DELIVERING 360° RESULTS



Annual Report 2013







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Vision To be the best at what we do!

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

Values

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

Facts about Namibia



Major Ethnic Groups: Owambo, Kwangali, Damara,

Herero, Nama, San, Afrikaner,

German and others.

Currency: Namibia Dollar (NAD)

NamPost Branches: 136

Group Structure

GOVERNMENT OF THE REPUBLIC OF NAMIBIA



Namibia Post and Telecom Holdings LTD



:





50% Owned



Outgoing Board of Directors



from left to right

Nangula Hamutenya Neville Field Sebby Kankondi Chairman

Boas Mweendeleli Ndahafa Nambira

Newly Appointed Board of Directors





Dr. Perien Boer

Coenraad Coetzee

Newly Appointed Board of Directors





Dr. Kalumbi Shangula Chairman

Neville Field

Exco



Ambrosius lipinge GM: Postal

Services

Sonia Bergh GM: Human

Resources

Philip Mans GM: ICT

Max Schaffer

GM: Courier

Festus Hangula Chief Executive

Officer

Exco



Bertie Reyneke

GM: Savings Bank

Berlindi Van Eck GM: Corporate

Marketing

George Itembu Head: Internal Audit

Eldorette Harmse Head: Legal Services and Company Secretary

Norman Cloete GM: Corporate Finance



Dr. Kalumbi Shangula Chairman

Chairman's Review

Introduction

I am pleased to report that NamPost continues to demonstrate its steadfastness in many areas, including financial performance. The business performed well, having regard to the ambitious targets set and met. I am extremely humbled to take over the reign as Chairman of the NamPost Board. I, together with the newly appointed Board look forward to continue in the footsteps of the previous Board. As a "new" Board, our goal will be to ensure the long-term realization of opportunities for the business.

Maintaining Strategic Momentum

I have been Chairman for a short period, but I am struck by the NamPost Group's ability to remain commercially agile and flexible in its choices of which business lines to follow. Although broadly speaking our growth strategy has not changed in recent years it has been somewhat refined to focus on selective, profitable growth that can be funded sustainably.

Our strategic priorities are focused on leveraging our competitive strengths in order to target diversification of our business by geography, business products and services and customers.

Our strategy remains rooted in our heritage as a company focused on innovative products and services that match the ever evolving needs of our customers. I firmly believe that it is the path we need to take if we are to remain competitive and to further growth. This path includes a commitment to the responsible and sustainable development of our business.

Moving Forward

A strategic priority which is essential for the future growth of our business is the expansion of our financial services in line with governmental policy on financial inclusion. The postal outlets, and the expansion thereof, play a pivotal role to augment financial inclusion and at the same time provides universal access to postal services.

Social Responsibility

NamPost continues to provide its products and services in several communities around Namibia purely as a social responsibility, in line with universal access principles. Rendering these services in the communities in which we operate is something that has always been important to NamPost and we are committed to continuing our community involvement.

Taxes

As a corporate citizen NamPost has paid over N\$21 million in taxes to the Government during the financial year just ended. NamPost remains committed to comply with the prevailing tax laws in the country and will continue to do so, as it is committed to be a corporate citizen that complies with legislation and regulatory practices.

Dividends

In line with its dividend policy, NamPost can choose to pay or not to pay a dividend in a given period. In this period under review, it has decided to invest funds in the further expansion of the business, and in particular the expansion of its financial services offering to ensure both financial and social inclusion of the Namibian people.

Chairman's Review

People

I am proud to say that NamPost employees around the country are absolutely committed to serving our customers. As a business we will continue to commit funds and resources to ensure that NamPost employees are well trained to serve the communities.

Acknowledgements

NamPost, with its clear vision and strategy, has thrived over the past 21 years since its commercialization and is now positioning itself to take advantage of all the new opportunities arising.

I would like to especially thank our customers for their trust; our shareholder Namibia Post and Telecom Holdings LTD (NPTH) for supporting NamPost to achieve its objectives and our regulators for their prudential monitoring. And of course to our staff and my fellow directors, who assumed office at the end of August 2013. I thank you for your tremendous effort displayed in such a short period of time.

I would like to particularly express gratitude to the line Minister, the Honourable Joel Kaapanda, Minister of Information and Communication Technology, for his continued keen interest in NamPost and guidance that created an enabling environment for success. NamPost is blessed to have had visionary Board Members over the past years and we are grateful to Mr. Sebulon Kankondi, Mrs. Nangula Hamutenya, Mrs. Ndahafa Nambira and Mr. Boas Mweendeleli for the role that they have played in ensuring that NamPost remained true to its mandate despite difficult market conditions and an evolving industry worldwide. NamPost has continually succeeded to grow the business and return steadfast financial results.

Dr. Kalumbi Shangula Chairman





Chief Executive Officer's Overview

Strategy Execution Impact

NamPost exists to provide postal, financial and logistics solutions to keep people in touch and to enhance their quality of life. During the financial year that ended 30 September 2013, we excelled and achieved remarkable results in pursuit of the reasons for NamPost's existence.

One may recall that for the past six years or so, we focused on and aggressively pursued the achievement of the following:

- » The transformation of the post office product offering and business focus,
- » Growing and diversifying the NamPost revenue sources,
- » Dynamically responding to and addressing customer needs, and
- » Positioning our staff to better understand, pursue and achieve the company's strategic objectives.

I am very pleased to note that NamPost has made good progress during the financial year on achieving all of the above objectives. The company is financially stronger, revenue is better diversified, customer needs are being responded to by enhancing existing products and introducing new ones, and staff are getting better and better at executing the company strategy.

Our success and achievements for the year can be attributed to two primary aspects:

- » Having adopted and executed the right strategy, and
- » The passion and dedication of the NamPost staff to taking the company to its next stage of existence.

Competitive Environment

It must be acknowledged that the results the company achieved did not come easy. NamPost business units continue to operate in highly competitive business environments.

Technology and other means of communication continue to pose a serious challenge to traditional mail services as evidenced by the decline in mail volumes.

Courier companies continue to enter the market due to its relative ease of entry, while the Savings Bank has to contend with commercial banks being pushed into the low end of the market by regulatory requirements.

It is therefore commendable that the three major business units (Courier, Savings Bank and Postal services) averaged a profit growth of 33% during the financial year.

Business Performance and Efficiencies

The company achieved a growth in revenue of 14% compared to 16% last year. Profit before fair value adjustments increased by 72% on the previous year. If we sold our financial assets at the end of the financial year, we could have realized an additional N\$3m profit. However, if they were sold last year, we could have realized N\$91m additional profit. This kind of "profit" is what accountants fondly refer to as unrealized fair value adjustments. Since the profit is unrealized and we have no intention of selling all our financial assets to realize it, it is more realistic to measure our progress using profit before fair value adjustments. With that in mind, the 72% growth in profit before fair value adjustments speaks volumes about the financial year.

