THL ZINC NAMIBIA HOLDINGS (PROPRIETARY) LIMITED

(Registration Number: 98/227)

ANNUAL FINANCIAL STATEMENTS
31 March 2015

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DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 46 were approved by the board of directors on 24 April 2015 and are signed on their behalf by:

DIRECTOR

DIRECTOR

Deloitte.

PO Box 47
Windhoek
Namibia

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
ICAN practice number: 9407
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THL ZINC NAMIBIA HOLDINGS (PROPRIETARY) LIMITED

We have audited the consolidated and separate annual financial statements of THL Zinc Namibia Holdings (Proprietary) Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2015, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 6 to 46.

Directors' Responsibility for the Annual 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 THL ZINC NAMIBIA HOLDINGS (PROPRIETARY) LIMITED (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of THL Zinc Namibia Holdings (Proprietary) Limited as at 31 March 2015, and consolidated and separate financial performance and consolidated and separate 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

24 April 2015

REPORT OF THE DIRECTORS
for the year ended 31 March 2015

The directors have pleasure in presenting their report on the activities of the company and the group for the year ended 31 March 2015.

GENERAL REVIEW

The company was incorporated in Namibia on 16 June 1998, for the purpose of owning investments in companies involved in mineral exploration, mining and beneficiation. The company's holding company is THL Zinc Limited, a company incorporated in Mauritius. The ultimate holding company is Vedanta Resources plc, incorporated in the United Kingdom which in turn is controlled by Mr Anil Agarwal and persons closely related to him.

The results of the company and the group are fully set out in the attached financial statements.

The following companies are wholly owned subsidiaries of THL Zinc Namibia Holdings (Proprietary) Limited:

Skorpion Zinc (Proprietary) Limited

This company is a holding company, and its significant wholly owned subsidiaries are:

Skorpion Mining Company (Proprietary) Limited

This company is the holder of Mining Licence ML108 which holds the exclusive right to mine precious, base and rare metals over a certain portion of land in the Karas region, near Rosh Pinah. The mining licence was issued on 28 July 2000 for a period of twenty-five years. The company mines zinc ore by conventional open pit method. The ore is sold to Namzinc (Proprietary) Limited. The company also conducts exploration activities.

Namzinc (Proprietary) Limited

This company owns and operates a zinc refinery. The ore bought from Skorpion Mining Company (Proprietary) Limited is processed and refined to produce special high grade zinc. The zinc is exported either by sea via Lüderitz or by road to South Africa. The company has been granted Export Processing Zone status by the Namibian Government and is, therefore, exempt from paying taxes. The company has received dispensation to sell a limited portion of production to the Southern African Customs Union market.

Other subsidiaries, joint ventures and investments are listed in note 5 and 6 of the annual financial statements.

SHARE CAPITAL

There was no change in share capital during the current financial year. During the 2014 financial year 95 shares were bought back for N$355 646 465.

DIVIDENDS

During the year under review interim dividends totalling N$616 250 000 (2014: N$470 000 000) were declared.

STATEMENT OF RESPONSIBILITY

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in Namibia.

The directors are also responsible for the Company's and group's system of internal financial controls. 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 misstatement and loss. 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 and group has access to adequate resources to remain a going concern for the foreseeable future. The group annual financial statements on pages 4 to 46 have therefore been prepared on a going concern basis.

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year amounted to N$308.6 million (2014: N$99.6 million), of which N$307.6 (2014: N$97.4) million was in respect of plant and equipment and N$0.96 million (2014: N$2.2 million) for land and buildings.

DIRECTORS AND SECRETARY

The directors in office during the year and at the date of this report were as follows:

A Lubbe**	Resigned 02 March 2015
KK Rajagopal*	
S Krishnamoorty*	Resigned 29 July 2014
S L Bajaj*	
G J Viviers	
P A Suryarao*	Appointed 29 July 2014

*Indian
**South African

Secretary – SGA Windhoek

Business address:	Postal address:
24 Orban Street	P O Box 30
Klein Windhoek	WINDHOEK
WINDHOEK	

THL ZINC NAMIBIA HOLDINGS (PROPRIETARY) LIMITED

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2015

	Notes	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000
ASSETS					
NON-CURRENT ASSETS		1 121 482	1 331 106	1 240 630	1 251 630
Property, plant and equipment	3	1 076 790	1 290 949	-	-
Intangible asset	4	11 087	11 780	-	-
Loan to related party	10	-	-	983 048	994 048
Investments	5, 6	33 605	28 377	257 582	257 582
CURRENT ASSETS		866 855	753 609	32 556	5 865
Inventory	8	520 889	345 513	-	-
Trade and other receivables	9	150 348	143 226	92	92
Taxation		431	367	102	102
Bank balances and cash	11	195 187	264 503	32 362	5 671
TOTAL ASSETS		1 988 337	2 084 715	1 273 186	1 257 495
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES		1 361 199	1 369 521	1 245 872	1 246 495
Share capital and premium	12	960 051	960 051	960 051	960 051
Retained income		401 148	409 470	285 821	286 444
NON-CURRENT LIABILITIES		277 673	474 175	-	-
Deferred taxation	7	-	-	-	-
Decommissioning provision	13	163 819	329 488	-	-
Restoration provision	14	113 854	144 687	-	-
CURRENT LIABILITIES		349 465	241 019	27 314	11 000
Trade and other payables	15	349 465	241 019	27 314	11 000
TOTAL EQUITY AND LIABILITIES		1 988 337	2 084 715	1 273 186	1 257 495

THL ZINC NAMIBIA HOLDINGS (PROPRIETARY) LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	Group		Company	
		2015	2014	2015	2014
		N$ '000	N$ '000	N$ '000	N$ '000
Revenue	2	2 565 858	2 610 805	616 250	470 000
Cost of sales		(1 746 107)	(1 643 051)	-	-
Gross profit		819 751	967 754	616 250	470 000
Other income		38 785	-	-	-
Distribution costs		(95 173)	(107 504)	-	-
Administrative expenses	6	(320 285)	(264 246)	(854)	(753)
Other operating expenses		(34 406)	(17 862)	-	-
OPERATING PROFIT		408 672	578 142	615 396	469 247
Net finance income	16	191 822	15 287	231	366
- Finance income		71 448	39 029	231	366
- Finance costs		120 374	(23 742)	-	-
Share of profit in Joint Ventures	6	7 434	-	-	-
PROFIT BEFORE TAXATION	17	607 928	593 429	615 627	469 613
Taxation	18	-	-	-	-
PROFIT FOR THE YEAR		607 928	593 429	615 627	469 613
TOTAL COMPREHENSIVE INCOME		607 928	593 429	615 627	469 613

