

NAMIBIAN

STOCK

EXCHANGE



Annual Report
31 December

2008

NSX DETAILS

NATURE OF BUSINESS

Stock Exchange
Transfer Secretaries

AUDITORS

Deloitte & Touche

BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

ADDRESS

8 Kaiser Krone Centre, Post Street Mall
P.O. Box 2401, Windhoek, Namibia

CONTACT DETAILS

Tel: +264-61-227 647

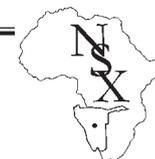
Fax: +264-61-248 531

e-mail

info@nsx.com.na

Website

www.nsx.com.na



NAMIBIAN STOCK EXCHANGE ANNUAL REPORT DECEMBER 2008

The Mission and Vision of the NSX

Mission

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

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

Vision

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

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

CONTENTS

NSX Details	Inside front cover
NSX Statistics	2
Chairman's Annual Report	3-5
NSX Board, Committees & Staff	6 -11
Corporate Governance Report	12 -17
Responsibility for and approval of the Annual Financial Statements	18
Report of the independent auditors	19
Income statements	20
Balance sheets	21
Statements of changes in capital and reserves	22
Cash flow statements	23
Accounting policies	24 - 26
Notes to the financial statements	27 - 37
NSX Founder Members	38
Broker contact details	Inside back cover

NSX STATISTICS

AT 31 DECEMBER 2008

Year	Turnover in N\$ millions		%		Primary listed on the			
	Total	Change	NSX	JSE	LSE	TSX	ASX	
2003	2,037	48%	18	1,136	882			
2004	2,847	40%	113	1,964	770			
2005	3,367	18%	35	2,437	895			
2006	6,714	99%	122	4,371	2,222			
2007	10,892	62%	140	7,989	2,763	0.3		
2008	9,132	-16%	137	5,702	3,257	1.0	36	
31-Mar-09	1,812		19	1,106	687	-	-	

N\$ Millions	Turnover by Sector						
	Mar-09	2008	2007	2006	2005	2004	2003
Industrial Metals	498	2,708	2,149	1,831	750	586	701
Banks	465	2,640	2,744	1,490	897	571	341
Life Insurance	380	1,020	1,070	853	533	479	347
Food & Drug Retailers	73	651	406	179	71	31	55
General Financial	65	632	671	272	86	146	61
General Retailers	165	585	2,354	959	506	491	179
General Industrials	129	548	1,072	590	295	192	103
Chemicals	23	113	98	157	87	77	40
Real Estate	5	83	89	39	2	14	2
Food Producers	5	57	41	19	20	37	15
DevX	-	36	0-	-	-	-	-
Beverages	4	33	2	23	7	37	9
Nonlife Insurance	-	24	179	287	109	117	113
Mining	-	1	17	15	4	43	42
Other	-	-	-	-	-	26	29
	1,812	9,131	10,892	6,714	3,367	2,847	2,037

Market capitlisation by sector

N\$ Millions	31-Mar-09	2008	2007	2006
Industrial Metals	216,143	318,272	558,866	518,955
Banks	237,518	243,107	318,014	255,807
Life Insurance	80,644	88,166	186,728	182,409
Food & Drug Retailers	27,495	27,989	23,370	13,940
Mining	16,374	9,999	900	1,087
General Retailers	14,652	14,727	22,628	47,278
Nonlife Insurance	13,241	12,531	19,842	26,044
General Financial	11,154	13,247	15,936	20,620
General Industrials	7,275	12,815	21,957	33,022
Chemicals	5,469	8,842	11,043	10,354
DevX	5,154	4,320	7,723	-
Real Estate	3,408	3,375	3,793	437
Food Producers	2,673	2,591	2,354	1,974
Beverages	1,219	1,146	934	620
	642,419	761,127	1,194,088	1,112,548

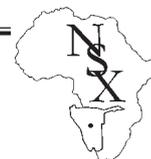
Value of Bonds outstanding at 28 February 2009

In N\$ millions	Total	Government Bonds	Commercial Banks	State Owned Enterprises Dual listed on BESA	
				NSX	BESA
Maturing in					
2009	100	-	100	-	-
2010	2,190	1,750	90	350	-
2011	216	-	216	-	-
2012	1,180	1,180	-	-	-
2014	100	-	100	-	-
2015	1,740	1,647	-	93	-
2016	840	-	510	330	-
2018	339	339	-	-	-
2020	500	-	-	-	500
2024	1,221	1,221	-	-	-
	8,426	6,137	1,016	773	500

Secondary trades in Bonds reported on the NSX

In N\$ millions	Total	Government Bonds	Commercial Banks	State Owned Enterprises Dual listed on BESA	
				NSX	BESA
1999	12	12	-	-	
2000	17	17	-	-	
2001	36	24	7	5	
2002	242	231	-	10	
2003	475	425	11	39	
2004	577	479	10	88	
2005	1,824	1,496	76	252	
2006	1,288	730	38	520	
2007	2,388	848	79	178	1,283
2008	541	399	10	132	
31-Mar-08	537	537	-	-	





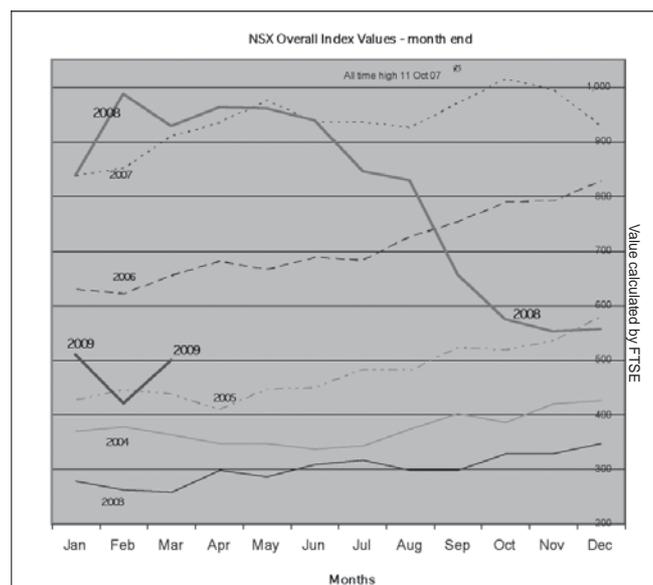
CHAIRMAN'S REPORT

In short, "The history of past crises shows that our fate will be determined less by the event than by how we respond" (David Miliband in Newsweek).

The year under report started with the sub prime housing crisis in the USA and its repercussions, and ended most recently with the G20 issuing the following statement:

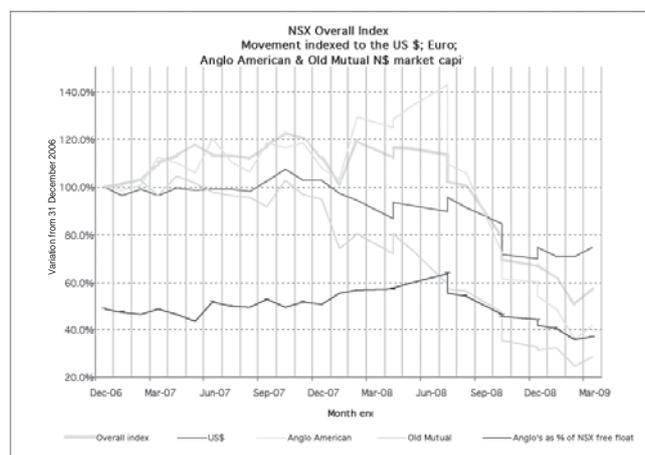
"During a period of strong global growth, growing capital flows, and prolonged stability earlier this decade, market participants sought higher yields without an adequate appreciation of the risks and failed to exercise proper due diligence. At the same time, weak underwriting standards, unsound risk management practices, increasingly complex and opaque financial products, and consequent excessive leverage combined to create vulnerabilities in the system. Policy-makers, regulators and supervisors, in some advanced countries, did not adequately appreciate and address the risks building up in financial markets, keep pace with financial innovation, or take into account the systemic ramifications of domestic regulatory actions."

The NSX certainly shared in this strong global growth since 2003, with the Overall Index increasing from 259 at the end of March 2003, to peak at 1034 on 11 October 2007; subsequently, however, most of these gains have been eroded, with the Overall index closing on 31 March 2009 at 479 – up by 299% to October 2007; down by 46% since then; nevertheless resulting in a net gain of 85% over the period.



Throughout this period, the local index – measuring only the primary listed ordinary shares - has increased from 52 to 160 over the 6 years, resulting in a 208% gain, albeit on a small free float market capitalisation, as shown below in the first table.

Although it may appear as if Namibia has been protected, by its size and location, from some of the harsh global financial winds blowing presently, the following graph highlights that Namibia is certainly not immune to what happens in the rest of the world. The two large international companies with international exposure that are primary listed on the London Stock Exchange and dual listed on the Johannesburg and Namibian Stock Exchanges, namely Anglo American plc and Old Mutual plc, serve to illustrate this.



The graph depicts the movement of the NSX Overall Index from December 2006 to 31 March 2009 (set to 100) and the ZAR / Namibia dollar exchange rate compared to the free float of the two plc's; at times, the NSX Overall Index was protected, viz. when the market capitalisations of these two plc's moved in opposite directions. The dominance of Anglo American plc ("ANM") on the market capitalisation of the NSX is also shown on this graph and during the 27 months depicted ANM has averaged 50% of the NSX freefloat and has varied from a high of 62% to the current low of 38%. Because of this overreliance on a single listing, the NSX is considering having FTSE develop a capped Index for possible use by an Exchange Traded Fund.

The ZAR / Namibia dollar exchange rate to the US Dollar has fluctuated widely over the period and has been influenced by many extraneous events, such as the reported possible resignation of Trevor Manuel as Minister of Finance in South Africa; South Africa's balance of payments; weaknesses in emerging markets in general; and SADC's perceived inactivity over Zimbabwe and the possible extension of the CMA to include that country and maybe even Angola.

