



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NAMIBIA DEVELOPMENT CORPORATION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibia Development Corporation for the financial year ended 31 March 2011, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, February 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIA DEVELOPMENT CORPORATION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

1. INTRODUCTION

The accounts of the Namibia Development Corporation, for the year ended 31 March 2011 are being reported on in accordance with the provisions set out in hereinafter referred to as the Act. The main objectives of the Board are stated in Section 3 of the Act.

The firm EDB & Associates of Windhoek has been appointed in terms of Section 17, of the Act, to audit the accounts of the Namibia Development Corporation on behalf, of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest thousand Namibia Dollar. Deficits are indicated in brackets.

2. FINANCIAL STATEMENTS

The Board's annual financial statements were submitted to me by the Board in compliance with Section 17(3), of the Act. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet, Annexure B, is a true reflection of the original.

The following Annexures are also attached to this report:

- Annexure B: Abridged Balance Sheet
- Annexure C: Abridged income statement
- Annexure D: Cash flow statement
- Annexure E: Notes to the financial statements

The Board of the Namibia Development Corporation is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by the said firm, included:

- a) examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements,
- b) assessment of the significant estimates and judgments made by the Board of Directors of the Board in preparation of the financial statements and whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularities;
- in all material respects, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

NAMIBIA DEVELOPMENT CORPORATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

GENERAL REVIEW

Objectives of the Namibia Development Corporation

The Corporation was established in terms of the Namibia Development Corporation Act 18 of 1993 and SOE Act, to promote, develop and support all sectors of the Namibian economic empowerment of its people in conformity with the development strategies and policies of the Government of the Republic of Namibia through inter alia:

- a) promoting employment in both the formal and informal sectors;
- b) promoting and encouraging sustainable local and foreign investment;
- c) promoting trade, both nationally and internationally;
- d) promoting and encouraging training and productivity;
- e) promoting ecologically sound development;
- f) promoting import substitution where economically viable;
- g) promoting economic activities which add value to local and imported resources;
- h) promoting forward and backward linkages between all sectors of the economy;
- i) promoting Namibia entrepreneurship through the stimulation of small and informal economic activities;
- j) developing, with the participation of the private sector, commercially viable enterprises or projects;

acting as agent for the Government and its institutions in the promotion of enterprises or the implementation of development schemes; and

co-ordinating with other development agencies and institutions in order to facilitate co-operation and encouragement of an interdisciplinary and multidisciplinary approach.

In order to realise its objectives, the Corporation has adopted the following mission statement:

"Our mission is to be the leading, innovative and competitive development agency by offering agriculture and industrial development on an economically viable and sustainable basis, excellent professional and effective services to our clients and earning reasonable profit in order to efficiently meet our commitment towards the socio-economic upliftment of our people".

NAMIBIA DEVELOPMENT CORPORATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

NATURE OF BUSINESS

In order to meet its objectives, the principal activities of the Corporation include the Cabinet decision of 2007, business advice and premises to prospective and existing enterprises. The Corporation also provides management services to other subsidiaries and divisions within the Group.

COUNTRY OF REGISTRATION OR DOMICILE: Namibia

REGISTERED ADDRESS Development Centre
 11 Goethe Street
 Windhoek
 Namibia

POSTAL ADDRESS Private Bag 13252
 Windhoek
 Namibia

ULTIMATE SHAREHOLDER Government of the Republic of Namibia

MAIN BANKERS Bank Windhoek Limited

COMPANY SECRETARY E van der Berg
 Replaced by: Liezel du Plessis

DIRECTORS J. Nekwaya Chairman
 M.S. Semi
 M.S. Haipinge
 R. Jacobs

<i>Ex officio</i> directors:		Replaced by:
Dr. M Lindeque	Permanent Secretary: Trade and Industry	
C. Schlettwein	Permanent Secretary: Finance	Ms E Shafudah
A. Ndishishi	Permanent Secretary: Agriculture, Water and Forestry	
J. Iita	Permanent Secretary: Mines and Energy	
M. Shivute	Permanent Secretary: National Planning Commission	AL Hungamo
PF de Wet	Acting Managing Director	

NAMIBIA DEVELOPMENT CORPORATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

CONTENTS	Page
Report of the Auditor - General on the annual financial statements of the Namibia Development Corporation	6 – 8
Report of the directors	9 – 11
Statement of financial position	12
Statement of comprehensive income	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16 – 32

Directors' statement of responsibility

The directors are responsible for the preparation and fair presentation of the financial statements of Namibia Development Corporation, comprising the statement of financial position as 31 March 2011, and the statement of comprehensive income, statement in equity and cash flows for the year then ended, and the notes to the financial statement, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of Namibia.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system risk management.

The directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe the business will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

NAMIBIAN DEVELOPMENT CORPORATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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 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 Corporation's cash flow forecast for the year to 31 March 2012 and, in the light of this review and the current financial position, they are satisfied that the Corporation has or has access to adequate resources to continue in operational existence for the foreseeable future.

Approval of annual financial statements

The financial statements set out on pages 12 to 32, which have been prepared on the going concern basis, were approved and authorised for issue by the board of directors and are signed on their behalf by:

J. Nekwaya
Chairperson

P de Wet
Acting Managing Director

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
NAMIBIA DEVELOPMENT CORPORATION**

1. AUDIT OBSERVATIONS

1.1 General comment

Auditors noted with concern that the preparation, review and clearing of a number of control account reconciliations have not been performed consistently and timeously throughout the year. This is of concern, as management control is dependent upon accurate and timely reconciliation of all control accounts. The auditors wish to highlight the importance of the preparation and effective review of reconciliations as well as follow up of reconciling items as a control so as to ensure:

- The early detection of errors and, in some cases, fraud; and
- The accuracy of management information.

1.2 Prior year's management report

Auditors review of the prior year report indicates that there are still a number of items that have not been adequately addressed yet. Those items which have been re-reported have been indicated by means of an asterisk (*).

1.3 Operating results and going concern

Although continued operating losses for the financial years prior to 2010, profits for the years ended 2010 and 2011, indicates that the corporation is positively turning its poor form around.

<u>Financial year</u>	<u>Operating (loss) / profit</u>
31 March 2006	(N\$ 15,4 million)
31 March 2007	(N\$ 3,0 million)
31 March 2008	(N\$ 10,7 million)
31 March 2009	(N\$ 3,8 million)
31 March 2010	(N\$ 20,8 million)
31 March 2011	(N\$ 51,5 million)

2.4 Special funds (*)

Special funds administered by the Corporation on behalf the relevant Ministry or other bodies are significant.

Each fund has its own peculiar specifications with respect to the way in which the funds are to be managed and utilized as stipulated by an agreement signed between an Namibia Development Corporation (NDC) representative and the relevant Ministry. It was further noted that not all these special funds had agreements in place or could be provided. The NDC has written down funds amounting to N\$ 31 776 001 provided by the Government of Namibia dating back to 1975 which were earmarked for special projects. Management has allocated the write-offs to accumulated funds adjustments and utilisations in Note 25.

The Board is of the opinion that these projects were completed successfully with funding appropriated by the NDC. The Board also stated that due to the downscaling of operational activities of the NDC, a situation was created where reconciliations were not done properly with the result that NDC was not reimbursed from those specific funds. Also, projects were not properly closed down which culminated into a situation that the projects were closed and funds been written off during the financial year. However, in a positive intervention, the Corporation has initiated a process where Special Funds will be administered independently and separately from the Corporation's operations.

1.5 Naute Project - Dates and Grapes (*)

As reported in prior year, Namibia Development Corporation - Naute Project prepare tax invoices, thus tax invoices are only prepared for the products to cross or export at the border, but the initial tax invoices amount of dates and grapes sold is calculated by Karsten and deducts all the charges and the packaging material and the rest of the amount left is deposited in the bank account of Naute as sales of dates and grapes, and there is no summary on the sale of dates and grapes calculated by Karsten during the year under review.

1.6 Loan from the Government of the Republic of Namibia (*)

As reported in prior year, the corporation received a loan of N\$ 4,845 million (RMBY 6,400 million) in 1998 from the Government of the Republic of Namibia for acquiring a stake in Southern Africa Tractor Manufacturing (Pty) Ltd (SATM). To date, no repayments have been made to the Government of the Republic of Namibia.

The terms and conditions of agreements have an effect on current and future obligations, rights and responsibilities of the contracting parties and it is thus vital to not only have the relevant documentation in place for reference purposes, but also disclose any non-payment appropriately.

The Corporation non-payment on the loan is a direct breach of Section 6.1 of the on-lending agreement and have attracted unnecessary interest which considering the financial performance of the Corporation should have been prevented.

2. CERTAIN SUBSIDIARIES EXCLUDED FROM GROUP ANNUAL FINANCIAL STATEMENTS

Auditors noted that certain subsidiaries which were significant in an amount were not appropriately included in the group annual financial statements.

