



Financial Performance

For the year ended 31 December 2010

Overview

2010 was an extraordinary year for Namdeb due to the strong recovery after the global financial crisis in 2009. Strong price growth throughout the year, a continuing focus on cost efficiencies and cash management, together with the strong demand for rough diamonds helped to make the year profitable and cash generative for Namdeb.

2010 Operating Performance

1. Carats sold increased by 12% and carats produced increased by 58%. This was as a result of the recovery in the diamond markets after the global recession, due to the restocking throughout the year as consumer demand rebounded.
2. Diamond sales revenue at N\$5 billion was 49% higher than in 2009, as a result of the recovery in the rough diamond prices along with higher volumes being sold.
3. Profit before tax was N\$1,516 million compared to a loss of N\$555 million in 2009. This was mainly due to the increase in revenue along with a decrease in the cost of sales due to the focus on making the savings achieved during 2009 a permanent part of Namdeb's operating culture.
4. Taxes amounted to N\$1,097 million, being 72% of Profit Before Tax (2009: N\$141 million - credit) due to the increased profitability.
5. Other operating expenses decreased, mainly due to the favourable cashflow position in 2010. This resulted in Namdeb being in a net interest received position as opposed to the net interest paid position in the previous year.

Balance Sheet As at 31 December 2010

	2010	2009
	N\$ Millions	N\$ Millions
ASSETS		
Non current assets		
Property, plant, equipment, mining rights and investments	674	906
	674	906
Current assets		
Diamond and stores inventories	716	731
Trade and other receivables	48	57
Cash and cash equivalents	250	-
	1,014	788
Total assets	1,688	1,694

	2010	2009
	N\$ Millions	N\$ Millions
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and non distributable reserves	111	152
Distributable reserves	36	171
	147	323
Non-current liabilities		
Deferred taxation	55	89
Provision for liabilities and charges	731	662
	786	751
Current liabilities		
Trade and other payables	736	602
Net bank overdraft	-	11
Taxation liability	19	7
	755	620
Total equity and liabilities	1,688	1,694

Production Statistics for the year ended 31 December 2010

	2010	2009
Average stone size	0.59	0.56
	000s	000s
Carats produced	1,472	929
Carats sold	1,522	1,363
- Land	531	627
- Marine	991	736
Tons stripped / treated - Land	36,884	22,471
Square metres mined - Marine	7,722	4,321

Income Statement for the year ended 31 December 2010

	2010	2009
	N\$ Millions	N\$ Millions
Diamond Sales	5,026	3,372
Cost of sales	3,518	3,796
Other operating expenses	(8)	131
Profit/(loss) before tax	1,516	(555)
Taxation	1,097	(141)
Net profit/(loss) for the year	419	(414)

Cash Flow Summary for the year ended 31 December 2010

	2010	2009
	N\$ Millions	N\$ Millions
Cash generated from operations	1,821	670
Taxation paid	(1,119)	(535)
Net cash from operating activities	702	135
Net cash from investing activities	(46)	13
Net cash used in financing activities	(395)	(193)
Net increase/(decrease) in cash and cash equivalents	261	(45)
Cash and cash equivalents at beginning of the year	(11)	34
Cash and cash equivalents at end of the year	250	(11)

Outlook for 2011

We remain cautious about the diamond market in 2011. Continued positive growth is expected, albeit at a lower rate. The world is not back to where it was prior to the onset of the economic crisis and risks to growth remain. After the better than expected Christmas retail season, the US market is expected to continue its recovery and the exceptional growth seen in China and India is expected to be sustained.

In the longer term, the supply and demand dynamics of diamonds remain attractive. Diamonds are a finite resource and Western consumer markets are recovering at the same time as demand growth in the emerging markets of China and India is expanding rapidly.

Namdeb...2050 and beyond

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