8 for further details on these assumptions.

Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

Property, plant, equipment and intangible assets

The Group depreciates and amortises items of property, plant, equipment and intangible assets down to residual value over the useful life of the assets. Management makes and applies assumptions about the expected useful life and residual value of these assets in determining the annual depreciation charge. Further details are given in the accounting policy note on depreciation.

In particular management have assumed a depreciation rate of 20% (2018: 20%) on returnable containers, this being management's best estimate of breakage rate and useful life. The majority of returnable containers are with customers and the estimate of cost along with the corresponding returnable deposit liability is based on management's judgement. Any change to these assumptions could have a significant impact on both the asset and corresponding liability.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

2. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Namibian Companies Act 28 of 2004 on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the group and company have applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the group's financial statements are described below.

The group and company have applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the group and company have assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 July 2018. Accordingly, the group and company have applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 July 2018. Comparatives in relation to instruments that have not been derecognised as at 01 July 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 July 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt instruments 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 principal amount outstanding, are subsequently measured at amortised cost.

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income.

All other debt instruments and equity instruments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The group may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The group may irrevocably designate a debt instrument that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt instrument measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity instrument designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

Notes to the Financial Statements

2. Changes in accounting policy (continued)

The directors reviewed and assessed the group's existing financial assets as at 01 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement:

Debt instruments

Debt instruments classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Debt instruments designated as at fair value through profit or loss

In the current year, the group has not designated any debt instruments that meet the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss. In addition, there were no such instruments which were measured at fair value through profit or loss under IAS 39 which have been de-designated either voluntarily or because they no longer meet the designation criteria.

Impairment of financial assets

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 the group 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 of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group and company to recognise a loss allowance for expected credit losses on debt instruments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the group and company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group and company are required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the group and company's financial liabilities.

Financial impact of initial application of IFRS 9

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the current and prior year.

Notes to the Financial Statements

2. Changes in accounting policy (continued)

Impact on assets, liabilities and equity as at 1 July 2018

Group

	As previously reported N$ '000	IFRS 9 Adjustments N$ '000	As restated N$ '000
Trade and other receivables (provision for credit losses)	17 477	5 155	22 632
Loans and receivables	25 575	59	25 634
Non-controlling interest	1 380 179	(730)	1 379 449
Retained earnings	2 157 479	(4 484)	2 152 995
	3 580 710	**-**	**3 580 710**

Company

	As previously reported N$ '000	IFRS 9 Adjustments N$ '000	As restated N$ '000
Loans to group companies (provision for credit losses)	471 310	881	472 191
Retained earnings	493 850	(881)	492 969
	965 160	**-**	**965 160**

Impact on cash flows

	As previously reported N$ '000	IFRS 9 Adjustments N$ '000	As restated N$ '000
Group - 30 June 2019			
Cash flows from operating activities	2 151 066	(5 728)	2 145 338
Company - 30 June 2019			
Cash flows from operating activities	1 728 998	(881)	1 728 117

Application of IFRS 15 Revenue from contracts with customers

In the current year, the group and company have applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the group and company financial statements are described below. Refer to the revenue accounting policy for additional details.

The group and company have applied IFRS 15 with an initial date of application of 01 July 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 01 July 2018. The comparative information has therefore not been restated.

The main changes are explained below:

Provision on settlement discounts

IFRS 15 changed the accounting for settlement discounts specifically on the timing of recording settlement discounts. Settlement discounts set out in customer contracts and/or trade agreements form part of revenue and are offset against it. A provision is created on all current receivable amounts where settlement discounts are applicable, reducing revenue by increasing settlement discounts.

The tables below summarise the impact of adopting IFRS 15, and compares financial information for the current period with what it would have been if IFRS 15 had not been adopted.

Notes to the Financial Statements

2. Changes in accounting policy (continued)

Impact on profit or loss for the year ended 30 June 2019

Group

Group	As reported N$ '000	Adjustments N$ '000	Without adoption of IFRS 15 N$ '000
Increase (decrease) in revenue	6 917 055	(515)	6 917 570

Impact on assets, liabilities and equity as at 1 July 2019

Group

Group	As reported N$ '000	Adjustments N$ '000	Without adoption of IFRS 15 N$ '000
Retained earnings	2 157 480	(515)	2 157 995

Impact on cash flows as at 30 June 2019

Group

Group	As reported N$ '000	Adjustments N$ '000	Without adoption of IFRS 15 N$ '000
Cash flows from operating activities	2 145 338	(515)	2 145 853

Notes to the Financial Statements

2. Changes in accounting policy (continued)

The aggregate effect of the changes in accounting policy on the financial statements for the year ended 30 June 2019 is as follows:

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Statement of Financial Position				
Non-controlling interest				
Previously stated	1 380 179	-	-	-
Adjustment	(730)	-	-	-
	1 379 449	**-**	**-**	**-**
Opening retained earnings				
Previously stated	2 157 480	-	-	-
Adjustment	(4 999)	-	-	-
	2 152 481	**-**	**-**	**-**

Notes to the Financial Statements

3. Property, plant and equipment

Group	2019			2018		
	Cost or revaluation N$'000	Accumulated depreciation N$'000	Carrying value N$'000	Cost or revaluation N$'000	Accumulated depreciation N$'000	Carrying value N$'000
Freehold land and buildings	2 115 701	(50 635)	2 065 066	2 070 831	(41 528)	2 029 303
Leasehold land and buildings	147 259	(27 081)	120 178	130 584	(20 030)	110 554
Plant and machinery	1 616 278	(929 266)	687 012	1 515 952	(850 626)	665 326
Furniture and fixtures	481 102	(289 210)	191 892	483 284	(281 112)	202 172
Vehicles	255 561	(146 611)	108 950	233 404	(134 805)	98 599
Office equipment	51 274	(40 282)	10 992	44 934	(35 330)	9 604
Spare parts	-	-	-	14 105	(2 484)	11 621
Containers	448 937	(274 978)	173 959	409 150	(223 850)	185 300
Fishing vessels	203 430	(129 560)	73 870	238 879	(130 034)	108 845
Construction in progress	92 022	-	92 022	134 580	-	134 580
Total	**5 411 564**	**(1 887 623)**	**3 523 941**	**5 275 703**	**(1 719 799)**	**3 555 904**

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance N$'000	Additions N$'000	Disposals N$'000	Transfers N$'000	Impairment loss N$'000	Depreciation N$'000	Total N$'000
Freehold land and buildings	2 029 303	22 760	(16)	24 164	(2 152)	(8 993)	2 065 066
Leasehold land and buildings	110 554	2 638	(17)	11 620	-	(4 617)	120 178
Plant and machinery	665 326	62 690	(959)	77 938	-	(117 983)	687 012
Furniture and fixtures	202 172	39 783	(766)	7 522	-	(56 819)	191 892
Vehicles	98 599	62 199	(7 450)	(2 896)	-	(41 502)	108 950
Office equipment	9 604	5 266	(20)	1 546	-	(5 404)	10 992
Spare parts	11 621	-	-	(11 621)	-	-	-
Containers	185 300	42 326	-	-	-	(53 667)	173 959
Fishing vessels	108 845	27 321	(31 324)	(9 260)	-	(21 712)	73 870
Construction in progress	134 580	56 455	-	(99 013)	-	-	92 022
	3 555 904	**321 438**	**(40 552)**	**-**	**(2 152)**	**(310 697)**	**3 523 941**

Additions during the year consist of leased motor vehicles amounting to N$ 46 305 000 which had a non-cash movement.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance N$'000	Additions N$'000	Disposals N$'000	Transfers from classified as held for sale N$'000	Transfers N$'000	Revaluations N$'000	Depreciation N$'000	Impairment loss N$'000	Total N$'000
Freehold land and buildings	1 953 914	12 094	(5)	43 814	26 621	695	(7 830)	-	2 029 303
Leasehold land and buildings	111 480	688	-	-	1 423	-	(3 037)	-	110 554
Plant and machinery	711 992	57 077	(2 821)	-	9 817	-	(108 683)	(2 056)	665 326
Furniture and fixtures	211 893	51 136	(997)	-	3 072	-	(62 868)	(64)	202 172
Vehicles	107 478	41 800	(9 076)	-	(528)	-	(41 075)	-	98 599
Office equipment	10 026	4 091	(24)	-	136	-	(4 625)	-	9 604
Spare parts	11 701	1 491	(4)	-	-	-	(1 567)	-	11 621
Containers	178 428	62 502	(5 375)	-	-	-	(50 255)	-	185 300
Fishing vessels	92 089	19 228	-	-	19 209	-	(21 681)	-	108 845
Construction in progress	73 735	117 362	-	-	(56 517)	-	-	-	134 580
	3 462 736	**367 469**	**(18 302)**	**43 814**	**3 233**	**695**	**(301 621)**	**(2 120)**	**3 555 904**

Additions during the year consist of leased motor vehicles amounting to N$ 41 576 000 which had a non-cash movement.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

3. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings and leases in Notes 30 & 31:

Freehold land and buildings	1 193 646	1 105 089	-	-
Plant and machinery	40 909	48 859	-	-
Vehicles	75 072	71 524	-	-
Furniture, fixtures, equipment and spare parts	86 402	105 816	-	-
Fishing vessels	24 502	76 901	-	-

Changes in estimates

The group reassesses the useful lives and residual values of items of property, plant and equipment of the group at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

The impact of the change is an increase in the annual depreciation charge for the current and future 3 years of N$ 5 286 200 (2018: N$ Nil) in total.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Revaluations

Land and buildings are revalued independently every 3 years, except where management believed that the fair value of the freehold land and building differed significantly to their carrying amounts at year end.

A decision was made by the directors to postpone the valuation of the Consortium Fisheries Limited and its subsidiaries' properties with one year, with exception of the freehold land and buildings held by Domi Metal Industries (Proprietary) Limited. Even though there was a downward trend in the market prices, this will not materially affect the group's property prices as it is seen as "prime property" due to the current shortage of jetty/waterfront space in Walvis Bay. In conclusion the directors of Hangana Seafood (Proprietary) Limited who manages the jetty/waterfront property on behalf of the Consortium Group conclude that one year's delay in revaluating the land and buildings will not cause a material difference and therefore we will make use of the opportunity now to assist the group in aligning the group companies' valuation cycles.

Valuations performed in 2019:

Details of the valuators and the valuation methods below:

Freehold land and buildings of Consortium Fisheries Limited and its subsidiaries:

The effective date of the revaluations was Thursday, August 01, 2019. Revaluations were performed by an independent valuer, Mr Arthur Lofty-Eaton, of Valuers Trust. Mr Lofty-Eaton is a Professional/Sworn Appraiser with a National Diploma: Property Valuations (CPUT). Valuers Trust is not connected to the Group and has recent experience in location and category of the investment property being valued.

The valuation was arrived at by using the income capitalisation valuation approach. Capitalisation rate of 8.5% was used. The capitalisation rate assumptions are based on current market conditions.

Freehold land and buildings of Wum Properties (Proprietary) Limited and its subsidiaries:

- F.A Frank-Schultz (National Diploma in Property Valuation and BSc Town & Reg Planning) with valuation experience relating to all major banks, Namibia Airports Company, NamPower, etc;

* Erf 3515 Ruhr Street Windhoek valued at N$ 43 100 000 based on the Income Capitalisation method which includes the following major assumptions:
- Capitalisation rate of 8.75%,
- Expenses based on 14.5% of income,
- Vacancy factor of 4.50%.

Farms:

Mr P.J. Scholtz (National diploma: Property Valuations (Technicon SA)), of Property Valuations Namibia, was responsible for the below valuations. These valuations were determined on the comparable sales method approach along with the consultation of property brokers and other accredited valuators:
- Ptn 85 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 206 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 235 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 236 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 262 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 224 (a Ptn of 82) of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 233 of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 83 of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 89 of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 260 of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 225 (a Ptn of 82) of 607 (Pardah plot) Deed of transfer no T1055/1997
- Ptn 232 of 607 (Pardah plot) Deed of transfer no T1055/1997
- Ptn 84 of 607 (Pardah plot) Deed of transfer no T1055/1997
- Ptn 90 of 607 (Pardah plot) Deed of transfer no T1055/1997
- Ptn 255 of 607 (Pardah plot) Deed of transfer no T1055/1997
- Ptn 86 of 607 (Pardah plot) Deed of transfer no T1055/1997
- Otavifontein

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Mr P.J. Kotze (Appointed as appraiser by the Ministry of Justice on 17/11/1997 ref 23/1/7/1/4), of Propcor was responsible for the below valuations. These valuations were determined on the comparable sales method approach, along with the consultation of property brokers and other accredited valuators:
- Farm Kleinbegin No 941
- Farm Okatjemisse No 68
- Portion A of the Farm Okatjemisse No 68
- Portion C of the Farm Okarumuti - Ost No 142
- Farm Midgard No 191

Valuations performed in 2018:

Land & buildings were valued in 2018 as per the O&L group revaluation policy.

Freehold land and buildings of Consortium Fisheries Limited and its subsidiaries:

Freehold land and buildings of Hangana Abalone (Erf No. Rem 514 Lüderitz) was revalued on 25 April 2018 since management had reason to believe that their fair values significantly exceeded their carrying values at year end. The valuation was performed by Jurie Scholtz who has a National Diploma: Property Valuations (Technicon SA) of Property Valuations Namibia.

The valuation was arrived at by reference to market evidence of transaction prices of similar properties on a discounted cash flow basis and comparative sales basis, with a capitalisation rate of 10%. These assumptions were based on current market conditions.

Valuations performed in 2017

Freehold land and buildings of Wum Properties (Proprietary) Limited and its subsidiaries:

Erf 18 Okahandja:

The property was revalued by Nadia van der Smit, an independent valuator, based on the income method, and the following assumptions were used:

- capitalisation rate of 12%.

Farms:

Mr P.J. Scholtz (National diploma: Property Valuations (Technicon SA)), an independent valuator, of Property Valuations

Namibia, was responsible for the below valuations. These valuations were determined on the comparable sales method

approach along with the consultation of property brokers and other accredited valuators:

- Ptn 85 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 206 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 235 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 236 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 262 of 607 (Pardah plot) Deed of transfer no T6091/2001
- Ptn 224 (a Ptn of 82) of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 233 of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 83 of 607 (Pardah plot) Deed of transfer no T7219/2002
- Ptn 89 of 607 (Pardah plot) Deed of transfer no T7219/2002

Notes to the Financial Statements

3. Property, plant and equipment (continued)

- Ptn 260 of 607 (Pardah plot) Deed of transfer no T7219/2002

- Ptn 225 (a Ptn of 82) of 607 (Pardah plot) Deed of transfer no T1055/1997

- Ptn 232 of 607 (Pardah plot) Deed of transfer no T1055/1997

- Ptn 84 of 607 (Pardah plot) Deed of transfer no T1055/1997

- Ptn 90 of 607 (Pardah plot) Deed of transfer no T1055/1997

- Ptn 255 of 607 (Pardah plot) Deed of transfer no T1055/1997

- Ptn 86 of 607 (Pardah plot) Deed of transfer no T1055/1997.

- Farm Pardah portion 259

Mr P.J. Kotze (Appointed as appraiser by the Ministry of Justice on 17/11/1997 ref 23/1/7/1/4), an independent valuator, of Propcor was responsible for the below valuations. These valuations were determined on the comparable sales method approach, along with the consultation of property brokers and other accredited valuators:

- Farm Kleinbegin No 941

- Farm Okatjemisse No 68

- Portion A of the Farm Okatjemisse No 68

- Portion C of the Farm Okarumuti - Ost No 142

- Farm Midgard No 191

Erf 3515 - Windhoek, Erf 2817 - Swakopmund and Erf 1300 Walvis Bay:

Freehold land and buildings were revalued during 2017 by the following independent valuers, not connected with the Group, by reference to market evidence of recent transactions for similar properties:

- F.A. Frank-Schultz (National Diploma: Property Valuation and BSc Town & Reg. Planking),

- F. Löhnert (National Diploma in Property Valuation (UNISA)) and A. Schröder (Namibia Estate Agents Roard Certificate and Sworn Appraiser) from Ludwig Schröder Estate Agents cc.

Properties valued on the depreciated replacement cost method are valued based on estimates of the new replacement costs of buildings, depreciation age and obsolescence, to which the value of land is added. Valuations that are based on market evidence of recent transactions for similar properties take into account the highest and best use of the properly.

Erf 2817 - Swakopmund:

The property was revalued by Ludwig Schröder Estate Agents cc, an independent valuator,based on the Income capitalisation method, and the following assumptions were used:

- Inflation rate of 6.5%,

- Capitalisation rate of 9.75% and

- Turnover rental provision of 2%.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Erf 1300 - Walvis Bay:

The property was revalued by Ludwig Schröder Estate Agents cc, an independent valuator,based on the Income capitalisation method, and the following assumptions were used:

- Inflation rate of 6.5%,

- Capitalisation rate of 9.0% and

- Discount rate of 14,0%

Erf 464, Prosperita, Erf 1577, Oshakati and Erf 3469 and Klein Windhoek:

The properties were valued during March 2017 by Gert Hamman Property Valuers cc, who are sworn appraisers in terms of Section 6(1) of the Administration and Estate Act, 1995 and are qualified in terms of Section 14 of the Valuers Act of 1982. The valuers of 7 years of experience in their field.

- Income capitalisation method used to value all three properties with a capitalisation rate of between 8% and 10.5%.

Erf 2667, Walvis Bay:

The effective date of valuation was 30 May 2016. The valuation was performed by an independent valuer, Mr Arthur Lofty-Eaton of Valuers Trust. Mr Lofty-Eaton is a professional/sworn Appraiser with a National Diploma in Property Valuations (CPUT). Valuers Trust is not connected to the group and has recent experience in location and category of the investment property being valued. (The valuation gain was recognised in the 2017 financial period. The directors believe that no significant market changes occurred from date valuation till 30 June 2018).

- Income capitalisation method used to value the property with a capitalisation rate used of 8.5%.

O&L Leisure (Proprietary) Limited - Strand Hotel property - Erf 4743 Swakopmund

The effective date of valuation was 30 June 2017. The valuation was performed by an independent valuer, Jones Lang LaSalle of JLL property valuers, who is a professional/sworn Appraiser and member of South African Institute of Valuers (SAIV). JLL is not connected to the company and has recent experience in location and category of the investment property being valued. This valuation has been prepared in accordance with the RICS Professional Valuation Standards Global 2017 (The Red Book), incorporating the International Valuation Standards, adapted for South African Law and Regulations, and in conformity with the Guidance Notes of the South African Institute of Valuers (SAIV).

- Income capitalisation method used to value the property with a capitalisation rate used of 10.0%

O&L Leisure (Proprietary) Limited - Mokuti Lodge property:

The effective date of valuation was 30 June 2017. The valuation was performed by an independent valuer, Pieter Kotze of Propcor who is a professional/sworn Appraiser (Appointed as appraiser by the Ministry of Justice on 17/11/1997 ref 23/1/7/1/4).

Propcor is not connected to the group and has recent experience in location and category of the investment property being valued.
- Income capitalisation method used to value the property with a capitalisation rate used of 9.4%.

O&L Leisure (Proprietary) Limited - Kaiser Krone property - Erf 222:

The effective date of valuation was 30 June 2017. The valuations were performed by Gert Hamman Property Valuers CC, who are sworn appraisers in terms of section 6 (1) of the Administration and Estate Act, 1995 and are qualified in terms of Section 14 of the Valuers Act 1982. The valuers have 7 years of experience in their field.
The Direct Comparable approach method was used to determine the market value, with the following assumptions:
- Bulk of 3.5, and
- N$ 8,000 per square metre.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

O&L Leisure (Proprietary) Limited - Kaiser Krone property - Erf 1771:

The effective date of valuation was 30 June 2017. The valuations were performed by Gert Hamman Property Valuers CC, who are sworn appraisers in terms of section 6 (1) of the Administration and Estate Act, 1995 and are qualified in terms of Section 14 of the Valuers Act 1982. The valuers have 7 years of experience in their field.
The Discounted cashflow method was used to determine the market value, with the following assumptions:
- Capitalisation rate 8.5%, and
- N$ 125 to N$ 220 per square metre, and
- Vacancy factor of 5%, and
- 20% of expense ratio to gross income.

Chobe Water Villas (Proprietary) Limited:

The effective date of valuation was 30 June 2017. The valuation was performed by an independent valuer, Pieter Kotze of Propcor who is a professional/sworn Appraiser (Appointed as appraiser by the Ministry of Justice on 17/11/1997 ref 23/1/7/1/4). Propcor is not connected to the company and has recent experience in location and category of the property being valued. Since the Chobe Water Villas is only in operation for one year, the valuer opted to use the Cost Approach to determine the value of the subject property.

Namibia Dairies (Proprietary) Limited - properties:

Erf 464, Prosperita, Erf 1577, Oshakati and Erf 3469 and Klein Windhoek:
The properties were valued during March 2017 by Gert Hamman Property Valuers cc, who are sworn appraisers in terms of Section 6(1) of the Administration and Estate Act, 1995 and are qualified in terms of Section 14 of the Valuers Act of 1982. The valuers of 7 years of experience in their field.
- Income capitalisation method used to value all three properties with a capitalisation rate of between 8% and 10.5%

The key unobservable inputs, together with the weighted average range of probabilities, are as follows:
Between 325 and 1,104 per square metre for land; and
Between 850 and 11,500 per square metre for buildings.

Leasehold land and buildings of Wum Properties (Proprietary) Limited and its subsidiaries:

UPI KINGSD100001 of Kasika Communal Area

The effective date of valuation was 30 June 2017. The valuation was performed by an independent valuer, Mr P.J. Kotze (Appointed as appraiser by the Ministry of Justice on 17/11/1997 ref 23/1/7/1/4), of Propcor.

- Depreciated replacement cost method was used to value.

Freehold land and buildings of Windhoek Schlachterei (Proprietary) Limited:

Land and buildings were revalued during March 2017 by Gert Hamman Property Valuers cc, who are sworn appraiser and not connected to the Group, by reference to market evidence of recent transactions for similar properties, on an investment method approach. A capitalisation rate of 8.5% was used.