Trading on the NSX during 2008 was volatile, with four months in the second half of the year exceeding N\$ 1.2 billion each. The total trades were N\$ 9.132 billion, compared to the N\$ 10.892 billion in 2007. Even though the volume of trades increased by 20% compared to 2007, an increase in volume does not necessarily result in increased profits, as the NSX fees are based on value, unlike the JSE where volumes drive the fees. In the first quarter of 2009, the volumes over 2008 are 29.3% up, with values static with January 2009, being the best January in the history of the NSX.

Year	Index values over the period			
	Local Index	% Change	Overall Index	% Change
2003	58.2	23.9%	347	13.8%
2004	63.3	8.6%	426	22.8%
2005	71.7	13.4%	582	36.6%
2006	91.1	27.0%	828	42.3%
2007	133.1	46.0%	929	12.2%
2008	158.0	18.7%	556	-40.2%
31-Mar-09	160.3	1.3%	478	-13.9%

The NSX is a fixed cost business, and its operating costs have remained static at around N\$ 3.4 million in both years. The surplus of N\$ 4.9 million reported for this last year compares favourably to the surplus of N\$ 6.07 million in 2007.

Like most exchanges, and as may be expected in these turbulent times, the NSX experienced a reduction in the number of listings, with a major primary listing being delayed indefinitely and fewer dual listings being experienced, particularly in the exploration mining sector. In the mining sector, this trend was exacerbated by the expressed intention of the Ministry of Mines & Energy to impose conditions on black economic empowerment compliance with regard to the renewal of mineral licences without an appropriate legal framework being in place.

Finding the correct balance between the attempts to Namibianise our economy on the one hand, and, at the same time, maintaining our attraction to investors will continue to pose a challenge, especially for a country as young as ours, still suffering from historical injustices. This challenge lies in being able to recognise the big picture and to approach the situation with a pragmatic and open attitude in the interests of continued development and increased economic growth in Namibia.

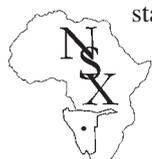
The NSX recognizes its role in contributing towards addressing such national challenges more effectively. Therefore, during a strategic planning session, held at the height of the financial crisis in October 2008, the NSX undertook to foster a more cohesive relationship with all our stakeholders, in order to deepen the understanding

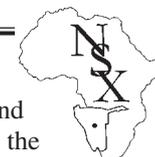
of our role in the economy, as well as the capital markets in Namibia and to encourage the introduction of efficient and properly enforced regulations.

The proposed Financial Institutions and Markets Act (FIMA), based on the Securities Services Act in South Africa will address the types of instruments (the current Stock Exchanges Control Act was promulgated in 1985) that will be permitted to list on the NSX. Although the limited range of listed instruments may reduce the risk to Namibian investors, the development of the bond segment of the Exchange must continue. During March 2009, the first foreign bank applied to list a Namibia dollar bond on our exchange. This application was favourably received by the Listings Committee and the NSX Board and the institution might, therefore, be listed in the near future.

The following twelve strategic goals were developed at our strategic planning session, with detailed objectives and timeframes for each, some of which are included (indented) below:

- 1 To contribute to the deepening of capital markets in Namibia through increasing the overall market capitalisation of the NSX, by attracting new investments and increasing the range of available, tradable financial instruments.
- 2 To create an environment conducive to the listing of State Owned Enterprises through engagement with stakeholders in government.
 - To develop and implement a strategy to engage meaningfully with the appropriate Ministers and officials, to encourage Private Public Partnerships and to bring SOE's to the NSX.
- 3 To demutualise the NSX, should the research justify the move and the rights holders approve. This would require a change in legislation.
- 4 To maintain a continuous programme of effective risk management and good governance. Subsequently, King III has been released and raises the bar in SADC and the whole of Africa.
- 5 To maintain and encourage effective self regulation by supervising and regulating in accordance with the Rules of the NSX (incorporating best practice and legislative changes).
- 6 To contribute meaningfully to the establishment of an integrated regional capital market in Southern Africa, if deemed to be in the national interest. (Recently the JSE launched the Africa Board segment on its trading platform and Trustco Group Holdings Ltd, incorporated in Namibia and listed on the NSX dual primary listed as its first company listed)





- 7 To contribute to the development of an effective financial policy framework in Namibia through engagement with all stakeholders.
- 8 To build constructive relationships with all identified stakeholders through a process of ongoing engagement.
- 9 To build the Namibian peoples' understanding and support for the NSX through effective brand building and promotional campaigns.
- 10 To maintain an efficient operating environment on the NSX.
- 11 To gather and distribute insightful information on listed companies and the NSX.
- 12 To build the required capacity and capability for the NSX to execute on its strategy.
 - To investigate, propose and implement ways of better protecting investors (more significant protection than that offered by the yet to be enacted 2004 Companies Act and proposed FIMA)

At the annual NSX dinner, where we honour those grade 11 students that have been successful in our Scholar Investment Challenge, we were entertained by Neil Jacobson of Futureworld on what the world might look like through his presentation on "Lessons from the Future". In it, he touched on the current economic crisis and possible responses, exhorting those present to think laterally and to seize the unanticipated opportunities that might come our way.

The winners of our Scholar Investment Challenge were announced, with the top five teams (of four scholars each) all having out-performed the NSX overall index over the period of the Competition from 28 March to 25 September 2008 – during difficult times, when the index reported a decline of 25.65%, these teams reported increases in their respective portfolio of between 3.6 and 13.3% - Congratulations are due and we hope they have invested the significant prize monies wisely.

Hage G Geingob High School - Windhoek
first prize of N\$ 20 000 from Trustco
Delta Secondary School - Windhoek
second prize of N\$ 17 500 from IJG Securities
Gabriel Taapopi Secondary School - Ongwediva
third prize of N\$ 15 000 from IJG Securities
DHPS - Windhoek
fourth prize of N\$ 12 500 from the NSX
Edugate Academy - Otjiwarongo
fifth prize of N\$ 10 000 from Namibia Equity Brokers

In August 2008, the NSX was nominated and shortlisted for the Ai NYSE Index Awards, in the category of the Most Innovative Stock Exchange in Africa award, for its dual listing of 5 uranium exploration or mining companies from Toronto and the Australian Securities Exchange. Another factor in its favour was the NSX's endeavour to enhance the professional education of student accountants in Namibia through its grant of N\$ 1 million to the Namibia Graduate School of Accounting. The award presented in New York was won by The Egyptian Stock Exchange for its spectacular growth which had been achieved through the listing of Egyptian state owned enterprises. The recognition of the NSX in an international arena, certainly served to positively showcase Namibia and this country's financial infrastructure, institutions and regulatory frameworks.

At this point, I would like to offer a special word of thanks to my colleagues on the Board of the NSX, who continue to give of their time and expertise and contribute substantially towards the ongoing lively debates concerning the state of the Economy and the role and future of the Exchange. Such discussions are healthy and must be maintained for the general good of the NSX and its part in growing the Namibian economy.

Thanks also go to the members of the NSX staff who once again produced good financial results in a year of uncertainty.

Finally, I conclude by expressing our continued willingness to make available our collective expertise and experience to assist the government and the Minister of Finance in conceptualizing and formulating sound economic and financial policy that will contribute towards substantial economic growth and development in Namibia.

Peter F Koep
Chairman

ANNUAL FINANCIAL STATEMENTS

AT 31 DECEMBER 2008

BOARD

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

During 2008 the Board comprised:

Koep P F		Re-elected Chairman at 23 April 2008 Board meeting
Cornelissen J J G		
Gawaxab J	Weichert BC	Alternate to J Gawaxab
Hango P S		Re-elected 23 April 2008
Jansen A P		Replaced W Moroff in January 2008 and was re-elected at 2008 AGM & elected Deputy Chairman at 23 April 2008 Board meeting
Müseler H-H		
Nuyoma D		Retired at AGM on 23 April 2008
Späth M		Elected at the 2008 AGM
van Rensburg B		Retired at AGM on 23 April 2008
von Blottnitz SB		

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

Paulino B K

NATURE OF BUSINESS

Stock Exchange, including transfer secretaries

AUDITORS

Deloitte & Touche

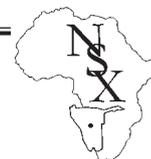
BANKERS

First National Bank of Namibia Limited
Nedbank Namibia Limited

REGISTERED OFFICE

8 Kaiser Krone Centre	P O Box 2401
Post Street Mall	Windhoek
Windhoek	Namibia
Namibia	





NSX BOARD & COMMITTEES

1

BOARD OF DIRECTORS as at 31 December 2008

P.F. Koep (Chair), A.P. Jansen (Deputy), J. Gawaxab*, J.J.G. Cornelissen¹, P.S. Hango,
M. Späth, H-H. Müseler, S. Bloch von Blottnitz², (*Alt -B.C. Weichert)
B.K. Paulino³

SUB-COMMITTEES OF THE BOARD

2

AUDIT COMMITTEE

H-H. Müseler (Chair), G. Cornelissen¹, P.F. Koep⁴, B.K. Paulino³, B.C. Weichert

3

BROKER SCREENING COMMITTEE

S. Bloch von Blottnitz² (Chair), P.F. Koep⁴, B.K. Paulino³,
A. Swanepoel

4

DISCIPLINARY COMMITTEE

H-B. Gerdes (Chair), J. Gawaxab, P.F. Koep, B.K. Paulino³

5

REMUNERATION COMMITTEE

S. Bloch von Blottnitz² (Chair), P.F. Koep⁴, B.K. Paulino³, A.P. Jansen

6

INVESTMENT COMMITTEE

J. Gawaxab (Chair), A.B. Bertolini

7

LISTING COMMITTEE PANEL

As from November 2008 a Board Member will chair each Listings Committee meeting.

H-B. Gerdes (Chair), H. Bossau (Vice), M. Kalondo, G. Katjimune,
P.F. Koep⁴, H.A.R. Meiring, H-H. Müseler, B.K. Paulino³, Gifford Swart,
F. Uys, S. Bloch von Blottnitz², B.C. Weichert

8

TRANSFER SECRETARIES (PTY) LTD DIRECTORS

P.F. Koep (Chairman), A.P. Jansen, T. Schoeman

KEY MANAGEMENT

J.D. Mandy (Chief Executive Officer), M. Steynberg (Operations Manager)

¹ South African

² German

³ BK Paulino has been nominated by NAMFISA, in terms of section 46 of the Stock Exchange Control Act 1985, (Act 1 of 1985), as amended, to attend Board and Committee meetings.

