6445203
WAYBILL NUMBER

TO: (Name, Physical Address and Tel. No. Please)

Namibia Post Limited

Cnr. Independence Avenue & Daniel Munamava Str, Whk

+264 61 201 3001

DESCRIPTION OF GOODS:

ANNUAL REPORT 2007

HANDLE WITH CARE

COURIER SERVICE
Tel: 061-201 3012 Windhoek

CONTENTS


COURIER

VISION, MISSION, VALUES

VISION

NamPost shall be the communication, financial and courier services company of choice, striving to blue-chip status by 2010.

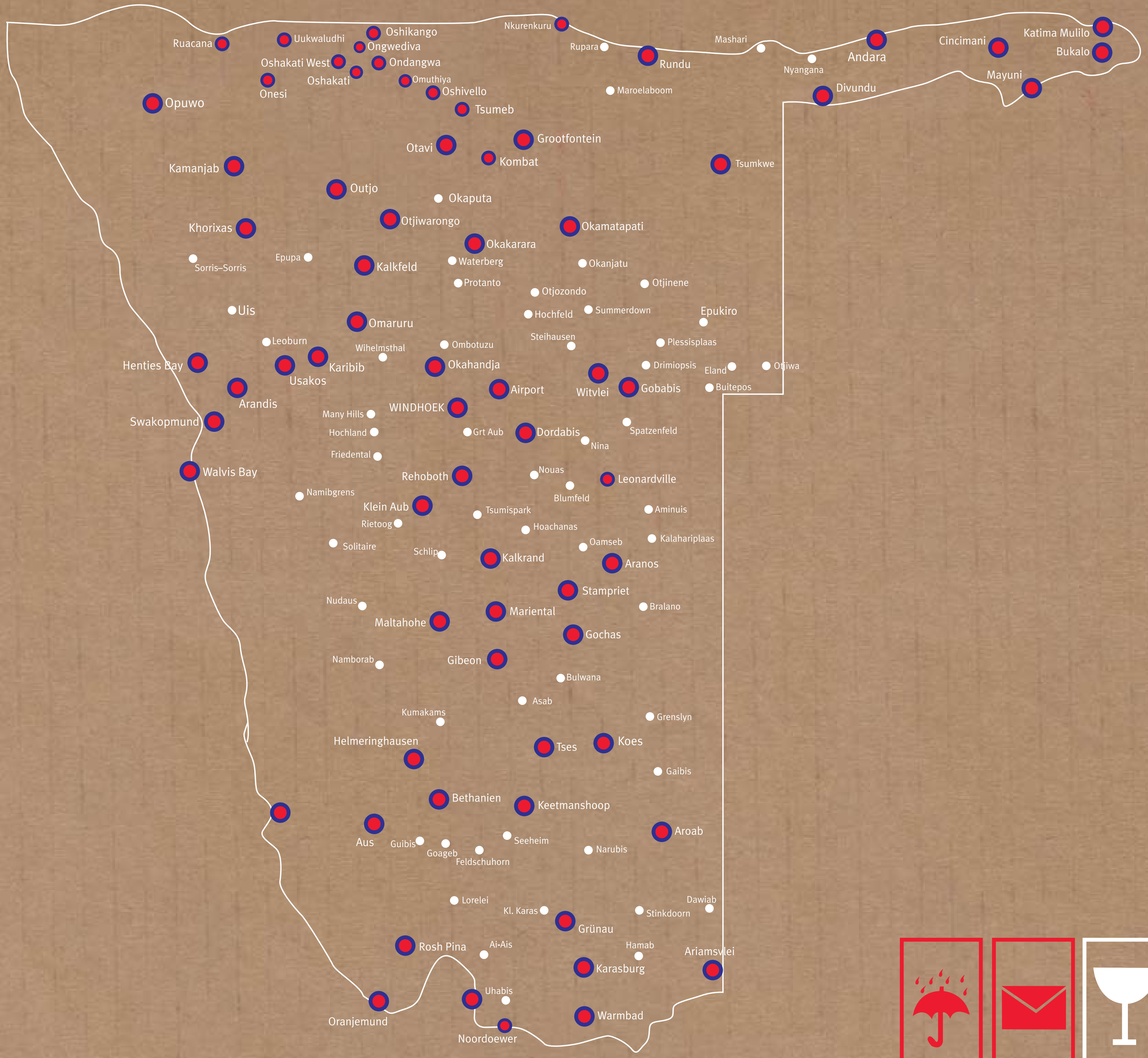
MISSION

- NamPost serves all echelons of the Namibian population with communication, courier and affordable financial services.
- Through our country-wide presence, we are able to meet the needs of our customers within close proximity of their own homes.
- We will ensure a work environment that is conducive to high performance in which our employees can feel valued and cared for.
- We employ state-of-the art technology and business systems to ensure fast and reliable delivery of information, parcels and mail.
- We are committed to become a truly Namibian financial powerhouse addressing the finance and investment needs of Namibians.
- NamPost will soon be the benchmark of a growing, cost-effective service provider whilst fulfilling its Shareholder's mandate.

VALUES

- Integrity
- Care
- Commitment
- Accountability
- Teamwork
- Mutual respect

POST OFFICES MAP



Sebby Kankondi, Chairman

CHAIRMAN'S REPORT

INTRODUCTION

Namibia Post Limited recorded another successful year, despite a difficult business environment. The year was one of consolidation, in which we focused on investing in the Company's future. To this end, people and technology received renewed emphasis. Increasingly, NamPost is becoming a benchmark for other Postal Operators in the Southern African Region and beyond.

FOCUS OF STRATEGY

During the year, we focused on the following key areas:

Financial Services Growth

Strategic plans were developed and implemented to grow the Treasury and Savings Bank customer bases. We implemented plans to introduce value-added products such as Funeral Insurance and Loan products through Old Mutual and NedBank. Although the ground work for these value-added products was done in the review period, the launch of the products from the two Partnerships was only expected in the succeeding Financial Year. Our strategic objective is to facilitate the provision of a full range of affordable financial services and products to all Namibians, in line with our mandate as a State-Owned Enterprise. Financial Services will remain a strategic growth area for Namibia Post Limited.

Agency Services

We continue to work towards making Post Offices true One-Stop-Shops. Towards this end, we invested in an upgraded Post Office Counter System called Web-Riposte Essential (WRE) which will allow the Company to sign up new Agencies. Previously, we were limited to Nine (9) Agencies. With the upgraded system in place, we would now focus on seizing opportunities to fully utilize its capabilities and maximize the use of our country-wide Postal Infrastructure.

Customer Service

This is an overriding Strategic Objective for NamPost. We recognize that Customer Service is an area of continual improvement. In consequence, everything we do should be geared towards improving customer service levels. Many employees in Post Offices and other Departments underwent training during the year in order to up-skill them to serve our customers better. Also as part of our drive to improve customer service, we implemented and/or upgraded new Business Systems. This includes the upgrade of the Post Office Counter System, the stabilization of the Courier Billing System and implementation of the upgrade plans for the Hybrid Mail Centre.

Customer Acquisition

We decided to take a direct marketing approach with a number of our products and services. Specific customers were identified and approached for sign up. This direct customer-acquisition strategy was deployed for Treasury, Savings Bank, Hybrid Mail and Courier customers. This emphasis will continue in the new year.

Corporate Governance

We believe firmly in practising good Corporate Governance. Our aspiration is to be the bench-mark in good Governance in Namibia. For the first time in history, we advertised a Board vacancy and recruited a new Board Member through a public recruitment process. We also introduced a Board Self-Evaluation Strategy, which allows Directors to evaluate the effectiveness of the Board. This strategy will be developed further into a comprehensive Board Evaluation instrument which focuses on the performance of each individual Board Member. The Terms of Reference of the Main Board and its Committees – as encapsulated in the respective Charters - were reviewed and aligned with the recommendations of the King II Report on Corporate Governance. It is intended that the entire Company will undergo a comprehensive Corporate Governance Review in the 2009 Financial Year. This is both to measure how we are performing on this score, as well as to indentify areas of further improvement.

BUSINESS CHALLENGES

A Postal Services Business is a particularly difficult one: with a maturing market, high fixed costs, low operating profit margins and competitive market segments. It requires continuous managerial innovation.

In line with that reality, the year under review has specifically been a challenging one as we had to make a conscious decision to invest in the Company's future at the expense of high short-term profits.

The trading environment was subdued with rising interest rates and intensified competition in the financial services, courier and pre-paid phone-cards market segments.

In general, the traditional Postal Services market is in a declining phase. This explains, in large measure, our increased emphasis on Financial, Logistics and Agency Services.

DIRECTORATE

The Board's term expired in August 2006 and was extended by the Shareholder for one year. Three of the Directors on the previous Board were re-appointed for a three-year term at the expiry of that extension in August 2007. Two new Directors have been appointed to the Board in the course of the year. We therefore have a Board that perfectly balances change and continuity.

Mr. Sackey Aipinge retired from the Board in December 2006. A veteran of the NamPost Board and a shrewd Business Leader in Namibia, Mr. Aipinge always provided valuable advice to both the Board and Management and gave freely of his time to Namibia Post matters. We thank him sincerely for his considerable input during his tenure.

As already intimated, we also welcomed Messieurs Boas Mweendeleli and Neville Field to the Board. Both are seasoned leaders in their respective fields of expertise, and we look forward to many years of working with them for the future of NamPost.

GRATITUDE

This would not have been another successful year without the input of our various stakeholders. As always, the Shareholder's support was immeasurable.

My fellow Directors were stead-fast in their commitment to the well-being of NamPost and all its stakeholders. I thank them for their guidance, encouragement and support.

Lastly, I would like to express the Board's appreciation to the Management and Staff of NamPost for their dedication to making NamPost a truly bench-mark Service-Provider in Namibia and a model State-Owned Enterprise.

Sebby Kankondi
CHAIRMAN


Amway
convair
convair

Sakaria H. Nghikembua, Chief Executive Officer

CEO'S REVIEW

INTRODUCTION

This Report covers the period from 1 October 2006 to 30 September 2007. The Report provides an Overview on People, Systems and Business Processes, Customers and Financials, as well as Business Strategy and Corporate Image.

PEOPLE

A Performance Management System was introduced for all employees in the Company. The objective of this System is to standardize performance measurement, assist employees to improve their performance, identify and rectify performance short-falls; as well as recognize and reward good performance.

All Job Descriptions were reviewed and jobs regraded. This was done to ensure that Job descriptions remain relevant and that job grades remain reflective of the actual value of those jobs.

Job Requirements for all jobs were revised to ensure that equal emphasis is placed on both work experience and academic qualifications. The previous framework favoured academic training over experience and job competencies. As a result, many competent employees who had acquired useful experience and competencies over time were disadvantaged. With the implementation of the revised Job Requirements, all employees in NamPost have an equal chance of getting appointed to management and supervisory positions if they possess the necessary experience and competencies.

