

BALANCE SHEETS
at 30 June 2007

	Notes	GROUP		COMPANY	
		2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
ASSETS					
Non-current assets		7,722,783	7,655,245	7,660,419	7,540,028
Property, plant and equipment	3	6,319,381	6,494,223	6,316,497	6,475,342
Investment properties	5	6,380	8,192	6,380	8,192
Intangible assets	6	17,193	41,449	17,193	29,624
Deferred tax asset	17	46	46	-	-
Investment in subsidiaries	4.1	-	-	7,184	12,304
Investment in associate	4.6	329,026	104,259	262,062	5,000
Investment in joint venture	4.7	-	4,384	346	9,113
Investments	9	461,423	625,665	461,423	623,589
Other financial assets	19.1	562,208	346,205	562,208	346,205
Loans and other receivables	7	27,126	30,822	27,126	30,659
Current assets		2,312,539	1,804,323	2,312,178	1,779,735
Inventories	10	151,143	138,585	151,143	137,701
Trade and other receivables	11	234,650	216,509	234,639	201,249
Investments	9	1,135,915	886,145	1,135,915	886,145
Loan receivable from joint ventures	4.7	4	455	4	910
Cash and cash equivalents	12	660,381	266,121	660,380	257,571
Non-current assets held for sale	8	130,446	296,508	130,097	296,159
Total assets		10,035,322	9,459,568	9,972,597	9,319,763
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent		6,122,248	5,761,494	6,053,143	5,657,673
Issued share capital	14.2	90,000	65,000	90,000	65,000
Share premium	14.3	225,000	-	225,000	-
Reserve fund		1,071,626	1,015,393	1,073,181	1,016,948
Development fund		1,435,253	1,372,071	1,426,557	1,331,327
Capital revaluation reserve		3,289,720	3,297,637	3,227,756	3,233,005
Strategic stock revaluation reserve		10,447	11,393	10,447	11,393
Available for sale fair value adjustment reserve		202	-	202	-
Minority interest		-	-	-	-
Total equity		6,122,248	5,761,494	6,053,143	5,657,673
Non-current liabilities		3,699,510	3,479,114	3,705,889	3,469,687
Interest bearing loans and borrowings	15	892,696	943,742	892,696	932,729
Loans due to subsidiaries	4.1	-	-	6,380	6,380
Loans due to related parties	4.7	-	2,214	-	-
Deferred revenue liability	16	64,455	72,772	64,455	72,772
Provisions	20.1	66,208	61,298	66,208	61,298
Other financial liabilities	19.2	557,000	372,257	557,000	372,257
Deferred tax liabilities	17	2,119,151	2,026,831	2,119,151	2,024,251
Current liabilities		213,564	218,960	213,564	192,404
Trade payables	18	153,894	155,686	153,894	133,739
Current tax liability		-	-	-	-
Interest bearing loans and borrowings	15	51,353	54,818	51,353	50,347
Deferred revenue liability	16	8,317	8,456	8,317	8,317
Total equity and liabilities		10,035,322	9,459,568	9,972,597	9,319,763

INCOME STATEMENTS
for the year ended 30 June 2007

	Notes	GROUP		COMPANY	
		2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
Continuing operations					
Revenue	23	1,149,968	986,486	1,090,105	972,128
Cost of electricity		(342,519)	(280,570)	(343,475)	(300,777)
Gross profit		807,449	705,916	746,630	671,351
Operating expenditure		(669,108)	(562,294)	(600,349)	(520,212)
Other operating income		27,951	13,548	16,252	12,253
Operating profit before net finance income		166,292	157,170	162,533	163,392
Net finance income		82,981	41,022	86,633	42,850
Finance income	22	196,501	158,221	196,108	158,909
Finance expenses	22	(113,520)	(117,199)	(109,475)	(116,059)
Profit before taxation	24	249,273	198,192	249,166	206,242
Taxation	13	(98,059)	(52,682)	(97,703)	(52,523)
Profit for the year from continuing operations		151,214	145,510	151,463	153,719
Share of (loss)/ profit of associates	4.6	(21,979)	924	-	-
Loss on sale of joint ventures		(9,841)	-	-	-
Discontinued operations					
Profit/(loss) for the year from discontinued operations	25	1	(54)	-	-
Profit for the year		119,395	146,380	151,463	153,719
Profit attributable to:					
Equity holders of the parent		121,947	151,162		
Minority interest		(2,552)	(4,782)		
		119,395	146,380		

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	Share Capital	Share Premium	Reserve Fund	Development Fund
	N\$'000	N\$'000	N\$'000	N\$'000
Balance at 1 July 2005	65,000	-	922,111	1,274,325
Changes				
Share of minority's interest on acquisition of subsidiary	-	-	-	-
Correction of prior year error	-	-	-	(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 retained income	-	-	45,231	100,931
Interest earned	-	-	45,231	-
Funds for capital expenditure requirements	-	-	-	100,931
Balance at 30 June 2006	65,000	-	1,015,393	1,372,071
Balance at 1 July 2006	65,000	-	1,015,393	1,372,071
Changes				
Increase in share capital	25,000	-	-	-
Share premium - arising on share issue	-	225,000	-	-
Impairment of strategic stock	-	-	-	-
Available-for-sale fair value adjustment	-	-	-	-
Impairment on previously revalued assets (net of deferred taxation)	-	-	-	-
Profit for the year	-	-	-	-
Disposal of joint venture	-	-	-	20
Reduction of investment in subsidiary to an associate	-	-	-	-
Allocation from retained income	-	-	56,233	63,162
Interest earned	-	-	56,233	-
Funds for capital expenditure requirements	-	-	-	63,162
Balance at 30 June 2007	90,000	225,000	1,071,626	1,435,253

Capital Revaluation Reserve N\$'000	Strategic Stock Revaluation Reserve N\$'000	Available-for-Sale fair value adjustment Reserve N\$'000	Retained Income 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)	-	-	-
-	-	-	(100,931)	-	-	-
3,297,637	11,393	-	-	5,761,494	-	5,761,494
3,297,637	11,393	-	-	5,761,494	-	5,761,494
-	-	-	-	25,000	-	25,000
-	-	-	-	225,000	-	225,000
-	(946)	-	-	(946)	-	(946)
-	-	202	-	202	-	202
(5,249)	-	-	-	(5,249)	-	(5,249)
-	-	-	121,947	121,947	(2,552)	119,395
(2,668)	-	-	-	(2,648)	-	(2,648)
-	-	-	(2,552)	(2,552)	2,552	-
-	-	-	(119,395)	-	-	-
-	-	-	(56,233)	-	-	-
-	-	-	(63,162)	-	-	-
3,289,720	10,447	202	-	6,122,248	-	6,122,248

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	Share Capital	Share Premium	Reserve Fund
	N\$'000	N\$'000	N\$'000
Balance at 1 July 2005	65,000	-	923,666
Changes			
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 retained income	-	-	45,231
Interest earned	-	-	45,231
Funds for capital expenditure requirements	-	-	-
Balance at 30 June 2006	65,000	-	1,016,948
Balance at 1 July 2006	65,000	-	1,016,948
Changes			
Increase in share capital	25,000	-	-
Share premium	-	225,000	-
Impairment of strategic stock	-	-	-
Available-for-sale fair value adjustment	-	-	-
Impairment on previously revalued assets (net of deferred taxation)	-	-	-
Profit for the year	-	-	-
Allocation from retained income	-	-	56,233
Interest earned	-	-	56,233
Funds for capital expenditure requirements	-	-	-
Balance at 30 June 2007	90,000	225,000	1,073,181

Development Fund	Capital Revaluation Reserve	Strategic Stock Revaluation Reserve	Available-for-Sale fair value adjustment Reserve	Retained Income	Total
N\$'000	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)	-
103,488	-	-	-	(103,488)	-
1,331,327	3,233,005	11,393	-	-	5,657,673
1,331,327	3,233,005	11,393	-	-	5,657,673
-	-	-	-	-	25,000
-	-	-	-	-	225,000
-	-	(946)	-	-	(946)
-	-	-	202	-	202
-	(5,249)	-	-	-	(5,249)
-	-	-	-	151,463	151,463
95,230	-	-	-	(151,463)	-
-	-	-	-	(56,233)	56,233
95,230	-	-	-	(95,230)	95,230
1,426,557	3,227,756	10,447	202	-	6,053,143

CASH FLOW STATEMENTS
for the year ended 30 June 2007

	Notes	GROUP		COMPANY	
		2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
Cash flows from operating activities					
Cash receipts from customers		1,129,354	957,664	1,063,653	955,723
Cash paid to suppliers and employees		(686,934)	(625,524)	(641,353)	(619,922)
Cash generated from operations	A	442,419	332,140	422,300	335,801
Finance income		196,501	158,221	196,108	158,909
Finance expenses		(113,520)	(117,199)	(109,475)	(116,059)
Dividend received		-	47	-	938
Dividends paid		-	(5,000)	-	(5,000)
Net cash from operating activities		525,401	368,209	508,932	374,589
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment		3,042	697	2,941	697
Acquisitions of intangible assets	6.2,6.3	(7,512)	(13,218)	(3,925)	-
Extension and replacement of property, plant and equipment to maintain operations	3	(125,909)	(182,805)	(115,220)	(176,073)
(Increase)/ decrease in investment in associate		(88,800)	(28,062)	(88,800)	(28,062)
(Increase)/ decrease in investment in subsidiaries		-	-	-	(5,086)
Acquisition of shares in subsidiary	C	-	6,799	-	-
Disposal of portion of subsidiary, net of cash disposed of	D	(2,889)	-	-	-
Disposal of portion of joint venture, net of cash disposed of	E	(3,615)	-	-	-
Discontinued operations	25	1	(122)	-	-
Loan advanced		(26,611)	-	(26,611)	-
(Increase)/ decrease in loans to subsidiaries		-	-	(100)	1,581
(Increase)/decrease in investments		164,242	(98,038)	164,322	(98,038)
(Increase) in short term investments		(249,568)	86,888	(249,568)	86,888
(Increase)/ decrease in loans to joint ventures		4,811	373	9,673	745
Increase/ (decrease) in deferred revenue liability		-	72,910	-	72,772
(Increase)/ decrease in loans receivable		1,822	4,316	3,533	4,479
Net cash used in investing activities		(330,986)	(150,262)	(303,755)	(140,097)
Cash flows from financing activities					
Proceeds from share issue		250,000	-	250,000	-
Increase/ (decrease) in shareholder's loans		-	(2,815)	-	-
Interest bearing borrowings obtained		-	15,484	-	-
Repayment of interest bearing loans and borrowings		(50,154)	(32,957)	(52,369)	(32,706)
Net cash from financing activities		199,846	(20,288)	197,631	(32,706)
Net (decrease)/increase in cash and cash equivalents		394,260	197,659	402,809	201,786
Cash and cash equivalents at 1 July		266,121	68,462	257,571	55,785
Cash and cash equivalents at 30 June	F, 12	660,381	266,121	660,380	257,571

