NamPower

Powering the Nation and beyond

25 Years of **Powering Life**

ANNUAL **REPORT** 2021

OUR HISTORY

WHERE WE WERE 25 YEARS AGO AND WHERE WE ARE TODAY

Namibia Power Corporation (Pty) Ltd, (NamPower), has made significant progress in generation, transmission, energy trading and financial sustainability, which has strengthened its ability to provide a secure and reliable electricity supply to Namibia. NamPower's transmission network has grown to 11, 700 km over the years and is proudly capable of supplying electricity across the vast Namibian landscape. NamPower has also increased Namibia's local generation capacity through refurbishments and upgrades to its existing plants from 345 MW to 489.5 MW installed capacity, allowing it to provide a continuous and reliable electricity supply in Namibia. At the same time, NamPower has maintained a robust financial position and investment grade rating.

In celebration of its 25th anniversary on 1 July 2021, NamPower celebrates the value that it creates through the role that electricity plays in contributing towards the socio-economic development of Namibia. Over the years, NamPower has provided reliable and unfailing supply of electricity, which has enabled the development and progression of people, families, businesses, industries, and ultimately, life. Driven by our ambition to be a catalyst for growth in Namibia, NamPower has powered and propelled the country and its people for 25 years without fail, paving the way for development and innovation. The utility reaffirms its commitment to the national development goals to realise an industrialised, productive and prosperous Namibia.

Contents

INTRODUCTION

ABOUT OUR REPORT

NamPower's 2021 Integrated Annual Report serves as a narrative of the year's progress in our journey to create and preserve value for our stakeholders. As our primary means of communication with our main shareholder, the Government of the Republic of Namibia, and other key stakeholders, we strive to ensure that the content in this integrated report contains the most accurate, relevant, and recent material information related to our value creation journey and that it shares our story transparently and clearly.

Integrated thinking

This report is NamPower's first Integrated Annual Report and expresses the commitment we made, prior to the end of the financial year (30 June 2021), to embed integrated thinking and reporting in our organisation as a continuous process that promotes good governance and disclosure practices and takes into account the relationship between the capitals that we use or affect and the potential trade-offs inherent in our strategic choices.

We strive to report transparently, reflecting both the value created and preserved, as well as the value eroded. By understanding how these elements interact, we are able to better deliver sustained value for all stakeholders in the short, medium, and long term.

Report boundary, scope, and framework

This report covers the performance of NamPower for the year ended 30 June 2021.

We have considered the top risks and opportunities arising from our operating context and stakeholder relationships as key in determining which material matters to report on.

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), JSE debt listing requirements, the International Integrated Reporting Council's Framework, the Corporate Governance Code for Namibia (NamCode), the Companies Act, 2004 (Act 28 of 2004), and the Report on Corporate Governance for South Africa 2016 (King IV).

Materiality

This report focuses on those matters that we recognise as having the most material impact on our capacity to create value, and to delivering on our core purpose in the short, medium, and long term.

In assessing the issues that impact value creation, we have included the significant risks, opportunities, and impacts associated with our activities over the short-term (less than 12 months), medium-term (two to five years), and long-term (beyond five years).

Our approach to managing these material matters is reflected in our operating context (see page 45), the material interests of our stakeholders (see pages 47 to 52), and the principal risks facing the organisation (see pages 55 to 56).

Target audience

This report has been prepared primarily for the attention of our main shareholder, the Government of the Republic of Namibia, current and prospective investors (to support their capital allocation assessments), and the regulatory authorities in Namibia (to inform their assessments of our performance).

This report contains forward-looking statements with respect to NamPower's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties, and other important factors could materially impact the results from our expectations. These may include factors that could adversely affect our business and financial performance.

Board of Directors Responsibility Statement

NamPower's Board of Directors (Board) acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board, having applied its collective mind to the preparation and presentation of the report, believes that it addresses all material matters and offers a balanced view of NamPower's strategy and how it relates to the organisation's ability to create value in the short, medium and long term.

The Board believes that the report adequately addresses NamPower's use of capitals, its effects on these capitals, and the manner in which the availability of these capitals affects NamPower's strategy and business model. This integrated annual report was prepared in accordance with the International Integrated Reporting Framework. The report, which remains the ultimate responsibility of the Board, is prepared and collated under the supervision of executive management and is submitted to the Audit and Risk Management Committee, which, having reviewed the contents, recommends it to the Board for approval.

The Board, with the support of the Audit and Risk Management Committee, is ultimately responsible for NamPower's system of internal controls, which is designed to identify, evaluate, manage, and provide reasonable assurance against material misstatement and loss.

The Annual Financial Statements (see pages 94 to 255) were audited by our external auditors, PricewaterhouseCoopers. The Integrated Annual Report was issued on 26 January 2022.

D MOTINGA
Chairperson of the Board

K S HAULOFU
Managing Director

S HORNUNG
Audit and Risk Management
(Board Committee)

GLOSSARY OF ICONS USED THROUGHOUT THIS REPORT

Our Mandate

Vision

Mission

Core Values

Our strategic pillars

Ensuring security of supply

Unlocking the value of electricity sector collaboration

Optimising financial sustainability

Driving organisational and operational excellence

Our capitals

The resources and relationships on which we depend can be described as different forms of "capital stock" – the assets we need to protect and enhance in order to achieve our strategic objectives.

Financial capital

Social and relationship capital

Intellectual capital

Human capital

Manufactured capital

Natural capital

Our key stakeholders

Employees

Board of Directors

Government

Other government ministries and agencies

Regulator

Media

Key customers

Suppliers

Organised labour

Industry

International/regional relations

Business

Financiers and development partners

Civil society

Executive Management Committee

Other icons

Covid-19

NAMPOWER'S COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

NamPower voluntarily endorses the United Nations Sustainable Development Goals (UN SDGs) and aims to positively contribute to their achievement through supporting Namibia's Fifth National Development Plan (NDP5), the Harambee Prosperity Plan II, and by implementing our strategy, thereby supporting and sustaining the value that the energy sector contributes to the economy and its people, sustainably.

NamPower's contribution to the UN SDGs is described under the respective goals below:

1 NO POVERTY

Increased access to electricity to populations living in rural and peri-urban areas to enhance productive capacity through economic activities; supported national development plans to reduce poverty through Corporate Social Investments.

3 GOOD HEALTH AND WELL-BEING

Risk reduction and management of national and global health risks; Safety, Health and Wellness programmes and initiatives; free medical aid provided to employees.

4 QUALITY EDUCATION

Providing access to vocational education at NamPower's Vocational Training Centre; providing bursaries to the youth of Namibia in various fields of study; investing in staff development and training.

5 GENDER EQUALITY

Affirmative Action Policy; Recruitment and Selection Policy.

6 CLEAN WATER AND SANITATION

CSI investment in Namibian communities.

7 AFFORDABLE AND CLEAN ENERGY

Ruacana Hydro Power Station, renewable energy projects, upholding the environmental laws, exploring sustainable energy initiatives.

8 DECENT WORK AND ECONOMIC GROWTH

Positive working environment, competitive remuneration packages and conditions of service.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

State-of-the-art, reliable, nationwide electricity infrastructure, exploring new technology in battery energy storage.

15 LIFE ON LAND

Policies put in place: Environmental Policy, Safety Policy, to protect inhabitants, fauna, and flora in areas near NamPower's infrastructure.

17 PARTNERSHIPS FOR THE GOALS

Government,funding agencies, IPPs, NGOs.

OUR BUSINESS

OUR MANDATE

NamPower is the national power utility and state-owned company tasked with the provision of the bulk electricity supply to Namibia. NamPower reports to the Ministry of Public Enterprises (MPE) as a Commercial Public Enterprise under the recently gazetted Public Enterprises Governance Act 1 of 2019.

NamPower's mandate, in accordance with the Electricity Act 4 of 2007, is to generate, transmit, distribute, supply, and trade in electricity generation and supply, including the importing and exporting of electricity, and fulfil the role as the supplier of last resort in the changing regulatory and market environment. NamPower's licence to distribute electricity is limited to areas where REDs have not been formed, or where the municipalities are not able to provide distribution services.

VISION AND MISSION

NamPower's vision and mission statements are supported by the four strategic pillars guiding strategic direction and behaviour. NamPower will uphold its existing vision and mission statements in the pursuit of these strategic pillars over the next five years (2020-2025). These cascade down to the subsequent departmental business plans and individual performance agreements.

Vision – *"To be the leading electricity solutions provider of choice in SADC."*

Mission – *"To provide innovative electricity solutions, in an evolving market, which satisfy the needs of our customers, fulfil the aspirations of our staff and, the expectations of our stakeholders in a competitive, sustainable and environmentally friendly manner."*

CORE VALUES

NamPower's values express the aspiration to achieve high ethical standards in delivering its mandate; to build a culture of teamwork that will bring out the best in each individual; to focus on serving its customers; and to prioritise the safety and health of our staff and the public at all times.

- Customer Focus
- Integrity
- Teamwork
- Accountability
- Empowerment
- Safety, Health and Environment

In fulfilling its mandate and in ensuring its relevance, NamPower formulated its Corporate Strategy and Business Plan 2019 – 2023, six months prior to the commencement of the Public Enterprises Governance Act 1 of 2019 ("PEGA Act"). The PEGA Act came into effect on 16 December 2019.

The promulgation of the aforementioned Act required NamPower to realign its Corporate Strategy and Business Plan (2019 - 2023) to a five-year Integrated Strategic Business Plan (ISBP) as per the PEGA Act, Section 13. The subsequently crafted NamPower Integrated Strategic Plan (ISBP 2020 - 2025) specifically fulfils the compliance requirement as part of the Company's strategic focus, application, and prioritisation of resources over the next five years.

NamPower's Board of Directors, Executive Management, and Staff are committed to the continued creation of shareholder value for the benefit of all Stakeholders.

The ISBP considers the value-addition from all areas of operations of the company towards the fulfilment of the strategic objectives over the next five years. The ISBP targets will be reviewed on an annual basis and will be motivated based on market factors, information, and company operations.

UNDERSTANDING OUR BUSINESS (WHAT WE DO)

NamPower's primary focus is availability, reliability, accessibility and affordability of electricity. For decades NamPower has been the mainstay of the nation's economy, a crucial driver of Vision 2030, Namibia's blueprint for broad-based, sustainable economic growth.

NamPower's core business is generation, transmission and energy trading. NamPower supplies bulk electricity to Regional Electricity Distributors (REDs), Mines, NamWater and Local Authorities (where REDs are not operational) throughout Namibia.

