



FISHCOR

National Fishing Corporation of Namibia

2017



ANNUAL REPORT





WELC



OME

OME

A
Culture
of

Excel



lence

OUR VISION

To be a leader in catching, processing and marketing Namibian fish products in the local and international markets.

OUR MISSION

To exploit the allocated quotas in a sustainable manner while ensuring maximum gain for our shareholders, employees and the Namibian economy.

OUR CORE VALUES

- Accountability
- Innovation
- Customer care
- Integrity
- Excellence
- Teamwork

Protecting the natural environment is not only beneficial to the community at large, it is also crucial for Seaflower's long-term success. Increasing production over time to meet growing customer demand can only be achieved if we preserve the marine environment for future generations.



The Wave Of Quality

By fishing the nutrient rich Benguela Current along Namibia's coastline, we are able to consistently produce hake and lobster products of the highest quality. Namibian lobster is counted among the best in the world.



Hake Fishery

The hake fishery makes up the main production in our company and plays a major role in terms of employment, value addition, export earnings, socio-economic contribution and investment. Our trawlers catch *Merluccius capensis*, one of two hake species found in Namibian waters.



Lobster Fishery

We catch and process the West Coast Rock Lobster (*Jasus Lalandii*). By chartering our vessels to fishermen from the community and running the only operational lobster-processing factory in Lüderitz, we add value and create employment in our community.

Our Services & Processes in Brief



Hake Products

Our factory processes hake into a wide variety of high quality products, including fillets, loins, centres, belly flaps, baby hake and mince.



Lobster Products

Our lobster-processing factory is equipped to prepare live lobsters for shipping as well as produce whole cooked lobster, whole raw frozen lobster and lobster tails.



Export Markets

Our hake and lobster products are very competitive in international markets because of their high quality. Europe is the main export market for our high value hake products, while South Africa receives the highest volumes of hake products. Our lobster products are exported primarily to Hong Kong and Japan.



Contents

OVERVIEW

- 04 A Culture of Excellence
- 04 Our Services & Processes in Brief
- 10 Our Proud Fishing History
- 12 Company Overview

LEADERSHIP AND CORPORATE GOVERNANCE

- 14 Board of Directors
- 16 Management Team
- 18 A Word from our Chairman
- 22 A Word from our Chief Executive Officer

OUR DEPARTMENTS

- 34 Fleet & Maintenance
- 36 Production
- 38 IT, Electrical, Electronics & Refrigeration
- 40 Sales & Cold Store
- 42 Quality Assurance
- 44 Human Resources

CORPORATE SOCIAL INITIATIVES

- 50 Fish Donations
- 50 Community Development, Education & Empowerment
- 50 Bursaries

ANNUAL FINANCIAL STATEMENTS

- 52 Group & Company Annual Financial Statements for the Year Ended 30 September 2017

Proud History Exciting Future

We are proud
of our history,
passionate
about our
industry and
excited about
our future.

The National Fishing Corporation of Namibia (FISHCOR) was founded on 27 December 1991 in accordance with the National Fishing Corporation of Namibia Act, 1991 (Act No. 28 of 1991), which paved the way for the establishment of the subsidiaries Seaflower Lobster Corporation Ltd and Seaflower Whitefish Corporation Ltd.

FISHCOR is a holding company, as the two subsidiaries are responsible for the catching, processing and marketing of fish and fishery products.





Fresh
from the sea

National Fishing Corporation of Namibia
FISHCOR

40%

100%

78%

Seaflower Pelagic Processing

Seaflower Lobster Corporation

Seaflower WhiteFish Corporation

Regional Governor's Trust (RGT)

22%

66%

51%

NAMROCK

Seacope

SEAFLOWER PELAGIC PROCESSING (PTY) LTD

Established in 2017, Seaflower Pelagic Processing (Pty) Ltd (SPP) is a subsidiary of the National Fishing Corporation of Namibia (Fishcor), which holds 40% equity interest. The Angolan-based African Selection Trust (AST), which has been active in the fishing industry since 2004, owns the remaining 60% through its Namibian company, African Selection Fishing Namibia (Pty) Ltd. SPP will utilise the horse mackerel quota allocated to Fishcor. Two RSW trawlers will supply raw material to SPP's on-shore horse mackerel processing factory in Walvis Bay. Upon completion, the factory will be the largest on-shore pelagic processing factory in Sub-Saharan Africa, and is expected to employ approximately 700 on-shore and off-shore employees. The company's products will be marketed through the SPP brand and sold in the local and African markets.

SEAFLOWER LOBSTER CORPORATION LIMITED (SLC)

On 7 April 1993, Seaflower Lobster Corporation Limited (SLC) became a wholly owned subsidiary of FISHCOR. The company owns and operates six lobster vessels as well as a lobster processing facility in Lüderitz.

SLC is also a 66% shareholder of the NAMROCK brand, through which lobster products are marketed. SLC is the only company that processes lobster in Namibia, as the size of the Total Allowable Catch (TAC) for this fishery is too small to sustainably accommodate more factories. The lobster operation runs for 6 months every year and employs 53 workers on a seasonal basis and 4 on a permanent basis.

SEAFLOWER WHITEFISH CORPORATION LIMITED (SWC)

Seaflower Whitefish Corporation Limited (SWC) was established in 1994 as the main vehicle for FISHCOR to participate in the hake fishery, thereby creating employment in Lüderitz and promoting investment in the fishing industry.

SWC is the main operator for the group, representing approximately 90% of total revenue, investment and employment. FISHCOR owns 78% of the company, and the Governor's Trust owns the remaining 22%.

SWC owns and operates a wet fish processing facility in Lüderitz and three wet hake trawlers, which supply the factory with fish. The workforce consists of 548 on-shore and off-shore employees. The company's products are marketed through the Seaflower brand, which is prominent and well received in international markets, because of the high quality associated with its products.

SEACOPE FREEZER FISHING (PTY) LTD

Established in 2004, Seacope Freezer Fishing (Pty) Ltd (Seacope) is a subsidiary of Seaflower Whitefish Corporation Limited, which holds 51% equity interest.

The Spanish fishing company Copemar, which has been active in the Namibian fishing industry since 1978, owns the remaining 49%. Seacope utilises the hake freezer quota allocated to Seaflower.

The freezer vessel MFV Pemba Bay, which employs 54 people off-shore, catches and processes the products. The company's products are marketed through the Seacope brand and exported mainly to Spain.

Leadership and Corporate Governance



James Hatuikulipi
Chairperson



Hon. Sirka Ausiku



Hon. Usko Nghamwa

Board composition

The Board of Directors consists of six directors. The Permanent Secretary of Fisheries and Marine Resources is an (ex-officio) member of the Board, as per the National Fishing Corporation of Namibia Act, 1991 (Act No. 28 of 1991). The term of the current Board of Directors is three (3) years, effective from 1 May 2017.

The members of the Board are appointed by the Minister of Fisheries and Marine Resources in concurrence with Cabinet, in terms of Article 41 of the Namibian Constitution.

Board responsibilities

The Board of Directors is responsible for managing, controlling, supervising, evaluating and reviewing the affairs of FISHCOR. This includes overseeing internal financial controls that are designed to provide reasonable, but not absolute, assurance against material mismanagement and loss.



Claretha Gamses
(Resigned)



Ndaendomwenyo
Sheya



Dr. Bennet Kangumu



Dr. Moses
Maurihungirire

Board committees

The Board has an HR Committee and an Audit Committee. The HR Committee consists of Ms. Ndaendomwenyo Sheya, Dr. Bennett Kangumu, and Honourable Sirkka Ausiku. The members of the Audit Committee are Ms. Claretha Gamses, Honourable Usko Nghaamwa, and Dr. Moses Maurihungirire.

Board meeting attendance

Board meetings are set to ensure that Board and Committee members can contribute their expertise and judgment to the affairs of the company by attending and participating in Board and Committee meetings. The Board meets on a quarterly basis, totalling four (4) meetings per year. During the period under review, the Board members attended all meetings of the Board and the Committees on which they serve.

Our Management Team

Mike Nghipunya
Group CEO



Inocenio Verde
Group GM - Operations



Paulus Ngalangi CA [Nam]
Group GM - Finance



Through its visionary and break-through leadership, our executive management team ensures the long-term profitability and sustainability of the Seaflower Group of Companies.

ement Te

Our dedicated management team works tirelessly to make sure that all aspects of our operations run smoothly – from fleet management to the production process and sales.

Josefina Nekongo
Company Secretary



Carol Brendell
Manager: Sales & Cold Store



Morne Lambert
Manager: Electrical, Electronics,
IT & Refrigeration



Megan Agene
Manager: Quality Assurance



Fredricka Davids
Manager: Production



Eduardo Ferreira
Manager: Fleet & Maintenance



Mansweta Joseph
Manager: Human Resources





A Word From Our Chairman

Looking into the Future

Our drive to improve efficiency will secure our future as a major competitor in the market.

Towards Fundamental Change

On behalf of the Board of Directors, it is indeed a pleasure to present the Chairperson's Report for the financial year ended 30 September 2017. This report is a critical part of our communication with our various stakeholders. It is primarily prepared for our shareholder, the Government of the Republic of Namibia, and any other stakeholders interested in the activities of the National Fishing Corporation of Namibia Limited (FISHCOR).

This report seeks to provide a concise account of the Seaflower Group of Companies' strategy, performance, governance and outlook in terms of its mandate as per the National Fishing Corporation of Namibia Act, 1991 (Act No. 28 of 1991), for exploiting fish and other marine resources and promoting the establishment, development and efficiency of other businesses engaged in the fishing industry, and to provide for matters incidental thereto.

In this report, we capture the first year of implementation of our five-year strategic plan, Vision 2021. This plan is the blue print that sets out our long-term vision for the group, with clear objectives in terms of what we need to implement and achieve by the year 2021.

Our focus for this year is "Efficiency", which is in itself appropriate as it gives meaning to the mission and strategic intent of the group, and is aligned to the

phase at which the group currently finds itself. The period under review was about making the best possible use of resources, maximising output from given input, and managing our capital and putting in place initiatives aimed at minimising cost. By improving efficiency, the group aspires to improve its competitiveness within the market going forward.

Performance Review for the Group

The year was characterised by improved results within in the major subsidiaries of the group, despite the head winds faced by the national economy. For its part, FISHCOR continues to play a strategic role through the implementation of its mandate, which is imperative for the government's developmental priorities of promoting and achieving sustainable economic development and adding value to our primary resources.

The group received sufficient quotas for the various fisheries, except for rock lobster, as this particular subsector has seen a declining Total Allowable Catch (TAC) over the past 5 years. The Board is fully aware of the challenges facing the sustainability of the business model of Seaflower Lobster Corporation (SLC). Management has been tasked with reviewing the current operating model and achieving cost recovery.

Seaflower Whitefish Corporation (SWC) has made tremendous progress by achieving operational break-even, as the revenue growth and cost containment focus bears fruit. Seacope Freezer Fishing (Pty) Limited (Seacope) experienced a good season and saw an increase in revenue from fish products and the favourable exchange rate. In addition, the purchase of MFV Pemba Bay was completed during the period under review.

The group revenue increased to N\$393,657,919 in the current financial year, from N\$313,148,325 in the 2016 financial year, representing a growth of 26%. The increase in revenue was due to the good prices achieved for Seaflower Whitefish Corporation's hake sales to Europe and South Africa, and Seacope Freezer Fishing's hake and orange roughly sales to Europe.

The group's reported profit after taxation was N\$67,925,119, which represents a growth of 67% compared to N\$40,685,219 achieved in the 2016 financial year. Group assets grew by 6% from N\$471,635 million to N\$499,269 million.

The strong financial performance of the group will continue to provide future resilience, as we continue to invest in modernising our fleet and factories within our operating entities. The targeted capital expenditure is aimed at driving efficiencies in our processes and will lead to lower costs per ton. Among the notable investments made during the year under review, is the construction of a 100mt per day ice plant. The increased ice production will improve vessel turnaround and ensure that vessels are able to fish consistently, which will, in turn, enhance the availability of raw material for the processing factory and reduce downtime. In addition, the excess capacity of the plant will

The group's reported profit after taxation was **N\$67,925,119**, which represents a growth of 67% compared to **N\$40,685,219** achieved in the previous financial year

enable us to render assistance to our fellow fishing companies in Lüderitz, in the event of shortfalls in their ice supplies.

During the reporting period, the Board paid particular attention to quality assurance. Maintaining product quality is enhanced by adhering to minimum freezing temperatures. Therefore, we acquired an additional compressor and plate freezers to achieve this goal. The availability of a continuous power supply is a challenge in Lüderitz. Power failures are detrimental to our production output and often cause severe damage to electronics in our factory. In order to address the lack of power security, a decision was taken to acquire stand-by generators.

Pursuant the Co-operation Agreement between the Ministry of Fisheries and Marine Resources (MFMR) and the National Fishing Corporation of Namibia Limited (FISHCOR), we have the obligation to carry out various government objectives. One such objective is the design, construction and operation of a land-based processing plant for horse mackerel. The Board is delighted to report that the construction of this factory is at an advanced stage. The total cost for the project, including two RSW vessels for supplying the factory with raw material, is expected to amount to approximately N\$530 million upon completion. We expect the factory to be commissioned at the end of September 2018.

Performance Review for the Group

During the period under review, the term of the Board ended and was renewed for another three (3) years, effective as of 1 May 2017. Honourable Governor Sirkka Ausiku and Ms. Clareta Gamses were appointed to fill the vacancies on the Board.

The Board is responsible for the governance of the group and guides management in order to facilitate effective and prudent management that can deliver long-term value to the group. Board and Board committee meetings were held in accordance with the Board annual work plan and attendance was satisfactory.

Critical matters that were dealt with included tracking the implementation of the organisational strategy, oversight of organisational performance, and the expectations of the appointing authority, among others. Members of the Board have diverse skills that provide leadership and guidance in monitoring the progress of the corporation's strategy. This is an indication that the Board is functioning at a strategic level, and in line with its mandate.

At the end of 2017, Ms. Clareta Gamses tendered her resignation as director of FISHCOR and its subsidiaries due to her new employment conditions. She served as the chairperson of the Audit and Risk Committee. We thank her for her contribution during her short tenure as Director.

Opportunities and the Future

Under the guidance of the Board, the group will continue to make an effort to accelerate the implementation of the strategic objectives as set out in our Vision 2021. Key among the initiatives to achieve these is the acquisition of additional vessels to expand our fleet, the completion and commissioning of the horse mackerel processing factory, enhancing the current level of organisational performance, strengthening relationships with all stakeholders, and continuing to enhance the position of the group in the market.

Appreciation

It is with a sense of appreciation that the Board would like to thank Honourable Bernhard Esau, the Minister of Fisheries and Marine Resources, for his leadership, guidance and continued support to the Board, and Honourable Leon Jooste, the Minister of Public Enterprises, for his continued support and deliberate drive for effective governance standards for SOEs.

On the executive, the Board would like to thank the management team and entire staff under the leadership of Mike Nghipunya for their contribution to FISHCOR's performance during this financial year. We look forward to continuing to work with them in the future, and to assisting FISHCOR to deliver effectively on its mandate.

