



2014

Annual Report

31 December

NSX DETAILS

NATURE OF BUSINESS

Stock Exchange
Transfer Agent
Property owning Company
Guarantee Fund
Central Depository Services

AUDITORS

Deloitte & Touche

BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

ADDRESS

4 Robert Mugabe Avenue
(Parking & access from Burg Street)
P.O. Box 2401, Windhoek, Namibia

CONTACT DETAILS

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NAMIBIAN STOCK EXCHANGE ANNUAL REPORT DECEMBER 2014

The Mission and Vision of the NSX

Mission

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

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

Vision

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

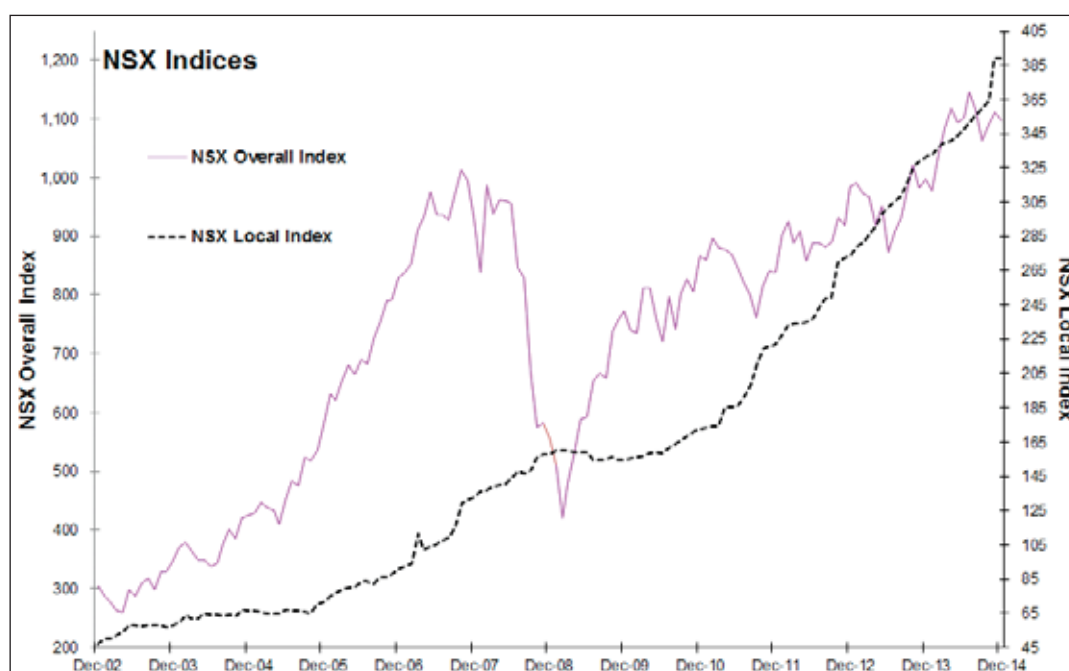
In so doing the NSX will contribute to the integrity of market pricing through increased liquidity, protect Namibia's macro-economic interests and build pride in Namibia's sovereignty.

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

Year	# of Deals	Trading value in N\$ billions	Year on year % Change	Volume of shares in 000s	Transaction levies	NSX Fees as % of trade value	Investment Income	NSX Net Income	Accumulated reserves
2007	2,340	10,892	62%	242,597	4,496,490	0.0413%	1,257,343	5,344,521	13,959,400
2008	2,505	9,096	-16%	274,352	3,873,541	0.0426%	1,808,528	4,105,987	18,065,387
2009	3,016	8,728	-4%	342,970	3,724,090	0.0427%	2,021,529	4,116,108	22,181,010
2010	3,071	7,580	-13%	215,598	3,221,040	0.0425%	1,657,395	2,487,006	24,668,016
2011	2,765	3,272	-57%	98,865	1,555,423	0.0475%	1,657,844	435,689	25,103,705
2012	2,697	3,648	11%	83,063	1,698,026	0.0466%	1,862,951	414,973	25,518,678
2013	2,800	5,507	51%	114,625	2,568,508	0.0466%	4,112,481	4,808,922	30,327,600
2014	4,118	8,332	51%	174,427	3,712,723	0.0459%	2,992,544	5,470,783	35,798,383

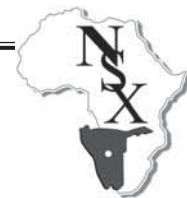


N\$ millions		MARKET CAPITALISATION Primary Listed on the					
Year	Total	NSX	JSE	LSE	TSX	AIM	ASX
2007	1,194,088	4,781	496,417	685,167	7,723	-	-
2008	741,625	5,720	428,969	291,505	3,523	-	11,908
2009	1,047,527	7,126	495,685	501,125	2,346	4,275	36,970
2010	1,178,257	7,782	581,537	537,810	1,764	5,314	44,050
2011	1,148,880	9,304	547,617	557,594	445	6,336	27,584
2012	1,225,744	11,057	716,717	483,086	11,350	-	6,534
2013	1,407,168	19,501	892,123	482,423	8,911	-	4,210
2014	1,680,439	22,322	1,195,259	472,897	305	-	11,978

Total market capitalisation is the sum of the number of shares in issue multiplied by the closing share price, in this table the price at 31 December of each year; and free float market capitalisation is the total multiplied by the percentage of shares which are not held by controlling shareholders and associates.

Trading value includes trading in ETFs, which was a new asset class added in 2014.





Chairman's Report

In a year of many firsts, the launch of the Corporate Governance Code for Namibia (NamCode) is a highlight and culmination of years of hard work. Launched on 09 July 2014 the NamCode is in the process to be adopted by many entities in Namibia, outside of our listed companies that are compelled to adopt the NamCode principles. Corporate governance can easily be viewed as costly compliance issue, but the truth is that good corporate governance enhances entities on every level, including the bottom line.

“Governance and leadership are the yin and the yang of successful organisations. If you have leadership without governance you risk tyranny, fraud and personal fiefdoms. If you have governance without leadership you risk atrophy, bureaucracy and indifference.” – Mark Goyder (Director of Tomorrow's Company)

This enhancement of the governance landscape has positively positioned Namibia on the African investment scene and resulted in the deepening of the Namibian capital markets as it opens our market to a larger international investing pool. Many more steps are required to truly open our markets, not least of which are the formalisation of our bond market and setting up a Central Securities Depository (CSD) for the trading in electronic scrip. The NSX is proud to be leading both these projects and shall be implementing them in 2015. We hope by deepening the market in these projects, more Namibian companies will open their shareholder base and come to market by listing. As in most African markets, ours is plagued by small size and illiquidity and can only change by having more choice and depth. However, the exchange cannot force anyone to list their companies and if they perceive uncertainty in the regulatory space, listing is a difficult step to take. It is therefore of the utmost importance to have clear guidelines on any requirements for Namibianisation, Black Economic Empowerment and localisation. The NSX is confident it can play a meaningful role in these areas if the rules of the game are clear and consistent. The NSX has maintained world class regulation of listed companies and shall continue to do so, as dilution of these requirements may lead to lower levels of investment due to institutional investors not being allowed to participate in the market.

Namibia had peaceful elections during 2014 and continues to be a stable investor friendly destination. We look forward to continue to work closely and positively with the new administration in implementing the Namibian Financial Sector Strategy and add to the growth and development of the capital market.

Highlights of the NSX contributions to **deepening and diversifying the capital markets in Namibia during 2014** include:

- The successful launch of the NamCode;
- Total net assets of the NSX and its Guarantee Fund now exceeds N\$ 49 million;
- NAMFISA provided the market with clarity on the classification of commodities within the Pension and Insurance regulations;
- Listing of four Commodity Exchange Traded Funds;
- Listing of PSG Konsult Limited and Mediclinic International Limited;
- Partnership with the Johannesburg Stock Exchange extended;
- CSD market steering committee established and agreement reached with all market participants for the NSX to establish and operate CSD for Namibia;
- Admission of a new Sponsor in the form of Merchantec Capital Namibia (Pty) Ltd; and
- Participating in various fora on mining and other taxation, transfer duty and securities tax, anti-money laundering procedures and industry regulations.

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

- Revision of the bond trading activities and how they can be amended to accommodate on market trading and full reporting of trades;
- Clarification and planning for demutualisation as envisaged in the Financial Institutions and Markets Bill; and
- Additional trading system functionality for bond and derivative trading in conjunction with the CSD project;

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

Again the uncertainty of the much discussed modalities of Regulation 28 to the Pension Fund Act (in terms of which each fund must invest 25% (2012 – 35%) of its total fund in “Namibian” assets, with certain

prescriptive minimums and prudential maximums) continued and brings closer the intended 10% by 2017 of dual listed stock that qualify as Namibian assets. It is clear localised products are required to fill the void, as the current investment in dual listed stocks decline. The long-term effect on the NSX on the reduction in the dual listed percentage of assets is impossible to determine at this stage. As shown in the Management Commentary the traded value primary listed equities (local trades) amounted to 3.63% of the total trades.

The NSX remains confident it has and will continue to serve the Namibian market well and has sufficient reserves to weather any competitive environment. The total of Government debt securities at the end of 2014 is N\$ 21.28 billion up from N\$ 9.982 billion at the end of 2010 plus N\$ 5.4 billion (at current exchange rate) internationally and N\$ 850 million listed on the JSE. This may have deflected investments from the exchange as will the introduction of Regulation 29 to the Pension Fund Act. The NSX believes that the unlisted investments (Reg 29) are inherently riskier than listed investments where corporate governance and disclosures are in keeping with best practices and subjected to transparent price discovery.

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

The *over the counter* ("OTC") procedures for the NSX stockbrokers to trade unlisted investments was launched in February 2013 when Agra Limited shares started to trade on this market. In total 6.44% of the shares in issue traded during 2013 at an aggregated total value of N\$ 8,281,997. Trading for 2014 decreased by 65% to a total value of N\$ 2,896,514.

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

On page 2 the graph tracks the month-end movement of the NSX Overall Index on the left-hand scale and the Local Index on the right-hand scale since 2002.



The Local Index which increased by 17.3% in 2014 on turnover of N\$ 294 million after a 21.3% increase in 2013 all in an illiquid market. While the Overall index increased by 10.2% against the JSE All Share index increased by 7.6%. The contributions of the top 13 listed equities, being those with a market capitalisation of N\$ 20 billion or more, are reflected in graphs in the Management Commentary.

At 31 December 2014 the total market capitalisation was N\$ 1.680 trillion or US\$ 145 billion, hopefully re-confirming the position of the NSX as the second largest Exchange by total market capitalisation in Africa, after the JSE.

The Development Capital Market or DevX, at the end of 2014 comprises four dual listed uranium companies, one gold company and one oil company. No shares listed on the DevX are included in either of the NSX indices which are calculated by FTSE in London. NAMFISA has advised that economic activity in Namibia is not a prerequisite for listing a company's equity on the NSX.

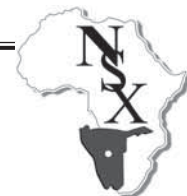
The graphs presented in this report highlight the volatility in share prices and exchange rates which all severely affect the share prices more than the incomes of these listed companies; the price of uranium and the unfortunate Japanese experiences in 2012 have reduced the exploration capabilities and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

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

I extend my thanks to management and the Board for harmonising their efforts to improve the operations of the NSX.

