

NAMIBIAN

STOCK

EXCHANGE



Annual Report
31 December

2009

NSX DETAILS

NATURE OF BUSINESS

Stock Exchange
Transfer Secretaries

AUDITORS

Deloitte & Touche

BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

ADDRESS

8 Kaiser Krone Centre, Post Street Mall
P.O. Box 2401, Windhoek, Namibia

CONTACT DETAILS

Tel: +264-61-227647

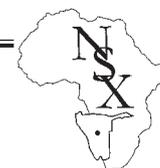
Fax: +264-61-248531

e-mail

info@nsx.com.na

Website

www.nsx.com.na



NAMIBIAN STOCK EXCHANGE ANNUAL REPORT DECEMBER 2009

The Mission and Vision of the NSX

Mission

The **Mission** of the NSX is to enable, develop and deepen capital markets in Namibia. Working in partnership with stakeholders in government and the financial sector, the NSX will:

- make investment in capital markets easier, providing a range of appropriate tradeable instruments
- create and maintain an effective, regulated environment to facilitate the way issuers of securities and investors get together to transact safely and securely
- contribute to the development of a supportive investment climate / culture in Namibia

Vision

The **Vision** of the NSX is to contribute to economic growth and prosperity by providing an efficient marketplace for companies to raise capital locally and for savings to be used for the benefit and development of Namibia.

In so doing the NSX will contribute to the integrity of market pricing through increased liquidity, protect Namibia's macro-economic interests and build pride in Namibia's sovereignty.

CONTENTS

NSX Details	Inside front cover
Statistics	2
Chairman's Annual Report	3-6
NSX Board, Committees & Staff	7 -11
Corporate Governance Report	12 -19
Responsibility for and approval of the Annual Financial Statements	20
Report of the independent auditors	21
Statements of comprehensive income	22
Statements of financial position	23
Statements of changes in rights & reserves	24
Statements of cash flows	25
Accounting policies	26 - 28
Notes to the financial statements	29 - 39
NSX Founder Members	40
Broker contact details	back cover

NSX STATISTICS

AT 31 DECEMBER 2009

Turnover by Sector					
N\$ Millions	2009	2008	2007	2006	2005
Banks	2,199	2,641	2,743	1,490	897
Life Insurance	2,076	1,020	1,070	853	532
Industrial Metals	1,621	2,708	2,148	1,831	750
General Industrials	867	548	1,086	590	295
General Retailers	764	585	2,354	959	506
Food & Drug Retailers	395	651	392	179	71
General Financial	379	632	672	272	86
Chemicals	152	113	99	157	87
Real Estate	90	83	89	39	2
Nonlife Insurance	85	24	179	287	109
Food Producers	54	57	41	19	20
Beverages	29	33	2	23	7
DevX - Development Capital Board	13	36	0.3	-	-
Mining	2	1	17	15	4
Support Services	2	-	-	-	-
	8,728	9,132	10,892	6,714	3,367
	-4%	-16%	62%	99%	18%

Market capitalisation by sector					
N\$ Millions	2009	2008	2007	2006	2005
Industrial Metals	428,837	282,026	558,866	518,955	318,341
Banks	327,494	264,211	318,014	255,807	209,254
Life Insurance	128,729	84,938	186,728	182,409	117,446
Food & Drug Retailers	35,446	28,805	23,370	13,940	10,016
Mining	20,601	10,599	900	1,087	1,322
Nonlife Insurance	20,081	13,537	19,843	26,044	24,716
General Retailers	19,902	15,547	22,628	47,278	39,142
General Financial	15,040	11,758	15,936	20,620	12,288
General Industrials	10,258	9,479	21,957	33,022	25,238
Chemicals	7,543	8,314	11,043	10,354	8,846
Real Estate	3,715	3,397	3,793	437	874
Food Producers	3,681	2,670	2,354	1,974	1,783
Beverages	1,328	1,175	934	620	320
Support Services	1,469	-	-	-	-
DevX - Development Capital Board	23,403	5,169	7,723	-	-
	1,047,527	741,625	1,194,089	1,112,549	769,585

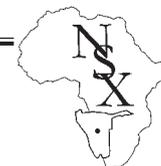
Secondary trades in Bonds reported on the NSX					
N\$ Millions	Total	Class of Issuer			
		Government Bonds	SOE Dual listed on BESA	Commercial Banks	State Owned Enterprises
1999	12	12	-	-	-
2000	17	17	-	-	-
2001	36	24	-	7	5
2002	242	231	-	-	10
2003	475	425	-	11	39
2004	577	479	-	10	88
2005	1,824	1,496	-	76	252
2006	1,288	730	-	38	520
2007	2,388	848	1,283	79	178
2008	541	399	-	10	132
2009	1,412	1,263	-	129	20

Value of Bonds outstanding at 31 December 2009					
N\$ Millions	Total	Class of Issuer			
		Government Bonds	SOE Dual listed on BESA	Commercial Banks	State Owned Enterprises
Bonds	9,266	6,617	500	1,126	1,023
Maturing in					
2010	2,190	1,750	-	90	350
2011	216	-	-	216	-
2012	1,520	1,260	-	260	-
2014	310	-	-	310	-
2015	1,740	1,647	-	-	93
2016	580	-	-	250	330
2018	539	539	-	-	-
2019	250	-	-	-	250
2020	500	-	500	-	-
2024	1,421	1,421	-	-	-
	9,266	6,617	500	1,126	1,023

Treasury bills in issue at 31 December 2009

91 days	430
182 days	950
365 days	2,130
	3,510





Chairman's Report

"In business, there's a bit of buzz about getting things back on track; back to the way they were before the global financial crash of 2008/9. But let's pause and take a breath. Maybe it's time to reflect on what we have just been through and think about what we need to do differently, and better." (Quote from Dennis Comninos, co-director of the UCT Graduate School of Business in an article by Marc Ashton).

Comninos concluded: "Culturally, so much emphasis has been on time and cost: having it now, making it the biggest and spending the most. Now, they're starting to realise that value - and project return on investment - is important, and they never spoke about that before. It's been a rude awakening."

The NSX has accepted the challenge to look at our business practices and models on how our products or services reach the client. In October 2008 we prepared a strategic plan and detailed the 12 objectives in the previous 2008 Chairman's report; in February 2010 we conducted an Enterprise Risk Management (ERM) review.

Selected highlights of the NSX contributions to **deepening the capital markets** in Namibia in 2009 include:

- the primary listing of BIDVest Namibia Limited in October 2009 with a market capitalisation of N\$ 1.5 billion;
- the approval of three medium term note programmes for the Standard Bank of Namibia Limited, Telecom Namibia and the Ohlthaver & List Group;
- the listing of bonds for Bank Windhoek and NamPower Corporation (the NamPower bond was issued in Namibia only);
- the dual listing of an Australian primary listed company Australian Metals (now known as Marenica Energy); and

- the dual listing of an Australian primary listed company Extract Resources Limited and its AIM listed associate Kalahari Minerals plc on DevX (Development Capital Board).

The NSX contributed to deepening the markets in the region by its participation on the dual primary listing of Trustco Group Holdings Limited on the Africa Board of the JSE and its participation in the Committee of SADC Stock Exchanges, whose objective of an integrated regional stock exchange is included in an annex to the Financial Investment Protocol recently ratified by the National Assembly.

As part of the ERM, the NSX interrogated the modalities of Regulation 28 to the Pension Fund Act (in terms of which each fund must invest 35% of its total fund in "Namibian" assets, with certain **prescriptive minimums** and **prudential maximums**) to determine how the implementation of the latest draft will affect the NSX and its members (brokers).

In doing this analysis the dominance of the Government Institutions Pension Fund (GIPF), a government employees defined benefit fund, emerged as a significant risk to the trading on the NSX. The investment mandates granted by the GIPF to its appointed Asset Managers and their application of these mandates will reflect in the trading results of any particular year.

The NSX acknowledges that its success in building up reserves, in excess of N\$ 22million over the past decade with a trebling in the last five years, has largely been due to this Regulation 28 and the Namibianisation process, driven by the GIPF.

These two factors are crucial to the further development of the NSX. In considering the demutualisation of the Exchange the largest uncertainties were the sustainability of the trading results of the NSX, in part due to the above mentioned points and the cost of providing for the state of the art trading and settlement technology and ensuring best practices governance.

The following table compares trading & interest to accumulated reserves of the NSX (excluding the Guarantee Fund).

	Deals	Trading value in N\$ millions	Change	Volume of shares in thousands	Trade levies N\$	NSX Fees	Interest earned N\$	NSX Net Income N\$	Accumulated reserves N\$
2005	2,372	3,367	18.3%	120,835	1,515,650	0.0450%	781,051	990,557	7,590,328
2006	2,549	6,714	99.4%	234,586	2,911,718	0.0434%	892,225	1,024,551	8,614,879
2007	2,340	10,892	62.2%	242,597	4,496,490	0.0413%	1,257,343	5,344,521	13,959,400
2008	2,505	9,132	-16.2%	274,352	3,873,541	0.0426%	1,808,528	4,105,987	18,065,387
2009	3,016	8,728	-4.4%	342,970	3,724,090	0.0427%	2,021,529	4,115,623	22,181,010

The Bank of Namibia, as the manager of the Government of Namibia's borrowing programme, is determined to improve the liquidity in secondary trading of sovereign bonds and has appointed five primary bond dealers, including a member of the NSX and the four commercial banks. The NSX has for a number of years listed Government and other Bonds and records and disseminates details of all the trades reported to it, in its end of day reports. To improve the quality of reporting and to assist the application of International Financial Reporting Standards (IFRS) the four commercial banks submit indicative bond prices daily which are displayed along with actual deals reported by the NSX members. The risks associated with the appointment of an NSX member as a primary dealer necessitates a resolution of the joint and several liability of the NSX Members and the introduction of regulated REPO (repurchase) trades. It has therefore been proposed that the NSX apply for associate membership of the International Capital Markets Association (ICMA) with the five primary dealers each contributing to the costs thereof.

Another risk highlighted during the ERM is the reliance that exchanges place on state of the art technology and communications. This is particularly true of the NSX with its small number of staff and its dependency on fibre optic data lines to the JSE and then onto the London Stock Exchanges (LSE) which has hosted the trading systems for the JSE and NSX for more than a decade. The LSE has given notice that it plans to replace TradElect™ in early 2011 and this development is being closely monitored by the NSX. Consideration is being given to alternatives which could include a Central Securities Depository and the dematerialisation of scrip in terms of pending legislation.

The legislative processes in Namibia are at times slow and often exclusive without comprehensive consultation to the detriment of developing constructive relationships. The NSX is fortunate to have a Board with a wide range of interest and skills and is uniquely positioned to assist regulators

and the legislative architects to present properly researched, supported and critiqued legislation.

The NSX is acutely aware of its role in applying best practices in the sphere of corporate governance and in 2004 adopted the King II Code as the baseline for all listed companies. With the evolution to King III and the new companies act in South Africa a rethink is necessary and the Board of the NSX has seized the opportunity to embark on a project to update the Listing Requirements and the Rules and Directives of the NSX, and to develop a uniquely Namibian Governance Code, bearing in mind the changes anticipated by the introduction by NAMFISA of the proposed Financial Institutions and Markets legislation and the yet to be enacted 2004 Namibian Companies Act.

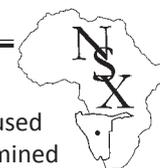
The implementation phase for the Financial Intelligence Act of 2007 has imposed certain obligations on the NSX as a supervisory body and this process is nearing completion.

The NSX adopted a new constitution in 2005 providing for the retirement of one third of its directors each year and the full cycle of retirements has now taken place and in April 2009 two first time appointments were made in the persons of Hans-Bruno Gerdes, a lawyer and Chairman of the Listings Committee and Otto Shikongo, the Managing Director of De Beers Marine Namibia in the general business category, who was appointed as Chairman of the Remuneration Committee.

In the spirit of good governance and to ensure that the NSX appoints a suitable replacement on the pending statutory retirement of John Mandy, our CEO since March 2003, the position has been advertised and the recruitment process is in progress.

