

2014 | 2015



**FISHCOR**

National Fishing Corporation of Namibia

**ANNUAL REPORT**  
SEAFLOWER GROUP OF COMPANIES



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# A Culture of Excellence

## Our vision

To be a leader in catching, processing and marketing of 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

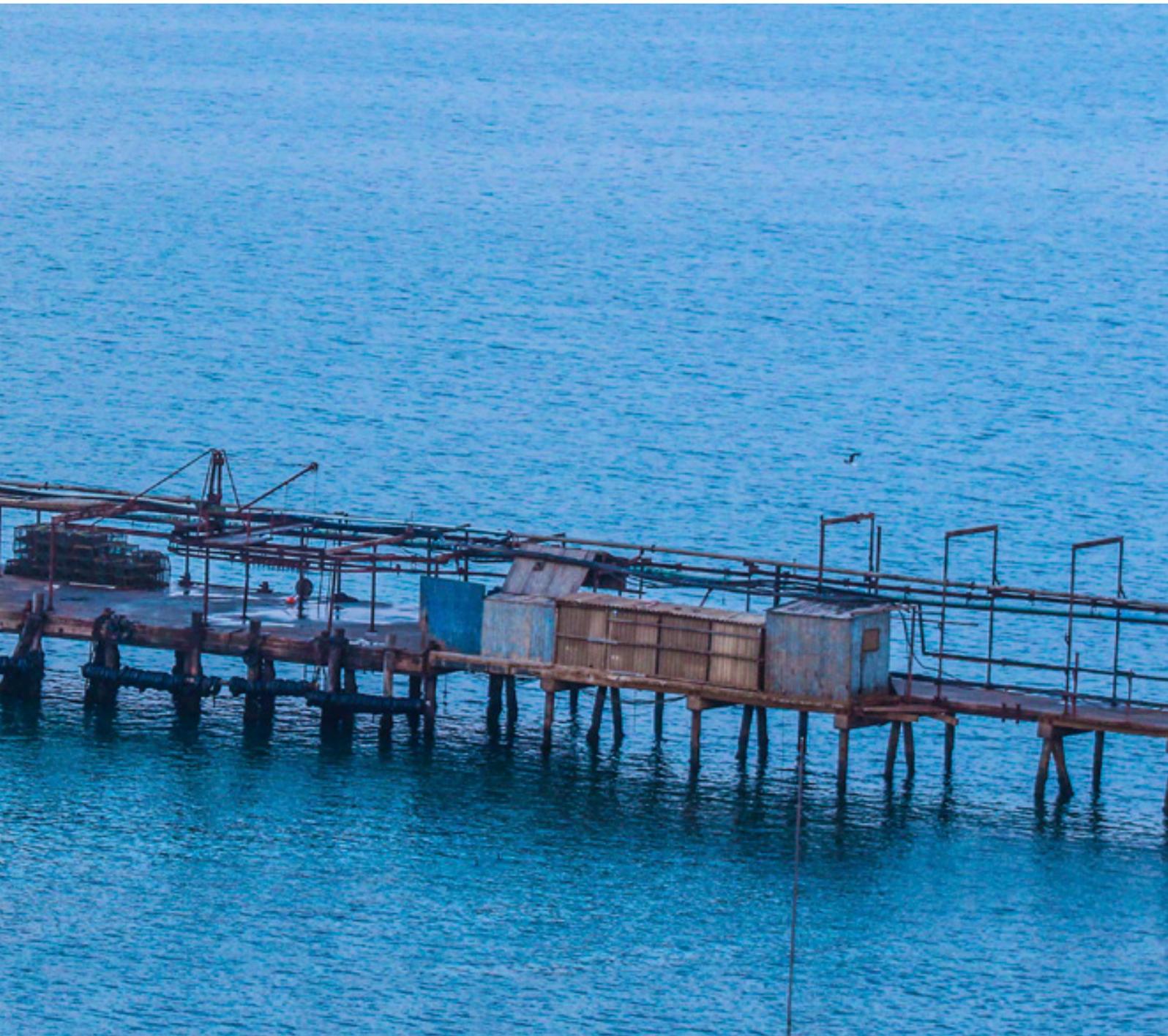
Innovation

Customer care

Integrity

Excellence

Teamwork

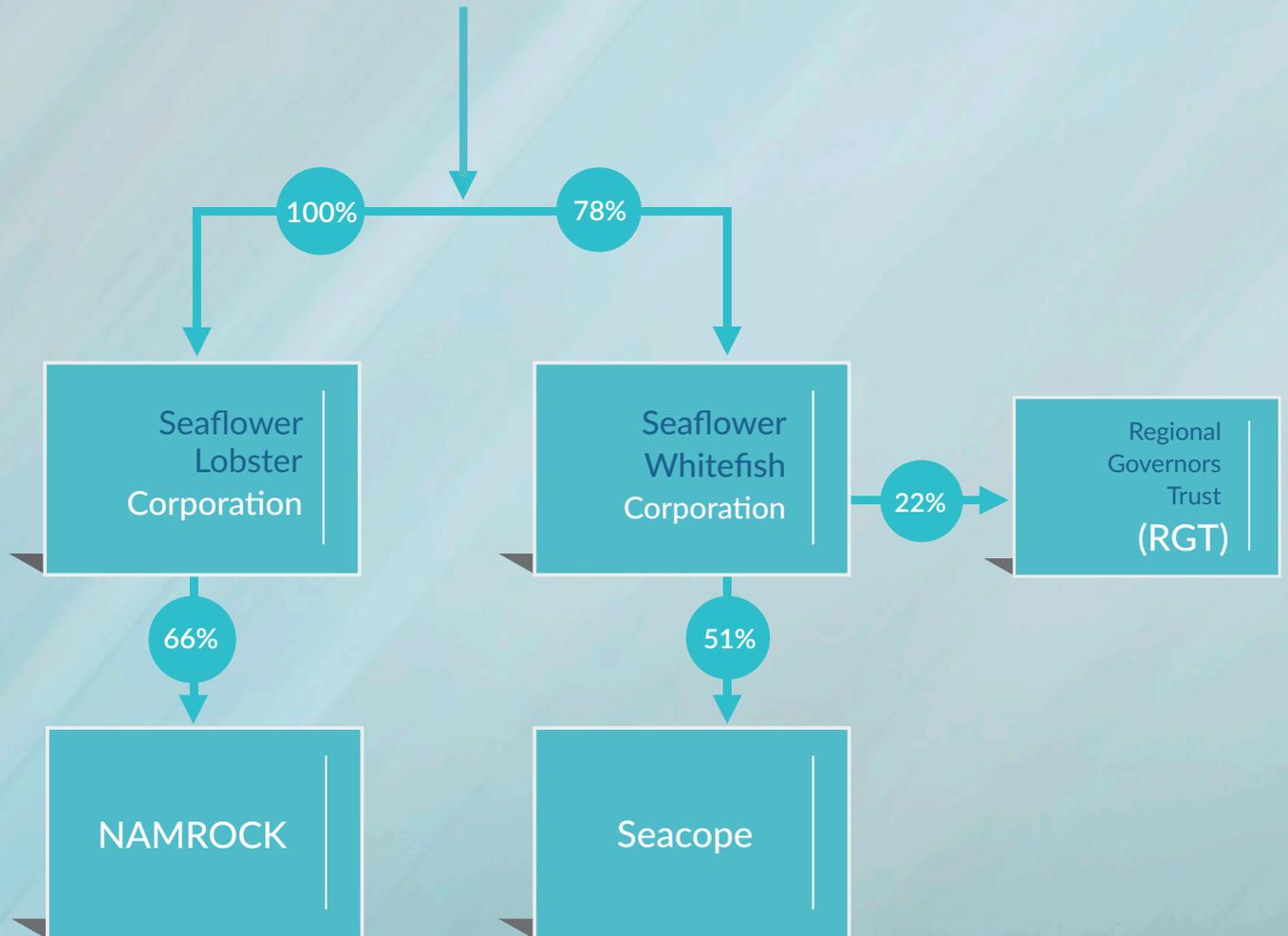


Our Proud  
**Fishing**  
History

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



# Company Overview

## 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 processing facility in Lüderitz. SLC is also a 66% shareholder of the NAMROCK brand, through which lobster products are marketed. For the past 5 years, SLC has been 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 only runs for 6 months every year and 60 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 the total revenue, investment and employment. FISHCOR owns 78% of the company, and the Governor's Trust owns the remaining 22%, making SWC a 100% government owned company.

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 562 onshore and offshore 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, with the latter holding 51% shares in the former. 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 50 people offshore, catches and processes the hake. The company's products are marketed through the Seacope brand and exported mainly to Spain.

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Governance

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OUR DEPARTMENTS



Fleet & Maintenance Department



Production Department



IT, Electrical, Electronics & Refrigeration Department



Sales & Cold Store Department



Quality Assurance Department



Human Resources Department

CSI



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Annual Financial Statements





# Welcome

on board our Annual Report



# A Word From Our Chairperson

On behalf of the Board of Directors, it gives me great pleasure to report on the activities of the Seaflounder Group of Companies during the financial year ending September 2015. We traded for a period of 17 months in order to align our financial year to the new hake fishing season. The promising results achieved during this period have established our Group as a notable player in the fishing industry.

The year under review was certainly memorable, filled with achievements and challenges. We saw growth in value and capacity as well as cooperation with various stakeholders, including staff, government and the community within which we operate.

In order to increase the value of our output, we invested heavily in our vessels and factory infrastructure. Making use of the latest technology helps us to operate as effectively and efficiently as possible.

Furthermore, we focused on adding value through strategic customer selection, thereby ensuring the correct allocation of our products to those who value our consistent supply and high quality.

## Our great turnaround

At the start of the financial year, our Group continued to be haunted by legacy problems, which were the result of an inability to generate profits from operations leading to solvency being in question.

This situation could no longer be tolerated as our creditors froze most of our accounts, resulting in the closure of our Seaflounder Whitefish factory in Lüderitz for a period of three months. This situation could no longer be tolerated as our creditors froze most of our accounts, resulting in the closure of our Seaflounder Whitefish factory at Lüderitz for a period of three months.

During this time, the Board of Directors committed to turning around the fortunes of the Group in order to enable it to meet its financial obligations and achieve consistent delivery of products to customers. As a result of our strategy, the financial position of the Group improved tremendously, with revenue



increasing from N\$86,439,656 in the 2014 financial year to N\$356,959,429 in 2015, which translated into a profit after taxation of N\$39,416,107, up from a loss of N\$1,551,221.

The interventions were mainly focused on processing our own quota, which allowed us to derive the maximum value per ton processed. Due to the lack of investment in vessel capacity in the past, the Group outsourced the processing of its quota to third parties.

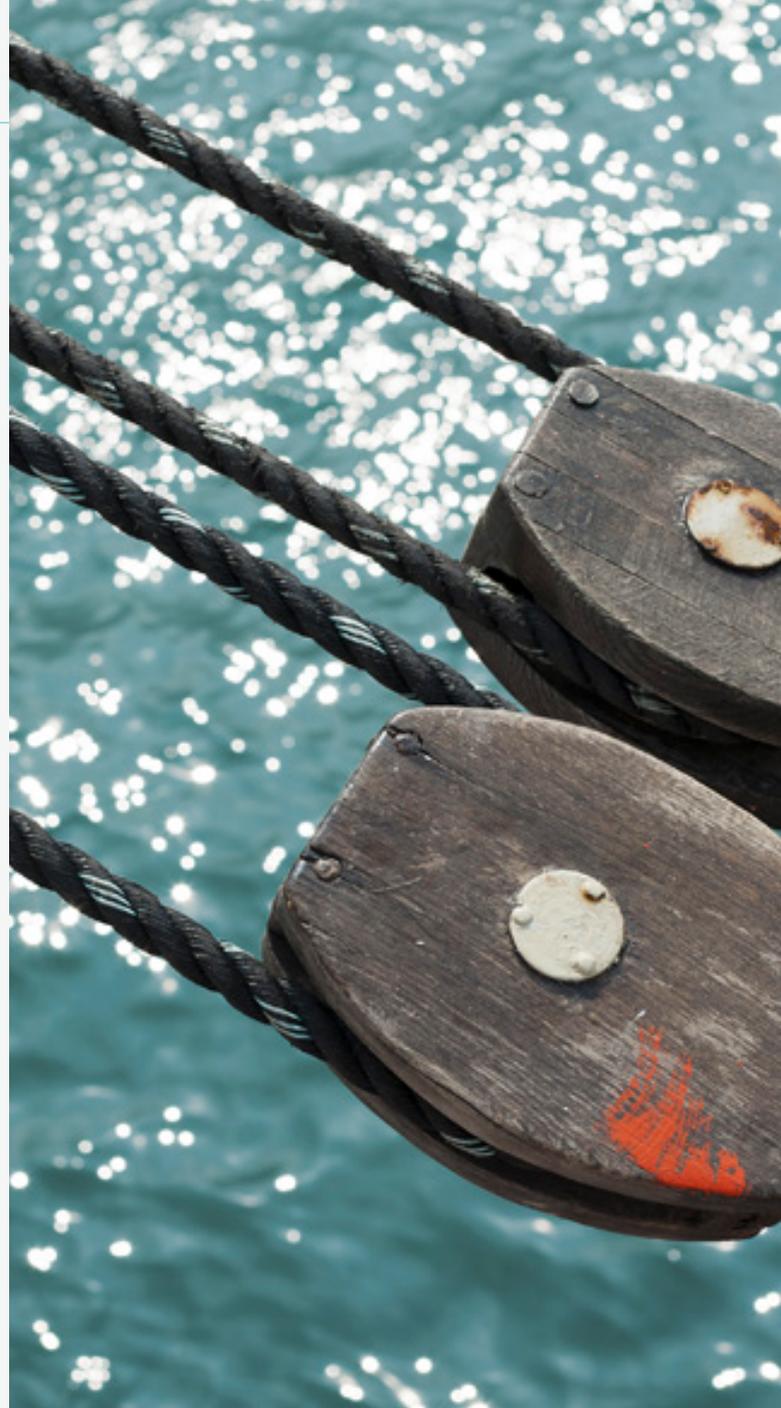
This financial recovery allowed us to meet several of our strategic objectives, such as further investment in our vessels and machinery.