THL ZINC NAMIBIA HOLDINGS (PROPRIETARY) LIMITED

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 March 2015

	Note	Share capital N$ '000	Share premium N$ '000	Retained income N$ '000	Total N$ '000
GROUP					
Balance at 1 April 2013		1	1 315 696	286 041	1 601 738
Comprehensive income for the year		-	-	593 429	593 429
Dividends declared and paid		-	-	(470 000)	(470 000)
Capital reduction*		-	(355 646)	-	(355 646)
Balance at 31 March 2014		1	960 050	409 470	1 369 521
Capital reduction*		-	-	-	-
Comprehensive income for the year		-	-	607 928	607 928
Dividends declared		-	-	(616 250)	(616 250)
Balance at 31 March 2015		1	960 050	401 148	1 361 199
COMPANY					
Balance at 1 April 2013		1	1 315 696	286 831	1 602 528
Comprehensive income for the year		-	-	469 613	469 613
Dividends declared and paid				(470 000)	(470 000)
Capital reduction*		-	(355 646)	-	-
Balance at 31 March 2014		1	960 050	286 444	1 246 495
Capital reduction*			-	-	-
Comprehensive income for the year		-	-	615 627	615 627
Dividends declared		-	-	(616 250)	(616 250)
Balance at 31 March 2015		1	960 050	285 821	1 245 872

*(2014:95) Nil, No shares were bought back during the 2015 financial year (2014:N$355 646 465)

THL ZINC NAMIBIA HOLDINGS (PROPRIETARY) LIMITED

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2015

	Notes	Group		Company	
		2015 N$ '000	2014 N$ '000	2015 N$ '000	2014 N$ '000
CASH FLOWS FROM OPERATING ACTIVITIES		826 710	886 685	605 378	469 591
Cash generated by operations	21.1	755 326	847 830	(11 103)	(79 751)
Net finance income		71 448	39 029	231	366
Taxation paid	21.2	(64)	(174)	-	(24)
Dividends received		-	-	616 250	549 000
CASH FLOWS FROM INVESTING ACTIVITIES		(306 339)	(97 694)	11 000	434 646
Additions to property, plant and equipment		(308 545)	(99 643)	-	-
Proceeds on disposal of property, plant and equipment		-	-	-	-
Decrease in loans to related parties		2 206	1 949	11 000	434 646
CASH FLOWS FROM FINANCING ACTIVITIES		(589 687)	(904 646)	(589 687)	(904 646)
Capital reduction		-	(355 646)	-	(355 646)
Dividends paid		(589 687)	(549 000)	(589 687)	(549 000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(69 316)	(115 655)	26 691	(409)
Cash and cash equivalents at the beginning of the year		264 503	380 158	5 671	6 080
CASH AND CASH EQUIVALENTS at the end of the year	11	195 187	264 503	32 362	5 671

1. ACCOUNTING POLICIES

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

The company and group 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 or 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 7	Financial Instruments: Disclosures — Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	1 January 2018
IFRS 9	A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial instruments: Recognition and Measurement.	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
IAS 16 and 36	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(Amendments to IFRS 10 and IAS 28)	1 January 2016
IFRS 10,12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	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 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability affect those returns through its power over the entity.

The results of subsidiaries acquired and disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or disposal as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation, unless the amount involved are not material in which case this fact is disclosed.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred, and equity instruments issued by the Group in exchange for control, plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

1 ACCOUNTING POLICIES (continued)

1.1 Basis of consolidation (continued)

Interest in joint arrangements

A joint arrangement can either be a joint venture or a joint operation. A joint venture is an arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group reports its interest in joint ventures using the equity method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinuing Operations. Joint ventures are recognised initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss.

Where the Group transacts with its joint ventures, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

1.2 Research, exploration and pre-production expenditure

Research expenditure is written off in the period in which it is incurred until such time as an economic reserve is defined. When a decision is taken that a mining property is viable for commercial production, all further preproduction expenditure is capitalised. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production. Capitalised preproduction expenditure is amortised from the date commercial production commences over the economic life of the mine.

1.3 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position 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 in the statement of comprehensive income, 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 ACCOUNTING POLICIES (continued)

1.4 Foreign currency transactions

Transactions in foreign currency, other than Namibian Dollar are accounted for at the rate of exchange ruling on the date of the transaction.

At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items are measured in terms of historical cost in a foreign currency and are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

1.5 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.

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 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.

1. ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Derecognition

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group 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 profit and loss.

Financial liabilities (or a portion thereof) are derecognised 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 profit and loss.

Financial assets

The group's principal financial assets are group company loans and receivables, trade and other 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 Group 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 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 Group'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.

1. ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)
Financial assets (continued)

Financial assets at Fair Value Through Profit and Loss ("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 Group 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 Group 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 Group'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 statement of financial position 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 equity.

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

Trade and other receivables
Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. An estimate of doubtful debts is made based on a review of all outstanding amounts at statement of financial position date and is recognised in profit or loss when there is evidence that the asset is impaired. Bad debts are written off during the period in which they are identified.

1. ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Financial assets (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. 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 group 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.

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 Group 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 Group'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.

1. ACCOUNTING POLICIES (continued)

1.5 Financial instruments (continued)

Financial liabilities (continued)

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.

1.6 Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine. Costs arising from the installation of plant and other site preparation work, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present values and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

1.7 Inventory

Inventory and work in progress are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The production cost of stocks includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

– raw materials and metal ore on the average cost basis;

– consumables on the weighted average cost basis; and

– finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses.

1. ACCOUNTING POLICIES (continued)

1.8 Property, plant and equipment

Buildings, plant and equipment are depreciated at varying rates, on the straight-line basis over their estimated useful lives taking into account their residual values:

	Depreciation rate	Residual value
Computer equipment	33%	Nil
Furniture and fittings	10%	Nil
Vehicles	25%	25%

Land and properties in the course of construction are not depreciated.

The other mining and refining assets are depreciated based on the following policy:

Mining and refinery properties are depreciated using the unit-of-production method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date when the mining property is capable of commercial production.

Capitalised development expenditure, including the acquisition cost of freehold land and leasehold interests containing mineral resources as well as heavy equipment, is depreciated using the unit-of-production method once commercial production commences.