The recently released CEO Survey undertaken jointly with Old Mutual highlights the perception problems within Namibia about the NSX and management has been tasked to improve the educational obligations of





the NSX in addition to its annual Scholars Investment Challenge. The 2009 Scholars Investment Challenge, with 41 Schools and 181 teams participating, yielded exceptional results with the winning school achieving a return of 52.8% over the six-month period. Two of the next four teams achieved returns which exceeded the total 2009 annual increase in the index and this emphasis that timing is a key element to successful investing. Namibian Breweries Limited supports the challenge with logistical and personnel resources plus a contribution to the operating costs, while Trustco Group and IJG Securities contributed to the prize monies.

Following on the quote of David Miliband used in our 2008 report “our fate will be determined less by the event than how we respond” the report by the Chairman of the Exchange would not be complete without looking at the trading results for the past year and to put them into perspective. The NSX Overall index (comprising all shares listed on the main board except preference share counters) closed at 771.91 up 38.77% on the closing value of the previous year. This compared favourably to the JSE All Share Index which closed at 27 666.45 reporting an increase of 28.63%. Trade values by sector, by primary listed exchange are all shown on page 2.

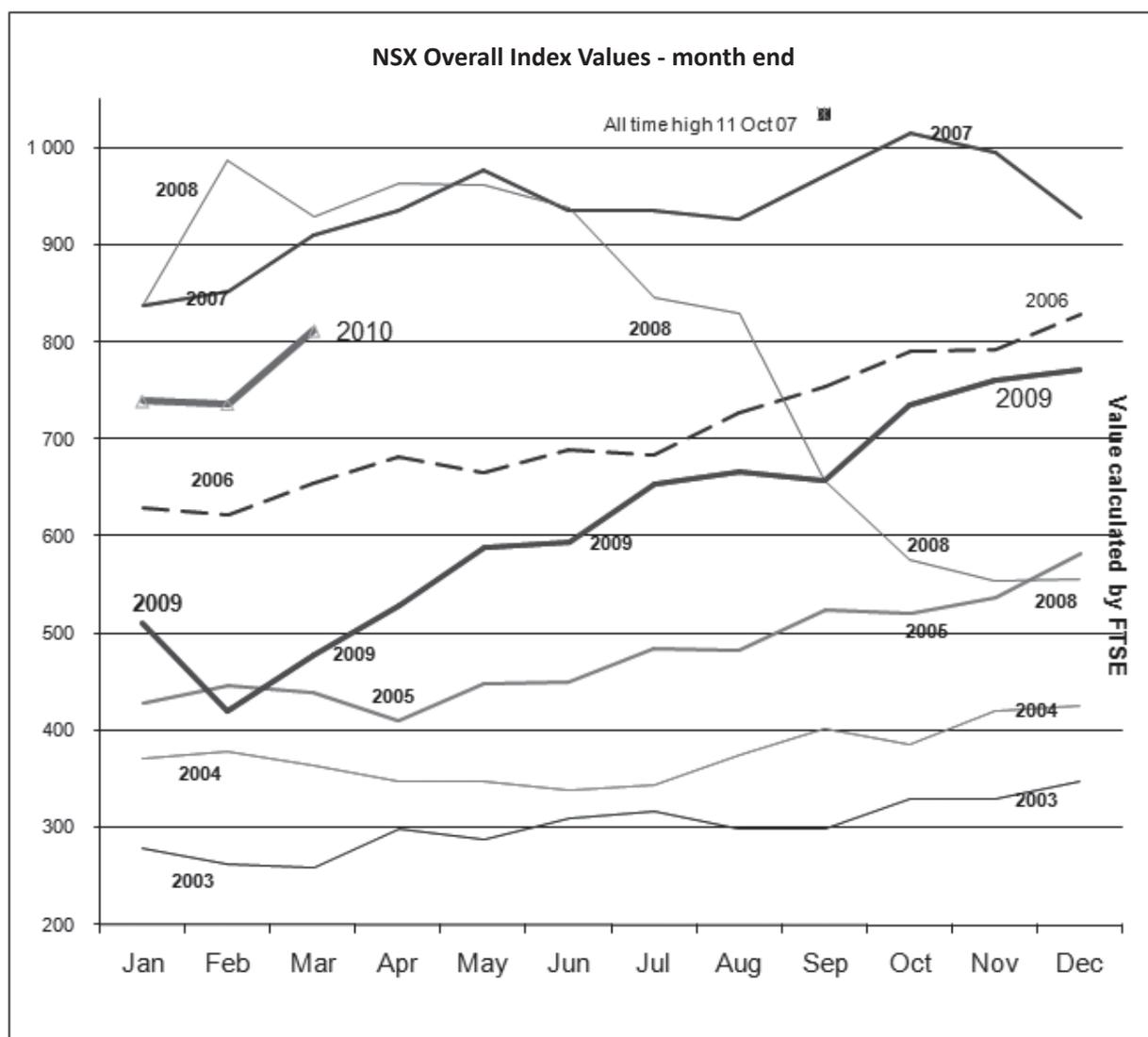
2009 Winners, with their impressive results were:

- 1st Delta Secondary School 52.8%
- 2nd Gabriel Taapopi Secondary School 47.7%
- 3rd Elnathan Private School 47.1%
- 4th Hage Geingob Secondary School 37.3%
- 5th St Pauls College 36.6%

The local index was virtually stagnant throughout 2009 falling by 2.01% but in 2008 it had bucked the trend and increased by 18.7%.

At 31 December 2009 the total market capitalisation was N\$ 1.047 trillion or US dollars 141.493 billion, confirming the position of the NSX as the second largest Exchange by total market capitalisation in Africa, after the JSE.

The following graph tracks the movement in the NSX Overall Index since 2003.



Market Capitalisation of the equities as at 31 December on the NSX in N\$ millions

	Total	Primary listed on the					
		NSX	JSE	LSE	TSX	ASX	AIM
2005	769,585	2,630	374,795	392,160			
2006	1,112,549	3,819	458,303	650,427			
2007	1,194,089	4,781	496,418	685,167	7,723		
2008	741,625	5,720	428,969	291,505	3,523	11,908	
2009	1,047,527	7,126	495,685	501,125	2,346	36,970	4,275

The Development Capital Market or DevX, soon to be re-launched into various components, currently comprises seven dual listed uranium exploration companies and these shares are not included in either of the NSX indices which are calculated by FTSE in London.

Foreign exchange rates determine the relative share prices of a number of the dual listed shares and 2009 was no exception to extreme fluctuations in the Namibia dollar's rate to the US dollar.

	2008	2009	2010
High	6.7567 15 Jan	7.2661 16 Oct	7.3053 6 Jan
Lows	11.4773 24 Oct	10.5372 10 Mar	7.8309 26 Feb
Average	8.72	8.45	7.58

The volatility severely affects the income of a number of listed companies and the exploration capabilities and activities of the dual listed companies.

Trading on the exchange was sporadic with 37% reported in the first half of 2009 compared to 27% in same period in 2008 and in total down by 4.4% to N\$ 8.7 billion.

Peter F Koep, who served the NSX since inception, initially co-opted to the Committee as the practicing lawyer, retired in April 2009 and our sincere thanks go to him for his dedication in this role and during the last 5 years in the dual role as chairman.

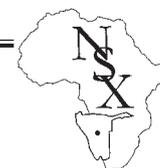
We also thank Sven von Blotnitz for his contributions during his term of office.

Another long serving member, Johannes Gawaxab, the Managing Director of Old Mutual Africa, who retires by rotation in 2010 has indicated that he will not be available for re-election and we thank him and his alternate Ms Brigitte Weichert for their services to the NSX.

Finally, I would like to thank management and the Board for harmonising their efforts to improve the operations of the NSX and I look forward to another successful year and co-operation between the Board members and members of all the Committees of the NSX.

Primus S Hango
Chairman





NAMIBIAN STOCK EXCHANGE

ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2009

BOARD

In terms of the Constitution of the NSX one-third of the Directors retire each year, but are eligible for re-election. All Board members are non-executive.

During 2009 the Board comprised:

Hango P. S.	Elected chairman at 10 June 2009 Board meeting
Cornelissen J. J. G.	
Gawaxab J.	Alternate - Weichert B. C.
Gerdes H-B.	Elected at the 2009 AGM
Jansen A. P.	Re-elected Deputy Chairman at 10 June 2009 Board meeting
Koep P. F.	Retired at AGM on 30 April 2009
Müseler H-H.	
Späth M.	
Shikongo O. N.	Elected at the 2009 AGM
van Rensburg B.	Elected at the 2009 AGM
von Blottnitz S. B.	Retired at AGM on 30 April 2009

Nominated by Namfisa, in terms of Section 46 of the Stock Exchanges Control Act 1985, (Act 1 of 1985), as amended, to attend Board & Committee meetings.

Paulino B. K.

NATURE OF BUSINESS

Stock Exchange, including transfer agent

AUDITORS

Deloitte & Touche

BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

REGISTERED OFFICE

8 Kaiser Krone Centre
Post Street Mall
Windhoek
Namibia

P O Box 2401
Windhoek
Namibia

MEMBERS OF BOARD OF DIRECTORS

At 31 December 2009



GIDEON CORNELISSEN Born on 28 August 1967 in South Africa. Gideon, a CA (SA) holds a B Compt and Hons. B. Compt (University of South Africa). He is currently employed at FNB Namibia Holdings Ltd as the Chief Strategy Officer (CFO from 2004) and serves on various other boards. Gideon has been employed in financial services in Southern African since 1996. Gideon was elected to the NSX on 12 April 2007 and retires by rotation at the AGM in April 2010 and is available for re-election.



JOHANNES GAWAXAB Date of birth: 11 August 1956. BA, B Com, MBL (SA), MA (UK), Certificate Global Business Leadership (London School of Business, UK), Certificate Strategic Management (Montreal, Canada), Advanced Management Program (Harvard Business School, US). Johannes was appointed CEO of Old Mutual Asset Managers in Namibia in 1998 and, having successfully established the Namibian asset management operation, took over responsibility as CEO of Old Mutual Group in Namibia in 2003. He was appointed MD of Old Mutual's African Operations in 2006. Johannes is a long-serving member of the NSX Board and retires by rotation at the AGM in April 2010 but is not available for re-election. In 2007 Johannes appointed B Weichert* as his alternate.



HANS-BRUNO GERDES Hans-Bruno Gerdes (Habo) born on 28 March 1952 is Managing Partner of Engling, Stritter & Partners. Habo is an associate of the Institute of Chartered Secretaries and holds a BProc degree from the University of Cape Town. He currently practices as commercial/corporate attorney and holds a number of directorships in both listed and unlisted companies and serves on various governance committees. He is also the chairperson of the Legal Practitioners Fidelity Fund and Honorary Consul for the Kingdom of Belgium in Namibia.

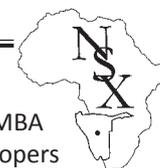


PRIMUS SHIGWEDHA HANGO Born in Onanime, Oshakati on 13 November 1951. Enrolled with the St. Augustine Major Seminary in Lesotho studied Philosophy and the Classics from 1973 to 1976 and obtained a Bachelors Degree in 1980 from the National University of Lesotho, he has enrolled for the Executive Management Programme with Harvard Business School. Primus was appointed Secretary of the Tender Board of Namibia in June 1991. The Principal Officer of the Government Institutions Pension Fund since 1995 and from April 1999, the Chief Executive Officer. Primus, a former Chairman of the Namibian Stock Exchange, was again elected as Chairman on 10 June 2009 after being re-elected to the NSX Board in 2008.



ANDREW PETER JANSEN Born on 24 November 1970 and holds a B Com from UNAM and a Hons. B. Compt. from UNISA and is a Chartered Accountant of Namibia and South Africa and a Chartered Financial Analyst. Andrew has experience as a financial and investment manager since 1995 and has been a stockbroker since 2002 and is currently the Managing Director of Simonis Storm Securities (Pty) Limited and a member of the NSX. He was re-elected on 23 April 2008 and re-elected as Deputy Chairman on 10 June 2009.