We embarked on an exercise to review and update various Corporate Policies and Procedures. To this end, twelve (12) Policies were reviewed. This revision was necessary to ensure that Policies remain relevant to today's business and legal environments.

The NamPost Business School conducted extensive training programmes throughout the year. In particular, all Post Office employees received training on new business systems and products. Supervisory and Management Development Courses continued in the year under review.

In the New Year, our focus will be on Leadership Development at Executive and Senior Management levels in the Company.

SYSTEMS AND PROCESSES

To improve Customer Service and secure the business, we have embarked upon a programme to invest in technology. Specifically, we:

- Implemented the upgrade of the Post Office Counter System to accommodate new functionalities.
- Upgraded the Courier System (Win freight) to make it ready for the implementation of the Track-and-Trace functionality in the New Year.
- Introduced a Document Processing and Package Management System in our Courier Operations. This includes a new process and platform for Courier Debtors Management.
- Started the upgrade of the Hybrid Mail Centre to increase production capacity and enable us to take on complex Printing and Inserting assignments.
- Commenced with the upgrade of the Enterprise-wide SAP System. In the Review Period, a business-wide Business Process Re-Engineering Exercise was started. This exercise is a pre-requisite for the systems upgrade.


NAMIBIA POST LTD

- Acquired new Systems Servers and implemented a revised Disaster Recovery Plan.
- Drew up a Systems Integration Plan for implementation in the 2008/9 Financial Year, Systems integration will deliver significant value for the Company when completed as harvesting of information amongst the various systems will be automated.

CUSTOMERS AND FINANCIALS

- We developed a comprehensive database of potential customers for the various Business Units. Plans were then implemented to specifically acquire these potential customers. In areas such as Treasury and Courier, notable successes were recorded. The same also applies to the acquisition of individual customers for NamPost's Savings Bank.

- The Deposit book has grown from N$915 million as at 30 September 2006 to N$1.3 billion at 30 September 2007.

- NamPost's Total Assets grew from N$1080 billion as at 30 September 2006 to N$1.52 billion at 30 September 2007.

- The Smart Card client base grew from 133,343 as at 30 September 2006 to 194,650 at 30 September 2007. This means 61,307 Smart Cards were issued during the year. The number of Smart Card accounts is forecast to reach 250,000 by 30 September 2008.

- Profit remained at historically high levels, in line with the achievements of the past three financial years. However, actual profit-after-tax of N$14.4 million was lower than the N$28.4 million achieved in the previous Financial Year. Three decisive factors led to this outcome:

    - Our conscious decision to invest heavily in Systems Upgrades;
    - The rising Cost-of-Funds because of rising interest rates during the Reporting Period;
    - Competitive Discounts given on Phone Cards in order to retain Bulk Clients. This lead to increased Cost-of-Sales which affected Gross Profit margins adversely.
- Cash levels remained high, increasing from N$52 million as at 30 September 2006 to N$83 million at 30 September 2007 at Company level. The same positive trend applies at Group level as outlined in the Cash-Flow Statement.

- The 2007 Financial Results are reported in full compliance with the International Financial Reporting Standards (IFRS).

- In order to add value to our clients, three new products were conceived. These products will be launched in the first Quarter of the New Financial Year. The products are:

    - Funeral Cover from Old Mutual Namibia
    - Pre-Paid Electricity from the City of Windhoek
    - Loans from NedBank which will be offered via the Postal Network

- NamPost is renowned for issuing beautiful Stamps for use by customers. During the Review Period, the following Stamps were issued:

    - 100 Years of Otjiwarongo
    - 4th Definitive Stamp Issue

- Centenary of the Etosha National Park
- Dragon Flies of Namibia
- Commiphoras (Trees) of Namibia
- Indigenous Flowers of Namibia

BUSINESS STRATEGY AND CORPORATE IMAGE

A new Business Planning Model was implemented. This model incorporates a bottom-up approach in Business Planning. With the new approach, more employees actively participated in the formulation of the Business Plan for the Year 2008. The new Business Plan Model also introduced new ways of defining issues which must be incorporated into the Planning Process and eventually into the Business Plan.

As part of NamPost's image building efforts, all Courier vehicles were re-branded. New Corporate Wear was also introduced. Branding efforts in the New Year will now focus on Signage at all our Post Office buildings. We have taken a stepped-up approach for the re-branding exercise for cost-efficiency reasons.

TEAM WORK

This year's results have, once again, been achieved because of great Team Work. All the stakeholders - - Shareholder, Board, Management, Employees and Customers - - have done their part. I am most grateful for their support, and ask them to continue with renewed emphasis in the New Year and beyond.

CONCLUSION

I conclude this Review with a deep sense of satisfaction. Once again, we have done our best. We have grown the business; and we have taken decisions which we believe are good for the future of the Company. We look forward to many years of solid delivery by Namibia Post Limited.

Sakaria H. Nghikembua
CHIEF EXECUTIVE OFFICER


Free

CORPORATE GOVERNANCE

The Board of Directors is accountable for the implementation and monitoring of an effective Corporate Governance Framework in the Company. To this end, the Board has put in place arrangements it believes are in the best interest of the Company and its Stakeholders. The Company actively strives to comply with King II, and where appropriate, modifies its policies and practices to comply with best practice.

BOARD STRUCTURE AND FUNCTIONS

The Board comprises entirely of five non-executive Directors appointed by the Shareholder, having regard to the appropriate range of skills, experience and expertise in the required fields. The role, function and powers of the Board and its Committees are determined by law, the articles of association of the company, corporate governance best practices and decisions and policies of the Board.

The main responsibilities of the Board include, inter alia:

- Determining the strategies and strategic objectives of the Company.
- Bringing independent, informed and effective judgement to bear on material decisions of the Company, including Company policies, appointment and removal of the Chief Executive Officer, and the approval of operational and capital budgets.
- Satisfying itself that the Company is governed effectively in accordance with Corporate Governance best practices, including risk management and internal control systems.

The Board meets quarterly and at such additional ad hoc times as may be required. Directors may access such information and seek independent advice as they individually or collectively consider necessary to fulfill their responsibilities. Directors are furthermore entitled at any time to access senior management to request relevant information or seek explanations.

BOARD COMMITTEES

The Board recognizes and accepts the principle that whilst certain powers are capable of delegation to Committees, the ultimate accountability for the matters delegated remains with the Board. Authority delegated by the Board accordingly always entails a requirement of reporting back to the full Board and the obligation to monitor and evaluate the activities of the Committees.

The Board has established the following Committees:

a) The Audit Committee
b) The Remuneration Committee
c) The Investment Management Committee (Asset-and-Liability)

Board Audit Committee (BAC)

The Board Audit Committee operates in terms of the Board Audit Committee Charter. The Board Audit Committee meets at least four times a year, with authority to convene more meetings if required by circumstances. The Board Audit Committee consists of three non-executive Directors. The Committee assists the Board in fulfilling its oversight responsibilities with respect to:

- The Company's systems of internal controls regarding finance and accounting;
- The Company's auditing, accounting and financial reporting processes generally;
- Overseeing the appointment, qualifications and independence of external auditors;
- The performance of the internal and external auditors of the Company;
- Corporate and Company-wide Risk Management which includes the consideration and investigation of financial and operational risks identified by Management and external auditors.

Board Remuneration Committee

The Remuneration Committee functions under the guidelines of a Charter approved by the Board. The Committee meets at least twice a year, but can meet more frequently if required. The Remuneration Committee consists of three non-executive Directors and has the following primary functions:

- The establishment and review of appropriate remuneration for Management and Employees of NamPost.
- Review of organizational and staffing matters.
- Review and approval of annual salary increases.

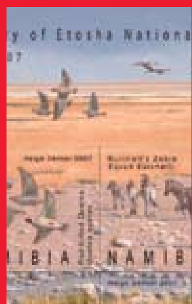
Investment Management Committee

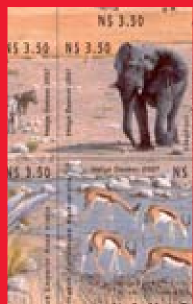
The management of Savings Bank customers' funds, as well as NamPost's own Cash resources, is conducted in line with a Board-approved Investment and Risk Management Policy. This policy is administered by the Investment Management Committee of the Board, which consists of three non-executive Directors. The Committee regularly reviews macro-economic developments globally, regionally and nationally. It also reviews the structure of the Company's liability and asset portfolios and assesses and mitigates any risks inherent in the portfolio and the economic environment. The operational vehicle for the management of liquidity, interest rate and compliance risks is the mini-Asset and Liability Management Committee (mini-ALCO). This latter Committee is made up of Executive Managers in the Company.

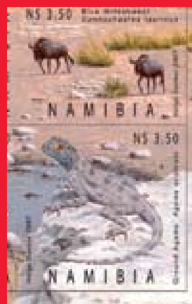
BOARD EFFECTIVENESS

In June 2007, the Board conducted a Self-Evaluation exercise which covered:

- A review of the Board's role
- A review of Board processes and Board Committee structures and Composition







- A review of the Board's performance
- A review of the status of Corporate Governance in the Company

Board self-evaluation has now been embedded as an ongoing process and reviews will be conducted twice annually.

COMPANY SECRETARY

The Company Secretary is accountable to the Board to ensure that all Board procedures are followed and regularly reviewed. To ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with, all Directors have access to the advice and services of the Company Secretary. The Company Secretary also monitors adherence to Corporate Governance in the Company.

INTERNAL AUDIT

The Internal Audit Department is a review function established within the Company to provide independent and objective assurance to the Board and Management about the appropriateness and adequacy of internal controls in the Company. Internal Audit assists the Company to accomplish its objectives by bringing a systematic and disciplined approach to the management of both strategic and operational risks.

The Board Audit Committee defines the Internal Audit Department's Terms of Reference, including the authority and responsibilities of this Department. The Head of Internal Audit has unrestricted access to the Chairperson of the Audit Committee and to the Chief Executive Officer.

COMMUNICATION WITH SHAREHOLDER

The Board ensures that the Shareholder is informed of all major developments affecting the Company at all times. Information is communicated to the Shareholder through the following main channels:

- By complying with the Company's statutory duty to have the Annual Report finalized and presented to the Shareholder timeously.
- By having regular briefing sessions with the Shareholder throughout the financial year to advise on pivotal matters impacting on the business of the Company.
- By having a standing slot at the Board Meetings of the Shareholder (Namibia Post and Telecom Holdings) to report on matters determined by the Shareholder.
- Through reporting on key issues at the Company's Annual General Meeting (AGM) annually.
- By availing the external auditors at the Annual General Meeting (AGM) so that they can answer any questions on the financial status of, and key risks affecting, the Company.