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

David Nuyoma
Chairman



NAMIBIAN STOCK EXCHANGE

ANNUAL REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2014

BOARD

In terms of the Constitution of the NSX one-third of the Directors retire each year, but are eligible for re-election. All Board members are non-executive.

At 31 December 2014 the Board comprised of:

de Bruin S

Gerdes H-B

Hansen B

Mandy J D

Ndilula K

Niddrie R

Nuyoma D

Smith M

Späth M

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

NATURE OF BUSINESS

Stock Exchange, including transfer agent, property owning company, a guarantee fund for investor protection and to provide central depository services to the Namibian market

BANKERS

First National Bank of Namibia Limited

Nedbank Namibia Limited

REGISTERED OFFICE

4 Robert Mugabe Avenue
Windhoek
Namibia

P O Box 2401
Windhoek
Namibia

SUBSEQUENT EVENTS

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

MEMBERS OF BOARD OF DIRECTORS

At 31 December 2014



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



HANS-BRUNO GERDES (Habo) - born on 28 March 1952 is Managing Partner of Engling, Stritter & Partners. Habo is an associate of the Institute of Chartered Secretaries and holds a BProc degree from the University of Cape Town. He currently practices as commercial/corporate attorney and holds a number of directorships in both listed and unlisted companies and serves on various governance committees. He is also the chairperson of the Legal Practitioners' Fidelity Fund and Honorary Consul for the Kingdom of Belgium in Namibia. Habo joined the NSX in 2009 and was re-elected at the AGM in April 2012.



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



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





KAUNAPUA NDILULA (Kauna) – born 30 April 1969, is a Development Finance Specialist with diverse experience covering areas such as finance, business development and support, strategic planning, project screening, investment facilitation, SME institutional development, and community development. Kauna has significant development exposure having served on the Boards of NNF, the National executive of NCCI, NamDef and is currently serving as the Chairperson of the Windhoek Branch NCCI, Board member of NAMMIC Holdings and Trustee of Kuleni Preservation Fund and a Director of Business Financial Services (Pty) Limited, a private equity entity. Kauna was elected to the NSX Board in April 2012.



RICHARD NIDDRIE – born on 20 March 1955. Richard studied at the University of the Witwatersrand and is a registered Chartered Accountant in both Namibia and South Africa. He was at Ernst & Young for over 30 years, 20 of which was as an audit partner. His portfolio included listed corporations and subsidiaries of listed corporations. As an audit partner he also served on a number of audit committees. He is currently a director of Nedbank Namibia and a Trustee of the Namibia Nature Foundation. Richard was elected to the NSX board in 2014.



DAVID NUYOMA – born on 03 June 1963. He completed his Master Degree in Industrial Development and BA (Honours) in 1987 and 1989 respectively at the University Of East Anglia School of Development Studies, UK. David is the CEO and Principal Officer of the Government Institution Pension Fund. Before he joined the Fund he was the first CEO of the Development Bank of Namibia and before that he was the Executive Director of the Namibia Investment Centre in the Ministry of Trade and Industry. David has served as Board member of various corporate entities in Namibia and was Chairman of the SADC Investment Promotion Agencies and also of the SADC Development Finance Institutions Network. He served as Commissioner of the National Planning commission and was a member of the President's Economic Advisory Council.



MADELEIN SMITH – born on 30 November 1971 and matriculated at Pretoria North High School, Gauteng, South Africa. Madelein has a strong trading background in Forex, Money Market and Equity instruments and earned various industry qualifications in the 1990's before passing the NSX broker entrance examinations. She was appointed Managing Director of Namibia Equity Brokers (Pty) Ltd at the beginning of 2008 with 13 years' experience in the Namibian Financial Industry. Madelein was re-elected to the Board in April 2014.



MARK SPÄTH – born on 23 February 1978. Mark is Group Managing Director of the IJG Group of Companies. Mark joined IJG in September 2003 as Head of Research and in April 2005 was appointed MD of the Securities business after completing his stockbroking exams. Mark holds a B.Bus.Science (Honours Finance) from the University of Cape Town, has completed an executive management course at the renowned Stanford Graduate School of Business in the US and was a Member of the NSX from April 2005 to June 2014. Mark was rated no. 1 sell side analyst in the category "Other African Markets & Economies" in May 2006 in the prestigious Financial Mail broker ratings. Mark has been directly involved as corporate advisor and sponsor to numerous companies that have listed (primary / dual / debt issues) on the NSX since September 2006. Prior to joining IJG, Mark worked in the derivatives department of WestLB in London for two years and completed an internship with Schwabe, Ley & Greiner, an Austrian consultancy firm.

NSX BOARD & COMMITTEES

As at 31 December 2014

1

BOARD OF DIRECTORS

D Nuyoma (Chairman), H-B Gerdes (Deputy Chairman), S de Bruin, B Hansen, J D Mandy, K Ndilula, R Niddrie, M Smith, M Späth

SUB-COMMITTEES OF THE BOARD

2

AUDIT & RISK COMMITTEE²

S de Bruin (Chair), R Niddrie, M Späth

3

BROKER SCREENING COMMITTEE²

H-B Gerdes (Chair), A Swanepoel

4

DISCIPLINARY COMMITTEE²

H-B Gerdes (Chair), S de Bruin

5

REMUNERATION COMMITTEE²

H-B Gerdes (Chair), S de Bruin, K Ndilula

6

INVESTMENT COMMITTEE²

J D Mandy (Chair), K Ndilula

7

LISTING COMMITTEE PANEL²

A Board Member will chair each Listings Committee meeting.

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

8

SUBSIDIARIES

Transfer Secretaries (Pty) Ltd: Directors - D Nuyoma (Chairman), C Bazuin

Central Depository (Pty) Ltd: Directors - D Nuyoma (Chairman), C Bazuin

Maerua Investments Number Nine (Pty) Ltd: Directors - D Nuyoma (Chairman), C Bazuin

KEY MANAGEMENT

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

¹ South African

² The Chairman of the Board and the Registrar of Stock Exchanges (or his nominee) may attend all committee meetings ex-officio.



MEMBERS OF COMMITTEES & PANEL

31 December 2014



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

NSX & TRANSFER SECRETARIES STAFF AT 31 December 2014



Staff from left to right:

Back Row: Alicia van Wyk, Elizabeth Esterhuizen, Elizabeth Edward, Theresia Kavangelua, Pearl Garoes, Johene Saal
Front Row: Tiaan Bazuin, André Smith, Manda Steynberg

CORPORATE GOVERNANCE REPORT

The Board of the Namibian Stock eXchange (NSX) is responsible for the ongoing assessment of NSX policies relating to the duties and responsibilities of the Board and the delegation of powers. The NamCode Reports on Corporate Governance, based on international best practices, including the King III report, details the importance of corporate governance in achieving financial objectives and fulfilling corporate responsibilities. This is to ensure that corporate governance requirements are met and that the core principles of accountability, integrity and transparency are adhered to.

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

The Board diligently strives to adhere to the recommendations detailed in the NamCode which was launched in Namibia during 2014 and stipulates the principles of good corporate governance. The Board is of the opinion, based on the information and explanations given by management that the Exchange's internal controls are adequate, so that the financial records may reasonably be relied on for preparing the annual financial statements and for maintaining accountability for assets and liabilities and in part by the receipt of an unqualified independent audit report.

The Board believes that the NSX's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

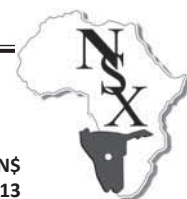
In preparing the annual financial statements, the NSX has used appropriate accounting policies supported by reasonable and prudent judgments and estimates, and has complied with International Financial Reporting Standards. The Board is of the opinion that the annual financial statements fairly present the financial position of the Group and Exchange at 31 December 2014 and the results of operations and cash flow information for the year then ended. The members of the Board have a reasonable expectation that the NSX (and by association the Group) has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the annual financial statements.

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

As at 31 December 2014, the non-executive Board consisted of 9 elected members; one-third of the elected Board members retire annually. The Board is elected in terms of the Constitution of the NSX which was gazetted on 15 October 2005 (Government Gazette No 3815) based upon their skills and experience and from seven prescribed sectors of the Financial Industry. The Chairman and deputy Chairman of the Board are elected by the Board members.

A representative of the Namibia Financial Institutions Supervisory Authority (NAMFISA) is invited to attend all the meetings of the Board and its committees. The three members who will retire at the Annual General Meeting of the NSX in April 2015 are H-B Gerdes; K Ndilula and M Späth.





		Total N\$ 2014	Retainer	06-Feb	31-Mar	29-Apr	13-May	27-Jun	30-Sep	05-Dec	Total N\$ 2013
Board members											
De Bruin S	Elected 25 April 2013	29,829	10,000	✓	✓	✓	✓	✓	✓	✓	7,500
Gerdes H	Elected 25 April 2012	29,829	10,000	✓	✓	✓	✓	✓	✓	✓	12,500
Hansen B	Elected 25 April 2013	21,331	10,000	✓	✓	a	✓	a	✓	a	7,500
Kankondi K	Retired 25 April 2013	-	-	-	-	-	-	-	-	-	4,000
Mandy J	Elected 1 June 2013	25,863	10,000	a	✓	a	✓	✓	✓	✓	6,500
Matthews L	Retired 29 April 2014	10,665	5,000	a	✓	✓	-	-	-	-	19,650
Ndilula K	Elected 25 April 2012	25,297	10,000	✓	✓	a	✓	✓	a	✓	10,650
Niddrie R	Elected 29 April 2014	18,831	7,500	-	-	-	✓	✓	✓	✓	-
Nuyoma D	Elected 29 April 2014	26,331	15,000	-	-	-	✓	✓	✓	✓	-
Rukoro Adv V	Retired 25 April 2013	-	-	-	-	-	-	-	-	-	2,650
Smith M	Re-elected 29 April 2014	26,430	10,000	✓	✓	✓	✓	✓	✓	a	12,150
Spath M	Re-elected 25 April 2013	25,863	10,000	a	✓	a	✓	✓	✓	✓	12,150
Van Zyl E	Retired 29 April 2014	10,998	2,500	✓	✓	✓	-	-	-	-	12,150
		251,267	100,000								107,400

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

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

For 2014 Directors fees were based on a retainer of N\$10 000 for each Board member and a rate of N\$1 133 per hour. The annual fees are based on an hourly rate per hour spent in meetings as well as preparation.

The Chief Executive Officer attends all meetings by invitation.

MAJOR SUB – COMMITTEES OF THE BOARD

Remuneration Committee

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

Remuneration committee	Total N\$ 2014	14-Mar	14-Jul	Total N\$ 2013
De Bruin S	1,700	-	✓	-
Gerdes H	5,099	✓	✓	7,000
Ndilula K	5,099	✓	✓	4,725
Rukoro Adv V	-	-	-	3,000
Van Zyl E	3,399	✓	-	1,725
	15,297			16,450

Audit & Risk Committee

The Audit & Risk Committee was chaired by S de Bruin plus two members of the Board, being R Niddrie and M Spath. Representative from the external auditors, the NAMFISA representative, the Chief Executive Officer, the Operations Manager and the Chairman of the Board attend the Audit & Risk Committee meetings by invitation. The Committee meets a minimum of twice a year to review the audit plan, annual financial results and other significant audit issues.

