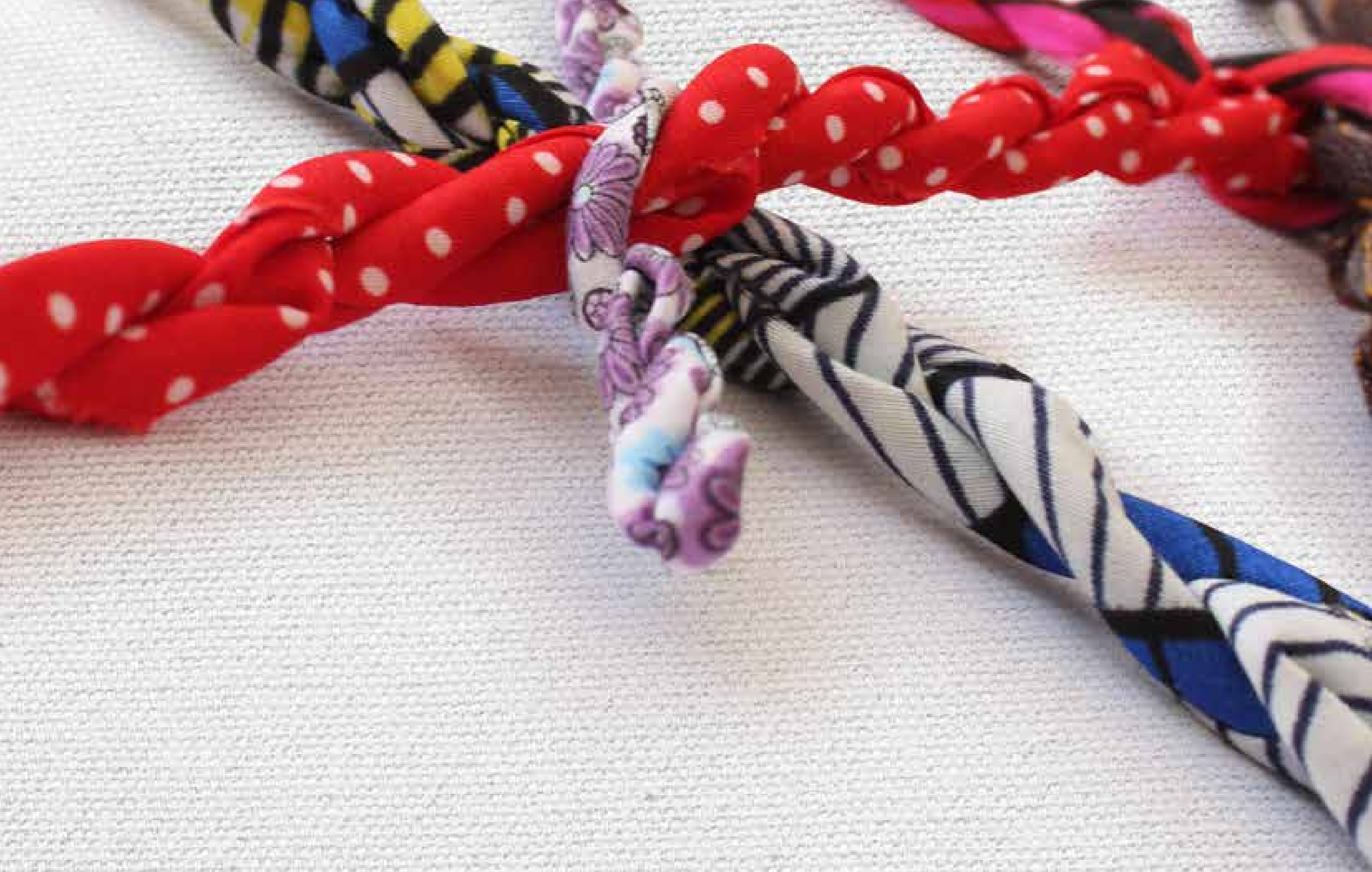

2018

NamPost
Annual Financial Statements

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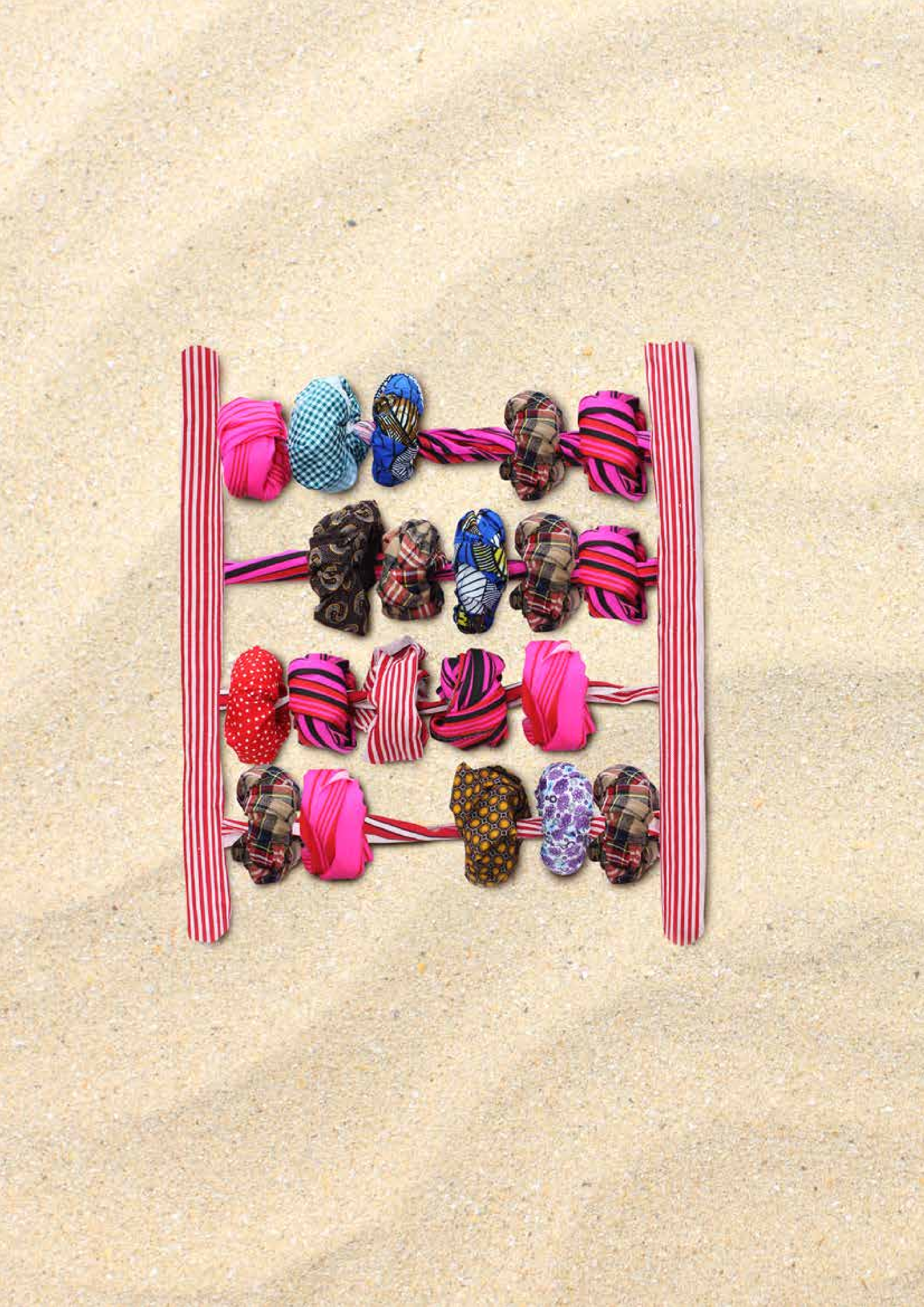

ANNUAL FINANCIAL STATEMENTS

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2018

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Namibia Post Limited and its subsidiary are engaged in the supply of postal services, savings bank services and micro-lending and operates principally in Namibia. In addition, the group provides Universal Electronic Payment System's applications, products and services to financial institutions, government organisations, retailers, employers and other service providers.
Directors	Evangelina N Hamunyela Perien J Boer Muronga Haingura Israel U D Kalenga James A Cumming
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	Eldorette C Harmse
Company registration number	92/284
Lawyers	Shikongo Law Chambers and ENSafrica/Namibia

Contents

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

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 year 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 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 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 2019 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing 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 presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 59, which have been prepared on the going concern basis, were approved by the board of directors and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Director

Director

Windhoek

Date: 4 . 12 . 2018

Independent auditor's report

To the Member of Namibia Post Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Post Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2018, 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 the requirements of the Companies Act of Namibia.

What we have audited

Namibia Post Limited's consolidated and separate financial statements set out on pages 7 to 59 comprise:

- the directors' report for the year ended 30 September 2018;
- the consolidated and separate statements of financial position as at 30 September 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the Genenral Information, the Contents, the Directors' Responsibilities and Approval, and the Detailed Income Statement. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

PricewaterhouseCoopers , Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T:+ 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

Country Senior Partner: R Nangula Uaandja
Partners: Carl P van der Merwe, Louis van der Riet, Anna EJ Rossouw, Chantell N Husselmann, Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Trofimus Shapange, Nelson Lucas

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: R Nangula Uaandja
Partner
Windhoek

Date: 4 December 2018

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia Post Limited and its subsidiary, consolidated and separate, for the year ended 30 September 2018.