Freehold land and buildings of Consortium Fisheries Limited and its subsidiaries:

The effective date of the revaluation of the Tsumeb property, which is in the books of Kraatz Marine (Proprietary) Limited, was 14 June 2017. The valuation was performed by Nadia van der Smit (National Diploma: UNISA & BSc Hons: UCEM), of Messrs Gert Hamman Property Valuers CC an independent valuer, who is a Sworn Appraiser in terms of Section 6(1) of the Administration of Estate Act, 1995 and qualified property valuer in terms of Section 14 of the Valuers Act of 1982. The valuation was arrived at by using the income capitalisation method. Capitalisation rate of 12% was applied.

Freehold land and buildings of Protea Fish Products (Proprietary) Limited (Erf 3691 and 13 B - No 21, Ben Amathila Street - Industrial Area Walvis) and Kuiseb Fish Products (Proprietary) Limited (Erf 4606 - No 19. Ben Amadhila Street - Industrial Area Walvis) were revalued on 02 June 2016, since management had reason to believe that their fair values significantly exceeded their carrying values at year end. The valuation was performed by J S Lofty-Eaton of Valuers Trust who has a National Diploma in Property Valuation (S.A.I.V).
A capitalisation rate between 10-12% were used for the different properties.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Freehold land and buildings of Namibia Breweries Limited:

Freehold land and buildings, other than those where management believed that their fair values differed significantly to their carrying amounts at year end, were revalued during 2017 by the following independent valuers, not connected with the group, by reference to market evidence of recent transactions for similar properties, on a discounted cash flow basis or depreciated replacement costs.

Tim Moulder (FRICS & FIV (SA) of Broll Valuation and Advisory Services (Pty) Ltd, John M Meyer (Valuers Diploma from The Institute of Bankers in SA) of Northern Property Valuers, Frank Löhnert (National Diploma in Property Valuation (UNISA) and A Schröder (Namibia Estate Agents Board Certificate and Sworn Appraiser) from Ludwig Schröder Estate Agents cc, Jurie Scholtz (National Diploma Property Valuations (Technicon SA) from Property Valuations Namibia, Nadia van der Smit, a member of the South African Institute of Valuers of Gert Hamman Property Valuers and PJ Scholtz (National Diploma in Property Valuation (UNISA).

Capitalisation rates of 11% - 12% were used.

These assumptions were based on current market conditions.

Other details:

The valuators used are independent and are sworn appraisers and have recent experience in the location and category of property being valued.

Details of the group's freehold and leasehold land and buildings are maintained at the registered office of the company and are available for inspection by members or their duly authorised representatives

The insurance policies over certain items of property, plant and equipment have been ceded to the bond holders.

An unlimited cross deed suretyship (including session of loan funds) between the following entities:
Hangana Seafood (Proprietary) Limited
Kuiseb Fish Products (Proprietary) Limited
Consortium Fisheries Limited
Consortium Evisa Fisheries (Proprietary) Limited
Protea Fish Products (Proprietary) Limited
Hangana Abalone (Proprietary) Limited

Marine Bonds registered over the following Motor Fishing Vessels (MFV)
MFV Begonia - N$18 million (2018: N$18 million)
MFV Otterbank - N$12 million (2018: N$12 million)
MFV Erica - N$18 million (2018: N$18 million)
MFV Fisherbank - N$12 million (2018: N$12 million)
MFV Resplendent - N$30 million (2018: N$30 million)
MFV Zogi - N$3 million (2018: N$3 million)

1st Continuing Covering Mortgage Bond N$12,000,000 over erf 514 Luderitz ino Hangana Abalone (Proprietary) Limited.

1st Continuing Covering Mortgage Bond N$65,000,000 (2018: N$65,000,000) over erf 4606 (a consolidation of erf 3614 & 2942) no. 19 Ben Amathila street, Walvis Bay ino Kuiseb Fish Products (Proprietary) Limited.

3. Property, plant and equipment (continued)

2nd Continuing Covering Mortgage Bond N$10,000,000 (2018: N$10,000,000) over erf 4606 (a consolidation of erven 3614 & 2942) ino Kuiseb Fish Products (Proprietary) Limited.

3rd Continuing Covering Mortgage Bond N$55,000,000 over erf 4606 (a consolidation of erven 3614 & 2942) ino Kuiseb Fish Products (Proprietary) Limited.

1st Continuing Covering Mortgage Bond N$65,000,000 over erf 3691 & erf 13B Walvis Bay ino Protea Fish Product (Proprietary) Limited.

2nd Continuing Covering Mortgage Bond N$125,000,000 over erf 3691 & erf 13B Walvis Bay ino Protea Fish Product (Proprietary) Limited.

Marsh Insurance (Old Mutual Short Term Insurance) policy number 17787793 - insured value buildings N$206,968,728 (2018: N$205,311,950) plant and machinery N$148,767,583 (2018: N$183,353,541) confirmed.

Marsh Insurance (Western National Insurance Company Limited (50%) Devereux Marine CC (50%)) policy number MM/H006/2015.

Cession over fire policy for N$41,720,000 (2018: N$41,720,000) at Western National dated 10/09/2018 for Zogi and Resplendent.

Seagulls Erf 1300 Walvis Bay
Cross-bonded at FNB for 1st bond of N$ 21.6 million for debt held in the books of Wernhil Park (Pty) Ltd (2018: N$ 21.6 million)

Pick and Pay Erf 2817
Swakopmund Cross-bonded at FNB for 1st of N$ 10.7 million for debt held in the books of Wernhil Park (Pty) Ltd (2018: N$ 10,7 million)

Farm Okatjemisse no.68,
Okatjemisse Ptn A no. 68 & Okaramuti-Oos no. 142 Bonded at Bank Windhoek for combined first of N$2.47 million and second bond of N$13 million for debt held in the books of WUM Properties (Proprietary) Limited.

Erf 3469 Avis, Windhoek in the books of Namibia Dairies (Pty) Ltd
First Mortgage Bond at Development Bank of Namibia for N$ 25,000,000 (2018: N$ 25,000,000) Second Mortgage Bond at Agribank for N$ 26,400,000 (2018: N$ 26,400,000) Third Mortgage Bond at Agribank for N$ 19,445,000 (2018: N$ 19,445,000).

Erf 209 Prosperita, Windhoek in the books of Namibia Dairies (Pty) Ltd
- First Continuing Covering Mortgage Bond at Standard Bank for N$ 55,000,000 (2018: N$ 55,000,000)

Erf 1577 Oshakati in the books of Namibia Dairies (Pty) Ltd
First Covering Mortgage Bond at Bank Windhoek for N$ 1,200,000 (2018: N$ 1,200,000) Second Covering Mortgage Bond at Bank Windhoek for $ 3,000,000 (2018: N$ 3,000,000)

Portion 2 of the Farm Kleinbegin
No 941 in the books of O&L Leisure (Pty) Ltd First Mortgage Bond at Bank Windhoek for N$ 35,000,000 (2018: N$ 35,000,000)
Second Mortgage Bond at ABSA Bank for N$ 10,000,000 (2018: N$ 10,000,000)
Fourth Covering Mortgage Bond for N$ 20,000,000 at Bank Windhoek.

Erf 222 and Erf 1771, Windhoek
First Mortgage Bond at ABSA Bank for N$ 35,000,000

O&L Leisure (Proprietary) Limited has registered a third Continuing Covering Mortgage Bond B827/2011 for N$ 10 million (2018: N$ 10 million) over Portion 2 of the farm Klein Begin No 941 Div B (Mokuti Lodge) registered 25 February 2011 held under Deed of Transfer T902/2008.

Nedersetting No 607
Bonded at Agribank for first bond of N$15,447,493 a second bond of N$2,777,018 and a third bond of N$1,805,595 for debt held in the books of Namibia Dairies (Proprietary) Limited.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Erf 3692, Walvis Bay
Collateral given to Bank Windhoek in respect of first, second, third, fourth and fifth covering mortgage bonds for N$8,000,000; N$1,200,000; N$4,782,500; N$10,000,000 & N$32,000,000 respectively, for debt held in the books of Consortium Fisheries Limited.

Erf 14B, Walvis Bay
First covering mortgage bond for N$2,217,500 at Bank Windhoek for debt held in the books of Consortium Fisheries Limited.

Cession over fire policy for N$67,690,125 (2018: N$52,690,125 (Erf 3692 & 14B) at Mutual and Federal dated 16/02/2018 for debt held in the books of Consortium Fisheries Limited.

Erf 6533, Windhoek in the books of Windhoek Schlacterei (Pty) Ltd
First and second covering mortgage bond for N$ 3,000,000 and N$ 10,000,000 at Bank Windhoek.
Cession over Fire Policy 23,296,021 at OMSTIC dated 16/02/2018.

Erf 4743, Windhoek in the books of O&L Leisure (Pty) Ltd
The fire policy by Mutual and Federal in favour of Strand Hotel to the value of N$ 305,605,346 (2018: N$ 244,240,340) has been ceded in favour of Bank Windhoek.

Erf 794 and 749 (Otavifontein) in the books of Bon Quelle (Pty) Ltd
First Covering Mortgage Bond for N$ 25,000,000 at Bank Windhoek.

Erf 18 Okahandja O&L Leisure (Pty) Ltd
First Bond of N$ 6,000,000 at RMB Namibia.
Cession over fire policy for N$ 5,000,000 dated 31/07/2018

Ruhr Street Erf 3515 Windhoek
Cross-bonded at FNB for 1st bond of N$ 10 million for debt held in the books of Wernhil Park (Pty) Ltd (2018: N$ 10 million)

Erf 419 in the books of Namibia Dairies (Proprietary) Limited.
Cession of Marsh Insurance (Old Mutual Short Term Insurance) policy number 17787793.

Farm Midgard No 191
First CCMB for N$ 11,000,000 at Standard Bank.
Cession of material damage policy number p40/009179 dated 17/08/2009.

The carrying value of the revalued assets under the cost model would have been:

	2019 N$'000	2018 N$'000		
Freehold land and buildings	873 678	858 063	-	-
Leasehold land and buildings	41 349	45 001	-	-
	915 027	**903 064**	**-**	**-**

4. Investment property

Group	2019			2018		
	At valuation N$ '000	Accumulated depreciation N$'000	Carrying value N$ '000	At valuation N$ '000	Accumulated depreciation N$'000	Carrying value N$ '000
Investment property	2 589 247	-	2 589 247	2 272 049	-	2 272 049

Reconciliation of investment property - Group - 2019

	Opening balance N$ '000	Additions N$ '000	Fair value adjustments N$ '000	Total N$'000
Investment property	2 272 049	238 008	79 190	2 589 247

Reconciliation of investment property - Group - 2018

	Opening balance N$ '000	Additions N$ '000	Transfers N$ '000	Fair value adjustments N$ '000	Total N$'000
Investment property	1 980 714	200 838	10 084	80 413	2 272 049

Pledged as security

Carrying value of assets pledged as security:

Freehold land and buildings	2 554 282	2 188 705	-	-

These assets are encumbered to secure liabilities as per Note 30.

Erf 482 Swakopmund
Cross bonded at Bank Windhoek for 1st bond (B275/2006) of N$ 592 000 (2018: N$ 592 000)
Cession over Fire Policy for N$ 2 898 982 at OMSTIC dated 12/09/2018

Erf 914 Tsumeb
Cross bonded at Bank Windhoek for 1st bond (B6938/2003) of N$ 3,000,000 (2018: N$ 3,000,000)
Cession over Fire Policy for N$ 19 996 668 at OMSTIC dated 12/09/2018

Erf 7369 (Wernhil Park shopping centre) and 276 (Alexander Forbes House) in the books of Wernhil Park (Pty) Ltd
First and second continuing Covering Mortgage Bond of N$ 844,500,000 at FNB.

Erf 7369, Windhoek in the books of Wernhil Park (Pty) Ltd
First Collateral Mortgage Bond of N$ 844,500,000 at FNB.

Erf 7765 Windhoek
Guarantee between Central Properties (Pty) Ltd and Standard Bank Namibia dated 05 Aug 2010.
Deed of Cession of Monies due to Central Properties (Pty) Ltd in respect of all current and future related loans, dated 05/10/2009 and 11/03/2011.

Other disclosures

The insurance policies over certain items of investment property have been ceded to the bond holder.

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

Notes to the Financial Statements

4. Investment property (continued)

Details of valuation

All investment properties are valued as per the Group revaluation policy.

Valuations performed in 2019:

Freehold land and buildings of Wum Properties (Proprietary) Limited and its subsidiaries:

- P.J.J. Wilders (National Diploma in Property Valuation and BSc Town & Reg Planning)
*Erf 77 On Independence valued at N$ 34,455,672 based on the income capitalisation method which includes the following major assumptions:

- Capitalisation rate of 8.5%,
- Expenses based on 15% of income,
- Vacancy factor of 2%.

- F.A Frank-Schultz (National Diploma in Property Valuation and BSc Town & Reg Planning) with valuation experience relating to all major banks, Namibia Airports Company, NamPower, etc;

* Erf 990 Windhoek valued at N$ 107 379 720 based on the Comparable Sales Method:
This approach is based on the selling prices of comparable erven and an estimated demolishing cost of N$ 4 million taken into account.

* Erf 735 Okuryangava valued at N$ 559 500 based on the Replacement Cost Method:
This method is based on the depreciated replacement costs of the improvements and the market value of land.

- F. Löhnert (National Diploma in Property Valuation (UNISA) and Namibia Estate Agents Board Certificate) and A. Schröder (Namibia Estate Agents Board Certificate and Sworn Appraiser) from Ludwig Schröder Estate Agents cc with valuation experience relating to the financial sector, legal sector, municipal council, etc;

* Erf 482 Swakopmund valued at N$ 2 800 000 based on Market Value:
The market value was determined by taking into account the value of improvements, residual land value and rezoning & redevelopment potential of land.

- Nadia van der Smit (National Diploma in Property Valuation (UNISA) and Member of Namibia Council for Property Valuers Profession) with valuation experience relating to Banks, Trustco, Country lodges, etc;

* Erf 914 Tsumeb valued at N$ 6 860 000 based on the Investment method (Gross income multiplier/traditional method) with the following major assumptions:
- Capitalisation rate of 13.5%,
- Potential rental between N$ 50.00/m² and N$ 65.00/m²,
- Vacancy and Outgoings rate: the property is currently unoccupied

* Erf 1567 Otjiwarongo valued at N$ 35 000 based on Direct Comparable Approach which is based on the values of similiar properties within the area.

* Erf 1570 Otjiwarongo valued at N$ 35 000 based on Direct Comparable Approach which is based on the values of similiar properties within the area

- P.J. Scholtz (National Diploma in Property Valuation(Technicon SA) & Sworn Appraiser (Ministry of Justice)) from Property Valuations Namibia with valuation experience relating to financial institutions (Banks), Jimmey Construction, Construction Unlimited, Namdeb, Transnamib,Gondwana, etc;

* Erf 526 Luderitz valued at N$ 2 560 000 based on the Comparable Sales Method which took into account for the value of similiar properties recently sold and an annual growth rate of 2%,

* Erf 331 Luderitz valued at N$ 600 000 based on the Comparable Sales Method which took into account for the value of similiar properties recently sold and an annual growth rate of 2%,

Notes to the Financial Statements

4. Investment property (continued)

Wernhil Park (Proprietary) Limited

Investment property consist of Erf 276 (Alexander Forbes House) and Erf 7369 (Wernhil Park shopping centre) in Windhoek as at 30 June 2019.

In the current year, the properties were valued by Jones Lang LaSalle Proprietary Ltd at N$ 333 million (2018 327 million) and N$ 1 773 billion (2018: N$ 1 446 billion) respectively.

The property was also valued by Jones Lang LaSalle Pty Ltd. A discounted cash flow valuation was performed using a discount rate of 13.50% (2018: 14.00%) and 12.50% (2018: 13.00%) respectively, while a capitalisation rate of 8.25% (2018: 8.00%) and 7% (2018: 7.00%) were used respectively. Jones Lang LaSalle Proprietary Limited is a member of the South African Council for the Property Valuers Profession in terms of the Property Valuers Profession Act, 2000 (SAPOA). The valuations have been prepared in accordance with the RICS Valuation Professional Standards, 2017 published by the Royal Institution of Chartered Surveyors on the basis of the IVSC definition of Fair Value.

Central Properties (Proprietary) Limited

Investment land and buildings consist of consolidated Erf 7765 Windhoek known as the Standard Bank Centre. In the current year, the property was effectively revalued on 30 June 2019 by an independent professional valuator. The property was valued by Jones Lang LaSalle Pty Ltd. A discounted cash flow valuation was performed using a discount rate of 14.00% (2018: 14.50%) and a capitalisation rate of 8.50% (2017: 8.50%). Jones Lang LaSalle Proprietary Limited is a member of the South African Council for the Property Valuers Profession in terms of the Property Valuers Profession Act, 2000 (SAPOA). The valuations have been prepared in accordance with the IPD valuation guide 2008, the appraisal and valuation manual of the Royal Institution of Chartered Surveyors (RICS) adapted for SA laws and regulations and also for conformity with the guidance notes of the South African Institute of Valuers (SAIV) and the International Valuation Standards (IVSC), 8th edition.

These valuators are members of appropriate organisations, and have appropriate qualifications and experience in the valuation of similar properties.

The valuations were arrived at by reference to market evidence of transaction prices for similar properties on a discounted cash flow basis and comparative sales method basis.

There has been no change in the valuation techniques compared to prior year.

Capitalisation rates of 7.00%-13.50% (2018: 7.00%-12.00%) and discount rates of 12.50%-14.00% (2018: 13.00%-14.50%) were used.

These assumptions are based on current market conditions.

Amounts recognised in profit and loss for the year

Rental income from investment property	158 564	144 246	-	-
Direct operating expenses from rental generating property	(30 511)	(30 067)	-	-
	128 053	**114 179**	**-**	**-**

Adjusted valuations

The following valuations were adjusted for financial statements purposes to avoid double counting:

Fair value adjustment during the year				
Valuation obtained from independent sworn appraisers	82 264	82 148	-	-
Recognised lease obligations and assets	(3 074)	(1 735)	-	-
	79 190	**80 413**	**-**	**-**

Notes to the Financial Statements

5. Biological assets

Group	2019			2018		
	Cost / Valuation N$'000	Accumulated depreciation N$'000	Carrying value N$'000	Cost / Valuation N$'000	Accumulated depreciation N$'000	Carrying value N$'000
Work in progress - Agronomy	974	-	974	704	-	704
Abalone	20 315	-	20 315	17 118	-	17 118
Game	2 116	-	2 116	1 736	-	1 736
Milk cows	32 680	-	32 680	32 118	-	32 118
Total	**56 085**	**-**	**56 085**	**51 676**	**-**	**51 676**

Reconciliation of biological assets - Group - 2019

	Opening balance N$ '000	Additions	Disposals and deaths N$ '000	Gains or losses arising from changes in fair value attributable to growth N$ '000	Other changes, movements N$ '000	Total N$ '000
Work in progress - Agronomy	704	-	-	-	270	974
Abalone	17 118	4 000	(664)	(139)	-	20 315
Game	1 736	-	-	380	-	2 116
Milk cows	32 118	-	(11 097)	11 659	-	32 680
	51 676	**4 000**	**(11 761)**	**11 900**	**270**	**56 085**

Reconciliation of biological assets - Group - 2018

	Opening balance N$ '000	Disposals and deaths N$ '000	Gains or losses arising from changes in fair value attributable to growth N$ '000	Other changes, movements N$ '000	Total N$ '000
Work in progress - Agronomy	792	-	-	(88)	704
Abalone	10 976	(21)	6 163	-	17 118
Game	849	-	887	-	1 736
Milk cows	32 647	(8 726)	8 197	-	32 118
	45 264	**(8 747)**	**15 247**	**(88)**	**51 676**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

5. Biological assets (continued)

Non – Financial information

Quantities of each biological asset				
Abalone ('000 kg)	52	34	-	-
Game*	508	461	-	-
Milk cows	2 571	2 689	-	-
	3 131	**3 184**	**-**	**-**

* Game consists of Impala, Bontebok, Duiker, Eland, Giraffe, Kudu, Oryx, Steenbuck, Warthog and Ostriches.

Methods and assumptions used in determining fair value

The fair value of livestock was determined based on market prices of livestock of similar age, breed and genetic merit.

The fair value of game was determined by using market value, using live auction values.

The fair value of the abalone was determined by using current market prices per size range. The market prices are denominated in US Dollars and were converted at an exchange rate of N$ 14.04 (2018: N$ 13.73). A fair value loss of N$ 139 457 (2018: gain of N$ 6 164 471) was recognised as a result of the depreciation of the exchange rate and the increased mass of the abalone since the last valuation was performed.

Notes to the Financial Statements

6. Intangible assets

Group	2019			2018		
	Cost N$ '000	Accumulated amortisation N$ '000	Carrying value N$ '000	Cost N$ '000	Accumulated amortisation N$ '000	Carrying value N$ '000
Software	91 165	(62 785)	28 380	88 257	(55 045)	33 212
Goodwill	11 366	-	11 366	6 015	(333)	5 682
Trademark	4 000	(1 133)	2 867	4 000	(400)	3 600
Total	**106 531**	**(63 918)**	**42 613**	**98 272**	**(55 778)**	**42 494**

Reconciliation of intangible assets - Group - 2019

	Opening balance N$ '000	Additions N$ '000	Additions through business combinations N$ '000	Amortisation N$ '000	Total N$ '000
Software	33 212	2 868	-	(7 700)	28 380
Goodwill	6 015	-	5 351	-	11 366
Trademark	3 267	-	-	(400)	2 867
	42 494	**2 868**	**5 351**	**(8 100)**	**42 613**

Reconciliation of intangible assets - Group - 2018

	Opening balance N$ '000	Additions N$ '000	Disposals N$ '000	Transfers from property, plant and equipment N$ '000	Amortisation N$ '000	Total N$ '000
Software	36 515	4 945	(95)	341	(8 494)	33 212
Goodwill	6 015	-	-	-	-	6 015
Trademark	3 667	-	-	-	(400)	3 267
	46 197	**4 945**	**(95)**	**341**	**(8 894)**	**42 494**

Other information

Intangible assets, other than goodwill, are amortised over their useful lives. The useful lives of the trademarks in NBL Investment Holdings are considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group.The foreseeable lives of the intangible assets range between 3 and 7 years. The charges to profit or loss are shown in Note 41. Goodwill and trademarks are assessed for impairment annually

Notes to the Financial Statements

7. Interests in subsidiaries

The carrying amounts of subsidiaries consist of shares at cost. The principal place of business and of incorporation for all subsidiaries except for O&L South Africa and NBL SA Pty Ltd, is Namibia. O&L South Africa and NBL SA's place of business and incorporation is South Africa. In the current and prior year the investments in Kraatz Marine (Proprietary) Limited, Khan Construction Company (Proprietary) Limited, O&L Centre (Proprietary) Limited, Eros Air (Proprietary) Limited, OLC Solar Energy Corporation (Proprietary) Limited, and Organic Energy Solutions (Proprietary) Limited were deemed to not be fully recoverable due to ‘at acquisition reserves’ and net loans to/from subsidiaries having been reduced by subsequent accumulated operating losses.

