

	Notes	GROUP		COMPANY	
		2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	7,292,878	5,148,698	7,177,661	5,100,151
Investment properties	5	6,494,223	4,511,869	6,475,342	4,504,943
Intangible assets	6	8,192	11,638	8,192	11,638
Deferred tax asset	17	41,449	45,870	29,624	45,870
Investment in subsidiary	4.1	46	58	-	-
Investment in associate	4.5	-	-	12,304	8,800
Investment in joint ventures	4.6	104,259	58,056	5,000	5,000
Investments	9	4,384	5,212	9,113	10,002
Loans receivable	7	625,665	497,019	623,589	494,922
		14,660	18,976	14,497	18,976
Current assets					
Inventories	10	2,166,690	1,482,872	2,142,102	1,469,076
Trade and other receivables	11	138,585	156,708	137,701	156,371
Investments	9	232,671	190,241	217,411	188,693
Loan receivable from joint ventures	4.6	1,066,145	973,033	1,066,145	973,033
Cash and cash equivalents	12	455	-	910	766
Other financial assets	19.1	86,121	68,462	77,571	55,785
Non-current assets held for sale	8	346,205	87,312	346,205	87,312
		296,508	7,116	296,159	7,116
Total assets		9,459,568	6,631,570	9,319,763	6,569,227
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued share capital	14	5,761,494	4,059,214	5,657,673	4,002,105
Reserves	14	65,000	65,000	65,000	65,000
		5,696,494	3,994,214	5,592,673	3,937,105
Minority interest					
		-	-	-	-
Total equity		5,761,494	4,059,214	5,657,673	4,002,105
Non-current liabilities					
Interest bearing loans and borrowings	15	3,106,857	2,204,202	3,097,430	2,201,065
Loans due to subsidiaries	4.1	943,742	952,428	932,729	952,428
Loans due to related parties	4.6	-	-	6,380	-
Deferred revenue liability	16	2,214	2,214	-	-
Provisions	20.1	72,772	-	72,772	-
Deferred tax liabilities	17	61,298	56,280	61,298	56,280
		2,026,831	1,193,280	2,024,251	1,192,357
Current liabilities					
Trade and other payables	18	591,217	368,154	564,660	366,057
Receiver of Revenue		164,003	123,991	142,056	121,894
Interest bearing loans and borrowings	15	-	-	-	-
Deferred revenue liability	16	54,818	32,706	50,347	32,706
Other financial liabilities	19.2	139	-	-	-
		372,257	211,457	372,257	211,457
Total equity and liabilities		9,459,568	6,631,570	9,319,763	6,569,227

Namibia Power Corporation (Proprietary) Limited
Annual Report 2006 / Group Statement of Changes in Equity for the year ended 30 June 2006

Notes	Share Capital	Reserve Fund	Development Fund
	N\$'000	N\$'000	N\$'000
Balance at 1 July 2005 restated	65,000	922,111	1,274,325
Share of minority's interest on acquisition of subsidiary		-	-
Correction of prior year error	32	-	(590)
Revaluation of strategic stock		-	-
Transfer of realised revaluation on assets disposed off		48,051	-
Impairment on previously revalued assets (net of deferred taxation)		-	-
Revaluation of property, plant and equipment (net of deferred taxation)		-	-
Share of associate's reserves		-	(2,595)
Profit for the year		-	-
Dividend declared		-	-
Allocation from income		45,231	100,931
Interest earned		45,231	-
Funds for capital expenditure requirements		-	72,097
Contributions by customers		-	28,834
Balance at 30 June 2006	65,000	1,015,393	1,372,071
Balance at 1 July 2004	65,000	877,574	1,174,898
Profit for the year restated	32	-	-
Dividend declared		-	-
Allocation from income		44,537	99,427
Interest earned		44,537	-
Funds for capital expenditure requirements		-	91,179
Contributions by customers		-	8,248
Balance at 30 June 2005 restated	65,000	922,111	1,274,325

Capital Revaluation Reserve N\$'000	Strategic Stock Revaluation Reserve N\$'000	Profit for the year N\$'000	Total N\$'000	Minority Interest N\$'000	Total N\$'000
1,797,778	-	-	4,059,214	-	4,059,214
-	-	-	-	4,782	4,782
-	-	-	(590)	-	(590)
-	11,393	-	11,393	-	11,393
(31,233)	-	-	16,818	-	16,818
(65,859)	-	-	(65,859)	-	(65,859)
1,549,077	-	-	1,549,077	-	1,549,077
47,874	-	-	45,279	-	45,279
-	-	151,162	151,162	(4,782)	146,380
-	-	(5,000)	(5,000)	-	(5,000)
-	-	(146,162)	-	-	-
-	-	(45,231)	-	-	-
-	-	(72,097)	-	-	-
-	-	(28,834)	-	-	-
3,297,637	11,393	-	5,761,494	-	5,761,494
1,797,778	-	-	3,915,250	-	3,915,250
-	-	147,964	147,964	-	147,964
-	-	(4,000)	(4,000)	-	(4,000)
-	-	(143,964)	-	-	-
-	-	(44,537)	-	-	-
-	-	(91,179)	-	-	-
-	-	(8,248)	-	-	-
1,797,778	-	-	4,059,214	-	4,059,214

356
4,059,214

N\$'000
48,051
533
33
35
65,859

Notes	Share Capital	Reserve Fund
	N\$'000	N\$'000
Balance at 1 July 2005 restated	65,000	923,666
Correction of prior year error	32	
Transfer of realised revaluation on assets disposed off		48,051
Impairment on previously revalued assets (net of deferred taxation)		-
Revaluation of property, plant and equipment (net of deferred taxation)		-
Revaluation of strategic stock		-
Profit for the year		-
Dividend declared		-
Allocation from income		45,231
Interest earned		45,231
Funds for capital expenditure requirements		-
Contributions by customers		-
Balance at 30 June 2006	65,000	1,016,948
Balance at 1 July 2004	65,000	879,153
Change in accounting policy	31	-
Profit for the year restated	32	-
Dividend declared		-
Allocation from income		44,513
Interest earned		44,513
Funds for capital expenditure requirements		-
Contributions by customers		-
Balance at 30 June 2005 restated	65,000	923,666

Development Fund	Capital Revaluation Reserve	Strategic Stock Revaluation Reserve	Profit after tax	Total
N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
1,227,839	1,785,600	-	-	4,002,105
-	(31,233)	-	-	16,818
-	(65,859)	-	-	(65,859)
-	1,544,497	-	-	1,544,497
-	-	11,393	-	11,393
-	-	-	153,719	153,719
-	-	-	(5,000)	(5,000)
103,488	-	-	(148,719)	-
-	-	-	(45,231)	-
74,654	-	-	(74,654)	-
28,834	-	-	(28,834)	-
1,331,327	3,233,005	11,393	-	5,657,673
1,169,910	1,797,778	-	-	3,911,841
(38,699)	(12,178)	-	-	(50,877)
-	-	-	145,141	145,141
-	-	-	(4,000)	(4,000)
96,628	-	-	(141,141)	-
-	-	-	(44,513)	-
88,380	-	-	(88,380)	-
8,248	-	-	(8,248)	-
1,227,839	1,785,600	-	-	4,002,105

880% 20649 30 2630

Notes	GROUP		COMPANY	
	2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
Cash flows from operating activities				
	1,375,650	931,594	1,298,732	874,838
	(1,043,510)	(455,754)	(962,931)	(444,922)
Cash generated from operations	332,140	475,840	335,801	429,916
Interest received	158,221	147,323	158,909	146,964
Interest paid	(117,199)	(118,896)	(116,059)	(117,550)
Income taxes paid	-	(534)	-	-
Dividend received	47	-	938	-
Dividends paid	(5,000)	(4,000)	(5,000)	(4,000)
Net cash from operating activities	368,209	499,733	374,589	455,330
Cash flows from investing activities				
Expenditure to maintain operating capacity				
Proceeds from the sale of property, plant and equipment	697	14,894	697	13,474
Acquisition of intangible assets	(13,218)	(15)	-	(15)
Extension and replacement of property, plant and equipment	(182,805)	(158,140)	(176,073)	(157,429)
Expenditure for expansion				
(Increase)/decrease in investment in associate	(28,062)	(7,116)	(28,062)	(7,116)
(Increase)/decrease in investment in subsidiaries	-	-	(5,086)	46,997
Acquisition of shares in subsidiary	6,799	-	-	-
Discontinued operations	(122)	-	-	-
(Increase)/decrease in loans to subsidiaries	-	-	1,581	-
(Increase)/decrease in investments	(98,038)	(394,787)	(98,038)	(394,786)
(Increase)/decrease in short term investments	(93,112)	-	(93,112)	-
(Increase)/decrease in loans to joint ventures	373	(1,725)	745	(7,574)
Increase/(decrease) in deferred revenue liability	72,910	-	72,772	-
(Increase)/decrease in loans receivable	4,316	(6,116)	4,479	(6,116)
Net cash used in investing activities	(330,262)	(553,005)	(320,097)	(512,565)
Cash flows from financing activities				
Increase/(decrease) in shareholder's loans	(2,815)	-	-	-
Borrowings obtained	15,484	65,000	-	65,000
Repayment of borrowings	(32,957)	(30,643)	(32,706)	(30,857)
Net cash from financing activities	(20,288)	34,357	(32,706)	34,143
Net (decrease)/increase in cash and cash equivalents	17,659	(18,915)	21,786	(23,092)
Cash and cash equivalents at 1 July	68,462	87,377	55,785	78,877
Cash and cash equivalents at 30 June	86,121	68,462	77,571	55,785

GROUP		COMPANY	
2006	2005	2006	2005
N\$'000	N\$'000	N\$'000	N\$'000

A. CASH GENERATED BY OPERATIONS

Income before taxation	198,137	82,046	206,242	81,103
Adjustments for:				
- Interest paid	117,199	118,896	116,059	117,550
- Interest earned	(158,221)	(147,323)	(158,909)	(146,964)
- Dividend received	(47)	-	(938)	-
- Fair value adjustments on long-term liabilities	30,648	83,825	30,648	83,825
- Fair value adjustments on derivative contracts	(98,093)	(10,116)	(98,100)	(10,116)
- Fair value adjustments on investment properties	3,446	-	3,446	-
- Impairment of goodwill	199	-	-	-
- Depreciation	228,546	242,730	227,753	241,232
- Amortisation charge - intangible assets	17,639	2,898	16,246	2,898
- (Profit)/loss on realisation of property, plant and equipment	60	(1,097)	60	(1,097)
Operating profit before working capital changes	339,513	371,859	342,507	368,431
Decrease / (increase) in inventories	(10,104)	24,899	(9,557)	24,833
Decrease / (increase) in trade and other receivables	(42,430)	70,230	(28,716)	19,712
(Decrease) / Increase in trade and other payables and provisions	45,161	8,852	25,187	16,940
Decrease / (increase) in loans payable to subsidiaries	-	-	6,380	-
	332,140	475,840	335,801	429,916

B. TAXATION (PAID)/REFUNDED

Amount due (to) / by Receiver of Revenue at beginning of year	-	(534)	-	-
Income statement charge	-	-	-	-
Amount due (to) / by Receiver of Revenue at end of year	-	-	-	-
	-	(534)	-	-

GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

C. ACQUISITION OF SUBSIDIARY

In light of the changes in the electricity industry, during the current year the company contributed 50.2% of the start-up capital of the Central - North Electricity Distribution Company (Pty) Ltd and consequently obtained a 50.2% share in the company.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date.

Trade and other receivables	2	-
Cash and cash equivalents	6,799	-
Equity contributions due from shareholders	2,815	-
Trade and other payables	(13)	-
Net identifiable assets	9,603	-
Net identifiable assets attributable to minority shareholders	(4,782)	-
Net identifiable assets acquired by company	4,821	-
Goodwill on acquisition	199	-
Consideration paid - conversion of loan account into equity	5,020	-
Net cash inflow - cash acquired	6,799	-

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and cash held at banks.
(Refer to note 12)

21,582,565
32,554,656
1,512,656

1. SIGNIFICANT ACCOUNTING POLICIES

Namibia Power Corporation (Pty) Ltd is a company domiciled in Namibia. The consolidated financial statements of the Company for the year ended 30 June 2006 comprise the Company, its subsidiaries, the Company's interest in associates and jointly controlled entities (together referred to as the "Group").

1.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with Namibian Statements of Generally Accepted Accounting Practice and the requirements of the Namibian Companies Act. Given the progression over the three year period as outlined by Circular 1/2005 of the Institute of Chartered Accountants of Namibia, the company will be able to formally adopt International Financial Reporting Standards (IFRS) as the accounting framework and refer to IFRS rather than to Namibian GAAP for the reporting period commencing on 1 July 2007 without having to embark on any retrospective application of IFRS. The current year income statement and balance sheet recognition and measurement have been compiled in terms of IFRS, but not the comparative figures.