1. Nature of business

Namibia Post Limited and its subsidiary are engaged in the supply of postal services, courier services, savings bank services and micro - lending and operates principally in Namibia. In addition, providing the Universal Electronic Payment System's applications, products and services to financial institutions, government organisations, retailers, employers and other service providers.

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

2. Review of financial results and activities

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

Full details of the financial position, results of operations and cash flows of the group are set out in these annual financial statements.

3. Share capital

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

4. Dividends

Subsequent to year end the directors declared a dividend of N$ 5 million (2017: Nil).

5. Directorate

The directors in office for the year covered by and as at the date of this report are all Namibians and their details are as follows:

	Appointed	**Current designation**
Evangelina N Hamunyela	20 November 2013	Chairperson
Perien J Boer	26 August 2013	Non-executive
Muronga Haingura	01 October 2016	Vice Chairperson
Israel U D Kalenga	01 October 2016	Non-executive
James A Cumming	01 October 2016	Non-executive

6. Interest in subsidiary and joint venture

Name of subsidiary / joint venture	**Country of incorporation**	**% Holding**
NamPost Financial Brokers (Pty) Ltd (Subsidiary)	Namibia	100
SmartSwitch Namibia (Pty) Ltd (Joint venture)	Namibia	50

	2018 N$ '000	**2017 N$ '000**
NamPost Financial Brokers (Pty) Ltd		
Total profit after income tax	13,527	11,569
SmartSwitch Namibia (Pty) Ltd		
Total profit after income tax	12,133	11,065
	25,660	**22,634**

Directors' Report

There were no significant acquisitions or divestitures during the year ended 30 September 2018.

7. Holding company

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

8. Events after the reporting period

The directors are not aware of any significant event which occurred after the reporting date and up to the date of this report that may have an impact on these financial statements.

9. Auditors

PricewaterhouseCoopers continued in office as auditors for the company, its subsidiary and joint venture for 2018 in accordance with section 278(2) of the Companies Act of Namibia.

10. Secretary

The company secretary is E C Harmse.

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

11. Acknowledgements

Thanks and appreciation are extended to our shareholder, and to all our staff, suppliers, customers and clients for their continued support of the group.

Statement of Financial Position as at 30 September 2018

		Group			Company		
	Notes	2018	2017 (Restated*)	1 October 2016 (Restated*)	2018	2017 (Restated*)	1 October 2016 (Restated*)
		N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Assets							
Non - Current Assets							
Property, plant and equipment	4	20,304	23,792	26,211	18,905	22,760	25,108
Intangible assets	5	71,800	46,735	37,693	70,554	45,316	36,102
Investments in subsidiaries	6	-	-	-	15,001	15,001	15,001
Investments in joint ventures	7	10,634	10,068	11,285	2,000	6,000	6,000
Loans to group companies	8	-	-	-	209,712	216,999	128,787
Other financial assets	9	2,774,448	2,052,848	2,209,565	2,470,539	1,772,268	2,111,975
Deferred tax	11	29,166	15,384	20,227	27,027	15,154	19,484
		2,906,352	**2,148,827**	**2,304,981**	**2,813,738**	**2,093,498**	**2,342,457**
Current Assets							
Inventories	14	30,259	46,074	54,511	30,259	46,074	54,511
Loans to group companies	8	-	-	-	6,678	6,678	6,250
Trade and other receivables	15	64,036	60,049	96,539	63,760	59,927	96,388
Other financial assets	9	2,393,920	2,267,445	1,724,543	2,393,920	2,263,421	1,641,441
Current tax receivable	19	11,742	14,556	16,751	12,871	13,844	16,723
Cash and cash equivalents	16	87,638	64,206	138,927	85,666	63,789	137,439
		2,587,595	**2,452,330**	**2,031,271**	**2,593,154**	**2,453,733**	**1,952,752**
Total Assets		**5,493,947**	**4,601,157**	**4,336,252**	**5,406,892**	**4,547,231**	**4,295,209**
Equity and Liabilities							
Equity							
Share capital	17	5,075	5,075	5,075	5,075	5,075	5,075
Retained income		265,335	249,198	215,272	227,650	229,606	206,201
		270,410	**254,273**	**220,347**	**232,725**	**234,681**	**211,276**
Liabilities							
Non-Current Liabilities							
Other financial liabilities	18	105,441	81,744	74,000	51,993	51,291	43,547
Retirement benefit obligation	12	12,278	12,958	14,367	12,278	12,958	14,367
Savings bank Investors	13	654,145	609,601	590,255	654,145	609,601	590,255
		771,864	**704,303**	**678,622**	**718,416**	**673,850**	**648,169**
Current Liabilities							
Trade and other payables	20	191,039	172,337	168,061	185,195	163,927	162,013
Loans from group companies	8	-	-	6,250	-	-	6,250
Other financial liabilities	18	3,033	1,116	4,758	1,374	1,116	4,758
Savings bank Investors	13	4,257,601	3,469,128	3,258,214	4,269,182	3,473,657	3,262,743
		4,451,673	**3,642,581**	**3,437,283**	**4,455,751**	**3,638,700**	**3,435,764**
Total Liabilities		**5,223,537**	**4,346,884**	**4,115,905**	**5,174,167**	**4,312,550**	**4,083,933**
Total Equity and Liabilities		**5,493,947**	**4,601,157**	**4,336,252**	**5,406,892**	**4,547,231**	**4,295,209**

* Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 33.

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2018

Statements of Comprehensive Income

	Notes	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Revenue	22	1,105,307	1,027,865	1,038,049	967,867
Cost of sales	23	(690,690)	(641,458)	(688,187)	(635,752)
Gross profit		**414,617**	**386,407**	**349,862**	**332,115**
Other operating income	24	11,749	18,308	9,700	17,188
Operating expenses		(388,189)	(390,166)	(359,078)	(363,684)
Operating profit (loss)	25	**38,177**	**14,549**	**484**	**(14,381)**
Investment income	27	11,266	11,596	29,941	29,526
Finance costs	28	(929)	(1,414)	(929)	(931)
Income from equity accounted investments	7	6,066	5,533	-	-
Profit before taxation		**54,580**	**30,264**	**29,496**	**14,214**
Taxation	29	(15,290)	(7,908)	(8,300)	(2,379)
Profit for the year		**39,290**	**22,356**	**21,196**	**11,835**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		1,065	1,811	1,065	1,811
Fair value adjustments		(35,114)	15,204	(35,114)	15,204
Income tax relating to items that will not be reclassified	30	10,896	(5,445)	10,896	(5,445)
Total items that will not be reclassified to profit or (loss)		**(23,153)**	**11,570**	**(23,153)**	**11,570**
Other comprehensive income (loss) for the year net of taxation		**(23,153)**	**11,570**	**(23,153)**	**11,570**
Total comprehensive income (loss) for the year		**16,137**	**33,926**	**(1,957)**	**23,405**

Statements of Changes in Equity

	Notes	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Group				
Balance at 01 October 2016		**5,075**	**224,229**	**229,304**
Prior period adjustment	33	-	(8,957)	(8,957)
Balance at 01 October 2016 (Restated*)		**5,075**	**215,272**	**220,347**
Profit for the year		-	22,356	22,356
Other comprehensive income		-	11,570	11,570
Total comprehensive income for the year		**-**	**33,926**	**33,926**
Balance at 01 October 2017 (Restated*)		**5,075**	**249,198**	**254,273**
Profit for the year		-	39,290	39,290
Other comprehensive income		-	(23,153)	(23,153)
Total comprehensive income for the year		**-**	**16,137**	**16,137**
Balance at 30 September 2018		**5,075**	**265,335**	**270,410**

Refer to note 17 for details on share capital

	Notes	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Company				
Balance at 01 October 2016		**5,075**	**215,158**	**220,233**
Prior period adjustment	33	-	(8,957)	(8,957)
Balance at 01 October 2016 (Restated*)		**5,075**	**206,201**	**211,276**
Profit for the year		-	11,835	11,835
Other comprehensive income		-	11,570	11,570
Total comprehensive loss for the year		**-**	**23,405**	**23,405**
Balance at 01 October 2017 (Restated*)		**5,075**	**229,606**	**234,681**
Profit for the year		-	21,196	21,196
Other comprehensive income		-	(23,153)	(23,153)
Total comprehensive income for the year		**-**	**(1,957)**	**(1,957)**
Balance at 30 September 2018		**5,075**	**227,650**	**232,725**

Refer to note 17 for details on share capital

* Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 33.