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Notes to the Annual Financial Statements

7. Interest in subsidaires (continued)

Name of company	Held by	Nature of business	Issued Capital N$'000	Group effective holding 2019	Group effective holding 2018	Shares at cost 2019 N$'000	Shares at cost 2018 N$'000	Indebtedness to / (by) the company 2019 N$'000	Indebtedness to / (by) the company 2018 N$'000	Impairment of interest/provision for 2019 N$'000	Impairment of interest/provision for 2018 N$'000
Broll & List Property Management (Namibia) (Proprietary)	OLFITRA	Property management	1	50,10%	50,10%	1	1	-	-	-	-
Central Properties (Proprietary) Limited	OLFITRA	Letting of property	8	100,00%	100,00%	8	8	-	-	-	-
Consortium Fisheries Limited	OLFITRA	Investment holding	1 903	97,85%	97,83%	3 345	3 323	101 512	111 512	(102)	-
-Hangana Seafood (Proprietary) Limited	COFI	Processing of fish	90	94,72%	94,70%	-	-	-	2 688	-	-
- Kraatz Marine (Proprietary) Limited	COFI	Marine and industrial fabarication and repair	30 349	97,85%	97,83%	-	-	82 196	67 335	(77 224)	(56 896)
Eros Air (Proprietary) Limited	OLFITRA	Dormant	60	100,00%	100,00%	60	60	11 421	11 521	(11 328)	(11 453)
OLC Solar Energy (Proprietary) Limited	OLFITRA	Energy solutions	-	100,00%	100,00%	-	-	-	-	-	-
ICT Holdings (Proprietary) Limited	OLFITRA	Consulting service to supply electronic services	-	100,00%	100,00%	-	-	2 973	3 000	(3)	-
O&L Centre (Proprietary) Limited	OLFITRA	Corporate head office	-	100,00%	100,00%	-	-	425 193	368 968	(425 193)	(368 968)
O&L Energy (Proprietary) Limited	OLFITRA	Energy solutions	-	100,00%	100,00%	-	-	31 327	24 679	(17 384)	(12 072)
-Organic Energy Solutions (Proprietary) Limited	ENERGY	Manufacturing of products sourced from bush	-	75,00%	75,00%	-	-	2 947	2 947	(2 947)	(2 947)
O&L South Africa (Proprietary) Limited	OLFITRA	South Africa head office	-	100,00%	100,00%	-	-	-	-	-	-
O&L Beverage Company (Proprietary) Limited	OLFITRA	Investment holding	123	100,00%	100,00%	297	297	32 243	17 712	(32)	-
- NBL Investment Holdings (Proprietary) Limited	BEV	Investment holding	4 909	50,02%	50,01%			13	-	(0)	-
-Namibia Breweries Limited	NBLIH	Manufacturing & distribution of beer & soft drinks	1 024	29,84%	29,83%	4 875	3 743	-	-	-	-

Notes to the Annual Financial Statements

7. Interest in subsidaires (continued)

Name of company	Held by	Nature of business	Issued Capital N$'000	Group effective holding 2019	2018	Shares at cost 2019 N$'000	2018 N$'000	Indebtedness to / (by) the company 2019 N$'000	2018 N$'000	Impairment of interest/provision for 2019 N$'000	2018 N$'000
Weathermen and Company Advertising (Proprietary) Limited	OLFITRA	Advertising and marketing	1	50,10%	50,10%	1	1	751	373	(1)	-
- Utterly Social Media (Proprietary) Limited	WCO	Advertising and marketing	1	25,10%	25,10%	-	-	-	-	-	-
Wernhil Park (Proprietary) Limited	OLFITRA	Letting of property	16 521	100,00%	100,00%	16 521	16 521	(78 579)	(144)	-	-
OLC Northern Sun (Proprietary) Limited (Previously Windhoek Parking)	OLFITRA	Dormant	-	100,00%	100,00%	-	-	-	-	-	-
Windhoek Schlachterei (Proprietary) Limited	OLFITRA	Processing of meat	31 580	90,00%	90,00%	32 938	32 938	35 518	35 518	(35)	-
WUM Properties (Proprietary) Limited	OLFITRA	Retail, property management and investment holding	-	97,85%	97,85%	1 807	1 807	45 251	46 974	(45)	-
-Namibia Dairies (Proprietary) Limited *	WUM	Manufacturing & distribution of dairy products	2	97,85%	97,85%	35 000	35 000	63 634	59 181	(64)	-
-Khan Construction (Proprietary) Limited	WUM	Investment holding	-	97,85%	97,85%	-	-	17 975	17 975	(17 975)	(17 975)
-O&L Leisure (Proprietary) Limited	KHAN	Hospitality industry	-	97,85%	97,85%	-	-	623 104	581 081	(59 828)	-
						94 853	93 699	1 397 479	1 351 322	(612 163)	(470 311)

OLFITRA - Ohlthaver and List Finance and Trading Corporation Limited
COFI - Consortium Fisheries Limited (only significant subsidiaries are disclosed)
NBLIH - NBL Investment Holdings (Proprietary) Limited (only significant subsidiaries are disclosed)
WUM - WUM Properties (Proprietary) Limited (only significant subsidiaries are disclosed)
BEV - O&L Beverages (Proprietary) Limited
KHAN - Khan Construction (Proprietary) Limited
WCO - Weathermen and Company Advertising (Proprietary) Limited
* The Shares in Namibia Dairies (Proprietary) Limited are preference shares

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

7. Interests in subsidiaries (continued)

Subsidiaries pledged as security

The company has ceded 49% of shares in Ohlthaver and List Beverage Company (Proprietary) Limited to Bank Windhoek Limited.

Aggregate profits/(losses) of subsidiaries

Aggregate profits	-	-	1 067 202	535 304
Aggregate losses	-	-	(179 394)	(168 325)
	-	**-**	**887 808**	**366 979**

Changes in ownership interest which did not result in loss of control

The following schedule represents the impact of changes in ownership interest of subsidiaries where control was not lost, on the equity attributable to owners of the group:

Acquisition of 20 shares in Chobe Water Villas (Proprietary) Limited from non-controlling interest, increasing ownership from 78.28% to 97.85%	-	3 789	-	-
Acquisition of 798 (2018: 264) shares in Consortium Fisheries Limited from non-controlling interest, increasing effective shareholding from 97.83% to 97.85% (2018: 97.82% to 97.83%).	92	30	-	-
Acquisition of 25 179 shares in NBL Investment Holdings (Proprietary) Limited from non-controlling interest, increasing ownership from 50.01% to 50.02%	69	-	-	-
	161	**3 819**	**-**	**-**

2019:
The consideration paid of N$ 1 154 895 less the decrease of N$ 161 153 of equity attributable to owners of the group resulted in a loss on change of ownership of N$ 993 742 which is included in changes in ownership reserve.

2018:
The consideration paid of N$ 6 383 670 plus the increase of N$ 3 818 813 of equity attributable to owners of the group resulted in a loss on change of ownership of N$ 10 202 483 which is included in changes in ownership reserve.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest 2019	2018
O&L Beverages Group	Namibia	49,98 %	49,99 %

The country of incorporation and the principal place of business are the same.

The percentage ownership interest and the percentage voting rights of the non controlling interests were the same.

Notes to the Financial Statements

7. Interests in subsidiaries (continued)

Summarised statement of financial position

	O&L Beverages Group	
	2019 N$'000	2018 N$'000
Assets		
Non-current assets	2 475 125	2 055 571
Current assets	1 221 507	1 250 246
Total assets	3 696 632	3 305 817
Liabilities		
Non-current liabilities	473 531	586 994
Current liabilities	760 091	606 905
Total liabilities	1 233 622	1 193 899
Total net assets (liabilities)	2 463 010	2 111 918
Carrying amount of non-controlling interest	899 793	1 360 858

Summarised statement of profit or loss and other comprehensive income

	O&L Beverages Group	
	2019 N$'000	2018 N$'000
Revenue	3 097 583	2 687 174
Other income and expenses	(2 015 278)	(2 124 991)
Profit before tax	1 082 305	562 183
Tax expense	(154 288)	(170 058)
Profit	928 017	392 125
Other comprehensive income	708	702
Total comprehensive income	928 725	392 827
Profit allocated to non-controlling interest	377 551	275 983

Summarised statement of cash flows

	O&L Beverages Group	
	2019 N$'000	2018 N$'000
Cash flows from operating activities	538 143	576 760
Cash flows from investing activities	(159 391)	(166 778)
Cash flows from financing activities	(610 060)	(338 603)
Net (decrease) increase in cash and cash equivalents	(231 308)	71 379
Dividend paid to non-controlling interest	(409 091)	(118 488)

Notes to the Financial Statements

8. Investments in associates

The following table lists all of the associates in the group:

Group

Name of company	Nature of business	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019 N$'000	Carrying amount 2018 N$'000
Dimension Data Namibia (Proprietary) Limited	Consulting services to supply electronic communication	51,00 %	49,00 %	3 817	3 454
Heineken South Africa Proprietary Limited	Manufacturing and distribution of beer and soft drinks	25,00 %	25,00 %	855 365	404 824
OLC Arandis Solar Energy (Proprietary) Limited	Solar energy producer	35,00 %	35,00 %	7 967	9 363
				867 149	417 641

The investment in Dimension Data Namibia (Proprietary) Limited is not a subsidiary, as the Group does not have control. This is because the Group does not have significant representation on the Board or control of the daily operations.

Notes to the Financial Statements

8. Investments in associates (continued)

Material associates

The following associates are material to the group:

	Country of incorporation	Method	% Ownership interest 2019	% Ownership interest 2018
Heineken South Africa Proprietary Limited	South Africa	Equity	25 %	25 %

On 1 December 2015, the Group acquired 25% of the issued share capital of Sedibeng Brewery Proprietary Limited ("Sedibeng") and an additional 9.5% of the issued share capital of DHN Drinks Proprietary Limited ("DHN") from Diageo Highlands Holdings B.V and obtained significant influence of these operations.

With effect from 31 December 2015, Sedibeng and DHN entered into a merger agreement whereby:
a) Heineken International and Namibia Breweries sold and transferred all of their shares in Sedibeng to DHN in exchange for the issue by DHN to Heineken International and NBL of a proportionate number of shares in DHN;
b) the business operations of DHN and Sedibeng were combined by the transfer of the business of Sedibeng to DHN (Sedibeng sold and transferred its operations as a going concern to DHN in exchange for the assumption by DHN of the Sedibeng's liabilities and the issue of shares in DHN to Sedibeng).

On 31 December 2015 DHN changed its name to Heineken South Africa Proprietary Limited. Heineken South Africa Proprietary Limited carried on the business of manufacturing, marketing, sale and distribution of international beer and cider brands (including selected brands of Namibia Breweries).

As part of the above merger agreement on 31 December 2015, Heineken South Africa Proprietary Limited fair valued the assets and liabilities on the amalgamation of Sedibeng Brewery Proprietary Limited's operations into Heineken South Africa Proprietary Limited. This consisted of a N$709million (net of tax) fair value adjustment to property, plant and equipment, which will be depreciated over 15 years, and a N$274million impairment of other assets and recognition of liabilities. Heineken South Africa Proprietary Limited applied IFRS 3, Business Combinations and recorded the net N$435million as a bargain purchase.

In terms of the Group's accounting policy on IFRS 3, business combinations under common control are recorded at net book value and not fair value. Therefore the Group has not accounted for the bargain purchase recorded by Heineken South Africa Proprietary Limited.

The Directors of Heineken South Africa Proprietary Limited have assessed that a portion of Heineken South Africa Proprietary Limited's assessed loss of N$1.3bn is recoverable and have thus recorded a portion of the assessed loss as deferred tax asset. The Directors of the Group agreed with this assessment and as a result recorded our share of the deferred tax asset recorded by Heineken South Africa Proprietary Limited.

The closing balance of the investment includes a capital loan of N$73.6m (2018: N$73.6m) owed by Heineken South Africa Proprietary Limited. The loan to the associate is unsecured and bears interest at JIBAR + 2% (2018: JIBAR + 2%).

Notes to the Financial Statements

8. Investments in associates (continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	Heineken South Africa Proprietary Limited	
	2019 N$'000	2018 N$'000
Revenue	9 333 017	7 070 927
Other income and expenses	(8 675 766)	(7 250 885)
Profit before (loss) tax	657 251	(179 958)
Tax expense	1 144 916	46 197
Profit (loss) from continuing operations	1 802 167	(133 761)
Total comprehensive income (loss)	1 802 167	(133 761)

Summarised Statement of Financial Position	Heineken South Africa Proprietary Limited	
	2019 N$'000	2018 N$'000
Assets		
Non-current	6 376 700	5 228 939
Current	1 137 600	2 009 420
Total assets	7 514 300	7 238 359
Liabilities		
Non-current	1 604 200	1 568 264
Current	2 990 300	3 974 014
Total liabilities	4 594 500	5 542 278
Total net assets	2 919 800	1 696 081

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the group and the associate.

Reconciliation of net assets to equity accounted investments in associates

Carrying value of investment in associate

Cost of investment	603 992	603 778
Share of associate's reserves		
Beginning of the year	(186 137)	(151 671)
Share of profit	119 815	(29 250)
Deferred tax asset write back	334 694	-
Dividends received from associate	(5 215)	(5 216)
Investment at end of period	867 149	417 641

Notes to the Financial Statements

8. Investments in associates (continued)

Aggregated individually immaterial associates accounted for using the equity method

	2019 N$'000	2018 N$'000
Total assets	144 746	159 043
Total liabilities	(111 307)	(115 820)
Revenue	152 895	131 855
Profit	6 527	8 067
Group's share of associate's net assets	58 443	63 645
Group's share of profit for the year	3 967	4 191
Dividend income from associate	5 216	5 216

Associates with different reporting dates

The reporting date of Dimension Data Namibia (Proprietary) Limited is 31 March. The reporting date of the associate is different from the company because it is controlled by Dimension Data (South Africa) (Proprietary) Limited which has a 31 March reporting date.

The reporting date of Heineken South Africa (Proprietary) Limited is 31 December. The reporting date is different from the group because it is controlled by Heineken International B.V. which has a 31 December reporting date.

Fair value

The Directors valued the unlisted investments in the associates and determined it to equal the carrying value of the investment.

Carrying value

The carrying amounts of associates are shown net of impairment losses.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

9. Investments in joint ventures

Joint ventures

Group

Name of company	Nature of business	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019 N$'000	Carrying amount 2018 N$'000
Brandtribe (Proprietary) Limited	Digital marketing	50,00 %	50,00 %	-	-
Natural Value Foods Namibia (Proprietary) Limited	Supply of fresh produce	48,90 %	48,90 %	3 328	3 748
SIP Project Management Namibia (Proprietary) Limited	Project management	25,50 %	25,50 %	108	-
				3 436	3 748

The carrying amounts of joint ventures are shown net of impairment losses.

The Group's share of unrecognised joint ventures is detailed below.

The unaudited share of total comprehensive (loss) as per Brandtribe (Proprietary) Limited financial statements amounts to N$ 183 419 for the year ended 30 June 2019 (2018: (N$ 273 136)). The unrecognised share of profit/(loss) of Brandtribe (Proprietary) Limited for the group for 2019 amounts to N$ 183 419 (2018: (N$ 273 136)), while the cumulative unrecognised share of losses amounts to N$ 1 027 382 as at 30 June 2019 (2018: N$ 1 212 278).

Aggregated share of individually immaterial joint ventures accounted for using the equity method

Share of profit (loss) from continuing operations	(129)	1 217
Share of total comprehensive income	(203)	1 217

Fair value

The Directors valued the unlisted investments in joint ventures and determined them to equal the carrying values of the investments.

Carrying value

	Group 2019	Group 2018	Company 2019	Company 2018
Cost of investment				
Beginning of the year	3 748	3 038	-	-
Share of joint venture reserves				
Profit / (loss) for the year from ongoing operations	(312)	1 217	-	-
Loan (repayment) / advance	-	(507)	-	-
	3 436	**3 748**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

10. Loans to group companies

Subsidiaries

Weathermen and Company Advertising (Proprietary) Limited	-	-	752	373
Consortium Fisheries Limited	-	-	101 512	111 512
Eros Air (Proprietary) Limited	-	-	11 421	11 521
Hangana Seafood (Proprietary) Limited	-	-	-	2 780
ICT Holdings (Proprietary) Limited	-	-	3 000	3 000
Khan Construction (Proprietary) Limited	-	-	17 975	17 975
Kraatz Marine (Proprietary) Limited	-	-	82 196	67 335
Namibia Dairies (Proprietary) Limited	-	-	63 634	59 181
Organic Energy Solutions (Proprietary) Limited	-	-	2 947	2 947
NBL Investment Holdings Limited	-	-	13	-
O&L Beverage Company (Proprietary) Limited	-	-	32 243	17 712
O&L Centre (Proprietary) Limited	-	-	425 195	368 968
O&L Energy (Proprietary) Limited	-	-	31 327	24 679
O&L Leisure (Proprietary) Limited	-	-	623 105	581 081
Windhoek Schlachterei (Proprietary) Limited	-	-	35 518	35 518
WUM Properties (Proprietary) Limited	-	-	443 771	439 700
	-	**-**	**1 874 609**	**1 744 282**

	2019			2018		
Loans to subsidiaries	Gross carrying amount	Loss allowance	Amortised cost	Gross carrying amount	Loss allowance	Amortised cost
Non-current assets	1 595 108	(595 764)	999 344	1 502 059	(470 311)	1 031 748
Current assets	279 501	(16 399)	263 102	242 223	-	242 223
	1 874 609	**(612 163)**	**1 262 446**	**1 744 282**	**(470 311)**	**1 273 971**

The loans to/(from) group companies bear no interest and have no fixed repayment period, except for O&L Leisure (Proprietary) Limited whose loan bears interest at 3 month JBAR+3,8%.

Unlimited surety has been provided to O&L Beverage Company (Proprietary) Limited.

The company has deferred its right to claim repayment of debt owing to it of N$ 1592 million (2018: N$ 999 million) by certain subsidiaries until the assets of these subsidiaries, fairly valued, exceeded their liabilities.

Non-current assets

Weathermen and Company Advertising (Proprietary) Limited	-	-	-	373
Consortium Fisheries Limited	-	-	99 824	100 000
Eros Air (Proprietary) Limited	-	-	11 421	11 521
Hangana Seafood (Proprietary) Limited	-	-	-	2 780
ICT Holdings (Proprietary) Limited	-	-	3 000	3 000
Khan Construction (Proprietary) Limited	-	-	17 975	17 975
Kraatz Marine (Proprietary) Limited	-	-	82 196	64 277
Namibia Dairies (Proprietary) Limited	-	-	59 500	55 000
Organic Energy Solutions (Proprietary) Limited	-	-	2 947	2 947
O&L Energy (Proprietary) Limited	-	-	30 127	-
O&L Centre (Proprietary) Limited	-	-	408 829	368 968
O&L Leisure (Proprietary) Limited	-	-	400 000	400 000
Windhoek Schlachterei (Proprietary) Limited	-	-	35 518	35 518
WUM Properties (Proprietary) Limited	-	-	443 771	439 700
	-	**-**	**1 595 108**	**1 502 059**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
10. Loans to group companies (continued)				
Current assets				
Weathermen and Company Advertising (Proprietary) Limited	-	-	752	-
Consortium Fisheries Limited	-	-	1 688	11 512
Kraatz Marine (Proprietary) Limited	-	-	-	3 058
Namibia Dairies (Proprietary) Limited	-	-	4 134	4 181
NBL Investment Holdings Limited	-	-	13	-
O&L Beverage Company (Proprietary) Limited	-	-	32 243	17 712
O&L Centre (Proprietary) Limited	-	-	16 366	-
O&L Energy (Proprietary) Limited	-	-	1 200	24 679
O&L Leisure (Proprietary) Limited	-	-	223 105	181 081
	-	**-**	**279 501**	**242 223**

Split between non-current and current portions

Non-current assets	-	-	999 344	1 031 748
Current assets	-	-	263 102	242 223
	-	**-**	**1 262 446**	**1 273 971**

Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for group loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

The estimation techniques explained have been applied for the first time in the current financial period, which is the first time the group has applied IFRS 9. Group loans receivable were previously impaired only when there was objective evidence that the loan was impaired. The impairment was previously calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below. The group does not hold collateral or other credit enhancements against group loans receivable.