1.2 Basis of Preparation

The financial statements are presented in Namibian Dollars, rounded to the nearest thousand. They are prepared on the historical cost basis, except for financial instruments that are carried as 'at fair value through profit or loss' and the revalued property, plant and equipment.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell, with the exception of the following items that are carried in terms of their individual standard;

- Deferred tax assets;
- Financial assets within the scope of IAS 39: Financial instrument: Recognition and measurement;
- Investment properties.

The preparation of the financial statements in conformity with GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by all Group entities.

1.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries, associates and jointly controlled entities.

(a) Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Investments in subsidiaries are carried at cost less accumulated impairment losses.

(b) Joint ventures

Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement. The consolidated financial statements include the Company's proportionate share of the enterprises' assets, liabilities, revenue and expenses with items of a similar nature or a line by line basis, from the date that joint control effectively commences until the date that joint control effectively ceases.

(c) Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate.

1.3 Basis of Consolidation (cont.)

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, except that they are only eliminated to the extent that there is no evidence of impairment.

1.4 Property, plant and equipment

(a) Owned assets

Property, plant and equipment are stated at revalued amounts less accumulated depreciation (see below) and impairment losses (see accounting policy 1.5).

The cost of self-constructed assets includes the cost of materials and direct labour.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Plant and equipment are revalued at the estimated replacement value thereof as adjusted in relation to the remaining useful lives of these assets. Property is revalued to their market value. Valuations are determined from market-based evidence by appraisals undertaken by professional valuers. Revaluations are performed every five years such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Between formal valuations, the revalued amounts will be reassessed at each balance sheet date by a knowledgeable person.

Any revaluation increase arising on the revaluation of such property, plant and equipment is credited to the capital revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such property, plant and equipment is charged as an expense to the extent that it exceeds the balance, if any, held in the capital revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued property, plant and equipment, the attributable revaluation surplus remaining in the capital revaluation reserve is transferred directly to retained earnings.

(b) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(c) Strategic stock

Spares that would normally have been classified as inventory but are major spare parts and/or stand-by equipment are classified as strategic stock and included as property, plant and equipment, as the entity expects to use them during more than one period. Spare parts and servicing equipment that can be used only in connection with an item of property, plant and equipment are also included in property, plant and equipment.

(d) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

Land is not depreciated.

The current useful lives are as follows:

Category

Ruacana Power Station - (Plant and Civil Works)	1 - 120 years
Van Eck Power Station	35 years
Paratus Power Station - Plant	35 years
Transmission System	8 - 60 years
Machinery & Equipment	1 - 35 years
Land and Buildings	23 - 50 years

The depreciation methods and useful lives are reassessed annually. The residual value, if not insignificant, is reassessed annually.

1.4 Property, plant and equipment (cont.)

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses (see accounting policy 1.5). The property held under finance leases and leased out under operating lease is classified as investment property and is measured using the fair value model. Lease payments are accounted for as described in the accounting policy on expenses. Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.

1.5 Impairment of Assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses are recognised in the income statement. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(a) Calculation of recoverable amount

The recoverable amount of the Group's investment in held-to-maturity securities and receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(b) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.6 Inventories

Fuel, consumable stores and construction material are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined using the average cost method.

1.7 Appropriation of Funds

The company is dependent upon funds generated internally and the raising of long-term loans for the financing of its fixed and working capital requirements. Therefore, the company is compelled to apply funds derived from its activities after provision for taxation, as follows:

4,059,214³⁵⁶

(65.859⁴³)

N\$'000 48,051⁵⁶

1.7 Appropriation of Funds (cont.)

- Reserve Fund - the Board of Directors have decided that the current level of funding is adequate. the Fund will in future only be credited with interest earned, after deduction of income tax, on the monthly balance.
- Development Fund - to be utilised for the total or partial financing of capital works and extensions to power stations, transmission and distribution networks. The annual retained income will be transferred to this fund.

1.8 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.9 Revenue

Revenue comprises net invoiced electricity sales excluding value added tax to customers; extension charges and contributions by customers. Revenue is recognised at the time customers are invoiced.

1.10 Expenses

(a) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(b) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the 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 interest on the remaining balance of the liability.

(c) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy 1.14).

1.11 Employee benefits

(a) Short-term employee benefits

The cost of all short term employee benefits are recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to leave and bonuses represent the amount which the Group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

(b) Retirement benefits

The Company and its subsidiaries contribute to a defined contribution plan. Contributions to defined contribution funds are charged against income as incurred.



1.11 Employee benefits (cont.)

(c) Post-retirement medical benefits

The Company subsidises part of the contributions by retired employees to the medical aid fund. Provision is made to account for the present value of post retirement medical benefits.

1.12 Provisions

Provisions are recognised in the balance sheet when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

1.13 Capitalisation of Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised up to the date that the asset is substantially completed.

1.14 Financial Instruments

(a) Initial recognition

Financial instruments are recognised when, and only when, the group becomes party to the contractual provisions of the particular instrument.

(b) Derecognition

- the contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the Group; or
- it transfers the financial asset including substantially all risks and rewards of ownership of the asset; or
- it transfers the financial asset, neither retaining nor transferring substantially all risks and rewards of ownership of the asset, but no longer retains control of the asset.

A financial liability is derecognised when, and only when, the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

(c) Offset

Financial assets and liabilities are offset against each other only when a legally enforceable right exists to set off the recognised amounts, and the group intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

(d) Investments

Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

Where the Group has the positive intent and ability to hold government bonds to maturity, they are stated at amortised cost less impairment losses.

Other financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities and foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as held for trading or available-for-sale investments are recognised / derecognised by the Group on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Group.

1.14 Financial Instruments (cont.)

(e) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses. Trade and other receivables of a short-term nature are not discounted due to the insignificance of the discount charge.

(f) Trade and other payables

Trade and other payables are stated at cost. Trade and other payables of a short-term nature are not discounted due to the insignificance of the discount charge.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand, and which form an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(h) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(i) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss in the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset or liability assumed affects profit or loss (i.e., when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

(j) Financial liabilities

Non-derivative financial liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

1.15 Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Namibian Dollars (N\$) at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Namibian Dollars at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Namibian Dollars at foreign exchange rates ruling at the date the fair value was determined.

1.16 Non-current Assets held for Sale and Discontinued Operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable GAAP standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell, with the exception of the following assets whose carrying amounts are determined in terms of their individual standard;

- deferred taxation asset; and
- financial assets within the scope of IAS 39; *Financial instrument: Recognition and measurement*.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

1.17 Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. In respect of business acquisitions that have occurred since 1 July 2003, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see accounting policy 1.5). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss, after reassessing the net identifiable assets and liabilities on acquisition.

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new technical or scientific knowledge and understanding, is recognised in the income statement as an expense when incurred.

Expenditure on development activities whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses (see accounting policy 1.5).

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see accounting policy 1.5).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The current estimated useful life is as follows:

- Computer software 5 years

1.18 Comparative Figures

Certain comparative figures have been reclassified to afford improved disclosure.



2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the consolidated financial statements of NamPower (Pty) Ltd for the year ended 30 June 2006, the following Standards and Interpretations which affects the group were in issue but not yet effective:

Standard/Interpretation	Effective date*
IFRS 7: Financial Instruments: Disclosures (including amendments to IAS 1, Presentation of Financial Statements: Capital Disclosures)	Annual periods commencing on or after 1 January 2007
IAS 19 amendment: Employee Benefits (December 2004)	Annual periods commencing on or after 1 January 2006
IAS 39 amendment: Financial Instruments: Recognition and Measurement (April 2005) – Cash flow hedge accounting of forecast intragroup transactions	Annual periods commencing on or after 1 January 2006
IAS 39 amendment: Financial Instruments: Recognition and Measurement (June 2005) – Fair value option	Annual periods commencing on or after 1 January 2006
IFRIC 4: Determining whether an Arrangement contains a Lease	Annual periods commencing on or after 1 January 2006

* All standards will be adopted at their effective date.

1,512
32,554
21,582
65,298

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (cont.)

The directors are of the opinion that the impact of the application of the standards will be as follows:

IFRS 7

The disclosures to be provided in respect of financial instruments in the financial statements of the period ending 30 June 2008, as well as comparative information, will be compliant with IFRS 7. The disclosure requirements of IFRS 7 require additional disclosure compared to that required in terms of existing IFRSs in respect of capital objectives and policies. The adoption of IFRS 7 will not have any impact on the accounting policies adopted for financial instruments.

IAS 19

The revisions to IAS 19 will be adopted for the first time for the financial reporting period ending 30 June 2007. The adoption of IFRS 19 will not have any impact on the accounting policies adopted for employee benefits as the group does not have defined benefit plans.

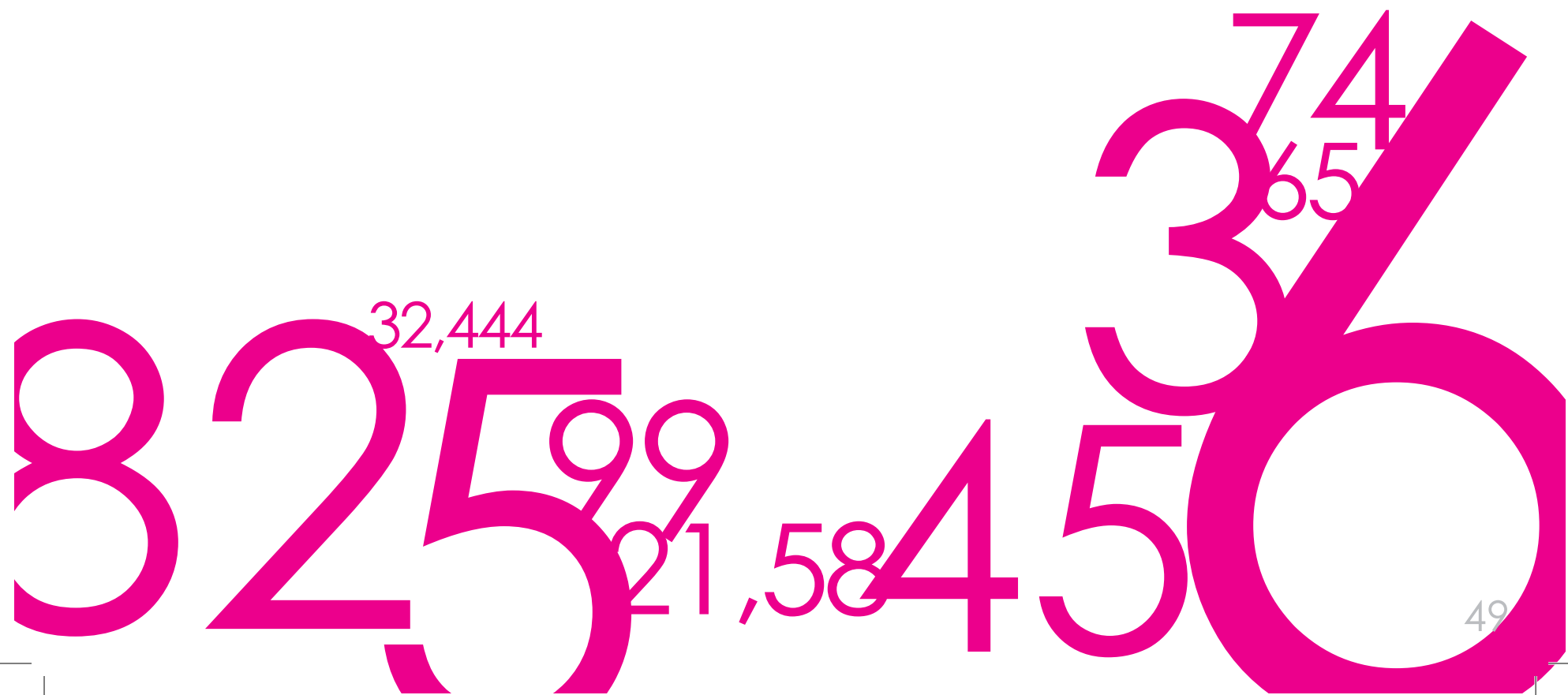
IAS 39

The amendments to IAS 39 have been early adopted by the group for the first time for the year ended 30 June 2006. All assets and liabilities designated as 'at fair value through profit or loss' are managed and its performance evaluated on a fair value basis.