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2018

Statements of Cash Flows

		Group		Company	
	Notes	2018	2017 (Restated*)	2018	2017 (Restated*)
		N$ '000	N$ '000	N$ '000	N$ '000
Cash flows from operating activities					
Cash generated by operations	31	80,954	68,211	39,913	29,968
Interest received		4,706	8,153	21,881	19,333
Finance costs		(929)	(1,414)	(929)	(931)
Dividend received		6,559	3,443	8,059	10,193
Tax paid	32	(15,363)	(6,314)	(8,304)	(614)
Net cash inflow from operating activities		**75,927**	**72,079**	**60,620**	**57,949**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(3,703)	(6,861)	(2,669)	(6,547)
Sale of property, plant and equipment	4	307	202	34	202
Purchase of intangible assets	5	(28,510)	(14,504)	(28,510)	(14,889)
Net movement in financial assets		(883,189)	(370,981)	(863,884)	(94,890)
Movement in loans to group companies		-	(6,250)	7,287	(267,069)
Proceeds from SSN share buy back	7	-	-	4,000	-
Net cash outflow from investing activities		**(915,095)**	**(398,394)**	**(883,742)**	**(383,193)**
Cash flows from financing activities					
Movement in other financial liabilities		24,283	4,102	(340)	4,102
Movement in agency / third party funds		5,270	17,232	5,270	17,232
Movement in savings deposits liabilities		833,017	230,260	840,069	230,260
Net cash from financing activities		**862,570**	**251,594**	**844,999**	**251,594**
Total cash and cash equivalents movement for the year		**23,402**	**(74,721)**	**21,877**	**(73,650)**
Cash and cash equivalents at the beginning of the year		64,236	138,957	63,789	137,439
Total cash and cash equivalents at the end of the	16	**87,638**	**64,236**	**85,666**	**63,789**

* Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 33.

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements have been prepared on the historical cost basis with the exception of financial assets carried at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars.

These accounting policies are consistent with the previous year.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, which are controlled or jointly controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are derecognised from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non- controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Accounting Policies

1.1 Consolidation (continued)

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling

Jointly controlled entities

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the group and a joint venture are eliminated to the extent of the group's interest therein.

1.2 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of Namibia.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors.

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 in other comprehensive income.

Deferred tax asset

The group recognises the net future tax benefit that relates to deferred income tax assets to the extent that it is probable that the deductible tax temporary difference will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differs significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Deferred Income

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

Courier - the number of days it takes to deliver a parcel.

Postal services - according to the set standards of the Ministry of Works and Transport and Communication (1 day delivery in Windhoek, 2 - 3 days outside Windhoek).

Post box rentals are recognised as the services are rendered.

Franking fees - the estimated number of days the customer utilises the units.

Discount Rates

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

1.3 Significant judgements and sources of estimation uncertainty (continued)

Revenue recognition

The group uses the percentage of completion method in accounting for its rendering of services. Use of the percentage of completion method requires the group to estimate the services performed to date as 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.

Residual values and useful lives

The residual value, useful life and depreciation method of each asset is reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

Item	*Depreciation method*	*Average useful life*
Furniture and fixtures	Straight line	4-10 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	10 years
Other equipment	Straight line	4-10 years

The depreciation method, useful life and residual value of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. 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

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity ; and
- the cost of the asset can be measured reliably.

1.5 Intangible assets (continued)

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Work in progress comprises computer software bought and not in use. These items are carried at cost and not depreciated as they are not available for use.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software (acquired)	10 years

1.6 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.6 Investments in subsidiaries (continued)

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.7 Investments in joint ventures

Company annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

In respect of its interests in jointly controlled operations, the company recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1.8 Financial instruments

Financial assets

As from 1 October 2010, the group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

Debt investments

(a) Financial assets at amortised cost

A debt investment is classified as 'amortised cost' only if both of the following criteria are met: The objective of the group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

(b) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as 'fair value through profit or loss'. The group has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Equity instruments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

1.8 Financial instruments (continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value though profit or loss are expensed in the income statement. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the income statement within 'other (losses)/gains —net' in the period in which they arise.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred 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.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.8 Financial instruments (continued)

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other 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 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.

Trade and other payables

Trade payables are carried at 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for

Bank overdrafts and borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.9 Income tax

Current tax assets and liabilities

Current income 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 those periods, the excess is recognised as an asset.

Current income 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

1.9 Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income 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, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax 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 in equity.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the

Operating leases - lessor

Operating lease income is recognised as an income 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 asset is not

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of comprehensive income.

1.10 Leases (continued)

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.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

1.12 Impairment of non-financial assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash- generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.13 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

Ordinary shares are classified as equity.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Employee benefits (continued)

Defined benefit plans

Defined benefit plans define an amount of medical benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.15 Provisions and contingencies

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Contingent assets and contingent liabilities are not recognised.

1.16 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably.
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian Dollar, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1.18 Translation of foreign currencies (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in

Cash flows arising from transactions in a foreign currency are recorded in by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.19 Financial Liabilities

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

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 and sustainability different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

1.20 Dividend distribution

Dividend distribution to the group's shareholder is recognised as a liability in the annual financial statements in the year in which the dividends are approved by the directors of the company.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	**Effective date:** **Years beginning on or after**	**Expected impact**
IFRS 12 : Disclosure of Interests in Other Entities - Amendments on clarification of the scope of IFRS 12	1 January 2017	The impact of the amendment is not material
IAS 7 Statement of Cash Flows - Amendments requiring entities to disclose information about changes in their financing liabilities.	1 January 2017	The impact of the amendment is not material
IAS 12 Income Taxes - Amendments on recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	The impact of the amendment is not material

2.2 Standards and Interpretations early adopted

The group has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	**Effective date:** **Years beginning on or after**	**Expected impact**
IFRS 9 Financial Instruments	1 January 2018	The impact of the amendment is material

2.3 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 October 2018 or later periods:

Standard/ Interpretation:	**Effective date:** **Years beginning on or after**	**Expected impact**
IFRS 10 and IAS 28 Consolidated Financial Statements - Amendment on sale or contribution of assets between an Investor and its Associate or Joint Venture	The effective date has been deferred indefinitely	Unlikely to have a material impact

2.3 Standards and interpretations not yet effective (continued)

Standard/ Interpretation:	Effective date:	Expected impact
	Years beginning on or after	
IFRS 15 Revenue from Contracts from Customers - Amendments on recognition of revenue and revenue disclosures	1 January 2018	Expected to have a material impact on revenue - (revenue from sale of airtime will be recognised on a net - basis.)
IFRS 16 Leases - Amendments on recognition and disclosures of leased assets and liabilities	1 January 2019	Expected to have a material impact on the statement of financial position and statement of comprehensive income - (operating leases to be capitalised thereby increasing assets, depreciation and finance costs.)
IAS 19 Employee Benefits - Amendments on using assumptions from a plan amendment, curtailment or settlement	1 January 2019	Unlikely to have a material impact

3. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 8 & 18 cash and cash equivalents disclosed in note 16, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Risk management (continued)

Liquidity risk

Cash flow forecasting is performed in the operating entities of the company and aggregated by company finance. Company finance monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the company's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The company has the following facilities available at the bank: overdraft of N$14m, master card of N$0.3m, fleet management of N$0.8m, vehicle asset finance N$1m, guarantee N$0.17m, foreign exchange N$1m, forward exchange N$1m, interest rate swaps amounts to N$2.76m.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	**Less than 1 year**	**Between 2 and 5 years**
As at 30 September 2018		
Borrowings	3,033	105,441
Trade and other payables (Excluding VAT and amounts received in advance)	181,257	-
Savings Bank Investors	4,257,601	654,145
Retirement benefit obligation	-	12,278
Group		
As at 30 September 2017		
Borrowings	1,116	81,744
Trade and other payables (Excluding VAT and amounts received in advance)	170,863	-
Savings Bank Investors	3,469,128	609,601
Retirement benefit obligation	-	12,958
Company		
As at 30 September 2018		
Borrowings	1,374	51,993
Trade and other payables (Excluding VAT and amounts received in advance)	171,090	-
Savings Bank Investors	4,269,182	654,145
Retirement benefit obligation	-	12,278
Company		
As at 30 September 2017		
Borrowings	1,116	51,291
Trade and other payables	162,453	-
Savings Bank Investors	3,473,657	609,601
Retirement benefit obligation	-	12,958

3. Risk management (continued)

Short term exposure	**Group**		**Company**	
	2018 N$ '000	**2017 N$ '000**	**2018 N$ '000**	**2017 N$ '000**
Current portion of Savings Bank investors	(4,257,601)	(3,469,128)	(4,269,182)	(3,473,657)
Current portion of other financial assets	2,393,920	2,267,445	2,393,920	2,263,421
Cash and cash equivalents (excluding cash on hand)	71,323	43,703	69,359	43,280
	(1,792,358)	**(1,157,980)**	**(1,805,903)**	**(1,166,956)**

Long term exposure	**Group**		**Company**	
	2018 N$ '000	**2017 N$ '000**	**2018 N$ '000**	**2017 N$ '000**
Long term portion of Savings Bank investors	(654,145)	(609,601)	(654,145)	(609,601)
Long term portion of other financial assets	2,774,448	2,052,848	2,470,539	1,772,268
	2,120,303	**1,443,247**	**1,816,394**	**1,162,667**

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. This poses a risk as the company borrows and places funds in financial instruments at both fixed and floating interest rates.

At 30 September 2018, if interest rates on Namibia Dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been N$49 million (2017: N$41 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on Namibia Dollar-denominated financial assets had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been N$43 million (2017: N$33 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N$8 million (2017: N$10 million) lower/higher mainly as a result of a decrease/increase in the fair value of fixed rate financial assets at fair value through profit and loss.

The 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.

