

Huso Investments (Pty) Ltd  
(Registration number 2006/443)  
Interim Financial Statements  
for the 6 months ended 30 September, 2016

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## General Information

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<b>Country of incorporation and domicile</b>	Namibia
<b>Director</b>	Q van Rooyen
<b>Registered office</b>	Trustco House 2 Keller Street Windhoek Namibia
<b>Business address</b>	Trustco House 2 Keller Street Windhoek Namibia
<b>Postal address</b>	P O Box 11363 Windhoek Namibia
<b>Holding company</b>	Next Investments (Pty) Ltd incorporated in Namibia
<b>Auditors</b>	BDO (Namibia) Registered Accountants and Auditors Chartered Accountants (Namibia)
<b>Secretary</b>	Komada Holdings (Pty) Ltd
<b>Company registration number</b>	2006/443

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Index

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The reports and statements set out below comprise the interim financial statements presented to the shareholder:

<b>Index</b>	<b>Page</b>
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4
Directors' Report	5 - 6
Statement of Financial Position	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11
Notes to the Interim Financial Statements	19 - 25

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Directors' Responsibilities and Approval

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The director is required in terms of the Namibian Companies Act, 2004 to maintain adequate accounting records and is responsible for the content and integrity of the interim financial statements and related financial information included in this report. It is his responsibility to ensure that the interim financial statements fairly present the state of affairs of the group as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the interim financial statements.

The interim financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

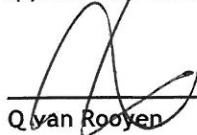
The director acknowledges that he is ultimately responsible for the system of internal financial control established by the group and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the interim financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the group's cash flow forecast for the period to 31 March, 2018 and, in light of this review and the current financial position, he is satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's interim financial statements. The interim financial statements have been examined by the group's external auditors and their report is presented on page 4.

The interim financial statements set out on pages 5 to 25, which have been prepared on the going concern basis, were approved by the director on 10 January, 2017 and were signed on his behalf by:



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Q van Rooyen

Windhoek

10 January, 2017



## Independent Auditor's Report

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To the shareholder of Huso Investments (Pty) Ltd

We have audited the interim financial statements of Huso Investments (Pty) Ltd, as set out on pages 7 to 25, which comprise the statement of financial position as at 30 September, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 6 months then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Interim Financial Statements

The company's director is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards and requirements of the Namibian Companies Act, 2004, and for such internal control as the director determines is necessary to enable the preparation of interim financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these interim 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 interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the interim 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 company'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 interim 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 interim financial statements present fairly, in all material respects, the financial position of Huso Investments (Pty) Ltd as at 30 September, 2016, and its financial performance and cash flows for the 6 months then ended in accordance with International Financial Reporting Standards, and the requirements of the Namibian Companies Act, 2004.

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C Celliers  
Partner  
BDO  
Registered accountants and auditors  
Chartered accountants (Namibia)

10 January, 2017

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Directors' Report

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The director has pleasure in submitting his report on the interim financial statements of Huso Investments (Pty) Ltd and the group for the period ended 30 September, 2016.

### 1. Nature of business

Huso Investments (Pty) Ltd was incorporated in Namibia with interests in the mining industry. The company does not trade, and all of its activities are undertaken through its principal subsidiaries. The group operates in Namibia.

There have been no material changes to the nature of the group's business from the prior period.

### 2. Review of financial results and activities

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Namibian Companies Act, 2004. The accounting policies have been applied consistently compared to the prior period.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated interim financial statements.

### 3. Share capital

There have been no changes to the authorised or issued share capital during the period under review.

### 4. Directorate

The director in office at the date of this report are as follows:

#### Director

Q van Rooyen

### 5. Directors' interests in contracts

The 100% owner (Dr Q. van Rooyen) of the company is engaged in a transaction with Trustco Resources (Pty) Ltd, a 100% subsidiary of Trustco Group Holdings Ltd where Trustco Resources will acquire the 100% shareholding of the company via a common control transaction.