So, what happened? The company experienced significant growth in revenue from Agency services, Financial services, and Courier

Chief Executive Officer's Overview

services. Despite the massive 21% contraction in mail volumes, the growth in other areas of the Postal Services department business was strong enough to propel the company positively forward. As a consequence, profit for the Postal Services business unit increased by 34%.

The business unit was also assisted by the inflationary adjustment in cost of services even though (the adjustment was mostly equivalent to inflation). Country-wide, more and more individual post offices are becoming profitable.

At the end of the financial year in 2012 we had 38 post offices out of 135 (28%) that were not profitable. As at the end of this financial year, we had 25 post offices out of 136 (18%) that were not profitable. That means, NamPost reduced the lossmaking post by 13 post offices or 34%. We will continue with strategies that will ensure that all the post offices maximize the revenue opportunities and where feasible become profitable.

I am proud of the nearly 30% growth in profit of the Savings Bank. This growth comes on the back of an over 70% growth reported during the financial year ended 30 September 2012. Both the Treasury and the Retail operations of the Savings Bank contributed positively to the growth reported.

During the financial year, more than 50,000 new SmartCard were issued compared to about 40,000 issued last year. We registered an 86% growth in point of sales which is an indication of the positive acceptance of the smartcard in the market; hence the willingness of shops to accommodate our point of sales.

Courier parcels volumes continue to grow positively albeit at a slower pace; 3% during this financial year.

Even though revenue growth was not robust, more efficiencies have been created leading to cost being 2% lower than the previous year. The dynamic of the two opposing growths (decline in expenses and increase in revenue) led to well over 30% growth in Courier profit.

Overall, NamPost managed cost well to register a growth of 5.3% compared to the average inflation for the financial year of about 6.7%. Taking into consideration the quantum of growth in the company, the achievement of growth in expenses that is below inflation is remarkable.

Strategic Implications and Outlook

The fact that our core business (mail services) is experiencing declining volumes while the overall revenue of NamPost is growing strongly suggests that the diversification strategy being followed is yielding positive results.

This, indeed, is evident in the business unit percentage contribution to profit before other costs. In 2009, the contribution was 98%, 3%, and -1% Postal Services, Courier and Financial Services respectively. The -1% contribution by Financial Services meant that this business unit was in fact deducting value instead of adding value (was loss making). As at 30 September 2013, these percentages have significantly changed to 53%, 13%, and 34% Postal Services, Courier and Financial Services respectively.

The biometric enabled technology SmartCard remains very popular, secure, and affordable. I believe NamPost remains well positioned to serve its target market notwithstanding the focus by other financial services providers in this market. Moreover, our technology and our nationwide infrastructure continue to

Chief Executive Officer's Overview

give us a strong competitive advantage. We will therefore continue to champion financial inclusion of all Namibian residents as we have done for the past few years.

The profitability achieved by the Courier business in a very demanding market is a clear testimony to the fact that we are standing strong against fierce competition in this market. Economies of scale brought about by our size should continue to assist us keeping head and shoulders above the rest.

Appreciation

I am grateful to all our business partners particularly:

- » The companies and organizations that gave us an opportunity to serve as their agents,
- » The fleet management services providers,
- » IT services providers, and
- » All those that made it possible for us to give the best possible service to our customers.

I am also grateful to the Board members whose term came to an end in August 2013. They have played a major role in ensuring that NamPost has an environment conducive to business growth and performance.

At the same time, I welcome the new Board members and wish them success and inspired wisdom as they guide NamPost.

Finally, I am grateful to the NamPost management who embraced the NamPost strategy and made sure that it was successfully

rolled out. In the same vein, I say thank you to all the NamPost team members that diligently played their roles and made it possible for the company to achieve its objectives for the year.

keum.

Festus Hangula Chief Executive Officer



Norman Cloete GM: Corporate Finance

Corporate Finance

Group Highlights

- » Revenue grew by 14,3%
- » Gross profit grew by 13,3%
- » Group profit before tax and fair value adjustments grew by 72,0%
- » Return on equity: 15,2%

Performance

NamPost achieved significant improvements during 2012-2013 across all business units and in most of its core financial metrics. Despite the prevailing economic challenges, particularly the negative impact of declining mail volumes, stiff competition and continued pressure on interest rates, Group revenue (Includes SmartSwitch Namibia (Pty) Ltd and NamPost Financial Brokers (Pty) Ltd) increased by N\$99,7 million to N\$796,7 million, representing year-on-year growth of 14,3 per cent.

Challenges and opportunities posed by technological developments means that the postal service's main purpose is no longer the delivery of letters and documents. Digital technology is superseding the traditional postal service as the new primary delivery platform for communications, significantly shrinking the latter's role. Despite the harsh business environment, our net return on revenue of 4% was in the range of the average return in the international postal sector.

Profit before tax of the Group, excluding unrealized fair value adjustments, increased by 72% from N\$28,7 million in 2012 to N\$49,4 million in 2013. This good performance of the Group is due to continuing streamlining of operating processes to ensure improved efficiencies, diversification of revenue streams and continued stringent controls to curb costs.

The Group recorded profit before tax, including unrealized fair value adjustments, of N\$52.2 million, a substantial drop from N\$120.1 million recorded in 2012. Market values of the financial assets remained relatively unchanged and therefor much lower adjustments for unrealized fair values in the current financial year compared to the previous financial year (2013: N\$2.8 million, 2012: N\$91,4 million). Total assets of the group amounted to N\$3,5 billion. Financial assets in the savings bank are the major components of the total assets and remains a focus area in our strategies to enhance financial service offering and to be an important contributor in Government's financial inclusion initiatives.

Business Units Performance

All the business units, savings bank services, postal services and courier services performed well and year-on-year growth exceeded 30% in each business unit. This was mainly attributed to an increase in our customer base especially business customers, and the migration of remail to international dues. This was also due to stringent management of cost of funds and active participation in government financial instrument auctions. Courier services also performed well despite the decline in volumes in certain areas. Expenses were contained in all the areas of the business and were reduced from 36% of revenue in the previous year to 33% of revenue in 2013.

The joint venture, SmartSwitch Namibia (Pty) Ltd, in which we have a 50% share, has continued to perform well and recorded net profit after tax of N\$5,7 million.

Our subsidiary, NamPost Financial Brokers (Pty) Ltd, has recorded a net loss after tax of N\$1,6 million, but it is expected that results will turn positive in 2014.

Corporate Finance

The three-year cooperation agreement with DHL/Deutsche Post for the International Mail Processing Centre expired during the year and these services were terminated as indicated in our previous report.

Cash Flow and Investments

The group recorded a positive cash inflow of N\$29,3 million for the year and closed the year with a cash and cash equivalent balance of N\$103,4 million.