Audit & Risk committee		Total N\$ 2014	Retainer	17-Mar	Total N\$ 2013
De Bruin S	Chairman from 14 May 2013	13,399	10,000	✓	7,500
Matthews L	Retired 29 April 2014	-	-	-	4,500
Niddrie R	Elected 29 April 2014	-	-	-	-
Spath M		3,399	-	✓	6,000
Van Zyl E	Retired 29 April 2014	3,399	-	✓	6,000
		20,197	10,000		24,000

It is the responsibility of the Audit & Risk Committee to review the annual financial statements of the NSX and its subsidiaries and the Guarantee Fund, and to make appropriate recommendations regarding their approval to the Boards of the NSX, Transfer Secretaries (Pty) Limited, Maerua Investments Number Nine (Pty) Limited, Central Depository (Pty) Limited and a dormant subsidiary company. The annual fee for the Audit Committee is also split into a retainer and a meeting fee.

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

Broker Screening Committee

A Broker Screening Committee reviews all applications for broking membership of the NSX to determine if the applicant is fit and proper in terms of the Rules of the NSX. This committee, comprising H-B Gerdes as Chairman and A Swanepoel was convened to review the application of Bruce Hansen. Fees totalling N\$ 1 134 were incurred.

Listing Committee

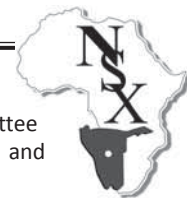
The Listing Committee panel includes, among others, representatives of major accounting and legal firms in Namibia and the quorum for each meeting is three non-conflicted Board members and all of its meetings must be chaired by a member of the Board. This Committee meets on an ad hoc basis to approve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

Listings Panel	Total N\$ 2014	Retainer	12-Mar	18-Dec	Total N\$ 2013
Bossau H	17,081	10,000	✓	✓	10,200
Gerdes H	10,000	10,000	-	-	22,900
Mandy J	4,532	-	-	✓	1,100
Ndilula K	7,081	-	✓	✓	8,500
Smith M	7,081	-	✓	✓	8,500
Van Zyl E	2,549	-	✓	-	-
	48,324	20,000			51,200

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

The Board considers the JSE listing requirements to be best practices and has requested that the NSX regularly updates, where applicable, practicable, and permitted by Namibian legislation, for changes made by the JSE. A major review will be undertaken on the gazetting of the Financial Institutions & Markets Act (now expected in 2015) and the publication of the related prudential and market conduct regulations being drafted by the Namibia Financial Institutions Supervisory Authority (NAMFISA)





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

Investment committee and capital management

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

To improve the returns on investments and to benefit from the positive returns experienced in the capital market since the international financial crisis, management recommended to the Board to appoint a number of Namibian unit trust asset managers with a prudential and balanced mandate to manage the funds of the NSX and the Guarantee Fund and not to rely on the interest income approach of prior years. The Board has decided to impose a limit of 40% of total funds in any one fund or bank. No fees were paid to this committee during 2014.

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

RISK MANAGEMENT REVIEW

With the introduction by the JSE of electronic settlement for equities through STRATE and thereby for the South African dual listed shares on the NSX, have recently accounted for over 95% of the value of trades on the NSX. However, in 2013 following the listing of Bank Windhoek Holdings Limited on 28 June 2013 the traded value of primary listed shares increased to N\$ 358 000 (5.8%) of the total. The risks that the NSX is required to identify, manage and mitigate are significantly reduced with the large JSE dual listed trades. In early 2012 the NSX acknowledged that major off-market transactions in primary listed equities were being reported due to the high trading costs on the NSX and the NAMFISA levies on both the buy and sell legs of the transaction and introduced its so-called concessionary trade levies, retaining the double NAMFISA levy but reducing the stockbroker and the resultant NSX portion. No concessionary trades were reported for 2014.

The JSE has written terms of reference for its Risk Management Committee which is chaired by an independent non-executive committee to assist its board with the identification, assessment, evaluation and monitoring actual and potential risks and the mitigation thereof. The South African Institute of Chartered Accountants in 2004 issued an updated *Stockbrokers: Audit and Accounting Guide* to provide practical guidance on the auditing and accounting issues related to the accounts of Stockbrokers. In addition, regular reviews of the BDA systems was undertaken by an independent auditing firm for use by all auditors to stockbrokers; this review was last completed in March 2014 for the period ended February 2014 by PricewaterhouseCoopers Advisory Services (Pty) Limited for the JSE Limited.

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

Risks influencing the environment in which the NSX and its trading subsidiary – Transfer Secretaries (Proprietary) Limited - operates are described below. As part of its risk management procedures, the NSX has extensive insurance cover across all areas of its business and regularly reviews the mandatory insurance cover held by its members and the capital in the Guarantee Fund.

Principal risk

Principal risk is the risk of a party losing the full value of a transaction which may result from a delay between payment and the transfer of ownership of securities.

The implementation of STRATE eliminated the major portion of this risk on dual listed transaction through the simultaneous, final irrevocable delivery versus payment for the South Africa leg of the transaction, thereby substantially reducing the overall risk of participating in the equities market. The clearing of Namibian primary listed equities and bonds is settlement against delivery but this is being hampered by the limits on the Namibia dollar size of cheques and the abolishing of cross border cheques. The Namibian Central Securities Depository (CSD) will address this risk in the same way STRATE addressed it in South Africa.

Technology and systems risk

The NSX through the JSE provides a market for the dealing in securities and financial instruments that is information technology intensive. Equity dealing is matched electronically on TALX and MIT Millennium Exchange (2011 -Trade Elect™) which is developed by a subsidiary of the London Stock Exchange and maintained by the JSE. In addition, trades in securities conducted through the JSE are settled through the electronic settlement engine STRATE. In parallel with the provision of this service the NSX and JSE (the Exchanges) also oblige all stock broking members to maintain their general ledger (exemptions are permitted) and client accounting through the JSE maintained Broker Deal Accounting system ("BDA").

The technology and systems risk is the inability of the systems and applications to manage and control the business processes and information. The JSE bears the risk for the dual listed trades, but is largely exempt from legal liability should either or all of the systems referred to above not function efficiently or at all, resulting in the Exchanges being unable to provide an efficient operational market.

To address this risk the JSE employs a significant portion of its staff, under the supervision of the Director: Information Technology to manage the risk associated with BDA, MIT Millennium Exchange, Info Wiz and the ATS, which includes a comprehensive redundancy and disaster recovery infrastructure and plan.

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

Settlement and liquidity risk

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

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

Neither the JSE nor the NSX, accept any settlement or liquidity risk in respect of off-market trades. The NSX accepts no settlement or liquidity risk in respect of listed bond trades. The contracting parties in Namibia to an off-market trade or bond trade bear this risk.

Settlement performance is the cornerstone of every securities exchange, and therefore the Exchanges, in certain prescribed circumstances (on-market trades between two members) guarantees settlement and the Exchanges are required to manage settlement, bearing the liquidity and price risk for both the cash and securities.

The failure by a party to perform its settlement obligations may result in a counterparty having an open position. To address this situation it is necessary to incur the cost of replacing, at current market prices, the securities subject to the agreed transaction. This risk is exacerbated by liquidity risk and price risk, which is the possibility that the price of replacing the required securities has materially and negatively changed. The Exchanges environment comprises a hierarchical risk structure with the obligations of the client being guaranteed by the client's stock broking member. The stock broking member's obligations in this regard are in turn guaranteed by the respective Exchanges. The settlement risk to the NSX is therefore directly proportional to the extent that both the client and the stockbroker are not able to perform their respective obligations. Both Exchanges have recourse in respect of any negative price movement against the stock broking member who introduced the trade.

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

Systemic risk

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

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

Both the Exchanges are subject to systemic risk, which is managed by the various stakeholders who participate in the financial markets. The NSX and the JSE both have Guarantee Funds, financial reserves and the JSE has a Fidelity Fund all of which are in place in the event that control procedures in place fail.

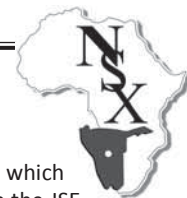
Fidelity risk

This is the risk of employees or agents of the NSX and its subsidiary committing fraud or an unauthorised activity. The NSX has significant funds under its management, including monies of the NSX Guarantee Fund. The Chief Executive Officer is responsible for managing this risk which is mitigated through the enforcement of the maximum delegation of powers, segregation of duties, rules setting out checks and balances, low risk investment policies as well as fidelity and similar insurance.

Legal risk

This is the risk that a transaction or contract cannot be consummated due to a legal impediment. The NSX is subject to this risk. The Chief Executive Officer is responsible for addressing this risk and in conjunction with external legal counsel attends to managing this risk. The Rules and Directives of the NSX will also be reviewed as a number of weaknesses therein have been brought to managements' attention.





Currency risk

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

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

Reputational risk

Reputational risk is the risk of damage to the Exchanges' reputation. Given the nature of a financial market and the importance of the integrity of the market, this is a very grave risk and is a risk which is a natural consequence of all other risks set out above.

STRATE is a crucial element of the equities market. The risk associated with electronic settlement is not directly within the control of the JSE. This risk, if not managed, will result in the tarnishing of the Exchange's reputation and affect the ongoing viability of the securities market. The JSE, through its investment in and representation on the STRATE Board of Directors, participates in the guidance of the STRATE business, including the management of all STRATE related risk issues. In this way, the reputational risk to the Exchanges resulting from a STRATE related default, is managed and mitigated. International research has highlighted the enormous improvements to operational and settlement risks which should have a beneficial effect, particularly on the non-resident clientele of the market.

The Chief Executive Officer is generally responsible for managing this risk and under his guidance all aspects of the NSX business are focused on ensuring an honest, safe, transparent and efficient market.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems.

Operational risks are those risks of a non-speculative nature with no potential of showing a profit. The objective of operational risks processes is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business.

Operational risks can be classified as follows:

- Process risk
- Employee risk
- System risk

The Board accepts overall responsibility for operational risk with the responsibility of day-to-day management of operational risk delegated to management of the NSX.

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

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

At year end there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk on the NSX's own funds is minimised through ensuring that funds are mainly placed with registered banking institutions with maximum investment limits prescribed for each bank, other approved investments are in Government bonds and treasury bills. Exposure to credit risk on accounts receivable balances is monitored as part of the daily procedures of the Exchange's finance department.

Liquidity risk

Liquidity risk is the risk that the NSX will be unable to meet its short-term funding requirements. This risk is managed by the NSX in conjunction with an Investment Committee, formed by the Board, by maintaining some of the NSX's funds in current and call accounts and investments of various maturities in treasury bills, government and other bonds and fixed deposits with institutional and maturity limits. The investments in the Namibian managed unit trusts can be redeemed at short notice and the NSX does not speculate in equity investments.

Interest rate risk

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

NAMIBIAN STOCK EXCHANGE

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Members of the Board of the Namibian Stock Exchange are responsible for monitoring the preparation and integrity of the financial statements and related information included in this annual report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The Board has ultimate responsibility for the system of internal controls and reviews its operation.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Namibian Stock Exchange policies and procedures. Trained, skilled personnel with an appropriate segregation of duties implement these controls. The controls are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

The financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements incorporate responsible disclosures in line with the accounting philosophy of the Namibian Stock Exchange. The annual financial statements are based on appropriate accounting policies consistently applied.

