

NAMIBIAN
STOCK



EXCHANGE

2007

Annual Report
31 December

NSX DETAILS

NATURE OF BUSINESS

Stock Exchange
Transfer Secretaries

AUDITORS

Deloitte & Touche

BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

ADDRESS

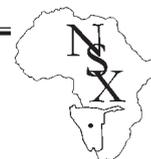
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STOCK EXCHANGE ANNUAL REPORT DECEMBER 2007

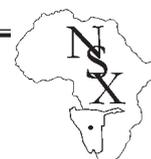
MISSION STATEMENT

“To provide a fair, efficient, transparent and computerised market for trading securities as a cost effective way for Namibian and foreign investors to channel their savings into productive investments which help develop Namibia’s economy”

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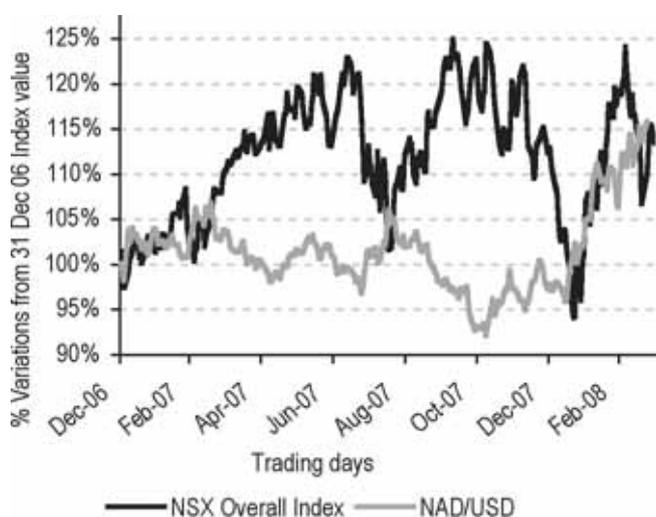




CHAIRMAN'S STATEMENT

2007 will be remembered as a volatile year in the index history of the NSX, as shown below, but also the most rewarding one for the eXchange, as disclosed in the annual financial statements, with both turnover and the surplus recorded surpassing any previous year. It will go down as the subprime year and the time during which the local exchange rate to the US Dollar strengthened significantly when the US subprime exposures were first disclosed and subsequently weakened once the regional power shortages started to strangle the South African mining industries.

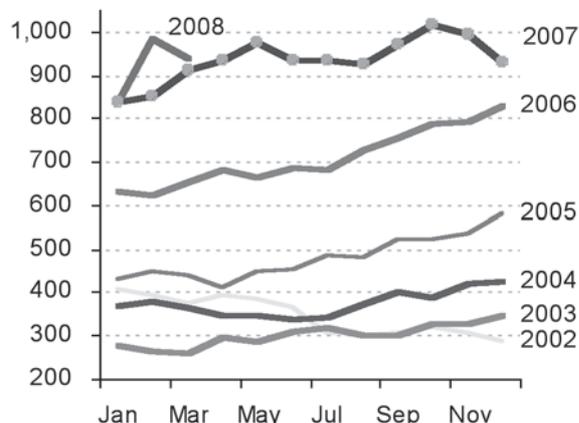
NSX Overall Index movement indexed to the US \$



In February 2008 the terms of the government's revised Regulation 28 were published ending a long period of speculation. The regulation implements Government's policy to develop the local economy by harnessing the vast financial resources of the various private and government controlled pension funds which have traditionally been invested outside of Namibia. Although this goal has been accepted by all stakeholders, the financial services sector is continuing discussion to clarify the poorly drafted regulations to avoid potential conflicts over the implementation thereof.

Over the last 5 years equities, as an asset class, have generated above average returns for all the funds, as depicted in the following graph and the first table, the growth in the NSX Overall Index. This trend flies in the face of the proposal by government to reduce the maximum permissible investment in equities from a world wide norm of 75% to 70% immediately and to 65% within one year from now. Simultaneously, the investment in the life blood of the NSX, the international primary listed companies which are dual listed on the NSX, are to be reduced by 500 basis points per year over the next five years. This reduction was imposed by Government, without confirming its intention to tap the medium term debt market in the next year and will be redeeming over N\$ 500 million in the GC08 in July 2008.

Overall Index Values at month end since 2002



This table shows the annual growth in the Local and the Overall Index since the end of 2002.

Year	Index values over the period		Index values over the period	
	Local Index	% Change	Overall Index	% Change
2003	58.2	23.9%	347	13.8%
2004	63.3	8.6%	426	22.8%
2005	71.7	13.4%	582	36.6%
2006	91.1	27.0%	828	42.3%
2007	133.1	46.0%	929	12.2%
31-Mar-08	139.0	4.4%	939	1.0%

The question of unlisted investments was thoroughly interrogated during a seminar organised by the Government Institutions Pension Fund (GIPF) in October 2007, but the Regulation 28 investment parameters exclude any instrument listed on the development capital market of any stock exchange and, in our management's opinion, introduced inferior prudential requirements. It is difficult to envisage suitable investments for an immediate 2% of the funds value and an additional 1.5% per annum over the next two years, without running the risks experienced by the GIPF in its Development Capital Portfolio during the early part of this decade.

The Development Capital Board or the DevX as we have branded it, is just that – a development capital board, as it allows an entity to raise capital while still in its embryonic stage; no profit history is required; and only a few shareholders – 25- are required before listing. However, once listed, the reporting requirements are the same as for the main board: IFRS compatible annual financial statements issued within six months of year end, with semi-annual results within three months, imposing an element of supervisory, transparency and corporate governance. Later in this report we express our commitment to assisting any local company listing on the DevX in meeting these standards.

Although provision was made for the DevX when the NSX was formed in 1992, it was only in October 2007 that the first company listed on the DevX when a Toronto Venture Capital listed uranium exploration company, Xemplar Energy Limited, applied. In terms of legislation, the Bank of Namibia must approve all non CMA inward listings on the NSX. Fortunately, the Bank of Namibia has introduced a simple but workable solution to previous legacy exchange controls hurdles and the Bank must be congratulated on its positive attitude towards reducing exchange control restrictions, well in advance of the other Common Monetary Area Central Banks. This has resulted in a turnaround time of a few days at most, greatly enhancing the registration process.

Since then, two other exploration companies (Forsys Metals and Deep Yellow) have also listed on the DevX, with another dual listing (Bannerman) having taken place in early April 2008. Not to be outdone, the new uranium mine, Langer Heinrich parent company Paladin Energy Limited, listed on the main board in February 2008. As a result, in total, nearly N\$ 30 billion was added to the market capitalisation of the NSX. At 31 December 2007, the NSX boasts dual listings from the London (2), Toronto (2) and Australian (2) stock exchanges and from the JSE (15).

The total market capitalisation of the NSX at 31 December 2007 was US\$ 173.5 billion, down from a high in October 2007 of over US\$ 200 billion. In 2006 this was the second highest market capitalisation of stock exchanges in Africa.

The lesson to be learnt from these exploration listings seem to be that foreign direct investment companies and investors, particularly from developed countries, are willing and able to accept the risk of developing a resource, whereas the local statutory pension funds (of a developing nation) seem generally to be more risk adverse and wish to diversify their investments.

This table shows the capitalisation in N\$ by sector with Anglo American PLC dominating as the sole listing under Industrial Metals.

N\$ Millions	31-Mar-08	2007	2006
Industrial Metals	647,956	558,866	518,955
Banks	282,067	318,014	255,807
Life Insurance	149,710	186,728	182,409
General Retailers	11,569	22,628	47,278
General Industrials	21,888	21,957	33,022
Nonlife Insurance	16,446	19,842	26,044
General Financial	14,101	15,936	20,620
Food & Drug Retailers	20,544	23,370	13,940
Chemicals	9,377	11,043	10,354
Food Producers	2,242	2,354	1,974
Mining	24,702	900	1,087
Real Estate	3,704	3,793	437
Beverages	1,035	934	620
DevX	5,163	7,723	-
other	-	-	-
	1,210,503	1,194,088	1,112,548



As mentioned above, the turnover on the NSX in 2007 was staggering, with a 62% increase over 2006, which, in turn, had increased by 99% over the year prior to that.

