

ANNUAL REPORT 2014



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ANNUAL REPORT

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VISION

To be the best at what we do!

MISSION

We provide postal, financial, and logistic solutions to keep people in touch and to enhance their quality of life.

VALUES

- » Integrity (uphold ethical behaviour, respect, and good governance).
- » Accountability (take ownership of our actions).
- » Caring (for ourselves, our customers, and our stakeholders).
- » Teamwork (work together to achieve our mission).



FACTS ABOUT NAMIBIA



Land Area:	824,269 km2
Population:	2,165,828 (2012 estimate)
Capital city:	Windhoek
Official language:	English
Other Languages:	Oshiwambo, Afrikaans, Nama, Damara, Otjiherero, German, Rukwangali, Setswana and other.
Major Ethnic Groups:	Ovawambo, Vakwangali, Damara, Ovaherero, Nama, San, Afrikaner, German and others.
Currency:	Namibia Dollar (NAD)
NamPost Branches:	140

GROUP STRUCTURE

GOVERNMENT OF THE REPUBLIC OF NAMIBIA



100% Owned
Namibia Post and Telecom Holdings LTD



100% Owned



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NAMPOST FINANCIAL
BROKERS (PTY) LTD



100% Owned



50% Owned

BOARD OF DIRECTORS



Dr. K. Shangula
(Chairman)



Dr. P.J. Boer



N.S. Field



C.J.W. Coetzee



E.N. Hamunyela

EXCO



Festus Hangula
Chief Executive Officer



Philip Mans
GM: Information & Communication
Technology



Ambrosius Ipinge
GM: Postal Services



Max Schafer
GM: Courier



Bertie Reyneke
GM: Savings Bank



Berlindi Van Eck
GM: Corporate Marketing



George Itembu
Head: Internal Audit



Eldorette Harmse
Head: Legal Services
and Company Secretary



Norman Cloete
GM: Corporate Finance



Sonia Bergh
GM: Human Resources

CHAIRMAN'S RE VI EW

CHAIRMAN'S REVIEW



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Dr. K. Shangula • Chairman



Chairman's Review

INTRODUCTION

One of the key responsibilities of a board of directors is to set a company's strategy. The NamPost board has chosen a very clear strategic route to follow, which is evident in the CEO's Overview elsewhere in this report.

Our strategy is rooted in our heritage to serve the Namibian people and we strive to continually innovate in order to deliver relevant services and products. This sets out our ambition to lead in postal, logistics and financial services and in return deliver a level of growth to the satisfaction of our Shareholder.

The Company's strategy is foremost directed towards creating a sustainable business. I am pleased to inform you that we are making good progress towards achieving this vision, although NamPost continues to operate in a challenging environment and any review of its performance should take cognizance thereof. Whilst challenging conditions will remain, I firmly believe that our commitment to good financial performance needs to be matched to a continued focus of being a responsible company, working with integrity and delivering sustainable business development.

Having said the above, I am pleased to report that NamPost continues to demonstrate its steadfastness in many areas, financial performance being only one of them.

GOOD GOVERNANCE

Good governance plays a critical role in ensuring that NamPost remains a successful and sustainable company. During the year, I have particularly focused on ensuring that the best practice principles on leadership and board effectiveness have been applied. A key element of this is ensuring that the board has the right mix of individual non-executive Directors with the experience and expertise, and who are provided with the right information and support, to

constructively challenge and support the executive team. I am therefore pleased to report that the board's balance of skills, expertise and attributes, including its diversity of perspective is well matched to the business's requirements.

MOVING FORWARD

We have, during the period under review, continued to make strong progress towards achieving our long - term goals to deliver relevant products and services to our customers and *to be the best at what we do*. Whilst some challenges remain, I believe that the key enablers of our strategy, together with our ongoing investment in the growth of our financial services strategy, systems and technology, will support the continued growth of NamPost in the years ahead.

SOCIAL RESPONSIBILITY

NamPost continues to provide its products and services in several communities around Namibia purely as a social responsibility, in line with universal service obligations principles. Rendering these services in the communities in which we operate is something that has always been important to NamPost and we are committed to continue doing so.

TAXES

As a corporate citizen NamPost has paid over N\$20 million in taxes to the Government. NamPost remains committed to complying with the prevailing tax laws in the country and will continue doing so, as it is committed to maintaining a status of a corporate citizen that complies with legislation and regulatory practices.

DIVIDENDS

In line with its dividend policy, NamPost considered paying dividends. However it has not declared a dividend for the period of review, as its funds are invested in the further expansion of the business, and in particular the expansion of its financial services offering to ensure both financial and social inclusion of the Namibian people.

Chairman's Review

PEOPLE

Investing in our employees is, without a doubt, the most important investment that we make in the future of our business. The training and development of all our employees around the country is vital to the success of NamPost. I am pleased to report that we have continued to make good progress, particularly in training relating to customer service, financial services including Anti-Money Laundering and systems related training.

Over the last year, I have again met many of our employees from around the country at our Post Office of the year competition and am always impressed by the depth of their experience, enthusiasm, professionalism and dedication. On behalf of our stakeholders, I would like to thank all of our employees for their hard work and contribution to the success of the company.

SHAREHOLDER ENGAGEMENT

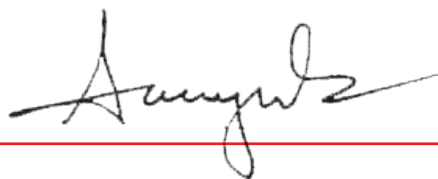
Effective engagement with the Shareholder Representatives is an important part of my role as Chairman. In this respect, the NamPost Board was pleased to meet with our Shareholder Representatives at various platforms and notably at last year's Annual General Meeting (AGM).

ACKNOWLEDGEMENTS

I am indebted to my fellow Board Directors for their hard work and remarkable commitment. I have expressed my gratitude towards our employees earlier.

I would further like to convey my appreciation to our customers for their trust; our shareholders for their belief and our regulators for their prudential monitoring.

I would like to conclude by expressing gratitude to the line Minister, the Honourable Joel Kaapanda, Minister of Information and Communication Technology, for his continued keen interest in NamPost and guidance, which has created an enabling environment for success. Also to our parent company, Namibia Post and Telecom Holdings Ltd for supporting NamPost to achieve its objectives.



Dr. Kalumbi Shangula

CHAIRMAN

* **CELEBRATING WORLD POST DAY
9 OCTOBER**



**OVER 135 POST OFFICES NATIONWIDE.
98 MILLION PIECES OF MAIL SENT ANNUALLY.
4 MILLION KILOMETERS IN COURIER DELIVERY.**

.....

The Postal Network is the largest physical network in the world, enabling 350 billion parcels, 6 billion letters, 1 million financial transactions coupled with global logistics and trade. The Postal network remains a vital facilitator of national and international trade no matter how much information technology has evolved.

NamPost is able to connect with any part of the world, and it is also part of the EMS (Expedited Mail Services) network, which ensures reliability, speed and security for businesses' or individuals' postal needs in partnership with 200 countries around the globe.

NamPost has a wide range of innovative services to offer. Our biometric fingerprint identification system is the safest banking system in Namibia for more than 300 000 SmartCard account holders.

NamPost clients can also enjoy the convenience of paying for or buying various services and products all under one roof. It is no wonder NamPost remains unrivalled in logistics and delivery services in Namibia.

NamPost is celebrating World Post Day, for the priceless and timeless contributions the Postal network has made to our lives, and to our country.

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Visit our website at www.nampost.com.na

Namibia Post Limited, General Manager – Corporate Marketing:
P O Box 287, Windhoek,
Telephone: +264 (0) 61 201 3055,
Facsimile: +264 (0) 61 24 9445,
E-mail: marketing@nampost.com.na, www.nampost.com.na



We Deliver More.



the 'information' and 'communication' fields. The 'information' field is defined as:

...the study of the nature, sources, uses, and management of information, and the study of the communication of information. (p. 1)

The 'communication' field is defined as:

...the study of the nature, sources, uses, and management of communication, and the study of the communication of information. (p. 1)

These definitions are not mutually exclusive, and the two fields overlap significantly.

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CEO'S

OVERVIEW

CEO'S OVERVIEW



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Festus Hangula • Chief Executive Officer



CEO's Overview

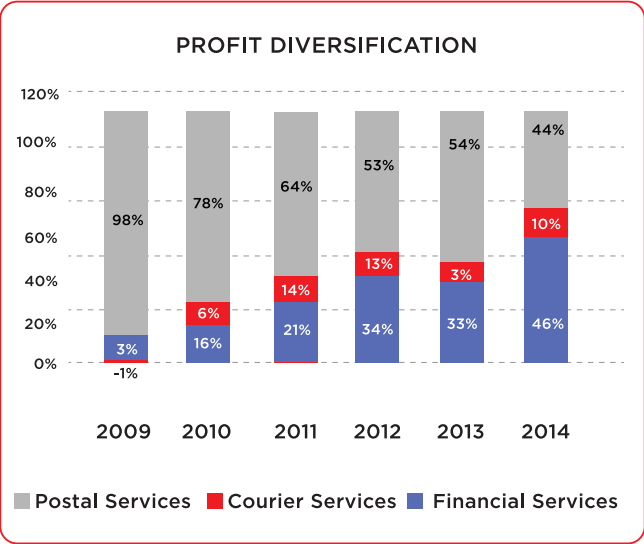
YEAR BUSINESS OBJECTIVES

During the year ended 30 September 2014 we intended to focus on the following:

- Managing NamPost as a profitable company through expansion of financial services, agency services, and strengthening courier operations while at the same time maintaining the profitable areas of mail services.
- Growing and retaining our customers in all the business units.
- Managing all business risk.
- Improving staff alignment to strategy execution.

DELIVERY ON BUSINESS OBJECTIVES

I am pleased to observe that to a large extent we have achieved our annual objectives and set a stage for further future growth. For example, the company profit has continued to gradually diversify away from postal services (particularly mail/letters) to courier and financial services—see also the trend in the chart below, indicating reliance on mail at 98% in 2009 and such reliance having shrunk to 44% in 2014.



This foot is achieved while Postal Services, (includes Agency services which are another measure of diversifying profit within the Postal Services business unit itself away from letters) also continues to grow mostly positively; meaning the diversification is achieved by a stronger growth in other business units as compared to Postal Service.

During the year, the main business units performed as follows: Postal Services profit before head-office costs contracted by -17%, the Savings Bank grew by 44%, while courier contracted by 19%. The contraction in Courier business was experienced after more than ten years of continuous expansion. We therefore deem it as temporary and the future remains promising.

The company made very good progress during the past five years; for example:

- Return on equity (based on profit before tax) has averaged 20.2% per year.
- Asset growth averaged 18% per year.
- Debtors days declined from 122 days to 46 days, and
- Profit growth averaged 48% per year.