In order for FISHCOR to continue on the path of profitability and sustainable operations, we require a stable and experienced leadership team. We recruited a dynamic executive management team under the leadership of the Acting Chief Executive Officer, Mr. Mike Nghipunya. The team has the full confidence and support of the Board to lead our Group into the future.

## Achieving our objectives

We have commissioned a consultant to work with management to develop a 5-year strategic plan. The strategic plan will outline our key areas of focus and investment to meet the objectives of the National Fishing Corporation of Namibia Act, 1991 (Act No. 28 of 1991).

In order to achieve our goals as per the Act, we have committed to reinvesting our capital back into the industry in the form of projects and activities for the development of the fishing and marine sector. These activities will be implemented in line with the



overarching targets of the National Development Plans (NDPs) of diversifying and increasing economic participation of the primary industries. These industry growth programmes are geared towards local value addition and strengthening the forward and backward linkages within the Namibian economy.

## Adding value through our products

The majority of our hake products are exported in raw material form, which creates economic opportunities



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**This financial recovery allowed us to meet several of our strategic objectives, such as further investment in our vessels and machinery.**

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and employment in other countries. The strategy is for Seaflower to incrementally add value to our processed products and increase our share of the value chain. This will require investment in specialised equipment and skills training for our workforce.

The lobster industry continues to be fragmented with many right holders, while the total allowable catch (TAC) has been declining in recent years due to a limited biomass. It has become clear that only one processing factory is viable in such an environment. Therefore, in order to retain our share in the market for Namibian lobster under the NAMROCK brand, FISHCOR will lead the consolidation of the right holders to ensure that sufficient raw material is available for the Seaflower lobster factory during the lobster season. This will secure the livelihood of fishermen and stability in the lobster fishery. Additional benefits will be further investment in our aging lobster vessels, which should result in enhanced productivity and efficiency in landing the quota for the industry.

The horse mackerel industry requires transformation in order to increase its contribution to the Gross Domestic Product (GDP). In addition, it needs to become more inclusive, with more women to be employed in the sector in onshore processing facilities. To this end, the Minister of Fisheries and Marine Resources and FISHCOR have concluded a Cooperation Agreement to establish onshore processing of horse mackerel. This investment is expected to be progressive as it will allow innovation in product development in this sector.

We take our role as responsible fishermen seriously and are fully dedicated to protecting Namibia's marine ecosystem and resources. In light of this, we believe in increasing value for the Group through increased quality products rather than increased volumes only. This, in conjunction with the Resource Management System of the Ministry of Fisheries and Marine Resources, will ensure that Namibia's finite marine resources are preserved.

## Responsible governance

Governance is integral as we lead our organisation. As a Board of Directors, in our personal capacities, we concluded a Governance Agreement and Performance Agreements as required by the Public Enterprises Governance Amendment Act, 2015 (Act No. 8 of 2015). Furthermore, the Audit

Committee and Human Resources Committee were established to assist in the effective running of our affairs and to ensure that matters receive necessary attention. The Board approved the Terms of Reference for these committees and management will work to implement its functions.

## Appreciation

Our turnaround strategy would not have been successful without the trust of and support from Honourable Minister Bernhard Esau and his team at the Ministry of Fisheries and Marine Resources. We at FISHCOR will always be indebted to the Honourable Minister. We thank you.

I would also like to thank my fellow Directors, the management team, our partner and the entire workforce of Seaflower Group of Companies for their unmatched dedication and hard work over this period and urge you to continue on the same footing going forward.

## Sailing into the future

I am proud of our accomplishments, especially in light of the challenges we faced during the course of the period under review. However, the demand for fish still exceeds our available capacity and thus we are by no means ready to rest on our laurels.

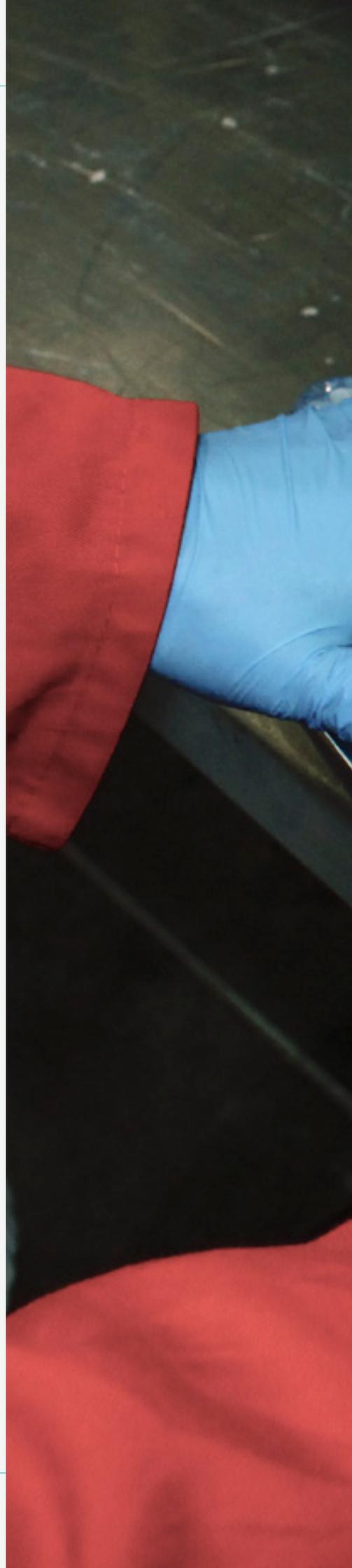
The Seaflower brand is steadily improving, driven by our commitment to meet growing customer demand. With a stamp of approval in the market place, I believe we will achieve even greater heights in future. We envision becoming the Namibian company of choice in the seafood industry, both for our employees as well as our local and global customers. I am confident that our new strategic plan, driven by passion and hard work on the factory floor, will help us to get there.

*Yours in sailing into a bright future,*



**James Hatuikulipi**

Chairperson









# Our Story

The great turnaround strategy



# A Word From Our

Acting Group Chief Executive Officer

## Seaflower is a great company

In just two short years, we have turned a sinking ship into a successful business. For the first time in our history, we are in the process of devising a 5-year strategic plan for implementation in 2017. This plan will ensure that we continue to achieve greatness far into the future.

The reporting period for the 2014/2015 financial year runs from 1 May 2014 to 30 September 2015. Audited financial statements included in this annual report are for this period. Operations for the 2014/2015 fishing season started on 1 November 2014 and ended on 30 September 2015.

In this report, I will outline the operations, production, marketing, and finance and administration perspectives of Seaflower Whitefish Corporation (SWC), as well as give an overview of Seaflower Lobster Corporation (SLC) during the 2014/2015 financial year. The challenges and risks our company faced will also be discussed.

### Operations in perspective

#### Fleet strategy

Fishing operations are heavily dependent on the number, efficiency and condition of vessels. The

period under review saw our fishing operations affected by several challenges with our wet hake fishing fleet. The MVF Ohamba was beyond repair as she had reached the end of her commercial lifespan, and the MVF Rex required a complete overhaul to be able to start fishing again.

From 1 July 2014 until 30 April 2015, our operations were based on two wet fish trawlers chartered from Tunacor Fisheries. Although these vessels helped us to keep our operations afloat, the volumes they landed were below the set target, mainly as a result of breakdowns and capacity constraints.

To address this challenge, two new vessels were acquired with assistance from our partners Copemar. The arrival of the MFV Monte San Roque and the MFV Farillon from Spain on 15 April 2015 and 28 May 2015 respectively significantly boosted catches and improved output, as reflected in the production report that follows.



The company has to process **120 mt** of fish per week, translating to **74.55 mt** of finished product per week

To supply **300 mt** of finished product to the market per month

Which generates an income of approximately **N\$13 million p/m.**

The return of the MFV Rex from repairs in Walvis Bay was another positive development for our fleet. After a six-month delay as at the end of April 2015, the vessel finally arrived in Lüderitz on 9 May 2015 and started fishing on 3 June 2015. The delay had serious negative implications on our projected catches and cash flow during the period under review.

When the MFV Monte San Roque, the MFV Farillon and the MFV Rex resumed fishing, the two vessels chartered from Tunacor Fisheries were returned immediately.

Our freezer hake operation, which is run through Seacope, progressed smoothly during the period under review, as the MFV Pemba Bay was in

operation throughout this time and experienced no major challenges that could have affected her operation.

### Quota utilisation

The wet quota allocated for the period under review was 11,183 metric tons (mt), of which 5,249mt was landed by the end of September 2015. Of the remaining amount, 2,000mt was converted to a freezer quota, while 3,934mt was rented out through quota swap arrangements and other agreements with other operators.

In terms of the hake freezer quota, the company utilised 6,187mt for the period under review. Figure 1 shows the quota utilisation information as at the end of September 2015.

Table 1: Wet and freezer quota utilisation

Company name	Quota type	Utilised
<b>SWC</b>	<b>Hake wet</b>	<b>5,249mt</b>
Quota rented out	Hake wet	3,934mt
Quota converted	Hake wet	2,000mt
Allocated quota	Hake wet	11,183mt
<b>Seacope</b>	<b>Freezer hake</b>	<b>6,187mt</b>
Quota rented out	Freezer hake	1,649mt
Total quota for the period	Freezer hake	7,836mt
Quota remaining	Hake wet and freezer	0

## Production in perspective

Seaflower Whitefish Corporation's (SWC) production plan target is to supply 300mt of finished product to the market per month, which generates an income of approximately N\$13 million. In order to meet this target, the company has to process 120mt of fish per week, translating to 74.55mt of finished product per week. The attainment of the production plan target is primarily dependent on the availability of raw materials, i.e. the weekly fish catches that the vessels deliver to the factory.

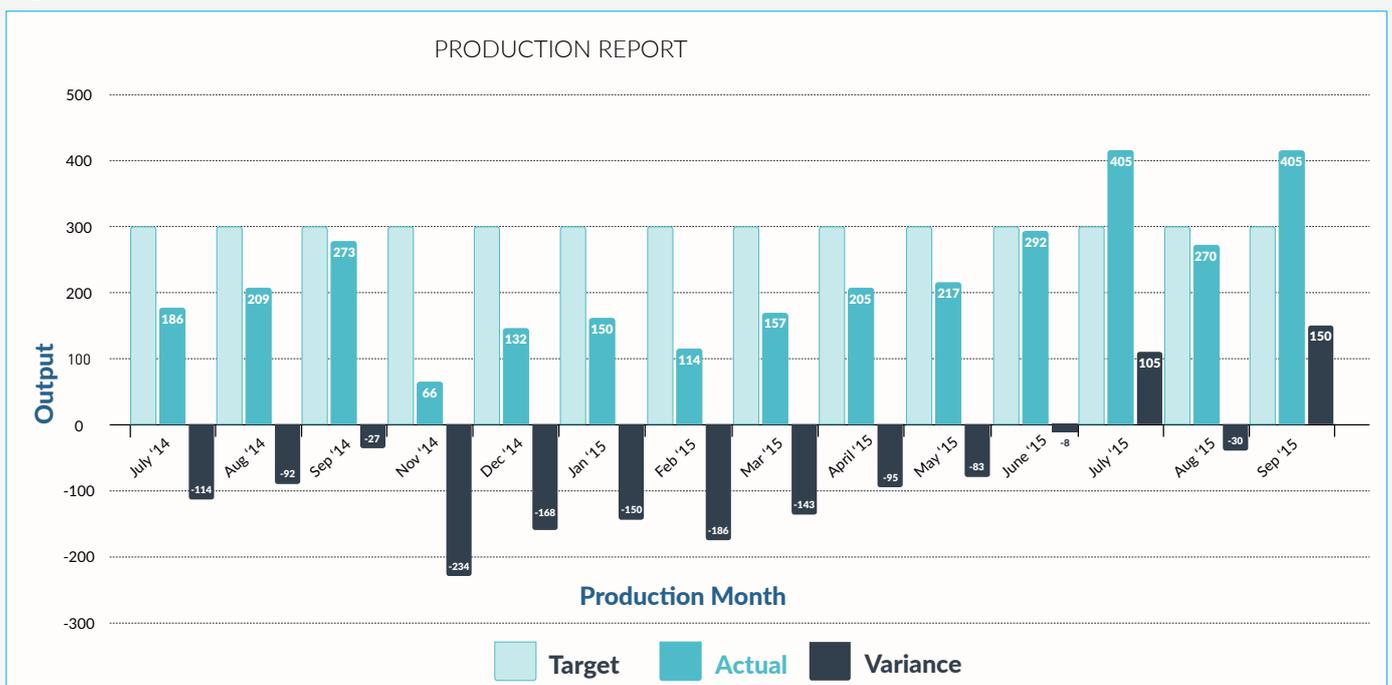
During the period under review, we recorded an under production of 1,119mt from the targeted 4,200mt, representing a 26.6% under performance. The main reason for this was the 6-month delay in repairs of the MFV Rex, as she was expected to start fishing in November 2014, but only started fishing in June 2015.