The per unit depreciation rate is determined annually by dividing the total of the undepreciated development expenditure and future development expenditure for the mine by the remaining proven and probable reserves based on the most current reserve study available. Where mining freehold and leasehold properties have significant value after reserves are depleted, the estimated residual value may be deducted from the amount of mining development expenditure which is subject to depreciation.

Where the economic viability of reserves has been established, but future operations are dependent upon receiving future planning permission or lease extension, management assesses, on at least an annual basis, the probability of the planning permission or lease extension being received. If it is no longer considered probable, the estimate of reserves and the unit-of-production depreciation calculation is revised accordingly.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Management consider the remaining useful life of Refinery's plant and equipment to approximate the remaining life of mine.

1.9 Impairments

At each reporting date, the Group 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 Group 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.

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 2015	Percentage held 2014	2015 N$	2014 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				398 041 846	398 041 847
Namzinc (Proprietary) Limited				556 427 100	561 428 041
Total loans				954 468 946	959 469 888
Net investment in subsidiary companies				959 576 968	964 577 910

	2015 N$	2014 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	16 439 847	18 646 029
Net investment	26 171 258	28 377 440

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*	
	2015 N$	2014 N$	2015 N$	2014 N$
THL Zinc Namibia Holdings (Proprietary) Limited	982 298 055	994 048 055	-	-
Namzinc (Proprietary) Limited	-	-	556 427 100	561 428 041
Skorpion Mining Company (Proprietary) Limited	-	-	398 041 846	398 041 847
	982 298 055	994 048 055	954 468 946	959 469 888

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

*Included in subsidiary companies. See Note 2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	2015 N$	2014 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:	1 605 662	6 071 054
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.

	2015 N$	2014 N$

7. FINANCE INCOME

Finance income		
- Bank	136 917	166 767

8. TAXATION

Namibian Normal Taxation		
Current taxation:	-	-
Reconciliation of tax rate		
	%	%
- standard statutory tax rate	33.0	33.0
- income not subject to taxation	(33.0)	(33.0)
Effective tax rate	-	-

9. NOTES TO THE STATEMENT OF CASH FLOW

9.1 RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS

Profit before taxation	616 459 398	470 391 321
Dividend accrual		(11 000 000)
Finance income	(136 917)	(166 767)
	616 322 481	459 224 554
Working capital changes	(68 242)	19 410
Trade and other payables	(68 242)	19 410
Cash generated by operations	616 254 239	459 243 964

9.2 TAXATION PAID

Balance (receivable) / payable at beginning of the year /period	(264 895)	(115 368)
Charge to profit and loss	-	-
Balance receivable / (payable) at end of the year / period	328 567	264 895
Taxation (received) / paid	63 672	149 527

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 2014.

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.

Return to the shareholder is maximised, through structured dividend declarations and loan repayments, while keeping sufficient cash funds to meet normal working capital and capital expenditure requirements.

Foreign currency management

The company has no direct exposure to 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$ 38 239 (2014: N$ 47 289).

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.

The following tables details the company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	N$	N$	N$	N$	N$	N$
Company						
2015						
Non interest bearing	-	-	982 298 056	-	-	982 298 056
Company						
2014						
Non interest bearing	-	-	994 048 055	-	-	994 048 055

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Statement of financial position - categories of financial instruments
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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Statement of financial position – categories of financial instruments (continued)
2014

	Available for sale financial assets N$	At fair value through profit and loss – held for trading N$	Loans and receivables N$	Financial liabilities at amortised cost N$	Non-financial assets and liabilities N$	Total N$
ASSETS						
NON-CURRENT ASSETS	14 695 493	-	978 259 857	-	-	992 955 350
Subsidiary companies	5 108 022	-	959 469 888	-	-	964 577 910
Investments	9 587 471	-	18 789 969	-	-	28 377 440
CURRENT ASSETS	-	6 071 054	-	-	264 895	6 335 949
Bank balances and cash	-	6 071 054	-	-	-	6 071 054
Trade and other receivables	-	-	-	-	-	-
Taxation	-	-	-	-	264 895	264 895
TOTAL ASSETS	14 695 493	6 071 054	978 259 857	-	264 895	999 291 299
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES	-	-	-	-	5 167 366	5 167 366
Share capital	-	-	-	-	101	101
Share premium	-	-	-	-	5 107 921	5 107 921
Retained income	-	-	-	-	59 344	59 344
CURRENT LIABILITIES	-	-	-	994 123 933		994 123 933
Holding company loan	-	-	-	994 048 055	-	994 048 055
Other payables	-	-	-	75 878	-	75 878
TOTAL EQUITY AND LIABILITIES	-	-	-	994 123 933	5 167 366	999 291 299

	2015 N$	2014 N$
11. DIVIDENDS		
During the year the following dividends were declared:	616 250 000	470 000 000

12. Authorization of Annual Financial Statements

The financial statements were authorized by the Directors and approved for issue on 24 April 2015

1 ACCOUNTING POLICIES (continued)

1.9 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 Vedanta Resources plc group's 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.

1.10 Retirement benefits

Contributions to the company's retirement fund are charged as an expense as they fall due.

1.11 Revenue recognition

Revenue amounts are measured at the fair value of consideration received or receivable, after deducting trade discounts and volume rebates. Revenue from production activities is based on the final metal product sold. Revenue is recognised when the significant risks and rewards of ownership pass to the buyer.

Until 31 December 2013 sale of finished product was predominantly made on a Free on Board (FOB) basis, where the risks and rewards of ownership pass to the buyer once the product crosses the ship's rail in the port of shipment.
From 1 January 2014 sales of finished product is being conducted on a Cost Insurance and Freight (CIF) basis where the risks and rewards of ownership pass to the buyer once the product crosses the ship's rail in the port of shipment, with the exception that the seller pay the cost of freight and insurance. Revenue derived through sea freight is therefore recognised on the bill of lading issue date.

Sales of finished products to SACU is made on a Delivered at Place (DAP) basis, where risks and rewards of ownership pass to the buyer once the product are delivered at the agreed place. Revenue delivered through road freight is therefore recognised on confirmation of delivery.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

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

Income from by-product sales is included as a reduction of cost of sales.

