SKORPION ZINC (PROPRIETARY) LIMITED

(Registration Number: 97/146)

ANNUAL FINANCIAL STATEMENTS
31 March 2016

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SKORPION ZINC (PROPRIETARY) LIMITED

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company's auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 3 and 4.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The directors are satisfied that the company has adequate resources and financial support to remain a going concern. The annual financial statements on pages 5 to 26 have therefore been prepared on a going concern basis.

A directors' report has not been prepared as the company is a wholly owned subsidiary of THL Zinc Namibia Holdings (Proprietary) Limited, a company incorporated in Namibia.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 26 were approved by the board of directors on 25 April 2016 and are signed on their behalf by:

DIRECTOR M. C MUNROE

DIRECTOR D Nado

Deloitte.

PO Box 47
Windhoek
Namibia

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SKORPION ZINC (PROPRIETARY) LIMITED

We have audited the annual financial statements of Skorpion Zinc (Proprietary) Limited set out on pages 5 to *26*, which comprise the statement of financial position as at 31 March 2016, 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 Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibian Companies Act, and for such internal control as the directors determine is necessary to enable 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 about 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SKORPION ZINC (PROPRIETARY) LIMITED (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Skorpion Zinc (Proprietary) Limited as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Namibian Companies Act.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: J Cronjé
Partner
Windhoek

25 April 2016

SKORPION ZINC (PROPRIETARY) LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Notes	31-Mar 2016 N$	31-Mar 2015 N$
ASSETS			
NON-CURRENT ASSETS		985 770 389	985 748 226
Subsidiary companies	2	960 482 597	959 576 968
Investments	3	25 287 792	26 171 258
CURRENT ASSETS		1 317 633	1 934 229
Taxation	9.2	339 447	328 567
Bank balances and cash	5	978 186	1 605 662
TOTAL ASSETS		987 088 022	987 682 455
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		4 740 505	5 376 764
Share capital	6	101	101
Share premium	6	5 107 921	5 107 921
Retained (loss) income		(367 517)	268 742
CURRENT LIABILITIES		982 347 517	982 305 691
Holding company loan	4	982 298 055	982 298 055
Other payables		49 462	7 636
TOTAL EQUITY AND LIABILITIES		987 088 022	987 682 455

SKORPION ZINC (PROPRIETARY) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2016

	Notes	2 016	2015
		N$	N$
Dividends received		-	617 500 000
Administrative expenses		(696 772)	(1 177 519)
OPERATING (LOSS) BEFORE NET FINANCE INCOME		(696 772)	616 322 481
Net finance costs		60 513	136 917
- Finance income	7	62 432	136 917
- Finance costs	7	(1 919)	-
(LOSS) PROFIT BEFORE TAXATION		(636 259)	616 459 398
Taxation	8	-	-
(LOSS) PROFIT FOR THE YEAR		(636 259)	616 459 398
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(636 259)	616 459 398

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016

	Note	Share capital	Share premium	Retained income	Total
		N$	N$	N$	N$
Balance at 1 April 2014		101	5 107 921	59 344	5 167 366
Comprehensive income for the year		-	-	616 459 398	616 459 398
Dividends declared and paid	11	-	-	(616 250 000)	(616 250 000)
Balance at 31 March 2015	6	101	5 107 921	268 742	5 376 764
Comprehensive loss for the year		-	-	(636 259)	(636 259)
Balance at 31 March 2016		101	5 107 921	(367 517)	4 740 505