However, the arrival of the two new vessels, MFV Monte San Roque and MFV Farillon, and the repair of the MFV Rex significantly improved production output in the last part of the period under review as from April 2015. This improved output is expected to continue in the 2015/2016 fishing season, starting in November

Figure 2 shows the monthly production schedule target, the actual production per month and the variance. The variance is the difference between the targeted production and the actual production.

Production in the period under review only started in July 2014, as the Seaflower factory was closed between April and June 2014 due to vessel breakdowns. During the reporting period, the month of November 2014 recorded

Figure 1: Production schedule report



Source: SWC 2015





the lowest production output, with only 66mt of finished product being produced, which represents an under production of 234mt. This was due to the fact that annual maintenance on one of our charter vessels, the MFV Yoko Tani, took longer than planned, resulting in the vessel only resuming fishing late in November 2014.

Production improved in December 2014 and January 2015 to 132mt and 150mt of finished product respectively, before declining to 114mt in February 2015. The decline in February was caused by the breakdown of the MFV Aldubaran, rendering the vessel unable to fish for a week and a half.

With the arrival of our two new vessels and the return of the MFV Rex to the fishing grounds, production increased significantly from April to September 2015, with July and September recording the highest production volumes for the period under review with 405mt each, representing an excess production of 105mt relative to the monthly production target of 300mt.

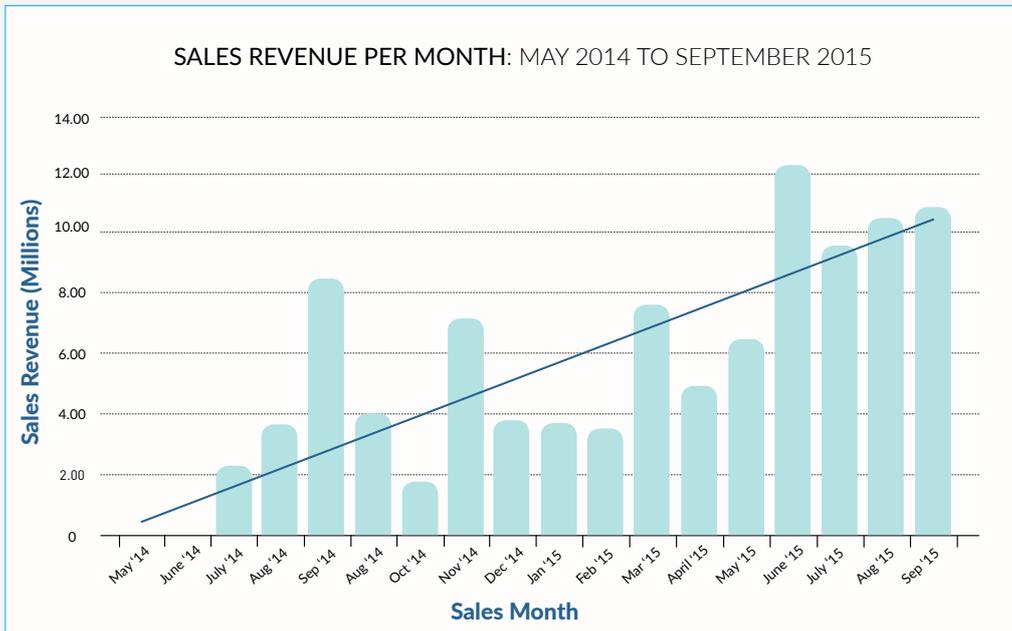
## Marketing in perspective

The main export market for our products is Europe. However, the past few years have seen significant growth in the South African market due to increased demand. During the period under review, the European economies continued to recover from the recent economic downturn, which had a positive impact on the export of our fish and fishery products.

For this period, total sales volumes for SWC stood at 2,784mt, which generated total sales revenue of N\$94 million, while sales volumes for Seacope were around 4,500mt, which generated total sales revenue of N\$144 million. Therefore, the consolidated hake sales volume for the reporting period was around 7,284mt, which generated total sales revenue of N\$238 million.

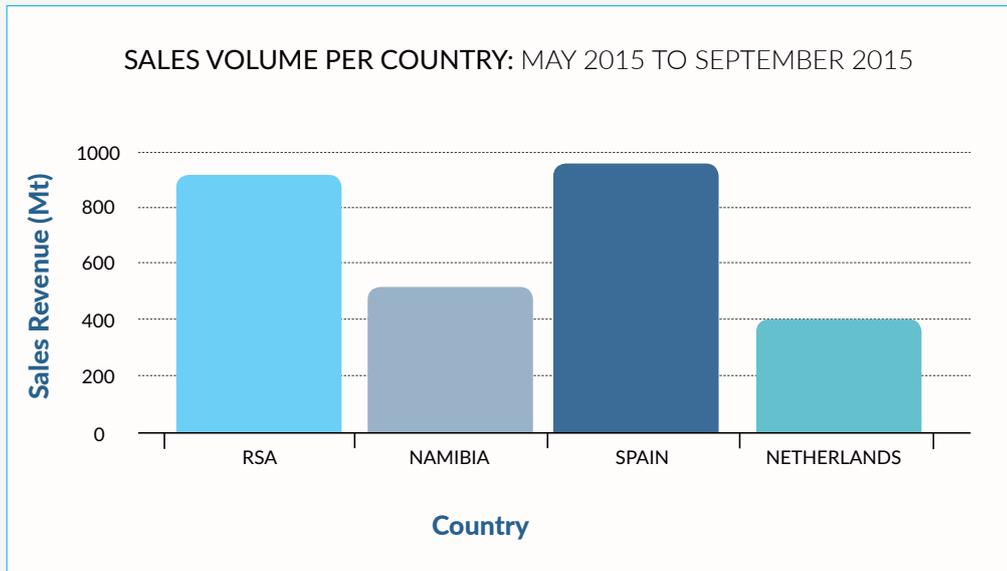
Figure 3 contains two graphs, one showing the sales volumes per market and the other the sales revenue per month for SWC. Sales revenue improved in the last part of the season due to

Figure 2: Sales volumes and revenue



Source: SWC 2015

Figure 3: Sales volumes and revenue



Source: SWC 2015

improved production output, as reflected in Figure 2 in the production report. In terms of export volumes for the reporting period, South Africa received the highest volumes followed by Spain, Namibia and the Netherlands. However, in terms of sales revenues, Spain accounted for more than 51%, followed by the Netherlands, South Africa and Namibia.

This can be attributed to the fact that Spain receives our high value products (hake loins, kingklip, monk and hake centres), and the Netherlands take the second high value products (hake fillets), while South Africa and Namibia take the third value products (hake tail fillets, hake formed loins, mince and by-catches).

In terms of local fish distribution and consumption, it is encouraging that more than 538mt of fish and fishery products were distributed in Namibia.

Although some products experienced a slight price decrease, market prices remained stable

during the period under review. The average product price was N\$35 per kilogram for the four markets. Figure 4 shows the average prices for SWC per market.

## Finance and administration in perspective

For the period under review, total sales revenue for SWC was N\$94 million and income from other sources was approximately N\$117 million, bringing the total income for the company to approximately N\$211 million.

The consolidated  
income for SWC and  
Seacope was approximately  
**N\$357 million**, generating a  
profit after tax of  
**N\$42 million.**



A large part of the income from other sources was made up of the N\$65 million generated from the horse mackerel quota. Total sales revenue for Seacope was N\$144 million, while other incomes amounted to approximately N\$2 million, resulting in a total income of N\$146 million for the company. The consolidated income for SWC and Seacope was approximately N\$357 million, generating a profit after tax of N\$42 million.

In terms of human resources, the company was able to fill key positions, such as General Manager: Operations, General Manager: Finance, Marine Sup, Electrician, Financial Accountant and Cost Accountant. Due to improved fleet capacity and

operations, the group was able to create 100 new employment opportunities resulting in a total workforce, both onshore and offshore, of 676 workers.

## Lobster operation in perspective

The rock lobster harvesting season runs from November to April every year. For the 2014/2015 lobster season, SLC received a total quota allocation of 47mt, which was a 16% decrease from the 56 mt allocated in the previous season.

The decrease in the allocated quota is attributed

Figure 4: Average prices per market



Source: SWC 2015

to the fact that the Total Allowable Catch (TAC) for the 2014/2015 season decreased by the same percentage.

SLC's business model is focused solely on the processing of lobster for all the lobster operators. During the period under review, our factory was the only operational lobster processing factory in Lüderitz, as has been the case for the past 5 years.

Although the company owns 6 lobster vessels and receives a quota allocation, these vessels are chartered out to local skippers that have worked for SLC in the past, on the condition that all catches are processed at our factory and that products are marketed through our marketing brand, Namibia Rock Lobster Packers (Pty) Ltd (NAMROCK).

Processing operations started in mid-November 2014, with around 90% of the 300 mt TAC being processed at our factory by September 2015. As

reported by the vessel operators and confirmed by the catches per vessel, fishing was very good during the 2014/2015 season, with most vessels finishing their catches before the end of the season. As a result, we had to source quotas from right holders without vessels to keep our vessels working, and also to ensure enough through-put in the factory.

In terms of financial performance, total revenue from operating activities was around N\$10 million and income from other sources was around N\$2 million, resulting in a total income of around N\$12 million for the period under review, compared to a total income of N\$10 million in the previous financial year.

### Customer relationships

In order to maintain good trading relationships with our clients in Japan, NAMROCK undertakes a visit to the market every lobster season. The purpose of the visits is to keep our clients up to

date with lobster operations in Namibia. During the reporting period, the Directors of NAMROCK travelled to Japan to meet the five clients that buy from NAMROCK, namely Intercrest, Maruha, Tokyo Commercial, Langstar and Kohyo. These visits to the market are critical for building strong relationships with our clients, and thus will be carried out annually going forward.

We anticipate that our clients will remain loyal to and supportive of the NAMROCK brand, leading to positive results in the future. All our clients have indicated that market prospects look promising due to the recovery of the Japanese economy as well as the favourable exchange rate and fuel prices.

However, the challenge is to meet the growing demand for bigger sized lobster of 200 g to 250 g, as opposed to the traditional demand for smaller sized lobster of 200 g and less. This new demand trend is driven by the decrease in demand for the Osechi, as consumer tastes change.

## Braving risks and challenges

During the reporting period, we faced a number of challenges that affected our operations, including high port fees coupled with a lack of reliable utility services. Furthermore, attracting skilled people to Lüderitz proved and will continue to prove problematic due to the location and developmental level of the town. Finally, the average age of our workers in the factory is quite high at around 50 years, which leads to low productivity.

Managing a hake and lobster fishery and

processing plant is not without risks, often due to factors beyond our control. We are affected by fluctuations in market prices and exchange rates, as well as fuel prices.

Although these factors were favourable in the year under review, they continue to be risks going forward. In addition, any changes in demand and consumption trends can impact our business, as we anticipate will happen with the growing demand for bigger lobster from our Japanese clients, as opposed to the traditional demand for smaller lobster.

The foregoing report shows that the period under review was defined by the high and low tides expected in the fishing industry. We are proud to have expertly sailed the sometimes-stormy waters, and are confident that we will continue to grow from strength to strength in future.

Yours in staying the course,



**Mike Nghipunya**

Acting Chief Executive Officer

# Our Services & Processes In Brief



## 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 (*Jesus 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.



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.