1. ACCOUNTING POLICIES (continued)

1.12 Accounting for leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

1.13 Intangible assets

The development costs related to an internally generated intangible asset are recognised as an asset only if all of the following can be demonstrate:

- It is technically feasible that the intangible asset will be completed so that it will be available for use.
- It is the intention of the company to complete the project related to the intangible asset and that once the project is completed that the company will use the intangible asset.
- The company has the ability to use the intangible asset.
- It is probable that the company will generate future economic benefits resulting from the intangible asset.
- There are adequate technical and financial resources to complete the development and use the intangible asset.
- The development costs related to the project can be measured reliably

No costs related to the research stage of an internally generated intangible asset are capitalised. All the research costs are recognised as an expense when they were incurred.

The Group's only internally generated is the SAP system is amortised over the life of the mine.

1.14 Stripping costs

Stripping costs to be recognised as part of an asset (either as inventory or as non-current asset), if the following conditions are met:

- It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will follow to the entity;
- The entity can identify the component of an ore body for which access has been improved; and
- The costs relating to the improved access to that component can be measured reliably.

To the extent that the benefit creates improved access to ore to be mined in future periods, the entity must recognise these production stripping costs as non-current.

1. ACCOUNTING POLICIES (continued)

1.15 Borrowing costs

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings during the period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.16 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:

- **Decommissioning and rehabilitation provision**
  Estimating the future costs of environment and rehabilitation obligations is complex and requires management to make estimates and judgements as most of the obligations will be fulfilled in future and contracts and laws are often not clear regarding what is required. The resulting provision is further influenced by changing technologies and environmental, safety, business and statutory considerations.

- **Asset lives and residual values**
  Property, plant and equipment is depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residuals are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, life-of-mine plan and maintenance programmes are taken into account. Residual value assessments take into account issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Impairment of assets**
  Property, plant and equipment are considered for impairment if there is reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself or if it is a component of a larger economic unit, the viability of that unit. Equally previously impaired assets are assessed for evidence of changes in economic circumstance that would require a reversal of impairment.

  Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value, and if lower, the assets are impaired to the present value, or if an impairment is released, such release is limited to the carrying value of the assets had no such impairment occurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1. ACCOUNTING POLICIES (continued)

1.16 Judgements made by management (continued)

- **Exploration costs-Gergurab**
  Skorpion Mining Company (Pty) Ltd and Rosh Pinah Zinc Corporation Ltd concluded a Memorandum of Understanding, signed 20 June 2005 (with subsequent amendments), on various aspects of Zinc exploration and development of Resource on each party's Exploration Prospecting License areas.

  As part of the company's exploration activities the Gergurab deposits were discovered. Based on certain trigger points Rosh Pinah Zinc Corporation Ltd is required to contribute to certain past and future expenses.

  Management assessed the project to be economically viable and elected to capitalise expenses related to the feasibility study of the project. At the reporting date, an amount of N$46 994 947 (2014: N$23 285 218) was included in capital work in progress related to this project.

- **Sulphide Conversion**
  Namzinc (Pty) Ltd has one main capital project which is in progress. This is the Sulphide Conversion project. The sulphide conversion project is a project which allows for the conversion to the current refinery to treat sulphide with the current oxide ore in order to extract the final zinc metal.

  During the prior financial year management made an assessment as to whether the sulphide conversion project is economically viable and based on this assessment commenced capitalisation.

  The capital expenditure is currently estimated at N$1 660 462 172 was approved by the Vedanda plc board during the current year. At the reporting date an amount of N$14 542 387 (2014: N$10 937 629) was included in the capital work in progress related to this project.

1.17 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position 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.

Impairment of property, plant and equipment
Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the cash-generating unit to which it has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Life-of-Mine review and estimated life of refinery
The Life-of-Mine ("LOM") plan is reviewed annually. The LOM plan takes into account an expectation of the changes in commodity prices, foreign exchange rates, Zinc grade and capital expenditure. During the current financial year, the LOM for both the Mine and the Refinery were re-assessed, Mine's LOM was extended by an additional 2 years as a result of extract ore discovered in the current pit, the Refinery's LOM was extended by an additional 12 years as a result of the formal approval of the refinery conversion. The new LOM for the Refinery is now estimated to be 14.5 years and the Mine's LOM is now estimated to be 4.5 years. The related decommissioning and rehabilitation liabilities were adjusted a result of the change in timing. See note 3 for more details.

Deferred tax assets
Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on assumptions regarding economic growth, commodity prices and inflation. No deferred tax was raised in the current year.

Inventory
The metal content of the ore stockpiles is determined using estimates as indicated in note 8.

2. REVENUE

Business activities

The group's principal activities are mining and producing of special high grade zinc and form part of the other mining and industrial category in the Vedanta Resources plc group. The group's revenue derives from one significant operation, the production of zinc. All information contained in the statement of comprehensive income and statement of financial position relate to this activity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

3. PROPERTY, PLANT AND EQUIPMENT

Group
2015

	Mining properties and leases N$ '000	Land and buildings N$ '000	Plant and equipment N$ '000	Work-in-progress N$ '000	De-commissioning and restoration costs N$ '000	Total N$ '000
Cost						
At 31 March 2014	266 558	860 493	4 062 214	36 138	222 979	5 448 382
Transfers to /(from) category	-	-	(7 461)	-	-	(7 461)
Change in estimates of decommissioning and rehabilitation costs	-	-	-	-	(68 716)	(68 716)
Additions – stay in business capital	-	958	224 174	83 413	-	308 545
Disposals	-	-	(1 403)	(718)	-	(2 121)
At 31 March 2015	266 558	861 451	4 277 524	118 833	154 263	5 678 629
Depreciation and impairment						
At 31 March 2014	213 749	668 015	3 150 644	-	125 025	4 157 433
Depreciation charge for the year	28 994	62 272	335 330	-	27 245	453 841
Transfers to / (from) category	-	-	(8 306)	-	-	(8 306)
Disposals	-	-	(1 129)	-	-	(1 129)
At 31 March 2015	242 743	730 287	3 476 539	-	152 270	4 601 839
Net book value 31 March 2014	52 809	192 478	911 570	36 138	97 954	1 290 949
Net book value 31 March 2015	23 815	131 164	800 985	118 833	1 993	1 076 790

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

3. PROPERTY, PLANT AND EQUIPMENT

Group
2014

	Mining properties and leases N$ '000	Land and buildings N$ '000	Plant and equipment N$ '000	Work-in-progress N$ '000	De-commissioning and restoration costs N$ '000	Total N$ '000
Cost						
At 31 March 2013	266 558	832 090	3 949 855	46 179	189 648	5 284 330
Transfers (to) / from category	-	26 222	53 817	(80 039)	-	-
Additions – stay in business capital	-	-	-	51 056	-	51 056
Disposals	-	-	(3 904)	-	-	(3 904)
At 31 March 2014	266 558	858 312	3 999 768	17 196	189 648	5 331 482
Depreciation, amortisation and impairment						
At 31 March 2013	177 094	538 909	2 532 598	-	71 725	3 320 326
Depreciation charge for the year	24 353	80 484	349 534	-	26 650	481 021
Disposals	-	-	(3 559)	-	-	(3 559)
At 31 March 2014	201 447	619 393	2 878 573	-	98 375	3 797 788
Net book value 31 March 2013	89 464	293 181	1 417 257	46 179	117 923	1 964 004
Net book value 31 March 2014	65 111	238 919	1 121 195	17 196	91 273	1 533 694

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Details of the Group's freehold and leasehold land and buildings are maintained at the registered office of the company and are available for inspection by members or their duly authorised representatives.

