Vitality begins with the appreciation of abandance in each day.

Namibia Post Limited - Annual Report 2008/09

Contents

Vision

To provide superior postal, logistics and savings solutions.

Mission

In order to add value for our customers we shall:

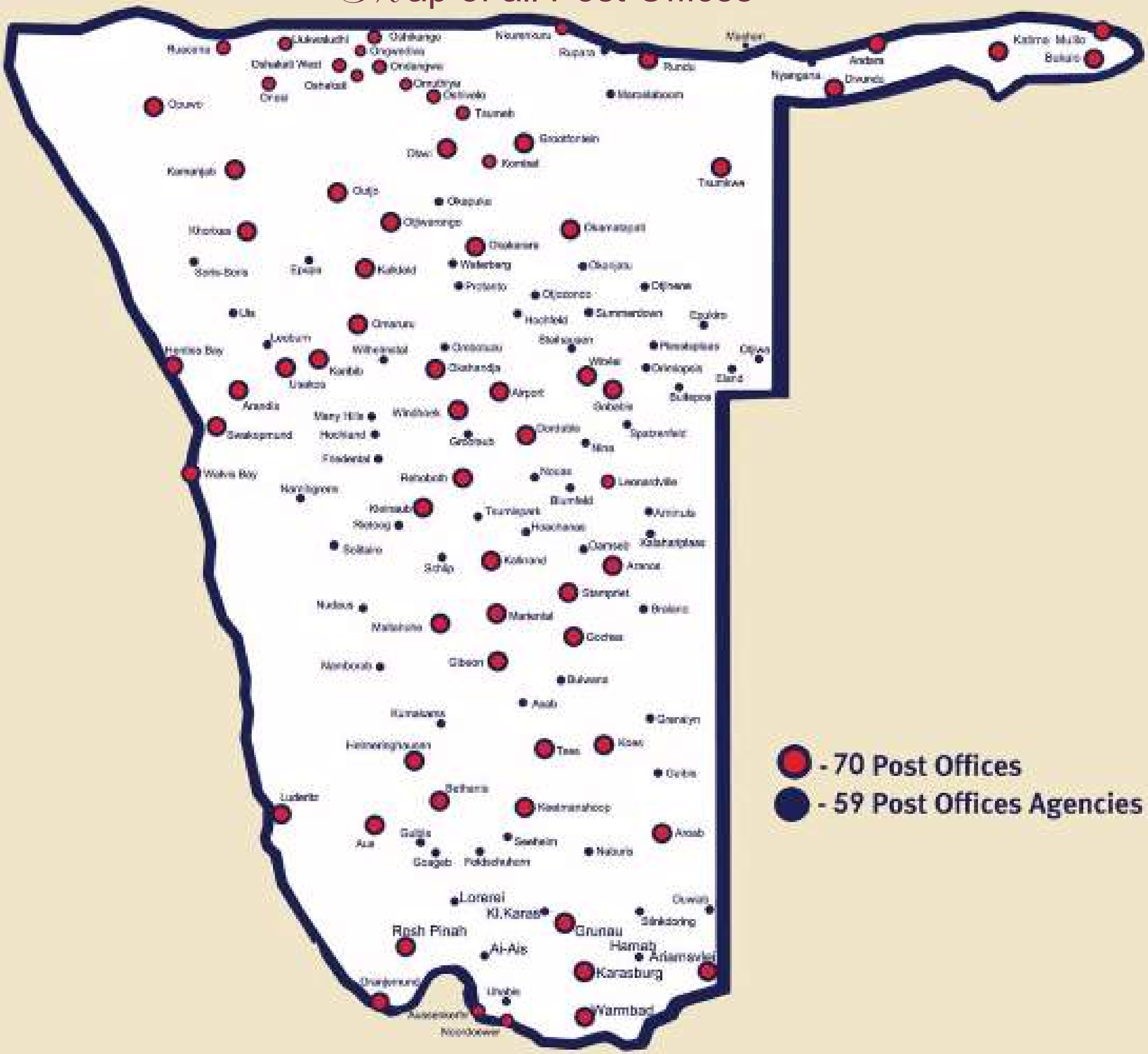
- *Provide a network of standardised service points easily accessible to all Namibians*
- *Attract the right people for the right job and further develop them*
- *Implement state of the art technology and reliable, physical and electronic networks in an environmental friendly way*
- *Enhance relationships with government and other stakeholders*
- *At all times adhere to corporate governance best practices*

Values

We shall:

- *Communicate openly and honestly*
- *Take ownership for all actions*
- *Foster teamwork*
- *Act with integrity*
- *Act with mutual respect*
- *Care for our employees, customers and stakeholders*

Map of all Post Offices



Chairman's report

Introduction

While unfavourable and pressing economic conditions impacted negatively on the ability to retain and grow the business during the last financial year, I am most pleased that despite another year of tough trading conditions, we managed to mitigate adverse effects from lower business volumes and the company posted a profit of N$4.4 million before tax in the financial year under review.

Strategic Focus

The Board of Directors, with the dedicated support and commitment of management and staff, devised a comprehensive five year strategy which will strengthen each area of the NamPost business operations.

NamPost's progressive five year strategy and business plans will undoubtedly result in revenue growth, operational improvements, cost containment, improved customer satisfaction and quality of service, employee satisfaction, enhanced productivity and efficiency.

The global recession

2009 will go down in history as a turbulent and unpredictable year for business around the world as the most insidious and severe economic crisis in at least 80 years unfolded. Most developed countries are considered to be in recession with high unemployment and sharp declines in their economic growth.

According to the IMF, emerging and developing economies are expected to grow by an unexciting 1.6%. The South African economy is gradually moving out of the recession, with a moderate expansion of 1 percent recorded in the third quarter of 2009.

The global economy however remains unsteady and predictions of a full recovery at this stage remains premature. Sentiment expressed indicates that the world economy will only mildly recover in 2010, with some economies expected to recover at a faster pace than others.

According to initial figures from the Central Bureau of Statistics, a tentative growth of 2.9% was recorded, mainly contributed by the construction and tertiary industries.

According to the IMF, Namibia's real GDP is expected to shrink by 0.7% (N$353,59 million), in 2009, with a marginal recovery of 1.8% expected in 2010.

Similar to the global economy, it will take some time for a revitalization of economic activity and confidence to return to the market.

The effect on NamPost

Postal operators around the world were harshly affected by the economic downturn. Escalating fuel costs, reduced consumer spending, and competitive pricing impacted on the potential to grow the business significantly. However, apart from the fact that the external economic influence was not in our direct control, it is indeed commendable that we managed to record a profit of N$4,4 million before tax in the year under review. The positive turnaround in the 2008/09 financial year, in contrast to a loss before tax of N$1,7 million for the 2007/08 financial year, can largely be contributed to cost containment measures, the growth in investor balances and increased operational efficiency.

The fact that a noteworthy growth in investor balances was recorded is a clear indication of the trust and confidence our clients have in our Savings Bank products on offer. Savings are wealth that are put to work in the economy to create more wealth. I foresee a definite and marked increase in the number of clients choosing the preferred option of investing with the Savings Bank in the coming year; it is a safe haven for investing, and has many comparative advantages.


Any notable human triumph is
the result of one thing: unity.

External Memberships

NamPost is a member of several industry associations, and non-governmental organizations, including:

The Universal Postal Union (UPU): The UPU is charged with the harmonization of international postal services, standardization of postal procedures, exercises control over the inter-administration payment systems, provides technical assistance and administrates and manages postal activities within the regulations of the UPU.

The Pan African Postal Union (PAPU): Membership was recently obtained from this sub-body that reports to the UPU on a regulatory level.

The Southern African Postal Operators Association (SAPOA): A regional body established by a protocol signed by Heads of State in 1998, in order to develop an efficient postal network within SADC that offers a wide range of postal services at affordable prices to customers.

Regular meetings and conferences are arranged by the abovementioned bodies and quality of service remains high on the agenda, with all member countries pooling their knowledge and shared experiences in the pursuit of providing excellent customer service.

Smart-Public Private Partnerships

We collaborate with individuals, small businesses, our joint-venture partners and our subsidiaries to provide a comprehensive range of products and services.

Quality of Services to Customers/Outstanding Achievements

Through implementation of our Strategy, numerous initiatives have and will continue to receive our undivided attention, and which are more fully explained in the Section titled “Nampost in the Marketplace”.

Appreciation

I would like to acknowledge the invaluable contribution of my fellow board members, management and staff at all levels and the significant contribution they have made to overcoming extraordinary challenges this financial year.

We are appreciative of the continued support and guidance received from our shareholder, the Government of Namibia and particularly the Ministry of Information and Communication Technology.

S. Kankondi
Chairman
NamPost Board of Directors

Chief Executive Officer's Review

Introduction

The global recession has impacted the entire logistics industry in 2009. We are however confident that our five-year Strategic Plan coupled with a our strong, trusted and reliable brands - NamPost Savings Bank, Postal Services, Agency Services,Treasury and Courier operations, puts us in a favourable position of overcoming any future difficulties.

We shall continue to create value for our shareholder, the Government of Namibia, and serve the community by continuously growing to meet its changing needs and undertaking new challenges as they emerge. The challenges over the past financial year included overcoming the twofold objectives of earning a profit and fulfilling our universal service obligations. Our successes are reflected in our financial results and the growth in our businesses during the year.

An increasingly innovative and diversified approach to our traditional business is being adopted. We shall take advantage of the opportunities future economic growth will bring by remaining focused on our five strategic themes; *customer and shareholder satisfaction; employee satisfaction; continuous improvement of systems and processes; and sustainable profitability and growth.*

We shall continue to build on our strengths in these areas and broaden our capabilities by investing in our people, processes, and systems that will carry us into the future, in order to meet the ever changing needs and expectations of the individual consumer, small-to-medium sized businesses and major companies.

Highlights of 2008/2009

-A turnaround from posting a loss in 2007/08 to a N$4,4 million profit in 2008/09
-A new five year strategic plan and business model was crafted by the board and management
-All policies and procedures were reviewed and revised where necessary
-NamPost was nominated as Chair for SAPOA Philately Task force
-Golden Arrow Award for the best Courier Service in Namibia in 2009
-Courier Services doubled business volumes
-Continued growth in Savings Bank deposits and other investment products
-Participation by Philately Services at the Asian World Stamp Show held in China
-Staff upgraded their computer literacy skills through a smart partnership with UNAM
-NamPost Business School conducted training of 267 students through our Business Simulation Programme
-The SAP system was upgraded to the latest version of the systems, namely ECC6 and 180 staff members were trained on the new system
-Application was made to the National Qualifications Authority (NQA) for a nationally accredited postal qualification
-Improved industrial relations resulted in successful salary negotiations which was concluded in one day
-SmartCard customer base increased as a result of successful marketing initiatives
-A Courier Track and Trace system is being implemented


Accomplishment begins with a tiny bud bursting
through the shell of circumstances.

Business Activities and Organisation

Strategic Planning - The new Strategy that was developed will ensure that each Business Unit and Post Office Branch will be critically analyzed against key performance indicators in the coming year. Stricker control over costs will also be reinforced and monitored on a regular basis.

The *Balanced Scorecard* methodology has been adopted as an effective management tool for managing performance under the five strategic themes, with structured measurements in place.

Financial Performance – I am most pleased with the turnaround achieved in profitability for the year under review. Despite the difficult trading conditions the company recorded profit before tax of N$ 4,4 million, which represents a turnaround of N$6 million from the loss recorded in the previous year. The profit recorded is largely as a consequence of cost containment measures put in place and a renewed focus on revenue growth throughout all business units, and increasing our margins in terms of investment income. Improved revenue was especially derived from savings deposits, courier services and agency services.

Business and systems - State-of-the art technology is at the forefront of providing a fast, reliable and secure service to our clients. Sophisticated equipment at the Hybrid Mail Centre enables us to offer an integrated electronic mail management service at economical rates in accordance with agreed Service Level Agreements between us and the client.

Process re-engineering at Mail Operations streamlined the entire process of receiving and distributing mail.

New business partners, NamWater and the Namibia Traffic Management Solution came on board as new agency services.

Courier Services delivered in excess of one million items to addresses in Namibia and they were awarded the Golden Arrow Award for the best Courier Service in 2009.

Growth in investor balances is a clear indication of investor confidence and reinforces the fact that NamPost is a safe haven for investments.

For the year ahead our priority is to focus on our vision 'to provide superior postal, logistics and savings solutions' and the strategic objectives of: Customer and stake holder satisfaction; Employee satisfaction; Continuous improvement of systems and processes; Sustainable financial profitability and growth; Progressively demonstrate social and environmental responsibility.

Appreciation

I thank the Chairman and Board of Directors for their support and dedication throughout the year. My Executive Team colleagues and staff are acknowledged for the tangible contribution made to the turnaround that was achieved in the year under review. To all our clients a special word of appreciation, as without your business and continued support, we will not prosper.

N. Cloete
Acting CEO

Executive Committee

From left to right: Mr. Herman Roux (GM: Treasury), Mr. Ambrosius Iipinge (GM: Postal Services), Ms. Berlindi Malan (GM: Marketing and Business Development), Mr. George Itembu (Head: Internal Audit), Mr. Jan Swartz (Acting GM: Finance), Mr. Wilmarc Lewies (GM: Courier)

2008/09

From left to right: Mr. Norman Cloete (Acting CEO), Ms. Eldorette Harmse (Head: Legal Services and Company Secretary), Mr. Bertie Reyneke (GM: Savings Bank), Ms. Suzette Scheepers (Head: Information Technology), Ms. Sonia Bergh (GM: Human Resources)

Board of Directors 2008/09

From left to right: Mrs. Nangula Hamutenya, Mr. Neville Field, Mr. Sebby Kankondi (Chairman), Mr. Boas Mweendeleli, Mrs. Ndahafa Nambira

Corporate Governance

Introduction

Namibia Post Ltd regard good corporate governance as one of the key fundamentals on which the Company is build and continuously strive to maintain high standards of corporate governance. As noted in the previous Annual Report the Board of Directors solicited the services of a private auditing firm, KPMG to perform an overall review of its corporate governance practices, in other words, assess the current status of corporate governance at Namibia Post and, where enhancement and improvement might be necessary, design and plan a future state. This demonstrates the Board's commitment to adopting sound governance practices.