The management and the Board of the NSX believe that the Namibian Stock Exchange and its wholly-owned subsidiaries, will be able to continue as going concerns in the year ahead. For this reason they continue to adopt the going concern basis in preparing the annual financial statements.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 December 2014 have been approved by the Board on 31 March 2015 and are signed on its behalf by:



D Nuyoma
Chairman



S de Bruin
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NAMIBIAN STOCK EXCHANGE

We have audited the group annual financial statements and the annual financial statements of the Namibian Stock Exchange set out on pages 16 to 36, which comprise the directors' report, the consolidated and separate statements of financial position as at 31 December 2014, and the consolidated and separate statements of profit and loss and other comprehensive income, the consolidated and separate statements of changes in rights and reserves, and the consolidated and separate statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Namibian Stock Exchange's Board and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the Namibian Stock Exchange as at 31 December 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.



Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per E Tjipuka
Partner
Windhoek
31 March 2015

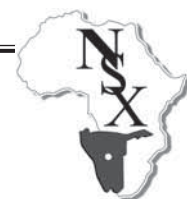
Regional Executives: LL Bam (Chief Executive) A Swiegers (Chief Operating Officer) GM Pinnock
Resident Partners: E Tjipuka (Managing Partner) RH McDonald J Kock H de Bruin J Cronjé A Akayombokwa
Director: G Brand

Member of Deloitte Touche Tohmatsu

NAMIBIAN STOCK EXCHANGE
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Namibian Stock Exchange	
	Note	2014	2013	2014	2013
		N\$	N\$	N\$	N\$
Revenue	4	8,604,235	7,125,143	6,733,758	5,007,135
Investment income	5	3,482,260	5,256,407	3,123,337	4,112,481
Other income		197,494	47,091	709,194	47,091
Total revenue		12,283,989	12,428,641	10,566,289	9,166,707
Operating expenses	6	(5,450,588)	(5,746,865)	(5,095,506)	(4,357,785)
PROFIT BEFORE TAXATION		6,833,401	6,681,776	5,470,783	4,808,922
Taxation	7	(76,950)	(44,883)	-	-
PROFIT FOR THE YEAR		6,756,451	6,636,893	5,470,783	4,808,922
Other comprehensive income, net of income tax					
Unrealised gain on revaluation of property	10	790,000	104,700	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,546,451	6,741,593	5,470,783	4,808,922





NAMIBIAN STOCK EXCHANGE

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Namibian Stock Exchange	
		2014	2013	2014	2013
		N\$	N\$	N\$	N\$
ASSETS					
NON-CURRENT ASSETS		47,393,692	41,184,035	37,557,779	32,969,525
Plant and equipment	9	751,750	110,153	40,065	43,333
Fixed property	10	7,715,000	6,925,000	-	-
Investments in subsidiaries	11	-	-	7,431,504	6,829,000
Other investments, listed	12	570,466	571,720	570,466	571,720
Other investments, balanced mandate unit trusts	13	38,356,476	33,577,162	29,515,744	25,525,472
CURRENT ASSETS		3,770,249	2,183,818	2,404,598	1,383,674
Trade & other receivables	14	549,311	347,819	359,044	306,693
Current taxation		1,855	-	-	-
Bank balances & cash	19.3	3,219,083	1,835,999	2,045,554	1,076,981
TOTAL ASSETS		51,163,941	43,367,853	39,962,377	34,353,199
RIGHTS, RESERVES AND LIABILITIES					
RIGHTS AND RESERVES		49,622,812	42,076,361	38,618,883	33,148,100
Founder members' contributions		430,000	430,000	430,000	430,000
Stockbroking members' rights		1,890,500	1,890,500	1,890,500	1,890,500
Property revaluation reserve		894,700	104,700	-	-
Insurance fund	15	500,000	500,000	500,000	500,000
Guarantee fund	17	9,754,012	8,561,722	-	-
Retained surplus		36,153,600	30,589,439	35,798,383	30,327,600
NON-CURRENT LIABILITIES		340,026	134,100	271,893	127,188
Provision for retrenchment & retirement	18	281,947	130,602	271,893	127,188
Deferred taxation	8	58,079	3,498	-	-
CURRENT LIABILITIES		1,201,103	1,157,392	1,071,601	1,077,911
Trade & other payables	16	1,201,103	1,152,469	1,071,601	1,077,911
Current taxation		-	4,923	-	-
TOTAL RIGHTS, RESERVES AND LIABILITIES		51,163,941	43,367,853	39,962,377	34,353,199

NAMIBIAN STOCK EXCHANGE

STATEMENTS OF CHANGES IN RIGHTS AND RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2014

Group

	Founder members' contri- butions N\$	Stock- broking members' rights N\$	Property revaluation reserve N\$	Insurance fund N\$	Guarantee fund N\$	Retained surplus N\$	Total N\$
Balance at 31 December 2012	430,000	1,890,500	-	500,000	6,888,859	25,625,409	35,334,768
Profit for the year	-	-	-	-	-	6,636,893	6,636,893
Other comprehensive income for the year	-	-	104,700	-	-	-	104,700
Total comprehensive income for the year	-	-	104,700	-	-	6,636,893	6,741,593
Transfer	-	-	-	-	1,672,863	(1,672,863)	-
Balance at 31 December 2013	430,000	1,890,500	104,700	500,000	8,561,722	30,589,439	42,076,361
Profit for the year	-	-	-	-	-	6,756,451	6,756,451
Other comprehensive income for the year	-	-	790,000	-	-	-	790,000
Total comprehensive income for the year	-	-	790,000	-	-	6,756,451	7,546,451
Transfer	-	-	-	-	1,192,290	(1,192,290)	-
Balance at 31 December 2014	430,000	1,890,500	894,700	500,000	9,754,012	36,153,600	49,622,812

Number of rights 43 35

Notes 10 15 17

Namibian Stock Exchange

	Founder members' contributions N\$	Stockbroking members' rights N\$	Insurance fund N\$	Retained Surplus N\$	Total N\$
Balance at 31 December 2012	430,000	1,890,500	500,000	25,518,678	28,339,178
Total comprehensive income for the year	-	-	-	4,808,922	4,808,922
Balance at 31 December 2013	430,000	1,890,500	500,000	30,327,600	33,148,100
Total comprehensive income for the year	-	-	-	5,470,783	5,470,783
Balance at 31 December 2014	430,000	1,890,500	500,000	35,798,383	38,618,883

The Board's valuation of a new right is based on the total of the capital and reserves at the end of the year divided by the number of rights in issue in terms of Rule 2.4.6. This valuation is only for the purpose of calculating the cost of a new right, should a new right be issued.

Number of rights

Founder members	43
Stockbroking members	35
	<u>78</u>

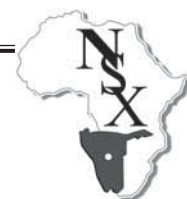
Group

2013	539,000
2014	636,000

Namibian Stock Exchange

2013	425,000
2014	495,000





NAMIBIAN STOCK EXCHANGE STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 N\$	2013 N\$	Namibian Stock Exchange 2014 N\$	2013 N\$
CASH FLOW FROM OPERATING ACTIVITIES		3,577,859	1,996,998	3,094,960	1,540,394
Cash receipts from customers		8,600,237	7,200,955	7,390,601	5,048,711
Cash paid to suppliers and employees		(5,196,176)	(5,798,569)	(4,928,706)	(4,402,606)
Cash generated from operations	19.1	3,404,061	1,402,386	2,461,895	646,105
Investment income		202,946	634,474	633,065	894,289
Taxation paid		(29,148)	(39,862)	-	-
CASH FLOWS UTILISED FOR INVESTING ACTIVITIES		(2,194,775)	(15,735,063)	(2,126,387)	(15,702,282)
Acquisition of property, plant & equipment		(696,030)	(44,792)	(25,136)	(483)
Acquisition of fixed property		-	(6,820,300)	-	-
Movements in investments		(1,499,999)	(8,500,000)	(2,102,505)	(15,325,000)
Proceeds from disposal of property, plant & equipment		-	6,828	-	-
Net withdrawals from (additions to) listed investments		1,254	(376,799)	1,254	(376,799)
Net movement in cash and cash equivalents		1,383,084	(13,738,065)	968,573	(14,161,888)
Cash and cash equivalents at beginning of the year		1,835,999	15,574,064	1,076,981	15,238,869
Cash and cash equivalents at end of the year	19.3	3,219,083	1,835,999	2,045,554	1,076,981

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Statement of compliance

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

1.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical basis, except for the following material items in the statement of financial position, measured at fair value as described below:

- Fixed Property
- Balanced mandate unit trusts

The methods used to measure fair values are set out in note 22.4

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1.3 Consolidation

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

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

1.4 Financial instruments

Initial recognition and measurement

Financial instruments recognised in the statement of financial position includes listed investments, investments in balanced mandated unit trusts, trade receivables, cash and cash equivalents, amounts due to and from group entities and trade payables. A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the Group commits itself to purchase or sell the asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group classifies financial assets into the following categories:

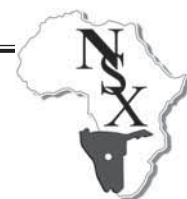
- Financial assets at fair value through profit and loss; and
- Loans and receivables.

Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets at fair value through profit and loss

The group's investment in balanced mandated unit trusts is classified as financial assets at fair value through profit and loss. These assets are carried at fair value with any resultant gain or loss being recognised in profit and loss. Impairment losses are recognised in profit and loss.





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (Continued)

1.4 Financial instruments (continued)

Loans and receivables and financial liabilities measured at amortised cost

Other financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other financial instruments include listed investments, trade receivables, cash and cash equivalents, amounts due to and from group entities and trade payables.

1.5 De-recognition of assets and liabilities

Financial assets

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

Financial liabilities

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

1.6 Impairments

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

1.7 Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the statement of financial position date. Foreign currency gains and losses are charged to the statement of profit or loss and other comprehensive income.

1.8 Plant and equipment

Plant and equipment are stated at cost, less accumulated depreciation. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is charged on a straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

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

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

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

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

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (Continued)

1.9 Fixed properties

Fixed properties are properties held for rental and capital appreciation and are measured initially at cost, including transaction cost. Subsequent to initial recognition the properties are measured at fair value with gains and losses being included in the other comprehensive income in the period in which they arise.

1.10 Employee retirement benefit costs

The Group contributes to an umbrella defined contribution fund in respect of retirement benefits of current employees, the costs of which are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group does not provide post retirement medical benefits to employees. The Group accrues for the value of leave due on the basis of the number of days owing to the employee and the relevant cost associated therewith. The Group provides for retrenchment and retirement benefits in accordance with the terms and conditions specified in the Labour Act of 2007 (Act 11 of 2007).

1.11 Deferred taxation

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Current tax rates are used to determine the deferred tax balance. In determining the balance, account is taken of estimated tax losses.

A deferred tax asset is recognised to the extent that its probable future taxable profits will be available against which the unused tax losses and deductible temporary difference can be utilised.

1.12 Revenue recognition

Revenue from the provision of services is recognised when the transaction giving rise to the services has been completed, the amounts can be measured reliably and it is probable that the economic benefits will flow to the Stock Exchange and its operating subsidiaries.

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

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

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

1.13 Leases

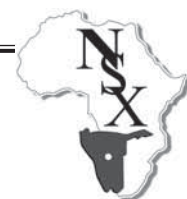
Leases where the Lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Transactions made under operating leases are charged against or included in income on a straight-line basis over the period of the lease.