In closing, I wish to thank my colleagues on the FISHCOR Board for their commitment and expertise in delivering on their fiduciary responsibilities and ensuring good governance across the group. We are fortunate to have access to guidance and good advice from a brilliant team of Directors with diverse expertise and experience.

I invite you, our stakeholders, to review this report and to share your comments on our performance and level of disclosure.



James Hatuikulipi
Chairman



Setting the Standard

We declared the 2017 financial year as the year of efficiency to drive improved profitability.

As the executive leader of the Seaflower Group of Companies, let me begin by thanking the Chairman, Board, management, staff and stakeholders of the group for yet another year of financial, operational, and collaborative success. It is because of your hard work and commitment that the group is able to stand on its feet and continue to grow into a formidable entity.

We declared the 2017 financial year as the year of efficiency to drive improved profitability. It is also a year in which we achieved a number of milestones for the group, thereby ensuring that we continue to build on the efforts made since 2014.

Key highlights for the financial year 2017 were:

- Commencement of the construction of our on-shore horse mackerel processing facility in Walvis Bay
- Launch of the five-year strategic plan (2017-2021) for the group
- Construction of an ice plant with the capacity to produce 100mt of ice per day
- Revamping of the processing lines in the processing factory
- Acquisition of additional 5mt plate freezers
- Acquisition of two (2) stand-by generators with a combined power of 1,540kVA
- Acquisition of a Sabroe screw compressor

In my report, I will outline the operations, production, marketing, and finance and administration perspectives of Seaflower Whitefish Corporation (SWC) and its subsidiary Seacope Freezer Fishing (Pty) Ltd (Seacope), as well as Seaflower Lobster Corporation (SLC), during the 2017 financial year.

Operations in Perspective

Fleet strategy

The importance of fleet management in the fishing industry cannot be underscored enough, because without a proper and well-managed fleet the closure of business is eminent. In line with this principle, we ensure that all our vessels are sent for scheduled maintenance during the October shutdown, when no fishing activities take place. Every year during this period, major and minor repairs are carried out to ensure continuous fishing when the fishing season begins in November.



In terms of export, we saw tremendous improvement in our shipping abilities during the reporting period.

This is important for the safety of our valued fishermen, the consistent supply of raw material to the factory, the reduction of vessel breakdowns, the maintenance of our very important fleet and for increasing its lifespan. We continue to work around the clock to bring all our vessels to “classification level” with the aim of sending them for dry-docking every two years instead of every year, in order to reduce the costs associated with this exercise. For the same reason, our factory also closes in October every year to allow for maintenance on all our machinery and equipment. Mitigating both internal and external audit failure of the factory is vital for operations.

The management of supplier relations is equally relevant to our fleet operations, as the absence of a robust supplier-to-client relationship negatively impacts the turnaround of our vessels.

In terms of export, we saw tremendous improvement in our shipping abilities during the reporting period. We are now able to load containers within 5 days of landing as a result of having all vessels flagged Namibian.

Quota utilisation

During the period under review, the total wet hake quota allocated was 7,115.14 metric tons (mt), of which 7,115.14mt was landed by our three wet hake trawlers by the end of September 2017. The allocated hake freezer quota of 3,728.35mt was fully utilised by Seacope. As per the Designation Agreement between FISHCOR and the Ministry of Fisheries and Marine Resources, whereby the Minister allocates quotas for governmental objectives to the group, a total freezer hake quota of 16,200mt and a total horse mackerel quota of 88,000mt was allocated to the group for this specific purpose.

COMPANY NAME	QUOTA TYPE	UTILISED (MT)
SWC		
Quota landed	Hake wet	7,115.14
Allocated quota	Hake wet	7,115.14
Seacope	Hake freezer	3,728.35
Total hake quota allocation	Hake wet and freezer	10843.49
SLC	Lobster	50.69
SWC	Monk	210.00
Quota Allocation for Governmental Objectives (QAGO)		
Hake	Freezer	16,200.00
Horse mackerel	Freezer	88,000.00
Total allocation for QAGO	Hake and horse mackerel	104,000.00

Table 1 Wet and freezer quota utilisation

Source: SWC 2017

Production in Perspective

Production is highly dependent on the amount of raw material delivered to the factory during a specific month. In order to achieve the annual production target, approximately 560mt of raw material must be landed per month to produce approximately 346mt of finished products, which are expected to generate sales of N\$15.2 million, subject to the desired product mix being achieved. In terms of production, baby hake, off-cut mince and ungraded low-value by-catches made up 39.56% of the final products produced, while our production schedule target was 17%. This was an

unfavourable outcome, as the contribution of these products to total revenue is the lowest per metric ton produced. Skin on fillets, belly flaps, formed centres, and formed loins constituted 60.44% of final products, while the production schedule target was 83% of final products, resulting in an under production of 22.56% of these product types. The overall performance of the reporting period was mainly affected by the poor landing in November and December 2016, which was caused by the delays experienced during the dry-docking of vessels in October 2016. In addition, the breakdown of the MFV Rex from 30 January 2017 until 18 April 2017 had a negative impact on the supply of



Figure 1 indicates Final products produced

Source: SWC 2017



In order to achieve the annual production target, approximately 560mt of raw material must be landed per month to produce approximately 346mt of finished products.

raw material to the factory. On a more positive note, the investments made in 2016 in factory machinery, such as Baader and Trio machines, began to yield results. We are now able to fillet small fish (150g - 300g) and produce other high-value products, such as formed loins, from small fish. In the past, these sizes were simply packed as baby hake, which is a low-value product with a low contribution to revenue.

Marketing in Perspective

Europe remains the main export market for our products. However, the past year saw significant growth in the South African market due to increased demand. For the period under review, SWC achieved total sales volumes of 7,115.14mt, which resulted in sales revenue of N\$124 million, while the sales volume for its subsidiary Seacope was approximately 3,728.35mt, generating revenue of N\$122 million. Therefore, the consolidated hake sales volume for the reporting period was approximately 10,843.49mt, resulting in revenue of N\$246 million.

Figure 2 shows the sales revenue per month for SWC, while Figure 3 shows the sales volumes per market. Spain received the highest volumes at 34%, followed by South Africa at 33%, Namibia at 19% and the Netherlands at 14%. In terms of revenue, Spain accounted for around 46%, followed by South Africa at 28%, the Netherlands at 19% and Namibia at 7%. This is attributed to the fact that Spain receives our high-value products (hake loins, kingklip, monk and hake centres).

Finance and Administration in Perspective

For the period under review, total sales revenue for SWC was N\$125 million and income from other sources was approximately N\$132 million, bringing the total income for the company to approximately N\$257 million. A large part of the income from other sources was generated from outsourcing the horse mackerel and hake freezer quotas.

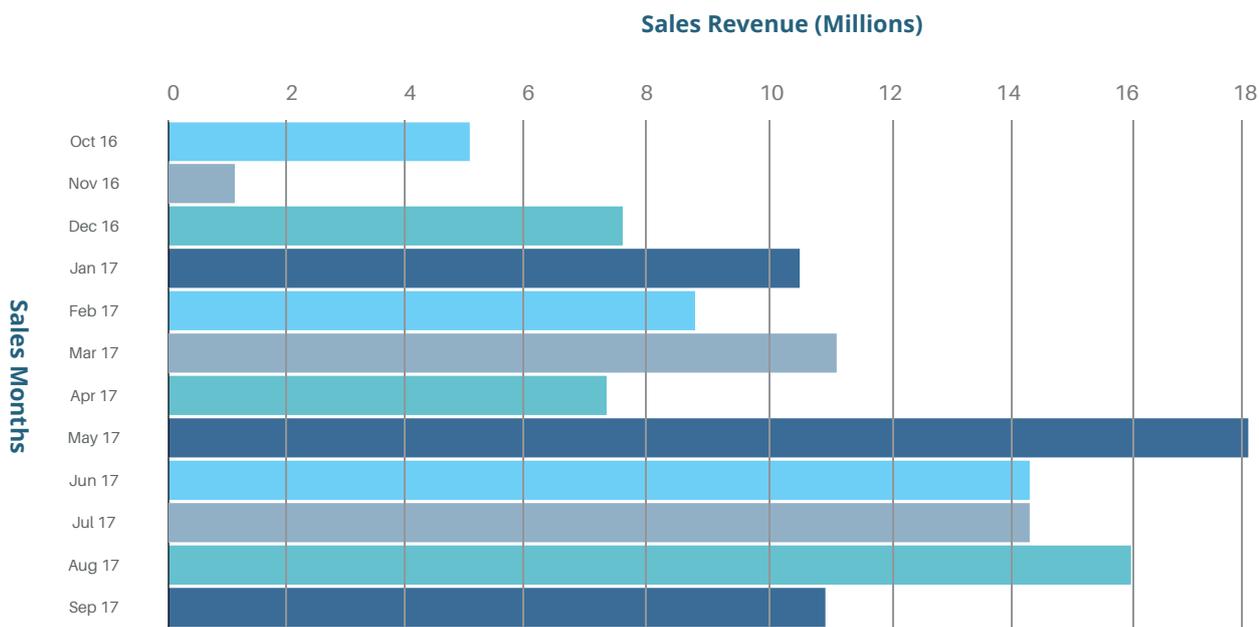


Figure 2: Sales revenue per month for SWC

Source: SWC 2017

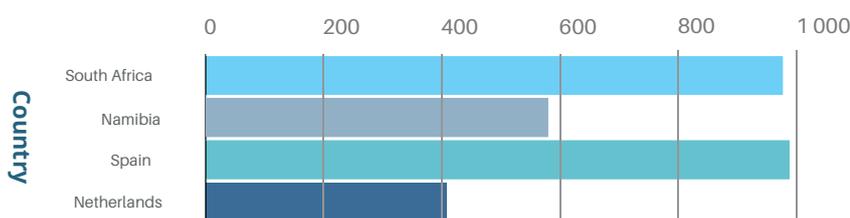


Figure 3: Sales volumes per country for SWC

Source: SWC 2017

Total sales for Seacope amounted to N\$153 million, while other income amounted to approximately N\$4.3 million. The total income for the company declined to N\$149 million due to negative stock movements.

The consolidated sales revenue for the SWC group (SWC and Seacope) of N\$278 million (2016: N\$200 million) represents a 39% increase from the previous financial year. The consolidated income for the SWC group was approximately N\$386 million (2016: N\$299 million), generating a profit after tax of N\$71.8 million (2016: N\$37.9 million). This represents a growth of 89% in profit after tax over the twelve-month period for the group.

The group's assets declined by 3.7% from N\$462 million in 2016 to N\$445 million in 2017 as a result of the settlement of the receivable from Copemar SA, a foreign currency related party debtor, of around N\$106 million net off the N\$90 million investment made in MFV Pemba Bay, both in Seacope. The asset base is expected to grow by 20% in the 2018 financial year as a result of acquiring two additional trawler vessels for Seaflower Whitefish. We continue to address the accumulated legacy debt issue of quota levies and hope to conclude the engagement with the Ministry of Finance in the 2018 financial year.

Investment in Perspective

Co-operation agreement for on-shore processing of horse mackerel

FISHCOR and the Minister of Fisheries and Marine Resources, as the sector Minister, entered into a Co-operation Agreement with the main area of cooperation being the establishment of an on-shore horse mackerel processing factory. This was done pursuant to and in accordance with Section 5 of the National Fishing Corporation of Namibia Act, 1991 (Act No. 28 of 1991). As a result, the Board of Directors mandated management to prudently investigate how FISHCOR could implement the objectives of the Cooperation Agreement within a defined period in order for FISHCOR to implement the investment activities specified within the agreement.

After the pre-feasibility study was presented and approved, a full feasibility study was commissioned and completed. The recommendations, which were taken up and are being executed, include the following:

1. Acquisition of Etale Properties (a strategic move as it is the only available piece of land with quay access)
2. Demolition of the existing structure on the property as it is not economical to operate (the factory has reached its economic useful life)
3. Construction of a purpose-fit facility with modern freezing technology
4. Acquisition or chartering of a suitable Refrigerated Sea Water (RSW) vessel/s
5. Engagement of foreign expertise to transfer technology and know-how for the design and operation of the facility
6. Focus on training of local skills in on-land freezing techniques

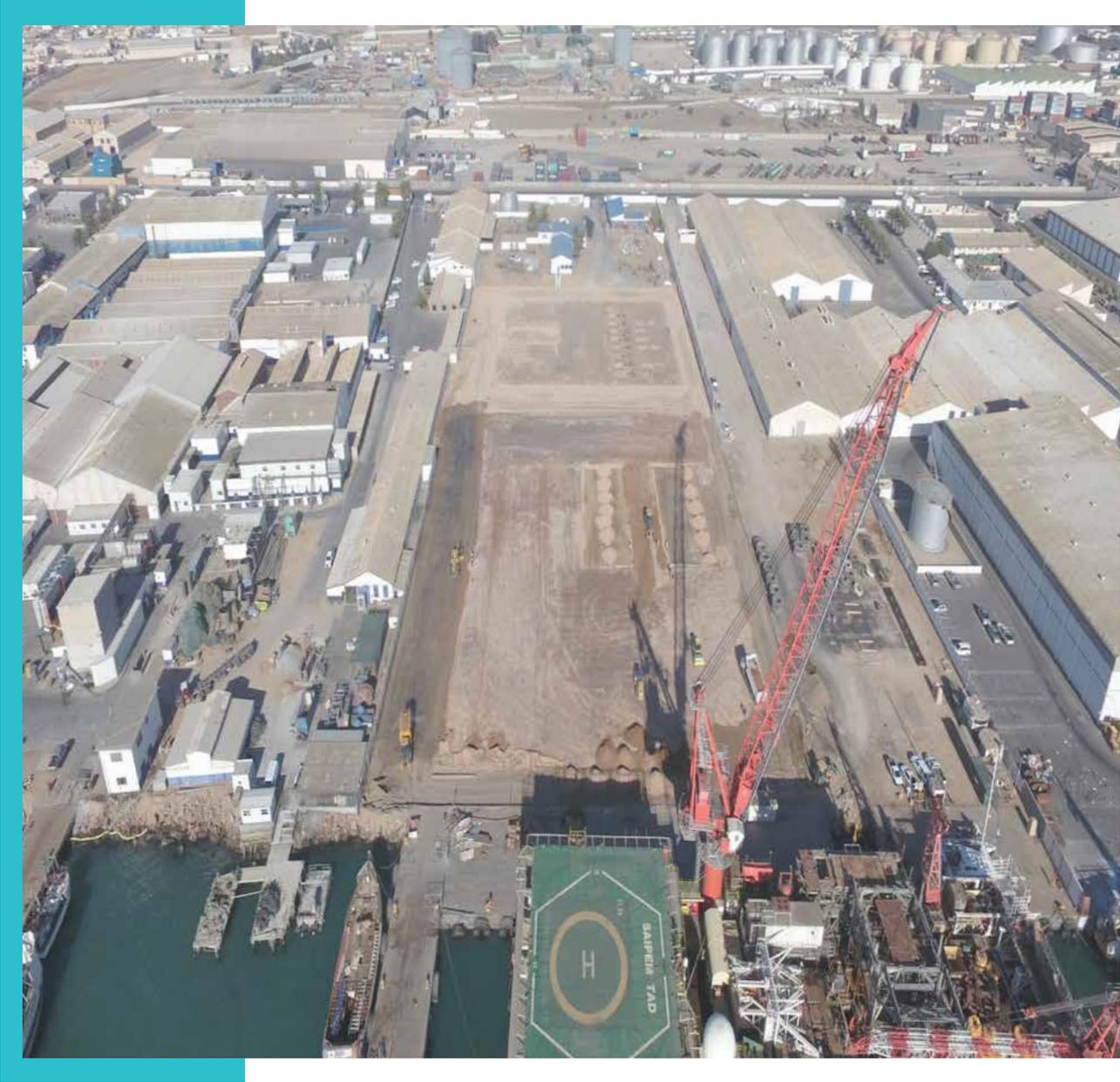
The project began in 2016 with the acquisition of the former Etale Properties for a total of N\$160 million. The total project cost at completion is estimated to be around N\$530 million. Construction work on the on-

shore horse mackerel processing factory is progressing according to plan and should be completed within the scheduled time by 30 September 2018. To date, around N\$250 million has been spent on both property acquisition and construction. The factory, which will be the largest on-shore pelagic processing factory in Southern Africa, will employ around 700 people and will freeze around 600mt of fish a day. This project will offer a good platform for processing collaboration with other operators in the industry.

