

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

## **REVIEWED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2017**

### **Results**

Notwithstanding a very challenging economic environment, Namibia Asset Management (NAM) delivered credible results in line with management's expectations for the 12 months to 30 September 2017.

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

- Operating profit and profit before tax were marginally lower at N\$20.6 million (2016: N\$21.9 million) and N\$22.1 million (2016: N\$23.5 million), respectively.
- Total comprehensive income was down 4.9% to N\$15.2 million (2016: N\$16.0 million).
- Headline earnings per share decreased by 4.8% to 9.73 cents compared to 10.22 cents in 2016.
- Assets under management (AuM) remained flat for the period under review at N\$20.0 billion (2016: N\$20.0 billion).

### **Business update**

NAM is singularly focused on active asset management and one of the leading independent investment managers in the country. We offer a complete and diversified range of portfolios to both retail and institutional clients. Having been closed to new institutional investors since 2012, our institutional equity and global segregated mandates have been reopened in March 2017. We also continue to offer a comprehensive range of international solutions to the local market.

From an operational perspective, we continue to focus on ensuring the delivery of world-class service to our clients. In this regard, we are pleased to announce the appointment of a head of retail and an investment analyst, as well as our transition onto a new investment administration system.

### **Institutional business**

NAM remains one of the leading managers of institutional assets in the local savings industry, with AuM of N\$17.8 billion (2016: N\$17.7 billion). Our institutional business experienced total net outflows of N\$1.1 billion over the financial year, primarily due to the rebalancing of client portfolios in order to comply with

regulatory requirements. The impact of these outflows have been moderated by stronger investment performance due to our portfolios being well-positioned to benefit from the strong rally in markets worldwide.

Our institutional investment track record as at 30 September 2017 shows that:

- Our global houseview portfolios have delivered annualised returns of 14.0% and 11.3% (gross of fees) over the five and ten-year periods respectively. These returns represent an outperformance of the benchmark of 0.8% and 0.7% per annum respectively.
- Our Namibian equity portfolio has delivered 23.2% per annum (gross of fees) since its launch in June 2010, lagging its benchmark return of 26.2%. Our SA equity portfolio has delivered 13.1% per annum (gross of fees) on a five-years basis and 15.6% per annum since its launch in June 2010, an annualised outperformance of its benchmark of 0.3% and 0.6% respectively.

### **Retail Business**

Against a backdrop of tough economic conditions, our market share of retail assets saw a slight decline to 4.3% (2016: 4.6%). Notwithstanding the above, net outflows for the period were much lower compared to the prior year at N\$198 million (2016: N\$806 million). We remain one of Namibia's foremost third-party unit trust managers, with assets of N\$2.2 billion under management (2016: N\$2.3 billion).

Highlights across our fund range as at 30 September 2017 are detailed below:

- NAM Coronation Balanced Plus, our flagship retirement savings vehicle, celebrated its five-year track record with a return of 11.8% per annum (net of fees). Since inception in December 2011, it has delivered an annualised return of 11.1% (net of fees).
- NAM Coronation Capital Plus, a multi-asset medium-equity fund, has delivered 8.5% per annum (net of fees) on a five-year basis and 9.8% per annum (net of fees) since inception in November 2007.
- NAM Coronation Balanced Defensive, our lower equity conservative fund, has delivered 9.7% per annum (net of fees) on a five-year basis and 9.2% per annum (net of fees) since inception in November 2007.
- NAM Coronation Strategic Income, a multi-asset income fund, has delivered 7.6% per annum (net of fees) on a five-year basis and 7.9% (net of fees) per annum since inception in November 2007. This represents annualised outperformance of its cash benchmark by 0.8% per annum.
- NAM Coronation Money Market, an ideal solution for investors who seek an alternative to a bank deposit, has delivered 7.6% (net of fees) on a one-year basis and 7.4% (net of fees) per annum since its inception in December 2015.

## **Dividend**

The Board recommended a final dividend of 7.5 cents per ordinary share (2016: 7.5 cents per ordinary share).

The salient dates are as follows:

Last day to trade:	24 November 2017
Securities start trading	
Ex - dividend:	27 November 2017
Record date:	01 December 2017
Payment date:	18 December 2017

## **Prospects**

We expect domestic and global economic conditions to remain tough. Coupled with regulatory interventions, this will continue to put pressure on investment returns and flows into the foreseeable future. Despite these challenges, we remain committed to delivering both superior investment performance over the long term and excellent client service.

We are positive about the re-opening of certain mandates to new clients as well as our expanded global offering. Further, we believe that our singular focus on identifying the best investment opportunities across our client portfolios will generate long-term value for all stakeholders.