NamPost, as a State Owned Enterprise, is accountable to a wide range of stakeholders, but most importantly the Government and the people of Namibia.

Compliance with applicable legislation, regulations, standards, codes and policies remains an essential objective of the NamPost Board, which monitors compliance via management reports and interaction *inter alia* with key stakeholders like the Government and Regulators, where applicable.

Board Structure and Composition

The Board of Directors, appointed by the Shareholder, Namibia Post and Telecom Holdings Limited, is the Company's highest decision making body and has the ultimate responsibility for governance. The Board composition has remained unchanged for the period under review. All five directors at NamPost are non-executive directors.

Regular interaction is encouraged and takes place between the Board and executive management. Executive management are regularly making proposals to the Board at board meetings.

Board Committees facilitates the discharge of the Board's responsibility and to that end each Board Committee has a Charter setting out their specific mandate that is approved by the Board and reviewed regularly.

Board Responsibility

The Board has, within the powers conferred upon it by the Articles of Association, determined its main function and responsibility as adding significant value to the Company by:

- Retaining full and effective control over the Company;
- Determine the strategies and strategic objectives of the Company;
- Determining and setting the tone of Company values including principles of ethical business practice;
- Bringing independent, informed and effective judgment to bear on material decisions of the Company including material Company policies, appointment and removal of the Chief Executive Officer and Executive Management, capital and operational expenditure and Company budgets;
- Satisfying itself that the Company is governed effectively in accordance with corporate governance best practices including risk management and internal control systems to:


SAVINGS BANK

- Maximize sustainable returns;

- Safeguard the people, assets and reputation of the Company;

- Ensure compliance with applicable laws and regulations.

- Monitor Board Committees and Executive Management in the execution of Board strategies, decisions, values and policies through a structured approach to reporting, risk management and auditing.

Delegation of Authority

The Board retains oversight control through a well developed governance structure and recognizes and accepts the principle that, whilst certain powers are capable of being delegated to Committees, the ultimate accountability for matters delegated remains with the Board. The Board Committees provides focus on specific areas of Board responsibility. Authority delegated by the Board always requires report back to the full Board, and the obligation to monitor and evaluate activities of the Committees remains with the full Board.

Board Committees

Board Committees function in terms of the mandate conferred upon them in Committee Charters approved and reviewed from time to time by the Board. The mandates set scope of authority , roles and responsibilities and composition.

The Board of Directors appoints the members of the Board Committees and can at any point in time co-opt external expert support to execute their functions in serving the full Board.

The Board has established three Committees, namely:

- Board Audit Committee
- Human Resources and Compensation Committee
- Board Investment Committee

It is envisaged that a Board Corporate Governance Monitoring Committee, which will meet twice per annum, will be established in the new financial year to specifically focus on the recommendations of the Corporate Governance Review performed by KPMG.

Board Audit Committee (BAC)

The Board Audit Committee operates in terms of the Board Audit Charter, approved by the Board of Directors. The Board Audit Committee comprises of three independent non-executive directors. In broad terms, this Committee reviews the Company's financial position and makes recommendations to the Board on all financial matters, has oversight over the corporate and company-wide risk management process, the accounting practices and auditing processes applied in the Company.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee comprises of three independent non-executive directors. This Committee assists the Board in discharging its oversight responsibilities relating to all human resources matters, including, but not limited to, the compensation and retention of key management employees, and appropriate performance incentives.

The Company embarked upon a process whereby all its Human Resources Related Policies are reviewed and the need for new policies identified, to that end the Human Resources and Compensation Committee reviewed and recommended 12 policies to the full Board for approval during the year under review.

Board Investment Committee

The management of the Savings Bank's customers funds, as well as the NamPost own cash resources, is conducted in line with a Board


If you don't stand for something, you'll fall for anything!

approved Investment and Risk Management Policy. The Board Investment Committee comprises of three non-executive Directors.

The Asset and Liability Management Committee (mini-ALCO) comprising of Executive Managers in the Company, reports to the Board Investment Committee, and is the operational vehicle for liquidity, interest rate and compliance risks.

The NamPost Board of Directors and the Board Investment Committee in particular, has embarked on a comprehensive process to review its investment and risk management policy. The impact of the State Owned Enterprises Governance Act and its amendments are closely observed as they direct the procedure to be followed where the State Owned Enterprise's own funds are invested.

Declaration of outside interests

In addition to other requirements, a standing item on each and every Board and Committee Agenda is the declaration and disclosure of interests of Directors. The Board then deals, as it deems appropriate, with any conflict that may arise.

Board Effectiveness and Evaluation

The aim of the evaluation is to assist the Board and its committees to constantly improve their effectiveness. Since 2007 an evaluation process, in line with King II has been adopted and remains a standing item on the Board Agenda.

Company Secretary

All directors have access to the advice and services of the Company Secretary. In addition thereto the Board at any time can utilize the services of independent professionals at the Company's cost. The Company Secretary's role is to ensure that the Board remains cognisant of its roles and responsibilities and keeps abreast of relevant changes in legislation and governance best practices.

Risk Management Strategy

NamPost recognizes, in line with good corporate principles, that Risk Management is an essential part of its planning and business strategy achievements. A risk 'appetite', which refers to an acceptable risk level, is set and monitored in running all aspects of our business. Inherent risks are assessed and suitable strategies are formulated to bring these individual risks within the set risk appetite. The overall risk management strategy as defined in the Risk Management Policy and Framework, is defined by the Board and Management is accountable to the Board for its design, implementation and integration into business activities on a day-to-day basis.

The Policy also directs that an Annual Enterprise Wide Risk Assessment Workshop, attended by both the NamPost Board and Managers, is held once per annum. It was during such workshop, conducted in April 2009, that key risks and management thereof was discussed by Management and the Board.

External Consultants are also engaged on an *ad-hoc* basis to independently benchmark and evaluate our Risk Management Policies and Strategies.

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 monitoring and evaluating the effectiveness of the process. Quarterly progress reports are submitted to the Board Audit Committee and the Board.

Knowledge liberates the spirit and vision of tomorrow.

Internal Audit

The Internal Audit Department provides independent and objective assurance to the Board and management about the appropriateness and adequacy of internal controls in the company. A key competency area of the Internal Audit department is the management of corporate and company-wide risks. The Head of Internal Audit has unrestricted access to the Chairman of the Board Audit Committee and the Chief Executive Officer.

Shareholder Communication

Shareholder communication is viewed as essential in order to discharge the Company's responsibility to create shareholder value. Information is communicated to the shareholders and Government, where appropriate, through a number of channels. One such channel is the Annual General Meeting (AGM) of the Company, which is attended not only by Namibia Post and Telecom Holdings Limited (NPTH), the direct sole shareholder, but also by the designated line Minister. At the AGM key areas of the company are highlighted and discussed. The external Auditors are always available at the AGM to address any questions pertaining to the financial status and other relevant areas.

Corporate Citizenship

At the heart of our corporate responsibility is our extensive branch network, economically viable or not, providing a wide range of accessible and affordable products and services, including financial services and products to the unbanked and underserviced communities. Our nationwide team have literally thousands of personal interactions with our customers every day. Their commitment to NamPost is a fundamental aspect of our business performance and brand strength, now and into the future.

Greater environmental conservation awareness and consciousness of our environment is needed – it is not the environment that needs saving, but our consciousness in the environment that needs saving.

Methods of recycling waste products will be investigated by us and we hope to offer this service to our corporate clients in future.

God grant me serenity to accept
the things I cannot change,
Courage to change the things I
can and
Wisdom to know the difference.

Namibia Post Limited Board Attendance

Board of Directors	Board	Audit Committee	Human Resources &compensation	Investment Committee	*Other Meetings
Meetings held:	6	3	4	4	5
Attendance:					
Kandondi S I	5 (Chairperson)	1	3		2
Hamutenya N	6	1		4	4
Field N	5	3 (Chairperson)		4 (Chairperson)	4
Nambira N	6		4 (Chairperson)	4	5
Mweendeleli B	6		4		5

*Other meetings: These are meeting that the Board has been invited to on an advisory level, for example, Business Plan meetings, Risk Management meetings, and or interviews.

NAM
VISION
To provide superior postal, logistics and savings solutions.

NamPost in the Marketplace

Business Units

Courier Services

Our express courier service business is constantly on the move – that's how they keep the wheels turning in offices, factories, shops and homes throughout Namibia. In the past year, Courier Services delivered in excess of one million items to Namibian addresses.

With our focus on customer satisfaction, we were awarded the Golden Arrow Award for the Best Courier Service in Namibia in 2009. We are proud to announce that we exceeded target for the first time since 2001 and double business volumes since 2006.

This was done with less temporary and more permanent staff members on board for 2009. This was an investment in our staff members and their working conditions which clearly had a positive impact on productivity.

Because we are dependent on not only the business community, but largely the man on the street as well, our domestic product has focused on improved service delivery strategies such as the introduction of the tracking and tracing system. This system has ensured billing of each parcel as well as guaranteed delivery thereof, thus beneficial internally as well as externally. The system has been fully rolled out in Windhoek and is in the process of being introduced in the rest of the country.

We are currently the largest courier service company in Namibia and continually need to keep up with changing trends in the market through innovation products and services. This, along with customer education campaigns, will be introduced in the new financial year. We intend to add value to the business by looking into cooperating and collaborative agreements with international service providers within the courier milieu. In 2009, we also started with electronic invoicing, which will ensure timely billing to the customer with the ultimately positive collection impact.

Postal Operations

Postal Services is the largest Business Unit and encompasses:

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

For purposes of efficiency, the country is divided into the following Regions: North West, North East, Erongo, Windhoek and South. Each Region is headed by a Regional Manager, who is supported by a team of Postmasters. Postal services connect Namibians with each other and with regional and international counter-parts through the sending and receipt of goods, postal articles and services. During the year under review, the post office network helped Namibians to receive more than 28 million postal items from within the country and from abroad.

Postal Services continued to provide postal, savings and investments, courier and agency services and performed extremely well against the previous year's figures, and almost doubled the regional operational profits.

Savings deposits posted a healthy increase regionally; courier services recorded a growth; and airtime sales increased dramatically by 83%, gaining an increase in market share.

All manual offices have been fully automated and staff throughout the

Individuality, diversity and culture all celebrate one thing: the gift of life!

branch offices underwent Supervisory Development training.

Mail Operations

Mail Services encompasses:

- International Services
- Mail Centre and Parcel Depot (International and Domestic)
- Hybrid Mail Centre

The Mail Centre and Parcel Depot provides international and domestic mail and parcel services by air and road transportation.

All incoming and outgoing international and domestic mail is directed to the Mail Centre and Parcel Depot in the Southern Industrial Area of Windhoek, from where it is distributed regionally to the 129 post office branches and internationally.

A tender was put out for process re-engineering of all mail interventions in order to streamline and improve the flow of mail items. The tender was awarded to British Post. The new process re-engineering has remarkably improved the entire process involved in receiving and distributing mail and parcel items. Regular sampling is conducted to accurately ascertain the number of mail and parcel items on the floor at all times.

To ensure mail integrity, no single mail or parcel item is opened. Should this for any reason be required, the client is contacted and only on arrival, will the mail or parcel item be opened in the presence of the client, a customs official and a NamPost human resource staff member.

Statistics of mail handling volumes are kept daily and figures are consolidated on a company wide level. An interesting aspect reveals that while outward bound mail has increased, inward bound mail has decreased during the year under review. This clearly points to the threat of modern technology being more frequently used as a communications medium.

To overcome threats posed, new innovative services such as direct mail marketing services offered to retailers is being investigated. Effective distribution channels created for direct mail items such as catalogues will provide retailers with a cost effective and efficient manner in which they can promote their goods and services.

The Hybrid Mail Centre typically receives mailing data in electronic format from companies with high monthly mailing volumes such as Banks, Medical Aid providers, Government and Telecommunications companies. The hybrid centre then processes the data, prints it, folds it, inserts the invoices/statements into envelopes, franks the envelopes and then distributes the mail via the traditional postal process.

The sophisticated equipment at the hybrid centre is on par with that of international postal service operators. The service provided is conducted at very high speed. Companies which make use of this service can now concentrate on their core business, and are also provided with a value-adding service which helps them to collect their revenue earlier. Additionally, clients are assured of much higher mail integrity with mail going to the correct addresses.

Speed and integrity is a common denominator in today's competitive business environment. The outsourcing of cumbersome business administrative processes makes good business sense, and the Hybrid Mail Centre offers an instant solution to improving business efficiency.

Additional value-adding services will be introduced in the near future. These will include the printing of company logos on envelopes during the data capturing and processing cycle, as well as providing the farming community with secure email access from post offices throughout Namibia.

Agency Services

Agency Services is responsible for selling third party services and products at all post office outlets.

It is encouraging to report that this division grew this segment of customers and successfully entered into a business partnership with NamWater and the Namibia Traffic Management Solution during the year under review.

The following products and services are offered to all clients at post office branches countrywide:

Prepaid airtime sales

- Telecom's prepaid airtime products i.e. TeleCards, FlexiCall cards, callmaker, switch, starter packs and recharge vouchers
- MTC's prepaid airtime products, starter packs, Tango cards and recharge vouchers
- Leo (formerly CellOne) starter packs and recharge vouchers.