HANS-HARALD MÜSELER Born on 5 May 1949 is a CA (SA), CA (Namibia) and MBA and was a partner in the Assurance Division of PricewaterhouseCoopers Namibia (PWC) prior to his retirement in 2006. He is a member of the Institute of Chartered Accountants in Namibia and is a registered practising member of the Public Accountants' and Auditors' Board. Harald has been practising as an accountant and auditor since 1985, and has 20 years experience in the profession and was a member of PWC's Namibian Firm's Executive Committee. Now he is involved in providing financial, advisory and fiduciary services to clients ranging from small entities to large corporations and holds a number of directorships. Hans-Harald was re-elected as a director of the NSX at the AGM in April 2007 and retires by rotation at the AGM in April 2010 and is available for re-election.



OTTO NAKASOLE SHIKONGO Born on 11 May 1962. Since 1988, Otto has held numerous engineering related positions at NAMDEB (Namibia) and DEBSWANA (Botswana) before moving to De Beers Marine Namibia as Operations Manager in January 2002. He was appointed Managing Director in December 2003. He is a Registered Professional and Certificated Engineer. President - Chamber of Mines of Namibia Council since April 2007. Qualifications include a Master of Engineering degree (mechanical) from the University of Southampton - UK 1988. He completed a Senior Management Development Programme with the University of Stellenbosch Business School – RSA 1996; an Executive Development Programme with Ashridge in 1999 and a Senior Executive Programme with the London Business School in October 2006. Otto was elected to the NSX Board on 30 April 2009.



MARK SPÄTH Born on 23 February 1978 is Managing Director of IJG Securities (Pty) Ltd and was elected to the Board on 23 April 2008. Mark joined IJG in September 2003 as Head of Research and in April 2005 was appointed MD after completing his stockbroker exams. Mark holds a B.Bus.Science (Honours Finance) from the University of Cape Town. Mark has been directly involved as corporate advisor and sponsor to numerous companies that have listed (primary and dual) on the NSX since September 2006. Prior to joining IJG, Mark completed a 3-month internship with Schwabe, Ley & Greiner, an Austrian based Consulting company. He also worked in the derivative department of WestLB London for two years. Mark was elected to the NSX on 23 April 2008



BRIAN VAN RENSBURG Born on 1 November 1973 in Namibia. He holds a B Comm. Hons (Money and Banking) degree from the University of the Free State and is a registered member of the NSX and the South African Institute of Stock Brokers. He started his career as an economist at First National Bank Namibia before joining the stock broking industry in 1996, qualifying as a broking member of the NSX in 1997. He is currently a director of local broking firm Investment House Namibia, with more than 13 years experience in the industry. Brian was again elected to the Board of the NSX in April 2009, this time nominated in the financial services sector.



***BRIGITTE WEICHERT** Date of birth: 27 July 1968. Chartered Accountant (Namibia & South Africa), Post-Graduate Certificate in Advanced Taxation, Stockbroker (NSX). Brigitte completed her training as a chartered accountant and tax consultant at Ernst & Young, worked in Frankfurt, Germany, for 3 years and, after qualifying as a stockbroker and working for HSBC in Namibia for a further 3 years, she joined Old Mutual in 2003. She currently serves as a broking member for Old Mutual Investment Services on the NSX. In April 2007 she was re-appointed as an alternate director to J Gawaxab.

NSX BOARD & COMMITTEES
As at 31 December 2009

1

BOARD OF DIRECTORS

P.S. Hango (Chair), A.P. Jansen (Deputy), J.J.G. Cornelissen¹, J. Gawaxab*,
H-B. Gerdes, H-H. MÜseler, M. Späth, O.N. Shikongo, B. van Rensburg
(*Alt -B.C. Weichert) B.K. Paulino³

SUB-COMMITTEES OF THE BOARD

2

AUDIT COMMITTEE^{2,3}

H-H. MÜseler (Chair), J.J.G. Cornelissen¹, M. Späth (Appointed 30 November 2009)
B.C. Weichert (Resigned 17 November 2009)

3

BROKER SCREENING COMMITTEE^{2,3}

H-B. Gerdes (Chair), H-H. MÜseler, A. Swanepoel

4

DISCIPLINARY COMMITTEE^{2,3}

H-B. Gerdes (Chair), J. Gawaxab, H-H. MÜseler

5

REMUNERATION COMMITTEE^{2,3}

O.N. Shikongo (Chair), H-B. Gerdes, A.P. Jansen, Dr C. Swart-Opperman

6

INVESTMENT COMMITTEE

A.B. Bertolini (Chair), J. Gawaxab

7

LISTINGS COMMITTEE PANEL³

A Board Member will chair each Listings Committee meeting.
H-B. Gerdes (Chair), H. Bossau (Deputy), J.J.G. Cornelissen¹, M. Kalondo, H.A.R. Meiring,
H-H. MÜseler, O.N. Shikongo, Gifford Swart, B.C. Weichert and each of the Brokers

8

TRANSFER SECRETARIES (PTY) LTD
DIRECTORS

P.S. Hango (Chairman), A.P. Jansen, T. Schoeman

KEY MANAGEMENT

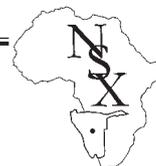
J.D. Mandy (Chief Executive Officer), M. Steynberg (Operations Manager)



¹ South African

² The Chairman of the Board, may attend all committee meetings ex-officio.

³ BK Paulino has been nominated by NAMFISA, in terms of section 46 of the Stock Exchanges Control Act 1985, (Act 1 of 1985), as amended, to attend Board and Committee meetings.



MEMBERS OF COMMITTEES, other than Board Members

31 December 2009



A.B. Bertolini 6, H. Bossau 7, M. Kalondo 7, H.A.R. Meiring 7, T. Schoeman 8, A. Swanepoel 3,
M. Smith 7, Gifford Swart 7, C. Swart-Opperman 5, B.C. Weichert 2, 7

NSX & TRANSFER SECRETARIES STAFF AT 31 December 2009



Loide Nakanduungile (Information Officer & Bookkeeper), Johene Saal (Administrator - Transfer Secretaries)
Theresia Kavangelua (Messenger), Manda Steynberg (Operations Manager),
Natasha Fielding (Administrator - Transfer Secretaries), Jenny Masikini (Receptionist), John Mandy (CEO)

CORPORATE GOVERNANCE REPORT

The King Reports on Corporate Governance detail the importance of corporate governance in achieving financial objectives and fulfilling corporate responsibilities. The Board of the Namibian Stock Exchange (NSX) is responsible for the ongoing assessment of NSX policies relating to the duties and responsibilities of the Board and the delegation of powers. This is to ensure that corporate governance requirements are met and that the core principles of accountability, integrity and transparency are adhered to.

The Board diligently strives to adhere to the recommendations detailed in the code of Corporate Practice and Conduct set out by the King Report on Corporate Governance for South Africa in 2002 (King II) and is reviewing the implications of adopting the requirements of King III, as a listings requirement, following the introduction of the new Companies Act 71 of 2008 in South Africa which mandates certain King II electives. The NSX has undertaken to adapt and apply, with its Namibian stakeholders input, the principles of King III. The Board is of the opinion, based on the information and explanations given by management and the comments by the independent auditors on the results of their audit, that the Exchange's internal controls are adequate, so that the financial records may reasonably be relied on for preparing the annual financial statements and for maintaining accountability for assets and liabilities.

The Board believes that the NSX's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In preparing the annual financial statements, the NSX has used appropriate accounting policies supported by reasonable and prudent judgments and estimates, and has complied with International Financial Reporting Standards. The Board is of the opinion that the annual financial statements fairly present the financial position of the Group and Exchange at 31 December 2009 and the results of operations and cash flow information for the year then ended. The members of the Board have a reasonable expectation that the NSX (and by association the Group) has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the annual financial statements.

BOARD OF THE NAMIBIAN STOCK EXCHANGE ("the Board")

As at 31 December 2009, the non-executive Board consisted of 9 elected members, one-third of the elected Board members retire annually. The Board is elected in terms of the Constitution of the NSX which was gazetted on 15 October 2005 (Government Gazette No 3815) based upon their skills and experience and from seven prescribed sectors of the Financial Industry. The Chairman of the Board is elected by the Board members.

A representative of the Namibia Financial Institutions Supervisory Authority (NAMFISA) is invited to attend all the meetings of the Board and its committees. The three members who will retire at the Annual General Meeting of the NSX in April 2010 are J.J.G. Cornelissen, J. Gawaxab and H-H. Museler, all are eligible for re-election.

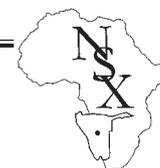
At the AGM on 30 April 2009 the Rights Holders voted to rescind the previous years' resolution to delete the onerous joint and several liability clauses in the Rules and reinstated the requirement that an applicant had to be proposed and seconded for stockbroking membership by an existing member.

The majority of the members of the Board are considered to be independent non-executive directors as some have interests that fall outside the definition of independent as set out in the King II Code and the NSX Listing Requirements and others have served for longer than defined as independent in the UK's Combined Code. The Board has taken cognisance of the potential conflicts and has taken steps to mitigate any such conflicts. The Board believes that its composition and regular elections ensure that no one individual has undue influence in its deliberations and ultimate decisions.

The annual fee for the Board is split into a retainer and meeting attendance fee.

The Chief Executive Officer attends all meetings by invitation.





Board members	Total		19-Mar	14-Apr	10-Jun	29-Jul	30-Nov	21-Jan	25-Mar	23-Sep	07-Oct	28-Oct	25-Nov	Total
	2009 N\$	Retainer N\$	Regular					Listings Approvals					2008 N\$	
			1	2	1	1,4	1	3	3	5	3	4		
Cornelissen J.J.G.	18,400	5,000	✓	✓	✓	✓	✓	a	a	✓	a	✓	a	10,000
Gawaxab J.	6,250	5,000	a	alt	alt	✓	a	alt	alt	alt	alt	alt	a	10,000
Weichert B.C.	6,150	-		✓	✓		a	✓	✓	✓	✓	✓	a	3,750
Gerdes H-B.	15,850	3,750			✓	✓	✓			✓	✓	✓	✓	-
Hango P.S.	26,450	8,750	a	✓	✓	✓	✓	✓	✓	✓	✓	a	✓	11,250
Jansen A.P.	19,600	5,000	✓	✓	✓	✓	✓	✓	✓	✓	✓	a	a	10,000
Koep P.F.	8,700	2,500	✓	✓				✓	✓					23,750
Müseler H-H.	17,150	5,000	✓	✓	✓	✓	✓	a	a	a	a	✓	a	11,250
Shikongo O.N.	13,400	3,750			✓	a	✓			✓	a	a	✓	-
Späth M.	20,800	5,000	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3,750
Van Rensburg B.	15,250	3,750			✓	✓	✓			✓	✓	a	✓	6,250
Von Blottnitz S.B.	4,950	1,250	✓	✓				✓	✓					12,500
Nuyoma D.	-	-												2,500
	172,950	48,750												105,000
Paulino B.K.	19,550	5,000	✓	✓	✓	✓	✓	a	a	✓	a	✓	a	11,250
	192,500	53,750												116,250

¹ Scheduled quarterly meeting or to approve the annual financial statements

² Special meeting

³ Meeting held to approve a Medium Term Note Program or a Bond

⁴ Meeting held to approve dual listing on the Development Capital Board

⁵ Meeting held to approve a primary listing

a - apology

The remuneration of the directors for meetings 3 to 5 above aggregated N\$ 32 300 and is shown as part of the listings process in Note 4.5.1 to the financial statements

MAJOR SUB – COMMITTEES OF THE BOARD

Remuneration Committee

The Remuneration Committee is now chaired by Otto Shikongo and comprises three members of the Board and Dr C. Swart-Opperman a human resource consultant while the NAMFISA representative is invited to attend. This committee is responsible for strategic human resources issues such as managerial succession planning, human resources policies, and the remuneration of staff and fees for Board Members.