3. ACKNOWLEDGEMENT

The assistance and co-operation given by the management and staff of the Corporation during the audit is appreciated.

4. BASIS FOR QUALIFIED OPINION

- No reconciliation are conducted or performed
- None submission of agreements
- No recoverability of loans

5. QUALIFIED OPINION

The financial statements of the Namibia Development Corporation for the year ended 31 March 2011, including all fund accounts operated by the Corporation, have been audited in accordance with the stipulation of Section 22 of the Namibia Development Corporation's Act 18 of 1993.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Namibia Development Corporation as at 31 March 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

WINDHOEK, February 2015

JUNIAS ETUNA KANDJEKE
AUDITOR - GENERAL

**NAMIBIA DEVELOPMENT CORPORATION
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

The directors present their report for the year ended 31 March 2011. This report forms part of the audited financial statements.

1. Business and operations

The Corporation's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report, other than as disclosed in this report.

2. Financial results

The results of the Corporation and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

3. Subsidiaries and associated companies

Name and nature of business	Issued	% Held		Shares		Year-end
	Capital	2011	2010	2011	2010	
Direct Subsidiaries						
Dittmarschen Development (Pty) Ltd	100	100	100	100	100	31 March
Okatana Filling Station (Pty) Ltd	20 000	51	51	10 200	10 200	31 March
Owambo Koeldrank Fabriek (Pty) Ltd	2	100	100	2	2	31 March
Naute Fruit Farms (Pty) Ltd	100	100	100	100	100	31 March
Namibia Agricultural Development (Pty) Ltd	100	100	100	100	100	31 March
Joint ventures and associates				10 502	10 502	
Pupkewitz Motors (North) (Pty) Ltd	7 500 000	40	40	3 000 000	3 000 000	28/02/2012
Namibia Pipe Manufactures (Pty) Ltd	24 400 000	30	30	7 320 000	7 320 000	***
SA Tractors Manufactures (Pty) Ltd	100	40	40	40	40	***
Namibia Beverages Partnership	--	29	29	--	--	31/12/2011
				10 320 040	10 320 040	

*** Determined to be deregistered.

**NAMIBIA DEVELOPMENT CORPORATION
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

All other joint ventures have a 31 March year end.

As a result of the re-integration process of Amalgamated Commercial Holdings (Pty) Ltd and the Corporation in the 2002 financial year, the following subsidiaries, Okatana Filling Station (Pty) Ltd, Okakarara Filling Station (Pty) Ltd, and Owambo Koeldrank Fabriek (Pty) Ltd, were transferred and incorporated as investments in the books of the Namibia Development Corporation.

4. Share Capital

There was no change in issued share capital during the year.

5. Shareholder

The Government of the Republic of Namibia is the sole shareholder of the Company.

6. Property, plant and equipment

There have been changes in the values of property, plant and equipment during the year which can be classified as follows:

	2011	2010
	N\$'000	N\$'000
Additions to property, plant and equipment	24 892	2 075
Disposal of property, plant and equipment	-	(1 418)

There were no changes in the policy relating to their use.

7. Events subsequent to the year end

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report, other than as disclosed in this report.

8. Corporate Governance

Namibia Development Corporation is committed to achieving high standards of corporate governance. The Board has developed self-governance principles over the years which are applied transparently and consistently. The Board also recognises that compliance with legislation is an important component of good governance and in this regard, the directors are satisfied with actions that management has taken to ensure compliance with all relevant legislation.

Full compliance has not been practically possible with respect to certain provisions of the State-Owned Enterprises Governance (SOEG) Act of 2006. Management has and continues to engage the SOEG Council with the aim of achieving full compliance. The discussions are aimed at ensuring that full compliance does not negate achievements already attained prior to the Act becoming effective.

**NAMIBIA DEVELOPMENT CORPORATION
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011**

The Corporation continues to apply and comply with the provisions of the Companies Act and its internal governance procedures in directing and managing the business. Certain exceptions as provided within the SOEG Act were also processed. The matters dealt with through the Company's internal governance procedures and subject to the board's approval include development and implementation of the Company's strategic and financial plan, determination and approval of the remuneration of the board and senior management of the Company's investment portfolio. Notably, the SOEG Act does not apply to the subsidiaries and associates, but only to the company.