NOTES TO THE CASH FLOW STATEMENTS
for the year ended 30 June 2007

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
A. CASH GENERATED BY OPERATIONS				
Profit before taxation and interest including discontinued operations	166,292	157,116	162,533	163,392
Adjustments for:				
- Dividend received	-	(47)	-	(938)
- Fair value adjustments on long-term liabilities	11,127	30,648	11,127	30,648
- Fair value adjustments on derivative contracts	(30,710)	(98,093)	(30,710)	(98,100)
- Embedded Derivative - Power Sales Agreement (PSA) with ENE (Angolan Power Utility) Fair value adjustment	(550)	-	(550)	-
- Fair value adjustments on investment properties	(2,057)	3,446	(2,057)	3,446
- Impairment of goodwill	-	199	-	-
- Depreciation	224,134	228,546	212,189	227,753
- Amortisation charge - intangible asset	17,226	17,639	16,356	16,246
- Impairment: Investment in Erongored (Pty) Ltd	2,156	-	2,156	-
- Impairment: Loan advanced	26,611	-	26,611	-
- Impairment: Investment in Cenored (Pty) Ltd	48,047	-	48,047	-
- Deferred revenue liability	(8,317)	(8,317)	(8,317)	(8,317)
- Kudu expense written off	6,900	-	6,900	-
- Asset under construction impaired	2,000	-	2,000	-
- Strategic stock impaired	856	-	856	-
- (Gain)/loss on realisation of property, plant and equipment	(2,280)	60	(2,280)	60
Operating profit before working capital changes	461,435	331,196	444,861	334,190
Decrease / (increase) in inventories	(16,906)	(10,104)	(14,236)	(9,557)
Decrease / (increase) in trade and other receivables	(37,968)	(42,430)	(33,390)	(28,716)
Increase in trade and other payables and provisions	35,858	53,478	25,065	33,504
Decrease / (increase) in loans payable to subsidiaries	-	-	-	6,380
	442,419	332,140	422,300	335,801
B. TAXATION (PAID)/REFUNDED				
Amount due (to) / by Receiver of Revenue at beginning of year	-	-	-	-
Income statement charge	-	-	-	-
Amount due (to) / by Receiver of Revenue at end of year	-	-	-	-
	-	-	-	-
C. Acquisition of subsidiary				
In light of the changes in the electricity industry, during 2006 financial 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 asset 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		

NOTES TO THE CASH FLOW STATEMENTS (cont)
for the year ended 30 June 2007

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

D. DISPOSAL OF PORTION OF SUBSIDIARY

Property, plant and equipment	273,377	-	-	-
Intangible assets	14,542	-	-	-
Inventories	3,273	-	-	-
Due from shareholders	25	-	-	-
Trade and other receivables	18,869	-	-	-
Other financial liabilities	(12,464)	-	-	-
Overpayment by shareholders	(69)	-	-	-
Other financial liabilities	(2,651)	-	-	-
Trade and other payables	(28,917)	-	-	-
Deferred income	(1,762)	-	-	-
Cash and cash equivalents	2,889	-	-	-
Net asset value at date of sale	267,112	-	-	-
Proceeds received	-	-	-	-
Cash and cash equivalents disposed by group	(2,889)	-	-	-

On the 28 June 2007, the Censored shareholders approved and endorsed the revaluation report of independent consultants regarding its assets whereby the report would be used to determine the final shareholding of the company. This resulted in NamPower's shareholding reducing to 45,05% from 50,2%.

E. SALE OF JOINT VENTURE

Property, plant and equipment	10,888	-	-	-
Investments	2,063	-	-	-
Deferred tax	481	-	-	-
Loans receivable	24	-	-	-
Inventories	274	-	-	-
Trade and other receivables	895	-	-	-
Loan to related party	-	-	-	-
Loans from shareholder	(2,214)	-	-	-
Deferred tax	(3,418)	-	-	-
Trade and other payables	(2,543)	-	-	-
Deferred income	(73)	-	-	-
Consumer deposits	(151)	-	-	-
Cash and cash equivalents	3,615	-	-	-
Net asset value at date of sale	9,841	-	-	-
Proceeds on disposal	-	-	-	-
Loss on disposal of joint venture	9,841	-	-	-
Cash and cash equivalents disposed by group	(3,615)	-	-	-

During the first half of 2007, NamPower disposed of its 50% interest in Oshakati Premier Electric (OPE) to the Oshakati Town Council. At the time of disposal all loans due to NamPower by OPE were repaid on its behalf by the Ministry of Mines and Energy.

F. CASH AND CASH EQUIVALENTS

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

1. Significant Accounting Policies

Namibia Power Corporation (Pty) Ltd is a company domiciled in Namibia. The consolidated financial statements for the year ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associate and jointly controlled entities.

1.1 Statement of Compliance

The financial statements have been prepared in accordance with Namibian Statements of Generally Accepted Accounting Practice (Namibian GAAP) 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 IFRS as the accounting framework and refer to 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 and prior year income statement and balance sheet recognition and measurement have been compiled in terms of IFRS, but not the opening comparative balances.

1.2 Basis of Preparation

The financial statements are presented in Namibia 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', available for sale financial instruments, revalued property, plant and equipment and investment in properties which are measured at fair value.

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 AC133/IAS 39: Financial instrument: Recognition and measurement and;
- Investment properties.

The preparation of the financial statements in conformity with Namibian 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.

Estimates and underlying assumptions are reviewed on an ongoing

basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes :

- Note 5 - valuation of investment property
- Note 17 - utilisation of tax losses
- Note 20 - measurement of defined benefit obligations
- Note 26 - contingencies
- Note 29 - valuation of financial instruments

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. The Company measures its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment in its separate financial statements.

(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 a 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.

Investments in joint ventures are carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

1.3. Basis of Consolidation (cont)

(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.

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

(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 and transaction with associates 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.

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.

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.

Depreciation

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

Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

The estimated useful lives of the current and comparative periods 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 and Equipment	1 - 35 years
Buildings	23 - 50 years

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

(b) 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, deferred tax assets and investment properties 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, intangible 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, except for property, plant and equipment accounted for under the revaluation model, 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 fair value less cost to sell 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.

NOTES TO THE FINANCIAL STATEMENT for the year ended 30 June 2007

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:

- 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 profit after the interest allocation to the reserve fund will be transferred to this fund.

1.8 Income tax

Income tax expense 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 is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of 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 and the related tax benefit will be realised.

1.9 Revenue

Revenue comprises electricity sales, extension charges and contributions received or receivable excluding value added tax. Electricity revenue is recognised when the electricity is consumed by the customer.

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) Finance income and finance expenses

Finance income comprises interest income on funds invested and dividend income.

Finance expenses comprise interest expense on borrowings, calculated using the effective interest method.

1.11 Employee benefits

(a) Short-term employee benefits

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

The accruals 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.

(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.

The net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is done by a qualified actuary using the projected unit credit method.

When benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss. Unrecognised actuarial gains and losses are recognised immediately through profit or loss.

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.

Onerous contracts

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

A financial asset is derecognised when, and only when:

- 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) derecognised 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.

NOTES TO THE FINANCIAL STATEMENT
for the year ended 30 June 2007

(d) Investments (cont)

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.

(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. Cash and cash equivalents are measured at amortised cost.

(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 fair value. 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) 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 Namibia 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 Namibia 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 Namibia 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 Namibian 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
- financial assets within the scope of AC133/IAS39; *Financial instrument: Recognition and measurement*;
- Investment property

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.

When an operation is classified as a discontinued operation, the comparative income statement and cash flow statement are restated as if the operation had been discontinued from the start of the comparative period.

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-generated 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, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. 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 estimated useful life for the current and comparative periods is as follows:

- Computer software 5 years

1.18 Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties are measured at fair value with any change therein recognised in profit or loss. Valuations are carried out annually.

When the use of the investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

1.19 Comparative Figures

Certain comparative figures have been reclassified to afford improved disclosure.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of NamPower (Pty) Ltd and the group for the year ended 30 June 2007, the following Standards and Interpretations which affects the Group and Company were in issue but not yet effective:

Standard/Interpretation	Effective date*
AC 144/ IFRS 7: Financial Instruments: Disclosures (including amendments to IAS 1, Presentation of Financial Instruments: Capital Disclosures amendments to IFRS 4, Insurance Contracts)	Annual periods commencing on or after 1 January 2007
AC 145/IFRS 8: Operating Segments	Annual periods commencing on or after 1 January 2009
AC 114 /IAS 23: Borrowing Costs	Annual periods commencing on or after 1 January 2009
AC 443/IFRIC 10: Interim Financial Reporting and Impairment	Annual periods commencing on or after 1 November 2007
AC 445 / IFRIC 12: Service Concession Arrangements	Annual periods commencing on or after 1 January 2008

* All standards will be adopted at their effective date.

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

AC 144/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.

AC 145/IFRS 8

IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments that meet specified criteria. The amendment will not have a significant impact on the Group's results.

AC114/IAS 23

The Group will continue to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that commence on or after 1 January 2009. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Consequently this amended standard will not affect the Group's currently adopted accounting policy.

AC 443/IFRIC 10

The interpretation addresses the interaction between the requirements of AC127/IAS 34 and the recognition of impairment losses on goodwill in AC128/IAS 36 and certain financial assets in AC133/IAS 39, and the effect of the interaction on subsequent interim and annual financial statements. The amendment will not have a significant impact on the Group's results.

AC 445/IFRIC 12

The interpretation addresses the accounting by the private industry involved in the provision of public sector infrastructure assets and services. This interpretation is not applicable to the Group.