Mining properties and leases with a net book value of N$12 999 295 (2014: N$33 337 919), were capitalised in accordance with IAS17 and IFRIC 4. The finance lease was settled in the 2006 financial year.

The Group tests the total capital investment made in the mining sector annually for impairment or more frequently if there is an indication that the capital investment made might be impaired.

The following cash generating unit ("CGU") has been identified:

- Mining activities
  - Skorpion Project

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding resource availability, the discount rates, growth rates, exchange rates and expected changes to commodity prices. Management estimates discount rates using pre-tax rates that reflect current market conditions of the time value of money and the risks specifically associated with the CGU's. Growth rates are based on industry growth forecasts. Changes in commodity prices are based on past practices and expectations of future changes in the market.

Key assumptions used in impairment calculations are:

	2015	2014
- Foreign exchange rate (USD)	11.31	10.02
- Average Zinc price (UDS/t)	2 438	2 242
- Resources available calculated in term of JORC code (Zn/kt)	438.2	353.6
- Inflation rate	3.03%	6.1%
- Discount rate	9.97%	7.0%

At 31 March 2015, no impairment was necessary related to the Skorpion Project (2014: Nil).

4. INTANGIBLE ASSET

Group
2015

	SAP N$ '000	Total N$ '000
Cost		
At 31 March 2014	12 865	12 865
Transfers (to) / from property, plant and equipment	7 778	7 778
At 31 March 2015	20 643	20 643
Amortisation and impairment		
At 31 March 2014	1 085	1 085
Transfers (to) / from property, plant and equipment	8 471	8 471
At 31 March 2015	9 556	9 556
Net book value 31 March 2014	11 780	11 780
Net book value 31 March 2015	11 087	11 087

	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000
5. SUBSIDIARY COMPANIES				
Shares at cost	Percentage held			
Directly held				
Skorpion Zinc (Proprietary) Limited	100%	100%	460 945	460 945
Less: Impairment			(203 363)	(203 363)
Indirectly held				
Skorpion Mining Company (Proprietary) Limited	100%	100%	-	-
Amica Guest House (Proprietary) Limited	100%	100%	-	-
Namzinc (Proprietary) Limited	100%	100%	-	-
Total shares at cost			257 582	257 582

	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000
6. INVESTMENTS				
UNLISTED				
Shares at cost				
50 Ordinary shares of N$1 each in RoshSkor Township (Proprietary) Limited	-	-	-	-
Share of profit in a joint venture	11 595	-		
Shares at cost				
69 Ordinary shares of N$1 each in Rosh Pinah Health Care (Proprietary) Limited with a share premium of N$138 946.13 per share	9 587	9 587	-	-
Share of losses in a joint venture	(4 161)	-		
Amounts owing by:				
Rosh Pinah Health Care (Proprietary) Limited	144	144	-	-
RoshSkor Township (Proprietary) Limited	16 440	18 646	-	-
Net investment	33 605	28 377	-	-

During the current financial year, the results of the two joint ventures, RoshSkor Township and Rosh Pinah Health Care (Proprietary) Limited, were equity accounted for the first time. During current financial year the results of the operations of Amica Guesthouse (Proprietary) Limited were consolidated for the first time

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000
7. DEFERRED TAXATION				
Liability at beginning of the year	-	-	-	-
Statement of comprehensive income movement	-	-	-	-
Liability at end of the year	-	-	-	-
Deferred tax liability arises from:				
Fixed asset allowance	72 821	84 273	-	-
Prepayment	99	7 767	-	-
Restoration provision	(31 639)	(27 957)	-	-
Provision	(1 137)	-	-	-
Interest on Decommissioning provision	(15 157)	(12 368)	-	-
Current year tax loss	(24 987)	(51 715)	-	-
	-	-	-	-

At 31 March 2015, a deferred tax asset of N$278 938 412 (2014: N$113 726 776) was not recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000

8. INVENTORY

	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000
Work in progress	143 849	48 882	-	-
Consumable stock	233 758	197 956	-	-
Finished zinc metal	79 071	31 662	-	-
Mining stockpile and Copper Cement	64 211	67 013	-	-
	520 889	345 513	-	-

Stockpiles are valued by estimating the zinc content in tons and applying the average cost method to the tons in stock. Zinc content of stockpiles is quantified by performing geological samples on the stockpiles in order to determine the grade (expressed as a percentage). This percentage is then applied to the total tons of ore in the stockpile. At year end the estimation of grade and zinc content was:

	Group 2015	Group 2014	Company 2015	Company 2014
Stacker/reclaimer				
- Average grade (%)	7.57	9.36	-	-
- Zinc content (tons)	2 170	1 465	-	-
Mining Stockpile				
- Average grade (%)	5.68	10.13	-	-
- Zinc content (tons)	7 030	15 705	-	-

Consumable stock is carried after a provision for obsolescence has been made.

	N$ '000	N$ '000	N$ '000	N$ '000
Balance at the beginning of the year	73 762	64 035	-	-
Deducted from operating profit	7 037	9 727	-	-
Balance at the end of the year	80 799	73 762	-	-

The obsolete stock provision has been estimated based on the age of consumables and their rate of movement.

	Group		Company	
	2015	2014	2015	2014
	N$ '000	N$ '000	N$ '000	N$ '000

9. TRADE AND OTHER RECEIVABLES

Trade receivables	30 686	61 228	-	-
Prepayments	16 741	35 488	-	-
Other receivables	16 174	7 595	92	93
Value added tax	86 747	38 915	-	-
	150 348	143 226	92	93

No allowance has been made for irrecoverable amounts as the amounts past due date are immaterial.