**A PILLAY**  
**CHAIRMAN**

06 November 2017



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

## **BOARD OF DIRECTORS:**

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

## **COMPANY SECRETARY**

U EISEB

**AUDITORS REVIEW OPINION**

The condensed group financial statements for the year ended 30 September 2017 have been reviewed by KPMG Namibia. The auditor's unqualified review conclusion is available for inspection at the Company's registered office.

**REGISTERED OFFICE**

Unit 18, Tenbergen Village, Corner of Robert Mugabe and Lazarett Street, Windhoek

P.O. Box 23329, Windhoek, Namibia

**AUDITORS**

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

**SPONSOR**

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

**TRANSFER SECRETARIES**

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

**Release date:** 13 November 2017

**NAMIBIA ASSET MANAGEMENT LTD**

**REVIEWED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017**

**CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME**

	Reviewed 30 September 2017 N\$	Audited 30 September 2016 N\$	Change %
Revenue	69 582 763	72 403 774	(3.9)
Other income	621 051	272 646	127.8
Operating expenditure	(49 646 090)	(50 769 202)	(2.2)
<b>Operating profit</b>	<b>20 557 724</b>	<b>21 907 218</b>	<b>(6.2)</b>
Finance income	2 175 656	1 921 408	13.2
Finance costs	(617 075)	(356 022)	73.3
<b>Profit before tax</b>	<b>22 116 305</b>	<b>23 472 604</b>	<b>(5.8)</b>
Taxation	(7 105 005)	(7 710 783)	(7.9)
<b>Profit attributable to ordinary shareholders</b>	<b>15 011 300</b>	<b>15 761 821</b>	<b>(4.8)</b>
<b>Other comprehensive income</b>			
Net change in fair value of available-for-sale financial assets	194 465	224 586	(13.4)
<b>Other comprehensive income for the year (net of income tax)</b>	<b>194 465</b>	<b>224 586</b>	<b>(13.4)</b>
<b>Total comprehensive income for the year</b>	<b>15 205 765</b>	<b>15 986 407</b>	<b>(4.9)</b>
Total comprehensive income is attributable to equity holders of the Group			
EARNINGS PER SHARE (cents)			
- Basic	9.73	10.22	(4.8)
- Diluted	9.38	9.81	(4.4)

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Reviewed 30 September 2017 N\$	Audited 30 September 2016 N\$
<b>ASSETS</b>		
<b>Non - current assets</b>	<b>7 833 530</b>	<b>7 723 605</b>
Equipment	905 970	1 002 989
Intangible assets	6 241	10 628
Marketable securities (note 4)	5 000 000	5 000 000
Deferred tax	1 921 319	1 709 988
<b>Current assets</b>	<b>37 794 391</b>	<b>38 978 897</b>
Marketable securities (note 4)	3 663 338	4 532 909
Trade and other receivables	11 971 535	12 159 239
Current tax asset	486 933	746 921
Cash and cash equivalents	21 672 585	21 539 828
<b>TOTAL ASSETS</b>	<b>45 627 921</b>	<b>46 702 502</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>24 445 236</b>	<b>23 198 739</b>
Issued capital and share premium	3 794 152	3 794 152
Reserve for own shares	(9 579 250)	(9 579 250)
Share based payment reserve	2 518 532	1 852 370
Fair value reserve	1 851 919	1 657 454
Retained earnings	25 859 883	25 474 013
<b>LIABILITIES</b>	<b>21 182 685</b>	<b>23 503 763</b>
<b>Long-term liabilities</b>	<b>7 318 415</b>	<b>8 756 022</b>
Interest bearing liabilities (note 5)	7 318 415	8 756 022
<b>Current liabilities</b>	<b>13 864 270</b>	<b>14 747 741</b>
Shareholders for dividend	103 592	368 192
Trade and other payables	13 760 678	14 379 549
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45 627 921</b>	<b>46 702 502</b>

**CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY**

Reviewed	Ordinary share capital N\$	Share premium N\$	Retained earnings N\$	Share based Payment Reserve N\$	Reserve for own Shares N\$	Fair Value Reserve N\$	Total N\$
Balance as at 01 October 2015 (audited)	1 962 300	2 251 860	24 612 741	1 435 154	(1 599 258)	1 432 868	30 095 665
<b>Comprehensive income for the year</b>	-	-	15 761 821	-	-	224 586	15 986 407
Profit for the year	-	-	15 761 821	-	-	-	15 761 821
Other comprehensive income for the year	-	-	-	-	-	224 586	224 586
<b>Transactions with owners recorded directly to equity</b>	(420 008)	-	(14 900 549)	417 216	(7 979 992)	-	(22 883 333)
Dividends paid to equity holders	-	-	(14 900 549)	-	-	-	(14 900 549)
Acquisition of NAM shares by the Orban Street Trust	(420 008)	-	-	-	(7 979 992)	-	(8 400 000)
Share based payments	-	-	-	417 216	-	-	417 216
<b>Balance as at 30 September 2016 (audited)</b>	1 542 292	2 251 860	25 474 013	1 852 370	(9 579 250)	1 657 454	23 198 739
<b>Comprehensive income for the year</b>	-	-	15 011 300	-	-	194 465	15 205 765
Profit for the year	-	-	15 011 300	-	-	-	15 011 300
Other comprehensive income for the year	-	-	-	-	-	194 465	194 465
<b>Transactions with owners recorded directly to equity</b>	-	-	(14 625 430)	666 162	-	-	(13 959 268)
Dividends paid to equity holders	-	-	(14 625 430)	-	-	-	(14 625 430)
Share based payments	-	-	-	666 162	-	-	666 162
<b>Balance as at 30 September 2017 (reviewed)</b>	1 542 292	2 251 860	25 859 883	2 518 532	(9 579 250)	1 851 919	24 445 236

**CONDENSED GROUP STATEMENT OF CASH FLOWS**

	Reviewed 30 September 2017 N\$	Audited 30 September 2016 N\$
<b>Cash flows from operating activities</b>		
Cash generated by operations	21 055 740	8 565 633
Finance income	1 807 499	1 508 662
Income taxes paid	(7 056 348)	(8 299 586)
Dividends paid	(14 890 030)	(14 837 804)
<b>Net cash flows from operating activities</b>	<b>916 861</b>	<b>(13 063 095)</b>
<b>Cash flow from investing activities</b>		
Acquisitions of equipment to maintain operations	(161 614)	(957 354)
Proceeds from sale of equipment	-	3 800
Marketable securities - (investments)	(2 390 900)	(23 402 340)
Marketable securities - withdrawals	3 823 093	23 633 873
<b>Net cash flows from investing activities</b>	<b>1 270 579</b>	<b>(722 021)</b>
<b>Cash flows from financing activities</b>		
Repayment of interest-bearing borrowings (note 5)	(1 579 335)	-
Interest paid on interest-bearing borrowings (note 5)	(475 348)	-
<b>Net cash flows from financing activities</b>	<b>(2 054 683)</b>	<b>-</b>
Net movement in cash and cash equivalents	132 757	(13 785 116)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>21 539 828</b>	<b>35 324 944</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>21 672 585</b>	<b>21 539 828</b>

## **NOTES TO THE GROUP FINANCIAL STATEMENTS**

### **1. Reporting entity**

Namibia Asset Management Ltd (the "Company") is a Company incorporated in Namibia (Registration number: 97/397). The condensed group financial statements for the year ended 30 September 2017 comprise the Company, its subsidiary and other controlled entities, together referred to as the "Group"

### **2. Statement of compliance**

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

The condensed group financial statements were approved by the Board of Directors on 06 November 2017.

### **3. Significant accounting policies**

The accounting policies applied by the Group in these condensed group financial statements are the same as those applied by the Group in its full group financial statements as at and for the year ended 30 September 2016.

### **4. Marketable securities**

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

### **5. Interest-bearing liabilities**

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

## 6. Earnings per share

	Reviewed 30 September 2017 N\$	Audited 30 September 2016 N\$	Change %
<b>EARNINGS</b>			
Earnings per share is based on basic earnings of:	15 011 300	15 761 821	(4.8)
Headline earnings per share is based on headline earnings of:	15 011 300	15 758 021	(4.7)
<b>Reconciliation of earnings to headline earnings</b>			
Profit attributable to ordinary shareholders	15 011 300	15 761 821	(4.8)
Profit on sale of equipment	-	(3 800)	(100.0)
<b>Headline earnings</b>	<b>15 011 300</b>	<b>15 758 021</b>	<b>(4.7)</b>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES**</b>			
Ordinary shares in issue	154 229 200	154 229 200	
Diluted ordinary shares in issue*	160 024 007	160 563 809	
<b>Reconciliation of statutory shares in issue to diluted ordinary shares in issue</b>			
Authorised and issued shares	200 000 000	200 000 000	
<b>Treasury shares</b>			
Shares held by NAM Staff Share Trust	(3 770 000)	(3 770 000)	
Shares held by The Orban Street Trust	(42 000 800)	(42 000 800)	
Weighted average number of ordinary shares in issue**	154 229 200	154 229 200	
Effect of share options outstanding	5 794 807	6 334 609	
<b>Diluted ordinary shares in issue</b>	<b>160 024 007</b>	<b>160 563 809</b>	
Basic earnings per share in cents	9.73	10.22	(4.8)
Headline earnings per share in cents	9.73	10.22	(4.8)
Diluted earnings per share in cents	9.38	9.81	(4.4)

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

\*\*after consolidation of treasury shares held