NamPower's main sources of installed generation capacity are depicted in the table below:

Power Station Name	Type	Installed capacity	Operating regime
Ruacana Power Station	Run-of-the-river Hydro	347 MW	Variable
Van Eck Power Station	Coal	120 MW	Emergency standby
Anixas Power Station	Diesel/Heavy Fuel Oil	22.5 MW	Emergency standby

In addition to its locally generated electricity, NamPower, through its Energy Trading System, imports electricity through the Southern African Power Pool (SAPP) to complement supply and meet demand. Electricity imports are dictated by the availability of local generation. On average, NamPower imports between 50% and 60% of its energy requirement. NamPower has, over the years, increased Namibia's local generation capacity by refurbishing and upgrading its existing generation plants as well as through collaboration with the private sector to deliver renewable energy capacity to the grid. Rapid technology development in Solar PV, wind, biomass and storage will enable NamPower to diversify the local generation mix, reduce dependency on electricity imports, and ultimately deliver a sustainable least-cost supply mix to the economy of Namibia.

As part of its efforts to reposition itself and adapt to the current market forces, the utility has adjusted its Corporate Strategy and Business Plan of 2019 – 2023 by creating a new-five year Integrated Strategic Business Plan (ISBP) for the period 2020 – 2025. Through this plan, the company aims to continue ensuring security of supply through the implementation of its planned generation and transmission projects. (see page 61 to 66) for details on the planned projects.

Transmission System

NamPower owns a world class transmission system and a network of 66 kV to 400 kV overhead lines spanning a distance of more than 11,700 km's. The national grid has been homegrown – designed and largely built by Namibians. Continuous investments are being made to strengthen and maintain the national grid in a superior condition to ensure an efficient, reliable and effective network with minimal disruptions. NamPower has put in place a Transmission Master Plan that makes provision for large transmission backbone developments across the country. The plan is updated on an annual basis to ensure that the company maintains pace with the evolving electricity needs of the country to ensure security of supply.

Since 2019 NamPower has been offering a fibre-optic broadband service under the name The Grid Online. The Grid Online is targeted at telecommunication service providers and wholesale clients, providing Namibia with additional national telecommunications bandwidth.

NamPower continues to prioritise the planning, development and maintenance of its generation and transmission infrastructure, which are central to its operations, as well as the provision of distribution and rural electrification infrastructure, as part of delivering on its mandate.

Generation capacity

3 Power stations

Total installed capacity of **489.5 MW**

Variable and emergency standby

Network capacity

11,700 km's of high and medium-voltage transmission lines

22,716 km's low voltage distribution lines

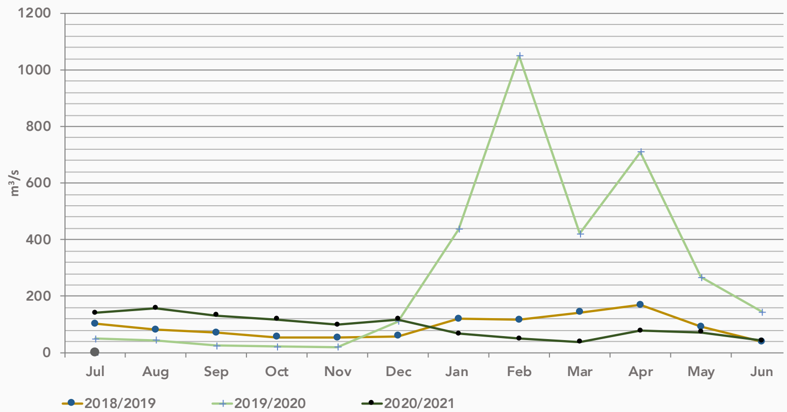
8,968 MVA transformer capacity

Optimising the available energy sources from the Ruacana Power Station

The Ruacana Power Station continues to be NamPower's least cost electricity generation plant with an installed capacity of 347 MW from four generating units.

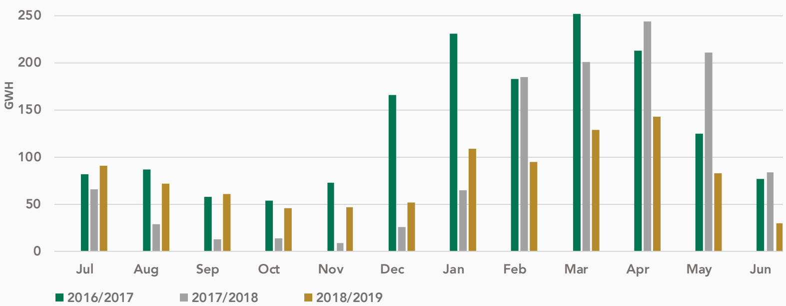
Ruacana Power Station is a run of the river plant, with a seasonal operation of base load during high river flow season and mid-merit peaking during the low river flow season. The poor rainfall recorded in the Kunene River catchment during the 2020/21 rainy season resulted in a very low river flow passing through Ruacana, as shown in the figure below.

Ruacana monthly average river flow



As a result of the low Kunene river, there was a decline in the electricity generated at Ruacana Power Station, down to 968.8 GWh generated in the 2021 financial year compared to 1,504.0 GWh during the 2020 financial year. The figure below shows the energy generated and sent out from Ruacana during the past four financial years.

Ruacana Power Station - Energy sent out



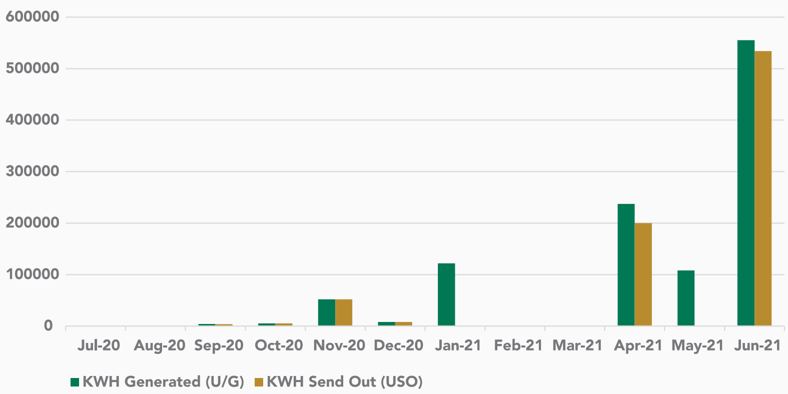
Anixas Power Station

The Anixas Power Station continues to play a critical role as a standby emergency power station at the coastal town of Walvis Bay. The 22.5 MW generating capacity is frequently called upon when system shortfall is experienced. It is fuelled by Light Fuel Oil (Diesel) during cold start-up, and a switch-over is made to more economical Heavy Fuel Oil (HFO) once the fuel treatment systems and diesel engines have warmed up. Currently, Anixas is one of the few power stations in Namibia that can generate on base-load, but this comes at a cost. However, the generating cost per kilowatt-hour is still much cheaper than the cost of not supplying.

With Anixas classified as a quick start power station, it plays an anchor role in NamPower's generation fleet. It is frequently scheduled to supply electricity to Modified Single Buyers during peak periods where the SAPP import under-supplies due to constraints. With the excellent reliability, Anixas never failed to supply at full capacity when required.

For the 2020/21 financial year, Anixas produced a total of 803,003 kWh.

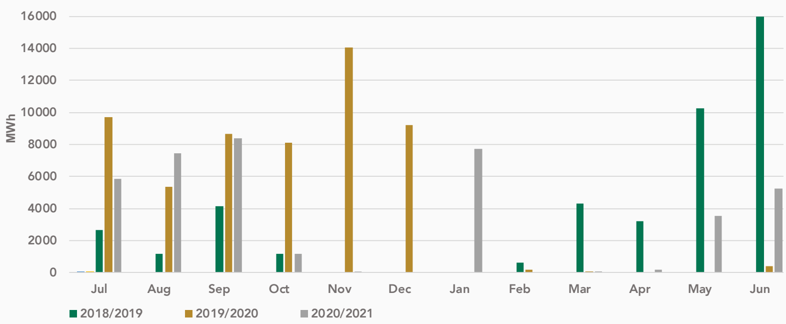
Anixas Power Station - Units sent out



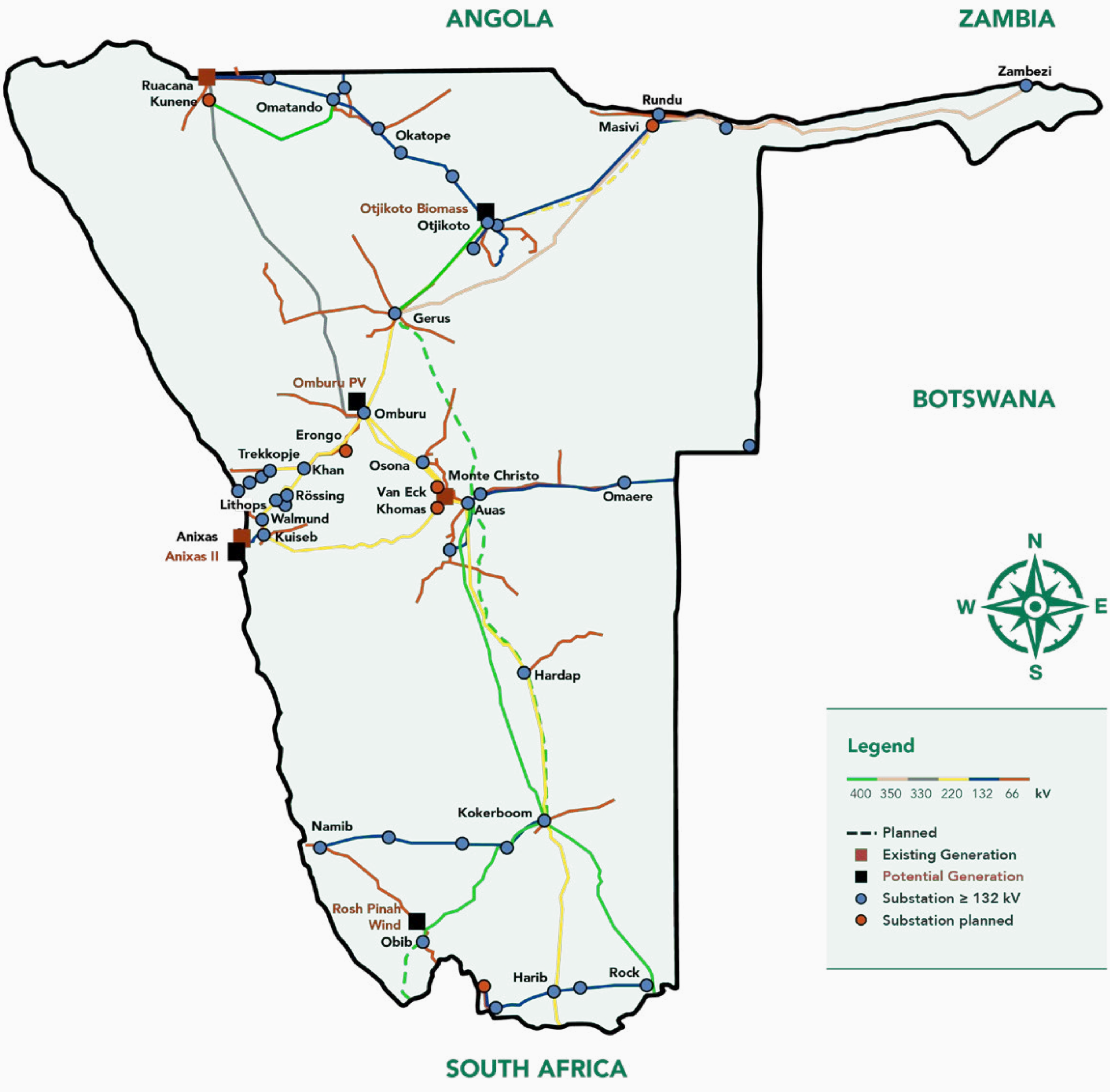
Van Eck Power Station

The Van Eck Power Station continues to be NamPower's standby station with the installed capacity of 120 MW (30 MW per unit). However, due to the aging infrastructure, the available capacity is limited to 96 MW (24 MW per unit). Van Eck is a coal-fired thermal power plant and is operated on demand depending on the energy requirements. The figure below shows the units sent out for the past five financial years. As seen in the figure below, the station has been mainly required to run during the winter season due to the increased demand on the grid relative to other seasons. The total units sent out for the 2020/21 financial year is 39.65 GWh, a 30% decline from 2019/20 financial year.