BOARD OF DIRECTORS

(from left to right)

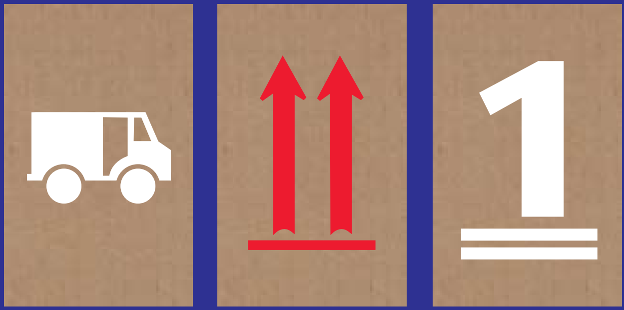
Mr Sebby Kankondi *(Chairman)*, Mrs Nangula Hamutenya *(Deputy Chairperson)*, Mr Boas Mweendeleli, Mr Neville Field, Mrs Ndahafa Nambira

EXECUTIVE COMMITTEE

(from left to right)

1st row: Mr Sakaria Nghikembua *(Chief Executive Officer)*, Mr Herman Roux *(GM: Treasury)*, Ms Berlindi Malan *(GM: Marketing and Business Development)*, Mr Norman Cloete *(GM: Finance)*, Mr Ambrosius Iipinge *(GM: Postal Services)*

2nd row: Mr Ben Jacobs (GM: Strategy and Transformation), Mr George Itembu *(Head: Internal Audit)*, Ms Sonia Bergh *(GM: Human Resources)*, Ms Eldorette Harmse *(Company Secretary)*, Mr Mike Rissik *(GM: Courier)*, Mr Patrick Gardiner *(GM: Savings Bank)*



ANNUAL FINANCIAL STATEMENTS

(for the year ended 30 September 2007)

Company Information

Registration number:	92/284
Country of incorporation:	Namibia
Registered address:	Room D27, 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

CONTENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 30 September 2007

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 2008 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 29 to 81 were approved and authorised for issue by the board of directors and are signed on their behalf by:

Director	Director
13/02/2008	15/02/2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NAMIBIA POST LIMITED

We have audited the annual financial statements and group annual financial statements of Namibia Post Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 September 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 81.

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, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 September 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Namibia.

PricewaterhouseCoopers

....

PRICEWATERHOUSECOOPERS
REGISTERED ACCOUNTANTS AND
AUDITORS
CHARTERED ACCOUNTANTS
(NAMIBIA) WINDHOEK

07/03 /2008

DIRECTORS' REPORT

for the year ended 30 September 2007

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 2007.

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.

Events subsequent to balance sheet date

3. No matter that is material to the financial affairs of the company and group has occurred between 30 September 2007 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 29 to 81.
5. N$4.5 million dividends has been declared and paid during the year under review (2006:N$2 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 reappointed	Duration of term	Date of resignation
S I Kankondi	8/24/00	8/26/07	3 years	
N Hamutenya	8/25/00	8/26/07	3 years	
N Nambira	8/26/00	8/26/07	3 years	
B Mweendeleli	8/26/07		3 years	
N S B Field	8/26/07		3 years	
S N Aipinge	8/24/00	8/25/06	6 years	12/2/06

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

Business:	Postal:
Room D27, 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.

BALANCE SHEET
at 30 September 2007

	Notes	The Group 2007 N$'000	The Group 2006 N$'000 Restated	The Company 2007 N$'000	The Company 2006 N$'000 Restated
ASSETS					
Non-current assets		338 555	457 043	348 942	467 211
Property, plant and equipment	5	14 993	15 941	12 361	13 832
Intangible assets	6	15 487	10 449	11 188	5 997
Investment in joint venture	7	- -	- -	19 292	17 716
Available-for-sale investments	8	301 912	427 959	301 912	427 959
Deferred tax asset	17	6 163	2 694	4 189	1 707
Current assets		1 178 755	616 022	1 174 959	613 048
Inventories	9	18 849	18 533	18 831	17 599
Receivables and prepayments	10	42 752	28 220	40 501	27 966
Current portion of available-for-sale investments	8	1 031 125	513 239	1 031 125	513 239
Current tax asset	19	944	1 615	944	1 615
Cash and cash equivalents	11	85 085	54 415	83 558	52 629
Total assets		1 517 310	1 073 065	1 523 901	1 080 259
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the company		68 239	59 355	71 881	61 270
Ordinary shares	12	5 075	5 075	5 075	5 075
Fair value reserve	13	9 667	8 967	9 667	8 967
Retained earnings		53 497	45 313	57 139	47 228
Non-current liabilities		41 218	109 800	44 079	113 658
Post-retirement benefits	35	15 338	14 280	15 338	14 280
Interest-bearing borrowings	14	15 869	20 738	18 730	24 596
Savings bank investors	16	10 011	74 782	10 011	74 782
Current liabilities		1 407 853	903 910	1 407 941	905 331
Trade and other payables	18	77 998	61 122	77 123	61 699
Current portion of interest bearing borrowings	14	4 387	2 407	5 350	3 251
Current portion of Savings Bank investors	16	1 325 468	840 381	1 325 468	840 381
Total liabilities		1 449 071	1 013 710	1 452 020	1 018 989
Total equity and liabilities		1 517 310	1 073 065	1 523 901	1 080 259

INCOME STATEMENT

for the year ended 30 September 2007

	Notes	The Group		The Company	
		2007 N$'000	2006 N$'000 Restated	2007 N$'000	2006 N$'000 Restated
Revenue	1.21, 20	355 044	327 181	352 090	320 435
Cost of sales	21	(186 336)	(155 873)	(186 021)	(151 219)
Gross profit		168 708	171 308	166 069	169 216
Other operating income	22	4 346	8 774	3 573	8 137
Other operating expenses	24	(129 634)	(118 996)	(129 575)	(118 958)
Administrative expenses	24	(30 007)	(31 133)	(25 523)	(26 768)
Operating profit	23	13 413	29 953	14 544	31 627
Finance costs	25	(4 377)	(3 686)	(2 794)	(2 458)
Profit before taxation		9 036	26 267	11 750	29 169
Taxation	26	3 648	266	2 661	(721)
Profit for the year		12 684	26 533	14 411	28 448
Attributable to:					
Equity holders of the company		12 684	26 533	14 411	28 448

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2007

	Notes	The Group		The Company	
		2007 N$'000	2006 N$'000 Restated	2007 N$'000	2006 N$'000 Restated
Share capital					
Total issued share capital at beginning and end of year	12	5 075	5 075	5 075	5 075
Fair value reserve					
Opening balance		8 967	7 585	8 967	7 585
Fair value gain net of deferred tax transferred to equity		3 891	19 634	3 891	19 634
Transferred to profit or loss on sale		(3 191)	(18 252)	(3 191)	(18 252)
Closing balance	13	9 667	8 967	9 667	8 967
Retained earnings					
Opening balance		45 313	20 780	47 228	20 780
Profit for the year		12 684	26 533	14 411	28 448
Dividends paid		(4 500)	(2 000)	(4 500)	(2 000)
Closing balance		53 497	45 313	57 139	47 228
Dividends per share (in cents)		88.67	39.41	88.67	39.41

CASH FLOW STATEMENT

for the year ended 30 September 2007

	Notes	The Group		The Company	
		2007 N$'000	2006 N$'000 Restated	2007 N$'000	2006 N$'000 Restated
Cash flow from operating activities					
Cash receipts from customers		285 823	307 523	284 869	301 030
Cash paid to suppliers and employees		(323 520)	(290 143)	(320 698)	(281 281)
Cash flows (utilised in)/ generated from operations	27	(37 697)	17 380	(35 829)	19 749
Interest received	23	3 588	2 350	2 815	1 713
Interest paid	25	(4 377)	(3 686)	(2 794)	(2 458)
Taxation paid	19	(565)	(4 989)	(565)	(4 989)
Taxation refund	19	1 038	- -	1 038	- -
Net increase in amounts from savings bank investors		420 316	319 550	420 316	319 550
Net increase in available for sale investments		(390 763)	(304 554)	(390 763)	(304 554)
Dividends received	20	55 363	16 968	55 363	16 968
Dividends paid		(4 500)	(2 000)	(4 500)	(2 000)
Net cash flow generated from operating activities		42 403	41 019	45 081	43 979
Cash flow from investing activities					
Acquisition of property, plant and equipment	5	(4 123)	(11 851)	(4 116)	(8 720)
Proceeds on disposal of property, plant and equipment	27	390	403	390	403
Proceeds on disposal of intangible assets		- -	239	- -	239
Acquisition of intangible assets	6	(5 113)	(9 344)	(5 083)	(4 207)
Net cash flow utilised in investing activities		(8 846)	(20 553)	(8 809)	(12 285)
Cash flow from financing activities					
Increase / (decrease) in interest-bearing borrowings		(2 887)	19 798	(3 767)	24 500
Increase in loan to joint venture		- -	11 750	(1 576)	(5 966)
(Repayment)/ proceeds from repurchase agreement		- -	(20 000)	- -	(20 000)
Net cash flow (utilised in)/ generated from financing activities		(2 887)	11 548	(5 343)	(1 466)
Net change in cash and cash equivalents		30 670	32 014	30 929	30 228
Cash and cash equivalents at the beginning of the year		54 415	22 401	52 629	22 401
at the end of the year	11	85 085	54 415	83 558	52 629

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2007

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.

Reconciliations and descriptions of the effect of the transition from GAAP to IFRS on the Group's equity and its net income are provided in Note 4.

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 Company'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 2007 year-end

IFRS 6 (Amendment) - Exploration for and Evaluation of Mineral Resources (June 2005) (effective January 2006)

IFRS 4 (Amendment) - Financial Guarantee Contracts (August 2005) (effective January 2006)

IAS 19 Amendment (December 2004) Actuarial Gains and Losses, Group Plans and Disclosures (effective January 2006)

Amendments to IAS 39 - Cash Flow Hedge Accounting or Forecast Intragroup Transactions (effective January 2006)

Amendments to IAS 39 - Financial Instruments: Recognition and Measurement The Fair Value Option (effective January 2006)

IAS 39 and IFRS 4 amendments - Financial Guarantee contracts (effective January 2006)

IFRIC 4 - Determining whether an Arrangement contains a Lease (effective January 2006)

IFRIC 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective January 2006)

IFRIC 7 - Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economies (effective May 2006)

IFRIC 8 - Scope of IFRS 2 (effective May 2006)

IFRIC 9 - Reassessment of Embedded Derivatives (effective June 2006)

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

The following Standards, amendmends and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 October 2007 or latter periods, but the Group has not early adopted them:

IFRS 7 - Financial Instruments: Disclosures (effective January 2007)

This standard deals with the disclosure of financial instruments, as well as the disclosure of related qualitative and quantitative risks associated with financial instruments. As IFRS 7 will supersede the current disclosure required in IAS 30 and IAS 32, the standard will not impact the results of the Group, but will result in potentially more disclosure than that currently provided in the Group's financial statements.

