



Namibian Stock eXchange

2013

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

Robert Mugabe Avenue No 4
(Parking & access from Burg Street)
P.O. Box 2401, Windhoek, Namibia

CONTACT DETAILS

Tel: +264-61-227 647

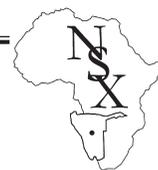
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Website

www.nsx.com.na



NAMIBIAN STOCK EXCHANGE

ANNUAL REPORT DECEMBER 2013

The Mission and Vision of the NSX

Mission

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

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

Vision

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

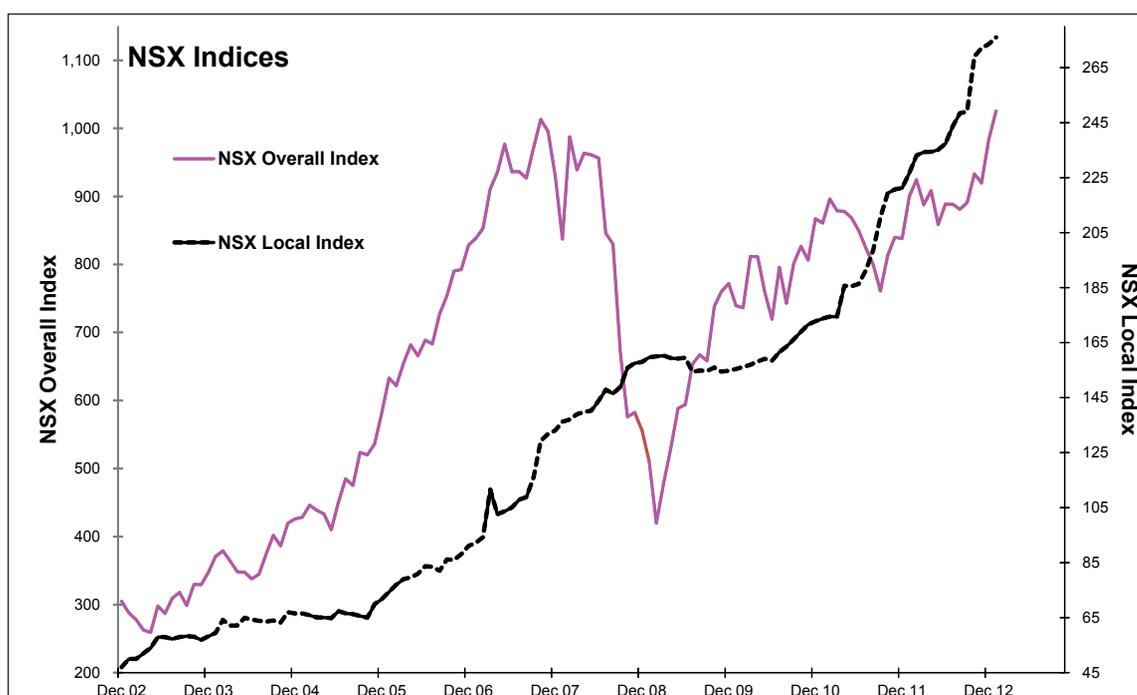
In so doing the NSX will contribute to the integrity of market pricing through increased liquidity, protect Namibia's macro-economic interests and build pride in Namibia's sovereignty.

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Summary of trading results of the NSX and composition of the accumulated reserves

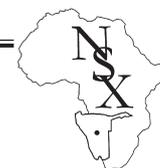
Year	# of Deals	Trading value in N\$ millions	Year on year % Change	Volume of shares in 000s	Transaction levies	NSX Fees as % of trade value	Investment Income	NSX Net Income	Accumulated reserves
2007	2,340	10,892	62%	242,597	4,496,490	0.0413%	1,257,343	5,344,521	13,959,400
2008	2,505	9,096	-16%	274,352	3,873,541	0.0426%	1,808,528	4,105,987	18,065,387
2009	3,016	8,728	-4%	342,970	3,724,090	0.0427%	2,021,529	4,116,108	22,181,010
2010	3,071	7,580	-13%	215,598	3,221,040	0.0425%	1,657,395	2,487,006	24,668,016
2011	2,765	3,272	-57%	98,865	1,555,423	0.0475%	1,657,844	435,689	25,103,705
2012	2,697	3,648	11%	83,063	1,698,026	0.0466%	1,862,951	414,973	25,518,678
2013	2,800	5,507	51%	114,625	2,568,508	0.0466%	4,112,481	4,808,922	30,327,600



N\$ millions	MARKET CAPITALISATION						
	Primary Listed on the						
Year	Total	NSX	JSE	LSE	TSX	AIM	ASX
2007	1,194,088	4,781	496,417	685,167	7,723	-	-
2008	741,625	5,720	428,969	291,505	3,523	-	11,908
2009	1,047,527	7,126	495,685	501,125	2,346	4,275	36,970
2010	1,178,257	7,782	581,537	537,810	1,764	5,314	44,050
2011	1,148,880	9,304	547,617	557,594	445	6,336	27,584
2012	1,225,744	11,057	716,717	483,086	11,350	-	6,534
2013	1,407,168	19,501	892,123	482,423	8,911	-	4,210

Total market capitalisation is the sum of the number of shares in issue multiplied by the closing share price, in this table the price at 31 December of each year; and free float market capitalisation is the total multiplied by the percentage of shares which are not held by controlling shareholders and associates. During 2013 FTSE the international Indices originator adopted the policy of using the actual free-float and not a banded percentage. The effect of this change was to significantly reduce the NSX free-float but thereby increased the liquidity ratio.





Chairman's Report

It is appropriate to start the Chairman's report, having just launched the Namibian Corporate Governance Code ("NamCode"), with a quote from days before Governance was a hot topic and being a director was sort of a cushy job for what was called an outside director ("non-executive"). Agatha Christie in her novel *the Seven Dials* (first published in 1929) very accurately describes how directorships used to be viewed:

"(Coote) got me in as a director of something or other," declares one character. "Very good business for me – nothing to do except go down into the city once or twice a year to one of those hotel places – Cannon Street or Liverpool Street – and sit around a table where they have some very nice new blotting paper. Then Coote or some clever Johnny makes a speech simply bristling with figures, but fortunately you needn't listen to it – and I can tell you, you often get a jolly good lunch out of it." Published in the Professional Accountant, Q4-2013

How times have changed since then. The Institute of Directors in Southern Africa, which assisted with the drafting of the NamCode, has created the concept of a chartered director CD(SA). This qualification is open to persons over 30 and who has been a director for at least 3 years. The route to the CD qualification is an examination; a case study; and an interview with two appointed members of the CD Governing Body.

A change, not only in governance, but in the equities trading over the last twelve months with trades values and the income from transaction levies both having increased by 51% after declining from 2007 to 2011 (in 2012 up 11%). In 2011 the Board was of the opinion that increased listings and trades would come from pending regulatory and legislative action. It now seems that the Parliamentary programme for 2014 will include debates on the long-awaited Financial Institutions & Market Bill (FIM Bill); the revised NAMFISA Bill; and a replacement to the 1951 Public Accountants and Auditors Act and 15 other bills.

The promotion of Tiaan Bazuin from Listings Manager to CEO with effect from 1 January 2013 was efficient and he benefited from having the former CEO on call until the end of May 2013 and thereafter as a consultant.

In 2013 highlights of the NSX contributions to **deepening the capital markets** include:

- the successful listing of Bank Windhoek Holdings Ltd in June 2013;
- the Oryx Properties Ltd rights issue in October 2013;
- total assets of the NSX and its Guarantee Fund now exceeds N\$ 42 million;
- NAMFISA, in the Financial Institutions & Markets bill, is prescribing the demutualisation of the NSX within 12 months of the enactment of this act;

- continuing to participate in the debate on the white paper on local ownership of the commercial banks versus the requirement of NEEEF and the financial sector charter;
- editing the uniquely Namibian Governance Code with the assistance of the Institute of Directors in South Africa;
- continuing to contribute to the World Bank Doing Business surveys;
- progressing the introduction of a Central Securities Depository (CSD);
- exceptional investment returns despite the Overall Index only increasing by 1.3%; and
- participating in various fora on mining and other taxation, transfer duty and securities tax, anti-money laundering procedures and industry regulations.

The NSX was also engaged in the following items which are work-in-progress:

- pending legislation and the restriction of the Namibia dollar amount of cheques is exacerbating the risks of settlement of sovereign and other bonds;
- the unanswered question is can the CSD "be outsourced like the trading system" or will the regulator(s) insist on an in-country stand-alone system which would be prohibitively expensive?
- The NSX is licenced to facilitate trades in all listed securities and has been reporting debt instrument trades, however, to advance this to a full bond exchange with a cost structure that will not drive to extensive off-market trades;
- Applying best practices in the sphere of corporate governance is paramount to a successful exchange and in 2004 adopted the King II Code as the baseline for all listed companies, currently and in parallel to the consultations on the FIM Bill the NSX has drafted a *NamCode* incorporating best practices and will be releasing this in 2014. A measure of best practice is the World Bank's publication *Doing Business* in which Namibia is rated on protecting investors below a number of SADC countries which overall are reported as being more than double Namibia's 59th spot.

The NSX contributes to deepening the markets in the region by its participation in the Committee of SADC Stock Exchanges and the African Securities Exchange Association.

Again the uncertainty of the much discussed modalities of Regulation 28 to the Pension Fund Act (in terms of which each fund must invest 30% (2012 – 35%) in respect of Namibian Assets for dual listed equities of its total fund in "Namibian" assets, with certain **prescriptive**

minimums and prudential maximums) continued a gazette being issued in September 2013 but dated April 2013 and again in January 2014 dated 31 December 2013. The long-term effect on the NSX on the reduction in the dual listed percentage of assets is impossible to determine as the 30% reduces annually to 10% in 2017. As shown in the Management Commentary the traded value of primary listed equities (local trades) amounted to 5.6% of the total.

An on-going concern to the NSX is the dominance of the Government Institutions Pension Fund (GIPF) on the financial sector. The risk attributed to the GIPF is due to its sheer size in the domestic market. In 2012 nearly N\$ 370 million of trades in primary listed shares (2013 Nil) were excluded from the turnover as the trades were reported to the NSX under concessionary transaction levy terms.

A new concern is the status of the application to licence a second Stock Exchange. In terms of the Stock Exchanges Control Act of 1985 NAMFISA advertised that it had received this application in May 2013 and nothing more has been announced. *Caveat emptor* is the doctrine that a market place is best regulated by cautious buyers now in principle obsolete?

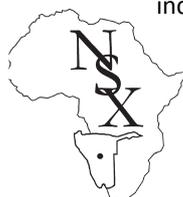
What effect this will have on the NSX is uncertain; fortunately the NSX reserves exceed N\$42 million.

The total of Government debt securities at the end of 2013 is N\$ 18.83 billion up from N\$ 9.982 billion at the end of 2010 plus N\$ 5.4 billion (at current exchange rate) internationally and N\$ 850 million listed on the JSE. This may have deflected investments from the exchange as will the introduction of Regulation 29 to the Pension Fund Act. The NSX believes that the Unlisted investments (Reg 29) are inherently riskier than listed investments where corporate governance and disclosures are in keeping with best practices and subjected to transparent price discovery.

The NSX again acknowledges that its success in building up reserves has largely been due to the Pension Fund Regulation 28 and the 1990's Namibianisation process, driven by GIPF, but it appears as if the latter is no longer a prerequisite for an appointment as a GIPF Asset Manager.

The *over the counter* ("OTC") procedures for the NSX stockbrokers to trade unlisted investments was launched in February 2013 when Agra Limited shares started to trade on this market. In total 6.44% of the shares in issued, traded during 2013, at an aggregated total of N\$ 8,281,997.

These factors are crucial to the further development of the NSX. The largest uncertainties were the sustainability of the trading results of the NSX, in part due to the above mentioned points but offset by the accumulated reserves as highlighted in the table on page 2. The net income takes into account the ever increasing operating costs which include the cost of accommodation, staffing and providing for the state of the art technology and ensuring best practices governance.



At the Annual General Meeting in April 2013 Adv. V Rukoro retired as a director of the NSX after his retirement as CEO of FNB Holdings Namibia Limited.

On page 2 the graph tracks the month-end movement of the NSX Overall Index on the left-hand scale and the Local Index on the right-hand scale since 2003.