#### 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.





# Leadership

and Corporate Governance



## Board Composition

The Board of Directors consists of six directors.

One of the members should be the Permanent Secretary of Fisheries and Marine Resources, 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 2014.

The members of the Board are appointed by Cabinet on recommendation from the Minister of Fisheries and Marine Resources. During the reporting period, one director resigned from the Board.

## 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.

## Board Committees

The Board has an HR Committee and an Audit Committee. The HR Committee consists of Ms. Ndaendomwenyo Sheya, Governor Laura McLeod and Dr. Moses Maurihungirire. The members of the Audit Committee are Mr. James Hatuikulipi, Dr. Bennett Kangumu and Governor Usko Nghaamwa.

# THE BOARD STRUCTURE



Mr.  
James  
Hatuikulipi  
Chairperson

# BOARD

## MEMBERS



Dr.  
Moses  
Maurihungirire



Honourable  
Laura  
McLeod



Ms.  
Ndaendomwenyo  
Sheya



Honourable  
Usko  
Nghaamwa



Dr.  
Bennett  
Kangumu

# THE MANAGEMENT TEAM



Mr.  
Mike  
Nghipunya  
Acting Group  
Chief Executive Officer



Mr.  
Inocencio  
Verde  
Group General Manager: Operations



Mr.  
Paulus  
Ngalangi  
Group General Manager: Finance



Mrs.  
Megan  
Agene  
Manager:  
Quality Assurance



Mr.  
Morne  
Lambert  
Manager:  
Electrical, Electronics, IT &  
Refrigeration



Mrs.  
Carol  
Brendell  
Manager: Sales & Cold Store



Mrs.  
Fredricka  
Davids  
Manager: Production



Mr.  
Eduardo  
Ferreira  
Manager: Fleet & Maintenance



Mrs.  
Mansweta  
Joseph  
Manager: Human Resources



# Our Departments

*Driving operational excellence*





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.

## Making sure we stay afloat

### Our fleet

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 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, will 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, 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 chartering the vessel and on how quickly set targets are met. All lobster catches are processed and packaged in our factory in Lüderitz.

# Our vessels

## One freezer vessel:

- Pemba Bay: Built 2001; Freezer Fish Hold Capacity: 660 m3

## Three wet fish vessels:

- Monte San Roque: Built 2005; Fish Hold Capacity: 250 m3
- Farillon: Built 2006; Fish Hold Capacity: 250 m3
- Rex: Built 1986; Fish Hold Capacity: 300 m3

## Six lobster vessels:

- S.W. Albatross: Built 1963; Fish Hold Capacity: 7.0 m3
- S. W. Penguin: Built 1963; Fish Hold capacity: 7.0 m3
- Moira D: Built 1964; Fish Hold Capacity: 7.0 m3
- Goldfish: Built 1983; Fish Hold Capacity: 7.0 m3
- Ocean Marlin: Built 1984; Fish Hold Capacity: 7.0 m3
- Blue Fish: Built 1986; Fish Hold Capacity: 7.0 m3



**Pemba Bay:** Built 2001; Freezer Fish Hold Capacity: 660 m3



**Farillon:** Built 1986; Fish Hold Capacity: 300 m3



**Rex:** Built 1986; Fish Hold Capacity: 300 m3



**Monte San Roque:** Built 2006; Fish Hold Capacity: 250 m3



Our  
Production  
Department oversees  
our white fish and lobster  
processing factories and  
ensures that we deliver high  
quality products.

# From the sea to the plate

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 onshore factory for final processing.

At the factory, hake is then 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 onshore factory in order to maintain high quality at all times.

Therefore, once a trap is full, lobsters are removed and placed into sea cages. This method ensures that the mortality rate per trip remains as low as 4% of the total catch. lobster.







The IT, Electrical, Electronics and Refrigeration Department is responsible for maintaining and upgrading all systems related to IT, electronics and refrigeration.

## Full steam ahead with modern systems

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.

Since it is critical to keep abreast of the latest advances in technology, we replaced all our outdated IT hardware and software with the most current versions during the reporting

period. We also embarked on the process of developing a maintenance system, which, once fully implemented, will enable us to keep precise records of all maintenance carried out in all departments.



## 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 which point 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.

Refrigeration is another essential element in our operations. Ammonia compressors give our factory its freezing capabilities and ensure that we can deliver quality and safe products to our clients.





## 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.

# Setting sale into the world

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 the challenges and how to address them in order to ensure maximum customer satisfaction.





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

## Sailing the high seas of 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 examining 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 do random inspections of every product, focusing not only on the quality and safety of products, but also on their appearance, labeling, and packaging, among others. Finally, finished products are inspected prior to shipment to our customers.



## Hygiene and manufacturing standards

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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

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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 the 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.



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 developing long-term strategies for the growth and development of our employees.

## Our people in good hands

### Our employees

The Group employs a total of 676 workers, both on- and offshore. General factory workers and fishermen make up 88% of the workforce, with the remaining staff complement consisting of administrative and management personnel.

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.

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 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. During the reporting period, a bursary scheme was introduced to invest in the development of critical skills and to ensure that the Group can attract and retain staff.

### Employee health and safety

Our health and safety policy outlines the best practices for enforcing and maintaining a hygienic, healthy and safe working environment. Furthermore, our HIV/AIDS policy guides us in dealing with employees living with HIV/AIDS. During the reporting period, a priority area for management was to ensure that our onsite clinic would be operational by the 2015/16 financial year. The clinic will ensure that employees do not have to travel long distances to hospitals for medical treatment







# Corporate Social Initiatives

*Caring for the community*



The Corporate Social Responsibility Fund enables Seaflower to make a meaningful contribution to the Lüderitz community, and subsequently to have a lasting impact on Namibia as a whole by improving the welfare of her people.

## Giving back to the community

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.

### Our main aims are:

- To feed the less fortunate through fish donations
- To promote community art development and education
- To advance community development and empowerment projects
- To promote capacity building through awarding study bursaries

### Fish donations

In the 2014/2015 financial year, Seaflower made fish donations amounting to 30 metric tons of different types of fish and fishery products valued at N\$548,143.

Donations were made to old age homes in the Gibeon community, school feeding programmes, the Karas and Khomas Governor's offices, the Councilor of the Omuthiya Constituency, the Independence celebrations, the Lüderitz Mayoral Fund and different soup kitchens in and around Lüderitz.



## Community development, education and empowerment

Art education receives minimal attention in community development initiatives. Therefore, Seaflower has made it a priority area in terms of our involvement in community projects. During the period under review, Seaflower sponsored three theatre workshops at a combined cost of

N\$153,566. Youth from Lüderitz were trained in the art of acting through theoretical lectures and role-play exercises.

These workshops will continue on a quarterly basis and will empower the youth, especially those who are unemployed.



During the reporting period, Seaflower was also involved in a number of empowerment projects in the Lüderitz community through sponsorships and donations:

- Trophies and medals for soccer and netball at the Lüderitz Mayoral Cup Event held on 19 August 2014.
- Best Director of a Play at the 2014 Namibian Theatre and Film Awards, which took place on 21 August 2014.
- Training equipment and kits, valued at N\$29,806, for the Ocean Swallows Rugby Club.
- Transport to the value of N\$20,000 for scholars from Lüderitz Secondary School to attend the Sondeza Afri-Youth Camp, which took place in Malmesbury, South Africa from 4 - 14 December 2014.
- Five dinghy boats to the councilor of Okatyali Constituency in the Oshana Region to enable school-going children to continue attending classes despite recurrent floods.

## Bursaries

During the reporting period, Seaflower awarded four study bursaries to a total value of N\$150,000. Full bursaries were given to students of the University of Namibia (UNAM) and the Namibian Institute of Mining and Technology (NIMT) for the following fields of study:

- Fitting and Turning
- Diesel Mechanics
- Air-conditioning and Refrigeration Repairs
- Marine Science

Our bursary recipients, who were in the first and second years of their studies during the reporting period, will be required to do their internships at Seaflower. Upon completion of their education, they will be employed by our company.







# Annual Financial *Statements*



**NATIONAL FISHING CORPORATION  
OF NAMIBIA LIMITED  
GROUP AND COMPANY ANNUAL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 SEPTEMBER 2015**

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**GROUP AND COMPANY FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

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## ADMINISTRATION

**Company registration number:** 92/227

Directors:	Mr J Hatuikulipi (Chairperson) Dr B Kangumu Hon L McLeod Ms N Sheya Mr U Nghaamwa Mr M Maurihungirire Mr V Groenewald Ms U Hiveluah	(Appointed: 01-05-2014) (Appointed: 01-05-2014) (Appointed: 01-05-2014) (Appointed: 01-05-2014) (Appointed: 01-05-2014) (Appointed: 01-07-2015) (Resigned: 04-11-2015) (Resigned: 10-07-2015)
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Company Secretaries:	ESI Secretarial Services (Pty) Ltd Orban Street 24 PO Box 3300 Windhoek
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Registered office:	Orban Street 24 PO Box 3300 Windhoek
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Auditors:	Stier Vente Associates PO Box 90001 Olof Palme Street Klein Windhoek
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**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**GROUP AND COMPANY FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**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 to maintain adequate accounting records and to prepare financial statements which fairly present the state of affairs at the end of the financial period and the results and the cash flows for the year. In preparing the accompanying 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 financial statements. The 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 period to 30 September 2016. 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 financial statements. The group's external auditors, Stier Vente Associates, have audited the financial statements and their report appears on pages 3 and 4.

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 financial statements for the period ended 30 September 2015 set out on pages 5 to 51 have been approved by the Board of Directors and are signed on their behalf by:



DIRECTOR

## REPORT OF THE INDEPENDENT AUDITORS

### To the shareholder of NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED

We have audited the group and company's financial statements of National Fishing Corporation of Namibia Limited which comprise the directors' report, the consolidated statement of financial position as at 30 September 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 5 to 51.

#### Directors' responsibility for the financial statements

The group and company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Namibian Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4/.....

Opinion

In our opinion, the group and company's financial statements fairly present, in all material respects, the financial position of the group and company at 30 September 2015 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

*Stier V- t Associates*

STIER VENTE ASSOCIATES

REGISTERED ACCOUNTANTS AND AUDITORS CHARTERED ACCOUNTANTS (NAMIBIA)

Per: B Vente

Partner

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**REPORT OF THE DIRECTORS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

The directors present their report which forms part of the audited annual financial statements of the group and the company for the period ended 30 September 2015.

### 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 1.

### Dividend

No dividend was declared or paid during the year under review (2014: N\$ Nil).

### Operating results

The group recorded a net income of N\$ 39 416 107 after taxation (2014: loss of N\$ 1 551 221). The main reasons for this income are the good performance of Seaflower Whitefish Corporation Limited and the addition of Seacope Freezer Fishing (Pty) Ltd to the group. It should be noted that a portion of the net income is a result of the sale of quotas being granted to the group as well as the first time inclusion of Seacope Freezer Fishing Pty Ltd in the group results.

The group's revenue increased by 67.3%. The increase in revenue was due to the inclusion of Seacope Freezer Fishing (Pty) Ltd in the current year's group results and the extended financial period.

The company recorded a loss of N\$ 2 037 110 (2014: loss of N\$ 377 422) which is mainly due to penalties and interest being charged by Inland Revenue on VAT returns not being submitted and paid on time.

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
Seacope Freezer Fishing (Pty) Ltd - income after tax	8 172 673	-
Seaflower Whitefish Corporation Ltd - income/(loss) after tax	30 252 148	(4 913 777)
Seaflower Lobster Corporation Ltd - income after tax	432 744	1 946 515
Seaflower Monk Fishing and Processing (Pty) Ltd - income/(loss) after tax	7 479	5 118
Seaflower Large Pelagic Processing (Pty) Ltd - income/(loss) after tax	1 608 813	1 000 312
Seaflower Tuna Fishing and Processing (Pty) Ltd - income/(loss) after tax	-	(4 618)
	<u>                    </u>	<u>                    </u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**REPORT OF THE DIRECTORS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**REVIEW OF OPERATIONS (continued)**

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\$ 37 million in 2014 to N\$ 94 million at the end of September 2015. This was mainly caused by the increase in quota landed from 2 185 metric ton in 2014 to 5 249 metric ton for this period as a direct result of a longer fishing period due to the change in the financial period and vessels being available either own or chartered, for a majority of the period. The average exchange rate to the Euro increased from 14 in 2014 to 15.1382 in 2015, and the overall Euro market prices were relatively stable while the local price per kg increased due to more value adding.

The company received 11 183 metric ton (2014: 7 217 metric ton) of wetfish quota and 5 836 metric ton of freezer quota. The full 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 2 185 metric ton in 2014 to 5 249 metric ton for this period as a direct result of a longer fishing period due to the change in the financial period and vessels being available either own or chartered, for a majority of the period.