SKORPION ZINC (PROPRIETARY) LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Notes	31-Mar-16	31-Mar-15
		N$	N$
CASH FLOWS FROM OPERATING ACTIVITIES		(605 313)	77 484
Dividends received		-	617 500 000
Cash paid to suppliers and employees		(654 946)	(1 245 761)
Cash (utilised) generated by operations	9.1	(654 946)	616 254 239
Net finance income		60 513	136 917
Taxation paid	9.2	(10 880)	(63 672)
Dividends paid		-	(616 250 000)
CASH FLOWS FROM INVESTING ACTIVITIES		(22 164)	7 207 124
(Increase) decrease in loans to subsidiaries		(905 630)	5 000 941
Decrease in loan to RoshSkor Township (Proprietary) Limited		883 466	2 206 183
CASH FLOWS FROM FINANCING ACTIVITIES		-	(11 750 000)
Decrease in loans from holding company		-	(11 750 000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(627 477)	(4 465 392)
Cash and cash equivalents at the beginning of the year		1 605 662	6 071 054
CASH AND CASH EQUIVALENTS at the end of the year		978 186	1 605 662

1. ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis except for certain financial instruments where the fair value bases of accounting are adopted. The principle accounting policies of the company, which are set out below, have been consistently applied and comply in all material respects with International Financial Reporting Standards ("IFRS").

Historical cos is generally based on the fair value of the consideration given in exchange for goods and services. The functional currency of the company is the Namibia Dollar (N$).

The Company has elected not to produce consolidated financial statements as allowed by Par 4(a) of IFRS 10: Consolidated and Separate Financial Statements since the Company's holding company, incorporated in Namibia, is preparing consolidated financial statements.

The company has adopted all standards and interpretations that were effective for the current year. The adoption of these standards did not have any significant effect on the financial position, results from operations, cash flows or disclosures.

At the date of authorisation of these financial statements, the following Standards and Interpretations were issued but not yet effective:

New/Revised International Financial Reporting Standards		**Effective for annual periods beginning on or after**
IFRS 16	Leases Introduction of a single lease accounting model and enhancements of disclosures.	1 January 2019
IFRS 15	Revenue from Contracts from Customers Changes to revenue recognition criteria and additional disclosure requirements	1 January 2018
IFRS 9	Financial Instruments Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing recognition requirements	1 January 2018
IFRS 5	Non-current assets Held for Sale and Discontinued Operations Clarity that a change in the manner of disposal of a non-current asset or disposal group held for sale does not result in a change of classification as held for sale does not change.	1 January 2016
IFRS 7	Financial Instruments: Disclosures	1 January 2016
IFRS 10	Consolidated Financial Statements Amendments for investment entities	1 January 2016
IFRS 11	Joint Arrangements Guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business	1 January 2016
IAS 1	Presentation of Financial Statements Encouragement to entities to apply professional judgement in determining what information to disclose in their financial statements	1 January 2016
IAS 28	Investments in Associates and Joint Ventures	1 January 2016
IAS 34	Interim Financial Reporting	1 January 2016

IAS 16	Financial Instruments: Presentation Amendments relating to the offsetting of financial assets and financial liabilities	1 January 2016
IAS 19	Defined Benefit Plans: Employee Contributions Clarity of the requirements of to determine the discount rate in a regional market sharing the same currency.	1 January 2016
IAS 27	Consolidated and Separate Financial Statements Amendments to allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements	1 January 2016
IAS 38	Intangible Assets Clarity on the principles and the basis for the calculation of depreciation and amortisation	1 January 2016
IFRS 12	Disclosure of Interests in Other Entities Amendments for investment entities	1 January 2016

A reliable estimate of the impact of the adoption of the recent amendments for the Company has not yet been determined; however directors anticipate that the adoption of the recent standards and interpretations will have no material impact on the annual financial statements in future periods, except for disclosure to the annual financial statements.

1. ACCOUNTING POLICIES (continued)

1.1 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation is provided on the statement of financial position liability method in respect of net temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of assessable tax profit. In general, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred taxation is calculated at the rate that is expected to apply to the period when the asset is realised or the liability is settled. Deferred taxation is charged or credited to profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

1.2 Financial instruments

Initial recognition and measurement

All financial instruments, including derivative instruments, are recognised on the statement of financial position. Financial instruments are initially recognised when the group becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given (financial asset) or received (financial liability or equity instrument) for it. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Subsequent to initial recognition these instruments are measured as set out below.