Notes to the Financial Statements

10. Loans to group companies (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

Company - 2019

	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to subsidiaries				
Weathermen and Company Advertising (Proprietary) Limited	12m ECL	752	(1)	751
Consortium Fisheries Limited	Lifetime ECL (credit impaired)	101 512	(102)	101 410
Eros Air (Proprietary) Limited	Lifetime ECL (credit impaired)	11 421	(11 328)	93
ICT Holdings (Proprietary) Limited	Lifetime ECL (credit impaired)	3 000	(3)	2 997
Khan Construction (Proprietary) Limited	Lifetime ECL (credit impaired)	17 975	(17 975)	-
Kraatz Marine (Proprietary) Limited	Lifetime ECL (credit impaired)	82 196	(77 224)	4 972
Namibia Dairies (Proprietary) Limited	Lifetime ECL (credit impaired)	63 634	(64)	63 570
Organic Energy Solutions (Proprietary) Limited	Lifetime ECL (credit impaired)	2 947	(2 947)	-
NBL Investment Holdings (Proprietary) Limited	Lifetime ECL (credit impaired)	13	-	13
O&L Beverage Company (Proprietary) Limited	Lifetime ECL (credit impaired)	32 243	(32)	32 211
O&L Centre (Proprietary) Limited	Lifetime ECL (credit impaired)	425 195	(425 195)	-
O&L Energy (Proprietary) Limited	Lifetime ECL (credit impaired)	31 327	(17 384)	13 943

Notes to the Financial Statements

10. Loans to group companies (continued)

O&L Leisure (Proprietary) Limited				Lifetime ECL (credit impaired)	623 105	(59 828)	563 277
Windhoek Schlachterei (Proprietary) Limited				Lifetime ECL (credit impaired)	35 518	(35)	35 483
WUM Properties (Proprietary) Limited				Lifetime ECL (credit impaired)	443 771	(45)	443 726
					1 874 609	**(612 163)**	**1 262 446**

Total credit loss allowances

Loans to subsidiaries	1 874 609	(612 163)	1 262 446
	1 874 609	**(612 163)**	**1 262 446**

Company - 2018

	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Loans to subsidiaries							
Weathermen and Company Advertising (Proprietary) Limited	-BBB	Fitch	N/a	12m ECL	373	-	373
Consortium Fisheries Limited				Lifetime ECL (credit impaired)	111 512	-	111 512
Eros Air (Proprietary) Limited				Lifetime ECL (credit impaired)	11 521	(11 453)	68
Hangana Seafood (Proprietary) Limited				Lifetime ECL (credit impaired)	2 780	-	2 780
ICT Holdings (Proprietary) Limited				Lifetime ECL (credit impaired)	3 000	-	3 000
Khan Construction (Proprietary) Limited				Lifetime ECL (credit impaired)	17 975	(17 975)	-

Notes to the Financial Statements

10. Loans to group companies (continued)

Kraatz Marine (Proprietary) Limited	Lifetime ECL (credit impaired)	67 335	(56 896)	10 439
Namibia Dairies (Proprietary) Limited	Lifetime ECL (credit impaired)	59 181	-	59 181
Organic Energy Solutions (Proprietary) Limited	Lifetime ECL (credit impaired)	2 947	(2 947)	-
O&L Beverage Company (Proprietary) Limited	Lifetime ECL (credit impaired)	17 712	-	17 712
O&L Centre (Proprietary) Limited	Lifetime ECL (credit impaired)	368 968	(368 968)	-
O&L Energy (Proprietary) Limited	Lifetime ECL (credit impaired)	24 679	(12 072)	12 607
O&L Leisure (Proprietary) Limited	Lifetime ECL (credit impaired)	581 081	-	581 081
Windhoek Schlachterei (Proprietary) Limited	Lifetime ECL (credit impaired)	35 518	-	35 518
WUM Properties (Proprietary) Limited	Lifetime ECL (credit impaired)	439 700	-	439 700
		1 744 282	**(470 311)**	**1 273 971**

Total credit loss allowances

Loans to subsidiaries	1 744 282	(470 311)	1 273 971
	1 744 282	**(470 311)**	**1 273 971**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

11. Loans from group companies

Subsidiaries

Hangana Seafood (Proprietary) Limited	-	-	-	92
ICT Holdings (Proprietary) Limited	-	-	27	-
O&L Centre (Proprietary) Limited	-	-	2	-
Wernhil Park (Proprietary) Limited	-	-	78 579	144
WUM Properties (Proprietary) Limited	-	-	398 520	392 725
	-	**-**	**477 128**	**392 961**

Split between non-current and current portions

Current liabilities	-	-	477 128	392 961

12. Investments at fair value

Investments held by the group which are measured at fair value, excluding derivatives are as follows:

Equity investments at fair value through profit or loss	1	-	-	-

Mandatorily at fair value through profit or loss:				
Unlisted shares	1	-	-	-
	1	**-**	**-**	**-**

Split between non-current and current portions

Non-current assets	1	-	-	-

Fair value information

Refer to note 55 Fair value information for details of valuation policies and processes.

Initial adoption of IFRS 9

IFRS 9 Financial Instruments was adopted in the current year and replaces IAS 39. This note reflects the application of IFRS 9 to the specified instruments. Prior year figures have not been restated. Refer to the "other financial assets" note for disclosure of the comparative figures in accordance with IAS 39.

13. Loans receivable

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

13. Loans receivable (continued)

Token Fisheries (Pty) Ltd The loan bears interest at Nedbank Prime less 4% and has a term of not more than 10 years which started from September 2013.	12 267	-	-	-
L Heydenrich The loan to L Heydenrich bears interest at 0% and there are no repayment terms. The group holds a right of execution over the Farm Leeudrink, No. 940. The fair value of the farm exceeds the carrying amount of the loan.	434	-	-	-
Women of Destiny The loan is fully repayable within 12 months and bears interest at a fixed rate of 12.75%.	5 518	-	-	-
	18 219	**-**	**-**	**-**

Split between non-current and current portions

Non-current assets	12 701	-	-	-
Current assets	5 518	-	-	-
	18 219	**-**	**-**	**-**

Exposure to credit risk

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

The estimation techniques explained have been applied for the first time in the current financial period, which is the first time the group has applied IFRS 9. Loans receivable were previously impaired only when there was objective evidence that the loan was impaired. The impairment was previously calculated as the difference between the carrying amount and the present value of the expected future cash flows

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

Notes to the Financial Statements

13. Loans receivable (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans to related parties by credit rating grade:

Group - 2019

Instrument	Gross Carrying amount N$'000	Loss allowance N$'000	Amortised cost N$'000
Token Fisheries (Pty) Ltd	17 856	(5 589)	12 267
J.L Erasmus	3 444	(3 444)	-
L Heydenrich	493	(59)	434
Women of Destiny	5 518	-	5 518
	27 311	**(9 092)**	**18 219**

Fair value of loans receivable

Refer to note 54 Financial instruments and risk management.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
14. Other financial assets - Comparative information as per IAS 39				
At fair value through profit or loss - held for trading				
Foreign exchange contract	-	2 535	-	-
Available-for-sale				
Unlisted investments	-	1	-	-
Loans and receivables				
L Heydenrich The loan to L Heydenrich bears interest at 0% (2017:0%) and there are no repayment terms. The group holds a right of execution over the Farm Leeudrink, No. 940. The fair value of the farm exceeds the carrying amount of the loan.	-	493	-	-
Token Fisheries (Proprietary) Limited The loan bears interest at Nedbank Prime less 4% and has a term of not more than 10 years which started from September 2013.	-	16 735	-	-
J.L Erasmus The loan to J.L Erasmus represents the present value of future amounts receivable. The loan is repayable at N$44,053 per month and bears interest at a prime interest rate. The remaining period of the loan is 10 years. J.L Erasmus is a shareholder of Hangana Abalone.	-	3 128	-	-
Women of Destiny The loan is fully repayable within 12 months and bears interest at a fixed rate of 12.75%.	-	5 219	-	-
	-	**25 575**	**-**	**-**
Total other financial assets	**-**	**28 111**	**-**	**-**
Non-current assets				
Available-for-sale	-	1	-	-
Loans and receivables	-	20 146	-	-
	-	**20 147**	**-**	**-**
Current assets				
At fair value through profit or loss - held for trading	-	2 535	-	-
Loans and receivables	-	5 429	-	-
	-	**7 964**	**-**	**-**
	-	**28 111**	**-**	**-**

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Refer to Note 29 for derivative financial instruments information.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

14. Other financial assets - Comparative information as per IAS 39 (continued)

Fair values of loans and receivables

Except where indicated otherwise, the Directors consider that the carrying amounts of financial assets recorded at amortised cost in the financial statements approximate their fair values.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

15. Non-current receivables

Consists of:				
Tenant commission	1 616	2 473	-	-
Tenant allowances	1 647	2 902	-	-
Operating lease straightlining asset	24 866	29 752	-	-
	28 129	**35 127**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
16. Deferred tax				
Deferred tax liability				
Fixed asset allowances	(713 348)	(674 023)	-	-
Provisions	6 710	7 635	-	-
Retirement benefit obligations	29 565	22 391	-	-
Tax losses available for set off against future taxable income	115 214	89 387	-	-
Customer deposits	20 441	24 593	-	-
Prepayments	(3 719)	(2 962)	-	-
Deferred rentals	3 503	1 358	-	-
Unrealised foreign exchange differences	(2 776)	393	-	-
Consumables	(7 995)	(7 995)	-	-
Intangible assets	(1 954)	(2 772)	-	-
Other deferred taxation	116	(12 401)	-	-
Total deferred tax liability	**(554 243)**	**(554 396)**	**-**	**-**
Deferred tax asset				
Provisions	560	610	-	-
Fixed asset allowances	(1 508)	(1 410)	-	-
Deferred tax balance from temporary differences other than unused tax losses	(948)	(800)	-	-
Tax losses available for set off against future taxable income	13 183	13 843	-	-
	12 235	13 043	-	-
Total deferred tax asset	**12 235**	**13 043**	**-**	**-**

The deferred tax asset has been deemed recoverable after considering the current and forecast profitability of the entities.

Deferred tax liability	(554 243)	(554 396)	-	-
Deferred tax asset	12 235	13 043	-	-
Total net deferred tax liability	**(542 008)**	**(541 353)**	**-**	**-**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(541 353)	(508 480)	-	-
Charge to profit and loss for the year	(228)	(31 747)	-	-
Charge to other comprehensive income for the year	(427)	(1 126)	-	-
	(542 008)	**(541 353)**	**-**	**-**

Unrecognised deferred tax asset

Unused tax losses not recognised as deferred tax assets	178 713	159 821	-	-

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

17. Loans to related parties

OLC Arandis Solar Energy (Pty) Ltd	2 111	5	-	-
Directors and past directors	132	34	92	-
SIP Project Managers (Namibia) (Pty) Ltd	528	657	-	-
The Werner List Trust	761	63	-	-
Broll South Africa Proprietary Limited	-	627	-	-
List Trust Company (Proprietary) Limited	5 696	4 896	5 696	4 896
Heineken South Africa Proprietary Limited	156 791	120 248	-	-
Heineken South Africa Exports Company Proprietary Limited	2 556	-	-	-
Natural Value Foods Namibia (Proprietary) Limited	1 763	365	-	-
Dimension Data Namibia (Proprietary) Limited	174	31	-	-
	170 512	**126 926**	**5 788**	**4 896**

The loans to List Trust Company (Proprietary) Limited bear no interest, are unsecured and are recovered from future dividends.

The Werner List Trust loan bears interest at prime and is unsecured.

All other amounts refer to normal trade debtors and creditors with normal credit terms.
For detailed related party information refer to Note 52.

Split between non-current and current portions

Non-current assets	5 696	4 896	5 696	4 896
Current assets	164 816	122 030	92	-
	170 512	**126 926**	**5 788**	**4 896**

Loans to related parties pledged as security

Loans with a carrying amount of N$ 156 791 339 (2018: N$ 120 247 902) were pledged as security to secure liabilities as per Note 30.

Exposure to credit risk

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Figures in Namibia Dollar thousand

17. Loans to related parties (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans to related parties by credit rating grade:

Group - 2019

	Gross Carrying amount	Loss allowance	Amortised cost
OLC Arandis Solar Energy (Pty) Ltd	2 111	-	2 111
Directors and past directors	132	-	132
SIP Project Managers (Namibia) (Pty) Ltd	528	-	528
Werner List Trust	809	(48)	761
List Trust Company	5 696	-	5 696
Heineken South Africa Proprietary Limited	156 791	-	156 791
Heineken South Africa Exports Company Proprietary Limited	2 556	-	2 556
Natural Value Foods Namibia (Proprietary) Limited	1 763	-	1 763
Dimension Data Namibia (Proprietary) Limited	175	(1)	174
	170 561	**(49)**	**170 512**

Group - 2018

	Gross Carrying amount	Amortised cost
Directors and past directors	34	34
The Werner List Trust	63	63
List Trust Company (Proprietary) Limited	4 896	4 896
Heineken South Africa Proprietary Limited	120 248	120 248
Dimension Data Namibia (Proprietary) Limited	31	31
Natural Value Foods Namibia (Proprietary) Limited	365	365
Broll South Africa Proprietary Limited	627	627
OLC Arandis Solar Energy (Pty) Ltd	5	5
SIP Project Managers (Namibia) (Pty) Ltd	657	657

Notes to the Financial Statements

	Group		Company	
Figures in Namibia Dollar thousand	2019	2018	2019	2018

17. Loans to related parties (continued)

			126 926	**126 926**

Company - 2019

	Gross Carrying amount	Amortised cost
Directors and past directors	92	92
List Trust Company (Proprietary) Limited	5 696	5 696
	5 788	**5 788**

Company - 2018

	Gross Carrying amount	Amortised cost
Directors and past directors	130	130
List Trust Company (Proprietary) Limited	4 896	4 896
	5 026	**5 026**

Exposure to currency risk

Refer to note 54 Financial instruments and financial risk management for details of currency risk management to loans to related parties.

Exposure to interest rate risk

Refer to note 54 Financial instruments and financial risk management for details of interest rate risk management for loans to related parties.

Fair value of loans to shareholders

The fair value of loans to related parties approximates their carrying amounts.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

18. Loans from related parties

OLC Arandis Solar Energy (Pty) Ltd	2 100	-	-	-
Directors and past directors	-	7 133	-	7 133
SIP South Africa Proprietary Limited	225	197	-	-
Brandtribe Proprietary Limited	56	357	-	-
The Jupiter Drawing Room (Cape Town) Proprietary Limited	751	411	-	-
Dimension Data Namibia (Proprietary) Limited	6 575	5 869	-	-
Cape Advanced Engineering Proprietary Limited	1 302	1 140	-	-
Sinco Investments Seventy Three (Pty) Ltd	4 051	10 015	-	-
Ohlthaver & List Holdings (Proprietary) Limited	1 322	821	1 322	821
Cronimet Mining Solutions GMBH	3 329	1 601	-	-
Ohlthaver & List Employee Catastrophe Fund Trust	1 390	1 361	-	-
Natural Value Foods Namibia (Proprietary) Limited	-	582	-	-
Broll South Africa Proprietary Limited	139	848	-	-
	21 240	**30 335**	**1 322**	**7 954**

The loan from the Ohlthaver & List Employee Catastrophe Fund Trust bears interest at prime less 2% (2018: prime less 2%) and no repayment terms have been set.

The loan from Ohlthaver & List Holdings (Proprietary) Limited bears no interest, is unsecured and is repaid with future dividends.

The loan from Sinco Investments Seventy Three (Proprietary) Limited bears no interest and has no fixed terms of repayment. The financier does not hold any collateral as security. The loan was subordinated in favour of and for the benefit of Standard Bank for securing obligations to the bank.

All other amounts refer to normal loans payable with normal credit terms.
For detailed related party information refer to Note 52.

Split between non-current and current portions

Non-current liabilities	1 302	7 325	-	6 185
Current liabilities	19 938	23 010	1 322	1 769
	21 240	**30 335**	**1 322**	**7 954**

Exposure to currency risk

Refer to note 54 Financial instruments and financial risk management for details of currency risk management for loans from related parties.

Fair value of loans from related parties

The fair value of loans from related parties approximates their carrying amounts.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

19. Inventories

Raw materials	122 369	110 600	-	-
Work in progress	34 339	24 005	-	-
Finished goods	140 072	125 442	-	-
Merchandise	145 733	134 827	-	-
Consumable stores	155 897	139 170	-	-
	598 410	534 044	-	-
Provision for obsolete stock	(9 197)	(12 617)	-	-
	589 213	**521 427**	**-**	**-**
Included in the amount above are the following inventories carried at net realisable value:	1 163	1 795	-	-

The impairment to inventories is included in operating expenses in profit and loss and is mainly due to redundant spares, changes in packaging design and expired finished products.

20. Trade and other receivables

Financial instruments:				
Trade receivables	460 816	449 035	25	150
Loss allowance	(19 477)	(17 477)	-	-
Trade receivables at amortised cost	441 339	431 558	25	150
Deposits	21 668	19 406	-	-
Promotional and buying incentives	14 270	16 613	-	-
Fuel rebate	1 533	2 343	-	-
Accrued income	20 570	18 594	-	-
Tenant allowances and commissions	2 984	3 565	-	-
Other receivable	28 452	13 210	-	-
Non-financial instruments:				
VAT	210 714	103 554	1 180	555
Staff loans	58	-	-	-
Prepayments	64 566	49 016	609	-
Total trade and other receivables	**806 154**	**657 859**	**1 814**	**705**

Split between non-current and current portions

Current assets	806 154	657 859	1 814	705

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	530 816	505 289	25	150
Non-financial instruments	275 338	152 570	1 789	555
	806 154	**657 859**	**1 814**	**705**

Restricted cash

Included in trade receivables is restricted cash held in a trust fund of N$ 6,251,985 (2018: N$5,906,415).

2019 N$ '000
2018 N$ '000

20. Trade and other receivables (continued)

Trade and other receivables pledged as security

These assets are encumbered to secure liabilities as per note 30.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 44.77 days (2018: 45 days). No interest is charged on the trade receivables for the first 30-60 days from the date of the invoice. Thereafter, interest is charged at between 0% and the prime overdraft rate plus 2% per annum on the outstanding balance.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due: 0.1% - 50%	324 281	(527)	-	-
Less than 30 days past due: 3% - 35%	47 091	(194)	-	-
31 - 60 days past due: 0.1% - 10%	12 064	(890)	-	-
61 - 90 days past due: 0.3% - 14%	5 982	(324)	-	-
91 - 120 days past due: 0.4% - 30%	5 923	(1 492)	-	-
More than 120 days past due: 0.5% - 90%	52 492	(10 703)	-	-
Trade debtors handed over to legal: 1% - 57%	12 983	(5 347)	-	-
Total	**460 816**	**(19 477)**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

20. Trade and other receivables (continued)

Company

	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due	25	-	-	-

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(17 477)	-	-	-
Adjustments upon application of IFRS 9	(5 155)	-	-	-
Opening balance in accordance with IFRS 9	**(22 632)**	**-**	**-**	**-**
Amounts recovered	139	-	-	-
Provision raised on new trade receivables	(3 218)	-	-	-
Provisions reversed on settled trade receivables	2 322	-	-	-
Amounts written off as uncollectable	3 912	-	-	-
Closing balance	**(19 477)**	**-**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

20. Trade and other receivables (continued)

Credit risk disclosures for comparatives under IAS 39

The following sections provide comparative information for trade and other receivables which have not been restated. The information is provided in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Trade and other receivables past due but not impaired

The average credit period on sales of goods of the group is 45 days. No interest is charged on the trade receivables for the first 30-60 days from the date of the invoice. Thereafter, interest is charged at between 0% and the prime overdraft rate plus 2% per annum on the outstanding balance. At 30 June 2018, N$ 105 793 664 were past due but not impaired. The group has not provided for these as there has not been a significant change in credit quality.

The group does not hold any collateral over these balances.

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

	Group 2019	Group 2018	Company 2019	Company 2018
30-60 days		38 271		-
60-90 days		12 494		-
>90 days		55 029		-
		105 794		**-**

Trade and other receivables impaired

As of 30 June 2018, trade and other receivables of N$ 17 476 698 were impaired and provided for.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

The ageing of these loans is as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
10-90 days		756		-
90-120 days		405		-
120+ days	-	16 316	-	-
		17 477		**-**

Reconciliation of provision for impairment of trade and other receivables

	Group 2019	Group 2018	Company 2019	Company 2018
Opening balance		(17 619)		-
Impairment losses recognised		(3 228)		-
Amounts written off as uncollectable		3 004		-
Amounts recovered during the year		366		-
		(17 477)		**-**

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable mentioned above. The group does not hold any collateral as security.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

20. Trade and other receivables (continued)

Exposure to currency risk

The net carrying amounts, in Namibia Dollar, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

Namibia Dollar Amount				
Namibia Dollar	527 844	501 724	25	150

Fair value of trade and other receivables

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

Notes to the Financial Statements

		Group		Company	
		2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

21. Short term deposit

The short term deposit relates to the termination in respect of the option agreement between Ohlthaver & List Finance and Trading Corporation Limited (OLFITRA) and Heineken International BV (Heineken), concluded in May 2019, whereby € 97 million was paid by Heineken to OLFITRA for the waiver and release by each party's right and obligations under the agreement. The option agreement was concluded in 2015, as part of the South African operations, and gave rise to contingent rights for OLFITRA to call for additional shares in Heineken South Africa (Pty) Ltd if certain requirements were met.

The short term deposit is held in Rand Merchant Bank (United Kingdom) of € 66,9 million and accrues interest of -0.06% (60 basis points negative) on a 14 day contract expiring on 12 July 2019.

€ 30 million was disinvested and transferred to a short term deposit in First National Bank (Namibia) at an average exchange rate of N$ 16.55 and is included in cash and cash equivalents (refer to note 22).

The impact of the termination in respect of the option agreement is as follows:

	Note(s)	Group 2019	Group 2018	Company 2019	Company 2018
Statement of Financial Position:					
Short term deposits - First National Bank Namibia	22	497 697	-	496 116	-
Short term desposit - Rand Merchant Bank United Kingdom		1 068 933	-	1 068 933	-
		1 566 630	**-**	**1 565 049**	**-**
Statement of Comprehensive Income:					
Net foreign exchange gains	39	25 424	-	25 424	-
Fair value gains/(losses)	39	1 540 416	-	1 540 416	-
Interest (paid)	44	(790)	-	(790)	-
Interest received		1 591	-	-	-
Bank charges		(11)	-	-	-
		1 566 630	**-**	**1 565 050**	**-**

Exposure to currency risk

The company is exposed to currency risk related to the short term deposit because certain of the transactions are denominated in Euro.

The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

As at 30 June 2019, if the currency had weakened/stregthened by 5% against the Euro with all other variables held constant, post-tax profit/(loss) for the year would have been N$53,4 million higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated other financial assets.

	Group 2019	Group 2018	Company 2019	Company 2018
Foreign currency exposure at the end of the reporting period				
Euro - denominated other financial assets	1 068 933	-	1 068 933	-
Exchange rate used for the conversion of foreign items was				
Euro	16	-	16	-

Exposure to credit risk

The maximum exposure to credit risk is presented in Note 54.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	22 002	22 097	-	-
Bank balances	295 181	274 378	-	262
Short-term deposits	1 571 126	266 969	1 566 630	-
Other cash and cash equivalents	104 013	-	104 010	135
Bank overdraft	(156 337)	(131 576)	(9 975)	(17 730)
	1 835 985	**431 868**	**1 660 665**	**(17 333)**
Current assets	1 992 322	563 444	1 670 640	397
Current liabilities	(156 337)	(131 576)	(9 975)	(17 730)
	1 835 985	**431 868**	**1 660 665**	**(17 333)**

The carrying amount of these assets approximates their fair value. The overdrafts are unsecured, except for those of the Company and Consortium Fisheries Limited Group as follows:

Company
Bank overdraft facilities have been provided by Bank Windhoek Limited and Nedbank Namibia Limited. The total facility is N$36,755,000 (2018: N$36,755,000) of which N$26,779,532 (2018: N$19,025,439) was unutilised at year end.