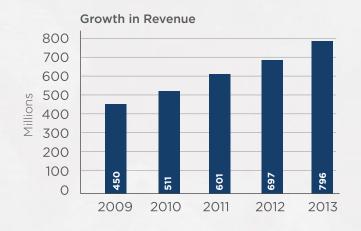
A loan of N\$25 million was obtained from the holding company, Namibia Post and Telecom Holdings Limited, to expand the business of our subsidiary NamPost Financial Brokers (Pty) Ltd.

Taxes

Total taxes paid during the year amounted to N\$21,2 million of which N\$12,0 million was direct taxes and N\$9,2 million indirect taxes. This also demonstrates the significant contribution Namibia Post makes towards the Namibian economy.

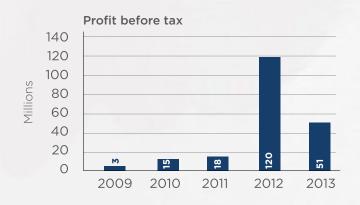
The Year Ahead

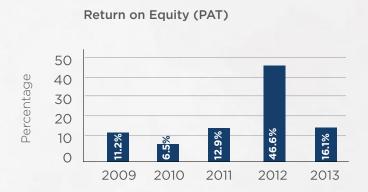
Implementation of strategies to grow the business through diversification and the introduction of innovative products and services remains a high priority. Coupled with these growth strategies will be an associated increase in funding requirements in the next few years. Further growth is expected in the new financial year.

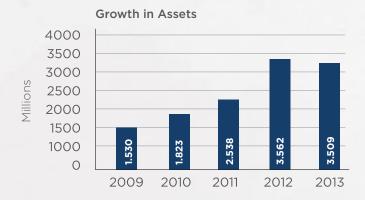




Corporate Finance







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Ambrosius lipinge GM: Postal Services

Operational Overview

The Mail and Agency business units faced significant competition during the financial year ended 30 September 2013. We had to adopt our businesses strategies to fit the environment in order to remain relevant in the market place.

Postal services reported revenue of N\$498 million which is a 1% increase from the previous financial year. Operating profit for the business unit was N\$65.5 million which is 10% more than the previous year.

Economic Prospects

Notwithstanding the difficult times faced, postal services showed resilience. The

continued profitable performance of the business unit demonstrates that the strategy of diversifying products is bearing fruits. The contribution of the Courier business as well as the Financial Services to Postal Services' revenue has grown proportionally and has enabled the business unit to perform well.

Cost Cutting Measures

Costs cutting measures were employed in tandem with declining revenue in order to achieve the set targets. Postal tariff were increased in line with inflation.

The Department continued to invest in IT and physical postal infrastructure to sustain the business and to enhance operational efficiencies.

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City of Windhoek	Telecom	
NamWater		
NBC	Natis Driver`s Licence Manual (book)	
NHE	Mossi Mosquito Nets	
Namibia Institute of Pathology	Avbob Funeral Products	
Rehoboth Municipality	Legal Shield Premiums	
Henties Bay Municipality		



Regional Post Offices and Agencies Map:



We continue to fulfill our mandate in ensuring easy access to postal services by all citizens and modernizing the postal network. However, the average post office density remains relatively high at 15 400 people per post office compared to the international standard of 12 000 people per post office. We hope to achieve the international standard in the near future.

The following new post offices were approved during the period under review.

- » Ogongo Post Office Omusati Region
- » Ongenga Post Office Ohangwena Region
- » Endola Post Office Ohangwena Region
- » China Town Post Office Khomas Region

- » Okahandja West Post Office -Otjozondjupa Region
- » The number of post offices will increase from 136 in 2013 to 141.

Postal Service business unit encompasses the following Business Divisions:

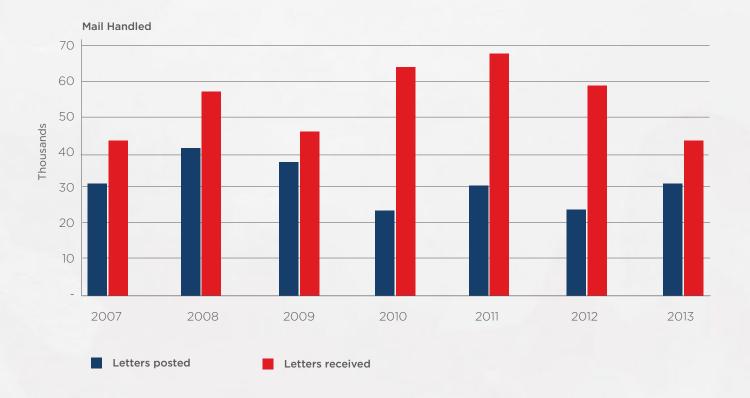
- » Mail Services
- » Hybrid Mail Services
- » Post Offices
- » Agency Services
- » Philately Services



Mail Services

Mail business prides itself in continuously offering quality products and services to its customers.

The graph below illustrates Inbound and Outbound Mail handled as from 2007 - 2013:





21 AMAZING FACTS ABOUT NAMPOST

#5. Did you know NamPost Hybrid Mail services allows you to automate your mail sending services. We print your correspondence, put it in envelopes, stamp them and ensure they get to their destinations on time. All without you even lifting a finger!



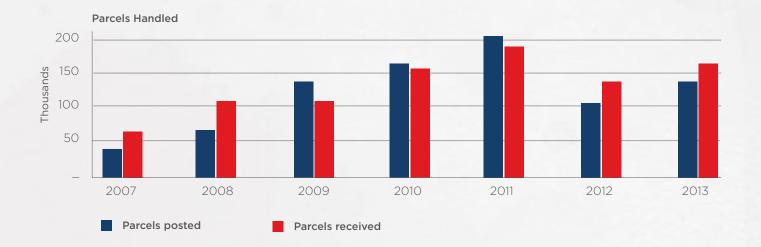


Letters posted increased by 15%, whilst letters received decreased by 20%. In total, letters handle decreased by 10%. Economic factors such as the effects of slow economic growth in the USA and Europe and alternative methods of communication had contributed to these trends.

The graph below shows Inbound and Outbound Parcels handled as from 2007-2013:

Parcels posted shows a 30% growth during last year while parcels received increased with 13% due to cross border mail order parcel business. We will capitalize on this strength to grow the parcel business further. In total, the parcel business increased by 20%.

A Track and Trace system (IPS system) was introduced to allow customers to monitor the whereabouts of their parcels.





21 AMAZING FACTS ABOUT NAMPOST

#7. Did you know NamPost has received 17 million parcels and posted about 13 million parcels between the year 2000 and 2012? That is more than one million parcels handled per year, so when we say: **We Deliver More**, we mean it.

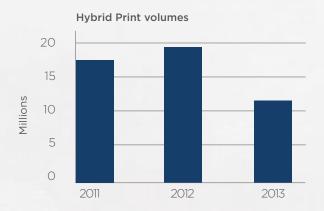




Hybrid Mail Services

Hybrid Mail Services combines electronic transmission and a physical delivery utilizing an integrated mailing technology that quickens the delivery of an institution's invoices or statements to their clients at an affordable price.