Year	Turnover in N\$ millions		Primary listed on the				
	Total	Change %	NSX	JSE	LSE	TSX	ASX
2003	2,037	48%	18	1,136	882		
2004	2,847	40%	113	1,964	770		
2005	3,367	18%	35	2,437	895		
2006	6,714	99%	122	4,371	2,222		
2007	10,892	62%	140	7,989	2,763	0.3	
31-Mar-08	1,768		27	1,148	559	1	33

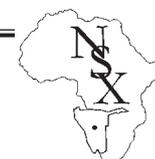
Trades to the end of March 2008 totalled over N\$ 33 million on the DevX. The listing requirements have been amended to require that all mining or exploration companies applying for a listing, primary or dual, should be a member of the Chamber of Mines of Namibia.

The analysis of trades by sector showed that Banks were the top sector traded in 2007, while general retailers, which included the now delisted Edcon and Ellerines, traded well in 2007, prior to the introduction of the new credit restricting legislation in South Africa. The detailed analysis follows:

Turnover by Sector	N\$ Millions					
	Mar-08	2007	2006	2005	2004	2003
Banks	540	2,744	1,490	897	571	341
General Retailers	80	2,354	959	506	491	179
Industrial Metals	402	2,149	1,831	750	586	701
General Industrials	199	1,072	590	295	192	103
Life Insurance	189	1,070	853	532	479	347
General Financial	165	672	272	86	146	61
Food & Drug Retailers	112	406	179	71	31	55
Nonlife Insurance	0	179	287	109	117	113
Chemicals	6	99	157	87	77	40
Real Estate	32	89	39	2	14	2
Food Producers	0	41	19	20	37	15
Mining	1	17	15	4	43	42
Beverages	9	2	23	7	37	9
DevX	33	0	-	-	-	-
other	-	-	-	-	26	29
	1,768	10,892	6,714	3,367	2,847	2,037

The Namibian Government redeemed a major bond GC07 in July 2007 and did not replace this N\$ 1.2 billion bond. It is to repay GCO8 (N\$ 585 million) in July 2008, but again with no new issues in the pipeline. A N\$ 500 million bond, issued by the Namibian power utility, NamPower, with a maturity in 2020, was dual listed on the Bond Exchange of South Africa in July 2007. NamPower is planning to tap its bond program, approved in 2007, during the latter half of 2008. The water utility, NamWater, is developing a desalination plant to provide water to the proposed uranium mines and may come to the market in 2008.

Although the NamPower bond traded vigorously immediately after the initial listing, the secondary trades have reverted to the traditional buy and hold scenario of the other listed bonds as depicted in the following table.



Secondary trades in Bonds reported on the NSX					
In N\$ millions	Total	Government Bonds	Commercial Banks	State Owned Enterprises	
				Dual listed on BESA	
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	79	178	1,283
31-Mar-08	53	1		47	5

Value of Bonds outstanding at 31 December 2007					
In N\$ millions	Total	Government Bonds	Commercial Banks	State Owned Enterprises	Dual listed on
				NSX	BESA
Maturing in					
2008	582	582	-	-	-
2009	100	-	100	-	-
2010	2,100	1,750	-	350	-
2011	216	-	216	-	-
2012	848	848	-	-	-
2014	100	-	100	-	-
2015	1,737	1,647	90	-	-
2016	580	-	250	330	-
2016	260	-	260	-	-
2020	500	-	-	-	500
2024	955	955	-	-	-
	7,978	5,782	1,018	680	500

Legislative activity in 2007 was concentrated on the period between Christmas and New Year, with 7 new or revised Acts being gazetted. Apart from an Electricity Act in October, these included an amendment to the yet to be enacted 2004 Companies Act; a new Labour Act; an Environment Management Act; and income tax amendments. In July 2007, the anti-money laundering legislation, known as the Financial Intelligence Act, was promulgated and draft regulations were circulated for comment in December 2007, with implementation scheduled for July 2008. The Financial Sector Charter has been presented to Government for comment and is about to be signed as a voluntary sector driven initiative, while the Government's economic empowerment legislation (Transformation of Economic and Social Empowerment Framework) is being prepared.

The annual Scholar Investment challenge took place during very difficult market conditions - refer to graph above for the period March to September 2008 - but eventually the prize winners were

- 1st Etosha Secondary School
- 2nd Combretum Trust School
- 3rd Kuisebmond Secondary school
- 4th Cornelius Goreseb High School
- 5th Welwitschia Junior Secondary School

These teams all managed to exceed the growth reported in the Overall index for the period of the competition. Very generous prizes were once again sponsored by Trustco Group Limited and IJG Securities, whilst Namibia Breweries Limited covered the operational and costs associated with bringing the prize winners, to the gala dinner which was addressed by Alasdair Haynes, of FIX in Europe, in a very thought provoking look at using the best tools to do the task at hand.

Unfortunately, the results from the first year of the Namibian Graduate School of Accounting were disappointing, but the hitches have been addressed and the program for 2008 is more structured and tutors have been recruited to assist with the review process.

In addition, the NSX Board reviewed what could and should be done to improve the financial services sector's training and approved a N\$ 1 million program to assist post graduate entrants into the sectors to further their education in a related field. In particular, the provision of support to the CFA (Chartered Financial Analyst) study direction will be considered. A further N\$ 1 million has been earmarked for two programs to improve the corporate governance of Namibian businesses and provide mentors to companies that list on the DevX.

To quote a well-known cliché that charity begins at home, and as the reserves of the NSX and its guarantee fund approach N\$ 20 million, before the 2007 grant and those mentioned above, the Board re-evaluated the legacy rules requiring the individual stockbroker to be jointly and severally liable for the debts of a competitor stockbroker, should the latter be liquidated. The Board thereupon resolved to ask the rights holder to approve the deletion of this rule and to remove the requirement that any new entrant to the Stockbroking fraternity needs to be proposed and seconded by an existing stockbroker.

In conclusion, and for the last time as Chairman, seeing that I have indicated that I will retire from this position at the AGM in April 2008, I would like to thank Wilfried Moroff for his sustained service to the NSX during the past two decades and to all those Board members who retire by rotation for their sterling support during my term of office. My sincere thanks also go to the members of the NSX staff, who, although few in numbers, once again produced good results. On behalf of the Board of the NSX, a further note of gratitude goes to NAMFISA, our regulator, for being open to hearing our side and accepting our perceptions regarding the opportunities and challenges in the sector and being willing to adapt where necessary. I conclude by expressing our continued willingness to offer our expertise and experience and to assist the government and the Minister of Finance in using sound assumptions to determine economic and financial policy that will contribute towards substantial economic growth and development in Namibia.

ANNUAL FINANCIAL STATEMENTS

AT 31 DECEMBER 2007

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.

At 31 December 2007 the Board comprises:

Koep PF	Re-elected 11 April 2007 Elected Chairman at 18 April 2007 Board meeting for one year
Nuyoma D	Elected Vice Chairman at 18 April 2007 Board meeting
Cornelissen J J G [•]	Elected 11 April 2007
Gawaxab J	Re-elected 11 April 2007
Hango PS	
Moroff W	Resigned 20 December 2007
Müseler H-H	Re-elected 11 April 2007
van Rensburg B	
von Blotnitz SB ^{••}	
Weichert BC	Alternate to J Gawaxab

A P Jansen was appointed on 16 January 2008 to fill the vacancy caused by the resignation of W Moroff and will retire at the AGM but is available for re-election

- South African
- German

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

Paulino BK

NATURE OF BUSINESS

Stock Exchange, including transfer secretaries

AUDITORS

Deloitte & Touche

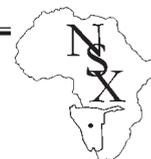
BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

REGISTERED OFFICE

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





NSX BOARD & COMMITTEES

1

BOARD OF DIRECTORS

P.F. Koep (Chair), D. Nuyoma (Vice), J. Gawaxab*, J.J.G. Cornelissen, P.S. Hango,
W. Moroff (resigned 20 December 2007), H-H. Müsseler, S. Bloch von Blottnitz, B. van Rensburg,
(*Alt -B.C. Weichert)