3. Risk management (continued)

Interest rate effect on profit

Group (N$'000)	Effect on profit 2018 100bp increase in market	Effect on profit 2018 100bp decrease in market	Effect on profit 2017 100bp increase in market	Effect on profit 2017 100bp decrease in market
Cash and cash equivalents	876	(876)	642	(642)
Other financial assets	51,684	(51,684)	43,203	(43,203)
Other financial liabilities	(1,085)	1,085	(829)	929
Savings Bank investors	(49,117)	49,117	(40,787)	40,787
	2,358	**(2,358)**	**2,229**	**(2,129)**

Company (N$'000)	Effect on profit 2018 100bp increase in market	Effect on profit 2018 100bp decrease in market	Effect on profit 2017 100bp increase in market	Effect on profit 2017 100bp decrease in market
Cash and cash equivalents	857	(857)	638	(638)
Other financial assets	48,645	(48,645)	41,202	(41,202)
Other financial liabilities	(534)	534	(513)	513
Loans to group companies	1,595	(1,595)	1,392	(1,392)
	50,562	**(50,562)**	**42,719**	**(42,719)**

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 statement of financial position 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 adjustments for financial assets and liabilities with 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. Risk management (continued)

Credit risk

Credit risk is managed on a group basis.

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.

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**Group**		**Company**	
	2018	**2017**	**2018**	**2017**
	N$ '000	**N$ '000**	**N$ '000**	**N$ '000**
Loans to group companies	-	-	216,390	223,677
Other financial assets	5,172,841	4,320,293	4,864,459	4,035,689
Trade and other receivables (excluding prepayments and VAT)	60,281	60,034	60,272	59,927
Cash and cash equivalents	87,638	64,206	85,666	63,789

Foreign exchange risk

The group transacts with foreign entities/ individuals and hence is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, SDR (Special Drawing Right) and the British pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

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

Foreign currency exposure at the statement of financial position date

Assets				
SDR*	1,398	1,195	1,398	1,195
Liabilities				
Euro	2,709	2,709	2,709	2,709
SDR*	406	260	406	260

3. Risk management (continued)

*Special drawing rights (XDR - aka: SDR) are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund (IMF). The SDR is not a currency per se. It instead represents a claim to currency held by IMF member countries for which they may be exchanged.

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 at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Notes to the Annual Financial Statements

4. Property, plant and equipment

Group	2018 N$ '000			2017 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	6,699	(4,126)	2,573	6,563	(3,601)	2,962
Motor vehicles	2,540	(1,164)	1,376	2,161	(1,158)	1,003
IT equipment	34,741	(31,490)	3,251	32,570	(29,238)	3,332
Leasehold improvements	3,106	(1,343)	1,763	2,890	(1,058)	1,832
Other equipment	44,827	(33,487)	11,341	44,631	(29,968)	14,663
Total	**91,913**	**(71,610)**	**20,304**	**88,815**	**(65,023)**	**23,792**

Company	2018 N$ '000			2017 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	6,411	(3,953)	2,458	6,323	(3,480)	2,843
Motor vehicles	1,343	(1,008)	335	1,343	(871)	472
IT equipment	33,673	(30,664)	3,009	31,608	(28,658)	2,950
Leasehold improvements	3,106	(1,342)	1,764	2,890	(1,058)	1,832
Other equipment	44,827	(33,488)	11,339	44,631	(29,968)	14,663
Total	**89,360**	**(70,455)**	**18,905**	**86,795**	**(64,035)**	**22,760**

Reconciliation of property, plant and equipment - Group 2018 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,962	126	-	(515)	2,573
Motor vehicles	1,003	611	-	(239)	1,376
IT equipment	3,332	2,262	(13)	(2,330)	3,251
Leasehold improvements	1,832	215	-	(284)	1,763
Other equipment	14,663	489	(294)	(3,516)	11,341
	23,792	**3,703**	**(307)**	**(6,884)**	**20,304**

Reconciliation of property, plant and equipment - Group 2017 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,874	611	(89)	(434)	2,962
Motor vehicles	1,231	-	-	(228)	1,003
IT equipment	5,903	1,917	(103)	(4,385)	3,332
Leasehold improvements	1,641	457	-	(266)	1,832
Other equipment	14,562	3,876	(10)	(3,765)	14,663
	26,211	**6,861**	**(202)**	**(9,078)**	**23,792**

Reconciliation of property, plant and equipment - Company 2018 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,843	78	-	(463)	2,458
Motor vehicles	472	-	-	(137)	335
IT equipment	2,950	2,160	(13)	(2,088)	3,009
Leasehold improvements	1,832	216	-	(284)	1,764
Other equipment	14,663	215	(21)	(3,518)	11,339
	22,760	**2,669**	**(34)**	**(6,490)**	**18,905**

Reconciliation of property, plant and equipment - Company 2017 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,827	478	(89)	(373)	2,843
Motor vehicles	609	-	-	(137)	472
IT equipment	5,469	1,736	(103)	(4,152)	2,950
Leasehold improvements	1,641	457	-	(266)	1,832
Other equipment	14,562	3,876	(10)	(3,765)	14,663
	25,108	**6,547**	**(202)**	**(8,693)**	**22,760**

5. Intangible assets

Group	**2018 N$ '000**			**2017 N$ '000**		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	53,635	(45,619)	8,016	52,241	(42,247)	9,994
Work in progress (WIP)	63,784	-	63,784	36,741	-	36,741
Total	**117,419**	**(45,619)**	**71,800**	**88,982**	**(42,247)**	**46,735**

Company	**2018 N$ '000**			**2018 N$ '000**		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	51,963	(45,193)	6,770	50,569	(41,994)	8,575
Work in progress (WIP)	63,784	-	63,784	36,741	-	36,741
Total	**115,747**	**(45,193)**	**70,554**	**87,310**	**(41,994)**	**45,316**

Reconciliation of intangible - Group 2018 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	9,994	1,467	(3,445)	8,016
Work in progress (WIP)	36,741	27,043	-	63,784
Total	**46,735**	**28,510**	**(3,445)**	**71,800**

Notes to the Annual Financial Statements

Reconciliation of intangible assets- Group 2017 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	15,456	-	(5,462)	9,994
Work in progress (WIP)	22,237	14,504	-	36,741
Total	**37,693**	**14,504**	**(5,462)**	**46,735**

Reconciliation of intangible assets - Company 2018 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	8,575	1,467	(3,272)	6,770
Work in progress (WIP)	36,741	27,043	-	63,784
Total	**45,316**	**28,510**	**(3,272)**	**70,554**

Reconciliation of intangible assets - Company 2017 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	13,865	385	(5,675)	8,575
Work in progress (WIP)	22,237	14,504	-	36,741
Total	**36,102**	**14,889**	**(5,675)**	**45,316**

Notes to the Annual Financial Statements

6. Investment in subsidiary

The following table lists the entities which are controlled by the group.

Company

Name of company	% holding 2018	% holding 2017	Carrying amount 2018 N$ '000	Carrying amount 2017 N$ '000
NamPost Financial Brokers (Pty) Ltd	100	100	15,001	15,001

Nature of business of subsidiaries

NamPost Financial Brokers (Pty) Ltd is engaged in micro-lending business activities and to carry on the business of financial services broker.

Directors valuation:

The directors have valued the subsidiary at its net asset value of N$44,232,929 (2017: N$30,526,478).

7. Joint arrangements

SmartSwitch Namibia Limited has been operational since February 2006 and is 50% owned by NamPost at an initial investment cost of N$6 million which has reduced to N$2 million following a N$4 million share buy back during the year.

Joint venture

			Group	
Name of company	**% holding 2018**	**% holding 2017**	**Carrying amount 2018 N$ '000**	**Carrying amount 2017 N$ '000**
SmartSwitch Namibia (Pty) Ltd unlisted share investment	50	50	10,634	10,068

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income

	SmartSwitch Namibia (Pty) Ltd 2018 N$ '000	SmartSwitch Namibia (Pty) Ltd 2017 N$ '000
Revenue	28,900	28,112
Cost of sales	(1,297)	(1,342)
Operating expenses	(10,746)	(11,583)
Investment revenue	986	1,095
Finance cost	-	(2)
Profit before tax	17,843	16,280
Tax expense	(5,710)	(5,215)
Profit from continuing operations	12,133	11,065
Total comprehensive income	**12,133**	**11,065**

Notes to the Annual Financial Statements

7. Joint arrangements (continued)

Investment at beginning of the year	10,068	11,285
Share of profit	6,066	5,533
Dividends received from joint venture	(1,500)	(6,750)
Share buy back	(4,000)	-
Investment at end of period	**10,634**	**10,068**

Directors valuation

The directors have valued the joint venture at its net carrying value N$ 10,634 million (2017: N$ 10,068 million).