The Local Index which increase by 21.3% in 2013 on turnover of N\$ 352 million after a 23.7% increase in 2012 all in an illiquid market. While the Overall index increased by 1.32% against the JSE All Share index increased by 17.85%. The contributions of the top 13 listed equities, being those with a market capitalisation of N\$ 20 billion or more, are reflected in graphs in the Management Commentary.

At 31 December 2013 the total market capitalisation was N\$ 1.407 trillion or US\$ 134 billion, hopefully re-confirming the position of the NSX as the second largest Exchange by total market capitalisation in Africa, after the JSE.

The Development Capital Market or DevX, at the end of 2013 comprises five dual listed uranium, one gold and one oil companies. No shares listed on DevX are included in either of the NSX indices which are calculated by FTSE in London. Namfisa has advised that economic activity in Namibia is not a prerequisite for listing a company's equity on the NSX.

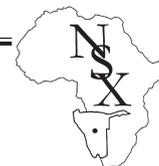
The graphs presented in this report highlight the volatility in share prices and exchange rates which all severely affect the share prices more than the incomes of these listed companies; the price of uranium and the unfortunate Japanese experiences in 2012 have reduced the exploration capabilities and activities of the dual listed commodity companies.

Despite improvements in the world economy, uncertainty remains high, particularly on worries over the consequences of the US stimulus tapering and the sustainability / strength of the economic recovery across various regions. Policy moves by global central bankers will continue to provide direction for international currency markets. One commentator has called the SA Rand (and the linked Namibia Dollar) a passenger to global developments, macro fundamental vulnerabilities premised on domestic structural deficiencies and idiosyncrasies will continue to position the region less favourably and the SA Rand will remain a high beta Emerging Market currency.

As my term expires in April this year I extend my thanks to management and the Board for harmonising their efforts to improve the operations of the NSX and with improved co-operation between the Board members and members of all the Committees of the NSX.

The Management Commentary on pages 37 to 42 is outside the formal annual financial statement but is integral to a better understanding of the NSX.

Lionel J Matthews
Chairman



NAMIBIAN STOCK EXCHANGE

ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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 2013 the Board comprised:

de Bruin S.

Gerdes H-B.

Hansen B

Mandy J. D.

Matthews L. J.

Ndilula K.

Smith M.

Späth M.

van Zyl E.

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

Matomola K. S.

NATURE OF BUSINESS

Stock Exchange, including transfer agent

AUDITORS

Deloitte & Touche

BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

REGISTERED OFFICE

Robert Mugabe Avenue No 4
Windhoek
Namibia

P O Box 2401
Windhoek
Namibia

MEMBERS OF BOARD OF DIRECTORS

At 31 December 2013



STEFAN ISAÏS DE BRUIN Born on 6 June 1973 joined Old Mutual Investment Group Property Investments (Proprietary) Limited (OMIGPI) in August 2008 and was a Director of Oryx Properties Limited as well as Oryx Management Services (Proprietary) Limited a subsidiary of OMIGPI. With the internalisation of the asset and finance management functions of Oryx Properties Limited, he was appointed as Chief Executive Officer. He was previously a Senior Manager for Tax and Legal Services at PricewaterhouseCoopers from 2001 - 2003, Financial Manager at Siemens Namibia (Proprietary) Limited from 2003 - 2005 and Financial Director of Siemens Namibia (Proprietary) Limited from 2005 - 2008. Stefan was elected to the NSX board in April 2013.



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

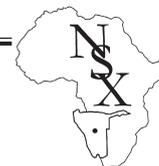


BRUCE PAUL HANSEN Born on 19 September 1969 and is a Director at Simonis Storm Securities (SSS) where he is responsible for Money and Capital Markets and Wealth Management. His previous work experience includes the Ministry of Finance, the Namibia Development Corporation, Sanlam and GIPF. He was trained as an economist and holds a Masters in Economics as well as an MBA from Oxford Brooks University. He serves on a number of private companies' board of directors. Bruce was elected to the NSX Board in 2013.



JOHN DAY MANDY Born on 2 May 1946 in Johannesburg and matriculated at Pretoria Boys High School and studied part-time at the University of Pretoria graduating with a B Com Accounting; and qualified as a Chartered Accountant in 1972. After articles he worked at Chrysler SA and then returned to the accounting profession where he worked for Arthur Andersen & Co in Johannesburg and Pretoria for nearly 10 years. He spent the major part of the 1980s as Managing Director of Stocks & Stocks Properties. In July 1989 he joined Harold Pupkewitz as Financial Director designate and became a Namibian citizen in 1997 while employed at Stocks & Stocks Namibia. In 1999 he was appointed CEO of Namibian Harvest Investments and in March 2003 joined the NSX as General Manager. During this period he became a Fellow of the Chartered Secretaries of Southern Africa. He relinquished the position of CEO of NSX at the end of 2012 and retired from the NSX at the end of his contract on 31 May 2013.





LIONEL JOHN MATTHEWS Born 10 July 1964 is a registered CA (Namibia) CA(SA) and holds a Executive MBA from the Graduate School of Business in Cape Town. During his career he served articles with Ernst & Young in Windhoek and has worked at in a number of high profile companies including the Bank of Namibia, Bank Windhoek, Namibia Breweries, Trans Namib Holdings, Metje & Ziegler and is currently the CEO of the Old Mutual Investment Group in Namibia. Lionel holds and has held various directorships in business and in his professional bodies. His experience covers regulatory supervision, enterprise risk management, corporate banking, financial and strategic planning, change management and the auditing of major corporations. He is currently the Managing Director of Nedbank Namibia Limited.



KAUNAPAU NDILULA (KAUNA) Born 30 April 1969 is a Development Finance Specialist with diverse experience covering areas such as finance, business development and support, strategic planning, project screening, investment facilitation, SME institutional development, and community development. Kauna has significant development exposure having served on the Boards of NNF, the National executive of NCCI, NamDef and is currently serving as the Chairperson of the Windhoek Branch NCCI, Board member of NAMMIC Holdings and Trustee of Kuleni Preservation Fund and a Director of Business Financial Services (Pty) Limited a private equity entity.



MADELEIN SMITH Born on 30 November 1971 and matriculated at Pretoria North High School, Gauteng, South Africa. Madelein has a strong trading background in Forex, Money Market and Equity instruments and earned various industry qualifications in the 1990's before passing the NSX broker entrance examinations. She was appointed Managing Director of Namibia Equity Brokers (Pty) Ltd at the beginning of 2008 with 13 years experience in the Namibia Financial Industry.



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



EMILE VAN ZYL Born 16 August 1961 he completed his M.Comm (Economics) at the University of Pretoria in 1987 while an Economic Advisor at Department of Finance in South Africa from 1985-1988; Senior Economist at Senbank in SA from 1988-1991 Risk Manager at Bankkorp/ABSA from 1991 to 1995 Various positions at Bank Windhoek/Capricorn Holdings from 1995 to 2003 including Manager: Asset and Liability Management, Senior Manager: Corporate Banking, Senior Manager: Retail Banking, Executive Officer: Treasury, Principal Officer: Capricorn Unit Trust Management Company; Director: Research at Simonis Storm Securities, a member of the NSX, from 2003 until 31 January 2012, when he joined the Bank of Namibia as advisor to the Governor.

NSX BOARD & COMMITTEES

As at 31 December 2013

1

BOARD OF DIRECTORS

L.J. Matthews (Chairman), H-B. Gerdes (Deputy Chairman), S.I. de Bruin, B. Hansen,
J.D. Mandy, K. Ndilula, M. Smith, M. Späth, E. van Zyl
K.S. Matomola³

SUB-COMMITTEES OF THE BOARD

2

AUDIT & RISK COMMITTEE^{2,3}

S.I. de Bruin (Chair), M. Späth, E. van Zyl

3

BROKER SCREENING COMMITTEE^{2,3}

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

4

DISCIPLINARY COMMITTEE^{2,3}

H-B. Gerdes (Chair), S.I. de Bruin

5

REMUNERATION COMMITTEE^{2,3}

H-B. Gerdes (Chair), K. Ndilula, E. Van Zyl

6

INVESTMENT COMMITTEE

J.D. Mandy (Chair), K. Ndilula

7

LISTING COMMITTEE PANEL³

A Board Member will chair each Listings Committee meeting.

H-B. Gerdes (Chair), H. Bossau (Deputy), J. Badenhorst, G. Cornelissen¹, R. Chun, M. Kalondo,
J.D. Mandy, L.J. Matthews, H.A.R. Meiring, H-H. Müseler, O.N. Shikongo, A. Swanepoel, Gifford Swart, B.C. Weichert,
and each of the Brokers

8

TRANSFER SECRETARIES (PTY) LTD DIRECTORS

L.J. Matthews (Chairman), E. van Zyl

KEY MANAGEMENT

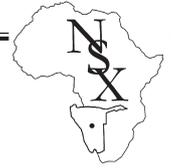
C. (Tiaan) Bazuin (Chief Executive Officer), M. Steynberg (Operations Manager)



¹ South African

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

³ K. S. Matomola was nominated on 1 August 2011 by NAMFISA, in terms of section 46 of the Stock Exchanges Control Act 1985, (Act 1 of 1985), as amended, to attend Board and Committee meetings in the place of L. Brandt who was transferred within Namfisa.



MEMBERS OF COMMITTEES & PANEL

31 December 2013



J. Badenhorst ⁷, H. Bossau ⁷, R. Chun ⁷, J. J. G. Cornelissen ⁷, A. P. Jansen ⁷, M. Kalondo ⁷, H. A. R. Meiring ⁷
H-H. Mūseler ⁷, O.N. Shikongo ⁷, A. Swanepoel ^{3,7}, Gifford Swart ⁷, B. van Rensburg ⁷, B. C. Weichert ⁷

NSX & TRANSFER SECRETARIES STAFF AT 31 December 2013



Staff from left to right:

Frieda Kaluhoni, Elizabeth Esterhuizen, Alicia van Wyk, Tiaan Bazuin, Johene Saal, Manda Steynberg, Theresia Kavangelua,

CORPORATE GOVERNANCE REPORT

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. The NamCode Reports on Corporate Governance, based on international best practices, including the King III report, details the importance of corporate governance in achieving financial objectives and fulfilling corporate responsibilities. This is to ensure that corporate governance requirements are met and that the core principles of accountability, integrity and transparency are adhered to.

At present the NSX is a non-proprietary association licensed by the Namibia Financial Institutions Supervisory Authority (NAMFISA) to operate as a stock exchange within Namibia in terms of the Stock Exchanges Control Act of 1985 (SECA). The NSX has 43 founder members and 6 stock broking members (the rights holders) who may attend general meetings of the association and annually elect the directors and appoint the auditors of the NSX and its subsidiaries. NAMFISA has been authorised to draft a Financial Institutions and Market Bill (FIM Bill) to replace various financial sector Acts including the SECA and it has been announced that the Act will be tabled in Parliament this year. At the November 2012 consultative meeting with members of the financial sector NAMFISA announced that the NSX would be required to convert to a company within 12 months of the enactment of the FIM Bill, i.e. to demutualise. This change will be significant and have consequences which will require interaction with and the approval of the rights holders.

The Board diligently strives to adhere to the recommendations detailed in the NamCode which the Institute of Directors of South Africa has drafted by adapting, with input from various Namibian stakeholders, the principles of good corporate governance. The Board is of the opinion, based on the information and explanations given by management 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; and in part by the receipt of an unqualified independent audit report.

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.

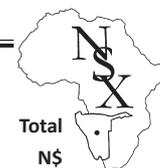
In preparing the annual financial statements, the NSX has used appropriate accounting policies supported by reasonable and prudent judgments and estimates, and has complied with International Financial Reporting Standards. The Board is of the opinion that the annual financial statements fairly present the financial position of the Group and Exchange at 31 December 2013 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 2013, the non-executive Board consisted of 9 elected members; one-third of the elected Board members retire annually. The Board is elected in terms of the Constitution of the NSX which was gazetted on 15 October 2005 (Government Gazette No 3815) based upon their skills and experience and from seven prescribed sectors of the Financial Industry. The Chairman and deputy Chairman of the Board are elected by the Board members.

A representative of the Namibia Financial Institutions Supervisory Authority (NAMFISA) is invited to attend all the meetings of the Board and its committees. The three members who will retire at the Annual General Meeting of the NSX in April 2014 are Emile van Zyl, Madelein Smith, and the current Chairman, Lionel Matthews; all are eligible for re-election.