IAS 1 amendment - Presentation of financial statements (effective January 2009)

The amendment is not expected to have a significant impact on the Group's results

IAS 23R - Borrowing Costs (revised March 2007) (effective January 2009)

The amendment is not expected to impact on the group

(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 2007 or latter periods but are not relevant for the group's operations:

IFRS 8 - Operating Segments (effective January 2009)

IFRIC 10 - Interim Financial Reporting and Impairment (effective November 2006)

IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions (effective March 2007)

IFRIC - 12 Service Concession Arrangements (effective January 2008)

IFRIC - 13 Customer Loyalty Programmes (effective July 2008)

IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective January 2008)

1.2 Investment in Joint Venture

1.2.1 Investment in Joint Venture- Group

The group's interests in a jointly controlled entity 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 purchase 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 impairment loss.

1.2.2 Investment in Joint Venture- Company

The Company's investment in a jointly controlled entity is 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 an 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 is 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 licences 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 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.

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.

(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 Impairment of non-financial assets

The carrying values of the Group's assets other than inventory and deferred taxation assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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.

1.11 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 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 35). 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.

1.26 Borrowing costs

All borrowing cost are recognised as an expense when incurred.

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). 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 arise 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	
		2007	2006	2007	2006
		N$'000	N$'000	N$'000	N$'000
Euro	Liability	4 593	4 555	4 593	4 555
Special Drawing Rights (SDR) *	Assets	4 347	6 027	4 347	6 027

* 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)

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.

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 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.

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$10 million (2006: N$10 million) at year-end date.

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 sales 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.

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 company 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 company to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

4. Transition to IFRS

4.1 Basis of transition to IFRS

4.1.1 Application of IFRS 1

The Group's financial statements for the year ended 30 September 2007 will be the first annual financial statements that comply with IFRS. These financial statements have been prepared as described in Note 1.1. The Group has applied IFRS 1 in preparing these consolidated financial statements.

The group's transition date is 1 October 2005. The Group prepared its opening IFRS balance sheet at that date.

In preparing these consolidated financial statements in accordance with IFRS 1, the Group has applied the mandatory exceptions from full retrospective application of IFRS.

4.1.2 Exemptions from full retrospective application - elected by the group

The group has elected not to apply the following optional exemptions from full retrospective application.

(a) Business combinations exemption

The group has not applied the business combinations exemption in IFRS 1. No business combination occurred prior to the 1 October 2005 transition date.

(b) Fair value as deemed cost exemption

A first time adopter may elect to measure certain items of property, plant and equipment at fair value as at transition date. The group did not make use of this exemption.

(c) Employee benefits exemption

A first time adopter may elect to recognise all cumulative actuarial gains and losses as at transition date. The group did not have accumulative actuarial gains and losses; this exemption is not applicable.

(d) Cumulative translation differences exemption

A first time adopter may elect to set the previously accumulated cumulative translation differences to zero at transition date. The Group did not have cumulative translation differences; this exemption is not applicable.

(e) Compound financial instruments exemption

The Group has not issued any compound instruments; this exemption is not applicable.

(f) Assets and liabilities of subsidiaries, associates and joint ventures exemption

This exemption is not applicable, as the use of the exemption is made at the level of the subsidiary, associate or joint venture that adopts IFRS later than its parent company.

(g) Designation of previously recognised financial assets and financial liabilities exemption

The group has not applied this exemption in IFRS 1

(h) Share-based payment transaction exemption

This exemption is not applicable. The group has not made any share-based payments.

(i) Insurance contracts exemption

This exemption is not applicable to the group

(j) Decommissioning liabilities included in the cost of property, plant and equipment exemption

The Group does not have decommissioning liabilities; this exemption is not applicable.

(k) Fair value measurement of financial assets or liabilities at initial recognition

The Group has not applied the exemption offered by the revision of IAS 39 on the initial recognition of the financial instruments measured at fair value through profit and loss where there is no active market. This exemption is therefore not applicable.

(l) Exemption from restatement of comparatives for IAS 32, IAS 39 and IFRS 4

The group has not applied this exemption in IFRS 1.

(m) Exemption from the requirement to present comparative information for IFRS 6.

This exemption is not applicable to the Group.

(n) Exemption from the requirement to provide comparative disclosures for IFRS 7.

This exemption is not applicable to the Group.

4.1.3 Exceptions from full retrospective application followed by the Group

The Group has applied the following mandatory exceptions from retrospective application.

(a) Derecognition of financial assets and liabilities exception

Financial assets and liabilities derecognised before 1 October 2005 have not been re-stated in terms of IFRS. Management did not choose to apply the IAS 39 derecognition criteria to a date earlier than 1 October 2006.

(b) Hedge accounting exception

Management has claimed hedge accounting from 1 October 2006 only if the hedge relationship meets all the hedge accounting criteria under IAS 39. No formal hedge documentation was put in place in the past and therefore hedge accounting has not been applied.

(c) Estimates exception

Estimates under IFRS at 1 October 2005 should be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

(d) Assets held for sale and discontinued operations exception

Management applies IFRS 5 prospectively from 1 October 2006. The Group did not have any assets that met the held-for-sale criteria during the period presented. No adjustment was required.

4.2 Reconciliations between IFRS and GAAP

Group

4.2.1 Reconciliation of equity

	Share capital N$'000	Available-for-sale investments N$'000	Retained earnings N$'000	Total N$'000
Balance 1 October 2005				
Equity under GAAP as previously stated	5,075	7,585	20,780	33,440
Effect of IFRS transition	- -	- -	- -	- -
Equity under IFRS	5,075	7,585	20,780	33,440
Balance 30 September 2006				
Equity under GAAP as previously stated	5,075	8,967	45,313	59,355
Effect of IFRS transition	- -	- -	- -	- -
Equity under IFRS	5,075	8,967	45,313	59,355
Balance 1 October 2006				
Equity under GAAP as previously stated	5,075	8,967	45,313	59,355
Effect of IFRS transition	- -	- -	- -	
Equity under IFRS	5,075	8,967	45,313	59,355

4.2.2 Reconciliation of net income

	1 October 2005	30 September 2006
Net income under GAAP	9,341	26,533
Effect of IFRS transition	- -	- -
Net income under IFRS	9,341	26,533

4.2.3 Reconciliation of assets, liabilities and equity

Group 1 October 2005	GAAP	Effect of transition of IFRS	Reclassi-fication of Balances	IFRS
Assets	N$ ‘000	N$ ‘000	N$ ‘000	N$ ‘000
Property, plant and equipment	8,391	- -	- -	8,391
Intangible assets	4,158	- -	- -	4,158
Available-for-sale investments	490,869	- -	- -	490,869
Inventories	9,441	- -	- -	9,441
Receivables and prepayments	23,543	- -	- -	23,543
Current portion of available-for-sale investments	143,410	- -	- -	143,410
Current tax asset	1,039	- -	- -	1,039
Cash and cash equivalents	34,151	- -	- -	34,151
Total assets	715,002	- -	- -	715,002
LIABILITIES				
Post-retirement benefits	12,414	- -	- -	12,414
Interest-bearing borrowings	1,804	- -	- -	1,804
Deferred tax liability	1,239	- -	- -	1,239
Trade and other payables	44,722	- -	- -	44,722
Current portion of interest bearing borrowings	5,770	- -	- -	5,770
Savings bank investors	595,613	- -	- -	595,613
Repurchase agreement	20,000	- -	- -	20,000
Total liabilities	681,562	- -	- -	681,562
EQUITY				
Share capital	5,075	- -	- -	5,075
Fair value reserve	7,585	- -	- -	7,585
Retained earnings	20,780	- -	- -	20,780
Total shareholder’s equity	33,440	- -	- -	33,440
Total equity and liabilities	715,002	- -	- -	715,002

4.2.3 Reconciliation of assets, liabilities and equity (cont)

Group 30 September 2006	GAAP	Effect of transition of IFRS	Reclassi-fication of Balances	IFRS
Assets	N$ '000	N$ '000	N$ '000	N$ '000
Property, plant and equipment	15,941	- -	- -	15,941
Intangible assets	10,449	- -	- -	10,449
Available-for-sale investments	427,959	- -	- -	427,959
Deferred tax asset	2,694	- -	- -	2,694
Inventories	18,533	- -	- -	18,533
Receivables and prepayments	28,220	- -	- -	28,220
Current portion of available-for-sale investments	513,239	- -	- -	513,239
Current tax asset	1,615	- -	- -	1,615
Cash and cash equivalents	54,415	- -	- -	54,415
Total assets	1,073,065	- -	- -	1,073,065
LIABILITIES				
Post-retirement benefits	14,280	- -	- -	14,280
Interest-bearing borrowings	20,738	- -	- -	20,738
Trade and other payables	61,122	- -	- -	61,122
Current portion of interest bearing borrowings	2,407	- -	- -	2,407
Savings bank investors	915,163	- -	- -	915,163
Total liabilities	1,013,710	- -	- -	1,013,710
EQUITY				
Share capital	5,075	- -	- -	5,075
Fair value reserve	8,967	- -	- -	8,967
Retained earnings	45,313	- -	- -	45,313
Total shareholder's equity	59,355	- -	- -	59,355
Total equity and liabilities	1,073,065	- -	- -	1,073,065

Group 1 October 2006 Assets	Explanation	GAAP N$ '000	Effect of transition of IFRS N$ '000	Reclassification of Balances N$ '000	IFRS N$ '000
Property, plant and equipment		15,941	- -	(684)	15,257
Intangible assets	1	10,449	- -	684	11,133
Available-for-sale investments		427,959	- -	- -	427,959
Deferred tax asset		2,694	- -	- -	2,694
Inventories		18,533	- -	- -	18,533
Receivables and prepayments		28,220	- -	- -	28,220
Current portion of available-for-sale investments		513,239	- -	- -	513,239
Current tax asset		1,615	- -	- -	1,615
Cash and cash equivalents		54,415	- -	- -	54,415
Total assets		1,073,065	- -	- -	1,073,065
LIABILITIES					
Post-retirement benefits		14,280	- -	- -	14,280
Interest-bearing borrowings		20,738	- -	- -	20,738
Deferred tax liability		- -	- -	- -	- -
Trade and other payables		61,122	- -	- -	61,122
Current portion of interest bearing borrowings		2,407	- -	- -	2,407
Savings bank investors		915,163	- -	- -	915,163
Total liabilities		1,013,710	- -	- -	1,013,710
EQUITY					
Share capital		5,075	- -	- -	5,075
Fair value reserve		8,967	- -	- -	8,967
Retained earnings		45,313	- -	- -	45,313
Total shareholder's equity		59,355	- -	- -	59,355
Total equity and liabilities		1,073,065	- -	- -	1,073,065