New on-shore horse mackerel processing factory to be completed by end of September 2018

700 jobs to be created

Images of the construction process of the factory

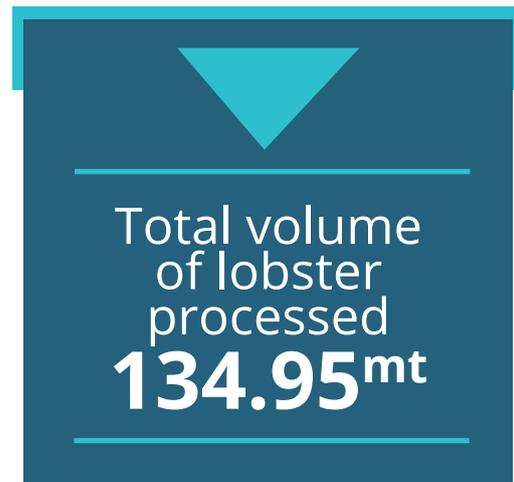


Lobster Operation in Perspective

The rock lobster harvesting season runs from November to April every year. The Total Allowable Catch (TAC) for the 2016/2017 season was 268mt, an increase of 7.20% compared to the TAC for the previous season. For this season, SLC received a total quota of 50.69mt, which is a 7.20% increase from the 47.28mt allocated in the previous season. During the period under review, our six (6) lobster vessels chartered by local skippers, landed the entire allocated quota of 50.69mt and management sourced an additional 67.37mt from other operators to supplement the quota volumes. Therefore, a total of 118.06mt was utilised by SLC, representing 44.05% of the TAC. Our goal is to utilise at least 50-60% of the TAC in order to maximise revenues for our skippers and to achieve market stability.

In terms of total processed volumes for the season, only 134.95mt were processed in our factory, approximately 25.03% less than the 180mt processed in the previous season. On the one hand, the decrease in processed volumes resulted from the opening and operation of the lobster factory of Pomona Fishing (Pty) Ltd, which migrated some right holders and their quotas away from our factory. On the other hand, the decrease was due to low catches experienced in the reporting season as a result of bad weather. We are positive that the situation will improve in the 2017/2018 fishing season.

In terms of financial performance, total revenue from operating activities was around N\$2,011,260 consisting of quota usage. The processing fees and income from other sources was N\$5,847,631, resulting in a total income of N\$7,858,891 for the period under review, compared to a total income of N\$10,694,004 in the previous financial year. This decline is due to smaller quotas being processed at SLC. However, total income is expected to increase to the usual level of between N\$10 million and N\$12 million in the 2018 financial year as our factory will once again be the only operating lobster factory, meaning that more volumes will be processed.



Client Relations

In order to maintain continuity of business in the lobster industry, listening to the “voice of the customer” is key. In October of the reporting period, NAMROCK undertook a visit to the market to engage with customers and to share information pertaining to Namibian lobster. We are confident that our clients will remain loyal and supportive of the NAMROCK brand, leading to positive results in the future for all right holders processing at SLC. All our clients indicated that market prospects look promising, because our lobster remain the best in quality and taste compared to lobster from other countries. However, the challenge of meeting the growing demand for bigger lobsters of 200g to 250g, as opposed to the traditional demand for smaller lobsters of 200g and less, remains.

Prospects for 2018

The year 2018 was declared a year of “Business Excellence and Continuous Improvement.” We decided on this theme, because it enshrines “outstanding practice in managing the organisation and achieving results.” For an organisation such as ours, remaining successful requires creating new markets, developing new products, meeting new goals with existing products, meeting the demands of increasing customer expectations, meeting the demand of increasing global competition and managing change effectively. To achieve these objectives, we will carry out self-assessment initiatives in our various



During the period under review, SLC landed the entire allocated lobster quota of 50.69mt. Management sourced an additional 67.37mt from other operators, bringing the total to 118.06mt, representing 44.05% of the TAC.

departments in order to eliminate waste. We have identified improvement opportunities in our Fleet and Maintenance Department and plan to invest in two additional wet hake trawlers to ensure consistent supply of raw material to the factory. Having a total of five wet trawlers will ensure that we can withstand any unexpected challenges, such as vessel breakdowns or unfavourable fishing conditions.

Lastly, now that we have launched the five-year strategic plan, the appointment of members to the Office of Strategy has been completed. The office is responsible for the monitoring and evaluation of the five-year strategic plan and thus paramount to ensuring its implementation.

Since capacity building is critical to the success of our group, we plan to host a number of training programmes for our employees in the Quality, Finance and Production Departments during the 2018 financial year. Training in the Production Department will focus on improving the skills of production staff and increasing output, especially with the re-engineering of

the production step-up, which will be done later in the year.

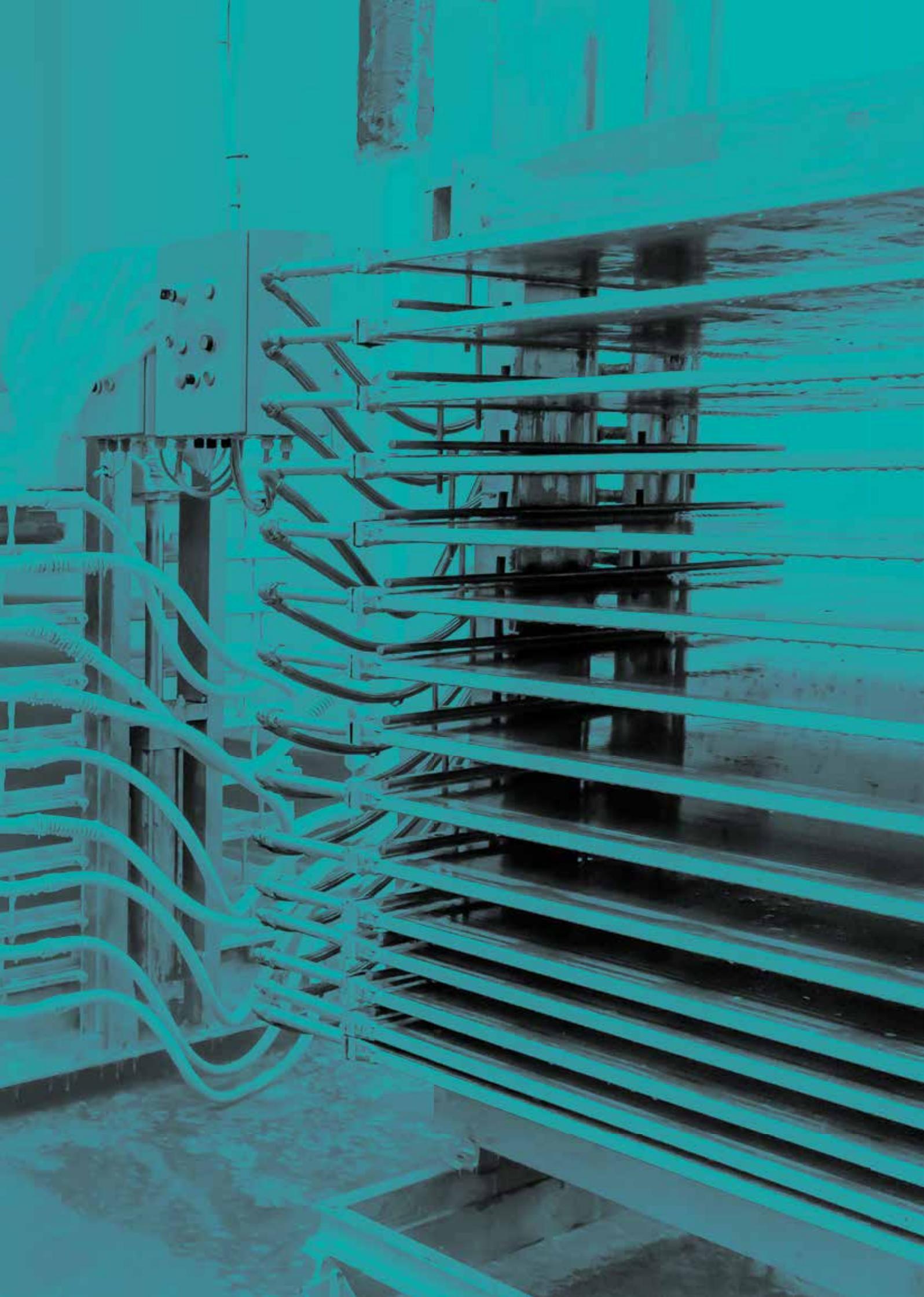
We remain committed to achieving and upholding business excellence while continuously improving our operations and processes in order to achieve sustainable profitability. We are counting on the continued and unmatched support of the Chairman and the entire Board of Directors, and our customers and stakeholders, as we sail through 2018 armed with the commitment to achieve our goals and objectives.



Mike Nghipunya
Group Chief Executive Officer



OUR DEPARTMENTS



Fleet and Maintenance

Making
Sure
We
Stay
Afloat

A well-managed and well-maintained fleet is the backbone of our business. The Fleet and Maintenance Department is responsible for keeping our vessels in a fishing worthy condition. The department also draws up maintenance and dry-docking plans for each vessel in order to ensure that vessels remain efficient at all times. In addition, the general maintenance of machinery in the factory as well as our vehicle fleet falls under the mandate of this department.

Our fleet

Our fleet consists of one freezer trawler, three wet fish trawlers and six lobster vessels. All of our vessels, having been built between 1963 and 2006, are young and, with a robust maintenance plan in place, experience few breakdowns.

The pride of our fleet is the freezer vessel MFV Pemba Bay, which is based in Walvis Bay. The vessel, built in 2001 and powered by a 1,100 Kw Wartsila engine, is equipped with a factory, enabling it to catch, process, freeze and package fish on board. Spending an average of 21 to 28 days at sea per trip, it returns to port carrying up to 250 metric tons of frozen fish ready for distribution.

Our three wet fish vessels are equally valuable members of our fleet. The MFV Monte San Roque and MFV Farillon, built in 2005 and 2006 respectively,

are powered by Anglo Belgian Corporation (ABC) 441 Kw direct drive engines. Our oldest wet fish vessel, the MFV Rex built in 1986, is kept running smoothly by its Nohab 12 cylinder, 2,000 hp diesel engine. On average, our wet fish vessels spend 5 to 7 days at sea, depending on how quickly targets are reached. The catches of all three vessels are processed at the land-based factory in Lüderitz.

The six lobster vessels complete our fleet. The S.W. Albatross, S.W. Penguin, and Moira D. were built in the 1960s, while our newer vessels, the Goldfish, Oceana Marlin, and Blue Fish, were built in the 1980s. Two of the vessels have a cargo capacity of 19.82 metric tons each, and the remaining four have a capacity of 47.08 metric tons each. The entire lobster fleet is powered by diesel reciprocating engines. The number of days that the lobster vessels spend at sea varies depending on the operator who has chartered the vessel and on how quickly set targets are met. All lobster catches are processed and packaged in our factory in Lüderitz.

Our Vessels



Pemba Bay

Built 2001

Freezer Fish Hold Capacity: 660 m³



Farillon

Built 2006

Fish Hold Capacity: 250 m³



Monte San Roque

Built 2005

Fish Hold Capacity: 250 m³



Rex

Built 1986

Fish Hold Capacity: 300 m³



Goldfish

Built 1983

Fish Hold Capacity: 7 m³

Oceana Marlin

Built 1984

Fish Hold Capacity: 7 m³

Blue Fish

Built 1986

Fish Hold Capacity: 7 m³

S.W. Albatross

Built 1963

Fish Hold Capacity: 7 m³

S.W. Penguin

Built 1963

Fish Hold Capacity: 7 m³

Moira D

Built 1964

Fish Hold Capacity: 7 m³



Production

From Sea to Plate

Our Production Department oversees Seaflower's white fish and lobster processing factories and ensures that we deliver high quality products. Our value chain starts at sea and consists of catching, processing, storage and marketing to the customer. The Benguella current system along Namibia's coastline, which is one of the most nutrient rich systems in the world, enables Seaflower to consistently produce hake and lobster products of the highest quality.

Catching and processing hake

Our hake fishing operations are carried out by means of bottom trawling. The fish is initially processed in the factory on-board the vessel into headed and gutted (H&G) products. The H&G products are then stored at -4°C and delivered to the on-shore factory for final processing.

At the factory, hake is processed into different products such as loins, centres, belly flaps, fillets, baby hake and mince. The by-catches to hake are kingklip, monkfish, red fish, pota, snoek, buttersnoek, horse mackerel and angelfish. These are also processed into different products before being sold to the end customer.

Catching and processing lobster

Lobster is caught using lobster traps that are usually filled with bait of horse mackerel, sardines and snoek heads. It is important to ensure that the lobsters are alive when they arrive at the on-shore factory in order to maintain high quality at all times. Therefore, once a trap is full, lobsters are removed and placed back into sea cages. This method ensures that the mortality rate per trip remains as low as 4% of the total catch.

Upon delivery at the factory, the lobsters are kept in holding tanks with seawater before being processed into different products, such as whole raw frozen, whole cooked, tails and live lobster.



Our value chain starts at sea and consists of catching, processing, storage and marketing to the customer.

IT, Electrical, Electronics and Refrigeration

Full Steam Ahead with Modern Systems

The IT, Electrical, Electronics and Refrigeration Department is responsible for maintaining and upgrading all systems related to IT, electronics and refrigeration. Modern IT systems are essential for keeping all aspects of Seaflower's operations running smoothly. Our software systems include a mailing system, accounting system, pay-roll system and time keeping system.