The Nedbank Namibia Limited overdraft facility carries interest at 10.5% (2018: 10.75%) and is unsecured.

The Bank Windhoek Limited overdraft facility carries interest at 10.5% (2018: 10.75%) and is secured as follows:
1. Unlimited Suretyship by WUM Properties (Proprietary) Limited - supported by security in own name
2. Unlimited Suretyship by Consortium Fisheries Limited - supported by security in own name
3. Cession of 49% of shares in Ohlthaver & List Beverage Company (Proprietary) Limited
4. Cession of shareholders loan to the value of N$99,953,736 made to Ohlthaver & List Beverage Company (Proprietary) Limited
5. Unlimited Suretyship by List Trust Company (Proprietary) Limited
6. Unlimited Suretyship by Bon Quelle (Proprietary) Limited - supported by security in own name
7. Unlimited Suretyship by Ohlthaver and List Holdings (Proprietary) Limited

Consortium Fisheries Limited Group:
The total overdraft facility available for the year is N$ 52 500 000. The undrawn facility available for future operating activities is N$32 930 884.

The overdraft facility is secured as follows:
1. Unlimited surety by Olfitra (supported by security in own name).
2. Unlimited surety by Consortium Fisheries Ltd (supported by security in own name).
3. Unlimited surety by WUM Properties (Pty) Ltd (supported by security in own name).
4. 1st Covering Mortgage Bond for N$ 1,665,000 (2018: N$ 1,665,000) over Erf 1239, Tsumeb.
5. Cession over Fire Policy for N$ 2,238,500 (2018: N$ 1,397,500) at OMSIC dated 22/03/2018.
6. Unlimited surety by Domi Metal Industries (Pty) Ltd (supported by security in own name).
6.1. 1st and 2nd Covering Mortgage Bond for N$ 6,400,000 (2018: N$ 6,400,000) and N$ 9,000,000 (2018: N$ 9,000,000) over Erf 4895, Walvis Bay.
6.2 Cession over Fire Policy for N$ 34,584,000 (2018: N$ 31,440,000) at OMSIC.

NBL Investment Holdings (Proprietary) Limited Group
The undrawn facilities at 30 June 2019 were N$150m (2018:N$250m).

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

22. Cash and cash equivalents (continued)

WUM Properties (Proprietary) Limited
Bank overdraft facilities have been provided by Standard Bank of Nambia Limited, Bank Windhoek Limited and ABSA Bank Limited and bear interest at between prime and prime -1% (2018: prime and prime -1%) and are renegotiated every year. As at year end, the unutilised portion of the Group overdraft facilities amounted to N$ 13,149,295

A guaranteee of N$ 117,652.92 granted in the current year against bank balances held by Bank Windhoek Limited in favour of Windhoek Municipal Council and N$ 5,000,000 in favour of Pick n Pay Namibia (Proprietary) Limited.

Exposure to currency risk

Namibia Dollar amount				
Namibia Dollar	1 835 985	431 868	1 660 665	(17 333)

23. Property units for sale

Carrying value				
Property units for sale	11 366	15 728	-	-

The carrying value above relates to completed residential units on Erf 282 known as '77 on Independence' which are held for the purpose of sale.

24. Non-current assets held for sale

The 30% interest in Mobicash Payment Solutions (Proprietary) Limited was sold to Standard Bank Namibia Limited with an effective date of 1 April 2019.

The reason for the sale is that synergies that were thought to have come from the investment did not materialise within the group and the offer received from Standard Bank was believed to be fair.

Assets and liabilities

Assets of disposal groups				
Investments in associates	-	21 119	-	21 119

25. Share capital

Authorised				
12 000 000 (2018: 12 000 000) Ordinary shares of N$ 0.50 each	6 000	6 000	6 000	6 000
Issued				
5 492 917 (2018: 5 492 917) Ordinary shares of N$ 0.50 each	2 746	2 746	2 746	2 746
Share premium	645	645	645	645
	3 391	**3 391**	**3 391**	**3 391**

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Notes to the Financial Statements

26. Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign subsidiaries from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign subsidiary.

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Balance at the beginning of the year	(29)	47	-	-
Exchange differences arising on translating foreign subsidiaries	(6)	(258)	-	-
Exchange differences attributable to non-controlling interest	4	182	-	-
	(31)	**(29)**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

27. Revaluation reserve

The Revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the revaluation reserve that relates to the asset is transferred directly to retained earnings. Items of other comprehensive income included in the revaluation reserve will not be reclassified subsequently to profit or loss. The revaluation reserve is transferred to retained earnings over the remaining useful life of the assets that were revalued. In terms of the articles of association the revaluation reserve is not distributable.

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at the beginning of the year	827 674	823 192	-	-
Increase arising on revaluation of properties	(2 152)	695	-	-
Deferred tax liability arising on revaluation	-	(63)	-	-
Revaluation attributable to non-controlling interest	(76)	(14)	-	-
Other transfers	-	4 115	-	-
Transferred (to) / from retained earnings	(756)	(251)	-	-
	824 690	**827 674**	**-**	**-**

28. Equity settled share based payment reserve

The equity-settled share-based payment reserve arose from a share-based payment that was made in the 2010 financial year as a result of a broad-based community economic empowerment transaction between the Group and Epia Investment Holdings (Proprietary) Limited.

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at the end of the year	54 949	54 949	54 949	54 949

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
29. Derivatives				
Hedging derivatives				
Foreign exchange contract liability	(1 436)	(8 392)	-	-
Foreign exchange contract asset	3 025	-	-	-
Split between non-current and current portions				
Current assets	3 025	-	-	-
Current liabilities	(1 436)	(8 392)	-	-
	1 589	**(8 392)**	**-**	**-**

Refer to note 55 Fair value information for details of valuation policies and processes.

Refer to note 54 Financial instruments and risk management further details.

The Group's objective in using derivative financial instruments is to reduce the uncertainty over future cash flows arising from the movements in fuel prices, currency and interest rates. As a matter of principle, the Group does not enter into derivative contracts for speculation purposes.

The Group's policy is to appropriately hedge foreign purchases and sales in order to manage its foreign currency exposure. Forward foreign exchange contracts are entered into in order to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions.

The fair value of forward foreign exchange contracts represents the estimated amounts that the group would receive or pay, should the contracts be terminated at the reporting date, thereby taking into account the unrealised gains or losses. Details of these contracts are as follows:

Group	**Foreign amount 2019 '000**	**Foreign amount 2018 '000**	**Average rate 2019**	**Average rate 2018**
Euro - Sell	3 850	6 700	16,68	15,44
US Dollar - Sell	700	60	14,67	11,96
Euro - Buy	1 087	2 673	15,98	15,83

	2019 N$'000	**2018 N$'000**	**2019 N$'000**	**2018 N$'000**
Namibia Dollar amount				
Euro - Sell	64 218	103 448	-	-
US Dollar - Sell	10 269	7 176	-	-
Euro - Buy	17 377	42 308	-	-
	93 883	**154 950**	**-**	**-**

Maturities of derivatives

The liquidity analysis is determined based on the maturity profile of the underlying instrument. Refer to Note 54 for maturity profiles of derivatives.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

30. Borrowings

Held at amortised cost				
Secured				
Medium Term Loans (30.1)	946 234	783 951	105 571	118 909
Preference share capital (30.2)	185 908	254 704	-	-
Mortgage bond (30.3)	634 887	564 726	-	-
Promissory notes (30.4)	301 678	301 537	301 679	301 537
Instalment sale creditors (30.5)	169 911	121 992	-	-
Note Payable (30.6)	1 948	4 190	-	-
	2 240 566	**2 031 100**	**407 250**	**420 446**

Split between non-current and current portions

Non-current liabilities	1 714 023	1 586 565	281 175	293 040
Current liabilities	526 543	444 535	126 075	127 406
	2 240 566	**2 031 100**	**407 250**	**420 446**

The liabilities above are secured by encumbered assets as per Note 3, Note 4, Note 17 and Note 20.

Exposure to currency risk

Namibia Dollar amount				
Namibia Dollar	1 940 566	1 728 276	407 250	420 446
South Africa Rand	300 000	302 825	-	-
	2 240 566	**2 031 101**	**407 250**	**420 446**

Notes to the Financial Statements

30. Borrowings (continued)

30.1 Medium term loans

Group
Standard Bank Namibia Limited
N$ 62.5 million repayable quarterly in 16 equal amounts over a period of 5 years, commencing in December 2016. The loan bears interest at JIBAR + 2.2%. The loan is unsecured.

A 12 month term loan facility of N$ 105.6 million with a maximum principal amount of N$ 125.0 million bears interest at 3 month JIBAR +3.8% and expires on 11 December 2020 and is is secured as follows:

- N$ 40,000,000 Guarantee by WUM Properties (Proprietary) Limited
- Suretyship for N$ 10,000,000 signed for and on behalf of Central Properties (Proprietary) Limited.
- Suretyship for N$ 10,000,000 signed for and on behalf of WUM Properties (Proprietary) Limited
- Suretyship for N$ 10,000,000 signed for and on behalf of Hangana Seafood (Proprietary) Limited
- N$ 125,000,000 Guarantee by SPV Duiker Investments (Proprietary) Limited P/L, supported by a portion of the N$140,000,000 2nd CCMB over property known as "Town Square" (Erf A/282 Windhoek), registered by FNB and ceded to Duiker Investments (Proprietary) Limited
- N$ 125,000,000 Guarantee by Central Properties (Proprietary) Limited, supported by a portion of the N$ 20,000,000 3rd CCMB over property known as "Town Square" (Erf A/282 Windhoek), registered by FNB and ceded to Duiker Investments (Proprietary) Limited
- N$ 31,500,000 Cession of Shareholders Loan in favour of Hangana Seafood (Proprietary) Limited
- Indemnity by Central Properties (Proprietary) Limited P/L in favour of SPV Duiker Investments (Proprietary) Limited P/L]
- Cession of Life Assurance Policy dated 18 Dec 2017
- Copy of Guarantee dated 27/03/1990
- Cession of ICT Shareholders loan limited to N$ 3,000,000 dated 23/02/2015
- Cession of Namibia Dairies Shareholders loan limited to N$ 15,406,545 dated 16/12/2011
- Agreement to Subordinate / Back rank claims dated 28/09/2005

FirstRand Bank Limited
Capex Facility - N$ 100.0 million repayable in full by the end of November 2020. Bears interest at JIBAR + 2.1%. Secured by a cession of trade and other receivables and a general notarial bond.

Acquisition facility - N$ 100.0 million repayable in 5 years. The loan is repayable in 4 equal installments of N$ 50.0 million annually at the end of November, first payment commencing November 2017. The loan bears interest at JIBAR + 1.9%. Secured by a cession of trade and other receivables and a general notarial bond.

Revolving Facility - N$ 100.0 million secured by a cession of trade and other receivables and a general notarial bond. Bears interest at JIBAR +2.05%. The loan has no fixed repayment terms

First National Bank Namibia Limited
Bridging loan facility of N$ 403.2 million with a maximum principal amount of N$ 625.9 million (2018: N$ 547.4 million). The loan bears interest at the higher of the repo rate or the prime rate plus 2% per annum. Secured by encumbered property, plant and equipment and investment property.

The bridging vat facility of N$ 12.9 million with a maximum principal amount of N$ 14.0 million (2018: 14.0 million) and bears interest at the higher of the repo rate plus 2% or prime rate plus 2% per annum. Secured by encumbered property, plant and equipment and investment property.

Bank Windhoek
N$ 34.3 million repayable at N$ 1.6 million monthly, and bears interest at the prime rate. Secured by encumbered property, plant and equipment and investment property.

N$ 11.7 million repayable at N$ 0.7 million monthly and bears interest at prime plus 0.5%. Secured by encumbered property, plant and equipment and investment property.

Industrial Development Corporation
Loan with no fixed repayment terms of N$ 16.1 million. The loan bears interest at the South African prime rate less 2%. Secured by a cession of project agreements; cession and pledge by shareholders of their interest in the borrower; cession of insurance proceeds and cession of loan accounts by shareholders of the borrower.

Notes to the Financial Statements

30. Borrowings (continued)

Company
Standard Bank Namibia Limited
A 12 month term loan facility of N$ 105.6 million with a maximum principal amount of N$ 125.0 million bears interest at 3 month JIBAR +3.8% and expires on 11 December 2020 and is secured as follows:

- N$ 40,000,000 Guarantee by WUM Properties (Proprietary) Limited
- Suretyship for N$ 10,000,000 signed for and on behalf of Central Properties (Proprietary) Limited.
- Suretyship for N$ 10,000,000 signed for and on behalf of WUM Properties (Proprietary) Limited
- Suretyship for N$ 10,000,000 signed for and on behalf of Hangana Seafood (Proprietary) Limited
- N$ 125,000,000 Guarantee by SPV Duiker Investments (Proprietary) Limited P/L, supported by a portion of the N$140,000,000 2nd CCMB over property known as "Town Square" (Erf A/282 Windhoek), registered by FNB and ceded to Duiker Investments (Proprietary) Limited
- N$ 125,000,000 Guarantee by Central Properties (Proprietary) Limited, supported by a portion of the N$ 20,000,000 3rd CCMB over property known as "Town Square" (Erf A/282 Windhoek), registered by FNB and ceded to Duiker Investments (Proprietary) Limited
- N$ 31,500,000 Cession of Shareholders Loan in favour of Hangana Seafood (Proprietary) Limited
- Indemnity by Central Properties (Proprietary) Limited P/L in favour of SPV Duiker Investments (Proprietary) Limited P/L
- Cession of Life Assurance Policy dated 18 Dec 2017
- Copy of Guarantee dated 27/03/1990
- Cession of ICT Shareholders loan limited to N$ 3,000,000 dated 23/02/2015
- Cession of Namibia Dairies Shareholders loan limited to N$ 15,406,545 dated 16/12/2011
- Agreement to Subordinate / Back rank claims dated 28/09/2005

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

30. Borrowings (continued)

30.2 Preference share capital

Authorised				
3 000 (2018: 3 000) variable rate, redeemable, cumulative preference shares of N$ 1.00 each	2	2	-	-
Issued				
2 000 (2018: 2 000) variable rate, redeemable, cumulative preference shares of N$ 1.00 each	2	2	-	-
Share premium	184 700	253 098	-	-
Accrued preference share dividend	1 206	1 604	-	-
	185 908	**254 704**	**-**	**-**

The preference shares (including accrued interest) can be allocated as follows:	**Interest rate 2019 %**	**Interest rate 2018 %**	**Group 2019 N$ '000**	**Group 2018 N$ '000**
Bank Windhoek Limited	73-76% of prime	73-76% of prime	145 432	174 575
Standard Bank of Namibia Limited	73% of JIBAR	73% of JIBAR	40 476	58 994
Bank Windhoek Limited	74.5% of prime	74.5% of prime	-	21 135
			185 908	**254 704**

O&L Beverage Company (Proprietary) Limited
The Bank Windhoek Limited preference shares are redeemable over the next 2 years in quarterly redemptions.

N$145.4 million of the Bank Windhoek Limited preference shares are redeemable over a 12 month, 24 month, 36 month, 48 month and 60 month, 72 month, 84 month and 96 month period respectively in six-monthly redemptions, which escalate annually.

The company has provided unlimited suretyship in favour of Bank Windhoek Limited as security for the above-mentioned borrowings.

NBL Investment Holdings (Proprietary) Limited
The Bank Windhoek Limited preference shares were redeemed in one last instalment on 31 May 2019 of N$21 million.

During the financial year ended 30 June 2012 NBL Investment Holdings (Proprietary) Limited by a special resolution created 10 000 cumulative, variable rate, redeemable preference shares of N$0.01 each and subsequently issued 210 shares at a premium of N$99 999.99.

Details of unissued shares
The unissued 169 (2018: 157) variable rate, redeemable, cumulative preference shares of N$ 0.0002 each are under control of the directors. This authority expires at the next Annual General Meeting of WUM Properties (Proprietary) Limited. Members will accordingly be asked to extend this said authority until the next Annual General meeting to be held in 2020.

The unissued 1000 (2018: 1000) variable rate, redeemable, cumulative preference shares of N$1.00 each are under control of the directors of O&L Beverage Company (Proprietary) Limited.

The unissued 10 000 (2018: 9 790) variable rate, redeemable, cumulative preference shares of N$0.01 each are under control of the directors of NBL Investment Holdings (Proprietary) Limited.

Notes to the Financial Statements

30. Borrowings (continued)

30.3 Mortgage bond

Group **Agribank of Namibia**	**Interest rate 2019 %**	**Interest rate 2018 %**	**Group 2019 N$ '000**	**Group 2018 N$ '000**
N$ 13 020 664 (2018: N$ 9 431 452) annually	4.00% - 8.25%	4.00% - 8.25%	42 247	52 410
Bank Windhoek Limited				
N$ 190 962 (2018: N$ 190 962) monthly	Prime	Prime	13 047	13 938
N$ 191 861 (2018: N$ 191 861) monthly	Prime + 1%	Prime + 1%	12 230	13 076
N$ Nil (2018: N$ 436 174) monthly		Prime - 2 %	-	1 395
N$ 269 723 (2018: N$ 269 723) monthly	Prime	Prime	14 774	16 394
			40 051	**44 803**
First National Bank of Namibia Limited				
Variable monthly instalments The shareholders distribution loan has a maximum principal amount of N$ 80 million that has been distributed to the shareholder of Wernhil - Olfitra and forms part of the aggregate loan relating to the Wernhil Phase 4 development. Alexander Forbes house parkade loan forms part of this loan and has a maximum principal amount of N$625.9 (2018: N$547.4 million). The initial loan of N$ 475 million received from FNB Namibia was to be repaid over a 10 year term at fluctuating installments which commenced December 2011 with a N$140 million bullet payment as a final installment. For the period 1 August 2019 till 30 November 2021 interest will be hedged at a fixed rate of 12.49% per annum. The current interest rate is 11.17% (2018: 11.17%) and hedged until 31 October 2019.	9.2% - 12.75%	9.2% - 12.75%	485 844	423 813
Standard Bank of Namibia Limited				
N$ 872 285 (2018: N$ 573 087) monthly	Prime - 1.25%	Prime - 1.25%	46 667	16 128
N$ 95,059 (2018: N$ 95 059) monthly This loan is secured by 1st continuing covering mortgage bond of N$ 30 million plus an additional sum of N$ 7,5 million over erf A/282 known as "Town Square Building", 2nd continuing covering mortgage bond of N$ 140 million plus an additional sum of N$ 35 million over erf A/282 known as "Town Square Building", 2nd continuing covering and 3rd continuing covering mortgage bond of N$ 20 million plus an additional sum of N$ 5 million over erf A/282 known as "Town Square Building".The loan bears interest at prime less 0.5% and repayable over 60 months.	Prime - 0.5%	Prime - 0.5%	904	1 899
			47 571	**18 027**
Development Bank of Namibia				
N$ 447 053 (2018: N$ 486 637) monthly Secured by encumbered property, plant and equipment.	Prime - 2%	Prime - 2%	19 174	22 847
ABSA Bank Limited				
R Nil (2018: R 368 941) monthly	SA Prime	SA Prime	-	2 825

Notes to the Financial Statements

30. Borrowings (continued)

Total Group	**Interest rate 2019 %**	**Interest rate 2018 %**	**Group & Company 2019 N$ '000**	**Group & Company 2018 N$ '000**
Total mortgage and other secured loans			634 887	564 726

First National Bank of Namibia Limited
Term Loan facility for N$475,000,000 secured as follows:

Counter Indemnity Agreement between Wernhil Park (Pty) Ltd and O&L Property Security (Pty) Ltd dated 28/06/2012.
Prime GAP Guarantee given by Ohlthaver & List Finance and Trading Corporation Ltd in favour of first National Bank of Namibia Ltd dated 28/06/2012.
Subordination agreement between Broll & List Property Management (Namibia) (Pty) Ltd, Ohlthaver & List Finance and Trading Corporation Ltd & WUM Properties Ltd and Wernhil Park (Pty) Ltd and First National Bank of Namibia Ltd and O&L Property Security (Pty) Ltd dated 28/06/2012.

Standard Bank of Namibia Limited
N$46,666,672 secured as follows:

Unlimited suretyship by OLFITRA.
Cession of debtors to the value of N$ 14,693,514.
Limited suretyship by WUM Properties N$ 30,000,000.
Cession dated 21/12/2011 restricted to N$ 60,000,000 of shareholders loan from OLFITRA.
Limited suretyship by Central Properties (Proprietary) Limited, registration number 024/67 in the amount of N$ 30,000,000 in favour of the Bank and supported by a 1st CCMB for N$ 30,000,000 over the property known as "Town Square" ceded to SBN.
Subordination Agreement dated 12/04/2018 between Namibia Dairies and Ohlthaver & List Finance and Trading Corporation Ltd and Standard Bank Namibia.
Agreement to Subordinate / Backrank claims dated 20/08/2013.
Cession of monies due and to become due dated 12/11/2009.

Development Bank of Namibia
N$ 19,174,113 secured as follows:

Negative Pledge of Assets by Namibia Dairies dated 9 April 2008.

Notes to the Financial Statements

30. Borrowings (continued)

30.4 Domestic medium term notes and promissory notes

Group and Company				
Promissory notes Nr 3	JIBAR + 3.0%	JIBAR + 3.0%	100 501	100 499
Promissory notes Nr 4	JIBAR + 3.0%	JIBAR + 3.0%	100 501	100 499
Promissory notes Nr 5		JIBAR + 3.8%	-	100 539
Promissory notes Nr 6	JIBAR+3.2%		100 676	-
			301 678	**301 537**

The Promissory Notes Nr 3 (unlisted) were issued on 20 February 2015 at a nominal amount of N$100 000 000. The Notes carry interest at a floating rate of SA JIBAR 3 month plus 300 basis points, payable three monthly in arrears on 12 March, 12 June, 12 September and 12 December each year until maturity date of 20 February 2020. The capital is repayable at maturity. The holder of the Notes is Old Mutual Investment Group.