IFRIC 4

IFRIC 4 will be adopted by the group for the first time for its financial reporting period ending 30 June 2007. In terms of IFRIC 4, the entity is required to examine outsourcing arrangements, take-or-pay and similar contracts to identify if these arrangements contain leases that are required to be accounted for in terms of IAS 17 Leases. In accordance with the transitional provisions of this Interpretation, the Interpretation will be applied to arrangements existing as at 1 July 2006 and the 2007 figures will be restated accordingly.

The adoption of IFRIC 4 will not have any impact on the accounting policy adopted for leases.



3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2006

Carrying amount at 1 July 2005

- At cost/valuation
- Accumulated depreciation

- Reclassifications
- Cost
- Accumulated depreciation

Additions

Completed assets capitalised

Transferred from Inventory

Transfer to non-current assets held for sale

- At cost/valuation
- Accumulated depreciation

Reversal of accumulated depreciation on revaluation against accumulated depreciation

Reversal of accumulated depreciation on revaluation against cost

Revaluation

Impairment

Disposals

- At cost/valuation
- Accumulated depreciation

Depreciation for the year

Carrying amount at 30 June 2006

- At cost/valuation
- Accumulated impairment
- Accumulated depreciation

	Ruacana Power Station N\$'000	Van Eck Power Station N\$'000	Paratus Power Station N\$'000
	605,166	126,653	74,817
Carrying amount at 1 July 2005	695,094	221,236	85,017
- At cost/valuation	(89,928)	(94,583)	(10,200)
Reclassifications	7,079	12,183	-
Cost	7,504	13,103	-
Accumulated depreciation	(425)	(920)	-
Additions	-	-	-
Completed assets capitalised	145	224	-
Transferred from Inventory	-	-	-
Transfer to non-current assets held for sale	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Reversal of accumulated depreciation on revaluation against accumulated depreciation	90,353	-	-
Reversal of accumulated depreciation on revaluation against cost	(90,353)	-	-
Revaluation	573,309	-	-
Impairment	-	(71,781)	(20,318)
Disposals	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Depreciation for the year	(30,595)	(13,417)	(3,633)
Carrying amount at 30 June 2006	1,155,104	53,862	50,866
- At cost/valuation	1,185,699	234,563	85,017
- Accumulated impairment	-	(71,781)	(20,318)
- Accumulated depreciation	(30,595)	(108,920)	(13,833)

**Trans-
mission
systems
N\$'000**

**Machinery
and
equipment
N\$'000**

**Land
and
buildings
N\$'000**

**Assets
under
construction
N\$'000**

**Strategic
stock
N\$'000**

**Total
N\$'000**

3,151,343

3,521,076
(369,733)

47,605

214,650
(167,045)

159,626

177,544
(17,918)

346,659

346,659
-

-

-
-

4,511,869

5,261,276
(749,407)

-

-

-

-

(19,262)

(20,607)

-

-

-

-

-

-

-

-

1,345

-

-

-

-

-

-

-

865

10,906

36

170,998

-

182,805

240,290

3,420

6,187

(250,266)

-

-

-

-

-

-

28,227

28,227

(268,137)

(290,297)

22,160

-

-

-

-

-

-

-

-

-

-

-

-

(268,137)

(290,297)

22,160

344,638

(344,638)

1,729,331

-

(23,474)

(26,282)

2,808

(153,832)

4,676,386

34,414

(34,414)

35,043

-

(757)

(4,669)

3,912

(21,102)

75,115

8,804

(8,804)

44,482

(9,222)

-

-

-

(5,968)

175,879

-

-

-

-

-

-

-

-

267,391

-

-

11,393

-

-

-

-

39,620

6,494,223

4,830,345

-

(153,959)

224,936

-

(149,821)

198,838

(9,222)

(13,737)

267,391

-

-

39,620

-

-

7,066,409

101,321

(470,865)

253

400

3. PROPERTY, PLANT AND EQUIPMENT (cont.)

	Ruacana Power Station N\$'000	Van Eck Power Station N\$'000	Paratus Power Station N\$'000
GROUP 2005			
Carrying amount at 1 July 2004	624,682	158,784	78,218
- At cost/valuation	684,082	221,236	85,017
- Accumulated depreciation	(59,400)	(62,452)	(6,799)
Additions	-	-	-
Completed assets capitalised	11,012	-	-
Transfer to investment property & computer software	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Disposals	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Depreciation for the year	(30,528)	(32,131)	(3,401)
Carrying amount at 30 June 2005	605,166	126,653	74,817
- At cost/valuation	695,094	221,236	85,017
- Accumulated depreciation	(89,928)	(94,583)	(10,200)

Trans-
mission
systems
N\$'000

Machinery
and
equipment
N\$'000

Land
and
buildings
N\$'000

Assets
under
construction
N\$'000

Strategic
stock
N\$'000

Total
N\$'000

2,915,089

3,145,999
(230,910)

5,467

380,793

-

-

-

(11,183)

(11,183)

-

(138,823)

3,151,343

3,521,076
(369,733)

67,749

210,685
(142,936)

11,116

2,490

-

-

-

(2,614)

(9,641)

7,027

(31,136)

47,605

214,650
(167,045)

177,923

189,130
(11,207)

52

-

(11,638)

(11,638)

-

-

-

-

(6,711)

159,626

177,544
(17,918)

605,325

605,325
-

141,505

(400,171)

-

-

-

-

-

-

-

346,659

346,659
-

-

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-

-

4,627,770

5,141,474
(513,704)

158,140

(5,876)

(11,638)

(11,638)

-

(13,797)

(20,824)

7,027

(242,730)

4,511,869

5,261,276
(749,407)

3. PROPERTY, PLANT AND EQUIPMENT (cont.)

COMPANY 2006

Carrying amount at 1 July 2005

- At cost/valuation
- Accumulated depreciation

Reclassifications

- Cost
- Accumulated depreciation

Additions

Completed assets capitalised

Transferred from Inventory

Transfer to non-current assets held for sale

- At cost/valuation
- Accumulated depreciation

Reversal of accumulated depreciation on revaluation against accumulated depreciation

Reversal of accumulated depreciation on revaluation against cost

Revaluation

Impairment

Disposals

- At cost/valuation
- Accumulated depreciation

Depreciation for the year

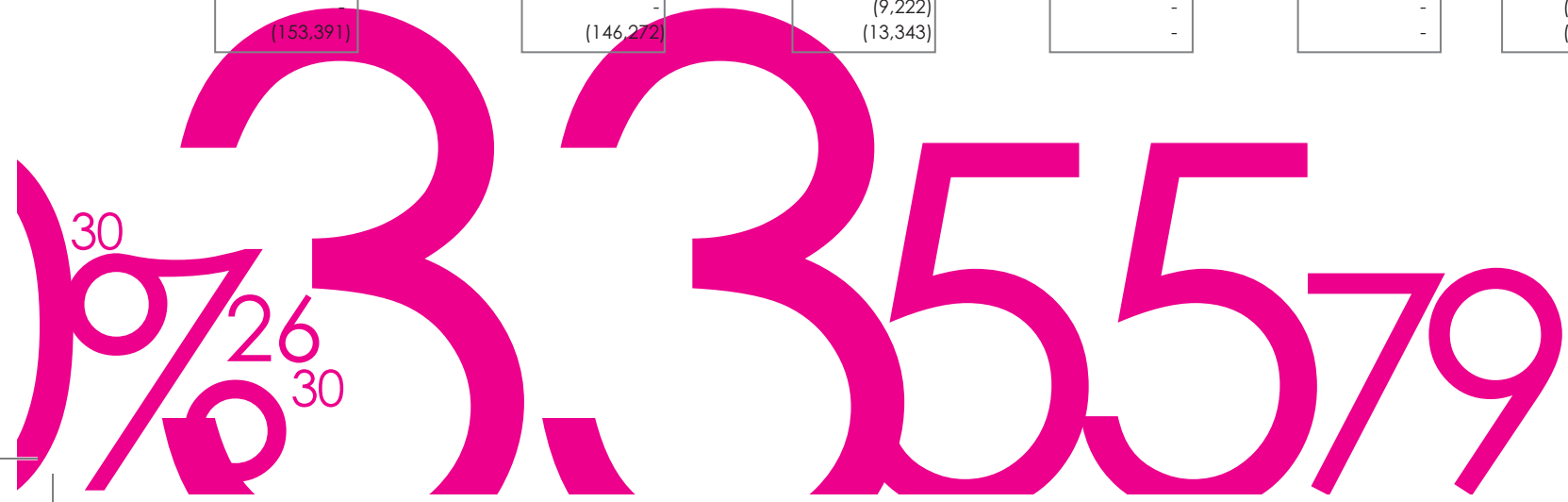
Carrying amount at 30 June 2006

- At cost/valuation
- Accumulated impairment
- Accumulated depreciation

	Ruacana Power Station N\$'000	Van Eck Power Station N\$'000	Paratus Power Station N\$'000
	605,166	126,653	74,817
- At cost/valuation	695,094	221,236	85,017
- Accumulated depreciation	(89,928)	(94,583)	(10,200)
Reclassifications	7,079	12,183	-
Cost	7,504	13,103	-
Accumulated depreciation	(425)	(920)	-
Additions	-	-	-
Completed assets capitalised	145	224	-
Transferred from Inventory	-	-	-
Transfer to non-current assets held for sale	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Reversal of accumulated depreciation on revaluation against accumulated depreciation	90,353	-	-
Reversal of accumulated depreciation on revaluation against cost	(90,353)	-	-
Revaluation	573,309	-	-
Impairment	-	(71,781)	(20,318)
Disposals	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Depreciation for the year	(30,595)	(13,417)	(3,633)
Carrying amount at 30 June 2006	1,155,104	53,862	50,866
- At cost/valuation	1,185,699	234,563	85,017
- Accumulated impairment	-	(71,781)	(20,318)
- Accumulated depreciation	(30,595)	(108,920)	(13,833)

25880692860

Transmission systems N\$'000	Machinery and equipment N\$'000	Land and buildings N\$'000	Assets under construction N\$'000	Strategic stock N\$'000	Total N\$'000
3,149,725	44,672	157,251	346,659	-	4,504,943
3,519,331	208,521	174,775	346,659	-	5,250,633
(369,606)	(163,849)	(17,524)	-	-	(745,690)
-	-	(19,262)	-	-	-
-	-	(20,607)	-	-	-
-	-	1,345	-	-	-
-	5,070	5	170,998	-	176,073
240,290	3,420	6,187	(250,266)	-	-
-	-	-	-	28,227	28,227
(268,137)	-	-	-	-	(268,137)
(290,297)	-	-	-	-	(290,297)
22,160	-	-	-	-	22,160
344,638	34,414	8,804	-	-	478,209
(344,638)	(34,414)	(8,804)	-	-	(478,209)
1,723,314	35,043	44,482	-	11,393	2,387,541
-	-	(9,222)	-	-	(101,321)
(23,474)	(757)	-	-	-	(24,231)
(26,282)	(4,669)	-	-	-	(30,951)
2,808	3,912	-	-	-	6,720
(153,391)	(20,749)	(5,968)	-	-	(227,753)
4,668,327	66,699	173,473	267,391	39,620	6,475,342
4,821,718	212,971	196,038	267,391	39,620	7,043,017
(153,391)	-	(9,222)	-	-	(101,321)
	(146,272)	(13,343)	-	-	(466,354)