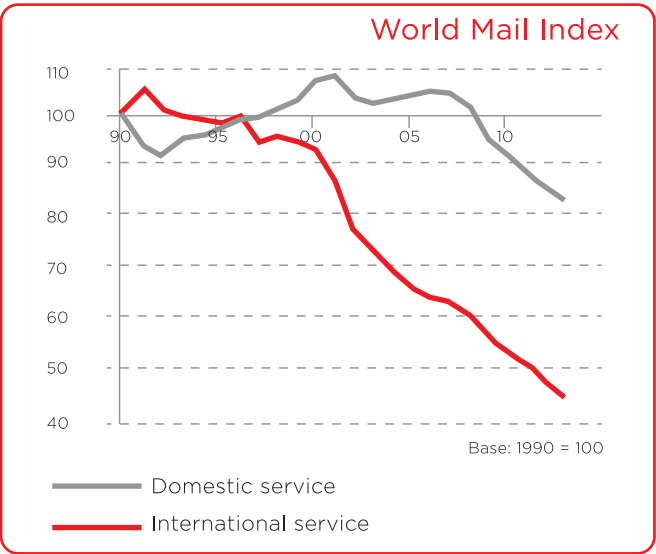
We have grown our customer base positively. For example, SmartCard holders grew by over 50,000 and deposits by over 10%. Moreover, we are pleased that our customer satisfaction rating, as assessed through a customer survey conducted by an independent surveyor, remains above 80%.

A company needs a strong set of values to which it subscribes. During the year, we focused and made an effort to foster Integrity, Accountability, Caring and Teamwork (fondly known us I-ACT). The ultimate intention of these interventions is to enhance our attitude and approach to customers, to business in general, and to how we treat each other as staff of NamPost.

CEO's Overview

CHALLENGES AND COMPETITIVE ENVIRONMENT

The postal environment and adjacent or attached markets face significant challenges. It is not a secret that mail volumes world-wide are declining—see also chart below indicating that both mail generated domestically and mail generated internationally is declining (source is Universal Postal Union):



This means that the industry is under pressure and in the long-run postal operators in all countries, including Namibia, will experience a decline in letters handled. The current mail volumes are relatively flat and there is a likelihood that they would start to decline in the near future.

Competition, both direct and indirect, in all areas of business is widespread. For example, there are over 34 companies operating in the courier market, which means heavy competition, which inevitably leads to margin squeeze and lower profits. Equally, financial institutions are not only increasing in numbers but they are also expanding into our traditional market and therefore there is a need for strategic refocus in the NamPost financial offering.

EFFICIENCIES

Overall, NamPost managed costs well to register a growth in expenses of 6.7% compared to the average inflation for the financial year of about 5.3%. Even though slightly higher, this compares favourable with the previous year increase in operating expenses of 5.3%. There is a need to continue assessing the expenses in view of the possibility of some business units' revenue output declining. .

STRATEGIC OUTLOOK

In the near term, our strategic objective will mostly revolve around post office transformation, revenue growth and diversification, dynamic response to customer growth and retention, and positioning our staff to better understand, pursue and achieve the company's strategic objectives.

The biometric enabled technology SmartCard will remain the back-bone of our technology as a channel for payment delivery and a savings tool. Moreover, our technology and our nationwide infrastructure continue to give us a strong competitive advantage.

APPRECIATION

I am grateful to all that assisted NamPost to achieve its objectives and those that make it possible for NamPost to remain relevant in the market. These include our customers, stakeholders and suppliers.

I am also grateful to our line Minister, the Honourable Joel Kaapanda, for his support, guidance and keen interest in NamPost during this financial year, as he has always done in the past.

As NamPost management, we are thankful to the NamPost Board members most of whom are new to the postal business environment, but nonetheless have contributed immensely to the strategic direction of NamPost during the financial year and ensured that NamPost has an environment conducive to performance and business growth.

Finally, I am grateful to my colleagues at all levels of the company for embracing NamPost's strategy and making sure that it is successfully rolled out.

Festus Hangula
CHIEF EXECUTIVE OFFICER



CORPORATE FIN ANC E

CORPORATE FINANCE



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Norman Cloete • General Manager: Corporate Finance



Corporate Finance

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 SEPTEMBER 2014

GROUP KEY HIGHLIGHTS

- Group revenue increased by 12% to N\$883 million
- Group operating profit decreased by 24% to N\$35 million
- Return on equity 13%
- Total assets increased by 10% to N\$3.9 billion

FINANCIAL PERFORMANCE

Despite the prevailing economic challenges, the group revenue increased by N\$96.7 million to N\$ 883 million, achieving year-on-year growth of 12%, and all business units remained profitable, although with notable decline in profitability compared to 2013, which was due to an unrealized fair value loss of N\$15.2 million. Group profit before tax and excluding unrealized fair value adjustments amounted to N\$52.7 million (2013: N\$47.1 million).

NamPost business units, its joint venture, SmartSwitch Namibia (Pty) Limited and its subsidiary, NamPost Financial Brokers (Pty) Limited (PostFin), recorded good growth in their respective areas of operation. The group recorded profit before taxation of N\$37.5 million (2013: N\$49.3 million) resulting mainly from losses on unrealised fair value adjustments in banking services.

The other factor that contributed to this performance was the continued streamlining of processes to ensure improved efficiencies across all activities, and continued stringent controls to curb costs, which resulted in a suppressed increase of 7% in operating expenses.

TAXES

This year we contributed N\$15.8 million in income taxes and, indirectly, N\$4.3 million in VAT and withholding taxes. The combined total of N\$20.1 million demonstrates the contribution Namibia Post makes towards the Namibian economy.

CASH FLOW AND INVESTMENTS

Cash generated from operating activities amounted to N\$41.0 million (2013: N\$4.8 million cash utilised). The overall cash and cash equivalents at year-end increased to N\$110.6 million (2013: N\$95.9 million).

The group has invested N\$12.1 million in infrastructure with a further N\$85 million committed to revamping the IT infrastructure, expansion of the banking platforms and mail automation and creating a friendly customer interface.

STRENGTHENING THE STATEMENTS OF FINANCIAL POSITION

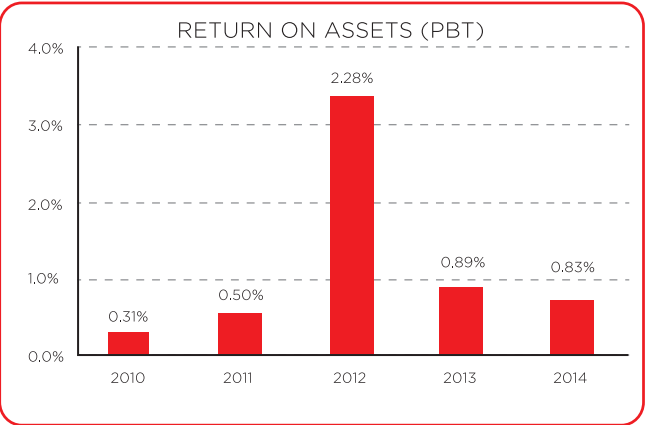
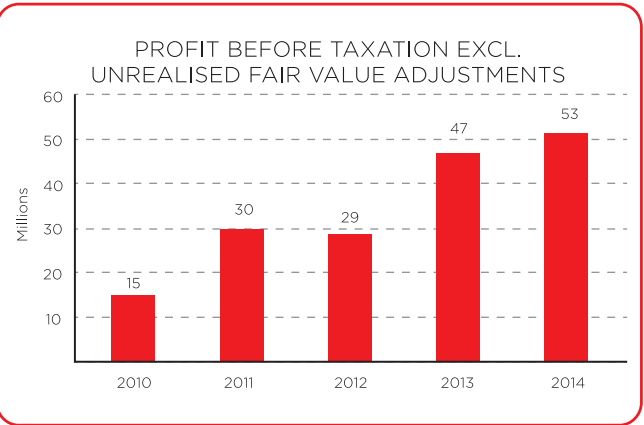
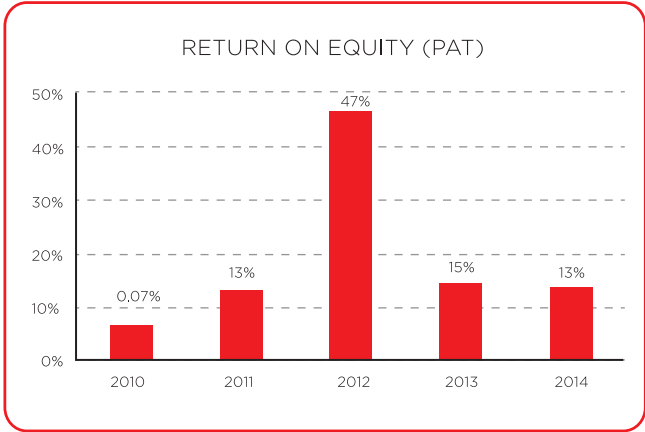
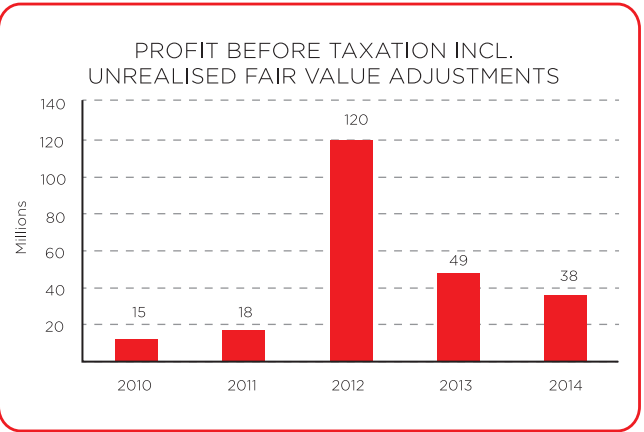
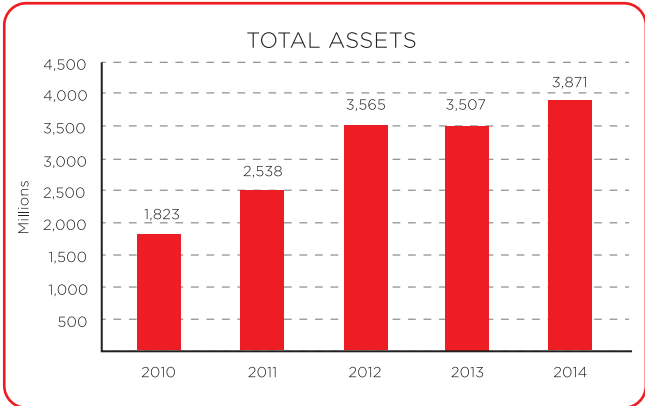
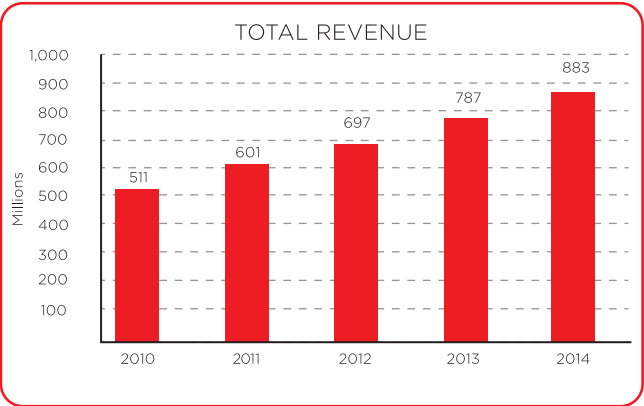
The Statements of Financial Position remain a key focus area to serve as the engine for sustainability and future growth. Investment management is an ongoing process whereby we strive to achieve consistently high returns by actively managing the portfolio for sustainable profits. We have ensured that risks are managed appropriately through an effective asset and liability management system.