3. PROPERTY, PLANT AND EQUIPMENT

Group

2007	Revalued/cost N\$'000	Accumulated depreciation N\$'000	Accumulated impairment N\$'000	Carrying amount N\$'000
Ruacana Power Station	1,187,157	(61,199)	-	1,125,958
Van Eck Power Station	234,410	(122,265)	(71,781)	40,364
Paratus Power station	85,031	(17,466)	(20,318)	47,247
Transmission systems	4,990,340	(299,566)	-	4,690,774
Machinery and equipment	220,832	(153,231)	-	67,601
Land and Buildings	207,602	(18,885)	(9,222)	179,495
Assets under construction	131,583	-	-	131,583
Strategic stock	36,359	-	-	36,359
Total	7,093,314	(672,612)	(101,321)	6,319,381

2006

Ruacana Power Station	1,185,699	(30,595)	-	1,155,104
Van Eck Power Station	234,563	(108,920)	(71,781)	53,862
Paratus Power station	85,017	(13,833)	(20,318)	50,866
Transmission systems	4,830,345	(153,959)	-	4,676,386
Machinery and equipment	224,936	(149,821)	-	75,115
Land and Buildings	198,838	(13,737)	(9,222)	175,879
Assets under construction	267,391	-	-	267,391
Strategic stock	39,620	-	-	39,620
Total	7,066,409	(470,865)	(101,321)	6,494,223

Company

2007	Revalued/cost N\$'000	Accumulated depreciation N\$'000	Accumulated impairment N\$'000	Carrying amount N\$'000
Ruacana Power Station	1,187,157	61,199	-	1,125,958
Van Eck Power Station	234,410	(122,265)	(71,781)	40,364
Paratus Power station	85,031	(17,466)	(20,318)	47,247
Transmission systems	4,990,213	(299,439)	-	4,690,774
Machinery and equipment	218,334	(150,733)	-	67,601
Land and Buildings	204,324	(18,491)	(9,222)	176,611
Assets under construction	131,583	-	-	131,583
Strategic stock	36,359	-	-	36,359
Total	7,087,411	(669,593)	(101,321)	6,316,497

2006

Ruacana Power Station	1,185,699	(30,595)	-	1,155,104
Van Eck Power Station	234,563	(108,920)	(71,781)	53,862
Paratus Power station	85,017	(13,833)	(20,318)	50,866
Transmission systems	4,821,718	(153,391)	-	4,668,327
Machinery and equipment	212,971	(146,272)	-	66,699
Land and Buildings	196,038	(13,343)	(9,222)	173,473
Assets under construction	267,391	-	-	267,391
Strategic stock	39,620	-	-	39,620
Total	7,043,017	(466,354)	(101,321)	6,475,342

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

3.1 PROPERTY, PLANT AND EQUIPMENT

	Ruacana Power Station N\$'000	Van Eck Power Station N\$'000	Paratus Power Station N\$'000
GROUP			
2007			
Carrying amount at 1 July 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)
Reclassifications	-	-	-
- Cost	-	-	-
- Accumulated depreciation	-	-	-
Transfer to investment property	-	-	-
- Cost/ valuation	-	-	-
Accumulated depreciation	-	-	-
Disposal of subsidiary and Joint Venture	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Transferred from investment property	-	-	-
Transfer to asset under construction	-	-	-
Transfer from asset under construction	-	-	-
Additions	-	-	-
Assets under construction completed	1,458	33	14
Assets impaired	-	-	-
Kudu transmission research expenses incurred	-	-	-
Impairment of strategic stock	-	-	-
Transfer to non-current assets held for sale (newly constructed)	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Transfer to the Reds (newly constructed)	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Disposals	-	(130)	-
- At cost/valuation	-	(186)	-
- Accumulated depreciation	-	56	-
Depreciation for the year	(30,604)	(13,401)	(3,633)
Carrying amount at 30 June 2007	1,125,958	40,364	47,247
- At cost/valuation	1,187,157	234,410	85,031
- Accumulated impairment	-	(71,781)	(20,318)
- Accumulated depreciation	(61,199)	(122,265)	(17,466)

Transmission Systems	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Stock	Total
N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
4,676,386	75,115	175,879	267,391	39,620	6,494,223
4,830,345	224,936	198,838	267,391	39,620	7,066,409
-	-	(9,222)	-	-	(101,321)
(153,959)	(149,821)	(13,737)	-	-	(470,866)
2,773	(4,298)	1,525	-	-	-
2,773	(4,298)	1,525	-	-	-
-	-	-	-	-	-
-	-	(44)	-	-	(44)
-	-	(44)	-	-	(44)
-	-	-	-	-	-
(2,681)	(10,912)	(1,047)	-	-	(14,640)
(13,633)	(13,392)	(1,047)	-	-	(28,072)
10,952	2,480	-	-	-	13,432
-	-	3,870	-	-	3,870
-	-	-	6,475	(6,475)	-
-	-	-	(3,932)	3,932	-
5,133	20,711	28	98,953	1,084	125,909
210,848	2,306	4,432	(219,091)	-	-
-	-	-	(11,313)	(856)	(12,169)
-	-	-	(6,900)	-	(6,900)
-	-	-	-	(946)	(946)
(3,818)	-	-	-	-	(3,818)
(3,818)	-	-	-	-	(3,818)
-	-	-	-	-	-
(41,308)	-	-	-	-	(41,308)
(41,308)	-	-	-	-	(41,308)
-	-	-	-	-	-
-	(532)	-	-	-	(662)
-	(9,431)	-	-	-	(9,617)
-	8,899	-	-	-	8,955
(156,559)	(14,789)	(5,148)	(224,134)	-	-
4,690,774	67,601	179,495	131,583	36,359	6,319,381
4,990,340	220,832	207,602	131,583	36,359	7,093,314
-	-	(9,222)	-	-	(101,321)
(299,566)	(153,231)	(18,885)	-	-	(672,612)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

3.1 PROPERTY, PLANT AND EQUIPMENT (cont)

	Ruacana Power Station	Van Eck Power Station	Paratus Power Station
	N\$'000	N\$'000	N\$'000
GROUP			
2006			
Carrying amount at 1 July 2005	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	53,861	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)

Transmission Systems	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Stock	Total
N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
3,151,342	47,605	159,626	346,659		4,511,869
3,521,075 (369,733)	215,530 (167,925)	177,544 (17,918)	346,659 -	- -	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
(268,136)	-	-	-	-	(268,136)
(290,297)	-	-	-	-	(290,297)
22,160	-	-	-	-	22,160
344,638 (344,638)	34,414 (34,414)	8,804 (8,804)	- -	- -	478,209 (478,209)
1,729,331	35,043	44,482	-	11,393	2,393,558
-	-	(9,222)	-	-	(101,321)
(23,474)	(757)	-	-	-	(24,231)
(26,282)	(4,669)	-	-	-	(30,951)
2,808	3,912	-	-	-	6,720
(153,832)	(21,102)	(5,968)	-	-	(228,547)
4,676,386	75,115	175,879	267,391	39,620	6,494,223
4,830,345	224,936	198,838	267,391	39,620	7,066,409
-	-	(9,222)	-	-	(101,321)
(153,959)	(149,821)	(13,737)	-	-	(470,865)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

3.1 PROPERTY, PLANT AND EQUIPMENT (cont)

	Ruacana Power Station N\$'000	Van Eck Power Station N\$'000	Paratus Power Station N\$'000
COMPANY			
2007			
Carrying amount at 1 July 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)
Reclassifications	-	-	-
- Cost	-	-	-
- Accumulated depr	-	-	-
Additions	-	-	-
Transfer to asset under construction	-	-	-
Transfer from asset under construction	-	-	-
Assets under construction completed	1,458	33	14
Assets written off	-	-	-
Kudu transmission research expenses incurred	-	-	-
Transfer to investment property	-	-	-
Transferred from investment property	-	-	-
Impairment of strategic stock	-	-	-
Transfer to non-current assets held for sale	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Transfer to the REDS	-	-	-
- At cost/valuation	-	-	-
- Accumulated depreciation	-	-	-
Revaluation	-	-	-
Impairment	-	-	-
Disposals/Consumption	-	(130)	-
- At cost/valuation	-	(186)	-
- Accumulated depreciation	-	56	-
Depreciation for the year	(30,604)	(13,401)	(3,633)
Carrying amount at 30 June 2007	1,125,958	40,364	47,247
- At cost/valuation	1,187,157	234,410	85,031
- Accumulated impairment	-	(71,781)	(20,318)
- Accumulated depreciation	(61,199)	(122,265)	(17,466)

Transmission Systems	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Stock	Total
N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
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
-	-	(9,222)	-	-	(101,321)
(153,391)	(146,272)	(13,343)	-	-	(466,354)
2,773	(2,773)	-	-	-	-
2,773	(2,773)	-	-	-	-
-	-	-	-	-	-
-	15,155	28	98,953	1,084	115,220
-	-	-	6,475	(6,475)	-
-	-	-	(3,932)	3,932	-
210,848	2,306	4,432	(219,091)	-	-
-	-	-	(11,313)	(856)	(12,169)
-	-	-	(6,900)	-	(6,900)
-	-	(44)	-	-	(44)
-	-	3,870	-	-	3,870
-	-	-	-	(946)	(946)
(3,818)	-	-	-	-	(3,818)
(3,818)	-	-	-	-	(3,818)
-	-	-	-	-	-
(41,308)	-	-	-	-	(41,308)
(41,308)	-	-	-	-	(41,308)
-	-	-	-	-	-
-	-	-	-	-	-
-	(431)	-	-	-	(561)
-	(9,325)	-	-	-	(9,511)
-	8,894	-	-	-	8,950
(146,048)	(13,355)	(5,148)	-	-	(212,189)
4,690,774	67,601	176,611	131,583	36,359	6,316,497
4,990,213	218,334	204,324	131,583	36,359	7,087,411
-	-	(9,222)	-	-	(101,321)
(299,439)	(150,733)	(18,491)	-	-	(669,593)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

3.1 PROPERTY, PLANT AND EQUIPMENT (cont)

Company	Ruacana Power Station	Van Eck Power Station	Paratus Power Station
	N\$'000	N\$'000	N\$'000
2006			
Carrying amount at 1 July 2005	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 depr	(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)

Transmission Systems	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Stock	Total
N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
3,149,725	44,672	157,251	346,659	-	4,504,943
3,519,331	209,401	174,775	346,659	-	5,250,633
(369,606)	(164,729)	(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
-	-	(9,222)	-	-	(101,321)
(153,391)	(146,272)	(13,343)	-	-	(466,354)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

3. PROPERTY, PLANT AND EQUIPMENT (cont)

3.2 PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION

2007

	Power Stations	Transmission Systems	Machinery and Equipment	Land and Buildings	Total
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Opening balance	39,097	220,208	3,203	4,883	267,391
Additions	1,590	93,743	1,521	2,099	101,495
Transfer from strategic stock	-	6,475	-	-	-
Assets capitalised	(1,505)	(210,848)	(2,306)	(4,432)	(219,090)
Transfer to strategic shock	-	(3,932)	-	-	-
Asset impaired	-	(11,313)	-	-	(11,313)
Kudu expense	-	(6,900)	-	-	(6,900)
Closing balance	39,183	87,432	2,418	2,550	131,583

2006

	Power Stations	Transmission Systems	Machinery and Equipment	Land and Buildings	Total
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
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

3.3 Land and buildings

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

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

3.4 Transmission Systems

A number of distribution 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.