Energy sent out



TRANSMISSION AND GENERATION MAP



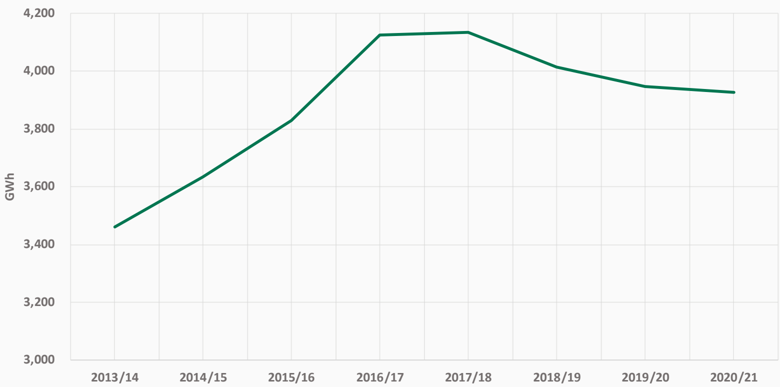
Demand growth

As shown in the figure below, over the past eight years NamPower recorded a positive energy demand/consumption growth for five consecutive years until financial year 2017/18. The reduction in electrical energy consumption in the last three years since financial year 2018/19 is attributed to the global economic downturn coupled with the Covid-19 pandemic impact.

Energy demand for the past eight financial years

In 2021, the energy demand reduced by 0.5% from 3,945 GWh of previous year (2019/20) to 3,925 GWh. The lowest monthly energy consumption was recorded for February 2021 as can be seen in the figure below.

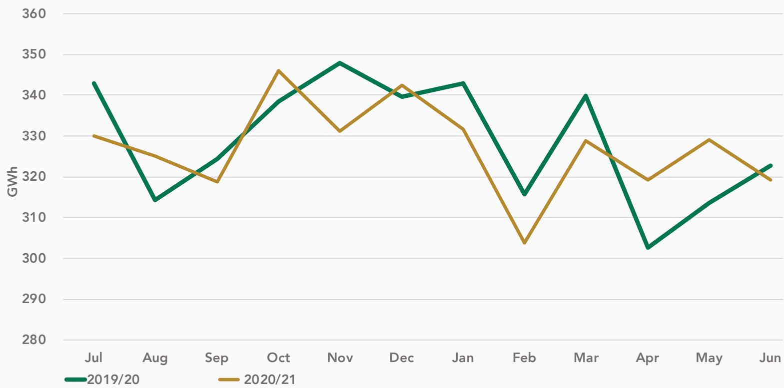
Energy demand for the past eight financial years



Monthly energy demand compared to the previous financial year

A higher reduction of 2.5% in NamPower's energy demand is projected for the year 2022 due to the continuous impact of the Covid-19 pandemic and the expected impact of the MSB market. However, beyond the 2022 financial year, an average positive growth of 0.8% is forecasted, increasing to 2% in year five. This increase in projected demand, is due to improved economic recovery prospects which is expected as the Covid-19 vaccine rollout improves over time and the world recovers to normal without travel restrictions.

Monthly energy demand compared to the previous year

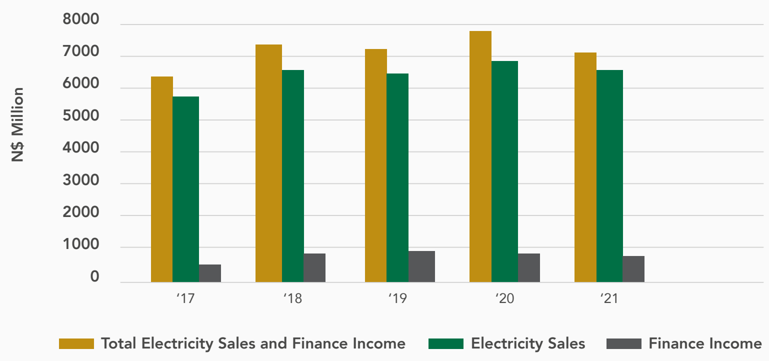


CONSOLIDATED KEY STATISTICS

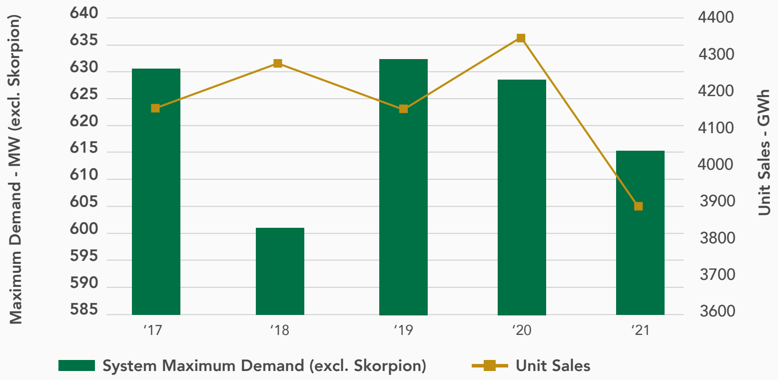
		2021	2020
1.	Total Revenue (N$'000)	**6,549,907**	6,892,330
2.	Taxation (N$'000)	**(3,775,593)**	(396,964)
3.	Capital Expenditure (N$'000)	**679,010**	310,778
	Property, plant and equipment	**660,262**	305,831
	Intangible assets	**18,748**	4,947
4.	Coal Cost Per Ton (N$)	**1,809**	2,121
5.	Average Price per unit sold (Cents/kWh)	**170.2**	171.0
6.	Number of Electricity Customers	**2,924**	2,948
7.	System Maximum (Hourly demand) (MW)		
	- Excluding Skorpion	**616**	629
	- Including Skorpion	**617**	688
8.	Units into System (GWh)	**4,194**	4,702
	NamPower (Pty) Ltd	**1,009**	1,570
	ZESCO	**816**	490
	Eskom	**1,473**	1,624
	ZPC	**401**	362
	SAPP Market	**135**	309
	Omburu Sun Energy (Pty) Ltd (Innosun)	**12**	13
	REFITs	**173**	160
	Greenam	**60**	60
	Alten Solar Power Hardap Pty (Ltd)	**115**	114

		2021	2020
9.	Units Sold (GWh)	**3,903**	4,352
	Customers in Namibia	**3,386**	3,362
	Skorpion Zinc mine	**3**	274
	Orange River	**132**	123
	Exports	**382**	593
10.	Installed Generation Capacity (MW)	**489.5**	489.5
	- Ruacana	**347**	347
	- Van Eck	**120**	120
	- Anixas	**22.5**	22.5
11.	Installed Transmission Import Capacity (MW)		
	- Zambezi Link Interconnector	**300**	300
	- 400 kV Interconnector	**600**	600
12.	Transmission Lines (km)		
	- 400 kV (km)	**1,179**	1,179
	- 350 kV (km)	**953**	953
	- 330 kV (km)	**522**	522
	- 220 kV (km)	**3,207**	3,207
	- 132 kV (km)	**2,264**	2,264
	- 66 kV (km)	**3,575**	3,575
13.	Distribution Lines (km)		
	- 33 kV (km)	**12,036**	11,967
	- 22 kV (km)	**4,922**	4,922
	- 19 kV (SWER) (km)	**4,616**	4,592
	- 11kV (km)	**1,142**	1,135
14.	Employees	**1,165**	1,161

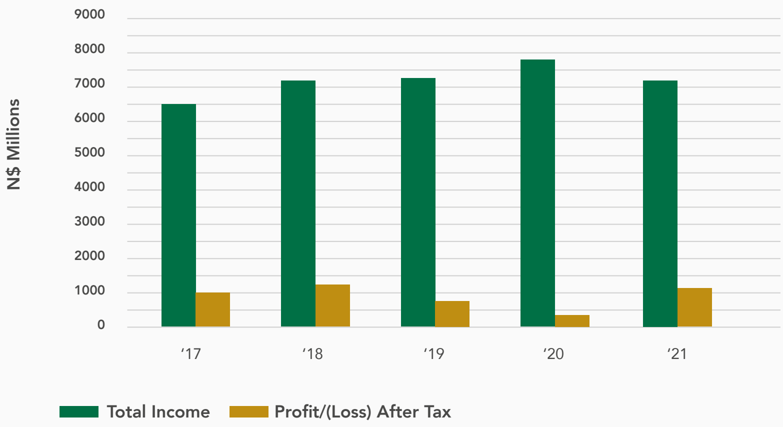
Electricity Sales and Finance Income



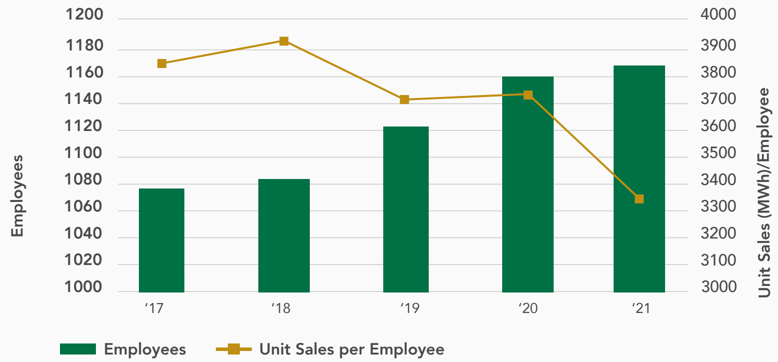
System Maximum Demand (excl. Skorpion) and Unit Sales