1. ACCOUNTING POLICIES (continued)

1.2 Financial instruments (continued)

Fair value methods and assumptions

The fair value of financial instruments traded in an organised financial market are measured at the applicable quoted prices, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at the reporting date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the asset or settle the liabilities.

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.

The fair value methods used are consistent with the requirements of IFRS 13.

Derecognition

Financial assets (or a portion thereof) are de-recognised when the company realises the rights to the benefits specified in the contract, the rights expire or the company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, 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 profit and loss.

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

Financial assets

The group's principal financial assets are group company loans and receivables, investments and bank and cash balances:

Financial assets at Fair Value Through Profit and Loss ("FVTPL")

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

1. ACCOUNTING POLICIES (continued)

1.2 Financial instruments (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available For Sale ("AFS") financial assets

Unlisted shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised through other comprehensive income to the investments revaluation reserve, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividend is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

1. ACCOUNTING POLICIES (continued)

1.2 Financial instruments (continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Group company loans and receivables

Group company loans and receivables originated by the company are stated at amortised cost.

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. Cash and cash equivalents are measured at fair value.

Investment in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the company has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The interim amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Financial liabilities

The group's principal financial liabilities are group company loans and payables and trade and other payables:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

1. ACCOUNTING POLICIES (continued)

1.2 Financial instruments (continued)

Financial liabilities at FVTPL (continued)

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial liability.

Group company loans and payables
Group company loans and payables are recognised at amortised cost, which is the original debt less principal repayments and amortisations.

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

Equity instruments
Equity instruments issued by the group are recorded at the value of proceeds received less directly attributable costs.

1.3 Impairments

At each the reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1. ACCOUNTING POLICIES (continued)

1.3 Impairments (continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. The discount rate applied is based upon the directors' best estimates of weighted average cost of capital, with appropriate adjustment made for local conditions.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.4 Revenue recognition

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

1.5 Judgements made by management

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

- **Valuation of financial instruments**
  The valuation of financial instruments is based on the market situation and the ability of counter party to repay its loans at the reporting date.

- **Going concern**
  The Directors have assessed the ability of the company to continue as a going concern and given the ability of the company to direct the operations and cash flows of its subsidiary Namzinc (Pty) Ltd consider the going concern basis of accounting appropriate despite the accumulated deficit at year end.

1. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty and judgments

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

Recoverability of receivables: The directors have assessed the recoverability of the receivables, notably loans to related parties. The directors evaluated the ability of subsidiaries to repay the debt and have concluded that no impairment is required given the current and forecast financial position of Namzinc (Pty) Ltd, and the fact that Namzinc has subordinated its debt to Skorpion Mining Company.

The directors do not consider there to be any significant sources of estimation uncertainty, other than regarding the recoverability of its investments in subsidiaries and loans owed by subsidiaries.

2. SUBSIDIARY COMPANIES

Shares at cost

	Issued capital	Percentage held 2016	Percentage held 2015	2016 N$	2015 N$
Skorpion Mining Company (Proprietary) Limited	100	100%	100%	2 553 961	2 553 961
Namzinc (Proprietary) Limited	100	100%	100%	2 553 961	2 553 961
Amica Guest House (Proprietary) Limited	100	100%	100%	100	100
Total shares at cost				5 108 022	5 108 022
Amounts owed by subsidiaries:					
Skorpion Mining Company (Proprietary) Limited				398 886 056	398 041 846
Namzinc (Proprietary) Limited				556 488 519	556 427 100
Total loans				955 374 575	954 468 946
Net investment in subsidiary companies				960 482 597	959 576 968