3.5 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.

3.6 Valuation of power stations, transmission system and machinery and equipment

The power stations, transmission systems 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 their replacement value as adjusted for the remaining useful lives of the assets.

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

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

4. Investments in Subsidiaries, Associates and Joint Ventures

4.1 Subsidiary companies

Name	Nature Operation	Date of incorporation	Issued Share capital	Percentage holding 2007
			N\$	%
Directly held				
Capricorn Power Supply (Pty) Ltd	Dormant	25/02/1999	2,500	100
Less: impairment of investment				
NamPower International (Pty) Ltd	Dormant	02/09/2003	-	100
PowerCom (Pty) Ltd	Cellular operator	01/07/1999	-	-
Less: impairment of investment				
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	-

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 to the subsidiaries are disclosed in note 27.
- 4.5 During 2006, the company held a 50.20% investment in Central-North Electricity Distribution Company (Proprietary) Limited (Cenored), the 50.20% was an interim shareholding until such time as the distribution assets of the company had been valued. The

valuation of the distribution assets which were contributed to the company by the various shareholders was conducted during the 2006/2007 financial year. The valuation of the assets contributed by the various shareholders resulted in the percentage holding by NamPower in Cenored reducing to 45.05% on 28 June 2007, this resulted in the investment being classified as an associate - refer to note 4.6 for the effects of the reduced shareholding.

Percentage holding 2006	Shares at cost	Total investment 2007	Total investment 2006	Directors' valuation 2007	Directors' valuation 2006
%	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
100	2	2	2	2	2
-	(2)	(2)	(2)	-	-
100	66	66	66	66	66
100	4	-	4	-	104
	(4)	-	(4)	-	(4)
100	5,000	5,000	5,000	6,389	6,389
100	944	944	944	2,148	2,148
50.2	5,020	-	5,020	-	1,296
	11,030	6,010	11,030	8,605	10,001

Due by/(due to) subsidiaries	
2007	2006
N\$'000	N\$'000
-	-
330	330
-	100
-	-
844	844
1,174	1,274
(6,380)	(6,380)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
4. Investment in Subsidiaries, Associates and Joint Ventures (continued)				
4.6 Associates				
Carrying amount of associates				
Carrying amount at beginning of year	104,259	58,056	5,000	5,000
Additional acquired associate - Powercom (Pty) Ltd	88,900	-	88,900	-
Assets transferred to associate - Nored (Pty) Ltd	43,180	-	43,180	-
Investment reduced from subsidiary to associate	173,029	-	173,029	-
Additional depreciation on Cenored assets	(10,316)	-	-	-
Impairment of investment in Cenored	(48,047)	-	(48,047)	-
Equity accounted (losses)/earnings	(21,979)	924	-	-
Effects of adoption of IFRS by associate	-	(2,594)	-	-
Share of associate's reserve	-	47,873	-	-
	329,026	104,259	262,062	5,000
Directors' valuation	329,026	104,259		
Post-acquisition reserves				
Retained earnings	(18,757)	3,222		
Share of opening retained earnings	3,222	4,892		
Effects of adoption of IFRS by associate	-	(2,594)		
Share of current year (loss)/income	(21,979)	924		
Non-distributable reserves	352,783	96,037		
Share of opening revaluation and development reserve	96,037	48,164		
Share of current year movements	256,746	47,873		
	334,026	99,259		
The group acquired a 33.33% equity interest in Nored Electricity (Pty) Ltd, an electrical distribution company on 27 April 2001.				
The company reduced its shareholding in Powercom (Pty) Ltd on 13 April 2007 to 37% from 100%. This represents an equity interest in Powercom (Pty) Ltd, a cellular operator and related services company.				
During 2006, the company held a 50.20% investment in Central-North Electricity Distribution Company (Proprietary) Limited (Cenored), the 50.20% was an interim shareholding until such a time as the distribution assets of the company had been valued, the valuation of the distribution assets which were contributed to the company by the various shareholders was conducted during the 2006/2007 financial year. The valuation of the assets contributed by the various shareholders resulted in the percentage holding in Cenored by NamPower reducing to 45.05% on 28 June 2007.				
The summarised financial statements of the associate companies are as follows:				
Balance Sheet				
Non current assets	974,877	364,709		
Current assets	172,544	65,781		
Non current liabilities	(127,253)	(103,476)		
Current liabilities	(253,938)	(14,237)		
	766,230	312,777		
Income Statement				
Revenue	284,283	122,564		
Expenditure	(367,943)	(117,937)		
Profit before taxation	(83,660)	4,627		
Taxation	29,675	(1,854)		
Profit after taxation	(53,985)	2,773		
Cash Flow				
Cash flow from operating activities	(61,372)	17,866		
Cash flow from investing activities	(181,131)	(4,541)		
Cash flow from financing activities	244,935	-		
Net cash flows	2,432	13,325		

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

4.7 Joint Ventures

The audited financial statements of Otavi Electrical Company (Proprietary) Limited have been incorporated in the consolidated financial statements. The group acquired a 50% interest in the company to provide electricity to the town of Otavi in Namibia. Otavi is located within the central northern region and will thus be taken over by CENORED. The joint venture has thus been classified as a discontinued operation in the records of the Company and the Group.

The investment in Oshakati Premier Electric (Proprietary) Limited was disposed off on 30 June 2007 to the Oshakati Town Council.

GROUP

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

Property, plant and equipment	-	10,896
Investments	-	2,077
Long-term liabilities	-	(2,214)
Current assets	-	3,548
Current liabilities	-	(2,129)
Non-current assets held-for-sale	349	349
	349	12,527

The group's proportionate share of revenue and expenditure:

Revenue	11,455	7,723
Expenditure	(6,160)	(7,325)
Profit before taxation	5,295	398
Taxation	(356)	(147)
Profit after taxation	4,939	252

The group's proportionate share of cash flows:

Cash flow from operating activities	6,316	1,498
Cash flow from investing activities	(2,443)	(1,088)
Cash flow from financing activities	(2,734)	(329)
Net cash flows	1,139	81

Directors' valuation	349	12,527
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Investment in Joint Ventures

Equity Investment in Joint Ventures	-	2,828	346	6,002
- Oshakati Premier Electric (Pty) Ltd	-	2,828	-	5,656
- Otavi Electrical Company (Pty) Ltd	-	-	346	346

Loans to Joint Venturers

Non- Current loans receivables	-	1,556	-	3,111
- Oshakati Premier Electric (Pty) Ltd	-	1,556	-	3,111
- Otavi Electrical Company (Pty) Ltd	-	-	-	-

Total investment in Joint Ventures		4,384	346	9,113
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Current loan receivables	4	455	4	910
- Oshakati Premier Electric (Pty) Ltd	-	231	-	462
- Oshakati Premier Electric (Pty) Ltd - short term portion of long term receivables	-	222	-	444
- Otavi Electrical Company (Pty) Ltd	4	2	4	4

Loans due to related parties

- Otavi Town Council	-	2,214	-	-
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4.8 The associates and joint ventures are all incorporated in Namibia.

4.9 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. The loan was redeemed on 8 June 2007 by reimbursement to NamPower (Pty) Ltd by the Ministry of Mines and Energy through the SIDA Development Fund.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

5. Investment Properties

Opening balance	8,192	11,638	8,192	11,638
Fair value adjustment	2,058	(3,446)	2,058	(3,446)
Transfer to Land and buildings	(3,870)	-	(3,870)	-
Closing balance	6,380	8,192	6,380	8,192

Investment properties comprise a number of commercial properties that are leased to third parties and vacant land held for capital appreciation. No contingent rentals are charged.

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

During June 2007 fair value of all investment properties was determined by an independent qualified valuer (Gert Hamman) 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.

Erf 1799 Windhoek, and an office complex was occupied by the Company's Energy Trading business unit on the 1 April 2007 and was transferred from investment property to owner occupied on the same date.

Assumptions used:

Capitalisation rate varied from 13-14% in perpetuity reflecting the nature and location of the property, the tenant and duration of the lease, and whether the passing rentals were market related.

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

6. Intangible assets

Goodwill	-	-	-	-
Computer software	17,193	30,226	17,193	29,624
Licences	-	11,223	-	-
	17,193	41,449	17,193	29,624

6.1 Goodwill

Reconciliation of the carrying amount of goodwill;

Carrying amount at the beginning of the year

- Cost	199	-
- Accumulated impairment	(199)	-

Goodwill acquired

Impairment	-	199
	-	(199)

Carrying amount at the end of the year

- Cost	199	199
- Accumulated impairment	(199)	(199)

6.2 Computer software

Cost	54,194	50,917	54,194	50,269
Accumulated amortisation	(37,001)	(20,691)	(37,001)	(20,645)
	17,193	30,226	17,193	29,624
Opening carrying amount - 1 July	30,226	45,870	29,624	45,870
Additions	4,137	648	3,925	648
Disposal of subsidiary	(669)	-	-	-
Amortisation	(16,501)	(16,292)	(16,356)	(16,292)
Closing carrying amount - 30 June	17,193	30,226	17,193	30,226

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
6.3 Licences				
Cost	-	12,570	-	-
Accumulated amortisation	-	(1,347)	-	-
	-	11,223	-	-
Opening carrying amount - 1 July	11,223	-	-	-
Additions	3,375	12,570	-	-
Amortisation	(725)	(1,347)	-	-
Disposal of subsidiary	(13,873)	-	-	-
Closing carrying amount - 30 June	-	11,223	-	-

7. Loans and other receivables

Employee loans and scholarships	16,301	14,660	16,301	14,497
Loan to ZESA Holdings (Pty) Ltd	26,611	-	26,611	-
Impairment on loan to ZESA Holdings (Pty) Ltd	(26,611)	-	(26,611)	-
Oshakati Premier Electric (Pty) Ltd	411	-	411	-
Other receivables	10,414	16,162	10,414	16,162
	27,126	30,822	27,126	30,659

Employee loans and scholarships

Scholarships comprise of external bursaries and dependant scholarships.