Dr Q. van Rooyen is the majority shareholder of Huso Investments (Pty) Ltd and Trustco Holdings Limited.

### 6. Events after the reporting period

The company is engaged in a transaction where it will acquire the 100% shareholding of Morse Investments (Pty) Ltd, a diamond polishing and cutting factory incorporated in Namibia via a common control transaction. Dr. Q. van Rooyen is the 100% shareholder of both Huso and Morse.

The sale of shares of Morse is subject to the consent of the Minister of Mines and Energy of Namibia which was still outstanding at the time of reporting, therefore the consolidated financial results of Huso exclude Morse.

### 7. Going concern

The director believes that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated interim financial statements have been prepared on a going concern basis. The director has satisfied himself that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new material changes that may adversely impact the group. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

### 8. Auditors

BDO (Namibia) continued in office as auditors for the company and its subsidiaries for 2016.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Directors' Report

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At the AGM, the shareholder will be requested to reappoint BDO (Namibia) as the independent external auditors of the company.

### 9. Secretary

The company secretary is Komada Holdings (Pty) Ltd.

Postal address	P O Box 11363 Windhoek Namibia
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Business address	Trustco House 2 Keller Street Windhoek Namibia
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### 10. Date of authorisation for issue of financial statements

The consolidated interim financial statements have been authorised for issue by the director on 10 January, 2017. No authority was given to anyone to amend the interim financial statements after the date of issue.

### 11. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the group.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Statement of Financial Position as at 30 September, 2016

Figures in Namibia Dollar	Note(s)	Group		Company	
		30 September 2016	31 March 2016	30 September 2016	31 March 2016
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	2	15,314,267	7,606,456	-	-
Intangible assets	3	71,523,970	67,343,217	-	-
Investments in subsidiaries	4	-	-	304,441,665	304,441,665
Loans to related parties	5	5,830,316	489,099	-	-
		<b>92,668,553</b>	<b>75,438,772</b>	<b>304,441,665</b>	<b>304,441,665</b>
<b>Current Assets</b>					
Trade and other receivables	6	1,540,621	3,695,742	-	-
Cash and cash equivalents	7	22,893	821	-	-
		<b>1,563,514</b>	<b>3,696,563</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>94,232,067</b>	<b>79,135,335</b>	<b>304,441,665</b>	<b>304,441,665</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	8	100	100	100	100
Common control reserve	9	178,070	178,070	-	-
Reserves	10	295,833,007	277,123,798	203,975,849	203,975,849
Retained income		(203,880,019)	(203,880,019)	-	-
		<b>92,131,158</b>	<b>73,421,949</b>	<b>203,975,949</b>	<b>203,975,949</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Loans from related parties	5	532,153	227,153	-	-
Deferred tax	11	-	-	100,465,716	100,465,716
		<b>532,153</b>	<b>227,153</b>	<b>100,465,716</b>	<b>100,465,716</b>
<b>Current Liabilities</b>					
Trade and other payables	12	1,568,756	5,473,012	-	-
Bank overdraft	7	-	13,221	-	-
		<b>1,568,756</b>	<b>5,486,233</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>2,100,909</b>	<b>5,713,386</b>	<b>100,465,716</b>	<b>100,465,716</b>
<b>Total Equity and Liabilities</b>		<b>94,232,067</b>	<b>79,135,335</b>	<b>304,441,665</b>	<b>304,441,665</b>



# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
		6 months 30 September	12 months 31 March	6 months 30 September	12 months 31 March
Figures in Namibia Dollar	Note(s)	2016	2016	2016	2016
Taxation	17	-	95,830	-	-
<b>Profit for the 6 months</b>		-	<b>95,830</b>	-	-
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the 6 months</b>		-	<b>95,830</b>	-	-