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
<b>OPERATING RESULTS:</b>		
Net (loss)/income after taxation	41 736 629	(4 913 777)
Depreciation on revaluation	2 914 723	4 942 800
Net operating income/(loss)	<u>44 651 352</u>	<u>29 023</u>

**Seaflower Lobster Corporation Limited**

The company recorded a net income after taxation of N\$ 432 744. In the previous year the company recorded a net income after taxation of N\$ 1 946 515.

The company outsourced their catching operations again in this year to "local shippers", but processed all rock lobster themselves, although sales are not accounted for by the company, favourable sales proceeds were achieved. More lobster was processed in comparison to the prior year (242 metric ton vs 196 metric ton in the prior year) with an improvement in the prices, better results were achieved by the industry.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**REPORT OF THE DIRECTORS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**REVIEW OF OPERATIONS (continued)**

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
<b>OPERATING RESULTS</b>		
Net (loss)/income after taxation	432 744	1 946 515
Depreciation on revaluation	<u>1 182 764</u>	<u>1 226 026</u>
Net operating income/(loss)	<u><u>1 615 508</u></u>	<u><u>3 172 541</u></u>

**Seacope Freezer Fishing (Pty) Ltd**

Revenue from the sale of fish and fish products, increased from N\$ 94 million to N\$ 144 million. This was mainly caused by the fact that the current period has a 17 month fishing season. A Stronger Euro in 2015 compared to 2014, also added to the increased revenue. The average exchange rate to the Euro increased from 14 in 2014 to 15.18 in 2015.

Net operating profit decreased from N\$ 11,8 million in 2014 to N\$ 8,2 million in 2015. This is mainly caused by increased costs in fuel and lubricants, as well as a significantly higher quota utilisation fees paid in 2015 compared to 2014.

**Share capital**

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

**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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**REPORT OF THE DIRECTORS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**REVIEW OF OPERATIONS (continued)**

**Subsidiaries and associated companies**

Below is a list of all subsidiaries and associated companies:

	2015	2014
	% Shares	% Shares
<b>Subsequent events</b>		
<b>Subsidiaries</b>		
Seaflower Whitefish Corporation Limited (Consolidated)	78%	78%
Seaflower Lobster Corporation Limited (Consolidated)	100%	100%
Seaflower Large Pelagic Processing (Proprietary) Limited (Consolidated)	100%	100%
Seaflower Monk Fishing and Processing (Proprietary) Limited (Consolidated)	100%	100%
Seaflower Tuna Fishing and Processing (Proprietary) Limited (Consolidated)	100%	100%
Seaflower Lobster Processing (Proprietary) Limited (Not consolidated)	100%	100%
Namibia Rock Lobster Packers (Proprietary) Limited (Not consolidated)	66.67%	66.67%
<b>Subsidiary / Prior year associated company</b>		
Seacope Freezer Fishing (Proprietary) Limited (Consolidated in the current period.)	51%	51%

**Subsequent events**

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

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2015**

	Note	Period ended 30/09/2015	Year ended 30/04/2014
		N\$	N\$
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	2	114 662 619	108 018 641
Interest in subsidiary and joint venture companies	3	1 200	3 905
Deferred taxation	5	<u>23 994 821</u>	<u>37 892 750</u>
		<u>138 658 640</u>	<u>145 915 296</u>
<b>CURRENT ASSETS</b>			
Taxation pre-paid		2 908 752	-
Money market and listed investments	6	26 531 049	121 111
Inventory	7	13 873 404	3 740 687
Trade and other receivables	8	168 906 216	5 028 661
Bank and cash balances		5 001 261	637 233
Related companies' accounts	4	<u>1 876 685</u>	<u>1 075 130</u>
		<u>219 097 367</u>	<u>10 602 822</u>
<b>TOTAL ASSETS</b>		<u>357 756 007</u>	<u>156 518 118</u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Issued share capital	9	42 260 928	42 260 928
Non-distributable reserve		12 689 550	16 212 462
Accumulated loss		<u>(44 689 428)</u>	<u>(77 304 932)</u>
		<u>10 261 050</u>	<u>(18 831 542)</u>
Non-controlling shareholders' interest/(deficit)		<u>43 877 584</u>	<u>(4 973 479)</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	5	3 796 999	3 519 526
Interest bearing liabilities	10	40 853 854	46 370 105
Non-interest bearing liabilities	10	7 955 832	7 990 932
Issued redeemable cumulative preference shares	12	80	90
Redeemable cumulative preference shares premium	12	<u>20 479 920</u>	<u>23 039 910</u>
		<u>73 086 685</u>	<u>80 920 563</u>
<b>CURRENT LIABILITIES</b>			
Provision for taxation		3 716 576	-
Current portion of preference shares and premium	12	5 120 000	2 560 000
Trade and other payables	11	74 284 803	61 736 227
Bank overdraft		17 105 517	12 633 820
Current portion of interest bearing liabilities	10	8 395 588	8 706 728
Related companies' accounts	4	<u>121 908 204</u>	<u>13 765 801</u>
		<u>230 530 688</u>	<u>99 402 576</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>357 756 007</u>	<u>156 518 118</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	Note	Period ended 30/09/2015	Year ended 30/04/2014
		N\$	N\$
<b>REVENUE</b>	1	249 721 416	37 349 450
Dividend income	13	907 463	6 811
Foreign exchange gain		3 410 055	249 338
Gain on bargain purchase	22	8 411 803	-
Interest income	13	602 821	1 072
Management fees received		41 631	732 000
Rent received		1 565 744	1 121 363
Other income		<u>92 298 496</u>	<u>42 581 977</u>
Profit on sale of property, plant and equipment		-	<u>4 397 645</u>
<b>TOTAL INCOME</b>		<u>356 959 429</u>	<u>86 439 656</u>
<b>EXPENDITURE</b>			
Auditors remuneration		462 026	350 147
- audit services		127 953	64 793
- other services		<u>13 430 999</u>	<u>10 414 235</u>
Depreciation			
Directors' remuneration		193 465	249 750
- for services as director	13	6 111 733	5 894 297
Finance charges		1 754 354	-
Impairment of fishing vessel		222 751	-
Loss on sale of property, plant and equipment		389 636	477 615
Operating rentals		4 125 083	-
Penalties and interest - Receiver of Revenue		71 602 240	33 970 051
Salaries, wages and employee costs		<u>200 887 356</u>	<u>38 141 632</u>
Other costs		<u>299 307 596</u>	<u>89 562 520</u>
<b>INCOME/(LOSS) BEFORE TAXATION</b>		<u>57 651 833</u>	<u>(3 122 864)</u>
<b>TAXATION</b>	14	<u>(19 247 749)</u>	<u>1 571 643</u>
<b>INCOME/(LOSS) AFTER TAXATION</b>		38 404 084	(1 551 221)
<b>SHARE OF INCOME FROM ASSOCIATE</b>		-	-
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>		38 404 084	(1 551 221)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>38 404 084</u>	<u>(1 551 221)</u>
<b>ATTRIBUTED TO:</b>			
• Equity holders of parent		27 949 027	21 188
• Non-controlling interest		<u>10 455 057</u>	<u>(1 572 409)</u>
		<u>38 404 084</u>	<u>(1 551 221)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**CONSOLIDATED CHANGE OF EQUITY STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**EQUITY ATTRIBUTABLE TO EQUITY HOLDERS**

	Share capital	Revaluation reserve	Accumulated loss	Total	Non-controlling interest	Total
	N\$	N\$	N\$	N\$	N\$	N\$
<b>Balance at 1 May 2014</b>	42 260 928	16 212 462	(77 304 932)	(18 831 542)	(4 973 479)	(23 805 021)
Net income/(loss) for the period	-	-	27 949 027	27 949 027	10 455 057	38 404 084
Depreciation on revaluation transferred to equity	-	(4 666 477)	4 666 477	-	-	-
Non-controlling interest of subsidiary acquired	-	-	-	-	43 084 397	43 084 397
Non-controlling interest portion of dividends paid	-	-	-	-	(4 900 000)	(4 900 000)
Deferred tax on depreciation on revaluation transferred to equity	-	<u>1 143 565</u>	-	<u>1 140 562</u>	<u>211 609</u>	<u>1 355 174</u>
<b>Balance at 30 September 2015</b>	<u>42 260 928</u>	<u>12 689 550</u>	<u>(44 689 428)</u>	<u>10 261 050</u>	<u>43 877 584</u>	<u>54 138 634</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**CONSOLIDATED CHANGE OF EQUITY STATEMENT (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**EQUITY ATTRIBUTABLE TO EQUITY HOLDERS**

	Share capital	Revaluation reserve	Accumulated loss	Total	Non-controlling interest	Total
	N\$	N\$	N\$	N\$	N\$	N\$
<b>Balance at 1 May 2013</b>	42 260 928	19 248 501	(69 787 819)	<u>(8 278 390)</u>	(6 229 649)	(14 508 039)
Net income/(loss) for the year	-	-	21 188	21 188	(1 572 409)	(1 551 221)
Depreciation on revaluation transferred to equity	-	(4 656 717)	4 656 717	-	-	-
Deferred tax on depreciation on revaluation transferred to equity	-	1 620 678	-	1 620 678	567 907	2 188 585
10% bought back from non-controlling interest holders	<u>-</u>	<u>-</u>	<u>(12 195 018)</u>	<u>(12 195 018)</u>	<u>2 260 672</u>	<u>(9 934 346)</u>
<b>Balance at 30 April 2014</b>	<u>42 260 928</u>	<u>16 212 462</u>	<u>(77 304 932)</u>	<u>(18 831 542)</u>	<u>(4 973 479)</u>	<u>(23 805 021)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	Note	Period ended 30/09/2015	Year ended 30/04/2014
		N\$	N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		108 483 225	85 101 471
Cash payments to suppliers and employees		<u>(47 683 322)</u>	<u>(83 244 470)</u>
Cash generated from operations	15	60 799 903	1 857 001
Dividends paid		(4 900 000)	-
Taxation paid		(3 954 313)	-
Interest and dividends received		1 510 284	7 883
Interest paid		<u>(6 111 733)</u>	<u>(5 894 297)</u>
Net cash inflow/(outflow) from operating activities		<u>47 344 141</u>	<u>(4 029 413)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiary net of cost acquired		6 874 118	-
Proceeds on sale of property, plant and equipment		799 200	15 899 154
Investments disposed		(26 407 233)	5 835 502
Property, plant and equipment acquired		<u>(22 855 404)</u>	<u>(822 587)</u>
Net cash (outflow)/inflow from investing activities		<u>(41 589 319)</u>	<u>20 912 069</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term loans movement		<u>(5 862 491)</u>	<u>(6 565 078)</u>
Net cash outflow from financing activities		<u>(5 862 491)</u>	<u>(6 565 078)</u>
<b>NET (UTILISATION)/GENERATION OF CASH AND CASH EQUIVALENTS</b>		(107 669)	10 317 578
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<u>(11 996 587)</u>	<u>(22 314 165)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u>(12 104 256)</u>	<u>(11 996 587)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**COMPANY STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2015**