The graph below shows the Hybrid Mail print volume trends for the past three years:



- The printed document volumes decreased with 40%, while the revenue decreased with 14%. This is due to the loss of the Ministry of Finance mailing tender to a competitor.
- » Our client base grew from 20 corporate clients in 2010 to 28 clients in 2013
- » Hybrid Mail acquired new software to smoothen the process of the data conversions and to enhance operations efficiency.
- » We embarked upon a project of upgrading our E-statements solution and the project is envisaged to be completed by June 2014.

Philately Services

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

» On the 1st March 2013 stamps commemorating the Additions to the Definitive Bird Life of Namibia were issued.











» On 5th April 2013, stamps celebrating the Beetles of Namibia were issued.











» On the 17th June 2013, stamps celebrating the Children of Namibia were issued.



» On the 20th June 2013, a stamp celebrating Environmental Education in Namibia was issued.



» On the 12th June 2013, a stamp celebrating Transport by Donkey Cart was issued.



» Stamps for the Large Antelopes of Namibia were official launched on the 30th September 2013.







» It will remain imperative to the Philately section to promote and educate school children in philately products and stamp collecting as a hobby.

Going forward:

The focus of Postal Services business unit will be on the implementation of the following key business drivers:

- » Execution of the sales plan
- » Maintaining and growing postal revenue streams
- » Growing the Agency revenue through innovations
- » Introducing the Business Center Concept
- » Increasing the footprint of post offices
- » Growing Savings Bank customer base and transactions volumes
- » Growing Courier customer base and transactions volumes
- » Growing PostFin customer base and transactions volumes
- » Implementation of operational efficiency improvement project in Mail Business.
- » Entrenching I-ACT through regional road shows
- » Managing all the Postal Services business risk as documented in the company Risk Log.
- » Actively Participating in UPU, PAPU, SAPOA, CRAN and Line Ministry activities







Max Schafer GM: Courier

Courier

Financial performance of Courier was solid in a highly competitive market with many new entrants trying to take market share from NamPost. Revenue was 13% above last year while profit was 83% above last year.

The current Courier fleet has come to the end of its life cycle during the financial year just ended and is currently being replaced. All vehicles will be branded prior to deployment to regions. We are experimenting with vehicle specification and placements in different branches to optimise the utilisation and reduce unnecessary trips due to space limitation and other operational aspects.

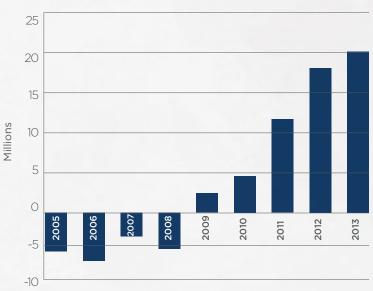
During the financial year we entered into a partnership which we believe will give us an edge both domestically and internationally. Business cooperation with the new partner will include access to their system which aspect is already being tested and expected to be implemented fully in the first half of the next financial year. Among some of the value added services being tested is parcel tracking (track & trace) and document scanning at identified regional offices. Plans are on the way to expand the current courier facilities in Southern Industrial area.

High overtime cost remains a challenge to the business, however, various efforts were introduced to reduce it. Growth in total parcels handled increased by 2.6% during the financial year.

Courier Profit Before Tax and Internal Charges

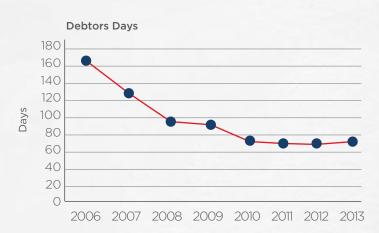
The profit before tax trend observed since 2008 continues as per chart below. The strategic initiative in place are expected to maintain this trend.





Courier Debtor Days

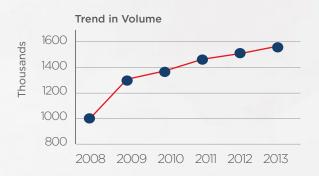
Debtor days remain a challenge and continues to be a focus area in the business. The declining momentum has slowed down and new methods of pushing further down are being investigated.



Courier

Parcel Volumes in Courier

We have experiencing a strong year on year growth in parcel volumes since 2007. Continuous ways to increase revenue and improve on operational efficiencies are being explored to maintain this trend. The current Courier warehouse seize poses a definite threat to growing the business but as indicated earlier that is being addressed.





Photograph above: Mr. Festus Hangula - CEO of NamPost and Mr Hosky Gowaseb - Manager Courier (Customer Services and Sales) accepting the Diamond PMR award for Courier Services at the 2013/14 award ceremony.



Celebrating an award wining delivery

The Board, Management and Staff of NamPost would like to thank all its stakeholders, peers and customers for voting and making us the winner of the PMR Diamond Arrow Award, in the Courier Companies' category.

We are proud to be performing in line with excellence and Customer expectations. We will continue making more great deliveries everyday.

We Deliver More.









Bertie Reyneke GM: Savings Bank

Retail Banking

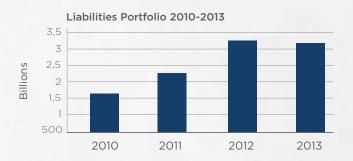
During the year under review, Savings Bank continued its strong growth and registered a 15,2% increase in revenue. Profit before tax increased by 25% and expenses increased by 3%. We expect the interest rates to remain low for the larger part of the next financial year which will put some pressure on our interest income.

The deposit book increased by 15% in value supported by an increase in the number of retail investors that increased by 7%. The number of SmartCard Savings Account holders increased by 11% while the number of transactions per card increased by 6%.

The Savings Bank customer base has grown to more than 500 000 at the end of September 2013 and we foresee this growth continuing.

We are proud that through our extended network, service levels and unique products, we have succeeded to make financial products available to Namibians. We will continue with our mandate to provide affordable banking to all Namibians and to ensure that they are financially included.

During the year we have also attended to the Know your Customer requirements as provided for under the Financial Intelligence Act and are pleased to announce that close to 85% of our customers are verified.



Treasury Operations

The Treasury Department under Savings Bank continued to perform very well under current volatility in the financial markets. Both profit and income before tax experienced high growth mainly due to our professional service and personal relationship with our customers. As was the case at the end of the previous financial year, sustained profitability, portfolio growth, service excellence, new product development and further employee development will be the main focus areas in the new financial year.

Economic Outlook

Global Economy

The IMF has revised downward its global output projections, on the basis of an expected slow-down in the emerging market economies, which are coming off cyclical peaks. The IMF revised its global outlook from 3,2% to 2,9% for 2013. This is underpinned by the expected slowdown in emerging market economies, although they will remain above the advanced economies' levels. Growth in the advanced economies was underpinned by improved prospects of the UK and Japanese economies and relatively robust economic activities in the US. Emerging market growth was mainly led by China and India. Brazil and Russia's economies were muted, while South Africa registered a further slowdown.