7. Company Secretary

The previous company secretary E van der Berg was replaced by Liezel du Plessis, whose business and postal addresses are:

NDC Building
11 Goethe Street
Windhoek
Namibia

Private Bag 13252
Windhoek
Namibia

NAMIBIA DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2011

	Notes	2011 N\$'000	2010 N\$'000
ASSETS			
Non-current assets		212 297	193 041
Property, plant and equipment	2	121 304	120 773
Investment in subsidiaries	3	11 236	11 182
Investment in associates	4	79 412	58 409
Productive livestock	5	336	2 645
Loans advanced	6	10	31
Current assets		474 910	225 929
Inventories	7	37 997	34 954
Trade and other receivables	8	15 596	3 752
Cash and cash equivalents	10	414 293	180 866
Related party loans	17	7 024	6 356
Total assets		687 207	418 970
EQUITY AND LIABILITIES			
Capital and reserves		244 389	124 042
Issued capital	11	234 935	232 435
Non distributable reserve	12	151 859	154 359
Accumulated loss		(142 405)	(262 752)
Non-current liabilities		353 860	283 022
Special funds	13	320 365	249 527
Employee benefits	15	33 495	33 495
Current liabilities		88 959	11 904
Trade and other payables	16	80 722	4 672
Current portion of interest bearing borrowings	14	6 679	6 451
Bank overdraft	10	1 558	781
Total equity and liabilities		687 207	418 970

NAMIBIA DEVELOPMENT CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

		2011	2010
	Notes	<u>N\$'000</u>	<u>N\$'000</u>
Revenue	1.1	35 781	23 301
Cost of sales		<u>(12 780)</u>	<u>(10 423)</u>
Gross profit		23 002	12 878
Operating costs		<u>(46 026)</u>	<u>(36 469)</u>
Operating (loss) for the year		(23 024)	(23 591)
Net finance costs	22	1 797	205
Other income	26	<u>20 855</u>	<u>31 465</u>
Net (loss) / profit before taxation		(372)	8 079
Taxation		<u>-</u>	<u>-</u>
Net (loss) / profit after taxation		(372)	8 079
Dividends received		29 647	11 600
Share of profit in associates		<u>22 230</u>	<u>1 128</u>
Total comprehensive income for the year		<u><u>51 505</u></u>	<u><u>20 807</u></u>

NAMIBIA DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

	Share capital	Non- Distribu- table reserves	Accumu- lated Loss	Total
	N\$'000	N\$'000	N\$'000	N\$'000
Balance as at 01 April 2009	232 435	154 359	(271 125)	115 669
Net profit for the year	-	-	20 807	20 807
Adjustments and utilizations	-	-	(12 434)	(12 434)
Balance as at 31 March 2010	232 435	154 359	(262 752)	124 042
Net profit for the year	-	-	51 505	51 505
Adjustments and utilizations	-	-	68 841	68 841
Prior year adjustments on share certificate	-	(2 500)	-	(2 500)
Realized on disposal of property, plant and equipment	-	-	-	-
Balance as at 31 March 2011	232 435	151 859	(142 405)	241 889

NAMIBIA DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 NS'000	2010 NS'000
Cash flow from operating activities			
Cash receipts from customers		56 636	54 766
Cash paid to suppliers and employees		147 437	(45 712)
Cash generated by operations	24.1	204 074	9 054
Investment income		2 175	652
Financing costs		(378)	(447)
<i>Net cash in flows by operating activities</i>		205 871	9 259
Cash flows from investing activities			
Property, plant and equipment acquired		(24 892)	(2 864)
Productive livestock sold		2 309	(2 289)
Proceeds on disposal of assets		-	1 429
Movement in advances		22	101
Movement in investments		(21 056)	(587)
Movement in related parties		(668)	(27 260)
<i>Net cash (out) flows from investing activities</i>		(44 285)	(31 471)
Cash flows from financing activities			
Long-term loans raised / (repaid)		228	220
Movement in special funds		70 838	184 977
<i>Net cash inflow in financing activities</i>		71 065	185 196
Net change in cash and cash equivalents		232 650	162 983
Bank overdraft, less cash and cash equivalents			
Balance at the beginning of the year		180 085	18 231
Balance at the end of the year	24.2	412 735	180 085

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

1. Basis of preparation

The financial statements are prepared in accordance with the requirements of the Namibia Development Corporation Act. The following principal accounting policies used by the Corporation have been consistently applied:

1.1 Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership are transferred to the buyer.

Revenue from agency commission and royalties are recognized when the sale which gives rise to this revenue takes place.

Grants received comprise amounts received from the Government of the Republic of Namibia.

Interest is recognized on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

Dividends are recognized when the last date to register for the dividend has passed in respect of listed and un-listed shares.