A.P. Jansen was appointed on 16 January 2008 to fill a vacancy
B. K. Paulino has been nominated by Namfisa, in terms of section 46 of the Stock Exchange Control
Act 1985, (Act 1 of 1985), as amended, to attend Board meetings

SUB-COMMITTEES OF THE BOARD

2

AUDIT COMMITTEE

H-H. Müsseler (Chair), P.F. Koep, J.J.G. Cornelissen, B.K. Paulino, B.C. Weichert

3

BROKER SCREENING COMMITTEE

S. Bloch von Blottnitz (Chair), P.F. Koep, B.K. Paulino,
A. Swanepoel

4

DISCIPLINARY COMMITTEE

H-B. Gerdes (Chair), J. Gawaxab, P.F. Koep, B.K. Paulino

5

REMUNERATION COMMITTEE

S. Bloch von Blottnitz (Chair), P.F. Koep, B.K. Paulino, B. van Rensburg

6

INVESTMENT COMMITTEE

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

7

LISTING COMMITTEE

H-B. Gerdes (Chair), H. Bossau (Vice), M. Kalondo, G. Katjimune,
P.F. Koep, H.A.R. Meiring, H-H. Müsseler, B.K. Paulino, Gifford Swart,
F. Uys, S. Bloch von Blottnitz, B.C. Weichert

8

TRANSFER SECRETARIES (PTY) LTD DIRECTORS

P.F. Koep (Chairman), A.P. Jansen, T. Schoeman

KEY MANAGEMENT

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

MEMBERS OF BOARD OF DIRECTORS at 31 December 2007



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 Financial Officer (since 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



JOHANNES GAWAXAB, Date of birth: 11 August 1956 BA, B Comm, Master of Business Leadership (SA), MA (UK), Certificate Global Business Leadership (London Business School, UK), Certificate Strategic Management (Montreal, Canada) 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 the Old Mutual Group in Namibia in 2003 and for Africa in 2006. He holds a number of directorships and is a long serving member of the NSX Board and was last re-elected in 2007. Johannes re-appointed B Weichert* as his alternate in 2007.



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. From July 1995 to March 1999, the Principal Officer of the Government Institutions Pension Fund, and from April 1999, the Chief Executive Officer. Primus, a former Chairman of the Namibian Stock Exchange, in terms of the rotation policy retires in 2008 and is available for re-election.

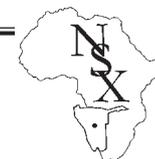


ANDREW PETER JANSEN, Born on 24 November 1970 and holds a B Com from UNAM and a Hons. B. Compt. from UNISA and is a Chartered Accountant of Namibia and South Africa and a Chartered Financial Analyst. Andrew has experience as a financial and investment manager since 1995 and has been a stockbroker since 2002 and is currently the Managing Director of Simonis Storm Securities (Pty) Limited and a member of the NSX. He was appointed a Director of the NSX on 16 January 2008 and in terms of the rules retires at the AGM in April but is eligible for re-election.



PETER FRANK KOEP, Born on 2 December 1951, Swakopmund, B.A. LL.B (University of Cape Town) Fluent in English, German and Afrikaans is the Senior Partner in the law firm of P F Koep & Co, established in March 1982 in Windhoek. Member of - the Independent Mediation Service of S.A. (IMSSA) [now redundant]; the Law Society of Namibia; the International Bar Association; Chairman of the Namibian Stock Exchange and various other companies in Namibia. Peter has published numerous articles, the latest in the Mining Law E bulletin in January 2006. He holds a number of directorships and is a long serving member of the NSX Board and was again re-elected in 2007 and elected as chairman at the Board meeting held on 18 April 2007 for one year.





WILFRIED MOROFF, Born on 18 October 1951 in Namibia he holds a B.Soc.Sc and a Master of Business Leadership. Wilfried is the longest serving stock broker in Namibia (1994) and was one of the first rights holders of the NSX. He is the founder of the company which developed into the stock broking company Namibia Equity Brokers. Wilfried has served on the predecessor committee of the NSX Board and was elected to the Board in April 2006 and resigned on 20 December 2007.



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 audit, accounting and business advisory 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.



DAVID NUYOMA, Born on 3 June 1963, Windhoek. BA (Honours), MA (University of East Anglia, UK). David was appointed as first CEO of The Development Bank of Namibia in November 2003. Before that he was the Executive Director of the Namibia Investment Centre since 1998. David holds a number of directorships and is a member of the Institute of Directors in Southern Africa. David was elected to the Board of the NSX in July 2005 and elected as vice chairman at the 18 April 2007 Board meeting. In terms of the rotation policy David retires in 2008 but is not available for re-election.



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 9 years experience in the industry. Brian was elected to the Board of the NSX in July 2005 and retires in 2008 in terms of the rotation policy but is not available for re-election.



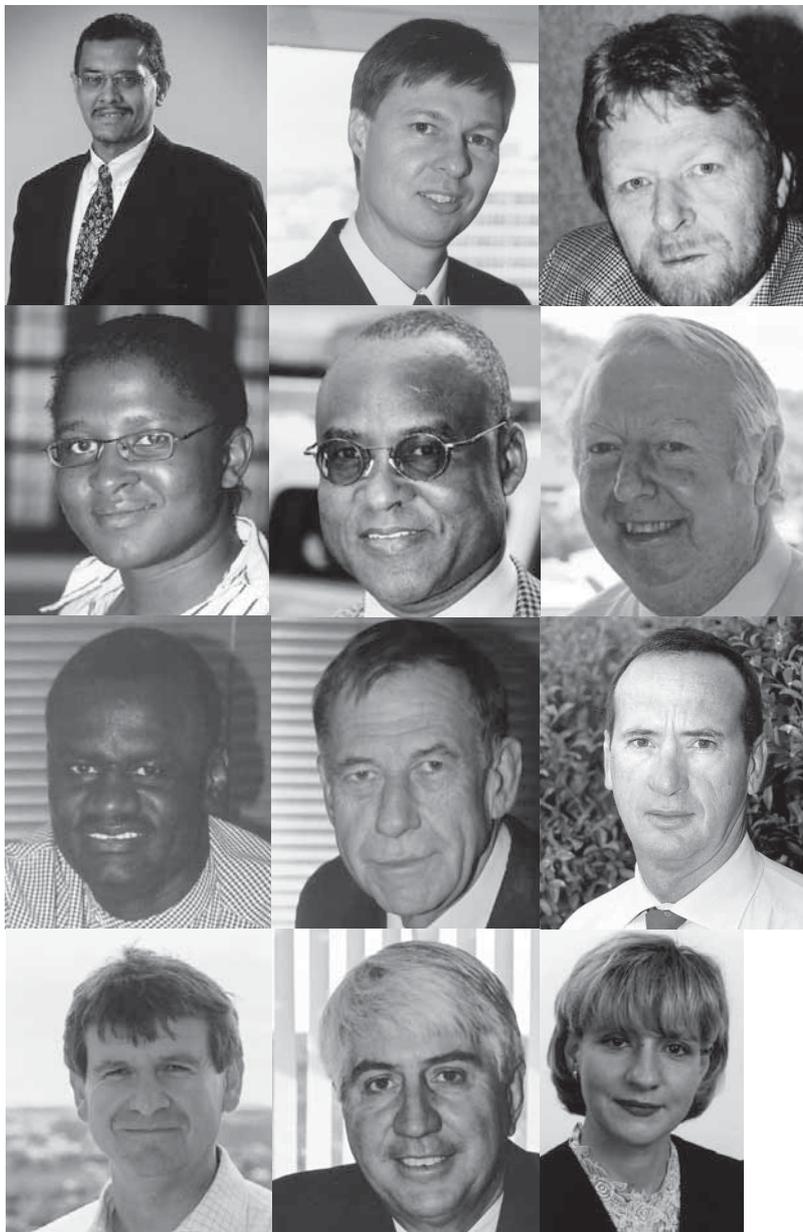
SVEN VON BLOTTNITZ, (CA (Nam), CA (SA), FCIS, B. Bus. Sc. (Business Finance)). Born on 14 October 1969 in Grahamstown, South Africa is a permanent resident in Namibia since 1974. His career and training contract commenced in January 1993 with Coopers & Lybrand. From June 1997 at Commercial Bank of Namibia rising to Manager: Treasury. In October 2003 he moved to FNB Namibia Holdings Limited as Company Secretary and Compliance Officer and in June 2005, became the Head of Finance at Standard Bank Namibia. Sven joined the NSX Board in April 2004 and was re-elected at the AGM in April 2006.