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Common control reserve	Equity loan	Total reserves	Retained income	Total equity
<b>Group</b>						
Balance at 1 April, 2015	100	178,070	269,651,273	269,829,343	(203,975,849)	65,853,594
Profit for the 12 months	-	-	-	-	95,830	95,830
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the 12 months</b>	-	-	-	-	95,830	95,830
Movement in equity loan	-	-	7,472,525	7,472,525	-	7,472,525
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	-	-	7,472,525	7,472,525	-	7,472,525
Balance at 1 April, 2016	100	178,070	277,123,798	277,301,868	(203,880,019)	73,421,949
Profit for the 6 months	-	-	-	-	-	-
Movement in equity loan	-	-	18,709,209	18,709,209	-	18,709,209
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	-	-	18,709,209	18,709,209	-	18,709,209
Balance at 30 September, 2016	100	178,070	295,833,007	296,011,077	(203,880,019)	92,131,158
Note(s)	8	9				
<b>Company</b>						
Balance at 1 April, 2015	100	-	203,975,849	203,975,849	-	203,975,949
Balance at 1 April, 2016	100	-	203,975,849	203,975,849	-	203,975,949
Balance at 30 September, 2016	100	-	203,975,849	203,975,849	-	203,975,949
Note(s)	8	9				

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Statement of Cash Flows

	Note(s)	Group		Company	
		6 months 30 September 2016	12 months 31 March 2016	6 months 30 September 2016	12 months 31 March 2016
Figures in Namibia Dollar					
<b>Cash flows from operating activities</b>					
Cash (used in)/generated from operations	13	(1,749,135)	1,230,770	-	-
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	2	(10,075,174)	(3,421,283)	-	-
Sale of property, plant and equipment	2	-	136,247	-	-
Additions to exploration and evaluation assets	3	(1,813,390)	(4,237,844)	-	-
Loans advanced to related parties		(5,341,217)	(489,099)	-	-
Proceeds on loans from related parties		305,000	227,153	-	-
<b>Net cash from investing activities</b>		<b>(16,924,781)</b>	<b>(7,784,826)</b>	-	-
<b>Cash flows from financing activities</b>					
Proceeds from equity loans		18,709,209	7,472,525	-	-
<b>Net cash from financing activities</b>		<b>18,709,209</b>	<b>7,472,525</b>	-	-
<b>Total cash movement for the period</b>		<b>35,293</b>	<b>918,469</b>	-	-
Cash at the beginning of the period		(12,400)	(930,869)	-	-
<b>Total cash at end of the period</b>	7	<b>22,893</b>	<b>(12,400)</b>	-	-

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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### 1. Presentation of interim financial statements

The interim financial statements have been prepared in accordance with International Financial Reporting Standards, and the Namibian Companies Act, 2004. The interim financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the interim financial statements, management is required to make estimates and assumptions that affect the amounts represented in the interim financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the interim financial statements. Significant estimates include:

##### Loans and receivables

The group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that these assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors such as exchange rates, inflation rate and interest rates.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### 1.2 Consolidation

#### Basis of consolidation

The consolidated interim financial statements incorporate the interim financial statements of the group and all investees which are controlled by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated interim financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the interim financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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### 1.2 Consolidation (continued)

#### Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

### 1.3 Accounting policy with regards to Exploration and Evaluation Expenditures

Exploration assets are carried at cost less any accumulated amortisation and any impairment losses.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. An area of Interest is generally defined by the Company as a number of geographically proximate exploration permits which could form the basis of a project. These costs are only carried forward to the extent that the Company's rights of tenure to that area of Interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the income statement in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of Interest to determine the appropriateness of continuing to carry forward costs in relation to that area of Interest.

Pre-production sales are offset against the Exploration and evaluation assets cost instead of being recognised as revenue.

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions must also be met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale, or
  - Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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### 1.3 Accounting policy with regards to Exploration and Evaluation Expenditures (continued)

Exploration and evaluation assets are initially measured at cost and include the acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortization of assets used in exploration and evaluation activities. General, administrative and share based payment costs are only included in the measurement of exploration and evaluation costs where they are related directly to exploration and evaluation activities in a particular area of interest.