1.14 Taxation

The NSX and the Guarantee Fund are exempt from normal taxation in terms of Section 16(1)(d) of the Income Tax Act, No. 24 of 1981. The operating subsidiaries are subject to normal taxation in terms of the Income Tax Act, No 24 of 1981.

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





NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (Continued)

1.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Directors have reviewed the Group's investment in financial assets in light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold these assets until they are ready for use.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2014. The following new standards and interpretations are effective for the current accounting period:

Amendments IFRS 2	Share-based Payment
Amendments IFRS 3	Business Combinations
Amendments IFRS 8	Operating Segments
Amendments to IFRS 10	Investment Entities
Amendments to IFRS 12	Investment Entities
Amendments IFRS 13	Fair Value Measurement
Amendments IAS 16	Property, Plant and Equipment
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments IAS 24	Related Party Disclosures
Amendments to IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments IAS 38	Intangible Assets

None of the standards, as indicated above that were effective for the current accounting period, had an impact on the results or financial position of the company.

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

New standards and recent amendments International Financial Reporting Standards		Effective date
IFRS 7	Financial Instruments: Disclosures — Amendments requiring disclosures about the initial application of IFRS 9	01 January 2015
IFRS 7	Financial Instruments: Disclosures — Additional hedge accounting disclosure	01 January 2017
IFRS 9	Financial Instruments: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	01 January 2017
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2017
IFRS 9	Financial Instruments: Accounting for financial liabilities and derecognition	01 January 2018
IFRS 9	Financial Instruments: Accounting for hedge accounting	01 January 2017
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2017
IAS 39	Financial Instruments — Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge	01 January 2017

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the financial statements in future periods.

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

4. REVENUE ANALYSIS

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

	Namibian Stock Exchange N\$	Transfer Secretaries N\$	Guarantee Fund N\$	Group N\$
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Revenue represents net invoiced amounts to :

For the year ended 31 December 2014

Listed entities

- Listing & documentation fees	500,000	-	-	500,000
- Annual fees	1,740,750	68,900	-	1,809,650
- Quarterly fees	-	532,260	-	532,260
- Service fees	-	898,045	-	898,045
	2,240,750	1,499,205	-	3,739,955

Data distribution vendors

- Information fees	693,285	-	-	693,285
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Stockbrokers, sponsors & clients

- Guarantee fund contributions	-	-	371,272	371,272
- Entrance and annual fees	87,000	-	-	87,000
- Commission received - Transaction levy	3,712,723	-	-	3,712,723
	3,799,723	-	371,272	4,170,995
	6,733,758	1,499,205	371,272	8,604,235

For the year ended 31 December 2013

Listed entities

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

Data distribution vendors

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

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

5. INVESTMENT INCOME

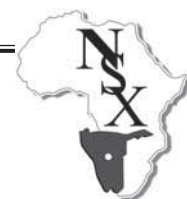
Interest on investments at amortised cost

- listed	53,357	44,127	53,357	44,127
Interest on intercompany loan	-	-	469,904	279,219
Interest on bank and call accounts	149,589	590,347	109,804	570,943
	202,946	634,474	633,065	894,289

Fair value adjustment on unit trust investments

	3,279,314	4,621,933	2,490,272	3,218,192
	3,482,260	5,256,407	3,123,337	4,112,481





NAMIBIAN STOCK EXCHANGE **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

	Group		Namibian Stock Exchange	
	2014	2013	2014	2013
	N\$	N\$	N\$	N\$
6. OPERATING EXPENSES				
Operating expenses is arrived after taking the following items into account:				
Auditor's remuneration: current year – audit fees	125,922	117,049	90,147	84,968
Professional fees	144,236	243,432	139,121	243,432
Depreciation	54,435	65,956	28,404	49,227
Rental cost	70,331	355,513	541,555	505,302
Information technology fees	410,889	-	321,185	-
Remunerations - staff & directors				
Director & Committee fees				
- Board	251,267	107,400	251,267	107,400
- Audit & risk management committee	20,197	24,000	20,197	24,000
- Broker screening committee	1,134	1,575	1,134	1,575
- Demutualisation committee	2,266	-	2,266	-
- Disciplinary committee	5,100	-	5,100	-
- Investment committee	-	2,850	-	2,850
- Listing committee	48,324	51,200	48,324	51,200
- Remuneration committee	15,297	16,450	15,297	16,450
	343,585	203,475	343,585	203,475
- Transfer Secretaries Board	3,500	5,000	-	-
Less Board & committee fees allocated to subsidiary	-	-	(66,024)	(34,738)
	347,085	208,475	277,561	168,737
Staff costs				
Including key management costs				
- salaries and wages	2,285,620	2,731,219	1,955,740	2,313,904
- contributions to retirement funds	533,839	614,363	461,513	539,337
- other	462,327	534,773	405,111	477,308
- provision for retrenchment & retirement	151,345	909	144,705	54,432
	3,433,131	3,881,264	2,967,069	3,384,981
	3,780,216	4,089,739	3,244,630	3,553,718

NAMIBIAN STOCK EXCHANGE

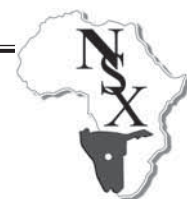
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Group 2014 N\$	2013 N\$
7. TAXATION		
The Namibian Stock Exchange and the Guarantee Fund are exempt from taxation in terms of Section 16 (1)(d) of the Income Tax Act No 24 of 1981.		
Tax rate reconciliation - Namibian normal taxation		
Income tax recognised in the consolidated statement of profit or loss and other comprehensive income		
- effect of income exempt from tax the:		
- NSX	28.3%	23.4%
- Guarantee Fund	3.5%	8.1%
- effect of the property tax losses	0.0%	0.8%
Standard rate of taxation	31.9%	32.3%
Normal taxation relating to subsidiary		
- Current taxation	22,369	45,635
- Deferred taxation	54,581	(752)
Namibian normal tax	76,950	44,883
Estimated tax losses relating to subsidiary		
At beginning of the year	-	1,812
Utilised to create deferred tax asset	-	-
(Utilised) during the year	-	(1,812)
Available for set off against future taxable income	-	-
8. DEFERRED TAXATION		
Balance at the beginning of the year	(3,498)	(4,250)
Charge to profit and loss	(54,581)	752
Balance at end of the year	(58,079)	(3,498)
Comprising:		
Capital allowances	142,320	10,118
Prepayments	8,801	-
Straight-lining of rental	-	(5,493)
Provision for retrenchment & retirement	(93,042)	(1,127)
	58,079	3,498

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





NAMIBIAN STOCK EXCHANGE **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

9. PLANT & EQUIPMENT	Software & licences N\$	Office furniture N\$	Equipment N\$	TOTAL N\$
Group - Cost				
Balance at 31 December 2012	578,112	163,526	362,073	1,103,711
Additions	1,450	16,434	26,908	44,792
Disposals	-	(3,424)	(13,025)	(16,449)
Balance at 31 December 2013	579,562	176,536	375,956	1,132,054
Additions	678,042	1,259	16,729	696,030
Balance at 31 December 2014	1,257,604	177,795	392,685	1,828,084
Group - Depreciation				
Balance at 31 December 2012	553,332	121,414	289,635	964,381
Amortisation / Depreciation charge for the year	18,589	10,392	36,975	65,956
Disposals	-	(3,421)	(5,015)	(8,436)
Balance at 31 December 2013	571,921	128,385	321,595	1,021,901
Amortisation / Depreciation charge for the year	7,821	13,447	33,165	54,433
Balance at 31 December 2014	579,742	141,832	354,760	1,076,334
Group - Net book value				
At 31 December 2013	7,641	48,151	54,361	110,153
At 31 December 2014	677,862	35,963	37,925	751,750
Namibian Stock Exchange - Cost				
Balance at 31 December 2012	540,187	130,648	260,974	931,809
Additions	-	-	483	483
Disposals	-	(2,927)	(4,523)	(7,450)
Balance at 31 December 2013	540,187	127,721	256,934	924,842
Additions	9,000	1,260	14,876	25,136
Balance at 31 December 2014	549,187	128,981	271,810	949,978
Namibian Stock Exchange - depreciation				
Balance at 31 December 2012	515,414	103,472	220,839	839,725
Amortisation / Depreciation charge for the year	18,468	6,390	24,369	49,227
Disposals	-	(2,920)	(4,523)	(7,443)
Balance at 31 December 2013	533,882	106,942	240,685	881,509
Amortisation / Depreciation charge for the year	7,338	6,432	14,634	28,404
Balance at 31 December 2014	541,220	113,374	255,319	909,913
Namibian Stock Exchange - Net book value				
At 31 December 2013	6,305	20,779	16,249	43,333
At 31 December 2014	7,967	15,607	16,491	40,065

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Group		Namibian Stock Exchange	
	2014	2013	2014	2013
	N\$	N\$	N\$	N\$
10. FIXED PROPERTY				
Acquisition cost	-	6,820,300	-	-
Balance brought forward	6,925,000	-	-	-
Revaluation adjustment at 31 December 2014	790,000	104,700	-	-
At fair value	7,715,000	6,925,000	-	-

10.1 Fixed property consists of Section 2 (measuring 255 m² with a participation quota of 18.8%) and 9 (measuring 91 m² with a participation quota of 6.7%) in the Sectional Title Scheme Maerua Heights No 65 / 2012 and an undivided share of Erf 1970 Windhoek, measuring 1264 m². The property is un-encumbered.

10.2 The major portion (70%) of the fixed property is let to the Namibian Stock Exchange and the remainder to Transfer Secretaries (Pty) Limited.

10.3 At 31 December 2014 the two units were revalued by Property Valuation Namibia's, JP Scholtz, a professional / Sworn Appraiser holding a National Diploma Property Valuations (Technicon SA) at N\$7,715,000.

11. INVESTMENTS IN SUBSIDIARIES

% owned

11.1 Transfer Secretaries (Pty) Ltd
The nature of its business is that of transfer agent

Issued capital	100%	-	-	4,000	4,000
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Included in accounts receivable (note 14) is the amount owing by subsidiaries on current account.

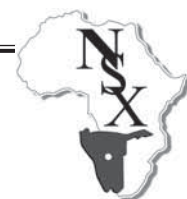
11.2 Maerua Investments Number Nine (Pty) Limited. This company whose nature of its business is investing in property was acquired to further diversify the NSX's investment portfolio with potential for capital appreciation

Issued capital	100%	-	-	1,325,100	1,325,000
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		-	-	5,500,000	5,500,000
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Loan to subsidiary without any fixed term of repayment, interest is payable monthly at an annual rate of 8.5%.