Total assets increased by 10% to N\$3.9 billion. The depositor's funds have increased by N\$317 million to N\$3.4 billion, representing a 10% increase. This however is offset by the investments that are more than the funds owed to depositors.

LOOKING AHEAD

The group will continue to implement strategies to align and grow its business operations through diversification and the introduction of innovative products and services. Improvement of effectiveness and efficiency of operations is also a high priority. All these initiatives will continue to place a high demand on funding requirements in the next year and growth is expected to slow-down.

Corporate Finance





GET A BRAND NEW POST BOX.

**NamPost has installed brand new Post Boxes
Nation-Wide which are available to you.**

to have one of these new post boxes for yourself, follow these simple steps:

- fill in the application form available at your nearest post office
- hand in your form with a copy of your ID and pay the required fee.

Contact us

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Fax: 0886551763

Email: sales@nampost.com.na

Web: www.nampost.com.na

We Deliver More.



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POSTAL SER VIC ES

POSTAL SERVICES



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Ambrosius Ipinge • General Manager: Postal Services



Postal Services

OPERATIONAL OVERVIEW

The 2014 financial year was a year that Postal Services was faced with stiff competition, especially in the mail and agency businesses. We have adopted the business strategies to fit the environment in order to remain relevant in the market place.

Postal Services Business reported revenue of N\$564 million which is a 5% increase over the previous financial year. However, operating profit before tax for the business unit was N\$54,5 million which is 20% less than 2013. The decline is primarily explained by margin squeeze and growth of revenue in low margin products.

ECONOMIC PROSPECTS

Notwithstanding the difficult times faced, postal services showed resilience in these difficult times. The continued profitable performance of the business unit demonstrates that the strategy of product diversification is bearing fruit. The contribution of the Courier business as well as the financial services to Postal Services' revenue has grown proportionally and has enabled the business unit to achieve the results attained.

COST CUTTING MEASURES

Cost cutting measures were deployed in tandem with declining revenue in certain areas of the business in order to achieve the set targets. Postal tariffs were increased in line with inflation and we continue to invest in IT and physical postal infrastructure to sustain the business and to enhance operational efficiencies.

Postal Service business unit comprises of the following Business Divisions:

- Mail Services
- Hybrid Mail Services
- Post Offices
- Agency Services
- Philately Services

POST OFFICE OF THE YEAR 2014



THE POST OFFICES AND MAIL SERVICES

NamPost continues to fulfil its mandate in ensuring easy access to postal services by all citizens and modernizing the postal network. The following new post offices were approved during the period under review, increasing the number of post offices from 138 in 2013 to 141 in 2015.

- Ogongo Post Office was opened in the Omusati Region.
- China Town Post Office was opened in the Khomas Region.
- Okahandja West Post Office was opened in the Otjozondjupa Region.
- Khomas Grove Post Office was opened in Khomas Region.
- Ongenga Post Office will be opened in the Ohangwena Region during the 2014/15 financial year.
- Endola Post Office will be opened in the Ohangwena Region during the 2014/15 financial year.

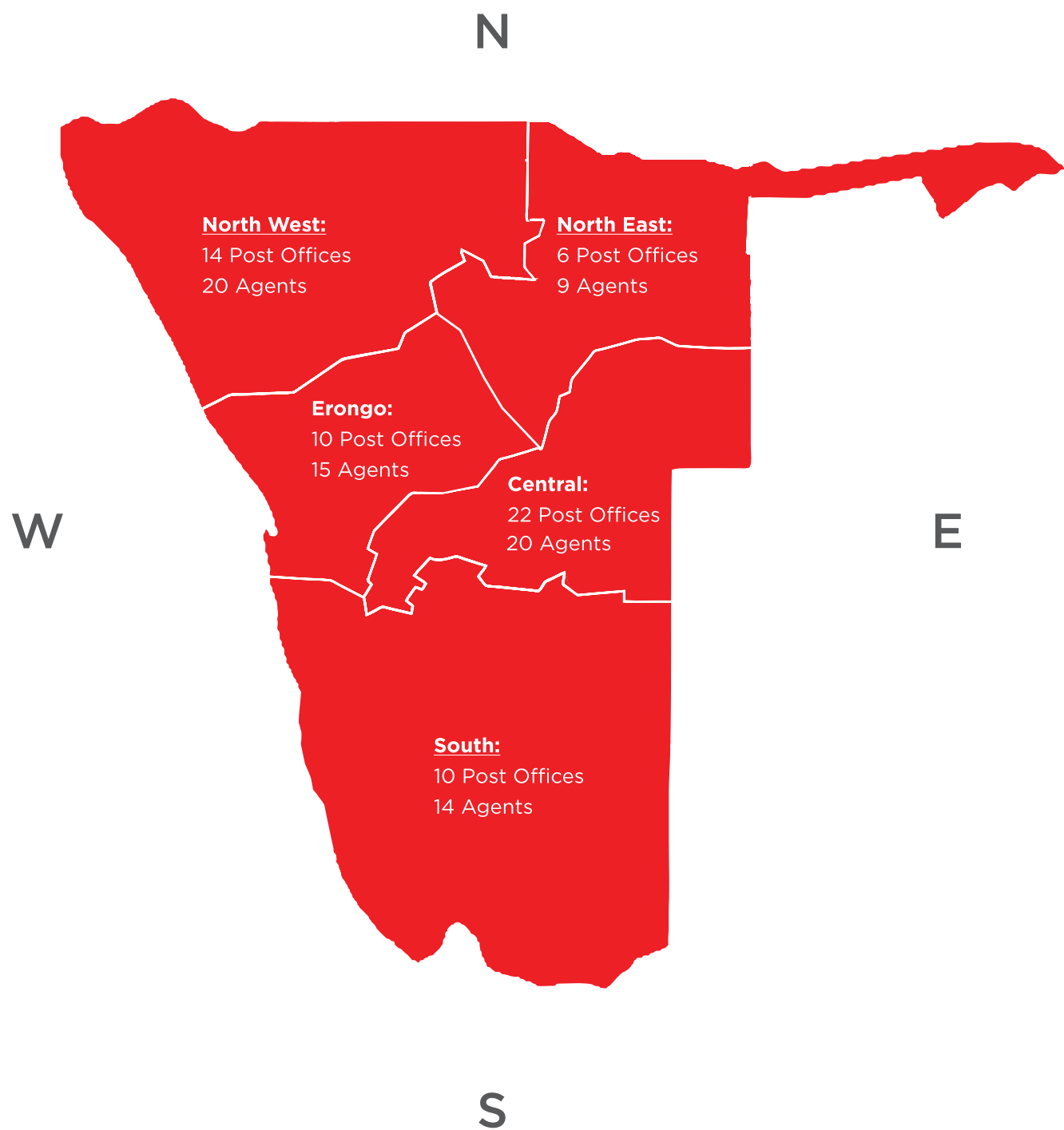
Efforts are being made to conduct feasibility studies to determine if it is feasible to establish post offices or satellite post offices in other parts of the country, in order to bring the services closer to the people.

POST OFFICE OF THE YEAR 2014



Postal Services

REGIONAL POST OFFICES AND AGENCIES MAP



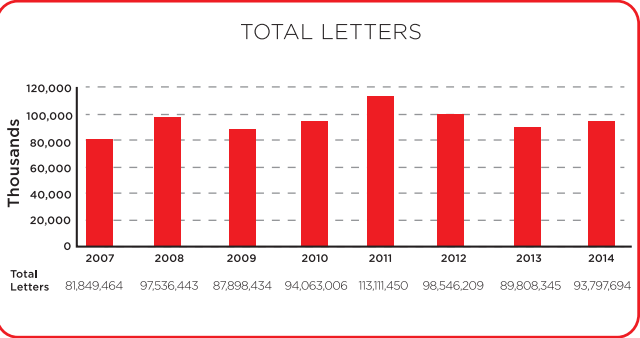
Total number of Post Offices and Agents countrywide:

62 Post Offices
78 Agents

Postal Services

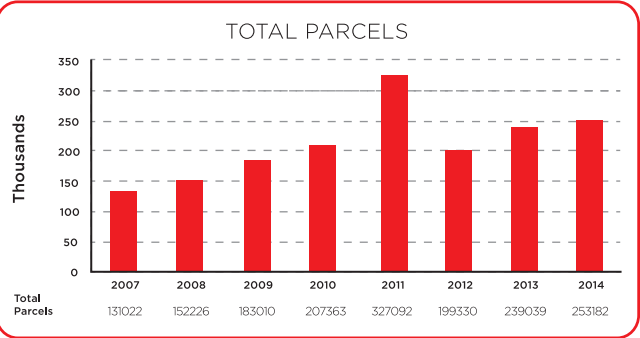
MAIL HANDLED

Mail business prides itself in continuously offering quality products and services. The graph below illustrates the trend in Inbound and Outbound Mail handled.



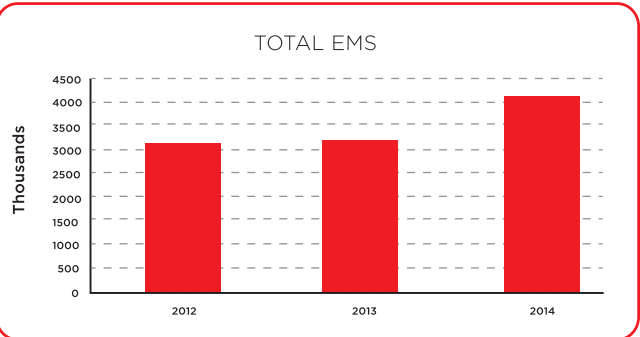
- Letters posted increased by 3% during the period under review.
- Letters received increased by 6% during the period under review.