3. PROPERTY, PLANT AND EQUIPMENT (cont.)

COMPANY 2005

Carrying amount at 1 July 2004

- At cost/valuation
- Accumulated depreciation

Additions

Completed assets capitalised

Transfer to investment property & computer software

- At cost/valuation
- Accumulated depreciation

Disposals

- At cost/valuation
- Accumulated depreciation

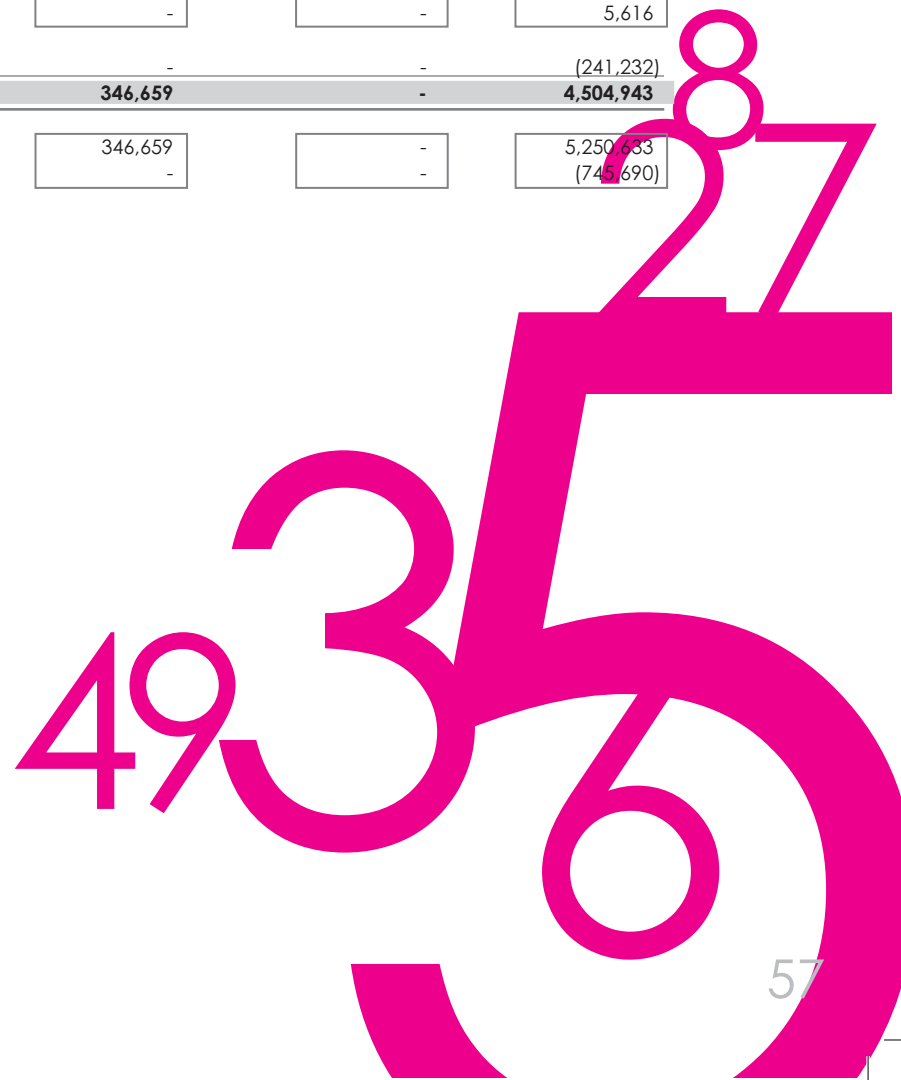
Depreciation for the year

Carrying amount at 30 June 2005

- At cost/valuation
- Accumulated depreciation

Ruacana Power Station N\$'000	Van Eck Power Station N\$'000	Paratus Power Station N\$'000
624,682	158,784	78,218
684,082	221,236	85,017
(59,400)	(62,452)	(6,799)
-	-	-
11,012	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(30,528)	(32,131)	(3,401)
605,166	126,653	74,817
695,094	221,236	85,017
(89,928)	(94,583)	(10,200)

Trans- mission systems N\$'000	Machinery and equipment N\$'000	Land and buildings N\$'000	Assets under construction N\$'000	Strategic stock N\$'000	Total N\$'000
2,913,471	62,639	175,518	605,325	-	4,618,637
3,144,254	202,436	186,361	605,325	-	5,128,711
(230,783)	(139,797)	(10,843)	-	-	(510,074)
5,467	10,405	52	141,505	-	157,428
380,793	2,490	-	(400,171)	-	(5,876)
-	-	(11,638)	-	-	(11,638)
-	-	(11,638)	-	-	(11,638)
-	-	-	-	-	-
(11,183)	(1,194)	-	-	-	(12,378)
(11,183)	(6,810)	-	-	-	(17,994)
-	5,616	-	-	-	5,616
(138,823)	(29,668)	(6,681)	-	-	(241,232)
3,149,725	44,672	157,251	346,659	-	4,504,943
3,519,331	208,521	174,775	346,659	-	5,250,633
(369,606)	(163,849)	(17,524)	-	-	(745,690)



Power Stations	Transmission systems	Machinery and equipment	Land and buildings	Intangible assets	Total
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3. PROPERTY, PLANT AND EQUIPMENT (cont.)

3.1 Property, Plant and equipment under construction

2006

Opening balance	34,431	298,587	6,509	7,132	-	346,659
Additions	5,035	161,911	114	3,938	-	170,998
Assets capitalised	(369)	(240,290)	(3,420)	(6,187)	-	(250,266)
Closing balance	39,097	220,208	3,203	4,883	-	267,391

2005

Opening balance	10,437	578,884	6,262	3,866	5,876	605,325
Additions	35,006	100,496	2,737	3,266	-	141,505
Assets capitalised	(11,012)	(380,793)	(2,490)	-	(5,876)	(400,171)
Closing balance	34,431	298,587	6,509	7,132	-	346,659



3. PROPERTY, PLANT AND EQUIPMENT (cont.)

3.2 Land and buildings

Details of the properties registered in the Company's name are available for inspection at the Namibian registered office of the Company.

Houses at Ruacana township are erected on land in the Kunene region for which occupational rights were obtained.

3.3 Transmission System

A number of distribution lines and substations are erected on or are under construction on land which does not belong to the Company. Occupational rights are secured by agreements between the owners and Namibia Power Corporation (Pty) Ltd.

3.4 Ruacana Power Station

The Ruacana Power Station is erected on land in the Kunene region for which occupational rights were obtained. The Diversion Weir is erected in Angola.

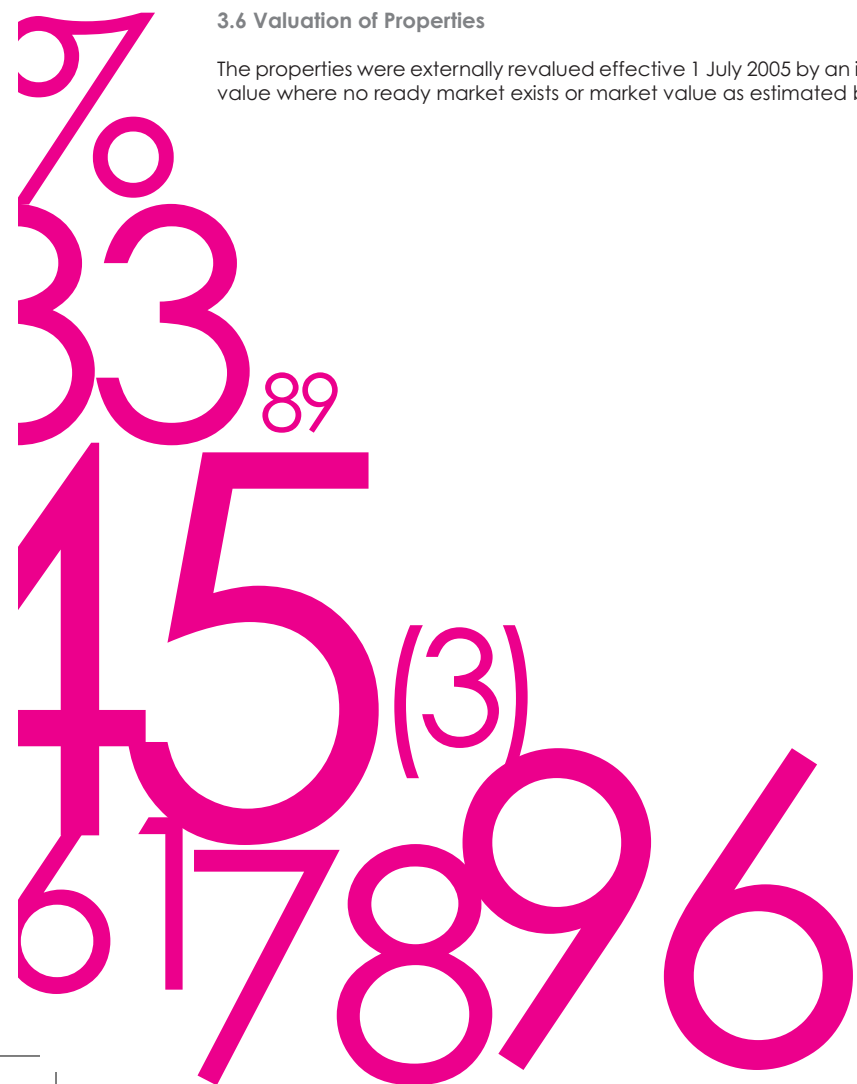
3.5 Valuation of Power Stations, Transmission System and Machinery and Equipment

The power stations, transmission system and machinery and equipment were revalued externally effective 1 July 2005 by independent valuers namely, Mott MacDonald Limited and Emcon Namibia, on the basis of replacement value as adjusted for the remaining useful lives of the assets.

The valuers have extensive experience in valuation of transmission and distribution assets.

3.6 Valuation of Properties

The properties were externally revalued effective 1 July 2005 by an independent valuer, Gert Hamman. The valuation was performed on the basis of replacement value where no ready market exists or market value as estimated by sworn appraisers.



4. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

4.1 Subsidiary companies

Name	Nature of operation	Date of incorporation	Issued share capital N\$	Percentage holding 2006 %
Directly held				
Capricorn Power Supply (Pty) Ltd Less: impairment of investment	Dormant	25/02/1999	2,500	100
NamPower International (Pty) Ltd	Dormant	02/09/2003	-	100
PowerCom (Pty) Ltd Less: impairment of investment	Cellphone Operator	01/07/1999	4,000	100
Premier Electric (Pty) Ltd	Service company	31/10/2000	2,500	100
Okaomba Investment (Pty) Ltd	Property holding	01/03/2000	100	100
Central-North Electricity Distribution Company(Pty) Ltd	Electricity distributor	01/07/2005	10,000,000	50.20

Loans due by/(due to)

Capricorn Power Supply (Pty) Ltd
NamPower International (Pty) Ltd
PowerCom (Pty) Ltd
Premier Electric (Pty) Ltd
Okaomba Investment (Pty) Ltd

Premier Electric (Pty) Ltd

4.2 The subsidiaries are all incorporated in Namibia, except NamPower International (Pty) Ltd, which is incorporated in Mauritius.

4.3 Loans to subsidiaries are non-interest bearing, unsecured and do not have fixed terms of repayment.

4.4 Trade and other receivables/payables from the subsidiaries have been disclosed in note 27.

258806% 20649 30 26%

Percentage holding 2005 %	Shares at cost N\$'000	Total investment 2006 N\$'000	Total investment 2005 N\$'000	Directors' valuation 2006 N\$'000	Director's valuation 2005 N\$'000
100	2	2	2	2	2
	(2)	(2)	(2)	-	-
100	66	66	0	66	-
100	4	4	4	104	104
	(4)	(4)	(4)	-	-
100	5,000	5,000	5,000	6,389	6,951
100	944	944	944	2,148	944
-	5,020	5,020	-	1,296	-
	<u>11,030</u>	<u>11,030</u>	<u>5,944</u>	<u>10,005</u>	<u>8,001</u>

Due by/(due to) subsidiaries

2006 N\$'000	2005 N\$'000
-	-
330	-
100	100
-	1,950
844	806
<u>1,274</u>	<u>2,856</u>
<u>(6,380)</u>	<u>-</u>

26
30

335579

Notes	GROUP		COMPANY	
	2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

4. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (cont.)

4.5 Associate

Carrying amount of associate

Carrying amount at beginning of year		58,056	55,877	5,000	55,877
Equity accounted earnings		924	2,179	-	2,179
Effects of adoption of IFRS by associate		(2,594)	-	-	-
Change in accounting policy	31.1	-	-	-	(53,056)
Share of associate's reserves		47,873	-	-	-
		104,259	58,056	5,000	5,000

Post-acquisition reserves

Retained earnings		3,222	4,892		
Share of opening retained earnings		4,892	2,713		
Effects of adoption of IFRS by associate		(2,594)	-		
Share of current year income		924	2,179		
Non-distributable reserves		96,037	48,164		
Share of opening revaluation and development reserve		48,164	48,164		
Share of current year movements		47,873	-		
		99,259	53,056		

The group acquired a 33,33% equity interest in Nored Electricity (Pty) Ltd, a service company on 27 April 2001.

4.6 Joint Ventures

The audited financial statements of Oshakati Premier Electric (Proprietary) Limited and Otavi Electrical Company (Proprietary) Limited have been incorporated in the consolidated financial statements. The group acquired a 50% interest in each of these companies to provide electricity to the towns of Oshakati and Otavi in Namibia.

