

Rosh Pinah Health Care (Proprietary) Limited
(Registration number 2006/701)
Annual Financial Statements
for the year ended 31 December 2014

Rosh Pinah Health Care (Proprietary) Limited

(Registration number 2006/701)

Annual Financial Statements for the year ended 31 December 2014

General Information

| | |
|---|--|
| Country of incorporation and domicile | Namibia |
| Nature of business and principal activities | Leasing out of medical equipment and buildings and conducting services related thereto. |
| Directors | MHK Kaulinge T Justus |
| Registered office | 24 Orban Street Windhoek Namibia |
| Business address | 98 Ondye Drive Rosh Pinah Namibia |
| Postal address | Private Bag 2003 Rosh Pinah Namibia |
| Auditors | CR van Wyk & Company Registered Accountants and Auditors Chartered Accountants (Namibia) |
| Secretary | Swart Grant Angula |
| Company registration number | 2006/701 |

Rosh Pinah Health Care (Proprietary) Limited

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Annual Financial Statements for the year ended 31 December 2014

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

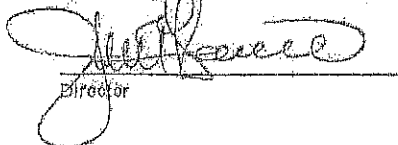
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 20, which have been prepared on the going concern basis, were approved by the board of directors on 27/4/2015 and were signed on its behalf by:



Director

Director

Independent Auditor's Report

To the shareholders of Rosh Pinah Health Care (Proprietary) Limited

We have audited the annual financial statements of Rosh Pinah Health Care (Proprietary) Limited, as set out on pages 6 to 20, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual 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 company'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 annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Rosh Pinah Health Care (Proprietary) Limited as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of Namibia.

CR van Wyk & Company

CR van Wyk & Company
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: S van Rooyen
Partner

27 APRIL 2015

Rosh Pinah Health Care (Proprietary) Limited

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Annual Financial Statements for the year ended 31 December 2014

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Rosh Pinah Health Care (Proprietary) Limited for the year ended 31 December 2014.

1. Incorporation

The company was incorporated on 27 December 2006 and obtained its certificate to commence business on the same day.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Directorate

The directors in office at the date of this report are as follows:

| Directors | Nationality |
|--------------|-------------|
| MHK Kaulinge | Namibian |
| T Justus | Namibian |

There have been no changes to the directorate for the year under review.

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

CR van Wyk & Company continued in office in accordance with the Companies Act of Namibia.

7. Secretary

The company secretary is Swart Grant Angula.

Postal address

PO Box 30
Klein Windhoek
Windhoek
Namibia

Business address

24 Orban Street
Windhoek
Namibia

8. Shareholders

Skorpion Zinc (Proprietary) Limited and Rosh Pinah Zinc Corporation (Proprietary) Limited are the respective shareholders.

Rosh Pinah Health Care (Proprietary) Limited

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Annual Financial Statements for the year ended 31 December 2014

Statement of Financial Position as at 31 December 2014

| | Note(s) | 2014 N\$ | 2013 N\$ |
|-------------------------------------|---------|------------------|------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 60,061 | 196,095 |
| Investment property | 2 | 4,776,736 | 6,173,986 |
| | | <u>4,836,797</u> | <u>6,370,081</u> |
| Current Assets | | | |
| Trade and other receivables | 6 | 138,264 | 324,091 |
| Current tax receivable | | 64,773 | 64,773 |
| Cash and cash equivalents | 7 | 1,404,158 | 816,319 |
| | | <u>1,607,195</u> | <u>1,205,183</u> |
| Total Assets | | <u>6,443,992</u> | <u>7,575,264</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 8 | 13,894,813 | 13,894,813 |
| Accumulated loss | | (8,259,009) | (6,546,720) |
| | | <u>5,635,804</u> | <u>7,348,093</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Loans from group companies | 4 | 171,961 | 177,453 |
| Trade and other payables | 9 | 636,227 | 49,718 |
| | | <u>808,188</u> | <u>227,171</u> |
| Total Equity and Liabilities | | <u>6,443,992</u> | <u>7,575,264</u> |

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Annual Financial Statements for the year ended 31 December 2014

Statement of Profit or Loss and Other Comprehensive Income

| | Note(s) | 2014 N\$ | 2013 N\$ |
|--|---------|--------------------|--------------------|
| Revenue | 11 | 999,772 | 1,000,624 |
| Operating expenses | | (2,713,874) | (2,329,660) |
| Operating loss | 12 | (1,714,102) | (1,329,036) |
| Investment revenue | | 1,813 | 1,415 |
| Loss for the year | | (1,712,289) | (1,327,621) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | (1,712,289) | (1,327,621) |