Domestic Economy

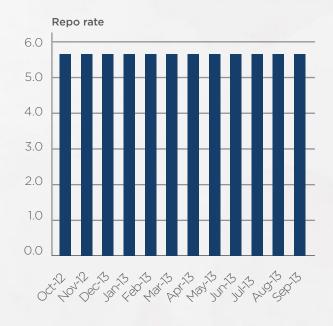
The Namibian economy was projected to grow around 4% down from previous projections of 4,7%. The downward projection was mainly on account of weak primary sector activities, particularly agriculture due to the current drought conditions in the country.

Namibia's annual inflation slowed to 5,5% in September from 6,0% in August 2013. The slowdown was due to lower inflation for food and non-alcoholic beverages and tobacco, while transport and housing inflation increased slightly.



Repo Rate

The Bank of Namibia has kept the reporate unchanged at 5,5% in order to support the suboptimal economic performance





21 AMAZING FACTS ABOUT NAMPOST

#9. Did you know NamPost's Savings Bank has the safest banking card in Namibia? NamPost's SmartCard uses a fingerprint rather than a pin code to authorize transactions, meaning no one can use your card but you. No need to remember any pin codes.

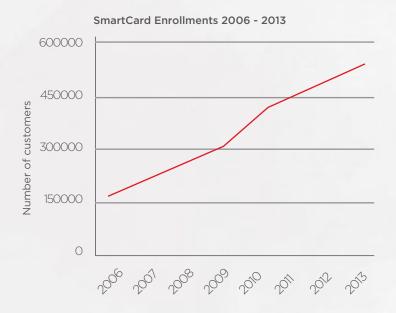




Socio-economic Impact

The impact that the sharp growth in SmartCard account holders have shown since 2006 to date, is that more unbanked Namibians have been afforded access to banking. Hence, we can proudly say that we had a direct positive impact on the Finscope statistics released in 2012 which indicated the growth in banked Namibians from 45% in 2007 to 64% in 2011. We believe we further improved statistics as we continue to grow the number of SmartCard holders.

The below graph illustrates such growth.



We can further say that due to these efforts, we are embracing Vision 2030, driving the financial inclusion factor, hence bringing banking to the people. We have thus embarked upon banking facilitation programmes, like the drought relieve programmes through ELCN. We facilitate in bringing banking to the people in out of reach villages like Amperbo, Ncaute and Onangholo. Our vast footprint in Namibia, 136 Post Offices, gives us access

to the unbanked where others might waiver. We have 600 Point of Sales at Post Offices and 300 at Retailers nationwide, hence our customers have an array of access points to do their banking.

Products Offered

NamPost Savings Bank offers a bouquet of Investment products, to encourage each type of investor to save for future endeavours. All Investments are tax free for individuals, and we do not charge any administration fees. Below find our product offering:

Investments

- » Save-As-You-Earn
- » Flexi Save-As-You-Earn
- » MyChoice

Benefits of our investment products:

- » All products are tax-free for individuals.
- » No management or administration costs
- » Capitalization of interest
- Interest can be transferred to other investments and smartcards.
- » Interest can be paid on a monthly basis.
- » Products are based on the need of the client e.g client can decide on number of days and amount to be invested.

Rewarding Performers

It is only appropriate for us to recognize and appreciate the efforts of those who performed well throughout the year. To achieve this, Savings Bank introduced the Post Office of the year competition.

The purpose of the competition was to increase business volumes and to enhance administration and controls by encouraging Post Offices to compete against each other (and against themselves) on a basis of percentage growth. This made the playfield even between larger and smaller Post Offices. The competition was a success and has contributed to the attainment of the very challenging financial goal widely referred to as a BHAG (big hairy audacious goal) targets.

The competition stimulated a mind shift required to develop a sales culture.



Photograph Above: Where the CEO, Mr. Festus Hangula and the General Manager of Savings Bank Mr. Bertie Reyneke hands over to the Control Post Master of Mariental Branch, Mrs. Elize Nitsche and Regional Manager of the South, Mr. Deon Meyer; the NamPost Savings Bank - Diamond Award. This award is awarded to the top performer in the Post Office of the year competition.



Photograph above: Mr. Lionel Kannemeyer from Old Mutual, and Mr. Bertie Reyneke, General Manager of NamPost Savings Bank, hands over the overall Old Mutual Funeral Cover award to Soweto Post office.



NamPost Savings Bank offers tailor-made Investment products, as well as, the most secure, efficient and affordable savings card in the Namibian market: the SmartCard. NamPost Savings Bank offers you a full bouquet of investment products such as:

- Call accounts
- · 2-day notice
- 32 day accounts
- 60-Day Notice Accounts
- Fixed Term Deposits
- Save-as-you-earn
- Flexi-save-as-you-earn
- My Choice Account

Visit your nearest Post Office today to enjoy all these great banking products, services and more.

Terms and Conditions apply.

General Enquiries:

Savings Bank, PO Box 287. Windhoek. Telephone: +264 61 201 3115, Facsimile: +264 61 238 565

Email: banking@nampost.com.na

We Deliver More.







Berlindi Van Eck

GM: Corporate Marketing

Corporate Marketing & Communication

The strategy of NamPost Marketing for the financial year ended was to increase brand visibility, promote the products and services offered by various business units to customers and live the values of I-ACT.

During the period under review, Corporate Marketing came a step closer in realising its strategic intent of installing the new logo at all offices by appointing the supplier and designing the new customized signage that will be installed at each of the 136 Post Offices countrywide. This project will continue in 2014 until all the central, northern, coastal and southern regions' post offices respectively will have the same look with regards to the new NamPost logo and signage.

The communications division was able to achieve its goals by developing, implementing and sustaining important communication channels to both external and internal stakeholders and strengthening relationships with stakeholders.

On the social media communication channel, the new company website was officially launched in February 2013 followed by the official Facebook page for NamPost.

To foster Corporate Governance and display the necessary transparency and ethics, a policy on Corporate Social Investment (CSI) was developed and implemented. The CSI Committee established its modus operandi being to assist with the evaluation and selection of CSI request received.

During the past financial year, the following were sponsored:

- » N\$50,000 donation in cooperation with Channel 7
- » N\$300 000 worth of transportation of the Bank Windhoek Apple Cancer Project to various towns in Namibia by NamPost Courier
- » N\$20 000 for various community projects





George Itembu Head: Internal Audit

Internal Audit

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

A total of 54 audits have been conducted during the period under review, and all identified weaknesses have been assigned specific recommendations to which Management implements remedial or mitigation measures. These reports are presented to Management and the Board Audit Committee for monitoring. Key areas that have been audited are Human Resources - Payrolls, Post-Retirement Benefits Payouts; Finance Department - Bank and Cash, Procurement and Tender Procedures, Balances Write Offs Verification, Revenue Stamps Process; Savings Bank - Financial Intelligence Act Compliance, Treasury Assets, Data Migration: Postal Operations - Discounts. MobiPay, Unclaimed Pension Funds, Obsolete Stock.