The external bursaries are carried as a receivable until such a time as the student has completed studying and has commenced employment with NamPower (Pty) Ltd whereafter the balance is expensed to the relevant business unit over the period of the initial loan. Should the student not complete their studies the amount is recovered from the recipient.

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 recipient.

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

Loan to Zimbabwe Electricity Supply Authority Holdings (Pty) Ltd (ZESA)

During the current financial year NamPower (Pty) Ltd signed a Power Purchase Agreement with the Zimbabwe Electricity Transmission Company (Pty) Ltd (a subsidiary of ZESA). Under the agreement it was agreed that NamPower would assist its counterpart to the agreement with the refurbishment of the Hwange Power Station, a coal fired power station situated in North-West Zimbabwe.

The NamPower board has ear-marked an amount of US\$ 40 million for the refurbishment. NamPower contracted Lahmeyer International, an International Consulting Firm together with NamPower staff to oversee the refurbishment process on site at the power station. The loan advanced beared interest of 6,25% (LIBOR 6-months plus 1%) in the financial year.

The NamPower board and management are very confident on the realisation of the agreement, however due to the prevailing economic conditions in Zimbabwe it has been decided to impair the loan. The first unit of energy under the agreement is expected towards the beginning of 2008 from where the impairment conditions will be revised.

8. Non-current assets held for sale

Property, plant and equipment to be transferred to				
- Central - North Electricity Distribution Company (Pty) Ltd (Cenored)	349	135,051	-	134,702
- Erongo Regional Electricity Distribution Company (Pty) Ltd (Erongoed)	596	-	596	-
- Southern Regional Electricity Distributors (Pty) Ltd (Sored)	129,501	126,279	129,501	126,279
	130,446	261,330	130,097	260,981
- Nored Electricity (Pty) Ltd - to be formally handed over	-	35,178	-	35,178
	130,446	296,508	130,097	296,159

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

8. Non-current assets held for sale (cont)

The non-current assets held for sale are made up of the distribution assets in the western and southern regions of Namibia. These assets will be transferred to Erongored during 2008. There is no exact date as to when the assets to be transferred to Sored will take place, this is due to the Electricity Act that was promulgated in 2007 which excluded the incorporation of any further REDs. Sored is yet to be incorporated and until such time as the Electricity Act is amended in order to include its incorporation the, assets will remain with NamPower. NamPower will monitor and assess the situation and will account for the assets accordingly.

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 shareholding is determined by the weighted average revenue derived from the assets transferred and the associated value of these assets.

9. Investments

Non-current investments

Held-to-maturity debt instruments at amortised cost
Erongored (Pty) Ltd
- Cost
- Accumulated impairment
Westcor (Pty) Ltd

461,423	625,665	461,423	623,589
438,300	600,386	438,300	598,310
22,481	24,637	22,481	24,637
24,637	24,637	24,637	24,637
(2,156)	-	(2,156)	-
642	642	642	642

Current investments

Available-for-sale
- listed equity
Held-to-maturity debt instruments at amortised cost
Fixed deposits, NCDs and Bills held with financial institutions

1,135,915	886,145	1,135,915	886,145
568	366	568	366
119,347	-	119,347	-
1,016,000	885,779	1,016,000	885,779

Total investments

1,597,338	1,511,810	1,597,338	1,509,734
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Held to maturity investments with a carrying value of N\$88,8 million (2006: N\$79,9 million) have been encumbered and act as security for long-term loans (refer note 15.1.5)

Internal valuations performed by NamPower Management, which included the use of the net asset value as a reasonability test, the decision to impair the investment in Erongored (Pty) Ltd was taken.

Although this company was recently incorporated and is still very much in the start up phase, the local surcharges that are payable by the Regional Electricity Distribution Companies (RED's) to the relevant Local Authorities constitute a significant portion of the expenditure and is very onerous on the RED's cash flow. In addition a major component of the surcharge is payable on an indefinite term basis.

10. Inventories

Construction and consumable stores
Fuel

118,441	113,933	118,441	113,049
32,702	24,652	32,702	24,652
151,143	138,585	151,143	137,701

There are no items of inventory that are stated at net realisable value.

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
11. Trade and other receivables				
Trade receivables	114,032	148,251	114,032	134,757
Project receivables	-	2,305	-	2,305
Prepayments	14,810	15,237	14,810	15,237
Employee receivables	328	430	328	376
Others	56,530	9,765	56,519	8,053
Accrued interest	48,950	40,521	48,950	40,521
	234,650	216,509	234,639	201,249

As at 30 June 2006, 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.

11.1

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

Balance at beginning of year	-	586	-	586
Advanced	-	-	-	-
Repaid	-	(586)	-	(586)
Balance at end of year	-	-	-	-

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	47	32	47	18
Bank balances	326,707	76,079	326,706	71,185
Short term deposits	333,627	190,010	333,627	186,368
	660,381	266,121	660,380	257,571

13. Taxation Normal

Namibian company tax

Current taxation	-	-	-	-
Deferred taxation	98,059	52,682	97,703	52,523
	98,059	52,682	97,703	52,523

Tax rate reconciliation

	%	%	%	%
Standard Tax Rate	35.00	35.00	35.00	35.00
Adjusted for:				
Manufacturing deduction	(4.87)	(4.54)	(4.87)	(4.54)
Items not deductible for tax purposes	14.62	7.07	14.62	6.09
Adjustment in prior recoupment on REDS assets transferred	(3.41)	-	(3.41)	-
Exempt income	(2.00)	(11.19)	(2.12)	(11.19)
Taxation per Income statement	39.34	26.34	39.22	25.36

14. Share Capital and Reserves

14.1 Authorised

365 000 000 (2006 : 65 000 000) ordinary shares at N\$ 1	365,000	65,000	365,000	65,000
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14.2 Issued

90 000 000 (2006 : 65 000 000) ordinary shares at N\$ 1	90,000	65,000	90,000	65,000
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14.3 Share premium

Share premium arising on shares issued	225,000	-	225,000	-
25 000 000 Ordinary shares of N\$ 1 each and share premium of N\$ 9				

Subsequent to year-end the shareholder of NamPower (Pty) Ltd increased their investment in the entity, refer to note 30.1

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

14. Share Capital and Reserves (cont)

14.4 Development fund

The development fund is to be utilised for the total or partial financing of capital works and extensions to power station, transmission and distribution networks. The annual profit after the interest allocation to the reserve fund is transferred to this fund.

14.5 Capital revaluation reserve

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

14.6 Reserve fund

In conjunction with the development fund the reserve fund was created to address any funding requirements by NamPower. Currently the level of funding is deemed to be adequate and the fund will only be increased with interest (net of tax) on its monthly balance.

14.7 Strategic stock revaluation reserve

The revaluation reserve relates to the revaluation of strategic stock items.

14.8 Available-for-sale fair value adjustment reserve

The reserve consists of all fair value movements relating to financial instruments classified as available-for-sale. The fair value adjustment relates to 25 249 shares held in Sanlam Ltd.

15 Interest bearing loans and borrowings

15.1 Interest bearing borrowings - secured Loans

15.1.1 Agence Francaise de Development

Concessional loan of EUR 5.5 million repayable over a period of 20 years with the interest payable semi-annually commencing 20 June 1999 and capital repayments commencing on 20 June 2006. The loan is hedged out with a cross currency interest rate swap and has a fixed interest rate of 9.39%. This loan is guaranteed by the Government of the Republic of Namibia.

41,064	43,717	41,064	43,717
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15.1.2 European Investment Bank - loan I

Concessional loan of EUR 55 million, repayable over a period of 20 years with the interest payable annually commencing on 20 June 2000 and capital repayments commencing on 20 June 2002. Ratios are to be maintained throughout the term of the loan 1:4 between own funds and long term borrowings and 1.5:1 for debt service coverage ratio. The loan is hedged out with a cross currency interest rate swap and is currently fixed at 12%. This loan is guaranteed by the Government of the Republic of Namibia.

351,651	369,693	351,651	369,693
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15.1.3 AB Svensk Exportkrediet

Concessional loan repayable over a period of 15 years with the interest payable semi-annually commencing 21 June 1999 and capital repayments commencing on 20 June 2002. The interest rate has been fixed at 7.62%. This loan is guaranteed by the Government of the Republic of Namibia.