GROUP

The group's proportionate share of assets and liabilities are:

Property, plant and equipment	10,896	6,283
Investments	2,077	2,096
Long-term liabilities	(2,214)	(8,117)
Current assets	3,548	4,217
Current liabilities	(2,129)	(2,677)
Non-current assets held-for-sale	349	-
	12,527	1,802

The group's proportionate share of revenue and expenditure:

Revenue	7,723	14,489
Expenditure	(7,324)	(14,043)

The group's proportionate share of cash flows:

Cash flow from operating activities	1,498	747
-------------------------------------	--------------	------------

	GROUP		COMPANY	
	2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
4.6 Joint Ventures (cont.)				
Cash flow from investing activities	(1,088)	(712)		
Cash flow from financing activities	(329)	(194)		
Net cash flows	81	(159)		
Directors' valuation	12,527	1,802		
COMPANY				
Investment in Joint Ventures				
<i>Equity Investment in Joint Ventures</i>	-	-	6,002	6,002
- Oshakati Premier (Pty) Ltd	-	-	5,656	5,656
- Otavi Electrical Company (Pty) Ltd	-	-	346	346
Loans to Joint Venturers				
<i>Non- Current loans receivables</i>	-	-	3,111	4,000
- Oshakati Premier Electric (Pty) Ltd	-	-	3,111	4,000
- Otavi Electrical Company (Pty) Ltd	-	-	-	-
Total investment in Joint Ventures	-	-	9,113	10,002
Current loan receivables	-	-	910	766
- Oshakati Premier Electric (Pty) Ltd	-	-	462	762
- Oshakati Premier Electric (Pty) Ltd - short term portion of long term receivables	-	-	444	-
- Otavi Electrical Company (Pty) Ltd	-	-	4	4

4.7 The associate and joint ventures are all incorporated in Namibia.

4.8 The company made a loan of N\$4,0 million in 2004 to Oshakati Premier Electric (Pty) Ltd. The loan carries interest at prime lending rates less 2% and is repayable over a period of 10 years in equal instalments.

5. INVESTMENT PROPERTIES

Opening balance
Additions
Fair value adjustment
Closing balance

Investment properties comprise a number of commercial properties that are leased to third parties. No contingent rentals are charged.

The investment properties were originally bought at a cost of N\$9,453 million. During June 2006 the fair values of the properties were determined by Gert Hamman, an independent qualified valuer.

Rental income and direct operating expenses relating to the investment properties are disclosed in note 24.

The fair value of all investment properties has been determined by an independent qualified valuer who has extensive experience in the Namibian property market. The commercial properties' fair values were based on the market value determined by means of the Income Capitalisation Method. This method involves the determining of the net income of the property that will be capitalised at a rate sought by prudent investors to determine the capitalised value of the subject property.

The fair values of the residential properties which are classified as investment property was determined based on market values of comparable properties by means of applying the direct sales comparison method.

6. INTANGIBLE ASSETS

Computer software
Licences

GROUP		COMPANY	
2006	2005	2006	2005
N\$'000	N\$'000	N\$'000	N\$'000
11,638	11,638	11,638	11,638
-	-	-	-
(3,446)	-	(3,446)	-
8,192	11,638	8,192	11,638
30,226	45,870	29,624	45,870
11,223	-	-	-
41,449	45,870	29,624	45,870

GROUP		COMPANY	
2006	2005	2006	2005
N\$'000	N\$'000	N\$'000	N\$'000

6. INTANGIBLE ASSETS (cont.)

6.1 Goodwill

Reconciliation of the carrying amount of goodwill:

Carrying amount at the beginning of the year

- Cost

- Accumulated impairment

-	-
-	-
-	-

Goodwill acquired

Impairment

199	-
(199)	-

Carrying amount at the end of the year

- Cost

- Accumulated impairment

-	-
199	-
(199)	-

6.2 Computer Software

Cost

Accumulated amortisation

50,917	50,269	50,269	50,269
(20,691)	(4,399)	(20,645)	(4,399)
30,226	45,870	29,624	45,870

Opening carrying value - 1 July

Addition

Transferred from assets under construction

Amortisation

Closing carrying value - 30 June

45,870	42,877	45,870	42,877
648	15	-	15
-	5,876	-	5,876
(16,292)	(2,898)	(16,246)	(2,898)
30,226	45,870	29,624	45,870

6.3 Licences

Valuation

Accumulated amortisation

12,570	-	-	-
(1,347)	-	-	-
11,223	-	-	-

Opening carrying value - 1 July

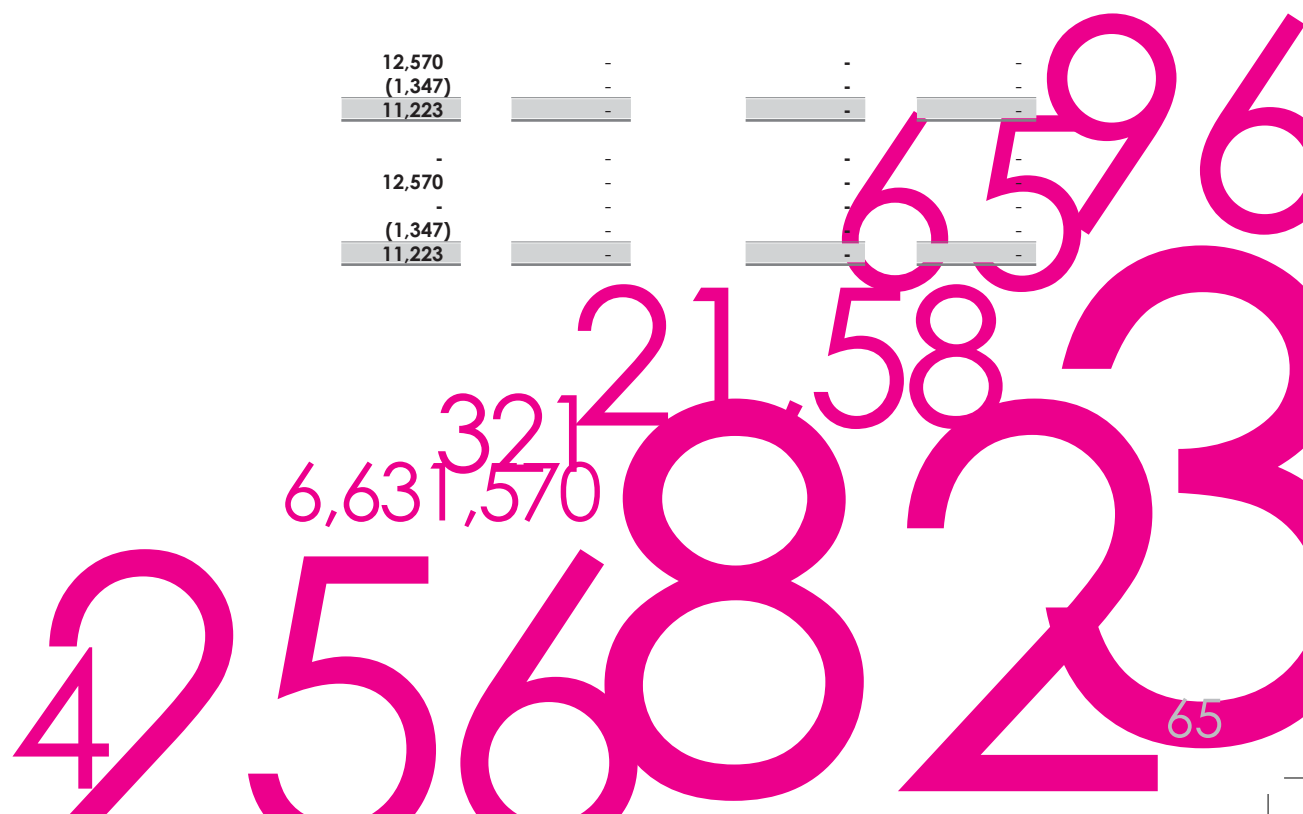
Additions

Transferred from assets under construction

Amortisation

Closing carrying value - 30 June

-	-	-	-
12,570	-	-	-
-	-	-	-
(1,347)	-	-	-
11,223	-	-	-



GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

7. LOANS RECEIVABLE

The loans receivable are mainly composed of employee study loans and dependants scholarships.

The dependant scholarship is carried as a receivable until such a time as the dependant has completed studying and then the expense is written off to the relevant business unit. Should the student not complete their studies the amount is recovered from the parent.

The employees study loans are repayable over the duration of the study period.

These loans are interest free.

<u>14,660</u>	<u>18,976</u>	<u>14,497</u>	<u>18,976</u>
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8. NON-CURRENT ASSETS HELD FOR SALE

Property, plant and equipment to be transferred to ;
- Central - North Electricity Distribution Company (Cenored)
- Southern Regional Electricity Distributors (Pty) Ltd

135,051	-	134,702	-
<u>126,279</u>	<u>-</u>	<u>126,279</u>	<u>-</u>
261,330	-	260,981	-

- Nored Electricity (Pty) Ltd - to be formally handed over

35,178	7,116	35,178	7,116
<u>296,508</u>	<u>7,116</u>	<u>296,159</u>	<u>7,116</u>

Non-current assets held for sale are made up of the distribution assets in the northern, central-north and southern regions of Namibia. These assets will be transferred to Cenored and Southern Regional Electricity Distributors (Pty) Ltd by July 2006 and January 2007 respectively. Assets in the northern area in which Nored Electricity (Pty) Ltd operates will be formally handed over to them during 2007, these assets were constructed during 2004 and 2006 respectively.

The assets constructed in the Nored area have been reclassified from investment in associate during 2005 to the non-current assets held for sale, these assets, although situated in the area in which Nored Electricity (Pty)Ltd operates are still to be formally handed over to Nored Electricity (Pty) Ltd and as such Nored Electricity (Pty) Ltd has not recognised these assets in their books.

The Energy White Paper issued in May 1998 by the Ministry of Mines and Energy called for a reform in the Namibian Energy Industry. NamPower (Pty) Ltd implemented this requirement by assisting with the formation of a RED for each major region in Namibia. NamPower (Pty) Ltd is a shareholder in the REDs and their share holding is determined by the value of the assets transferred.

1,512
 32,554
 21,582
 657
 45
 2
 208
 32,442

9. INVESTMENT

Non-current investments

Held-to-maturity debt instruments at amortised costs
Other investments in unlisted equity
- Erongored (Pty) Ltd
- Westcor

Current investments

Fair value through profit and loss
- listed equity
- Call accounts and fixed deposits held with financial institutions

Total investments

	GROUP		COMPANY	
	2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
	625,665	497,019	623,589	494,922
	600,386	495,857	598,310	493,760
	24,637	1,162	24,637	1,162
	642	-	642	-
	1,066,145	973,033	1,066,145	973,033
	366	-	366	-
	1,065,779	973,033	1,065,779	973,033
	1,691,810	1,470,052	1,689,734	1,467,955

Investments with a book value of N\$79,9 million (2005: N\$71,8 million) have been encumbered and act as security for long-term loans (refer note 15.1.5)

10. INVENTORIES

Construction and consumable stores
Fuel

	113,933	144,754	113,049	144,417
	24,652	11,954	24,652	11,954
	138,585	156,708	137,701	156,371

There are no items of inventory that are stated at fair value less costs to sell.

11. TRADE AND OTHER RECEIVABLES

Trade receivables
Project receivables
Prepayments
Employee receivables
Others

	148,251	105,530	134,757	103,941
	2,305	26,035	2,305	26,035
	15,237	5,520	15,237	5,520
	430	232	376	232
	66,448	52,924	64,736	52,965
	232,671	190,241	217,411	188,693

An amount of N\$40,521 million is included in trade and other receivable for interest accrued but not yet received on the investment portfolio (2005: N\$36,1 million) of the company.

Trade receivables of Central-North Electricity Distribution Company (Pty) Ltd, were pledged as security for a long term loan from the Development Bank of Namibia of N\$6.3 million. The Cession of the trade receivables is restricted to the lesser of the loan balance or N\$11,5 million.

Related party receivables

Included in Trade and other receivables are amounts due from related parties, these have been disclosed in note 27.

444
599
21,585⁵⁶⁸
25,875

11. TRADE AND OTHER RECEIVABLES (cont.)

11.1 Included in trade and other receivables are the following amounts due from key management personnel;

Balance at beginning of year
Advanced
Repaid
Balance at end of year

The purpose of the loans made to management and the director are to provide for their housing. These loans are secured by a first mortgage bond over the property, bears interest at 3.5% per annum and is repayable in equal monthly instalments.