***BRIGITTE WEICHERT**, Brigitte was again appointed as an alternative to J Gawaxab in April 2007. Date of birth: 27 July 1968 Chartered Accountant (Namibia), Advance Certificate in Tax Law, Stockbroker (NSX) Brigitte completed her training as a chartered accountant and tax consultant at Ernst & Young and, after qualifying as a stockbroker and working for HSBC in Namibia for 3 years, she joined Old Mutual Asset Managers (Namibia) (Pty) Limited in 2003 to head up the alternative investment unit and serves as broking member for Old Mutual Investment Services (Namibia) (Pty) Limited on the NSX.

MEMBERS OF SUB-COMMITTEES

31 DECEMBER 2007



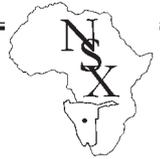
MEMBERS OF COMMITTEES

A.B. Bertolini 6
H. Bossau 7
H-B. Gerdes 4, 7
M. Kalondo 7
G. Katjimune 7
H.A.R. Meiring 7
B. Paulino 1, 2, 3, 4, 5, 7
T. Schoeman 8
A. Swanepoel 3
Gifford Swart 7
F. Uys 7
B.C. Weichert 2, 7

BOARD MEMBERS ON SUB-COMMITTEES

J. J. G. Cornelissen 2
J. Gawaxab 4, 6
A.P. Jansen 8
P.F. Koep 2, 3, 4, 5, 7, 8
H-H. Mùseler 2, 7
B. van Rensburg 5
S.B. von Blottnitz 3, 5, 7





STAFF 31 December 2007



Jenny Masikini (Receptionist)

John Mandy (CEO)

Manda Steynberg (Operations Manager)

Natasha Fielding (Administrator - Transfer Secretaries)

Theresia Kavangelua (Messenger)

Loide Nakanduungile (Information Officer & Bookkeeper)

Johene Saal (Administrator - Transfer Secretaries)

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 2003 (King II). 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 2007 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.

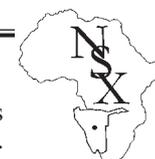
BOARD OF THE NAMIBIAN STOCK EXCHANGE ("the Board")

As at 31 December 2007, the non-executive Board consisted of 8 elected members with a vacancy caused by the resignation of Wilfried Moroff, one of the two stock brokers elected to the Board; annually one-third of the elected Board members will retire. 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 prescribed sectors of the Financial Industry. The Chairman of the Board is elected from the elected 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 members who retire at the Annual General Meeting of the NSX in April 2008 are P Hango, D Nuyoma and B van Rensburg; all are eligible for re-election but B van Rensburg has advised that he is not available. The appointment of A P Jansen, who was appointed by the Board in January 2008 to fill the vacancy mentioned above, needs to be confirmed at the AGM.

Board members	2007		Date of meeting					2006	
	Total	Retainer	17-Jan	07-Mar	18-Apr	18-Jul	17-Oct	Total	
	N\$	N\$						N\$	
Koep P F	Chairman	16,000	6,000	✓	✓	✓	✓	✓	7,000
Nuyoma D	Vice Chairman	8,000	3,000	✓	✓	✓	✓	✓	4,000
Bertolini A B	Retired 7 April	2,750	750	✓	✓	-	-	-	3,000
Cornelissen J J G	Elected 7 April	4,250	2,250	-	-	a	✓	✓	-
Gawaxab J		4,000	3,000	alt	a	alt	alt	✓	3,250
Weichert B	Alt to J Gawaxab	3,000	-	✓	-	✓	✓	-	-
Hango P S		7,000	3,000	✓	✓	a	✓	✓	4,000
Moroff W		6,000	3,000	a	a	✓	✓	✓	3,250
Jansen A P	Alt to W Moroff	1,000		✓					-
Müseler H-H		7,000	3,000	✓	✓	a	✓	✓	3,250
Von Blotnitz S B		7,000	3,000	✓	✓	a	✓	✓	4,000
Van Rensburg B		4,000	3,000	a	a	✓	a	a	4,000
Weichert B	Resigned 5 April 2006	-	-	-	-	-	-	-	750
		70,000	30,000						36,500
Paulino PK	Nominated by NAMFISA to attend	7,000	3,000	✓	✓	✓	a	✓	3,250
		77,000	33,000						39,750





The Board has recommended that the onerous joint and several liability clause in the Rules should be removed as the NSX and the Guarantee Fund reserves and insurance cover make this legacy provision a barrier to membership. Further, the requirement for an applicant to be proposed for stockbroking membership by an existing member is also considered a barrier. Both these items will be put to the vote at the Annual General Meeting in April 2008.

The NSX considers all the members of the Board to be independent despite the fact that some might have interests that fall outside the definition of independent as set out in the King Code and the NSX Listing Requirements. 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 Chief Executive Officer attends all meetings by invitation.

MAJOR SUB – COMMITTEES OF THE BOARD

Remuneration Committee

The Remuneration Committee is chaired by Sven von Blottnitz and comprises three members of the Board and the Namfisa representative and is responsible for strategic human resources issues such as managerial succession planning, human resources policies, and the remuneration of staff and office-bearers and attendance fees for Board Members.

Remuneration Committee		2007	Date of meeting	2006
		Total	27-Feb	Total
		N\$		N\$
Von Blottnitz S B	Chairman	1,313	✓	1,000
Koep P F		750	✓	750
Paulino B K		750	✓	750
Van Rensburg B		750	✓	750
		<u>3,563</u>		<u>3,250</u>

Audit Committee

The Audit Committee is chaired by Hans-Harald Müsseler and comprises three members of the Board with B Weichert having been co-opted. A representative from the external auditors, the Namfisa representative, 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 (Proprietary) Limited.

Audit Committee		2007	Date of meeting			2006	
		Total	Retainer	18-Jan	05-Mar	28-Nov	Total
		N\$	N\$				N\$
Müsseler H-H	Chairman	12,000	6,000	✓	✓	✓	5,000
Cornelissen J J G	Appointed at October Board meeting	2,000	1,000	-	-	✓	-
Koep P F		5,000	2,000	✓	✓	✓	2,500
Paulino BK		5,000	2,000	✓	✓	✓	2,500
Weichert B		4,000	2,000	✓	✓	a	2,500
		<u>28,000</u>	<u>13,000</u>				<u>12,500</u>

Listing Committee

The Listing Committee includes, among others, representatives of major accounting and legal firms in Namibia and is currently chaired by Hans-Bruno Gerdes and 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 Limited (JSE) but restricted by the now outdated Namibian Companies Act. A new Companies Act was promulgated at the end of 2004 and enactment is expected soon. 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 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, 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.

Listings Committee

Members on the panel attend the listing committee when requested

		2007		Date of meeting						2006
		Total	Retainer	Dual / Bond	Bond	Bond	Dual Equity	DevX	DevX	Total
		N\$	N\$	07-Feb	16-May	05-Jun	25-Jun	01-Aug	28-Nov	N\$
Gerdes H-B	Chairman	27,000	4,500	a	✓	✓	✓	✓	✓	8,750
Bossau H	Vice Chairman	4,500	4,500							3,750
Jansen A P		2,500			✓					1,500
McTeer W		-								1,500
Meiring H A R		14,500		✓C	✓	✓	✓	✓	a	5,000
Moroff W		5,000						✓	✓	-
Müseler H-H		5,000						✓	✓	2,500
Paulino B K		15,000		✓	✓	✓	✓	✓	✓	5,000
Van Rensburg B		2,500						✓		2,500
Von Blotnitz S B		2,500					✓			3,500
Weichert B		7,500		✓	✓	✓	a			1,000
		86,000	9,000							35,000

Investment committee

The NSX Investment Policy Statement provides a framework for the management and investment of the assets of the NSX. 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.