64,204	72,230	64,204	72,230
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Balance carried forward

456,419	446,294	456,919	446,294
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	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
Balance brought forward	456,419	446,294	456,919	446,294
15.1.4 African Development Bank	46,230	50,432	46,230	50,432
Floating rate loan of ZAR 65 million with interest rates linked to the South African 3 month JIBAR rate fixed 6 months in arrears plus 0.5%. After the grace period of 5 years capital repayment in 30 equal bi-annual instalments have commenced on 28 May 2003. The interest rate has been fixed at 10.30% NACS. 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
Fixed rate loan for ZAR 220 million at 9.82%. The 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. This loan is secured by a pledge of investments with a carrying value of N\$88,8 million and a nominal value of N\$220,0 million (refer note 9)				
15.1.6 European Investment Bank - loan II	220,900	227,004	220,900	227,004
GBP19,2 million 20 year loan, with 4 year capital grace period. Repayments will commenced on 16 September 2006 in 16 instalments on a constant annuity basis. The loan is hedged out by means of a cross currency interest rate swap and currently attracts interest at a fixed rate of 7.64%. This loan is guaranteed by the Government of the Republic of Namibia.				
15.1.7 Development Bank of Namibia	-	6,292	-	-
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%.				
At 30 June 2006, 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 45.05% held associate of Namibia Power Corporation.				
15.1.8 Local authorities' loan compensation and transitional surcharges	-	9,192	-	-
At 30 June 2006, 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).				
	944,049	998,560	944,049	983,076
Less: Instalments payable within one year transferred to current liabilities	51,353	54,818	51,353	50,347
	892,696	943,742	892,696	932,729
16. Deferred revenue liability				
<i>Non-current liability</i>				
Nam Zinc (Pty) Ltd	64,455	72,772	64,455	72,772
<i>Current liability</i>				
Electricity customers	-	139	-	-
Short-term portion Nam Zinc (Pty) Ltd	8,317	8,317	8,317	8,317
	8,317	8,456	8,317	8,317

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 2006 financial year and will be recognised over the ten year period.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
17. Deferred Taxation				
Balance at the beginning of the year	2,026,785	1,193,222	2,024,251	1,192,357
Current charge	98,059	52,682	97,703	52,523
Temporary differences	(91,311)	8,838	(91,331)	8,528
Assessed loss utilised to reduce liability	152,925	22,350	152,589	22,501
Property, plant and equipment	36,445	21,494	36,445	21,494
Revaluation of property, plant and equipment through equity	-	780,881	-	779,371
Impairment of previously revalued assets	(2,803)	-	(2,803)	-
Disposal of joint venture	(2,936)	-	-	-
Balance at end of year	2,119,105	2,026,785	2,119,151	2,024,251
The balance comprises:				
Property, plant and equipment	2,185,500	2,257,158	2,185,500	2,253,952
Interest accrued	17,133	14,241	17,133	14,241
Doubtful debt allowance	(3,783)	(5,505)	(3,783)	(5,505)
Assessed loss utilised to reduce liability	(12,446)	(168,472)	(12,446)	(167,800)
Fair value swaps, loans and unrealised foreign exchange losses	(44,080)	(49,184)	(44,080)	(49,184)
Post Retirement Medical Benefit	(23,173)	(21,454)	(23,173)	(21,454)
	2,119,151	2,026,785	2,119,151	2,024,251
Deferred tax asset	46	46	-	-
Deferred tax liability	(2,119,151)	(2,026,831)	(2,119,151)	(2,024,251)
	(2,119,105)	(2,026,785)	(2,119,151)	(2,024,251)
18. Trade payables				
Trade payables	92,184	96,874	92,184	82,051
Leave and bonus accruals	21,947	22,067	21,947	21,287
Local authorities surcharges accrual	-	6,275	-	-
Payables to local authorities	-	69	-	-
Derivative and loan interest payable	32,790	16,755	32,790	16,755
Retention creditors	6,973	13,646	6,973	13,646
	153,894	155,686	153,894	133,739
18.1 Leave and bonus accruals				
The Group provides for leave pay and bonuses for all employees. The value of the accrual at 30 June 2007 was determined by reference to the leave days accrued and proportionate annual bonus accrual. The accrual is expected to be utilised within the following financial year.				
18.2 Related party payables				
Trade and other payables due to related parties have been disclosed in note 27.				

19. Other financial assets and liabilities

19.1 Other financial assets

Swaps:

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
Interest rate swaps	231,336	138,998	231,336	138,998
Cross currency swaps	330,322	207,207	330,322	207,207
Embedded Derivative - Power Sales Agreement (PSA) with ENE (Angolan Power Utility)	550	-	550	-
	562,208	346,205	562,208	346,205

The PSA with ENE is linked to the movements of the US Dollar currency and thus gives rise to a foreign currency embedded derivative.

19.2 Other financial liabilities

Swaps:

Interest rate swaps	245,146	172,390	245,146	172,390
Cross currency swaps	311,854	199,867	311,854	199,867
	557,000	372,257	557,000	372,257

The company hedges its risk to interest rate and currency risks in terms of the foreign loans by entering into interest rate and cross currency swaps.

The swap agreements have been entered into with Standard Bank Limited. The cross currency swaps are denominated in NAD, EUR and GBP.

The swap agreements have termination days ranging from 20 June 2018 to 30 September 2022. Refer to note 15 for the hedged loan repayment dates. The above swaps are economic hedges as hedge accounting is not applied.

20. Provisions

20.1 Non-current provision

Post Retirement Medical Benefits

Present value of unfunded obligations	66,208	61,298	66,208	61,298
Present value of funded obligations	-	-	-	-
Fair value of plan assets	-	-	-	-
Present value of net obligations	66,208	61,298	66,208	61,298
Unrecognised actuarial gains and losses	-	-	-	-
Recognised liability for defined benefit obligations	66,208	61,298	66,208	61,298
Liability for long-service leave	-	-	-	-
Cash-settled transactions liability	-	-	-	-
Total employee benefits	66,208	61,298	66,208	61,298

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

20. Provisions (cont)

20.2 Actuarial assumptions

The Group makes contributions to two defined benefit plans that provide medical benefits for current employees. The Group makes contributions to three defined benefit plans that provide medical benefits for pensioners. The benefit plans are provided by Namibia Medical Care (NMC), which is administered by Methealth.

There are currently no assets set aside to fund the liability. The funding will be of a balance sheet nature until funds are set aside to meet the liability.

The present value of the provision at 30 June 2007, as determined by an actuarial valuation, was N\$66,208 million. This actuarial valuation was performed by Jacques Malan Consultants and Actuaries. The provision is expected to be utilised over 20 years.

Liability for defined benefit obligations

Principal actuarial assumptions at the balance sheet date	%	%	%	%
Discount rate at 30 June	9.50	10.09	9.50	10.09
Expected return on plan assets at 30 June	-	-	-	-
Future salary increases	-	-	-	-
Medical cost trend rate	7.50	7.00	7.50	7.00
Future pension increases	-	-	-	-

Should the medical cost trend increase or decrease by 1% the defined medical benefit would be as follows:

1% increase in medical cost trend	66,871	61,911	66,871	61,911
1% decrease in medical cost trend	65,546	60,685	65,546	60,685

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	61,298	56,280	61,298	56,280
Interest cost	5,517	5,628	5,517	5,628
Current service costs	4,124	3,405	4,124	3,405
Benefits paid	(873)	(1,234)	(873)	(1,234)
Actuarial (gain)/ loss on obligation	(3,858)	(2,781)	(3,858)	(2,781)
Net liability for defined obligations as at 30 June	66,208	61,298	66,208	61,298

20.4 Expense recognised in the income statement

	5,783	5,806	5,783	5,806
Current service costs	4,124	3,405	4,124	3,405
Interest on obligation	5,517	5,628	5,517	5,628
Expected return on plan assets	-	-	-	-
Actuarial (gain)/loss on obligation	(3,858)	(2,781)	(3,858)	(2,781)
Benefits paid	(873)	(1,234)	(873)	(1,234)
Subsidy payments to pensioners	873	788	873	788
Actual return on plan assets	-	-	-	-
The expense is included in the administrative expenses in the income statement:	5,783	5,806	5,783	5,806

21. Capital Commitments

21.1 Projects for Capital Expenditure

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
Approved by Board of Directors	781,783	347,337	781,783	347,337
Less: Expenditure to 30 June	(69,242)	(126,520)	(69,242)	(126,520)
Amount still to be expended	712,541	220,817	712,541	220,817

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

21.2 Operating leases

Minimum lease payments due				
- Within one year	-	536	-	-
- In second to fifth year inclusive	-	145	-	-
	-	681	-	-

At 30 June 2006, 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 surcharge

Projected commitment

- Within one year	-	26,335	-	-
- In second to fifth year inclusive	-	74,000	-	-
	-	100,335	-	-

At 30 June 2006, 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	8,830	300	-	-
Consulting assignments in process	-	995	-	-
	8,830	1,295	-	-

22. Net financing income

Finance income	196,501	158,221	196,108	158,909
- Held-to-maturity debt instrument investments	66,614	63,146	66,368	62,932
- Call accounts and fixed deposits held with financial institutions	103,626	80,789	103,570	80,743
- Bank accounts	21,086	8,761	20,871	8,496
- Joint ventures	1,186	-	1,186	1,285
- Trade receivables and staff loans	3,989	5,525	4,113	5,453
Finance expenses	(113,520)	(117,199)	(109,475)	(116,059)
- Interest bearing loans	(73,131)	(66,304)	(69,086)	(65,164)
- Derivate instruments	(40,389)	(50,895)	(40,389)	(50,895)
	82,981	41,022	86,633	42,850

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
23. Revenue				
Revenue comprises:				
- Sales of electricity	1,105,753	918,734	1,045,890	904,376
- Extension charges	36,918	38,918	36,918	38,918
- Contributions by customers	7,297	28,834	7,297	28,834
	1,149,968	986,486	1,090,105	972,128
24. Profit before taxation				
Profit before taxation is stated after charging / (crediting):				
Directors' emoluments fees for services as directors	677	570	352	400
- paid by company	352	400	352	400
- paid by other group companies	325	170	-	-
- for executive services	1,528	1,486	1,528	1,486
Auditors' remuneration	2,046	370	1,187	80
- audit fee	1,731	418	1,187	-
- other services	315	(48)	-	80
Depreciation of property, plant and equipment	224,134	228,547	212,189	227,753
Amortisation of intangible asset	17,226	17,639	16,356	16,246
Remuneration other than to employees for	3,856	2,399	3,856	2,399
- managerial services	303	4	303	4
- technical services	1,170	960	1,170	960
- other professional services	2,383	1,435	2,383	1,435
Research and development expenditure	25,688	32,526	25,688	32,526
Movement in provision for doubtful debts	255	15,026	(6,559)	15,026
Bad debts written off	3,112	3,572	1,443	3,500
Bad debts recovered	705	-	398	-
Impairment of goodwill	-	199	-	-
Contribution to Social Responsibility Programs	1,180	1,201	1,180	1,201
(Gain)/ Loss on disposal of property, plant and equipment	(2,280)	60	(2,280)	60
Staff costs	228,102	200,970	206,763	186,611
Salaries and wages	192,347	167,677	171,016	153,326
Housing subsidies	9,401	8,506	9,401	8,506
Company contribution: Provident Fund	23,027	21,546	23,027	21,546
Others	3,327	3,241	3,319	3,233