⁴ PF Koep, as Chairman of the Board, attends ex-officio.

MEMBERS OF BOARD OF DIRECTORS at 31 December 2008



GIDEON CORNELISSEN Born on 28 August 1967 in South Africa. Gideon, a CA (SA) holds a B Compt and Hons. B. Compt (University of South Africa). He is currently employed at FNB Namibia Holdings Ltd as the Chief Strategy Officer (CFO from 2004) and serves on various other boards. Gideon has been employed in financial services in Southern African since 1996. Gideon was elected to the NSX on 12 April 2007.



JOHANNES GAWAXAB Date of birth: 11 August 1956. BA, B Com, MBL (SA), MA (UK), Certificate Global Business Leadership (London School of Business, UK), Certificate Strategic Management (Montreal, Canada), Advanced Management Program (Harvard Business School, US). Johannes was appointed CEO of Old Mutual Asset Managers in Namibia in 1998 and, having successfully established the Namibian asset management operation, took over responsibility as CEO of Old Mutual Group in Namibia in 2003. He was appointed MD of Old Mutual's African Operations in 2006. Johannes is a long-serving member of the NSX Board and was last re-elected in 2007, at which date he also re-appointed B Weichert* as his alternate.



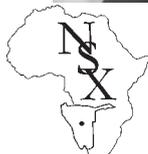
PRIMUS SHIGWEDHA HANGO Born in Onanime, Oshakati on 13 November 1951. Enrolled with the St. Augustine Major Seminary in Lesotho studied Philosophy and the Classics from 1973 to 1976 and obtained a Bachelors Degree in 1980 from the National University of Lesotho, he has enrolled for the Executive Management Programme with Harvard Business School. Primus was appointed Secretary of the Tender Board of Namibia in June 1991. From July 1995 to March 1999, the Principal Officer of the Government Institutions Pension Fund, and from April 1999, the Chief Executive Officer. Primus, a former Chairman of the Namibian Stock Exchange, in terms of the rotation policy was re-elected on 23 April 2008.

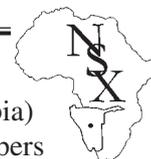


ANDREW PETER JANSEN Born on 24 November 1970 and holds a B Com from UNAM and a Hons. B. Compt. from UNISA and is a Chartered Accountant of Namibia and South Africa and a Chartered Financial Analyst. Andrew has experience as a financial and investment manager since 1995 and has been a stockbroker since 2002 and is currently the Managing Director of Simonis Storm Securities (Pty) Limited and a member of the NSX. He was appointed a Director of the NSX on 16 January 2008 to fill a casual vacancy. He was re-elected at the subsequent AGM held on 23 April 2008 and was further elected as Deputy Chairman at the next Board meeting.



PETER FRANK KOEP Born on 2 December 1951, Swakopmund, B.A. LL.B (University of Cape Town) Fluent in English, German and Afrikaans is the Senior Partner in the law firm of Koep & Partners, established in March 1982 in Windhoek. Member of the Law Society of Namibia; the International Bar Association; Chairman of the Namibian Stock Exchange and various other companies in Namibia. Peter has published numerous articles, the latest in the Mining Law E bulletin in January 2006. He holds a number of directorships and is a long serving member of the NSX Board and was last re-elected in 2007 and was again elected as chairman at the Board meeting held on 23 April 2008. In terms of the retirement policy, as the longest serving member, Peter retires at the AGM in 2009 and is available for re-election.





HANS-HARALD MÜSELER Born on 5 May 1949 is a CA (SA), CA (Namibia) and MBA and was a partner in the Assurance Division of PricewaterhouseCoopers Namibia (PWC) prior to his retirement in 2006. He is a member of the Institute of Chartered Accountants in Namibia and is a registered practising member of the Public Accountants' and Auditors' Board. Harald has been practising as an accountant and auditor since 1985, and has 20 years experience in the profession and was a member of PWC's Namibian Firm's Executive Committee. Now he is involved in providing financial, advisory and fiduciary services to clients ranging from small entities to large corporations and holds a number of directorships. Hans-Harald was re-elected as a director of the NSX at the AGM in April 2007.



MARK SPÄTH Born on 23 February 1978 is Managing Director of IJG Securities (Pty) Ltd and was elected to the Board on 23 April 2008. Mark joined IJG in September 2003 as Head of Research and in April 2005 was appointed MD after completing his stockbroker exams. Mark holds a B.Bus.Science (Honours Finance) from the University of Cape Town. Mark has been directly involved as corporate advisor and sponsor to numerous companies that have listed (primary and dual) on the NSX since September 2006. Prior to joining IJG, Mark completed a 3-month internship with Schwabe, Ley & Greiner, an Austrian based Consulting company. He also worked in the derivative department of WestLB London for two years.



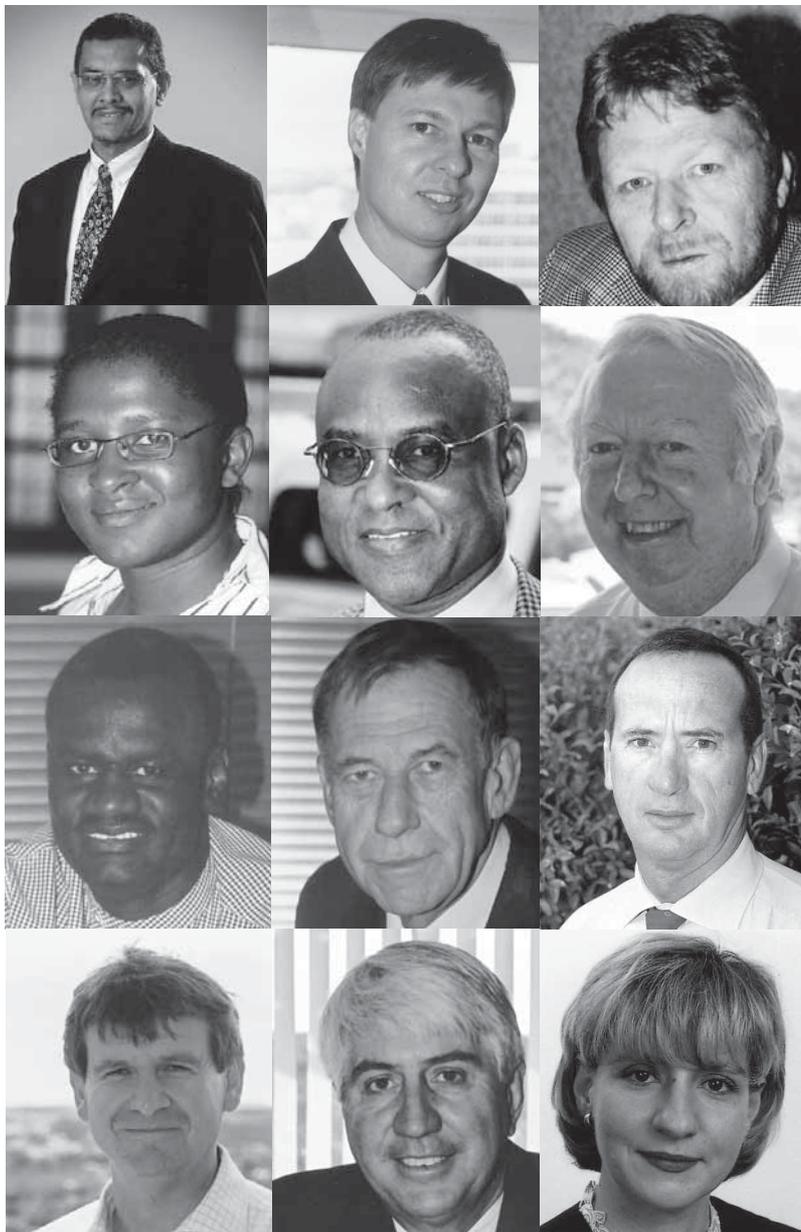
SVEN VON BLOTTNITZ, (CA (Nam), CA (SA), FCIS, B. Bus. Sc.(Business Finance)). Born on 14 October 1969 in Grahamstown, South Africa is a permanent resident in Namibia since 1974. His career and training contract commenced in January 1993 with Coopers & Lybrand. From June 1997 at Commercial Bank of Namibia rising to Manager: Treasury. In October 2003 he moved to FNB Namibia Holdings Limited as Company Secretary and Compliance Officer and in June 2005, became the Head of Finance at Standard Bank Namibia. Since November 2008 Sven has been Country Finance Manager at Shell Namibia. Sven joined the NSX Board in April 2004 and was re-elected at the AGM in April 2006 and in terms of the retirement policy retires at the AGM in 2009 and is available for re-election.



***BRIGITTE WEICHERT** Date of birth: 27 July 1968. Chartered Accountant (Namibia & South Africa), Post-Graduate Certificate in Advanced Taxation, Stockbroker (NSX). Brigitte completed her training as a chartered accountant and tax consultant at Ernst & Young, worked in Frankfurt, Germany, for 3 years and, after qualifying as a stockbroker and working for HSBC in Namibia for a further 3 years, she joined Old Mutual in 2003. She currently serves as broking member for Old Mutual Investment Services on the NSX. In April 2007 she was re-appointed as an alternate director to J Gawaxab.

MEMBERS OF SUB-COMMITTEES

31 DECEMBER 2008



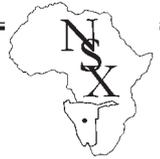
MEMBERS OF COMMITTEES/ PANEL

A. B. Bertolini 6
H. Bossau 7
H-B. Gerdes 4, 7
M. Kalondo 7
G. Katjimune 7
H. A. R. Meiring 7
B. K. Paulino 1, 2, 3, 4, 5, 7
T. Schoeman 8
A. Swanepoel 3
Gifford Swart 7
F. Uys 7
B. C. Weichert 2, 7

BOARD MEMBERS ON SUB- COMMITTEES

J. J. G. Cornelissen 2
J. Gawaxab 4, 6
A. P. Jansen 5, 8
P. F. Koep 2, 3, 4, 5, 7, 8
H-H. Müsseler 2, 7
S. B. von Blotnitz 3, 5, 7





STAFF 31 December 2008



Theresia Kavangelua (Messenger)
Manda Steynberg (Operations Manager)
Natasha Fielding (Administrator - Transfer Secretaries)
John Mandy (CEO)
Johene Saal (Administrator - Transfer Secretaries)
Jenny Masikini (Receptionist)
Loide Nakanduungile (Information Officer & Bookkeeper)

CORPORATE GOVERNANCE REPORT

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

The Board diligently strives to adhere to the recommendations detailed in the code of Corporate Practice and Conduct set out by the King Report on Corporate Governance for South Africa in 2003 (King II). The Board is of the opinion, based on the information and explanations given by management and the comments by the independent auditors on the results of their audit, that the Exchange's internal controls are adequate, so that the financial records may reasonably be relied on for preparing the annual financial statements and for maintaining accountability for assets and liabilities.