Bill payments – Customers can pay the following accounts at any post office branch:

- Municipal Accounts of the City of Windhoek, Rehoboth, Henties Bay, and Keetmanshoop
- NamWater Accounts
- Telecom Namibia Accounts
- MTC Accounts
- NBC TV licences

Sale of third party services/products

- AVBOB coffins
- Driving License Manuals
- Mosquito nets

Premium collection: Old Mutual Funeral Cover and Legal Shield.

MVA Fund Claim Forms: Can be collected at any post office branch. Once clients have completed the claim form, we courier these forms to the MVA Fund for processing.

Our business unit strategy implemented in February 2009, resulted in a drastic increase in the sale of pre-paid airtime. We shall continue to build on our successes and capture an even greater market share of pre-paid airtime in the new financial year.

In our quest to make the post office a one-stop-shop we are in the process of negotiating with other potential customers in order to increase the market of the third party product portfolio.

Philately

Philately is mainly responsible for the issuing of new stamp releases and distribution to collectors, agents, dealers and post offices worldwide.

The Stamp Advisory Committee meets in the beginning of every year to plan for new stamp releases two years in advance, due to the fact that the process from inviting the public to present themes to the final production takes one year.

Namibia is well renowned worldwide for producing beautiful stamps, and NamPost has consistently been awarded with trophies in recognition thereof.

Unfortunately, stamp collection is pursued mainly by foreigners and the elderly. Our client base consists of 80% international clients, including South Africa, with a mere 20% client base in Namibia.


National Customer Care N
NAM
COURIE
SAMSUNG
LCD TV
32"
N 65862 W

Stamp collection seems to have lost some of its charm among Namibia's youth which is indeed a pity. Nevertheless, revenue increased in the year under review, with the client base expanded by 100 new clients. Focus is being placed on Philately development with a marketing strategy being developed to penetrate new markets and new products to stimulate and encourage people of all ages to invest in stamp collection.

Engagement with all SAPOA member countries in the SADC region will be made as part of our strategy. It is planned to develop a website whereby SAPOA member countries can market their products and services more effectively.

Savings Bank

NamPost Savings Bank continuously strives to deliver quality and superior customer service. Along with skilled and qualified staff, we deliver not only personalized service but safe and secure banking services to our clients.

Despite the negative economic headlines throughout the year, the Savings Bank performed well.

We have an attractive product offering and are especially proud of our SmartCard. More than 300,000 Namibians currently use our SmartCard and this figure is expected to grow significantly in 2010.

The SmartCard offers numerous value-adding benefits:

- *Very low transaction fees*
- *Tax free investments for individuals*
- *SmartCards cannot be cloned*
- *Immediate availability of funds*

Agreements have been signed with major merchants and dealerships which allows payments to be made by clients with their SmartCard. We plan a wider distribution our points of sale services in 2010, which will offer clients even greater accessibility in future.

Treasury

The Treasury Business Unit manages the funds deposited by clients in various investment products such as Fixed-term Deposits, Savings Certificates, Notice Deposits, Call Accounts and Savings Accounts.

The Business Unit also manages relationships between Corporate Investors and NamPost. In addition, Treasury also invests NamPost's own funds. The investment of funds is governed by a comprehensive Investment and Risk Management Policy. NamPost Treasury is widely recognized as a key player in the market.

Our investment products, which are regarded as among the best in the country, are offered by all 126 post office branches countrywide. Only N$1,000.00 is needed to open an investment account.

Call deposits as well as 32-day investment accounts are available, depending on your specific needs. These investment accounts have the distinct competitive advantage of being tax free to individuals. Additionally, the normal 10% withholding tax charged by financial institutions is not applicable to our investment products.

Our interest rates compare favourably with other institutions, and our open door policy is complemented by qualified managers who provide specialized and personal service to all clients at all times.


The only thing that stands between a person and what they want in life are the will to try it, and the faith to believe it's possible. -Rich Devos

Support Units

Marketing and Business Development

Marketing and Business Development continues to fulfil the vital function of building a solid foundation for future innovation and growth of our business and providing support to all business units.

The department creates value for internal and external stakeholders through effective internal and external communication, thereby creating awareness of our products and services for sustainable growth, and promoting effective, honest and open two-way communications within all business units.

A very successful marketing campaign for Postal Services, namely the "Don't Stress" awareness campaign, was developed and designed internally. The advertisement designed for the campaign was translated in eight indigenous languages.

SmartCard was promoted through electronic and print media advertising during the year under review. The first round of advertising focused on the broad acceptance of this unique savings card - a variety of electronic transactions such as payments at selected merchants can be made, as well as payments made to retail outlets at any post office branch. The second round of advertising focused on value-added services linked to the SmartCard such as funeral cover and wage-to-wage transactions, where salaries can be directly paid into a SmartCard account. This campaign was also very successful as subscriptions increased for this product during the current financial year.

Philately Services for the first time participated in the Asian World Stamp Show hosted in Luoyang, China.

This stamp show was well attended by the international community and NamPost presented a beautiful forty-two page catalogue on Namibian stamps, which was designed internally. This catalogue proved extremely popular, with 100,000 copies distributed to participants at the World Stamp Show in China. The catalogue was translated into Chinese which gained their favorable approval.

Hybrid Mail service, mainly beneficial to the business community, was officially launched in 2008. All the Hybrid Mail vehicles were branded and an awareness campaign highlighting the distinct benefits of utilizing the services of Hybrid Mail, positively impacted on increasing the client base during the current financial year.

Awareness campaigns were implemented for Courier Services, which focused on the fact that an overnight service is provided to 59 destinations throughout the country. This campaign was a success taking into consideration that the division exceeded target for the year under review.

NamPost Marketing initiated the participation in the SAPOA Games which was hosted in Gabarone, Botswana in 2009. The 58 staff members representing the company participated in various sports codes such as soccer, netball, volleyball and athletics. Our team excelled at the SAPOA Games and proudly returned to Namibia with gold, silver and bronze medals awarded in the various codes.

NamPost is a dedicated and loyal supporter of community upliftment. Cash donations were made to various charity organizations. Besides these donations, free services were offered to other organizations throughout the year, of note being courier services which were provided to the Flood Relief Programme.

Change is inevitable; it's how we deal with it that's constant.

Internal Audit

Internal Audit performs an independent audit function and is fully mandated by the Board to direct a comprehensive program of internal auditing at NamPost, within an Integrated Risk Management Framework approved by the Board.

The approach adopted by Internal Audit endorses an independent, objective assurance and consulting activity designed to add value and improve NamPost's operations. A systematic, disciplined approach is adopted to evaluate and improve the effectiveness of risk management, control and governance principles and processes.

It reports functionally to the Board Audit Committee and administratively to the Chief Executive Officer.

Operationally, the Board Audit Committee assesses the annual financial statements, corporate control systems, the process of auditing and the Integrated Risk Management Framework.

During the process of auditing, assurance is provided to the Audit Committee and Management that implemented controls are effective and operating as intended, and recommendations are made to streamline business processes if necessary.

Risk Management

The board acknowledges its overall responsibility for the process of risk management, as well as for reviewing its effectiveness, and is ultimately responsible for the risk management process and internal controls at NamPost.

Management is accountable to the Board for the design of the appropriate design, implementation and integration of risk management into day-to-day activities.

Internal Audit advises the Board of the risk domain and 'appetite' for risk and formulates risk strategies and policies on identified risks. Action plans devised by Internal Audit as to the mitigation of risk is implemented by each Business Unit after identification of the risk type, the description, likelihood and impact on the business.

ICT, Strategy and Transformation

This department manages the Information and Communications function in the Company. The Department is further responsible for Business Process Re-engineering in the Company.

The department's primary objective is to ensure that operational efficiencies are realized continuously through changing the way we work and do things in NamPost.

The department's goal of improved service delivery was continuously pursued in the year under review. This was accomplished when the Distributed Technology Support service was outsourced to an external service provider, which has ensured transparency and mutual understanding in terms of performance targets. The transfer of technical staff members of the department coincided with the outsourcing of this function. This move enabled them to gain further training and to ultimately equip them with a variety of skills in this technical area. The division's goals shall be further enhanced with the adoption of open communication channels in 2010 which will improve performance as well as service delivery levels. Focus will be placed on the relationships between the IT function, its users in the business community as well as external service providers. This will be based on service definition and service level agreements.

Human Resources

With a team of +- 673 staff members, NamPost continuously educates our staff to ensure that we shall:

- *Grow and Develop people*

Don't be afraid to fail because only through failure do you learn to succeed.

- *Empower People*
- *Communicate openly, honestly and effectively*
- *Take ownership for all actions*
- *Foster teamwork*
- *Act with Integrity*
- *Act with Mutual respect*
- *Care for our employees, customers and stakeholders*

While the department experienced a shortage of resources and stringent budget control measures during the financial year under review, funds were allocated to priority areas, which included the ongoing training and development of staff.

Human Capital Investment & Learning and Development

Besides good working relationships between business units, NamPost Human Resources Department constantly strives towards excellence. We had a most successful year in terms of training and development of staff, building sound relationships, addressing issues of concern and supporting our stakeholders.

PC Literacy

NamPost entered into an agreement with UNAM to provide PC Literacy to all NamPost employees at different levels. The program involves an investment in training and development of N$2 million over a period of 3 years. In the year under review, a total of 230 staff members have been trained. The programme will come to an end in 2010.

Business Orientation and Customer care

Two hundred and sixty-seven staff members were trained in the Business Simulation and Customer care programme which was finalized in 2009.

Postal Qualification

The Postal Qualifications Project started in 2008 when NamPost entered into an agreement with the National Qualifications Authority for the development of a nationally accredited Postal Qualification. The Level 1 curriculum has been developed while the Level 2 Curriculum is due for finalization soon.

SAP Training

A total number of 180 staff members were successfully trained on the upgraded SAP system.

Trade Union and Management Relationship

Union-management relationships improved during 2009. NamPost concluded successful substantive wage negotiations within a very short period of time, which resulted in an average increment for staff of 6,5%.

Finance

The Finance Department strives to create a climate which promotes accurate financial planning, financial discipline and sustainable financial prosperity.

To do this, the Financial Department introduces and maintains policies and procedures that minimize the financial risks to which NamPost is exposed.

Whenever a noble intention is found, so too is reward.

Annual Financial Statements

Company Information

Registration number:	92/284
Country of incorporation:	Namibia
Registered address:	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Postal address:	P.O. Box 287 Windhoek Namibia
Auditors:	PriceWaterHouseCoopers Namibia
Attorneys:	Lorentz Angula Incorporated Conradie & Damaseb Shikongo Law Chambers
Bankers:	Standard Bank of Namibia Limited Bank Windhoek Limited

Sometimes in the winds of change we find our true direction.

Annual Financial Statements

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Statement of directors' responsibilities
for the year ended 30 September 2009

The directors are required by the Namibian Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The 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 board of directors 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 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 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 company's cash flow forecast for the year to 30 September 2010 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 48 to 97 were approved and authorised for issue by the board of directors and are signed on their behalf by:

……………………………………

S.I. Kankondi
Director
19 January 2010

…………………………………………..

N.S. B. Field
Director
19 January 2010

Courage does not always roar. Sometimes it is a quiet voice at the end of the day, saying... "I will try again tomorrow."
-Mary Anne Radmacher

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 balance sheets as at 30 September 2009, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 48 to 97.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the directors, 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Post Limited as at 30 September 2009, and its consolidated and separate financial performance and 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.

Pricewaterhouse Coopers.

PRICEWATERHOUSECOOPERS
REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (NAMIBIA)
WINDHOEK
22 January 2010

Many a false step is made by standing still.

Directors' Report

for the year ended 30 September 2009

1. The directors present their annual report, which forms part of the audited financial statements of the company and the group for the year ended 30 September 2009.

General review

2. There were no changes in the nature of the company's and group's business during the year under review. The current business operation of the group is the supply of postal services and savings bank services throughout Namibia, provision of courier services, as well as providing banking services through Nampost Savings Bank and smartcard.

   During the year NamPost Financial Brokers(Pty) Ltd started operations in carrying on its business as a broker of financial services. The results of the business is included in the consolidated results of Namibia Post Limited.

Events subsequent to balance sheet date

3. No dividends were declared subsequent to year-end (2008 Nil).

   No other matter that is material to the financial affairs of the company and group has occurred between 30 September 2009 and the date of approval of the annual financial statements.

Financial results and dividends

4. Full details of the financial results of the company and the group are disclosed on pages 50 to 97.

5. No dividend has been declared and paid during the year under review (2008:N$2.5 million).

Share capital

6. The authorised and issued share capital have remained unchanged during the year under review.

Directors and secretaries

7. The following were directors of the company during the year:

Director	Date first appointed	Date latest re-appointed	Duration of term
S I Kankondi	8/24/2000	8/26/2007	3 years
N Hamutenya	8/25/2000	8/26/2007	3 years
N Nambira	8/26/2000	8/26/2007	3 years
B Mweendeleli	2/5/2007	8/26/2007	3 years
N S B Field	8/26/2007		3 years

8. The secretary of the company is Ms E C Harmse whose business and postal addresses are:

Business:	Postal:
Post Office Building	PO Box 287
Cnr. Independence & Daniel Munamava	Windhoek
Windhoek	

Holding company

9. The company is a wholly-owned subsidiary of Namibia Post and Telecom Holdings Limited, a company registered in the Republic of Namibia.