	Note	Period ended 30/09/2015	Year ended 30/04/2014
		N\$	N\$
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	2	100 001	150 001
Interest in subsidiaries	3	48 891 829	48 891 929
Deferred taxation	5	<u>273 475</u>	<u>18 209</u>
		<u>49 265 305</u>	<u>49 060 139</u>
<b>CURRENT ASSETS</b>			
Related party accounts		-	2 052 766
Money market investments	6	26 414 678	14 474
Trade and other receivables	8	320 833	428 773
Cash and cash equivalents		<u>3 644 766</u>	<u>16 062</u>
		<u>30 380 277</u>	<u>2 512 075</u>
<b>TOTAL ASSETS</b>		<u><u>79 645 582</u></u>	<u><u>51 572 214</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL RESERVES</b>			
Issued share capital	9	42 260 928	42 260 928
Accumulated loss		<u>(20 910 538)</u>	<u>(18 873 428)</u>
Shareholder's interest		<u>21 350 390</u>	<u>23 387 500</u>
<b>NON-CURRENT LIABILITY</b>			
Long term loans	10	<u>7 955 832</u>	<u>7 990 932</u>
<b>CURRENT LIABILITIES</b>			
Related party accounts		43 633 252	16 646 172
Trade and other payables	11	<u>6 706 108</u>	<u>3 547 610</u>
		<u>50 339 360</u>	<u>20 193 782</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>79 645 582</u></u>	<u><u>51 572 214</u></u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	Note	Period ended 30/09/2015	Year ended 30/04/2014
		N\$	N\$
<b>REVENUE</b>	<b>1</b>		
Quota utilisation fee earned		<u>57 511</u>	<u>1 705 883</u>
		57 511	<u>1 705 883</u>
Commission		-	12 514
Dividend and interest income		900 204	803
Net impairment loss reversal		1 731 036	-
Foreign exchange gains		<u>203 539</u>	<u>-</u>
<b>TOTAL INCOME</b>		<u>2 892 290</u>	<u>1 719 200</u>
<b>EXPENDITURE</b>			
Auditors remuneration			
- for audit		64 000	58 000
- for other services		126 348	27 100
Depreciation		50 000	50 000
Directors' remuneration			
- for services as directors		56 429	63 000
Impairment		-	600 000
Interest paid		8 455	1 078 369
Employment costs		307 127	173 297
Other operating expenses		446 055	<u>240 219</u>
Penalties and interest - Receiver of Revenue		<u>4 125 083</u>	-
Net impairment of related party debtor		<u>1 169</u>	<u>-</u>
		<u>5 184 666</u>	<u>2 289 985</u>
<b>NET LOSS BEFORE TAX</b>		(2 292 376)	(570 785)
<b>TAXATION</b>	<b>14</b>	<u>255 266</u>	<u>193 363</u>
<b>NET LOSS AFTER TAX</b>		<u>(2 037 110)</u>	<u>(377 422)</u>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS</b>		(2 037 110)	(377 422)
<b>ACCUMULATED LOSS AT THE BEGINNING OF THE PERIOD</b>		<u>(18 873 428)</u>	<u>(18 496 006)</u>
<b>ACCUMULATED LOSS AT THE END OF THE PERIOD</b>		<u>(20 910 538)</u>	<u>(18 873 428)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	Note	Period ended 30/09/2015	Year ended 30/04/2014
		N\$	N\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		<u>4 811 269</u>	<u>1 871 313</u>
Financing received from suppliers/cash payments to suppliers and employees		<u>(4 678 956)</u>	<u>1 723 874</u>
Cash generated by operations	15	<u>132 313</u>	<u>3 595 187</u>
Unit Trust income		<u>900 204</u>	<u>803</u>
Interest paid		<u>(8 455)</u>	<u>(1 078 369)</u>
Net cash inflow from operating activities		<u>1 024 062</u>	<u>2 517 621</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of investment		<u>(26 400 204)</u>	<u>(803)</u>
Movement on subsidiaries' accounts		<u>29 039 946</u>	<u>(2 838 091)</u>
Net cash inflow/(outflow) from investing activities		<u>2 639 742</u>	<u>(2 838 894)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Decrease)/increase in long term loans		<u>(35 100)</u>	<u>31 757</u>
Net cash (outflow)/inflow from financing activities		<u>(35 100)</u>	<u>31 757</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>3 628 704</u>	<u>(289 516)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<u>16 062</u>	<u>305 578</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u>3 644 766</u>	<u>16 062</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

## 1. ACCOUNTING POLICIES

The 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 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 Financial Reporting Standards		Effective date
IFRS 9	Financial Instruments	Annual periods beginning on or after 01/01/2018
IFRS 11	Accounting for acquisitions of interests in Joint Operations	Annual periods beginning on or after 01/01/2016
IFRS 14	Regulatory Deferral Accounts	Annual periods beginning on or after 01/01/2016
IFRS 15	Revenue from contracts with customers	Annual periods beginning on or after 01/01/2017
Amended IAS 16 & 26	Clarification of acceptable methods of depreciation and amortisation	Annual periods beginning on or after 01/01/2016
Amended IAS 16 & 41	Agriculture : Bearer plants	Annual periods beginning on or after 01/01/2017

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

## 1. ACCOUNTING POLICIES

The International Financial Reporting Standards applied are those issued by the International Accounting Standards Boards as at 30 September 2015, 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 carries 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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**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.

**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 fair value plus transaction costs.

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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**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.**

**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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**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.

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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**Revenue recognition (continued)**

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.

**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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**1. ACCOUNTING POLICIES (continued)**

**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.

**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 NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**1. PROPERTY, PLANT AND EQUIPMENT**

	Land & buildings	Fishing vessels	Plant & machinery	Motor vehicles	Computer equipment	Office furniture	Office machines	Residential furniture	Total
<b>Period ended</b>									
<b>30/09/2015</b>	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Opening carrying amount	64 905 293	11 714 685	30 200 270	61 704	61 704	10 108	64 951	-	108 018 641
Additions	1 495 875	16 658 466	1 111 249	1 655 257	1 644 880	289 677	-	-	22 855 404
Disposals	(660 676)	(150 000)	(158 824)	(56 572)	-	-	-	-	(1 026 072)
Impairment loss	-	(934 167)	(820 188)	-	-	-	-	-	(1 754 355)
Depreciation	(3 423 609)	(1 703 956)	(7 027 572)	(705 380)	(479 654)	(26 312)	(64 516)	-	(13 430 999)
<b>Closing carrying amount</b>	<b><u>62 316 883</u></b>	<b><u>25 585 028</u></b>	<b><u>23 304 935</u></b>	<b><u>1 954 935</u></b>	<b><u>1 226 930</u></b>	<b><u>273 473</u></b>	<b><u>435</u></b>	<b><u>-</u></b>	<b><u>114 662 619</u></b>
<b>As at 30/09/2015</b>									
At revalued cost	79 133 232	41 768 056	61 292 691	2 655 043	3 755 538	899 377	429 333	411 309	190 344 579
Accumulated depreciation and impairment loss	(16 816 349)	(16 183 028)	(37 987 756)	(700 108)	(2 528 608)	(625 904)	(428 898)	(411 309)	(75 681 960)
Carrying amount	<u>62 316 883</u>	<u>25 585 028</u>	<u>23 304 935</u>	<u>1 954 935</u>	<u>1 226 930</u>	<u>273 473</u>	<u>435</u>	<u>-</u>	<u>114 662 619</u>
Depreciation rate	4%	16,7%/4%	20%	25%	33,3%	20%	20%	20%	

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**2. PROPERTY, PLANT AND EQUIPMENT**

	Land & buildings	Fishing vessels	Plant & machinery	Motor vehicles	Computer equipment	Office furniture	Office machines	Residential furniture	Total
<i>Year ended</i>	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
<i>30/04/2014</i>									
Opening carrying amount	74 275 459	14 495 660	35 841 618	520 469	98 716	17 136	81 700	-	125 330 758
Additions	-	-	10 728	802 500	9 359	-	-	-	822 587
Disposals	(7 232 451)	(50 000)	(438 018)	-	-	-	-	-	(7 720 469)
Depreciation	<u>(2 137 715)</u>	<u>(2 730 975)</u>	<u>(5 214 058)</u>	<u>(261 339)</u>	<u>(46 371)</u>	<u>(7 028)</u>	<u>(16 749)</u>	-	<u>(10 414 235)</u>
Closing carrying amount	<u>64 905 293</u>	<u>11 714 685</u>	<u>30 200 270</u>	<u>1 061 630</u>	<u>61 704</u>	<u>10 108</u>	<u>64 951</u>	-	<u>108 018 641</u>
<i>As at 30/04/2014</i>									
At revalued cost	71 878 666	25 200 590	<u>60 060 821</u>	2 527 886	2 126 647	514 783	380 937	411 309	163 101 639
Accumulated depreciation	<u>(6 973 373)</u>	<u>(13 485 905)</u>	<u>(29 860 551)</u>	<u>(1 466 256)</u>	<u>(2 064 943)</u>	<u>(504 675)</u>	<u>(315 986)</u>	<u>(411 309)</u>	<u>(55 082 998)</u>
Carrying amount	<u>64 905 293</u>	<u>11 714 685</u>	<u>30 200 270</u>	<u>1 061 630</u>	<u>61 704</u>	<u>10 108</u>	<u>64 951</u>	-	<u>108 018 641</u>
Depreciation rate	4%	16,7%	20%	25%	33,3%	20%	20%	20%	

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**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 Ohamba” and “MFV Rex” and vessel equipment of N\$ 16 million and N\$ 15 million respectively with a combined book value of N\$ 17 175 398.
- 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\$ 48 289 702.
- 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 2010 financial year.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**2. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Fishing vessel	Motor vehicle	Computer equipment	Office machines	Furniture & fittings	Total
	N\$	N\$	N\$	N\$	N\$	N\$
<b>For the period ended 30 September 2015</b>						
Opening carrying amount	150 000	1	-	-	-	150 001
Depreciation for the year	<u>(50 000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50 000)</u>
Carrying amount	<u>100 000</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100 001</u>
<b>As at 30 September 2015</b>						
At cost	1 000 000	115 386	6 629	11 395	106 312	1 239 722
Accumulated depreciation	<u>(900 000)</u>	<u>(115 385)</u>	<u>(6 629)</u>	<u>(11 395)</u>	<u>(106 312)</u>	<u>(1 139 721)</u>
Net carrying amount	<u>100 000</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100 001</u>
<b>For the year ended 30 April 2014</b>						
Opening carrying amount	800 000	1	-	-	-	800 001
Impairment	<u>(600 000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600 000)</u>
Depreciation for the year	<u>(50 000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50 000)</u>
Carrying amount	<u>150 000</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150 001</u>
<b>As at 30 April 2014</b>						
At cost	1 000 000	115 386	6 629	11 395	106 312	1 239 722
Accumulated depreciation	<u>(850 000)</u>	<u>(115 385)</u>	<u>(6 629)</u>	<u>(11 395)</u>	<u>(106 312)</u>	<u>(1 089 721)</u>
Net carrying amount	<u>150 000</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150 001</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

### 3. INTEREST IN SUBSIDIARIES AND JOINT VENTURE COMPANIES

#### Group

	Percentage holding	2014	2013
Subsidiaries not consolidated	%	N\$	N\$
Namibia Rock Lobster Packers (Pty) Ltd - shares at cost	66,67	1 200	1 200
Seaflower Lobster Processing (Pty) Ltd - shares at cost	100	-	100

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.

Seacope Freezer Fishing (Pty) Ltd, a subsidiary of Seaflower Whitefish Corporation Limited, was established to utilise Seaflower Whitefish Corporation Limited's freezer hake quota.

The directors and shareholders of Seaflower Whitefish Corporation Limited are fully conversant with the company's results and position. As of the current period Seaflower Whitefish Corporation Limited gained control over Seacope Freezer Fishing (Pty) Ltd through a new shareholders agreement being signed and approved by the board.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

Company	30/09/2015	30/04/2014
	N\$	N\$
Shares at cost less impairment:		
Seaflower Large Pelagic Processing (Pty) Ltd	100	100
Seaflower Monk Fishing and Processing (Pty) Ltd	100	100
Seaflower Tuna Fishing and Processing (Pty) Ltd	-	100
Seaflower Whitefish Corporation Limited	80 815 346	80 815 346
Seaflower Lobster Corporation Limited	<u>8 899 829</u>	<u>8 899 829</u>
	89 715 375	89 715 475
<b>Less: Provision for diminution in value</b>	<u>40 823 546</u>	<u>40 823 546</u>
	<u>48 891 829</u>	<u>48 891 929</u>
<b>Loans (from)/to subsidiaries:</b>		
Seaflower Large Pelagic Processing (Pty) Ltd	(100)	1 966 816
Seaflower Monk Fishing and Processing (Pty) Ltd	(100)	85 950
Seaflower Lobster Corporation Limited	(916 684)	(4 473 732)
Seaflower Whitefish Corporation Limited	<u>(42 716 368)</u>	<u>(12 172 440)</u>
	<u>(43 633 252)</u>	<u>(14 593 406)</u>
Loans from subsidiaries	(43 633 252)	(16 646 172)
Loans to subsidiaries	<u>-</u>	<u>2 052 766</u>
	<u>(43 633 252)</u>	<u>14 593 406</u>

The company holds 39 000 000 (2013: 34 000 000) shares out of 50 000 000 issued shares in Seaflower Whitefish Corporation Limited, representing 78% (2014: 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.

The advances to Seaflower Large Pelagic Processing, Seaflower Monk Fishing and Processing and Seaflower Tuna Fishing and Processing are unsecured, interest free and repayable on demand.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

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

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
<b>Owing by related companies:</b>		
- Copemar SA	-	-
- Seafrio SA	-	348 182
- Seacope Freezer Fishing (Pty) Ltd	-	66 633
- current account	1 876 685	602 010
- Namibia Rock Lobster Packers (Pty) Ltd	<u>-</u>	<u>58 305</u>
- Marfrio SA	<u>1 876 685</u>	<u>1 075 130</u>
<b>Owing to related companies:</b>		
- Copemar SA	<u>121 908 204</u>	-
- Seacope Freezer Fishing (Pty) Ltd	-	<u>13 765 801</u>
- prepaid quota royalty	<u>-</u>	<u>13 765 801</u>
	<u>121 908 204</u>	<u>13 765 801</u>

The Seacope Freezer Fishing (Pty) Ltd prepayment is secured by Hake Freezer Quota to be allocated to the vessel Pemba Bay of Seacope Freezer Fishing (Pty) Ltd.

All accounts are interest free and of short term nature except for the long term portion of the prepaid quota royalty which were redeemed in the 2014/2015 fishing year.