Management fees are recognized when they become due to the Corporation.

Revenue from rental income is recognized when the rental becomes due.

1.2 Associates

Under the equity method of accounting the Corporation's share of the associate's profit or loss for the year is recognized in the income statement. The Corporation's interest in the associate is carried in the balance sheet at an amount that reflects its share of the associate and includes goodwill on acquisition.

1.3 Joint ventures

A joint venture is a contractual agreement between two or more parties to undertake an economic activity which is under joint control.

Interest in joint venture are stated at fair value, except where there is a permanent decline in value in which case they are written down.

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

1.4 Investments

Non-current investments are shown at cost and adjustments are made only where in the opinion of the directors, the investment is impaired. Where an investment has been impaired, it is recognized as an expense in the period in which the impairment is identified. Investments include wholly-owned subsidiaries over which no effective management control is in place. Dividends are accounted for when declared in respect of listed and unlisted shares.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

1.5 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Buildings and leasehold property are depreciated. For certain buildings the depreciable value is considered to be nil on the basis that it is the Corporation's practice to maintain these buildings in continual state of sound repair and to extend and improve selected buildings from time to time, resulting in the residual value of these assets exceeding the current carrying values.

Land and buildings are subsequently shown at revaluation, based on valuation done by external independent valuers every fourth year, less subsequent depreciation for property, plant and equipment, which is stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same assets are charged against the revaluation reserve. All other decreases are charged against to the income statement. Impairment losses and reversal of impairment losses are recognized in the income statement.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property plant and equipment are as follows:

Leasehold buildings	2%
Plant and machinery	10%
Motor vehicles	25%
Establishment costs	10%
Buildings	2%
Office equipment and furniture	10%

Land is not a depreciated asset and is deemed to have an indefinite life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amount in revaluation and other reserves relating to that asset are transferred to retained earnings.

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

1.6 Special funds

The Corporation administers certain funds of the Government of the Republic of Namibia which have been earmarked for special purposes. A contract is drawn up whenever a special fund is accepted. The Corporation ensures that funds are credited to a special liability account and duly applied in accordance with the agreement. For the year under review, Special Funds were relocated outside of the records of the Corporation with own bank accounts where it will be administered separately and independently.

The following types of special funds were in existence for the year under review:

High Risk Fund

A revolving fund provided by the Government to the former First National Development Corporation to be used for granting special high risk loans which cannot be met out of the funds of the Corporation in the ordinary course of business.

Repayable to the Government

The Corporation accepts goods from the Government for resale. A special fund is created, equal to the cost of the goods. After the sale of the said goods and recovery of the outstanding debt, the special fund is settled by refunding the Government an amount equal to the cost of the goods.

Other Special Funds

All other funds are credited to a special liability account and disbursed in line with the specific agreement between the Namibia Development Corporation and the Government.

Agency projects

The Corporation administers agency projects on behalf of the Government of the Republic of Namibia. In doing this, the Corporation uses its own resources and all expenditure is recovered from the Government

1.7 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined on a first in, first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective inventories.

1.8 Livestock

Productive livestock

Productive livestock is stated at market value at the commencement of their productive life cycle, and revalued annually. Market values are obtained from a livestock marketing agency.

Trading livestock

Trading livestock is valued at the net realizable value on balance sheet date. Net realizable value is obtained from a livestock marketing agency.

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

1.9 Employee Benefits

Defined Contribution Plans

The Corporation provides for retirement benefits of its staff by way of a pension fund. The contributions by staff members and the Corporation to this fund are in accordance with the fixed scales determined in consultation with the actuaries. The contributions of the Corporation are dealt with as a charge against income in the year of payment.

This fund is appraised every 3 years by an independent actuary and the next appraisal was due in 2010, but not done as yet and the next appraisal is set down to be done in 2013.

Defined benefit plans: Medical post-retirement obligations

The Corporation provides post-retirement medical aid benefits to its retirees. The entitlement to post-retirement medical aid is based on the employee remaining in service up to retirement age and the completion of a minimum service period. Provision is made in respect of the accrued liability for medical aid contributions of current and future pensioners. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology, as prescribed by IAS 19 (post-retirement benefits). Contributions in the future medical aid benefits for pensioners are based on the valuation of the fund and the review of the provision on an annual basis.

Existing employees

Past service costs, experience adjustments, the effects of changes in actuarial assumptions and the effects of plans amendments in respect of existing employees in a defined benefit plan are recognized as an expense or as income systematically over the expected remaining working lives of those employees.