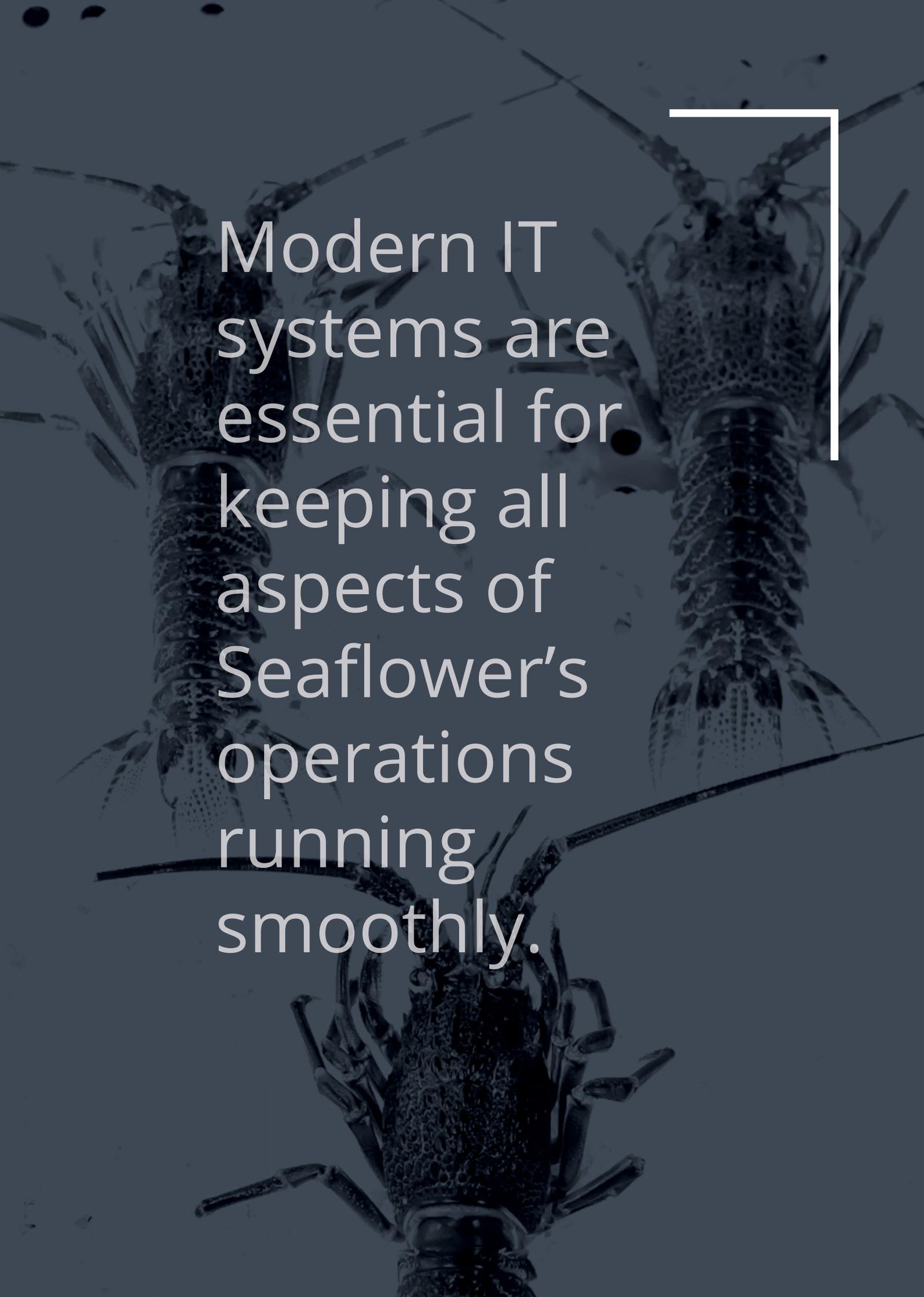
Machinery and refrigeration

Production in our factories relies heavily on machinery, all of which is fully computer controlled in order to optimise time and production output, and minimise human error.

Systems along each step of the production process ensure optimum output, and include the following:

- The Marel input system separates the hake from the by-catches and grades the hake according to weight.
- The distribution system delivers fish from a storage tank to a designated line, and records the amount of product being processed and the yield of every production line.
- The Baader filleting machine fillets the fish.
- The Marel scaling system classifies the final fish products into different weight categories, from where they can be packaged accordingly.
- The dispatch system logs the amount and type of fish stored in the cold rooms and records fish that has been removed for shipping, enabling us to control our stock.
- The output system books stock onto trucks for delivery to our clients.

In order to enhance our freezing capabilities, we acquired additional 5mt plate freezers during the reporting period. Refrigeration is another essential element in our operations. Ammonia compressors give our factory its freezing capabilities and ensure that we can deliver safe and quality products to our clients.

The image features three lobsters, one in the foreground and two in the background, set against a dark, textured background. A white L-shaped graphic element is positioned in the upper right corner. The text is centered over the image.

Modern IT
systems are
essential for
keeping all
aspects of
Seaflower's
operations
running
smoothly.



Sales and Cold Store

Our Sales and Cold Store Department plays a pivotal role in the success of Seaflower. It is responsible for managing stock in cold storage, selling to existing customers, and marketing to potential clients. In addition, this department maintains good relationships between the group and our customers in order to ensure continuity and long-term profitability.

Markets and customer relations

For the reporting period, our sales performance was very positive in terms of prices and demand. The economic recovery in Europe and Japan played a pivotal role in the positive demand and good prices for both hake and lobster products.

Customer engagement is critical to the success and longevity of customer relationships. Therefore, we engage customers through our annual visits during which we discuss the operations for the current and following fishing season. The team also examines challenges and how to address them in order to ensure maximum customer satisfaction.



Our Sales and
Cold Store
Department
plays a pivotal
role in the
success of
Seaflower.

Quality Assurance

Seaflower's motto, "The wave of quality" epitomises our passion for and commitment to producing hake and lobster products of the highest quality.

Our Quality Assurance Department is responsible for enforcing compliance with the relevant National Compulsory Standards Specifications, as well as European Union (EU) and Food and Drug Administration (FDA) regulations. By conducting process control inspections and online monitoring, the department ensures that Seaflower's products are always of the highest quality, safe for human consumption, and desirable to consumers.

Monitoring quality at every step of the way

In order to ensure food safety and product quality, quality controllers monitor every aspect of our value chain, starting from the vessel through to our products and sales. Raw materials are examined upon arrival at the factory to make sure they meet our specifications. In the factory, line supervisors carefully inspect the entire production process. In addition, quality controllers carry out random inspections of every product, focusing not only on the quality and safety of products, but also on their appearance, labelling, and packaging, among others. Finally, finished products are inspected prior to shipment to our customers.

Hygiene and manufacturing standards

Seaflower enforces Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP), which are prerequisite practices for HACCP. These include pest control programmes, personnel sanitation, and cleaning programmes, among others. As part of our excellent GMP and GHP, all persons entering food

processing areas must be properly attired in the company's protective clothing, including sterilised boots and gloves. In addition, no perfume or jewelry may be worn in the processing plant, and eating, drinking and spitting are strictly prohibited. These measures are put in place to prevent contamination of products and equipment.

Meeting national and international standards

Seaflower meets the relevant National Compulsory Standards Specifications as set by the Namibian Standards Institution (NSI). In addition, the group addresses food safety in accordance with European Commission regulation 852/2004 and 853/2004, and various EU directives as well as FDA regulation 21CFR123. Seaflower is HACCP certified in line with EU standards regulations, which enables us to export our products to European markets. The NSI conducts regular inspections of our products, factories and vessels in order to ensure that we remain compliant at all times.



Seaflower enforces Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP), which are prerequisite practices for HACCP.

Human Resources

The Human Resources Department is responsible for overseeing all matters pertaining to employees such as recruitment, management of benefits and disciplinary matters.

The department is also responsible for creating long-term strategies for the growth and development of our employees. Our management objective is to ensure that our employees are productive. This is achieved by utilising various strategies and continuous employee engagement. We offer competitive remuneration packages that include retirement and funeral benefits.



Workforce statistics

During the reporting period, the group's staff complement totalled 651 workers, both on- and off-shore. General factory workers and fishermen made up 85% of the workforce, with the remaining staff complement consisting of administrative and management personnel.

Table 2 gives a breakdown of employee statistics for the year under review.

A black and white photograph of three women in a food processing facility. They are wearing hairnets, face masks, and gloves, and are giving thumbs up. In the background, there is a conveyor belt with fish. In the foreground, there are trays of fish products on a bed of ice. Labels on the trays include "Hake Skin-on Bellyflaps", "Skinless Hake Formed Centres", and "Skin-on H... on H...".

We offer competitive remuneration packages that include retirement and funeral benefits.

Hake Skin-on Bellyflaps

Skinless Hake Formed Centres

Skin-on H... on H...

651 Employees

649
Permanent

2
Temporary

2017 Headcount

661 Employees

661
Permanent

0
Temporary

2016 Headcount

CATEGORY	LÜDERITZ	%
SWC:		
Management	9	1.38
Administrative	92	14.13
Sea-going officers	19	3.00
Sea-going crew	51	7.83
General workers	377	57.91
SLC	53	8.14
Seacope	50	7.68
Total	651	100.00

Table 2: Employee statistics 2017

Ideally, the company seeks to retain employees for long periods, since long-term employees gain substantial experience and subsequently exhibit improved efficiency. However, it must also be noted that production workers, who stay with the company for more than 15 years, begin to show a decline in productivity as a result of aging.

Table 3 categorises employees based on how long they have worked for the company.

TENURE	NUMBER OF EMPLOYEES IN LÜDERITZ
> 20 years	41
> 15 years	77
> 10 years	20
> 5 years	116
< 3 years	70
< 2 years	327
Seacope	7.68
Total	100.00

Table 3: Number of years worked by employees in Lüderitz



Employee training and development

The fishing industry demands that we continuously invest in training and development. Our training and development policy guides us in this regard. We invest in the development of critical skills through our bursary scheme, which also ensures that the group can attract and retain staff.

The company strives to create an enabling environment for the growth and development of all employees. In addition, the company shows continued commitment to ensuring that all positions are filled when they become vacant.

Table 4 indicates how many employees were promoted, trained and recruited during the reporting period. It also indicates that there were no vacancies at the company.

PROMOTION	17
TRAINING	29
RECRUITMENT	20
VACANCIES	0

Table 4: Employee promotion, training, recruitment, and vacancies

Termination of employment

Table 5 summarises termination as a result of retirement, resignation, dismissal and death during the reporting period.

RETIREMENT	13
RESIGNATION	24
DISMISSAL	6
DEATH	2

Table 5: Termination of employment

Membership of trade unions

All of our employees are registered with a trade union of their choice. The majority are members of the Namibia Seamen and Allied Workers Union (NASAWU), while the rest are members of the Namibia Food and Allied Workers Union (NAFAU).

Employee health and safety

Our health and safety policy outlines the best practices for enforcing and maintaining a hygienic, healthy and safe working environment, while our HIV/AIDS policy guides us in dealing with employees living with HIV/AIDS. In February 2016, our onsite clinic opened its doors. The fully operational clinic ensures that employees do not have to travel long distances to hospitals for medical treatment, which has significantly reduced the rate of absenteeism in the Production Department.



Maria Amwaalanga - Health & Safety Officer



**CORPORATE
SOCIAL
INITIATIVES**



Corporate Social Initiatives

At Seaflower, we believe in giving back to the community. Our corporate social initiatives are based on the philosophy of investing in people to build strong communities. To enable us to meet this commitment, we created a Corporate Social Responsibility Fund with an annual budget of N\$1 million. However, in responding to the Harambee Prosperity Plan, we exceeded this budget during the reporting period: We spent N\$2,635,888.00 on sponsorships and donations to help meet government objectives.

Fish donations

In the 2016/2017 financial year, we made fish donations of different types amounting to 10.43 metric tons, valued at N\$238,761. Donations were made to old age homes, school feeding programmes, Governors' offices, the Lüderitz Mayoral Fund and different soup kitchens in and around Lüderitz.

In addition, 6.5 metric tons of fish, valued at N\$124,275, were allocated to an umbrella body that operates under the office of the Mayor of Lüderitz, Her Worship Helaria Mukapuli. The organisation caters for needy community members and worthy causes as identified by the Town Council. The beneficiaries of this consignment were schools, active NGOs and support groups, the annual mayoral Christmas party, and destitute members of the //Karas Region and beyond:

- 65 households in Lüderitz
- 150 households and schools in Aus
- 52 households, schools and hostels in the Berseba constituency
- 27 households, schools and hostels in Bethanie
- Lüderitz Christmas party for the elderly

Community development, education and empowerment

In the period under review, the group responded generously to community needs in the area of community development projects. We donated a fully equipped ambulance to Aus Clinic, and co-sponsored the Namibian feature film, *Fish out of Water*, shot in Lüderitz.

In the arena of sports, the company continued its long-standing commitment to the local rugby team, as well as boxing and soccer. In addition, we became an official sponsor of the National Women's Indoor Hockey Team, which qualified for the 2018 World Cup to be held in Berlin, Germany.

The various sponsorships and pledges in the area of community empowerment amounted to N\$2,122,852.

Bursaries

During the reporting period, we awarded bursaries to the value of N\$400,000. The amount was divided between the five bursary recipients from the previous year to enable them to continue their studies, as well as two new bursary recipients awarded in 2017. This brings the total number of bursary holders currently studying under our bursary scheme to seven (7).

Full bursaries were awarded to students studying at the University of Namibia (UNAM), the Namibian Institute of Mining and Technology (NIMT), Rhodes University (South Africa), Namibia University of Science and Technology (NUST) and London School of Business and Finance (LSBF) for the following fields of study:

- PHD in Fisheries Science
- Fitting and Turning
- Diesel Mechanics
- Air-conditioning and Refrigeration Repairs
- Marine Science
- Accounting and Finance
- Marketing



The Mayor of Lüderitz, Her Worship Helaria Mukapuli, handing over 2.06mt of fish in Bethanie during National Literacy Day celebrations. Beneficiaries of this donation included 2,000 learners from about 27 schools and hostels.



The annual Christmas party for the elderly was enjoyed by more than 350 pensioners.



Her Worship Helaria Mukapuli distributing fish to the Aus community. About 150 households, a primary school and an early childhood development center benefited from the donation totalling 1mt. The visit highlighted the plight of the Aus community, where 65% of people live in extreme poverty.



Minister of Poverty Eradication and Social Welfare, Honourable Zephania Kameeta, receiving 6.5mt of fish on behalf of the umbrella body, as well as 2mt for the Warmbard community. The image shows, from left to right, Seaflower CEO, Mike Nghipunya; Lüderitz Deputy Mayor, Councillor Brigitte Frederick; Honourable Kameeta; and //Karas Region Councillor, Councillor Jan Scholtz.



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017



**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

GROUP AND COMPANY ANNUAL
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2017

INDEX

	Page
Administration	54
Statement by the directors	55
Report of the independent auditors	56-57
Report of the directors	58-61
Consolidated statement of annual financial position	62
Consolidated statement of profit or loss and other comprehensive income	63
Consolidated change of equity statement	65-67
Consolidated statement of cash flows	66
Company statement of annual financial position	67
Company statement of profit or loss and other comprehensive income	68
Company statement of cash flows	69
Notes to the annual financial statements	70-102

ADMINISTRATION

Company registration number: 92/227

Directors:

Mr J Hatuikulipi (Chairperson)	
Dr B Kangumu	
Hon L McLeod	(Term expired: 30/04/2017)
Ms N Sheya	
Mr U Nghaamwa	
Mr M Maurihungirire	
Ms C Gamses	(Appointed: 10/07/2017) (Resigned: 01/01/2018)
Hon S Ausiku	(Appointed: 10/07/2017)

Company Secretaries:

ESI Secretarial Services (Pty) Ltd
Orban Street 24
PO Box 3300
Windhoek

Registered office:

Orban Street 24
PO Box 3300
Windhoek

Auditors:

Stier Vente Associates
PO Box 90001
Olof Palme Street
Klein Windhoek

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

GROUP AND COMPANY ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

STATEMENT BY THE DIRECTORS

TO THE SHAREHOLDER OF NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED

Your group and company's directors are required by the Companies Act of Namibia to maintain adequate accounting records and to prepare annual financial statements which fairly present the state of affairs at the end of the financial year and the results and the cash flows for the year. In preparing the accompanying annual financial statements, International Financial Reporting Standards have been followed, suitable accounting policies have been used, and reasonable estimates have been made. Any changes to accounting policies are approved by the Board and the effects thereof are fully explained in the annual financial statements. The annual financial statements incorporate full and responsible disclosure in line with the philosophy on corporate governance.