Trade receivables with the following values are past their due date:				
Within one month	7 536	924	-	-
Between 1 to 2 months	2	1 706	-	-
Between 2 to 3 months	7	-	-	-
Greater than 3 months	-	-	-	-
	7 545	2 630	-	-

The directors consider that the carrying amount of accounts receivable approximates their fair value.

10. RELATED PARTIES

Ultimate holding company	Vedanta Resources plc (see Report of directors for full discussion on control)
Holding company	THL Zinc Ltd (Mauritius)
Subsidiaries	Refer to notes 5 and 6.
Other related companies	All companies in the Sterlite Ltd and Vedanta plc groups respectively.

Related party balances

Amounts owing(to)/by related parties

Skorpion Zinc (Pty) Ltd*	-	-	983 048	994 048
RoshSkor Township (Pty) Ltd* (Note 6)	16 440	18 646	-	-
Rosh Pinah Health Care (Pty) Ltd* (Note 6)	144	144	-	-
	16 584	18 790	983 048	994 048

*The loans are unsecured interest free and have no set terms of repayment. In addition an amount of N$ 750 000 owed to Skorpion Zinc (Pty) Ltd is included in trade payables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

10. RELATED PARTIES (continued)

Purchases of goods and services

	Group		Company	
	2015	2014	2015	2014
	N$ '000	N$ '000	N$ '000	N$ '000
Subsidiaries of Vedanta plc				
- Black Mountain Mining (Pty) Ltd	27 881	34 879	-	-
- Vedanta Resources plc	6 092	1 077		
- Sesa Sterlite Ltd	96	3 773	-	-
- Other	220	127	-	-
	34 289	39 856	-	-

11. BANK BALANCES AND CASH

Bank balances and cash comprise cash and short-term deposits held by the treasury function. The carrying amounts of these assets approximate their fair value.

Bank balances and cash are denominated as follows:

- Local currency:	73 830	42 037	32 362	5 671
- Foreign currency (held in US$):	121 357	222 466	-	-
	195 187	264 503	32 362	5 671
The average interest rates earned on cash balances and short-term deposits during the year were as follows:	%	%	%	%
- Local currency:	1.49	4.02	1.21	4.30
- Foreign currency (held in US$):	-	-	-	-

12. SHARE CAPITAL AND PREMIUM	N$ '000	N$ '000	N$ '000	N$ '000
Authorised				
4 000 ordinary shares of N$1 each	4	4	4	4
1 000 5% redeemable preference shares	1	1	1	1
Issued				
820 ordinary shares (2014: 820) of N$1 each	1	1	1	1
Share premium	960 050	960 050	960 050	960 050
	960 051	960 051	960 051	960 051

The unissued shares are under the control of the directors until the next annual general meeting.

	Group		Company	
	2015	2014	2015	2014
	N$ '000	N$ '000	N$ '000	N$ '000

13. DECOMMISSIONING PROVISION

Balance at beginning of year	329 488	332 522	-	-
Movements deducted from decommissioning costs	(45 295)	(26 776)	-	-
Movements expensed to statement of comprehensive income as finance costs	(120 374)	23 742	-	-
Balance at end of year	163 819	329 488	-	-

The decommissioning provision relates to decommissioning of property, plant and equipment where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. The current estimate was discounted at a rate of 10.09% (Mining) and 11.42% (Refinery) (2014: 7%). These costs are expected to be incurred over the remaining Life-of-mine currently being 14.5 (Refinery) and 4.5 (Mining) years.

14. RESTORATION PROVISION

Balance at beginning of year	144 687	80 406	-	-
Cash restoration cost incurred	(458)			
Changes in estimate capitalised/(deducted)	(23 422)	60 107	-	-
Movements expensed to statement of comprehensive income as cost of sales	(6 953)	4 174	-	-
Balance at end of year	113 854	144 687	-	-

Provision is made for environmental rehabilitation costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances. These costs are expected to be incurred over the remaining Life-of-mine currently being 14.5 (Refinery) and 4.5 (Mining) years.

	Group		Company	
	2015	2014	2015	2014
	N$ '000	N$ '000	N$ '000	N$ '000

15. TRADE AND OTHER PAYABLES

Trade payables	136 244	77 623	-	-
Royalty accrual	3 997	3 181	-	-
Salary accruals	20 401	35 123	-	-
Other accruals	188 823	125 092	27 314	11 000
	349 465	241 019	27 314	11 000

The directors consider that the carrying amounts of accounts payable approximate their fair value.

Provision was made for share based payment of N$13 688 612 (2014: N$26 943 773).

16. NET FINANCE INCOME

Finance income	71 448	39 029	231	366
Bank	3 554	2 555	231	366
Net foreign exchange gain	67 894	36 474	-	-
Less: Finance costs	120 374	(23 742)	-	-
Decommissioning provision	120 374	(23 742)	-	-
Net finance income	191 822	15 287	231	366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

	Group		Company	
	2015	2014	2015	2014
	N$ '000	N$ '000	N$ '000	N$ '000
17. PROFIT BEFORE TAXATION				
Profit before taxation is arrived at after taking into account the following items:				
Expenditure				
Auditors' remuneration:				
- Audit fees	2 253	1 824	-	-
- Interim reviews	690	603	-	-
- Dividend certificates	6	12	-	-
- SEC related audits	502	553		
Depreciation of property, plant and equipment	453 841	362 110	-	-
By-product sales	(13 888)	(13 135)		
Loss on disposal of assets	957	744	-	-
Movement in restoration provision	(6 953)	4 174	-	-
Receipt from insurers	(46 604)	(21 162)	-	-
Staff costs	361 702	293 081	-	-
Number of employees at 31 March 2015	766	749	-	-

Compensation of key management personnel

Key management comprise the directors of the company as well as the members of the executive committee of the Skorpion project.

	Group 2015	Group 2014	Company 2015	Company 2014
The remuneration of directors and key management personnel paid by subsidiaries during the year was as follows:				
Directors remuneration				
Directors – managerial services				
- managerial services	3 642	4 269	-	-
- medical and pension	57	64	-	-
Other key management				
- managerial services	12 820	12 210	-	-
- medical and pension	904	861	-	-
- share based payments	-	-	-	-
	17 423	17 404	-	-

18. TAXATION

	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000
Namibian Normal Taxation				
Current taxation: current year	-	-	-	-
Deferred taxation: current year	-	-	-	-
	-	-	-	-

Reconciliation of tax rate	%	%	%	%
- standard statutory tax rate	33.0	33.0	33.0	33.0
- Increase in unrecognised deferred tax asset	28.8	12.2		
- income not subject to taxation	-	-	(33.0)	(33.0)
- unutilised tax loss in subsidiary	-	-	-	-
- subsidiary exempt from tax	(61.8)	(45.2)	-	-
Effective tax rate	-	-	-	-

A subsidiary of the company, Namzinc (Proprietary) Limited has been granted Export Processing Zone status and is therefore exempt from paying taxes.