PARCELS POSTED AND RECEIVED



- Parcels posted recorded an increase of 6%
- Parcels received recorded an increase of 6%

EXPEDITED MAIL SERVICE (EMS) POSTED AND RECEIVED



- EMS posted recorded an increase of 22%
- EMS received recorded an increase of 32%

QUALITY OF SERVICE MEASUREMENTS STANDARDS

The table below shows Postal items posted at a post office for delivery at another post office in the same town:

DELIVERY STANDARDS	TARGET	PERFORMANCE
2010 = J + 1 80%	80	77
2011 = J + 1 85%	85	82
2012 = J + 2 90%	90	81
2013 = J + 2 90%	90	88
2014 = J + 2 90%	90	90

An improvement of 2% was recorded.

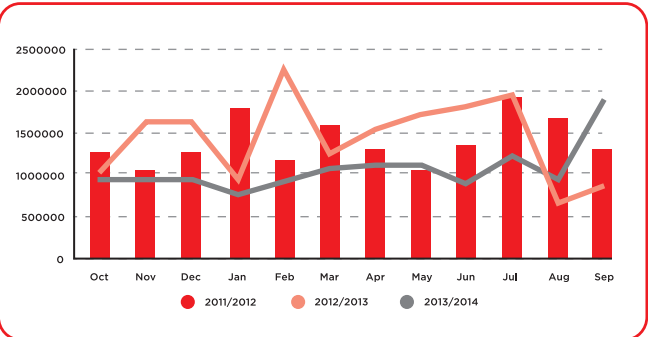
The table below, shows postal items posted for delivery between main towns:

DELIVERY STANDARDS	TARGET	PERFORMANCE
2010 = J + 3 80%	80	91
2011 = J + 3 85%	85	91
2012 = J + 3 90%	90	90
2013 = J + 3 90%	90	91
2014 = J + 3 90%	90	93

HYBRID MAIL SERVICES

Hybrid Mail Services combines electronic transmission and a physical delivery that utilizes an integrated mailing technology that quickens institutions' invoices or statements to their clients, at an affordable price.

The graph below shows the Hybrid mail image trends for the past three years:



Postal Services

HYBRID MAIL SERVICES

The volume of documents printed decreased by 26%, while the revenue turnover increased by 5%. The reason behind the increased volume was additional volume from additional tender work.

NEW HYBRID MAIL CLIENTS ACQUIRED DURING 2013-2014

- Namibia Broadcasting Corporation
- Bank Windhoek
- Communication Regulatory Authority of Namibia
- Namibia Institute of Pathology
- University of Namibia
- Roads Authority
- Namibia Water Corporation

Our client base grew from 20 corporate clients as from 2010 to 31 clients in 2014.

PHILATELY SERVICES

The following commemorative stamp series were issued during period under review:

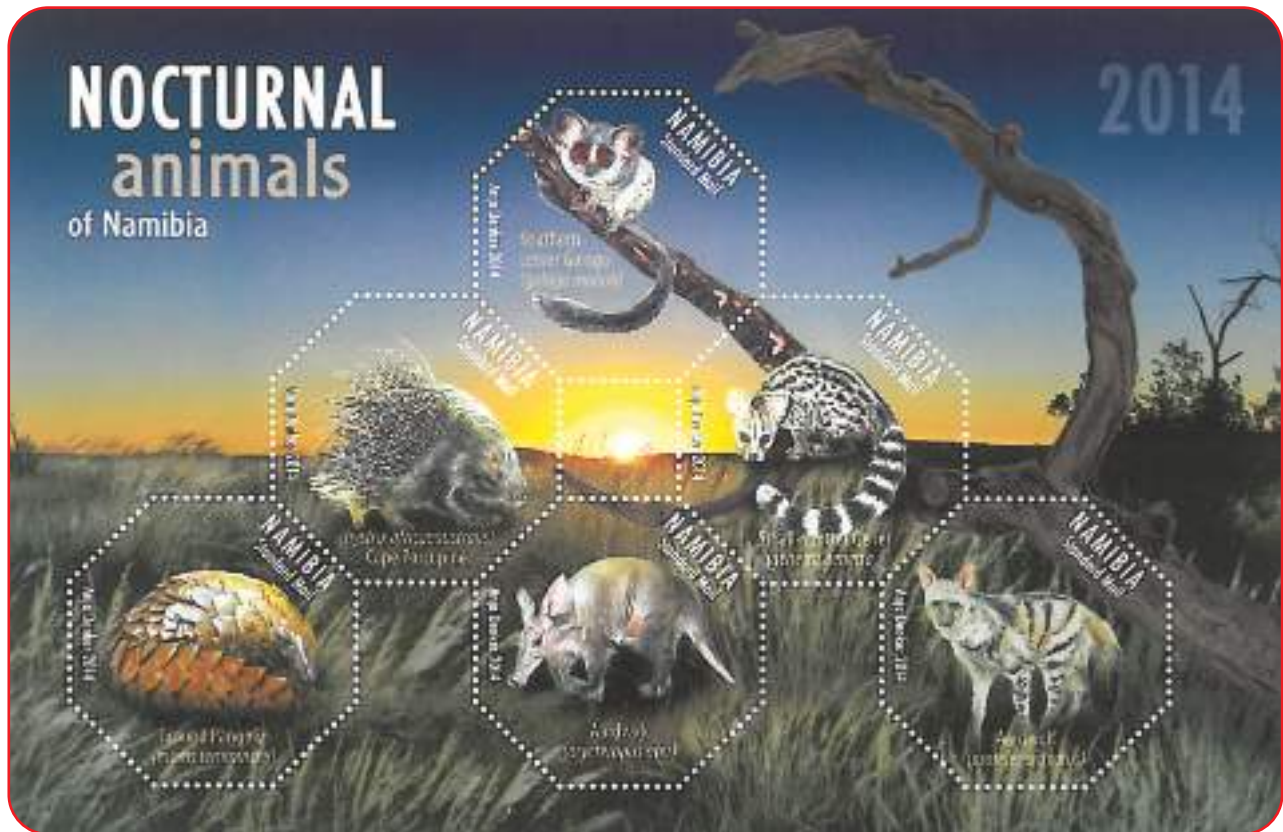
- On 10th February 2014, stamps commemorating the Bowls of Namibia were issued.



Postal Services

PHILATELY SERVICES

- On 14th March 2014, stamps depicting the nocturnal creatures of Namibia were issued.



- On 23rd May 2014, stamps celebrating Namibia under the theme: My Namibia, My Country, My Pride, were officially launched in the Capital.



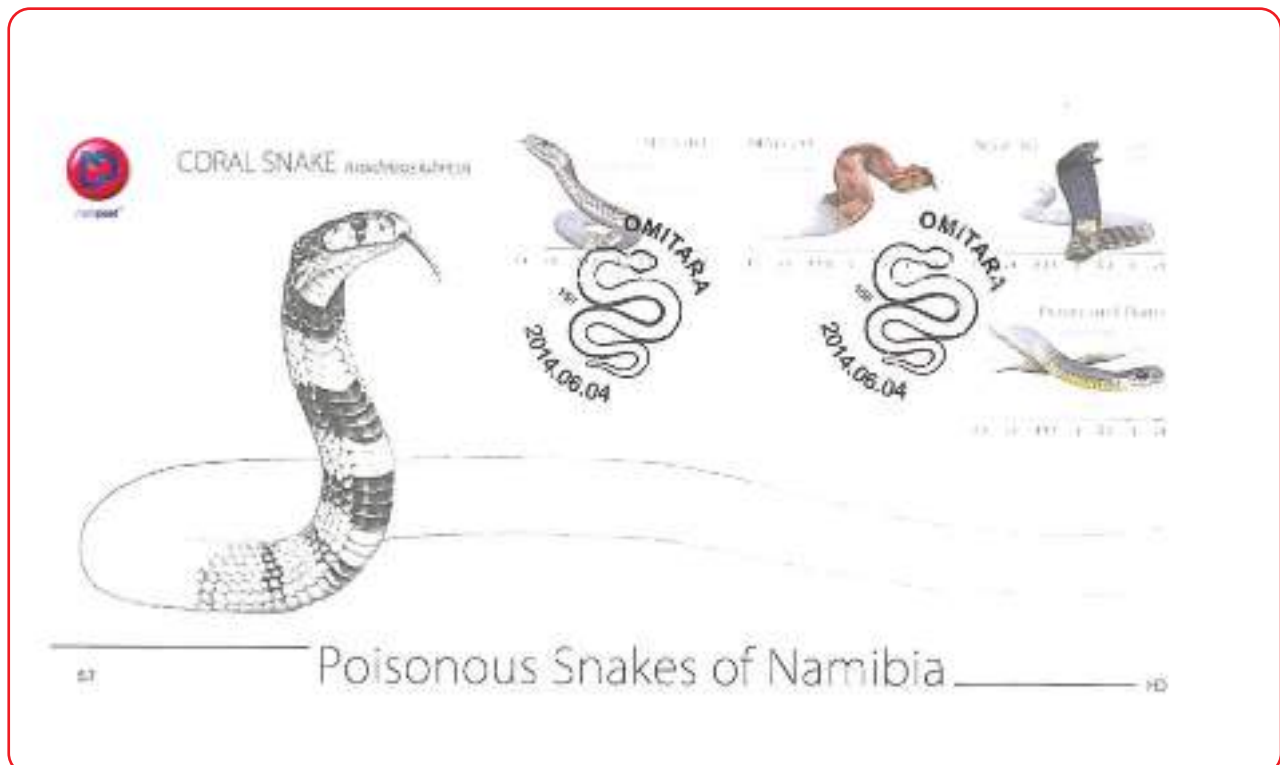
Postal Services

PHILATELY SERVICES

- Stamps for the Medium Sized Antelopes of Namibia were issued on the 27th of May 2014.



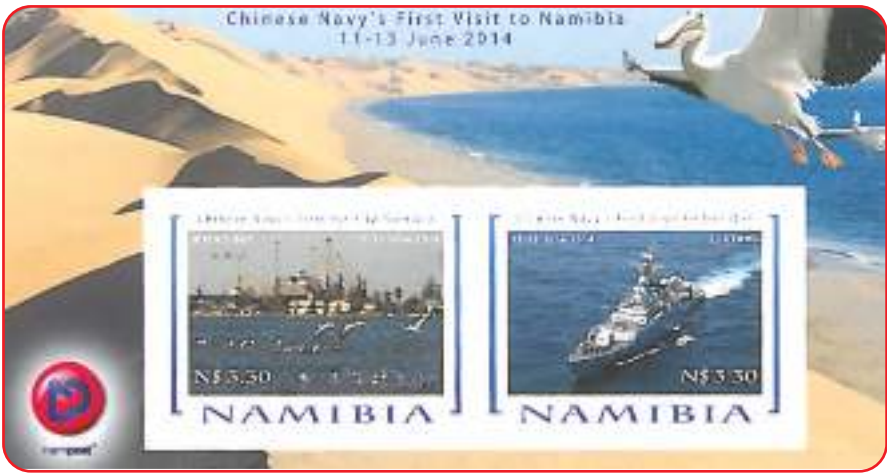
- On the 4th of June 2014, stamps depicting the Snakes of Namibia were issued. .