11.2 For information regarding credit risk for accounts receivable refer to note 29.2

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand
Bank balances
Short term deposits

13. TAXATION

Normal Namibian company tax

Current taxation
Deferred taxation
Deferred taxation as previously reported
Deferred taxation relating to prior period error (refer note 31)

Tax rate reconciliation

Standard Tax Rate
Adjusted for:
Manufacturing deduction
Items not deductible for tax purposes
Exempt income
Prior year correction
Taxation per Income statement

14. SHARE CAPITAL AND RESERVES

14.1 Authorised and issued share capital

65 000 000 Ordinary shares of N\$ 1 each

Subsequent to year-end the shareholder of NamPower (Pty) Ltd increased their investment in the entity, refer to note 33.1

	GROUP		COMPANY	
	2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
Balance at beginning of year	586	724	586	724
Advanced	-	-	-	-
Repaid	(586)	(138)	(586)	(138)
Balance at end of year	-	586	-	586
Cash on hand	32	19	18	18
Bank balances	76,079	38,586	71,185	26,542
Short term deposits	10,010	29,857	6,368	29,225
	86,121	68,462	77,571	55,785
Current taxation	-	-	-	-
Deferred taxation	52,682	(63,739)	52,523	(64,038)
Deferred taxation as previously reported	-	27,716	-	27,417
Deferred taxation relating to prior period error (refer note 31)	-	(91,455)	-	(91,455)
	52,682	(63,739)	52,523	(64,038)
Tax rate reconciliation	%	%	%	%
Standard Tax Rate	35.00	35.00	35.00	35.00
Adjusted for:				
Manufacturing deduction	(4.54)	(10.35)	(4.54)	(10.47)
Items not deductible for tax purposes	7.07	19.50	6.09	19.76
Exempt income	(11.19)	(13.74)	(11.19)	(13.9)
Prior year correction	-	(108.10)	-	(109.35)
Taxation per Income statement	26.34	(77.69)	25.36	(78.96)
65 000 000 Ordinary shares of N\$ 1 each	65,000	65,000	65,000	65,000

GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

14. SHARE CAPITAL AND RESERVES (cont.)

14.2 Development fund

The purpose of the loans made to management and the director are to provide for their housing. These loans are secured by a first mortgage bond over the property, bears interest at 3.5% per annum and is repayable in equal monthly instalments.

14.3 Capital revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

15. INTEREST BEARING LOANS AND BORROWINGS

15.1 Interest bearing borrowings - secured Loans

15.1.1 Agence Francaise de Development

43,717	42,906	43,717	42,906
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Concessional loan repayable over a period of 20 years with the interest payable semi-annually starting 20 June 1999 and capital repayments commencing on 20 June 2006. A commitment fee of 0.5% per annum is payable in arrears on each due date, the first period being that between the date of signature of the contract and immediately following due date. The interest rate has been fixed at 9.39% NACS from December 2001. This loan is guaranteed by the Government of the Republic of Namibia.

15.1.2 European Investment Bank - loan I

369,693	375,170	369,693	375,170
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Concessional loan repayable over a period of 20 years with the interest payable semi-annually starting 20 June 1999 and capital repayments commencing on 20 June 2006. A commitment fee of 0.5% per annum is payable in arrears on each due date, the first period being that between the date of signature of the contract and immediately following due date. The interest rate has been fixed at 9.39% NACS from December 2001. This loan is guaranteed by the Government of the Republic of Namibia.

15.1.3 AB Svensk Exportkrediet

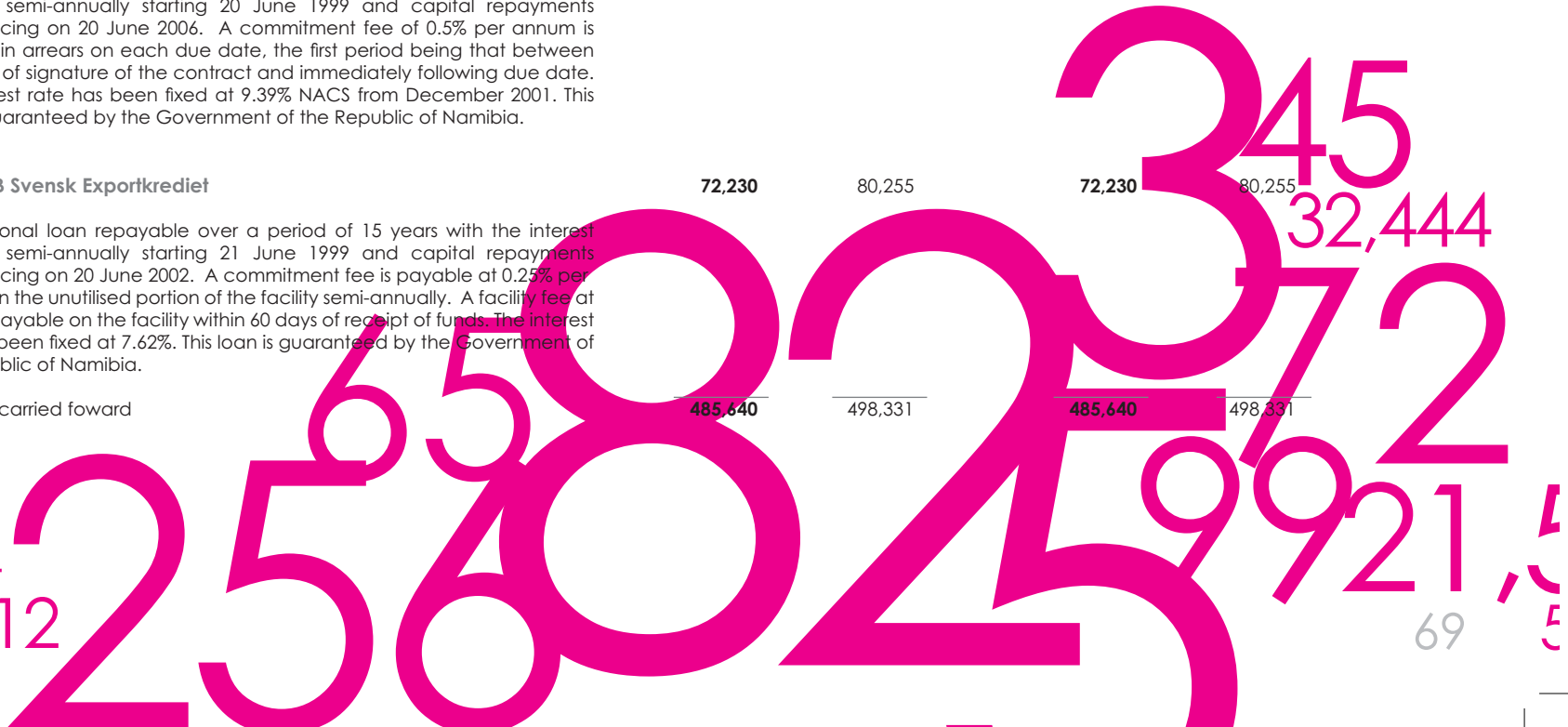
72,230	80,255	72,230	80,255
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Concessional loan repayable over a period of 15 years with the interest payable semi-annually starting 21 June 1999 and capital repayments commencing on 20 June 2002. A commitment fee is payable at 0.25% per annum on the unutilised portion of the facility semi-annually. A facility fee at 0.25% is payable on the facility within 60 days of receipt of funds. The interest rate has been fixed at 7.62%. This loan is guaranteed by the Government of the Republic of Namibia.

Balance carried forward

485,640	498,331	485,640	498,331
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32,554
1,512



GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

15. INTEREST BEARING LOANS AND BORROWINGS (cont.)

Balance brought forward	485,640	498,331	485,640	498,331
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15.1.4 African Development Bank

	50,432	54,635	50,432	54,635
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Concessional loan repayable over a period of 15 years with the interest payable semi-annually starting 21 June 1999 and capital repayments commencing on 20 June 2002. A commitment fee is payable at 0.25% per annum on the unutilised portion of the facility semi-annually. A facility fee at 0.25% is payable on the facility within 60 days of receipt of funds. The interest rate has been fixed at 7.62%. This loan is guaranteed by the Government of the Republic of Namibia.

15.1.5 Development Bank of Southern Africa

	220,000	220,000	220,000	220,000
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Floating rate loan with interest linked to the South African 3-month JIBAR rate fixed 6 monthly in advance plus 1.05%. Loan is repayable in 3 instalments on the following dates: 31 March 2012 for N\$70,0 million; 31 March 2017 for N\$70,0 million and 31 March 2022 for N\$80,0 million. The interest rate has been fixed at 9.82%. This loan is secured by a pledge of investments with a book value of N\$79,9 million and a nominal value of N\$220,0 million (refer note 9).

15.1.6 European Investment Bank - loan II

	227,004	212,168	227,004	212,168
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Euro35,0 million 20 year loan, with 4 year capital grace period. Repayments will commence on 16 September 2006 in 16 instalments on a constant annuity basis. Interest will be on a fixed rate basis with a minimum rate payable after the subsidy of 3.0%. The interest rate has been fixed at an average of 7.70% Rand based. This loan is guaranteed by the Government of the Republic of Namibia.

15.1.7 Development Bank of Namibia

	6,292	-	6,292	-
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Repayment consist of 60 monthly payments of N\$108,333 each with accrued interest being paid on a monthly basis. Interest is charged at prime less 2.00%, prime at 30 June is 12.25%.

The loan is secured by a cession of the debtors book limited to the lesser of the loan balance or N\$11,5 million and a Notarial General Covering Bond of N\$11,5 million over all moveable assets owned by the Central-North Electricity Distribution Company (CENORED). CENORED is a 50.2% held subsidiary of Namibia Power Corporation.

Balance carried forward	989,368	985,134	983,076	985,134
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21,582,560

	GROUP		COMPANY	
	2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
15. INTEREST BEARING LOANS AND BORROWINGS (cont.)				
Balance brought forward	989,368	985,134	983,076	985,134
15.1.8 Local authorities' loan compensation and transitional surcharges	9,192	-	-	-
This represents Cenored's obligation to pay cash to the local authorities of N\$76,037 per month in respect of transitional surcharges until June 2007 and N\$254,121 per month in respect of loan compensation until the loans or when the licence issued to the company expire (currently 2013).				
Less: Instalments payable within one year transferred to current liabilities	998,560 (54,818) 943,742	985,134 (32,706) 952,428	983,076 (50,347) 932,729	985,134 (32,706) 952,428

16. DEFERRED REVENUE LIABILITY

<i>Non-current</i>				
Nam Zinc (Pty) Ltd	72,772	-	72,772	-
<i>Current liability</i>				
Electricity customers	139	-	-	-

The company received N\$80 million in respect of extension fees in terms of the electricity supply contract between the company and Scorpion Zinc Corporation. In terms of the contract the extension fees were due and payable over a 14 year period. The entire amount was received during the current year and will be recognised over the remaining ten year period.

17. DEFERRED TAXATION

Balance as previously reported	1,193,222	1,256,960	1,192,357	1,256,395
Prior period error (refer note 32)	-	(91,454)	-	(91,454)
Balance at the beginning of the year	1,193,222	1,165,506	1,192,357	1,164,941
Current charge	52,682	27,716	52,523	27,416
Timing differences	8,838	(864)	8,528	(1,214)
Assessed loss utilised to reduce liability	22,350	58,674	22,501	58,724
Property, plant and equipment	21,494	(30,094)	21,494	(30,094)
Revaluation of property, plant and equipment through equity	780,881	-	779,371	-
Reversal of revaluation recognised in equity	-	-	-	-
Balance at end of year	2,026,785	1,193,222	2,024,251	1,192,357

65

74

8258

450

GROUP		COMPANY	
2006	2005	2006	2005
N\$'000	N\$'000	N\$'000	N\$'000

17. DEFERRED TAXATION (cont.)

The balance comprises:

Property, plant and equipment	2,257,158	1,525,211	2,253,952	1,523,782
Interest accrued	14,241	5,153	14,241	5,153
Doubtful debt allowance	(5,505)	(4,586)	(5,505)	(4,586)
Assessed loss utilised to reduce liability	(168,471)	(197,890)	(167,800)	(197,326)
Fair value swaps and loans	(49,184)	(114,238)	(49,184)	(114,238)
Post Retirement Medical Benefit	(21,454)	(20,428)	(21,454)	(20,428)
	<u>2,026,785</u>	<u>1,193,222</u>	<u>2,024,251</u>	<u>1,192,357</u>
Deferred tax asset	46	58	-	-
Deferred tax liability	(2,026,831)	(1,193,280)	(2,024,251)	1,192,357
	<u>(2,026,785)</u>	<u>(1,193,222)</u>	<u>(2,024,251)</u>	<u>1,192,357</u>

18. TRADE AND OTHER PAYABLES

Trade and other payables	96,872	82,802	82,050	81,009
Deferred revenue liability short term portion	8,317	-	8,317	-
Leave and bonus accruals	22,069	20,404	21,288	20,100
Local authorities surcharges accrual	6,275	-	-	-
Payables to local authorities	69	-	-	-
Derivative and loan interest payable	16,755	14,884	16,755	14,884
Retention creditors	13,646	5,901	13,646	5,901
	<u>164,003</u>	<u>123,991</u>	<u>142,056</u>	<u>121,894</u>

18.1 Leave and Bonus Provision

The group provides for leave pay and bonuses for all employees. The value of the provision at 30 June 2006 was determined by reference to the leave days accrued and proportionate annual bonus provision. The provision is expected to be utilised within the following financial year.