19. RETIREMENT BENEFITS

The group provides retirement benefits to its employees through an independent retirement fund plan, The Skorpion Zinc Provident Fund. At 31 March 2015, 766 (2014: 749) employees were members of the fund. The fund is a defined contribution fund and has been registered in Namibia in terms of the Pension Funds Act. The fund is governed by this act, which requires an actuarial valuation of the fund every three years. The previous actuarial valuation was performed as at 31 December 2013 and the fund was assessed as financially sound.

	Group		Company	
	2015	2014	2015	2014
	N$ '000	N$ '000	N$ '000	N$ '000
The following contributions were expensed:				
Employer contributions	14 787	12 545	-	-
Employee contributions	13 438	12 505	-	-
	28 225	25 050	-	-

20. FINANCIAL RISK AND CAPITAL MANAGEMENT

Capital risk management

The Group 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 group's overall strategy remains unchanged from 2014.

The capital structure of the group consists of cash and cash equivalents and equity, comprising issued capital and retained earnings.

Return to the shareholder is maximised, through structured dividend declarations and share buy-backs, while keeping sufficient cash funds to meet normal working capital and capital expenditure requirements.

Foreign currency management

The group's policy is to only take cover on large foreign currency capital purchases with long lead times. The Group's major exposure to foreign currency is to the United States Dollar ("USD"), in relation to trade receivables and cash in its CFC bank account, both denominated in USD. In terms of the Group risk expectations a 5% increase/decrease on USD will result in an increase/decrease of N$6 067 835 (2014: N$11 123 314) to the statement of comprehensive income results.

The group also has exposure to foreign creditors at year end in USD (2014 in USD and Euro). In terms of the Group risk expectations a 5% increase/decrease on USD (2014 in USD and EUR) will result in a decrease/increase of N$ 119 053 (2014: N$221 404) to the year's statement of comprehensive income results.

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Interest rate management

Borrowings, should these be required, will be requested from the holding company or from external parties and interest rates are managed in accordance with the policies set down by the Vedanta Resources plc. group treasury function.

Interest is earned on short-term funds deposited with banks and in terms of the group risk expectations an increase/decrease of 1% in the rate would result in an increase/decrease in interest earnings of N$0.74 million (2014: N$0.42 million) for the Group.

Credit risk management

The company's and group's exposure to credit risk includes exposure to a limited number of customers purchasing its product. Payments are normally collected within five to thirty days from date of sale and the exposure at any one time is therefore normally limited to a five to thirty day period. No significant default experience has been experienced. As such the directors do not deem any provision for irrecoverable amounts to be necessary.

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

As at 31 March 2015, all the group's cash resources were on call with the group's main bankers, First National Bank of Namibia Limited ("FNB"). FNB is a subsidiary of Rand Merchant Bank Holdings Limited and has an investment grade credit rating.

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Liquidity risk

The group manages its liquidity risk by ensuring that it has access to adequate cash resources to meet its obligations. The group has reported positive operating cash flows for the current year and projections indicate this trend to be sustainable.

The following tables detail the group and company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month N$ '000	1-3 months N$ '000	3 months to 1 year N$ '000	1-5 years N$ '000	5+ years N$ '000	Total N$ '000
Group						
2015						
Non interest bearing financial liabilities:						
Trade and other payables	27 313	313 159	-	-	-	340 472
	27 313	313 159	-	-	-	340 472
2014						
Non interest bearing financial liabilities:						
Shareholders for dividends	-	-	-	-	-	-
Trade and other payables	11 000	223 047	-	-	-	234 047
	11 000	223 047	-	-	-	234 047

20. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

	Less than 1 month N$ '000	1-3 months N$ '000	3months to 1 year N$ '000	1-5 years N$ '000	5+ years N$ '000	Total N$ '000
Company						
2015						
Non interest bearing financial liabilities:						
Trade and other payables	27 314	-	-	-	-	27 314
	27 314	-	-	-	-	27 314
2014						
Non interest bearing financial liabilities:						
Shareholders for dividends	11 000	-	-	-	-	11 000
	11 000	-	-	-	-	11 000

Market risk

Commodity prices have increased in the current year, compared to the previous year average market price obtained, which had a negative effect on the group's results. The group however is not exposed at the year end to movements in the commodity price as the group does not have any financial instruments at the year-end that vary with the commodity prices.

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Statement of financial position - categories of financial instruments

Group 2015

	Available for sale financial assets N$ '000	At fair value through profit and loss – held for trading N$ '000	Loans and receivables N$ '000	Financial liabilities at amortised cost N$ '000	Non-financial assets and liabilities N$ '000	Total N$ '000
ASSETS						
NON-CURRENT ASSETS	-	-	16 584	-	1 104 898	1 121 482
Property, plant and equipment	-	-	-	-	1 076 790	1 076 790
Intangible Asset	-	-		-	11 087	11 087
Investments	-	-	16 584	-	17 021	33 605
CURRENT ASSETS	-	195 187	46 860	-	624 808	866 855
Inventory	-	-	-	-	520 889	520 889
Trade and other receivables	-	-	46 860	-	103 488	150 348
Taxation	-	-	-	-	431	431
Bank balances and cash	-	195 187	-	-	-	195 187
TOTAL ASSETS	-	195 187	63 444	-	1 729 706	1 988 337
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES	-	-	-	-	1 361 199	1 361 199
Share capital	-	-	-	-	1	1
Share premium	-	-	-	-	960 050	960 050
Retained income	-	-	-	-	401 148	362 352
NON-CURRENT LIABILITIES	-	-	-	-	277 673	277 673
Deferred taxation	-	-	-	-	-	-
Decommissioning provision	-	-	-	-	163 819	163 819
Restoration provision	-	-	-	-	113 854	113 854

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Statement of financial position - categories of financial instruments (continued)