NamPost/Hollard Joint arrangement

NamPost entered into a joint arrangement with Hollard Life Namibia Ltd in 2016 on the credit life and funeral cover products and is entitled to dividend distributions as declared by Hollard directors. NamPost invested N$1 in the arrangement and this has been accounted for as a normal financial asset.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
8. Loans to / (from) group companies				
Subsidiaries				
NamPost Financial Brokers (Pty) Ltd	-	-	37,022	43,207
This loan has a term of 10 years and interest payable on capital only every 6 months fixed repayment terms. The loan attracts interest at an effective rate of prime less 3% with a grace period of two years. Capital to be paid in December annually.				
NamPost Financial Brokers (Pty) Ltd	-	-	179,368	180,470
Prior to 1 October 2016, loan interest was charged at 5% with no repayment terms. Effective 1 October 2016, N$ 149 million of the total loan balance has a five year repayment period, carries an interest rate of Prime less 1% payable annually on 30 September, and a bullet payment of the capital payable in the 5th year. Total interest outstanding as at 30 September 2018 is repayable in 4 equal instalments commencing year 2020. The remaining N$ 10 million of the loan balance is a subordinated loan and attracts interest at 5% per annum with no fixed repayment terms.				
	-	**-**	**216,390**	**223,677**
Non - current assets				
Current assets	-	-	209,712	216,999
Current liabilities	-	-	6,678	6,678
	-	**-**	**216,390**	**223,677**
9. Other financial assets				
At fair value through other comprehensive income				
Quoted shares	846,426	1,042,654	846,426	1,042,654
Bonds*	2,101,291	1,821,261	2,101,291	1,821,261
Other financial assets	-	4,024	-	-
Fixed term deposits, call accounts and money instruments	1,916,742	1,171,774	1,916,742	1,171,774
	4,864,459	**4,039,713**	**4,864,459**	**4,035,689**
At amortised cost				
Loans and receivables (NamPost Financial Brokers (Pty) Ltd	303,909	280,580	**-**	**-**
Total other financial assets	**5,168,368**	**4,320,293**	**4,864,459**	**4,035,689**

* Limited surety in the form of Internal Registered Stock GC024 to the nominal value of N$200,000,000 issued by the Republic of Namibia has been provided on the Bank Windhoek loan.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
9. Other financial assets (continued)				
Non-current assets				
At fair value through other comprehensive income	2,470,539	1,772,268	2,470,539	1,772,268
Other financial assets - at amortised cost (NamPost Financial Brokers (Pty) Ltd	303,909	280,580	-	-
	2,774,448	**2,052,848**	**2,470,539**	**1,772,268**
Current assets				
At fair value through other comprehensive income	2,393,920	2,267,445	2,393,920	2,263,421
	2,393,920	**2,267,445**	**2,393,920**	**2,263,421**
	5,168,368	**4,320,293**	**4,864,459**	**4,035,689**

The fair values of the financial assets were determined as follows:
The fair values of listed or quoted investments are based on the quoted market price.
The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

Fair values are determined annually at statement of financial position date.

Fair value hierarchy of financial assets at fair value through other comprehensive income

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	Group 2018	Group 2017	Company 2018	Company 2017
Level 1				
Quoted shares	846,426	862,397	846,426	862,397
Level 2				
Bonds	2,101,291	1,741,452	2,101,291	1,741,452
Fixed term deposits, call accounts and money market instruments	1,916,742	1,431,840	1,916,742	1,431,840
	4,018,034	**3,173,292**	**4,018,034**	**3,173,292**
	4,864,459	**4,035,689**	**4,864,459**	**4,035,689**
Financial assets through other comprehensive income				
Opening balance	4,320,293	3,934,108	4,035,689	3,753,416
Additions	8,218,315	4,667,543	8,199,010	4,563,631
Disposals	(7,465,795)	(4,496,394)	(7,465,795)	(4,496,394)
Interest	130,670	199,832	130,670	199,832
Fair value adjustments	(35,114)	15,204	(35,114)	15,204
	5,168,368	**4,320,293**	**4,864,459**	**4,035,689**

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

9. Other financial assets (continued)

The fair value adjustments relates to IFRS 9 revaluations of financial assets at year end.

Credit quality of other financial assets - At fair value through other comprehensive income

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Credit quality of other financial assets - At fair value through other comprehensive income

Credit rating				
Bank Windhoek Limited AA (Global credit rating)	1,028,350	601,629	1,028,350	601,629
Standard Bank Namibia Limited AA+ (Fitch credit rating)	660,917	615,307	660,917	615,307
Namibian Government bond BBB (Moody's credit rating)	1,574,728	1,357,798	1,574,728	1,357,798
Entities with no external credit rating	707,399	613,298	403,490	328,694
Nedbank Namibia Limited F1+	288,365	102,530	288,365	102,530
Old Mutual F2c- (Unit trust)	201,467	202,562	201,467	202,562
Sanlam Namibia AA (Unit trust)	448,687	348,505	448,687	348,505
First National Bank AA (zaf)	258,455	478,664	258,455	478,664
	5,168,368	**4,320,293**	**4,864,459**	**4,035,689**

Credit quality of other financial assets - at amortised cost

Loans and advances are issued to individuals with no external credit ratings. ITC check is done on each applicant before the loan is issued.

The credit quality of loans and advances that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

Counterparties				
With history of no default	311,903	285,209	-	-
With history of default	2,832	2,563	-	-
Less provision for impairment	(10,826)	(7,192)	-	-
	303,909	**280,580**	-	-

Loans and advances past due but not impaired

Loans and advances which are less than 3 months are generally not impaired. As at 30 September 2018 the loans and advances past due but not impaired is N$ 0.00 (2017: N$ 0.00)

Loans and advances impaired

As at 30 September 2018, loans and advances impaired of N$ 10,826 million (2017: N$ 7,192 million) were impaired and provided for.

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
9. Other financial assets (continued)				
The ageing of these loans are as follows:				
Loans and advances impaired				
Current	5,512	5,710	-	-
Past due 31 to 60 days	142	42	-	-
Past due 61 to 90 days	743	26	-	-
Past due 90+ days	4,430	1,414	-	-
	10,826	**7,192**	**-**	**-**
Reconciliation of provision for impairment of loans and advances				
Opening balance	7,192	4,461	-	-
Movement	3,634	2,731	-	-
	10,826	**7,192**	**-**	**-**

10. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	Group 2018	Group 2017	Company 2018	Company 2017
At fair value through other profit (loss)				
Loans to group companies	-	-	216,390	223,677
Trade and other receivables (excluding VAT)	64,036	60,034	63,760	59,927
	64,036	**60,034**	**280,150**	**283,604**
At fair value through other comprehensive income				
Other financial assets	5,168,368	4,320,293	4,864,459	4,035,689
	5,168,368	**4,320,293**	**4,864,459**	**4,035,689**
At amortised cost				
Loans and receivables (NamPost Financial Brokers (Pty) Ltd	303,909	280,580	-	-
Cash and cash equivalents	87,638	64,206	85,666	63,789
Total other financial assets	**391,547**	**344,786**	**85,666**	**63,789**

11. Deferred tax

	Group 2018	Group 2017	Company 2018	Company 2017
Deferred tax liability				
Property plant and equipment	(6,550)	(6,716)	(5,964)	(6,192)
Fair value adjustments	10,085	2,595	10,085	2,595
Terminal dues	(2,858)	(4,132)	(2,858)	(4,132)
Stock - Consumables	(1,172)	(1,283)	(1,172)	(1,283)
Prepayments	(1,201)	1,832	(1,116)	1,974
Total deferred tax liability	**(1,697)**	**(7,704)**	**(1,026)**	**(7,038)**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
11. Deferred tax (continued)				
Deferred tax asset				
Retirement benefit obligation	4,270	4,146	4,270	4,146
Provisions	20,934	17,291	18,124	16,395
Deferred tax balance from temporary differences other than unused tax losses	25,204	21,437	22,394	20,541
Income received in advance	4,153	2,148	4,153	2,148
	29,357	23,585	26,547	22,689
Other deferred tax (unrealised foreign) exchange, loans etc.	1,506	(497)	1,506	(497)
Total deffered tax asset, net of valuation allowance recognised	30,863	23,088	28,053	22,192

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	Group 2018	Group 2017	Company 2018	Company 2017
Deferred tax liability	**(1,697)**	**(7,704)**	**(1,026)**	**(7,038)**
Deferred taxation liability to be recovered after more than 12 months	(1,697)	(7,704)	(1,026)	(7,038)
Deferred taxation liability to be recovered within 12 months	-	-	-	-
Deferred tax asset	**30,863**	**23,088**	**28,053**	**22,192**
Deferred taxation asset to be recovered after more than 12 months	30,863	23,088	28,053	22,192
Deferred taxation asset to be recovered within 12 months	-	-	-	-
Total net deferred tax asset	**29,166**	**15,384**	**27,027**	**15,154**
Reconciliation of deferred tax asset / (liability)				
At the beginning of year	15,384	20,227	15,154	19,484
Reversing temporary differences on terminal dues and parcel credits	1,274	(1,261)	1,274	(1,261)
Reversing temporary differences on income received in advance	2,005	1,114	2,005	1,114
Originating temporary differences on tangible fixed assets	166	(170)	227	(125)
Originating / (Reversing) temporary differences on Post retirement obligation	124	(451)	124	(451)
Reversing temporary differences on fair value adjustments	7,491	(4,378)	7,491	(4,378)
Originating temporary differences on provisions	3,643	(1,284)	1,729	(921)
Originating temporary differences on stock - consumables	111	1,073	111	1,073
Reversing /(Originating) temporary differences on prepayments	(3,033)	2,247	(3,090)	2,352
Other deferred tax (unrealised forex, workmen compensation, etc.)	2,002	(1,733)	2,002	(1,733)
	29,166	**15,384**	**27,027**	**15,154**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

12. Post employment benefits

Defined benefit plan

The company continues to pay two thirds of total contributions towards the medical scheme when qualifying employees retire or become incapacitated.