Total Income and Profit/(Loss) after Tax (N$ Million)



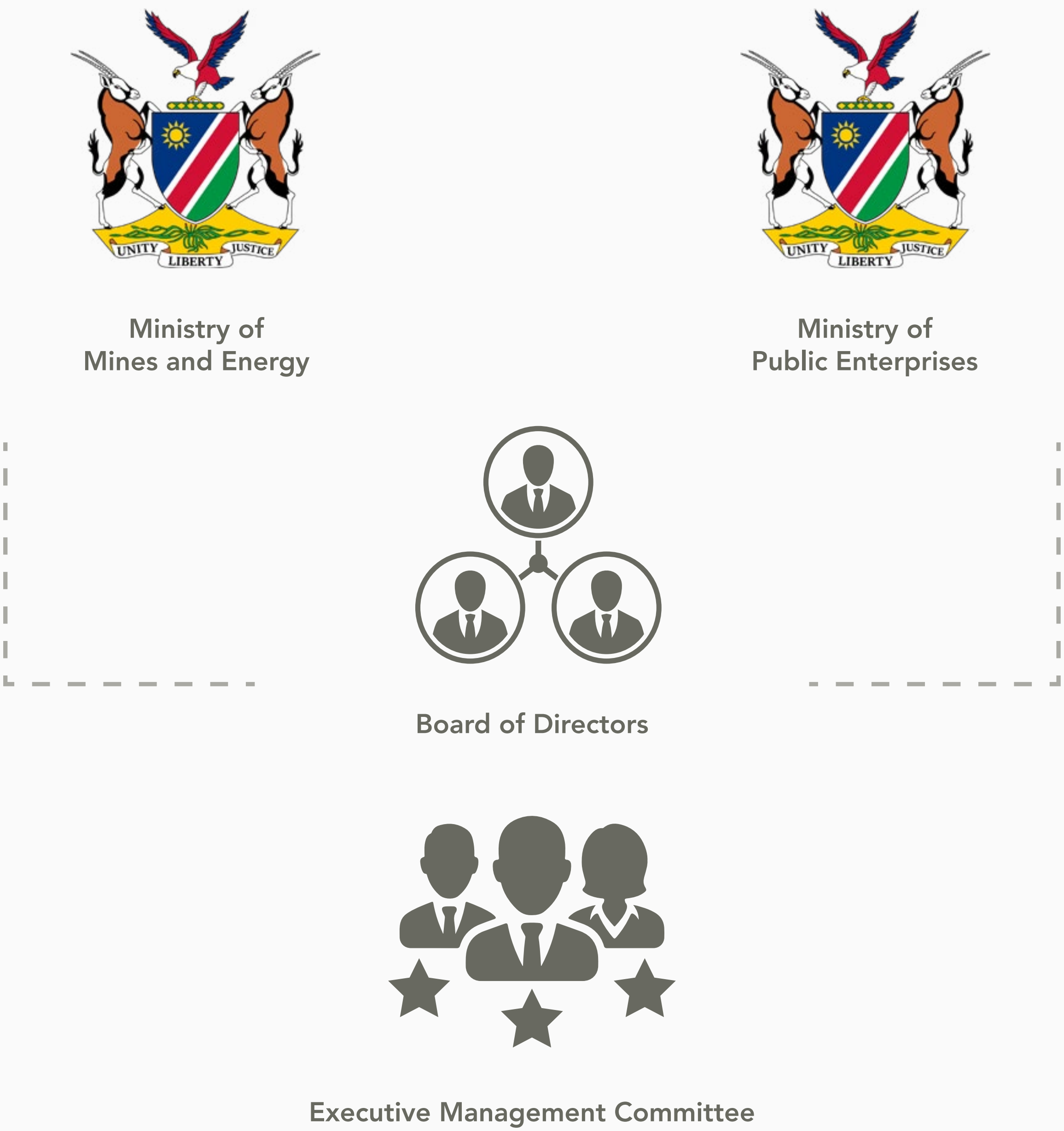
Employee Performance



HOW WE ARE MANAGED

NamPower reports to the Ministry of Public Enterprises, which represents the shareholder, and is regulated by the Electricity Control Board of Namibia. NamPower is overseen by a Board of Directors, which is appointed by the Ministry of Public Enterprises. The Board of Directors is responsible for ensuring that NamPower follows its strategic objectives and fulfils its mandate.

The reporting structures are shown below:



IMPACT OF COVID-19 ON ENSURING SECURITY OF SUPPLY

Overall growth in electricity demand was not realised during the year under review, which is attributable to the economic downturn coupled with the impact of the Covid-19 pandemic. This culminated in the annual increase of the energy consumption within the Namibian system by a mere 0.7%.

Operational practices at NamPower could not continue as normal since the introduction of the state-of-emergency in March 2020. NamPower was expected to adhere to the preventative measures put in place to curb possible Covid-19 infections. The Company developed a Procedure for Covid-19 Hazard Identification and Risk Assessment (HIIRA) and, thereafter, an additional Procedure (the NamPower Procedure for Preventative and Mitigation of Covid-19 at Work) to outline clear and actionable guidelines for safe operations. A Covid-19 Task Force Committee was set up and continues to liaise with Government and other agencies on best practices to manage the situation, with the commitment made to devote sufficient resources towards the fight of the pandemic.

The year under review proved to be challenging, as we collectively had to deal with a situation unlike anything we had ever experienced. Nonetheless, we have effectively managed the changed conditions of operation and, as we move forward, we will continue to respond to this crisis in a manner that is agile. Our actions, irrespective of the new normal, should ensure uninterrupted supply of electricity to all Namibians, at all times.

Through such resilience, we were able to ensure that system reliability remained stable during the Covid-19 pandemic. This was achieved by implementing a lock-down schedule to ensure that electricity continued to be continuously delivered despite the lockdown periods, while minimising the risks of Covid-19 exposure for the essential workers.

The overall performance availability of our transmission systems for the period under review was rated as "above target", attaining a rating of

99.84%

There was less than one interruption per customer (0.21) for the period under review

The average restoration time per interrupted Customer Average Interuption Duration Index (CAIDI) was above target as transmission customers that were affected by interruptions on average endured

2.96

minutes loss of power

This can be attributed to the concerted efforts of staff when attending to the restoration of power supply to affected customers.

NamPower shall remain steadfastly committed to maintaining this uninterrupted supply of a most critical resource, one which all Namibians depend upon.

OUR BUSINESS MODEL - HOW WE CREATE VALUE

NamPower acknowledges the responsibility of being a catalyst in the development of a vibrant economy, an empowered society, and a protected environment, as driven by Vision 2030, the Fifth National Development Plan (NDP5) and the Harambee Prosperity Plan (HPP2).

CAPITAL INPUTS (FY 2021)

Financial capital
Revenue used to provide electricity to all consumers in Namibia

- Funding sources
- The provision of electricity is funded primarily by electricity sales: N$6.6 billion in electricity sales
  (Units sold GWh 3,903)
- Additional revenue is generated from the returns on our investments in interest bearing instruments: N$600.6 million in investment income

Manufactured capital
The infrastructure used to provide electricity to all consumers in Namibia

- 11,700 km transmission lines
- 22,716 km distribution lines
- NamPower generation installed capacity (460 MW)
  (Units into system GWh 4,194)
- The GridOnline fibre service offering

Human capital
The productivity, skills and experience of our employees and key service providers

- Experienced board and leadership team
- 1,165 employees across Namibia

Social and relationship capital
The quality of the relationships with our stakeholders and the investment made in our corporate social responsibility programmes that enhance the quality of lives

- Quality relationships with stakeholders including Government and Regulator, Employees, Service Providers, the Public and the Media
- Corporate social investments made over the last year in: Education, Health and Social Welfare, Capacity and Skills Development, Community Development
- Rural electrification and Peri-urban development programmes

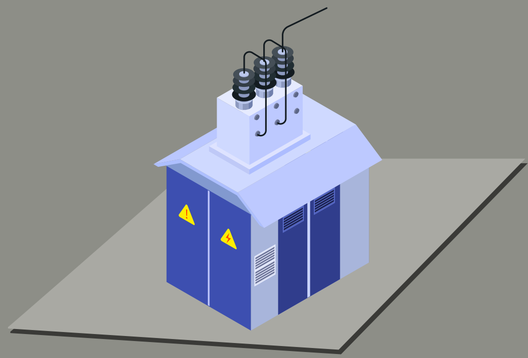
Intellectual capital
The intangible assets that sustain our ability to provide our products and services

- Governance framework
- Strategy
- Effective internal management systems
- Robust information systems (IS)
- Strong NamPower brand

Natural capital
The renewable and non-renewable natural resources we draw on in delivering our products and services

- 4,194 GWh electricity into system
- 20,223 cubic metres water utilised
- 31,722 tonnes coal consumed
- 276,598 fuel consumed (HFO and LFO)
- Renewable Energy Projects in development: Solar, Wind
- Fourteen (14) Power Purchase Agreements (PPAs) concluded with IPPs in renewable energy under Renewable Energy Feed-in Tariffs (REFIT) programme

1. GENERATION
Renewable Generation | Non-Renewable Generation



3. TRANSMISSION
High Voltage Transmission Lines NamPower Substations

2. ENERGY TRADING

4. DISTRIBUTION

REDs/Municipalities | Mines | NamWater

5. CUSTOMERS

Hospitals | Industries | Farms | Schools | Residential/Commercial

CAPITAL OUTCOMES (FY 2021)

Financial capital

Revenue used to provide electricity to all consumers in Namibia

- N$818.1 million adjusted EBITDA
- Current ratio of 4.79
- Total Asset base increased to N$45.3 billion
- Distribution lines expanded by 69 km
- N$328.0 million reinvested in capital projects
- N$2.7 billion committed to the generation and transmission projects in the following financial year

Manufactured capital

The infrastructure used to provide electricity to all consumers in Namibia

- Well maintained infrastructure
- No load-shedding or power outages
- Upgraded IT infrastructure
- The Grid Online generated N$6.7 million

Human capital

The productivity, skills and experience of our employees and key service providers

- N$996.6 million paid in salaries and benefits for services rendered
- Low employee turnover (less than 1%)
- N$6 million invested in training provided to employees

Social and relationship capital

The quality of the relationships with our stakeholders and the investment made in our corporate social responsibility programmes that enhance the quality of lives