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Annual Financial Statements for the year ended 31 December 2014

Statement of Changes in Equity

| | Share capital N\$ | Share premium N\$ | Total share capital N\$ | Accumulated loss N\$ | Total equity N\$ |
|--|----------------------|----------------------|-------------------------------|----------------------------|---------------------|
| Balance at 01 January 2013 | 200 | 13,894,613 | 13,894,813 | (5,219,099) | 8,675,714 |
| Loss for the year | - | - | - | (1,327,621) | (1,327,621) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive Loss for the year | - | - | - | (1,327,621) | (1,327,621) |
| Balance at 01 January 2014 | 200 | 13,894,613 | 13,894,813 | (6,546,720) | 7,348,093 |
| Loss for the year | - | - | - | (1,712,289) | (1,712,289) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive Loss for the year | - | - | - | (1,712,289) | (1,712,289) |
| Balance at 31 December 2014 | 200 | 13,894,613 | 13,894,813 | (8,259,009) | 5,635,804 |
| Note(s) | 8 | 8 | 8 | | |

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Statement of Cash Flows

| | Note(s) | 2014 N\$ | 2013 N\$ |
|---|---------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 15 | 591,518 | 417,833 |
| Interest income | | 1,813 | 1,415 |
| Net cash from operating activities | | 593,331 | 419,248 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 3 | - | (15,898) |
| Purchase of investment property | 2 | - | (13,194) |
| Decrease in loan from shareholders | | (5,492) | - |
| Net cash from investing activities | | (5,492) | (29,092) |
| Total cash movement for the year | | 587,839 | 390,156 |
| Cash at the beginning of the year | | 816,319 | 426,163 |
| Total cash at end of the year | 7 | 1,404,158 | 816,319 |

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Annual Financial Statements for the year ended 31 December 2014

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

The presentation of annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the company's accounting policies.

a) Standards early adopted by the company

No standards have been early adopted.

(b) International Financial Reporting Standards and amendments not yet effective for the 31 December 2014 year-end

At the date of statement of financial position of these financial statements, other than the Standards and Interpretations adopted by the company in advance of their effective date (as described in (a) above), the following were in issue but not yet effective:

- IFRS 9 Financial Instruments - (effective for accounting periods beginning on or after 1 January 2018);
- IFRS 10 Consolidated Financial Statements - (effective for accounting periods beginning on or after 1 April 2014);

(c) International Financial Reporting Standards and amendments effective for the first time for 31 December 2014 year-end

- IFRS 12 Disclosure of Interests in Other Entities Arrangements (effective for accounting periods beginning on or after 1 January 2014); and
- IAS 27 Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2014);

The adoption of these Standards and Interpretations have no material impact on the annual financial statements of the company in the period of initial application, except for certain amended disclosures.

These accounting policies are consistent with the previous period.

1.1 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

| Item | Useful life |
|----------------------|-------------|
| Property - buildings | 10 years |

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Accounting Policies

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Furniture and fixtures | Straight line | 5 years |
| Motor vehicles | Straight line | 3 years |
| IT Equipment | Straight line | 3 Years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the (company/group) holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.3 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

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Accounting Policies

1.3 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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Accounting Policies

1.3 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

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Accounting Policies

1.5 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Revenue

Rental income is measured at the fair value of the consideration received or receivable and represents the amounts receivable as per rental agreement over the term of the lease.

Interest is recognised, in profit or loss, using the effective interest rate method.

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Notes to the Annual Financial Statements

| | 2014 N\$ | 2013 N\$ |
|--|-------------|-------------|
|--|-------------|-------------|

2. Investment property

| | 2014 | | | 2013 | | |
|---------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Investment property | 13,972,590 | (9,195,854) | 4,776,736 | 13,972,590 | (7,798,604) | 6,173,986 |

Reconciliation of investment property - 2014

| | Opening balance | Depreciation | Total |
|---------------------|-----------------|--------------|-----------|
| Investment property | 6,173,986 | (1,397,250) | 4,776,736 |

Reconciliation of investment property - 2013

| | Opening balance | Additions | Depreciation | Total |
|---------------------|-----------------|-----------|--------------|-----------|
| Investment property | 7,556,830 | 13,194 | (1,396,038) | 6,173,986 |

The buildings are situated on the following stands: Erf 98, Erf 523, Erf 7, Erf 234A, Erf 234 B, Erf 233 B, Erf 2, Erf 39 and units 215 F and 216 F, all situated in Rosh Pinah. The land is not proclaimed, and thus permission was obtained for erecting buildings on applicable stands from the Ministry of Land and Resettlement. The buildings were obtained on 26 February 2008.