The directors have reviewed the group and the company's budgets and cash flow forecasts for the year to 30 September 2018. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors have no reason to believe that the National Fishing Corporation of Namibia Limited and its subsidiaries will not be a going concern in the next financial year and have thus continued to adopt the going concern basis in preparing the annual financial statements. The group's external auditors, Stier Vente Associates, have audited the financial statements and their report appears on pages 56 to 57.

The directors are responsible for the group and company's system of internal controls, which includes internal financial controls that are designed to provide reasonable, not absolute, assurance against material misstatement and loss. The group and company maintain internal financial controls to provide assurance regarding:

- the safeguarding of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statements presentation. Further, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The group and company's annual financial statements for the year ended 30 September 2017 set out on pages 58 to 103 have been approved by the Board of Directors and are signed on their behalf by:



J. Hatuikulipi - Chairman

WINDHOEK
2 March 2018

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

GROUP AND COMPANY ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDER OF NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED

Opinion

We have audited the annual financial statements of National Fishing Corporation of Namibia Limited set out on pages 58 to 103, which comprise the statement of financial position as at 30 September 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Group and Company as at 30 September 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the independence requirements applicable to performing audits of financial statements in Namibia which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We have fulfilled our other ethical responsibilities in accordance with the ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors for the annual financial statements

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

In preparing the annual financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

GROUP AND COMPANY ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

- from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Stier V & Associates

STIER VENDE ASSOCIATES
REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (NAMIBIA)

Per: B Vente
Partner

Windhoek, 2 March 2018

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

The directors present their report which forms part of the audited annual financial statements of the group and the company for the year ended 30 September 2017.

Principal activities of the company

The company is the holding company of a number of companies involved in exploiting, processing, buying, selling and marketing of fish and marine resources.

Directors

Details of directors and officers of the company are set out under Administration on page 50.

Dividend

No dividend was declared or paid during the year under review (2016: N\$ Nil).

Operating results

The Fishcor group recorded a net income of N\$ 67 925 119 after taxation (2016: net income of N\$ 40 685 219). The main reason for this income is the good performance of Seaflower Whitefish Corporation Limited. It should be noted that a portion of the net income is a result of revenue generated from the usage fees of hake and horse mackerel quota being granted to the group.

The Fishcor group's revenue increased by 36%. The increase in revenue was due to good prices achieved for Seaflower Whitefish Corporation Limited hake sales in Europe and South Africa and Seacope Freezer Fishing (Pty) Ltd hake and orange roughy sales to Europe.

As a company Fishcor recorded a net loss of N\$ 1 942 634 (2016: income of N\$ 3 048 363) which is mainly due to penalties charged by the Receiver of Revenue.

REVIEW OF OPERATIONS

	2017 N\$	2016 N\$
Seacope Freezer Fishing (Pty) Ltd - income after tax	52 068 338	37 908 152
Seaflower Whitefish Corporation Ltd - income after tax	1 357 114	2 914 723
Seaflower Lobster Corporation Ltd - loss after tax	<u>(1 944 360)</u>	<u>(132 020)</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

REVIEW OF OPERATIONS

There was no change in the principal activities of the group.

Seaflower Whitefish Corporation Limited ("SWC")

Revenue from fish and fish product sales increased from N\$ 114 million in 2016 to N\$ 125 million at the end of September 2017. This was mainly caused by the increase in quota landed from 5 524 metric ton in 2016 to 6 180 metric ton for this year as a direct result of vessels being available either own or chartered, for the majority of the period. The average exchange rate to the Euro decreased from 16.3 in 2016 to 15.6 in 2017, and the overall Euro market prices were relatively stable while the local price per kg increased due to more value adding.

The company received 7 115 metric ton (2016: 6 942 metric ton) of wetfish quota and 12 378 metric ton (2016: 5 282 metric ton) of freezer quota. 5 321 metric ton freezer quota was utilized by the subsidiary Seacope Freezer Fishing (Pty) Ltd, in which the company owns 51%. Improved results were caused by the increase in quota landed from 5 524 metric ton in 2016 to 6 180 metric ton for this year as a direct result of vessels being available either own or chartered, for a majority of the year.

	2017 N\$	2016 N\$
OPERATING RESULTS		
Net income after taxation	52 068 338	37 908 152
Depreciation on revaluation	1 357 114	2 914 723
Net operating income	<u>53 429 452</u>	<u>40 822 875</u>

Seaflower Lobster Corporation Limited

The company recorded a net loss after taxation of N\$ 1 943 360. In the previous year the company recorded a net loss after taxation of N\$ 132 020.

The company outsourced their catching operations again in this year to "local skippers", but processed all rock lobster themselves, although sales are not accounted for by the company, favourable sales proceeds were achieved. Less lobster was processed in comparison to the prior year (134 metric ton vs 180 metric ton in the prior period) with an improvement in the prices; better results were achieved by the industry.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

REVIEW OF OPERATIONS (continued)

	2017 N\$	2016 N\$
OPERATING RESULTS		
Net loss after taxation	(1 944 360)	(132 020)
Depreciation on revaluation	268 567	561 804
Net operating (loss)/income	<u>(1 674 793)</u>	<u>429 784</u>

Seacope Freezer Fishing (Pty) Ltd

Revenue from the sale of fish and fish products, increased from N\$ 86 million to N\$ 153 million. This was mainly caused by the fact that the fisherman strike affected operation in November and December 2015. The average exchange rate to the Euro and price of fish products was favourable throughout the current year. In the current year Seacope Freezer Fishing (Pty) Ltd landed and sold more fish compared to prior year. In addition, the proportional consolidated once off joint venture with Merlus Fishing (Pty) Ltd resulted in additional revenue of N\$ 21 million.

Share capital

There was no change in the issued and authorized share capital of the company during the year.

Going concern

The going concern principle is continuously addressed by the directors of the holding and subsidiary companies through further implementation of cost reduction measures and increase in productivity and profitability of operations.

Unfortunate events beyond the control of the Board, market prices, poor environmental condition for the fishing industry, and most importantly the increasing pressure on the group's cash flows, are monitored closely by the Board.

Subsidiaries and associated companies

Below is a list of all subsidiaries and associated companies:

	2017 % Shares	2016 % Shares
Subsidiaries		
Seaflower Whitefish Corporation Limited (Consolidated)	78%	78%
Seaflower Lobster Corporation Limited (Consolidated)	100%	100%
Namibia Rock Lobster Packers (Proprietary) Limited (Not consolidated)	66.67%	66.67%
Seacope Freezer Fishing (Proprietary) Limited (Consolidated)	51%	51%

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

REVIEW OF OPERATIONS (continued)

Subsequent events

There are no significant events or circumstances, which materially affect the financial position of the company and group, which have arisen between the balance sheet date and the date of this report.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

CONSOLIDATED STATEMENT OF
ANNUAL FINANCIAL POSITION AT
30 SEPTEMBER 2017

	Note	2017 N\$	2016 N\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	1 200	1 200
Interest in subsidiary and joint venture companies	3	1 023 752	3 699 867
Deferred taxation	5	300 120 337	207 882 841
CURRENT ASSETS			
Taxation pre-paid		689 159	2 715 029
Money market and listed investments		129 291	121 642
Inventory	6	21 235 202	30 754 564
Trade and other receivables	7	87 966 724	171 727 795
Bank and cash balances	8	36 353 314	56 807 392
Related companies' accounts		52 774 923	1 626 073
TOTAL ASSETS		499 268 950	471 635 336
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued share capital	9	19 144 121	20 952 339
Non-distributable reserve		35 227 631	(10 314 554)
Retained income/(accumulated loss)		96 632 680	52 898 713
NON-CONTROLLING SHAREHOLDERS' INTEREST		38 548 901	52 481 270
NON-CURRENT LIABILITIES			
Deferred taxation	5	74 647 732	40 893 938
Interest bearing liabilities	10	-	2 955 832
Non-interest bearing liabilities	10	41 842 167	-
Interest-bearing related party liabilities	11	60	70
Issued redeemable cumulative preference shares	13	15 359 940	17 919 930
Redeemable cumulative preference shares premium	13	166 478 141	65 978 626
CURRENT LIABILITIES			
Related companies' accounts	4	15 489 520	207 157 289
Current portion of interest bearing liabilities	10	16 157 292	7 852 702
Current portion of interest bearing related party liabilities	11	5 977 452	-
Trade and other payables	12	82 379 679	69 413 210
Current portion of preference shares and premium	13	10 240 000	7 680 000
Bank overdraft		15 544 959	4 433 597
Shareholders' account	14	50 000 000	-
Provision for taxation	16	1 820 326	3 739 929
TOTAL EQUITY AND LIABILITIES		499 268 950	471 635 336

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED
30 SEPTEMBER 2017

	Note	2017 N\$	2016 N\$
REVENUE	1	285 382 172	209 589 841
Dividend income	15	130	774 428
Foreign exchange gain		3 488 651	-
Interest income	15	1 626 082	1 066 023
Management fees received		14 548	11 743
Previously accrued interest and penalties waived		-	4 125 083
Rent received		331 078	810 213
Other income		102 699 353	95 415 471
Profit on sale of property, plant and equipment		115 905	1 355 523
TOTAL INCOME		<u>393 657 919</u>	<u>313 148 325</u>
EXPENDITURE			
Auditors remuneration			
- audit services		603 500	499 662
- other services		99 122	100 084
Depreciation		16 339 168	10 644 502
Directors' remuneration			
- for services as director		137 609	145 135
Finance charges	15	7 023 773	7 506 721
Operating rentals		257 958	110 605
Penalties and interest - Receiver of Revenue		5 758 247	3 684 670
Salaries, wages and employee costs		79 449 404	62 005 735
Other costs		180 346 864	167 842 261
		<u>290 015 645</u>	<u>252 539 375</u>
INCOME BEFORE TAXATION		103 642 274	60 608 950
TAXATION	16	<u>(35 717 155)</u>	<u>(19 923 731)</u>
INCOME AFTER TAXATION		67 925 119	40 685 219
SHARE OF INCOME FROM ASSOCIATE		-	-
NET INCOME FOR THE YEAR		67 925 119	40 685 219
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>67 925 119</u>	<u>40 685 219</u>
ATTRIBUTED TO:			
Equity holders of parent		43 053 140	29 556 063
Non-controlling interest		24 871 979	11 129 156
		<u>67 925 119</u>	<u>40 685 219</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

CONSOLIDATED CHANGE OF
EQUITY STATEMENT (conitnued)
FOR THE YEAR ENDED
30 SEPTEMBER 2017

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

	Share capital N\$	Revaluation reserve N\$	(Accumulated loss)/ Retained earnings N\$	Total N\$	Non- controlling interest N\$	Total equity N\$
Balance at 1 October 2016	42 260 928	20 952 339	(10 314 554)	52 898 713	52 481 270	105 379 983
Net income for the year	-	-	43 053 140	43 053 140	24 871 979	67 925 119
Depreciation on revaluation transferred to equity	-	(2 037 941)	2 037 941	-	-	-
Deferred tax on depreciation on revaluation transferred to equity	-	680 827	-	680 827	115 666	796 493
Non-controlling interest portion of dividends paid	-	-	-	-	(3 920 000)	(3 920 000)
Redemption of non-controlling interest shares and share premium	-	-	-	-	(35 000 014)	(35 000 014)
Realisation on disposal of assets	-	(451 104)	451 104	-	-	-
Balance at 30 September 2017	42 260 928	19 144 121	35 227 631	96 632 680	38 548 901	135 181 581

During the year under review the shareholders of the subsidiary Seacope Freezer Fishing (Pty) Ltd decided to repurchase the full share premium and 50% of the share capital being issued by Seacope Freezer Fishing (Pty) Ltd to its shareholders. The percentage shareholding of the current shareholders of Seacope Freezer Fishing (Pty) Ltd was not affected by the transaction.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

CONSOLIDATED CHANGE OF
EQUITY STATEMENT (continued)
FOR THE YEAR ENDED
30 SEPTEMBER 2017

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

	Share capital N\$	Revaluation reserve N\$	(Accumulated loss)/ Retained earnings N\$	Total N\$	Non- controlling interest N\$	Total equity N\$
Balance at 1 October 2015	42 260 928	12 689 550	(44 689 428)	10 261 050	43 877 584	54 138 634
Net income for the year	-	-	29 556 063	29 556 063	11 129 156	40 685 219
Depreciation on revaluation transferred to equity	-	(561 804)	561 804	-	-	-
Deferred tax on depreciation on revaluation transferred to equity	-	1 529 911	-	1 529 911	244 579	1 774 490
Non-controlling interest portion of dividends paid	-	-	-	-	(4 900 000)	4 900 000
Gain on re-measurement of property, plant and equipment	-	11 551 689	-	11 551 689	2 129 951	13 681 640
Realisation on disposal of assets	-	(4 257 007)	4 257 007	-	-	-
Balance at 30 September 2016	42 260 928	20 952 339	(10 314 554)	52 898 713	52 481 270	105 379 983

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

CONSOLIDATED STATEMENT
OF CASH FLOWS FOR THE YEAR
ENDED 30 SEPTEMBER 2017

	Note	2017 N\$	2016 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		367 019 579	344 998 659
Cash payments to suppliers and employees		<u>(330 506 579)</u>	<u>(208 509 095)</u>
Cash generated from operations	17	36 513 000	136 489 564
Dividends paid		(3 920 000)	(4 900 000)
Taxation paid		(1 718 894)	(10 678 294)
Interest and dividends received		1 626 212	1 840 451
Interest paid		<u>(7 023 773)</u>	<u>(7 506 721)</u>
Net cash inflow from operating activities		<u>25 476 545</u>	<u>115 245 000</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant and equipment		972 947	26 050 009
Money Market Investments movement		(7 649)	26 409 407
Property, plant and equipment acquired		<u>(112 109 821)</u>	<u>(97 723 563)</u>
Net cash inflow/(outflow) from investing activities		<u>(111 144 523)</u>	<u>(45 264 147)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Redemption of shares and share premium		(35 000 014)	-
Movement in shareholders' loans		50 000 000	-
Long term loans movement		<u>39 102 552</u>	<u>(5 502 802)</u>
Net cash inflow/(outflow) from financing activities		<u>54 102 538</u>	<u>(5 502 802)</u>
NET (UTILISATION)/GENERATION OF CASH AND CASH EQUIVALENTS		(31 565 440)	64 478 051
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>52 373 795</u>	<u>(12 104 256)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	<u>20 808 355</u>	<u>52 373 795</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