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

In preparing the annual financial statements, the NSX has used appropriate accounting policies supported by reasonable and prudent judgments and estimates, and has complied with International Financial Reporting Standards. The Board is of the opinion that the annual financial statements fairly present the financial position of the Group and Exchange at 31 December 2008 and the results of operations and cash flow information for the year then ended. The members of the Board have a reasonable expectation that the NSX (and by association the Group) has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the annual financial statements.

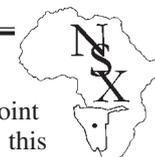
BOARD OF THE NAMIBIAN STOCK EXCHANGE (“the Board”)

As at 31 December 2008, the non-executive Board consisted of 8 elected members with a vacancy caused by the unavailability of David Nuyoma after being nominated for re-election in April 2008; without any vacancy one-third of the elected Board members normally retire. The Board is elected in terms of the Constitution of the NSX which was gazetted on 15 October 2005 (Government Gazette No 3815) based upon their skills and experience and from seven prescribed sectors of the Financial Industry. The Chairman of the Board is elected by the Board members.

A representative of the Namibia Financial Institutions Supervisory Authority (NAMFISA) is invited to attend all the meetings of the Board and its committees. The two members who will retire at the Annual General Meeting of the NSX in April 2009 are Sven B von Blotnitz and P F Koep (the longest serving member under rule 2.8.6.2.1), both are eligible for re-election. In addition, there is a vacancy for a person from the general business community.

Board members		2008		Date of meeting						2007
		Total N\$	Retainer N\$	16-Jan	6-Mar	23-Apr	23-Jul	9-Sep	19-Nov	N\$
Koep P F	Chairman	23,750	10,000	C✓	✓	C✓	C✓	C✓	C✓	16,000
Nuyoma D	Retired 23 April 2008	2,500	1,250	✓	a					8,000
Bertolini A B	Retired 7 April 2007	-	-							2,750
Cornelissen J J G		10,000	5,000	✓	✓	a	✓	✓	a	4,250
Gawaxab J		10,000	5,000	alt	C✓	✓	✓	alt	alt	4,000
Weichert B	Alt to J Gawaxab	3,750	-	✓				✓	✓	3,000
Hango P S		11,250	5,000	a	✓	✓	✓	✓	✓	7,000
Moroff W	Resigned 20 Dec 2007	-	-							6,000
Jansen A P	Elected 23 April 2008 Deputy Chairman	10,000	5,000			✓	✓	✓	✓	1,000
Müseler H-H		11,250	5,000	✓	✓	✓	✓	✓	a	7,000
Späth M	Elected 23 April 2008	6,250	3,750				✓	a	✓	-
Von Blotnitz S B		12,500	5,000	✓	✓	✓	✓	✓	✓	7,000
Van Rensburg B	Retired 23 April 2008	3,750	1,250	✓	✓					4,000
		105,000	46,250							70,000
Paulino BK	Nominated by NAMFISA to attend	11,250	5,000	✓	✓	a	✓	✓	✓	7,000
		116,250	51,250							77,000





At the AGM on 23 April 2008 the Rights Holders, on the Board's recommendation, voted to delete the onerous joint and several liability clause in the Rules as the NSX and the Guarantee Fund reserves and insurance cover make this legacy provision a barrier to initial membership. Further, these Rights holders voted to remove the requirement that an applicant had to be proposed for stockbroking membership by an existing member which was also considered a barrier to initial membership.

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

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

The Chief Executive Officer attends all meetings by invitation.

MAJOR SUB – COMMITTEES OF THE BOARD

Remuneration Committee

The Remuneration Committee has been chaired by Sven von Blottnitz and comprises three members of the Board and the NAMFISA representative and is responsible for strategic human resources issues such as managerial succession planning, human resources policies, and the remuneration of staff and office-bearers and attendance fees for Board Members. At the meeting of the Board on 19 November 2008 the remuneration of directors and committee members was increased by twenty-five percent as the last increase was approved in 2006. The rights holders will be asked to approve this increase at the AGM in April 2009. The annual fees are based on an hourly rate of a qualified professional, the nature and brief or mandate of the particular committee, the expected duration of the meeting and the preparation time required which factor is then multiplied by the number of meetings.

Remuneration Committee		2008	Date of meeting	2007
		Total	16-Jan	
		N\$		N\$
Von Blottnitz S B	Chairman	1,641	✓	1,313
Koep P F		938	✓	750
Paulino B K		938	✓	750
Van Rensburg B		-	a	750
		<u>3,517</u>		<u>3,563</u>

Broker Screening Committee

The Broker Screening Committee met under the Chairmanship of Sven von Blottnitz and considered the application of Madelein Smith of Namibia Equity Brokers (Pty) Limited, a qualified stockbroker and recommended her membership under the supervision of Brigitte Weichert for a six-month probation period.

Broker Screening Committee		2008	Date of meeting
		Total	16-Jan
		N\$	
Von Blottnitz S B	Chairman	2,188	✓
Koep P F		-	a
Paulino B K		1,250	✓
Swanepoel A		1,250	✓
		<u>4,688</u>	

Audit Committee

The Audit Committee is chaired by Hans-Harald Müsseler and comprises three members of the Board with B Weichert having been co-opted. A representative from the external auditors, the NAMFISA representative, the Chief Executive Officer and the Operations Manager attend the Audit Committee meetings by invitation. The Committee meets a minimum of twice a year to review the audit plan, annual financial results and other significant audit issues. It is the responsibility of the Audit Committee to review the annual financial statements of the NSX and its subsidiaries and the Guarantee Fund, and to make appropriate recommendations regarding their approval to the Board and the Board of Directors of Transfer Secretaries (Proprietary) Limited. The annual fee for the Audit Committee is also split into a retainer and a meeting fee.

Audit Committee		2008 Total N\$	Retainer N\$	Date of meeting		2007 Total N\$
				28-Feb	4-Dec	
Müseler H-H	Chairman	13,000	7,800	✓	✓	12,000
Cornelissen J J G		3,750	2,500	✓	a	2,000
Koep P F		5,000	2,500	✓	✓	5,000
Paulino BK		3,750	2,500	a	✓	5,000
Weichert B		5,000	2,500	✓	✓	4,000
		30,500	17,800			28,000

Listing Committee

The Listing Committee includes, among others, representatives of major accounting and legal firms in Namibia and during 2008 was chaired by Hans-Bruno Gerdes and meets on an ad hoc basis to approve all listing applications for bonds and both primary and dual listed equities. Members attending the listing meetings are selected on availability and their particular skills and training. The NSX listings requirements are modelled on those of the JSE Limited trading as the Johannesburg Securities Exchange (JSE) but restricted by the now outdated Namibian Companies Act. A new Companies Act was promulgated at the end of 2004 and is still expected to be enacted. Bond applications are processed in accordance with the listing requirements of the Bond Exchange of South Africa. The Board at its 6 March 2008 meeting amended the Listing Requirements for listing of mining and exploration companies to require membership of the Namibian Chamber of Mines as a prerequisite for either primary or dual listing on the NSX or DevX.

In 2008 and prior years' the Chairman and Vice Chairman of the Listing Committee were each paid a retainer in addition to the meeting fee for consultations during the year on listing requirement interpretations.

The Board considers the JSE listing requirements to be best practices and has requested that the NSX regularly updates, where applicable, practicable, and permitted by Namibian legislation, changes made by the JSE. This review and harmonisation is also in line with the aims of the Committee of SADC Stock Exchanges (CoSSE) to have a regional stock exchange as soon as possible.

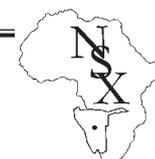
Listings Committee		2008 Total N\$	Retainer N\$	Date of meeting				2007 N\$
				Deep Yellow Limited – Uranium prospecting	Paladin Energy Limited – Langer Heinrich Uranium mine	Bannerman Resources Limited – Uranium prospecting	West Australian Metals Limited – Uranium prospecting	
Members on the panel attend the listing committee when requested				Dual ASX / Equity 15-Jan	Dual ASX / Equity 4-Feb	Dual ASX / Equity 10-Mar	Dual ASX / Equity 20-Oct	
	Gerdes H-B	Chairman	22,400	5,600	C✓	C✓	C✓	a
Bossau H	Vice Chairman	8,700	5,600		✓			4,500
Jansen A P		-						2,500
Katjimune G		3,100					✓	-
Meiring H A R		8,700				✓	C✓	14,500
Moroff W		-						5,000
Müseler H-H		12,400		✓	✓	✓	✓	5,000
Paulino B K		9,300		✓	✓		✓	15,000
Smith M		6,200			✓		✓	
Van Rensburg B		-						2,500
Von Blottnitz S B		12,400		✓	✓	✓	✓	2,500
Weichert B		3,100		✓				7,500
		86,300	11,200					86,000

Investment committee and capital management

The NSX Investment Policy Statement provides a framework for the management and investment of the assets of the NSX. The objective of the Group in the management of capital is to safeguard the Group's ability to continue as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund and to deepen the capital markets in Namibia. To achieve this in the current financial climate the Board has decided that the NSX and Guarantee Fund may only invest in a registered commercial bank in Namibia via its registered stockbrokers. The Board has imposed a limited of 30% of total funds in any one bank.

In order to ensure that the document continues to remain relevant to the needs of the NSX it will be reviewed regularly, at least annually by the members of the Investment Committee.