18.2 Related party payables

Trade and other payables to related parties have been disclosed in note 27.

19. OTHER FINANCIAL ASSETS AND LIABILITIES

19.1 Other financial assets

Forward exchange contracts:				
Interest rate swaps	138,998	5,151	138,998	5,151
Cross currency swaps	207,207	82,161	207,207	82,161
	<u>346,205</u>	<u>87,312</u>	<u>346,205</u>	<u>87,312</u>

GROUP		COMPANY	
2006	2005	2006	2005
N\$'000	N\$'000	N\$'000	N\$'000

20. PROVISIONS (cont.)

20.3 Movements in the net liability for defined benefit obligations recognised in the balance sheet

Net liability for defined obligations as at 1 July	56,280	48,342	56,280	48,342
Interest cost	5,628	5,801	5,628	5,801
Current service costs	3,405	3,169	3,405	3,169
Benefits paid	(1,234)	(1,105)	(1,234)	(1,105)
Actuarial (gain) loss on obligation	(2,781)	73	(2,781)	73
Net liability for defined obligations as at 30 June	61,298	56,280	61,298	56,280

20.4 Expense recognised in the income statement

Current service costs	5,806	8,585	5,806	8,585
Interest on obligation	3,405	3,169	3,405	3,169
Expected return on plan assets	5,628	5,802	5,628	5,802
Actuarial (gain)/loss on obligation	-	-	-	-
Benefits paid	(2,781)	73	(2,781)	73
Subsidy payments to pensioners	(1,234)	(1,105)	(1,234)	(1,105)
Actual return on plan assets	788	646	788	646
	-	-	-	-
The expense is included in the administrative expenses in the income statement:	5,806	8,585	5,806	8,585

20.5 Liability for defined benefit obligations

Principal actuarial assumptions at the balance sheet date	%	%	%	%
Discount rate at 30 June	10.09	12.00	10.09	12.00
Expected return on plan assets at 30 June	-	-	-	-
Future salary increases	-	-	-	-
Medical cost trend rate	7.00	10.00	7.00	10.00
Future pension increases	-	-	-	-

21. CAPITAL COMMITMENTS

21.1 Projects for Capital Expenditure

Approved by Board of Directors	347,337	258,785	347,337	258,785
Less: Expenditure to 30 June	(126,520)	(130,624)	(126,520)	(130,624)
Amount still to be expended	220,817	128,161	220,817	128,161

The capital expenditure will be financed by internally generated funds and non-refundable capital contributions by customers, the Government of Namibia and other parties.

21. CAPITAL COMMITMENTS (cont.)

21.2 Operating leases

Minimum lease payments due
- Within one year
- In second to fifth year inclusive

Operating lease payments represent rentals payable by Central-North Electricity Distribution Company (Pty) Ltd for certain of its office premises. No contingent rent is payable.

21.3 Local authorities surcharges

Projected commitment
- Within one year
- In second to fifth year inclusive

In addition, local authorities surcharges and loan compensation surcharges of N\$20,538 million and N\$1,594 million respectively are payable per annum in perpetuity and/or until the respective loans of the local authorities are fully repaid.

21.4 Others

Capital assets ordered not yet delivered
Consulting assignments in process

22. NET FINANCING COSTS

Interest received
- Held-to-maturity debt instrument investments
- Call accounts and fixed deposits held with financial institutions
- Bank accounts
- Joint ventures
- Debtors and staff loans

Interest paid
- Interest bearing loans
- Derivate instruments

	GROUP		COMPANY	
	2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
	536	-	-	-
	145	-	-	-
	681	-	-	-
	26,335	-	-	-
	74,000	-	-	-
	100,335	-	-	-
	300	-	-	-
	995	-	-	-
	1,295	-	-	-
	158,221	147,323	158,909	146,964
	63,146	71,563	62,932	71,303
	80,789	58,819	80,743	58,757
	8,761	9,232	8,496	7,947
	-	-	1,285	1,323
	5,525	7,709	5,453	7,634
	(117,199)	(118,896)	(116,059)	(117,550)
	(66,304)	(74,676)	(65,164)	(73,330)
	(50,895)	(44,220)	(50,895)	(44,220)
	41,022	28,427	42,850	29,414

23. REVENUE

Revenue comprises:

- Sales of electricity
- Extension charges
- Contribution by customers

GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
918,734	817,069	904,376	810,837
38,918	43,953	38,918	43,953
28,834	8,248	28,834	8,248
986,486	869,270	972,128	863,032

24. PROFIT BEFORE TAXATION

Operating profit before taxation is stated after charging / (crediting):

Directors' emoluments

- fees for services as directors
- paid by company
- paid by subsidiary
- for executive services

- Auditors' remuneration
- audit fee
- other services

- Depreciation of property, plant and equipment
- Amortisation of intangible asset

- Remuneration other than to employees for
- managerial services
- technical services
- other professional services

- Research and development expenditure
- Movement in provision for doubtful debts
- Bad debts written off
- Impairment of goodwill
- Interest discounted on electricity receivable
- Contribution to Social Responsibility Programs
- (Loss)/ profit on disposal of property, plant and equipment

- Staff costs
- Salaries and wages
- Housing subsidies
- Company contribution: Provident Fund
- Others

570	459	400	459
400	459	400	459
170	-	-	-
1,486	1,273	1,486	1,273
370	844	80	820
417	561	-	537
(47)	283	80	283
228,547	242,730	227,753	241,232
17,639	2,898	16,246	2,898
2,400	3,477	2,400	3,477
4	1,844	4	1,844
960	1,633	960	1,633
1,436	-	1,436	-
32,526	34,518	32,526	34,518
3,572	7,235	3,500	7,235
15,026	-	15,026	-
199	-	-	-
7,670	-	7,670	-
1,201	840	1,201	840
(60)	1,097	(60)	1,097
200,970	165,959	186,611	163,416
167,677	133,619	153,326	131,076
8,507	8,406	8,506	8,406
21,546	19,813	21,546	19,813
3,240	4,121	3,233	4,121

GROUP		COMPANY	
2006	2005	2006	2005
N\$'000	N\$'000	N\$'000	N\$'000

24. PROFIT BEFORE TAXATION (cont.)

Post retirement medical benefit	5,806	8,585	5,806	8,585
Operating lease payments				
- Motor vehicles	177	177	177	177
- Premises	412	-	-	-
Foreign exchange gains	(6,490)	(1,219)	(6,490)	(1,219)
- realised	(5,641)	(1,019)	(5,641)	(1,019)
- unrealised	(849)	(200)	(849)	(200)
Foreign exchange losses - realised	11,705	3,839	11,705	3,839
AC133/IAS 39 Fair value adjustments	(67,713)	237,624	(67,713)	237,624
- held for trading	-	1,072	-	1,072
- derivative contracts	(98,361)	152,726	(98,361)	152,726
- foreign denominated loans	30,648	83,826	30,648	83,826
Property	2,487	671	2,487	671
- rental income	(1,990)	(968)	(1,990)	(968)
- direct operating expenses	4,477	1,639	4,477	1,639
Fair value adjustment on the investment property	3,446	-	3,446	-

25. DISCONTINUED OPERATIONS

During October 2005, the operations of Otavi Electrical Company (Pty) Ltd were discontinued due to the restructuring of the electricity industry and the subsequent granting of the distribution licence to Central-North Electricity Distribution Company (Pty) Ltd. All of the assets of the entity are being utilised by the newly formed RED and will be formally handed over to them during the 2007 year.

Results of discontinued operations

Revenue	326	-	-	-
Operating expenses including net finance costs	(380)	-	-	-
Loss before taxation	(54)	-	-	-
Taxation	-	-	-	-
Loss for the period from discontinued operations	(54)	-	-	-

Cashflows from discontinued operation

Net cashflow utilised in operating activities	(62)	-	-	-
Net cashflow from investing activities	-	-	-	-
Net cashflow utilised in financing activities	(60)	-	-	-
Net cashflow utilised in activities	(122)	-	-	-

1,512
,554
58
25
568
25,
32,444
25,999
21,587

GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

26. CONTINGENT LIABILITIES

The following contingent liability has not been provided for as the Board is of the opinion that the claim against Namibia Power Corporation is unlikely to be successful:

- A claim for N\$ 8,5 million has been instituted against Namibia Power Corporation for asbestos contamination by the Municipality of Windhoek. This claim was instituted during 1996 and has to date not been heard in court.

27. RELATED PARTIES

Identity of related parties

The group has a related party relationships with its subsidiaries (see note 4.1), associates (see note 4.5), joint ventures (see note 4.6) and with its directors and key management personnel.

The Government of Namibia is the sole shareholder.

The directors are listed in the directors' report.

During the year the Company, in the ordinary course of business, entered into various sale and purchase transactions with its subsidiaries, associate and joint ventures. These transactions occurred under terms that were no less favourable than those arranged with third parties.

Transactions with key management personnel

Loans to directors for the year ended 30 June 2006 are included in trade and other receivables (Refer to note 11).

The key management personnel compensations are as follows;

Short-term employee benefits	33,889	25,675	31,848	25,675
Other long-term employment benefits	6,850	6,436	6,850	6,436
	<u>40,739</u>	<u>32,111</u>	<u>38,698</u>	<u>32,111</u>

Total remuneration are included in 'personnel expenses' (see note 24)
Directors' emoluments are disclosed in note 24.

Dividends are disclosed in the Directors' Report.

1,512
32,554
178
58
6542
566
5329
21,5
32,4

27. RELATED PARTIES (cont.)

Significant Customer

City of Windhoek

- Electricity Sales
- Services rendered

GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000
322,997	233,670	322,997	233,670
-	4	-	4

Related party transactions

Expenditure/Purchases

Shareholder

- Taxes paid
- Inland Revenue

168,314	123,144	168,314	123,144
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Subsidiary

Municipal services from related parties

- Premier Electric (Pty) Ltd
- Cenored (Pty) Ltd

-	-	-	-
-	-	53	470

Associate

Municipal services from related parties

- Nored Electricity (Pty) Ltd

-	-	792	2,486
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Joint ventures

Electricity sales to related parties

- Oshakati Premier Electric (Pty) Ltd
- Otavi Electrical Company (Pty) Ltd

-	-	16,178	16,730
-	-	15,758	15,064
-	-	420	1,666

Fellow Government owned entities

Telecommunication, Transport services & related services

- Telecom Namibia Limited
- Air Namibia (Pty) Ltd
- TransNamib (Pty) Ltd
- NamPost Limited
- Road Fund Administrators
- Road Contractor Company of Namibia Limited
- NamWater (Pty) Ltd

5,112	5,452	5,112	5,452
4,136	4,348	4,136	4,348
6	5	6	5
97	225	97	225
152	102	152	102
661	692	661	692
60	-	60	-
-	80	-	80

Significant Customer

- City of Windhoek

3,841	2,314	3,841	2,314
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Related party balances

Due from/(due to))

Shareholder

- Inland Revenue
- Local authorities

(2,974)	3,422	(760)	3,422
(760)	3,422	(760)	3,422
(2,214)	-	-	-

Subsidiary

- Cenored (Pty) Ltd
- Cenored (Pty) Ltd

-	-	6,218	7
-	-	6,224	-
-	-	(6)	7

Associate

- Nored Electricity (Pty) Ltd

-	-	10,360	2,564
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GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

27. RELATED PARTIES (cont.)

Joint ventures

- Oshakati Premier Electric (Pty) Ltd		1,554	(1)
- Oshakati Premier Electric (Pty) Ltd		-	2,747
- Otavi Electrical Company (Pty) Ltd		-	(23)

Fellow Government owned entities

- Telecom Namibia Limited	248	234	248	234
- TransNamib (Pty) Ltd	82	38	82	38
- NamPost Limited	2	(1)	2	(1)
- NamWater (Pty) Ltd	9,282	9,850	9,282	9,850
- Namibian Broadcasting Corporation (Pty) Ltd	340	141	340	141
- Road Contractor Company of Namibia Limited	(3)	-	(3)	-
- Social Security Commission	(0)	75	(0)	75

Significant Customer

- City of Windhoek	24,971	20,528	24,971	20,528
- City of Windhoek	-	(206)	-	(206)

28. EMPLOYEE INFORMATION

28.1 Retirement benefits

The policy of the company is to provide retirement benefits for its employees.