COMPANY STATEMENT OF
ANNUAL FINANCIAL POSITION AT
30 SEPTEMBER 2017

	Note	2017 N\$	2016 N\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	-	50 000
Interest in subsidiaries	3	48 891 629	48 891 629
Deferred taxation	5	891 465	752 728
		<u>49 783 094</u>	<u>49 694 357</u>
CURRENT ASSETS			
Related party account	4	50 000 000	-
Trade and other receivables	8	942 718	4 869 553
Taxation paid		515 018	515 018
Cash and cash equivalents	24	254 688	220 425
		<u>51 712 424</u>	<u>5 604 996</u>
TOTAL ASSETS		<u>101 495 518</u>	<u>55 299 353</u>
EQUITY AND LIABILITIES			
CAPITAL RESERVES			
Issued share capital	9	42 260 928	42 260 928
Accumulated loss		(19 804 809)	(17 862 175)
Shareholder's interest		<u>22 456 119</u>	<u>24 398 753</u>
NON-CURRENT LIABILITY			
Long term loans	10	-	2 955 832
CURRENT LIABILITIES			
Subsidiary accounts	3	21 453 905	21 527 775
Trade and other payables	12	7 585 494	6 416 993
Shareholders account	14	50 000 000	-
		<u>79 039 399</u>	<u>27 944 768</u>
TOTAL EQUITY AND LIABILITIES		<u>101 495 518</u>	<u>55 299 353</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

COMPANY STATEMENT OF
PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR
THE YEAR ENDED
30 SEPTEMBER 2017

	Note	2017 N\$	2016 N\$
REVENUE			
Quota utilisation fee earned		845 750	103 956
Dividend and interest income		130	767 596
Foreign exchange gains		4 326	-
Profit on sale of plant and equipment		36 957	30 000
TOTAL INCOME		887 163	5 026 635
EXPENDITURE			
Auditors remuneration			
- for audit		129 000	69 000
- for other services		28 500	45 560
Depreciation		-	50 000
Directors' remuneration			
- for services as directors		137 609	43 875
Employment costs		-	462 746
Interest paid		-	6 313
Legal fees		170 984	90 364
Other operating expenses		946 628	920 542
Penalties and interest - Receiver of Revenue		1 555 813	769 125
		2 968 534	2 457 525
NET (LOSS)/INCOME BEFORE TAX		(2 081 371)	2 569 110
TAXATION	16	138 737	479 253
NET (LOSS)/INCOME AFTER TAX		(1 942 634)	3 048 363
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME		(1 942 634)	3 048 363
ACCUMULATED LOSS AT THE BEGINNING OF THE YEAR		(17 862 175)	(20 910 538)
ACCUMULATED LOSS AT THE END OF THE YEAR		(19 804 809)	(17 862 175)

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

COMPANY STATEMENT OF CASH
FLOWS FOR THE YEAR ENDED
30 SEPTEMBER 2017

	Note	2017 N\$	2016 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		4 899 448	139 050
Cash payments to suppliers and employees		<u>(1 922 570)</u>	<u>(3 119 057)</u>
Cash generated/(utilised) by operations	17	2 976 878	(2 980 007)
Unit Trust income		130	767 596
Taxation paid		-	(515 017)
Interest paid		<u>-</u>	<u>(6 313)</u>
Net cash inflow/(outflow) from operating activities		<u>2 977 008</u>	<u>(2 733 741)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of fishing vessel		86 957	-
Movement in investments		-	26 414 678
Movement on subsidiaries' accounts		<u>(73 870)</u>	<u>(22 105 278)</u>
Net cash inflow from investing activities		<u>13 087</u>	<u>4 309 400</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long term loans		(2 955 832)	(5 000 000)
Movement in shareholders' loans		50 000 000	-
Movement in related party loans		<u>(50 000 000)</u>	<u>-</u>
Net cash outflow from financing activities		<u>(2 955 832)</u>	<u>(5 000 000)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34 263	(3 424 341)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>220 425</u>	<u>3 644 766</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	<u>254 688</u>	<u>220 425</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), using the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the profit and loss and conform to IFRS.

The preparation of the annual financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates.

Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of Namibia.

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

Revised International Accounting Standards		Effective date
IFRS 9	Financial Instruments	Annual periods beginning on or after 01/01/2018
IFRS 15	Revenue from contracts with customers	Annual periods beginning on or after 01/01/2018
IFRS 16	Leases	Annual periods beginning on or after 01/01/2019
Amended IFRS 2	Classification and measurement of share-based payment transactions	Annual periods beginning on or after 01/01/2018
Amended IFRS 10 & IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date still to be determined
Amended IAS 7	Disclosure initiative	Annual periods beginning on or after 01/01/2017
Amended IAS 12	Recognition of deferred tax assets for unrealised losses	Annual periods beginning on or after 01/01/2017

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

1. ACCOUNTING POLICIES (continued)

The International Financial Reporting Standards applied are those issued by the International Accounting Standards Boards as at 30 September 2017, including the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as applicable to the company.

The following are the principal accounting policies of the company which are consistent with those applied in prior years:

Property, plant and equipment

The company and group carry property plant and equipment at revalued cost less depreciation and impairment, except land which is carried at revalued cost less impairment.

Any revaluation increase arising on revaluation is credited to equity to the non-distributable reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged.

A decrease in the carrying amount arising on revaluation is charged to profit and loss to the extent that it exceeds the balance, if any, held in the non-distributable reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, rental or administrative purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property plant and equipment are depreciated on a straight-line basis at rates calculated to reduce the book value of the assets to estimated residual values over their expected useful lives.

The depreciation rates used are shown in note 2.

The assets depreciation rates and residual values are reviewed and adjusted if appropriate at each balance sheet date.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is calculated on an average direct cost production basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, trade receivables, trade payables and borrowings.

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. Such provision for impairment of trade receivables is established if there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

1. ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are separately disclosed in current liabilities.

Investments

Investments are recognised initially at cost plus transaction costs and subsequent payments.

Investments are classified as either: held-to-maturity or available-for-sale. The classification is dependent on the purpose for which the investments were acquired.

Investments with fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity, and are included in non-current assets, except for those maturing within 12 months of the balance sheet date when they are classified as current assets. The company held for maturity investments at amortised cost using the effective interest method less any impairment

Available-for-sale investments are intended to be held for an indefinite period of time, but which may be sold in response to changes in liquidity or market conditions. The company recognises gains or losses arising from changes in the fair value of available-for-sale investments in equity. When the investment is disposed of any accumulated fair value adjustments in equity are transferred to the income statement. The company recognises interest income in the income statement.

Investments in associates

An associate is an entity over which the company has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except where the investment is held for sale in which case it is accounted for in accordance with IFRS5. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the company's share of the net assets of the associate, less any impairment in the value of individual investments.

Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

Finance leases (lessee)

The company and group classify leases as finance leases where it assumes substantially all the benefits and risks of ownership.

Finance leases are capitalised as assets at the fair value of the leased assets at inception of the lease, or if lower, at the estimated present value of underlying lease payments. The company allocates each lease payment between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The interest component of the finance charge is charged to the income statement over the lease period.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) up to 30 April each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair value of the assets and liabilities recognised.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intercompany transactions and balances between group enterprises are eliminated on consolidation.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

1. ACCOUNTING POLICIES (continued)

Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to each of the company's cash-generating units expected to benefit from the synergies of the combination. Cash-generated units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Internally generated goodwill is not recognised by the group.

Provisions

Provisions are recognised when:

- the company has a present legal or constructive obligation as a result of past events and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and
- a reliable estimate of the amount of the obligation can be made.

Related parties

All related party transactions are incurred in the ordinary course of business and at terms not more favourable than transactions with third parties.

Revenue recognition

Revenue comprises the proceeds from the sale of fish products mainly in the form of processed fish and rock lobsters exported net of discounts and Value Added Tax.

Revenue is recognised to the extent that it is probable that the economic benefits will flow, and the amount of revenue can be reliably measured.

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

The company recognises other income when the company's right to receive payment is established.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

1. ACCOUNTING POLICIES (continued)

Leases (lessor)

Assets leased out under operating leases are included in investment property in the balance sheet. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Interest expense

The company and group recognise interest and expenses in the income statement for all instruments measured at amortised cost using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which these are incurred.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

Operating leases (lessee)

The company and group classify leases of assets where the lessor effectively retains the risks and benefits of ownership as operating leases. It charges operating lease payments to the income statement on a straight-line basis over the period of the lease.

Employee benefits

The group recognises in full employees' right to annual leave entitlement in respect of past service.

Staff bonuses are accounted for in the period to which they relate.

The group operates a defined contribution plan. The group pays contributions to a privately administered pension insurance plan and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

1. ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the income tax currently payable and deferred tax. The charge for current tax is based on the results for the year as adjusted for items which are non-taxable or disallowed.

Deferred income tax assets and liabilities are determined, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised to the extent that it is likely that future taxable profits will be available in the near future, against which the temporary differences can be utilised.

Dividends payable

Dividends payable are recorded in the financial statements in the period in which they are approved by the shareholders.

Comparative figures

Where necessary comparative figures have been adjusted to conform with changes in the presentation in the current year.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

2. PROPERTY, PLANT AND EQUIPMENT

Group	Ice plant work in progress N\$	Land & buildings N\$	Fishing vessels N\$	Plant & machinery N\$	Motor vehicles N\$	Computer equip- ment N\$	Office furniture N\$	Office machines N\$	Total N\$
Year ended 30/09/2017									
Opening carrying amount	-	63 407 654	95 446 378	40 288 240	2 956 647	1 175 150	668 709	238 996	204 181 774
Additions	12 995 670	326 368	89 911 799	6 370 892	1 543 006	512 185	392 890	57 011	112 109 821
Disposals	-	(454 854)	(83 334)	-	(318 854)	-	-	-	(857 042)
Depreciation	-	(2 142 975)	(5 292 765)	(7 102 025)	(986 990)	(690 352)	(85 767)	(38 294)	(16 339 168)
Closing carrying amount	12 995 670	61 136 193	17 982 078	39 557 107	3 193 809	996 983	975 832	257 713	299 095 385
As at 30/09/2017									
At revalued cost	12 995 670	72 223 246	188 765 524	72 881 384	5 744 064	4 767 710	1 630 194	685 273	359 693 065
Accumulated depreciation and impairment loss	-	(11 087 053)	(8 783 446)	(33 324 277)	(2 550 255)	(3 770 727)	(654 362)	(427 560)	(60 597 680)
Carrying amount	12 995 670	61 136 193	179 982 078	39 557 107	3 193 809	996 983	975 832	257 713	299 095 385
Depreciation rate		4%	16,7%/4%	20%	25%	33,3%	20%	20%	

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land & buildings N\$	Fishing vessels N\$	Plant & machinery N\$	Motor vehicles N\$	Computer equipment N\$	Office furniture N\$	Office machines N\$	Total N\$
Year ended 30/09/2016								
Opening carrying Amount	62 316 883	25 585 028	23 304 935	1 954 935	1 226 930	273 473	435	204 181 774
Additions	693 840	75 845 262	18 119 606	1 881 275	492 016	444 239	247 325	97 723 563
Disposals	(4 094 215)	(12 226 307)	(724 318)	(265 186)	(232)	-	-	(17 310 258)
Revaluation	6 668 048	8 326 679	4 755 625	-	-	-	-	19 750 352
Depreciation	(2 176 902)	(2 084 284)	(5 167 608)	(614 377)	(543 564)	(49 003)	(8 764)	(10 644 502)
Closing carrying amount	(2 176 902)	(2 084 284)	(5 167 608)	(614 377)	(543 564)	(49 003)	(8 764)	(10 644 502)
As at 30/09/2017								
At revalued cost	72 505 378	100 120 392	66 576 192	4 778 439	4 262 154	1 343 616	639 657	250 225 828
Accumulated depreciation and impairment loss	(9 097 724)	(4 674 014)	(26 287 952)	(1 821 792)	(3 087 004)	(674 907)	(400 661)	(46 044 054)
Carrying amount	63 407 654	95 446 378	40 288 240	2 956 647	1 175 150	668 709	238 996	204 181 774
Depreciation rate	4%	16,7%/4%	20%	25%	33,3%	20%	20%	

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

2. PROPERTY, PLANT AND EQUIPMENT (continued)

The following property, plant and equipment has been hypothecated in favour of First National Bank of Namibia Limited in the form of continuing covering mortgage bonds as security for the bank overdraft and loan facilities of the group:

- First Marine Bond over vessel "MFV Rex" and vessel equipment of N\$ 15 million with a book value of N\$ 10 222 706.
- First Continuing Covering Mortgage Bond for N\$ 22 000 000 over remainder of Portion J of Lüderitz Town and Townlands No 11 with a book value of N\$ 45 912 358.
- First Continuing Covering Mortgage Bond for N\$ 3 million over erf 245, 246, 247 and 875 Lüderitz with a book value of N\$ 1 889 210.
- First Continuing Covering Mortgage Bond for N\$ 21,7 million over various properties of Seaflower Lobster Corporation Limited with a book value of N\$ 12 million.
- Second Marine Bond over vessel "MFV Rex" of N\$ 10 million in favour of Seacope Freezer Fishing (Pty) Ltd.

A register containing details of land and buildings is available for inspection at the company's registered office. Land and buildings, fishing vessels and plant and equipment of Seaflower Lobster Corporation Limited and Seaflower Whitefish Corporation Limited were revalued during the current financial year.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Land & buildings N\$	Fishing vessels N\$	Plant & machinery N\$	Motor vehicles N\$	Computer equipment N\$	Total N\$
For the year ended 30 September 2017						
Opening carrying amount	50 000	-	-	-	-	50 000
Disposal	(50 000)	-	-	-	-	(50 000)
Depreciation for the year	-	-	-	-	-	-
Carrying amount	-	-	-	-	-	-
As at 30/09/2017						
At cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net carrying amount	-	-	-	-	-	-
For the year ended 30 September 2016						
Opening carrying amount	100 000	1	-	-	-	100 001
Disposal	-	(1)	-	-	-	(1)
Depreciation for the year	(50 000)	-	-	-	-	(50 000)
Carrying amount	50 000	-	-	-	-	50 000
As at 30 September 2016						
At cost	1 000 000	-	6 629	11 395	106 312	1 124 336
Accumulated depreciation	(950 000)	-	(6 629)	(11 395)	(106 312)	(1 074 336)
Net carrying amount	50 000	-	-	-	-	50 000

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

3. INTEREST IN SUBSIDIARIES AND JOINT VENTURE COMPANIES

Group

Subsidiaries not consolidated	Holding %	2017 N\$	2016 N\$
Namibia Rock Lobster Packers (Pty) Ltd			
- shares at cost	66,67	1 200	1 200

The directors estimate that the investments are stated at fair value.

Due to the disproportional distribution of income, in the opinion of the directors, Namibia Rock Lobster Packers (Proprietary) Limited, a subsidiary of a wholly owned subsidiary is not consolidated. The company acts as a rock lobster export agent, who distributes all income to its shareholders and the other rock lobster quota holders in proportion to the production marketed for them.