Plan terminations, curtailments and settlements

When it is probable that a defined benefit plan will be terminated or that there will be a curtailment or settlement of the retirement benefits payable under that plan;

- (a) resulting increase in the Corporation's retirement benefit cost is recognized as an expense immediately, and
- (b) any resulting gain is recognized as income in the period in which the termination, curtailment or settlement occurs.

Retirement employees

The effects of plan amendments in respect of retired employees in a defined benefit plan are measured as the present value of the effect of the amended benefits, and are recognized as an expense or as income in the period in which the plan amendment is made.

The cost of providing retirement benefits under a defined benefit plan is determined using a projected credit unit valuation method.

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

1.10 Bad and doubtful debts

Specific provision for bad and doubtful debts is made against identified doubtful debtors, including amounts in respect of interest which is not serviced, and this provision is deducted from debtors.

1.11 Translation of foreign currencies

Transactions

Foreign currency transactions are recorded, on initial recognition in Namibian Dollar, by applying to the foreign currency amount the exchange rate between the Namibian Dollar and the Foreign currency at the date of the transaction.

At each balance sheet date:

(a) Foreign currency monetary items are reported using the closing rate, and

(b) Non-monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items or on reporting on the Corporation's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or expenses in the period in which they arise.

1.12 Leased assets

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the estimated useful lives of the assets.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

1.13 Trade receivables

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

1.14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

1.15 Provisions

Provisions are recognized when the company has a present legal constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

1.16 Financial instruments

Financial assets and liabilities are recognized in the Organization's statement of financial position when the organization becomes a party to the contractual provisions of an instrument. All financial instruments are initially measured at fair value. Transaction costs are normally also included in the initial measurement of financial instruments. However, transactions costs incurred on financial assets and liabilities at fair value through profit or loss are not included in the initial measurement, but are expensed. The transactions costs referred to are those incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. For this purpose, transactions costs excludes financing costs and internal administrative costs.

The Organization derecognition principles for financial liabilities hinge on the legal release (extinguishment) of the obligation. Consequently, a financial liability or part thereof would be removed from its statement of financial position only when it is extinguished. The Organization derecognition principles for financial assets are normally triggered when it receives consideration in return for the transfer or sale of all or part of a financial asset.

Impairment losses are recognized on loans and receivables when there is objective evidence of impairment. An impairment loss is recognized in profit or loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

1.17 Offsetting

The net amount on offsets of financial assets and financial liabilities were reported in the organization statement of financial position, where applicable. However this was only done when the organization had legal enforceable right to set off the recognized amounts and intends to settle on a net basis.

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH (continued)

2. Property, plant and equipment

	2011 Cost/ valuation	2011 Accumu- lated deprecia- tion	2011 Carry- ing value	2010 Cost/ value- tion	2010 Accumu- lated depreciation	2010 Carrying value
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
2.1 Owned assets						
Land and buildings	67 015	7 586	59 429	66 973	6 706	60 267
Plant and equipment	15 419	11 372	4 047	13 146	10 566	2 580
Buildings on leasehold	66 490	9 207	57 283	65 419	8 051	57 368
Establishment cost	4 267	3 722	545	4 267	3 709	558
Closing carrying amount	<u>153 191</u>	<u>31 887</u>	<u>121 304</u>	<u>149 805</u>	<u>29 032</u>	<u>120 773</u>

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at begin- ning of year	Addi- tions	Revalua- tions	Disposal	Reclassifi- cation	Deprecia- tion	Carrying value at end of year
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
2011	N\$'000	0	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land and buildings	60 267	6 748	-	-	-	(7 586)	59 429
Plant and equipment	2 580	9 022	-	-	-	(7 555)	4 047
Buildings on leasehold	57 368	9 122	-	-	-	(9 207)	57 283
Establishment cost	558	-	-	-	-	(13)	545

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

2.2 Leased assets

Details of the freehold land and buildings are recorded in a register which may be inspected by any member or its duly authorised agent at the Corporation's registered office.