The assets accrued by the NSX will be applied for three main purposes:

- to cover any losses incurred as a result of a Namibian registered broker declaring bankruptcy;
- to sponsor educational programs that can be seen to be of value to the financial services sector; and
- to acquire operating premises for the NSX and its subsidiaries.

Investment Committee		2008	Date of meeting	2007
		N\$	2-April	N\$
Gawaxab J	Chairman	1,094	✓	-
Bertolini A B		625	✓	875
		1,719		875

RISK MANAGEMENT REVIEW

With the introduction by the JSE of electronic settlement for equities through STRATE and thereby for the South African dual listed shares on the NSX, which accounted for over 98.1% (2007 – 98.7%) of the value of trades on the NSX, the risks that the NSX is required to identify, manage and mitigate are significantly reduced. The JSE has written terms of reference for its Risk Management Committee which is chaired by an independent non-executive committee to assist its board with the identification, assessment, evaluation and monitoring actual and potential risks and the mitigation thereof. The South African Institute of Chartered Accountants in 2004 issued an updated Stockbrokers: Audit and Accounting Guide to provide practical guidance on the auditing and accounting issues related to the accounts of Stockbrokers. In addition, an annual review of the BDA systems was undertaken by an independent auditing firm for use by all auditors to stockbrokers, this review was suspended in 2005 with the upgrade project Orion which is expected to be completed in 2009.

As part of its risk management procedures, the NSX and its trading subsidiary, Transfer Secretaries (Proprietary) Limited, have extensive insurance cover across all areas of its business.

Principal risk

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

The implementation of STRATE eliminated the major portion of this risk through the simultaneous, final irrevocable delivery versus payment for the South Africa leg of the transaction, thereby substantially reducing the overall risk of participating in the equities market. The clearing of Namibian primary listed equities and bonds is settlement against delivery.

Technology and systems risk

The NSX through a Service Level Agreement with the JSE provides a market for the dealing in securities and financial instruments that is information technology intensive. Equity dealing is performed electronically through the new Trade Elect™ and ultimately through the London Stock Exchange. In addition, trades in securities conducted through the JSE are settled through the electronic settlement engine STRATE. In parallel with the provision of this service the NSX and JSE (the Exchanges) also oblige all stockbroking members to maintain their general ledger (exemptions are permitted) and client accounting through the JSE maintained Broker Deal Accounting system (“BDA”). The JSE is currently reviewing and updating its data processing systems and will only finalise the implementation of the new systems during 2009 after supply delays. This is an inclusive consultative process and the NSX has attended a number of planning and report back sessions at the JSE.

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

To address this risk the JSE employs a significant portion of its staff, under the supervision of the Director: Information Technology to manage the risk associated with BDA, Trade Elect™, Info Wiz and the ATS, which includes a comprehensive redundancy and disaster recovery infrastructure and plan. The NSX has installed a DR (Disaster Recovery) server, located off-site, and an operational terminal for use by any of the brokers should its system fail.

Settlement and liquidity risk

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

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

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

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

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

Both Exchanges have recourse in respect of any negative price movement against the stock broking member who introduced the trade. Accordingly, the Exchanges' settlement risk in this regard is directly proportional to the extent that both the client and the stock broking member are not able to perform their obligations.

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

Systemic risk

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

The new Companies Act, when or if introduced, will permit Namibian companies to dematerialise share certificates and Transfer Secretaries are investigating how this will impact on the current share registers, maintained for the primary listed companies. Both the Exchanges are subject to systemic risk, which is managed by the various stakeholders who participate in the financial markets. The NSX and the JSE both have Guarantee Funds, financial reserves and the JSE has a Fidelity Fund all of which are in place in the event that control procedures in place fail.

Fidelity risk

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

Legal risk

This is the risk that a transaction or contract cannot be consummated due to a legal impediment. The NSX is subject to this risk. The Chief Executive Officer is responsible for addressing this risk and in conjunction with external legal counsel attends to managing this risk.

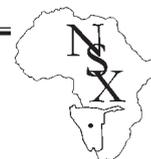
Currency risk

This is the risk of defaulting on foreign currency payment obligations as a result of the devaluation of the Namibian Dollar which is linked to the South African Rand.



The NSX is exposed to this risk in terms of its various service level agreements with the JSE, which again has:

- an agreement with the LSE in terms of which the LSE provides the Exchanges with the Trade Elect™ and Info Wiz systems, and



- An agreement with GL Trade in terms of which the Exchanges are provided with front-end technology (known as TALX).

This risk is managed by the JSE's General Manager: Finance, through the use of derivative financial instruments to limit exposure.

In addition, the listing on the DevX and main board by Canadian and Australian uranium exploration and mining companies has introduced a new currency risk in the trading cycle but the Board is satisfied that the procedures approved by the Bank of Namibia are adequate to safeguard the investors from any operational risk.

Reputational risk

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

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

Operational risk

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

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

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

Operational risk elements can be classified as follows:

- Process risk
- Employee risk
- Systems risk

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

Credit risk

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

At balance sheet date there were no significant concentrations of credit risk.

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

Liquidity risk

Liquidity risk is the risk that the NSX will be unable to meet its short-term funding requirements. This risk is managed by the NSX in conjunction with an Investment Committee, formed by the Board, by maintaining the NSX's funds in current and call accounts and investments of various maturities in treasury bills, government and other bonds and fixed deposits with institutional and maturity limits.

Interest rate risk

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

ANNUAL FINANCIAL STATEMENTS

AT 31 DECEMBER 2008

Responsibility for and approval of the Annual Financial Statements for the year ended 31 December 2008

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

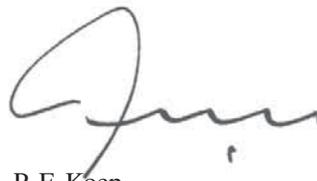
In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The Board has ultimate responsibility for the system of internal controls and reviews its operation.

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

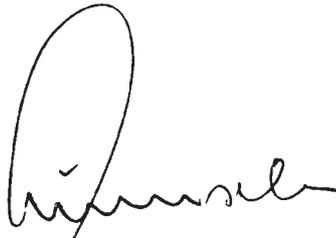
The financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements incorporate responsible disclosures in line with the reporting philosophy of the Namibian Stock Exchange. The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The accompanying annual financial statements including the Guarantee Fund for the year ended 31 December 2008 have been approved by the Board on 19 March 2009 and are signed on its behalf by:



P. F. Koep
Chairman



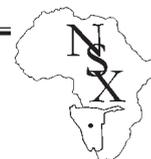
H-H. Müseler
Director

The accompanying annual financial statements for the year ended 31 December 2008 have been prepared by management and are signed by:



J.D. Mandy
Chief Executive Officer





REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF THE NAMIBIAN STOCK EXCHANGE

Report on the Financial Statements

We have audited the consolidated and separate annual financial statements of the Namibian Stock Exchange and its subsidiary and the guarantee fund, which comprise the balance sheets at 31 December 2008, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Board's Responsibility for the Financial Statements

The Namibian Stock Exchange's Board and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

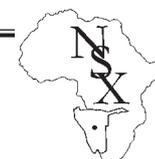
In our opinion, the group and separate financial statements present fairly, in all material respects the financial position of the Namibian Stock Exchange and group at 31 December 2008, and their financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per H de Bruin
Partner
Windhoek
15 April 2009

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group		Namibian Stock Exchange	
		2008	2007	2008	2007
		N\$	N\$	N\$	N\$
REVENUE	3	6,178,317	7,171,810	5,272,079	6,201,123
Other income & expense	4	17,674	669,546	102,637	770,424
Staff costs	4	(1,860,011)	(1,929,608)	(1,587,263)	(1,656,916)
Depreciation and amortisation	4	(69,252)	(83,705)	(61,876)	(77,823)
Other operating expenses		(1,585,555)	(1,293,792)	(1,428,118)	(1,149,630)
Operating income		2,681,173	4,534,251	2,297,459	4,087,178
Investment income	4	2,224,070	1,537,732	1,808,528	1,257,343
SURPLUS BEFORE TAXATION		4,905,243	6,071,983	4,105,987	5,344,521
Taxation	6	1,154	(134)		
SURPLUS FOR THE YEAR		4,904,089	6,072,117	4,105,987	5,344,521





BALANCE SHEETS

AT 31 DECEMBER 2008

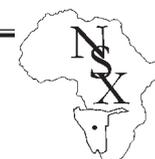
	Note	Group		Namibian Stock Exchange	
		2008 N\$	2007 N\$	2008 N\$	2007 N\$
ASSETS					
Non-current assets					
Property, plant & equipment	7	55,379	124,131	46,221	107,597
Investment in subsidiaries	8			4,000	4,000
Investments, held to maturity	9	189,826	188,571	189,826	188,571
Deferred taxation	10	4,275	5,429		
		249,480	318,131	240,047	300,168
Current assets					
Loans & receivables					
Trade and other receivables	11	583,784	672,763	601,514	767,355
Bank balances and cash	12	516,753	285,658	470,796	139,068
Held to maturity investments					
Other short term investments held to maturity	9	23,125,549	18,382,821	18,899,428	14,947,339
Taxation	22.3	-	109		
		24,226,086	19,341,351	19,971,738	15,853,762
Total assets		24,475,566	19,659,482	20,211,785	16,153,930
EQUITY AND LIABILITIES					
Capital and reserves					
Founder members' contributions		430,000	430,000	430,000	430,000
Stockbroking members rights		655,500	655,500	655,500	655,500
Insurance fund	13	500,000	500,000	500,000	500,000
Guarantee fund	14	4,262,571	3,466,613		
Retained surplus		18,069,597	13,961,466	18,065,387	13,959,400
		23,917,668	19,013,579	19,650,887	15,544,900
Non-current liabilities					
Long-term liabilities	15	-	-	-	-
Current liabilities					
Other liabilities					
Trade and other payables	16	557,728	645,903	560,898	609,030
Taxation	22.3	170	-		
		557,898	645,903	560,898	609,030
Total equity and liabilities		24,475,566	19,659,482	20,211,785	16,153,930