NAMIBIAN STOCK EXCHANGE **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

		Group		Namibian Stock Exchange	
		2014	2013	2014	2013
	% owned	N\$	N\$	N\$	N\$
11. INVESTMENTS IN SUBSIDIARIES (continued)					
11.3 Central Depository (Pty) Ltd					
The nature of its business is to provide central depository services to the Namibian market:					
Issued share capital in:	100%	-	-	4,000	4,000
Less - intercompany loans		-	-	(4,000)	(4,000)
		-	-	-	-
Loan to subsidiary without any fixed term of repayment, interest is capitalised monthly at an annual rate of prime.		-	-	602,404	-
11.4 The Namibian Stock Exchange also wholly owns the following dormant subsidiary:					
Issued share capital in:					
Namibian Stock Exchange Trustees (Pty) Ltd	100%	-	-	4,000	4,000
Less - intercompany loans		-	-	(4,000)	(4,000)
		-	-	-	-
Total investment in subsidiaries		-	-	7,431,504	6,829,000
12. OTHER INVESTMENTS					
Listed investments (held-to-maturity)					
- Eskom bond - E170 maturing in 2019		197,518	196,215	197,518	196,215
- Government Bonds		372,948	375,505	372,948	375,505
Total investments at amortised cost		570,466	571,720	570,466	571,720
13. OTHER INVESTMENTS, BALANCED MANDATE UNIT TRUSTS					
Allan Gray Balanced Fund		11,154,224	8,802,730	11,154,224	8,802,730
Old Mutual Unit Trust - Namibia Managed Fund		13,599,549	12,375,458	9,179,696	8,353,434
Standard Bank Namibia Managed Fund		13,602,703	12,398,974	9,181,824	8,369,308
Total investments at fair value		38,356,476	33,577,162	29,515,744	25,525,472
The NSX has diversified its investments to include equities to increase the yields currently available in interest bearing call accounts with Namibian commercial banks.					
14. TRADE AND OTHER RECEIVABLES					
Trade receivables, net of provision		521,840	327,425	335,206	167,349
Transfer Secretaries (Pty) Ltd		-	-	4,193	50,655
Maerua Investments Number Nine (Pty) Ltd		-	-	-	70,755
Prepayments		26,671	18,452	18,845	15,992
Other receivables		800	1,942	800	1,942
		549,311	347,819	359,044	306,693
Receivables that are past due but not impaired		3,999	34,350	3,999	34,350

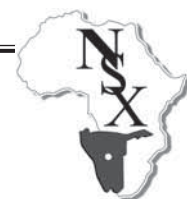
NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Group		Namibian Stock Exchange	
	2014	2013	2014	2013
	N\$	N\$	N\$	N\$
15. INSURANCE FUND				
This fund was established to provide for the excess on insurance claims. Interest received is not capitalised to the fund but included in the Namibian Stock Exchange statement of profit or loss and other comprehensive income and transferred when necessary.	500,000	500,000	500,000	500,000
16. TRADE AND OTHER PAYABLES				
Trade payables	153,325	111,842	50,113	75,703
Guarantee Fund	-	-	28,835	11,858
Value added taxation	24,511	-	-	-
Accruals	1,023,267	1,040,627	992,653	990,350
	<u>1,201,103</u>	<u>1,152,469</u>	<u>1,071,601</u>	<u>1,077,911</u>
17. GUARANTEE FUND				
A separate guarantee fund is maintained, for investor protection purposes, by the Stock Exchange in terms of Section 30 of the Stock Exchanges Control Act, (Act 1 of 1985), as amended. As the NSX and its Board exercise control over this Guarantee Fund it is required to consolidate the activities of the Guarantee Fund into the Group financial statements in terms of International Financial Reporting Standards.				
Every stockbroker is obliged to contribute to this fund to cover liabilities that may arise out of the buying and selling of securities but have no rights to any assets of the guarantee fund.				
Balance at beginning of year	8,561,722	6,888,859	-	-
Income for the year	1,192,290	1,672,863	-	-
Retained surplus at end of the year	<u>9,754,012</u>	<u>8,561,722</u>	<u>-</u>	<u>-</u>
18. PROVISIONS				
Provision for retrenchment & retirement				
Balance at beginning of the year	130,602	75,261	127,188	72,756
Increase in provision	151,345	55,341	144,705	54,432
Balance at end of the year	<u>281,947</u>	<u>130,602</u>	<u>271,893</u>	<u>127,188</u>
The provision for retrenchment and retirement benefits has been determined in accordance with the Labour Act of 2007 (Act 11 of 2007).				
Key assumptions used are:				
- likelihood of remaining in service until the age of retirement				
- varied according to current age of staff members				





NAMIBIAN STOCK EXCHANGE **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

	Group		Namibian Stock Exchange	
	2014	2013	2014	2013
	N\$	N\$	N\$	N\$
19. NOTES TO THE STATEMENT OF CASH FLOWS				
19.1 Cash generated from operations				
Income for the year before taxation	6,833,401	6,681,776	5,470,783	4,808,922
Adjustment for:				
Loss on disposal of property, plant and equipment	-	1,185	-	6
Depreciation	54,433	65,956	28,404	49,227
Investment income recognised in profit	(3,482,260)	(5,256,407)	(3,123,337)	(4,112,481)
	3,405,574	1,492,510	2,375,850	745,674
Movements in working capital				
(Increase)/decrease in trade and other receivables	(201,492)	28,721	(52,350)	(5,515)
Increase in provision for retrenchment & retirement	151,345	55,341	144,705	54,432
Increase / (decrease) in trade and other payables	48,634	(174,186)	(6,310)	(148,486)
	3,404,061	1,402,386	2,461,895	646,105
19.2 Taxation paid is reconciled to the amount disclosed in the statement of profit or loss and other comprehensive income as follows:				
Amounts payable/(receivable) at the beginning of the year	4,923	(851)	-	-
Current taxation charged to profit or loss	76,950	44,883	-	-
Movement in deferred taxation	(54,580)	753	-	-
Receivable/(amounts unpaid) at end of year	1,855	(4,923)	-	-
	29,148	39,862	-	-
19.3 BANK BALANCES AND CASH				
Cash at bank and on hand	290,674	341,040	9,087	87,256
Call accounts	2,928,409	1,494,959	2,036,467	989,725
	3,219,083	1,835,999	2,045,554	1,076,981
20. COMMITMENTS				
Commitments under operating leases with subsidiary, Maerua Investments Number Nine (Pty) Ltd:				
2014	-	-	-	447,455
2015	-	-	483,251	483,251
2016	-	-	521,912	521,912
21. RETIREMENT BENEFIT INFORMATION				
21.1 Retirement fund				
The Stock Exchange contributes to the Benchmark Retirement Fund, an umbrella defined contribution plan. This fund is registered under and governed by the Pension Funds Act 1956 (Act 24 of 1956). All employees who are eligible through qualifying service are members of the fund. The fund provides death, disability and retirement benefits.				
In terms of the rules of the fund the employer contributes 19.6% of cost to company remuneration towards retirement and premiums for group life benefits. Obligations for contributions to the fund are recognised as an expense as incurred.				
Under defined contribution plans, the legal liability of the entity is limited to the agreed contribution. Consequently investment risks are borne by the employees.				
21.2 Post-retirement medical benefits				
The Stock Exchange and its subsidiary contribute to a medical aid scheme for the benefit of permanent employees. In terms of employment contracts, the Group is not liable for the medical aid contributions of retired employees.				

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

22. FINANCIAL RISK MANAGEMENT

22.1 Foreign currency risk management

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

22.2 Interest rate management

The Group's sensitivity to interest rates has decreased since the investment in the prudent unit trusts (note 13) and the purchase of the Groups operating premises. The Group still adheres to the process of managing the Group's interest rate risk. Interest rate characteristics of new investments and the reinvesting of maturing investments are positioned according to expected movements in interest rates. This risk is managed by the Group ensuring that where appropriate assets and liabilities are invested for periods appropriate to the potential needs of the Group.

22.3 Credit risk management

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

Trade accounts receivables comprise a sound customer base. On-going credit evaluation of the financial position of customers is performed.

The granting of credit is made on application and is approved by management. At 31 December 2014 the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

22.4 Fair value

The Board of Directors is of the opinion that:

- the carrying value of financial instruments carried at cost or amortised cost approximates fair value due to the short-term nature of these investments;
- the appropriate fair value of the investments in unit trusts is the price published by the unit trust managers on the measurement date;
- the fair value of the property acquired was determined as detailed in note 10.

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

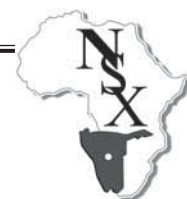
22.5 Capital risk management

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

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

In 2012 the Board approved the appointment of three Namibian Asset Managers to manage the Group's investments.





NAMIBIAN STOCK EXCHANGE **NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	Group 2013	Namibian Stock Exchange 2014	2013
	N\$	N\$	N\$	N\$
23. LIQUIDITY & INTEREST RATE RISKS				
Assets				
Non-financial assets				
Plant and equipment	751,750	110,153	40,065	43,333
Fixed property	7,715,000	6,925,000	-	-
Investment in subsidiaries	-	-	7,431,504	6,829,000
Current taxation	1,855	-	-	-
Prepayments	26,671	18,452	18,845	15,992
	8,495,276	7,053,605	7,490,414	6,888,325
Financial assets at fair value – mandated unit trusts	38,356,476	33,577,162	29,515,744	25,525,472
Financial assets at amortised cost				
5 years +				
Other investments - listed maturing in 2019 & 2021	570,466	571,720	570,466	571,720
0 to 3 months				
Call accounts - variable rates				
Other investments - NSX only	2,036,467	989,725	2,036,467	989,725
Other investments - Guarantee Fund	891,942	505,234	-	-
Current accounts - variable				
Bank balances and cash	290,674	341,040	9,087	87,256
Current accounts - no interest				
Trade and other receivables	522,640	329,367	340,199	290,701
	3,741,723	2,165,366	2,385,753	1,367,682
Total assets	51,163,941	43,367,853	39,962,377	34,353,199
Rights, reserves and liabilities				
Non-financial liabilities				
Founder members' contributions	430,000	430,000	430,000	430,000
Stockbroking members' rights	1,890,500	1,890,500	1,890,500	1,890,500
Property revaluation reserve	894,700	104,700	-	-
Insurance fund	500,000	500,000	500,000	500,000
Guarantee fund	9,754,012	8,561,722	-	-
Retained surplus	36,153,600	30,589,439	35,798,383	30,327,600
	49,622,812	42,076,361	38,618,883	33,148,100
Liabilities				
Non-financial liabilities				
Provision for retrenchments & retirement	281,947	130,602	271,893	127,188
Trade and other payables	48,048	-	28,835	11,858
Current taxation	-	4,923	-	-
Deferred taxation	58,079	3,498	-	-
	388,074	139,023	300,728	139,046
Financial liabilities				
0 to 3 months				
Trade and other payables	1,153,055	1,152,469	1,042,766	1,066,053
Total liabilities	1,541,129	1,291,492	1,343,494	1,205,099
Total rights, reserves and liabilities	51,163,941	43,367,853	39,962,377	34,353,199

NAMIBIAN STOCK EXCHANGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

The following financial assets are recognised at Level 2 fair value in the statement of financial position:

Investments in balanced mandate funds	38,356,476	33,577,162	29,515,744	25,525,472
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25. RELATED PARTIES

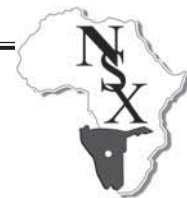
A related parties relationship exists between the Stock Exchange, which performed certain administration services for its subsidiaries, Transfer Secretaries (Pty) Ltd and Maerua Investments Number Nine (Pty) Ltd; for which a management fee as detailed below was charged and paid, being an appropriate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

	Group		Namibian Stock Exchange	
	2014	2013	2014	2013
	N\$	N\$	N\$	N\$
Amount received from Transfer Secretaries (Pty) Ltd:				
Administrative service fees based on staff cost note 6	-	-	506,200	764,874
Indemnity insurance	-	-	39,287	40,596
IT Services including Internet connectivity	-	-	55,200	55,200
Premises rental, net	-	-	-	87,666
Photocopy costs	-	-	958	5,406
Board & Committee fees note 6	-	-	66,024	34,738
John Mandy - Consultant fees	-	-	105,000	129,729
Membership fees	-	-	-	1,093
Amounts paid to and received from Maerua Investments Number Nine (Pty) Ltd:				
	Transfer Secretaries	Transfer Secretaries	NSX	NSX
	2014	2013	2014	2013
- Premises rental	201,373	100,022	471,224	271,317
- Interest on long-term loan by NSX	-	-	467,500	279,219

26. FINANCIAL STATEMENTS

The annual financial statements were authorised for issue on 31 March 2015.