The Promissory Notes Nr 4 (unlisted) were issued on 7 December 2015 at a nominal amount of N$100 000 000. The Notes carry interest at a floating rate of SA JIBAR 3 month plus 300 basis points, payable three monthly in arrears on 12 March, 12 June, 12 September and 12 December each year until maturity date of 7 December 2020. The capital is repayable at maturity. The holder of the Notes is Old Mutual Investment Group.

The Promissory Notes Nr 5 (unlisted) were issued on 7 December 2015 at a nominal amount of N$100 000 000. The Notes carry interest at a floating rate of SA JIBAR 3 month plus 380 basis points, payable three monthly in arrears on 12 March, 12 June, 12 September and 12 December each year until maturity date of 7 December 2018. The capital was paid at maturity. The holder of the Notes was Old Mutual Investment Group.

The Promissory Notes Nr 6 (unlisted) were issued on 7 December 2018 at a nominal amount of N$100 000 000. The Notes carry interest at a floating rate of SA JIBAR 3 month plus 320 basis points, payable three monthly in arrears on 12 March, 12 June, 12 September and 12 December each year until maturity date of 7 December 2023. The capital is repayable at maturity. The holder of the Notes was Old Mutual Investment Group.

Notes to the Financial Statements

30. Borrowings (continued)

30.5 Instalment sale creditors

Group Bank Windhoek Limited	Interest rate 2019 %	Interest rate 2018 %	Group 2019 N$ '000	Group 2018 N$ '000
N$ 39 440 (2018: N$ 39 440) monthly	Prime + 0.5%	Prime + 0.5%	850	1 203
N$ 538 719 (2018: N$ 170 172) monthly	Prime	Prime	32 769	6 854
N$ 163 202 (2018: N$ 163 202) monthly	Prime + 0.5%	Prime + 0.5%	9 531	10 361
			43 150	**18 418**
Nedbank Namibia Limited				
N$ 2 030 320 (2018: N$ 2 030 320) monthly	Prime - 1.0%	Prime - 1.0%	57 144	75 101
N$ 42 694 (2018: N$ 198 794) monthly	Prime - 1.25%	Prime - 1.25%	715	1 902
N$ 185 786 (2018: N$ 200 421) monthly	Prime - 1.5%	Prime - 1.5%	189	2 320
N$ 942 778 monthly (2018: N$ 76 530) monthly	Prime	Prime	32 557	445
N$ 193 809 monthly (208: N$ 193 803) monthly	Prime - 2.0%	Prime - 2.0%	2 070	3 982
			92 675	**83 750**
First National Bank of Namibia Limited				
N$ Nil (2018: N$6 291)	Prime	Prime	-	37
Standard Bank of Namibia Limited				
N$ 752 981 (2018: N$ 393 466) monthly	Prime	Prime	28 085	10 753
N$ 170 545 (2018: N$ 267 009) monthly	Prime - 2%	Prime - 2%	6 003	8 357
			34 088	**19 110**
Wesbank Limited				
N$ Nil (2018: N$ 80 266) monthly		Prime	-	677
Total Group				
Instalment sale creditors			169 911	121 992

30.6 Note Payable

During the financial year ending 30 June 2018, an agreement was entered into, between O&L Leisure and Brett McDonald in respect of the non-controlling interest in Chobe. The agreement involved the purchase of the 20 shares which were held by Brett McDonald.
The total consideration of N$ 7 000 000 is/was payable in three tranches as follows:
- First tranche: N$ 2 500 000 on the closing date (8 September 2017)
- Second tranche: N$ 2 500 000 on 1 September 2018
- Third tranche: N$ 2 000 000 on 1 September 2019

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

30. Borrowings (continued)

Details of current portions

Medium term loans	246 594	159 710	24 397	25 869
Preference share capital	76 195	70 004	-	-
Mortgage bond	58 437	73 468	-	-
Promissory notes	101 678	101 537	101 678	101 537
Instalment sale creditors	41 691	37 735	-	-
Note payable	1 948	2 081	-	-
	526 543	**444 535**	**126 075**	**127 406**

31. Finance lease liabilities

Minimum lease payments due				
- within one year	46 191	36 790	-	-
- in second to fifth year inclusive	75 849	70 965	-	-
	122 040	107 755	-	-
less: future finance charges	(27 366)	(22 861)	-	-
Present value of minimum lease payments	**94 674**	**84 894**	**-**	**-**
Non-current liabilities	60 758	58 092	-	-
Current liabilities	33 916	26 802	-	-
	94 674	**84 894**	**-**	**-**

Liabilities above are secured by encumbered assets as per Note 3.

Currencies - At amortised cost

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Namibia Dollar	92 674	84 868	-	-
Rand	-	26	-	-

The fair value of finance lease liabilities approximates their carrying amounts.

Notes to the Financial Statements

31. Finance lease liabilities (continued)

Lease creditors

Group **Avis Fleet Services**	**Interest rate 2019 %**	**Interest rate 2018 %**	**Group 2019 N$ '000**	**Group 2018 N$ '000**
N$ 1 671 803 (2018: N$ 1 215 118) monthly	Prime	Prime	42 692	37 352
N$ 508 648 (2018: N$ 454 420) monthly	Prime	Prime	13 084	14 695
N$ Nil (2018: N$ 147 354) monthly	Prime - 2%	Prime - 2%	-	4 291
N$ 811 916 (2018: N$ 737 568) monthly	Prime	Prime	18 449	9 503
N$ 11 976 (2018: N$ 11 976) monthly	Prime	Prime	244	341
N$ Nil (2018: N$ 14 894) monthly	Prime - 1,5%	Prime - 1,5%	-	375
N$ 24 838 (2018: N$ 24 838) monthly	Prime	Prime	551	757
N$ 13 170 monthly	Prime		530	-
			75 550	**67 314**
Forklift & Allied				
N$ 155 041 (2018: N$ 139 062) monthly	Prime	Prime	3 660	4 795
Omatemba Fleet Services				
N$ 537 141 (2018: N$ 591 143) monthly	Prime	Prime	8 831	9 731
Micros SA				
N$ Nil (2018: N$ 5 197) monthly	9.3%	9.3%	-	25
Bank Windhoek Limited				
N$ 12 499 (2018: N$ 16 587) monthly	Prime	Prime	353	468
Polyoak machines				
N$ 110 148 (2018: N$ 26 846) monthly	10.25%	10.25%	5 718	1 277
Omnitel services				
N$ 20 942 (2018: N$ 62 824) monthly	13.35%	13.35%	562	723
Exigrade Feeds				
N$ Nil (2018: N$ 49 905) monthly	Prime	Prime	-	561
OLC Solar Plant				
Total lease creditors			**94 674**	**84 894**

Notes to the Financial Statements

32. Provisions

Reconciliation of provisions - Group - 2019

	Opening balance N$ '000	Amounts charged to profit or loss N$ '000	Employer benefit payments N$ '000	Amounts charged to other comprehensive income N$ '000	Total N$ '000
Provision for post-retirement medical aid costs	13 866	1 245	(1 613)	(275)	13 223
Provision for severance pay	44 513	8 308	(3 260)	(1 036)	48 525
	58 379	**9 553**	**(4 873)**	**(1 311)**	**61 748**

Reconciliation of provisions - Group - 2018

	Opening balance N$ '000	Amounts charged to profit or loss N$ '000	Employer benefit payments N$ '000	Amounts charged to other comprehensive income N$ '000	Total N$ '000
Provision for post-retirement medical aid costs	15 606	1 320	(1 167)	(1 893)	13 866
Provision for severance pay	38 940	7 475	(3 421)	1 519	44 513
	54 546	**8 795**	**(4 588)**	**(374)**	**58 379**

Group	**2019 N$'000**	**2018 N$'000**
Non-current liabilities	61 521	57 868
Current liabilities	227	511
	61 748	**58 379**

An independent actuarial valuation of the provision for post-retirement medical aid costs and the provision for severance pay was performed by Strategic Actuarial Partners Namibia (Pty) Ltd at 30 June 2019.

Amounts charged to profit or loss consist of:

Group - 2019	**Provision for post-retirement medical aid costs N$ '000**	**Provision for severance pay N$ '000**	**Total N$ '000**
Interest cost	1 245	4 367	5 612
Service costs	-	3 941	3 941
	1 245	**8 308**	**9 553**

Group - 2018	**Provision for post-retirement medical aid costs N$ '000**	**Provision for severance pay N$ '000**	**Total N$ '000**
Interest cost	1 320	4 048	5 368
Service costs	-	3 492	3 492
Prior year severance accrual	-	(65)	(65)
	1 320	**7 475**	**8 795**

Notes to the Financial Statements

32. Provisions (continued)

Amounts charged to other comprehensive income consist of:

Group - 2019	**Provision for post-retirement medical aid costs N$ '000**	**Provision for severance pay N$ '000**	**Total**
Actuarial loss / (gain)	(275)	(1 036)	(1 311)

Group - 2018	**Provision for post-retirement medical aid costs N$ '000**	**Provision for severance pay N$ '000**	**Total**
Actuarial loss / (gain)	(1 893)	1 519	(374)

Provision for post-retirement medical aid costs

The group subsidises 50% of the medical aid contribution in respect of certain retired employees on an ad-hoc basis based on past negotiations. Provisions are made for these costs.

Valuation method and assumptions
The actuarial valuation method used to value the liabilities is the projected unit credit method prescribed by IAS 19 Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over the expected working lifetime.

The most significant assumptions used are a discount rate of 9.20% (2018: 9.50%) and a health care cost inflation rate of 7.00% (2018: 7.70%). The assumed rates of mortality are per PA (90) ultimate table rated down 2 years plus 1% improvement p.a. from a base year of 2006. No explicit assumption was made about additional mortality or health care costs due to HIV and AIDS.

Sensitivity analysis of health care cost inflation
A one percentage point decrease or increase in the rate of health care cost inflation will have the following effect:

The accrued liability as at 30 June 2019 will decrease by N$ 0.780 million (2018: N$ 0.853 million) or increase by N$ 0.880 million (2018: N$ 0.965 million) respectively; and

The current service cost and interest cost will decrease by N$ 0.067 million (2018: N$ 0.077 million) or increase by N$ 0.077 million (2018: N$ 0.087 million) respectively.

Provision for severance pay

In accordance with section 35(1) of the Namibia Labour Act, 2007, severance benefits are payable to an employee, if the employee is unfairly dismissed, dies while employed or resigns/retires on reaching the age of 65 years. The statutory termination benefits provided are classified as defined benefits and are determined based on one weeks' salary/wages for each completed year of service.

Valuation method and assumptions
The actuarial valuation method used to value the liabilities is the projected unit credit method prescribed by IAS 19 Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over the expected working lifetime.

Notes to the Financial Statements

32. Provisions (continued)

The most significant assumptions used are a discount rate of 10.20% (2018: 9.90%), an inflation rate of 6.50% (2018: 6.30%) and a salary increase rate of 6.50% (2018: 6.30%).

Sensitivity analysis of inflation and discount rates
A one percentage point decrease or increase in the discount and inflation rates will have the following effects, which will impact the actuarial gains or losses:
Inflation rate
The accrued liability as at 30 June 2019 will decrease by N$ 4.614 million (2018: N$ 4.132 million) or increase by N$ 5.416 million (2018: N$ 4.869 million) respectively; and
Discount rate
The accrued liability as at 30 June 2019 will decrease by N$ 4.614 million (2018: N$ 4.132 million) or increase by N$ 5.416 million (2018: N$ 4.869 million) respectively.

33. Retirement benefit information

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
Defined contribution plan				
Retirement fund				
The total value of contributions to Ohlthaver & List Retirement Fund during the year amounted to:				
Member's contribution	37 028	34 987	-	-
Employer contribution	78 659	76 875	-	-
	115 687	**111 862**	**-**	**-**

This is a defined contribution plan fund and is regulated by the Pension Fund Act. The fund is valued at intervals of not more than three years. The fund was valued by an independent consulting actuary at 31 January 2017 and its assets were found to exceed its actuarially calculated liabilities. The next statutory actuarial valuation will be performed at 31 January 2020.

	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Medical aid fund				
Members and employers contribution	48 193	42 826	-	-

34. Non-current payables

	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Consists of:				
Tenant deposits	7 372	6 670	-	-

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

35. Deferred income

Non-current liabilities	-	2 559	-	-
Current liabilities	1 980	-	-	-
	1 980	**2 559**	**-**	**-**

O&L Energy (Proprietary) Limited received a grant of N$ 1 979 878 (2018: N$ 2 559 355) from the Energy and Environmental Partnership programme with Southern and East Africa, Phase II, through the Ministry for Foreign Affairs of Finland. The two parties entered into a 2 year contract on 02 March 2015, thus the contract was in force until 02 March 2017. As per the contract, a total grant of € 300,000 was awarded to O&L Energy for the sole purpose of the "Invader Bush to Energy" project. The grant was received in three phases, namely 25% received in March 2015, 50% received in May 2015 and final payment of 25% received in February 2016. The deferred income is realised over the useful life of the assets purchased, as per the agreement, to match the depreciation expense compensated for by the grant.

During May 2014, an interest free loan of N$ 4.9 million was received by Chobe Water Villas (Pty) Ltd from the Kasika Conservancy. The funds were received to defray part of the expenditure incurred in re-establishing and rebuilding the Kings Den Lodge. The amount is not repayable provided that the company operates the Kings Den Lodge for the next 20 years. During 30 June 2016, the full amount was recognised and included in other income as per note 39.

36. Trade and other payables

Financial instruments:				
Trade payables	632 636	593 179	495	(1)
Crates control account	9 595	8 476	-	-
Accrued audit fees	6 582	5 674	1 316	1 514
Other accrued expenses	118 097	146 230	-	823
Deposits received	48 721	53 470	-	-
Other payables	63 936	34 626	37	35
Non-financial instruments:				
Amounts received in advance	3 202	-	-	-
Refund liability	23	-	-	-
Value-added taxation	9 002	6 445	-	-
Accrued leave pay	44 344	40 073	-	-
Accrued bonus	115 183	87 976	-	-
Provision for losses	3 270	-	-	-
Excise duties	75 020	60 483	-	-
Quota levies	1 569	6 807	-	-
Deposits received	12	-	-	-
	1 131 192	**1 043 439**	**1 848**	**2 371**

Refund liability

The refund liability relates to customers' right to return products within 30 days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

Exposure to currency risk

The net carrying amounts, in Namibia Dollar, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date.

Namibia Dollar Amount				
Namibia Dollar	879 567	841 655	1 848	2 371

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

36. Trade and other payables (continued)

Fair value of trade and other payables

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

The average credit period on the purchase of certain goods from major creditors is 30 to 90 days. No interest is charged on trade payables for the first 30 to 90 days from the date of the invoice. Thereafter, interest is charged at varying rates ranging from 0% to 30% per annum on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

37. Revenue

	Group 2019	Group 2018	Company 2019	Company 2018
Revenue from contracts with customers				
Sale of goods	6 475 605	5 900 248	-	-
Rendering of services	156 818	179 560	-	-
Insurance premiums received	-	-	-	63
Royalty income	123 659	103 342	-	-
Other revenue	2 409	1 895	-	-
	6 758 491	**6 185 045**	**-**	**63**
Revenue other than from contracts with customers				
Rental Income	158 564	148 023	-	-
Dividends received (trading)	-	-	143 704	30 111
	158 564	**148 023**	**143 704**	**30 111**
	6 917 055	**6 333 068**	**143 704**	**30 174**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Timing of revenue recognition

	Group 2019	Group 2018	Company 2019	Company 2018
At a point in time				
Sale of goods	(6 590 174)	(5 991 358)	-	-
Rendering of services	(143 435)	(140 454)	-	-
Royalty income	(123 659)	(103 342)	-	-
Discounts allowed	138 423	107 291	-	-
Other revenue	(2 409)	(1 895)	-	(63)
	(6 721 254)	**(6 129 758)**	**-**	**(63)**
Over time				
Sale of goods	(23 899)	(16 524)	-	-
Rendering of services	(13 338)	(38 763)	-	-
	(37 237)	**(55 287)**	**-**	**-**
Total revenue from contracts with customers	**(6 758 491)**	**(6 185 045)**	**-**	**(63)**

Notes to the Financial Statements

		Group		Company	
		2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

37. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:

		2019	2018	2019	2018
Export sales		1 836 415	1 282 512	-	-
Revenue from group companies and other related parties		1 289 130	880 850	-	-
		3 125 545	**2 163 362**	**-**	**-**

38. Cost of sales

		2019	2018	2019	2018
Sale of goods		4 493 489	4 124 011	-	-
Rendering of services		2 663	13 163	-	-
Gains on biological assets and agricultural produce		(562)	(87 156)	-	-
		4 495 590	**4 050 018**	**-**	**-**

39. Other gains and losses

		2019	2018	2019	2018
Administration and management fees received		6	-	-	-
Discount received		8 819	7 149	-	-
Farming income		9 743	7 456	-	-
Fair value gain on termination of option agreement (see the note for further detail)	21	1 540 416	-	1 540 416	-
Grant income		579	579	-	-
Charter income		1 400	16 400	-	-
Sundry income		53 972	26 002	36 892	10 270
Profit on exchange differences		40 008	11 312	25 424	-
(Loss) / profit on sale of assets and liabilities		13 839	(3 554)	1 881	-
NTA Training levy refund		1 698	2 437	-	-
Quota usage and berthing		7 100	17 537	-	-
Recoveries		684	2 859	-	-
Rental income		1 815	1 629	-	-
Launching services		1 089	440	-	-
Insurance claim		607	832	-	-
Profit on joint venture		9 537	8 613	-	-
		1 691 312	**99 691**	**1 604 613**	**10 270**

Heineken Ceded Income (Included in sundry income)
On 1 December 2015 an agreement was signed between Heineken International B.V. and Ohlthaver & List Finance and Trading Corporation Limited, whereby Heineken International B.V. allocates a portion of its dividend to Ohlthaver & List Finance and Trading Corporation Limited.

The agreement stated that if NBL Investment Holdings Limited does not acquire all the shares in Namibia Breweries Limited in the 6 year period after the stated date, then Heineken Namibia B.V. shall waive all dividends or distributions payable by Namibia Breweries Limited to NBL Investment Holdings Limited and thereafter to Heineken Namibia B.V.

Dividends were paid bi-annually.

As part of the negotiations of the termination of the option agreement, refer to note 5, the right to receive ceded dividend has been waived. With effect from 24 May 2019, all future dividends paid by NBL Investment Holdings Limited will be according to effective shareholding, and there will no longer be an additional portion allocated to Ohlthaver & List Finance and Trading Corporation Limited.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

40. Operating expenses

Costs by function				
Distribution costs	173 776	146 222	-	-
Administrative expenses	868 924	702 561	16 545	10 985
Other expenses	744 941	795 053	140 886	54 433
	1 787 641	**1 643 836**	**157 431**	**65 418**

41. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

Income from related parties				
Dividends	-	-	143 704	30 111
Insurance premiums received	-	1	-	62
Management fees received	6	1 861	-	-
Royalties	105 656	96 201	-	-
Sales	1 284 198	880 850	-	-
Know-how payments	9 330	7 141	-	-
Expenses to related parties				
Directors' remuneration	50 487	30 916	700	634
Management fees	4 522	6 065	-	-
Purchases	12 235	20 243	-	-
Royalties	1 131	1 109	-	-
Technical fees paid	-	1 983	-	-
Fees for professional services				
Administrative services	15 635	6 204	568	7 152
Technical services	-	47	-	47
Audit fees - current year	11 408	10 466	1 706	1 671
Audit fees - other services	13 235	1 194	12 200	-
Operating lease charges				
Premises				
• Contractual amounts	70 585	68 111	-	-
Motor vehicles				
• Contractual amounts	3 763	5 192	-	-
Equipment				
• Contractual amounts	1 180	1 635	-	-
• Contingent amounts	987	1 396	-	-

Notes to the Financial Statements

		Group		Company	
		2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

41. Operating profit (loss) (continued)

Other material items				
(Profit) / loss on disposal of property, plant and equipment	(11 329)	3 554	-	-
Profit on disposal of subsidiary	-	-	1 881	-
Loss on disposal of non-current assets held for sale	1 890	-	-	-
Loss on sale of tenant allowance and commission	-	(2)	-	-
Impairment on property, plant and equipment	-	2 120	-	-
(Reversal)/impairment of subsidiaries, joint ventures and associates	(19 932)	(45 906)	140 886	54 433
Amortisation of tenant allowances	4 013	3 975	-	-
Movement in credit loss allowance	431	702	-	-
Loss on exchange differences	(14 737)	(15 429)	-	-
Bad debts raised/(recovered)	9 616	(1 668)	-	-
Amortisation on intangible assets	8 100	8 894	-	-
Depreciation on property, plant and equipment	310 697	301 621	-	-
Employee costs	1 200 183	1 069 452	-	-
Movement in provision for impairment of inventories	(3 296)	-	-	-

42. Investment income

Interest income				
Investments in financial assets:				
Bank and other cash	31 090	28 164	7 170	367
Contract assets	1 986	-	-	-
Other financial assets	8 597	8 803	-	-
Loans to group companies:				
Loans and receivables - Group companies	-	-	38 810	37 610
Total interest income	**41 673**	**36 967**	**45 980**	**37 977**

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

43. Fair value adjustments

	Note				
Fair value gains (losses)					
Biological assets	5	241	7 051	-	-
Investment property	4	79 190	80 413	-	-
		79 431	**87 464**	**-**	**-**

44. Finance costs

Related parties	737	998	447	699
Preference dividends	14 538	17 943	-	-
Trade and other payables	1 249	1 373	-	-
Bank and other	177 614	161 410	13 221	10 501
Domestic Medium Term notes	1 117	4 005	-	2 576
Promissory notes	30 784	31 617	30 784	31 617
Other financial asset	790	-	790	-
Total finance costs	**226 829**	**217 346**	**45 242**	**45 393**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

45. Taxation

Major components of the tax expense

Current				
Local income tax - current period	169 378	165 421	-	-
Local income tax - recognised in current tax for prior periods	-	(38)	-	-
Foreign income tax or withholding tax - current period	7 062	19 090	-	-
Foreign income tax or withholding tax - recognised in current tax for prior periods	-	(2 310)	-	-
	176 440	**182 163**	**-**	**-**
Deferred				
Originating and reversing temporary differences	3 609	37 513	-	-
Benefit of unrecognised tax loss / tax credit / temporary difference used to reduce deferred tax expense	1 582	(78)	-	-
Deferred tax losses utilised	-	(6 249)	-	-
Arising from prior period adjustments	(4 964)	560	-	-
	227	**31 746**	**-**	**-**
	176 667	**213 909**	**-**	**-**

Reconciliation of the taxation expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	32,00 %	32,00 %	32,00 %	32,00 %
Exempt income	(20,39)%	(7,42)%	(32,29)%	(39,91)%
Incentive allowances	(0,96)%	(4,55)%	- %	- %
Timing differences not provided for	0,88 %	4,08 %	- %	- %
Tax rate differential between tax jurisdictions	(0,96)%	(3,67)%	- %	- %
Disallowable charges	(4,44)%	5,97 %	0,23 %	- %
Adjustments relating to prior periods	(0,41)%	2,52 %	- %	- %
Current year’s tax losses available for use against taxable income	0,85 %	5,05 %	0,06 %	7,91 %
Use of tax losses relating to prior periods	0,04 %	0,64 %	- %	- %
	6,61 %	**34,62 %**	**- %**	**- %**

No taxation has been provided for in the company and certain subsidiaries as they did not earn any taxable income. The estimated tax loss available for set off against future taxable income is Group: N$ 1 403 272 335 (2018 Group: N$ 1 317 343 855) and Company: N$ 83 813 228 (2018: N$ 80 307 619).