Investment Committee		2007	Date of meeting	2006
		N\$	28-Jun	N\$
Gawaxab J		-	-	875
Bertolini A B	Chairman	875	✓	500
		875		1,375

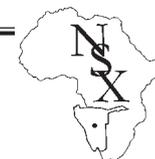
RISK MANAGEMENT REVIEW

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 98.7% (2006 – 98.2%) 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, an annual review of the BDA systems was undertaken by an independent auditing firm for use by all auditors to stockbrokers, this review was suspended in 2005 with the upgrade project Orion which is nearing completion.

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 the new Trade Elect™ 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 finalise the implementation of the new systems during 2008 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, Trade Elect™, InfoWiz and the ATS, which includes a comprehensive redundancy and disaster recovery infrastructure and plan. The NSX has installed a DRP 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, CSDP'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 Namibian 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 Trade Elect™ and InfoWiz 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 Canadian and Australian 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.

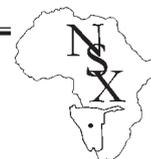
Reputational risk

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 Exchange's 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.

ANNUAL FINANCIAL STATEMENTS

AT 31 DECEMBER 2007

Responsibility for and approval of the Annual Financial Statements for the year ended 31 December 2007

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.

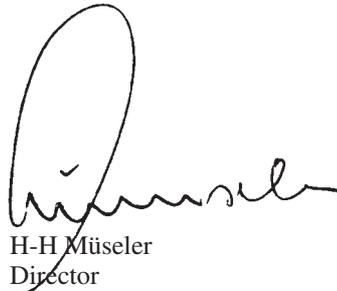
The financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements incorporate responsible disclosures in line with the accounting philosophy of the Namibian Stock Exchange. The annual financial statements are based on appropriate accounting policies consistently applied 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 2007 have been approved by the Board on 6 March 2008 and are signed on its behalf by:



P. F. Koep
Chairman



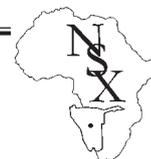
H-H Muiseler
Director

The accompanying annual financial statements for the year ended 31 December 2007 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 consolidated and separate annual financial statements of the Namibian Stock Exchange and its subsidiary and the guarantee fund, which comprise the balance sheets at 31 December 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

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 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, the group and separate financial statements present fairly, in all material respects the financial position of the Namibian Stock Exchange and group at 31 December 2007, and their financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

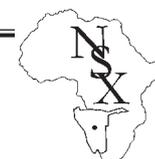
Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per V J Mungunda
Partner
Windhoek
6 March 2008

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group		Namibian Stock Exchange	
		2007 N\$	2006 N\$	2007 N\$	2006 N\$
REVENUE	3	7,171,810	5,085,729	6,201,123	4,228,201
Other income & expense	4	669,546	5,375	770,424	162,435
Staff costs	4	(1,929,608)	(2,164,958)	(1,656,916)	(1,926,770)
Depreciation and amortisation	4	(83,705)	(86,286)	(77,823)	(75,321)
Other operating expenses		(1,293,792)	(1,172,617)	(1,149,630)	(1,006,219)
Operating income		4,534,251	1,667,243	4,087,178	1,382,326
Investment income	4	1,537,732	1,079,644	1,257,343	892,225
SURPLUS BEFORE TAXATION AND EXCEPTIONAL ITEM		6,071,983	2,746,887	5,344,521	2,274,551
Exceptional item	5				
Grant to Namibian Graduate School of Accounting		-	1,000,000	-	1,000,000
SURPLUS BEFORE TAXATION	4	6,071,983	1,746,887	5,344,521	1,274,551
Taxation	6	(134)	434		
SURPLUS FOR THE YEAR		6,072,117	1,746,453	5,344,521	1,274,551





BALANCE SHEETS

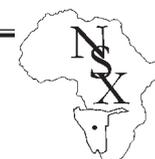
AT 31 DECEMBER 2007

	Note	Group		Namibia Stock Exchange	
		2007 N\$	2006 N\$	2007 N\$	2006 N\$
ASSETS					
Non-current assets					
Property, plant & equipment	7	124,131	105,457	107,597	101,232
Investment in subsidiaries	8			4,000	4,000
Other investments	9	188,571	3,502,664	188,571	3,502,664
Deferred taxation	10	5,429	5,295		
		<u>318,131</u>	<u>3,613,416</u>	<u>300,168</u>	<u>3,607,896</u>
Current assets					
Trade and other receivables	11	672,763	618,263	767,355	607,738
Other investments	9	18,382,821	10,832,451	14,947,339	8,105,875
Taxation	22.3	109	816		
Bank balances and cash	12	285,658	247,213	139,068	194,261
		<u>19,341,351</u>	<u>11,698,743</u>	<u>15,853,762</u>	<u>8,907,874</u>
Total assets		<u><u>19,659,482</u></u>	<u><u>15,312,159</u></u>	<u><u>16,153,930</u></u>	<u><u>12,515,770</u></u>
EQUITY AND LIABILITIES					
Capital and reserves					
Founder members' contributions		430,000	430,000	430,000	430,000
Stockbroking members rights		655,500	655,500	655,500	655,500
Insurance fund	13	500,000	500,000	500,000	500,000
Guarantee Fund	14	3,466,613	2,738,767		
Retained surplus		13,961,466	8,617,195	13,959,400	8,614,879
		<u>19,013,579</u>	<u>12,941,462</u>	<u>15,544,900</u>	<u>10,200,379</u>
Non-current liabilities					
Long-term liabilities	15	-	903,297	-	903,297
Current liabilities					
Trade and other payables	16	645,903	657,437	609,030	602,131
Namibian Graduate School of Accounting	5	-	689,963	-	689,963
Current portion of long-term liabilities	15	-	120,000	-	120,000
		<u>645,903</u>	<u>1,467,400</u>	<u>609,030</u>	<u>1,412,094</u>
Total equity and liabilities		<u><u>19,659,482</u></u>	<u><u>15,312,159</u></u>	<u><u>16,153,930</u></u>	<u><u>12,515,770</u></u>

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Rights	Group		Namibian Stock Exchange	
			2007 N\$	2006 N\$	2007 N\$	2006 N\$
Founder members' contributions		43	430,000	430,000	430,000	430,000
Stockbroking members' rights		31	655,500	655,500	655,500	655,500
Insurance fund		13				
Beginning of year			500,000	250,000	500,000	250,000
Transfer			-	250,000	-	250,000
Balance end of year			500,000	500,000	500,000	500,000
Guarantee fund		14				
Beginning of year			2,738,767	2,267,672		
Transfer			727,846	471,095		
Balance end of year			3,466,613	2,738,767		
Retained surplus						
Beginning of year			8,617,195	7 591 837	8,614,879	7 590 328
Surplus for the year			6,072,117	1,746,453	5,344,521	1,274,551
Transfer to insurance fund			-	(250,000)	-	(250,000)
Transfer to guarantee fund			(727,846)	(471,095)		
Balance end of year			13,961,466	8,617,195	13,959,400	8,614,879
Total			19 013 579	12 941 462	15 544 900	10 200 379
Board's valuation of a new right is based on the total of the capital and reserves at the end of the year divided by the number of rights in issue		74	257 000	175 000	210 000	138 000





CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group		Namibian Stock Exchange	
		2007 N\$	2006 N\$	2007 N\$	2006 N\$
Cash flows from operating activities					
Cash generated by operations	22.1	4,617,956	753,529	4,165,001	457,647
Movements in working capital	22.2	(875,997)	659,425	(962,681)	635,760
Cash generated by operating activities		3,741,959	1,412,954	3,202,320	1,093,407
Investment income		1,537,732	1,079,644	1,257,343	892,225
Net loss on disposal of property, plant & equipment		7,964	-	7,966	-
Taxation refunded (paid)	22.3	707	-	-	-
Net cash flows from operating activities		5,288,362	2,492,598	4,467,629	1,985,632
Cash flows from investing activities					
Additions to property, plant & equipment		(110,722)	(25,087)	(92,524)	(25,087)
Proceed from disposal of property, plant & equipment		379	-	370	-
Additions to other investments - net		(4,236,277)	(2,268,466)	(3,527,371)	(1,794,053)
Net cash flows from investing activities		(4,346,620)	(2,293,553)	(3,619,525)	(1,819,140)
Cash flows from financing activities					
Long-term liability - repaid, net of interest		(903,297)	191	(903,297)	191
Proceeds from additional rights issued		-	-	-	-
Net cash flows from financing activities		(903,297)	191	(903,297)	191
Net change in cash and cash equivalents		38,445	199,236	(55,193)	166,683
Cash and cash equivalents at beginning of year		247,213	47,977	194,261	27,578
Cash and cash equivalents at end of year		285,658	247,213	139,068	194,261

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2007

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis, except for financial assets and liabilities where the fair value and 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.