Exploration expenditure is transferred to property, plant and equipment upon achieving a bankable feasibility study.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than 12 months.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Major spare parts and stand by equipment which are expected to be used for more than 12 months are included in property, plant and equipment.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost. Buildings which is carried at revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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Item	Depreciation method	Average useful life
Plant and machinery	Straight line	3 to 8 years
Furniture and fixtures	Straight line	2 to 6 years
Motor vehicles	Straight line	6 years
IT equipment	Straight line	2 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting 12 months. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each 12 months is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.5 Intangible assets

Exploration assets are carried at cost less any accumulated amortisation and any impairment losses.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. An area of interest is generally defined by the company as a number of geographically proximate exploration permits which could form the basis of a project. These costs are only carried forward to the extent that the company's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the income statement in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### 1.6 Interests in subsidiaries

#### Company interim financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment, unless restructured in a common control transaction in which case subsidiaries are carried at fair value and not subsequently revalued.

### 1.7 Financial instruments

#### Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.



# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

#### Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

### 1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Accounting Policies

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### 1.9 Tax

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### 1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Notes to the Interim Financial Statements

Figures in Namibia Dollar	Group		Company	
	2016	2016	2016	2016

### 2. Property, plant and equipment

Group	2016			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	134,489	-	134,489	134,489	-	134,489
Plant and machinery	31,670,118	(17,977,255)	13,692,863	21,436,419	(15,594,398)	5,842,021
Furniture and fixtures	485,594	(140,805)	344,789	485,594	(110,799)	374,795
Motor vehicles	1,342,413	(207,209)	1,135,204	1,342,413	(99,070)	1,243,343
IT equipment	76,606	(69,684)	6,922	68,463	(56,655)	11,808
<b>Total</b>	<b>33,709,220</b>	<b>(18,394,953)</b>	<b>15,314,267</b>	<b>23,467,378</b>	<b>(15,860,922)</b>	<b>7,606,456</b>

#### Reconciliation of property, plant and equipment - Group - 30 September 2016

	Opening balance	Additions	Depreciation	Total
Buildings	134,489	-	-	134,489
Plant and machinery	5,842,021	10,067,032	(2,216,190)	13,692,863
Furniture and fixtures	374,795	-	(30,006)	344,789
Motor vehicles	1,243,343	-	(108,139)	1,135,204
IT equipment	11,808	8,142	(13,028)	6,922
	<b>7,606,456</b>	<b>10,075,174</b>	<b>(2,367,363)</b>	<b>15,314,267</b>

#### Reconciliation of property, plant and equipment - Group - 31 March 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	134,489	-	-	-	134,489
Plant and machinery	8,000,863	1,709,927	(98,050)	(3,770,719)	5,842,021
Furniture and fixtures	21,039	409,916	-	(56,160)	374,795
Motor vehicles	46,260	1,297,413	(38,197)	(62,133)	1,243,343
IT equipment	33,417	4,027	-	(25,636)	11,808
	<b>8,236,068</b>	<b>3,421,283</b>	<b>(136,247)</b>	<b>(3,914,648)</b>	<b>7,606,456</b>

### 3. Intangible assets

Group	2016			2016		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Exploration and evaluation assets	71,523,970	-	71,523,970	67,343,217	-	67,343,217

#### Reconciliation of intangible assets - Group - 30 September 2016

	Opening balance	Additions	Depreciation capitalised	Total
Exploration and evaluation assets	67,343,217	1,813,390	2,367,363	71,523,970

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Notes to the Interim Financial Statements

Figures in Namibia Dollar	Group		Company	
	2016	2016	2016	2016

### 3. Intangible assets (continued)

#### Reconciliation of intangible assets - Group - 31 March 2016

	Opening balance	Additions	Depreciation capitalised	Total
Exploration and evaluation assets	59,190,725	4,237,844	3,914,648	67,343,217

### 4. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

#### Company

Name of company	% holding 30.09.2016	% holding 31.03.2016	Carrying amount 30.09.2016	Carrying amount 31.03.2016
Northern Namibia Development Company (Pty) Ltd	100.00 %	100.00 %	304,441,665	304,441,665

The investment is carried at cost. The cost of the investment at acquisition date was determined based on the total value of the diamonds as determined by a competent person's report compiled by Mr. Willem H. Kotze (Pr. Sci. Nat MSAIMM) less the capital expenditure. The cost of mining one carat being N\$ 985.00 and the capital cost per carat estimated at N\$ 86.00. The net profit being 873.77 per carat and the total number of carats estimated at 348,423.