Enjoy the little things, for one day you may look back and realize they were the Big things. -Robert Brault

Balance Sheets

at 30 September 2009

	Notes	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
ASSETS					
Non-current assets		**493 928**	716 987	**508 322**	729 312
Property, plant and equipment	4	**17 206**	14 167	**15 811**	12 289
Intangible assets	5	**25 925**	23 344	**22 657**	19 551
Investment in joint ventures	6			**22 685**	21 145
Available-for-sale investments	8	**9 519**	269 716	**9 519**	269 716
Investment in preference shares	9	**409 183**	382 429	**409 183**	382 429
Deferred tax asset	19	**32 095**	27 331	**28 467**	24 182
Current Assets		**1 024 336**	681 815	**1 021 758**	679 140
Inventories	10	**19 159**	13 811	**18 265**	13 791
Receivables and prepayments	11	**43 190**	32 969	**42 560**	31 781
Current portion of available-for-sale investments	8	**921 160**	566 564	**920 944**	566 564
Cash and cash equivalents	12	**40 827**	68 471	**39 989**	67 004
Total assets		**1 518 264**	1 398 802	**1 530 080**	1 408 452
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the company		**67 686**	54 099	**74 571**	59 621
Ordinary shares	14	**5 075**	5 075	**5 075**	5 075
Fair value reserve	15	**(4 320)**	(10 306)	**(4 320)**	(10 306)
Retained earnings		**66 931**	59 330	**73 816**	64 852
Non-current liabilities		**414 240**	102 421	**418 978**	106 242
Interest-bearing borrowings	16	**8 237**	13 191	**8 741**	14 978
Post retirement obligations	17	**20 382**	17 680	**20 382**	17 680
Savings bank investors	18	**385 621**	71 550	**389 855**	73 584
Current liabilities		**1 036 338**	1 242 282	**1 036 531**	1 242 589
Trade and other payables	20	**92 394**	86 485	**91 307**	85 678
Current portion of interest bearing borrowings	16	**4 527**	3 919	**5 807**	5 033
Current portion of Post retirement obligations	17	**385**	441	**385**	441
Current portion of Savings Bank investors	18	**939 032**	1 151 437	**939 032**	1 151 437
Total liabilities		**1 450 578**	1 344 703	**1 455 509**	1 348 831
Total equity and liabilities		**1 518 264**	1 398 802	**1 530 080**	1 408 452

Income Statements
for the year ended 30 September 2009

	Notes	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Revenue	1.21, 22	**450 152**	376 083	**447 840**	376 016
Cost of sales	23	**(244 532)**	(209 497)	**(246 029)**	(212 291)
Gross Profit		**205 620**	166 586	**201 811**	163 725
Other operating income	24	**4 192**	8 468	**4 099**	8 224
Operating expenses	26	**(160 430)**	(140 220)	**(159 836)**	(140 158)
Administrative expenses	26	**(44 920)**	(35 708)	**(39 882)**	(31 006)
Operating profit / (loss)	25	**4 462**	(874)	**6 192**	785
Finance costs	27	**(1 941)**	(3 859)	**(1 829)**	(2 463)
Profit / (Loss) before taxation		**2 521**	(4 733)	**4 363**	(1 678)
Taxation	28	**5 080**	13 102	**4 601**	11 927
Profit for the year		**7 601**	8 369	**8 964**	10 249
Attributable to:					
Equity holders of the company		**7 601**	8 369	**8 964**	10 249

Statement of Changes in Equity
for the year ended 30 September 2009

	Notes	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Share Capital					
Total issued share capital at beginning and end of year	14	**5 075**	5 075	**5 075**	5 075
Fair value reserve					
Opening balance		**(10 306)**	(5 863)	**(10 306)**	(5 863)
Fair value loss net of deferred tax transferred from equity		**(2 305)**	(4 443)	**(2 305)**	(4 443)
Fair value loss transferred to profit or loss on sale		**8 291**	--	**8 291**	--
Closing balance	15	**(4 320)**	(10 306)	**(4 320)**	(10 306)
Retained earnings					
Opening balance		**59 330**	53 461	**64 852**	57 103
Profit for the year		**7 601**	8 369	**8 964**	10 249
Dividends paid		**--**	(2 500)	**--**	(2 500)
Closing balance		**66 931**	59 330	**73 816**	64 852
Dividends per share (in cents)		**0.00**	49.26	**0.00**	49.26

Cash Flow Statements
for the year ended 30 September 2009

	Notes	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Cash flow from operating activities					
Cash receipts from customers		**442 686**	384 640	**439 778**	383 510
Cash paid to suppliers and employees		**(440 494)**	(363 274)	**(437 062)**	(362 586)
Cash flows generated by operations	29	**2 192**	21 366	**2 716**	20 924
Interest received	25	**1 473**	3 781	**1 380**	3 537
Interest paid	27	**(1 941)**	(3 859)	**(1 829)**	(2 463)
Taxation paid	30	**--**	(197)	**--**	(197)
Taxation refund	30	--	1 141	--	1 141
Net increase / (decrease) in amounts from savings bank investors	31	**101 666**	(109 776)	**103 866**	(107 742)
Net (increase) / decrease investments	32	**(118 625)**	89 439	**(118 409)**	89 439
Dividends paid		**--**	(2 500)	**--**	(2 500)
Net cash flow (utilised in) / generated by operating activities		**(15 235)**	(605)	**(12 276)**	2 139
Cash flow from investing activities					
Acquisition of property, plant and equipment	4	**(3 006)**	(3 450)	**(2 678)**	(3 375)
Proceeds on disposal of property, plant and equipment	29	**2**	57	**2**	57
Acquisition of intangible assets	5	**(5 058)**	(9 472)	**(5 058)**	(9 453)
Net cash flow utilised in investing activities		**(8 062)**	(12 865)	**(7 734)**	(12 771)
Cash flow from financing activities					
Decrease in interest-bearing borrowings		**(4 347)**	(3 144)	**(5 465)**	(4 069)
Increase in loan to joint ventures				**(1 540)**	(1 853)
Net cash flow utilised in financing activities		**(4 347)**	(3 144)	**(7 005)**	(5 922)
Net change in cash and cash equivalents		**(27 644)**	(16 614)	**(27 015)**	(16 554)
Cash and cash equivalents					
at the beginning of the year		**68 471**	85 085	**67 004**	83 558
at the end of the year	12	**40 827**	68 471	**39 989**	67 004

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

Namibia Post Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued and effective at the time of preparing these financial statements. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(a) Improved, Revised and Replaced International Financial Reporting Standards effective for the first time for 30 September 2009 year-end

Number	Title	Effective date	Executive Summary
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01-Jan-08	IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement.
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	01-Oct-08	IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following Standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 October 2009 or latter periods, but the Group has not early adopted them:

Number	Title	Effective date	Executive Summary
IAS 23	Borrowing Costs – Revised	01-Jan-09	The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
IAS 1	Presentation of Financial Statements - Revised	01-Jan-09	The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.

1.1 Basis of presentation (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Number	Title	Effective date	Executive summary
IAS 27	Consolidated and separate Financial Statements - Revised	01-Jul-09	IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss..
IFRS 3	Business Combinations – Revised	01-Jul-09	The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
Amendment to IAS 32 and IAS 1	Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements - Puttable Financial Instruments and obligations Arising on Liquidation	01-Jan-09	The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.
Amendment to IFRS 1 and IAS 27	Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01-Jan-09	The amendment allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.
Amendments to IAS 39	Amendments to IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting	01-Jul-09	The IASB has therefore focused on developing application guidance to illustrate how the principles underlying hedge accounting in the following situations: (a) a one-sided risk in a hedged item, and (b) inflation in a financial hedged item.
Amendments to IFRS 7	Amendments to IFRS 7 – Financial Instruments disclosures: Improving Disclosures about Financial Instruments	01-Jan-09	The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities.

1.1 Basis of presentation (continued)

(c) Interpretations to existing standards that are not yet effective and not relevant for the group's operations

The following interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 October 2009 or latter periods but are not relevant for the group's operations:

Number	Title	Effective date	Executive summary
IFRS 8	Operating Segments	01-Jan-09	IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about and entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
Amendment	Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations	01-Jan-09	The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based are not vesting conditions. It also specifies that all cancellations, whether by entity or by the other parties, should receive the same accounting treatment.
IFRIC 15	Agreements for the Construction of Real Estate	01-Jan-09	IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 – Construction contracts or IAS 18 - Revenue and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.
IFRIC 17	Distribution of Non-cash Assets to Owners	01-Jul-09	IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.
IFRIC 18	Transfers of assets from customers	01-Jul-09	IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.

1.2 Investment in Joint Ventures

1.2.1 Investment in Joint Ventures - Group

The group's interest in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains and losses on the sale of assets by the group to the joint venture that is attributable to the other venturer. The group does not recognise its share of profits or losses from the joint venture that result from the group's urchase of assets from the joint venture until it resells the assets to an independent party. However a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an important loss.

1.2.2 Investment in Joint Ventures - Company

The Company's interest in jointly controlled entities are carried at cost less any accumulated impairment.

1.3 Foreign Currency translation

Foreign currency balances are translated into the functional currency using the exchange rates prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such balances and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.4 Share capital and equity

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

If the company reacquires its own equity instruments, those are deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.5 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to bring the assets to working condition for their intended use.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

-Furniture and Fittings	10 years
-Other equipment	4 - 12 years
-Computer equipment	3 years
-Motor vehicles	5 - 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

1.6 Intangible assets

Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years). Amortisation periods are assessed annually.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

1.7 Impairment of non-financial assets

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount if related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying value less any residual value, on a systematic basis over its remaining useful life.

1.8 Financial assets

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. There were no such fair value assets held during the year.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(c) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets 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, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(d) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Were the group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale. During the period the group did not hold any investments in this category.

1.9 Impairment of financial assets

(a) Assets carried at amortised costs

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the group about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

– adverse changes in the payment status of borrowers in the group; or
– national or local economic conditions that correlate with defaults on the assets in the group.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

1.9 Impairment of financial assets (continued)

(b) Assets carried at fair value

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

1.10 Borrowing costs

All borrowing costs are recognised as an expense when incurred.

1.11 Leases

Finance lease

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the current value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by ways of penalty is recognised as an expense in the period in which termination takes place.

Operating Leases- Lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The cost of inventory includes all expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

1.13 Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. Such provision for impairment of trade receivables is established if there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, discounted at the market rate of interest for similar borrowers.

1.14 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

1.15 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1.16 Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities including derivative contracts, provisions for pensions and other post-retirement benefits and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

1.17 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for these periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates that have been enacted or substantively enacted by the balance sheet date.

1.18 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period except to the extent that the tax arises from :
- a transaction or event which is recognised, in the same or a different period, or directly in equity, or
-a business combination

Current and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.1.19

1.19 Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

1.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

1.21 Revenue recognition

Revenue comprises the invoiced value for sale of goods and services net of value-added tax, rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue arising from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed. Interest income is recognised on a time proportion basis. Dividend income is recognised when the right to receive payment is established.

1.22 Dividends

Dividends to shareholders are recorded in the group's financial statements in the period in which they are declared by the board of directors.

1.23 Pension fund arrangements

Current contributions to the defined contribution pension fund, operated for group employees, are charged against income as incurred.

1.24 Other post retirement obligations

The company continues to pay two thirds of total contributions towards the medical scheme when an employee retires, becomes redundant or disabled. The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using accounting methodology similar to that for defined benefit pension plans (refer to note 17). Valuations of these obligations are carried out by independent qualified actuaries.

1.25 Financial Liabilities

Deposits from the public

Deposits from the public represent customers or the public's funds held by Savings bank. These are disclosed as current liabilities unless an investment period of longer than a year has been agreed.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2 Financial risk management

2.1 Financial risk factors

The group's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the Asset and Liability Committee, Audit committee and Executive committee under policies approved by the board of directors.

a) Market risk

i) Foreign exchange risk

Foreign currency exposure arises from the rendering of international postal services and products and loans denominated in foreign currency. The group has a policy not to take out cover on outstanding foreign currency transactions.

At year end the group is exposed to the following foreign currency denominated assets and liabilities for which no forward cover had been taken out:

		The Group		**The Company**	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
Euro	Liability	**5 422**	5 766	**5 422**	5 766
Euro	Assets	**4 782**	5 286	**4 782**	5 286
Special Drawing rights (SDR)*	Assets	**7 599**	5 116	**7 599**	5 116

* Accounting unit of the international Monetary Fund based on a basket of five currencies (US Dollar,German Mark, French Franc, Yen and Great Britain Pound)

At 30 September 2009, if the Currency had weakened/strengthened by 10% against the Euro and SDR with all other variables held constant, post-tax profit for the year would have been N$ 452,350 (2008:N$ 301,311) lower/higher, mainly as a result of foreign exchange gains/losses on translation of Euro/SDR-denominated financial assets and liabilities.

2 Financial risk management (continued)

ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available for sale investments. To manage its price risk arising from these investments, the group diversifies its portfolio.

At 30 September 2009, if the listed share prices had decreased/increased by 10% with all other variables held constant, the fair value reserve would have been N$ 14,453 (2008: N$ 56,100) lower/higher.

iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The group is exposed to interest rate risks as it borrows and places funds in financials instruments at both fixed and floating interest rates.

This risk is managed by maintaining an approximate mix between fixed and floating interest rates, and by matching the underlying profiles of borrowings and investments based on asset and liability principles.

The table summarises the group's exposure to interest rate risks. Included in the table are the group's investments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. For balances due within 12 months, fair value equal their carrying balances as the impact of discounting is not significant.