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
Post retirement medical benefit	5,783	5,806	5,783	5,806
Operating lease payments				
- Motor vehicles	59	177	59	177
- Premises	981	412	-	-
Foreign exchange gains	(7,418)	(6,490)	(7,418)	(6,490)
- realised	(6,964)	(5,641)	(6,964)	(5,641)
- unrealised	(454)	(849)	(454)	(849)
Foreign exchange losses	7,836	11,705	7,836	11,705
- realised	7,119	6,103	7,119	6,103
- unrealised	717	5,602	717	5,602
Coal consumed	14,546	33,479	14,546	33,479
Furnace,diesel and lubrication oil consumed	2,351	6,382	2,351	6,382
Material used	15,858	13,860	15,858	13,860
AC133/IAS 39 Fair value adjustments	(19,731)	(67,713)	(19,731)	(67,713)
- derivative contracts	(30,858)	(98,361)	(30,858)	(98,361)
- foreign denominated loans	11,127	30,648	11,127	30,648
Property	(2,651)	2,487	(2,651)	2,487
- rental income	(2,807)	(1,990)	(2,807)	(1,990)
- direct operating expenses	156	4,477	156	4,477
Fair value adjustment on investment properties	(2,058)	3,446	(2,058)	3,446
Impairment: Loan advanced to ZESA Holdings (Pty) Ltd	26,611	-	26,611	-
Impairment: Investment in associate (Cenored (Pty) Ltd)	48,047	-	48,047	-
Impairment: Investment in Erongo Red (Pty) Ltd	2,156	-	2,156	-
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 have been formally handed over to them during the 2007 year.				
Results of discontinued operations				
Revenue	3	326	-	-
Operating expenses including net finance costs	(2)	(380)	-	-
Profit/(loss) before taxation	1	(54)	-	-
Taxation	-	-	-	-
Profit/(loss) for the period from discontinued operations	1	(54)	-	-
Cash flows from discontinued operation				
Net cash inflow /(utilised) from/ in operating activities	1	(62)	-	-
Net cashflow from investing activities	-	-	-	-
Net cashflow utilised in financing activities	-	(60)	-	-
Net cash inflow / (utilised) from/ in activities	1	(122)	-	-

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for the year ended 30 June 2007

GROUP	
2007	2006
N\$'000	N\$'000

COMPANY	
2007	2006
N\$'000	N\$'000

26. Contingent Liabilities

The following contingent liabilities existed at year end:

- A claim for N\$ 8,5 million has been instituted against Namibia Power Corporation by the Municipality of Windhoek for asbestos contamination. This claim was instituted during 1996 and has to date not been heard in court. The Board of Directors is of the opinion that the claim against Namibia Power Corporation (Pty) Ltd will be unsuccessful.
- A suretyship of USD 16 million with Standard Bank Namibia Limited in favour of NamPower International supported by unrestricted pledge of various call deposit investments in the name of Namibia Power Corporation (Pty) Ltd with a minimum ZAR equivalent to USD 16 Million (calculated at R7.5/USD)
- Letters of credit with Standard Bank Namibia Ltd Amounting to N\$34.8 million in favour of Walvisaby Bulk terminal
- Guarantee with Standard Bank Namibia amounting to N\$ 15 million in favour of Namibia Communication Commission issued on behalf of Powercom, an associate of the company.

27. Related Parties

Identity of related parties

The company has a related party relationships with its subsidiaries (see note 4.1), associates (see note 4.6), joint ventures (see note 4.7) and with its directors and key management personnel.

The Government of the Republic of Namibia is the sole shareholder.

The directors are listed in the directors' report.

Transactions with key management personnel

Loans to directors for the year ended 30 June 2007 are included in trade and other receivables (Refer to note 11).

The key management personnel compensations are as follows;

Short-term employee benefits	36,315	33,889	33,465	31,849
Other long-term employment benefits	7,020	6,850	7,020	6,850
	43,335	40,739	40,484	38,698

Total remuneration are included in 'personnel expenses' (see note 24)

Directors' emoluments are disclosed in note 24.

Dividends are disclosed in the Directors' Report.

Related party transactions

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.

Sales

Associates

Cenored (Pty) Ltd

- Electricity sales

- Administrative support

- Service level agreement and technical support

	27,799	47,036	61,707	47,036
	25,646	43,796	56,927	43,796
	-	26	-	26
	2,153	3,214	4,780	3,214

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
Nored Electricity (Pty) Ltd	84,884	73,997	84,884	73,997
- Electricity sales	83,310	71,126	83,310	71,126
- Administrative support	-	625	-	625
- Rental income	149	145	149	145
- Service level agreement and technical support	1,425	2,101	1,425	2,101
Joint ventures				
Oshakati Premier Electric (Pty)Ltd	10,500	9,583	21,000	19,167
- Electricity sales to related parties	10,490	9,060	20,980	18,121
- Service level agreement and technical support	10	523	20	1,046
Otavi Electrical Company	-	193	-	386
Electricity sales to related parties	-	159	-	318
Service level agreement and technical support	-	34	-	68
Fellow Government owned entities				
Services Rendered	9	32	9	32
- Telecom Namibia Limited	1	3	1	3
- Namibia Broadcasting Corporation	7	-	7	-
- Namibia Water Corporation (Pty) Ltd	1	29	1	29
- Road Contractor Company of Namibia Limited	-	-	-	-
Electricity Sales	98,150	76,730	98,150	76,730
- Namibia Water Corporation	39,209	26,306	39,209	26,306
- Namibian Broadcasting Corporation (Pty) Ltd	860	812	860	812
- Namdeb Diamond Corporation (Pty) Ltd	56,265	48,022	56,265	48,022
- Roads Authority	130	-	130	-
- TransNamib (Pty) Ltd	414	436	414	436
- Telecom Namibia Limited	1,272	1,154	1,272	1,154
Related party transactions				
Expenditure/Purchases				
Shareholder Value added tax				
- Inland Revenue	116,590	168,314	116,590	168,314
Subsidiary				
Municipal services from related parties				
- Premier Electric (Pty) Ltd	-	-	15	-
Municipal services from related parties				
- Cenored (Pty) Ltd	-	27	-	53
Associate				
Municipal services from related parties				
- Nored Electricity (Pty) Ltd	451	-	1,354	792
- Cenored (Pty) Ltd	32	-	72	-
Joint venture				
Electricity purchases from related parties	51	-	101	16,178
- Oshakati Premier Electric (Pty) Ltd	51	-	101	15,758
- Otavi Electrical Company (Pty) Ltd	-	-	-	420

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for the year ended 30 June 2007

	GROUP		COMPANY	
	2007 N\$'000	2006 N\$'000	2007 N\$'000	2006 N\$'000
27. Related Parties (cont)				
Fellow Government owned entities				
Telecommunication, Transport services & related services	6,240	5,112	6,240	5,112
- Telecom Namibia Limited	5,332	4,136	5,332	4,136
- Air Namibia (Pty) Ltd	1	6	1	6
- TransNamib (Pty) Ltd	20	97	20	97
- NamPost Limited	-	152	-	-
- Namibia Airports Company	112	-	112	-
- Namibia Wildlife Resorts (Pty) Ltd	7	-	7	-
- NamPost Limited	47	-	47	152
- Namibia Water Corporation (Pty) Ltd	49	-	49	-
- Namibia Tourism Board	6	-	6	-
- Road Fund Administrators	665	661	665	661
- Road Contractor Company of Namibia Limited	1	60	1	60
Related party balances				
Due from/(due to)				
Shareholder				
- Inland Revenue	(3,422)	(760)	(3,422)	(760)
Subsidiary				
- Premier Electric (Pty) Ltd	6	-	6	6,218
- Cenored (Pty) Ltd	-	-	-	6,224
- Cenored (Pty) Ltd	-	-	-	(6)
Associate				
- Cenored (Pty) Ltd	7,843	-	20,342	10,360
- Cenored (Pty) Ltd	4,086	-	9,070	-
- Cenored (Pty) Ltd	-	-	-	-
- Nored Electricity (Pty) Ltd	3,761	-	11,283	10,360
- Nored Electricity (Pty) Ltd	(4)	-	(11)	-
Joint ventures				
- Oshakati Premier Electric (Pty) Ltd	-	777	-	1,554
Fellow Government owned entities				
- Telecom Namibia Limited	112	248	112	248
- TransNamib (Pty) Ltd	52	82	52	82
- Namdeb Diamond Corporation (Pty) Ltd	7,270	6,089	7,270	6,089
- Namibia Post Limited	-	2	-	2
- Namibia Water Corporation (Pty) Ltd	5,614	9,282	5,614	9,282
- Namibia Airports Company (Pty) Ltd	(1)	-	(1)	-
- National Housing Enterprise	3	-	3	-
- Namibian Broadcasting Corporation (Pty) Ltd	153	340	153	340
- Road Contractor Company of Namibia Limited	(3)	(3)	(3)	(3)
- Roads Authority	7	-	7	-
- Social Security Commission	45	-	45	-

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

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% 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\$23 million (2006: N\$21,6million).

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.

The principal or contract amounts of derivative financial instruments were:

Net Interest rate swaps	(13,810)	(33,393)	(13,810)	(33,393)
Net cross currency swaps	18,467	7,340	18,467	7,340

For a more detailed breakdown refer to note 19.

29.1 Currency risk

The company is exposed to 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 Namibia Dollar and/or the South African Rand, the company generally adopts a policy to hedge its foreign currency commitments where possible.