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Number of Rights	Group		Namibian Stock Exchange	
			2008 N\$	2007 N\$	2008 N\$	2007 N\$
Founder members' contributions		43	430,000	430,000	430,000	430,000
Stockbroking members' rights		31	655,500	655,500	655,500	655,500
Insurance fund	13		500,000	500,000	500,000	500,000
Guarantee fund	14					
Beginning of year			3,466,613	2,738,767		
Transfer			795,958	727,846		
Balance end of year			4,262,571	3,466,613		
Retained surplus						
Beginning of year			13,961,466	8,617,195	13,959,400	8,614,879
Surplus for the year			4,904,089	6,072,117	4,105,987	5,344,521
Transfer to insurance fund			-	-	-	-
Transfer to guarantee fund			(795,958)	(727,846)		
Balance end of year			18,069,597	13,961,466	18,065,387	13,959,400
Total			23 917 668	19 013 579	19 650 887	15 544 900
Board's valuation of a new right is based on the total of the capital and reserves at the end of the year divided by the number of rights in issue		74	323 000	257 000	266 000	210 000





CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group		Namibian Stock Exchange	
		2008 N\$	2007 N\$	2008 N\$	2007 N\$
Cash flows from operating activities					
Cash generated by operations	22.1	2,750,425	4,617,956	2,359,335	4,165,001
Movements in working capital	22.2	804	(875,997)	117,709	(962,681)
Cash generated by operating activities		2,751,229	3,741,959	2,477,044	3,202,320
Investment income		2,224,070	1,537,732	1,808,528	1,257,343
Net loss on disposal of property, plant & equipment		-	7,964	-	7,966
Taxation refunded	22.3	279	707	-	-
Net cash flows from operating activities		4,975,578	5,288,362	4,285,572	4,467,629
Cash flows from investing activities					
Additions to property, plant & equipment		(500)	(110,722)	(500)	(92,524)
Proceed from disposal of property, plant & equipment		-	379	-	370
Additions to other investments - net		(4,743,983)	(4,236,277)	(3,953,344)	(3,527,371)
Net cash flows from investing activities		(4,744,483)	(4,346,620)	(3,953,844)	(3,619,525)
Cash flows from financing activities					
Long-term liability - repaid, net of interest		-	(903,297)	-	(903,297)
Net cash flows from financing activities		-	(903,297)	-	(903,297)
Net change in cash and cash equivalents		231,095	38,445	331,728	(55,193)
Cash and cash equivalents at beginning of year		285,658	247,213	139,068	194,261
Cash and cash equivalents at end of year		516,753	285,658	470,796	139,068

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis, except for financial assets and liabilities where the fair value and amortised cost basis of accounting are adopted. The principal accounting policies conform with International Financial Reporting Standards (IFRS). These policies are consistent with those applied in the previous year.

1.1 Basis of preparation

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

1.2 Consolidation

The consolidated financial statements include the financial position, operating results and cash flows of the Namibian Stock Exchange, an exchange licensed in terms of the Stock Exchange Control Act, No 1 of 1985 (SECA); the separate statutory guarantee fund maintained in accordance with SECA; and the subsidiaries of the NSX. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal.

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

1.3 Financial instruments

Financial instruments recognised on the balance sheet include investments in debt securities, accounts receivable, cash and cash equivalents, accounts payable. Financial instruments are initially measured at cost, including transaction costs, which is fair value when the group becomes party to contractual arrangements. The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values due to the short-term trading cycle of these items.

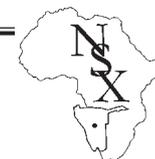
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity, are stated at fair value. In determining the fair value of these investments, securities with a fixed redemption date are stated at the original cost plus accrued interest. Where the original cost contains discounts on purchase, such amounts are accounted for on the effective interest rate method over the periods of redemption. The effective interest rate method is a method of calculating the amortised cost of a financial instrument and allocating the interest over the relevant period.

Loans and receivables - trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Bank and cash balances - represent funds on current accounts all of which are available to the Group unless otherwise stated.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Group's financial liabilities are trade payables and other payables.





NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

1. ACCOUNTING POLICIES (Continued)

1.4 De-recognition of assets and liabilities

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

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

The entity's principal financial assets are accounts receivable, bank and cash balances and these are classified as loans and receivables. The carrying amount of financial assets with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

1.5 Impairments

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

1.6 Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Foreign currency gains and losses are charged to the income statement.

1.7 Property, plant & equipment

Property, plant & equipment, other than software licences, are stated at cost, less accumulated depreciation. Depreciation is charged on a straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

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

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount through the income statement.

Surpluses and losses on disposal of property, plant & equipment are charged to the income statement.

1.8 Software costs

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

1.9 Employee benefits

The Group contributes to a umbrella defined contribution fund in respect of retirement benefits of current employees, the costs of which are recognised as an expense in the year in which they are incurred.

The Group does not provide post retirement medical benefits to employees.

The Group accrues for the value of leave due on the basis of the number of days owing to the employee and the relevant cost associated therewith.

THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

1. ACCOUNTING POLICIES (Continued)

1.10 Deferred taxation

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

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

1.11 Revenue recognition

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

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

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

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

1.12 Leases

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

1.13 Taxation

The NSX and the guarantee fund are exempt from normal taxation in terms of section 16(1)(d) of the Income Tax Act, No. 24 of 1981. The only operating subsidiary, Transfer Secretaries (Proprietary) Limited, is subject to normal taxation in terms of the Income Tax Act, No 24 of 1981.

1.14 Segment reporting

The services provided by the NSX and its subsidiary are not subject to materially different risks and are regarded as a single business segment for financial reporting purposes.

1.15 Provisions

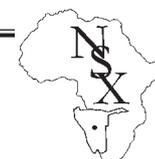
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation.

2. DEFINITIONS

2.1 Cash and cash equivalents

The cash and cash equivalents amounts disclosed in the cash flow statement comprise cash on hand, deposits held on call and on fixed deposits with banks.





NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

	Namibian Stock Exchange	Transfer Secretaries	Guarantee Fund	Group
	N\$	N\$	N\$	N\$

3. REVENUE & SEGMENTAL REPORT

Management regards the NSX, Transfer Secretaries and the Guarantee Fund as a single reportable segment. Accordingly the revenue is split into three sub-categories of major clients:

For the year ended 31 December 2008

Revenue represents net invoiced amounts to :

Listed entities

- Listing and documentation fees	204,400	-	-	204,400
- Annual fees	900,000	56,000	-	956,000
- Quarterly fees	-	217,380	-	217,380
- Handling and service fees	-	245,504	-	245,504
	1,104,400	518,884	-	1,623,284

Data distribution

- Information fees	244,138	-	-	244,138
--------------------	---------	---	---	---------

Stockbrokers, sponsors & clients

- Guarantee fund contributions	-	-	387,354	387,354
- Annual fees	50,000	-	-	50,000
- Commission received - Transaction levy	3,873,541	-	-	3,873,541
	3,923,541	-	387,354	4,310,895
	5,272,079	518,884	387,354	6,178,317

For the year ended 31 December 2007

Listed entities

- Listing and documentation fees	637,700	-	-	637,700
- Annual fees	746,600	57,000	-	803,600
- Quarterly fees	-	208,850	-	208,850
- Handling and service fees	-	255,188	-	255,188
	1,384,300	521,038	-	1,905,338

Data distribution

- Information fees	240,333	-	-	240,333
--------------------	---------	---	---	---------

Stockbrokers, sponsors & clients

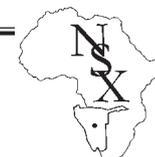
- Guarantee fund contributions	-	-	449,649	449,649
- Annual fees	80,000	-	-	80,000
- Commission received - Transaction levy	4,496,490	-	-	4,496,490
	4,576,490	-	449,649	5,026,139
	6,201,123	521,038	449,649	7,171,810

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

	Note	Group		Namibian Stock Exchange	
		2008	2007	2008	2007
		N\$	N\$	N\$	N\$
4. SURPLUS BEFORE TAXATION					
Surplus before taxation is stated after:					
Income					
Investment income:					
Interest on held to maturity investments					
- listed		195,407	337,527	195,407	337,527
- unlisted		2,028,663	1,200,205	1,613,121	919,816
		<u>2,224,070</u>	<u>1,537,732</u>	<u>1,808,528</u>	<u>1,257,343</u>
Other income & expense					
Administrative fee from Transfer Secretaries		-	-	100,880	100,880
Interest / fee earned on early settlement of long term loan		-	673,010	-	673,010
Loss on disposal of property, plant & equipment		-	(7,964)	-	(7,966)
Other		17,674	4,500	1,757	4,500
		<u>17,674</u>	<u>669,546</u>	<u>102,637</u>	<u>770,424</u>
Other operating expenses					
Auditors' remuneration					
- audit fee - current year		71,150	63,526	53,937	48,157
- prior year		-	289	-	6,625
- other services		8,968	6,912	8,968	6,912
		<u>80,118</u>	<u>70,727</u>	<u>62,905</u>	<u>61,694</u>
Director & Committee fees					
- Board		116,250	77,000	116,250	77,000
- Transfer Secretaries		3,150	2,500		
- Remuneration committee		8,205	3,563	8,205	3,563
- Audit committee		30,500	28,000	30,500	28,000
- Listing committee		86,300	86,000	86,300	86,000
- Investment committee		1,719	875	1,719	875
		<u>246,124</u>	<u>197,938</u>	<u>242,974</u>	<u>195,438</u>
Less - allocated to subsidiary		-	-	37,567	27,141
		<u>246,124</u>	<u>197,938</u>	<u>205,407</u>	<u>168,297</u>
Depreciation of property, plant & equipment		69,252	79,439	61,876	73,557
Amortisation of software licences		-	4,266	-	4,266
		<u>69,252</u>	<u>83,705</u>	<u>61,876</u>	<u>77,823</u>
Total	7	<u>69,252</u>	<u>83,705</u>	<u>61,876</u>	<u>77,823</u>
Operating lease expenses					
- premises		237,155	235,437	203,555	201,837
		<u>237,155</u>	<u>235,437</u>	<u>203,555</u>	<u>201,837</u>
Staff costs					
Including key management costs	21				
- salaries and wages		1,479,349	1,464,748	1,248,053	1,225,537
- contributions to retirement funds		175,611	170,688	150,039	147,906
- other		205,051	294,172	189,171	283,473
		<u>1,860,011</u>	<u>1,929,608</u>	<u>1,587,263</u>	<u>1,656,916</u>





NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

	Group		Namibian Stock Exchange	
	2008 N\$	2007 N\$	2008 N\$	2007 N\$
5. EXCEPTIONAL ITEM - NAMIBIAN GRADUATE SCHOOL OF ACCOUNTING (NGSA)				
In October 2006 the NSX pledged N\$ 1 million towards the establishment costs of the NGSA				
Balance available at beginning of year	-	689,963	-	689,963
Amount paid during the year	-	689,963	-	689,963
Grant amount available at end of year	-	-	-	-

The Institute of Chartered Accountants of Namibia has executed a cooperation agreement with the Polytechnic of Namibia for the hosting of a tuition institution that will be focused on the preparation of students for the post graduate Certificate in the Theory of Accountancy, the prerequisite requirement to sit the final qualifying examination.