At the meeting of the Board on 17 March 2010 it was proposed to increase the remuneration of Directors and Committee Members by 20% percent to align these fees to comparative market fees, as the last increase was approved in 2008.

The rights holders will be asked to approve this increase at the AGM in April 2010. The annual fees are based on an hourly rate of a qualified professional; the nature and brief or mandate of the particular committee; the expected duration of the meeting and the preparation time required which factor is then multiplied by the number of meetings.

Remuneration Committee		Total 2009	22-Jan	13-Jul	Total 2008
Shikongo O.N.	Chairman - from 10 June 2009	1,640		✓	-
Jansen A.P.		938	a	✓	-
Gerdes H-B.	Appointed 10 June 2009	938		✓	-
Swart-Opperman Dr C.	Appointed 10 June 2009	-		a	-
Von Blottnitz S.B.	Chairman - until 30 April 2009	1,641	✓		1,641
Koep P.F.	Retired 30 April 2009	938	✓		938
Paulino B.K.	NAMFISA Nominee	938	✓	a	938
		7,033			3,517

Broker Screening Committee

The Broker Screening Committee last met in 2008.

Audit & Risk Committee

The Audit Committee is chaired by Hans-Harald Mseler and comprises three members of the Board with B.C. Weichert (an alternate director to Johannes Gawaxab) having been co-opted. Representatives from the external auditors and NAMFISA, the Chief Executive Officer and the Operations Manager attend the Audit Committee meetings by invitation. The Committee meets a minimum of twice a year to review the audit plan, annual financial results and other significant audit issues.

It is the responsibility of the Audit Committee to review the annual financial statements of the NSX and its subsidiaries and the Guarantee Fund, and to make appropriate recommendations regarding their approval to the Board and the Board of Directors of Transfer Secretaries (Pty) Limited and the two dormant subsidiary companies. The annual fee for the Audit Committee is also split into a retainer and a meeting fee.

The Audit Committee has the responsibility to oversee the implementation of the risk management process following the workshop mentioned elsewhere.

		Total 2009 N\$	Retainer N\$	04-Mar	10-Aug	03-Nov	17-Nov	Total 2008 N\$
Audit & Risk Committee								
Mseler H-H.	Chairman	18,200	7,800	✓	✓	✓	✓	13,000
Cornelissen J.J.G.		6,250	2,500	a	✓	✓	✓	3,750
Weichert B.C.	Resigned 2009	7,500	2,500	a	✓	✓	✓	5,000
Spth M.	Appointed 2009	-	-					-
Koep P.F.	Retired 2009	1,875	625	✓				5,000
Paulino B.K.	NAMFISA Nominee	4,375	625	a	✓	✓	✓	3,750
		38,200	14,050					30,500

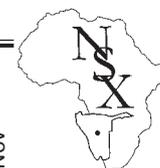
Listings Committee

The Listing Committee includes, among others, representatives of major accounting and legal firms in Namibia and during 2009 the meetings were chaired by a member of the Board. This Committee meets on an ad hoc basis to approve all listing applications for bonds and both primary and dual listed equities. Members attending the listing meetings are selected on availability and their particular skills and training. The NSX listings requirements are modelled on those of the JSE but these are restricted by the now outdated Namibian Companies Act of 1973. A new Companies Act was promulgated at the end of 2004 and is still expected to be enacted. Bond applications are processed in accordance with the listing requirements of the Bond Exchange of South Africa. The Board at its 6 March 2008 meeting amended the Listing Requirements for listing of mining and exploration companies to require membership of the Namibian Chamber of Mines as a prerequisite for either primary or dual listing on the NSX or DevX.

The Chairman and Vice Chairman of the Listing Committee are each paid a retainer in addition to the meeting fee for consultations during the year on listing requirement interpretations but a Board member chairs the actual meeting in the absence of the Chairman.

The Board considers the JSE listing requirements to be best practices and has requested that the NSX regularly updates, where applicable, practicable, and permitted by Namibian legislation, for changes made by the JSE. This review and harmonisation is also in line with the aims of the Committee of SADC Stock Exchanges (CoSSE) to have a regional stock exchange as soon as possible in terms of the SADC Finance and Investment Protocol.





Listings Committee		Total 2009 N\$	Retainer N\$	20-Jan 1	24-Mar 2	22-July 3	12-Aug 4	09-Sep 5	06-Oct 6	23-Oct 7	23-Oct 8	06-Nov 9	Total 2008 N\$
Gerdes H-B.	Chairman	44,400	5,600	✓	✓	✓ ^c	✓ ^c	✓ ^c	✓	✓ ^c	✓ ^c		22,400
Bossau H.	Deputy Chairman	11,800	5,600						✓			✓	8,700
Kalondo M.		9,300								✓	✓	✓	-
Katjimune G.		-											3,100
Meiring H.A.R.		6,950		✓		✓		✓					8,700
Müseler H-H.		6,950				✓				✓	✓		12,400
Paulino B.K.	NAMFISA Nominee	25,550		✓	✓	✓	✓	✓		✓	✓	✓	9,300
Smith M.		10,050				✓		✓		✓	✓		6,200
Späth M.		3,100			✓								-
Swart Gifford		3,100										✓	-
Van Rensburg B.		20,500					✓		✓ ^c			✓ ^c	-
Von Blotnitz S.B.		6,200		✓	✓								12,400
Weichert B.C.		23,600		✓ ^c	✓ ^c		✓	✓	✓				3,100
		171,500	11,200										86,300

¹ Bank Windhoek Bond

² Bank Gaborone Bond

³ West Australian Metals Limited – dual listing

⁴ Standard Bank Namibia – Medium Term Note Programme

⁵ BIDVest Namibia Limited – primary listing

⁶ Ohlthaver & List Finance & Trading Corporation Ltd - Medium Term Note Programme

⁷ Extract Resources Limited – dual listing

⁸ Kalahari Minerals plc – dual listing

⁹ Telecom Namibia – Medium Term Note Programme

Investment committee and capital management

The NSX Investment Policy Statement provides a framework for the management and investment of the assets of the NSX. The objective of the Group in the management of capital is to safeguard the Group's ability to continue as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund created in terms of the Stock Exchanges Control Act, Act 1 of 1985 and to deepen the capital markets in Namibia. To achieve this in the current financial climate the Board has decided that the NSX and Guarantee Fund may only invest in a registered commercial bank in Namibia via its registered stockbrokers. The Board has also imposed a limit of 30% of total funds in any one bank.

In order to ensure that the document continues to remain relevant to the needs of the NSX it will be reviewed regularly, at least annually by the members of the Investment Committee.

The assets accrued by the NSX will be applied for three main purposes:

- to cover any losses incurred as a result of a Namibian registered broker declaring bankruptcy;
- to sponsor educational programs that can be seen to be of value to the financial services sector; and
- to acquire operating premises for the NSX and its subsidiaries.

RISK MANAGEMENT REVIEW

With the introduction by the JSE of electronic settlement for equities through STRATE and thereby for the South African dual listed shares on the NSX, which accounted for over 97.9% (2008 – 98.1%) of the value of trades on the NSX, the risks that the NSX is required to identify, manage and mitigate are significantly reduced. The JSE has written terms of reference for its Risk Management Committee which is chaired by an independent non-executive committee to assist its board with the identification, assessment, evaluation and monitoring actual and potential risks and the mitigation thereof. The South African Institute of Chartered Accountants in 2004 issued an updated Stockbrokers: Audit and Accounting Guide to provide practical guidance on the auditing and accounting issues related to the accounts of Stockbrokers. In addition, regular reviews of the BDA systems was undertaken by an independent auditing firm for use by all auditors to stockbrokers; this review was last completed in March 2009 for the period ended February 2009 by PricewaterhouseCoopers Advisory Services (Pty) Limited for the JSE Limited.

The NSX has engaged the Namibian PricewaterhouseCoopers Advisory Services (Pty) Limited to provide risk management services in accordance with Enterprise Risk Management good practices according to the Committee of Sponsoring Organisations of the Treadway Commission (COSO) II model and King III and a risk identification and assessment workshop was held on 16 February 2010. The outcome of this workshop will be a risk register to be populated and evaluated by management and thereafter the continuous monitoring of the effectiveness of and compliance with the process will be overseen by the Audit Committee.

Risks influencing the environment in which the NSX and its trading subsidiary – Transfer Secretaries (Proprietary) Limited - operates are described below.

As part of its risk management procedures, the NSX has extensive insurance cover across all areas of its business.

Principal risk

Principal risk is the risk of a party losing the full value of a transaction which may result from a delay between payment and the transfer of ownership of securities.

The implementation of STRATE eliminated the major portion of this risk through the simultaneous, final irrevocable delivery versus payment for the South Africa leg of the transaction, thereby substantially reducing the overall risk of participating in the equities market. The clearing of Namibian primary listed equities and bonds is settlement against delivery.

Technology and systems risk

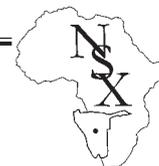
The NSX through a Service Level Agreement with the JSE provides a market for the dealing in securities and financial instruments that is information technology intensive. Equity dealing is performed electronically through TradElect™ and ultimately through the London Stock Exchange. In addition, trades in securities conducted through the JSE are settled through the electronic settlement engine STRATE. In parallel with the provision of this service the NSX and JSE (the Exchanges) also oblige all stockbroking members to maintain their general ledger (exemptions are permitted) and client accounting through the JSE maintained Broker Deal Accounting system (“BDA”). The JSE is currently reviewing and updating its data processing systems and will only finalise the implementation of the new systems during 2010 after supply delays. This is an inclusive consultative process and the NSX has attended a number of planning and report back sessions at the JSE.

The technology and systems risk is the inability of the systems and applications to manage and control the business processes and information. The JSE bears the risk for the dual listed trades, but is largely exempt from legal liability should either or all of the systems referred to above not function efficiently or at all, resulting in the Exchanges being unable to provide an efficient operational market.

To address this risk the JSE employs a significant portion of its staff, under the supervision of the Director: Information Technology to manage the risk associated with BDA, TradElect™, Info Wiz and the ATS, which includes a comprehensive redundancy and disaster recovery infrastructure and plan. The London Stock Exchange, the supplier / operator of TradElect™ has given the JSE eighteen months notice than it plans to replace this trading system. Negotiations are underway by and with the JSE to find a suitable replacement by the end of 2010.



The NSX has installed a DR (Disaster Recovery) server, located off-site, and an operational terminal for use by any of the brokers should its system fail.



Settlement and liquidity risk

Settlement risk relates to where a party to an outstanding transaction fails to perform on the prescribed settlement date and a transaction fails as a result.

Liquidity risk is closely associated with settlement risk and is the risk that a party will not have sufficient liquidity to meet its settlement obligations.

Neither the JSE nor the NSX, accept any settlement or liquidity risk in respect of off-market trades. The NSX accepts no settlement or liquidity risk in respect of listed bond trades. The contracting parties in Namibia to an off-market trade or bond trade bear this risk.

Settlement performance is the cornerstone of every securities exchange, and therefore the Exchanges, in certain prescribed circumstances (on-market trades between two members) guarantees settlement and the Exchanges are required to manage settlement, bearing the liquidity and price risk for both the cash and securities.

The failure by a party to perform its settlement obligations may result in a counterparty having an open position. To address this situation it is necessary to incur the cost of replacing, at current market prices, the securities subject to the agreed transaction. This risk is exacerbated by liquidity risk and price risk, which is the possibility that the price of replacing the required securities has materially and negatively changed. The Exchanges environment comprises a hierarchical risk structure with the obligations of the client being guaranteed by the client's stock broking member. The stock broking member's obligations in this regard are in turn guaranteed by the respective Exchanges. The settlement risk to the NSX is therefore directly proportional to the extent that both the client and the stockbroker are not able to perform their respective obligations.