As of the current period Seacope Freezer Fishing (Pty) Ltd is a subsidiary of Seaflower Whitefish Corporation Limited and is therefore part of the consolidated financial statements.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**5. DEFERRED TAXATION**

	Period ended 30/09/2015	Year ended 30/04/2014
Group	N\$	N\$
The deferred taxation balance arises from:	22 149 596	24 405 379
Accelerated tax allowance in respect of:	51 637	115 278
- property, plant and equipment	<u>(42 399 055)</u>	<u>(58 893 881)</u>
Consumables		
Assessable taxation loss	<u>(20 197 822)</u>	<u>(34 373 224)</u>
Deferred tax reconciliation:		
- opening balance	(34 373 224)	(30 631 448)
- net (releasing)/originating timing difference	<u>14 175 402</u>	<u>(3 741 776)</u>
	<u>(20 197 822)</u>	<u>(34 373 224)</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:	(23 994 821)	(37 892 750)
	<u>3 796 999</u>	<u>3 519 526</u>
Deferred tax asset		
Deferred tax liability	<u>(20 197 822)</u>	<u>(34 373 224)</u>
<b>Company</b>		
The deferred taxation balance comprises:	33 000	49 500
Accelerated tax allowances in respect of:	<u>(306 475)</u>	<u>(67 709)</u>
Property, plant and equipment		
Assessable losses	<u>(273 475)</u>	<u>(18 209)</u>
<b>Deferred tax reconciliation:</b>		
Opening balance	(18 209)	175 154
(Reversing)/originating timing difference	<u>(255 266)</u>	<u>(193 363)</u>
	<u>(273 475)</u>	<u>(18 209)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**
**6. INVESTMENTS**

	30/09/2015	30/04/2014
	N\$	N\$
<b>Group</b>		
Money market investments:	<u>26 510 577</u>	<u>103 115</u>
Bank Windhoek Corporate Funds		
<b>Listed shares:</b>		
Old Mutual shares at market value	<u>20 472</u>	<u>17 996</u>
Total short term investments	<u>26 531 049</u>	<u>121 111</u>
<b>Company</b>		
Money market investment:		
Bank Windhoek Corporate Fund	<u>26 414 678</u>	<u>14 474</u>

The above investments accrue income at varying rates. The bulk of these funds relate to money received from the sale of Horse Mackerel quota being earmarked to fund the acquisition of one fishing vessel currently leased by Seaflower Whitefish Corporation Limited.

	30/09/2015	30/04/2014
	N\$	N\$
<b>Group</b>		
Processed fish, lobster and marine products	7 409 391	1 921 937
Packing material	2 580 790	897 465
Spares and consumables	<u>3 883 223</u>	<u>921 285</u>
	<u>13 873 404</u>	<u>3 740 687</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**8. TRADE AND OTHER RECEIVABLES**

	30/09/2015	30/04/2014
Group	N\$	N\$
Trade debtors	<u>169 021 205</u>	<u>5 105 872</u>
Allowance for doubtful debts	<u>(2 179 082)</u>	<u>(1 699 027)</u>
Prepayments and claims	<u>593 309</u>	<u>720 323</u>
VAT recoverable	<u>1 388 284</u>	<u>54 133</u>
Staff debtors	<u>82 500</u>	<u>847 360</u>
	<u><u>168 906 216</u></u>	<u><u>5 028 661</u></u>
<p>The foreign related party debtor, Copemar SA, amounts to Euro 10 699 970 converted to Namibian Dollar at year end amounting to N\$ 160 715 921. This debtor is intended to be settled by setting off the related companies account begin disclosed in Note 4 once permission to set off is obtained from the Bank of Namibia and a reduction in share capital of the subsidiary Seacope Freezer Fishing (Pty) Ltd.</p>		
	<u><u>2 179 082</u></u>	<u><u>1 699 027</u></u>
<p>An allowance has been made for estimated irrecoverable amounts of :</p>		
<p>This allowance has been determined by reference to past default experience.</p>		
<p>At year-end, the following trade debtors have balances exceeding 5% of the total trade receivables:</p>		
Customer A	<u>95 335</u>	<u>189 652</u>
Customer B	<u>192 205</u>	<u>192 205</u>
Customer C	-	<u>2 254 205</u>
Customer D	<u>2 249</u>	<u>703 213</u>
Customer E	<u>114 169</u>	<u>164 551</u>
Customer F	<u>2 498 867</u>	-
Customer G	<u>770 697</u>	-
Customer H	<u>160 715 921</u>	-
	<u><u>320 833</u></u>	<u><u>428 773</u></u>
<b>Company</b>		
VAT receivable	<u>89 718</u>	<u>53 126</u>
Trade debtors	<u>231 115</u>	<u>375 647</u>
	<u><u>320 833</u></u>	<u><u>428 773</u></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**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

## 9. SHARE CAPITAL

	Period ended 30/09/2015	Year ended 30/04/2014
Company and Group	N\$	N\$
<b>Authorised:</b>		
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	<u>14 700 000</u>	<u>14 700 000</u>
	<u>300 000 000</u>	<u>300 000 000</u>
<b>Issued:</b>		
42 260 928 ordinary class A shares at N\$ 1 each	<u>42 260 928</u>	<u>42 260 928</u>

## 10. INTEREST BEARING LONG TERM LIABILITIES

	Period ended 30/09/2015	Year ended 30/04/2014
Group	N\$	N\$
a) NDF loan at historical value	<u>8 379 326</u>	<u>8 379 326</u>
Interest capitalised	<u>2 717 692</u>	<u>2 360 940</u>
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%. Accrued interest is in the disclosed balance in the current year. In the prior year this amount was included in accounts payable.		
Less: Repayable within 12 months transferred to current liabilities	<u>(4 896 310)</u>	<u>(4 036 800)</u>
	<u>6 200 708</u>	<u>6 703 466</u>
Net present value of NDF loan amortised at prime interest rate less 3%.	<u>8 366 417</u>	<u>7 993 462</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	Period ended 30/09/2015	Year ended 30/04/2014
<b>Bank Windhoek Limited instalment sale agreements:</b>	N\$	N\$
Various instalment sale agreements repayable in monthly instalments of N\$ 32 397 had been entered into by the subsidiaries for various assets with a book value of N\$ 890 366.	-	77 563
Less: Repayable within 12 months transferred to current liabilities	<u>-</u>	<u>(74 025)</u>
	<u>-</u>	<u>3 538</u>
 First National Bank of Namibia Limited term loan:	 =	 <u>1 937 824</u>
The loan carried interest at prime interest rate and was repayable in monthly instalments of N\$ 156 082 and is secured by property and vessels as stated in note 2.		
Less: Repayable within 12 months transferred to current liabilities	<u>-</u>	<u>(1 872 988)</u>
	<u>-</u>	<u>64 836</u>
 <b>Superpackers loan:</b>	 <u>3 780 000</u>	 <u>3 780 000</u>

The acquisition of fish processing machinery was financed directly with the supplier. Detailed terms are still being negotiated, however, it has been agreed that no interest is charged up until financial year-end. The loan is considered to be of a long term nature

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**10. INTEREST BEARING LONG TERM LIABILITIES (continued)**

Group	Period ended 30/09/2015 N\$	Year ended 30/04/2014 N\$
First National Bank of Namibia Ltd term loan:	<u>1 110 681</u>	<u>4 609 190</u>
This loan bears interest at prime interest rate, is repayable in monthly instalments of N\$ 226 910 and is secured by the property and fishing vessels as stated in note 2, a cession of debtors as well as surety granted by the parent, fellow subsidiaries and related companies.		
Less: Repayable within 12 months	<u>(1 110 681)</u>	<u>(2 722 915)</u>
	<u>                  -</u>	<u>1 886 275</u>
Development Bank of Namibia long-term loan:	<u>33 261 743</u>	<u>33 931 990</u>
This loan bears interest at prime rate less 2,75% per annum. The loan is secured by an unlimited suretyship granted by the holding company, National Fishing Corporation of Namibia Limited, backed by a N\$ 38 500 000 suretyship by the Government of the Republic of Namibia. Monthly instalments amounts to N\$ 432 468.		
Less: Repayable within 12 months	<u>(2 388 597)</u>	<u>                  -</u>
	<u>30 873 146</u>	<u>33 931 990</u>
<b>Group and company</b>		
Interest-free long term loans	<u>7 955 832</u>	<u>7 990 932</u>

The Governors Trust has agreed to convert a usage fee creditor balance, owed to them by the company, to a long term loan. This loan carries no interest and is not secured. Loan repayments, as agreed upon by all parties involved, will only be made once the group cash flow allows it.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**10. INTEREST BEARING LONG TERM LIABILITIES (continued)**

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
<b>Company</b>		
Total long term liabilities - company	<u>7 955 832</u>	<u>7 990 932</u>
Total short term portion - company	<u>-</u>	<u>-</u>
<b>Group</b>		
Total long term liabilities - group	<u>40 853 854</u>	<u>54 361 037</u>
Total short term portion - group	<u>8 395 588</u>	<u>8 706 728</u>

**11. TRADE AND OTHER PAYABLES**

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
Accounts payable comprise amounts outstanding for trade payables and ongoing costs and its historical values estimate the fair value:		
Accrued penalties and interest - Receiver of Revenue	4 125 083	-
Marfrio SA - payable for shares	-	1 800 143
Trade creditors	11 195 533	9 045 684
Salary accruals	3 991 314	3 459 339
Other accruals	3 009 270	901 440
VAT payable	1 174 156	2 210 961
Accrued fund, quota and bycatch levies	<u>50 789 447</u>	<u>44 318 660</u>
	<u>74 284 803</u>	<u>61 736 227</u>
<b>Company</b>		
Marfrio SA- payable for shares	-	1 800 143
Accrued penalties and interest - Receiver of Revenue	4 125 083	-
Accrued fund, quota and bycatch levies	1 846 842	1 695 897
Other accruals	<u>734 183</u>	<u>51 570</u>
	<u>6 706 108</u>	<u>3 547 610</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**12. REDEEMABLE CUMULATIVE PREFERENCE SHARES**

	Period ended 30/09/2015	Year ended 30/04/2014
Authorised:	N\$	N\$
200 shares at N\$ 1.00 each	<u>200</u>	<u>200</u>
Issued:		
100 shares at N\$ 1.00 each	<u>100</u>	<u>100</u>
Share premium	<u>25 599 900</u>	<u>25 599 900</u>

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.

These preference shares accumulate dividends calculated on the prime interest rate less the prevailing company tax rate (at 35% after 3 years) on the unredeemed preference share balance plus premium. Accumulated dividends must be paid from the third anniversary of issue of the shares. Although dividends can only be recognised once declared, a contingent dividend is calculated as below in line with the preference share agreement. No accrual has been raised.

**Dividend payments remain outstanding as follows:**

- for the year ended 30 April 2013: N\$ 455 188
- for the year ended 30 April 2014: N\$ 2 109 740
- for the period ended 30 September 2015: N\$ 1 851 287

The redemption of the preference shares is determined according to a set schedule with a predetermined number of shares having to be redeemed according to the schedule each year, including share premium. The first redemption should have occurred on 30 November 2012 with 3 shares being redeemed.

A put option is in place for 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.

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

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**13. FINANCE CHARGES AND INCOME**

	Period ended 30/09/2015	Year ended 30/04/2014
Group	N\$	N\$
<b>Charges</b>		
Interest on bank overdrafts and loans	<u>6 111 733</u>	<u>5 894 297</u>
<b>Income</b>		
- dividends	<u>907 463</u>	<u>6 811</u>
- interest income	<u>602 821</u>	<u>1 072</u>
	<u>1 510 284</u>	<u>7 883</u>

**14. TAXATION**

	Period ended 30/09/2015	Year ended 30/04/2014
Group	N\$	N\$
Deferred taxation release	15 531 173	(1 571 643)
Namibian normal tax	<u>3 716 576</u>	<u>-</u>
	<u>19 247 749</u>	<u>(1 571 643)</u>
<b>Reconciliation of tax rate:</b>	19 025 105	(1 030 545)
Notional tax on net income/(loss) at 33%		
Tax effect of:		
- non-deductible expenditure	1 434 785	185 297
- depreciation on revaluation	1 355 174	1 442 215
- non-taxable gain on bargain purchase	(2 775 895)	-
- capital profit on disposal of property	(198 152)	(1 281 386)
- non-taxable income	(300 281)	(2 513)
- change in tax rate	-	728 488
- capital profit on sale of investment	-	(763 007)
- deferred tax asset written off	-	(850 192)
- prior year deferred tax under-recognised	<u>465 177</u>	<u>-</u>
	<u>19 247 749</u>	<u>(1 571 643)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**14. TAXATION (continued)**

Company	Period ended 30/09/2015 N\$	Year ended 30/04/2014 N\$
Deferred taxation	<u>255 266</u>	<u>193 363</u>
<b>Reconciliation of tax rate</b>		
Notional tax on net loss at 33% (2013: 34%)	(756 484)	(188 359)
Tax effect of:		
- non-taxable income	(868 309)	(265)
- non tax deductible expenditure	1 369 527	413
- change in tax rate	<u>-</u>	<u>(5 152)</u>
	<u>(255 266)</u>	<u>(193 363)</u>

No normal tax liability arises as the company has no taxable income.  
Assessable losses estimated at  
N\$ 928 713 (2014: N\$ 205 180) are available to be set off against  
future taxable income.