6. TAXATION

The Namibian Stock Exchange and the guarantee fund are exempt from taxation in terms of section 16 (1)(d) of the Income Tax Act No 24 of 1981.

Tax rate reconciliation - Namibian normal taxation

Income tax recognised in the consolidated income statement	0.0%	0.0%
- effect of income exempt from tax the:		
- NSX	29.4%	30.8%
- Guarantee Fund	5.6%	4.2%
- effect of the utilisation of prior tax losses	0.0%	0.0%
Standard rate of taxation	35.0%	35.0%

Normal taxation relating to subsidiary

- Current	-	-
- Deferred		
Attributable to temporary differences arising in		
- current year	1,154	(134)
- prior year	-	-
Namibian normal tax	1,154	(134)

Estimated tax losses relating to subsidiary

At beginning of the year	19,913	18,398
Utilised to create deferred tax asset	-	-
(Utilised) / incurred during the year	(4,400)	1,515
Available for set off against future taxable income	15,513	19,913

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

7. PROPERTY, PLANT & EQUIPMENT	Software licences N\$	Office furniture N\$	Equipment N\$	TOTAL N\$
Group - Cost				
Balance at 31 December 2006	482,030	150,002	590,782	1,222,814
Additions	-	-	110,722	110,722
Disposals	-	(4,300)	(195,949)	(200,249)
Balance at 31 December 2007	482,030	145,702	505,555	1,133,287
Additions	-	-	500	500
Disposals	-	-	-	-
Balance at 31 December 2008	482,030	145,702	506,055	1,133,787
Group - Depreciation				
Balance at 31 December 2006	477,761	127,755	511,841	1,117,357
Amortisation / Depreciation charge for the year	4,266	13,036	66,403	83,705
Disposals	-	(4,032)	(187,874)	(191,906)
Balance at 31 December 2007	482,027	136,759	390,370	1,009,156
Amortisation / Depreciation charge for the year	-	8,249	61,003	69,252
Disposals	-	-	-	-
Balance at 31 December 2008	482,027	145,008	451,373	1,078,408
Group - Net book value				
At 31 December 2007	3	8,943	115,185	124,131
At 31 December 2008	3	694	54,682	55,379
Namibian Stock Exchange - cost				
Balance at 31 December 2006	482,030	135,760	501,242	1,119,032
Additions	-	-	92,524	92,524
Disposals	-	(4,300)	(182,007)	(186,307)
Balance at 31 December 2007	482,030	131,460	411,759	1,025,249
Additions	-	-	500	500
Disposals	-	-	-	-
Balance at 31 December 2008	482,030	131,460	412,259	1,025,749
Namibian Stock Exchange - depreciation				
Balance at 31 December 2006	477,761	116,527	423,512	1,017,800
Amortisation / Depreciation charge for the year	4,266	11,143	62,414	77,823
Disposals	-	(4,032)	(173,939)	(177,971)
Balance at 31 December 2007	482,027	123,638	311,987	917,652
Amortisation / Depreciation charge for the year	-	7,178	54,698	61,876
Disposals	-	-	-	-
Balance at 31 December 2008	482,027	130,816	366,685	979,528
Namibian Stock Exchange - Net book value				
At 31 December 2007	3	7,822	99,772	107,597
At 31 December 2008	3	644	45,574	46,221



NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

	Group		Namibian Stock Exchange	
	2008 N\$	2007 N\$	2008 N\$	2007 N\$
11. TRADE AND OTHER RECEIVABLES				
Trade receivables	522,447	639,354	498,715	566,720
Transfer Secretaries (Pty) Ltd	-	-	43,743	168,988
Prepayments	52,242	24,196	49,001	21,484
Other receivables	9,095	9,213	10,055	10,163
	<u>583,784</u>	<u>672,763</u>	<u>601,514</u>	<u>767,355</u>

Provision for doubtful accounts	-	-	-	-
---------------------------------	---	---	---	---

12. BANK BALANCES AND CASH

Cash at bank and on hand	<u>516,753</u>	<u>285,658</u>	<u>470,796</u>	<u>139,068</u>
--------------------------	----------------	----------------	----------------	----------------

13. INSURANCE FUND

This fund was established to provide for the excess on insurance claims. Interest received is not capitalised to the fund but included in the Namibian Stock Exchange income statement and transferred when necessary.

	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
--	----------------	----------------	----------------	----------------

14. GUARANTEE FUND - consolidation only

Guarantee Fund	
2008 N\$	2007 N\$

A separate guarantee fund is maintained, for investor protection purposes, by the Stock Exchange in terms of Section 30 of the Stock Exchanges Control Act, No 1 of 1985, as amended. As the NSX and its Board exercise control over this guarantee fund it is required to consolidate the activities of the guarantee fund into the Group financial statements in terms of International Financial Reporting Standards.

Every stockbroker is obliged to contribute to this fund to cover liabilities that may arise out of the buying and selling of securities but have no rights to any assets of the guarantee fund.

Balance at beginning of year	3,466,613	2,738,767
Income for the year	<u>795,958</u>	<u>727,846</u>
Retained surplus at end of the year	<u>4,262,571</u>	<u>3,466,613</u>

15. LONG-TERM LIABILITIES

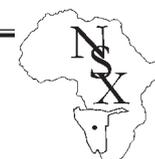
Unsecured:

Loan denominated in Namibia Dollars from the Swedish Government, to assist with capacity building, repayable in nineteen half yearly instalments of N\$ 60 000 and one final instalment of N\$ 1 760 000 from 30 June 2000, bearing no interest.

Repaid in full on 11 December 2007	-	2,000,000	-	2,000,000
Less: unspent balance in SIDA Imprest bank account	-	(1,642,000)	-	(1,642,000)
Less: repaid from current account	-	(358,000)	-	(358,000)

	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
--	----------	----------	----------	----------





NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

	Group		Namibian Stock Exchange	
	2008	2007	2008	2007
	N\$	N\$	N\$	N\$
16. TRADE AND OTHER PAYABLES				
Trade payables	206,346	129,819	199,455	114,524
Guarantee Fund			40,958	35,156
Accruals	351,382	516,084	320,485	459,350
	<u>557,728</u>	<u>645,903</u>	<u>560,898</u>	<u>609,030</u>
17. COMMITMENTS				
Commitments in respect of capital expenditure relating to the computers, network & web-site upgrade	-	37,000	-	37,000
Commitments under operating leases				
2008	-	216,654	-	216,654
2009	216,654	216,654	216,654	216,654
2010	36,109	36,109	36,109	36,109

18. RETIREMENT BENEFIT INFORMATION

18.1 Retirement fund

The Stock Exchange continues to contribute to the Namflex Pension Fund, an umbrella defined contribution plan. This fund is registered under and governed by the Pension Funds Act 1956 (Act 24 of 1956). All employees who are eligible through qualifying service are members of the fund. The fund provides death, disability and retirement benefits.

In terms of the rules of the fund the employees contribute 7.5 % and the employer currently contributes 7.5% of pensionable remuneration towards retirement and pays all the other cost including premiums for group life benefits. Obligations for contributions to the fund are recognised as an expense as incurred.

Under defined contribution plans, the legal liability of the entity is limited to the agreed contribution. Consequently, actuarial and investment risk are borne by the employee.

18.2 Post-retirement medical benefits

The Stock Exchange and its subsidiary operate a medical aid scheme for the benefit of permanent employees. In terms of employment contracts, the Stock Exchange is not liable for post retirement medical aid contributions.

19. FINANCIAL RISK MANAGEMENT

19.1 Foreign currency risk management

Namibia is part of the Southern African Common Monetary Area. The Namibia Dollar is pegged to the South African Rand on a one-to-one basis. Virtually all the Stock Exchange's transactions are conducted within the common monetary area of Southern Africa.

19.2 Interest rate management

As part of the process of managing the Group's interest rate risk, interest rate characteristics of new investments and the reinvesting of maturing investments are positioned according to expected movements in interest rates. This risk is managed by the Group ensuring that where appropriate assets and liabilities are invested for periods appropriate to the potential needs of the Group. A decrease in the bank rate of 1% will change the interest earnings of the Group by N\$ 233 000 in 2009 and the NSX by N\$ 190 300.

19.3 Credit risk management

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

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

The granting of credit is made on application and is approved by management. At 31 December 2008 the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

19.4 Fair value

The Board of Directors is of the opinion that the carrying value of financial instruments approximates fair value due to the short-term nature of these investments.

19.5 Capital risk management

The Group manages its capital with the objective of ensuring that the NSX continues as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund. In the current financial climate the Board has decided to restrict the NSX and Guarantee Fund investments to registered commercial bank in Namibia and has imposed a limited of 30% of total funds in any one bank.