Group	**Less than 12 months**	**More than 12 months**	**Total**
As at 30 September 2009	**N$'000**	**N$'000**	**N$'000**
Cash and cash equivalents	**40 827**	**- -**	**40 827**
Available-for-sale investments	**921 160**	**9 519**	**930 679**
Investment in preference shares	**--**	**409 183**	**409 183**
As at 30 September 2008			
Cash and cash equivalents	68 471	- -	**68 471**
Available-for-sale investments	566 564	269 716	**836 280**
Investment in preference shares	- -	382 429	**382 429**
Company			
As at 30 September 2009			
Cash and cash equivalents	**39 989**	**- -**	**39 989**
Available-for-sale investments	**920 944**	**9 519**	**930 463**
Investments in preference shares	**--**	**409 183**	**409 183**
As at 30 September 2008			
Cash and cash equivalents	67 004	--	**67 004**
Available-for-sale investments	566 564	269 716	**836 280**
Investment in preference shares	- -	382 429	**382 429**

2 Financial risk management (continued)

Cash flow and fair value sensitivity analysis for interest bearing instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased post-tax profit by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

	Group		Company	
As at 30 September 2009	**Profit after tax**		**Profit after tax**	
	100 base points increase N$'000	**100 base points decrease N$'000**	**100 base points increase N$'000**	**100 base points decrease N$'000**
Cash and cash equivalents	**93**	**(93)**	**53**	**(58)**
Available-for-sale investments and Investments in preference shares	**3 467**	**(3 467)**	**3 467**	**(3 467)**
Interest bearing borrowings	**34**	**(34)**	**125**	**(125)**
	3 594	**(3 594)**	**3 650**	**(3 650)**
As at 30 September 2008				
Cash and cash equivalents	144	(144)	109	(109)
Available-for-sale investments	3 818	(3 818)	3 818	(3 818)
Interest bearing borrowings	(246)	246	(154)	514
	3 717	(3 717)	3 773	(3 773)

2 **Financial risk management (continued)**

A change of 100 basis points in interest rates at the reporting date would have increased or decreased equity (fair value reserve) by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

	Group		Company	
	Fair value reserve		Fair value reserve	
	points increase	points decrease	points increase	points decrease
As at 30 September 2009	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Available-for-sale investments	**(237)**	**255**	**(237)**	**255**
As at 30 September 2008				
Available-for-sale investments	(12 417)	12 371	(12 417)	12 371

b) Credit risk

The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The group has policies that limit the amount of credit risk exposure to any one financial institution, and cash transactions are limited to high credit quality financial institutions.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group aims at maintaining flexibility in funding by keeping committed credit lines available. The bank overdraft facility negotiated by the group amounted to N$15 million (2008: N$10 million) at year-end date.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	Over 5 years
The Group	**N$'000**	**N$'000**	**N$'000**
At 30 September 2009			
Interest-bearing borrowings	**5 096**	**3 262**	**11 241**
Savings bank investors	**939 556**	**423 140**	**--**
Trade and other payables	**92 394**	--	--
At 30 September 2008			
Interest-bearing borrowings	5 187	8 520	10 485
Savings bank investors	1 217 717	41 428	--
Trade and other payables	86 485	--	--
Company			
At 30 September 2009			
Interest-bearing borrowings	**6 536**	**3 782**	**11 241**
Savings bank investors	**939 556**	**428 203**	**--**
Trade and other payables	**91 307**	**--**	**--**
Company			
At 30 September 2008			
Interest-bearing borrowings	6 627	10 480	10 485
Savings bank investors	1 217 717	41 428	--
Trade and other payables	85 678	--	--

2 Financial risk management (continued)

The table below analyses the group's exposure to the Savings bank investors' liability	The Group		The Company	
	2009	2008	**2009**	2008
Savings bank liquidity risk analysis	**N$'000**	N$'000	**N$'000**	N$'000
<u>Short-term exposure</u>				
Current portion of Savings bank investors' liability	**(939 032)**	(1 151 437)	**(939 032)**	(1 151 437)
Current portion of available-for-sale investments	**921 160**	566 564	**920 944**	566 564
Bank and cash (restricted to Savings bank)	**12 298**	18 067	**12 298**	18 067
	(5 574)	(566 806)	**(5 790)**	(566 806)
<u>Long-term exposure</u>				
Non-current portion of Savings bank investors' liability	**(385 621)**	(71 550)	**(389 855)**	(73 584)
Non-current portion of available-for-sale investments *	**9 519**	269 716	**9 519**	269 716
Investment in preference shares	**409 183**	382 429	**409 183**	382 429
	33 081	580 595	**28 847**	578 561

* The non-current portion of the available-for-sale investments consists of government and corporate bonds which the Group can easily dispose off in the active market.

2.2 Fair value estimation

In assessing the fair value of financial instruments, the group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt.

The face value, less any estimated credit adjustment for financial assets and liabilities with a maturity of less than one year, are assumed to approximate fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates available to the group for similar financial instruments.

3 Critical accounting estimates and judgments

3.1 Critical accounting estimates and assumptions

a) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its rendering of services. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. In this regard the Group estimates the amount of revenue from postage stamps and courier relating to services still to be provided for and defers recognising that income.

b) Allowance for doubtful debts

Each debtor is assessed to determine recoverability of debt. Provision is made for all those debtors where evidence indicates that recoverability is doubtful. Accounts are written off when they are delinquent.

c) Provision for post retirement medical aid benefits

Post retirement medical aid benefit provision is based on actuarial valuation by independent actuaries. The discount rate used is based on the current long term bond yield, gross of tax. A valuation was done for the current year. All actuarial gains and losses are recognised in full.

3.1 Critical accounting estimates and assumptions (continued)

d) Impairment of Intangibles

Intangible assets are reviewed annually for impairment and if indicators of impairment are prevalent, impairment testing is done.

e) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

f) Inventories

Stock counts are performed annually, and thereafter management writes off or provides for any missing or damaged stock items.

g) Discount rates

Discount rates used to calculate discounted cash flows are based on prevailing market related interest rates.

h) Deferred income

Income from the postal business and courier services is recognised when the services are rendered. Management uses the following to determine the amount of revenue deferred:

Courier services- the number of days it takes to deliver a parcel
Postal services- Franking - the number of days the customer utilises the units

Postage - according to the set standards from the Ministry of Works Transport and communication (1 day delivery for Windhoek, 2 - 3 days outside Windhoek)

i) Deferred tax assets

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 balance sheet date could be impacted

Notes to the balance sheet

4 Property, plant and equipment

	Furniture, fittings and other equipment N$'000	Computer equipment N$'000	Motor vehicles N$'000	Total N$'000
The Group				
4.1 30 September 2009				
Opening net carrying value	**10 065**	**3 996**	**106**	**14 167**
Additions	**2 346**	**342**	**318**	**3 006**
Transfers from Intangibles	**7**	**3 677**	**- -**	**3 684**
Disposals	**- -**	**(10)**	**- -**	**(10)**
Depreciation charge	**(2 283)**	**(1 394)**	**(79)**	**(3 756)**
Depreciation on disposals	**- -**	**10**	**- -**	**10**
Impairment reversals	**105**	**- -**	**- -**	**105**
Closing net carrying value	**10 240**	**6 621**	**345**	**17 206**
Cost	**25 635**	**25 510**	**1 849**	**52 994**
Accumulated depreciation	**(14 878)**	**(18 889)**	**(1 504)**	**(35 271)**
Accumulated impairments	**(517)**	- -	- -	**(517)**
Net carrying value	**10 240**	**6 621**	**345**	**17 206**
4.2 30 September 2008				
Opening net carrying value	8 597	6 190	206	14 993
Additions	2 879	571	- -	3 450
Disposals	(34)	(68)	- -	(102)
Depreciation charge	(1 726)	(2 740)	(100)	(4 566)
Depreciation on disposals	15	41	- -	56
Transfers	(2)	2	- -	- -
Impairment reversals	336	- -	- -	336
Closing net carrying value	10 065	3 996	106	14 167
Cost	23 282	21 501	1 531	46 314
Accumulated depreciation	(12 595)	(17 505)	(1 425)	(31 526)
Accumulated impairments	(622)	- -	- -	(622)
Net carrying value	10 065	3 996	106	14 167

4 Property, plant and equipment (continued)

	Furniture, fittings and other equipment N$'000	Computer equipment N$'000	Motor vehicles N$'000	Total N$'000
The Company				
30 September 2009				
Opening net carrying value	9 930	2 222	137	12 289
Additions	2 344	334	- -	2 678
Transfer from Intangibles	7	3 677	- -	3 684
Disposals	- -	(10)	- -	(10)
Depreciation charge	(1 733)	(1 174)	(38)	(2 945)
Impairment reversals	105	- -	- -	105
Depreciation on disposals	- -	10	- -	10
Closing net carrying value	10 653	5 059	99	15 811
Cost	25 084	21 590	1 477	48 151
Accumulated depreciation	(13 914)	(16 531)	(1 378)	(31 823)
Accumulated impairments	(517)	- -	- -	(517)
Net carrying value	10 653	5 059	99	15 811
30 September 2008				
Opening net carrying value	8 431	3 724	206	12 361
Additions	2 878	497	- -	3 375
Disposals	(34)	(68)	- -	(102)
Depreciation charge	(1 696)	(1 972)	(69)	(3 737)
Depreciation on disposals	15	41	- -	56
Impairment reversals	336	- -	- -	336
Closing net carrying value	9 930	2 222	137	12 289
Cost	22 733	17 589	1 477	41 799
Accumulated depreciation	(12 181)	(15 367)	(1 340)	(28 888)
Accumulated impairments	(622)	- -	- -	(622)
Net carrying value	9 930	2 222	137	2 289

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
4.3	**Assets under lease agreements included above:**				
	SmartCards				
	Cost	**9 863**	8 435	**9 863**	8 435
	Accumulated depreciation	**(2 436)**	(1 466)	**(2 436)**	(1 466)
	Accumulated impairments	**(517)**	(622)	**(517)**	(622)
	Closing net carrying amount	**6 910**	6 347	**6 908**	6 347
	These assets were acquired with the financial lease in note 16.3.				
5	**Intangible assets**				
	Opening net carrying value	**23 344**	15 487	**19 551**	11 188
	Additions	**8 742**	9 472	**8 742**	9 453
	Transfer to Property, plant and equipment	**(3 684)**	--	**(3 684)**	- -
	Amortization	**(2 477)**	(1 615)	**(1 952)**	(1 090)
	Closing net carrying value	**25 925**	23 344	**22 657**	19 551
	Cost	**64 038**	58 980	**58 852**	53 794
	Accumulated amortization	**(38 113)**	(35 636)	**(36 195)**	(34 243)
	Closing net carrying value	**25 925**	23 344	**22 657**	19 551

Intangibles include Globus, SAP, Riposte software and costs associated with the SmartCard project.

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
6 Investment in joint ventures				
6.1 Total				
SmartSwitch Namibia (Pty) Ltd			**21 735**	21 145
NamPost Financial Brokers (Pty) Ltd			**950**	--
			22 685	21 145
6.2 SmartSwitch Namibia (Pty) Ltd				
Beginning of the year			**21 145**	19 292
Interest accrued on loan			**590**	1 853
Balance at end of the year			**21 735**	21 145
The investment in joint venture comprises of:				
Shares in joint venture			**12 000**	12 000
Loan to joint venture			**9 735**	9 145
			21 735	21 145

The Group has a 50% interest in a joint venture, SmartSwitch Namibia (Pty) Ltd, which is in the information technology industry. The Company is registered in the Republic of Namibia. The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint venture. These are included in the balance sheet and income statement:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Assets				
Non-current assets	**8 449**	10 470		
Current assets	**7 830**	5 831		
	16 279	16 301		
Liabilities				
Long-term liabilities	**9 741**	9 149		
Current liabilities	**1 050**	813		
	10 791	9 962		
Net assets	**5 488**	6 339		
Income	**4 638**	3 649		
Expenses	**(5 488)**	(5 757)		
Loss after income tax	**(850)**	(2 108)		

	The Group 2009 N$'000	2008 N$'000	The Company 2009 N$'000	2008 N$'000
6 Investment in joint ventures (continued)				
6.2 SmartSwitch Namibia (Pty) Ltd (continued)				
Proportionate interest in joint venture's commitments	**44**	44	**- -**	- -

There are no contingent liabilities relating to the Company's interest in the joint venture, and no contingent liabilities of the venture itself.

6.3 NamPost Financial Brokers (Pty) Ltd

During the prior year, the company signed an agreement with NedNamibia Holdings to establish a Joint Venture, NamPost Financial Brokers (Pty) Ltd, whereby each shareholder will take up 250 shares. The main object of the Joint Venture is to provide Brokerage Services in the banking and financial services sectors throughout Namibia.