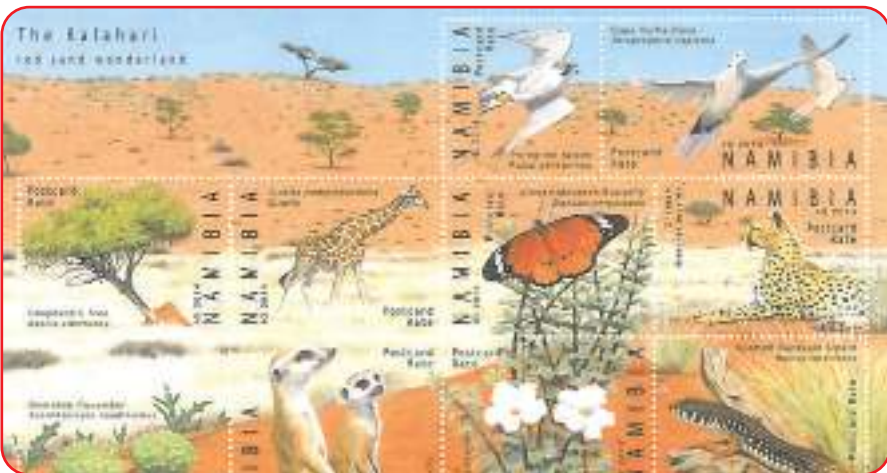
Postal Services

PHILATELY SERVICES

- On the 11th of June 2014, stamps to commemorate the Chinese Navy's First Visit to Namibia were officially launched in Walvisbay.



- On 28th July 2014, a Minisheet commemorating The Kalahari was issued.



- On the 1st of October 2014, a series of Stamps depicting the Kingfishers of Namibia were issued.



COURIER SER VIC ES

COURIER SERVICES



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Max Schafer • General Manager: Courier



Financial performance of Courier business unit was under serious pressure, leading to a reported 2% increase in revenue growth compared to 2013. Revenue was N\$94, 1 million compared to the N\$92,3 million achieved in 2013. Profit before cost and returns from internal services, were 35% below last year.

In an effort to prevent loss of customers to competitors, margins were squeezed which negatively impacted profitability. In addition, inbound freight from outside Windhoek remains low. International sales targets fell short of target for the period ending 30 September 2014, due to several challenges in the business of which reliable tracking was one. This is however, expected to be resolved during the 2015 financial year.

Courier has embarked upon a customer retention strategy to retain existing customers and at the same time regain lost business. Key accounts are often lured by competitors with low rates, which results in a price war amongst service providers. NamPost is countering such initiatives by focussing on service quality, reliability and the fact that its rivals often end up offering NamPost Courier freight, to deliver as a third party. Sales for the EasyPack product improved during the reporting period particularly towards the end of the financial year. This is expected to increase with support of the EasyPack radio advertisement on national radio and other media platforms.

Courier was successful in its bid for obtaining new courier business, from several major companies, for domestic and international courier services. Equally, the business unit secured additional business from existing customers.

A platform was created to synchronize sales within NamPost. Courier is represented at this platform and the objective is to ensure sales

executives market all business units whilst conducting sales calls. Noticeable benefits have been forthcoming as the team share valuable leads from the field.

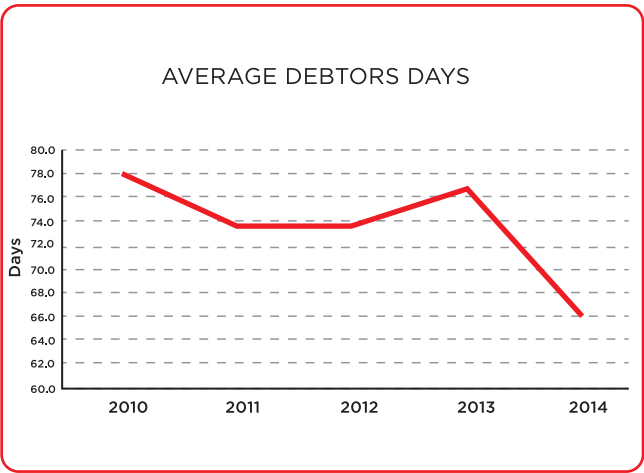
The sales team started marketing the international courier service amongst key accounts, following improvements on the tracking system. It is, however, required from operations to ensure tracking is fully functional and reliable. Briefing sessions were held with marketing to ensure sales strategy is integrated with marketing efforts, focusing on radio advertising in local languages and radio talk shows.

COURIER PROFIT BEFORE TAX AND INTERNAL CHARGES

The small growth in parcel volumes did not contribute to expected revenue growth and ultimately reflects the decline in profitability.

COURIER DEBTOR DAYS

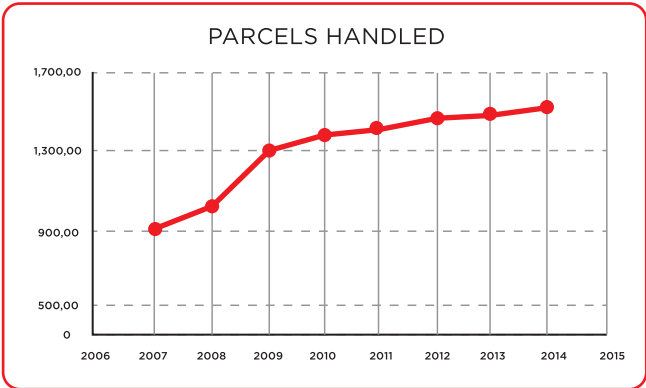
Debtors' days remain a challenge and continue to be a focus area in the business. Nonetheless, we have witnessed a strong decline during the year under review—see also chart below. Part of the gain is attributed to better collection methods and strengthening of the collection, and systems adjustments. Measures are also being taken to ensure a quick and smooth billing process.



Courier

PARCEL VOLUMES IN COURIER

Volumes continue to grow steadily but at a slower pace, registering only 2% growth during the financial year -see also chart right. We are also pleased to report that the overall volumes and weights carried during the financial year have increased. Unfortunately, these were not sufficient to offset the impact of margin squeeze caused by competitive pressures.



Left: Mr. Hosky Gowaseb, **Manager: Courier (Customer Service and Sales)**

Right: Mr. Max Schafer, **GM: Courier**



SEND



FROM

TO ANYWHERE
IN THE



While we still serve an effective delivery on your parcel right here in Namibia, NamPost Courier now delivers your parcels anywhere in the world. With our affordable rate, you can now send parcels anywhere in the world with maximum speed and guaranteed arrival time, all for your convenience.

At NamPost, we mean it when we say: ***We deliver more!***

For more information please visit your nearest Post Office
or visit our website on www.nampost.com.na

Namibia Post Limited, General Manager – Courier Services: P.O.Box 287, Windhoek,
Telephone: +264 (0) 61 201 3174 / 3112 / 3106 / 3248 / 3016 / 3008 / 3016,
Facsimile: +264 (0) 61 22 5702,
E-mail: parcelcollection@nampost.com.na



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SAVINGS

BANK

SAVINGS BANK

SAVINGS BANK



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Bertie Reyneke • General Manager: Savings Bank



Savings Bank

RETAIL BANKING

NamPost Savings Bank continued its strong growth during the period under review recording a 12% growth in revenue. Profit before tax increased by 41% mostly due to the exceptional performance of the Treasury activities. Meanwhile, expenditure was contained to a growth of 11%. It is expected that interest rates will increase slightly during the next financial year which will make it difficult to achieve good performance in the financial markets, especially when running a fixed income portfolio as it is the case with NamPost.

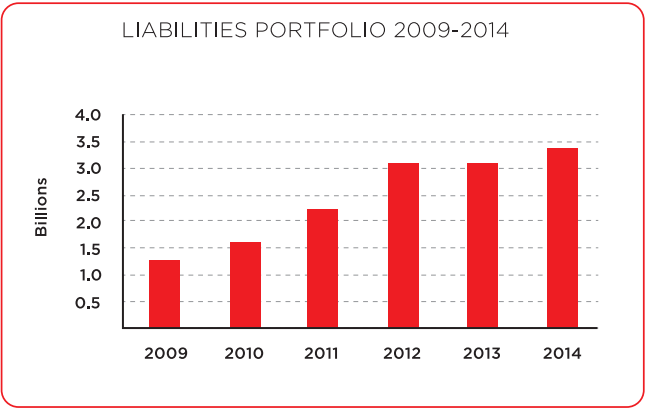
The tax and administrative fee, free investment environment remains popular and the deposit book increased by 10% in value during the year. The number of investors increased by 16% as more and more people become aware of the low risk investment environment and products offered by NamPost. We will continue to create awareness to grow the investments products.

The SmartCard savings account remains the safest bank account in the industry, as it is secured by the use of bio-metrics. Over the last 8 years, since its inception, we had no case where a card was cloned or a card was misused by a third party through compromising the security. It is therefore no surprise that the number of account holders increased by 10% during the financial year, bringing the total number of accounts to 555,000. We foresee that this number will continue to grow in the years to come notwithstanding the entrance of various new players in the Namibian banking industry.

Our footprint of 140 Post Offices and more than 500 point of sale terminals all over the country makes banking easy and affordable. We will continue with the drive striving towards financial inclusion for all Namibians, through an exceptional customer experience and innovative products. During a recent survey by the Harold Pupkewitz Business School of service levels amongst Financial Institutions in Namibia, NamPost Savings Bank was voted amongst the best. NamPost commissioned a survey by an external expert collaborated those findings by yielding a customer satisfaction rate of 80%.

TREASURY

The Treasury Department continued to perform very well. Total funds under management has increased by over 10% to N\$3.4 billion. The continued strive for service excellence and personal client attention, have once again been the contributing factors in the successful achievement of the Business Unit's objectives. Employee development was again a major focus area and a Treasury Dealer was appointed. As was the case in the previous financial year, sustained profitability, portfolio growth, service excellence, new product development and further employee development, will be the main focus areas in the new financial year.