4.2.4 Reconciliation of equity

Company	Share	Available-for-sale investments	Retained earnings	Total
Reconciliation of equity	N$ '000	N$ '000	N$ '000	N$ '000
Balance 1 October 2005				
Equity under GAAP as previously stated	5,075	7,585	20,780	33,440
Effect of IFRS transition	- -	- -	- -	- -
Equity under IFRS	5,075	7,585	20,780	33,440
Balance 30 September 2006				
Equity under GAAP as previously stated	5,075	8,967	47,228	61,270
Effect of IFRS transition	- -	- -	- -	- -
Equity under IFRS	5,075	8,967	47,228	61,270
Balance 1 October 2006				
Equity under GAAP as previously stated	5,075	8,967	47,228	61,270
Effect of IFRS transition	- -	- -	- -	- -
Equity under IFRS	5,075	8,967	47,228	61,270

4.2.5 Reconciliation of net income

	30 September 2005	30 September 2006
Net income under GAAP	9,341	28,448
Effect of IFRS transition	- -	- -
Net income under IFRS	9,341	28,448

4.2.6 Reconciliation of assets, liabilities and equity

Company 1 October 2005	GAAP	Effect of transition of IFRS	Reclassi-fication of Balances	IFRS
Assets	N$ '000	N$ '000	N$ '000	N$ '000
Property, plant and equipment	8,391	- -	- -	8,391
Intangible assets	4,158	- -	- -	4,158
Investment in joint venture	11,750	- -	- -	11,750
Available-for-sale investments	490,869	- -	- -	490,869
Inventories	9,441	- -	- -	9,441
Receivables and prepayments	23,543	- -	- -	23,543
Current portion of available-for-sale investments	143,410	- -	- -	143,410
Current tax asset	1,039	- -	- -	1,039
Cash and cash equivalents	22,401	- -	- -	22,401
Total assets	715,002	- -	- -	715 002
LIABILITIES				
Post-retirement benefits	12,41	- -	- -	12,414
Interest-bearing borrowings	1,804	- -	- -	1,804
Deferred tax liability	1,239	- -	- -	1,239
Trade and other payables	44,722	- -	- -	44,722
Current portion of interest bearing borrowings	5,770	- -	- -	5,770
Savings bank investors	595,613	- -	- -	595,613
Repurchase agreement	20,000	- -	- -	20,000
Total liabilities	681,562	- -	- -	681,562
EQUITY				
Share capital	5,075	- -	- -	5,075
Fair value reserve	7,585	- -	- -	7,585
Retained earnings	20,780	- -	- -	20,780
Total shareholder's equity	33,440	- -	- -	33,440
Total equity and liabilities	715,002	- -	- -	715,002

4.2.6 Reconciliation of assets, liabilities and equity (cont)

Company 30 September 2006	GAAP	Effect of transition of IFRS	Reclassi-fication of Balances	IFRS
Assets	N$ '000	N$ '000	N$ '000	N$ '000
Property, plant and equipment	13,832	- -	- -	13,832
Intangible assets	5,997	- -	- -	5,997
Investment in joint venture	17,716	- -	- -	17,716
Available-for-sale investments	427,959	- -	- -	427,959
Deferred tax asset	1,707	- -	- -	1,707
Inventories	17,599	- -	- -	17,599
Receivables and prepayments	27,966	- -	- -	27,966
Current portion of available-for-sale investments	513,239	- -	- -	513,239
Current tax asset	1,615	- -	- -	1,615
Cash and cash equivalents	52,629	- -	- -	52,629
Total assets	1,080,259	- -	- -	1,080,259
LIABILITIES				
Post-retirement benefits	14,280	- -	- -	14,280
Interest-bearing borrowings	24,596	- -	- -	24,596
Trade and other payables	61,699	- -	- -	61,699
Current portion of interest bearing borrowings	3,251	- -	- -	3,251
Savings bank investors	915,163	- -	- -	915,163
Total liabilities	1,018,989	- -	- -	1,018,989
EQUITY				
Share capital	5,075	- -	- -	5,075
Fair value reserve	8,967	- -	- -	8,967
Retained earnings	47,228	- -	- -	47,228
Total shareholder's equity	61,270	- -	- -	61,270
Total equity and liabilities	1,080,259	- -	- -	1,080,259

Company 1 October 2006		GAAP	Effect of transition of IFRS	Reclassi-fication of Balances	IFRS
Assets	Explanation	N$ '000	N$ '000	N$ '000	N$ '000
Property, plant and equipment	1	13,832	- -	(684)	13,148
Intangible assets	1	5,997	- -	684	6,681
Investment in joint venture		17,716	- -	- -	17,716
Available-for-sale investments		427,959	- -	- -	427,959
Deferred tax asset		1,707	- -	- -	1,707
Inventories		17,599	- -	- -	17,599
Receivables and prepayments		27,966	- -	- -	27,966
Current portion of available-for-sale investments		513,239	- -	- -	513,239
Current tax asset		1,615	- -	- -	1,615
Cash and cash equivalents		52,629	- -	- -	52,629
Total assets		1,080,259	- -	- -	1,080,259
LIABILITIES					
Post-retirement benefits		14,280			14,280
Interest-bearing borrowings		24,596			24,596
Trade and other payables		61,699			61,699
Current portion of interest bearing borrowings		3,251			3,251
Savings Bank investors		915,163	- -	- -	915,163
Total liabilities		1,018,989	- -	- -	1,018,989
EQUITY					
Share capital		5,075	- -	- -	5,075
Fair value reserve		8,967	- -	- -	8,967
Retained earnings		47,228	- -	- -	47,228
Total shareholder's equity		61,270	- -	- -	61,270
Total equity and liabilities		1,080,259	- -	- -	1,080,259

Descriptions and nature of items affected by the transition to IFRS or reclassification

Explanation:

1. Intangible assets (software) included in Property, plant and equipment were reallocated to intangible assets

Notes to the balance sheet

5. Property, plant and equipment

	Furniture fittings and other equipment N$ '000	Work-in progress N$ '000	Computer equipment N$ '000	Motor vehicles N$ '000	Total N$ '000
The Group					
5.1 30 September 2007					
Opening net carrying value	8 343	1 821	5 103	674	15 941
Additions	3 140	- -	983	- -	4 123
Disposals	(1 020)	- -	(1 010)	(732)	(2 762)
Depreciation charge	(1 926)	- -	(2 313)	(184)	(4 423)
Depreciation on disposals	998	- -	1 008	448	2 454
Transfers from inventory	- -	- -	1 302	- -	1 302
Reclassification to intangible asset	20	(1 821)	1 117	- -	(684)
Impairment	(958)	- -	- -	- -	(958)
Closing net carrying value	8 597	- -	6 190	206	14 993
Cost	20 493	- -	20 995	1 477	42 965
Accumulated depreciation	(10 938)	- -	(14 805)	(1 271)	(27 014)
Accumulated impairments	(958)	- -	- -	- -	(958)
Net carrying value	8 597	- -	6 190	206	14 993
5.2 30 September 2006					
Opening net carrying value	2 954	1 660	2 365	1 412	8 391
Additions	6 384	1 821	3 646	- -	11 851
Disposals	(2)	- -	- -	(545)	(547)
Depreciation charge	(1 445)	- -	(2 116)	(311)	(3 872)
Depreciation on disposals	- -	- -	- -	118	118
Reclassification	452	(1 660)	1 208	- -	- -
Closing net carrying value	8 343	1 821	5 103	674	15 941
Cost	18 352	1 821	18 605	2 209	40 987
Accumulated depreciation	(10 009)	- -	(13 502)	(1 535)	(25 046)
Net carrying value	8 343	1 821	5 103	674	15 941

During the year ended 30 September 2006, software was reclassified to intangible assets. Refer to note 6 below.

	Furniture fittings and other equipment N$ '000	Work-in progress N$ '000	Computer equipment N$ '000	Motor vehicles N$ '000	Total N$ '000
The Company					
30 September 2007					
Opening net carrying value	7 934	1 821	3 403	674	13 832
Additions	3 138	- -	978	- -	4 116
Disposals	(1 020)	- -	(1 010)	(732)	(2 762)
Depreciation charge	(1 681)	- -	(1 772)	(184)	(3 637)
Depreciation on disposals	998	- -	1 008	448	2 454
Reclassification to intangible asset	20	(1 821)	1 117	- -	(684)
Impairment	(958)	- -	- -	- -	(958)
Closing net carrying value	8 431	- -	3 724	206	12 361
Cost	19 889	- -	17 160	1 477	38 526
Accumulated depreciation	(10 500)	- -	(13 436)	(1 271)	(25 207)
Accumulated impairments	(958)	- -	- -	- -	(958)
Net carrying value	8 431	- -	3 724	206	12 361
30 September 2006					
Opening net carrying value	2 954	1 660	2 365	1 412	8 391
Additions	5 783	1 821	1 116	- -	8 720
Disposals	(2)		- -	(545)	(547)
Depreciation charge	(1 253)	- -	(1 286)	(311)	(2 850)
Depreciation on disposals	- -	- -	- -	118	118
Reclassification	452	(1 660)	1 208	- -	- -
Closing net carrying value	7 934	1 821	3 403	674	13 832
Cost	17 751	1 821	16 075	2 209	37 856
Accumulated depreciation	(9 817)	- -	(12 672)	(1 535)	(24 024)
Net carrying value	7 934	1 821	3 403	674	13 832

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000

5.3 Assets under lease agreements included above:

Computer equipment				
Cost	6 805	- -	6 746	- -
Accumulated depreciation	(747)	- -	(713)	- -
Closing net carrying amount	6 058	- -	6 033	- -

5.4 The following property, plant and equipment serve as security for borrowings (refer to note 14):

Nature of property, plant and equipment	Nature of security	Book value		Book value	
Computer equipment lease and loan	Standard Bank finance	- -	226	- -	226
Motor vehicles	Instalment sale agreement	205	656	205	656
Hybrid mail	Instalment sale agreement	727	811	727	811

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
6. Intangible assets				
Opening net carrying value	10 449	4 158	5 997	4 158
Additions	5 113	9 344	5 083	4 207
Reallocation from PPE	684	- -	684	- -
Disposals	(2 143)	(239)	(2 143)	(239)
Amortisation on disposals	2 143	- -	2 143	- -
Amortization	(1 059)	(2 539)	(876)	(1 854)
Impairment charge	300	(275)	300	(275)
Closing net carrying value	15 487	10 449	11 188	5 997
Cost	49 508	45,854	44 341	40 717
Accumulated amortization	(33 960)	(35,044)	(33 092)	(34 359)
Impairment	(61)	(361)	(61)	(361)
Closing net carrying value	15 487	10 449	11 188	5 997