	The Group 2009 N$'000	2008 N$'000	The Company 2009 N$'000	2008 N$'000
Expenditure incurred on behalf of Joint Venture			**881**	- -
Interest accrued on loan			**69**	- -
Balance at end of the year			**950**	- -
The investment in joint venture comprises of:				
Shares in joint venture (N$ 200)			- -	- -
Loan to joint venture			**950**	- -

The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint venture. These are included in the balance sheet and income statement:

	The Group 2009 N$'000	2008 N$'000	The Company 2009 N$'000	2008 N$'000
Assets				
Non-current assets	**211**	- -		
Current assets	**262**	- -		
	473	- -		
Liabilities				
Long-term liabilities	**911**	- -		
Current liabilities	**75**	- -		
	986	- -		
Net assets	**(513)**	- -		
Income	**113**	- -		
Expenses	**(626)**	- -		
Loss after income tax	**(513)**	- -		

7 Financial instruments by category

30 September 2009	Loans and receivables N$ '000	Available-for-sale N$ '000	Total N$ '000
Assets as per balance sheet			
The Group			
Available-for-sale investments	- -	930 679	930 679
Investment in preference shares	409 183	- -	409 183
Trade and other receivables (excluding prepayments)	41 585	- -	41 585
Cash and cash equivalents	40 827	- -	40 827
	491 595	**930 679**	**1 422 274**
The Company			
Investment in joint ventures - loans	10 685	- -	10 685
Available-for-sale investments	- -	930 463	930 463
Investment in preference shares	409 183	- -	409 183
Trade and other receivables (excluding prepayments)	41 223	- -	41 223
Cash and cash equivalents	39 989	- -	39 989
	501 080	**930 463**	**1 431 543**

30 September 2009

Liabilities as per balance sheet

The Group	Other financial liabilities N$ '000	Total N$ '000
Interest-bearing borrowings	12 764	12 764
Savings bank investors	1 326 853	1 326 853
Trade and other payables	92 394	92 394
	1 432 011	**1 432 011**
The Company		
Interest-bearing borrowings	14 548	14 548
Savings bank investors	1 328 887	1 328 887
Trade and other payables	91 307	91 307
	1 434 742	**1 434 742**

7 Financial instruments by category (continued)

30 September 2008

Assets as per balance sheet

	Loans and receivables N$ '000	Available-for-sale N$ '000	Total N$ '000
The Group			
Available-for-sale investments	- -	836 280	836 280
Investment in preference shares	382 429	- -	382 429
Trade and other receivables (excluding prepayments)	31 785	- -	31 785
Cash and cash equivalents	68 471	- -	68 471
	482 685	**836 280**	**1 318 965**
The Company			
Investment in joint ventures - loans	9 145	- -	9 145
Available-for-sale investments	- -	836 280	836 280
Investment in preference shares	382 429	- -	382 429
Trade and other receivables (excluding prepayments)	30 947	- -	30 947
Cash and cash equivalents	67 004	- -	67 004
	489 525	**836 280**	**1 325 805**

Liabilities as per balance sheet

	Other financial liabilities N$ '000	Total N$ '000
The Group		
Interest-bearing borrowings	17 110	17 110
Savings bank investors	1 222 987	1 222 987
Trade and other payables	86 485	86 485
	1 326 582	**1 326 582**
The Company		
Interest-bearing borrowings	20 011	20 011
Savings bank investors	1 225 021	1 225 021
Trade and other payables	85 678	85 678
	1 330 710	**1 330 710**

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
8	**Available-for-sale investments**				
8.1	**Listed investments**	**480**	343	**480**	343
	Opening balance	**343**	561	**343**	561
	Net gains / (losses) transferred to equity	**137**	(218)	**137**	(218)
	The listed investment comprises of shares in the following companies:				
	Sanlam Limited - 11,191 (2008: 11,191) shares	**233**	185	**233**	185
	Old Mutual Plc - 14,400 (2008: 14,400) shares	**247**	158	**247**	158
		480	343	**480**	343
8.2	**Unit trusts**	**608 978**	461 430	**608 978**	461 430
	Opening balance	**461 430**	340 965	**461 430**	340 965
	Net movement in units	**154 475**	123 444	**154 475**	123 444
	Net losses transferred to equity	**(6 927)**	(2 979)	**(6 927)**	(2 979)
8.3	**Bonds and other deposits**				
	Bonds and treasury bills	**212 432**	267 324	**212 432**	267 324
	Short term deposits and funds at call with banks and building societies.	**108 789**	107 183	**108 573**	107 183
					- -
		321 221	374 507	**321 005**	374 507
	Total available-for-sale investments	**930 679**	836 280	**930 463**	836 280
8.4	The maturity of these investments are analysed as follows:				
	Current investments - not later than 1 year	**921 160**	566 564	**920 944**	566 564
	Non-current investments	**9 519**	269 716	**9 519**	269 716
	Later than 1 year and not later than 5 years	**9 519**	178 784	**9 519**	178 784
	Later than 5 years	**- -**	90 932	**- -**	90 932
		930 679	836 280	**930 463**	836 280

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
8 Available-for-sale investments (continued)				

N$9 million of government bonds have been pledged as security for the Development Bank of Namibia loan, refer to note 16.2.

None of the available-for-sale investments below are either past due or impaired. The credit quality of available for sale investments can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates which are as follows:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Counterparties with external credit rating:				
Moody's Credit Rating (refer to note 12)				
Bank Windhoek Limited - A1+	**20 922**	140 364	**20 922**	140 364
Fitch Credit Rating Agency (refer to note 12)				
Namibian Government - BBB-	**9 640**	116 719	**9 640**	116 719
First National Bank Namibia Limited - AA+	**35 619**	5 200	**35 619**	5 200
Standard Bank Namibia Limited - BBB+ (2008: A-)	**105 819**	30 739	**105 819**	30 739
	172 000	293 022	**172 000**	293 022
Counterparties without external credit rating:				
Funds in Unit Trusts	**653 536**	457 338	**653 536**	457 338
Short term deposits	**104 663**	34 186	**104 447**	34 186
Shares in listed companies	**480**	343	**480**	343
Bonds issued by corporates	**- -**	51 391	**- -**	51 391
	758 679	543 258	**758 463**	543 258
Total available-for-sale investments	**930 679**	836 280	**930 463**	836 280

There is no history of defaults from the above counterparties

None of these financial assets are impaired or past due.

The fair values of listed investments, unit trusts and bonds are determined directly by reference to published price quotations in an active market. The carrying amounts of short term deposits and funds on call approximate their fair values.

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
9	**Investment in preference shares**				
	Preference shares	**409 183**	382 429	**409 183**	382 429
	The company invested in redeemable preferences shares issued by NSB Investments (Pty) Ltd during the prior year. The preference shares are redeemable in 3 and 5 years respectively.				
	None of the investments below are either past due or impaired. The credit quality of the preference shares (based on the underlying investments) are as follows:				
	Counterparties with external credit rating:				
	Namibia Government - BBB- (Fitch Credit Rating Agency - refer to note 12)	**62 748**	62 212	**62 748**	62 212
	Counterparties without external credit rating:				
	Funds in unit trust	**346 435**	320 217	**346 435**	320 217
		409 183	382 429	**409 183**	382 429
	There is no history of defaults from the above counterparties				
	The carrying amounts of the preference share investments approximate their fair values.				
10	**Inventories**				
	Stamps	**2 524**	2 344	**2 524**	2 344
	Stationery	**1 954**	1 205	**1 954**	1 205
	Goods for resale	**12 459**	8 712	**12 459**	8 712
	Other stock	**2 015**	458	**1 121**	438
	Smartcards on hand	**207**	1 092	**207**	1 092
	Total inventories	**19 159**	13 811	**18 265**	13 791
	Smartcards on hand included in inventory, are stated at net realisable value.				
11.	**Receivables and prepayments**				
11.1	Trade receivables	**42 832**	29 824	**42 828**	29 751
	Less: Provision for impairment of receivables	**(11 915)**	(4 627)	**(11 914)**	(4 606)
		30 917	25 197	**30 914**	25 145
11.2	Other receivables	**11 962**	9 897	**11 603**	9 111
	Less: Provision for impairment of other receivables	**(1 294)**	(3 309)	**(1 294)**	(3 309)
		10 668	6 588	**10 309**	5 802
11.3	Deposits and prepayments	**1 605**	1 184	**1 337**	834
	Total receivables and prepayments	**43 190**	32 969	**42 560**	31 781

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000

11 Receivables and prepayments (continued)

11.4 Provision for impairment of receivables

Movements on the group provision for impairment of trade receivables are as follows:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Opening balance	**(7 936)**	(8 058)	**(7 915)**	(8 006)
Charged to the income statement	**(5 273)**	104	**(5 293)**	73
Receivables written off during the year as uncollectible	**- -**	18	**- -**	18
	(13 209)	(7 936)	**(13 208)**	(7 915)

The creation and release of provision for impaired receivables have been included in 'Bad debts' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

11.5 Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates and the maturity analysis which are as follows:

Counterparties without external credit rating:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
State Owned Entities (existing clients with no history of defaults)	**748**	401	**748**	401
State Owned Entities (existing clients with history of defaults)	**170**	133	**170**	133
Government Departments (existing clients with no history of defaults)	**976**	1 138	**976**	1 087
Government Departments (existing clients with history of defaults)	**1 260**	2 863	**1 260**	2 076
Big corporate clients (existing clients with no history of defaults)	**5 437**	7 348	**5 351**	7 348
Big corporate Clients (existing clients with history of defaults)	**1 686**	1 503	**1 686**	1 503
Private individuals (existing clients with no history of defaults)	**2 261**	1 814	**2 261**	1 814
Private individuals (existing clients with history of defaults)	**11 352**	1 114	**11 352**	1 114
	23 890	16 314	**23 804**	15 476

None of these financial assets are impaired or past due.

11.6 The ageing of accounts receivables that are past due but not impaired is as follows:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
1 month past due	**5 466**	5 809	**5 362**	5 584
2 months past due	**3 079**	1 827	**3 077**	1 827
3 months or more past due	**9 150**	7 835	**8 980**	8 060
	17 695	15 471	**17 419**	15 471

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
11	**Receivables and prepayments (continued)**				
11.7	**The aging of impaired receivables is as follows:**				
	Current	- -	1	- -	- -
	2 months past due	- -	2	- -	- -
	3 months or more past due	**13 209**	7 933	**13 208**	7 915
		13 209	7 936	**13 208**	7 915
12	**Cash and cash equivalents**				
	Bank balances	37 140	59 783	36 674	58 316
	Cash on hand	**3 687**	8 688	**3 315**	8 688
	Total cash and cash equivalents	**40 827**	68 471	**39 989**	67 004
	For the purpose of the cash flow statement the year-end cash and cash equivalents comprise the following:				
	Cash and bank balances	**40 827**	68 471	**39 989**	67 004

N$12 298 407 (2008: N$18 066 997) of the cash and cash equivalent balances held by the company belongs to the Savings Bank customers and is not available for use by the group.

The company has a bank overdraft facility of N$15,000,000 (2008: N$10,000,000) applicable to all the current accounts on an aggregate balance.

The credit quality of cash and cash equivalents held with financial institutions can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties with external credit rating :

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Moody's Credit Rating				
Bank Windhoek Limited - A1+	**5 126**	6 448	**4 782**	5 286
Fitch Credit Rating Agency				
Standard Bank Namibia Limited - BBB+ (2008: A-)	**31 892**	53 030	**31 892**	53 030
Nedbank Namibia Limited - BBB	**122**	305	**- -**	- -
	37 140	59 783	**36 674**	58 316

The rest of the balance sheet item 'cash and cash equivalents' is cash on hand.

12 Cash and cash equivalents (continued)

Moody's Credit Ratings

The different categories are as follows:

Aaa - highest quality, with the "smallest degree of risk"

Aa1, Aa2, Aa3 - high quality, with "very low credit risk", but "their susceptibility to long-term risks appears somewhat greater"

A1, A2, A3 - upper-medium grade, subject to low credit risk, but that have elements present that suggest a susceptibility to impairment over the long term.

Baa1, Baa2, Baa3 - moderate credit risk. They are considered medium-grade and as such "protective elements may be lacking or may be characteristically unreliable.

Fitch Credit Ratings

Fitch Rating' long-term credit ratings are set up along a scale from 'AAA' to 'D'. Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB- etc.)

The different categories are as follows:

AAA : the best quality companies, reliable and stable
AA : quality companies, a bit higher risk than AAA
A : economic situation can affect finance
BBB : medium class companies, which are satisfactory at the moment

13 Fair values of financial instruments

At 30 September 2009 the carrying amounts of cash and short-term deposits, trade accounts receivable, trade accounts payable, accrued expenses and current interest-bearing borrowings approximated fair values due to the short-term maturities of these assets and liabilities.

Apart from the KFW loan, the carrying value of non-current interest-bearing borrowings approximates fair value due to the fact that the underlying interest rates are linked to the Namibian prime rate and are equivalent to prevailing market interest rates. Settlement costs are expected to be immaterial.

	Financial instruments			
	2009		2008	
	Carrying value N$'000	Fair value N$'000	Carrying value N$'000	Fair value N$'000
The Group				
Available-for-sale investments	**930 679**	**930 679**	836 280	836 280
Investment in preference shares	**409 183**	**409 183**	382 429	382 429
Trade and other receivables	**43 190**	**43 190**	32 969	32 969
Cash and cash equivalents	**40 827**	**40 827**	68 471	68 471
Savings bank investors	**1 324 653**	**1 324 653**	1 222 987	1 222 987
Trade and other liabilities	**92 394**	**92 394**	86 485	86 485
Interest bearing borrowings	**12 764**	**12 764**	17 110	17 110
The Company				
Available-for-sale investments	**930 463**	**930 463**	836 280	836 280
Investment in preference shares	**409 183**	**409 183**	382 429	382 429
Trade and other receivables	**42 560**	**42 560**	31 781	31 781
Cash and cash equivalents	**39 989**	**39 989**	67 004	67 004
Savings bank investors	**1 328 887**	**1 328 887**	1 225 021	1 225 021
Trade and other liabilities	**91 307**	**91 307**	85 678	85 678
Interest bearing borrowings	**14 548**	**14 548**	20 011	20 011

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
14	**Ordinary s hares**				
	Authorised				
	Ordinary shares of 50,000,000 (2008: 50,000,000) at N$1 each	**50 000**	50 000	**50 000**	50 000
	Issued				
	Ordinary shares of 5,075,000 (2008: 5,075,000) at N$1 each	**5 075**	5 075	**5 075**	5 075
15	**Fair value reserve**				
	Investments in government bonds, treasury bills, unit trusts and other deposits and funds in institutions are classified as available-for-sale investments. These investments are currently measured at fair value through equity.				
	Opening balance	**(10 306)**	(5 863)	**(10 306)**	(5 863)
	Fair value loss net of deferred tax transferred to equity	**(2 305)**	(4 443)	**(2 305)**	(4 443)
	Fair value loss transferred to profit or loss on sale	**8 291**	- -	**8 291**	- -
		(4 320)	(10 306)	**(4 320)**	(10 306)
16	**Interest-bearing borrowings**				
16.1	**Kreditanstalt für Wiederaufbau ("KfW") Loan**	**5 422**	5 766	**5 422**	5 766
	Total amount outstanding	**5 422**	5 766	**5 422**	5 766
	Short-term portion (disclosed under current)	- -	- -	**- -**	- -
	The movements in the KfW loan for the year are as follows:				
	Opening balance	**5 766**	4 593	**5 766**	4 593
	Interest expense	**242**	216	**242**	216
	Foreign exchange (gains) / losses	**(586)**	957	**(586)**	957
	Closing balance	**5 422**	5 766	**5 422**	5 766

The loan is issued in Euros and is repayable in half yearly instalments of 15,000 Euros commencing 30 June 2015. The initial amount borrowed was 883,767 Euros. The loan accrues interest at 0.75%. The effective interest rate (based on the market rates) on the loan is 4% (2008: 4%).