1.1 Basis of preparation

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 Exchange Control Act, No 1 of 1985 (SECA); the separate statutory guarantee fund maintained in accordance with SECA; 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 fair value including transaction costs, when the group becomes party to contractual arrangements.

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.

The subsequent measurement of financial instruments are:

Trade & other receivable - where originated by the Group are stated at amortised cost less impairment losses.

Trade & other payables - are stated at amortised cost.

Cash & cash equivalents - are measured at fair value.

Investments, including fixed deposits and treasury bills held to maturity - are stated at fair value. In determining the fair 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.

Financial liabilities - are recognised at amortised cost, comprising original debt less principal payments and amortisations.

1.4 Impairments

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is such evidence then the recoverable amount is estimated and an impairment loss is recognised in the income statement.

1.5 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.

1.6 Property, plant & equipment

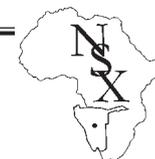
Property, plant & equipment, other than software licences, are stated at cost, less accumulated depreciation. Depreciation is charged on a straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

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

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.





NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2007 (Continued)

1. ACCOUNTING POLICIES (Continued)

1.7 Software costs

Purchased software licences are initially stated at cost. Amortisation is provided 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.

1.8 Employee benefits

The Group contributes to a umbrella defined contribution fund in respect of retirement benefits of current employees, the costs of which are recognised as an expense in the year in which they are incurred.

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.

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.

Dividends 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 Segment reporting

The services provided by the NSX and its subsidiary are not subject to materially different risks and are regarded as a single business segment for financial reporting purposes.

1.14 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

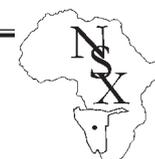
The cash and cash equivalents amounts disclosed in the cash flow statement comprise cash on hand, deposits held on call and on fixed deposits with banks.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2007 (Continued)

	Note	Group		Namibian Stock Exchange	
		2007 N\$	2006 N\$	2007 N\$	2006 N\$
3. REVENUE					
Revenue represents net invoiced:					
- Listing and documentation fees		637,700	435,300	637,700	435,300
- Annual fees		883,600	763,700	826,600	708,600
- Quarterly fees		208,850	218,600	-	-
- Guarantee fund contributions		449,649	293,172	-	-
- Handling and service fees		255,188	290,656	-	-
- Commission received - Transaction levy		4,496,490	2,911,718	4,496,490	2,911,718
- Information fees		240,333	172,583	240,333	172,583
		<u>7,171,810</u>	<u>5,085,729</u>	<u>6,201,123</u>	<u>4,228,201</u>
4. SURPLUS BEFORE TAXATION					
Surplus before taxation is stated after:					
Income					
Investment income:					
Interest on held to maturity investments					
- listed		337,527	337,531	337,527	337,531
- unlisted		1,200,205	742,113	919,816	554,694
		<u>1,537,732</u>	<u>1,079,644</u>	<u>1,257,343</u>	<u>892,225</u>
Other income & expense					
Administrative fee from Transfer Secretaries		-	-	100,880	157,060
Interest / fee earned on early settlement of long term loan		673,010	-	673,010	-
Profit (loss) on disposal of property, plant & equipment		(7,964)	-	(7,966)	-
Other		4,500	5,375	4,500	5,375
		<u>669,546</u>	<u>5,375</u>	<u>770,424</u>	<u>162,435</u>
Other operating expenses					
Auditors' remuneration					
- audit fee		63,526	53,287	48,157	33,120
- current year		289	-	6,625	-
- prior year		6,912	-	6,912	-
- other services					
		<u>70,727</u>	<u>53,287</u>	<u>61,694</u>	<u>33,120</u>
Director & Committee fees					
- Board		77,000	39,750	77,000	39,750
- Transfer Secretaries		2,500	2,500	-	-
- Remuneration committee		3,563	3,250	3,563	3,250
- Audit committee		28,000	12,500	28,000	12,500
- Listing Committee		86,000	35,000	86,000	35,000
- Investment committee		875	1,375	875	1,375
		<u>197,938</u>	<u>94,375</u>	<u>195,438</u>	<u>91,875</u>
Less - allocated to subsidiary		-	-	27,141	13,875
		<u>197,938</u>	<u>94,375</u>	<u>168,297</u>	<u>78,000</u>
Depreciation of property, plant & equipment					
Amortisation of software licences		79,439	71,763	73,557	60,798
		<u>4,266</u>	<u>14,523</u>	<u>4,266</u>	<u>14,523</u>
	7	<u>83,705</u>	<u>86,286</u>	<u>77,823</u>	<u>75,321</u>
Operating lease expenses - premises					
		<u>235,437</u>	<u>207,302</u>	<u>201,837</u>	<u>173,702</u>
Staff costs					
Including key management costs					
- salaries and wages	21	1,447,880	1,542,895	1,225,537	1,352,606
- contributions to retirement funds		170,688	172,044	147,906	152,098
- other		311,040	450,019	283,473	422,066
		<u>1,929,608</u>	<u>2,164,958</u>	<u>1,656,916</u>	<u>1,926,770</u>





NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 (Continued)

	Group		Namibian Stock Exchange	
	2007	2006	2007	2006
	N\$	N\$	N\$	N\$
5. EXCEPTIONAL ITEM - NAMIBIAN GRADUATE SCHOOL OF ACCOUNTING (NGSA)				
In October 2006 the NSX pledged N\$ 1 million towards the establishment costs of the NGSA	-	1,000,000	-	1,000,000
Balance available at beginning of year	689,963	-	689,963	-
Amount paid during the year	689,963	310,037	689,963	310,037
Grant amount available at end of year	-	689,963	-	689,963

The Institute of Chartered Accountants of Namibia has executed a cooperation agreement with the Polytechnic of Namibia for the hosting of a tuition institution that will be focused on the preparation of students for the post graduate Certificate in the Theory of Accountancy, the prerequisite requirement to sit the final qualifying examination.

6. 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	25.5%	25.5%
- Guarantee Fund	9.4%	9.4%
- effect of the utilisation of prior tax losses	0.1%	0.1%
Standard rate of taxation	35.0%	35.0%

Normal taxation relating to subsidiary

- Current	-	-
- Deferred		
Attributable to temporary differences arising in		
- current year	(134)	434
- prior year	-	-
Namibian normal tax	(134)	434

Estimated tax losses relating to subsidiary

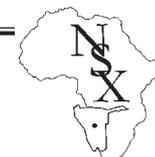
At beginning of the year	18,398	29,584
Utilised to create deferred tax asset	-	-
(Utilised) / incurred during the year	1,515	(11,186)
Available for set off against future taxable income	19,913	18,398

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2007 (Continued)