### 5. Loans to (from) related parties

#### Entities in which board members have significant influence

Portsmut Hunting Safaris (Pty) Ltd	(532,153)	(227,153)	-	-
Morse Investments (Pty) Ltd	830,316	489,099	-	-
Meya Mining	5,000,000	-	-	-
	<b>5,298,163</b>	<b>261,946</b>	-	-
Non-current assets	5,830,316	489,099	-	-
Non-current liabilities	(532,153)	(227,153)	-	-
	<b>5,298,163</b>	<b>261,946</b>	-	-

The loans are unsecured, bear interest at rate that is determined by the directors from time to time (the rate at year-end was 0% per annum) and have no fixed terms of repayment, other than not being repayable within the next 12 months.

### 6. Trade and other receivables

Value added tax	1,540,621	3,695,742	-	-
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### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,044	821	-	-
Bank balances	16,849	-	-	-
Bank overdraft	-	(13,221)	-	-
	<b>22,893</b>	<b>(12,400)</b>	-	-

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Notes to the Interim Financial Statements

Figures in Namibia Dollar	Group		Company	
	2016	2016	2016	2016
<b>7. Cash and cash equivalents (continued)</b>				
Current assets	22,893	821	-	-
Current liabilities	-	(13,221)	-	-
	<b>22,893</b>	<b>(12,400)</b>	-	-
<b>8. Share capital</b>				
<b>Authorised</b>				
4,000 Ordinary shares of N\$1.00 each	4,000	4,000	4,000	4,000
<b>Issued</b>				
100 Ordinary shares of N\$1.00 each	100	100	100	100
<b>9. Common control reserve</b>				
Balance at the beginning of the year	178,070	178,070	-	-
Common control reserve was raised for the book value of Northern Namibia Development Company (Pty) Ltd.				
<b>10. Equity loan</b>				
Quinton van Rooyen	295,833,007	277,123,798	203,975,849	203,975,849
The loan is interest free, unsecured and will be repaid at the option of the company.				
<b>11. Deferred tax</b>				
Deferred tax liability	-	-	(100,465,716)	(100,465,716)
<b>Reconciliation of deferred tax asset / (liability)</b>				
At beginning of year	-	(95,830)	(100,465,716)	(100,465,716)
Taxable temporary difference movement on tangible fixed assets	-	95,830	-	-
	-	-	(100,465,716)	(100,465,716)
<b>12. Trade and other payables</b>				
Trade payables	1,339,290	5,303,264	-	-
Accrued leave pay	82,640	81,322	-	-
Accrual for royalties	48,554	48,554	-	-
Other accrued expenses	98,272	39,872	-	-
	<b>1,568,756</b>	<b>5,473,012</b>	-	-
<b>13. Cash (used in) generated from operations</b>				
Profit before taxation	-	-	-	-
<b>Changes in working capital:</b>				
Trade and other receivables	2,155,121	(1,494,557)	-	-
Trade and other payables	(3,904,256)	2,725,327	-	-
	<b>(1,749,135)</b>	<b>1,230,770</b>	-	-

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Notes to the Interim Financial Statements

Figures in Namibia Dollar	Group		Company	
	2016	2016	2016	2016

### 14. Related parties

#### Relationships

Holding company

Subsidiary

Entities in which board members have significant influence

Next Investments (Pty) Ltd

Refer to note 4

Trustco Group International (Pty) Ltd

Trustco Air Services (Pty) Ltd

Trustco Newspapers (Pty) Ltd

Trustco Fleet Management Services (Pty) Ltd

Foxtrot Properties (Pty) Ltd

Portsmut Hunting Safaris (Pty) Ltd

Namibia Medical Investments (Pty) Ltd

Dolphin View 50 Langstrand (Pty) Ltd

Othinge Investments (Pty) Ltd

Morse Investments (Pty) Ltd

Meya Mining\*

Q van Rooyen

Directors

\*Incorporated in Mauritius

Refer to note 5 for balances to/from related parties and note 10 for the equity loan balance.