The plan is a final post employment medical benefit plan.

Carrying value

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Present value of the defined benefit obligation - wholly unfunded	(12,278)	(12,958)	(12,278)	(12,958)

Movements for the year

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Opening balance	(12,958)	(14,367)	(12,958)	(14,367)
Benefits paid	946	1,090	946	1,090
Actuarial gain / (loss)	1,065	1,811	1,065	1,811
Net expense recognised in profit or loss	(1,331)	(1,492)	(1,331)	(1,492)
	(12,278)	**(12,958)**	**(12,278)**	**(12,958)**

Net expense recognised in the income statement

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Current service cost	(102)	(101)	(102)	(101)
Interest cost	(1,229)	(1,391)	(1,229)	(1,391)
Actuarial gain / (loss)	1,065	1,811	1,065	1,811
	(266)	**319**	**(266)**	**319**

Key assumptions used

Assumptions used on last valuation on 30 September 2018.

	Group 2018	Group 2017	Company 2018	Company 2017
Average retirement age	58	58	58	58
Discount rates used	9.48%	9.74%	9.48%	9.74%
Health care cost inflation	7.39%	8.20%	7.39%	8.20%

Pension Fund - (defined contribution)

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

The Napotel Pension Fund converted from a defined benefit plan to defined contribution plan with effect from 1 October 1997. A statutory actuarial valuation was carried out as at 30 September 2018, which indicate that the fund was in a sound financial position.

	Group		Company	
	2018	2017	2018	2017
	N$ '000	N$ '000	N$ '000	N$ '000

12. Post employment benefits (continued)

Sensitivity Analysis

The valuation above is only an estimate of the cost of providing post - employment medical aid benefits. The actual cost to the organisation will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:
20 % increase/ decrease in the assumed level of mortality;
1 % increase/ decrease in the Medical Aid inflation

Mortality

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the company. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the company in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates on total accrued liability by increasing and decreasing the mortality rates by 20%. The effect is as follows:

Balance of liability with change in assumption:

20% decrease in mortality rate	13,388	15,175	13,388	15,175
Valuation assumption	12,278	12,958	12,278	12,958
20% increase in mortality rate	11,395	11,997	11,395	11,997

Medical Aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a change in the medical aid inflation assumption. The effect is as follows:

Balance of liability with change in assumption:				
1% decrease in medical aid inflation	11,134	11,703	11,134	11,703
Valuation assumption	12,278	12,958	12,278	12,958
1% decrease in valuation assumption	13,609	14,429	13,609	14,429

13. Savings bank investors

Composition of savings bank investors				
Savings accounts	614,887	580,508	614,887	580,508
Save as you earn	17,517	8,420	17,517	8,420
Fixed term deposits	4,145,555	3,268,159	4,157,136	3,272,688
Call and notice accounts	112,046	200,969	112,046	200,969
Mychoice accounts	21,740	20,673	21,740	20,673
	4,911,746	**4,078,729**	**4,923,327**	**4,083,258**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

13. Savings bank investors (continued)

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

Non current portion	654,145	609,601	654,145	609,601
Current portion	4,257,601	3,469,128	4,269,182	3,473,657
	4,911,746	**4,078,729**	**4,923,327**	**4,083,258**

14. Inventories

Composition of savings bank investors

Goods for resale	22,946	37,474	22,946	37,474
Stamps	3,156	3,860	3,156	3,860
Stationery	4,000	4,486	4,000	4,486
Other inventories (Smartcards, philately new range)	158	254	158	254
	30,259	**46,074**	**30,259**	**46,074**

15. Trade and other receivables

Trade receivables	34,717	41,724	34,717	42,057
Employee loans	2,124	1,523	2,124	1,523
Prepayments	3,755	2,381	3,489	1,941
VAT	-	15	-	-
Other receivables (Agency fees etc)	23,440	14,406	23,430	14,406
	64,036	**60,049**	**63,760**	**59,927**

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

Trade receivables

Counterparties without external credit rating

State owned entities (existing clients with no history of default)	2,774	15,262	2,774	15,262
State owned entities (existing clients with history of default)	2,264	1,205	2,264	1,205
Government entities (existing clients with no history of default)	7,437	7,116	7,437	7,116
Government entities (existing clients with history of default)	6,130	1,352	6,130	1,352
Corporate clients (existing clients with no history of default)	11,759	11,809	11,759	12,142
Corporate clients (existing clients with history of default)	4,150	1,451	4,150	1,451
Private individuals(existing clients with no history of default)	105	3,273	105	3,273
Private individuals (existing clients with history of default)	97	256	97	256
	34,717	**41,724**	**34,717**	**42,057**

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

15. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 September 2018, N$ 18,966 million (2017: N$ 44,460 million) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	10,448	26,527	10,448	26,527
2 months past due	2,464	3,455	2,464	3,455
3 months past due	6,054	14,477	6,054	14,477

As of 30 September 2018, trade and other receivables of N$ 33,452 million (2017: N$ 28,723 million) were impaired and provided for.

The amount of the provision was N$ 33,452 million as of 30 September 2018 (2017: N$ 28,723 million).

The ageing of these loans is as follows:

3 months to more than 1 year	33,452	28,723	33,452	28,723

International debtors

Ageing for terminal dues, parcel credits and Expediated Mail Service:

18 months	6,888	1,612	6,888	1,612
24 months	744	1,135	744	1,135
30 months	1,729	2,812	1,729	2,812
36 months and above	14,682	14,201	14,682	14,201
Total	**24,043**	**19,760**	**24,043**	**19,760**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	28,723	21,091	28,723	21,091
Movement for the year	4,729	7,632	4,729	7,632
	33,452	**28,723**	**33,452**	**28,723**

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	16,315	20,503	16,307	20,509
Bank balances	71,323	43,703	69,359	43,280
	87,638	**64,206**	**85,666**	**63,789**

	Group		Company	
	2018 N$ '000	**2017 N$ '000**	**2018 N$ '000**	**2017 N$ '000**

16. Cash and cash equivalents (continued)

Cash and cash equivalents held by Namibia Post Limited on behalf of savings bank customers and are not available for use by the group.	36,679	25,015	36,679	58,447

The company has undrawn bank overdraft facilities of N$14 million (2017: N$14 million) applicable to all current accounts. The overdraft facilities are unsecured. There are specific covenants attached to the facility with which Namibia Post Limited needs to comply

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating				
Bank Windhoek Limited (AA)	15	-	15	-
Standard Bank Namibia Limited (AA+)	68,951	43,240	68,951	43,228
Nedbank Namibia (A1+)	1,964	411	-	-
First National Bank Namibia (AA+)	393	52	393	52
	71,323	**43,703**	**69,359**	**43,280**

17. Share capital

Authorised				
50,000,000 Ordinary shares	50,000	50,000	50,000	50,000

Issued				
5,075,000 Ordinary shares at N$ 1 per share	5,075	5,075	5,075	5,075

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
18. Other financial liabilities				
Held at amortised cost				
Kreditanstalt Fur Wiederaufbau loan (KfW)	53,367	52,407	53,367	52,407
The loan is issued in Euros and is repayable in half yearly instalments of 15,000 euros which commenced on 30 June 2015. The initial amount borrowed was 883,767 Euros, a further loan amount of 6,070,000 Euros was subsequently borrowed, payable from June 2023 to June 2027 at an instalment of 151,000 euros and 152,000 Euros from June 4% (2017: 4%). The loan is unsecured and the effective interest rate is 2% (2017: 2%).				
Development Bank of Namibia	30,451	30,453	-	-
The loan bears interest of 8% and is repayable over a period of 5 years including 4 months grace period on interest. Capital portion will be repaid as a bullet payment on last day of the 5th year.				
Bank Windhoek	24,656	-	-	-
The loan bears Interest at the nominal annual Prime Interest Rate (10.50% at present) plus 0.50% and is repayable over a period of 5 years (60 months) with a balloon payment of the outstanding amount in month 60, with a refinancing option for another 5 years. The loan is being withdrawn in tranches and the full loan amount of N$ 200 million wil be withdrawn by 30 September 2019.				
	108,474	**82,860**	**53,367**	**52,407**
Non-current liabilities				
At amortised cost	105,441	81,744	51,993	51,291
Current liabilities				
At amortised cost	3,033	1,116	1,374	1,116
	108,474	**82,860**	**53,367**	**52,407**