	2016 N$	2015 N$
3. INVESTMENTS		
UNLISTED		
Shares at cost		
50 Ordinary shares of N$1 each in RoshSkor Township (Proprietary) Limited (Directors' valuation: N$50)	50	50
Shares at cost		
69 Ordinary shares of N$1 each in Rosh Pinah Health Care (Proprietary) Limited	69	69
69 Ordinary shares of N$1 each with a share premium of N$138 947.13 per share (Directors' valuation: N$9 587 421)	9 587 352	9 587 352
Amounts owing by:		
Rosh Pinah Health Care (Proprietary) Limited	143 940	143 940
RoshSkor Township (Proprietary) Limited	15 556 381	16 439 847
Net investment	25 287 792	26 171 258

4. RELATED PARTIES

The company's holding company is THL Zinc Namibia Holdings (Proprietary) Limited incorporated in Namibia.

Details of transactions between the Group and other related parties as well as the company and its subsidiaries are disclosed below.

During the period, the company entered into the following trading transactions with its subsidiaries.

	Amounts owed to related parties		Amounts due by related parties*	
	2016 N$	2015 N$	2016 N$	2015 N$
THL Zinc Namibia Holdings (Proprietary) Limited	982 298 055	982 298 055	-	-
Namzinc (Proprietary) Limited	-	-	556 488 519	556 427 100
Skorpion Mining Company (Proprietary) Limited	-	-	398 886 050	398 041 846
	982 298 055	982 298 055	955 374 569	954 468 946

The loans are interest free and have no fixed terms of repayment.

*Included in subsidiary companies. See Note 2.

	2016 N$	2015 N$
5. BANK BALANCES AND CASH		
Bank balances and cash comprise cash and short-term deposits. The carrying amounts of these assets approximate their fair value.		
Bank balances and cash are denominated as follows:		
- Local currency:	978 186	1 605 662
6. SHARE CAPITAL AND PREMIUM		
Authorised 4 000 ordinary shares of N$1 each	4 000	4 000
Issued 101 ordinary shares of N$1 each	101	101
Share premium	5 107 921	5 107 921
The unissued shares are under the control of the directors until the next annual general meeting.		
7. FINANCE INCOME		
Finance income - Bank	62 432	136 917
Less: Finance costs - Net foreign exchange gain	(1 919)	-
	60 513	136 917

8. TAXATION

	2016 N$	2015 N$
Namibian Normal Taxation		
Current taxation	-	-
Reconciliation of tax rate		
	%	%
- standard statutory tax rate	32.0	33.0
- income not subject to taxation	(32.0)	(33.0)
Effective tax rate	-	-

9. NOTES TO THE STATEMENT OF CASH FLOWS

9.1 RECONCILIATION OF LOSS PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS

	N$	N$
(Loss) Profit before taxation	(636 259)	616 459 398
Net Finance income	(60 513)	(136 917)
	(696 772)	616 322 481
Working capital changes	41 826	(68 242)
Trade and other payables	41 826	(68 242)
Cash (utilised) generated by operations	(654 946)	616 254 239

9.2 TAXATION PAID

Balance receivable at beginning of the year	(328 567)	(264 895)
Charge to profit and loss	-	-
Balance receivable at the end of the year	339 447	328 567
Taxation paid	10 880	63 672

10. FINANCIAL RISK AND CAPITAL MANAGEMENT

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2015.

The capital structure of the company consists of a holding company loan, cash and cash equivalents and equity attributable to the equity holder, comprising issued capital and retained earnings.

Foreign currency management

The company has no direct exposure to significant foreign currency fluctuations.

Interest rate management

Borrowings are mostly obtained from the holding company and interest rates are managed in accordance with the policies set down by the Vedanta Resources plc. group treasury function. Currently no interest is charged on the holding company loan.

Interest is earned on short-term funds deposited with banks and in terms of the company's risk expectations and increase/decrease of 1% in the rate would result in an increase/decrease in interest earnings of N$9 782 (2015: N$ 38 239).

Credit risk management

The company deposits cash surpluses with banks of high credit standing. The credit standing of financial institutions is evaluated from time to time.