Company

Shares at cost less impairment:

Seaflower Whitefish Corporation Limited	80 815 346	80 815 346
Seaflower Lobster Corporation Limited	8 899 829	8 899 829
	<u>89 715 175</u>	<u>89 715 175</u>
Less: Provision for diminution in value	40 823 546	40 823 546
	<u>48 891 629</u>	<u>48 891 629</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

3. INTEREST IN SUBSIDIARIES AND JOINT VENTURE COMPANIES (continued)

	2017 N\$	2016 N\$
Company (continued)		
Loans (from)/to subsidiaries:		
Seaflower Lobster Corporation Limited	(944 640)	(914 127)
Seaflower Whitefish Corporation Limited	(20 509 265)	(20 613 648)
	<u>(21 453 905)</u>	<u>(21 527 775)</u>
Loans from subsidiaries	<u>(21 453 905)</u>	<u>(21 527 775)</u>

The company holds 39 000 000 (2016: 39 000 000) shares out of 50 000 000 issued shares in Seaflower Whitefish Corporation Limited, representing 78% (2015: 78%) interest and the entire 60 000 shares issued in Seaflower Lobster Corporation Limited, representing 100% interest.

The advances from Seaflower Whitefish Corporation Limited and Seaflower Lobster Corporation Limited are unsecured, currently interest-free with no fixed terms of repayment.

4. AMOUNTS OWING BY/(TO) RELATED COMPANIES

Group	2017 N\$	2016 N\$
Owing by related companies:		
- The Governor's Trust of Namibia	2 044 168	-
- Seaflower Pelagic Processing (Pty) Ltd	50 000 000	-
- Namibia Rock Lobster Packers (Pty) Ltd	730 755	1 626 073
	<u>52 774 923</u>	<u>1 626 073</u>
Owing to related companies:		
- Copemar SA	15 489 520	(207 157 289)
	<u>15 489 520</u>	<u>(207 157 289)</u>
Company		
- Seaflower Pelagic Processing (Pty) Ltd	50 000 000	-
	<u>50 000 000</u>	<u>-</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

4. AMOUNTS OWING BY/(TO) RELATED COMPANIES (continued)

Company (continued)

All accounts are interest free and of short-term nature. The funds advanced to Seaflower Pelagic Processing (Pty) Ltd is for the purchase of a land-based Horse Mackerel factory. The total purchase price of the property company amounts to N\$ 160 million and the erection of the factory is estimated to cost N\$ 250 million and will be financed by the co-shareholder in Seaflower Pelagic Processing (Pty) Ltd.

5. DEFERRED TAXATION

	2017 N\$	2016 N\$
Group		
The deferred taxation balance arises from:		
Accelerated tax allowance in respect of:		
- property, plant and equipment	52 806 090	34 359 962
Assessable taxation loss	(19 201 600)	(33 850 973)
	<u>33 604 490</u>	<u>508 989</u>
Deferred tax reconciliation:		
- opening balance	508 989	(20 197 822)
- net originating timing difference	33 095 501	20 706 811
	<u>33 604 490</u>	<u>508 989</u>
The deferred tax balance is split between assets and liabilities, as there is no legal right of set-off deferred tax assets and liabilities across subsidiaries. The split is accordingly:		
Deferred tax asset	(1 023 752)	(3 699 867)
Deferred tax liability	<u>34 628 242</u>	<u>4 208 856</u>
Company		
The deferred taxation balance arises from:		
Accelerated tax allowance in respect of:		
Property, plant and equipment	-	16 000
Assessable losses	(891 465)	(768 728)
	<u>(891 465)</u>	<u>(768 728)</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

5. DEFERRED TAXATION (continued)

Company (continued)

	2017 N\$	2016 N\$
Deferred tax reconciliation:		
Opening balance	(752 728)	(273 475)
Reversing timing difference	(138 737)	(479 253)
	<u>(891 465)</u>	<u>(752 728)</u>

6. INVESTMENTS

Group

Money market investments:		
Bank Windhoek Corporate Funds	110 879	102 731
Listed shares:		
Old Mutual shares at market value	18 412	18 911
Total short-term investments	<u>129 291</u>	<u>121 642</u>

7. INVENTORY

Group

Processed fish, lobster and marine products	10 367 455	18 341 913
Packing material	4 103 282	5 019 651
Spares and consumables	6 764 465	7 393 000
	<u>21 235 202</u>	<u>30 754 564</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

8. TRADE AND OTHER RECEIVABLES

Group	2017 N\$	2016 N\$
Trade debtors	79 903 378	159 297 686
Allowance for doubtful debts	(387 474)	(1 902 782)
Prepayments and claims	1 881 051	1 140 653
VAT recoverable	6 490 992	13 127 517
Staff debtors	78 777	64 721
	<u>87 966 724</u>	<u>171 727 795</u>

Included in trade debtors is a foreign related party debtor, Copemar SA, which amounts to Euro 2 161 414 converted to Namibian Dollar at year end amounting to N\$ 33 892 152.

An allowance has been made for estimated irrecoverable amounts of:	<u>387 474</u>	<u>1 902 782</u>
--	----------------	------------------

This allowance has been determined by reference to past default experience.

At year-end, the following trade debtors have balances exceeding 5% of the total trade receivables:

Customer A	2 428 819	701 855
Customer B	2 520 894	156 199
Customer C	2 304 000	797 864
Customer D	2 884 959	-
Customer E	16 612 200	56 350
Customer F	11 966	2 355 027
Customer G	310 704	805 231
Customer H	33 892 152	153 281 437

Company

VAT receivable	587 672	4 762 535
Trade debtors	355 046	107 018
	<u>942 718</u>	<u>4 869 553</u>

The directors consider that the carrying amount of the group and company's other financial assets approximate their fair value.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

9. SHARE CAPITAL

Group and Company

	2017 N\$	2016 N\$
Authorised:		
51 000 000 ordinary class A shares at N\$ 1 each	51 000 000	51 000 000
200 000 000 ordinary class B shares at N\$ 1 each	200 000 000	200 000 000
19 600 000 ordinary class C shares at N\$ 1 each	19 600 000	19 600 000
14 700 000 ordinary class D shares at N\$ 1 each	14 700 000	14 700 000
14 700 000 ordinary class E shares at N\$ 1 each	14 700 000	14 700 000
	<u>300 000 000</u>	<u>300 000 000</u>
Issued:		
42 260 928 ordinary class A shares at N\$ 1 each	<u>42 260 928</u>	<u>42 260 928</u>

The unissued shares are under the control of the directors.

10. INTEREST BEARING LONG TERM LIABILITIES

(a) NDF loan at historical value	8 379 326	8 379 326
Interest capitalised	3 220 452	2 969 072
A soft loan has been granted to the Government of the Republic of Namibia by the Nordic Development Fund to on-lend to a subsidiary company. Capital is repayable after 10 years from June 2005 in 60 bi-annual instalments of N\$ 83 793 for 10 years and N\$ 167 586 for 20 years. Interest is payable bi-annually at 3%.		
Less: Repayable within 12 months transferred to current liabilities	<u>(6 069 414)</u>	<u>(5 482 862)</u>
	<u>5 530 364</u>	<u>5 865 536</u>
Net present value of NDF loan amortised at prime interest rate less 3%.	<u>9 251 126</u>	<u>8 787 788</u>
Superpackers loan	3 780 000	3 780 000
Interest capitalised	3 348 845	2 669 871
	<u>7 128 845</u>	<u>6 449 871</u>
The acquisition of fish processing machinery was financed directly with the supplier. The loan is considered to be of a long-term nature. The loan bears interest at prime related rates less 1%. In the addendum to the original agreement, repayment of the loan has been extended for a further 4 years until 4 April 2022.		
Development Bank of Namibia long-term loan	24 137 233	30 948 371
Less: Repayable within 12 months	(3 543 158)	(2 369 840)
	<u>20 594 075</u>	<u>28 578 531</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

10. INTEREST BEARING LONG TERM LIABILITIES (continued)

Group (continued)

This loan bears interest at prime rate less 2,75% per annum. The loan is secured by an unlimited suretyship granted by National Fishing Corporation of Namibia Limited, backed by a N\$ 38 500 000 suretyship by the Government of the Republic of Namibia. Monthly instalments amount to N\$ 440 765.

Bank Santander – Spain
Less: Short-term portion

2017
N\$

2016
N\$

47 939 168

(6 544 720)

41 394 448

-

-

-

Seacope Freezer Fishing (Pty) Ltd has secured a loan to the amount of Euro 3 000 000 to finance half of the purchase price of fishing vessel Pemba Bay during July 2017. The bank loan from Santander Bank in Spain is repayable quarterly, for a period of 7 years (28 quarters), at an annual interest rate of 1.5%. First repayments start at 28 October 2017. The outstanding balance at year-end amount to Euro 3 007 500.

Group and Company

Interest-free long-term loans

-

2 955 832

The Governor's Trust had agreed to convert a usage fee creditor balance, owed to them by the company, to a long-term loan. This loan carried no interest and was not secured. The loan was fully repaid during the current year.

Company

Total long-term liabilities - company
Total short-term portion - company

-

-

2 955 832

-

Group

Total long-term liabilities - group
Total short-term portion - group

74 647 732

16 157 292

40 893 938

7 852 702

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

11. INTEREST-BEARING RELATED PARTY LIABILITIES

Group

	2017 N\$	2016 N\$
Short-term portion – interest bearing loan		
(Euro) 375 000	5 977 452	-
Long-term portion – interest bearing loan		
(Euro 2 625 000)	<u>41 842 167</u>	<u>-</u>
	<u>47 819 619</u>	<u>-</u>

The interest-bearing loan was obtained to finance half of the fishing vessel Pemba Bay's purchase price. The loan account of Copemar SA is denominated in Euro and at year-end amounts to Euro 3 000 000. Repayments are to be made quarterly as per Annex 1 of the sale and purchase agreement.

Quarterly payments of Euro 187 500 starting 30 June 2018. Seacope shall pay 1.5% interest with each of the repayments on the outstanding debts on each payment date.

12. TRADE AND OTHER PAYABLES

Accounts payable comprise amounts outstanding for trade payables and ongoing costs and its historical values estimate the fair value:

Group

Trade creditors	6 555 402	6 897 196
Salary accruals	7 408 121	5 884 306
Other accruals	9 700 377	7 351 004
Accrued fund, quota and by-catch levies	<u>58 715 779</u>	<u>49 280 704</u>

Company

Third party accruals	5 392 662	3 778 693
Accrued fund, quota and by-catch levies	2 158 630	1 762 412
Other accruals	34 202	875 888
	<u>7 585 494</u>	<u>6 416 993</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

13. REDEEMABLE CUMULATIVE PREFERENCE SHARES

Group	2017 N\$	2016 N\$
Authorised:		
200 shares at N\$ 1.00 each	200	200
Issued:		
100 shares at N\$ 1.00 each	100	100
Share premium	25 599 900	25 599 900
Long term portion	15 360 000	17 920 000
Repayable within one year	10 240 000	7 680 000
	25 600 000	25 600 000

During the 2010 financial year Seaflower Whitefish Corporation Limited issued 100 redeemable cumulative preference shares with a par value of N\$ 1.00 and a premium of N\$ 255 999 per share totalling N\$ 25 600 000.

The cumulative preference shares are secured in terms of a Government guarantee and are considered a liability rather than share capital, due to the preference share redemption condition, according to which preference shares are redeemable as per a fixed redemption plan over 12 years, commencing 30 November 2012.

A put option is in place for the Development Bank of Namibia, whereby National Fishing Corporation of Namibia Limited buy the preference shares in the event of certain conditions occurring, as set out in the preference share agreement.

Preference shares accumulate the following outstanding preference dividends:

The cumulative preference shares accumulate dividends at prime interest rate less prevailing company tax rate on each anniversary commencing on the 3rd anniversary until the 15th anniversary. In addition, from the 4th anniversary until the 15th anniversary a dividend equal to the prime rate less 35% calculated on the balance of unredeemed preference shares shall be payable. Due to recorded losses in recent years, no dividends could be declared or paid. Preference shares are however accumulative in nature; thus, the following dividend payments remain outstanding:

- for the year ended 2012 N\$ 100 184
- for the year ended 2013 N\$ 1 402 888
- for the year ended 2014 N\$ 1 735 770
- for the year ended 2015 N\$ 1 825 871
- for the year ended 2016 N\$ 1 917 432
- for the year ended 2017 N\$ 1 895 294

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

13. REDEEMABLE CUMULATIVE PREFERENCE SHARES (continued)

Cumulative, redeemable preference shares, including premium, are redeemable according to a fixed redemption plan included in the cumulative redeemable preference share issue agreement. The following payments are in arrears/due within the next 12 months and thus considered as short-term liabilities.

The preference shares are in terms of a government guarantee. The shares form part of non-current liabilities for purposes of consolidation.

14. SHAREHOLDER'S ACCOUNT

Group and company

	2017 N\$	2016 N\$
The Government of the Republic of Namibia	50 000 000	-

The Government of Namibia contributed N\$ 50 million in the current year which was meant to increase the company's cash flow for purchase of a property company in Walvis Bay to erect a Horse Mackerel land-based factory. The loan is interest free and will be converted to share capital with the next issue of shares.

15. FINANCE CHARGES AND INCOME

Group

Expense

Interest on bank overdrafts and loans	7 023 773	7 506 721
---------------------------------------	-----------	-----------

Income

- dividends	130	774 428
- interest income	1 626 082	1 066 023
	<u>1 626 212</u>	<u>1 840 451</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

16. TAXATION

Group

	2017 N\$	2016 N\$
Deferred taxation charge	33 896 829	16 183 802
Current tax	1 820 326	3 739 929
	<u>35 717 155</u>	<u>19 923 731</u>
Reconciliation of tax rate		
Notional tax on net income at 32%	33 136 124	19 391 297
Tax effect of:		
- non-deductible expenditure	1 935 926	1 573 087
- depreciation on revaluation	525 756	55 037
- release revaluation reserve	270 738	-
- capital profit on disposal of property	(141 133)	(133 543)
- non-taxable income	(10 256)	(1 682 904)
- change in tax rate	-	720 757
	<u>35 717 155</u>	<u>19 923 731</u>

Company

Deferred taxation	(138 737)	(479 253)
Reconciliation of tax rate		
Notional tax on net (loss)/income at 32%	(666 040)	822 115
Tax effect of:		
- non-taxable income	-	(1 565 657)
- non tax deductible expenditure	527 303	256 002
- change in tax rate	-	8 287
	<u>(138 737)</u>	<u>(479 253)</u>

No normal tax liability arises as the company has no taxable income. Assessable losses estimated at N\$ 2 785 824 (2016: N\$ 2 402 276) are available to be set off against future taxable income.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

17. RECONCILIATION OF INCOME BEFORE TAXATION TO CASH GENERATED BY OPERATIONS

Group	2017 N\$	2016 N\$
Net income before taxation	103 642 274	60 608 950
Adjusted for:		
- interest and dividends received	(1 626 212)	(1 840 451)
- interest paid	7 023 773	7 506 721
- depreciation	16 339 168	10 644 502
- profit on disposal of property, plant and equipment	(115 905)	(1 355 523)
	<hr/>	<hr/>
Operating cash flow before working capital changes	125 263 098	75 564 199
Decrease/(increase) in accounts receivable	83 761 071	(2 821 579)
Decrease/(increase) in inventory	9 519 362	(16 881 160)
Increase/(decrease) in accounts payable	12 966 469	(4 871 593)
Related party accounts movement	(194 997 000)	85 499 697
	<hr/>	<hr/>
Cash generated by operations	<u>36 513 000</u>	<u>136 489 564</u>
 Company		
Net operating (loss)/income before taxation	(2 081 371)	2 569 110
Adjusted for:		
- profit on disposal of fishing vessel	(36 957)	-
- Unit Trust income	(130)	(767 596)
- depreciation and impairment	-	50 000
- interest paid	-	6 313
	<hr/>	<hr/>
Operating (loss)/income before working capital changes	(2 118 458)	1 857 827
Decrease/(increase) in accounts receivable	3 926 835	(4 548 720)
Increase/(decrease) in accounts payable	1 168 501	(289 114)
	<hr/>	<hr/>
Cash generated/(utilised) by operations	<u>2 976 878</u>	<u>(2 980 007)</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

18. RETIREMENT BENEFIT INFORMATION

The group continues to contribute to the Seaflower Namibia Retirement Fund, a defined contribution plan. This fund is registered under and governed by the Pension Fund Act, 1956 as amended. All employees who are eligible are members of the fund.