#### Related party transactions capitalised to intangible assets

##### Rent paid to related parties

Next Investments (Pty) Ltd

66,000

225,368

-

-

Trustco Fleet Management Services (Pty) Ltd

825,840

-

-

-

##### Advertising paid to related party

Trustco Newspapers (Pty) Ltd

7,444

-

-

-

##### Charter fees paid to related party

Trustco Air Services (Pty) Ltd

278,444

842,069

-

-

##### Expenses supported by related party

Next Investments (Pty) Ltd

12,057,071

19,281,928

-

-

##### Sales to related parties

Morse Investments (Pty) Ltd

921,754

485,537

-

-

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Notes to the Interim Financial Statements

Figures in Namibia Dollar	Group		Company	
	2016	2016	2016	2016

### 15. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

#### Group - 2016

	Loans and receivables	Total
Loans to related parties	5,830,316	5,830,316
Cash and cash equivalents	22,893	22,893
	<u>5,853,209</u>	<u>5,853,209</u>

#### Group - 2016

	Loans and receivables	Total
Loans to group companies	489,099	489,099
Cash and cash equivalents	821	821
	<u>489,920</u>	<u>489,920</u>

### 16. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

#### Group - 2016

	Financial liabilities at amortised cost	Total
Loans from related parties	532,153	532,153
Trade and other payables	1,568,756	1,568,756
	<u>2,100,909</u>	<u>2,100,909</u>

#### Group - 2016

	Financial liabilities at amortised cost	Total
Loans from related parties	227,153	227,153
Trade and other payables	5,473,012	5,473,012
Bank overdraft	13,221	13,221
	<u>5,713,386</u>	<u>5,713,386</u>

### 17. Taxation

#### Major components of the tax income

##### Deferred

Originating and reversing temporary differences	-	(95,830)	-	-
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The group has estimated tax losses of N\$ 68 168 838 (2016: N\$ 51 931 015) available for set off against future taxable income. The company has a tax loss of N\$ nil available for future set off against taxable income.



# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Notes to the Interim Financial Statements

Figures in Namibia Dollar	Group		Company	
	2016	2016	2016	2016

### 18. Going concern

The company's only subsidiary, Northern Namibia Development Company (Pty) Ltd (NNDC) is currently the holder of an Exclusive Prospecting Licence under EPL 2633. The company's mining licence application is currently still under consideration by the Ministry of Mines and Energy (Namibia). The Ministry confirmed in their letter dated 30 November 2010 that the company's mining rights under EPL 2633 will continue to exist as long as the mining licence approval is pending.

The directors are confident that the application for the mining licence will be successful.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the company and NNDC receives a mining licence.

### 19. Risk management

#### Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 5 cash and cash equivalents disclosed in note 7, and equity as disclosed in the statement of financial position.

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

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

# Huso Investments (Pty) Ltd

(Registration number 2006/443)

Interim Financial Statements for the 6 months ended 30 September, 2016

## Notes to the Interim Financial Statements

Figures in Namibia Dollar	Group		Company	
	2016	2016	2016	2016

### 19. Risk management (continued)

#### Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Group

At 30 September, 2016

Trade and other payables  
Loans from related parties

Less than 1 year	Between 1 and 2 years
1,568,756	-
-	532,153
<b>1,568,756</b>	<b>532,153</b>

At 31 March, 2016

Trade and other payables  
Loans from related parties  
Bank overdraft

Less than 1 year	Between 1 and 2 years
5,473,012	-
-	227,153
13,221	-
<b>5,486,233</b>	<b>227,153</b>