Board members		Total N\$ 2013	Retainer	01-Feb	20-Mar	14-May	27-Jun	24-Oct	Total N\$ 2012
de Bruin S.I.	Elected 25 April 2013	7,500	4,500			✓	✓	✓	-
Gerdes H-B.		12,500	6,000	✓	✓	✓	✓	a	15,000
Hansen B.	Elected 25 April 2013	7,500	4,500			✓	✓	✓	-
Kankondi S.I.	Retired 25 April 2013	4,000	4,000	a	a				28,000
Mandy J.D.	Elected 1 June 2013	6,500	3,500				✓	✓	-
Matthews L.J.	Re-elected 25 April 2013	19,650	13,500	✓	✓	✓	✓	✓	13,500
Ndilula K		10,650	6,000	✓	✓	a	✓	✓	9,500
Rukoro V. Adv	Retired 25 April 2013	2,650	1,500	✓	a				8,500
Smith M.		12,150	6,000	✓	✓	a	✓	✓	16,000
Späth M.	Elected 25 April 2013	12,150	6,000	✓	✓	a	✓	✓	16,000
van Zyl E.		12,150	6,000	✓	✓	✓	✓	✓	16,000
Shikongo O.N.	Retired 2012	-							4,000
van Rensburg B.	Retired 2012	-							4,000
		107,400	61,500	-	-	-	-	-	130,500
Matomola K.S.	Nominated by NAMFISA to attend Board Meetings	-	-	-	-	-	-	-	10,000
		107,400	61,500	-	-	-	-	-	140,500

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

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

The Chief Executive Officer attends all meetings by invitation.

MAJOR SUB – COMMITTEES OF THE BOARD

Remuneration Committee

The Remuneration Committee comprising three independent non-executive directors was chaired by H-B Gerdes. The Chairman of the Board and the NAMFISA representative are invited to attend. This committee is responsible for strategic human resources issues such as managerial succession planning, human resources policies, and the remuneration of staff and office-bearers and attendance fees for Board Members.

Remuneration committee	Total N\$ 2013	07-Feb	04-Sep	Total N\$ 2012
Gerdes H-B.	7,000	✓	✓	7,000
Ndilula K.	4,725	✓	✓	5,000
Rukoro V. Adv	3,000	✓		-
van Zyl E.	1,725		✓	-
Jansen A.P.	-			6,000
Shikongo O.N.	-			1,000
	16,450	-	-	19,000

At the meeting of the Board on 31 March 2014 it was proposed to replace the existing remuneration structure which the rights holders will be asked to approve at the AGM in April 2014. The annual fees are based on an hourly rate of a qualified professional, the nature and brief or mandate of the particular committee, the expected duration of the meeting and the preparation time required which factor is then multiplied by the number of meetings.

Audit & Risk Committee

The Audit & Risk Committee was chaired by Lionel J Matthews until his election as Chairman of the Board. Stefan de Bruin was appointed as Chairman plus two members of the Board. Representative from the external auditors, the NAMFISA representative, the Chief Executive Officer, the Operations Manager and the Chairman of the Board attend the Audit & Risk 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 & risk issues.

Audit & Risk Committee		Total N\$ 2013	Retainer	13-Mar	12 Dec	Total N\$ 2012
de Bruin S.I.	Chairman from 14 May 2013	7,500	7,500		✓	-
Matthews L.J.	Chairman until 14 May 2013	4,500	2,500	✓		2,000
Cornelissen J.J.G.		-				4,000
Späth M		6,000	4,500	✓	✓	8,000
van Zyl E		6,000	4,500	✓	✓	4,000
Matomola K.S.		-				4,000
		24,000	19,000	-		22,000

It is the responsibility of the Audit & Risk 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 Boards of the NSX, Transfer Secretaries (Pty) Limited, Maerua Investments No 9 (Pty) Limited and the two dormant subsidiary companies. The annual fee for the Audit Committee is also split into a retainer and a meeting fee.

The Audit & Risk Committee has the responsibility to oversee the implementation and annual review of the risk management process and the maintenance of the risk register.

Broker Screening Committee

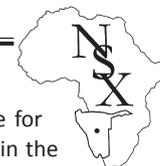
A Broker Screening Committee reviews all applications for broking membership of the NSX to determine if the applicant is fit and proper in terms of the Rules of the NSX. This committee, comprising H-B Gerdes as Chairman and Andre Swanepoel was convened to review the application of Romé Mostert. Fees totalling N\$ 1 575 were incurred.

Listing Committee

The Listing Committee panel includes, among others, representatives of major accounting and legal firms in Namibia and the quorum for each meeting is three non-conflicted Board Members and all of its meetings must be chaired by a member of the Board. This Committee meets on an ad hoc basis to approve all listing applications for both primary and dual listed equities and the approval of note programmes for non-government bonds. 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 trading as the Johannesburg Securities Exchange (JSE) but with the introduction of the 2004 Companies Act on 1 November 2010 a number of unique listings requirements are being considered as the Namibian legislation diverges from that in South Africa. Applications for approval of the medium term note programmes or individual bonds were processed in accordance with the bond listing requirements of the JSE, prior to the amendments the JSE introduced in July 2012.

Listings Panel	Total N\$ 2013	Retainer	01-Feb	20-Mar	Total N\$ 2012
Bossau H.D.	10,200	10,200			9,300
Gerdes H-B	22,900	10,200	✓	✓	33,500
Mandy J.D.	1,100	-		✓	-
Ndilula K	8,500	-	✓	✓	-
Smith M	8,500	-	✓	✓	10,900
Cornelissen J.J.G.	-	-			8,200
Matomola K.S.	-	-			13,500
Matthews L.J.	-	-			2,600
Meiring H.A.R.	-	-			5,400
Müseler H-H.	-	-			2,700
Späth M.	-	-			2,600
van Rensburg B.	-	-			25,200
van Zyl E.	-	-			13,500
	51,200	20,400	-	-	127,400





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

The Board considers the JSE listing requirements to be *best practices* and has requested that the NSX regularly updates, where applicable, practicable, and permitted by Namibian legislation, for changes made by the JSE. A major review will be undertaken on the gazetting of the Financial Institutions & Markets Act (now expected in 2014) and the publication of the related prudential and market conduct regulations being drafted by the Namibia Financial Institutions Supervisory Authority (NAMFISA)

This review and the resultant update of the harmonisation with best practices are also in line with the aims of the Committee of SADC Stock Exchanges (CoSSE) to have a regional stock exchange as soon as possible in terms of the SADC Finance and Investment Protocol.

Investment committee and capital management

The NSX Investment Policy Statement provides a framework for the management and investment of the assets of the NSX. The objective of the Group in the management of capital is to safeguard the Group's ability to continue as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund created in terms of the Stock Exchanges Control Act, Act 1 of 1985 and to deepen the capital markets in Namibia.

To improve the returns on investments and to benefit from the positive returns experienced in the capital market since the international financial crisis, management recommended to the Board to appoint a number of Namibian unit trust asset managers with a prudential and balanced mandate to manage the funds of the NSX and the Guarantee Fund and not to rely on the interest income approach of prior years. The Board has decided to impose a limit of 40% of total funds in any one fund or bank. Committee fees were paid during 2013 to the Chairman John Mandy (N\$ 1598) and Kauna Ndilula (N\$ 975).

The returns earned on these investments are reported through the income statement in terms of IFRS requirements as the assets are marked-to-market at year end.

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, have recently accounted for over 95% of the value of trades on the NSX. However, in 2013 following the listing of Bank Windhoek Holdings Limited on 28 June 2013 the traded value of primary listed shares increased to N\$ 358 000 5.8% of the total. The risks that the NSX is required to identify, manage and mitigate are significantly reduced with the large JSE dual listed trades. In early 2012 the NSX acknowledged that major off-market transactions in primary listed equities were being reported due to the high trading costs on the NSX and the NAMFISA levies on both the buy and sell legs of the transaction and introduced its so-called concessionary trade levies, retaining the double NAMFISA levy but reducing the stockbroker and the resultant NSX portion. In 2012 this resulted in a number of local trades totally nearly N\$ 370 million being reported on market with income of N\$ 93 313 to the NSX. Excluding these concessionary trades the dual trades again amounted to 96.2%.

The JSE has written terms of reference for its Risk Management Committee which is chaired by an independent non-executive committee to assist its board with the identification, assessment, evaluation and monitoring actual and potential risks and the mitigation thereof. The South African Institute of Chartered Accountants in 2004 issued an updated *Stockbrokers: Audit and Accounting Guide* to provide practical guidance on the auditing and accounting issues related to the accounts of Stockbrokers. In addition, regular reviews of the BDA systems was undertaken by an independent auditing firm for use by all auditors to stockbrokers; this review was last completed in March 2013 for the period ended February 2013 by PricewaterhouseCoopers Advisory Services (Pty) Limited for the JSE Limited.

A risk register has been populated and evaluated by management which it regularly updates and which is reviewed, annually, by the Audit & Risk Committee.

Risks influencing the environment in which the NSX and its trading subsidiary – Transfer Secretaries (Proprietary) Limited - operates are described below. As the property is occupied by the NSX and Transfer Secretaries the risks are substantially reduced.

As part of its risk management procedures, the NSX has extensive insurance cover across all areas of its business and regularly reviews the mandatory insurance cover held by its members and the capital in the Guarantee Fund.

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 on dual listed transaction 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 but this is being hampered by the limits on the Namibia Dollar size of cheques and the abolishing of cross border cheques.

The NSX is a leading participant in the process to introduce a central security depository in Namibia.

Technology and systems risk

The NSX through the JSE provides a market for the dealing in securities and financial instruments that is information technology intensive. Equity dealing is matched electronically on TALX and MIT Millennium Exchange (2011 -Trade Elect™) which is developed by a subsidiary of the London Stock Exchange and maintained by the JSE. 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 stock broking members to maintain their general ledger (exemptions are permitted) and client accounting through the JSE maintained Broker Deal Accounting system ("BDA"). The change in the trading platform (not the manner of trading) was an inclusive consultative process and the NSX attended a number of planning and report back sessions at the JSE and on 2 July 2012 the change-over was successfully and seamlessly achieved.

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, MIT Millennium Exchange, Info Wiz and the ATS, which includes a comprehensive redundancy and disaster recovery infrastructure and plan.

The NSX has a Namibia based IT service provider managing its IT systems and to provide the required DR (Disaster Recovery) server, located off-site, and the NSX continues to provide an operational terminal for use by any of the brokers should part of their essential trading system fail. These services are continually reviewed and updated when considered necessary.

Settlement and liquidity risk

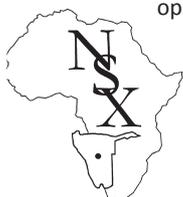
Settlement risk relates to where a party to an outstanding transaction fails to perform on the prescribed settlement date and a transaction fails as a result.

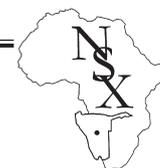
Liquidity risk is closely associated with settlement risk and is the risk that a party will not have sufficient liquidity to meet its settlement obligations.

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.

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





Systemic risk

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

The 2004 Companies Act allows listed Namibian companies to dematerialise share certificates and the NSX and Transfer Secretaries are investigating how this will impact on the current share registers, maintained for the primary listed companies as the required enabling legislation is still being drafted by NAMFISA. This 2004 Act allows any Namibian incorporated company to buy back its shares, under certain conditions in stead of following the reduction of capital prescribed in the repealed act. A number of consequential changes to the Listings Requirements will be finalised together with the changes arising from the enactment of the Financial Institutions and Market Act and consideration will be given to changes introduced by the JSE, as the leading SADC exchange, as best practices.

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. The Rules and Directives of the NSX will also be reviewed as a number of weaknesses therein have been brought to managements' attention.

Currency risk

This is the risk of defaulting on foreign currency payment obligations as a result of the devaluation of the Namibia Dollar which is linked to the South African Rand. The NSX is not exposed to this risk because payments for its service agreements with the JSE are in SA Rands.

The listing on the DevX and main board by Canadian and Australian uranium, gold, oil and phosphate exploration and mining companies has introduced a new currency risk in the trading cycle as well as some of the data vendors are billed in US Dollars; however, to-date the trading in these dual listed companies has been low and the Board is satisfied that the procedures approved by the Bank of Namibia, including the introduction in 2012 of depository receipts 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

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

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.

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

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. At year end 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 statement of financial position.