Both Exchanges have recourse in respect of any negative price movement against the stock broking member who introduced the trade. Accordingly, the Exchanges' settlement risk in this regard is directly proportional to the extent that both the client and the stock broking member are not able to perform their obligations.

The JSE has, through its rules, taken steps to address and limit settlement, price and liquidity risk. To ameliorate its inherent risks the NSX has adopted with appropriate amendments, for local laws and size of the market the JSE Listing requirements and general operating procedures. The JSE Settlement Authority is appointed in terms of the JSE rules and is currently the Director: Clearing and Settlement who is dedicated to facilitating and managing settlement. This Settlement Authority has a wide range of intellectual and information technology resources at its disposal as well as far reaching powers to manage the relevant risks and facilitate the settlement of listed securities.

Systemic risk

Systemic risk is the risk where a disruption to both or either of the Exchanges, STRATE, Central Securities Depository (CSD)'s, clearing and settlement members or the settlement system as a whole causes a knock-on effect throughout the financial markets, toppling one financial institution after another resulting in a loss of confidence in the system. This may result from a lack of solvency on the part of a stakeholder resulting in an inability to settle a multitude of transactions. Alternatively an operational issue may contribute towards large-scale non-fulfilment of transactions.

The new Companies Act, when or if introduced, will permit Namibian companies to dematerialise share certificates and Transfer Secretaries are investigating how this will impact on the current share registers, maintained for the primary listed companies.

Both the Exchanges are subject to systemic risk, which is managed by the various stakeholders who participate in the financial markets. The NSX and the JSE both have Guarantee Funds, financial reserves and the JSE has a Fidelity Fund all of which are in place in the event that control procedures in place fail.

Fidelity risk

This is the risk of employees or agents of the NSX and its subsidiary committing fraud or an unauthorised activity. The NSX has significant funds under its management, including monies of the NSX Guarantee Fund. The Chief Executive Officer is responsible for managing this risk which is mitigated through the enforcement of the maximum delegation of powers, segregation of duties, rules setting out checks and balances, low risk investment policies as well as fidelity and similar insurance.

Legal risk

This is the risk that a transaction or contract cannot be consummated due to a legal impediment. The NSX is subject to this risk. The Chief Executive Officer is responsible for addressing this risk and in conjunction with external legal counsel attends to managing this risk.

Currency risk

This is the risk of defaulting on foreign currency payment obligations as a result of the devaluation of the Namibia Dollar which is linked to the South African Rand.

The NSX is exposed to this risk in terms of its various service level agreements with the JSE, which again has:

- an agreement with the LSE in terms of which the LSE provides the Exchanges with the TradElect™ and Info Wiz systems, and
- An agreement with GL Trade in terms of which the Exchanges are provided with front-end technology (known as TALX).

This risk is managed by the JSE's General Manager: Finance, through the use of derivative financial instruments to limit exposure. In addition, the listing on the DevX and main board by Australian, Canadian and UK uranium exploration and mining companies has introduced a new currency risk in the trading cycle but the Board is satisfied that the procedures approved by the Bank of Namibia are adequate to safeguard the investors from any operational risk.

Reputational risk

Reputational risk is the risk of damage to the Exchanges' reputation. Given the nature of a financial market and the importance of the integrity of the market, this is a very grave risk and is a risk which is a natural consequence of all other risks set out above.

STRATE is a crucial element of the equities market. The risk associated with electronic settlement is not directly within the control of the JSE. This risk, if not managed, will result in the tarnishing of the Exchanges' reputation and affect the ongoing viability of the securities market. The JSE, through its investment in and representation on the STRATE Board of Directors, participates in the guidance of the STRATE business, including the management of all STRATE related risk issues. In this way, the reputational risk to the Exchanges resulting from a STRATE related default, is managed and mitigated. International research has highlighted the enormous improvements to operational and settlement risks which should have a beneficial effect, particularly on the non-resident clientele of the market.

The Chief Executive Officer is generally responsible for managing this risk and under his guidance all aspects of the NSX business are focused on ensuring an honest, safe, transparent and efficient market.

Operational risk

The Board accepts overall responsibility for operational risk with the responsibility of day-to-day management of operational risk delegated to management of the NSX.

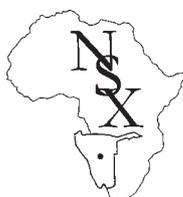
Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems.

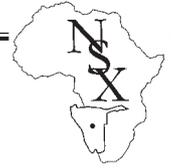
Operational risks are those risks of a non-speculative nature with no potential of showing a profit. The objective of operational risk processes is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business.

Operational risk elements can be classified as follows:

- Process risk
- Employee risk
- Systems risk

Risk management controls are in place to lower the probability of operational risk occurring and the impact thereof.





Credit risk

Credit risk on the NSX's own funds is minimised through ensuring funds are only placed with registered banking institutions with maximum investment limits prescribed for each bank, other approved investments are in Government bonds and treasury bills. Exposure to credit risk on accounts receivable balances is monitored as part of the daily procedures of the Exchange's finance department.

At balance sheet date there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the NSX will be unable to meet its short-term funding requirements. This risk is managed by the NSX in conjunction with an Investment Committee, formed by the Board, by maintaining the NSX's funds in current and call accounts and investments of various maturities in treasury bills, government and other bonds and fixed deposits with institutional and maturity limits.

Interest rate risk

Interest rate risk is the risk of the NSX being exposed to gains or losses on fluctuations on interest rates where assets or liabilities are linked to fixed interest rates. This risk is managed by the Exchange ensuring that where appropriate assets and liabilities are invested for periods appropriate to the potential needs of the NSX.

NAMIBIAN STOCK EXCHANGE

ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2009

Responsibility for and approval of the Annual Financial Statements for the year ended 31 December 2009

The Members of the Board of the Namibian Stock Exchange are responsible for monitoring the preparation and integrity of the financial statements and related information included in this annual report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The Board has ultimate responsibility for the system of internal controls and reviews its operation.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Namibian Stock Exchange policies and procedures. Trained, skilled personnel with an appropriate segregation of duties implement these controls. The controls are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

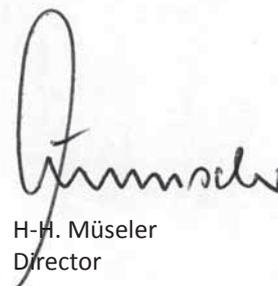
The financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements incorporate responsible disclosures in line with the accounting philosophy of the Namibian Stock Exchange. The annual financial statements are based on appropriate accounting policies consistently applied, except for a restatement of call accounts at banks from Investments held to maturity to Cash & cash equivalents in terms of IAS ; and the early adoption of IFRS 9 in respect of Investments at amortised cost and supported by reasonable and prudent judgements and estimates.

The management and the Board of the NSX believe that the Namibian Stock Exchange and its wholly-owned subsidiary, Transfer Secretaries (Proprietary) Limited, will be able to continue as going concerns in the year ahead. For this reason they continue to adopt the going concern basis in preparing the annual financial statements.

The accompanying annual financial statements, including the Guarantee Fund, for the year ended 31 December 2009 have been approved by the Board on 17 March 2010 and are signed on its behalf by:



P. S. Hango
Chairman



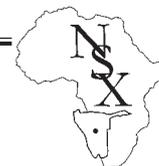
H. H. Mueseler
Director

The accompanying annual financial statements for the year ended 31 December 2009 have been prepared by management and are signed by:



J. D. Mandy
Chief Executive Officer





REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF THE NAMIBIAN STOCK EXCHANGE

Report on the Financial Statements

We have audited the group annual financial statements and the annual financial statements of the Namibian Stock Exchange, which comprise the consolidated and separate statements of financial position at 31 December 2009, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in rights and reserves, and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 22 to 39.

Board's Responsibility for the Financial Statements

The Namibian Stock Exchange's Board and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors and management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

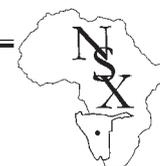
In our opinion, these financial statements present fairly, in all material respects the consolidated and separate financial position of the Namibian Stock Exchange at 31 December 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per H de Bruin
Partner
Windhoek
23 March 2010

NAMIBIAN STOCK EXCHANGE
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Namibian Stock Exchange	
		2009 N\$	2008 N\$	2009 N\$	2008 N\$
Revenue	3	6,474,616	6,178,317	5,452,940	5,272,079
Investment income	4.1	2,434,325	2,224,070	2,021,529	1,808,528
Other income	4.2	3,619	17,674	3,619	1,757
Total revenue		8,912,560	8,420,061	7,478,088	7,082,364
Administration costs	4.3	651,382	640,399	527,465	557,278
Consulting fees	20	67,215	238,907	67,215	238,907
Depreciation	7	43,261	69,252	34,341	61,876
Marketing expenses		70,523	124,707	70,523	124,707
Occupancy cost, including utilities	4.4	286,451	279,092	252,851	245,493
Remuneration - staff & directors	4.5	2,835,957	2,106,135	2,350,302	1,691,790
Other expenses		59,768	56,326	59,768	56,326
Total expenses		4,014,557	3,514,818	3,362,465	2,976,377
Income before taxation		4,898,003	4,905,243	4,115,623	4,105,987
Taxation	5	261	1,154		
Income for the year		4,897,742	4,904,089	4,115,623	4,105,987
Transfer to Guarantee Fund	13	781,634	795,958		
Total comprehensive income for the year after transfer		4,116,108	4,108,131	4,115,623	4,105,987





NAMIBIAN STOCK EXCHANGE
STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	Note	Group			Namibian Stock Exchange		
		2009 N\$	2008 N\$	2007 N\$	2009 N\$	2008 N\$	2007 N\$
	21		Restated		Restated		
ASSETS							
Non-current assets							
Property, plant & equipment	7	43,245	55,379	124,131	31,662	46,221	107,597
Investments in subsidiaries	8				4,000	4,000	4,000
Investments, amortised cost	9	191,086	-	-	191,086	-	-
Investments, held to maturity	9	-	189,826	188,571	-	189,826	188,571
Deferred taxation	6	4,014	4,275	5,429			
		238,345	249,480	318,131	226,748	240,047	300,168
Current assets							
Loans & receivables							
Trade & other receivables	11	588,185	583,784	672,763	572,329	601,514	767,355
Bank balances & cash	10	21,032,123	1,483,102	13,374,139	20,168,047	1,257,551	9,989,092
Investments, amortised cost							
Other short term investments	9	8,035,568	-	-	3,857,212	-	-
Investments, held to maturity							
Other short term investments	9	-	22,159,200	5,294,340	-	18,112,673	5,097,315
Taxation		-	-	109			
		29,655,876	24,226,086	19,341,351	24,597,588	19,971,738	15,853,762
Total assets		29,894,221	24,475,566	19,659,482	24,824,336	20,211,785	16,153,930
RIGHTS, RESERVES & LIABILITIES							
Rights & reserves							
Founder members' contributions		430,000	430,000	430,000	430,000	430,000	430,000
Stockbroking members rights		921,500	655,500	655,500	921,500	655,500	655,500
Insurance fund	12	500,000	500,000	500,000	500,000	500,000	500,000
Guarantee fund	13	5,044,205	4,262,571	3,466,613			
Retained surplus		22,185,705	18,069,597	13,961,466	22,181,010	18,065,387	13,959,400
		29,081,410	23,917,668	19,013,579	24,032,510	19,650,887	15,544,900
Non-current liabilities							
Provision for retrenchment & retirement	14	130,920	-	-	126,765	-	-
Current liabilities							
Trade & other payables	15	681,721	557,728	645,903	665,061	560,898	609,030
Taxation		170	170	-			
		681,891	557,898	645,903	665,061	560,898	609,030
Total rights, reserves & liabilities		29,894,221	24,475,566	19,659,482	24,824,336	20,211,785	16,153,930