Liquidity risk

The company manages its liquidity risk by ensuring that it has adequate cash resources, banking facilities and borrowing capacity to meet its obligation. The company has reported positive cash flows for the current period and projections indicated this trend to be sustainable.

Categories of Financial instruments

Commodity prices have IFRS 13 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The below table summarises the categories of financial assets and liabilities measured at fair value: increased in the current year, compared to the previous year average market price obtained.

All the categories of financial assets and liabilities measured at fair value identified on the table below are measured using level 1.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Less than 1 month N$	1-3 months N$	3 months to 1 year N$	1-5 years N$	5+ years N$	Total N$
Company						
2016						
Other payables	-	49 462	-	-	-	49 462
Non interest bearing	-	-	982 298 055	-	-	982 298 055
Company						
2015						
Other payables	-	7 636	-	-	-	7 636
Non interest bearing	-	-	982 298 055	-	-	982 298 055

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Statement of financial position - categories of financial instruments
2016

	Available for sale financial assets	At fair value through profit and loss – held for trading	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities	
ASSETS	N$	N$	N$	N$	N$	N$
NON-CURRENT ASSETS	14 695 493	-	971 074 897	-	-	985 770 390
Subsidiary companies	5 108 022	-	955 374 576	-	-	960 482 598
Investments	9 587 471	-	15 700 321	-	-	25 287 792
CURRENT ASSETS	-	978 186	-	-	339 447	1 317 633
Bank balances and cash	-	978 186	-	-	-	978 186
Taxation	-	-	-	-	339 447	339 447
TOTAL ASSETS	14 695 493	978 186	971 074 897	-	339 447	987 088 022
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES	-	-	-	-	4 740 505	4 740 505
Share capital	-	-	-	-	101	101
Share premium	-	-	-	-	5 107 921	5 107 921
Retained income	-	-	-	-	(367 517)	(367 517)
CURRENT LIABILITIES	-	-	-	982 347 517	-	982 347 517
Holding company loan	-	-	-	982 298 055	-	982 298 055
Other payables	-	-	-	49 462	-	49 462
TOTAL EQUITY AND IABILITIES	-	-	-	982 347 517	4 740 505	987 088 022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2016

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Statement of financial position – categories of financial instruments (continued)
2015

	Available for sale financial assets	At fair value through profit and loss – held for trading	Loans and receivables	Financial liabilities at amortised cost	Non-financial assets and liabilities	Total
	N$	N$	N$	N$	N$	N$
ASSETS						
NON-CURRENT ASSETS	14 695 493	-	971 052 733	-	-	985 748 226
Subsidiary companies	5 108 022	-	954 468 946	-	-	959 576 968
Investments	9 587 471	-	16 583 787	-	-	26 171 258
CURRENT ASSETS	-	1 605 662	-	-	328 567	1 934 229
Bank balances and cash	-	1 605 662	-	-	-	1 605 662
Trade and other receivables	-	-	-	-	-	-
Taxation	-	-		-	328 567	328 567
TOTAL ASSETS	14 695 493	1 605 662	971 052 733	-	328 567	987 682 455
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES	-	-	-	-	5 376 764	5 376 764
Share capital	-	-	-	-	101	101
Share premium	-	-	-	-	5 107 921	5 107 921
Retained income	-	-	-	-	268 742	268 742
CURRENT LIABILITIES	-	-	-	982 305 691		982 305 691
Holding company loan	-	-	-	982 298 055	-	982 298 055
Other payables	-	-	-	7 636	-	7 636
TOTAL EQUITY AND LIABILITIES	-	-	-	982 305 691	5 376 764	987 682 455

	2016 N$	2015 N$
11. DIVIDENDS		
During the year the following dividends were declared:	-	616 250 000

12. Authorization of Annual Financial Statements

The financial statements were authorized by the Directors and approved for issue on 25 April 2016