Credit risk on the NSX's own funds is minimised through ensuring that funds are mainly 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.

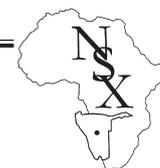
Liquidity risk

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 some of 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. The investments in the Namibian managed unit trusts can be redeemed at short notice and the NSX does not speculate in equity investments.

Interest rate risk

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





NAMIBIAN STOCK EXCHANGE

ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2013

Responsibility for and approval of the Annual Financial Statements for the year ended 31 December 2013

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.

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 2013 have been approved by the Board on 31 March 2014 and are signed on its behalf by:

L. J. Matthews
Chairman

S.I. de Bruin
Director

The accompanying annual financial statements for the year ended 31 December 2013 have been prepared by management and are signed by:

C. Bazuin
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE NAMIBIAN STOCK EXCHANGE

We have audited the group annual financial statements and the annual financial statements of the Namibian Stock Exchange, which comprise the consolidated and separate statements of financial position at 31 December 2013, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in rights and reserves, and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 19 to 36.

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, and for such internal control as the directors determine is necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

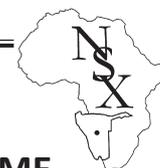
Opinion

In our opinion, these financial statements present fairly, in all material respects the consolidated and separate financial position of the Namibian Stock Exchange at 31 December 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte + Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per E Tjipuka
Partner
Windhoek
31 March 2014





NAMIBIAN STOCK EXCHANGE

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

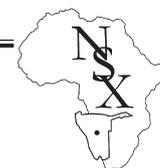
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		Namibian Stock Exchange	
		2013 N\$	2012 N\$	2013 N\$	2012 N\$
Revenue	3	7,125,143	5,083,833	5,007,135	3,756,251
Investment income	4.1	5,256,407	2,303,976	4,112,481	1,862,951
Other income		47,091	9,337	47,091	9,337
Total revenue		12,428,641	7,397,146	9,166,707	5,628,539
Administration costs		1,026,295	1,029,512	811,229	824,639
Consulting fees, net of recoveries	23	112,963	-	112,963	-
Depreciation	7	65,956	54,602	49,227	45,896
Marketing expenses		1,707	32,949	1,707	32,949
Occupancy cost, including utilities		355,513	850,683	505,302	665,155
Remuneration - staff & directors		4,089,739	4,299,002	2,783,844	3,557,531
Other expenses		94,692	87,400	93,513	87,396
Total expenses	4.2	5,746,865	6,354,148	4,357,785	5,213,566
Profit before tax		6,681,776	1,042,998	4,808,922	414,973
Taxation	5	44,883	4,781		
Profit for the year		6,636,893	1,038,217	4,808,922	414,973
Other comprehensive income, net of income tax					
Property revaluation reserve	8	104,700	-		
Transfer to Guarantee Fund	16	(1,672,863)	(613,963)		
Total comprehensive income for the year after transfer		5,068,730	424,254	4,808,922	414,973

NAMIBIAN STOCK EXCHANGE STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013

	Note	Group		Namibian Stock Exchange	
		2013 N\$	2012 N\$	2013 N\$	2012 N\$
ASSETS					
Non-current assets					
Property, plant & equipment	7	110,153	139,330	43,333	92,084
Fixed properties	8	6,925,000	-	-	-
Investments in subsidiaries	9			6,829,000	4,000
Other investments, listed	10	571,720	194,921	571,720	194,921
Other investments, balanced mandate unit trusts	11	33,577,162	20,455,228	25,525,472	13,807,279
		<u>41,184,035</u>	<u>20,789,479</u>	<u>32,969,525</u>	<u>14,098,284</u>
Current assets					
Trade & other receivables	13	347,819	376,540	306,693	301,178
Bank balances & cash	12	1,835,999	15,574,064	1,076,981	15,238,869
Taxation	6	-	851		
		<u>2,183,818</u>	<u>15,951,455</u>	<u>1,383,674</u>	<u>15,540,047</u>
Total assets		<u><u>43,367,853</u></u>	<u><u>36,740,934</u></u>	<u><u>34,353,199</u></u>	<u><u>29,638,331</u></u>
RIGHTS, RESERVES & LIABILITIES					
Rights & reserves					
Founder members' contributions		430,000	430,000	430,000	430,000
Stockbroking members rights		1,890,500	1,890,500	1,890,500	1,890,500
Property revaluation account	8	104,700	-		
Insurance fund	14	500,000	500,000	500,000	500,000
Guarantee fund	16	8,561,722	6,888,859		
Retained surplus		30,589,439	25,625,409	30,327,600	25,518,678
		<u>42,076,361</u>	<u>35,334,768</u>	<u>33,148,100</u>	<u>28,339,178</u>
Non-current liabilities					
Provision for retrenchment & retirement	17	130,602	75,261	127,188	72,756
Current liabilities					
Other liabilities					
Trade & other payables	15	1,152,469	1,326,655	1,077,911	1,226,397
Taxation, current	5	4,923	-		
Taxation, deferred	6	3,498	4,250		
		<u>1,160,890</u>	<u>1,330,905</u>	<u>1,077,911</u>	<u>1,226,397</u>
Total rights, reserves & liabilities		<u><u>43,367,853</u></u>	<u><u>36,740,934</u></u>	<u><u>34,353,199</u></u>	<u><u>29,638,331</u></u>





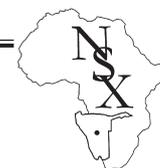
NAMIBIAN STOCK EXCHANGE STATEMENTS OF CHANGES IN RIGHTS AND RESERVES FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Number of Rights	Group 2013 N\$	2012 N\$	Namibian Stock Exchange 2013 N\$	2012 N\$
Founder members' contributions		<u>43</u>	430,000	430,000	430,000	430,000
Stockbroking members' rights						
Beginning of year		35	1,890,500	1,890,500	1,890,500	1,890,500
Issue of rights			-	-	-	-
Balance end of year		<u>35</u>	1,890,500	1,890,500	1,890,500	1,890,500
Insurance fund	14		500,000	500,000	500,000	500,000
Property revaluation reserve	8		104,700	-		
Guarantee fund	16					
Beginning of year			6,888,859	6,274,896		
Transfer			1,672,863	613,963		
Balance end of year			8,561,722	6,888,859		
Retained surplus						
Beginning of year			25,625,409	25,201,155	25,518,678	25,103,705
Total comprehensive income for the year after transfer to Guarantee Fund			4,964,030	424,254	4,808,922	414,973
Balance end of year			30,589,439	25,625,409	30,327,600	25,518,678
Total			42,076,361	35,334,768	33,148,100	28,339,178
Board's valuation of a new right based on the total of the capital and reserves at the end of the year divided by the number of rights in issue in terms of Rule 2.4.6		<u>78</u>	539,000	453,000	425,000	363,000

NAMIBIAN STOCK EXCHANGE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		Namibian Stock Exchange	
	2013	2012	2013	2012
	N\$	N\$	N\$	N\$
Cash flows from operating activities				
Income for the year before taxation	6,786,476	1,042,998	4,808,922	414,973
Depreciation	65,956	54,602	49,227	45,896
Income taxes paid	(39,862)	(20,375)	-	-
	6,812,570	1,077,225	4,858,149	460,869
Investment income recognised in profit	(5,361,107)	(2,303,976)	(4,112,481)	(1,862,951)
	1,451,463	(1,226,751)	745,668	(1,402,082)
Movements in working capital				
(Increase) / decrease in accounts receivable	28,721	(17,288)	(5,515)	(6,651)
Increase / (decrease) in provision	55,341	13,038	54,432	19,301
Increase / (decrease) in accounts payable	(174,186)	357,398	(148,486)	300,678
Cash generated from operating activities	1361,339	(873,603)	646,099	(1,088,754)
Net loss on disposal of property, plant & equipment	1,185	16	6	12
Net cash generated by operating activities	1,362,524	(873,587)	646,105	(1,088,742)
Cash flows from investing activities				
Additions to plant & equipment	(44,792)	(98,649)	(483)	(62,322)
Additions to fixed properties	(6,820,300)	-	-	-
Investments in balanced unit trusts	(8,500,000)	(20,000,000)	(8,500,000)	(13,500,000)
Investment in subsidiary	-	-	(6,825,000)	-
Investment income	634,474	1,848,747	894,289	1,555,672
Proceeds from disposal of property, plant & equipment	6,828	-	-	-
Withdrawals from (additions to) investments - net	(376,799)	26,522,424	(376,799)	21,256,675
Net cash generated (used) by investing activities	(15,100,589)	8,272,522	(14,807,993)	9,250,025
Net change in cash and cash equivalents	(13,738,065)	7,398,935	(14,161,888)	8,161,283
Cash and cash equivalents at beginning of year	15,574,064	8,175,129	15,238,869	7,077,586
Cash and cash equivalents at end of year	1,835,999	15,574,064	1,076,981	15,238,869





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

AT 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

1.2 Basis of preparation

The financial statements are prepared on the historical cost basis, except for financial assets and liabilities where the amortised cost basis of accounting are adopted or financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. These policies are consistent with those applied in the previous year.

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.

1.3 Consolidation

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

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

1.4 Financial instruments

Initial recognition and measurement

Financial instruments recognised in the statement of financial position include 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 and are subsequently carried at amortised cost using the effective interest method, less any impairment. The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values due to the short-term trading cycle of these items.

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

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

1.5 De-recognition of assets and liabilities

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

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

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

1. ACCOUNTING POLICIES (Continued)

1.6 Impairments

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

1.7 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 statement of financial position date. Foreign currency gains and losses are charged to the statement of profit or loss and other comprehensive income.

1.8 Property, plant & equipment

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

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

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

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount through the statement of profit or loss and other comprehensive income.

Surpluses and losses on disposal of property, plant & equipment are charged to the statement of profit or loss and other comprehensive income.

1.9 Fixed property

Fixed property held for administrative purposes, is stated in the statement of financial position at its revalued amount, being the fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation is performed on an annual basis, such that the carrying amount does not differ from that which would be determined using the fair value at the end of the reporting period.

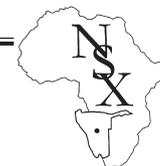
Any revaluation increase arising on such a revaluation is recognised in other comprehensive income and in the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of the fixed property is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of the fixed property.

Depreciation on the revalued fixed property is recognised in profit or loss. Fixed property is depreciated over its useful life being 20 years. On the subsequent sale or retirement of the revalued fixed property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained surplus.

1.10 Employee retirement benefit costs

The Group contributes to an umbrella defined contribution fund in respect of retirement benefits of current employees, the costs of which are recognised as an expense when employees have rendered service entitling them to the contributions. The Group does not provide post retirement medical benefits to employees. The Group accrues for the value of leave due on the basis of the number of days owing to the employee and the relevant cost associated therewith. The Group provides for retrenchment and retirement benefits in accordance with the terms and conditions specified in the Labour Act of 2007 (Act 11 of 2007).





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

1. ACCOUNTING POLICIES (Continued)

1.11 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 in the statement of financial position. 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.

1.12 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 subsidiaries.

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

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

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

1.13 Leases

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

1.14 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 operating subsidiaries are subject to normal taxation in terms of the Income Tax Act, No 24 of 1981.

The tax currently payable is based on taxable income of Transfer Secretaries (Pty) Limited for the year. Taxable income differs from profit reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated at the enacted statutory rate applicable for the reporting year.

1.15 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.

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

2. DEFINITIONS

Cash and cash equivalents

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

Namibian Stock Exchange N\$	Transfer Secretaries N\$	Guarantee Fund N\$	Group N\$
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3. REVENUE ANALYSIS

Management regards the NSX as a single reportable segment, as with Transfer Secretaries and the Guarantee Fund. The property acquired is occupied by the Group and eliminates on consolidation.