Recognised assets and liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

29.1 Currency risk (cont)

The currency position for the Group at 30 June 2007 is set below

N\$ thousand		N\$	Rand	US\$	Euro	GBP	Total
Assets							
Property, plant and equipment	3	6,319,381	-	-	-	-	6,319,381
Investment Properties	5	6,380	-	-	-	-	6,380
Intangible assets	6	17,193	-	-	-	-	17,193
Deferred tax asse	17	46	-	-	-	-	46
Investment in associate	4.6	329,026	-	-	-	-	329,026
Investments	9	372,598	88,825	-	-	-	461,423
Other financial assets	19.1	-	562,208	-	-	-	562,208
Loans and other receivables	7	27,126	-	-	-	-	27,126
Inventories	10	151,143	-	-	-	-	151,143
Trade and other receivables	1	232,058	-	2,592	-	-	234,650
Investments	9	754,915	381,000	-	-	-	1,135,915
Loan receivable from joint ventures	4.7	4	-	-	-	-	4
Cash and cash equivalents	12	461,852	8,627	189,859	26	17	660,381
Non-current assets held for sale	8	130,446	-	-	-	-	130,446
Total assets		8,802,168	1,040,660	192,451	26	17	10,035,322
Liabilities and shareholder funds							
Issued share capital	14.1	90,000	-	-	-	-	90,000
Share premium		225,000	-	-	-	-	225,000
Reserve fund		1,071,626	-	-	-	-	1,071,626
Development fund		1,532,956	-	-	-	-	1,532,956
Capital revaluation reserve		3,289,720	-	-	-	-	3,289,720
Strategic stock revaluation reserve		10,447	-	-	-	-	10,447
Available for sale fair value adjustment reserve		202	-	-	-	-	202
Interest bearing loans and borrowings	15	-	330,434	-	392,715	220,900	944,049
Deferred revenue liability	16	64,455	-	-	-	-	64,455
Provisions	20.1	66,208	-	-	-	-	66,208
Other financial liabilities	19.2	-	557,000	-	-	-	557,000
557,000 Deferred tax liabilities	17	2,021,448	-	-	-	-	2,021,448
Trade payables	18	105,670	47,075	1,149	-	-	153,894
Deferred revenue liability	16	8,317	-	-	-	-	8,317
Total equity and liabilities		8,486,049	934,509	1,149	392,715	220,900	10,035,322
Currency translation rates :		30 June 2007					
1 SA Rand		N\$1,00					
1 US Dollar		N\$7,11					
1 Euro		N\$9,56					
1 GBP		N\$14,23					

The currency position for the Group at 30 June 2006 is set below	N\$	Rand	US\$	Euro	GBP	Total
Assets						
Property, plant and equipment	6,494,223	-	-	-	-	6,494,223
Investment Properties	8,192	-	-	-	-	8,192
Intangible assets	41,449	-	-	-	-	41,449
Deferred tax asset	46	-	-	-	-	46
Investment in associate	104,259	-	-	-	-	104,259
Investment in joint venture	4,384	-	-	-	-	4,384
Investments	545,764	79,901	-	-	-	625,665
Other financial assets	-	346,205	-	-	-	346,205
Loans and other receivables	30,822	-	-	-	-	30,822
Inventories	138,585	-	-	-	-	138,585
Trade and other receivables	210,499	-	6,010	-	-	216,509
Investments	525,145	361,000	-	-	-	886,145
Loan receivable from joint ventures	455	-	-	-	-	455
Cash and cash equivalents	259,698	6,368	18	23	14	266,121
Non-current assets held for sale	296,508	-	-	-	-	296,508
Total assets	8,660,030	793,474	6,028	23	14	9,459,568
Liabilities and shareholder funds						
Issued share capital	65,000	-	-	-	-	65,000
Reserve fund	1,015,393	-	-	-	-	1,015,393
Development fund	1,372,071	-	-	-	-	1,372,071
Capital revaluation reserve	3,297,637	-	-	-	-	3,297,637
Strategic stock revaluation reserve	11,393	-	-	-	-	11,393
Interest bearing loans and borrowings	15,484	342,662	-	413,410	227,004	998,560
Loans due to related parties	2,214	-	-	-	-	2,214
Deferred revenue liability	72,772	-	-	-	-	72,772
Provisions	61,298	-	-	-	-	61,298
Other financial liabilities	-	372,257	-	-	-	372,257
Deferred tax liabilities	2,026,831	-	-	-	-	2,026,831
Trade payables	155,686	-	-	-	-	155,686
Deferred revenue liability	8,456	-	-	-	-	8,456
Total equity and liabilities	8,104,235	714,919	-	413,410	227,004	9,459,568
Currency translation rates :						
	30 June 2006					
1 SA Rand	N\$1,00					
1 US Dollar	N\$7,12					
1 Euro	N\$9,06					
1 GBP	N\$13,05					

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for the year ended 30 June 2007

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

29.2 Credit risk

The potential concentration of credit risk consists mainly of loans and receivables, trade and other receivables and the investment portfolio.

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.

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 of the customers by percentage of total receivables from customers is:

	%	%	%	%
Distributors	37	37	59	40
Mining	40	40	37	43
Other	23	23	4	17
	100	100	100	100

29.3 Fair values

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

Group	2007		2006	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>in thousands of Namibian Dollar</i>				
Equity securities available- for -sale	568	568	366	366
Fixed deposit	1,016,000	1,016,000	885,779	885,779
Debt securities held-to-maturity	438,300	438,300	600,387	600,387
Trade and other receivables	234,650	234,650	216,509	216,509
Cash and cash equivalents	660,381	660,381	266,121	266,121
Interest rate swaps				
- Assets	231,336	231,336	138,998	138,998
- Liabilities	(245,146)	(245,146)	(172,390)	(172,390)
Cross currency swaps				
- Assets	330,322	330,322	207,207	07,207
- Liabilities	(311,854)	(311,854)	(199,867)	(199,867)
Secured foreign loans	(892,696)	(892,696)	(932,729)	(932,729)
Secured loans and local authorities surcharges	-	-	(15,484)	(15,484)
Short-term portion of secured foreign loans	(51,353)	(51,353)	(54,818)	(54,818)
Trade and other payables	(153,894)	(153,894)	(155,686)	(155,686)
Deferred revenue liability	(72,772)	(72,772)	(81,228)	(81,228)
Post retirement liability	(66,208)	(66,208)	(61,298)	(61,298)
	1,117,634	1,117,634	641,867	641,867

GROUP		COMPANY	
2007	2006	2007	2006
N\$'000	N\$'000	N\$'000	N\$'000

Company	2007		2006	
	Carrying amount	Fair value	Carrying amount	Fair value
thousands of Namibian Dollar				
Equity securities available for sale	568	568	366	366
Fixed deposit	1,016,000	1,016,000	885,779	885,779
Debt securities held-to-maturity	557,647	557,647	598,310	598,310
Loans due from subsidiaries	4.1 1,174	1,174	1,274	1,274
Loans due from Joint Ventures	4.6 4	4	4,021	4,021
Trade and other receivables	245,054	245,054	217,411	217,411
Cash and cash equivalents	660,380	660,380	257,571	257,571
Interest rate swaps				
- Assets	231,336	231,336	138,998	138,998
- Liabilities	(245,146)	(245,146)	(172,390)	(172,390)
Cross currency swaps				
- Assets	330,322	330,322	207,207	207,207
- Liabilities	(311,854)	(311,854)	(199,867)	(199,867)
Secured foreign loans	(892,696)	(892,696)	(932,729)	(932,729)
Loans due (to)/from subsidiary	4.1 (6,380)	(6,380)	(6,380)	(6,380)
Short-term portion of secured foreign loans	(51,353)	(51,353)	(50,347)	(50,347)
Trade and other payables	(153,892)	(153,892)	(133,739)	(133,739)
Deferred revenue liability	(72,772)	(72,772)	(81,089)	(81,089)
Post retirement liability	(66,208)	(66,208)	(61,298)	(61,298)
	1,242,184	1,242,184	673,098	673,098

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 above.

(a) Securities

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

(b) Derivatives

The fair values are based on current market movements at year end.

(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 term 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.

NOTES TO THE FINANCIAL STATEMENTS
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29.5 Effective interest rate and maturity 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 mature.

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

2007	Effective interest rate %	Total N\$'000	1 year or less N\$'000	1 to 5 years N\$'000	5 years and more N\$'000
Financial assets and (liabilities)					
Held-to-maturity*	9.74%	598,310	-	207,269	391,041
Trade and other receivables	14.25-18.25%	234,639	234,639	-	-
Cash and cash equivalents	10.62%	660,380	660,380	-	-
Loans and other receivable	14.25%	27,126	16,712	10,414	-
Current investments*	0.00%	-	-	-	-
Secured long term loans					
- GBP fixed rate loan^	7.64%	(220,900)	(16,028)	(90,279)	(114,593)
- EUR floating rate loan^	11.73%	(392,715)	(22,958)	(124,287)	(245,470)
- ZAR fixed rate loan^	9.46%	(330,434)	(12,367)	(131,142)	(186,925)
Trade and other payables	0.00%	(153,894)	(153,894)	-	-

2006	Effective interest rate %	Total N\$'000	1 year or less N\$'000	1 to 5 years N\$'000	5 years and more N\$'000
Held-to-maturity*	10.89%	598,310	-	207,269	391,041
Cash and cash equivalents	13.75%	250,302	250,302	-	-
Trade and other receivables	7.29% - 12.25%	77,571	77,571	-	-
Loans and other receivable	12.25%	30,822	14,521	16,301	-
Current investments*	7.84%	1,341,000	1,341,000	-	-
Secured long term loans					
- GBP fixed rate loan^	8.00%	(227,004)	(15,755)	(87,649)	(123,600)
- EUR floating rate loan^	11.16%	(413,410)	(22,364)	(121,059)	(269,987)
- ZAR fixed rate loan^	10.18%	(342,662)	(12,228)	(131,142)	(199,292)
- NAM fixed rate loan^	10.25%	(6,292)	(6,292)	-	-
Trade and other payables	0.00%	(142,088)	(142,088)	-	-

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

30. Post balance sheet event

30.1 Increase in share capital

Subsequent to the balance sheet date, the company's shareholder, being the Government of the Republic of Namibia, increased its shareholding by investing an additional N\$500 million on (13 July 2007). This transaction has resulted in the company's issued share capital increasing from 90 million, N\$1.00 par value shares to N\$140 million, N\$1.00 par value shares with a total share premium of N\$ 675 million.

30.2 Issuance of bonds

On 17 July 2007, NamPower successfully conducted a bond issue of N\$500 million, NMP20N. The bonds are listed on the Namibian Stock Exchange and the Bond Exchange of South Africa. The bonds have a coupon rate of 9.35% payable semi-annually and are maturing on 24 July 2020. The bonds are denominated in South African Rand. This is the first tranche of NamPower's Corporate Debt Programme aimed at funding strategic capital projects and will extend to an amount of N\$3 billion.

30.3 Approval of the Caprivi Link Inter-Connector Investment Decision

On 16 August 2007, the company's board of directors took an investment decision for the construction of Phase 1 of the Caprivi Link Interconnector and approved the project's budget amounting to N\$3,21 billion.