GLOBAL ECONOMY

The July 2014 World Economic Outlook Update of the IMF, projects global growth to increase slightly to 3.4% in 2014 from 3.2% in 2013 and 4.0% in 2015. According to the IMF, growth in advanced economies is projected to rise from 1.3% in 2013 to 1.8% in 2014 and further to 2.4% in 2015. In emerging market economies, growth is expected to slow marginally to 4.6% in 2014 from 4.7% in 2013 before rising to 5.2% in 2015 on the back of stronger exports from Brazil, Mexico and India. Downside risks to the outlook are geo-political tensions in the Middle East and Eastern Europe, which could lead to higher oil prices. Moreover, emerging market economies, particularly those with domestic weaknesses and external vulnerabilities, may face a sudden worsening of financial conditions and a reversal in capital inflows, in the event of a shift in financial market sentiments.

Savings Bank

REGIONAL ECONOMY

Growth in sub-Saharan Africa is expected to remain strong, at about 5% in 2014 and 5.75% in 2015. Solid growth will continue in the regional countries, driven by sustained infrastructure investment, buoyant services sectors, and strong agricultural production. This overall positive outlook is, however, overshadowed by the dire situation in Guinea, Liberia, and Sierra Leone, where the Ebola outbreak is exacting a heavy human and economic toll. In South Africa, activity is facing headwinds from domestic policies where growth is held back by electricity bottlenecks, difficult labour relations, and low business confidence.

DOMESTIC ECONOMY

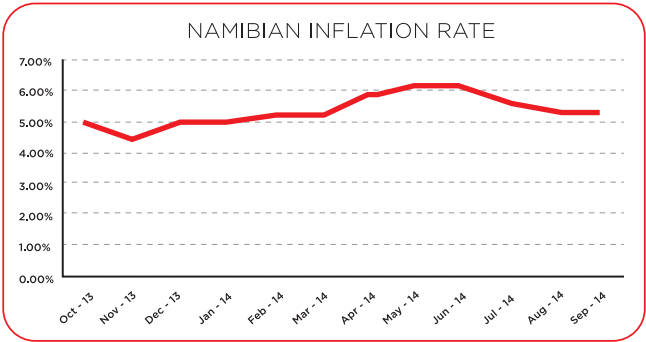
The domestic economy is forecasted to grow by 5.3% in 2014. This growth is expected to be supported by a sustained rapid pace of construction activities and mining, as well as strong growth in consumer demand.

The domestic economy performed satisfactorily during the second quarter of 2014, as reflected in the improved activities across all industries of the real sector. The performance of the primary industry was boosted by rising mineral production for diamonds, gold and zinc concentrate, while uranium production remained weak. Likewise, the secondary industry posted positive growth, as boosted by investments in construction of both public and private sectors.

Going forward, the domestic economy is forecasted to improve in the remainder of 2014, also supported by construction activities, as well as strong growth in demand.

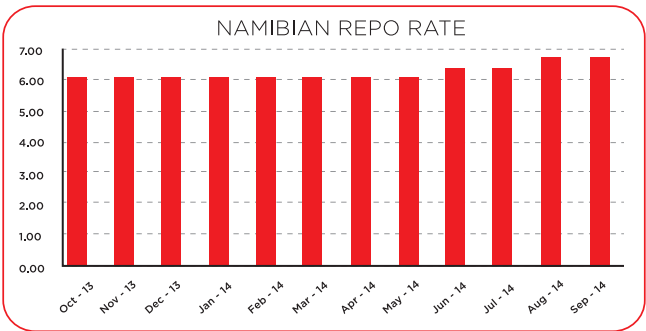
INFLATION

Namibia's overall inflation has remained relatively low, standing at 5.3% in September 2014. The decline on the annual inflation rate resulted from food and non- alcoholic beverages, transport, recreation and culture, housing, water, electricity, gas and other fuels and communication. The average inflation rate of the first three months of 2014 was 5.1%, well below the 6.0% average rate recorded during the same period last year. Inflation is anticipated to increase slightly in the second quarter of 2014, although it is expected to remain below 6%.



INTEREST RATE

The Bank of Namibia changed its accommodative monetary policy stance by adjusting the Repo rate by 0.25 basis points in June 2014. The rise in repo rate was mainly due to the rapid growth in imports of vehicles, partly financed by instalment credit that has put pressure on the international reserves of the country which requires monitoring. Due to the increase in repo rate, money market rates rose in the second quarter of 2014 and the prime rate of the commercial banks rose to 9.5% from 9.25%.



REWARDING PERFORMERS:

Our prestigious Post Office of the Year Competition function took place on Friday the 21 November 2014. As usual, we recognize and rewarded those Post Offices that excelled in predefined nine business categories throughout the year. Through this competition we have managed to increase business volumes, enhance controls and quality of management and also promoted a strong sales culture.

The Rundu Post Office won the overall Post Office of the Year competition for the year ended 30 September 2014 as well as the Funeral Cover (Insurance) competition.

Special mentioning must be made of excellent performances by Mariental Post Office, Noordoewer, as well as Aussenkehr Post Offices, who gave a strong showing in the competition.



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CORPORATE MARKET ING

CORPORATE MARKETING



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Berlindi van Eck • General Manager: Corporate Marketing



Corporate Marketing

The success of a company often rests on a solid brand reputation, and NamPost is no exception. During the period under review, Corporate Marketing realised its strategy by installing new signage for all Post Offices and Agencies countrywide. This task took eighteen months from inception to completion. The project will continue in 2015 when the focus will be shifted to the standardisation of all internal signage at all Post Offices and Agencies.

Corporate Marketing is steadfast on its long-term strategic objective set for 2017 to build the NamPost brand, name recognition and to ensure that it becomes a brand loved and appreciated by all within the Namibian market.

With regards to communication and promotions, all set objectives have been met with the successful implementation of the institutional Marketing plan for 2014. To ensure that proper communication discipline is installed for optimum communication to all internal and external customers, a stakeholder communication plan was compiled and approved by the Board of Directors.

NamPost subscribed to various social media platforms to market and communicate its products and services to ensure that the company moves with the times and keeps in touch with an emerging generation. Consequently, NamPost is now active on Instagram, Twitter, Facebook and Pinterest.

NamPost is also a company that ploughs back into the community. During the financial year under review, the following social investments were made:

- Transportation of Cancer Apples (N\$350 000)
- San Community support (N\$34 000)
- Various Community Projects (N\$95 799)
- Sports (N\$21 900)
- Education (N\$51 200)
- Culture (N\$50 000)

INTERNAL

AU
DIT

INTERNAL AUDIT



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George Itembu • Head: Internal Audit



Internal Audit

The Internal Audit Department is an independent appraisal function that reports functionally to the Board Audit Committee and administratively to the CEO. It is responsible for compiling and executing a Risk Based Strategy and an Annual Audit within NamPost. Its Annual Work Plan is approved by the Board Audit Committee.

A number of audits have been conducted during the period under review, and all identified weaknesses have been assigned specific recommendations to which Management implements remedial or mitigation measures. These reports are presented to Management and the Board Audit Committee for monitoring. Key areas that have been audited are Payroll, including annual increases and performance bonuses, Leave process, Debtors days, Financial Intelligence Act Compliance and PAYE Reconciliation.

The Department also conducts "inspections", which are surprise audits at Post Offices and other areas of Operations. A total of 31 inspections and investigations relating to fraud, theft and related activities have been conducted and reported during the year under review.

The Whistle-Blowing program is also in place, and this gives staff and the public an opportunity to report irregularities on an anonymous basis.

The Department also facilitates the Risk Management Process for the Company, as per the Board approved Risk Management Framework. All risks pertaining to strategy, operation, compliance or environmental matters are assessed, first on an inherent basis, and after due documentation and testing of controls and mitigation strategies, these are documented and reported on a Residual Rating. Both Management and the Board Audit Committee gets reports of the Risks that the Company faces, and this ensures that effective strategies are formulated to mitigate such risks. A Company Wide Risk Workshop, attended by the Board of Directors and Management, is also conducted annually to discuss the risks inherent to the company.

HUMAN RE SOU RCES

HUMAN RESOURCES



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Sonia Berg • General Manager: Human Resources



Human Resources

STAKEHOLDER/CUSTOMER FOCUS

The HR department has as an objective to have a good understanding of the business which is required from the HR department, to enable the rest of business to meet their objectives. As a result, stakeholder engagement took place throughout the year to create understanding. Issues that were identified were addressed and basic HR training was provided for non-HR managers.

BASIC WELLNESS PROGRAM

An employee wellness audit took place during the Financial year. Biometric screening was conducted and about 469 employees were tested for BP, HB, Glucose, BMI, Cholesterol, Hepatitis and HIV. Additionally, health promotion and medical advice were part of the screening. A Wellness policy was developed and Wellness educators were trained.

COMPLIANCE TO LEGAL REQUIREMENTS

The NamPost Strike Management policy was approved by the Board. Subsequently, NamPost entered into a Strike Management Rules Agreement with the Union and developed Strike Management plans for all departments.

NamPost registered with NTA and paid the required training levy, as gazetted during the financial year. Therefore NamPost is in compliance with the requirements of the Vocational Educational Training levy.

ACTIVITY BASED RECRUITMENT

NamPost is in the process of developing plans for activity based recruitment. It has become more important to address skills based requirements and not only focus on tertiary requirements to ensure a competent and productive workforce. It is therefore an objective to be able to determine competencies for a specific job during the recruitment process.

NAMPOST VALUES I-ACT

The objective was to create employee awareness of the NamPost values, to create more customer awareness and common understanding of our values. NamPost will be more assertive in addressing non-compliance to cardinal rules and values to ensure that values are not just on paper, but that employees are living the values and that it becomes visible to our customers and stakeholders.

Therefore value topics, for discussion and guidelines, were provided to the respective departments through the year.

PERFORMANCE MANAGEMENT

The Performance Management Training manual was revised and department specific training was provided for the development of key performance indicators and measures according to policy.

CORPORATE INDUCTION

The Corporate Induction Manual was revised and presented to Exco. Induction takes place as part of all training courses presented by NamPost.

HOUSING POLICY

A small committee, consisting of management and Union representatives, was appointed to do research and address the concerns regarding support for employees to be able to have proper housing. As a result the policy was reviewed and approved by the Board.

JOB ATTACHMENT POLICY

NamPost is receiving numerous requests for job attachment in order for Namibians to gain practical experience in a real working environment. As a result a policy was developed and will be submitted to the Board for approval during the 2015 financial year.

Human Resources

TRAINING SCHEDULE

NamPost developed an annual training schedule after a training needs analysis was done involving all departments. Training took place accordingly. Several training requirements were added during the year and training was sourced accordingly.

AFFIRMATIVE ACTION COMPLIANCE REPORT

The NamPost AA Compliance report was submitted to the AA Commission and a compliance certificate received.

HEALTH AND SAFETY

Health and Safety Inspections were done across the country at all Post Offices. The issues that were identified were communicated and addressed with the applicable officials.

ORGANISATION STRUCTURE

The review and revision of some departmental structures took place to align with strategic requirements.