Revenue represents net invoiced amounts to :

For the year ended 31 December 2013

Listed entities

- Listing & documentation fees	408,032	-	-	408,032
- Annual fees	1,516,400	62,920	-	1,579,320
- Quarterly fees	-	462,050	-	462,050
- Handling & service fees	-	1,336,187	-	1,336,187
	1,924,432	1,861,157	-	3,785,589

Data distribution vendors

- Information fees	472,195	-	-	472,195
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Stockbrokers, sponsors & clients

- Guarantee fund contributions	-	-	256,851	256,851
- Other	-	-	-	-
- Annual fees	42,000	-	-	42,000
- Commission received - Transaction levy	2,568,508	-	-	2,568,508
- Commission received - Concessionary trades	-	-	-	-
	2,610,508	-	256,851	2,867,359
	5,007,135	1,861,157	256,851	7,125,143

For the year ended 31 December 2012

Listed entities

- Listing & documentation fees	287,488	-	-	287,488
- Annual fees	1,265,400	55,250	-	1,320,650
- Quarterly fees	-	345,860	-	345,860
- Handling & service fees	-	746,689	-	746,689
	1,552,888	1,147,799	-	2,700,687

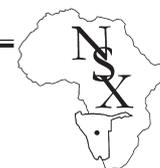
Data distribution vendors

- Information fees	370,024	-	-	370,024
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Stockbrokers, sponsors & clients

- Guarantee fund contributions	-	-	179,134	179,134
- Other	-	-	649	649
- Annual fees	42,000	-	-	42,000
- Commission received - Transaction levy	1,698,026	-	-	1,698,026
- Commission received - Concessionary trades	93,313	-	-	93,313
	1,833,339	-	179,783	2,013,122
	3,756,251	1,147,799	179,783	5,083,833





NAMIBIAN STOCK EXCHANGE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

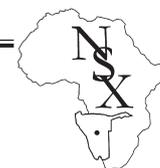
	Note	Group		Namibian Stock Exchange	
		2013 N\$	2012 N\$	2013 N\$	2012 N\$
4. PROFIT BEFORE TAXATION					
Profit before taxation includes					
4.1. Investment income:					
Interest on investments at amortised cost					
- listed		44,127	28,775	44,127	28,775
- unlisted treasury bills and fixed deposits		-	616,287	-	482,036
Interest on intercompany loan				279,219	-
Interest on bank and call accounts		590,347	1,203,686	570,943	1,044,861
		634,474	1,848,748	894,289	1,555,672
Fair value adjustment on unit trust investments		4,621,933	455,228	3,218,192	307,279
		5,256,407	2,303,976	4,112,481	1,862,951
4.2. Total expenses include:					
Auditors' remuneration					
- audit fee - current year		117,049	104,718	84,968	79,408
Other professional fees		130,469	10,000	130,469	10,000
Reimbursement of students fees towards the Chartered Financial Analyst qualification		39,747	14,705	39,747	14,705
Occupancy costs, includes operating lease expenses					
- premises, net of intergroup transactions		355,513	850,683	505,302	665,155
Remunerations - staff & directors					
Director & Committee fees	23				
- Board		107,400	140,500	107,400	140,500
Less - meetings held to approve listing & property transaction		(8,900)	-	(8,900)	-
- Audit & risk committee		24,000	40,000	24,000	40,000
- Broker screening committee		1,575	-	1,575	-
- Remuneration committee		16,450	19,000	16,450	19,000
- Property consideration		8,900	-	8,900	-
- Investment committee		2,850	-	2,850	-
Total excluding listings		152,275	199,500	152,275	199,500
- Listing Committee & board approval		51,200	127,400	51,200	127,400
Total		203,475	326,900	203,475	326,900
- Transfer Secretaries		5,000	4,000		
Less - allocated to subsidiary		-	-	(34,738)	(49,875)
		208,475	330,900	168,737	277,025
Staff costs					
Including key management costs	23				
- salaries and wages		2,643,809	2,686,112	2,231,696	2,391,421
- contributions to retirement funds		614,363	602,364	539,337	542,071
- other		622,183	666,588	559,516	623,978
- provision for retrenchment & retirement	17				
- past service cost		(305)	2,908	19,649	1,940
- current year service cost		1,000	8,295	21,192	7,904
- interest charge		214	1,835	13,591	1,756
		3,881,264	3,968,102	3,384,981	3,569,070
Less -allocated to subsidiaries seconded salary costs				343,292	288,564
				426,582	-
		4,089,739	4,299,002	2,783,844	3,557,531

NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2013

	Group	
	2013	2012
	N\$	N\$
5. TAXATION		
The Namibian Stock Exchange and the Guarantee Fund are exempt from taxation in terms of Section 16 (1)(d) of the Income Tax Act No 24 of 1981.		
Tax rate reconciliation - Namibian normal taxation		
Income tax recognised in the consolidated statement of profit or loss and other comprehensive income		
- effect of income exempt from tax the:		
- NSX	23.4%	13.5%
- Guarantee Fund	8.1%	20.0%
- effect of the property tax losses	0.8%	0.0%
- effect of the utilisation of prior tax losses	0.7%	0.5%
Standard rate of taxation	33.0%	34.0%
Normal taxation relating to subsidiary		
- Current	45,635	-
- Deferred		
Attributable to temporary differences arising in current year	(752)	4,781
Namibian normal tax	44,883	4,781
Estimated tax losses relating to subsidiary		
At beginning of the year	1,812	
Utilised to create deferred tax asset	-	-
(Utilised) during the year	(1,812)	1,812
Available for set off against future taxable income	-	1,812
6. DEFERRED TAXATION		
The movement on the deferred tax balance is as follows:		
Balance at beginning of the year	(4,250)	531
statement of profit or loss and other comprehensive income, movement	752	(4,781)
Balance at end of the year	(3,498)	(4,250)
Deferred tax liability:		
- Estimated tax loss	-	1,812
Deferred tax liability:		
- Provision for straight lining of rental	(16,646)	-
- Provision for retrenchment & retirement	(3,414)	(6,263)
- Property, plant & equipment	30,660	(9,612)
Net deferred tax liability	10,600	(14,063)
At the statutory tax rate	33%	3,498

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





NAMIBIAN STOCK EXCHANGE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) AT 31 DECEMBER 2013

7. PROPERTY, PLANT & EQUIPMENT

	Software & licences N\$	Office furniture N\$	Equipment N\$	TOTAL N\$
Group - Cost				
Balance at 31 December 2011	578,112	151,056	324,835	1,054,003
Additions	-	34,393	64,256	98,649
Disposals	-	(21,923)	(27,018)	(48,941)
Balance at 31 December 2012	578,112	163,526	362,073	1,103,711
Additions	1,450	16,434	26,908	44,792
Disposals	-	(3,424)	(13,025)	(16,449)
Balance at 31 December 2013	579,562	176,536	375,956	1,132,054
Group - Depreciation				
Balance at 31 December 2011	534,203	132,297	292,205	958,705
Amortisation / Depreciation charge for the year	19,129	8,593	26,880	54,602
Disposals	-	(19,476)	(29,450)	(48,926)
Balance at 31 December 2012	553,332	121,414	289,635	964,381
Amortisation / Depreciation charge for the year	18,589	10,392	36,975	65,956
Disposals	-	(3,421)	(5,015)	(8,436)
Balance at 31 December 2013	571,921	128,385	321,595	1,021,901
Group - Net book value				
At 31 December 2012	24,780	42,112	72,438	139,330
At 31 December 2013	7,641	48,151	54,361	110,153
Namibian Stock Exchange - cost				
Balance at 31 December 2011	540,187	118,176	257,620	915,983
Additions	-	31,950	30,372	62,322
Disposals	-	(19,478)	(27,018)	(46,496)
Balance at 31 December 2012	540,187	130,648	260,974	931,809
Additions	-	-	483	483
Disposals	-	(2,927)	(4,523)	(7,450)
Balance at 31 December 2013	540,187	127,721	256,934	924,842
Namibian Stock Exchange - depreciation				
Balance at 31 December 2011	496,408	118,082	225,823	840,313
Amortisation / Depreciation charge for the year	19,006	4,866	22,024	45,896
Disposals	-	(19,476)	(27,008)	(46,484)
Balance at 31 December 2012	515,414	103,472	220,839	839,725
Amortisation / Depreciation charge for the year	18,468	6,390	24,369	49,227
Disposals	-	(2,920)	(4,523)	(7,443)
Balance at 31 December 2013	533,882	106,942	240,685	881,509
Namibian Stock Exchange - Net book value				
At 31 December 2012	24,773	27,176	40,135	92,084
At 31 December 2013	6,305	20,779	16,249	43,333

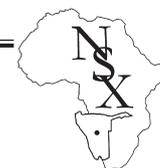
**NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2013**

		Group 2013 N\$	2012 N\$
8. FIXED PROPERTY			
Acquisition cost		6,820,300	-
Fair value adjustment at 31 December 2013		<u>104,700</u>	-
At fair value	22	<u>6,925,000</u>	-

- 8.1. Investment property consists of Section 2 (measuring 255 m2 with a participation quota of 18.8%) and 9 (measuring 91 m2 with a participation quota of 6.7%) in the Sectional Title Scheme Maerua Heights No 65 / 2012 and an undivided share of Erf 1970 Windhoek, measuring 1264 m2. The property is un-encumbered but the Namibian Stock Exchange has lent N\$ 5.5 million at a fixed interest rate with no fixed repayment terms.
- 8.2. The major portion (70%) of the Investment property is let to the Namibian Stock Exchange and the remainder to Transfer Secretaries (Pty) Limited.
- 8.3. The fixed property is depreciated over its useful life being 20 years. The residual value of the property is equal to its carrying amount, therefore the property's depreciation charge for the year is zero.
- 8.4. At at 31 December 2013 the two units were revalued by Property Valuation Namibia's Jurie Scholtz a professional / Sworn Appraiser holding a National Diploma Property Valuations from the University of South Africa at N\$ 6 925 000.

		Namibian Stock Exchange	
		2013 N\$	2012 N\$
9. INVESTMENTS IN SUBSIDIARIES			
	%		
	owned		
9.1. Transfer Secretaries (Pty) Ltd			
The nature of its business is that of transfer agent			
Issued capital		<u>4,000</u>	<u>4,000</u>
% held	<u>100%</u>		
Included in accounts receivable (note 13) is the amount owing by subsidiaries on current account			
9.2. Maerua Investments Number Nine (Pty) Limited			
This company whose nature of its business is investing in property was acquired to further diversify the NSX's investment portfolio with potential for capital appreciation			
Issued capital		<u>1,325,000</u>	-
% held	<u>100%</u>		
Loan to subsidiary without any fixed term of repayment, interest is payable monthly at an annual rate of 8.5%		<u>5,500,000</u>	-
9.3 The Namibian Stock Exchange also wholly owns the following dormant subsidiaries:			
Issued share capital in:			
Central Depository (Pty) Ltd	<u>100%</u>	4,000	4,000
Namibian Stock Exchange Trustees (Pty) Ltd	<u>100%</u>	4,000	4,000
Less - intercompany loans		<u>(8,000)</u>	<u>(8,000)</u>
		-	-
Total investment in subsidiaries		<u>6,829,000</u>	<u>4,000</u>





NAMIBIAN STOCK EXCHANGE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
AT 31 DECEMBER 2013

	Group 2013 N\$	2012 N\$	Namibian Stock Exchange 2013 N\$	2012 N\$
10. OTHER INVESTMENTS				
Listed investments				
- Eskom bond - E170 maturing in 2019	196,215	194,921	196,215	194,921
- Government Bonds	375,505	-	375,505	-
Total investments at amortised cost	571,720	194,921	571,720	194,921
11. OTHER INVESTMENTS, BALANCED MANDATE UNIT TRUSTS				
- Namibia managed prudential funds	22 33,577,162	20,455,228	25,525,472	13,807,279
Total investments at fair value				
<p>The NSX has diversified its investments to include equities to increase the yields currently available in interest bearing call accounts with Namibian commercial banks.</p>				
12. BANK BALANCES AND CASH				
Cash at bank and on hand	341,040	201,657	87,256	104,003
Call accounts	1,494,959	15,372,407	989,725	15,134,866
	1,835,999	15,574,064	1,076,981	15,238,869
13. TRADE AND OTHER RECEIVABLES				
Trade receivables, net of provision	327,425	252,129	167,349	118,519
Transfer Secretaries (Pty) Ltd			50,655	60,962
Maerua Investments Number Nine (Pty) Ltd			70,755	-
Prepayments	18,452	78,942	15,992	75,268
Other receivables	1,942	45,469	1,942	46,429
	347,819	376,540	306,693	301,178
Provision for doubtful accounts	-	-	-	-
Receivables that are past due but not impaired	34 350	-	34 350	-
14. INSURANCE FUND				
<p>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 statement of profit or loss and other comprehensive income and transferred when necessary.</p>				
	500,000	500,000	500,000	500,000
15. TRADE AND OTHER PAYABLES				
Trade payables	111,842	147,622	75,703	100,880
Guarantee Fund			11,858	9,969
Accruals	1,040,627	1,179,033	990,350	1,115,548
	1,152,469	1,326,655	1,077,911	1,226,397