NAMIBIAN STOCK EXCHANGE MANAGEMENT COMMENTARY FOR THE YEAR ENDED 31 DECEMBER 2014

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

Nature of business

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

The Namibian Stock Exchange, which is the only regulated entity in the financial services industry, required to be licensed annually by the Namibian Financial Institutions Supervisory Authority, participated in the debates and consultations leading to the drafting of the Namibian Financial Sector Strategy. This strategy calls for the NSX to be demutualised and as prescribed in the Financial Institutions & Markets Bill, which is scheduled to be promulgated in 2015.

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

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

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

At the end of 2014, the NSX comprised of 43 founder members and six stock broking members (one of which is a founder member). One of the more onerous obligations on becoming a stockbroker is to acquire six rights at the valuation shown in the statement of the changes in rights & reserves. At year end a total of 78 rights had been issued.

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

HOW DOES ONE MEASURE THE PERFORMANCE OF THE NSX ITSELF?

At first glance on page 2 of the Annual Report the NSX did well in 2014 with its income increasing substantially in the last two years. The profits of an exchange depend directly on how much their services are used and on sustainability which is underpinned by the certainty of continued licencing and sound investing of its retained income. The services provided by the NSX include the trading system, publishing reliable, prompt information about trading, and compliance with sound regulation as well as investor relations. The share prices of those stock exchanges that have demutualized and listed on their exchange are therefore good indicators of their performance. But as the NSX is still an association not for gain other indicators are the norm.

The NSX has no share price by which to measure its performance. Instead a number of other indicators have to be examined in addition to the normal financial statements to which this report is attached and the movement in reserves is included in a table on page 2 of the Annual Report.

- The number of listing applications and actual new listings is a good indicator of how many companies want to raise money through the exchange.
 - *In 2014 one primary listing application was approved, without completing the actual listing during the year. Two dual listed South African companies and four Exchange Traded Funds were listed.*
- The trades on the exchange can be measured by the number and value of shares traded. See tables on page 2. The 2014 trades were worth N\$ 8 332 million or 51% higher than 2013. The liquidity of the exchange can be measured by dividing the value of shares traded by the free-float market capitalisation of the exchange — the so-called liquidity ratios.
 - ***Throughout the reporting period the buy and hold mentality, the demand for local assets by regulation and taxing regime, the changes to GIPF mandates and the significant increase in existing and new Government bonds, locally, regionally and internationally, continues to dampen the liquidity on the NSX. However, in 2013 the method of determining the free-float of each listed equity instrument was changed from a banded percentage to the actual percentage and this lowered the free-float of most companies and thereby increased the liquidity ratio. Overall the liquidity ratio based on year end share prices increased from 0.51% to 0.66%. On the primary listed equities the ratio decreased to 4.10%, with Namibian Asset Management shares leading with 15.33% for the 12 months of trading in 2014 .***
- Regulations and Listing requirements.
 - *The NSX is regulated by NAMFISA as stated above in terms of the 1985 Stock Exchanges Control Act and has adapted the JSE Listing Requirements which will be revamped with changes required in terms of the 2004 Companies Act when the Financial Institutions and Markets Act is enacted.*
- Cost of trading on the NSX.
 - *Namibia's stockbrokers must comply with the NSX's non-negotiable and fixed charges unless application is made for concessionary brokerage limited to expected trades in Namibian companies in excess of N\$ 40 million. In a small market it is essential that level playing fields are maintained and that the brokers earn sufficient income to provide a full service in Namibia and not be controlled by foreign companies. The Managing director of the corporate member must be a Stockbroker and must be Namibian.*
- Trading costs, as shown on page 2, as a percentage of the traded value are:

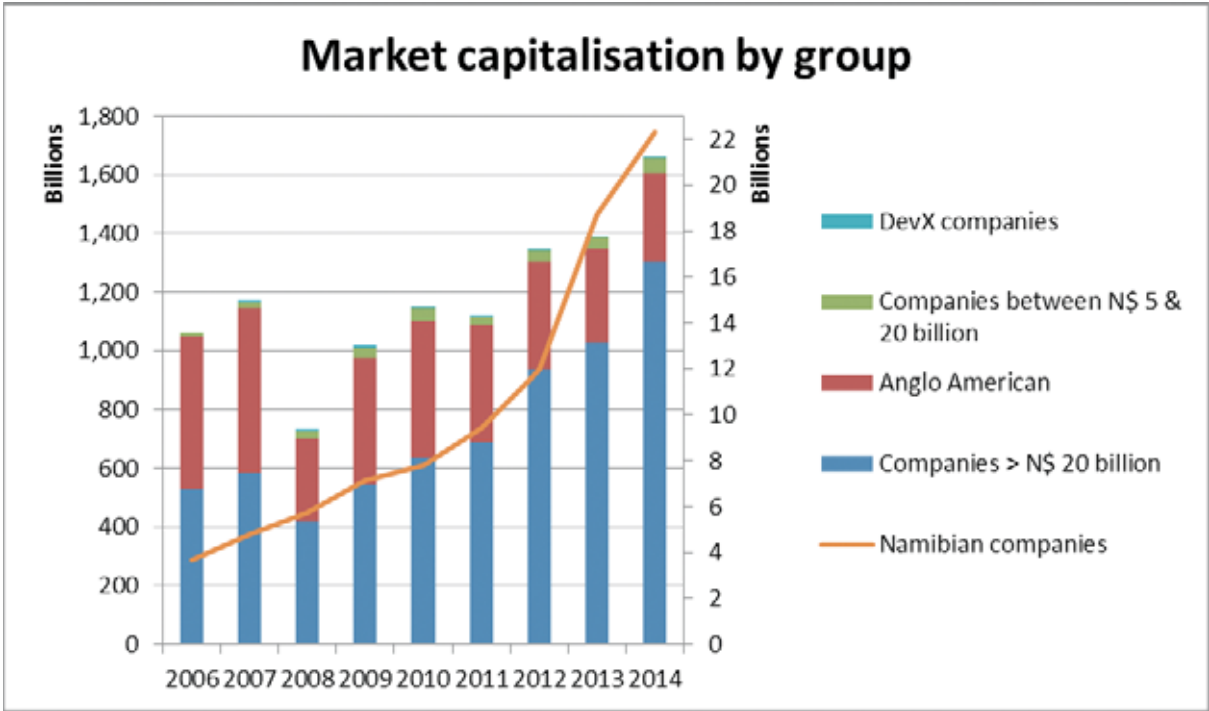
▪ Brokers fees on average, including contribution to the Guarantee Fund	0.459%
▪ NSX Levy, 10% of brokers fees	0.046%
▪ NAMFISA levy on trade value	0.040%
Total cost for each leg of a local trade	0.545%

These fees can be as high as 1. 14% for trades under N\$ 10 000 as the brokerage is charged at 1% for the first N\$ 10 000 of the traded value.
- There are six registered stockbrokers on the NSX. Contact details can be found on the back cover of this report.



Growth of the NSX

Since its launch in 1992 the market capitalisation of shares listed on the NSX has grown significantly. Over 70 companies have listed on the Main Board and the Development Capital Board (DevX), but attrition through takeovers, transfers to other exchanges and two liquidations have reduced the number to 38.



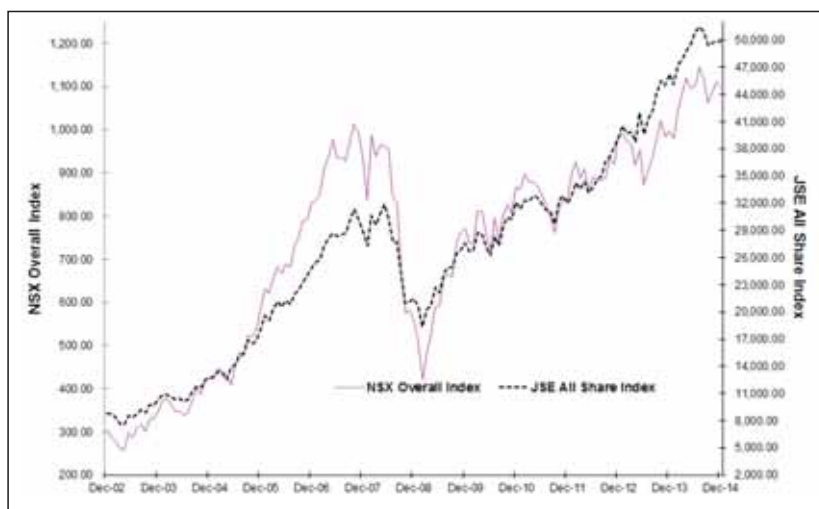
Primary listed on the stock exchanges in:

Namibia - NSX	8
Australian - ASX	4
London - LSE	2
South Africa - JSE	15
South Africa - JSE - ETF	4
Toronto - TSX	5
Total	38

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

The NSX has over the years benefited from the Namibian asset requirements of Regulation 28 for Pension Funds and the similar Regulation 15 for long-term insurance companies by the dual / cross / secondary listing of companies listed on other international exchanges which have significant investments in the Namibian economy. Since 1994 pension funds have been required to invest 35% of their respective assets in deemed Namibian assets which include these dual listed shares purchased through a Namibian Stock Broker on the NSX. Effective from 31 December 2014, only 25% of the value of dual listed shares will qualify as Namibian assets and this percentage will reduce by five percentage points each year to ten percent at the end of 2017. **It is impossible to determine the detrimental effect this reduction will have on the NSX results over this period.**

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



This graph shows the composite growth based on the price movement in the components of the Overall Index and is compared to the JSE All Share index. The NSX Overall index includes some companies of high market capitalisation, such as Anglo American and Old Mutual, which makes it a difficult index to track, as investors would be unlikely to be so overweight in a few stocks.