7. PROPERTY, PLANT & EQUIPMENT	Software licences N\$	Office furniture N\$	Equipment N\$	TOTAL N\$
Group - Cost				
Balance at 31 December 2005	482,030	150,002	565,695	1,197,727
Additions	-	-	25,087	25,087
Disposals	-	-	-	-
Balance at 31 December 2006	482,030	150,002	590,782	1,222,814
Additions	-	-	110,722	110,722
Disposals	-	(4,300)	(195,949)	(200,249)
Balance at 31 December 2007	482,030	145,702	505,555	1,133,287
Group - Depreciation				
Balance at 31 December 2005	463,238	113,082	454,751	1,031,071
Amortisation / Depreciation charge for the year	14,523	14,673	57,090	86,286
Disposals	-	-	-	-
Balance at 31 December 2006	477,761	127,755	511,841	1,117,357
Amortisation / Depreciation charge for the year	4,266	13,036	66,403	83,705
Disposals	-	(4,032)	(187,874)	(191,906)
Balance at 31 December 2007	482,027	136,759	390,370	1,009,156
Group - Net book value				
At 31 December 2006	4,269	22,247	78,941	105,457
At 31 December 2007	3	8,943	115,185	124,131
Namibian Stock Exchange - cost				
Balance at 31 December 2005	482,030	135,760	476,155	1,093,945
Additions	-	-	25,087	25,087
Disposals	-	-	-	-
Balance at 31 December 2006	482,030	135,760	501,242	1,119,032
Additions	-	-	92,524	92,524
Disposals	-	(4,300)	(182,007)	(186,307)
Balance at 31 December 2007	482,030	131,460	411,759	1,025,249
Namibian Stock Exchange - depreciation				
Balance at 31 December 2005	463,238	104,069	375,172	942,479
Amortisation / Depreciation charge for the year	14,523	12,458	48,340	75,321
Disposals	-	-	-	-
Balance at 31 December 2006	477,761	116,527	423,512	1,017,800
Amortisation / Depreciation charge for the year	4,266	11,143	62,414	77,823
Disposals	-	(4,032)	(173,939)	(177,971)
Balance at 31 December 2007	482,027	123,638	311,987	917,652
Namibian Stock Exchange - Net book value				
At 31 December 2006	4,269	19,233	77,730	101,232
At 31 December 2007	3	7,822	99,772	107,597





NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 (Continued)

Namibian Stock Exchange
2007 2006
N\$ N\$

8. INVESTMENTS IN SUBSIDIARIES

Transfer Secretaries (Pty) Ltd
The nature of its business is that of transfer secretaries.

Issued capital	4,000	4,000
% held	100%	100%
Included in accounts receivable (note 11) is the amount owing by subsidiaries on current account	168,988	168,785

In addition, the Namibian Stock Exchange also wholly owns the following dormant subsidiaries:

Central Depository (Pty) Ltd
Namibian Stock Exchange Trustees (Pty) Ltd

9. OTHER INVESTMENTS - held to maturity

Listed investments at amortised cost using the effective interest method

	Group 2007 N\$	2006 N\$	Namibian Stock Exchange 2007 N\$	2006 N\$
- Eskom bond - E170 maturing in 2019	188,571	187,327	188,571	187,327
- Republic of Namibia Bond - GC08 maturing in 2008	3,348,734	3,315,337	3,348,734	3,315,337
	<u>3,537,305</u>	<u>3,502,664</u>	<u>3,537,305</u>	<u>3,502,664</u>

Unlisted investments at amortised cost using the effective interest method

- Republic of Namibia - treasury bills maturing within 12 months	1,945,606	2,089,162	1,748,581	2,089,162
- Call accounts	13,088,481	8,743,289	9,850,024	6,016,713
	<u>15,034,087</u>	<u>10,832,451</u>	<u>11,598,605</u>	<u>8,105,875</u>

Total investments

	<u>18,571,392</u>	<u>14,335,115</u>	<u>15,135,910</u>	<u>11,608,539</u>
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Less - current portion

	<u>18,382,821</u>	<u>10,832,451</u>	<u>14,947,339</u>	<u>8,105,875</u>
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	<u>188,571</u>	<u>3,502,664</u>	<u>188,571</u>	<u>3,502,664</u>
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The NSX intends to reinvest all proceeds received on on maturity in similar instruments.

10. DEFERRED TAXATION

The movement on the deferred tax balance is as follows:

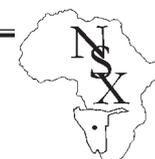
Balance at beginning of the year	5,295	5,729
Income statement	134	(434)
Balance at end of the year	<u>5,429</u>	<u>5,295</u>
Deferred tax asset / (liability):		
- Estimated tax loss	19,913	18,398
Deferred tax liability:		
- Property, plant & equipment	(4,401)	(3,269)
Net deferred tax asset	<u>15,512</u>	<u>15,129</u>
At the statutory tax rate	35%	<u>5,429</u>
		<u>5,295</u>

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

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 (Continued)

	Group		Namibian Stock Exchange	
	2007	2006	2007	2006
	N\$	N\$	N\$	N\$
11. TRADE AND OTHER RECEIVABLES				
Trade receivables, net of provision	639,354	553,900	566,720	376,014
Transfer Secretaries (Pty) Ltd	-	-	168,988	168,785
Prepayments	24,196	55,646	21,484	53,262
Other receivables	9,213	8,717	10,163	9,677
	<u>672,763</u>	<u>618,263</u>	<u>767,355</u>	<u>607,738</u>
Provision for doubtful accounts	-	-	-	-
12. BANK BALANCES AND CASH				
Cash at bank and on hand	<u>285,658</u>	<u>247,213</u>	<u>139,068</u>	<u>194,261</u>
13. 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
14. GUARANTEE FUND - consolidation only			Guarantee Fund	
			2007	2006
			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, No 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			2,738,767	2,267,672
Income for the year			<u>727,846</u>	<u>471,095</u>
Retained surplus at end of the year			<u>3,466,613</u>	<u>2,738,767</u>
	Group		Namibian Stock Exchange	
	2007	2006	2007	2006
	N\$	N\$	N\$	N\$
15. LONG-TERM LIABILITIES				
Unsecured:				
Loan denominated in Namibia Dollars from the Swedish Government, to assist with capacity building, was repayable in nineteen half yearly instalments of N\$ 60 000 and one final instalment of N\$ 1 760 000 from 30 June 2000, bearing no interest.				
Repaid in full on 11 December 2007	2,000,000	2,060,000	2,000,000	2,060,000
Plus: accumulated interest earned on SIDA Imprest bank account	-	523,804	-	523,804
Less: unspent balance in SIDA Imprest bank account	(1,642,000)	(1,560,507)	(1,642,000)	(1,560,507)
Less: repaid from current account	(358,000)	-	(358,000)	-
Less: current portion included in current liabilities	-	(120, 000)	-	(120,000)
	<u>-</u>	<u>903,297</u>	<u>-</u>	<u>903,297</u>





NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 (Continued)

	Group		Namibian Stock Exchange	
	2007	2006	2007	2006
	N\$	N\$	N\$	N\$
16. TRADE AND OTHER PAYABLES				
Trade payables	129,819	138,635	114,524	115,495
Guarantee Fund			35,156	21,023
Accruals	516,084	518,802	459,350	465,613
	<u>645,903</u>	<u>657,437</u>	<u>609,030</u>	<u>602,131</u>
17. COMMITMENTS				
Commitments in respect of capital expenditure relating to the computers, network & web-site upgrade.	-	37,000	-	37,000
Commitments under operating leases				
2007	-	31,058	-	31,058
2008	216,654		216,654	
2009	216,654		216,654	
2010	36,109		36,109	

18. RETIREMENT BENEFIT INFORMATION

18.1 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, actuarial and investment risk are borne by the employee.

18.1 Post-retirement medical benefits

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

19. FINANCIAL INSTRUMENTS

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 transactions are conducted within the common monetary area of Southern Africa.