WAGE NEGOTIATIONS

After a mandate was approved by the Board, negotiations took place and an agreement was reached with the trade union, NAPWU.



I-ACT

I want to keep getting
better **at my job**



Integrity

uphold ethical behaviour, respect,
and good governance.

In the event that the customer requests for assistance, we are there to make sure that we anticipate that request, assist them in any way possible, respect and honor our ethical code.



Accountability

take ownership
of our actions.

Wherever we find ourselves, we need to step up to our actions and take ownership of what we do in every moment that presents itself; to take pride in what we do and respect it.



Caring

for ourselves, our customers
and our stakeholders.

When our customers experience a setback or present a cry for help, it is our respectful duty to care and be courteous towards them.



Teamwork

to work together to achieve our mission.

When we find ourselves in a busy environment, our teamwork carries us through in making sure that the task is done and we save time for our clients and ourselves at the end of the day.

For more information contact: Human Resources.

Mariaan Jacobs • Compensation & Administration Manager: +264 61 201 3063

Martha Tjipangandjara • Training Manager: +264 61 201 3193

Moses Ikanga • Employee & Labour Relations Manager: +264 61 201 3077

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INFORMATION & COMMUNICATION

TECH NOLOGY

INFORMATION & COMMUNICATION TECHNOLOGY



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Information & Communication Technology

During the 2013 / 2014 financial year, NamPost ICT was able to deliver on the strategic goals that have been stipulated for the year, thus supporting the ICT mission of enabling NamPost to reach its strategic objectives by providing systems that allow the business to become profitable, efficient and effective, and ensuring consistent access to company related information.

The NamPost ICT department moved to new premises during the second half of 2014 in the Southern Industrial area, near Auas Valley. The NamPost Disaster Recovery Site and Business Continuity Centre has now also been established at the new NamPost ICT premises.

As part of the strategic objective to upgrade the entire NamPost ICT network, an external network, infrastructure and security audit was conducted during June 2014. Through the audit, we were able to identify the exact state of the current network and also determine the future network architectural design that NamPost will implement. We are also in the process of updating the network security by implementing a new firewall technology (hardware and software) that will enable NamPost to better secure client information, and its own digital intellectual property and assets from any malicious intents and threats.

In our continuous effort to support the NamPost vision, the Board of Directors approved a new ICT organogram that makes provision for the appointment of additional ICT resources. During the financial year, four new ICT resources were appointed as a consequence and we expect to appoint the rest of the ICT staff during the next two years as the need increases for the support of the systems, applications and services provided to the NamPost business units.

NamPost ICT has also completed a number of important project rollouts, which include the appointment of a new MPS (Managed Print Services) provider, assistance with the selection and implementation of a new Micro-lending system for PostFin and the rollout of our new Courier system that will enable NamPost to better track parcels and improve on the service delivery to our customers.

The new financial year provides a great opportunity for NamPost ICT to continue with the execution of its strategic objectives in order to provide systems, tools and technologies that will assist NamPost in achieving its financial and social goals.

CORPORATE GOV ERN NAN CE

CORPORATE GOVERNANCE



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Eldorette Harmse • Head: Legal Services and Company Secretary



Corporate Governance

INTRODUCTION

NamPost, as a State Owned Enterprise, is accountable to a wide range of stakeholders but most importantly the Government and the people of Namibia. It therefore endeavours to be in line with best Corporate Governance practices. We believe that the underpinnings of corporate governance are the processes, policies and practices, which utilised throughout an organisation, ensure effective decision making. Often overlooked, they are the essential drivers of information and integrity that sustains an organisation.

BOARD STRUCTURE AND COMPOSITION

During the period August - December 2013, four new Directors were appointed, the fifth Director remained from the previous board to ensure continuity. All five Directors are non-executive Directors. During the year, the focus of the Chairperson was to ensure that best practice principles of leadership and board effectiveness were applied. The Shareholders, in appointing the new Directors, were at pains to ensure that the NamPost board has the right balance of skills, expertise and attributes, including its diversity of perspective to match to the business' requirements, to not only constructively challenge, but to support the executive team.

A STRONG BOARD GUARANTEES GOOD GOVERNANCE

An effective board must have the right composition, structure and processes and a clear understanding of its role, which we believe the NamPost Board has.

The Board's key role is setting the strategic vision of the organisation and monitoring of management. The Board reviews both business and financial performance with a view to ensuring that the company has sufficient

resources to execute the strategy effectively.

The Board is accountable to its parent, NPTH, for generating sustainable long-term value.

The Board holds meetings at which Directors can vote on the major issues affecting the company. Directors receive information on these issues and familiarise themselves with the issues before voting. The Board is provided with the right information to constructively challenge matters impacting the business and to support the executive team. The Board closely communicates with the Executive Team, making sure the strategy is properly implemented, but at the same time ensuring that they (the Board) assert independent judgement and work. Board meetings are typically held every three months, although the Board may call special meetings for pressing matters, at its discretion.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

New Directors were given an orientation regarding the NamPost Group's businesses, corporate governance and reporting procedures and are updated on such matters on a continuing basis. In addition, Directors are advised with respect to policies and procedures applicable to Board and committee meetings and the rights and responsibilities of Directors.

The Company also encourages Directors to attend appropriate outside continuing education programs, the costs of which are carried by the Company.

BOARD MEETINGS

The Board holds at least five formal Board meetings a year, of which at least one comprises of a strategy review, preceded by a preparatory session. During board meetings, the Board devoted significant time within its regular Agenda to reviewing progress on strategy implementation.

Corporate Governance

NAMIBIA POST LIMITED

During the year, Board Meetings were held as follows:

Board Meetings	Board	Audit Committee	Human Resources & Compensation	Investment Committee	Other Meetings
Meetings held:	7	5	4	5	4

During the year, Board Members attended the meetings as indicated below:

Board of Directors	Board	Audit Committee	Human Resources & Compensation	Investment Committee	Other Meetings
Dr. K. Shangula	6 (Chair)				2
C.J.W. Coetzee	7	5	3	5 (Chair)	3
Dr. P.J. Boer	5 (Vice Chair)		3 (Chair)		3
N.S. Field	6	5 (Chair)		5	2
E.N. Hamunyela	5	4	2		1

BOARD COMMITTEES

The NamPost Board is supported by three Committees, namely the Board Audit Committee, the Board Remuneration and Compensation Committee and the Board Investment Committee. The Board has delegated certain of its governance responsibilities to these three dedicated committees, which are composed of the non-executive Directors.

Most Board Committee meetings are scheduled around Board meetings in such a way that the Committee Chairman can give a full and timely report to their colleagues on the Committee debate and decision making and bring to the Board's attention any issues of note or concern.

THE BOARD RECOGNISES AND MANAGES RISK

NamPost is committed to embedding risk management practices to support the achievement of business objectives and fulfill corporate governance obligations. The Board is responsible for reviewing and overseeing the risk management strategy for the NamPost Group and for ensuring the NamPost Group has an appropriate corporate governance structure. Within that overall strategy, Management has designed and implemented a risk management and internal control system to manage NamPost's material business risks.

RISK MANAGEMENT

Risk management is the creation of processes to identify, report and manage risks and their consequences within the organisation. Therefore, NamPost has made great strides to integrate processes for selecting the organisation's strategies with risk management in mind.

NamPost promotes a risk management culture, and is committed to effective risk management practices to safeguard our people, reputation, assets and commercial interests.

The NamPost Risk Management Framework supports the proactive management of risks facing NamPost. The Board has overall responsibility for the Company's systems of internal control and risk management and for reviewing their effectiveness. The Board takes cognizance of its overall responsibility for the NamPost group systems of internal control. The Company has in place an ongoing process for identifying, evaluating, monitoring and managing the principle risks affecting the achievement of its objectives.

Corporate Governance

The Board Audit Committee quarterly reviews the Company's key risks contained in the corporate risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified.

An annual Enterprise Wide Risk Assessment Workshop, attended by both the NamPost Board and Key Managers, is held once per annum. At this Workshop key risks and their management are discussed by Management and the Board.

RISK MONITORING

In terms of the Company's Risk Management Framework and Policy, responsibility for risk self-assessment and management lies with departmental Management. This is typically assigned to the Heads of Department, key managers and Risk Champions. Risks are appropriately identified, evaluated and managed and resources are allocated to support the Risk Management Framework and Policy. An interactive and integrated Risk Database is maintained by the Internal Audit Department, which is also responsible for co-ordination and reporting of the process. Quarterly progress reports are submitted to the Board Audit Committee and the Board.

INTERNAL AUDIT

The internal audit function is carried out by Internal Audit Department and is independent of the external auditor. The internal audit provides independent, objective assurance and advisory services on NamPost's system of risk management, internal control and governance through:

- *maintaining and improving the risk management framework as approved by the Board*
- *quarterly risk reporting to the Board*
- *performing audits and other advisory services to assure risk management throughout NamPost*
- *adopting a risk-based approach in formulating its audit plan to align audit activities to the key risks across the Company. The audit plan is approved by the Audit Committee annually*

The Head of the Internal Audit Department has a direct reporting line to the Audit Committee.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary who acts as Secretary to the Board and its committees. The Company Secretary is accountable to the Board for ensuring that Board processes and corporate governance practices are followed. Directors are also given access to independent professional advice at the company's expense where they consider such advice is necessary to enable them to fulfill their responsibilities.

STRATEGIC REVIEW

During the year the outgoing Board were active participants in reviewing and finalising the Companies Strategic and Business Plan, drawing on their own experience to challenge and inform the debate.

The KPIs and five year Strategic Plan objectives were reviewed as a matter of course.

THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

NamPost firmly believes that shareholder engagement is crucial for the long-term success of the Company. It should be conducted with mutual respect and trust that allows for a collaborative dialogue to enhance mutual understanding of issues. As part of these efforts NamPost has regular contact with the Shareholder and full advantage is taken of the annual general meetings to inform the Shareholder of recent developments in the Company and to give the Shareholder the opportunity to ask questions. The chairpersons of the Board Committees are generally available to answer questions, and all directors are expected to attend where possible. NamPost's external auditor, PricewaterhouseCoopers attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

* FINANCIAL STATEMENTS

FINANCIAL STATEMENTS



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Namibia Post Limited and its subsidiary

Annual Financial Statements for the year
ended 30 September 2014
(Registration number 92/284)

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Supply of postal services, courier services, savings bank services and micro - lending
Directors	K. Shangula (Chairperson) E. N. Hamunyela N. S. Field C. J. W. Coetzee P. J. Boer
Registered office	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Business address	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Postal address	P.O.Box 287 Windhoek Namibia
Holding company	Namibia Post and Telecom Holdings Limited incorporated in Namibia
Bankers	Bank Windhoek Limited Standard Bank of Namibia Limited
Auditor	Auditor PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Ms. E. C. Harmse
Company registration number	92/284
Lawyers	Conradie and Damaseb, Shikongo Law Chambers and Lorentz Angola

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

The reports and statements set out below comprise the annual financial statements presented to the member:

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Accounting Policies - Namibia Post website: www.nampost.com.na	
Notes to the Annual Financial Statements - Namibia Post website: www.nampost.com.na	

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Directors' Responsibilities and Approval

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

The annual 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 Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set 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

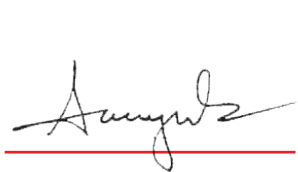
appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss..