**15. RECONCILIATION OF INCOME/(LOSS) BEFORE TAXATION TO CASH GENERATED OPERATIONS**

Group	Period ended 30/09/2015 N\$	Year ended 30/04/2014 N\$
Net income/(loss) before taxation	57 651 833	(3 122 864)
Adjusted for:		
- impairment of fishing vessel	1 754 354	-
- interest and dividend received	(1 510 284)	(7 883)
- interest paid	6 111 733	5 894 297
- depreciation	13 430 999	10 434 235
- profit on disposal of property, plant and equipment	-	(4 397 645)
- loss on disposal of property, plant and equipment	222 751	-
- non cash movement on subsidiary acquired	<u>-</u>	<u>-</u>
Operating cash flow before working capital changes	77 661 386	8 800 140
Increase in accounts receivable	(76 158 922)	(1 338 185)
(Increase)/decrease in inventory	(6 867 517)	(1 097 721)
Increase in accounts payable	12 287 095	2 351 234
Related party movement	<u>53 877 861</u>	<u>(6 858 467)</u>
Cash generated by operations	<u>60 799 903</u>	<u>1 857 001</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**15. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED OPERATIONS (continued)**

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
<b>Company</b>		
Net operating (loss)/income before taxation	(2 292 376)	(570 785)
Adjusted for:		
- Unit Trust income	(900 204)	(803)
- depreciation and impairment	50 000	650 000
- interest paid	<u>8 455</u>	<u>1 078 369</u>
Operating income before working capital changes	<u>(3 134 125)</u>	<u>1 156 781</u>
Increase in accounts receivable	107 940	(104 844)
Increase in accounts payable	<u>3 158 498</u>	<u>2 543 250</u>
Cash generated by operations	<u><u>132 313</u></u>	<u><u>3 595 187</u></u>

**16. 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 2015 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.

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
Group contributions to the Seaflower Namibia Retirement Fund	<u><u>2 561 482</u></u>	<u><u>1 683 187</u></u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

## 17. CAPITAL COMMITMENTS

The board has resolved to acquire the vessel MFV Farillon for an estimated amount of N\$ 50 000 000.

### Group

No capital commitments have been approved by the board.

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.

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
<b>Group</b>		
• Seacope Freezer Fishing (Pty) Ltd		
- quota royalties received	-	6 292 593
- administration fees received	-	720 000
- commission received	-	2 640 305
• Namibia Rock Lobster Packers (Pty) Ltd		
- management fees received	17 000	12 000
• Copemar SA		
- administration fees	483 112	-
- revenue	142 040 679	-
- vessel crewed charter fee paid	37 932 570	-
• Seafrio SA		
- sales	-	69 059
	<u>                    </u>	<u>                    </u>

## 19. FINANCIAL RISK MANAGEMENT

### 19.1 Overview

In the normal course of its operations, the group is exposed to market risk (including price risk and cash flow interest rate risk), liquidity and credit risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group manages these risks as follows:

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

19. FINANCIAL RISK MANAGEMENT (continued)

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.

**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.

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.

	Share capital	Accumulated loss	Non-distributable reserve	Total
	10% increase	10% decrease	10% increase	10% decrease
Profit after tax - group	<u>24 972 142</u>	<u>(24 972 142)</u>	<u>2 502 413</u>	<u>(2 502 413)</u>
Profit after tax - company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

19. FINANCIAL RISK MANAGEMENT (continued)

*b) Operational risk (continued)*

i) Interest rate risk

	More than 12 months	Less than 12 months	Total interest
Group	N\$	N\$	N\$
<b>As at 30 September 2015</b>			
Non-interest bearing liabilities	7 955 832	-	7 955 832
Interest bearing liabilities	41 189 026	8 060 416	49 249 442
Bank overdrafts	-	17 105 517	17 105 517
Cash and cash equivalents	-	(5 001 261)	(5 001 261)
Cumulative redeemable preference shares	21 759 915	3 839 985	-
Money Market investment	-	<u>(26 531 049)</u>	<u>(26 531 049)</u>
<b>Company</b>			
As at 30 September 2015			
Cash and cash equivalents	-	(3 644 766)	(3 644 766)
Money Market investment	-	<u>(26 414 678)</u>	<u>(26 414 678)</u>
<b>Group</b>			
As at 30 April 2014			
Non-interest bearing liabilities	7 990 932	-	7 990 932
Interest bearing liabilities	46 370 105	8 706 728	55 076 833
Bank overdrafts	-	12 633 820	12 633 820
Cash and cash equivalents	-	(637 233)	(637 233)
Cumulative redeemable preference shares	23 040 000	2 560 000	25 600 000
Money Market investment	-	<u>(121 111)</u>	<u>(121 111)</u>
<b>Company</b>			
As at 30 April 2014			
Cash and cash equivalents	-	(16 062)	(16 062)
Money Market investment	-	<u>(14 474)</u>	<u>(14 474)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**19. 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 below summarises the effective interest rate for monetary financial instruments:

	Period ended 30/09/2015	Year ended 30/04/2014
	N\$	N\$
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 2014.

	Effect on profit 2014		Effect on profit 2014	
	10% increase	10% decrease	10% increase	10% decrease
	N\$	N\$	N\$	N\$
Interest bearing liabilities				
- group	(492 494)	(492 494)	(550 768)	(550 768)
Cash and cash equivalents				
- group	50 013	(50 013)	6 372	6 372
Cash and cash equivalents				
- company	36 448	(36 448)	160	(160)
Money Market investments				
- group	265 310	(265 310)	1 211	(1 211)
Money Market investments				
- company	<u>264 147</u>	<u>(264 147)</u>	<u>144</u>	<u>(144)</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**19. 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.

	Less than 10 Years	Between 1 and 2 years	Between 1 and 2 years	Over 5 years
	N\$	N\$	N\$	N\$
<b>Group</b>				
As at 30/09/2015				
Long-term liabilities	8 060 416	2 460 372	5 634 750	41 049 736
Trade and other payables	74 284 803	-	-	-
Bank overdrafts	17 105 517	-	-	-
Cumulative redeemable preference shares	3 840 000	1 280 000	7 680 000	12 800 000
Charter loss to Copemar	6 550 344	-	-	-
Related company accounts	<u>121 908 204</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30/04/2014				
Long-term liabilities	8 706 728	2 864 762	6 832 717	43 663 558
Trade and other payables	61 736 777	-	-	-
Bank overdrafts	12 633 820	-	-	-
Cumulative redeemable preference shares	2 560 000	1 536 000	7 680 000	13 824 000
Related company accounts	<u>13 765 801</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Company</b>				
As at 30/09/2015				
Long-term liabilities	-	-	-	7 955 832
Trade and other payables	<u>6 706 108</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 30/04/2014				
Long-term liabilities	-	-	-	7 990 932
Trade and other payables	<u>3 547 610</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

19. 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	
	Period ended 30/09/2015	Year ended 30/04/2014
Group	N\$	N\$
Trade and other receivables	168 906 216	5 028 661
Cash and cash equivalents	<u>5 001 261</u>	<u>637 233</u>
Company	<u>173 907 477</u>	<u>5 665 894</u>
Trade and other receivables	320 833	428 773
Cash and cash equivalents	<u>3 644 766</u>	<u>16 062</u>
	<u>3 965 599</u>	<u>444 835</u>

The group and company's standard credit terms are 30 days after statement, except for fish exports to Seafrio in Spain which are 60 days after bill of lading.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

19. FINANCIAL RISK MANAGEMENT (continued)

d) Credit risk (continued)

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

	Gross 30/09/2015	Impairment 30/09/2015	Gross 30/09/2015	Impairment 30/09/2015
	N\$	N\$	N\$	N\$
<b>Group</b>				
Trade debtors				
Not past due	66 479 891	-	4 443 210	-
Past due 0-90 days	-	-	128 593	-
Past due 120 days	<u>2 541 314</u>	<u>(1 611 407)</u>	<u>534 069</u>	<u>(534 069)</u>
Total	<u>169 021 205</u>	<u>(1 611 407)</u>	<u>5 105 872</u>	<u>(534 069)</u>
<b>Company</b>				
Trade debtors				
Not past due	17 909	-	375 647	-
Past due 0-90 days	-	-	-	-
Past due 120 days	<u>71 809</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>89 718</u>	<u>-</u>	<u>375 647</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 NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**19. FINANCIAL RISK MANAGEMENT (continued)**

**d) Credit risk (continued)**

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

Group	Period ended 30/09/2015 N\$	Year ended 30/04/2014 N\$
Opening balance	1 699 027	1 217 432
Provisions raised(reversed)	<u>480 055</u>	<u>481 595</u>
Closing balance	<u>2 179 082</u>	<u>1 699 027</u>
<b>Company</b>		
Opening balance	-	-
Provisions reversed	<u>-</u>	<u>-</u>
Closing balance	<u>-</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.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**19. FINANCIAL RISK MANAGEMENT (continued)**

**19.2 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.

**19.3 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.

**20. 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.

**21. CONTINGENT LIABILITIES**

**Group and company**

As per the quota wage agreement between Seaflower Whitefish Corporation Limited and users of quota, the users are liable for the quota levy. However, Seaflower Whitefish Corporation Limited as the holder of the quota is liable for the quota fees as per government regulation. At period-end Seaflower Whitefish Corporation Limited could not obtain proof of payment from users of the quota for an amount of N\$ 1 573 115.

**22. GAIN ON BARGAIN ACQUISITION OF SUBSIDIARY**

Seaflower Whitefish Corporation Limited gained control over Seacope Freezer Fishing (Pty) Ltd by entering into a new shareholders agreement with Copemar SA. As a result negative goodwill arose on consolidation of Seacope Freezer Fishing (Pty) Ltd which has been credited to the income statement.

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**COMPANY REGISTRATION NUMBER: 92/227**  
**GROUP AND COMPANY**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**30 SEPTEMBER 2015**

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**DETAILED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	17 months ended 30/09/2015	Year ended 30/04/2014
INCOME	N\$	N\$
Utilisation fees received	57 511	1 705 883
Impairment loss reversal	1 731 036	-
Foreign exchange gains	203 539	-
Commission	-	12 514
Dividends received	<u>900 204</u>	<u>803</u>
	<b><u>2 892 290</u></b>	<b><u>1 719 200</u></b>
<b>EXPENDITURE</b>	85 071	
Administration fees	17 365	60 000
Annual duty		17 005
Audit fees	64 000	
- audit services	126 348	58 000
- other services	52 019	27 100
Bad debts	4 055	13 154
Bank charges	19 050	3 066
Consulting fees	50 000	35 503
Depreciation	56 429	50 000
Directors' fees	25 000	63 000
Donations	-	1 250
Impairment	8 455	600 000
Interest paid	4 125 083	1 078 369
Interest and penalties - Receiver of Revenue	54 088	-
Licences and insurance	164 033	82 241
Quota fees	307 127	-
Salaries	24 000	173 297
Subscriptions	<u>2 543</u>	<u>28 000</u>
Travelling		<u>-</u>
	<b><u>5 184 666</u></b>	<b><u>2 289 985</u></b>
<b>NET LOSS BEFORE TAXATION</b>	<b><u>(2 292 376)</u></b>	<b><u>(570 785)</u></b>

**NATIONAL FISHING CORPORATION OF NAMIBIA LIMITED**  
**TAXATION COMPUTATION**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**17 months ended  
30/09/2015**

**NET LOSS BEFORE TAXATION**

N\$

		2 292 376
Add back:	Depreciation	2 292 376
	Donations	50 000
	Interest and penalties - Receiver of Revenue	25 000
		<u>4 125 083</u>
		1 907 707
Less:	Dividends received	900 204
	Impairment loss reversal	<u>1 731 036</u>
		723 533
	<b>TAXATION LOSS FOR THE PERIOD</b>	<u>205 180</u>
	<b>ASSESSABLE LOSS BROUGHT FORWARD</b>	<u>928 713</u>
	<b>ASSESSABLE LOSS CARRIED FORWARD</b>	<u><u>928 713</u></u>



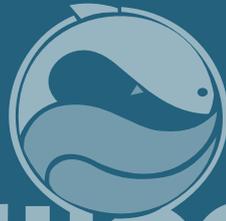








Supremely rich in nutrients. We deliver the highest quality of Hake, caught in the the most nutrient rich system in the world, the Benguella ocean current, along the Namibian coastline.



**FISHCOR**

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