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

	The Group		The Company	
	2007 N$'000	2006 N$'000	2007 N$'000	2006 N$'000
7. Interest in joint venture				
Beginning of the year			17 716	11 750
Loan to joint venture			- -	4 750
Interest accrued on loan			1 576	1 216
Balance at end of the year			19 292	17 716
The investment in joint venture comprises of:				
Shares in joint venture			4 000	4 000
Loan to joint venture			15 292	13 716
			19 292	17 716

The Company has a 50% interest in a joint venture, SmartSwitch (PTY) Ltd, which is in the information technology industry. The Company is registered in the Republic of Namibia. The following amounts represent the Company'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 2007 N$'000	The Group 2006 N$'000	The Company 2007 N$'000	The Company 2006 N$'000
Assets				
Non-current assets			11 678	11 303
Current assets			4 780	5 287
			16 458	16 590
Liabilities				
Long-term liabilities			15 306	13 750
Current liabilities			705	531
			16 011	14 281
Net assets			447	2 309
Income			3 727	7 384
Expenses			(5 590)	(9 074)
Loss after income tax			(1 863)	(1 690)
Proportionate interest in joint venture's commitments	44	25	- -	- -

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

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
8. Available-for-sale investments				
8.1 Listed investments	561	561	561	561
Opening balance	561	380	561	380
Net gains/(losses) transfer to equity	- -	181	- -	181
The listed investment comprises of shares in the following companies:				
Sanlam Limited - 11,191 (2006: 11,191) shares	186	186	186	186
Old Mutual Plc - 14,400 (2006: 14,400) shares	375	375	375	375
	561	561	561	561
8.2 Unit trusts	341 168	126	341 168	126
Opening balance	126	69	126	69
Additions	341 042		341 042	- -
Net gains/(losses) transfer to equity	- -	57	- -	57
8.3 Bonds and other deposits				
Government stock and treasury bills	386 999	457 663	386 999	457 663
Negotiable Certificates of Deposits	17 081	16 909	17 081	16 909
Short term deposits and funds at call with banks and building societies.	587 228	465 939	587 228	465 939
	991 308	940 511	991 308	940 511
Total available-for-sale investments	1 333 037	941 198	1 333 037	941 198
The maturity of these investments are analysed as follows:				
Current investments - not later than 1 year	1 031 125	513 239	1 031 125	513 239
Non-current investments	301 912	427 959	301 912	427 959
Later than 1 year and not later than 5 years	262 256	246 133	262 256	246 133
Later than 5 years	39 656	181 826	39 656	181 826
	1 333 037	941 198	1 333 037	941 198

N$9 million of government bonds have been pledged as security for the DBN loan, refer to note 14.3.

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
9. Inventories				
Stamps	2 325	1 882	2 325	1 882
Stationery	1 218	1 195	1 218	1 195
Goods for resale	11 651	8 028	11 651	8 028
Documents of value	411	386	411	386
Other stock	460	1 799	442	460
WIP Philately	25	- -	25	- -
Impairment for damaged inventories	- -	(185)	- -	(185)
Smartcards on hand	3 751	5 833	3 751	5 833
Impairment of inventory	(992)	(405)	(992)	- -
Total inventories	18 849	18 533	18 831	17 599

Inventories included above, are stated at net realisable value.

Goods for resale comprise vault items. Documents of value comprise philately items, value cards, telephone cards, postal orders and postal stationery. Other stock comprise of uniforms.

10. Receivables and prepayments

10.1 Trade receivables	The Group 2007	The Group 2006	The Company 2007	The Company 2006
Agency fees receivables	2 308	1 500	2 287	1 500
Courier debtors	14 163	7 874	14 163	7 874
Government ministries	3 206	2 434	3 206	2 434
International debtors	4 347	6 027	4 347	6 027
Mail debtors	5 427	5 226	5 427	5 226
Philately debtors	115	178	115	178
Other	11	7	- -	- -
	29 577	23 246	29 545	23 239
Less: Provision for impairment of receivables	(4 647)	(4 670)	(4 647)	(4 658)
	24 930	18 576	24 898	18 581

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
10.2 Other receivables				
Accrued income	6 075	3 274	6 075	3 274
Clearing accounts	1 195	2 631	1 195	2 631
Receiver of Revenue - VAT	5 717	427	5 717	331
Staff loans	3 135	2 694	3 135	2 694
Sundry debtors	854	2 677	854	2 677
Due from group entities	2 330	554	512	554
Deposits and prepayments	1 927	774	1 474	611
	21 232	13 031	18 962	12 772
Less: Provision for impairment of other receivables	(3 411)	(3 387)	(3 359)	(3 387)
	17 821	9 644	15 603	9 385
Total receivables and prepayments	42 752	28 220	40 501	27 966

11. Cash and cash equivalents

	The Group 2007 N$'000	The Group 2006 N$'000	The Company 2007 N$'000	The Company 2006 N$'000
Bank balances	81 002	50 469	79 475	49 266
Cash on hand	4 083	3 946	4 083	3 363
Total cash and cash equivalents	85 085	54 415	83 558	52 629

For the purpose of the cash flow statement the year-end cash and cash equivalents comprise the following:

	The Group 2007 N$'000	The Group 2006 N$'000	The Company 2007 N$'000	The Company 2006 N$'000
Cash and bank balances	85 085	54 415	83 558	52 629

N$17,556,433.49 (2006: N$6,505,223.34) of the cash and cash equivalent balances held by the company belongs to the bank customers and is not available for use by the group.

The company has a bank overdraft facility of N$10,000,000 (2006: N$10,000,000) applicable to all the current accounts on an aggregate balance.

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
12. Ordinary shares				
Authorised				
Ordinary shares of 50,000,000 (2006: 50,000,000) at N$1 each	50 000	50 000	50 000	50 000
Issued				
Ordinary shares of 5,075,000 (2006: 5,075,000) at N$1 each	5 075	5 075	5 075	5 075

13. Fair value reserve

Investments in government bonds, treasury bills and other deposits and funds in institutions are classified as available-for-sale investments. These investments are currently measured at fair value through equity.

	The Group 2007 N$'000	The Group 2006 N$'000	The Company 2007 N$'000	The Company 2006 N$'000
Opening balance	8 967	7 585	8 967	7 585
Fair value gain / (loss) net of deferred tax transferred to equity	3 891	19 634	3 891	19 634
Transferred to profit or loss on sale	(3 191)	(18 252)	(3 191)	(18 252)
	9 667	8 967	9 667	8 967

14. Interest-bearing borrowings

	The Group 2007 N$'000	The Group 2006 N$'000	The Company 2007 N$'000	The Company 2006 N$'000
14.1 Loan				
14.1.1 Standard Bank	- -	- -	- -	- -
Total amount outstanding	- -	494	- -	494
Short-term portion (disclosed under current)	- -	(494)	- -	(494)
The loan was fully paid during the year				
14.2 KFW Loan	4 593	4 555	4 593	4 555
Total amount outstanding	4 593	4 555	4 593	4 555
Short-term portion (disclosed under current)	- -	- -	- -	- -

The effective interest rate on the loan is 4% (2006: 4%) and is repayable in half yearly instalments of 15,000 Euros commencing 30 June 2015.

The loan is unsecured.

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
14.3 DBN Loan	8 323	11 851	8 323	11 851
Total amount outstanding	11 486	11 851	11 486	11 851
Short-term portion (disclosed under current)	(3 163)	- -	(3 163)	- -

At year-end the average interest rate was 11.5% (2006: 9.07%) and is repayable in monthly instalments of N$324 068.90 (2006: N$384,050). 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).

14.4 Finance lease agreements

	The Group 2007	The Group 2006	The Company 2007	The Company 2006
14.4.1 Standard Bank finance lease	- -	- -	- -	- -
Total amount outstanding	- -	359	- -	359
Short-term portion (disclosed under current)	- -	(359)	- -	(359)

The loan was fully paid during the year

	The Group 2007	The Group 2006	The Company 2007	The Company 2006
14.4.2 SmartSwitch Finance Lease	2 907	3 892	5 814	7 784
Total amount outstanding	3 892	4 755	7 783	9 510
Short-term portion (disclosed under current)	(985)	(863)	(1 969)	(1 726)

A rental agreement exist between Namibia Post Limited and SmartSwitch (Pty) Limited. The substance of the agreement is a finance lease. The rentals were discounted over a period of 5 years at 11.25% (2006: 11.25%). The instalment is N$240 000 (2006: N$240 000) per month.

The liability is unsecured.

	The Group 2007	The Group 2006	The Company 2007	The Company 2006
14.4.3 Standard Bank finance lease	8	34	- -	- -
Total amount outstanding	29	53	- -	- -
Short-term portion (disclosed under current)	(21)	(19)	- -	- -

Secured by: Computer equipment with a book value of N$48,758.

14. Interest-bearing borrowings (cont)

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
14.4.4 Instalment sale agreement	- -	406	- -	406
Total amount outstanding	218	1 078	218	1 078
Short-term portion (disclosed under current)	(218)	(672)	(218)	(672)

The loan bears interest at prime less 2.25% (2006: prime less 2.25%) and is repayable in monthly instalments of N$ 36,250 (2006: N$35,896)
Secured by: Motor Vehicles (Refer note 5.4).

Total non-current interest bearing borrowings	15 869	20 738	18 730	24 596
14.5 Current portion of interest bearing borrowings	4 387	2 407	5 350	3 251

14.6 Maturity of non-current borrowings
(excluding finance lease liabilities):

Not later than 1 year	3 381	1 166	3 381	1 166
Later than 1 year and not later than 5 years	12 916	16 812	12 916	16 812
	16 297	17 978	16 297	17 978

14.7 Reconciliation between the total of minimum lease payments and the present value of finance leases included above:

Not later than 1 year	229	820	229	796
Later than 1 year and not later than 5 years	- -	494	- -	462
	229	1 314	229	1 258
Less: Deferred finance costs	(11)	(126)	(11)	(118)
Present value	218	1 188	218	1 140

14.8 Interest rate exposure

The interest rate exposure of borrowings is as follows:				
At fixed rates	4 593	4 555	4 593	4 555
At floating rates	15 625	18 590	19 487	23 292
	23 145	24 080	27 847	27 847

At year-end the average interest rate was 11.9% and is repayable in monthly instalments of N$3,577.