3 Investments in subsidiaries	<u>2011</u> N\$'000	<u>2010</u> N\$'000
Unlisted shares at cost	12 209	12 209
Loans to subsidiaries	9 397	9 343
Dittmarschen Poultry (Pty) Ltd	127	127
Nauasport (Pty) Ltd	263	263
Okatana Service Station	135	126
Owambo Koeldrankfabriek (Pty) Ltd	8 872	8 827
	<u>21 606</u>	<u>21 552</u>
Less : Provisions	<u>(10 370)</u>	<u>(10 370)</u>
	<u>11 236</u>	<u>11 182</u>

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

	2011	2010
	N\$'000	N\$'000
4 Investment in associates and joint ventures		
Carrying amount of investments	92 199	71 197
Loans	4 558	4 558
Provisions	<u>(17 346)</u>	<u>(17 346)</u>
	79 412	58 409
Less: Investments in Associate	<u>(8 146)</u>	<u>(6 999)</u>
Closing balance	<u>71 266</u>	<u>51 410</u>

The investment with Namibia Beverages (Coca-cola), has been adjusted with an amount N\$ 19 725 953 which included the current year share of profit in associate as well as those of previous years, to state the investment at fair value as at 31 March 2011.

Investment in Associate

At cost less amounts written off

Pupkewitz North Toyota (Pty) Ltd

40% interest in unlisted shares of Pupkewitz North Toyota (Pty) Ltd

Carrying value of investment

Shares at cost	3 000	3 000
Retained earnings since acquisition	<u>5 146</u>	<u>3 999</u>
	<u>8 146</u>	<u>6 999</u>
Total investment in associates	<u>79 412</u>	<u>58 409</u>

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014(continued)

5 Livestock on hand	Units	Units	Average market value per unit	Total market value	Total market value
	2011	2010	2011	2011	2010
Productive livestock					
Cows	30	35	3 960	119	1 570
Bulls	19	24	11 426	217	1 075
Total productive livestock				<u>336</u>	<u>2 645</u>
Trading livestock					
Oxen	550	616	5 000	2 750	323
Cows	6 102	5 814	4 038	24 638	27 336
Bulls	2 485	2 130	3 685	9 157	6 391
Total trading livestock				<u>36 546</u>	<u>34 050</u>
				<u>36 882</u>	<u>36 695</u>
6 Loan advanced					
Staff loans				10	31
				<u>10</u>	<u>31</u>
7. Inventories					
The amount attributable to the different categories are as follows:					
Consumable stores				1 464	916
Livestock				36 546	34 051
				<u>38 010</u>	<u>34 967</u>
Provision for obsolete stock				<u>(13)</u>	<u>(13)</u>
				<u>37 997</u>	<u>34 954</u>

NAMIBIA DEVELOPMENT CORPORATION
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011(continued)

	2011	2010
	N\$'000	N\$'000
8. Trade and other receivables		
Trade debtors	15 449	5 137
Sundry debtors	3 678	2 057
Less: Provision for doubtful debts	<u>(3 532)</u>	<u>(3 442)</u>
	<u>15 596</u>	<u>3 752</u>
9. Funds on deposit		
Short term deposit with banks	<u>103 346</u>	<u>28 326</u>
	<u>103 346</u>	<u>28 326</u>
10. Bank balances		
Cash balances	414 293	180 866
Bank overdraft	<u>(1 558)</u>	<u>(781)</u>
	<u>412 735</u>	<u>180 085</u>
The Corporation has an overdraft facility of N\$ 18 000 000 (2009: N\$ 18 000 000) with Bank Windhoek Limited and which is secured by a mortgage bond over the remainder of Erf 79, Windhoek.		
11. Issued capital		
Issued		
- 234 935 000 (2009: 232 435 000) Ordinary shares of N\$ 1.00 each	<u>234 935</u>	<u>232 435</u>

The share capital of the Corporation may be increased or decreased by the Government of the Republic of Namibia on recommendation of the Board of Directors. Such capital is divided into ordinary shares of N\$ 1 each.

Shares issues are financed with funds granted specifically for that purpose by the Government of the Republic of Namibia.

NAMIBIA DEVELOPMENT CORPORATION
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011(continued)

	2011	2010
	N\$'000	N\$'000
12. Non-distributable reserve		
Balance at beginning of the year	154 359	154 359
Movement during year:		
- Prior year adjustments on shares certificate	(2 500)	-
- Realized on disposal of property, plant and equipment	-	-
Balance at end of the year	151 859	154 359
Comprising:		
This reserve arose on the transfer of assets from the former First National Development Corporation in terms of the Namibia Development Corporation Act, 1993.	66 036	66 036
Prior year adjustments on shares certificate	(2 500)	
Surplus arising from revaluation of freehold land and buildings	88 323	88 323
	151 859	154 359

NAMIBIA DEVELOPMENT CORPORATION
NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDEED 31 MARCH 2011 (continued)