Group 2015

	Available for sale financial assets N$ '000	At fair value through profit and loss – held for trading N$ '000	Loans and receivables N$ '000	Financial liabilities at amortised cost N$ '000	Non-financial assets and liabilities N$ '000	Total N$ '000
CURRENT LIABILITIES	-	-	-	279 282	70 183	349 465
Trade and other payables	-	-	-	279 282	70 183	349 465
Shareholders for dividends	-	-	-		-	-
TOTAL EQUITY AND LIABILITIES	-	-	-	279 282	1 709 055	1 988 337

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Statement of financial position - categories of financial instruments

Group 2014

	Available for sale financial assets N$ '000	At fair value through profit and loss – held for trading N$ '000	Loans and receivables N$ '000	Financial liabilities at amortised cost N$ '000	Non-financial assets and liabilities N$ '000	Total N$ '000
ASSETS						
NON-CURRENT ASSETS	9 587	-	18 790	-	1 302 729	1 331 106
Property, plant and equipment	-	-	-	-	1 290 949	1 290 949
Intangible Asset	-	-		-	11 780	11 780
Investments	9 587	-	18 790	-	-	28 377
CURRENT ASSETS		264 503	61 412		427 694	753 609
Inventory	-	-	-	-	345 513	345 513
Trade and other receivables	-	-	61 412	-	81 814	143 226
Taxation	-	-	-	-	367	367
Bank balances and cash	-	264 503	-	-	-	264 503
TOTAL ASSETS	9 587	264 503	80 202	-	1 730 423	2 084 715
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES	-	-	-	-	1 369 521	1 369 521
Share capital	-	-	-	-	1	1
Share premium	-	-	-	-	960 050	960 050
Retained income	-	-	-	-	409 470	409 470
NON-CURRENT LIABILITIES	-	-	-	-	474 175	474 175
Deferred taxation	-	-	-	-	-	-
Decommissioning provision	-	-	-	-	329 488	329 488
Restoration provision	-	-	-	-	144 687	144 687

20. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Statement of financial position - categories of financial instruments (continued)

Group 2014

	Available for sale financial assets N$ '000	At fair value through profit and loss – held for trading N$ '000	Loans and receivables N$ '000	Financial liabilities at amortised cost N$ '000	Non-financial assets and liabilities N$ '000	Total N$ '000
CURRENT LIABILITIES	-	-	-	234 047	6 972	241 019
Trade and other payables	-	-	-	234 047	6 972	241 019
Shareholders for dividends	-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	-	-	-	234 047	1 850 668	2 084 715

21. NOTES TO THE STATEMENTS OF CASH FLOW

	Group		Company	
	2015	2014	2015	2014
	N$ '000	N$ '000	N$ '000	N$ '000
21.1 RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED BY OPERATIONS				
Profit before taxation	607 928	593 429	615 627	469 613
Adjust for non-cash items				
- Depreciation	453 841	363 195	-	-
- Net loss on disposal of property, plant and equipment	676	744	-	-
- Restoration costs	(6 953)	4 174	-	-
Cash restoration costs	(457)	-	-	-
Dividends received	-	-	(616 250)	(549 000)
Share of profit in Joint Ventures	(7 434)	-	-	-
Finance income	(3 554)	(2 552)	(231)	(366)
Finance costs	(120 374)	23 742	-	-
Foreign exchange gains	(67 894)	(36 474)		
	855 779	946 258	(854)	(79 753)
Working capital changes	(100 453)	(98 428)	(10 249)	2
Inventory	(175 335)	(16 789)	-	-
Shareholders for dividends	-	-	-	-
Trade and other receivables	(6 249)	(80 409)	1	2
Trade and other payables	81 131	(1 230)	(10 250)	-
Cash generated by operations	755 326	847 830	(11 103)	(79 751)
21.2 TAXATION PAID				
Balance at beginning of the year - receivable	(367)	(193)	(102)	(78)
Charge per statement of comprehensive income	-	-	-	-
Balance at end of the year - receivable	(431)	(367)	(102)	(102)
Taxation paid	(64)	(174)	-	(24)

	Group 2015 N$ '000	Group 2014 N$ '000	Company 2015 N$ '000	Company 2014 N$ '000
22. GUARANTEES AND CONTINGENT LIABILITIES				
Guarantees issued:				
Customs and Excise Bond	3 200	3 200	-	-
Ministry of Finance	2 470	-	-	-
Outotec GMBM	-	17 274	-	-
Dragon Industries Asia	39 954	-	-	-
Namibian Ports Authority	1 184	1 184	-	-
NamPower (Pty) Ltd - RoshSkor	91	91	-	-
NamPower (Pty) Ltd	18	18	-	-
RoshSkor Township (Pty) Ltd	1 159	663	-	-
	48 076	22 430	-	-
Contingent liability:				
Namzinc (Pty) Ltd is in a dispute with the Mine Workers Union over the payment of overtime. The directors' best estimate of the possible claim, if successful, has been set at:	14 000	-	-	-

23. UNCOVERED FOREIGN CURRENCY MONETARY ITEMS	2015	2014	2015	2014
United States Dollar				
Year end exchange rate	12.10	10.58	10.58	10.58
	US$ '000	US$ '000	US$ '000	US$ '000
Current assets				
- Bank balances and cash	10 031	21 020	-	-
Current liabilities				
- Payables	1 003	159	-	-
Euro				
Year end exchange rate	13.13	14.56	14.56	14.56
	€ '000	€ '000	€ '000	€ '000
Current liabilities				
- Payables	-	20	-	-

24. OPERATING LEASE COMMITMENTS

At the statement of financial position date the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Within 1 year	8 801	7 294	-	-
Between 1 to 2 years	12 490	17 252	-	-
Between 2 to 5 years	14 131	18 707	-	-
	35 422	43 253	-	-

Operating leases are in relation to the use of Spitskop Wes farm to mine limestone, as well as for the lease of various other assets where the useful lives of such assets significantly exceed the period of the leased asset. None of the operating leases have escalation rates of more than 10% per annum.

25. CAPITAL COMMITMENTS

Capital expenditure to be financed from own resources to be incurred during the next financial year.

Contracted	58 071	15 225	-	-
Authorised but not contracted	1 660 462	22 938	-	-
	1 718 533	38 163	-	-

Included in the capital commitments is an amount of N$1 660 462 000 related to the sulphide conversion project. The project has been approved by the directors as well as the directors of Vedanta plc.

26. DIVIDENDS

During the year dividends of the following values were declared:	616 250	470 000	616 250	470 000