15. Fair value of financial instruments

At 30 September 2007, 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			
	2007		2006	
	Carrying Value N$'000	Fair Value N$'000	Carrying Value N$'000	Fair value N$'000
The Group				
Available-for-sale investments	1 333 037	1 333 037	941 198	941 198
Trade and other receivables	42 752	42 752	28 220	28 220
Cash and cash equivalents	85 085	85 085	50 260	50 260
Trade and other liabilities	77 998	77 998	56 967	56 967
Borrowings	20 256	20 256	23 145	23 145
The Company				
Available-for-sale investments	1 333 037	1 333 037	941 198	941 198
Trade and other receivables	40 501	40 501	27 966	27 966
Cash and cash equivalents	83 558	83 558	48 474	48 474
Trade and other liabilities	77 123	77 123	57 544	57 544
Borrowings	24 080	23 290	27 847	27 847

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
16. Savings bank investors				
Savings accounts	189 796	175 093	189 796	175 093
Savings certificates	33 431	36 333	33 431	36 333
Save-as-you-earn	1 473	1 377	1 473	1 377
Fixed term deposits	1 110 779	702 360	1 110 779	702 360
	1 335 479	915 163	1 335 479	915 163
The effective interest rate for the portfolio is 8.68% (2006: 6.86%)				
The current and long term portions of the portfolio is split as follows:				
Current portion	1 325 468	840 381	1 325 468	840 381
Non-current portion	10 011	74 782	10 011	74 782
	1 335 479	915 163	1 335 479	915 163

17. Deferred tax asset

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 35% (2006: 35%).

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

	The Group 2007	The Group 2006	The Company 2007	The Company 2006
At beginning of year	(2 694)	1 239	(1 707)	1 239
Fair value adjustment	377	746	377	746
Income statement charge	(3 846)	(4 679)	(2 859)	(3 692)
At end of year	(6 163)	(2 694)	(4 189)	(1 707)

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

The Group	2006	Charged directly to equity	Charged/ (credited) to net profit	2007
Deferred tax liability	12 569	377	1 005	13 951
Capital allowances	5 614	- -	461	6 075
Fair value adjustment on available-for-sale investments	4 830	377	- -	5 207
Fair value adjustment on borrowings	1 479	- -	(38)	1 441
Prepayments	256	- -	403	659
Unrealised income	390	- -	179	569

17. Deferred tax asset (cont)

The Group

	2006	Charged directly to equity	Charged/ (credited) to net profit	2007
Deferred tax asset	(15 263)		(4 851)	(20 114)
Retirement benefits obligation	(4 998)	- -	(370)	(5 368)
Provision for doubtful debts	(1 965)	- -	(137)	(2 102)
Finance lease liabilities	(3 454)	- -	730	(2 724)
Provision for leave pay	(1 685)	- -	(247)	(1 932)
Provision for Incentive bonuses	(1 495)	- -	659	(836)
Impairment losses on inventory and property, plant and equipment	- -	- -	(367)	(367)
Income received in advance	- -	- -	(990)	(990)
Unrealised foreign exchange differences	(292)	- -	(546)	(838)
Provision for repair costs	(15)	- -	5	(10)
Income tax loss	(1 359)	- -	(3 588)	(4 947)
Net deferred tax liability / (asset)	(2 694)	377	(3 846)	(6 163)

The Company

	2006	Charged directly to equity	Charged/ (credited) to net profit	2007
Deferred tax liability	12 168	377	(58)	12 487
Capital allowances	5 264	- -	(500)	4 764
Fair value adjustment on available-for-sale investments	4 830	377		5 207
Fair value adjustment on borrowings	1 479	- -	(38)	1 441
Prepayments	205	- -	301	506
Unrealised income	390	- -	179	569
Deferred tax asset	(13 875)	- -	(2 801)	(16 676)
Retirement benefits obligation	(4 998)	- -	(370)	(5 368)
Provision for doubtful debts	(1 962)	- -	(140)	(2 102)
Finance lease liabilities	(3 454)	- -	730	(2 724)
Provision for leave pay	(1 674)	- -	(232)	(1 906)
Provision for Incentive bonuses	(1 495)	- -	689	(806)
Impairment losses on inventory and property, plant and equipment	- -	- -	(347)	(347)
Income received in advance	- -	- -	(990)	(990)
Unrealised foreign exchange differences	(292)	- -	(546)	(838)
Income tax loss	- -	- -	(1 595)	(1 595)
Net deferred tax liability / (asset)	(1 707)	377	(2 859)	(4 189)

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
18. Trade and other payables				
Trade payables	21 651	14 006	21 556	14 982
Revenue received in advance	2 829	522	2 829	522
Agency creditors	23 938	21 838	23 938	21 838
Money held on behalf of public	1 598	1 969	1 598	1 969
Other payables	27 983	22 787	27 202	22 388
Other accruals	2 873	2 925	2 378	2 730
Salary related accruals	10 066	11 974	10 066	11 974
Unpresented cheques issued	5 951	4 155	5 951	4 155
Payables - Fellow subsidiaries and holding company	3 615	204	3 431	- -
Receiver of Revenue	100	- -	- -	- -
Sundry payables	1 426	1 320	1 424	1 320
Suspense and clearing accounts	3 951	2 209	3 951	2 209
	77 998	61 122	77 123	61 699

19. Current tax asset				
Opening balance	(1 615)	(1 039)	(1 615)	(1 039)
Charge to the income statement	198	4 413	198	4 413
Tax refund	1 038	- -	1 038	- -
Tax payments	(565)	(4 989)	(565)	(4 989)
Closing balance	(944)	(1 615)	(944)	(1 615)

Notes to the income statement

20. 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.

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
Revenue earned is split between the classes as follows:				
Postal business	86 679	79 717	86 679	79 717
International dues	8 802	8 689	8 802	8 689
Agency fees	7 902	6 492	7 902	6 492
Philately sales	8 176	6 316	8 176	6 316
Courier services revenue	33 208	25 561	33 208	25 561
Telecard, flexicards, tango cards and MTC vouchers	84 927	90 296	84 927	90 296
Savings Bank fee income	11 518	8 578	11 518	8 578
Savings Bank interest income	55 074	52 457	55,074	52,457
Profit on sales of available-for-sale investments	441	25 361	441	25 361
Card registration and enrolment fees	77	167	- -	- -
Dividends received	55 363	16 968	55 363	16 968
Transaction fees	1 645	444	- -	- -
Hardware and consumable sales	96	5 476	- -	- -
Prepaid products sales	232	- -	- -	- -
System customization	131	- -	- -	- -
Software sales	- -	147	- -	- -
Equipment rental	699	488	- -	- -
Other	72	24	- -	- -
	355 042	327 181	352 090	320 435

21. Cost of sales

Stock expenses	4 571	4 290	4 571	4 290
Telephone cards	78 826	84 047	78 826	84 047
Transport expenses	2 513	2 201	2 513	2 201
International expenses	2 764	2 516	2 764	2 516
Philately commission	3 580	2 847	3 580	2 847
Philately expenses	394	183	394	183
Savings bank interest expense	91 587	52 571	91 587	52 571
Other	2 101	7 218	1 786	2 564
	186 336	155 873	186 021	151 219

22. Other operating income

Profit / (Loss) on disposal of property, plant and equipment	82	(26)	82	(26)
Profit on foreign exchange	- -	647	- -	647
Interest received	3 588	2 350	2 815	1 713
Fair value of available-for-sale investment		238		238
Fair value adjustment of financial liability	- -	4 227	- -	4 227
Other	676	1 338	676	1 338
	4 346	8 774	3 573	8 137

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
23. Operating profit				
23.1 *The following items have been charged in arriving at operating profit for the year:*				
Administration fees RSA	12	360	12	22
Auditors' remuneration	989	1 351	966	1 348
Audit fees - current year	756	491	741	491
- provision	- -	228	- -	228
Other services	233	632	225	629
Depreciation (a detailed breakdown is presented in note 5.)	4 423	3 872	3 637	2 850
Amortization of intangible assets (a detailed breakdown is presented in note 6)	1 059	2 539	876	1 854
Directors' remuneration: non-executive directors				
For services as directors	132	286	132	286
Consultancy fees	2 934	1 506	2 934	1 506
Loss on disposal of property, plant and equipment	- -	26	- -	26
Rental under operating leases	21 973	18 531	21 681	18 266
Land and buildings	11 894	11 132	11 675	10 913
Motor vehicle	8 227	5 546	8 154	5 500
Other fixed assets	1 852	1 853	1 852	1 853
Salaries and wages (refer to note 29.)	83 135	80 951	81 329	79 861
23.2 *The following items have been credited in arriving at operating profit for the year:*				
Dividend received	55 363	16 968	55 363	16 968
Interest received	3 588	2 350	2 815	1 713
Fair value adjustment of available-for-sale investments	- -	238	- -	238
Foreign exchange gain/ (loss)	686	647	686	647
Realised	(231)	172	(231)	172
Unrealised	916	475	916	475
Profit on disposal of property, plant and equipment	82	- -	82	- -
Profit on sales of available-for-sale investments	441	25 361	441	25 361
Savings Bank net income	30 792	27 156	30 792	27 156
Interest income from available-for-sale investments	110 861	69 402	110 861	69 402
Other income	11 518	8 578	11 518	8 578
Interest expense	(91 587)	(50 824)	(91 587)	(50 824)

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
24. Expenses by nature				
Employee compensation and benefit expense	83 150	81 274	81 653	80 139
Management fees	450	336	- -	- -
Auditors remuneration	989	1 351	966	1 348
Depreciation, amortization and impairment charges	6 144	6 686	5 173	4 979
Advertising	1 970	2 336	1 970	2 279
Operating lease rentals	21 974	18 536	21 682	18 266
Computer expenses	9 353	8 719	9 353	8 719
Motor vehicle expenses	7 353	6 066	7 353	6 066
Security costs	3 821	2 630	3 821	2 627
Water and electricity	2 216	2 035	2 216	2 003
Communication expenses	3 119	4 012	3 119	3 934
Insurance	3 641	2 467	3 641	2 429
Provision for bad debts	(168)	3 725	(168)	3 713
Repairs & maintenance	1 854	3 099	1 854	3 074
Sundry expenses	650	802	650	802
Consulting fees	2 756	1 506	2 756	1 506
Other	10 369	4 549	9 059	3 842
Total administrative and other expenses	159 641	150 129	155 098	145 726
Cost of sales (refer to note 21)	186 336	155 873	186 021	151 219
Total cost of sales, administrative and other expenses	345 977	306 002	341 119	296 945
Allocated to:				
Cost of sales	186 336	155 873	186 021	151 219
Administrative expenses	30 007	31 133	25 523	26 768
Other operating expenses	129 634	118 996	129 575	118 958
	345 977	306 002	341 119	296 945
25. Finance costs				
Interest expense				
Bank overdraft	3	28	3	26
Finance lease agreements	1 485	631	1 479	626
Instalment sale agreements	1 123	1 038	1 123	1 038
Loans	1 766	1 234	189	13
Repurchase agreements	- -	755	- -	755
Total net finance costs	4 377	3 686	2 794	2 458