The Department also conducts "inspections", which are surprise audits at Post Offices and other areas of Operations. A total of 16 investigations relating to fraud, theft and related activities have also been conducted and reported during the year under review. The Whistle-Blowing programme is also in place, and this gives staff and the public an opportunity to report irregularities on an anonymous basis.

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

21 AMAZING FACTS ABOUT NAMPOST



#17. Did you know for only 30 cents per insert, per post box, NamPost lets you put your printed promotional materials* in over 80 000 post boxes country wide.

*Please note that materials are subject size requirements/standards.



TERMS AND CONDITIONS APPLY
VISIT OUR WEBSITE AT WWI.DEMPORT.OF MORE INFORMATION AND CONTACT DETAILS.





Sonia Bergh GM: Human Resources

Human Resources Department

NamPost believes that the key to its success lies in capable and motivated employees. As such NamPost strives to create a high performance culture that values diversity, and enables each person to reach his or her full potential. To achieve these objectives, the departments focus on Training, Employee Relations, Health and Safety, and best practise regarding remuneration and benefits.

Training and Development

NamPost's commitment to the continuous development and training of its human capital is unwavering and remains of primary importance to ensure capacity building within the company.

During the period of reporting training focus was placed on;

- i) Supervisory development,
- ii) Product knowledge, Wellness,
- iii) Performance Management system,
- iv) Selling Skills and Customer Service training.

Furthermore, a training database was developed to keep record of training interventions and employee profiles in terms of the job entry requirement and qualification and experience acquired. All the information obtained was verified against the specific employee file and current and up to date information was placed on the file.

The training department also finalised the development of individual development plans (IDP's) that ensures every employee is developed according to the identified needs. Employee progress is monitored and recorded accordingly.

All the employees are encouraged to develop their knowledge and skills via the interest free study loan. A total of 67 employees benefitted from this scheme and enrolled at recognized tertiary institution in various fields of study.

Employee Relations

This section covers three core functions; namely, health and safety, employee wellness and labour relations.

The highlights of the division's operations in 2012/13 include:

Health and Safety

The health and safety division conducted safety inspections in all postal regions and a total of 33 Post Offices have been visited during the period under review.

Incident and Accident Report

The incidence of reportable accidents involving staff has been under reported during the year under review. Accordingly, a need for training on incident and accident reporting procedures has been identified and will be conducted in 2014.

Human Resources Department

Legislation and Guidance

No new health and safety legislation was introduced during the year. However, the Government through the Ministry of Labour and Social Welfare have been undertaking a benchmarking exercise on the health and safety management systems and review of health and safety legislation.

It is expected that existing legislation or policies will be amended and introduced in 2014/2015 fiscal year. It is against this background that the division decided to review current health, safety and environmental policy in order to respond to the employee expectations and new challenges.

Legal Appointment Letters

The Chief Executive Officer signed off health and safety legal appointment letters for EXCO. In turn, EXCO appointed line management to ensure health and safety compliance in their respective departments and division.

Legal Compliance Training

- » Legal Liability Training. Health and safety officer attended Legal liability training.
- » Wellness Training. Management and wellness attended wellness training.
- » First Aid Training

Wellness Programme Proposal

The proposal comprises of 3 phases of main activities; namely, the setting up of a functional Wellness Committee, Wellness Audit and Biometric Screenings, and the development of the Wellness Policy.

The overviews of these phases with propose timelines were submitted to, and approved by EXCO.

Policies and Procedures

The following policies were reviewed and approved by the Board:

- » Acting Allowance Policy
- » Long Service Award Policy
- » Grievance Procedures
- » Performance Management Policy
- » Performance Reward Policy for Management
- » Code of Conduct and Business Ethics





Philip Mans GM: ICT

Information & Communications Technology

The Information and Communications Technology department works closely with all the business units in NamPost in order for them to achieve their financial and strategic objectives by providing the necessary systems, tools, and infrastructure.

NamPost's ICT department has embarked on a journey to upgrade existing network infrastructure to all Post Offices in an effort to support the latest technological and system requirements that will be required to do business in future. In Windhoek, we have implemented a Wireless Point-To-Point network that will replace the existing infrastructure and increase the network bandwidth by up to 50 times compared to the old network infrastructure.

The ICT department will also be relocating to new premises in Bam Street, near Auas Valley Shopping Centre during 2014. The reasons being that we currently cannot accommodate all our staff in the main building and that our new Disaster Recovery / Business Continuity site will also be hosted there. Due to the strategic thrust of the company, in 2014 ICT department will also establish a Business Process Management (BPM) Office that will consist of a Business Process Analysis (BPA) and Business Process Automation (BPMS) team.

New resources for the BPM Office will be appointed during the first half of 2014. There is a great need to document processes and procedures in our company but even more business value will be derived once we start to automate our processes and integrate into our existing systems. By implementing automated processes we can start to manage our work, staff and outputs reactively instead of after the event. Real time MIS and resource usage information and graphs will enable management to see in real time what is happening in the business and will enable us to react to issues and pick up trends before they occur.

One of the most important strategic goals of the ICT department will be to continuously investigate and improve the current system interfaces and to make provision for properly planned and implemented new interfaces.

As ICT is a business enabler for NamPost, we will strive towards providing and supporting systems, tools and technologies that will assist NamPost in achieving the BHAG.



Eldorette Harmse

Head: Legal Services and Company Secretary

Introduction

While business practice has evolved considerably over the last twenty years, much of Sir Adrian Cadbury's landmark analysis still rings true today – not least his definition of effective governance: "Companies ... must be free to drive their companies forward, but exercise that freedom within a framework of effective accountability. This is the essence of any system of good corporate governance."

The NamPost Board recognizes the need to conduct its business in accordance with principles of corporate governance best practices. These principles include discipline, independence, responsibility, transparency and the accountability of directors to all stakeholders of the Company.

Board Structure and Composition

The NamPost Board of Directors has seen a significant change over the past year. In August 2013 the Shareholder appointed Dr. Kalumbi Shangula (Chairperson), Dr. Perien Boer (Deputy - Chairperson), Mr. Coenraad Coetzee and re-appointed Mr. Neville Field. A fifth director is in the process of being appointed. All four directors are non-executive directors.

Role of the Board

The Board is responsible for setting the strategic objectives for the company and for monitoring progress against those objectives. The Board reviews both business and financial performance with a view to ensuring that the company has sufficient resources to execute the strategy effectively. The Board is accountable to its parent, NPTH, for generating sustainable long-term value.

The Board holds meetings at which directors can vote on the major issues affecting the company. Directors receive information on these issues and familiarize themselves with the issues before voting. Board meetings are typically held every three months or so, although the Boards may call special meetings for pressing matters, at its discretion.