- Areas supported through the NamPower Foundation are Education, Health and Social Welfare, Capacity and Skills Development, Community Development, and flagship projects: N$7.6 million
- N$1.4 million invested in developing national talent capacity through bursaries
- N$4.4 million invested in developing vocational training skills
- N$42.8 million invested in the rural electrification and peri-urban electrification programmes
- N$287.3 million paid in income taxes

Intellectual capital

The intangible assets that sustain our ability to provide our products and services

- Enhanced operational efficiencies and effectiveness through improved IS systems and processes, through the implementation of SAP HANA (high-performance analytic appliance)
- Good corporate governance practices, sound reputation as a credible and trustworthy utility

Natural capital

The renewable and non-renewable natural resources we draw on in delivering our products and services

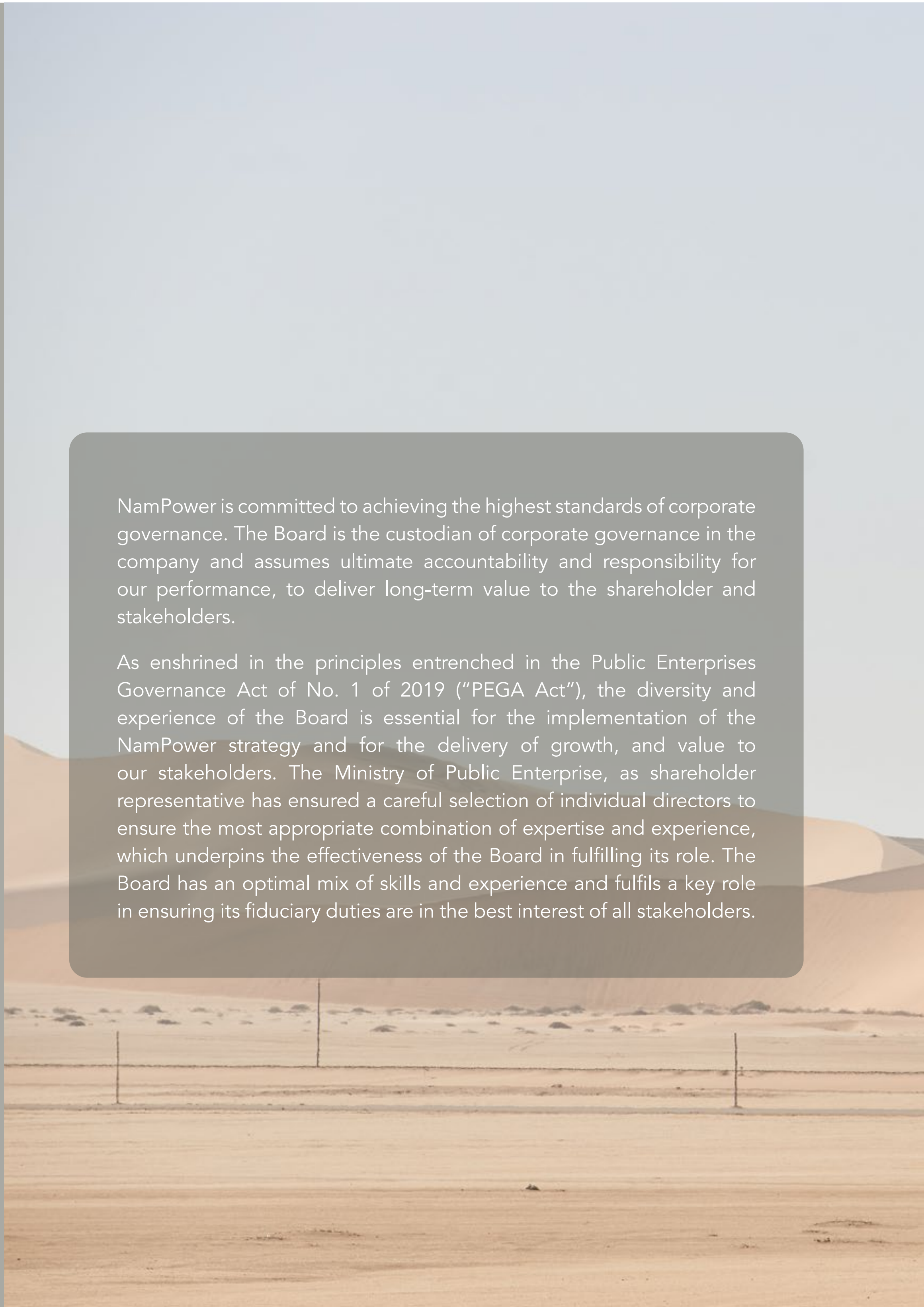
- 3903 GWh electricity sold
- 40 MW NamPower; 50 MW IPP Wind Power Projects; 20 MW Khan IPP PV Project; 20 MW Omburu Project (OPV) -all in development phase
- 13 REFIT IPPs were operational and generated 173 GWh (2019/2020:160 GWh)

Cost drivers

Our primary cost drivers are:

- Cost of electricity: direct costs of generation of own generation, cost of electricity purchases and imports
- Employment: employee salaries, benefits and bonuses
- Material costs: cost of materials used in repair and maintenance of infrastructure
- External services: costs of services of external contractors for maintenance, security, cleaning, consulting, business improvement project and other services
- Other fixed costs: post-retirement benefits costs, bursary expenses, accommodation, social responsibility, insurance and other costs

GOVERNANCE AND LEADERSHIP



NamPower is committed to achieving the highest standards of corporate governance. The Board is the custodian of corporate governance in the company and assumes ultimate accountability and responsibility for our performance, to deliver long-term value to the shareholder and stakeholders.

As enshrined in the principles entrenched in the Public Enterprises Governance Act of No. 1 of 2019 ("PEGA Act"), the diversity and experience of the Board is essential for the implementation of the NamPower strategy and for the delivery of growth, and value to our stakeholders. The Ministry of Public Enterprise, as shareholder representative has ensured a careful selection of individual directors to ensure the most appropriate combination of expertise and experience, which underpins the effectiveness of the Board in fulfilling its role. The Board has an optimal mix of skills and experience and fulfils a key role in ensuring its fiduciary duties are in the best interest of all stakeholders.

OUR LEADERSHIP Board of Directors

Tenure 01 October 2020 to 30 September 2023

Mr Daniel Motinga

(Chairperson, Non-Executive Director)

M.A. Economics, University of East Anglia, Norwich, United Kingdom

Date of appointment to the Board:

(Reappointed: 01 October 2020)

Tenure: 4 years

Committee assignment: Remuneration and Nomination Committee member; Procurement Committee member

Renowned economist and researcher, Mr Motinga forms an integral part of the NamPower Board. Publishing research in various fields as well as steering the direction of many organisations as a respected manager and trustee for over 20 years, his vast experience in economics, social policy and sector reform gives him unique insight into the important role NamPower has on the nation and its industries. He has served as a consulting economist for the banking industry and is currently a Senior Relationship Manager for RMB Namibia.

Ms Martha Mbombo

(Deputy Chairperson, Non-Executive Director)

Master of Business Leadership (MBL), UNISA, South Africa

Date of appointment to the Board:

01 October 2020

Tenure: 8 months

Committee assignment: Remuneration and Nomination Committee (Chairperson); Procurement Committee member

Ms Mbombo is a Human Resources Practitioner with a wealth of knowledge. She holds several degrees such as a Master in Business Leadership, a Bachelor of Business Administration and a Master of Health Personnel Education. Ms. Mbombo started out in Human Resources and Administration in various government ministries. Currently, she serves as a Deputy Executive Director in the Ministry of Gender Equality, Poverty Eradication and Social Welfare in the Office of the President.

Dr Detlof von Oertzen

(Non-Executive Director)

PhD – Physics (High Energy Nuclear Physics), University of Cape Town, South Africa. Advanced MBA, Finance University of Adelaide, Australia

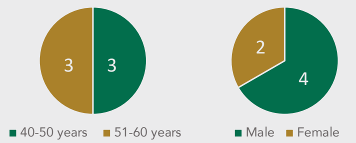
Date of appointment to the Board:

(Reappointed: 01 October 2020)

Tenure: 4 years

Committee assignment: Investment Committee (Chairperson); Remuneration and Nomination Committee member

An independent technical and management consultant in the energy and radiation sectors, Dr. von Oertzen has extensive experience in the electricity and finance sectors. His career, which spans over more than 25 years, has laid the foundation for his in-depth understanding and expertise in the fields of energy, the environment and radiation protection, thereby enabling collaboration with international, regional and local entities such as the World Bank, United Nations Development Programme, International Atomic Energy Agency, the Ministry of Mines and Energy, the Electricity Control Board and many other regional authorities and regulators.



Age and gender diversity

Mr Laurence C. Kavendjii

(Non-Executive Director)

LLB and B.Juris, UNAM, Namibia

Date of appointment to the Board:

01 October 2020

Tenure: 8 months

Committee assignment: Procurement Committee (Chairperson); Audit and Risk Management Committee member

Mr Kavendjii, a lawyer and admitted legal practitioner to the High Court of Namibia, holds two degrees from the University of Namibia. He started his career as a legal practitioner at Nate Ndauendapo Law Firm. Mr. Kavendjii was a full time lecturer at UNAM from 2001 until 2012. He co-founded Kangueehi and Kavendjii Incorporated in 2004 while he was still lecturing at UNAM. Mr. Kavendjii is a member of the Namibia Law Association as well as the Law Society of Namibia.

Ms Silke Hornung

(Non-Executive Director)

CA (Nam) and CA (SA), CIMA/CGMA, University of Pretoria, South Africa

Date of appointment to the Board:

01 October 2020

Tenure: 8 months

Committee assignment: Audit and Risk Management Committee (Chairperson); Investment Committee member

Ms Hornung is a registered Chartered Accountant with vast experience in the accounting and financial fields. She started her career with Deloitte whilst lecturing part time at the then Polytechnic of Namibia and Damelin College in Walvisbay. She also spent some time overseas for Deloitte. After returning to Namibia, Ms. Hornung joined Bidvest Namibia where she held diverse roles in the finance business unit for several years. She joined Pointbreak Wealth Management as Senior Wealth Manager before setting up her own consulting firm.

Mr Evat Kandongo

(Non-Executive Director)

B.Sc Civil Engineering (Pr. Eng), Tampere University of Technology, Finland

Date of appointment to the Board:

01 October 2020

Tenure: 8 months

Committee assignment: Audit and Risk Management Committee member; Investment Committee member

Mr Kandongo is a registered Professional Civil Engineer who started his career in the private sector before joining the City of Windhoek and later moving on to other entities. He became an Associate Director of Stewart Scott Namibia in 2001. Mr. Kandongo is currently the CEO and majority shareholder of Consulting Services Africa. He is involved in a number of energy-related projects with a special focus on renewable energy. He is a trustee on the University of Namibia's Engineering Fund.