	Kreditanstalt fur Wieder aufbau 2018 N$ '000	Kreditanstalt fur Wieder aufbau 2017 N$ '000	Kreditanstalt fur Wieder aufbau 2018 N$ '000	Kreditanstalt fur Wieder aufbau 2017 N$ '000
Opening balance	52,407	48,305	52,407	48,305
Interest expense	928	887	928	887
Foreign exchange (gain) / loss	1,292	(465)	1,292	(465)
Payments	-	(646)	-	(646)
Receipts	(1,260)	4,326	(1,260)	4,326
	53,367	**52,407**	**53,367**	**52,407**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
19. Current tax receivable / (payable)				
Current tax receivable				
Current tax receivable	11,742	14,556	12,871	13,844
Reconciliation for current tax receivable / (payable):				
Opening balance	14,556	16,751	13,844	16,723
Current tax for the year	(16,906)	(8,509)	(9,277)	(3,493)
Tax refund	-	(4,568)	-	(4,432)
Opening balance adjustment	(1,271)	128	-	(8)
Provisional tax payment - 2018	15,363	-	8,304	-
Provisional tax payment - 2017	-	10,754	-	5,054
	11,742	**14,556**	**12,871**	**13,844**
Balance of provision for taxation consists of:				
2015	3,627	3,627	3,627	3,627
2016	13,252	13,252	13,224	13,224
2017	(3,167)	(2,323)	(3,007)	(3,007)
2018	(1,970)	-	(973)	-
	11,742	**14,556**	**12,871**	**13,844**
20. Trade and other payables				
Trade payables	25,247	20,628	23,361	17,238
Amounts received in advance	11,789	2,889	11,789	2,889
VAT	2,447	1,474	2,318	1,474
Telecom- telephone payments	378	3,194	378	557
Provisions	32,595	27,429	30,244	27,429
Deposits received	115,466	111,020	115,466	110,821
Other payables	3,119	5,703	1,639	3,519
	191,039	**172,337**	**185,195**	**163,927**

21. Financial liabilities

The accounting policies for financial instruments have been applied at amortised cost to the following line items:

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Financial liabilities at amortised cost				
Other financial liabilities	108,474	82,860	53,367	52,407
Trade and other payables (excluding VAT)	188,593	170,863	182,877	162,453
Savings bank investors	4,911,746	4,078,729	4,923,327	4,083,258
Retirement benefit obligation	12,278	12,958	12,278	12,958
	5,221,091	**4,345,410**	**5,171,849**	**4,311,076**

Notes to the Annual Financial Statements

22. Revenue

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Sale of goods	286,577	301,603	286,577	301,603
Rendering of services	300,369	269,658	285,340	269,659
Cash Deposit and withdrawal fees	29,026	30,449	29,026	30,449
Interest received (trading)	420,727	337,868	368,543	294,708
Agency fees	35,996	37,324	35,996	38,433
Savings bank management, smart card and loans' administration fee	29,149	47,757	29,149	29,810
Other	3,463	3,206	3,418	3,205
	1,105,307	**1,027,865**	**1,038,049**	**967,867**

23. Cost of sales

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Sale of goods				
Cost of goods sold	292,304	307,850	292,304	307,850
Rendering of services				
Savings Bank interest expense	273,442	255,332	270,953	246,332
Other services	84,499	49,757	84,485	52,526
Distribution Cost	40,445	28,519	40,445	29,044
	398,386	**333,608**	**395,883**	**327,902**
	690,690	**641,458**	**688,187**	**635,752**

24. Other income

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Profit on sale of assets and liabilities	23	14	15	14
Recoveries	1,922	1,120	-	-
Other income	9,074	18,203	8,955	18,203
Profit (loss) on exchange differences	730	(1,029)	730	(1,029)
	11,749	**18,308**	**9,700**	**17,188**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

25. Operating profit

Operating profit for the year is stated after charging the following, amongst others:

	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Auditor's remuneration - external				
Audit fees	2,127	1,638	1,868	1,434
Other consultation services	-	81	-	81
	2,127	**1,719**	**1,868**	**1,515**
Remuneration, other than to employees				
Consulting and professional services	6,993	5,602	6,448	5,256
Leases				
Operating lease charges				
Premises	27,050	24,822	26,216	23,987
Contingent rentals on operating leases				
Premises	9,321	3,968	9,321	3,968
Operating lease recoveries from subleases				
Premises	-	807	-	807
Total operating lease charges	**36,371**	**29,597**	**35,537**	**28,762**
Depreciation and amortisation				
Depreciation of property, plant and equipment	6,884	9,078	6,490	8,693
Amortisation of intangible assets	3,445	6,002	3,272	5,829
Total depreciation and amortisation	**10,329**	**15,080**	**9,762**	**14,522**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

25. Operating profit (continued)

Expenses by nature

	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Cost of sales	690,690	641,458	688,187	635,752
Employee costs	240,294	232,602	228,557	219,950
Operating lease charges	36,371	29,597	35,537	28,762
Depreciation, amortisation and impairment	10,329	15,080	9,762	14,522
Advertising	7,583	4,785	7,144	4,785
IT expenses	7,783	15,109	7,783	14,881
Security	8,786	11,625	8,786	11,625
Municipal expenses	2,877	9,185	2,877	9,185
Consulting and professional fees	6,993	5,427	6,448	5,081
Bad debts	13,588	7,898	5,490	7,898
Telephone and fax	11,853	12,157	11,755	12,063
Commission paid	4,902	6,805	4,901	5,118
Other expenses	36,830	39,896	30,038	29,814
	1,078,879	**1,031,624**	**1,047,265**	**999,436**

26. Depreciation, amortisation and impairment losses

	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Depreciation				
Property, plant and equipment	6,884	9,078	6,490	8,693
Amortisation	-	-	-	-
Intangible assets	3,445	6,002	3,272	5,829

Total depreciation, amortisation and impairment

	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Depreciation	6,884	9,078	6,490	8,693
Amortisation	3,445	6,002	3,272	5,829
	10,329	**15,080**	**9,762**	**14,522**

27. Investment Income

	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Dividends received	6,559	3,443	8,059	10,193
Interest received	4,707	8,153	21,882	19,333
	11,266	**11,596**	**29,941**	**29,526**

28. Finance costs

	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Non-current borrowings	929	1,370	929	887
Bank overdraft	-	44	-	44
Total finance costs	**929**	**1,414**	**929**	**931**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	**2017 N$ '000**	**2018 N$ '000**	**2017 N$ '000**
29. Income tax expense				
Major components of the income tax expense				
Current				
Local income tax - current period	16,906	8,509	9,277	3,493
Deferred				
Originating and reversing temporary differences	(5,349)	(753)	(4,712)	(1,266)
Arising from prior period adjustments	3,733	152	3,735	152
	(1,616)	**(601)**	**(977)**	**(1,114)**
	15,290	**7,908**	**8,300**	**2,379**
Reconciliation of the income tax expense				
Accounting profit	54,580	30,264	29,496	14,207
Tax at the applicable tax rate of 32%	17,466	9,684	9,439	4,546
Tax effect of adjustments on taxable income				
Prior period adjustment - deferred tax	3,733	152	3,735	152
Net Permanent differences	(5,909)	(1,928)	(4,874)	(2,319)
	15,290	**7,908**	**8,300**	**2,379**
30. Income tax expense (other comprehensive income)				
Major components of the income tax expense				
Current relating to other comprehensive income				
Local income tax - current period	-	-	-	-
Deferred relating to other comprehensive income / (loss)				
Current year	(10,896)	5,445	(10,896)	5,445
Reconciliation of the income tax expense				
Reconciliation between other comprehensive income and tax expense				
Other comprehensive income / (loss)	(34,049)	17,015	(34,049)	17,015
Tax at the applicable tax rate of 32% (2017: 32%)	(10,896)	5,445	(10,896)	5,445
Tax effect of adjustments on taxable other comprehensive income				
Originating and reversing temporary differences	-	-	-	-
	(10,896)	**5,445**	**(10,896)**	**5,445**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
31. Cash generated from operations				
Profit (loss) before taxation	55,645	30,264	30,561	14,214
Adjustments for:				
Depreciation and amortisation	10,329	15,080	9,762	14,522
Income from equity accounted investments	-	(5,533)	-	-
Dividend income	(6,559)	(3,443)	(8,059)	(10,193)
Interest received - investment	(4,706)	(8,153)	(21,881)	(19,333)
Finance costs	929	1,414	929	931
Foreign exchange differences	(730)	-	(730)	-
Movements in retirement benefit assets and liabilities	(680)	402	(680)	402
Other non - cash items	-	6,209	-	(155)
Equity accounting	(566)	-	-	-
Changes in working capital:				
Inventories	15,815	8,437	15,815	8,437
Trade and other receivables	(1,957)	36,490	(1,803)	36,461
Trade and other payables	13,434	(12,956)	15,999	(15,318)
	80,954	**68,211**	**39,913**	**29,968**
32. Tax (paid) refunded				
Balance at the beginning of the year	14,556	16,751	13,844	16,723
Prior period adjustment	(1,271)	-	(9,283)	-
Current tax for the year recognised in profit or loss	(16,906)	(8,509)	(12,865)	(3,493)
Balance at end of the year	(11,742)	(14,556)	-	(13,844)
	(15,363)	**(6,314)**	**(8,304)**	**(614)**

33. Prior period adjustment

The company noted system interface differences on cash on hand balance between the accounting system (SAP) and the front-end system (WRE). In the current year, it was noted that the non correction of this difference resulted in the cash and cash equivalent and retained earnings balances in the prior years being overstated.