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

16. GUARANTEE FUND - consolidation only

Guarantee Fund
2013 2012
N\$ N\$

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

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

Balance at beginning of year	6,888,859	6,274,896
Income for the year	1,672,863	613,963
Retained surplus at end of the year	8,561,722	6,888,859

17. PROVISIONS

		Group N\$	Namibian Stock Exchange N\$
Provision for retrenchment & retirement	4.2		
Balance at 31 December 2011		62,223	53,455
Provision		17,996	16,558
Transfer from subsidiary		-	7,701
Payment & reversal due to resignations		(4,958)	(4,958)
Balance at 31 December 2012		75,261	72,756
Provision		55,341	54,432
Balance at 31 December 2013		130,602	127,188

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

Key assumptions used are:

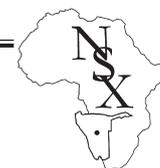
	2013	2012
- present value using the indicative yield of the GC 24	9.00%	9.00%
- estimated average salary increases of	9%	9%
- likelihood of remaining in service to age 65 - existing staff & 60 for all new staff	varied according to current age of staff member	

18. COMMITMENTS

Commitments under operating leases

	2013 N\$	Group 2012 N\$	Namibian Stock Exchange 2013 N\$	2012 N\$
2014	638,674	734,475	447,455	734,475
2015	689,767	793,233	483,251	793,233
2016	744,950	856,692	521,912	856,692





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

19. RETIREMENT BENEFIT INFORMATION

19.1 Retirement fund

The Stock Exchange contributes to the Benchmark Retirement 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 employer contributes 19.6% of cost to company remuneration towards retirement and premiums for group life benefits. Obligations for contributions to the fund are recognised as an expense as incurred.

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

19.2 Post-retirement medical benefits

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

20. FINANCIAL RISK MANAGEMENT

20.1 Foreign currency risk management

Namibia is part of the Southern African Common Monetary Area. The Namibia Dollar is pegged to the South African Rand on a one-to-one basis. Virtually all the Stock Exchange's transactions are conducted within the common monetary area of Southern Africa. Foreign data distribution vendors are billed in foreign currency but these amounts are not hedged.

20.2 Interest rate management

The Group's sensitivity to interest rates has decreased during the past 15 months mainly due to the investment in the prudent unit trusts (note 10) and the purchase of the Groups operating premises. The Group still adheres to the process of managing the Group's interest rate risk, interest rate characteristics of new investments and the reinvesting of maturing investments are positioned according to expected movements in interest rates. This risk is managed by the Group ensuring that where appropriate assets and liabilities are invested for periods appropriate to the potential needs of the Group. A movement in the bank rate of 1% could change the interest earnings of the Group by approximately N\$ 15 000 in 2014 and the NSX by N\$ 13 000.

20.3 Credit risk management

The Group only deposits cash surpluses with major banks of high quality credit standing.

Trade accounts receivables comprise a sound customer base. On-going 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 2013 the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

20.4 Fair value

The Board of Directors is of the opinion that:

- the carrying value of financial instruments carried at cost or amortised cost approximates fair value due to the short-term nature of these investments;
- the appropriate fair value of the investments in unit trusts is the price published by the unit trust managers on the measurement date;
- the fair value of the property acquired was determined as detailed above.

The Group does not speculate in or engage in the trading of derivative instruments.

20.5 Capital risk management

The Group manages its capital with the objective of ensuring that the NSX continues as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund.

The Group is not subject to any externally imposed capital requirements.

In 2012 the Board approved the appointment of three Namibian Asset Managers to manage the Groups investments.

NAMIBIAN STOCK EXCHANGE

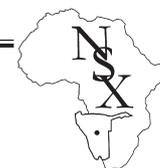
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

21. LIQUIDITY & INTEREST RATE RISKS

	Group		Namibian Stock Exchange	
	2013	2012	2013	2012
	N\$	N\$	N\$	N\$
Assets				
Non-financial assets				
Property, plant & equipment	110,153	139,330	43,333	92,084
Fixed property	6,925,000		-	
Investment in subsidiaries	-	-	6,829,000	4,000
Prepayments	18,452	78,942	15,992	75,268
Deferred taxation	-	851		
	<u>7,053,605</u>	<u>219,123</u>	<u>6,888,325</u>	<u>171,352</u>
Financial assets at fair value	11 <u>33,577,162</u>	<u>20,455,228</u>	<u>25,525,472</u>	<u>13,807,279</u>
Financial assets				
5 years +				
Other investments - listed maturing in 2019 & 2021	<u>571,720</u>	<u>194,921</u>	<u>571,720</u>	<u>194,921</u>
0 to 3 months				
Call accounts - variable rates				
Other investments - NSX only	989,725	15,134,866	989,725	15,134,866
Other investments - Guarantee Fund	505,234	237,541		
Current accounts - variable				
Bank balances and cash	341,040	201,657	87,256	104,003
Current accounts - no interest				
Trade and other receivables	329,367	297,598	290,701	225,910
	<u>2,165,366</u>	<u>15,871,662</u>	<u>1,367,682</u>	<u>15,464,779</u>
Total assets	<u>43,367,853</u>	<u>36,740,934</u>	<u>34,353,199</u>	<u>29,638,331</u>
Liabilities				
Non-financial liabilities				
Provision for retrenchments & retirement	130,602	75,261	127,188	72,756
Taxation, current	4,451	-		
Taxation, deferred	3,498	4,250		
	<u>138,551</u>	<u>79,511</u>	<u>127,188</u>	<u>72,756</u>
Financial liabilities				
0 to 3 months				
Trade and other payables	<u>1,152,469</u>	<u>1,326,655</u>	<u>1,077,911</u>	<u>1,226,397</u>
Total liabilities	<u>1,291,020</u>	<u>1,406,166</u>	<u>1,205,099</u>	<u>1,299,153</u>
Net assets & liabilities	<u>42,076,833</u>	<u>35,334,768</u>	<u>33,148,100</u>	<u>28,339,178</u>





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

	Group 2013 N\$	2012 N\$	Namibian Stock Exchange 2013 N\$	2012 N\$
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22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value under IFRS 13 (effective from 1 January 2013) is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principle (or most advantages) market (of designated fair value financial instrument through profit and loss) regardless of whether that price is directly observable or estimated using another valuation technique.

When determining the fair value of financial instruments, at Level, 1 preference is given to prices quoted in an active securities market. The NSX classifies the investment in unit trusts as Level 2 and is of the opinion that for the fair value hierarchy as prescribed by IFRS statements the daily publication of unit trust prices by reputable unit trust managers suffices. The following financial assets are recognised at Level 2 fair value in the statement of financial position

Investments in balanced mandate funds	11	33,577,162	20,455,228	25,525,472	13,807,279
Fixed properties were measured using the fair value model applied the highest and best use in determining the fair value.	8	6,925,000	-		

23. RELATED PARTIES

A related parties relationship exists between the Stock Exchange, which performed certain administration services for its subsidiaries (Transfer Secretaries (Pty) Ltd and Maerua Investments Number Nine (Pty) Ltd) for which a management fee as detailed below was charged and paid, being an appropriate allocation of costs incurred by the NSX .

Amounts received from Transfer Secretaries (Pty) Ltd:

- Administrative service fees based on staff cost note 4.2			338,292	288,564
- Direct salary apportionment for seconded services			426,582	-
- Indemnity insurance			40,596	40,867
- IT Services including Internet connectivity			55,200	55,200
- Premises rental, net			87,666	185,528
- Photocopy & other costs			5,406	8,642
- Board & Committee fees note 4.2			34,738	49,875
- NSX Audit fees - meeting attendance fees			-	-
- Membership fees			1,093	1,093

Amount owing by Transfer Secretaries (Pty) Ltd - notes 9 & 13

Directors & committee members remuneration - note 4.2

Consultancy costs and other expenses include services rendered by directors as professionals on arm's length basis	130,469	-	130,469	-
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Staff costs for key management included in note 4.2

- salaries	1,709,534	2,001,682	1,709,534	2,001,682
- contributions to retirement funds	448,187	476,922	448,187	476,922
- other	409,296	595,533	409,296	595,533
	<u>2,567,017</u>	<u>3,074,137</u>	<u>2,567,017</u>	<u>3,074,137</u>

Amounts paid to and received from Maerua Investments Number Nine (Pty) Ltd

	Transfer Secretaries 2013	Namibian Stock Exchange 2013
- Premises rental	100,022	271,317
- Interest on long-term loan	-	279,219

Amount owing by Maerua Investments Number Nine (Pty) Ltd - notes 9 & 13.

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

AT 31 DECEMBER 2013

24. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Directors have reviewed the Group's investment in financial assets in light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold these assets to maturity. Details are set out in Note 10 and call accounts in Note 12.

25. SUBSEQUENT EVENTS

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

26. ADOPTION OF NEW AND REVISED STANDARDS

Annual improvements - part of its annual improvement projects, the IASB has issued its editions of annual improvements to clarify and improve accounting standards. These improvements include terminology or editorial changes with minimal effect on recognition and measurement.

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

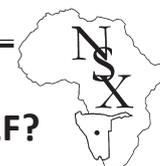
Number	Description	Effective from
New Standards		
IFRS 9	Financial Instruments: Classification & Measurement of Assets, liabilities & derecognition	1 January 2015
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
Revised Standards, amendments & improvements		
IFRS 10	Consolidated Financial Statements	1 January 2014
IAS 27	Separate Financial Statements	1 January 2014
IAS 32	Financial Instruments: Presentation relating to the offsetting of financial assets & liabilities	1 January 2014
IAS 36	Recoverable amount disclosure for non-financial assets	1 January 2014
IAS 39	Novation of derivatives and continuation of hedge accounting	1 January 2014
New Interpretations, amendments & improvements		
IFRIC 20	Stripping costs in the production phase of a surface mine	1 July 2013
IFRIC 21	Levies	1 January 2014

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

IFRS 9

In 2009 the NSX elected to early adopt IFRS 9 which replaces the existing classification and measurement requirements in IAS 39 for financial assets. The NSX continues to classify and measure interest bearing financial assets at amortised cost as its business model is to hold assets in order to collect contractual cash flows that are solely payments of principal and interest on the outstanding principal; and with the investment in managed prudential unit trusts the NSX has designated the fair value hierarchy for these investments as Level 2 as noted in Note 22.





HOW DOES ONE MEASURE THE PERFORMANCE OF THE NSX ITSELF?

At first glance on page 2 of the Annual Financial statements the NSX did extremely well in 2013 with its income increasing more than ten-fold over the previous two years. The profits of an exchange depend directly on how much their services are used and on sustainability which is underpinned by the certainty of continued licencing and sound investing of its retained income. The services provided by the NSX include the trading system, publishing reliable, prompt information about trading, and compliance with sound regulation as well as investor relations. The share prices of those stock exchanges that have demutualized and listed on their exchange are therefore good indicators of their performance. But as the NSX is still a not for profit association other indicators are the norm.

The NSX, however must apply annually for a licence by the end of the third quarter with the licence being issued in December; has no share price by which to measure its performance. Instead a number of other indicators have to be examined in addition to the normal financial statements to which this report is attached and the movement in reserves is included in a table on page 2 of the Annual Financial Statements.