Mr Kahenge S. Haulofu

Managing Director, Executive Director

Mr Kahenge Simson Haulofu holds a B.S.c Degree (Honours) in Civil Engineering from the Tampere University of Technology, Finland and is a graduate of the Advanced Management Programme of Harvard Business School in Boston, USA. He is registered as a professional engineer with the Engineering Council of Namibia. He joined NamPower in 1998 as Manager: Construction of Projects and Civil Assets, before he was appointed as General Manager: Engineering Services Department, and subsequently General Manager: Power Generation Department. He has extensive experience in generation and transmission as he has overseen the implementation of various milestone transmission and generation projects locally and regionally.

Mr Fritz C Jacobs

Chief Operating Officer

Mr Fritz Jacobs holds a B.Sc Eng (Elec) and M.Sc Eng (Elec) from the University of Cape Town, South Africa. He is a Pr Eng (professional engineer) and FCIS (Chartered Business Administrator). He has many years of corporate and private sector experience, ranging from consulting engineering, strategy, project and contract management, governance and business executive leadership in the electricity, telecommunications (ICT), mining, and construction environments.

Mr Gerson G. Rukata

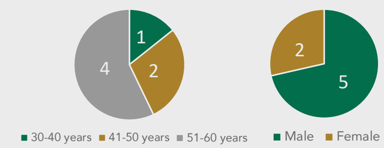
Executive: Generation

Mr Gerson Rukata is a Mechanical Engineer and holds a B.Eng Degree (Honors) in Agricultural (Mechanical) Engineering from Cranfield University, England. He has 24 years of experience at NamPower, of which the first two were spent on the RSA 400kV Transmission Interconnector Project, the following six on the maintenance of transmission and distribution infrastructure, and the last 16 years were dedicated to the development of electricity power generation projects, where he gained tremendous knowledge and experience.

Ms Selma Ambunda

Executive: Human Capital

Ms Selma Ambunda holds two Masters Degrees, in Business Administration from the Australia Institute of Business, and in Human Resource Development from the University of South Africa, respectively. She is also a graduate of the Management Development Programme of the University of Stellenbosch and is a member of the South Africa Board for People Practice. Ambunda is an experienced human resources executive of over 15 years.



Age and gender diversity

Mr Braam Vermeulen

Executive: Transmission

Mr Braam Vermeulen is a Professional Electrical engineer, registered with the Engineering Council of Namibia. He holds a B.Eng Degree in Electrical Engineering from the University of Stellenbosch, South Africa. During his 34 years as a self-driven professional engineer, Braam has gained extensive knowledge and experience in the Electrical Supply Industry (ESI) and other engineering disciplines. He currently leads all Transmission grid activities which include System planning, System security, System operation/ maintenance and Transmission grid master planning and implementation.

Ms Kandali Iyambo

Executive: Modified Single Buyer (MSB)

Ms. Kandali Iyambo is a seasoned professional, with a robust understanding of the regional and local electricity supply industry. Her professional track record bears witness to her focus on energy trading, strong Power Purchase Agreements (PPAs) negotiation skills, financial modelling, electricity system/market operation, corporate governances, transparency and value-based organisation. An accomplished Masters in Electrical Engineering (M-Tech), MBA and B-Juris graduate from Cape Peninsula, University of Stellenbosch and University of Namibia, respectively, with over 15 years of experience in the electricity industry. She holds directorships on several companies where she devotes her exceptional strategic skills and her ability to provide oversight in large and small business organisations.

Mr Michael Gotore

Chief Financial Officer

Mr Michael Gotore is a Chartered Accountant. He holds an Honours Degree in Accounting, a Post Graduate Diploma in Applied Accountancy from the University of Zimbabwe and a Master of Science Degree in Leadership and Change Management from Leeds Metropolitan University. Michael has over 20 years' experience in audit, investment banking, asset management and financial management.

CORPORATE GOVERNANCE FOR SUSTAINED VALUE CREATION

The governance foundation of NamPower is based on a combination of voluntary and compulsory guidelines founded on the principles and practices of the King Code of Corporate Governance for South Africa 2009 (King IV), the Namibian Code on Corporate Governance, the Public Enterprises Governance Act (Act.No.1 of 2019) (PEGA Act), the NamPower Memorandum of Association and the Companies Act, (Act 28 of 2004).

The Board ensures that NamPower is governed effectively in accordance with good governance principles, as entrenched in the PEGA Act, the Companies Act, appropriate and relevant non-binding industry codes, as well as NamPower's internal control systems. The Board is satisfied that it fulfilled its fiduciary duties and obligations during the past financial year. The Board has therefore applied solid governance, instilling confidence in our organisation.

Sound corporate governance principles and practices are essential to the Board. It is the cornerstone on which we do business and is the foundation on which our Integrated Strategy and Business Plan is based on. The Board acknowledges that strong and robust frameworks are required to successfully implement NamPower's strategy.

Governance, leadership and ethics

Under the strategic pillar "Driving organisation and operational excellence", a strategic goal was set to build an ethical, engaging and high-performance culture through aligning strategy implementation with change in behaviour, to transform the NamPower corporate culture.

The Board acknowledges that NamPower exists only with the permission of its stakeholders and that its values form a solid foundation on which the entire organisation conducts itself. The Board and management sets the tone and provides clear direction for ethical conduct in the organisation. As a values-based organisation, the Board is committed to the highest standards of integrity and ethics in all its activities. Various Codes of Good Governance, including the NamCode, clearly define the role of the Board, with emphasis on providing effective leadership, established on an ethical foundation.

As a values-based organisation, the Board is committed to the highest standards of integrity and ethics in all our activities.

To reinforce an ethical culture within the organisation, a review of the Code of Conduct and Ethics policy was conducted and subsequently approved in June 2021. The revised Code of Conduct and Ethics will be popularised to the staff early 2022.

In ensuring and upholding the NamPower values and ethical behaviour, frequent training and awareness programmes will be conducted with additional initiatives being planned in the coming year. These include:

- The Board, through the Audit and Risk Committee, has mandated the Internal Audit section to commence with a procurement process seeking the services of an external service provider to host a whistleblowing (fraud) hotline on behalf of NamPower. This procurement process is set to be finalised in the next financial year.
- Review of conflict of interest, with an update of Declaration of Interest forms. The revised Code of Conduct and Ethics policy requires that all employees complete Declaration of Interest forms before any outside business can be conducted.

Governance of compliance

NamPower operates in a regulated environment. NamPower, as a corporate entity operating in the Electricity Supply Industry, is subject to numerous laws and regulations which govern its operations. The continuous evolution of the regulatory landscape, particularly in the Electricity Supply Industry through the introduction of the Modified Single Buyer Market Model, may prove challenging to NamPower in striving to comply with the myriad of laws, regulations, codes and internal policies and procedures which govern our business.

For this reason, it was important for NamPower to establish a Compliance Risk Management Framework that was approved by the Board during the period under review. Through the establishment of the Framework, NamPower has updated its charters and has ensured regular reporting at Board level on potential and/or compliance breaches.

There were no new material compliance breaches noted during the year under review, thus reiterating our resolve to monitor, track and audit compliance.

Compliance

The Board recognises that compliance with legislation is an essential component of good governance. In this regard, the directors are satisfied with actions that management has taken to ensure compliance with all relevant legislation.

The Group continues to apply and comply with the provisions of the Companies Act of Namibia and its internal governance procedures in directing and managing the business. The matters dealt with through the Company's internal governance procedures and subject to the Board's approval include development and implementation of the ISBP and determination and approval of the remuneration of the Board and senior management and management of the Company's investment portfolio. The Minister of Public Enterprises has not as yet declared any of the NamPower subsidiaries and associates, more specifically Regional Electricity Distributors, as public enterprises in terms of the Public Enterprises Governance Act 1 of 2019. Thus, the Public Enterprises Governance Act 1 of 2019 does not apply to the subsidiaries and associates, but only to the Company.

Role and responsibility of the Board

The Board is responsible for the strategic direction and exercising overriding control over the Group and Company. The Board guides management on formulating the corporate strategy, setting targets, and developing plans, while being mindful of the impact of the business on its stakeholders, its financial performance, and the environment. The Board also sets the tone for ethical and effective leadership.

The Board is committed to ensuring, collectively and individually, that sound governance principles are fully integrated into all aspects of the business. The Board discharges its responsibilities and control of NamPower as per the principles as enshrined in the PEGA Act, the NamPower Board Charter, and the Memorandum of Association. The Board Charter serves as a guide to the Board and outlines the process for policies and practices regarding Board matters, such as the declaration of conflicts of interest and those matters delegated to management. The Board uses its meetings to discharge its fiduciary, governance and regulatory obligations.

The Board deals with several matters exclusively. These entail, amongst others the approval of NamPower's Annual Financial Statements; the overall business strategy and related budget and cash flow forecasts; the annual capital expenditure budget; significant changes to management and control structures; material investments or disposals; and the Group's overall risk management strategy.

The Board always ensures that its work plan and those of its committees are aligned with the responsibilities as set out in the Board Charter.

Directorate

Mr Daniel Motinga	Chairperson	Reappointed 1 October 2020
Mr Kahenge S Haulofu	Managing Director	Appointed 1 July 2016
Ms Martha Mbombo	Deputy Chairperson	Appointed 1 October 2020
Dr Detlof von Oertzen		Re-appointed 1 October 2020
Mr Laurence Kavendjii		Appointed 1 October 2020
Ms Silke Hornung		Appointed 1 October 2020
Mr Evat Kandongo		Appointed 1 October 2020
Ms Kaunapaua Ndilula	Chairperson	Term ended 31 March 2020 (Daniel Motinga appointed as Chairperson 23 April 2020)
Mr Daniel Motinga	Deputy Chairperson	Term ended 30 September 2020
Ms Sara Katiti		Term ended 30 September 2020
Mr Andreas Kanime		Term ended 30 September 2020
Ms Anna Matebele		Term ended 30 September 2020
Dr Detlof von Oertzen		Term ended 30 September 2020

Board Committees

Conforming with Corporate Governance principles, NamPower has the following Board Committees:

Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to assist the NamPower Board of Directors in discharging its duties relating to corporate accountability, the management and internal control of risks, assurance regarding the company's risk management plan and annual disclosure.

The Audit and Risk Management Committee assists the Board in reviewing the financial reporting process, the system of internal control and management of financial risks, the audit process and the company's process of monitoring compliance with laws and regulations and its own code of business conduct. The Committee has a relationship with internal and external auditors. The Committee meets at least four (4) times per year.

Other than the Committee members, the other members of the board and certain other group executives are normally invited to attend meetings of the Committee. The external auditors attend meetings and have direct and unrestricted access to the Committee at all times.