The loan is unsecured.

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
16	**Interest-bearing borrowings (continued)**				
16.2	**Development Bank of Namibia Loan**	**2 310**	5 643	**2 310**	5 643
	Total amount outstanding	**5 557**	8 431	**5 557**	8 431
	Short-term portion (disclosed under current)	**(3 247)**	(2 788)	**(3 247)**	(2 788)
	At year-end the average interest rate was 9.25% (2008: 13%) and is repayable in monthly instalments of N$324 069 (2008: N$324,069). Interest is charged at prime less 2.25%. The loan has a grace period for repayment of 12 months.				
	The loan is secured by government bonds to the value of N$9 million (refer to note 8.3).				
16.3	**Finance lease agreements**				
	SmartSwitch Namibia (Pty) Ltd	**505**	1 782	**1 009**	3 569
	Total amount outstanding	**1 785**	2 913	**3 569**	5 814
	Short-term portion (disclosed under current)	**(1 280)**	(1 131)	**(2 560)**	(2 245)
	A rental agreement exist between Namibia Post Limited and SmartSwitch Namibia (Pty) Ltd. The substance of the agreement is a finance lease. The rentals were discounted over a period of 5 years at 11.25% (2008: 11.25%). The instalment is N$240 000 (2008: N$240 000) per month. The liability is unsecured.				
	Total non-current interest bearing borrowings	**8 237**	13 191	**8 741**	14 978
16.4	Current portion of interest bearing borrowings	**4 527**	3 919	**5 807**	5 033
16.5	Total interest bearing borrowings	**12 764**	17 110	**14 548**	20 011
16.6	Maturity of non-current borrowings (excluding finance lease liabilities):				
	Not later than 1 year	**3 247**	2 788	**3 247**	2 788
	Later than 1 year and not later than 5 years	**7 732**	11 409	**7 732**	11 409
		10 979	14 197	**10 979**	14 197
16.7	Reconciliation between the total of minimum lease payments and the present value of finance leases included above:				
	Not later than 1 year	**1 404**	1 440	**2 880**	2 880
	Later than 1 year and not later than 5 years	**520**	1 960	**1 040**	3 920
		1 924	3 400	**3 920**	6 800
	Less: Deferred finance costs	**(176)**	(493)	**(351)**	(986)
	Present value	**1 748**	2 907	**3 569**	5 814

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
16 Interest-bearing borrowings (continued)				
16.8 Interest rate exposure				
The interest rate exposure of borrowings is as follows:				
At fixed rates	**5 422**	5 766	**5 422**	5 766
At floating rates	**7 342**	11 344	**9 126**	14 245
	12 764	17 110	**14 548**	20 011
17 Post-retirement obligations				
The company provides post retirement benefits by way of a medical aid scheme.				
Medical scheme The company continues to pay two thirds of total contributions towards the medical scheme when an employee retires, becomes redundant or disabled.				
Reconciliation of liability recognised on the balance sheet				
Present value of unfunded liability	**20 767**	18 121	**20 767**	18 121
A reconciliation showing the movements during the year in the net liability recognised in the balance sheet:				
Opening balance	**18 121**	15 338	**18 121**	15 338
Current Service Cost	**861**	926	**861**	926
Interest cost	**1 785**	1 364	**1 785**	1 364
Actuarial losses	**1 147**	867	**1 147**	867
Benefit payments	**(372)**	(374)	**(372)**	(374)
Miscellaneous items	**(775)**	- -	**(775)**	- -
Net liability in the balance sheet	**20 767**	18 121	**20 767**	18 121
The amounts recognised in the income statement are as follows:				
Current Service Cost	**861**	926	**861**	926
Interest cost	**1 785**	1 364	**1 785**	1 364
Actuarial losses	**1 147**	867	**1 147**	867
Miscellaneous items	**(775)**	- -	**(775)**	- -
Total	**3 018**	3 157	**3 018**	3 157
The classification of the obligations are as follows:				
Current portion	**385**	441	**385**	441
Non-current portion	**20 382**	17 680	**20 382**	17 680
	20 767	18 121	**20 767**	18 121

	The Group			The Company
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000

17 Post-retirement obligations (continued)

Principal actuarial assumptions at the balance sheet date:

	2009	2008	**2009**	2008
Health care cost inflation	**8.1%**	7.9%	**8.1%**	7.9%
Discount rate	**10.1%**	9.9%	**10.1%**	9.9%
Normal retirement age	60	60	**60**	60
Expected average retirement age	**59**	59	**59**	59
The assumed rates of mortality are as follows:				
- During employment	**(Light) table**	(Light) table	**(Light) table**	(Light) table
- Post-employment	**ultimate table**	ultimate table	**ultimate table**	ultimate table

	Increase	**Decrease**
The effect of a 1% movement in the assumed medical cost inflation rate were as follows:	**N$'000**	**N$'000**
Effect on the aggregate of the current service cost and interest cost	**4 022**	**2 609**
Effect on the accumulated post-employment benefit obligation for medical costs	**26 517**	**17 784**

The amounts for the current year and previous three years of the present value of the defined benefit obligation and the experience adjustments arising on the plan liabilities are as follows:

As at 30 September	**2009**	**2008**	**2007**	**2006**	**2005**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Present valued of defined benefit obligation	20 767	18 121	15 338	14 280	12 414
Experience adjustments on plan liabilities	1 147	867	(583)	- -	- -

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
18 Savings bank investors				
Savings accounts	**288 631**	252 800	**288 631**	252 800
Savings certificates	**28 936**	29 226	**28 936**	29 226
Save-as-you-earn	**924**	1 466	**924**	1 466
Fixed term deposits	**1 006 162**	939 495	**1 010 396**	941 529
	1 324 653	1 222 987	**1 328 887**	1 225 021

The effective interest rate for the portfolio is 8.6% (2008: 9.58%)

The current and long term portions of the portfolio is split as follows:

	The Group 2009	The Group 2008	The Company 2009	The Company 2008
Current portion	**939 032**	1 151 437	**939 032**	1 151 437
Non-current portion	**385 621**	71 550	**389 855**	73 584
	1 324 653	1 222 987	**1 328 887**	1 225 021

19 Deferred tax asset

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 35% (2008: 35%).

The movement on the deferred income tax account is as follows:

	The Group 2009	The Group 2008	The Company 2009	The Company 2008
At beginning of year	**(27 331)**	(13 887)	**(24 182)**	(11 913)
Fair value adjustment	**316**	(342)	**316**	(342)
Income statement charge	**(5 080)**	(13 102)	**(4 601)**	(11 927)
At end of year	**(32 095)**	(27 331)	**(28 467)**	(24 182)

19 Deferred tax asset (continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

The Group

	2008 N$ 000	Charged directly to equity N$ 000	Charged /(credited) to net profit N$ 000	2009 N$ 000
Deferred tax liability	**8 559**	**- -**	**175**	**8 734**
Capital allowances	6 183	- -	(87)	6 096
Fair value adjustment on borrowings	1 006	- -	92	1 098
Prepayments	409	- -	146	555
Accruals	59	- -	9	68
Unrealised income	902	- -	15	917
Deferred tax asset	**(35 890)**	**316**	**(5 255)**	**(40 829)**
Retirement benefits obligation	(6 342)	- -	(926)	(7 268)
Fair value adjustment on available-for-sale investments	(3 810)	316	- -	(3 494)
Provision for doubtful debts	(2 042)	- -	(1 293)	(3 335)
Finance lease liabilities	(2 035)	- -	786	(1 249)
Provision for leave pay	(1 985)	- -	89	(1 896)
Provision for Incentive bonuses	(30)	- -	(1 677)	(1 707)
Impairment losses on inventory and property, plant and equipment	(702)	- -	535	(167)
Income received in advance	(3 217)	- -	148	(3 069)
Unrealised foreign exchange differences	(381)	- -	(695)	(1 076)
Provision for repair costs	(10)	- -	- -	(10)
Other deferred tax assets	(13)	- -	(197)	(210)
Income tax loss	(15 323)	- -	(2 025)	(17 348)
Net deferred tax asset	**(27 331)**	**- -**	**(5 080)**	**(32 095)**

19 Deferred tax asset (continued)

The Company

	2008 N$ 000	Charged directly to equity N$ 000	Charged /(credited) to net profit N$ 000	2009 N$ 000
Deferred tax liability	6 461	- -	409	6 870
Capital allowances	4 263	- -	126	4 389
Fair value adjustment on borrowings	1 006	- -	92	1 098
Prepayments	290	- -	176	466
Unrealised income	902	- -	15	917
Deferred tax asset	(30 643)	316	(5 010)	(35 337)
Retirement benefits obligation	(6 342)	- -	(926)	(7 268)
Fair value adjustment on available-for-sale investments	(3 810)	316	- -	(3 494)
Provision for doubtful debts	(2 036)	- -	(1 298)	(3 334)
Finance lease liabilities	(2 035)	- -	786	(1 249)
Provision for leave pay	(1 959)	- -	89	(1 870)
Provision for Incentive bonuses	- -	- -	(1 677)	(1 677)
Impairment losses on inventory and property, plant and equipment	(682)	- -	535	(147)
Income received in advance	(3 145)	- -	203	(2 942)
Unrealised foreign exchange differences	(381)	- -	(602)	(983)
Other deferred tax assets	(13)	- -	(197)	(210)
Income tax loss	(10 240)	- -	(1 923)	(12 163)
		- -		
Net deferred tax asset	(24 182)	316	(4 601)	(28 467)

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
20 Trade and other payables				
Trade payables	**27 153**	23 946	**27 059**	23 883
Revenue received in advance	**4 818**	5 729	**4 456**	5 524
Agency creditors	**32 114**	28 427	**32 114**	28 427
Money held on behalf of public	**701**	1 455	**701**	1 455
Other payables	**27 608**	26 928	**26 977**	26 389
Other accruals	**821**	2 659	**604**	2 337
Payroll related accruals	**12 924**	8 090	**12 924**	8 090
Unpresented cheques issued	**2 921**	5 519	**2 921**	5 519
Payables - Fellow subsidiaries and holding company	**3 434**	3 177	**3 133**	3 055
Receiver of Revenue	**150**	95	**- -**	- -
Sundry payables	**4 381**	3 723	**4 418**	3 723
Suspense and clearing accounts	**2 977**	3 665	**2 977**	3 665
	92 394	86 485	**91 307**	85 678
21 Current tax asset				
Opening balance	**- -**	(944)	**- -**	(944)
Tax refund	**- -**	1 141	**- -**	1 141
Tax payments	**- -**	(197)	**- -**	(197)
Closing balance	**- -**	- -	**- -**	- -

Notes to the income statement

22 Revenue

Revenue comprises of gross receipts from postal business, international dues, savings bank interest, money transfer services, agency fees, philately sales, courier services and sales of flexi, tango and telephone cards, savings bank interest and other income.

Revenue earned is split between the classes as follows:	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Postal business	**103 941**	93 626	**103 941**	93 626
International dues	**8 755**	8 816	**8 755**	8 816
Agency fees	**9 053**	7 693	**9 053**	7 693
Philately sales	**3 757**	9 788	**3 757**	9 788
Courier services revenue	**54 324**	40 175	**54 324**	40 175
Telecard, flexicards, tango cards and MTC vouchers	**114 402**	65 091	**114 402**	65 091
Savings Bank fee income	**16 258**	12 888	**16 258**	12 888
Savings Bank interest income and unit trust distributions	**123 701**	136 665	**123 701**	136 665
Profit on sales of available-for-sale investments	**13 649**	1 274	**13 649**	1 274
Other	**2 312**	67	**- -**	- -
	450 152	376 083	**447 840**	376 016

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
23	**Cost of sales**				
	Stock expenses	**6 801**	4 681	**6 801**	4 681
	MTC Tango Cards	**99 074**	50 450	**99 074**	50 450
	Leo cards	**796**	518	**796**	518
	Telecom cards	**6 949**	9 856	**6 949**	9 856
	Transport expenses	**3 993**	2 973	**3 993**	2 973
	International expenses	**3 505**	2 880	**3 505**	2 880
	Philately commission	**43**	4 579	**43**	4 579
	Philately expenses	**389**	143	**389**	143
	Savings bank interest expense	**120 608**	131 068	**122 393**	133 948
	Other	**2 374**	2 349	**2 086**	2 263
		244 532	209 497	**246 029**	212 291
24	**Other operating income**				
	Profit on disposal of property, plant and equipment	**2**	11	**2**	11
	Interest received	**1 473**	3 781	**1 380**	3 537
	Other	**2 717**	4 676	**2 717**	4 676
		4 192	8 468	**4 099**	8 224
25	**Operating profit / (loss)**				
25.1	*The following items have been charged in arriving at operating profit /(loss) for the year:*				
	Auditors' remuneration	**1 403**	1 108	**1 292**	929
	Audit fees - current year	**1 154**	875	**1 049**	704
	Other services	**249**	233	**243**	225
	Depreciation (a detailed breakdown is presented in note 4.)	**3 756**	4 566	**2 945**	3 737
	Amortization of intangible assets (a detailed breakdown is presented in note 5.)	**2 477**	1 615	**1 952**	1 090
	Directors' remuneration: non-executive directors				
	For services as directors	**454**	343	**454**	343
	Rental under operating leases	**25 347**	22 937	**25 140**	22 730
	Land and buildings	**13 548**	12 235	**13 401**	12 088
	Motor vehicle	**10 274**	9 072	**10 214**	9 012
	Other fixed assets	**1 525**	1 630	**1 525**	1 630
	Salaries and wages (refer to note 33.)	**103 785**	91 355	**102 235**	89 859
25.2	*The following items have been credited in arriving at operating profit /(loss) for the year:*				
	Interest received	**1 473**	3 781	**1 380**	3 537
	Foreign exchange gain / (loss)	**833**	(707)	**833**	(707)
	Realised	**(245)**	(767)	**(245)**	(767)
	Unrealised	**1 078**	60	**1 078**	60