The cummulative effect of this has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact in the statement of financial position

	2017	1 October 2016
	N$'000	**N$'000**
Decrease in cash and cash equivalents	(8,957)	(8,957)
Total assets	**(8,957)**	**(8,957)**
Decrease in retained earnings	8,957	8,957
Total equity	**8,957**	**8,957**

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000

34. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Commitments in respect of contracts placed	1,246	3,243	1,246	3,243
Not yet contracted for and authorised by directors	25,766	64,560	25,766	64,560

Guarantees

Ministry of Finance	70	70	70	70
Avon and Justine	150	-	150	-

Operating leases – as lessee (expense)

Minimum lease payments due				
Within one year	57,651	39,898	57,651	39,898
In second to fifth year inclusive	213,748	93,125	213,748	93,125
	271,399	**133,023**	**271,399**	**133,023**

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Notes to the Annual Financial Statements

35. Related parties

Relationships

Ultimate shareholder	Government of the Republic of Namibia
Holding company	Namibia Post and Telecom Holdings Limited
Subsidiary	NamPost Financial Brokers (Pty) Ltd, Refer to note 6
Joint arrangements	SmartSwitch Namibia (Pty)Ltd, Refer to note 7
NamPost directors	Refer to directors' report on page 7
Directors (Nampost Financial Brokers (Pty) Ltd)	Mr Festus F Hangula
	Mr Frederick A Botha (resigned 21 November 2017)
	Mr James A Cumming
	Ms Jennifer J Comalie
Fellow Subsidiaries	Telecom Namibia Limited
	Mobile Telecommunications Limited
Members of key management	Festus Hangula (Chief Executive Officer for Namibia Post Limited)
	Patrick Gardiner (Chief Executive Officer for Nampost Financial Brokers (Pty) Ltd)
	Batsirai Pfigirai (General Manager: Finance)
	Jorn Schnoor (Chief Information Officer)
	Sonia Bergh (General Manager: Human Resources)
	Jennifer Comalie (Chief Commercial Officer)
	Berlindi van Eck (General Manager: Marketing)
	Eldorette Harmse (Head: Legal Services and Company Secretary)
	Tangeni Erkana (General Manager: Retail Services)
	Kgomotso Hochobeb (Head: Internal Audit)
	Deon Claasen (Chief Risk Officer)
	Guilleame Christ (Acting: General Manager Courier)

Notes to the Annual Financial Statements

	Group		Company	
	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
35. Related parties (continued)				
Related party balances				
Receivable from related parties				
Mobile Telecommunications Limited	342	1,450	342	1,450
Telecom Namibia Limited	119	459	119	459
SmartSwitch Nambia (Pty) Ltd	-	-	-	-
Namibia Post and Telecom Holdings Limited	2	-	2	-
Hollard Life Namibia Ltd	-	510	-	-
Payable to related parties				
Mobile Telecommunications Limited	1,926	1,128	1,926	1,128
Telecom Namibia Limited	84	198	84	198
SmartSwitch Namibia (Pty) Ltd	2,838	2,838	2,838	2,838
Hollard Life Namibia Ltd	-	(1)	-	(1)
Loans to related parties				
NamPost Financial Brokers (Pty) Ltd	216,390	43,227	216,390	43,227
Related party transactions				
Sales of goods / services				
Telecom Namibia Limited	2,595	7,364	2,595	7,364
Namibia Post and Telecom Holdings Limited	6	7	6	7
Mobile Telecommunications Limited	12,495	10,141	12,495	10,141
NamPost Financial Brokers (Pty) Ltd	216,696	5,580	216,696	5,580
SmartSwitch Namibia (Pty) Ltd	7,473.60	2	7,474	2
Hollard Life Namibia Ltd	13,834	83	13,834	83
Purchases of goods / services				
Namibia Post and Telecom Holdings Limited	33,231	30,916	33,231	41,212
Mobile Telecommunications Limited	293,471	448,952	293,471	448,952
Telecom Namibia Limited	247	2,699	247	2,699
SmartSwitch Namibia (Pty) Ltd	15,904	16,218	15,904	16,218
Hollard Life Namibia Ltd	-	(1)	-	(1)
Directors'emoluments				
Evangelina N Hamunyela	179	212	179	191
Frederick A Botha	-	31	-	-
Neville S B Field	-	8	-	8
Perien J Boer	157	145	157	145
Muronga Haingura	151	`129	151	129
Israel U D Kalenga	122	127	122	127
James A Cumming	146	184	101	153
Compensation: Key management				
Short -term employee benefits	**22,681**	**19,663**	**17,172**	**19,579**

Namibia Post Limited and its subsidiary

Annual Financial Statements for the year ended 30 September 2018

Detailed Income Statement

	Notes	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Revenue					
Sale of goods		286,577	301,603	286,577	301,603
Rendering of services		300,369	269,658	285,340	269,658
Cash deposits and withdrawal fees		29,026	30,449	29,026	30,449
Miscellaneous other revenue		3,462	3,206	3,417	3,206
Interest received (trading)		420,727	337,868	368,543	294,708
Agency fees		35,996	37,324	35,996	38,433
Savings bank management , smart card and loans' administration fee		29,150	47,757	29,150	29,810
	22	**1,105,307**	**1,027,865**	**1,038,049**	**967,867**
Cost of sales					
Opening stock		(46,074)	(54,511)	(46,074)	(54,511)
Purchases		(674,928)	(633,066)	(672,425)	(627,360)
Closing stock		30,259	46,074	30,259	46,074
Discount received		53	45	53	45
	23	**(690,690)**	**(641,458)**	**(688,187)**	**(635,752)**
Gross profit		**414,617**	**386,407**	**349,862**	**332,115**
Other operating income					
Bad debts recovered		1,922	1,120	-	-
Other income		9,074	18,203	8,955	18,203
Profit / (loss) on exchange differences		730	(1,029)	730	(1,029)
Profit / (loss) on sale of assets and liabilities		23	14	15	14
Operating profit (loss)	24	**11,749**	**18,308**	**9,700**	**17,188**
Expenses (Refer to pages 61 - 62)		**(388,189)**	**(390,166)**	**(359,078)**	**(363,684)**
Operating profit (loss)	25	**38,177**	**14,549**	**484**	**(14,381)**
Investment income		11,266	11,596	29,941	29,526
Finance costs		(929)	(1,414)	(929)	(931)
Income from equity accounted investments		6,066	5,533	-	-
Profit before taxation		**54,580**	**30,264**	**29,496**	**14,214**
Taxation		(15,290)	(7,908)	(8,300)	(2,379)
Profit for the year		**39,290**	**22,356**	**21,196**	**11,835**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

		Group		Company	
	Notes	2018 N$ '000	2017 N$ '000	2018 N$ '000	2017 N$ '000
Other operating expenses					
Selling and distribution expenses					
Commission paid		(6,396)	(6,805)	(4,902)	(5,118)
Motor vehicle expenses		(2,592)	(2,313)	(2,592)	(2,258)
Postage		(413)	(452)	(100)	(119)
		(9,401)	(9,570)	(7,594)	(7,495)
Marketing expenses					
Advertising		(7,583)	(4,785)	(7,144)	(4,785)
General and administrative expenses					
Auditors remuneration - external auditors	25	(2,127)	(1,719)	(1,868)	(1,515)
Bank charges		(2,028)	(2,113)	(1,998)	(2,090)
Computer expenses		(113)	(357)	-	-
Depreciation		(6,884)	(9,078)	(6,490)	(8,693)
Employee costs		(240,018)	(232,602)	(228,282)	(219,950)
Insurance		(3,103)	(2,969)	(3,034)	(2,906)
IT expenses		(7,783)	(15,109)	(7,783)	(14,881)
Lease rentals on operating lease		(35,537)	(29,597)	(35,537)	(28,762)
Municipal expenses		(2,877)	(9,185)	(2,877)	(9,185)
Printing and stationery		(1,426)	(9,452)	(1,330)	(9,216)
Telephone and fax		(11,853)	(12,157)	(11,755)	(12,063)
		(313,749.5)	(324,338)	(300,954)	(309,261)
Maintenance expenses					
Repairs and maintenance		(1,474)	(2,009)	(1,469)	(2,006)

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Detailed Income Statement

	Notes	Group 2018 N$ '000	Group 2017 N$ '000	Company 2018 N$ '000	Company 2017 N$ '000
Other operating expenses (continued)					
Amortisation		(3,445)	(6,002)	(3,272)	(5,829)
Bad debts		(5,490)	(7,898)	(5,490)	(7,898)
Cleaning		(1,299)	(1,557)	(1,272)	(1,557)
Consulting and professional fees		(6,993)	(5,427)	(6,448)	(5,081)
Consulting and professional fees - legal fees		(544)	(175)	(175)	(175)
Entertainment		(873)	(930)	(865)	(914)
HIV/ Aids expenses		(493)	(1,256)	(493)	(475)
Recruitment fees		(276)	(62)	(276)	(34)
Impairment of loans		(8,098)	(7,622)	-	-
Mass distance charges		(308)	(488)	(308)	
Signage		-	(22)	-	-
Corporate communication		(204)	(161)	(204)	(161)
Safe custody fees		(35)	(70)	(35)	(70)
Fines and penalties		(3,251)	(341)	(688)	(341)
Other expenses		(19,705)	(1,134)	(17,760)	(1,134)
Security		(1,021)	(11,625)	(1,021)	(11,625)
Staff welfare		(376)	(228)	(304)	(227)
Subscriptions		(2,166)	(2,533)	(2,166)	(2,533)
Training		(869)	(970)	(637)	(813)
Travel - local		(501)	(594)	(468)	(579)
Travel - overseas		(35)	(369)	(35)	(369)
		(55,982)	(49,464)	(41,917)	(39,815)
		(388,189)	**(390,166)**	**(359,078)**	**(363,362)**

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nampost®

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