The fair value of the buildings is N\$ 13,972, 590 (2013 : N\$ 13,972,590) according to a directors' valuation based on the market evidence of most recent prices achieved in arms length transactions of similar properties in the area.

The property is leased out under operating lease to one tenant. The initial contract was for a period of one year, after which it may be extended as negotiated.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

3. Property, plant and equipment

| | 2014 | | | 2013 | | |
|------------------------|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Furniture and fixtures | 64,466 | (63,739) | 727 | 64,466 | (61,478) | 2,988 |
| Motor vehicles | 752,795 | (752,795) | - | 752,795 | (752,795) | - |
| IT equipment | 1,560,546 | (1,501,212) | 59,334 | 1,560,546 | (1,367,439) | 193,107 |
| Total | 2,377,807 | (2,317,746) | 60,061 | 2,377,807 | (2,181,712) | 196,095 |

Reconciliation of property, plant and equipment - 2014

| | Opening balance | Depreciation | Total |
|------------------------|-----------------|------------------|---------------|
| Furniture and fixtures | 2,988 | (2,261) | 727 |
| IT equipment | 193,107 | (133,773) | 59,334 |
| | 196,095 | (136,034) | 60,061 |

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Notes to the Annual Financial Statements

| | 2014 N\$ | 2013 N\$ |
|--|-------------|-------------|
|--|-------------|-------------|

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

| | Opening balance | Additions | Depreciation | Total |
|------------------------|--------------------|---------------|------------------|----------------|
| Furniture and fixtures | 9,590 | - | (6,602) | 2,988 |
| Motor vehicles | 164,752 | - | (164,752) | - |
| IT equipment | 322,620 | 15,898 | (145,411) | 193,107 |
| | 496,962 | 15,898 | (316,765) | 196,095 |

4. Loans to (from) group companies

Holding Companies

| | | |
|---|------------------|------------------|
| Rosh Pinah Zinc Corporation (Proprietary) Limited | (28,021) | (28,021) |
| Skorpion Zinc (Proprietary) Limited | (143,940) | (149,432) |
| | (171,961) | (177,453) |

These loans are unsecured, interest-free and they have no fixed terms of repayment.

These arrangements are reviewed from time to time.

Fair value of loans to and from group companies

| | | |
|----------------------------|-----------|-----------|
| Loans from group companies | (171,961) | (177,453) |
|----------------------------|-----------|-----------|

The carrying amount of loans to and from group companies are denominated in the following currencies:

| | | |
|------------------|-----------|-----------|
| Namibian Dollars | (171,961) | (177,453) |
|------------------|-----------|-----------|

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2014

| | Loans and receivables | Total |
|-----------------------------|--------------------------|------------------|
| Trade and other receivables | 138,264 | 138,264 |
| Cash and cash equivalents | 1,404,158 | 1,404,158 |
| | 1,542,422 | 1,542,422 |

2013

| | Loans and receivables | Total |
|-----------------------------|--------------------------|------------------|
| Trade and other receivables | 229,394 | 229,394 |
| Cash and cash equivalents | 816,319 | 816,319 |
| | 1,045,713 | 1,045,713 |

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| | 2014 N\$ | 2013 N\$ |
|---------------------------------------|----------------|----------------|
| 6. Trade and other receivables | | |
| Trade receivables | 101,365 | 180,652 |
| Prepayments (if immaterial) | 26,714 | 38,557 |
| Deposits | 10,185 | 10,185 |
| VAT | - | 94,697 |
| | 138,264 | 324,091 |

7. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------|-----------|---------|
| Bank balances | 1,404,158 | 816,319 |
|---------------|-----------|---------|

8. Share capital

Authorised

| | | |
|-----------------------------------|-------|-------|
| 4000 Ordinary shares of N\$1 each | 4,000 | 4,000 |
|-----------------------------------|-------|-------|

Reconciliation of number of shares issued:

| | | |
|--------------------------------|-----|-----|
| Reported as at 01 January 2014 | 200 | 200 |
|--------------------------------|-----|-----|

3,800 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued

| | | |
|----------------------------------|-------------------|-------------------|
| 200 Ordinary shares of N\$1 each | 200 | 200 |
| Share premium | 13,894,613 | 13,894,613 |
| | 13,894,813 | 13,894,813 |

9. Trade and other payables

| | | |
|-----------------------------|----------------|---------------|
| Trade payables | 165,690 | 38,773 |
| Amounts received in advance | 760 | 760 |
| VAT | 459,592 | - |
| Deposits received | 10,185 | 10,185 |
| | 636,227 | 49,718 |

VAT: Included in the VAT amount is penalties and interest accrued of N\$ 405,008. This relates to non submission of VAT returns and payments.

10. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2014

| | Financial liabilities at amortised cost | Total |
|----------------------------|--|----------------|
| Loans from group companies | 171,961 | 171,961 |
| Trade and other payables | 175,875 | 175,875 |
| | 347,836 | 347,836 |

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| | 2014 N\$ | 2013 N\$ |
|--|---|----------------|
| 10. Financial liabilities by category (continued) | | |
| 2013 | | |
| | Financial liabilities at amortised cost | Total |
| Loans from group companies | 177,453 | 177,453 |
| Trade and other payables | 48,958 | 48,958 |
| | 226,411 | 226,411 |
| 11. Revenue | | |
| Rental Income | 999,772 | 1,000,624 |
| 12. Operating loss | | |
| Operating loss for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Premises | | |
| • Contractual amounts | 163,657 | 169,197 |
| Depreciation on property, plant and equipment | 136,034 | 316,765 |
| Depreciation on investment property | 1,397,250 | 1,396,038 |
| 13. Taxation | | |
| Major components of the tax expense | | |
| Reconciliation of the tax expense | | |
| Reconciliation between accounting profit and tax expense. | | |
| Accounting loss | (1,712,289) | (1,327,621) |
| Tax at the applicable tax rate of 33% (2013: 33%) | (565,055) | (438,115) |
| Tax effect of adjustments on taxable income | | |
| Interest and penalties not deductible | 200,682 | - |
| Deferred tax asset not created | 364,373 | 438,115 |
| | - | - |
| No provision has been made for 2014 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is N\$ 2,369,469 (2013: N\$ 2,119,774). | | |
| 14. Auditors' remuneration | | |
| Fees | 51,519 | 63,300 |

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| | 2014 N\$ | 2013 N\$ |
|---|----------------|----------------|
| 15. Cash generated from operations | | |
| Loss before taxation | (1,712,289) | (1,327,621) |
| Adjustments for: | | |
| Depreciation and amortisation | 1,533,284 | 1,712,803 |
| Interest received - investment | (1,813) | (1,415) |
| Changes in working capital: | | |
| Consumables | - | 95,711 |
| Trade and other receivables | 185,827 | (85,309) |
| Trade and other payables | 586,509 | 23,664 |
| | 591,518 | 417,833 |

16. Tax refunded

| | | |
|----------------------------------|----------|----------|
| Balance at beginning of the year | 64,773 | 64,773 |
| Balance at end of the year | (64,773) | (64,773) |
| | - | - |

17. Contingencies

The tax status report indicated that there were outstanding provisional income tax returns (2012-2014) as at 31 December 2014. Penalties estimated of N\$255,800 are payable. No accrual has been raised for this amount since management is of the opinion that the penalties will be waived.

18. Related parties

| | |
|----------------------|---|
| Relationships | |
| Shareholder | Skorpion Zinc (Proprietary) Limited |
| Shareholder | Rosh Pinah Zinc Corporation (Proprietary) Limited |
| Significant Customer | Tamar Health CC |

Related party balances

Loan accounts - Owing (to) by related parties

| | | |
|---|-----------|-----------|
| Rosh Pinah Zinc Corporation (Proprietary) Limited | (28,021) | (28,021) |
| Skorpion Zinc (Proprietary) Limited | (143,940) | (149,432) |

Related party transactions

Rent paid to (received from) related parties

| | | |
|-------------------------------------|-----------|-------------|
| Skorpion Zinc (Proprietary) Limited | 163,657 | 169,197 |
| Tamar Health CC | (999,772) | (1,000,624) |

19. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 4 cash and cash equivalents disclosed in note 7, and equity as disclosed in the statement of financial position.

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| | 2014 N\$ | 2013 N\$ |
|--|-------------|-------------|
|--|-------------|-------------|

19. Risk management (continued)

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | | |
|--------------------------|--|---------------------|
| At 31 December 2014 | | Less than 1 year |
| Borrowings | | 171,961 |
| Trade and other payables | | 636,227 |
| At 31 December 2013 | | Less than 1 year |
| Borrowings | | 177,453 |
| Trade and other payables | | 49,718 |

Interest rate risk

Borrowings are obtained from related party companies and interest rates are measured in accordance with policies set down by the Anglo American plc Group treasury function. Currently no interest is charged on related party company loans.

Interest is earned on short-term funds deposited with banks and in terms of the company's expectations an increase/decrease of 1% in the rate would result in an interest earnings of N\$11,102 (2013: N\$8,163).

Credit risk

The company's main exposure to credit risk is the leasing to a single customer. Payments are collected on a monthly basis. No default has been experienced.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Foreign exchange risk

The company has no exposure to foreign exchange fluctuations.

The company reviews its foreign currency exposure, including commitments on an ongoing basis.