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

20. CURRENCY, INTEREST & LIQUIDITY RISKS

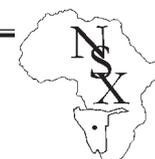
20.1 Currency risks

All in	Group		Namibian Stock Exchange	
	2008	2007	2008	2007
	Rands /N\$	Rands /N\$	Rands /N\$	Rands /N\$
Assets				
Property, plant & equipment	55,379	124,131	46,221	107,597
Investment in subsidiaries			4,000	4,000
Other investments	189,826	188,571	189,826	188,571
Deferred tax asset	4,275	5,429	-	-
Trade and other receivables	583,784	672,763	601,514	767,355
Other investments	23,125,549	18,382,821	18,899,428	14,947,339
Taxation	(170)	109	-	-
Bank balances and cash	516,753	285,658	470,796	139,068
	24,475,396	19,659,482	20,211,785	16,153,930
Liabilities				
Trade and other payables	557,728	645,903	560,898	609,030
	557,728	645,903	560,898	609,030
Net assets & liabilities	23,917,668	19,013,579	19,650,887	15,544,900

20.2 Interest rate risks

Assets	Group		Namibian Stock Exchange	
	2008	2007	2008	2007
	N\$	N\$	N\$	N\$
Non-Interest sensitive				
Property, plant & equipment	55,379	124,131	46,221	107,597
Trade and other receivables	583,784	672,763	601,514	767,355
Investment in subsidiaries			4,000	4,000
Deferred tax asset	4,275	5,429	-	-
Taxation	(170)	109	-	-
	643,268	802,432	651,735	878,952
Fixed rate				
- Eskom bond - E170 maturing in 2019	189,826	188,571	189,826	188,571
- Republic of Namibia Bond - GC08 maturing in 2008	-	3,348,734	-	3,348,734
	189,826	3,537,305	189,826	3,537,305
Floating rate				
Other investments - NSX only	18,899,428	11,598,605	18,899,428	11,598,605
Other investments - Guarantee Fund	4,226,121	3,435,482		
Bank balances and cash	516,753	285,658	470,796	139,068
	23,642,302	15,319,745	19,370,224	11,737,673
Total assets	24,475,396	19,659,482	20,211,785	16,153,930
Liabilities				
Non-Interest sensitive				
Trade and other payables	557,728	645,903	560,898	609,030
Long-term liabilities	-	-	-	-
Total liabilities	557,728	645,903	560,898	609,030
Net assets & liabilities	23,917,668	19,013,579	19,650,887	15,544,900





NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2008 (Continued)

20. CURRENCY, INTEREST & LIQUIDITY RISKS (continued)

	Group		Namibian Stock Exchange	
	2008 N\$	2007 N\$	2008 N\$	2007 N\$
20.3 Liquidity & interest rate risk				
Assets				
Non liquid				
Property, plant & equipment	55,379	124,131	46,221	107,597
Investment in subsidiaries	-	-	4,000	4,000
Deferred tax asset	4,275	5,429	-	-
Taxation	(170)	109	-	-
	<u>59,484</u>	<u>129,669</u>	<u>50,221</u>	<u>111,597</u>
5 years +				
Other investments - maturing 2019	189,826	188,571	189,826	188,571
9 to 12 months - fixed interest rate				
Other investment	6,536,863	-	6,536,863	-
6 to 9 months - fixed interest rate				
Other investments - NSX only	9,911,379	5,097,315	9,911,379	5,097,315
Other investments - Guarantee Fund	-	197,026	-	-
	<u>9,911,379</u>	<u>5,294,341</u>	<u>9,911,379</u>	<u>5,097,315</u>
3 to 6 months - fixed interest rate				
Other investments - NSX only	1,664,431	-	1,664,431	-
Other investments - Guarantee Fund	4,046,527	-	-	-
	<u>5,710,958</u>	<u>-</u>	<u>1,664,431</u>	<u>-</u>
0 to 3 months				
Call accounts - variable rates				
Other investments - NSX only	786,755	9,850,024	786,755	9,850,024
Other investments - Guarantee Fund	179,594	3,238,456	-	-
Current accounts - variable				
Bank balances and cash	516,753	285,658	470,796	139,068
Current accounts - no interest				
Trade and other receivables	583,784	672,763	601,514	767,355
	<u>2,066,886</u>	<u>14,046,901</u>	<u>1,859,065</u>	<u>10,756,447</u>
Total assets	24,475,396	19,659,482	20,211,785	16,153,930
Liabilities				
Long-term liabilities	-	-	-	-
0 to 3 months				
Trade and other payables	557,728	645,903	560,898	609,030
	<u>557,728</u>	<u>645,903</u>	<u>560,898</u>	<u>609,030</u>
Total liabilities	557,728	645,903	560,898	609,030
Net assets & liabilities	23,917,668	19,013,579	19,650,887	15,544,900

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2008 (Continued)

	Group		Namibian Stock Exchange	
	2008	2007	2008	2007
	N\$	N\$	N\$	N\$
21. RELATED PARTIES				
Related parties exist between the Stock Exchange and Transfer Secretaries (Pty) Ltd. All transactions are concluded at arm's length.				
Amounts received from Transfer Secretaries (Pty) Ltd:				
- Administrative service fees			100,880	100,880
- Indemnity insurance			33,578	34,840
- Internet connectivity			13,695	10,264
- Premises rental			33,600	33,600
- Board & Committee fees			37,567	27,141
- Membership fees			863	863
Amount owing by Transfer Secretaries (Pty) Ltd - note 8.				
Directors & committee members remuneration - note 4.				
Staff costs for key management included in note 4				
- salaries	1,000,000	924,845	1,000,000	924,845
- contributions to retirement funds	118,847	109,794	118,847	109,794
- other	137,814	278,424	137,814	278,424
	<u>1,256,661</u>	<u>1,313,063</u>	<u>1,256,661</u>	<u>1,313,063</u>

22. NOTES TO CASH FLOW STATEMENTS

22.1 Cash generated by operations

Surplus before taxation as per income statement	4,905,243	6,071,983	4,105,987	5,344,521
Adjustments:				
Depreciation and amortisation	69,252	83,705	61,876	77,823
	<u>4,974,495</u>	<u>6,155,688</u>	<u>4,167,863</u>	<u>5,422,344</u>
Investment income	(2,224,070)	(1,537,732)	(1,808,528)	(1,257,343)
	<u>2,750,425</u>	<u>4,617,956</u>	<u>2,359,335</u>	<u>4,165,001</u>

22.2 Increase in working capital

(Increase) / decrease in accounts receivable	88,979	(54,500)	165,841	(159,617)
(Decrease) in accounts payable	(88,175)	(821,497)	(48,132)	(803,064)
	<u>804</u>	<u>(875,997)</u>	<u>117,709</u>	<u>(962,681)</u>

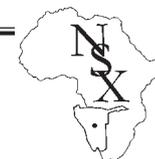
22.3 Taxation paid

Amounts (overpaid) at the beginning of the year	(109)	(816)		
Amounts charged per the income statement excluding deferred taxation	-	-		
Amounts (due) overpaid at the end of the year	(170)	109		
	<u>(279)</u>	<u>(707)</u>		

23. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. There were no material judgements nor estimates made in preparing these financial statements.





NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2008 (Continued)

24. SUBSEQUENT EVENTS

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

25. ADOPTION OF NEW AND REVISED STANDARDS

In the current year the group has reviewed all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB and has included additional disclosures where deemed necessary.

At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

Number	Description	Effective from
New Standards		
IFRS 8	Operating Segments	1 January 2009
Revised Standards		
IFRS 1	First time adoption of IFRS	1 January 2009
IFRS 2	Share-based payments	1 January 2009
IFRS 3	Business Combinations	1 July 2009
IFRS 5	Non-current assets held for sale & discontinued operations	1 July 2009
Revised & New Standards		
IAS 1	Presentation of Financial Statements	1 January 2009
IAS 16	Property, plant & equipment	1 January 2009
IAS 19	Employee benefits	1 January 2009
IAS 20	Accounting for Government grants & disclosure of Government Assistance	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
IAS 27	Consolidated & separate financial statements	1 January 2009
IAS 28	Investments in associates	1 January 2009
IAS 29	Financial reporting in hyperinflationary economies	1 January 2009
IAS 31	Interests in joint ventures	1 January 2009
IAS 32	Financial instruments: Presentation	1 January 2009
IAS 36	Impairment of assets	1 January 2009
IAS 38	Intangible assets	1 January 2009
IAS 39	Financial instruments: Recognition and measurement	1 July 2009
IAS 40	Investment property	1 January 2009
IAS 41	Agriculture	1 January 2009
New Interpretations		
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreements for the construction of real estate	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2009
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009

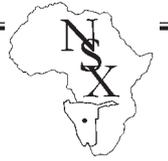
The Directors do not anticipate that the impact of these statements and interpretations will have a material affect on the Group and NSX financial statements.

NSX FOUNDER MEMBERS

(former names)

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







BROKER & SPONSOR CONTACT DETAILS

IJG Securities (Pty) Ltd

Managing Director: Mark Späth
P.O. Box 186, Windhoek
1st Floor, Building One
100 Robert Mugabe Ave
Tel: 061-383 500 Fax: +264 61- 304 674
E-mail: ijg@ijg.net

Simonis Storm Securities (Pty) Ltd.

Managing Director: Andrew Jansen
P.O. Box 3970, Windhoek
4 Koch Street / Cnr Hugo Hahn Strasse
Klein Windhoek
Tel: +264 61-254 194 Fax: +264 61-253 193
E-mail: aj@sss.com.na

Namibia Equity Brokers (Pty) Ltd.

Managing Director: Madelein Smith
P.O. Box 27, Windhoek
1st Floor, City Centre Building (West Wing)
1 Levinson Arcade
Tel: +264 61-256 666 Fax: +264 61-256 789
E-mail: msmith@namibia-equities.com

Investment House Namibia (Pty) Ltd.

Director: Brian van Rensburg
P.O. Box 196, Windhoek
5 Conradie Street
Tel: +264 61-378 900 Fax: +264 61-378 901
E-mail: brianvr@ihn.com.na

SPONSOR

Equity and Bonds

Old Mutual Investment Services (Namibia) (Pty) Ltd.

Director: Brigitte Weichert
P.O. Box 25549, Windhoek
5th Floor Mutual Platz
Post Street Mall, Windhoek
Tel: +264 61-299 3527 Fax: +264 61-299 3528
E-mail: bweichert@hotmail.com

Bonds only

pointBreak Wealth Management (Pty) Ltd

Managing Director: Tony Edmunds
P O Box 97438, Windhoek
24 Orban Street, Klein Windhoek
Tel +264 61 378 811 Fax +264 61 378 844
E-mail: tony@pointbreak.com.na