Interest rate management

As part of the process of managing the Group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

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 2007 the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Fair value

The Board of Directors is of the opinion that the book value of financial instruments approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2007 (Continued)

20. CURRENCY, INTEREST & LIQUIDITY RISKS

20.1 Currency risks - all in SA Rand / N\$

	Group		Namibian Stock Exchange	
	2007	2006	2007	2006
Assets				
Property, plant & equipment	124,131	105,457	107,597	101,232
Investment in subsidiaries			4,000	4,000
Other investments	188,571	3,502,664	188,571	3,502,664
Deferred tax asset	5,429	5,295		
Trade and other receivables	672,763	618,263	767,355	607,738
Other investments	18,382,821	10,832,451	14,947,339	8,105,875
Taxation	109	816		
Bank balances and cash	285,658	247,213	139,068	194,261
	19,659,482	15,312,159	16,153,930	12,515,770
Liabilities				
Long-term liabilities	-	903,297	-	903,297
Trade and other payables	645,903	657,437	609,030	602,131
Namibian Graduate School of Accounting	-	689,963	-	689,963
Current portion of long-term liabilities	-	120,000	-	120,000
	645,903	2,370,697	609,030	2,315,391
Net assets & liabilities	19,013,579	12,941,462	15,544,900	10,200,379

20.2 Interest rate risks

Assets

Non-Interest sensitive

Property, plant & equipment	124,131	105,457	107,597	101,232
Trade and other receivables	672,763	618,263	767,355	607,738
Investment in subsidiaries			4,000	4,000
Deferred tax asset	5,429	5,295		
Taxation	109	816		
	802,432	729,831	878,952	712,970

Fixed rate

Other investments	3,537,305	3,502,664	3,537,305	3,502,664
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Floating rate

Other investments - NSX only	11,598,605	8,105,875	11,598,605	8,105,875
Other investments - Guarantee Fund	3,435,482	2,726,576		
Bank balances and cash	285,658	247,213	139,068	194,261
	15,319,745	11,079,664	11,737,673	8,300,136

Total assets

	19,659,482	15,312,159	16,153,930	12,515,770
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Liabilities

Non-Interest sensitive

Trade and other payables	645,903	657,437	609,030	602,131
Namibian Graduate School of Accounting	-	689,963	-	689,963
Long-term liabilities	-	1,023,297	-	1,023,297
	645,903	2,370,697	609,030	2,315,391

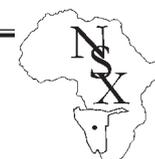
Total liabilities

	645,903	2,370,697	609,030	2,315,391
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Net assets & liabilities

	19,013,579	12,941,462	15,544,900	10,200,379
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NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2007 (Continued)

20. CURRENCY, INTEREST & LIQUIDITY RISKS continued

	Group		Namibian Stock Exchange	
	2007 N\$	2006 N\$	2007 N\$	2006 N\$
20.3 Liquidity risk				
Assets				
Non-liquid				
Property, plant & equipment	124,131	105,457	107,597	101,232
Investment in subsidiaries			4,000	4,000
Deferred tax asset	5,429	5,295		
Taxation	109	816		
	<hr/>	<hr/>	<hr/>	<hr/>
	129,669	111,568	111,597	105,232
5 years +				
Other investments	188,571	187,327	188,571	187,327
1 to 2 years				
Other investments	-	3,315,337	0	3,315,337
6 to 12 months				
Other investments - NSX only	5,097,315	2,089,162	5,097,315	2,089,162
Other investments - Guarantee Fund	197,026	512,117		
	<hr/>	<hr/>	<hr/>	<hr/>
	5,294,341	2,601,279	5,097,315	2,089,162
0 to 3 months				
Other investments - NSX only	9,850,024	6,016,713	9,850,024	6,016,713
Other investments - Guarantee Fund	3,238,456	2,214,459		
Bank balances and cash	285,658	247,213	139,068	194,261
Trade and other receivables	672,763	618,263	767,355	607,738
	<hr/>	<hr/>	<hr/>	<hr/>
	14,046,901	9,096,648	10,756,447	6,818,712
Total assets	19,659,482	15,312,159	16,153,930	12,515,770
Liabilities				
Long-term liabilities				
1 to 3 years	-	903,297	-	903,297
6 to 12 months	-	60,000	-	60,000
3 to 6 months	-	60,000	-	60,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,023,297	-	1,023,297
0 to 3 months				
Trade and other payables	645,903	657,437	609,030	602,131
Namibian Graduate School of Accounting	-	689,963	-	689,963
	<hr/>	<hr/>	<hr/>	<hr/>
	645,903	1,347,400	609,030	1,292,094
Total liabilities	645,903	2,370,697	609,030	2,315,391
Net assets & liabilities	19,013,579	12,941,462	15,544,900	10,200,379

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2007 (Continued)

	Group		Namibian Stock Exchange	
	2007	2006	2007	2006
	N\$	N\$	N\$	N\$
21. RELATED PARTIES				
Related parties exist between the Stock Exchange and Transfer Secretaries (Pty) Ltd. All transactions are concluded at arm's length.				
Amounts received from Transfer Secretaries (Pty) Ltd:				
- Administrative service fees			100,880	157,060
- Indemnity insurance			34,840	36,500
- Internet connectivity			10,264	12,800
- Premises rental			33,600	33,600
- Board & Committee fees			27,141	13,875
- Membership fees			863	863
Amount owing by Transfer Secretaries (Pty) Ltd - note 8.				
Directors & committee members remuneration - note 4.				
Staff costs for key management included in note 4				
- salaries	924,845	840,664	924,845	840,664
- contributions to retirement funds	109,794	101,180	109,794	101,180
- other	278,424	322,771	278,424	322,771
	<u>1,313,063</u>	<u>1,264,615</u>	<u>1,313,063</u>	<u>1,264,615</u>

22. NOTES TO CASH FLOW STATEMENTS

22.1 Cash generated by operations

Surplus before taxation as per income statement	6,071,983	1,746,887	5,344,521	1,274,551
Adjustments:				
Depreciation and amortisation	83,705	86,286	77,823	75,321
	<u>6,155,688</u>	<u>1,833,173</u>	<u>5,422,344</u>	<u>1,349,872</u>
Investment income	(1,537,732)	(1,079,644)	(1,257,343)	(892,225)
	<u>4,617,956</u>	<u>753,529</u>	<u>4,165,001</u>	<u>457,647</u>

22.2 Increase in working capital

Increase in accounts receivable	(54,500)	(236,647)	(159,617)	(218,257)
(Decrease) increase in accounts payable	(821,497)	896,072	(803,064)	854,017
	<u>(875,997)</u>	<u>659,425</u>	<u>(962,681)</u>	<u>635,760</u>

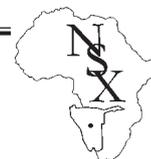
22.3 Taxation paid

Amounts (overpaid) at the beginning of the year	(816)	(816)		
Amounts charged per the income statement excluding deferred taxation	-	-		
Amounts (overpaid) at the end of the year	(109)	(816)		
Amounts paid (recovered)	<u>(707)</u>	<u>-</u>		

23. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. There were no material judgements nor estimates made in preparing these financial statements.





NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 (Continued)

24. SUBSEQUENT EVENTS

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

25. 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 determined that only IFRS 7 additional disclosures were relevant to its operations and effective for annual reporting periods beginning on 1 January 2007.

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 8	Operating Segments	1 January 2009
Revised Standards		
IFRS 2	Share-based payments	1 January 2009
IFRS 3	Business Combinations	1 July 2009
Revised Standards		
IAS 1	Presentation of Financial Statements	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
New Standards		
IAS 27	Consolidated and Separate Financial Statements	1 July 2009
IAS 31	Investments in Associates	1 July 2009
IAS 32	Financial Instruments: Presentation	1 January 2009
New Interpretations		
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 14	The Limit on a Defined Benefit Asset; minimum funding requirement and their interaction	1 January 2008

IFRS 8 although not yet effective is unlikely to require additional disclosure from 1 January 2009.

IAS 23 has no effect as the NSX has no borrowings at present.

IFRS 8 in 2009 introduces a requirement to disclose information about transactions with major customers. If revenues from transactions with a single external customer amount to 10 percent or more of the entity's revenues, the total amount of revenue from each such customer and the segment or segments in which those revenues are reported must be disclosed.

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
Swabou Holdings Limited (Building Society)
TDS Holdings (Pty) Ltd
TransNamib Limited
Tunacor Limited
Wispeco (Namibia) (Pty)Ltd



BROKER & SPONSOR CONTACT DETAILS

IJG Securities (Pty) Ltd

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E-mail: ijg@ijg.net

Simonis Storm Securities (Pty) Ltd.

Managing Director: Andrew Jansen

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4 Koch Street / Cnr Hugo Hahn Strasse

Klein Windhoek

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E-mail: aj@sss.com.na

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Managing Director: Madelein Smith

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1 Levinson Arcade

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E-mail: msmith@namibia-equities.com

Investment House Namibia (Pty) Ltd.

Director: Brian van Rensburg

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5 Conradie Street

Tel: +264 61-378 900 Fax: +264 61-378 901

E-mail: brianvr@ihn.com.na

SPONSOR

Equity and Bonds

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Bonds only

pointBreak Wealth Management (Pty) Ltd

Managing Director: Tony Edmunds

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