Notes to the Financial Statements

46. Other comprehensive income

Components of other comprehensive income - Group - 2019

	Gross N$'000	Tax N$'000	Net before non-controlling interest N$'000	Non-controlling interest N$'000	Net N$'000
Items that will not be reclassified to profit (loss)					
Remeasurements on net defined benefit liability/asset					
Remeasurements on net defined benefit liability/asset	1 311	(427)	884	-	884
Movements on revaluation					
Gains (losses) on property revaluation	(2 152)	-	(2 152)	(76)	(2 228)
Total items that will not be reclassified to profit (loss)	**(841)**	**(427)**	**(1 268)**	**(76)**	**(1 344)**
Items that may be reclassified to profit (loss)					
Exchange differences on translating foreign operations					
Exchange differences arising during the year	(6)	-	(6)	4	(2)
Total	**(847)**	**(427)**	**(1 274)**	**(72)**	**(1 346)**

Notes to the Financial Statements

46. Other comprehensive income (continued)

Components of other comprehensive income - Group - 2018

	Gross N$'000	Tax N$'000	Net before non-controlling interest N$'000	Non-controlling interest N$'000	Net N$'000
Items that will not be reclassified to profit (loss)					
Remeasurements on net defined benefit liability/asset					
Remeasurements on net defined benefit liability/asset	374	(1 063)	(689)	-	(689)
Movements on revaluation					
Gains (losses) on property revaluation	695	(63)	632	(14)	618
Total items that will not be reclassified to profit (loss)	**1 069**	**(1 126)**	**(57)**	**(14)**	**(71)**
Items that may be reclassified to profit (loss)					
Exchange differences on translating foreign operations					
Exchange differences arising during the year	(258)	-	(258)	181	(77)
Total	**811**	**(1 126)**	**(315)**	**167**	**(148)**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

47. Cash generated from operations

Profit before taxation	2 673 608	617 957	1 591 624	(32 390)
Adjustments for:				
Depreciation and amortisation	318 797	310 515	-	-
Loss / (profit) on disposal of Property, plant and equipment	(11 329)	3 554	-	-
Share of loss from joint ventures - ongoing operations	312	(1 217)	-	-
Income from equity accounted investments	(454 509)	29 250	-	-
Dividends received/(paid)	5 216	5 215	-	-
Interest income	(41 673)	(36 967)	(45 980)	(37 977)
Finance costs	226 829	217 346	45 242	45 393
Fair value gains	(79 190)	(80 413)	-	-
Net impairment (profits)/losses	-	2 120	140 886	54 433
Movements in provisions	9 553	8 796	-	-
Loss on sale of tenant allowances and commission	-	(2)	-	-
Unrealised losses/(profits) on financial asset at fair value	(490)	151	-	-
Movement in tenant allowances	2 112	3 975	-	-
Movement on deferred rental	4 886	2 098	-	-
Loss on livestock due to deaths	11 097	8 726	-	-
Fair value adjustment on biological assets	(11 900)	(15 247)	-	-
Changes in oat fields	(270)	88	-	-
Gain on sale of investment	(1 881)	-	(1 881)	-
Non-cash movement due to change in accounting policy	(5 728)	-	(881)	-
Deferred income	(579)	(580)	-	-
Movement in other receivable	(110)	-	-	-
Changes in working capital:				
Inventories	(67 786)	(25 146)	-	-
Trade and other receivables	(148 295)	(111 601)	(1 108)	(626)
Trade and other payables	87 753	167 059	(523)	237
	2 516 423	**1 105 677**	**1 727 379**	**29 070**

48. Dividends paid

Balance at beginning of the year	(1 127)	(1 057)	(1 127)	(1 057)
Dividends declared on ordinary shares	(6 152)	(6 152)	(6 152)	(6 152)
Dividends paid to outside shareholders	(409 704)	(118 354)	-	-
Balance at end of the year	1 229	1 127	1 229	1 127
	(415 754)	**(124 436)**	**(6 050)**	**(6 082)**

49. Taxation paid

Balance receivable at the beginning of the year	41 112	36 204	-	-
Balance owing at the beginning of the year	(8 989)	(1 856)	-	-
Current tax for the year recognised in profit or loss	(176 440)	(182 163)	-	-
Balance owing at the end of the year	19 304	8 989	-	-
Balance receivable at the end of the year	(56 043)	(41 112)	-	-
	(181 056)	**(179 938)**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
50. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	88 578	41 650	-	-
Not yet contracted for and authorised by directors	466 012	591 018	-	-

This committed expenditure relates to plant and equipment and investment property and will be financed as follows:

Working capital	259 434	273 959	-	-
Long term credit facilities	295 156	358 709	-	-
	554 590	**632 668**	**-**	**-**
Operating leases – as lessee (expense)				
Operating lease commitments				
Land and buildings	340 012	340 032	-	-
Other	3 806	3 341	-	-
	343 818	**343 373**	**-**	**-**
Minimum lease payments due				
- within one year	50 929	50 604	-	-
- in second to fifth year inclusive	237 324	216 663	-	-
- later than five years	55 565	76 106	-	-
	343 818	**343 373**	**-**	**-**

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of 10 years. No contingent rent is payable.

On 1 April 2010, the Group entered into an operating lease agreement with the Municipal Council of Windhoek whereby the Group is leasing the parking / slip way to F&V (Erf 2611) for the duration of 5 years ending 31 March 2015 which was subsequently extended on a yearly basis.The Group acquired the property that this lease agreement is associated with. Rental for the months of July 2017 to June 2018 was N$ 8,898 (excluding VAT) per month. The rental is subject to an annual increase linked to the increase of the Namibian inflation rate. An estimate of 3.5% was used as the inflation rate to determine the commitments. This agreement was cancelled in the 2019 year.

On 31 January 2005, the Group entered into an operating lease agreement with the Municipal Council of Windhoek whereby the Group is leasing Erf 6871 (northern parking) for the duration of 99 years subject to the right of the parties to terminate the agreement with a 12 month written notice. Rental for the months of July 2018 to June 2019 amounted to N$136,226 (excluding VAT) per month. The rental is subject to an annual increase linked to the increase of the Namibian inflation rate. An estimate of 3.5% was used as the inflation rate to determine the commitments for the 2020 financial year.

On 01 July 2011, the Group entered into an operating lease agreement with the Municipal Council of Windhoek whereby the Group is leasing a consolidated area of 24,666 square meters (southern parking) consisting of Erf RE/3548, Erf 6872 and Erf 6873 for the duration of 99 years subject to the right of the parties to terminate the agreement with a 12 month written notice. Rental for the months of July 2018 to April 2019 of N$ 166,132 (Excluding VAT) was paid and for May and June 2019 an amount of N$ 170,839 and N$ 173,608 was paid. The rental is subject to an annual increase linked to the increase of the Namibian inflation rate. An estimate of 3.5% was used as the inflation rate to determine the commitments for the 2020 financial year.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

50. Commitments (continued)

On 28 August 2017, the Group entered into an operating lease agreement with the Municipal Council of Windhoek whereby the Group is leasing the parking / slip way to Erf 8272, 5741 and 6871 for the duration of 99 years. Rental of N$ 23,796.15 (excluding VAT) per month. The rental shall be payable as from the month following completion of the structure. The rental is subject to an annual increase on renewal date in accordance with an increase in the Consumer Price Index for the 12 month period ending 3 months prior to completion of each 12 month rental cycle.

Barley project
In 2015 the Group concluded a tripartite agreement with the Ministry of Agriculture, Water and Forestry, as well as the Agricultural Business Development Agency (AgriBusDev). The barley project started with about 370 hectares under irrigation, predominantly in the Kavango region. NBL has committed to buy all the barley harvested, with a 10-year target of 12 000 hectares.

Payment guarantee
A payment guarantee of N$ 130,000,000 was issued by RMB Namibia, on behalf of Ohlthaver & List Finance and Trading Corporation Limited, for the potential acquisition of a target company registered in Namibia. The guarantee remains effective until the earlier of the conditions precedents of the transaction being met or 30 November 2019.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

51. Contingent liabilities

Performance guarantees	6 521	8 438	-	-
Guarantees of loans, overdrafts and other banking facilities of certain subsidiaries and associates	-	-	1 486 549	1 176 726
Less: Provision for losses already provided for	-	-	(553 143)	(470 311)
	6 521	**8 438**	**933 406**	**706 415**

Performance guarantees
Included in the performance guarantees is a performance guarantee issued in favour of Rossing Uranium Limited in respect of a construction services contract for replacement of a Leach Tank. No uncertainty exists, as both the performance and Namport guarantees were cancelled after 30 June 2018.

Suretyship

Unlimited and limited suretyships have been given to the following subsidiaries, associates and others which could result in an additional liability for the company. All outstanding exposures at 30 June 2019 have been included in the above amounts and all deficits between the assets and liabilities of the subsidiaries at 30 June 2019 have been provided for.

In favour of:	For subsidiary / associate / other	Suretyship N$'000
Agribank of Namibia	Namibia Dairies (Proprietary) Limited	Unlimited
	WUM Properties (Proprietary) Limited	N$26 400
Bank Windhoek Limited	Hangana Seafood (Proprietary) Limited	N$53 000
	Kraatz Marine (Proprietary) Limited	Unlimited
	Namibia Dairies (Proprietary) Limited	Unlimited
	Ohlthaver and List Beverage Company (Proprietary) Limited	Unlimited
	WUM Properties (Proprietary) Limited	Unlimited
	O&L Energy (Proprietary) Limited	Unlimited
	Natural Value Foods Namibia (Proprietary) Limited	N$2 000
	Dimension Data (Proprietary) Limited	N$2 000
	Chobe Water Villas (Proprietary) Limited	N$20 000
First National Bank of Namibia	O&L Property Security (Proprietary) Limited	N$901 982
Nedbank Namibia Limited	Hangana Seafood (Proprietary) Limited	Unlimited
	Consortium Fisheries (Proprietary) Limited	Unlimited
Standard Bank of Namibia Limited	ICT Holdings (Proprietary) Limited	N$33 400
	Namibia Dairies (Proprietary) Limited	Unlimited
	Central Properties (Proprietary) Limited	N$132 500
	WUM Properties (Proprietary) Limited	N$ 11 000
ABSA Bank Limited	WUM Properties (Proprietary) Limited	N$25 000
	O&L Leisure (Proprietary) Limited	N$10 000
Development Bank of Namibia	Namibia Dairies (Proprietary) Limited	Unlimited
Tetra Pak	Namibia Dairies (Proprietary) Limited	N$6 268

Notes to the Financial Statements

52. Related parties

Relationships	
Ultimate holding entity	The Werner List Trust
Holding company	O&L Holdings (Proprietary) Limited
Subsidiaries	Refer to note 7
Associates	Refer to note 8
Joint ventures	Refer to note 9
Significant influence on Namibia Breweries Limited	Heineken Namibia B.V.
Significant influence on Heineken Namibia B.V.	Heineken International B.V. Heineken South Africa Export Company Proprietary Limited Heineken South Africa Proprietary Limited
Significant influence on O&L Holdings (Proprietary) Limited	EPIA Investment Holdings (Proprietary) Limited
Directors/shareholders of EPIA Investment Holdings (Proprietary) Limited	Reverend WS Hanse TZM Hijarunguru Hon. Governor LV Mcleod-Katjirua
Members of key management	S Bartsch P Grüttemeyer G Hanke P Hoeksema T Makari B Mukuahima M Reilly G Shilongo H Theron S Thieme H van der Westhuizen B Walbaum M Wenk E Krafft L Crous G Ling N Wurm M Theron E Louw

Related party balances

For balances owing (to)/from related parties refer to Notes 17 and 18.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
52. Related parties (continued)				
Related party transactions				
Interest paid to/(received from) related parties				
The Werner List Trust	-	(8)	-	-
Heineken South Africa Proprietary Limited	(6 762)	(7 080)	-	-
O&L Leisure (Proprietary) Limited	-	-	(32 421)	(31 307)
Token Fisheries (Proprietary) Limited	(1 121)	(1 056)	-	-
Namibia Dairies (Proprietary) Limited	-	-	(5 509)	(5 509)
Kraatz Marine (Proprietary) Limited	-	-	(880)	(794)
Subtotal	**(7 883)**	**(8 144)**	**(38 810)**	**(37 610)**
Directors and past directors	447	698	447	699
Dimension Data Namibia (Proprietary) Limited	451	168	-	-
Ohlthaver & List Employee Catastrophe Fund Trust	116	115	-	-
The Werner List Trust	-	17	-	-
Subtotal	**1 014**	**998**	**447**	**699**
Purchases from/(sales to) related parties				
Heineken South Africa Proprietary Limited	(1 283 948)	(870 793)	-	-
Hangana-Merlus Joint Venture (Proprietary) Limited	-	(5 724)	-	-
Exigrade Feeds (Proprietary) Limited	(4 091)	(4 083)	-	-
Dimension Data Namibia (Proprietary) Limited	(439)	(250)	-	-
Subtotal	**(1 288 478)**	**(880 850)**	**-**	**-**
Dimension Data Namibia (Proprietary) Limited	39 089	19 722	-	-
Jupiter Drawing Room (Cape Town) Proprietary Limited	-	521	-	-
Subtotal	**39 089**	**20 243**	**-**	**-**
Rent paid to (received from) related parties				
Exigrade Feeds (Proprietary) Limited	(652)	(515)	-	-
Management fees paid to/(received from) related parties				
Dimension Data Namibia (Proprietary) Limited	(1 116)	(816)	-	-
The Werner List Trust	(104)	(104)	-	-
Brandtribe Proprietary Limited	(791)	(808)	-	-
SIP Project Managers (Namibia) (Proprietary) Limited	(63)	(63)	-	-
OLC Arandis Solar Energy (Proprietary) Limited	-	(70)	-	-
Subtotal	**(2 074)**	**(1 861)**	**-**	**-**
OLC Arandis Solar Energy (Pty) Ltd	91	-	-	-
Jupiter Drawing Room (Cape Town) Proprietary Limited	382	382	-	-
Heineken International B.V.	4 522	4 168	-	-
Broll South Africa Proprietary Limited	-	1 515	-	-
Subtotal	**4 995**	**6 065**	**-**	**-**
Dividends received from related parties				
ICT Holdings (Proprietary) Limited	-	-	3 000	2 900
Namibia Breweries Limited	-	-	779	38
NBL Share Purchase Trust	-	-	174	174
Ohlthaver & List Beverage Company (Proprietary) Limited	-	-	139 000	27 000
Weathermen & Co Advertising (Proprietary) Limited	-	-	752	-
Subtotal	**-**	**-**	**143 705**	**30 112**

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000
52. Related parties (continued)				
Insurance premiums received from related parties				
O&L Leisure (Proprietary) Limited	-	-	-	6
Dimension Data Namibia (Proprietary) Limited	-	1	-	1
Hangana Seafood (Proprietary) Limited	-	-	-	4
Organic Energy Solutions (Proprietary) Limited	-	-	-	1
Kraatz Marine (Proprietary) Limited	-	-	-	5
Namibia Dairies (Proprietary) Limited	-	-	-	31
Ohlthaver & List Centre (Proprietary) Limited	-	-	-	8
WUM Properties (Proprietary) Limited	-	-	-	5
Kraatz Steel a division of WUM (Proprietary) Limited	-	-	-	1
Subtotal	**-**	**1**	**-**	**62**
Royalties paid to/(received from) related parties				
Heineken South Africa Proprietary Limited	(105 656)	(96 201)	-	-
Heineken International B.V.	1 131	1 109	-	-
Subtotal	**(104 525)**	**(95 092)**	-	-
Know-how payments to/(from) related parties				
Heineken South Africa Proprietary Limited	(9 330)	(7 141)	-	-
Technical fees paid to related parties				
Dimension Data Namibia (Proprietary) Limited	2 678	1 983	-	-

During the year the company, in the ordinary course of business, entered into various sale and purchase transactions with its Holding Company and all other related parties.

These transactions occurred under terms that are negotiated between the parties.

Compensation to key management				
Short-term employee benefits	79 965	61 856	-	-

Notes to the Financial Statements

53. Directors' emoluments

Executive - for managerial services

Company - 2019

	Basic remuneration and allowances N$ '000	Other benefits* N$ '000	Compensation for loss of office and restraint of trade N$ '000	Total N$ '000
Executive directors - paid by subsidiaries	42 014	6 770	1 000	49 784

Company - 2018

	Basic remuneration and allowances N$ '000	Other benefits* N$ '000	Compensation for loss of office and restraint of trade N$ '000	Total N$ '000
Executive directors- paid by subsidiaries	25 008	4 274	1 000	30 282

* Other benefits comprise travel allowance and medical benefits

Non-executive - for services as directors

Company - 2019

	Director's fees N$ '000	Total N$ '000
Non-executive directors	700	700

Company - 2018

	Director's fees N$ '000	Total N$ '000
Non-executive directors	634	634

Notes to the Financial Statements

54. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans to related parties	17	-	170 512	170 512	170 512
Loans receivable	13	-	18 219	18 219	16 439
Investments at fair value	12	1	-	1	1
Derivatives - hedging	29	3 025	-	3 025	3 025
Trade and other receivables	20	-	530 816	530 816	530 816
Cash and cash equivalents	22	-	1 992 322	1 992 322	1 992 322
Non-current receivables	15	-	28 129	28 129	28 129
		3 026	**2 739 998**	**2 743 024**	**2 741 244**

Group - 2018

	Note(s)	Fair value through profit or loss - held for trading	Loans and receivables	Total	Fair value
Loans to related parties	17	-	126 926	126 926	126 926
Other financial assets	14	-	25 576	25 576	25 576
Derivatives - hedging	29	2 535	-	2 535	2 535
Trade and other receivables	20	-	505 289	505 289	505 289
Cash and cash equivalents	22	-	563 444	563 444	563 444
Non-current receivables	15	-	35 127	35 127	35 127
		2 535	**1 256 362**	**1 258 897**	**1 258 897**

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	10	1 262 446	1 262 446	1 262 446
Loans to related parties	17	5 788	5 788	5 788
Trade and other receivables	20	25	25	25
Cash and cash equivalents	22	1 670 640	1 670 640	1 670 640
		2 938 899	**2 938 899**	**2 938 899**

Company - 2018

	Note(s)	Loans and receivables	Total	Fair value
Loans to group companies	10	1 273 971	1 273 971	1 273 971
Loans to related parties	17	4 896	4 896	4 896
Trade and other receivables	20	150	150	150
Cash and cash equivalents	22	397	397	397
		1 279 414	**1 279 414**	**1 279 414**

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Leases	Total	Fair value
Trade and other payables	36	-	879 567	-	879 567	879 567
Loans from related parties	18	-	21 240	-	21 240	21 240
Borrowings	30	-	2 240 566	-	2 240 566	2 240 566
Derivatives - hedging	29	1 436	-	-	1 436	1 436
Finance lease obligations	31	-	-	94 674	94 674	94 674
Dividend payable		-	1 229	-	1 229	1 229
Bank overdraft	22	-	156 337	-	156 337	156 337
Non-current payables	34	-	7 372	-	7 372	7 372
		1 436	**3 306 311**	**94 674**	**3 402 421**	**3 402 421**

Group - 2018

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Leases	Total	Fair value
Trade and other payables	36	-	841 655	-	841 655	841 655
Loans from related parties	18	-	30 335	-	30 335	30 335
Borrowings	30	-	2 031 100	-	2 031 100	2 031 100
Derivatives - hedging	29	8 392	-	-	8 392	8 392
Finance lease obligations	31	-	-	84 894	84 894	84 894
Dividend payable		-	1 127	-	1 127	1 127
Bank overdraft	22	-	131 576	-	131 576	131 576
Non-current payables	34	-	6 670	-	6 670	6 670
		8 392	**3 042 463**	**84 894**	**3 135 749**	**3 135 749**

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	36	1 848	1 848	1 848
Loans from group companies	711	477 128	477 128	477 128
Loans from related parties	18	1 322	1 322	1 322
Borrowings	30	407 250	407 250	407 250
Dividend payable	48	1 229	1 229	1 229
Bank overdraft	22	9 975	9 975	9 975
		898 752	**898 752**	**898 752**

Company - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	36	2 371	2 371	2 371
Loans from group companies	711	392 961	392 961	392 961
Loans from related parties	18	7 954	7 954	7 954
Borrowings	30	420 446	420 446	420 446
Dividend payable	48	1 127	1 127	1 127
Bank overdraft	22	17 730	17 730	17 730
		842 589	**842 589**	**842 589**

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 31, 18 & 30 and cash and cash equivalents disclosed in note 22, 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 shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (excluding loans from group companies).

The group has entered into various financing agreements with Bank Windhoek Limited, First National Bank of Namibia Limited, Standard Bank of Namibia Limited, Agribank of Namibia, Firstrand Bank Limited, Nedbank Namibia Limited, Development Bank of Namibia, ABSA Bank Limited and Domestic Medium Term note holders. These agreements require the group to meet certain terms and conditions, which include specified gearing ratios. These requirements were met during the current and prior years.