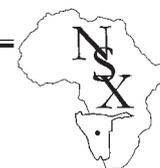
NAMIBIAN STOCK EXCHANGE
STATEMENTS OF CHANGES IN RIGHTS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Number of Rights	Group		Namibian Stock Exchange	
			2009	2008	2009	2008
			N\$	N\$	N\$	N\$
Founder members' contributions		<u>43</u>	430,000	430,000	430,000	430,000
Stockbroking members' rights						
Beginning of year		31	655,500	655,500	655,500	655,500
Issue of rights		<u>1</u>	266,000	-	266,000	-
Balance end of year		<u>32</u>	921,500	655,500	921,500	655,500
Insurance fund	12		500,000	500,000	500,000	500,000
Guarantee fund	13					
Beginning of year			4,262,571	3,466,613		
Transfer			781,634	795,958		
Balance end of year			5,044,205	4,262,571		
Retained surplus						
Beginning of year			18,069,597	13,961,466	18,065,387	13,959,400
Total comprehensive income for the year after transfer			4,116,108	4,108,131	4,115,623	4,105,987
Balance end of year			22,185,705	18,069,597	22,181,010	18,065,387
Total			29 081 410	23 917 668	24 032 510	19 650 887

Board's valuation of a new right based on the total of the rights & reserves at the end of the year divided by the number of rights in issue in terms of Rule 2.4.6

	<u>75</u>	<u>388 000</u>	<u>320 000</u>
2008	<u>74</u>	<u>323 000</u>	<u>266 000</u>





**NAMIBIAN STOCK EXCHANGE
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	Group		Namibian Stock Exchange	
		2009 N\$	2008 N\$	2009 N\$	2008 N\$
	21		Restated		Restated
Cash flows from operating activities					
Income for the year before taxation		4,898,003	4,905,243	4,115,623	4,105,987
Depreciation		43,261	69,252	34,341	61,876
		4,941,264	4,974,495	4,149,964	4,167,863
Investment income recognised in profit		(2,434,325)	(2,224,070)	(2,021,529)	(1,808,528)
		2,506,939	2,750,425	2,128,435	2,359,335
Movements in working capital					
(Increase) / decrease in accounts receivable		(4,401)	88,979	29,185	165,841
Increase in provision		130,920	-	126,765	-
Increase / (decrease) in accounts payable		123,993	(88,175)	104,163	(48,132)
Cash generated from operating activities		2,757,451	2,751,229	2,388,548	2,477,044
Net loss on disposal of property, plant & equipment		1	-	1	-
Taxation refunded		-	279		
Net cash generated by operating activities		2,757,452	2,751,508	2,388,549	2,477,044
Cash flows from investing activities					
Additions to property, plant & equipment		(31,128)	(500)	(19,783)	(500)
Investment income		2,434,325	2,224,070	2,021,529	1,808,528
Additions to (withdrawals from) investments - net		14,122,372	(16,866,115)	14,254,201	(13,016,613)
Net cash generated (used) by investing activities		16,525,569	(14,642,545)	16,255,947	(11,208,585)
Cash flows from financing activities					
Proceeds from issue of additional rights		266,000	-	266,000	-
Net cash generated by financing activities		266,000	-	266,000	-
Net change in cash and cash equivalents		19,549,021	(11,891,037)	18,910,496	(8,731,541)
Cash and cash equivalents at beginning of year		1,483,102	13,374,139	1,257,551	9,989,092
Cash and cash equivalents at end of year		21,032,123	1,483,102	20,168,047	1,257,551

NAMIBIAN STOCK EXCHANGE

ACCOUNTING POLICIES

AT 31 DECEMBER 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements are prepared on the historical cost basis, except for financial assets and liabilities where the amortised cost basis of accounting are adopted. The principal accounting policies conform with International Financial Reporting Standards (IFRS). These policies are consistent with those applied in the previous year with the exception of the restatement of call accounts at banks from Investments held to maturity to cash and cash equivalents in terms of IAS 1 as shown in note 21; and the adoption of all applicable new statements and interpretations including the early adoption of IFRS 9, changing from held-to-maturity investments to investments at amortised cost, with no material impact on the amounts reported in these financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1.2 Consolidation

The consolidated financial statements include the financial position, operating results and cash flows of the Namibian Stock Exchange, an exchange licensed in terms of the Stock Exchanges Control Act, (Act 1 of 1985) (SECA); the separate statutory guarantee fund created and maintained in accordance with SECA and is controlled by the NSX for the benefit of listed equity investors; and the subsidiaries of the NSX. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal.

At the date of acquisition of a subsidiary, the cost of the investment is allocated to the fair value of individual identifiable assets and liabilities of the subsidiary. Unrealised income, expenses and profits arising from transactions within the group and inter-company balances are eliminated. The carrying value of subsidiaries is compared with their attributable net asset or market value. Provision for permanent impairment is charged against the profit.

1.3 Financial instruments

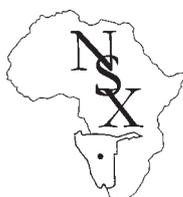
Financial instruments recognised on the balance sheet include investments in debt securities, accounts receivable, cash and cash equivalents, accounts payable. Financial instruments are initially measured at cost, including transaction costs, which is fair value when the Group becomes party to contractual arrangements. 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.

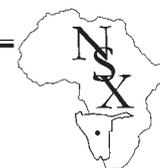
Investments at amortised cost - are non-derivative financial assets with fixed or determinable payments and fixed maturity are stated at amortised cost. Where the original cost contains discounts on purchase, such amounts are accounted for on the effective interest rate method over the periods of redemption. The effective interest rate method is a method of calculating the amortised cost of a financial instrument and allocating the interest over the relevant period.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity are stated at amortised cost. In determining the value of these investments, securities with a fixed redemption date are stated at the original cost plus accrued interest. Where the original cost contains discounts on purchase, such amounts are accounted for on the effective interest rate method over the periods of redemption.

Loans & receivables - trade receivables, loans & other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans & receivables". Loans & receivables are measured at amortised cost using the effective interest method less any impairment.

Bank balances & cash - represent funds on current or call accounts all of which are available to the entity unless otherwise stated.





NAMIBIAN STOCK EXCHANGE

ACCOUNTING POLICIES (continued)

AT 31 DECEMBER 2009

1. ACCOUNTING POLICIES (Continued)

1.3 Financial instruments (continued)

Financial assets - The Group's principal financial assets are accounts receivable, bank, including call accounts and cash balances and these are classified as loans and receivables or investments at amortised cost. The carrying amount of financial assets with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

Financial liabilities - are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Group's financial liabilities are trade payables and other payables.

1.4 De-recognition of assets and liabilities

Financial assets (or a portion thereof) are de-recognised when the entity realises the rights to the benefits specified in the contract, the rights expire or the entity surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition, 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 the income statement.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expires. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the income statement.

1.5 Impairments

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impaired. Trade and other receivables originated by the entity are stated at their cost less a provision for impairment. An estimate of impairment is made based on a review of all outstanding amounts at balance sheet date, and posted against a provision account. When the trade receivable is uncollectible, it is written off against the provision account. Bad debts are written off during the period in which they are identified.

1.6 Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Foreign currency gains and losses are charged to the income statement.

1.7 Property, plant & equipment

Property, plant & equipment are stated at cost, less accumulated depreciation. Depreciation is charged on a straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

- equipment	33,33% per annum
- office furniture	20,00% per annum

Purchased software licences are initially stated at cost. Depreciation is charged on a straight-line basis over the period of the licence. The carrying amount of all intangibles is reviewed annually and written down for any permanent impairment.

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount through the income statement.

Surpluses and losses on disposal of property, plant & equipment are charged to the income statement.

NAMIBIAN STOCK EXCHANGE

ACCOUNTING POLICIES (continued)

AT 31 DECEMBER 2009

1. ACCOUNTING POLICIES (Continued)

1.8 Employee retirement benefit costs

The Group contributes to an umbrella defined contribution fund in respect of retirement benefits of current employees, the costs of which are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group does not provide post retirement medical benefits to employees.

The Group accrues for the value of leave due on the basis of the number of days owing to the employee and the relevant cost associated therewith.

The Group provides for retrenchment and retirement benefits in accordance with the terms and conditions specified in the Labour Act of 2007 (Act 11 of 2007).

1.9 Deferred taxation

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Current tax rates are used to determine the deferred tax balance. In determining the balance, account is taken of estimated tax losses.

A deferred tax asset is recognised to the extent that its probable future taxable profits will be available against which the unused tax losses and deductible temporary difference can be utilised.

1.10 Revenue recognition

Revenue from the provision of services is recognised when the transaction giving rise to the services has been completed, the amounts can be measured reliably and it is probable that the economic benefits will flow to the Stock Exchange and its operating subsidiary.

Revenue from annual fees is recognised when the right to use the services of the stock exchange or its subsidiary is obtained.

Dividends, if any, are recognised when the right to receive payment is established.

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

1.11 Leases

Leases where the Lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

1.12 Taxation

The NSX and the guarantee fund are exempt from normal taxation in terms of Section 16(1)(d) of the Income Tax Act, No. 24 of 1981. The only operating subsidiary, Transfer Secretaries (Proprietary) Limited, is subject to normal taxation in terms of the Income Tax Act, No 24 of 1981.

1.13 Provisions

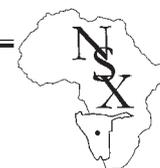
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation.

2. DEFINITIONS

2.1 Cash and cash equivalents

The cash and cash equivalents amounts disclosed in the cash flow statement comprise cash on hand and current and call account balances.





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AT 31 DECEMBER 2009

	Namibian Stock Exchange N\$	Transfer Secretaries N\$	Guarantee Fund N\$	Group N\$
--	--------------------------------------	--------------------------------	--------------------------	--------------

3. REVENUE ANALYSIS

Management regards the NSX as a single reportable segment, as with Transfer Secretaries and the Guarantee Fund.

Revenue represents net invoiced amounts to :

For the year ended 31 December 2009

Listed entities

- Listing & documentation fees	397,028	-	-	397,028
- Annual fees	980,000	61,600	-	1,041,600
- Quarterly fees	-	232,900	-	232,900
- Handling & service fees	-	352,767	-	352,767
	1,377,028	647,267	-	2,024,295

Data distribution vendors

- Information fees	301,822	-	-	301,822
--------------------	---------	---	---	---------

Stockbrokers, sponsors & clients

- Guarantee fund contributions	-	-	372,409	372,409
- Other	-	-	2,000	2,000
- Annual fees	50,000	-	-	50,000
- Commission received - Transaction levy	3,724,090	-	-	3,724,090
	3,774,090	-	374,409	4,148,499
	5,452,940	647,267	374,409	6,474,616

For the year ended 31 December 2008

Listed entities

- Listing & documentation fees	204,400	-	-	204,400
- Annual fees	900,000	56,000	-	956,000
- Quarterly fees	-	217,380	-	217,380
- Handling & service fees	-	245,504	-	245,504
	1,104,400	518,884	-	1,623,284

Data distribution

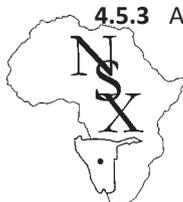
- Information fees	244,138	-	-	244,138
--------------------	---------	---	---	---------

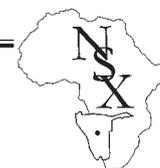
Stockbrokers, sponsors & clients

- Guarantee fund contributions	-	-	387,354	387,354
- Annual fees	50,000	-	-	50,000
- Commission received - Transaction levy	3,873,541	-	-	3,873,541
	3,923,541	-	387,354	4,310,895
	5,272,079	518,884	387,354	6,178,317

NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2009

	Note	Group		Namibian Stock Exchange	
		2009	2008	2009	2008
		N\$	N\$	N\$	N\$
4. INCOME BEFORE TAXATION					
Income before taxation includes					
4.1 Investment income:					
Interest on investments at amortised cost					
- listed		28,746	195,407	28,746	195,407
- unlisted treasury bills and fixed deposits		1,904,918	977,617	1,553,063	815,166
Interest on bank and call accounts		500,661	1,051,046	439,720	797,955
		<u>2,434,325</u>	<u>2,224,070</u>	<u>2,021,529</u>	<u>1,808,528</u>
4.2 Other income & expense					
Other		3,619	17,674	3,619	1,757
4.3 Administration costs, includes					
Auditors' remuneration					
- audit fee - current year		78,266	71,150	59,331	53,937
- other services		9,486	8,968	9,486	8,968
		<u>87,752</u>	<u>80,118</u>	<u>68,817</u>	<u>62,905</u>
4.4 Occupancy costs, includes					
Operating lease expenses - premises		241,191	237,155	207,591	203,555
4.5 Remuneration - staff & directors					
4.5.1 Director & Committee fees	20				
- Board		192,500	116,250	192,500	116,250
Less - meetings held to approve listing		(32,300)	-	(32,300)	-
- Audit & risk committee		38,200	30,500	38,200	30,500
- Remuneration committee		7,033	3,517	7,033	3,517
- Brokers screening committee		-	4,688	-	4,688
- Investment committee		-	1,719	-	1,719
Total excluding listings		<u>205,433</u>	<u>156,674</u>	<u>205,433</u>	<u>156,674</u>
- Listing Committee & board approval		203,800	86,300	203,800	86,300
Total		<u>409,233</u>	<u>242,974</u>	<u>409,233</u>	<u>242,974</u>
- Transfer Secretaries		4,000	3,150		
Less - allocated to subsidiary		-	-	51,358	37,567
		<u>413,233</u>	<u>246,124</u>	<u>357,875</u>	<u>205,407</u>
4.5.2 Staff costs					
Including key management costs	20				
- salaries wages		1,682,814	1,479,349	1,426,120	1,248,053
- contributions to retirement funds		195,025	175,611	166,403	150,039
- other		413,965	205,051	398,139	189,171
- provision for retrenchment & retirement	14				
past service cost		93,383	-	90,278	-
current year service cost		24,931	-	24,243	-
interest charge		12,606	-	12,244	-
		<u>2,422,724</u>	<u>1,860,011</u>	<u>2,117,427</u>	<u>1,587,263</u>
4.5.3 Allocated to subsidiary as management fee				(125,000)	(100,800)
Total Remuneration - staff & directors		<u>2,835,957</u>	<u>2,106,135</u>	<u>2,350,302</u>	<u>1,691,790</u>





NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2009

	Group	
	2009	2008
	N\$	N\$
5. TAXATION		
The Namibian Stock Exchange and the Guarantee Fund are exempt from taxation in terms of Section 16 (1)(d) of the Income Tax Act No 24 of 1981.		
Tax rate reconciliation - Namibian normal taxation		
Income tax recognised in the consolidated income statement	0.0%	0.0%
- effect of income exempt from tax the:		
- NSX	29.4%	29.4%
- Guarantee Fund	5.6%	5.6%
- effect of the utilisation of prior tax losses	0.0%	0.0%
	<u>35.0%</u>	<u>35.0%</u>
Standard rate of taxation		
Normal taxation relating to subsidiary		
- Deferred		
Attributable to temporary differences arising in		
- current year	261	1,154
	<u>261</u>	<u>1,154</u>
Namibian normal tax		
Estimated tax losses relating to subsidiary		
At beginning of the year	15,307	19,913
Utilised to create deferred tax asset	-	-
(Utilised) during the year	(3,973)	(4,606)
	<u>11,334</u>	<u>15,307</u>
Available for set off against future taxable income		
6. DEFERRED TAXATION		
The movement on the deferred tax balance is as follows:		
Balance at beginning of the year	4,275	5,429
Income statement	(261)	(1,154)
	<u>4,014</u>	<u>4,275</u>
Balance at end of the year		
Deferred tax asset		
- Estimated tax loss	11,334	15,513
Deferred tax liability:		
- Provision for retrenchment & retirement	4,155	
- Property, plant & equipment	(4,019)	(3,299)
	<u>11,470</u>	<u>12,214</u>
Net deferred tax asset		
At the statutory tax rate	35%	
	<u>4,014</u>	<u>4,275</u>

Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity or fiscal authority.

NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2009

7. PROPERTY, PLANT & EQUIPMENT	Software licences N\$	Office furniture N\$	Equipment N\$	TOTAL N\$
Group - Cost				
Balance at 31 December 2007	482,030	145,702	505,555	1,133,287
Additions	-	-	500	500
Disposals	-	-	-	-
Balance at 31 December 2008	482,030	145,702	506,055	1,133,787
Additions	-	-	31,128	31,128
Disposals	-	-	(4,000)	(4,000)
Balance at 31 December 2009	482,030	145,702	533,183	1,160,915
Group - Depreciation				
Balance at 31 December 2007	482,027	136,759	390,370	1,009,156
Amortisation / Depreciation charge for the year	-	8,249	61,003	69,252
Balance at 31 December 2008	482,027	145,008	451,373	1,078,408
Amortisation / Depreciation charge for the year	-	489	42,772	43,261
Disposals	-	-	-	-
Balance at 31 December 2009	482,027	145,497	490,146	1,117,670
Group - Net book value				
At 31 December 2008	3	694	54,682	55,379
At 31 December 2009	3	205	43,037	43,245
Namibian Stock Exchange - cost				
Balance at 31 December 2007	482,030	131,460	411,759	1,025,249
Additions	-	-	500	500
Balance at 31 December 2008	482,030	131,460	412,259	1,025,749
Additions	-	-	19,783	19,783
Disposals	-	-	(4,000)	(4,000)
Balance at 31 December 2009	482,030	131,460	428,042	1,041,532
Namibian Stock Exchange - depreciation				
Balance at 31 December 2007	482,027	123,638	311,987	917,652
Amortisation / Depreciation charge for the year	-	7,178	54,698	61,876
Balance at 31 December 2008	482,027	130,816	366,685	979,528
Amortisation / Depreciation charge for the year	-	471	33,870	34,341
Disposals	-	-	(3,999)	(3,999)
Balance at 31 December 2009	482,027	131,287	396,556	1,009,870
Namibian Stock Exchange - Net book value				
At 31 December 2008	3	644	45,574	46,221
At 31 December 2009	3	173	31,486	31,662



NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2009

	Group		Namibian Stock Exchange	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
11. TRADE AND OTHER RECEIVABLES				
Trade receivables, net of provision	527,461	522,447	311,095	498,715
Transfer Secretaries (Pty) Ltd			203,389	43,743
Prepayments	51,419	52,242	47,580	49,001
Other receivables	9,305	9,095	10,265	10,055
	<u>588,185</u>	<u>583,784</u>	<u>572,329</u>	<u>601,514</u>
Provision for doubtful accounts	-	-	-	-

12. INSURANCE FUND

This fund was established to provide for the excess on insurance claims. Interest received is not capitalised to the fund but included in the Namibian Stock Exchange income statement and transferred when necessary.

	500,000	500,000	500,000	500,000
--	---------	---------	---------	---------

13. GUARANTEE FUND - consolidation only

Guarantee Fund	
2009	2008
N\$	N\$

A separate guarantee fund is maintained, for investor protection purposes, by the Stock Exchange in terms of Section 30 of the Stock Exchanges Control Act, (Act 1 of 1985), as amended. As the NSX and its Board exercise control over this Guarantee Fund it is required to consolidate the activities of the Guarantee Fund into the Group financial statements in terms of International Financial Reporting Standards.

Every stockbroker is obliged to contribute to this fund to cover liabilities that may arise out of the buying and selling of securities but have no rights to any assets of the guarantee fund.

Balance at beginning of year

4,262,571 3,466,613

Income for the year

781,634 795,958

Retained surplus at end of the year

5,044,205 4,262,571

		Group		Namibian Stock Exchange	
		2009	2008	2009	2008
		N\$	N\$	N\$	N\$
14. PROVISIONS					
Provision for retrenchment & retirement	4.5.2	130,920	-	126,765	-

The provision for retrenchment and retirement benefits has been determined in accordance with the Labour Act of 2007 (Act 11 of 2007). (2008 - nil)

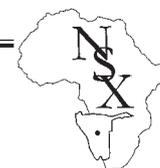
Key assumptions used are:

- present value using the indicative yield of the GC 24 9.54%
- estimated average salary increases of 9%
- likelihood of remaining in service to age 65 varied according to current age of staff member

15. TRADE AND OTHER PAYABLES

Trade payables	132,327	206,346	130,517	199,455
Guarantee Fund			15,870	40,958
Accruals	549,394	351,382	518,674	320,485
	<u>681,721</u>	<u>557,728</u>	<u>665,061</u>	<u>560,898</u>





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2009

	Group		Namibian Stock Exchange	
	2009 N\$	2008 N\$	2009 N\$	2008 N\$
16. COMMITMENTS				
Commitments under operating leases				
2009	-	216,654	-	216,654
2010	254,880	36,109	254,880	36,109
2011	262,525	36,109	262,525	36,109
2012	53,754	-	53,754	-

17. RETIREMENT BENEFIT INFORMATION

17.1 Retirement fund

The Stock Exchange continues to contribute to the Namflex Pension Fund, an umbrella defined contribution plan. This fund is registered under and governed by the Pension Funds Act 1956 (Act 24 of 1956). All employees who are eligible through qualifying service are members of the fund. The fund provides death, disability and retirement benefits.

In terms of the rules of the fund the employees contribute 7.5 % and the employer currently contributes 7.5% of pensionable remuneration towards retirement and pays all the other cost including premiums for group life benefits. Obligations for contributions to the fund are recognised as an expense as incurred.

Under defined contribution plans, the legal liability of the entity is limited to the agreed contribution. Consequently investment risks are borne by the employees.

17.2 Post-retirement medical benefits

The Stock Exchange and its subsidiary contribute to a medical aid scheme for the benefit of permanent employees. In terms of employment contracts, the Group is not liable for the medical aid contributions of retired employees.

18. FINANCIAL RISK MANAGEMENT

18.1 Foreign currency risk management

Namibia is part of the Southern African Common Monetary Area. The Namibia Dollar is pegged to the South African Rand on a one-to-one basis. Virtually all the Stock Exchange's transactions are conducted within the common monetary area of Southern Africa.

18.2 Interest rate management

As part of the process of managing the Group's interest rate risk, interest rate characteristics of new investments and the reinvesting of maturing investments are positioned according to expected movements in interest rates. This risk is managed by the Group ensuring that where appropriate assets and liabilities are invested for periods appropriate to the potential needs of the Group. A decrease in the bank rate of 1% will change the interest earnings of the Group by approximately N\$ 292 500 in 2010 and the NSX by N\$ 242 160.

18.3 Credit risk management

The Group only deposits cash surpluses with major banks of high quality credit standing. Trade accounts receivables comprise a sound customer base. Ongoing credit evaluation of the financial position of customers is performed. The granting of credit is made on application and is approved by management. At 31 December 2009 the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

18.4 Fair value

The Board of Directors is of the opinion that the carrying value of financial instruments approximates fair value due to the short-term nature of these investments.

18.5 Capital risk management

The Group manages its capital with the objective of ensuring that the NSX continues as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund. In the current financial climate the Board has decided to restrict the NSX and Guarantee Fund investments to registered commercial banks in Namibia and has imposed a limited of 30% of total funds in any one bank.