The Directors have reviewed the group's cash flow forecast for the year to 30 September 2015 and in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors.

The annual financial statements set out below, which have been prepared on the going concern basis, were approved by the directors and were signed on their behalf by:



Director



Director

Windhoek
03 December 2014

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Independent Auditor's Report

TO THE MEMBER OF NAMIBIA POST LIMITED

We have audited the group annual financial statements and annual financial statements of Namibia Post Limited, which comprise the consolidated and separate statements of financial position as at 30 September 2014, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the Directors' report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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.

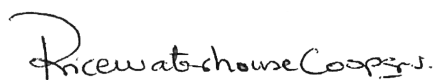
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Post Limited as at 30 September 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia.



PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: R Nangula Uaandja
Partner

Windhoek
26 January 2015

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Directors' Report

The Directors have pleasure in submitting their report on the annual financial statements for the year ended 30 September 2014.

1. Nature of business

Namibia Post Limited and its subsidiary is engaged in the supply of postal services, courier services, savings bank services and micro - lending and operates principally in Namibia.

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

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied

consistently compared to the prior year.

The group recorded a net profit before tax for the year ended 30 September 2014 of N\$ 37,544 million (2013: N\$49,307 million). Net profit after tax for the year ended 30 September 2014 is N\$ 31.572 million (2013: N\$ 29.887 million).

3. Share capital

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

4. Dividends

No dividends were paid during the current year (2013: None).

5. Directorate

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

Directors	Nationality	Changes
K. Shangula (Chairperson)	Namibian	
N.S.Field	Namibian	
E.N. Hamunyela	Namibian	Appointed 20 November 2013
C. J. W. Coetzee	Namibian	
P.J. Boer	Namibian	

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Directors' Report

6. Interest in subsidiary and joint arrangements

Name of subsidiary / joint arrangement	Country of Incorporation	% Holding
NamPost Financial Brokers (Pty) Ltd	Namibia	100
SmartSwitch Namibia (Pty) Ltd	Namibia	50

During the 2014 financial year, NamPost sold 50% of its shares in SmartSwitch back to SmartSwitch, along with 50% of the corresponding share premium. The total value of the transaction was N\$ 6,000,000. No change in control occurred as a result of this transaction.

NamPost Financial Brokers (Pty) Ltd

Total profit/(losses) after income tax expense

Company	
2014	2013
N\$ '000	N\$ '000
256	(1,615)

SmartSwitch Namibia (Pty) Ltd

Total profits after income tax expense

2014	2013
7,021	7,277
5,229	3,614

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Directors' Report

7. Holding company

The group's holding company is Namibia Post and Telecom Holdings Limited incorporated in Namibia.

During the 2014 financial year, Cabinet made a decision that Namibia Post and Telecom Holdings should be dismantled within the next financial year. Once this is effected, the shareholder of Namibia Post Limited will be the Government of the Republic of Namibia.

8. Events after the reporting period

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

9. Auditors

PricewaterhouseCoopers continued in office as auditors for the company for 2014 in accordance with section 278(2) of the Companies Act of Namibia.

10. Secretary

The company secretary is Ms. E. C. Harmse.

Postal address	P.O.Box 287 Windhoek
Business address	Post Office Building Corner Independence Avenue and Daniel Munamava Street, Windhoek

11. Other

Namibia Post Limited has early adopted IFRS 9 in the 2011 financial year.

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Statements of Financial Position as at 30 September 2014

		Group		Company	
		2014	2013 (restated)	2014	2013
Note(s)		N\$ '000	N\$ '000	N\$ '000	N\$ '000
Assets					
Non-Current Assets					
Property, plant and equipment	5	18,279	11,141	16,739	10,958
Goodwill	6	903	903	-	-
Intangible assets	7	27,457	27,519	27,457	27,518
Investment in subsidiary	8	-	-	1	1
Investment in joint ventures	9	9,511	12,072	6,000	12,000
Loans to group companies	10	-	-	54,405	47,834
Other financial assets	11	1,187,372	1,319,858	1,161,055	1,301,972
		1,243,522	1,371,493	1,265,657	1,400,283
Current Assets					
Inventories	15	50,606	35,683	50,606	35,683
Other financial assets	11	2,396,161	1,930,988	2,374,901	1,915,200
Current tax receivable	21	807	4,394	807	4,394
Trade and other receivables	16	69,096	68,486	69,182	67,545
Loans to group companies	10	-	-	6,250	6,250
Cash and cash equivalents	17	110,555	95,857	109,797	102,484
		2,627,225	2,135,408	2,611,543	2,131,556
Total Assets		3,870,747	3,506,901	3,877,200	3,531,839
Equity and Liabilities					
Equity					
Share capital	18	5,075	5,075	5,075	5,075
Retained income		232,479	200,427	232,066	202,894
		237,554	205,502	237,141	207,969
Liabilities					
Non-Current Liabilities					
Loans from group companies	10	12,500	18,750	12,500	18,750
Other financial liabilities	19	46,902	34,120	46,902	34,120
Retirement benefit obligation	14	12,605	12,904	12,605	12,904
Deferred tax	13	10,046	23,122	10,789	24,390
Savings bank investors	20	262,590	156,444	262,590	156,444
		344,643	245,340	345,386	246,608

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Statements of Financial Position as at 30 September 2014

		Group		Company	
		2014	2013 (restated)	2014	2013
	Note(s)	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Current Liabilities					
Loans from group companies	10	6,250	6,250	6,250	6,250
Other financial liabilities	19	119	-	119	-
Trade and other payables	22	132,059	110,410	130,136	108,785
Savings bank investors	20	3,150,122	2,939,399	3,158,168	2,962,227
		3,288,550	3,056,059	3,294,673	3,077,262
Total Liabilities		3,633,193	3,301,399	3,640,059	3,323,870
Total Equity and Liabilities		3,870,747	3,506,901	3,877,200	3,531,839

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Statements of Comprehensive Income

		Group		Company	
		2014	2013 (restated)	2014	2013
	Note(s)	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Revenue	24	883,275	786,592	874,150	780,532
Cost of sales	25	(551,501)	(479,478)	(551,501)	(479,478)
Gross profit		331,774	307,114	322,649	301,054
Other income	26	2,300	2,925	2,266	3,973
Operating expenses		(283,926)	(266,241)	(276,785)	(260,324)
Fair value adjustments		(15,160)	2,186	(15,160)	2,186
Operating profit	27	34,988	45,984	32,970	46,889
Investment revenue	28	2,272	2,073	2,589	2,290
Income from equity accounted investments		3,511	2,614	-	-
Finance costs	29	(3,227)	(1,364)	(1,296)	(283)
Profit before taxation		37,544	49,307	34,263	48,896
Taxation	30	(5,972)	(19,420)	(5,571)	(19,543)
Profit for the year		31,572	29,887	28,692	29,353
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability		717	1,920	717	1,920
Income tax relating to items that will not be reclassified		(237)	(634)	(237)	(634)
Total items that will not be reclassified to profit or loss		480	1,286	480	1,286
Other comprehensive income for the year net of taxation	32	480	1,286	480	1,286
Total comprehensive income for the year		32,052	31,173	29,172	30,639

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Statements of Changes in Equity

	Share capital N\$ '000	Retained income N\$ '000	Total equity N\$ '000
Group			
Balance at 01 October 2012	5,075	169,254	174,329
Profit for the year	-	29,887	29,887
Other comprehensive income	-	1,286	1,286
Total comprehensive income for the year	-	31,173	31,173
Balance at 01 October 2013	5,075	200,427	205,502
Profit for the year	-	31,572	31,572
Other comprehensive income	-	480	480
Total comprehensive income for the year	-	32,052	32,052
Balance at 30 September 2014	5,075	232,479	237,554
Note(s)	18	32	
Company			
Balance at 01 October 2012	5,075	172,255	177,330
Profit for the year	-	29,353	29,353
Other comprehensive income	-	1,286	1,286
Total comprehensive income for the year	-	30,639	30,639
Balance at 01 October 2013	5,075	202,894	207,969
Profit for the year	-	28,692	28,692
Other comprehensive income	-	480	480
Total comprehensive income for the year	-	29,172	29,172
Balance at 30 September 2014	5,075	232,066	237,141
Note (s)	18	32	

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2014

Statements of Cash Flows

		Group		Company	
		2014	2013 (restated)	2014	2013
	Note(s)	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Cash flows from operating activities					
Cash generated from operations	33	57,782	9,312	53,900	13,431
Interest income	28	2,272	2,073	2,589	2,290
Finance costs	29	(3,227)	(1,364)	(1,296)	(283)
Tax paid	34	(15,821)	(14,851)	(15,821)	(16,354)
Net cash from/(to) operating activities		41,006	(4,830)	39,372	(916)
Cash flows (to) / from investing activities					
Purchase of property, plant and equipment	5	(12,097)	(3,849)	(10,398)	(2,526)
Sale of property, plant and equipment	5&26	164	33	164	33
Purchase of intangible assets	7	(5,208)	(3,606)	(5,208)	(3,606)
Loans to group companies	10	(6,250)	24,687	(12,821)	(9,928)
(Purchase)/Sale of financial assets	11	(332,687)	86,312	(318,784)	99,104
Movement in loan to subsidiary		-	-	-	(6,250)
Net cash (to) / from investing activities		(356,078)	103,577	(347,047)	96,683
Cash flows from/(to) financing activities					
Movement in interest bearing borrowings	19	12,901	3,925	12,901	3,925
Movement in savings bank investors	20	316,869	(80,897)	302,087	(66,259)
Net cash from / (to) financing activities		329,770	(76,972)	314,988	(62,334)
Total cash and cash equivalents movement for the year		14,698	21,775	7,313	33,433
Cash and cash equivalents at the beginning of the year	17	95,857	74,082	102,484	69,051
Total cash and cash equivalents at end of the year	17	110,555	95,857	109,797	102,484

NOTE

Accounting Policies and Notes to the Annual Financial Statements are available on the Namibia Post Limited website: www.nampost.com.na



NAMIBIA POST LIMITED

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