- The number of listing applications and actual new listings is a good indicator of how many companies want to raise money through the exchange.
 - *In 2013 the primary listing of Bank Windhoek Holdings Limited was a highlight as it was 3.5 times oversubscribed with over 6000 new shareholders participating in the IPO in June 2013. Prior to this only four Namibian Companies were listed in the first decade of this century. In total 12 Namibian Companies have been listed since the formation of the NSX in 1992.*
- The amount of money raised through listings is a good indicator of how important the exchange is in corporate investment.
 - *The Bank Windhoek listing was the largest IPO on the NSX with N\$ 388 million worth of shares on offer.*
- The trades on the exchange can be measured by the number and value of shares traded. See tables on page 2. 2013 trades were worth N\$ 5 507 million or 51% higher than 2012 (excluding that year's concessionary trades).
- The liquidity of the exchange can be measured by dividing the value of shares traded by the free-float market capitalisation of the exchange — the so-called **liquidity ratios**.
 - ***Throughout this report and the Annual Financial Statements the buy and hold mentality and the demand for local assets and the changes to GIPF mandates and the significant increase in existing and new Government bonds, locally, regionally and internationally, continues to dampen the liquidity on the NSX. However, as noted on page 2 of the Annual Financial Statements the method of determining the free-float of each listed equity instrument was changed from a banded percentage to the actual percentage and this lowered the free-float of most companies and thereby increased the liquidity ration. Overall the liquidity ratio based on year end share prices increased from 0.30% to 0.51%. On the primary listed equities the ratio increased to 5.74% with Bank Windhoek Holding shares leading with 14.58% in the six months trading since listing on 28 June 2013.***
- Regulations and Listing requirements.
 - *The NSX is regulated by NAMFISA as stated above in terms of the 1985 Stock Exchanges Control Act and has adapted and adopted the JSE Listing Requirements which will be revamped with changes required in terms of the 2004 Companies Act when the Financial Institutions and Markets Act is enacted.*
- Cost of trading on the NSX.
 - *Namibia's stockbrokers must comply with the NSX's non-negotiable and fixed charges unless application is made for concessionary brokerage limited to expected trades in Namibian companies in excess of N\$ 40 million. In a small market it is essential that level playing fields are maintained and that the brokers earn sufficient income to provide a full service in Namibia and not be controlled by foreign companies. The **Stockbroker must be a Namibian** and the managing director of the corporate member.*
- *Trading costs, as shown on page 2, as a percentage of the traded value are:*

Trades of	N\$10,000	N\$5,000.000	Average
• <i>Brokers fees including contribution to the Guarantee Fund</i>	1.000%	0.418%	0.466%
• <i>NSX Levy, 10% of brokers fees</i>	0.100%	0.042%	0.046%
• <i>NAMFISA levy on trade value</i>	0.040%	0.040%	0.040%
<i>Total cost for each leg of a local trade</i>	1.140%	0.500%	0.552%

- There are six registered stockbrokers on the NSX. Contact details can be found on the back cover of this report.

NAMIBIAN STOCK EXCHANGE MANAGEMENT COMMENTARY AT 31 DECEMBER 2013

This management commentary is the fourth narrative report, by the Board and management of the NSX, which provides additional context to users of the accompanying financial statements of the Namibian Stock Exchange (NSX) and the Group which includes Transfer Secretaries, the Guarantee Fund and the property owning company. All of which have been prepared in accordance with International Financial Reporting Standards. The commentary provides integrated information that explains the performance of the NSX and the amounts presented in the financial statements specifically the NSX's financial position, financial performance and cash flows and serves as a basis for understanding management's objectives and its strategies for achieving the stated objectives.

Nature of business

The NSX is a computerised marketplace for the secondary trading of financial securities such as equities and bonds. It oversees and regulates the activities and trading of its member stockbrokers, sponsors, listed companies and publishes information about trading and general information about stock exchanges.

The Namibian Stock Exchange, which is the only regulated entity in the financial services industry required to be licensed annually by the Namibian Financial Institutions Supervisory Authority participated in the debates and consultations leading to the drafting of the Namibian Financial Sector Strategy. The first outcome of this strategy calls for the NSX to be demutualised and which step NAMFISA has decided to prescribe in the Financial Institutions & Market Bill, which is scheduled to be promulgated in 2014.

- This will require the registration of a company (with share capital) and the transfer to this company of the assets of the NSX within one year from enactment of the Act. This could lead to the NSX being listed if the existing rights holders approve the terms of the listing.

The NSX is an association not-for-profit whose main function is to develop the capital market as the engine of economic growth, development & prosperity of Namibia; to assist listed companies to raise capital; to provide a trading platform in these shares after listing with transparent price discovery; in a regulated environment where best practices corporate governance is prescribed and enforced which encourages investors to buy equities / shares in the first place. The NSX has recently published the Namibia Governance Code.

The role of the NSX is to "list" companies that either want to raise money and then to facilitate the subsequent trading in their shares as easy as possible. It is important to understand that the stock exchange itself does not create or market the business ideas that require finance, which is the responsibility of the stock brokers and sponsors. The ability of a company to raise money on an exchange and the performance of the company's share price after listing depends entirely on the company itself and external economic factors including the government's management of the economy in terms of the legislative framework.

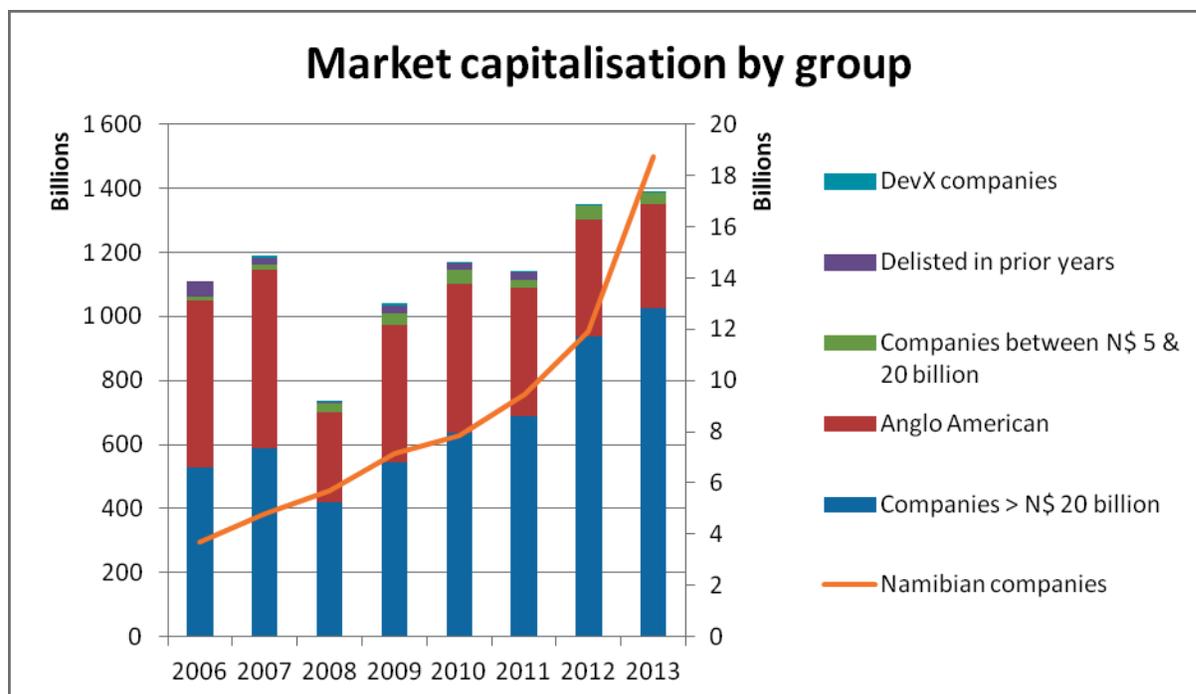
At the end of 2013, the NSX comprised of 43 founder members and six stock broking members (one of which is a founder member). One of the more onerous obligations on becoming a stockbroker is to acquire six rights at the valuation shown in the statement of the changes in rights & reserves. At year end a total of 78 rights had been issued.

These rights holders are entitled to attend the Annual General Meeting held in April each year to approve the annual financial statements and to elect members of the Board of Directors (Executive Committee) to supervise the management of the NSX.



Growth of the NSX

Since its launch in 1992 the market capitalisation of shares listed on the NSX has grown significantly. Over 70 companies have listed on the Main Board and the Development Capital Board (DevX), but attrition through takeovers, transfers to other exchanges and two liquidations have reduced the number to 34.



Primary listed on the stock exchanges in:

Australian - ASX	4
London - LSE	2
London - AIM	0
South Africa - JSE	15
Namibia - NSX	8
Toronto - TSX	5
Total	34

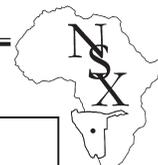
Total market capitalisation is the sum of the number of shares in issue multiplied by the closing share price, in this case the price at 31 December of each year.

Kalahari Minerals plc was listed on AIM in 2011

The NSX has over the years benefited from the Namibian asset requirements of Regulation 28 for Pension Funds and the similar Regulation 15 for long-term insurance companies by the dual / cross / secondary listing of companies listed on other international exchanges which have significant investments in the Namibian economy. Since 1994 pension funds have been required to invest 35% of their respective assets in deemed Namibian assets which include these dual listed shares purchased through a Namibian Stock Broker and reported to the NSX. Effective from 31 December 2013 on 30% of the value of dual listed shares will qualify as Namibian assets and this percentage will reduce by five percentage points each year to ten percent at the end of 2017. **It is impossible to determine the detrimental effect this reduction will have on the NSX results over this period.**

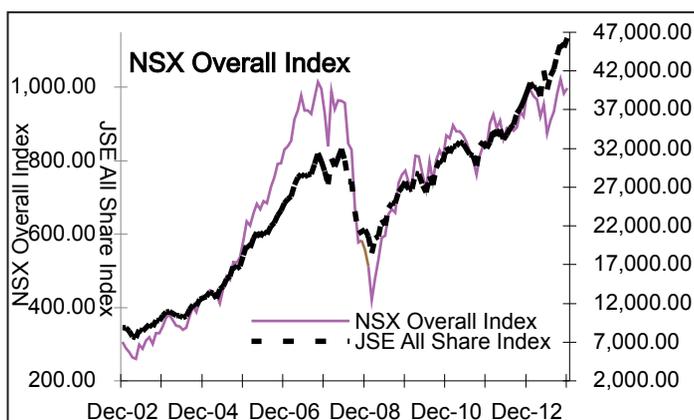
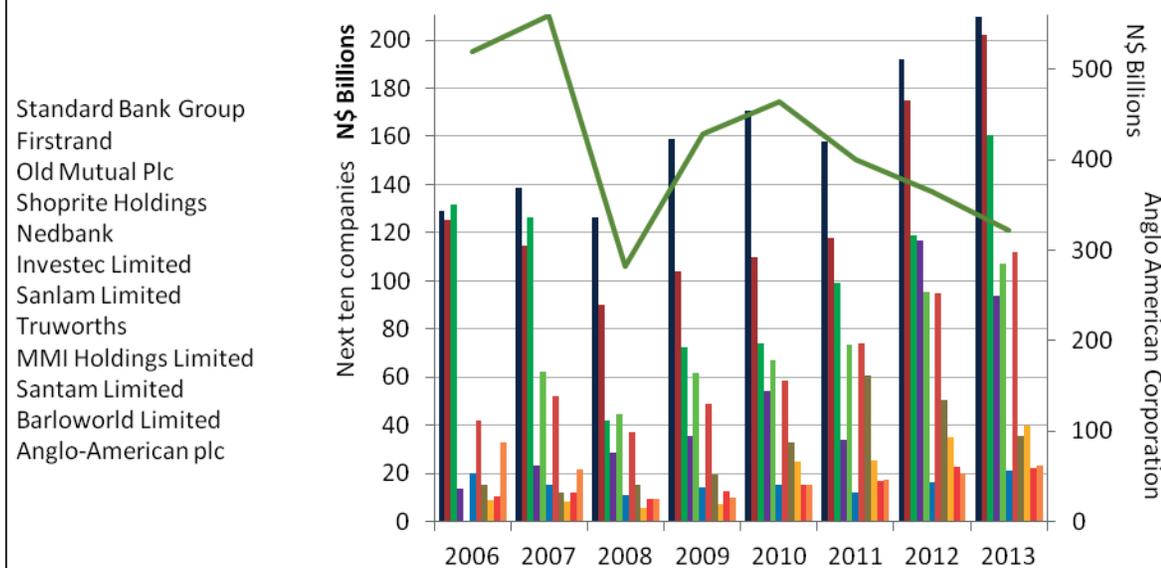
At the end of each day, the NSX publishes information about trading that has taken place and has contracted with FTSE to calculate various indices, each of which is a single number reflecting the price movement of its various components. To cover the costs of preparation, this information is only available to subscribers and posted to the NSX website weekly. At the end of each day, week and month, reports are compiled and distributed to subscribers, brokers, fund managers and other interested parties.

In the next graph the solid line highlights the movement in the market capitalisation of Anglo American Corporation plc against the right hand vertical axis, in billions of Namibia dollars, since December 2006 and compares this to the largest companies listed on the NSX (all within the top 60 on the JSE). Seven of the companies listed below are at year-end highs, while Anglo American, Santam, Shoprite and Truworths are lower than at previous year-end's.