	2011	2010
	N\$'000	N\$'000
13. Special funds		
High-risk Fund		
Capital	-	2 039
Other funds		
Government : Investment incentives	-	967
Tractor loan scheme	-	1 024
MTI Renovations	-	988
Vendor development program	-	2 640
SME feasibility studies fund	-	4 166
Food for work	-	(1 384)
Private sector feasibility studies fund	-	6 515
SME legal framework - credit guarantee	-	(510)
SME sourcing program	-	4 423
Appropriate technology demonstration centre	-	12 353
Intra-net	-	1 200
Individuals and non-profit organizations	-	1 322
Ex combatants	-	32
Special agronomic loans	-	364
Small farmers	-	1 374
Hardap feeder	-	232
Kongo river feasibility study	-	(203)
Aussenkehr	-	4
EPZ Industries	-	(1 521)
Cash for work	-	49
Walvisbay corridor	-	2 480
Agro-processing	-	3 430
SME Clusters	-	(2)
Agriculture T06/2008		205
Agriculture T07/2008	91	512
Aerial spraying of reeds	-	9
Dryland cropping programme	39 168	34 731
Horticulture Markets	85 014	42 339

NAMIBIA DEVELOPMENT CORPORATION
NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDEED 31 MARCH 2011 (continued)

13. Special funds (continued)

	2011	2010
	N\$'000	N\$'000
MAWF -Agricultural Statistics	4 552	3 105
MAWF -Agricultural Inspection Services	12 464	-
NDC Green Scheme Nampower	5 551	5 508
Al-Dhara Project	33 461	96
Agricultural Development Centers (ADC)	14 470	10 222
MAWF Purchase Computer H/Software		4 886
Agriculture Regional Offices	12 341	19 300
MAWF Green Scheme	86 770	66 000
MAWF Upgrading of Abattoirs	5 059	5 000
KCR Upgrading (Livestock)	-	5 300
Animal, Health Development & Marketing	-	6 000
Livestock Improvement Programme	17 302	4 334
PPP Framework	4 123	-
	<u>320 365</u>	<u>249 527</u>

NAMIBIA DEVELOPMENT CORPORATION
NOTES FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

	2011	2010
	N\$'000	N\$'000
18. Gross revenue		
Gross revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods, and services supplied, rent and dividends received.		
19. Operating profit		
Operating profit is stated after:		
Income		
Share of profit in joint venture and associate	29 647	11 600
Expenditure		
Depreciation		
- Property, plant and equipment	24 361	2 671
Lease rentals	62	61
- Premises	4	3
- Equipment	58	58
Pension contributions	2 466	1 845
20. Investment income		
Interest income		
- Other interest	2 175	652
	2 175	652
21. Directors' emoluments		
Emoluments paid		
Directors and past directors		
- For services as directors	36	23
- Salary and acting allowances of executive director	-	-
	36	23

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

		2011	2010
		N\$'000	N\$'000
22.	Finance cost		
22.1	Long-term loans and Bank overdraft	378	447
		<u>378</u>	<u>447</u>
22.2	Net finance income (cost)	<u>1 797</u>	<u>205</u>
23.	Employee costs - salaried staff		
	Salaries and wages	13 620	11 775
	Medical aid cost	3 436	3 009
	Pension cost	2 466	1 845
		<u>19 522</u>	<u>16 629</u>
24.	Notes to the cash flow statement		
24.1	Cash utilized in operating activities		
	Net profit for the year	51 505	20 807
	Adjustments for:		
	Depreciation	24 361	2 671
	Investment income	(2 175)	(652)
	Finance costs	378	447
	Adjustments and utilisations	68 841	(12 531)
	Movements in working capital		
	(Increase) in inventories	(3 043)	(2 194)
	Increase in post-retirement benefit obligation	-	-
	(increase) in accounts receivable	(11 844)	(983)
	Increase in accounts payable	76 050	1 489
		<u>204 074</u>	<u>9 054</u>
24.2	Cash and cash equivalents		
	Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
	Bank balances - special funds	310 947	152 540
	NDC - own bank balances	103 346	28 326
		<u>414 293</u>	<u>180 866</u>
	Bank overdraft	(1 558)	(781)
		<u>412 735</u>	<u>180 085</u>

NAMIBIA DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 (continued)

	2011	2010
	N\$'000	N\$'000
25. Adjustments and utilisations		
Adjustment opening balances	68 841	(12 531)
Dormant special funds written - Off	-	-
	<u>68 841</u>	<u>(12 531)</u>
26 Other Income		
Government Grants	19 200	25 469
Sundry income	1 655	5 996
	<u>20 855</u>	<u>31 465</u>