The objectives and functions of the Committee is detailed in its Charter/ Terms of Reference. The independence of the Audit and Risk Management Committee is paramount and is thus comprised of three independent directors. The Board assures stakeholders that the Committee's collective skills are appropriate to make a valuable contribution to the Audit and Risk Management Committee and oversee integrated reporting taking into consideration the industry and the Group's size. Ms Silke Hornung is the Chairperson of the Committee since her appointment to the NamPower Board on 1 October 2020. The Committee is satisfied with the appropriateness of the expertise and experience of the of Chief Financial Officer and the whole finance functions, and that the external auditors are independent in the discharge of their duties.

The members of the Audit and Risk Management Committee for the year under review were:

Ms Silke Hornung	Chairperson	Appointed 1 October 2020
Mr Laurence Kavendjii		Appointed 1 October 2020
Mr Evat Kandongo		Appointed 1 October 2020
Ms Anna Matebele	Chairperson	Term ended 30 September 2020
Ms Sara Katiti		Term ended 30 September 2020
Mr Daniel Motinga		Term ended 30 September 2020

Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee for the year under review were:

Ms Martha Mbombo	Chairperson	Appointed 1 October 2020
Mr Daniel Motinga		Appointed 1 October 2020
Dr Detlof von Oertzen		Appointed 1 October 2020
Mr Andreas Kanime	Chairperson	Term ended 30 September 2020
Mr Daniel Motinga		Term ended 30 September 2020
Ms Anna Matebele		Term ended 30 September 2020

Mandate

- Make recommendations to the board on the optimal structure, appointment of staff and recruitment processes
- Oversee the development and implementation of the human resource development plan
- Consider, from the Managing Director's perspective, executive appointments and make recommendations to the Board
- Ensure the development and upgrading, as necessary, of an effective performance management system and monitor its implementation

- Review conditions of service and provide a channel of communication between the Board and management on remuneration matters
- Oversee and manage the performance of the Board and its Committees

Board Procurement Committee

The members of the Board Tender Committee for the year under review were:

Mr Laurence Kavendjii	Chairperson	Appointed 1 October 2020
Ms Martha Mbombo		Appointed 1 October 2020
Mr Daniel Motinga		Appointed 1 October 2020
Ms Sara Katiti Chairperson		Term ended 30 September 2020
Ms Kaunapaua Ndilula		Term ended 31 March 2020
Dr Detlof von Oertzen		Term ended 30 September 2020

Mandate

- Consider and recommend the approval of the Annual Procurement Plan to the Board
- Ensure that the Annual Procurement Plan is in accordance with the NamPower budget
- Consider a quarterly report of all procurement activities conducted each quarter
- Monitor NamPower's compliance to the NamPower preferential procurement requirements (NamPower Equitable Economic Empowerment Policy) as well as the Codes of Good Practice as issued under the Public Procurement Act of 2015
- Receive and consider strategic Generation and Transmission project reports to ensure compliance to the project timelines as set out in the NamPower Integrated Strategic Business Plan and the NamPower Annual Business and Financial Plan.

Investment Committee

The members of the Investment Committee for the year under review were:

Dr Detlof von Oertzen	Chairperson	Re-appointed 1 October 2020
Mr Evat Kandongo		Appointed 1 October 2020
Ms Silke Hornung		Appointed 1 October 2020
Dr Detlof von Oertzen Chairperson		Term ended 30 September 2020
Ms Kaunapaua Ndilula		Term ended 31 March 2020

Mandate

- Set and review NamPower's investment policies and strategies
- Establish and maintain investment and borrowing strategies
- Set criteria and targets for investment portfolio returns and evaluate performance against NamPower performance benchmarks
- Evaluate and recommend to the Board approval of new loans required for the overall corporate funding requirements
- Review and recommend to the Board for approval of banking facilities

Board Committee meetings

Board of Directors	Board	Audit and Risk Management Committee	Remuneration and Nomination Committee	Board Tender Committee	Investment Committee
Meetings held:	5	5	4	4	4
Attendance:					
Mr Daniel Motinga (re-appointed 01 October 2020)	4	N/A	4	3	N/A
Ms Sara Katiti (retired 30 September 2020)	1	1	N/A	1	
Dr Detlof von Oertzen (re-appointed 01 October 2020)	5	N/A	3	1	4
Mr Andreas Kanime (retired 30 September 2020)	1	N/A	1	N/A	1
Ms Anna Matebele (retired 30 September 2020)	1	1	1	N/A	N/A
Ms Martha Mbombo (appointed 01 October 2020)	4	N/A	3	3	N/A
Ms Silke Hornung (appointed 01 October 2020)	4	4	N/A	N/A	3
Mr Evat Kandongo (appointed 01 October 2020)	4	4	N/A	N/A	3
Mr Clive Kavendjii (appointed 01 October 2020)	4	4	N/A	3	N/A

* N/A: Not a member of the applicable committee

Governance activities for the year

Optimally expand generation and transmission capacity

- Through the granting of an exemption from the Minister of Finance, which enabled NamPower to conduct procurement on its own behalf irrespective of the value, NamPower has made progress in the issuing of bids in the market

Strategy and performance

- Approved the NamPower Integrated Strategic Business Plan (ISBP) in conformance with Ministry of Public Enterprises (MPE) requirements
- Received approval of the NamPower ISBP as well as Annual Business and Financial Plan from MPE

Building an ethical engaging and high-performance culture

- Updating and approving the Code of Conduct and Ethics policy
- Considered declarations of interest at every meeting
- Approved the Board Assessment Policy
- Approved the Politically Exposed Persons Policy

Succession planning and leadership

- Approved the Employee Retention Policy
- Appointed black females as Executives' Human Capital and Modified Single Buyer
- Emotional Intelligence Training conducted for Executive and Senior Management

Risk and compliance

- Approved the Enterprises Risk Management Policy
- Approved the Business Continuity Management Policy
- Approved the Compliance Risk Management Framework
- Approved the iServ Backup and Recovery Policy
- Reviewed Risk Appetite and Risk Tolerance levels

Our value creation model

NamPower is an essential part of the energy value chain, energising and enhancing the value of the national grid that it manages, and provides electricity to all sectors of the Namibian economy and its people.

NamPower is an integrator in terms of interconnection with other power utilities in the Southern African Development Community (SADC) region. It is an optimiser in terms of extending the deployment of technologies and equipment into the distribution network. In so doing, NamPower is an enabler of human, intellectual, and social and relationship capital, run on the principles of good governance and ethical values.

Social and relationship capital is enhanced through the company's corporate social investment programmes, with substantial investments made in this regard over the years.

Being keenly aware of the national resources placed in its trust to create lasting returns and developmental impact for the nation, NamPower implements and manages all projects in a socio-economically and environmentally sustainable manner.

The economic returns include generation and transmission infrastructure of a high quality, which provides all sectors of the economy and its citizens with reliable, safe and secure sources of energy.

NAMPOWER'S FOUR STRATEGIC PILLARS

Strategy

Our strategy centres on our four strategic pillars, driven and guided by specific strategic goals that guide the decision-making and execution of our strategy and our endeavours to create value in the short, medium, and long term.

NamPower Strategy Map 2020 - 2025

Vision

"To be the leading electricity solutions provider of choice in SADC."

Mission

"To provide innovative electricity solutions, in an evolving market, which satisfy the needs of our customers, fulfil the aspirations of our staff, and the expectations of our stakeholders in a competitive, sustainable and environmentally friendly manner."

Strategic Pillars and Objectives

Unlocking the value of electricity sector collaboration	Ensuring security of supply	Optimising financial sustainability	Driving organisational and operational excellence
Support the development of the electricity industry and the economy	Optimally expand generation capacity	Increase sales/revenue (growth)	Develop additional capabilities to meet the competitive market requirements
Develop new products and services (Solutions)	Optimally expand transmission capacity	Ensure sound liquidity	Achieve and retain top employer status
Support the acceleration of electrification	Leverage regional trading opportunities	Grow shareholder value	Build an ethical, engaging and high-performing culture
	Ensure least-cost electricity supply mix	Maintain profitability	

Values

Customer focus; Integrity; Teamwork; Accountability; Empowerment; Safety, Health, Environment

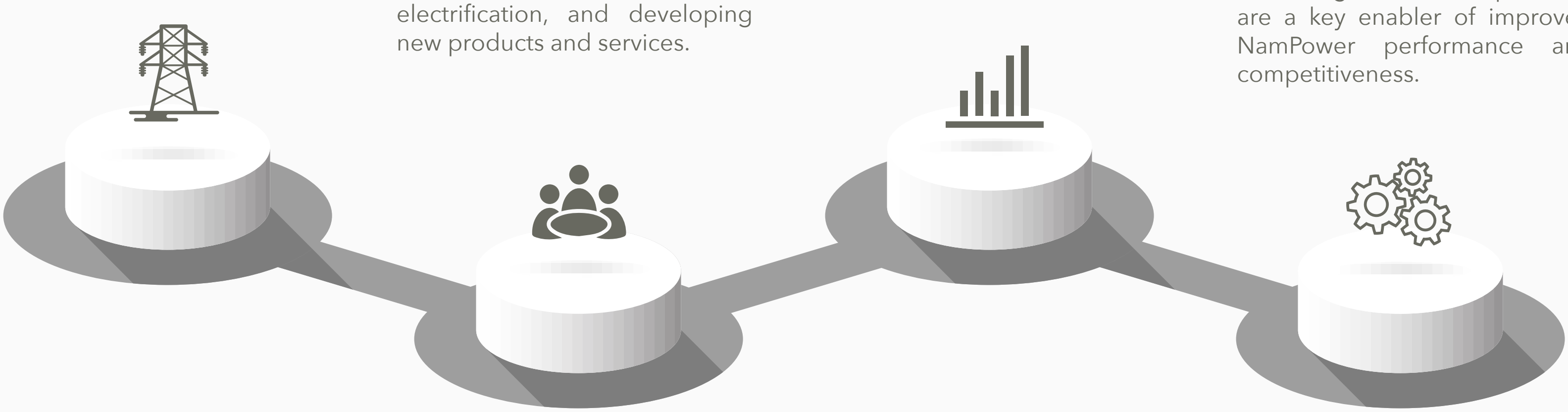
Strategic Goals that will Drive and Guide the Four Strategic Pillars:

NamPower will **"Ensure security of supply"** by providing a least-cost electricity supply mix, optimally expanding the transmission network, optimally expanding generation, and by leveraging regional trading opportunities.

NamPower will **"Unlock the value of electricity sector collaboration"** by supporting the development of the electricity industry and economy, supporting the acceleration of electrification, and developing new products and services.

NamPower will **"Optimise financial sustainability"** by increasing revenue, ensuring sound liquidity, growing shareholder value, optimising operational cost and efficiencies, and maintaining profitability.