The NamPower Provident Fund is a defined contribution fund governed by the Pension Fund Act, and is for all its employees except for those who do not qualify in terms of the rules of the Fund. Of the employees, 97.0% are members of the Fund. Contributions to the Fund are based on a percentage of salaries and are expensed in the period in which they are paid. The company's contribution to the Fund amounted to N\$21,6 million (2005: N\$19,8million).

28.2 Staff

The average number of employees employed by the company for the period under review was 854 (2005: 857).

29. FINANCIAL INSTRUMENTS

Exposure to currency, interest rate and credit risk arises in the normal course of the group's business. Derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.



GROUP		COMPANY	
2006 N\$'000	2005 N\$'000	2006 N\$'000	2005 N\$'000

29. FINANCIAL INSTRUMENTS (cont.)

The principal or contract amounts of derivative financial instruments were:

Net Interest rate swaps	(33,393)	(100,837)	(33,393)	(100,837)
Net Cross currency swaps	7,340	(23,307)	7,340	(23,307)

For a more detailed breakdown refer to note 19.

29.1 Currency risk

The company incurs currency risk as a result of the following transactions which are denominated in a currency other than Namibia Dollar or South African Rand as a result of: purchases of equipment, consulting fees and borrowings. The currencies which primarily give rise to currency risk are GBP, USD and EURO.

The loans denominated in foreign currency have been fully hedged using currency swaps that mature on the same date as the loans are due for repayment.

With respect to all other transactions denominated in currencies other than the Namibian Dollar and/or the South African Rand, the company generally adopts a policy to hedge its foreign currency commitments where possible.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting can be applied are recognised in the income statement.

Due to the fact that no hedge effectiveness test is performed all fair value movements on the currency and interest rate swaps are recognised in the income statement as part of net financing costs.

Recognised assets and liabilities

29.2 Credit risk

The potential concentration of credit risk consists mainly of loans and receivables, trade and other receivables and the investment portfolio. Given that the majority of loans and receivables, trade and other receivables and the investment portfolio consist of reputable individuals and corporate entities, the credit risk is minimised.

Reputable financial institutions are used for investing and cash handling purposes.

The group limits its counter party exposures from its loans and receivables, trade and other receivables and investment portfolio by only dealing with individuals and corporate entities of a high quality credit standing.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

29.2 Credit risk (cont.)

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and geographical areas.

Concentration of credit risk that arises from the group's receivables in relation to industry categories and location of the customers by percentage of total receivables from customers is:

	%	%
Distributors	37	53
Mining	40	39
Other	23	8
	100	100

29.3 Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

GROUP

Equity securities available for sale	366	366
Debt securities held-to-maturity	600,387	600,387
Trade and other receivables	232,671	232,671
Cash and cash equivalents	86,121	86,121
Interest rate swaps		
- Assets	138,998	138,998
- Liabilities	(172,390)	(172,390)
Cross currency swaps		
- Assets	207,207	207,207
- Liabilities	(199,867)	(199,867)
Secured foreign loans	(932,729)	(932,729)
Post retirement medical benefit provision	(61,298)	(61,298)
Secured loans and local authorities surcharges	(15,484)	(15,484)
Deferred revenue liability	(72,911)	(72,911)
Short term portion of secured foreign and local loans	(54,818)	(54,818)
Trade and other payables	(164,003)	(164,003)

GROUP		COMPANY	
2006	2005	2006	2005

	%	%
Distributors	40	53
Mining	43	39
Other	17	8
	100	100

Carrying amount N\$'000	2006	Fair value N\$'000	Carrying amount N\$'000	2005	Fair value N\$'000

	-	-	-	-
	495,857	495,857	495,857	495,857
	190,241	190,241	190,241	190,241
	68,462	68,462	68,462	68,462
	5,151	5,151	5,151	5,151
	(105,988)	(105,988)	(105,988)	(105,988)
	82,161	82,161	82,161	82,161
	(105,469)	(105,469)	(105,469)	(105,469)
	(952,428)	(952,428)	(952,428)	(952,428)
	(56,280)	(56,280)	(56,280)	(56,280)
	-	-	-	-
	-	-	-	-
	(32,706)	(32,706)	(32,706)	(32,706)
	(123,991)	(123,991)	(123,991)	(123,991)
	(407,750)	(407,750)	(534,990)	(534,990)

2006		2005	
Carrying amount	Fair value	Carrying amount	Fair value
N\$'000	N\$'000	N\$'000	N\$'000

29. FINANCIAL INSTRUMENTS (cont.)

COMPANY

Equity securities at fair value through profit and loss	366	366	-	-
Debt securities held-to-maturity	598,310	598,310	493,760	493,760
Loans due from subsidiaries	1,274	1,274	2,856	2,856
Loans due from Joint ventures	4,021	4,021	4,766	4,766
Trade and other receivables	217,411	217,411	188,693	188,693
Cash and cash equivalents	77,571	77,571	55,785	55,785
Interest rate swaps				
- Assets	138,998	138,998	5,151	5,151
- Liabilities	(172,390)	(172,390)	(105,988)	(105,988)
Cross currency swaps				
- Assets	207,207	207,207	82,161	82,161
- Liabilities	(199,867)	(199,867)	(105,469)	(105,469)
Deferred revenue liability	(72,772)	(72,772)	-	-
Secured foreign loans	(932,729)	(932,729)	(952,428)	(952,428)
Loans due (to)/from subsidiary	(6,380)	(6,380)	-	-
Post retirement medical benefit provision	(61,298)	(61,298)	(56,280)	(56,280)
Short term portion of secured foreign loans	(50,347)	(50,347)	(32,706)	(32,706)
Trade and other payables	(142,056)	(142,056)	(121,894)	(121,894)
	(464,272)	(464,272)	(541,593)	(541,593)

There are no unrecognised fair value gains or losses with respect to financial instruments.

29.4 Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the financial instruments reflected in the table.

(a) Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

(b) Derivatives

For currency and interest rate swaps the broker quotes are used and tested back for accuracy using the treasury SAP module.

(c) Interest bearing loans and borrowings

Fair value is based on discounted expected future principal and interest cash flows.

(d) Trade and other receivables/payables

For receivables / payables with a remaining useful life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/ payables are discounted to determine the fair value.



30. EFFECTIVE INTEREST RATE AND REPRICING ANALYSIS

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

The group generally adopts a policy that its exposure in interest rates is on a fixed rate basis. Swaps have been used to convert the interest on floating rates to a fixed rate basis. As at the year end all outstanding loans attracted a fixed rate of interest.

The company's exposure to interest rate risk and the effective interest rates on financial instruments at year end are:

	Effective interest rate %	Total	1 year or less N\$'000	1 to 5 years N\$'000	5 years and more N\$'000
2006					
Financial assets and liabilities					
Held-to-maturity *	10.89%	598,310	-	207,269	391,041
Trade and other receivable	13.75%	217,411	217,411	-	-
Cash and cash equivalents	7.29%	77,571	77,571	-	-
Loans receivable	0.00%	14,497	-	14,497	-
Current investments *	7.84%	1,065,779	1,065,779	-	-
Secured long term loans					
- GBP fixed rate loan	8.00%	(227,004)	(15,755)	-	(211,249)
- Effect of interest rate swaps ^		-	-	-	-
- EUR floating rate loan	11.16%	(413,410)	(22,364)	-	(391,046)
- Effect of interest rate swaps ^		-	-	-	-
- ZAR fixed rate loan	10.18%	(342,662)	(12,228)	-	(330,434)
- Effect of interest rate swaps ^		-	-	-	-
Trade and other payables	0.00%	(152,056)	(152,056)	-	-
2005					
Held-to-maturity *	12.11%	494,922	-	171,453	323,469
Cash and cash equivalents	7.25%	55,785	55,785	-	-
Trade and other receivable	12.75%	188,693	188,693	-	-
Loans receivable	0.00%	18,976	-	18,976	-
Current investments *	7.90%	973,033	973,033	-	-
Secured long term loans					
- GBP fixed rate loan	7.70%	(212,168)	-	-	(212,168)
- Effect of interest rate swaps ^		-	-	-	-
- EUR floating rate loan	10.70%	(418,076)	(20,477)	-	(397,598)
- Effect of interest rate swaps ^		-	-	-	-
- ZAR fixed rate loan	9.61%	(354,890)	(12,228)	-	(342,662)
- Effect of interest rate swaps ^		-	-	-	-
Trade and other payables	0.00%	(121,894)	(121,894)	-	-

* These assets/liabilities bear interest at a fixed rate.

^ The effects of the interest rate swaps have been taken into account in determining the effective interest rate and determining the fair value of the loan balance (which have both an interest rate and currency element).

31. CHANGE IN ACCOUNTING POLICY

The financial statements have been prepared in accordance with Namibian Standards of Generally Accepted Accounting Practices on a basis consistent with the prior year except for the adoption of the following new and/or revised accounting standard.

- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations;
- IAS1 Presentation of Financial Statements;
- IAS 2 Inventories;
- IAS 24 Related Party Disclosure;
- IAS 28 Investment in Associates;
- IAS 31 Interest in Joint Ventures;
- IAS 32 Financial Instruments: Disclosure and Presentation; and
- IAS 39 Financial Instruments: Recognition and Measurement

31.1 Investment in Associate

During the current year the company changed its accounting policy with respect to the treatment of investment in associates in order to conform with the treatment in IAS 28 Investment in Associates.

In terms of the revised standards, on the Investment in Associates, the company has elected to account for the investment in associates at cost. As allowed in the previous statement the investment in associate was equity accounted for in the company's separate financial statements, and as a result of the amendments made to the revised standard, the previously equity accounted results are being retrospectively restated to reflect the adopted accounting policy.

The effect of the change is detailed below:

Statement of changes in equity

2005

Gross amounts
Tax
Net effect

Capital revaluation reserve	Development fund	Total
-	(2,179)	(2,179)
-	(2,179)	(2,179)

2004

Gross amounts
Tax
Net effect

Capital revaluation reserve	Development fund	Total
12,178	38,699	50,877
-	-	-
12,178	38,699	50,877

Income statement

2005

Share of profit of associate

Net Profit
(2,179)

Balance sheet

2005

Net effect

Investment in associates
48,698



32. PRIOR YEAR ERROR

An error was made in the determination of the deferred tax liability on the interest rate and cross currency swaps and the accrued interest on the investment portfolio. During 2005 the temporary difference on the swaps was incorrectly determined by reflecting the income statement movement as the carrying amount instead of the difference between the carrying amount as per balance sheet and tax base.

During 2005, a correction of a double captured invoice that relates to a capital project carried out on behalf of ENE Angola by Nampower was incorrectly reversed, due to the significance of the amount this correction was effected in the 2005 income statement as a prior year error.

The effects of the errors are detailed as follows:

Statement of changes in equity

2005

Gross amounts
Tax
Net effect

	Capital revaluation reserve N\$'000	Development fund N\$'000	Total N\$'000
Gross amounts	-	-	-
Tax	-	91,454	91,454
Net effect	-	91,454	91,454

Income statement

2005

Operating expenses
Taxation

	Net Profit N\$'000
Operating expenses	(7,904)
Taxation	91,454
	83,550

Balance Sheet

2005

Net effect
Value of adjusted temporary differences
Value of journal corrected
Tax effect of adjustment

	N\$'000	Deferred tax liability N\$'000
Net effect		(91,454)
Value of adjusted temporary differences	253,394	-
Value of journal corrected	7,904	-
	261,298	261,298
Tax effect of adjustment	91,454	-

33. POST BALANCE SHEET EVENT

33.1 Increase in share capital

Subsequent to the balance sheet date, the company's shareholder, being the Government of the Republic of Namibia, increased its number of shares, by investing an additional N\$180 000 000 (03 July 2006: N\$100 000 000 and 21 November 2006: N\$ 80 000 000). This transaction has resulted in the company's authorised share capital increasing from 65 000 000, N\$1.00 par value shares to N\$ 365 000 000, N\$ 1.00 par value shares and issued shares to N\$ 83 000 000 with share premium of N\$ 162 000 000.

33.2 Redemption of Standard Bank subordinated unsecured callable Bonds

On 20 September 2006, Standard Bank Namibia Limited issued a notice to all holders of the subordinated unsecured callable bonds that it will exercise its option to redeem the bonds on 20 November 2006. In terms of the placing document these bonds would mature on 20 November 2011, with Standard Bank Namibia Limited having the option to redeem these on 20 November 2006.

Included in the held to maturity portfolio of the company are the bonds to the value of N\$ 44,030 million.