Director Orientation and Continuing Education

New Directors were given an orientation regarding the NamPost Group's businesses, corporate governance and reporting procedures and are updated on such matters on a continuing basis. In addition, Directors are advised with respect to policies and procedures applicable to Board and committee meetings and the rights and responsibilities of Directors. The Company also encourages Directors to attend appropriate outside continuing education programmes, the costs of which are carried by the Company.

Board Meetings

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

During the year the following board meetings took place:

Board Meetings	Board	Audit Committee	Human Resources & Compensation		Other Meetings
Meetings held:	5	3	3	3	5

During the year board members attended the meetings as indicated below:

Board of Directors	Board	Audit Committee	Human Resources & Compensation		Other Meetings
Kankondi S I	(Chair) 3			-	1
Hamutenya N	5	3	3	3	4
Field N	5	(Chair) 3	-	(Chair) 3	5
Nambira N	5	-	(Chair) 3	3	5
Mweendeleli B	5	-	3	-	5

Board Committees

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

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

Audit Committee

The Audit Committee plays a vital role in providing the Company's checks and balances, necessary to ensure that financial reporting throughout the NamPost group is accurate and reliable.

Financial and Reporting Controls

The Board receives regular updates on the Company's financial position; agrees and approved the budget; and monitors risk management and financial controls. A crucial role of the Board is to ensure that adequate internal auditing and control mechanisms are established so that the financial statements produced by senior management accurately reflect the financial performance of the enterprise. The board is responsible for ensuring that the Company complies with the applicable financial reporting standards.

The Board Recognizes and Manages Risk

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

a risk management and internal control system to manage NamPost 's material business risks.

Risk Management Strategy

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

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

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

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

Risk Monitoring

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

Whistle Blowing Policy

The NamPost Whistleblower Policy encourages employees to report concerns relating to illegal, unethical or improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions.

The Company maintains a confidential whistle blowing hotline service whereby stakeholders are able to report workplace dishonesty and unethical and inappropriate behaviour. The hotline is administered by an external independent party namely Delloitte.

External Auditor at AGM

The external auditor of NamPost attends the AGM and is available to answer shareholder questions on:

- » the conduct of the audit
- » the preparation and content of the Auditor's Report
- by NamPost in relation to the preparation of the Financial Report
- » the independence of the auditor in relation to the conduct of the audit

Internal Audit

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

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

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

Company Secretary

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

Strategic Review

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

The KPI's and five year Strategic Plan objectives were reviewed as a matter of course.

The Board respects the rights of Shareholders

NamPost recognizes the importance of effective communication with the Shareholder (Namibia Post and Telecom Holdings Ltd) and also the wider Namibian community.

Full advantage is taken of the annual general meetings to inform the Shareholder of recent developments in the Company and to give the Shareholder the opportunity to ask questions. The chairpersons of the Board Committees are generally available to answer questions, and all directors are expected to attend where possible. NamPost 's external auditor, PricewaterhouseCoopers attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

FINANCIAL STATEMENTS

Namibia Post Limited and its subsidiary Annual Financial Statements for the year ended 30 September 2013

(Registration number 92/284)

Annual Financial Statements for the year ended 30 September 2013

General Information

Country of incorporation and domicile Namibia

Nature of business and principal activitiesSupply of postal services, courier services

and savings bank services

Directors K. Shangula (Chairperson)

N.S.B. Field C.J.W. Coetzee

P.J. Boer

Registered office Post Office Building

Corner Independence Avenue and

Daniel Munamava Street

Windhoek

Business address Post Office Building

Corner Independence Avenue and Daniel

Munamava Street Windhoek

Postal address P O Box 287, Windhoek, Namibia

Holding company

Namibia Post and Telecom Holdings Limited

incorporated in Namibia

Bankers Bank Windhoek Limited

Standard Bank of Namibia Limited

Auditors PricewaterhouseCoopers

Registered Accountants and Auditors Chartered Accountants (Namibia)

Secretary Ms. E.C. Harmse

Company registration number 92/284

Lawyers Conradie and Damaseb, Shikongo Law

Chambers, Lorentz Angula

Annual Financial Statements for the year ended 30 September 2013

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

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Accounting Policies - Namibia Post website: (www.nampost.com.na)

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

Annual Financial Statements for the year ended 30 September 2013

Directors' Responsibilities and Approval

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

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors have reviewed the group's cash flow forecast for the year to 30 September 2014 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

Director

Windhoek 03 December 2013

Director

Annual Financial Statements for the year ended 30 September 2013

Independent Auditor's Report

To the member of Namibia Post Limited

We have audited the group annual financial statements and the annual financial statements of Namibia Post Limited, which comprise the statement of financial position as at 30 September 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report are provided.

Directors' Responsibility for the Financial Statements

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

Auditors' 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 expressinganopinionontheeffectivenessofthe entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Post Limited as at 30 September 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia.

Annual Financial Statements for the year ended 30 September 2013

Supplementary information

The supplementary information set out on the notes does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

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PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)

Per: Louis van der Riet Partner

Windhoek, 07 February 2014

Annual Financial Statements for the year ended 30 September 2013

Directors report

The directors submit their report for the year ended 30 September 2013.

1. Review of activities

Main business and operations

There were no changes in the nature of the company's business and the group's business during the year under review. The group is engaged in the supply of postal services, courier services, savings bank services and credit services and operates principally in Namibia.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Net profit of the group was N\$ 30,688 million (2012: N\$ 81,177 million), after taxation of N\$ 21 557 million (2012: N\$ 38,929 million).

2. Events subsequent to reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the group during the year under review.

4. Dividends

No dividends were declared during the current year (2012: N\$5 million).

5. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
K Shangula	Namibian	Appointed 26 August 2013
N S B Field	Namibian	Reappointed on 26 August 2013
C J W Coetzee	Namibian	Appointed 26 August 2013
P J Boer	Namibian	Appointed 26 August 2013
S I Kankondi	Namibian	Service term ended 25 August 2013
N Hamutenya	Namibian	Service term ended 25 August 2013
N Nambira	Namibian	Service term ended 25 August 2013
B Mweendeleli	Namibian	Service term ended 25 August 2013

Annual Financial Statements for the year ended 30 September 2013

6. Secretary

The secretary of the company is Ms E C Harmse of:

Business address

Post Office Building Corner Independence Avenue and Daniel Munamava Street

Windhoek

Postal address

P O Box 287 Windhoek

7. Holding company

The company's holding company is Namibia Post and Telecom Holdings Ltd incorporated in the Republic of Namibia.

8. Interest in subsidiary and joint venture

Name of subsidiary/joint venture	Country of incorporation	Net profit/(loss) after tax					
NamPost Financial Brokers (Pty) Ltd	Namibia	(1,615,144)					
Smartswitch Namibia (Pty) Ltd	Namibia	5,745,000					
Details of the company's investment in the subsidiary are set out in note 7.							

9. Auditors

PricewaterhouseCoopers will continue in office in accordance with section 278(2) of the Companies Act of Namibia.