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

On 29 July 2014 the NSX Overall Index was at an all-time high of 1171.61 and exceeded the all-time high of 1043.43 on 6 November 2013 and closed at 1098.03 an increase of 10.16% up on 2013; while the JSE All share index close at a high of 49770.60 at the end of the year or 7.60% up for 2013. Notable dual listed comparative number pre and post 2008 are:

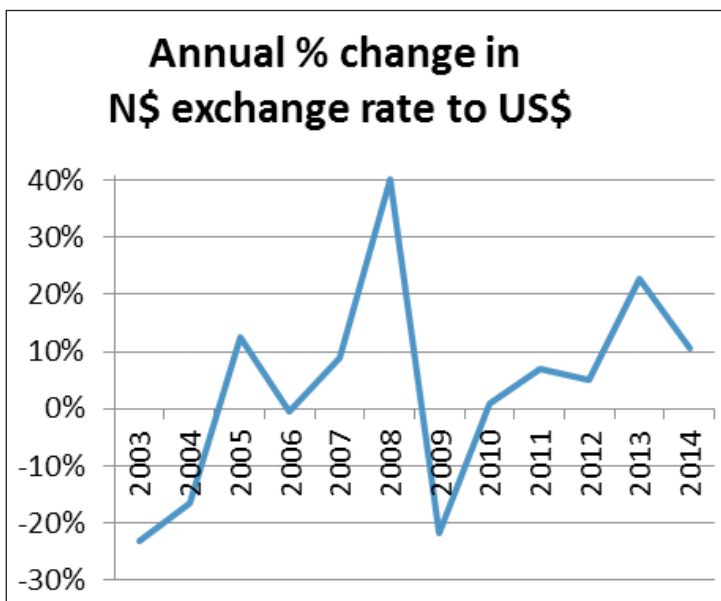
- Anglo America at N\$ 479.01 in October 2007 and N\$215.33 at 31 December 2014;
- Old Mutual at N\$ 24.65 in 2007, dropped to N\$ 4.72 in March 2009 and closed at N\$ 34.70 at 31 December 2014;

Although the two London Stock Exchange shares were initially considered to be Rand (N\$) hedges, the volatility of the Namibia Dollar / ZA Rand against the US Dollar and the introduction of dividend withholding taxes on shareholders included on the RSA register (STRATE); and the decline in Anglo share price since the 2008 financial sector crisis has diluted any benefit from being a rand hedge.

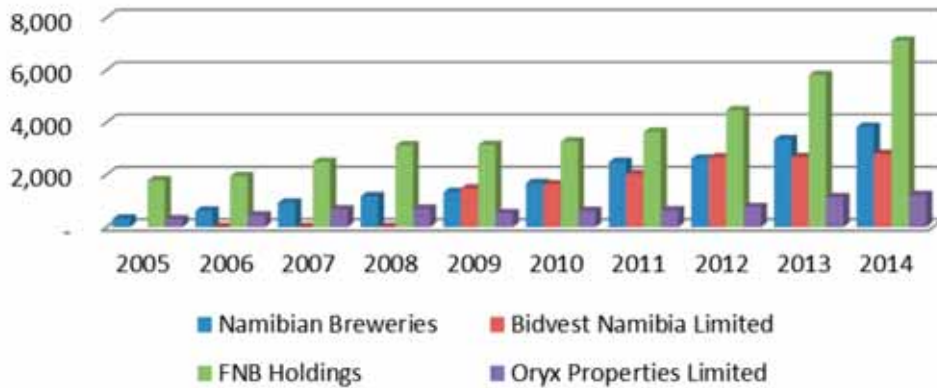
However, Anglo remains the most actively traded share on the NSX recording trades in excess of 11% of the 2014 total.

A local index which includes only Namibian Primary listed equities is calculated and published on a daily basis and the growth in this index is shown on page 2. The local index increased by 17.27% in 2014. Although Regulation 28 has been the basis of creating a large demand side of the market on the local securities, foreign taxation legislation has made local more attractive in the last three years. South African legislation implemented a 15% withholding tax on dividends, so local investors have a commercial incentive to buy local securities where they receive the full dividend.

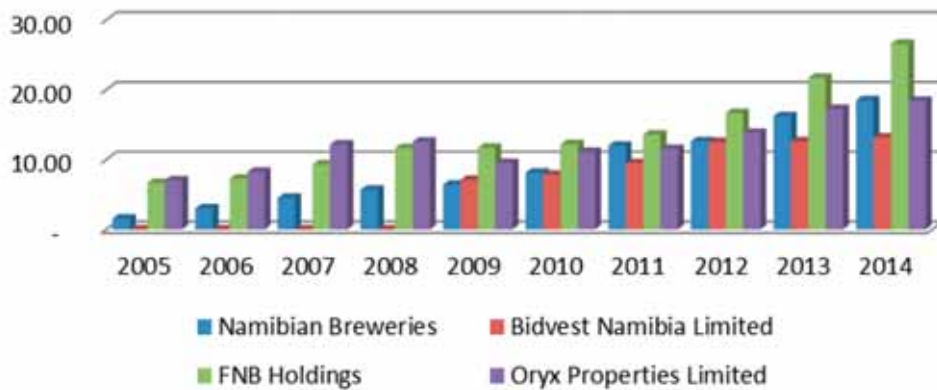
When analysing the performance of the Namibian securities over a 10 year period it is clear the local market has become more active of late and there is a demand for local securities that is not currently being met, both from regulatory as well as a commercial perspective. Due to the regulation most pension funds also have a "buy and hold" philosophy, which decreases the liquidity of the securities even further. The implementation of the CSD is expected to open the Namibian market to additional interest from the international market which would increase the demand even more, not only for shares, but specifically on the bond market. It is clear that more Namibian companies need to come to market and expand their shareholding base if the liquidity problem is to be addressed. The graphs below examine the price and market capitalisation growth of selected Namibian securities, without taking dividend payments into account.



Market Capitalisation by total shares in issue



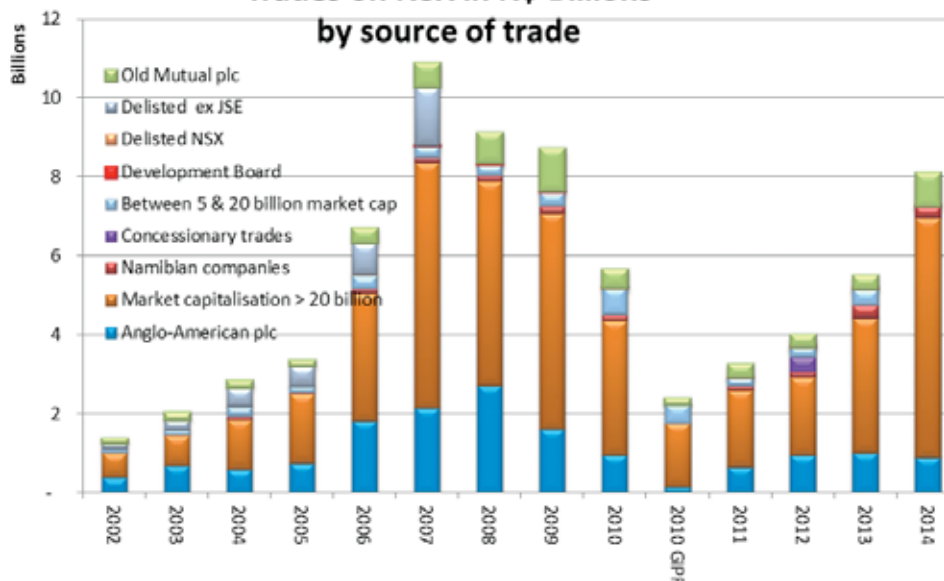
NSX local market share prices



Trades in equities

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

Trades on NSX in N\$ Billions by source of trade



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

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

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

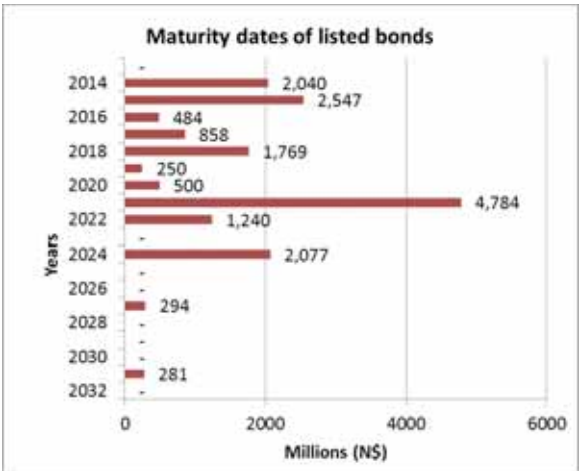
Traded values have been decreasing since the high of 2007 to 2012 with trading levels picking up in the last two years.

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

Bonds

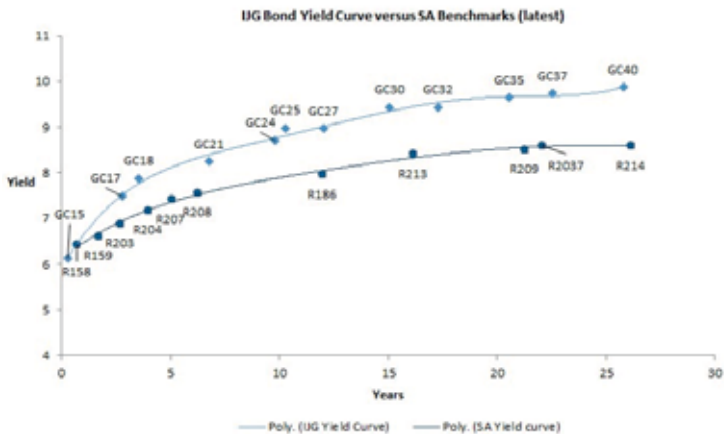
The values of issued bonds in N\$ millions are:

Government	12,485
State Owned Enterprises	
Namibia, only	927
Dual listed on BESA / JSE	500
Commercial Banks	2,399
Corporate	145
This is in addition to the US\$ 500 million raised in Europe in 2011;	
ZAR 850 million listed on the JSE and the N\$ 8,797 billion outstanding Treasury Bills.	



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

IJG calculated Yield Curve as of 31 December 2014:



NSX FOUNDER MEMBERS

(former names)

//Ae//Gams Financial Services (Pty) Ltd
African Controlling (Pty) Ltd
Alexander Forbes Risk Services (*Lumley Namibia (Pty) Ltd*)
Bank Windhoek Limited
Beira Investment (Pty) Ltd
Business Connections Namibia (Pty) Ltd (*Comparex Namibia) (Asba Data)*)
Capital Alliance Life Ltd (*AGA) (ACA Insurers)*)
CIC Holdings Limited
De Beers Services (Pty) Ltd (*Namdeb Namibia / CDM*)
Development Bank of Namibia Limited (*formerly NDC*)
E O Schneider
First National Bank of Namibia Limited
Government Institutions Pension Fund
IJG Securities (Pty) Ltd (*Irwin, Jacobs, Greene & Associates (Pty) Ltd (HSBC Securities (Namibia))*)
IJG Holdings (Pty) Ltd (*Irwin, Jacobs, Greene & Associates (Pty) Ltd*)
Insurance Company of Namibia Limited
IY Rachmin (Magnum Centre (Pty) Ltd)
Manica Group Namibia (Pty) Ltd
Metcash Trading (Namibia) (Pty) Ltd (*Metlas*)
Metje & Ziegler Limited
Momentum Life Association Limited (*The Southern Life Association*)
Namib Bou (Pty) Ltd (*Namib Building Society*)
Namibia Industries (Pty) Ltd
Namibia Investment (Pty) Ltd
Namibian Sea Products Ltd & Namibian Fishing Industries Ltd
Nedbank Namibia Limited (*Commercial Bank of Namibia*)
NEC Investment Holdings (Pty) Ltd
Nictus (Pty) Limited
NovaNam Ltd (*Pescanova Fishing*)
Ocean Diamond Mining Holdings Limited
Ohlthaver & List Trust Co. Limited
Old Mutual Life Assurance Co. (Namibia) Limited
Pupkewitz Holdings (Pty) Ltd
Sanlam Namibia Limited
Santam Namibia Limited
Schoeman Office Systems (Pty) Ltd
Seaview Investments
Standard Bank Namibia Limited
Swabou Holdings Limited (*Swabou Building Society*)
TDS Holdings (Pty) Ltd
TransNamib Limited
Tunacor Limited
Wispeco (Namibia) (Pty) Ltd

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