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2009

19. CURRENCY, INTEREST & LIQUIDITY RISKS

19.1 Currency risks

All in	Group		Namibian Stock Exchange	
	2009	2008	2009	2008
	Rands /N\$	Rands /N\$	Rands /N\$	Rands /N\$
Assets				
Property, plant & equipment	43,245	55,379	31,662	46,221
Investment in subsidiaries			4,000	4,000
Other investments	191,086	189,826	191,086	189,826
Deferred tax asset	4,014	4,275	-	-
Trade & other receivables	588,185	583,784	572,329	601,514
Other investments	8,035,568	22,159,200	3,857,212	18,112,673
Bank balances & cash	21,032,123	1,483,102	20,168,047	1,257,551
	29,894,221	24,475,566	24,824,336	20,211,785
Liabilities				
Non-current liabilities	130,920	-	126,765	-
Trade & other payables	681,721	557,728	665,061	560,898
Taxation	170	170	-	-
	812,811	557,898	791,826	560,898
Net assets & liabilities	29,081,410	23,917,668	24,032,510	19,650,887

19.2 Interest rate risks

Assets

Non-Interest sensitive

Property, plant & equipment	43,245	55,379	31,662	46,221
Trade & other receivables	588,185	583,784	572,329	601,514
Investment in subsidiaries			4,000	4,000
Deferred tax asset	4,014	4,275	-	-
	635,444	643,438	607,991	651,735

Fixed rate

Other investments Maturing 2019	191,086	189,826	191,086	189,826
	191,086	189,826	191,086	189,826

Floating rate

Other investments - NSX only	3,857,212	18,112,673	3,857,212	18,112,673
Other investments - Guarantee Fund	4,178,356	4,046,527		
Bank balances & cash	21,032,123	1,483,102	20,168,047	1,257,551
	29,067,691	23,642,302	24,025,259	19,370,224

Total assets

Liabilities

Non-Interest sensitive

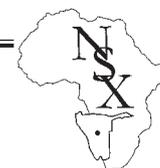
Trade & other payables	681,721	557,728	665,061	560,898
Taxation	170	170	-	-
Non-current liabilities	130,920	-	126,765	-
	812,811	557,898	791,826	560,898

Total liabilities

Net assets & liabilities

	29,081,410	23,917,668	24,032,510	19,650,887
--	-------------------	-------------------	-------------------	-------------------





NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2009

19. CURRENCY, INTEREST & LIQUIDITY RISKS (continued)

	Group		Namibian Stock Exchange	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
19.3 Liquidity & interest rate risk				
Assets				
Non-financial assets				
Property, plant & equipment	43,245	55,379	31,662	46,221
Investment in subsidiaries	-	-	4,000	4,000
Deferred tax asset	4,014	4,275	-	-
	<u>47,259</u>	<u>59,654</u>	<u>35,662</u>	<u>50,221</u>
Financial assets				
5 years +				
Other investments - maturing 2019	191,086	189,826	191,086	189,826
9 to 12 months - fixed interest rate				
Other investment - NSX only	-	6,536,863	-	6,536,863
6 to 9 months - fixed interest rate				
Other investments - NSX only	3,857,212	9,911,379	3,857,212	9,911,379
3 to 6 months - fixed interest rate				
Other investments - NSX only	-	1,664,431	-	1,664,431
Other investments - Guarantee Fund	4,178,356	4,046,527	-	-
	<u>4,178,356</u>	<u>5,710,958</u>	<u>-</u>	<u>1,664,431</u>
0 to 3 months				
Call accounts - variable rates				
Other investments - NSX only	20,068,187	786,755	20,068,187	786,755
Other investments - Guarantee Fund	854,937	179,594	-	-
Current accounts - variable				
Bank balances & cash	108,999	516,753	99,860	470,796
Current accounts - no interest				
Trade & other receivables	588,185	583,784	572,329	601,514
	<u>21,620,308</u>	<u>2,066,886</u>	<u>20,740,376</u>	<u>1,859,065</u>
Total assets	29,894,221	24,475,566	24,824,336	20,211,785
Liabilities				
Non-financial liabilities				
Provision for retrenchments & retirement	130,920	-	126,765	-
Taxation	170	170	-	-
	<u>131,090</u>	<u>170</u>	<u>126,765</u>	<u>-</u>
Financial liabilities				
0 to 3 months				
Trade & other payables	681,721	557,728	665,061	560,898
Total liabilities	<u>812,811</u>	<u>557,898</u>	<u>791,826</u>	<u>560,898</u>
Net assets & liabilities	29,081,410	23,917,668	24,032,510	19,650,887

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2009

	Group		Namibian Stock Exchange	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
20. RELATED PARTIES				
Related parties exist between the Stock Exchange and Transfer Secretaries (Pty) Ltd.				
Amounts received from Transfer Secretaries (Pty) Ltd:			125,000	100,880
- Administrative service fees based on staff cost note 4.5.2				
- Indemnity insurance			32,516	33,578
- Internet connectivity			16,650	13,695
- Premises rental			33,600	33,600
- Board & Committee fees note 4.5.1			51,358	37,567
- Membership fees			863	863
Amount owing by Transfer Secretaries (Pty) Ltd - notes 8 & 11.				
Directors & committee members remuneration - note 4.5.1				
Services rendered by directors as professionals on arm's length basis	80,905	-	60,315	-
Staff costs for key management included in note 4.5.2				
- salaries	1,096,653	1,000,000	1,096,653	1,000,000
- contributions to retirement funds	130,919	118,847	130,919	118,847
- other	332,454	137,814	332,454	137,814
	1,560,026	1,256,661	1,560,026	1,256,661

21. RESTATEMENT IN 2008 & 2007 BALANCE SHEETS AND STATEMENTS OF CASH FLOWS

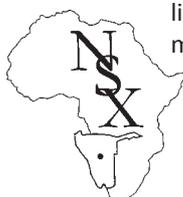
Call accounts at banks have been restated from Investments held to maturity to bank and bank balances in terms of IAS 1.

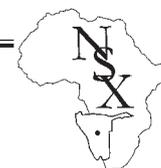
	Notes	Group		Namibian Stock Exchange	
		2008	2007	2008	2007
		N\$	N\$	N\$	N\$
Per the 2008 Annual financial statements					
Current investments held to maturity		23,125,549	18,382,821	18,899,428	14,947,339
Less - Call accounts at banks		966,349	13,088,481	786,755	9,850,024
As per the 2009 Annual financial statements	9	<u>22,159,200</u>	<u>5,294,340</u>	<u>18,112,673</u>	<u>5,097,315</u>
Per the 2008 Annual financial statements					
Bank balances & cash		516,753	285,658	470,796	139,068
Plus - Call accounts at banks		966,349	13,088,481	786,755	9,850,024
As per the 2009 Annual financial statements	10	<u>1,483,102</u>	<u>13,374,139</u>	<u>1,257,551</u>	<u>9,989,092</u>

22. ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material judgements nor estimates made in preparing these financial statements.

The Directors have reviewed the Group's investment in financial assets in light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold these assets to maturity. Details are set out in Note 9 and call accounts in Note 10.





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2009

23. SUBSEQUENT EVENTS

There were no material subsequent events between the balance sheet date and the date of the approval of these financial statements.

24. ADOPTION OF NEW AND REVISED STANDARDS

In the current year the Group has reviewed all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB and has included additional disclosures where deemed necessary, particularly in terms of:

IAS 1 Presentation of Financial Statements

The text of IAS 1 has been substantially rewritten, with many changes in terminology, including changes to the titles of individual financial statements and changes in the format and content of the financial statements.

At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

Number	Description	Effective from
New Standards		
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
Revised Standards		
IFRS 1	Revisions to IFRS 1 on First-time Adoption of IFRS	1 July 2009
IFRS 2	Group Cash-settled Share-based Payments	1 January 2010
IFRS 3	Business Combinations	1 July 2009
IFRS 5	Non-current assets held for sale & discontinued operations	1 July 2009
Revised & New Standard		
IAS 17	Leases	1 January 2010
IAS 24	Related Party Disclosures	1 January 2011
IAS 27	Consolidated and separate financial statements	1 July 2009
IAS 32	Classification of Rights Issues	1 February 2010
IAS 39	Financial instruments: Recognition and measurement - Eligible Hedged Items	1 July 2009
New Interpretations		
IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2009
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
IFRIC 18	Transfer of Assets from Customers	1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The Directors do not anticipate that the impact of these statements and interpretations will have a material affect on the Group and NSX financial statements.

IFRS 9

The NSX has elected the early adoption of IFRS 9 which replaces the existing classification and measurement requirements in IAS 39 for financial assets. The NSX continues to classify and measure financials assets at amortised cost as its business model is to hold assets in order to collect contractual cash flows that are solely payments of principal and interest on the outstanding principal as disclosed in Note 9.

NSX FOUNDER MEMBERS

(former names)

//Ae//Gams Financial Services (Pty) Ltd
African Controlling (Pty) Ltd
Alexander Forbes Risk Services *(Lumley Namibia (Pty) Ltd)*
Bank Windhoek Limited
Beira Investment (Pty) Ltd
Business Connections Namibia (Pty) Ltd *((Comparex Namibia) (Absa Data))*
Capital Alliance Life Ltd *(AGA) (ACA Insurers)*
CIC Holdings Limited
De Beers Services (Pty) Ltd *(Namdeb Namibia / CDM)*
Development Bank of Namibia Limited *(formerly NDC)*
E O Schneider
First National Bank of Namibia Limited
Government Institutions Pension Fund
IJG Securities (Pty) Ltd
(Irwin, Jacobs, Greene & Associates (Pty) Ltd (HSBC Securities (Namibia))
IJG Holdings (Pty) Ltd *(Irwin, Jacobs, Greene & Associates (Pty) Ltd)*
Insurance Company of Namibia Limited
IY Rachmin *(Magnum Centre (Pty) Ltd)*
Manica Group Namibia (Pty) Ltd
Metcash Trading (Namibia) (Pty) Ltd *(Metlas)*
Metje & Ziegler Limited
Momentum Life Association Limited *(The Southern Life Association)*
Namib Bou (Pty) Ltd *(Namib Building Society)*
Namibia Industries (Pty) Ltd
Namibia Investment (Pty) Ltd
Namibian Sea Products Ltd & *Namibian Fishing Industries Ltd*
Nedbank Namibia Limited *(Commercial Bank of Namibia)*
NEC Investment Holdings (Pty) Ltd
Nictus (Pty) Limited
NovaNam Ltd *(Pescanova Fishing)*
Ocean Diamond Mining Holdings Limited
Ohlthaver & List Trust Co. Limited
Old Mutual Life Assurance Co. (Namibia) Limited
Pupkewitz Holdings (Pty) Ltd
Sanlam Namibia Limited
Santam Namibia Limited
Schoeman Office Systems (Pty) Ltd
Seaview Investments
Standard Bank Namibia Limited
Schönlein Street Investments Limited *(Swabou Holdings Ltd) (Swabou Building Society))*
TDS Holdings (Pty) Ltd
TransNamib Limited
Tunacor Limited
Wispeco (Namibia) (Pty)Ltd



BROKER & SPONSOR CONTACT DETAILS

IJG Securities (Pty) Ltd

Managing Director: Mark Späth
P.O. Box 186, Windhoek
1st Floor, Building One
100 Robert Mugabe Ave
Tel: 061-383 500 Fax: +264 61- 304 674
E-mail: mark@ijg.net

Investment House Namibia (Pty) Ltd.

Director: Brian van Rensburg
P.O. Box 196, Windhoek
5 Conradie Street
Tel: +264 61-378 900 Fax: +264 61-378 901
E-mail: brianvr@ihn.com.na

Namibia Equity Brokers (Pty) Ltd.

Managing Director: Madelein Smith
P.O. Box 27, Windhoek
1st Floor, City Centre Building (West Wing)
1 Levinson Arcade
Tel: +264 61-256 666 Fax: +264 61-256 789
E-mail: msmith@namibia-equities.com

Simonis Storm Securities (Pty) Ltd.

Managing Director: Andrew Jansen
P.O. Box 3970, Windhoek
4 Koch Street / Cnr Hugo Hahn Strasse
Klein Windhoek
Tel: +264 61-254 194 Fax: +264 61-253 193
E-mail: aj@sss.com.na

SPONSOR

Equity and Bonds

Old Mutual Investment Services (Namibia) (Pty) Ltd.

Director: Brigitte Weichert
P.O. Box 25549, Windhoek
5th Floor Mutual Platz
Post Street Mall, Windhoek
Tel: +264 61-299 3527 Fax: +264 61-299 3528
E-mail: bweichert@hotmail.com

Bonds only

pointBreak Wealth Management (Pty) Ltd

Managing Director: Tony Edmunds
P O Box 97438, Windhoek
24 Orban Street, Klein Windhoek
Tel +264 61 378 811 Fax +264 61 378 844
E-mail: tony@pointbreak.com.na