Annual Financial Statements for the year ended 30 September 2013

Statement of Financial Position

			Group	Company		
		2013	2012	2013	2012	
	Note(s)	N\$ '000	N\$ '000	N\$ '000	N\$ '000	
Assets						
Non-Current Assets						
Property, plant and equipment	4	12,995	14,538	10,958	12,850	
Goodwill	5	903	903	-	-	
Intangible assets	6	28,841	32,123	27,519	30,208	
Investments in subsidiary	7	-	_	48,322	33,076	
Investment in joint ventures	8	_	_	12,000	12,000	
Other financial assets	9	1,301,972	1,051,736	1,301,972	1,051,736	
Deferred tax	11	21,452	26,631	20,276	24,201	
		1,366,163	1,125,931	1,421,047	1,164,071	
Current Assets	_					
Inventories	13	35,939	27,275	35,683	26,916	
Other financial assets	9	1,915,200	2,264,540	1,915,200	2,264,540	
Current tax receivable		4,394	68	4,394	68	
Trade and other receivables	14	104,147	72,642	67,475	48,712	
Investment in subsidiary	7	-		6,250	_	
Cash and cash equivalents	15	103,378	74,082	102,484	69,051	
		2,163,058	2,438,607	2,131,486	2,409,287	
Total Assets	_	3,529,221	3,564,538	3,552,533	3,573,358	
Equity and Liabilities						
Equity						
Share capital	16	5,075	5,075	5,075	5,075	
Retained income		199,942	169,254	202,897	172,255	
		205,017	174,329	207,972	177,330	
Liabilities						
Non-Current Liabilities						
Retirement benefit obligation	12	12,904	31,181	12,904	31,181	
Deferred tax	11	44,796	40,547	44,666	40,547	
Interest bearing borrowings	17	52,870	30,194	52,870	30,194	
Savings bank investors	18	156,444	228,598	156,444	228,598	
		267,014	330,520	266,884	330,520	

Annual Financial Statements for the year ended 30 September 2013

Statement of Financial Position

			Group	Co	mpany	
		2013	2012	2013	2012	
	Note(s)	N\$ '000	N\$ '000	N\$ '000	N\$ '000	
Current Liabilities						
Current tax payable		12	27	-	-	
Trade and other payables	19	111,529	111,029	109,200	108,685	
Retirement benefit obligation	12		491	-	491	
Interest bearing borrowings	17	6,250	-	6,250	-	
Savings bank investors	18 _	2,939,399	2,948,142	2,962,227	2,956,332	
		3,057,190	3,059,689	3,077,677	3,065,508	
Total Liabilities		3,324,204	3,390,209	3,344,561	3,396,028	
Total Equity and Liabilities		3,529,221	3,564,538	3,552,533	3,573,358	

Annual Financial Statements for the year ended 30 September 2013

Statement of Comprehensive Income

		Group		Company	
		2013	2012	2013	2012
	Note(s)	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Revenue	21	796,740	696,997	780,536	684,879
Cost of sales	22	(480,496)	(417,878)	(479,478)	(417,223)
Gross profit		316,244	279,119	301,058	267,656
Other income	28	2,264	2,200	3,342	2,619
Operating expenses		(270,105)	(254,032)	(258,404)	(245,247)
Fair value adjustments	9	2,816	91,371	2,816	91,371
Operating profit	23	51,219	118,658	48,812	116,399
Investment income	24	3,998	3,084	2,290	2,312
Finance costs	25	(2,972)	(1,636)	(283)	(250)
Profit before taxation		52,245	120,106	50,819	118,461
Taxation	26	(21,557)	(38,929)	(20,177)	(38,274)
Profit for the year		30,688	81,177	30,642	80,187
Other comprehensive income		-	-	-	-
Total comprehensive income for the year	_	30,688	81,177	30,642	80,187

Annual Financial Statements for the year ended 30 September 2013

Statement of Changes in Equity

	Share capital	Fair value adjustment assets- available-for- sale reserve	Retained income	Total equity
	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Group				
Opening balance as previously reported	5,075	(7,894)	93,077	90,258
Adjustments Prior period error	-	7,894	-	7,894
Balance at 01 October 2011 as restated	5,075	-	93,077	98,152
Profit for the year	-	-	81,177	81,177
Total comprehensive income for the year	-	-	81,177	81,177
Dividends	-	-	(5,000)	(5,000)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(5,000)	(5,000)
Balance at 01 October 2012	5,075	-	169,254	174,329
Profit for the year			30,688	30,688
Total comprehensive income for the year	-		30,688	30,688
Balance at 30 September 2013	5,075	-	199,942	205,017
Note(s)	16			
Company				
Balance at 01 October 2011	5,075	-	97,068	102,143
Profit for the year		-	80,187	80,187
Total comprehensive income for the year		-	80,187	80,187
Dividends	<u> </u>	-	(5,000)	(5,000)
Total contributions by and distributions to owners of company recognised directly in equity			(5,000)	(5,000)
Balance at 01 October 2012	5,075	-	172,255	177,330
Profit for the year	-		30,642	30,642
Total comprehensive income for the year	-	-	30,642	30,642
Balance at 30 September 2013	5,075	-	202,897	207,972
Note(s)	16			

Annual Financial Statements for year Ended 30 Setember 2013

Statement of Cash Flows

		Group		C	ompany
		2013	2012	2013	2012
	Note(s)	N\$ '000	N\$ '000	N\$ '000	N\$ '000
Cash flows from operating activities					
Cash generated from/(used in)operations	29	4,930	68,317	(1,642)	72,815
Interest income	24	3,998	3,084	2,290	2,312
Finance costs	25	(2,972)	(1,636)	(283)	(250)
Tax paid	30	(16,369)	(7,773)	(16,354)	(7,789)
Net cash from/(to) operating activities		(10,413)	61,992	(15,989)	67,088
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(3,848)	(3,686)	(2,525)	3,464)
Sale of property, plant and equipment	4	31	84	33	64
Purchase of intangible assets	6	(3,607)	(1,390)	(3,607)	(1,381)
Movements in loan to joint venture		-	969	-	-
Purchase/(sale) of financial assets	10	99,104	(947,106)	99,104	(947,106)
Movements in loan to subsidiary		110	-	(6,250)	-
Net cash to investing activities		91,680	(951,129)	86,755	(951,887)
Cash flows from financing activities					
Movement in interest bearing borrowings	17	28,926	1,274	28,926	2,243
Movement in savings bank investors	18	(80,897)	909,142	(66,259)	911,462
Increase in loans to joint ventures and subsidiaries		-	-	-	(9,628)
Dividends paid	31		(5,000)	-	(5,000)
Net cash from financing activities		(51,971)	905,416	(37,333)	899,077
Total cash and cash equivalents movement for the year		29,296	16,279	33,433	14,278
Cash and cash equivalents at the beginning of the year		74,082	57,803	69,051	54,773
Total cash and cash equivalents at end of the year	15	103,378	74,082	102,484	69,051

Note

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



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