There have been no changes to what the Company and Group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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

Loans from related parties	18	21 240	30 335	1 322	7 954
Hedging derivatives		1 436	8 392	-	-
Borrowings	30	2 240 566	2 031 100	407 250	420 446
Finance lease liabilities	31	94 674	84 894	-	-
Trade and other payables	36	879 567	841 655	1 848	2 371
Non-current payable	34	7 372	6 670	-	-
Dividend payable	48	1 229	1 127	1 229	1 127
Total borrowings		**3 246 084**	**3 004 173**	**411 649**	**431 898**
(Cash and cash equivalents) bank overdraft	22	(1 835 985)	(431 868)	(1 660 665)	17 333
Net borrowings		**1 410 099**	**2 572 305**	**(1 249 016)**	**449 231**
Equity		6 478 479	4 405 553	2 136 781	552 190
Gearing ratio		18 %	37 %	(141)%	45 %

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's objective in using derivative financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency, commodity prices and interest rates. Currency and interest exposure is managed within Board approved policies and guidelines. As a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

The fair value of foreign exchange forward contracts represents the estimated amounts that the Group would receive, should the contracts be terminated at the reporting date, thereby taking into account the unrealised gains or losses.

Credit risk

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

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors.

Trade receivables comprise a widely spread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The granting of credit is made on application and is approved by management of the individual entities. At year end, the Group did not consider there to be any significant concentration of credit risk or significant exposure to any individual customer or counter party which has not been adequately provided for.

The Group's cash equivalents and funds on call are placed with high credit quality financial institutions.

The maximum exposure to credit risk is presented in the table below:

Group		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to related parties	17	170 561	(49)	170 512	126 926	-	126 926
Loans receivable	14&13	27 311	(9 092)	18 219	25 575	-	25 575
Unlisted investments	14&12	1	-	1	1	-	1
Trade and other receivables	20	550 293	(19 477)	530 816	510 292	(5 003)	505 289
Derivative financial instruments	29	3 025	-	3 025	2 535	-	2 535
Cash and cash equivalents	22	1 992 322	-	1 992 322	563 444	-	563 444
Non-current receivables	15	28 129	-	28 129	35 127	-	35 127
		2 771 642	**(28 618)**	**2 743 024**	**1 263 900**	**(5 003)**	**1 258 897**

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Company		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	10	1 874 609	(612 163)	1 262 446	1 744 282	(470 311)	1 273 971
Loans to related parties	17	5 788	-	5 788	4 896	-	4 896
Trade and other receivables	20	25	-	25	150	-	150
Cash and cash equivalents	22	1 670 640	-	1 670 640	397	-	397
		3 551 062	**(612 163)**	**2 938 899**	**1 749 725**	**(470 311)**	**1 279 414**

Major concentrations of credit risk that arise from the Group's receivables in relation to the customer's industry category as a percentage of the total receivables from the customers are:

	2019 N$'000	2018 N$'000	-	-
Fishing industry	16	18	-	-
Trading industry	14	14	-	-
Manufacturing industry	70	68	-	-
	100	**100**	**-**	**-**

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Negotiations for and usage of overdraft facilities are approved at head office level.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 30 June 2019	**1 year N$ '000**	**2 - 5 years N$ '000**	**> 5 years N$ '000**	**Less: Interest N$ '000**	**Total N$ '000**
Non-interest-bearing liabilities	21 240	-	-	-	21 240
Bank overdrafts	156 337	-	-	-	156 337
Trade payables and provisions	888 168	-	-	-	888 168
Derivative financial liabilities	1 436	-	-	-	1 436
Variable interest rate instruments	652 672	1 056 887	37 460	(310 458)	1 436 561
Fixed interest rate instruments	65 339	264 990	624 361	(56 011)	898 679
	1 785 192	**1 321 877**	**661 821**	**(366 469)**	**3 402 421**

At 30 June 2018	**1 year N$ '000**	**2 - 5 years N$ '000**	**> 5 years N$ '000**	**Less: Interest N$ '000**	**Total N$ '000**
Non-interest-bearing liabilities	30 335	-	-	-	30 335
Bank overdrafts	131 576	-	-	-	131 576
Trade payables and provisions	844 031	5 420	-	-	849 451
Derivative financial liabilities	8 392	-	-	-	8 392
Variable interest rate instruments	520 077	1 180 183	79 301	(292 544)	1 487 017
Fixed interest rate instruments	75 283	345 140	302 070	(93 515)	628 978
	1 609 694	**1 530 743**	**381 371**	**(386 059)**	**3 135 749**

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Company

At 30 June 2019	1 year N$ '000	2 - 5 years N$ '000	> 5 years N$ '000	Less: Interest N$ '000	Total N$ '000
Non-interest-bearing liabilities	478 451	-	-	-	478 451
Dividends payable	1 229	-	-	-	1 229
Bank overdrafts	9 975	-	-	-	9 975
Trade payables and provisions	1 847	-	-	-	1 847
Variable interest rate instruments	240 526	243 290	-	(76 566)	407 250
	732 028	**243 290**	**-**	**(76 566)**	**898 752**

At 30 June 2018	1 year N$ '000	2 - 5 years N$ '000	> 5 years N$ '000	Less: Interest N$ '000	Total N$ '000
Non-interest-bearing liabilities	400 915	-	-	-	400 915
Dividends payable	1 127	-	-	-	1 127
Bank overdrafts	17 730	-	-	-	17 730
Trade payables and provisions	2 371	-	-	-	2 371
Variable interest rate instruments	146 797	348 648	5 129	(80 128)	420 446
	568 940	**348 648**	**5 129**	**(80 128)**	**842 589**

Foreign currency risk

At 30 June 2019, if the currency had weakened/strengthened by 5% against the US dollar with all other variables held constant, group post-tax profit for the year would have been N$ 1 734 882 (2018: N$ 1 419 982) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated receivables, US Dollar denominated payables and foreign exchange options.

At 30 June 2019, if the currency had weakened/strengthened by 5% against the Euro with all other variables held constant, post-tax profit for the year would have been N$ 1 777 244 (2018: N$ 1 680 682) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated receivables, Euro denominated cash and cash equivalents, payables and foreign exchange contracts.

At 30 June 2019, if the currency had weakened/strengthened by 5% against the Pound Sterling with all other variables held constant, post-tax profit for the year would have been N$ 11 768 (2018: N$ 8 057) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Pound Sterling denominated receivables, Pound Sterling denominated payables and foreign exchange contracts.

At 30 June 2019, if the currency had weakened/strengthened by 5% against the Botswana Pula with all other variables held constant, post-tax profit for the year would have been N$ 10 689 (2018: N$ 127 549) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Botswana Pula denominated receivables, Botswana Pula denominated payables and foreign exchange contracts.

Notes to the Financial Statements

	Group		Company	
	2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

54. Financial instruments and risk management (continued)

Foreign currency exposure at the end of the reporting period

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

	Group 2019	Group 2018	Company 2019	Company 2018
Assets:				
Euro-denominated receivables	120 450	46 359	-	-
US Dollar-denominated receivables	51 026	41 764	-	-
Pound Sterling-denominated receivables	346	237	-	-
Botswana Pula-dominated receivables	-	3 751	-	-
Liabilities:				
Euro-denominated payables	30 582	3 342	-	-
Botswana Pula-dominated payables	314	-	-	-

Exchange rates used for conversion of foreign items were:

	Group 2019	Group 2018	Company 2019	Company 2018
Namibia Dollar per unit of foreign currency:				
USD	14,040	13,830	-	-
GBP	17,820	18,100	-	-
Euro	15,960	16,000	-	-
Pula	1,300	1,300	-	-

Group review

The Group reviews its foreign currency exposure, including commitments, on an ongoing basis. The Group expects its forward foreign exchange contracts and foreign exchange options to hedge foreign exchange exposure.

Interest rate risk

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

Group

At 30 June 2019, if interest rates on variable rate borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 9 768 621 (2018: N$ 10 093 105) lower/higher for the Group mainly as a result of higher/lower interest expense on floating rate borrowings.

Company

At 30 June 2019, if interest rates on variable rate borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 2 769 295 (2018: N$ 2 859 038) lower/higher for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

Fuel price risk

The Group is exposed to fuel price risk arising from its use of fuel (HFO and ADO) for energy or transport purposes.

Notes to the Financial Statements

54. Financial instruments and risk management (continued)

Risk from biological assets

Milk Cows
The group is exposed to financial risks arising from changes in milk prices. The group does not anticipate that milk prices will decline significantly in the foreseeable future. The group has not entered into derivative contracts to manage the risk of a decline in milk prices. The group reviews its outlook for milk prices regularly in considering the need for active financial risk management.

Abalone
Although the group is exposed to risks arising from changes in the price of abalone it does not anticipate that abalone prices will decline significantly in the foreseeable future. The group reviews its outlook for the price of abalone regularly in considering the need for active risk management.

Risk management strategy related to aquacultural activities

The company is exposed to the following risks related to aquacultural activities:

(i) Exchange rate risks

The company is subject to changes in the exchange rate as abalone sales prices are denominated in US Dollar and biological assets are measured at fair value which is also based on the US Dollar market price.

(ii) Mechanical risks

Reliance on plant and equipment to sustain a living environment for the abalone exposes the company to certain risks. This risk is managed by allowing for redundancy of key equipment and generators, and shortage of electricity supply.

Notes to the Financial Statements

	Note(s)	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000

55. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

	Note(s)	Group 2019 N$ '000	Group 2018 N$ '000	Company 2019 N$ '000	Company 2018 N$ '000
Assets					
Hedging derivatives	14 & 29				
Foreign exchange contracts		3 025	2 535	-	-
Liabilities					
Hedging derivatives	29				
Foreign exchange contracts		1 436	8 392	-	-

Notes to the Financial Statements

		Group		Company	
		2019 N$ '000	2018 N$ '000	2019 N$ '000	2018 N$ '000

55. Fair value information (continued)

Level 3

Recurring fair value measurements

Assets	Note(s)				
Biological assets	5				
Work in progress - Agronomy		974	704	-	-
Abalone		20 315	17 118	-	-
Game		2 116	1 736	-	-
Milk cows		32 680	32 118	-	-
Total biological assets		**56 085**	**51 676**	**-**	**-**
Investment property	4				
Investment property		2 589 247	2 272 049	-	-
Property, plant and equipment	3				
Freehold land and buildings		2 056 066	2 029 303	-	-
Available for sale financial assets	14				
Unlisted shares		-	1	-	-
Financial assets mandatorily at fair value through profit or loss	12				
Unlisted shares		1	-	-	-
Total		**4 701 399**	**4 353 029**	**-**	**-**

Non recurring fair value measurements

Assets held for sale and disposal groups in accordance with IFRS 5	24				
Investments in associates		-	21 119	-	-
Total		**-**	**21 119**	**-**	**-**

Property, plant and equipment which is currently classified as non current assets held for sale has been recognised at fair value less costs to sell because the assets' fair value less costs to sell is lower than its carrying amount.

Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between level 1 and level 2 for the year ended 30 June 2019 and for the year ended 30 June 2018.

Notes to the Financial Statements

55. Fair value information (continued)

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance N$'000	Gains / losses recognised in profit or loss * N$'000	Gains / losses recognised in other comprehensive income # N$'000	Purchases / Seeds & fertiliser / additions N$'000	Sales / herd population changes N$'000	Transfers N$'000	Reclassifications N$'000	Other movements N$'000	Depreciation N$'000	Closing balance N$'000	Unrealised gains (losses) included in profit (loss) N$'000
Group - 2019												
Assets												
Biological assets	5											
Work in progress - Agronomy		704	-	-	-	-	-	-	270	-	974	-
Abalone		17 118	(139)	-	4 000	(664)	-	-	-	-	20 315	-
Game		1 736	380	-	-	-	-	-	-	-	2 116	-
Milk cows		32 118	11 659	-	-	(11 097)	-	-	-	-	32 680	-
Total biological assets		**51 676**	**11 900**	**-**	**4 000**	**(11 761)**	**-**	**-**	**270**	**-**	**56 085**	**-**
Investment property												
Investment property		2 272 049	79 190	-	238 008	-	-	-	-	-	2 589 247	-
Property, plant and equipment	3											
Freehold land and buildings		2 029 303	-	(2 152)	22 760	(16)	24 164	-	-	(8 993)	2 065 066	-

Notes to the Financial Statements

55. Fair value information (continued)

	Note(s)	Opening balance N$'000	Gains / losses recognised in profit or loss * N$'000	Gains / losses recognised in other comprehensive income # N$'000	Purchases / Seeds & fertiliser / additions N$'000	Sales / herd population changes N$'000	Transfers N$'000	Reclassifications N$'000	Other movements N$'000	Depreciation N$'000	Closing balance N$'000	Unrealised gains (losses) included in profit (loss) N$'000
Financial assets mandatorily at fair value through profit or loss	12											
Unlisted shares		1	-	-	-	-	-	-	-	-	1	-
Total		**4 353 029**	**91 090**	**(2 152)**	**264 768**	**(11 777)**	**24 164**	**-**	**270**	**(8 993)**	**4 710 399**	**-**

Group - 2018

Assets

	Note(s)	Opening balance N$'000	Gains / losses recognised in profit or loss * N$'000	Gains / losses recognised in other comprehensive income # N$'000	Purchases / Seeds & fertiliser / additions N$'000	Sales / herd population changes N$'000	Transfers N$'000	Reclassifications N$'000	Other movements N$'000	Depreciation N$'000	Closing balance N$'000	Unrealised gains (losses) included in profit (loss) N$'000
Biological assets	5											
Work in progress - Agronomy		792	-	-	-	-	-	-	(88)	-	704	-
Abalone		10 976	6 163	-	-	(21)	-	-	-	-	17 118	6 163
Game		849	887	-	-	-	-	-	-	-	1 736	887
Milk cows		32 647	8 197	-	-	(8 726)	-	-	-	-	32 118	8 197
Total biological assets		**45 264**	**15 247**	**-**	**-**	**(8 747)**	**-**	**-**	**(88)**	**-**	**51 676**	**15 247**
Investment property	4											
Investment property		1 980 714	80 413	-	200 838	-	10 084	-	-	-	2 272 049	-

Notes to the Financial Statements

55. Fair value information (continued)

	Note(s)	Opening balance N$'000	Gains / losses recognised in profit or loss * N$'000	Gains / losses recognised in other comprehensive income # N$'000	Purchases / Seeds & fertiliser / additions N$'000	Sales / herd population changes N$'000	Transfers N$'000	Reclassifications N$'000	Other movements N$'000	Depreciation N$'000	Closing balance N$'000	Unrealised gains (losses) included in profit (loss) N$'000
Property, plant and equipment	3											
Freehold land and buildings		1 953 914	695	-	12 094	(5)	26 621	43 814	-	(7 830)	2 029 303	-
Available for sale financial assets	14											
Unlisted shares		17	-	-	-	(16)	-	-	-	-	1	-
Non-current assets held for sale												
Non-current assets held for sale		53 898	-	-	-	-	-	(32 779)	-	-	21 119	-
Total		**4 033 807**	**96 355**	**-**	**212 932**	**(8 768)**	**36 705**	**11 035**	**(88)**	**(7 830)**	**4 374 148**	**15 247**

* Gains and losses recognised in profit or loss are included in Other income on the Statement of Comprehensive Income, except for gains and losses on financial assets and liabilities which have been included in fair value adjustments.

Gains and losses recognised in other comprehensive income are included in Gains and losses on property revaluation.

** This column refers to the amount of total gains or losses included in profit or loss that is attributable to the change in unrealised gains or losses for assets and liabilities held at the end of the reporting period.

Notes to the Financial Statements

55. Fair value information (continued)

Valuation techniques used to derive level 2 fair values

Land, office buildings and shopping malls

Level 2 fair values of land, office buildings and shopping malls have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

No changes have been made to the valuation technique.

The fair value of financial liabilities and financial assets with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of other financial liabilities and financial assets (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives.

Foreign currency forward contracts and options are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps and collars are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Information about valuation techniques and inputs used to derive level 3 fair values

Investment property

The valuations of Investment property were arrived at by reference to market evidence of transaction prices for similar properties on a discounted cash flow basis and comparative sales method basis.

Capitalisation rates of 7.00%-13.50% (2018: 7.00%-12.00%) and discount rates of 12.50%-14.00% (2018: 13.00%-14.50%) were used.

The higher the capitalisation and discount rate, the higher the fair value.

The higher the estimated costs and required margin, the lower the fair value.

Biological assets - livestock

The fair value of livestock was determined based on market prices of livestock of similar age, breed and genetic merit.

Biological assets - abalone

The value of the abalone was determined using current market prices per size range indicated. The USD rate were converted at an exchange rate of N$14.04 (2018: N$13.73). A fair value gain of N$ 139 457 (2018: N$ 6 164 471) was recognised as a result of the strengthening of the exchange rate and increased mass of the abalone since the last valuation was done. The higher the timber price and yield per hectare, the higher the fair value. The lower the discount rate, the higher the fair value.

Notes to the Financial Statements

55. Fair value information (continued)

Freehold land and buildings

Freehold land and buildings were valued using the discounted cash flow, comparable sales, replacement cost method. The capitalisation rate was determined by referring to the market transactions of comparable properties as derived from market analysis. Property experts are of the opinion that investors would require a return of between 9% and 11% for similar properties. Therefore a capitalisation rate of 10% was applied to determine the open market value of the properties.

Land and buildings are re-valued independently every 3 years unless management believes that their fair values differ significantly to their carrying amounts at year end.

Properties valued on the depreciated replacement cost method are valued based on estimates of the new replacement costs of buildings, depreciated for age and obsolescence, to which the value of land is added.

Valuations that are based on market evidence of recent transactions for similar properties take into account the highest and best use of the property.

he higher the capitalisation and the lower the discount rate, the higher the fair value.

Valuation processes applied by the Group

The fair value of livestock is performed by the respective company's finance department and operations team on an annual basis.

The fair value of derivatives is performed by the respective company's finance department on a monthly basis.

The fair value of investment properties and freehold land and buildings is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being values. Land and buildings are revalued at least every 3 years, while investment property is valuated annually.

Highest and best use

Erf 261/1764 W (Fruit & Veg / Cashbuild) is being used in a manner that differs from their highest and best use. The reason for this is that this property is earmarked for future development, the planned investment of which has not taken place yet.

56. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

57. Other information

On 3 February 2019, a technical failure occurred at the Avis Plant of Namibia Dairies, resulting in the release of heavy furnace oil (HFO) from the boiler feeding system on site. Whilst the majority of the spill was contained on the site, some HFO released ended up in the Windhoek wastewater / sewerage system. City of Windhoek allege that Namibia Dairies is (solely) liable for secondary / downstream pollution caused following the spill, but management denies liability.

58. Approval of financial statements

The financial statements were approved by the Board of Directors on 4 October 2019.

Notes to the Financial Statements

59. Prior period error - Company only

The presentation on the statement of financial position in the current year and prior year numbers have been updated to disclose the split between the cost of the subsidiaries and the loans to and from subsidiaries. The balances are now shown as separate line items on the face of the statement of financial position instead of offsetting them as one line under investment in subsidiaries. The prior year comparatives have also been updated to reflect the split. The disclosure has been updated as the company did not meet all the requirements of offsetting the balances as required by the International Financial Reporting Standards. The error did not have an effect on the equity and profit. A third balance sheet has not been presented on the face of the statement of financial position as the matter is not considered to be a material disclosure.

The disclosure has been updated as follows:

	Company	
Statement of financial position as at 30 June 2019 (Extract)	**2018 N$'000**	**Restated 2018 N$'000**
Non-current Assets (as previously disclosed)		
Investment in subsidiaries	974 710	-
Non-current Assets (restated)		
Investment in subsidiaries	-	93 699
Loans to Group Companies	-	1 031 748
Current Assets (restated)		
Loans to Group Companies	-	242 224
Current Liabilities (restated)		
Loans from Group Companies	-	392 961

Notes to the Annual Financial Statements

60. New and revised standards

i) Adoption of new and revised standards
The following table contains effective dates of IFRS's and recently revised IAS's, which have been adopted by the Group. The impact of adopting IFRS 9 and 15 is dealt with in Note 2. The rest have not had a significant impact on the results from operations or the statement of financial position.

New International Financial Reporting Standards		**Effective for annual periods beginning on or after**
IFRS 1	**First-time Adoption of International Financial Reporting Standards** Amendments resulting from Annual Improvements 2014–2016 Cycle (removing short-term exemptions)	1 January 2018
IFRS 2	**Share-based Payment** Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4	**Insurance Contracts** Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2018
IFRS 9	**Financial Instruments** Finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: • Classification and measurement • Impairment • Hedge accounting • Derecognition	1 January 2018
IFRS 15	**Revenue from Contracts from Customers** IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: • Identify the contract with the customer • Identify the performance obligations in the contract • Determine the transaction price • Allocate the transaction price to the performance obligations in the contracts • Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018

Notes to the Annual Financial Statements

60. New and revised standards (continued)

New/Revised International Financial Reporting Standards		Effective for annual periods beginning on or after
IFRIC 22	**Foreign Currency Transactions and Advance Consideration** The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary.	1 January 2018
IAS 28	**Investments in Associates and Joint Ventures** Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	1 January 2018
IAS 40	**Investment Property** Amendments to clarify transfers or property to, or from, investment property	1 January 2018

ii) Standards and amendments issued but not yet effective

The following table contains effective dates of IFRS's and recently revised IAS's, which have not been early adopted by the Company and that might affect future financial periods:

New International Financial Reporting Standards – Not yet effective		Effective for annual periods beginning on or after
IFRS 16	**Leases** IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
IFRIC 23	**Uncertainty over Income Tax Treatments** The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively • Assumptions for taxation authorities' examinations • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates The effect of changes in facts and circumstances	1 January 2019

The directors are assessing the impact of adopting these standards but do not currently expect the adoption of any of these standards to have a significant impact on these accounts. IFRS 16 will however have a material impact on the Group's statement of financial position, statement of comprehensive income and classifications in the statement of cash flows.

The Group will adopt IFRS 16 from 1 July 2019, the beginning of its 2020 financial year. IFRS 16 largely removes the classification of leases as either operating leases or finance leases as required by IAS 17: Leases, and requires lessees to account for all leases under a single on-balance sheet model.

The Group's extensive lease portfolio will mostly be capitalised on the statement of financial position – with underlying leases recognised as right-of-use assets, with a corresponding lease liability in respect of future rental obligations.