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
25	**Operating profit / (loss) (continued)**				
	Profit on disposal of property, plant and equipment	**2**	11	**2**	11
	Profit on sales of available-for-sale investments	**13 649**	1 274	**13 649**	1 274
	Savings Bank net income	**31 215**	16 879	**31 215**	16 879
	Interest income from available-for-sale investments	**137 350**	137 939	**137 350**	137 939
	Other income	**16 258**	12 888	**16 258**	12 888
	Interest expense	**(122 393)**	(133 948)	**(122 393)**	(133 948)
26	**Expenses by nature**				
	Employee compensation and benefit expense	**103 785**	91 355	**102 235**	89 859
	Management fees	**402**	519	**- -**	- -
	Auditors remuneration	**1 403**	1 108	**1 292**	976
	Depreciation, amortization and impairment charges	**5 993**	5 844	**4 640**	4 491
	Advertising	**1 978**	1 515	**1 978**	1 515
	Operating lease rentals	**25 347**	22 936	**25 140**	22 729
	Computer expenses	**11 706**	11 028	**11 706**	11 028
	Motor vehicle expenses	**11 173**	11 099	**11 173**	11 099
	Security costs	**6 262**	5 429	**6 262**	5 429
	Water and electricity	**2 673**	1 964	**2 673**	1 964
	Communication expenses	**3 749**	3 628	**3 749**	3 628
	Insurance	**3 520**	3 300	**3 520**	3 300
	Provision for bad debts	**5 293**	(18)	**5 293**	(18)
	Repairs & maintenance	**2 678**	1 733	**2 678**	1 733
	Sundry expenses	**740**	2 777	**740**	2 777
	Consulting fees	**3 875**	2 618	**3 875**	2 618
	Other	**14 773**	9 093	**12 764**	8 036
	Total administrative and other expenses	**205 350**	175 928	**199 718**	171 164

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000
26 Expenses by nature (continued)				
Cost of sales				
Stock expenses	**6 801**	4 681	**6 801**	4 681
MTC Tango Cards	**99 074**	50 450	**99 074**	50 450
Leo cards	**796**	518	**796**	518
Telecom cards	**6 949**	9 856	**6 949**	9 856
Transport expenses	**3 993**	2 973	**3 993**	2 973
International expenses	**3 505**	2 880	**3 505**	2 880
Philately commission	**43**	4 579	**43**	4 579
Philately expenses	**389**	143	**389**	143
Savings bank interest expense	**120 608**	131 068	**122 393**	133 948
Other	**2 374**	2 349	**2 086**	2 263
Total cost of sales (refer to note 23)	**244 532**	209 497	**246 029**	212 291
Total cost of sales, administrative and other expenses	**449 882**	385 425	**445 747**	383 455
Cost of sales, administrative and other expenses are allocated as follows:				
Cost of sales	**244 532**	209 497	**246 029**	212 291
Administrative expenses	**44 920**	35 708	**39 882**	31 006
Other operating expenses	**160 430**	140 220	**159 836**	140 158
	449 882	385 425	**445 747**	383 455

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
27.	**Finance costs**				
	Interest expense				
	Bank overdraft	**6**	10	**5**	7
	Finance lease agreements	**947**	1 323	**947**	1 321
	Instalment sale agreements	**318**	459	**635**	919
	Loans - KfW	**242**	216	**242**	216
	Other	**428**	1 851	**- -**	- -
	Total net finance costs	**1 941**	3 859	**1 829**	2 463
28.	**Taxation**				
28.1	Namibian normal tax				
	Current year	**- -**	- -	**- -**	- -
	Prior year	**- -**	- -	**- -**	- -
28.2	Deferred tax				
	Current year	**(5 080)**	(12 729)	**(4 601)**	(11 603)
	Prior year (including rate adjustment)	**- -**	(373)	**- -**	(324)
		(5 080)	(13 102)	**(4 601)**	(11 927)
28.3	**Reconciliation of taxation on the group's profit before tax with the tax charge in the income statement:**				
	Operating profit / (loss)	**2 521**	(4 733)	**4 363**	(1 678)
	Tax thereon at the normal tax rate of 35%	**882**	(1 657)	**1 527**	(587)
	Adjusted for:				
	Non-taxable income received	**(14 695)**	(25 690)	**(14 695)**	(25 690)
	Non-deductible expense	**8 733**	14 618	**8 567**	14 674
	Prior period adjustment - current tax	**- -**	- -	**- -**	- -
	- deferred tax	**- -**	(373)	**- -**	(324)
	Taxation charge as per income statement	**(5 080)**	(13 102)	**(4 601)**	(11 927)
	Gross calculated tax losses of the company at the end of the year	**(49 566)**	(43 780)	**(34 752)**	(29 257)
	Less: utilised against timing differences	**- -**	- -	**- -**	- -
	Available for utilisation against future taxable income	**(49 566)**	(43 780)	**(34 752)**	(29 257)
	Tax relief at current tax rates	**(17 348)**	(15 323)	**(12 163)**	(10 240)

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000

Notes to the cash flow statement

29 Cash generated from operations

Reconciliation of profit / (loss) before tax to cash generated from operations:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Profit / (loss) before taxation	**2 521**	(4 733)	**4 363**	(1 678)
Adjusted for non cash flow items:				
Depreciation	**3 756**	4 566	**2 945**	3 737\
Amortization of intangible assets	**2 477**	1 615	**1 952**	1 090
Interest received	**(1 473)**	(3 781)	**(1 380)**	(3 537)
Finance costs	**1 941**	3 859	**1 829**	2 463
Impairment of property, plant and equipment	**(105)**	(336)	**(105)**	(336)
Profit on sale of property, plant and equipment	**(2)**	(11)	**(2)**	(11)
Provision for post-retirement benefits (refer to note 17)	**2 646**	2 783	**2 646**	2 783
Changes in working capital:				
(Increase) / Decrease in trade and other receivables	**(10 221)**	3 881	**(10 779)**	2 818
(Increase) / decrease in inventory	**(5 348)**	5 036	**(4 474)**	5 040
Cash generated from operations	**2 192**	21 366	**2 716**	20 924

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Net book amount (note 4.)	**- -**	46	**- -**	46
Profit on sale of property, plant and equipment	**2**	11	**2**	11
Proceeds from disposal of property, plant and equipment	**2**	57	**2**	57

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
30	**Reconciliation of tax paid during the year**				
	Charge to the income statement	**(5 080)**	(13 102)	**(4 601)**	(11 927)
	Adjustment for deferred tax	**5 080**	13 102	**4 601**	11 927
	Refund made	**- -**	1 141	**- -**	1 141
	Movement in taxation liability	**- -**	(944)	**- -**	(944)
	Payments made	**- -**	197	**- -**	197
31	**Increase /(decrease) in Savings bank investors**				
	Closing balance at 30 September	**1 324 653**	1 222 987	**1 328 887**	1 225 021
	Less opening balance at 1 October	**(1 222 987)**	(1 332 763)	**(1 225 021)**	(1 332 763)
	Increase / (decrease) during the year	**101 666**	(109 776)	**103 866**	(107 742)
32	**(Increase) / decrease in investments**				
	Opening balance at 1 October	**1 218 709**	1 312 933	**1 218 709**	1 312 933
	Add / (deduct) fair value adjustment on available-for-sale investments	**2 528**	(4 785)	**2 528**	(4 785)
	Less closing balance at 30 September	**(1 339 862)**	(1 218 709)	**(1 339 646)**	(1 218 709)
	(Increase) / decrease during the year	**(118 625)**	89 439	**(118 409)**	89 439
Other notes					
33	**Staff and retirement benefit costs**				
	Number of current employees	**686**	722	**673**	709
	Salaries and wages	**85 580**	74 437	**84 030**	73 159
	Social security	**344**	287	**344**	279
	Pension costs	**7 447**	6 847	**7 447**	6 826
	Medical aid contributions	**7 768**	7 001	**7 768**	6 812
	Post-retirement benefits	**2 646**	2 783	**2 646**	2 783
		103 785	91 355	**1 02 235**	89 859

	The Group		The Company	
	2009	2008	**2009**	2008
	N$'000	N$'000	**N$'000**	N$'000

34 Related party transactions

The company is wholly-owned by Namibia Post and Telecom Holdings Limited (incorporated in the Republic of Namibia). Telecom Namibia Limited and Mobile Telecommunications Limited are fellow subsidiaries of the company. SmartSwitch Namibia (Pty) Ltd is a joint venture between Namibia Post Limited and Net 1 UEPS Technologies Inc. NamPost Financial Brokers (Pty) Ltd is a Joint Venture between Namibia Post Limited and NedNamibia Holdings . In addition the group has transactions with many other state owned enterprises due to the fact that the holding company is 100% owned by the Namibian government

34.1 The following transactions were carried out with related parties:

	The Group 2009 N$'000	The Group 2008 N$'000	The Company 2009 N$'000	The Company 2008 N$'000
Sales of goods / services				
Telecom Namibia Limited	**1 282**	1 517	**1 282**	1 517
Namibia Post and Telecom Holdings Limited	**11**	5	**11**	5
Mobile Telecommunications Limited	**6 441**	2 810	**6 441**	2 810
Other State Owned Enterprises	**9 705**	16 188	**9 705**	16 188
34.2 *Purchases of goods / services*				
Namibia Post and Telecom Holdings Limited	**17 521**	14 492	**17 521**	14 492
Mobile Telecommunications Limited	**121 722**	58 056	**121 722**	58 056
Telecom Namibia Limited	**11 460**	4 591	**11 460**	4 591
SmartSwitch Namibia (Pty) Ltd	**1 785**	2 861	**3 570**	5 722

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
34.3	**Outstanding balances arising from the purchases and sales of goods**				
	Receivable from related parties:				
	Mobile Telecommunications Limited	**285**	122	**285**	122
	Telecom Namibia Limited	**420**	521	**420**	521
	Namibia Post and Telecom Holdings Limited	**2**	1	**2**	1
	Other State Owned Enterprises	**2 397**	3 108	**2 397**	3 108
	Payable to related parties:				
	Namibia Post and Telecom Holdings Limited	**- -**	- -	**- -**	- -
	Mobile Telecommunications Limited	**8 714**	9 943	**8 714**	9 943
	Other State Owned Enterprises		- -	**37**	- -
	Telecom Namibia Limited	**234**	3 986	**234**	3 986
	SmartSwitch Namibia (Pty) Ltd	**- -**	370	**- -**	739
34.4	**Other balances due to related parties (Savings bank investors)**				
	Namibia Post and Telecom Holdings Limited	**(79 078)**	(91 762)	**(79 078)**	(91 762)
	Mobile Telecommunications Limited	**(3 392)**	(3 125)	**(3 392)**	(3 125)
	SmartSwitch Namibia (Pty) Ltd	**(4 234)**	(2 034)	**(8 468)**	(4 068)
34.5	**Investments with related parties**				
	Other State Owned Enterprise (bond)	**- -**	858	**- -**	858
	Telecom Namibia Limited (corporate bond)	**- -**	50 505	**- -**	50 505
34.6	**Loans to related parties (including interest earned)**				
	SmartSwitch Namibia (Pty) Ltd and NamPost Financial Brokers(Pty) Ltd (refer to note 6)	**- -**	- -	**10 685**	9 145
34.7	**Directors' remuneration**				
	Directors' remuneration is disclosed in note 25.	**454**	343	**454**	343
34.8	**Key Management Compensation**				
	Salaries and other short-term employee benefits	**16 092**	14 511	**16 092**	14 511
		16 092	14 511	**16 092**	14 511

35 Contingent liabilities

The company is a defendant in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions might give rise to losses amounting to the total amounts claimed plus legal costs not exceeding N$ 172,147 (2008: N$ 428,969).

		The Group		The Company	
		2009	2008	**2009**	2008
		N$'000	N$'000	**N$'000**	N$'000
36	**Operating lease commitments**				
	The future aggregate minimum lease payments under non-cancellable operating leases are as follows:				
	Up to one year	**7 529**	11 527	**7 379**	11 377
	2 to 5 years	**2 975**	8 602	**2 452**	8 079
	Total future minimum operating lease payments	**10 504**	20 129	**9 831**	19 456
37	**Other commitments**				
37.1	Capital commitments Commitments in respect of contracts placed amounts to N$ 1,600,000 (2008: N$ 7,000,000). Capital Commitments approved by the Board of Directors, but not yet ordered amounts to N$ 30,000,000 (2008: N$ 8,833,133). It is intended to finance capital expenditure partially from working capital generated within the company profit and through external finance.				
37.2	Guarantees The company has issued the following guarantees				
	Ministry of Finance	**20**	20	**20**	20
	Cell one	**- -**	5 000	**- -**	5 000
38	**Pension fund**				

At the financial year-end, all the permanent employees of the company were members of the Napotel Pension Fund, a defined contribution fund, governed by the Pension Fund Act no. 24 of 1956. Employees' contributions amount to 7% of basic salary and the company's contribution amounts to 16% of basic salary.

The Napotel Pension Fund converted from a defined benefit plan to a defined contribution plan with effect 1 October 1997. A statutory actuarial valuation was carried out as at 30 September 2006, which indicated that the fund was in a sound financial position. In addition a financial review was also done in 2008 which indicated that the fund was in a sound financial position. The 2009 statutory actuarial valuation will be completed during 2010.

Notes