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
26. Taxation				
26.1 Namibian normal tax				
Current year	- -	5 020	- -	5 020
Prior year	98	(607)	198	(607)
26.2 Deferred tax				
Current year	(3 846)	(4 679)	(2 859)	(3 692)
	(3 648)	(266)	(2 661)	721
26.3 Reconciliation of taxation on the group's profit before tax with the tax charge:				
Operating profit	9 036	26 267	11 750	29 169
Tax thereon at the normal tax rate of 35%	3 162	9 194	4 112	10 209
Adjusted for:				
Non-taxable income received	(19 377)	(7 262)	(19 377)	(7 262)
Non-deductible expense	12 370	324	12 406	296
Prior period adjustment - current tax	198	(607)	198	(607)
- deferred tax	- -	(1 915)	- -	(1 915)
	(3 648)	(266)	(2 661)	721

Notes to the cash flow statement

27. Cash generated from operations

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
Reconciliation of profit before tax to cash generated from operations:				
Profit for the year	9 036	26 267	11 750	29 169
Adjusted for:				
Depreciation	4 423	3 872	3 637	2 850
Amortization of intangible assets	1 059	2 539	876	1 854
Dividend received	(55 363)	(16 968)	(55 363)	(16 968)
Interest received	(3 588)	(2 350)	(2 815)	(1 713)
Finance expense	4 377	3 686	2 794	2 458
Impairment of property, plant and equipment	658	275	658	275
Fair value adjustment of financial liability	- -	(4 465)	- -	(4 465)
Profit on sale of property, plant and equipment	(82)	26	(82)	26
Provision for post-retirement benefits	1 057	1 866	1 058	1 866
Changes in working capital:				
Increase in trade and other receivables	(14 532)	(4 676)	(12 534)	(4 422)
Increase in inventory	(1 618)	(9 092)	(1 232)	(8 158)
increase in trade and other payables	16 876	16 400	15 424	16 977
Cash generated from operations	(37 697)	17 380	(35 829)	19 749
In the cash flow statement, proceeds from sale of property, plant and equipment comprise:				
Net book amount (note 5.)	308	429	308	429
Profit on sale of property, plant and equipment	82	(26)	82	(26)
Proceeds from disposal of property, plant and equipment	390	403	390	403

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
28. Reconciliation of tax paid during the year				
Charge to the income statement	(3 648)	721	(2 661)	721
Adjustment for deferred tax	3 846	3 692	2 859	3 692
Refund made	1 038	- -	1 038	- -
Movement in taxation liability	(671)	576	(671)	576
Payments made	565	4 989	565	4 989
Other notes				
Staff and retirement benefit costs				
Number of current employees	719	754	705	740
Salaries and wages	68 801	67 028	67 212	66 060
Social security	216	212	212	209
Pension costs	6 552	5 995	6 367	5 897
Medical aid contributions	6 509	5 850	6 480	5 829
Post-retirement benefits	1 057	1 866	1 058	1 866
	83 135	80 951	81 329	79 861

30. 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 (Pty) Limited is the joint venture between Namibia Post Limited and Net 1 UEPS Technologies Inc. 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.

30.1 The following transactions were carried out with related parties:

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
Sales of goods / services				
Telecom Namibia Limited	2 386	3 317	2 386	3 317
SmartSwitch Namibia Limited	- -	- -	- -	- -
Namibia Post and Telecom Holdings Limited	1	4	1	4
Mobile Telecommunications Limited	1 219	1 427	1 219	1 427
Other State Owned Enterprises	7 322	5 270	7 322	5 270
Purchases of goods / services				
Namibia Post and Telecom Holdings Limited	16 056	12 503	16 056	12 503
Mobile Telecommunications Limited	57 427	56 943	57 427	56 943
Telecom Namibia Limited	17 319	35 452	17 319	35 452
SmartSwitch (Pty) Limited	2 941	7 361	5 882	14 721
Preferred Labour Solutions (Pty) Ltd (a company controlled by a Director)	98	- -	98	- -

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
30.2 Outstanding balances arising from the purchases and sales of goods				
Receivable from related parties:				
SmartSwitch (Pty) Limited	- -	26	- -	52
Mobile Telecommunications Limited	233	1 522	233	1 522
Telecom Namibia Limited	486	479	486	479
Namibia Post and Telecom Holdings Limited	1 205	2 027	- -	8
Other State Owned Enterprises	1 621	1 423	1 621	1 423
30.3 Outstanding balances arising from the purchases and sales of goods				
Payable to related parties:				
Namibia Post and Telecom Holdings Limited	360	- -	360	- -
Mobile Telecommunications Limited	7 157	5 273	7 157	5 273
Telecom Namibia Limited	4 300	6 479	4 300	6 479
SmartSwitch	1 235	1 068	2 469	2 135

30.4 Directors' remuneration

Directors' remuneration is disclosed in note 23.

	The Group 2007	The Group 2006	The Company 2007	The Company 2006
30.5 Key Management Compensation				
Salaries and other short-term employee benefits	13 198	10 659	12 536	10 659
Post-employment benefits	6	4	6	4
Other long-term benefits	2 170	1 738	2 170	1 738
	15 374	12 401	14 712	12 401

31. 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$294,552 (2006: N$235,000).

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000

32. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:				
Up to one year	10 982	1 523	10 795	1 523
1 to 5 years	18 609	826	18 609	826
Longer than 5 years	- -	- -	- -	- -
Total future minimum operating lease payments	29 591	2 349	29 404	2 349

33. Other commitments

33.1 Capital commitments

Commitments in respect of contracts placed amounts to N$ Nil (2006: N$3,111,000). Capital commitment approved by the Board of Directors, but not yet ordered amounts to N$ 18,077,688 (2006: N$ 13,190,975). It is intended to finance capital expenditure from working capital generated within the company and loans.

33.2 Guarantees

The company has issued the following guarantees

Ministry of Finance	20	20	20	20
Cell one	5 000	- -	5 000	- -

34. 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. 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. An actuarial valuation was carried out at 16 August 2004 for the year ended 30 September 2003, which indicated that the fund was in a sound financial position.

35. Post-retirement benefits

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.

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
Reconciliation of liability recognised on the balance sheet				
Present value of unfunded liability	15 338	14 280	15 338	14 280
A reconciliation showing the movements during the year in the net liability recognised in the balance sheet:				
Opening balance	14 280	12 414	14 280	12 414
Current Service Cost	843	1 068	843	1 068
Interest cost	1 345	1 073	1 345	1 073
Actuarial (gains) / losses	(583)	- -	(583)	- -
Benefit payments	(296)	- -	(296)	- -
Miscellaneous items	(251)	(275)	(251)	(275)
Net liability in the balance sheet	15 338	14 280	15 338	14 280
The amounts recognised in the income statement are as follows:				
Current Service Cost	843	1 068	843	1 068
Interest cost	1 345	1 073	1 345	1 073
Actuarial (gains) / losses	(583)	- -	(583)	- -
Miscellaneous items	(251)	(275)	(251)	(275)
Total	1 354	1 866	1 354	1 866

35. Post-retirement benefits (cont)

	The Group		The Company	
	2007	2006	2007	2006
	N$'000	N$'000	N$'000	N$'000
Principal actuarial assumptions at the balance sheet date:				
Health care cost inflation	7.0%	6.5%	7.0%	6.5%
Discount rate	9.0%	8.5%	9.0%	8.5%
CPI Inflation	5.0%	4.5%	5.0%	4.5%
Normal retirement age	60	60	60	60
Expected average retirement age	59	59	59	59

The effect of a 1% movement in the assumed medical cost inflation rate were as follows:	Increase	Decrease
	N$'000	N$'000
Effect on the aggregate of the current service cost and interest cost	2,841	1,867
Effect on the accumulated post-employment benefit obligation for medical costs	18,627	12,769

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	2007	2006	2005	2004
	N$'000	N$'000	N$'000	N$'000
Present valued of defined benefit obligation	15 338	14 280	12,414	10,841
Experience adjustments on plan liabilities	(583)	- -	- -	(224)

36. Prior year adjustment - deferred tax

"During the current year it was noted that the prior year deferred taxation calculation was not correct due to the following:
- The provisions for leave-pay and incentive bonuses were treated as permanent differences instead of temporary differences
- The tax base of the smartcard lease liability and the related smartcard assets were determined on the basis the liability and assets are recognised for tax purposes. The liability and assets are not recognised for tax purposes. The lease payments are deductible when incurred. "

A revised deferred tax calculation was done in the current year and the financial statements for 2006 have been restated to account for this adjustment. The effect of the restatement on those financial statements is summarised below:

Effect on 2006	The Group N$ '000	Company N$ '000
Decrease in income tax expense	(3 906)	(3 906)
Increase in deferred tax asset	3 906	3 906
Increase in retained earnings	3 906	3 906

37 Reclassification of comparatives

Certain comparatives have been reclassified for more appropriate presentation

37.1 Unpresented cheques

In the 2006 financial statements, cheques issued by the company that were not presented to the bank by its' creditors at balance sheet date were deducted from bank balances. This was not in accordance with IAS 39 which states that a liability is derecognised when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, or cancelled, or it expires. Cheques are promissory notes and, accordingly, the acceptance of a cheque by a creditor amounts to a conditional discharge of a debt. The discharge is conditional upon the bank, acting as agent of the issuer, providing the creditor with the amount due as promised on the cheque. Unpresented cheques as at 30 September 2006 have been reclassified to trade and other payables. The effect of the reclassification on those financial statements is summarised below.

Effect on 2006	The Group N$ '000	Company N$ '000
Increase in trade and other payables	4,155	4,155
Increase in cash and cash equivalents	4,155	4,155

37. Reclassification of comparatives (cont)

37.2 Dividend received

In the 2006 financial statements, dividends received from treasury operations were classified as 'other operating income' in the income statement. As treasury operations form part of the main business of the company, it is more appropriate to classify this income as part of revenue. The effect of the reclassification on those financial statements is summarised below.

Effect on 2006	The Group N$ '000	Company N$ '000
Increase in revenue	16 968	16 968
Decrease in other operating income	(16 968)	(16 968)

ADMINISTRATION

Namibia Post Limited

Post Office Building

Cnr. Independence Avenue & Daniel Munamava Street

P.O. Box 287

Windhoek

Namibia

Namibia Post Limited

Post Office Building

Cnr. Independence Avenue & Daniel Munamava Street

P.O. Box 287

Windhoek

Namibia

00568946570007465 01