Full actuarial valuations are performed every three years. The actuarial review as at 31 March 2016 showed that the fund is in a sound financial position.

The group's contributions to the defined contribution plan are charged to the income statement in the year to which they relate.

	2017 N\$	2016 N\$
Group contributions to the Seaflower Namibia Retirement Fund	1 584 161	1 909 269

19. CAPITAL COMMITMENTS

Group

Factory production area refurbishment	378 125
Computer equipment	501 593
2 Tractors	2 190 759
4 Motor vehicles	580 000
2 Fishing vessels	96 000 000
SAP Business One Accounting Software	1 000 000
Cold store refurbishment	5 902 375
Purchase of land owning property company	110 000 000

The Company has committed to the purchase of a land-owning property company for the construction of a land-based Horse Mackerel factory. A first instalment of N\$ 50 million was paid and further instalments of N\$ 110 million are still outstanding and will be financed through issuing of shares to the Government of Namibia.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

20. TRANSACTIONS WITH RELATED PARTIES

Group	2017 N\$	2016 N\$
Namibia Rock Lobster Packers (Pty) Ltd		
- management fees received	12 000	12 000
Copemar SA		
- administration fees	696 635	775 803
- revenue	89 533 315	48 988 645
- vessel crewed charter fee paid	27 583 283	29 527 251
- purchase of fishing vessel Pemba Bay	89 911 794	-
- management fees charged	500 000	-
- commission paid	48 507	-

During the year the company, in the ordinary course of business, entered into various transactions with related companies stated above. These transactions occurred under terms not less favourable than those arranged with third parties.

21. FINANCIAL RISK MANAGEMENT

21.1 Overview

During the year the company, in the ordinary course of business, entered into various transactions with related companies stated above. These transactions occurred under terms not less favourable than those arranged with third parties.

a) Market risk

i) Foreign exchange risk

The group is exposed to foreign exchange risks, as a significant portion of its sales are concluded in the foreign markets. The group has a policy to take out cover on foreign currency transactions only for sale of lobster products to Japan as agreed from time to time by the board of the marketing group. All other foreign currency transactions are immediately recorded on spot rate.

ii) Price risk

Consistent with price movements in the commodity markets, the group experiences daily fluctuations in product prices. The group is thus exposed to major price risks. To mitigate the negative effects of such fluctuations, the group is party to a joint venture group which has been established to obtain the most favourable prices for its products in the overseas market.

The group only uses forward sales on lobster product proceeds to fix the final price of lobster export sales and in other circumstances, only when approved by the board.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

21. FINANCIAL RISK MANAGEMENT (continued)

a) Market risk (continued)

Sensitivity analysis

The table below summarises the impact of increases/decreases of the average selling prices of products on the group and company's post-tax profit for the year. The analysis is based on the assumption that selling prices had increased/decreased by 10% with all other variables held constant.

	Effect on income period ended 30/09/2017		Effect on income year ended 30/09/2016	
	10% increase	10% increase	10% increase	10% increase
Income after tax - group	19 405 988	(19 405 988)	14 252 109	(14 252 109)
Income after tax - company	57 511	(57 511)	7 069	(7 069)

During the year the company, in the ordinary course of business, entered into various transactions with related companies stated above. These transactions occurred under terms not less favourable than those arranged with third parties.

b) Operational risk

i) Interest rate risk

The group has a call account with First National Bank of Namibia Ltd which earns variable interest rates. The overdrafts, which are held with First National Bank of Namibia Ltd, attract interest at prime-related rates. The related party balances and shareholder's loans currently bear no interest. The interest-bearing liabilities from various sources bear interest at prime related rates, except for the NDF loan which bears interest at a fixed rate of 3% per annum.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

21. FINANCIAL RISK MANAGEMENT (continued)
(b) Operational risk (continued)

i) Interest rate risk

	More than 12 months N\$	Less than 12 months N\$	Total interest N\$
Group			
As at 30 September 2017			
Interest bearing liabilities	74 647 732	16 157 292	90 805 024
Bank overdrafts	-	15 544 959	15 544 959
Cash and cash equivalents	-	(36 353 314)	(36 353 314)
Cumulative redeemable preference shares	15 360 000	10 240 000	25 600 000
Interest-bearing related party liabilities	<u>41 842 167</u>	<u>5 977 452</u>	<u>47 819 619</u>
Company			
As at 30 September 2017			
Cash and cash equivalents	<u>-</u>	<u>(220 425)</u>	<u>(220 425)</u>
Group			
As at 30 September 2016			
Non-interest bearing liabilities	2 955 832	-	2 955 832
Interest bearing liabilities	38 244 067	10 522 573	48 746 640
Bank overdrafts	-	4 433 597	4 433 597
Cash and cash equivalents	-	56 807 392	56 807 392
Cumulative redeemable preference shares	1 792 000	7 680 000	25 600 000
Money Market investment	<u>-</u>	<u>(121 642)</u>	<u>(121 642)</u>
Company			
As at 30 September 2016			
Cash and cash equivalents	<u>-</u>	<u>(220 425)</u>	<u>(220 425)</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

21. FINANCIAL RISK MANAGEMENT (continued)

i) Interest rate risk (continued)

The group and the company's trade and other receivables, trade and other payables do not expose them to any significant interest rate risks due to their short term non-interest nature.

The following table summarises the effective interest rate for monetary financial instruments:

Group	2017 %	2016 %
Cumulative redeemable preference shares	Prime related	Prime related
Money market investments	Variable	Variable
Interest bearing liabilities	Variable	Variable
Bank overdrafts	Prime related	Prime related
Cash and cash equivalents	Variable	Variable
Related company accounts	0,00	0,00

The details of interest rates applicable to the interest-bearing liabilities are shown in note 12.

ii) Cash flow sensitivity analysis for floating interest rate bearing instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased accumulated funds and surplus by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016.

	Effect on income period ended 30/09/2017		Effect on income year ended 30/09/2016	
	100 bp increase in market	100 bp decrease in market	100 bp decrease in market	100 bp decrease in market
Interest bearing liabilities - group	(617 474)	617 474	(487 466)	487 466
Cash and cash equivalents - group	141 497	(141 497)	568 074	(568 074)
Cash and cash equivalents - company	1 732	1 732	220	(220)
Money Market investments - group	879	879	1 210	(1 216)
Money Market investments - company	-	-	-	-

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

21. FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analysis the group and company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet at the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group As at 30/09/2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term liabilities	9 612 571	4 162 891	21 558 858	7 531 535
Trade and other payables	82 379 679	-	-	-
Bank overdrafts	15 544 959	-	-	-
Cumulative redeemable preference shares	7 680 000	2 560 000	7 680 000	7 680 000
Shareholder's loan	50 000 000	-	-	-
Related company accounts	15 489 520	-	-	-
As at 30/09/2016				
Long-term liabilities	10 522 573	2 052 113	4 894 474	31 227 480
Trade and other payables	69 413 210	-	-	-
Bank overdrafts	4 433 597	-	-	-
Cumulative redeemable preference shares	7 680 000	1 280 000	7 680 000	8 960 000
Related company accounts	207 157 289	-	-	-
Company				
Shareholder's loan	50 000 000	-	-	-
Trade and other payables	7 585 494	-	-	-
Long-term liabilities				
Shareholder's loan	-	-	-	2 955 832
Trade and other payables	6 416 993	-	-	-

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

21. FINANCIAL RISK MANAGEMENT (continued)

d) Credit risk

The group has no significant concentrations of credit risk. The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The group has policies that limit the amount of credit risk exposure to any one financial institution, and cash transactions are limited to high credit quality financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2017	2016
	N\$	N\$
Group		
Trade and other receivables	87 966 724	171 727 795
Cash and cash equivalents	<u>36 353 314</u>	<u>56 807 392</u>
	<u>124 320 038</u>	<u>228 535 187</u>
Company		
Trade and other receivables	942 718	4 869 553
Cash and cash equivalents	<u>254 688</u>	<u>220 425</u>
	<u>1 197 406</u>	<u>5 089 978</u>

The ageing of the components of trade receivables at year-end was:

	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
	N\$	N\$	N\$	N\$
Group				
Trade debtors				
Not past due	58 625 146	-	156 221 153	-
Past due 0-90 days	11 627 325	-	467 011	-
Past due 120 days	9 650 907	(387 474)	2 627 431	(1 902 782)
Total	<u>79 903 378</u>	<u>(387 474)</u>	<u>159 315 595</u>	<u>(1 902 782)</u>
Company				
Trade debtors				
Not past due	283 237	-	35 130	-
Past due 0-90 days	80	-	80	-
Past due 120 days	71 809	(71 809)	71 809	-
Total	<u>355 046</u>	<u>(71 809)</u>	<u>107 019</u>	<u>-</u>

The above include only bad debts provision relating to trade debtors and not other receivables.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

21. FINANCIAL RISK MANAGEMENT (continued)

d) Credit risk (continued)

The movement in the provision for impairment on accounts receivable during the year was as follows:

	2017 N\$	2016 N\$
Group		
Opening balance	1 902 782	2 179 082
Provisions reversed	(1 515 308)	(276 300)
	<u>387 474</u>	<u>1 902 782</u>
Company		
Opening balance	-	-
Cash and cash equivalents	71 809	-
Closing balance	<u>71 809</u>	<u>-</u>

Based on past experience, the group believes that no allowance is required in respect of debtors that are past due and outstanding for less than 90 days.

The group has not renegotiated the term of receivables and does not hold any collateral or guarantees as security.

Financial Assets

The group limits its exposure to credit risk by investing in high-quality credit worthy counterparties. Given these high credit ratings, the directors do not expect any counterparty to fail to meet its obligations.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

21.2 Fair value estimation

In assessing the fair value of financial instruments, the group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices for the specific or similar instruments are used for long-term debt, where applicable.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

As stated in Note 10, the NDF soft loan is stated at historical value and has not been impaired to fair value.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

21. FINANCIAL RISK MANAGEMENT (continued)

21.3 Capital risk management

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, repayment of shareholders loans, issue new shares or sell assets to reduce debt.

22. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

23. SEACOPE – MERLUS JOINT VENTURE

During the year Seacope Freezer Fishing (Proprietary) Limited entered into a once-off joint venture with Merlus Fishing (Proprietary) Limited in the ratio of 65% : 35% respectively, whereby Seacope supplied 1 000 metric tons Hake freezer quota at a price of N\$ 6 000 per metric tons. Merlus would supply the following:

	N\$
Management services at	474 000
Vessel for a charter fee of	900 000
Jetty facilities for	91 250
Initial capital at prime less 1.25% compounded monthly.	

The results of the joint venture are as follows:

INCOME

Sales	31 840 191
Discount received	3 264
	<u>31 843 455</u>

EXPENSES

Administration fee	474 000
Insurance and licences	245 925
Other operating expenses	8 202 347
Quota purchases	6 449 082
Salary costs	6 820 938
Vessel charter	900 000
	<u>23 092 292</u>

INCOME BEFORE TAXATION	<u>8 751 163</u>
-------------------------------	------------------

65% OF INCOME BEFORE TAXATION	<u>5 688 256</u>
--------------------------------------	------------------

The results, income and expenditure of the joint venture is proportionally consolidated into the income and expenditure of Seacope Freezer Fishing (Pty) Ltd and its holding companies.

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

NOTES TO THE ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2017

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following balances from the statement of financial position:

	2017 N\$	2016 N\$
Company		
Bank	<u>254 688</u>	<u>220 425</u>
Group		
Bank	36 353 314	56 807 392
Bank overdraft	<u>(15 544 959)</u>	<u>(4 433 597)</u>
	<u>20 808 355</u>	<u>52 373 795</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED
30 SEPTEMBER 2017

	2017 N\$	2016 N\$
INCOME		
Utilisation fees received	845 750	103 956
Foreign exchange gains	4 326	-
Profit on sale of plant and equipment	36 957	30 000
Previously accrued interest and penalties waived	-	4 125 083
Dividends received	130	767 596
	<u>887 163</u>	<u>5 026 635</u>
EXPENDITURE		
Advertising	18 513	328 707
Administration fees	60 000	60 000
Annual duty	17 005	17 005
Audit fees		
- audit services	129 000	69 000
- other services	28 500	45 560
Bad debts	71 809	-
Bank charges	9 626	9 527
Consulting fees	-	100 859
Depreciation	-	50 000
Directors' fees	137 609	43 875
Donations	142 010	30 881
Interest paid	-	6 313
Interest and penalties - Receiver of Revenue	1 555 813	769 125
Licences and insurance	26 632	43 550
Meeting costs	195 934	63 144
Printing and stationery	159 910	-
Professional fees	170 984	90 364
Salaries	-	462 746
Subscriptions	187 269	15 000
Training costs	-	32 739
Travelling	57 920	219 130
	<u>2 968 534</u>	<u>2 457 525</u>
NET (LOSS)/INCOME BEFORE TAXATION	<u>(2 081 371)</u>	<u>2 569 110</u>

**NATIONAL FISHING
CORPORATION OF NAMIBIA**

LIMITED COMPANY
REGISTRATION No.: 92/227

TAXATION COMPUTATION
FOR THE YEAR ENDED
30 SEPTEMBER 2017

	N\$
NET LOSS BEFORE TAXATION	2 081 371
Add back: Donations – non-tax deductible	92 010
Interest and penalties - Receiver of Revenue	1 555 813
Taxable recoupment on sale of plant and equipment	86 957
	<hr/>
	346 591
Add back: Profit on sale of plant and equipment	36 957
	<hr/>
TAXATION LOSS FOR THE YEAR	383 548
	<hr/>
ASSESSABLE TAXATION LOSS BROUGHT FORWARD	2 402 276
	<hr/>
ASSESSABLE TAXATION LOSS CARRIED FORWARD	2 785 824
	<hr/> <hr/>

GALLERY







Fresh from the Sea

Our production processes and quality control measures ensure that we deliver the freshest products, bursting with flavour and packed with nutrients - just as nature intended.



Seaflower Group of Companies

P.O. Box 15, Lüderitz, Namibia

Telephone: +264 63 208100

Fax: +234 63 202414

Email: info@seaflower.com.na



FISHCOR

National Fishing Corporation of Namibia