NSX Top 12 - Market Capitalisation

Each < N\$ 20 billion at 31 December 2013



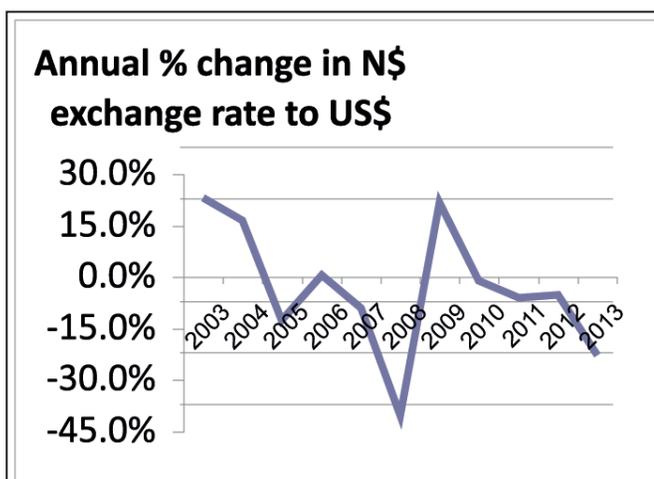
This shows the composite growth based on the price movement in the components of the Overall Index and is compared to the JSE All Share index. As explained above the companies which are not at all-time highs distort the growth in the average investible population as it is most unlikely that an average investor would invest in the Anglo American overweight index.

It must therefore be acknowledged that the index does not reflect an investible benchmark.

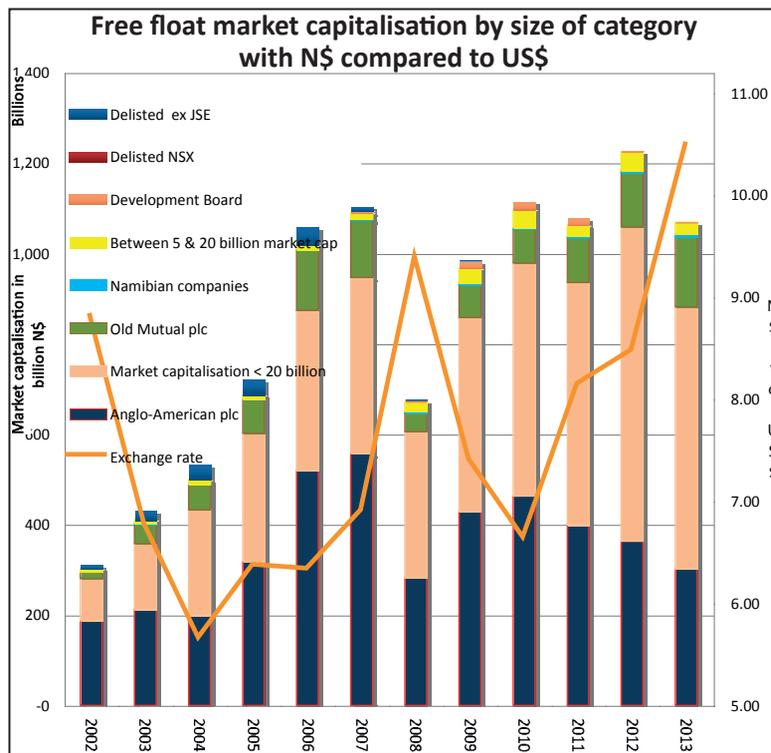
On 11 October 2007 the Overall Index was at an all time high of 1034 and exceed this on 6 November 2013 when it briefly went to 1043.43 and closed at 1.32% up on 2012; while the JSE All share index close at a high of 46256 at the end of the year or 17.85% up for 2013.

- Anglo American was @ N\$ 479.01 in October 2007 and at 31 December 2013 N\$ 229; but
- Old Mutual @ N\$ 24.65 in 2007; dropped to N\$ 4.72 in March 2009; and closed @ N\$ 32.79 at the end of 2013;
- Shoprite and Truworth's both declined in 2013 from N\$ 175 to N\$ 164; and N\$ 92.85 to NS 76.76 respectively;

Although the two LSE shares were initially considered to be Rand (N\$) hedges, the volatility of the Namibia Dollar / ZA Rand against the US Dollar and the introduction of dividend withholding taxes on shareholders included on the RSA register (STRATE); and the decline in Anglo share price since the 2008 financial sector crisis has diluted any benefit from being a rand hedge. However, Anglo remains the most actively traded share on the NSX recording trades in excess of 27% of the 2013 total.



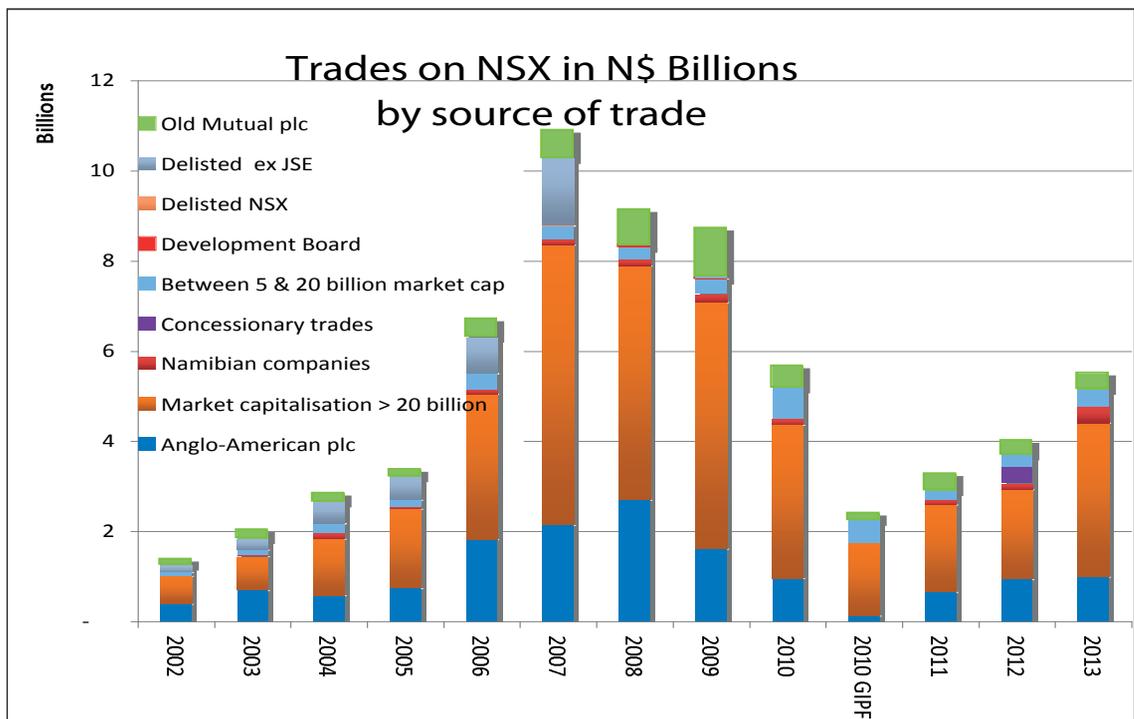
The effect of the above is further shown on the following



A local index which includes only Namibian Primary listed equities is also calculated and published on a daily basis and the growth in this index is shown on page 2. The local index increased by 21.26% in 2013

Trades in equities

Trades are reported by a calendar year and trends, if any, are examined to determine if the value of trades is likely to exceed the forecast for the year, being the average of the preceding three years. To assist in understanding the value of the secondary trades reported by the NSX a stacked column graph has been prepared to highlight the value of each segment.



As shown above Old Mutual and Anglo American Corporation plc have significantly influenced the trading and reporting on the NSX and are shown separately; other companies are grouped together as follows:

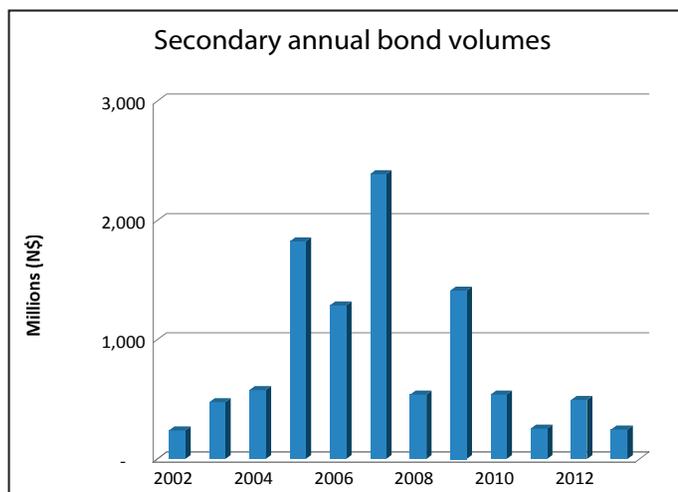
- all companies with market capitalisation greater than N\$ 20 billion;
- Namibian companies (irrespective of size or primary listing);
- Companies other than Namibian incorporated with a market cap of between N\$ 5 and 20 billion;
- Companies which have been delisted on either the NSX or JSE since 2003;
- All companies on the development capital board – at present only ASX and TSX companies; and
- The trades referred to above as concessionary trades – which would not have been traded on the NSX without applying the discretionary brokerage.
- Concessionary trades are large blocks (> N\$ 40 million) of a single primary listed entity for which a preferential trading cost is approved by the NSX to encourage all secondary trades to be reported to the market.

In addition, in the second quarter of 2010 GIPF, a defined benefit fund for Government employees & the largest Pension Fund in Namibia implemented a major revision to its asset management mandates which necessitated the sale and purchase of a number of dual listed equities via an off-shore international transitional manager.

Traded values have been decreasing since the high of 2007 with 2013 increasing significantly over 2011 and 2012.

Trades by sector are equally difficult to predict as the trades are dependent upon the general commodity or financial services cycle.

Trades in Bonds

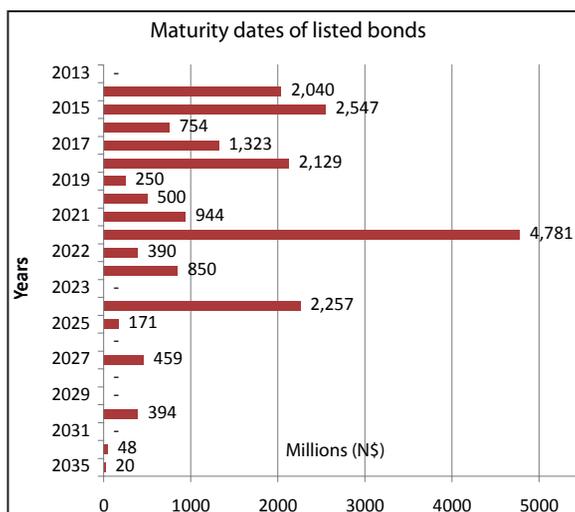


The values of issued bonds in N\$ millions are:

Government	10,890
State Owned Enterprises	
Namibia, only	927
Dual listed on BESA / JSE	500
Commercial Banks	1,809
Corporate	100

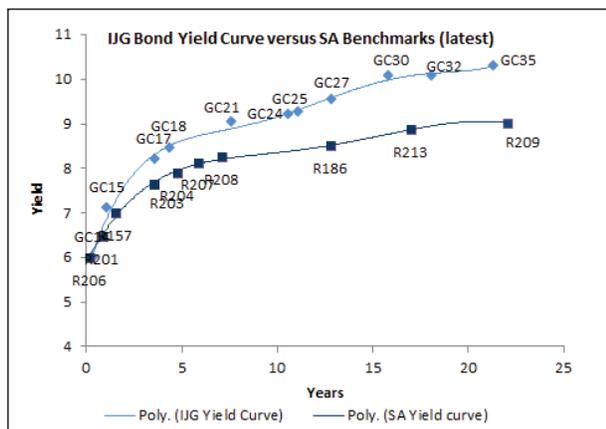
This is in addition to the US\$ 500 million raised in Europe in 2011 – now the equivalent of N\$5.24 billion; ZAR 850 million listed on the JSE; and the N\$ 7,992 billion outstanding Treasury Bills.

These are the secondary trades in all listed bonds as reported to the NSX by its stockbrokers and some of the other traders.



The number at the end of the bar is the total value of maturities for the year

IJG calculated Yield Curve as of 31 December 2013 to be updated



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

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