Lastly, NamPower will **"Drive organisational and operational excellence"** by building an ethical, engaging, and high-performance culture, achieving and retaining top employer status, and by developing additional capabilities to meet new market requirements. New digital technologies and capabilities are a key enabler of improved NamPower performance and competitiveness.



Our Performance for 2020/2021

NamPower is guided by its purpose of "Powering the Nation and beyond" and has succeeded in accomplishing this for 25 years, powering the economy and lives of our people in Namibia and continuing to act as an active participant in realising the goals as set out in the National Development Plan 5 (NDP5) and the Harambee Prosperity Plan II (HPP 2).

NamPower's strategy for powering the economy and lives of our people enables ownership of the strategic objectives and alignment of specific strategic targets across the company.

Our strategic planning sessions enable us to reflect on our ability to deliver on our mandate, mission, and core values, and the phased approach in which to achieve them.

Following recommendation by the Board and approval by our line Minister, the ISBP 2020 – 2025 was rolled out at business unit and corporate levels, respectively. The Performance Review process is aimed at assessing and rating performance levels against set targets, identifying any challenges that may hinder the successful implementation of our strategies, and developing corrective measures to improve performance.

The Table below highlights NamPower's Corporate Performance for the 2020/2021 financial year:

Our strategic pillars	Our strategic goals	Key performance indicator	Target for the year (2021)	Performance for the year (2021)
SP.1: Ensuring Security of Supply	Expand transmission and generation capacity	% Completion of Capital Projects as per project milestones	70%	72%
		% Completion of operational projects as per project milestones	70%	71%
		Number of new services and products provided through partnerships	2	3
	Deliver a least-cost electricity supply mix	Average cost of the energy mix supply (cents per kWh)	132c/kwh	117.20c/kWh
SP.2: Unlocking the value of electricity sector collaboration	Support the development of the electricity industry and the economy	% Overall stakeholder satisfaction rating	75%	83%
	Develop new products and services	% Customer satisfaction	75%	87%
	Support the acceleration of electrification	% Completion of rural electrification projects as per project milestones	70%	72%
SP.3: Optimising financial sustainability	Support the development of a financially sustainable electricity market	Debtors Days	75	90 days
		DSCR Ratio	2 times	6.13 times
		EBITDA (% turnover)	6%	13%
SP.4: Driving organisational and operational excellence	Develop additional capabilities to meet the new market requirements	% Staff who have completed capacity-building interventions	40%	47%
		% Approved Strategic and Critical Positions with ready now Back-Ups	60%	60%
	Achieve and retain top employer status	Employer Status Rating	72%	70%
	Build an ethical, engaging, and high-performing culture	Internal and external audit finding status	Significant assurance	Limited assurance

Legend:

Exceptional **Above target** **On target** **Below target**

NamPower will continuously strive to deliver sustainable security of supply and a least-cost tariff path that will support economic growth and maintain the business' financial sustainability. In doing so, it will always consider the impact thereof on the environment, society, and the economy as a whole, with the focus of the ISBP being to create value over the short, medium, and long- term.

CHAIRPERSON'S STATEMENT

"On behalf of the Board of Directors of NamPower, I am pleased to present the company's first Integrated Annual Report for the 2020/21 financial year."

Daniel Motinga

On behalf of the Board of Directors of NamPower, I am pleased to present the company's first Integrated Annual Report for the 2020/21 financial year.

Sir Partha Dasgupta wrote in the preface to his seminal book, titled "An Inquiry Into Well-Being and Destitution", that "evaluating a subject (my emphasis) by its weaknesses is not very useful and that it is far more fruitful to judge it by its successes". This is valuable insight, especially within the context of a reporting cycle characterised by low, or rather lack, of real growth, limited rainfall in the critical catchment area which impacted local generation capacity, increasing debtors' days over the last few years, and Covid-induced staff attrition. It is my considered opinion that an Integrated Annual Report should provide a view of not only the highlights and opportunities but also reflect on the challenges that may have a material impact on NamPower's value creation story and future sustainability. This provides crucial insight into how we as the custodians of good governance principles and practices are guiding and steering NamPower through the external and unpredictable economic environment both globally and on the domestic front.

The systemic impact of Covid-19 has been lingering for two reporting cycles, starting in early 2020, and its economic consequences will certainly impact future reporting cycles. The inability of our clients to effect timeous payments in our favour has been a crucial indicator, which, in turn, affected our ability to collect effectively, a situation that has affected our cash flow. The company continues to pursue various options to ensure that the customers debt does not grow beyond the current levels.

As part of its efforts to reposition itself and adapt to prevailing market forces, NamPower has re-aligned its Corporate Strategy and Business Plan 2019-2023 by creating a new five-year Integrated Strategic Business Plan (ISBP) for the period 2020 – 2025, as per the requirements of the Public Enterprises Governance Act 1 of 2019 ("PEGA Act"). The Plan outlines the Company's strategic focus and the prioritisation of resources over the next five years to meet the corporate objectives as per the Plan. The Strategic Plan has been responsive to changes in the external environment.

Covid-19 and the associated lockdowns have impacted our progress in executing our 150 MW capital projects namely the Omburu 20 MW Solar PV Project; 40 MW NamPower Wind Power Project; 40 MW NamPower Biomass Power Project; and 50 MW NamPower Anixas II, Firm Power Project. Good progress, however, is being made with the construction of the Omburu 20 MW Solar PV, which is scheduled for completion by March 2022. The remaining project implementation cycles are lagging and will be accelerated as the economy recovers.

For the current reporting cycle, we have spent in excess of N$600 million on various phases of these capital projects.

Due to relatively low rainfall in southern Angola, the Ruacana Power Station was not able to operate at optimal capacity during this reporting cycle and generated a mere 968 GWh of energy, compared to 1,505 GWh during the 2019/20 financial year. The station is the most significant contributor of in-country generation and there is a negative correlation between the level of our cost of sales and local generation since Ruacana Power Station produces electricity at comparatively low cents per kilowatt hour due to its legacy status. Part of the 150 MW power generation investment plan is to de-risk the significant dependency on imports and, at the same time, partially augment the relative importance of the power station.

Financial performance has come under pressure for this reporting cycle, with turnover dropping by nearly 5%. This was mainly due to a decrease in unit sales volumes of 10.3% from 4,352 GWh to 3,903 GWh (2019/2020: 4.6% increase). Another factor which impacted on the financial performance of the company during the period under review, is the fact that no tariff increase was awarded. Employee costs remain under strict control and have remained below N$1 billion. Operational profitability has seen significant improvement compared to the previous year when NamPower recorded an operating loss before a net finance income of N$278 million. During the current reporting cycle, profits from core operations increased to N$1.10 billion. However, the adjusted EBITDA metric continues to produce a positive EBITDA of N$818 million for the 2020/21 financial year, compared to N$1.34 billion for the previous year.

In terms of the distribution of value created, 42% was funnelled to employees, 10% to taxation, and 3.5% to our providers of debt. We have retained 44% of the value internally to help fund our project investment pipeline in the areas of both generation and transmission.

Sustainability

The value that we create needs to be safeguarded for future generations and therefore, going forward, the ESG (Environment, Society, and Governance) focus areas, which holds significant challenges and opportunities for our future electricity generation and transmission mix, will continue to permeate our decision making. Environmental and ecological footprints are increasingly important yardsticks by which companies are obligated to justify their right to operate and exist within the spaces they occupy, and we still have some work to do to address some of these challenges. Namibia enjoys some of the best environmental legislation worldwide, though that's only one fragment of the greater issue. We need to answer to society in relation to our right to exist, and that's a challenge we shall embrace.

Future Outlook

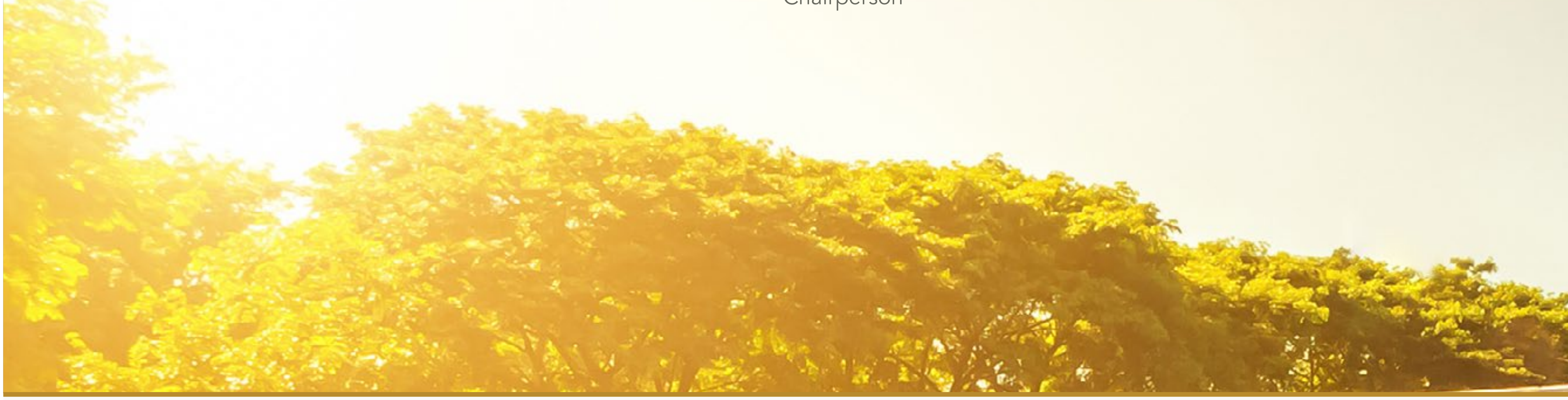
This is a momentous period to provide stewardship of this great and evolving company, which remains committed to all of its stakeholders. I have served the Board for some years now and continue to enjoy doing so. I believe the Board has sufficient depth of expertise, covering a broad and diverse spectrum of relevant themes, and that it is an effective custodian of NamPower's long term value creation initiatives.

Appreciation

I wish to thank my fellow board members for their well-considered and robust counsel and guidance during the financial year. The Managing Director and his Executive Committee have navigated challenging terrain, with the guidance of the Board, through a collaborative leadership approach. I remain deeply grateful to all employees of NamPower who continue to avail their discretionary energy in the furtherance of the company's medium to long term strategic objectives. NamPower is moving in the right direction. Sadly, we have lost a few critical role players, such as the Chief Executive Officer of the Electricity Control Board (our regulator), as well as a few of our valued employees, during this reporting cycle. May their souls rest in peaceful eternity. We shall forever treasure what they have meant and accomplished for NamPower and the electricity supply industry in the country.

On behalf of NamPower I wish to extend our thanks to our clients, the shareholder, and other stakeholders for their continued and unwavering support.

Daniel Motinga
Chairperson



OUR OPERATING CONTEXT AND STRATEGY

MANAGING DIRECTOR'S REPORT

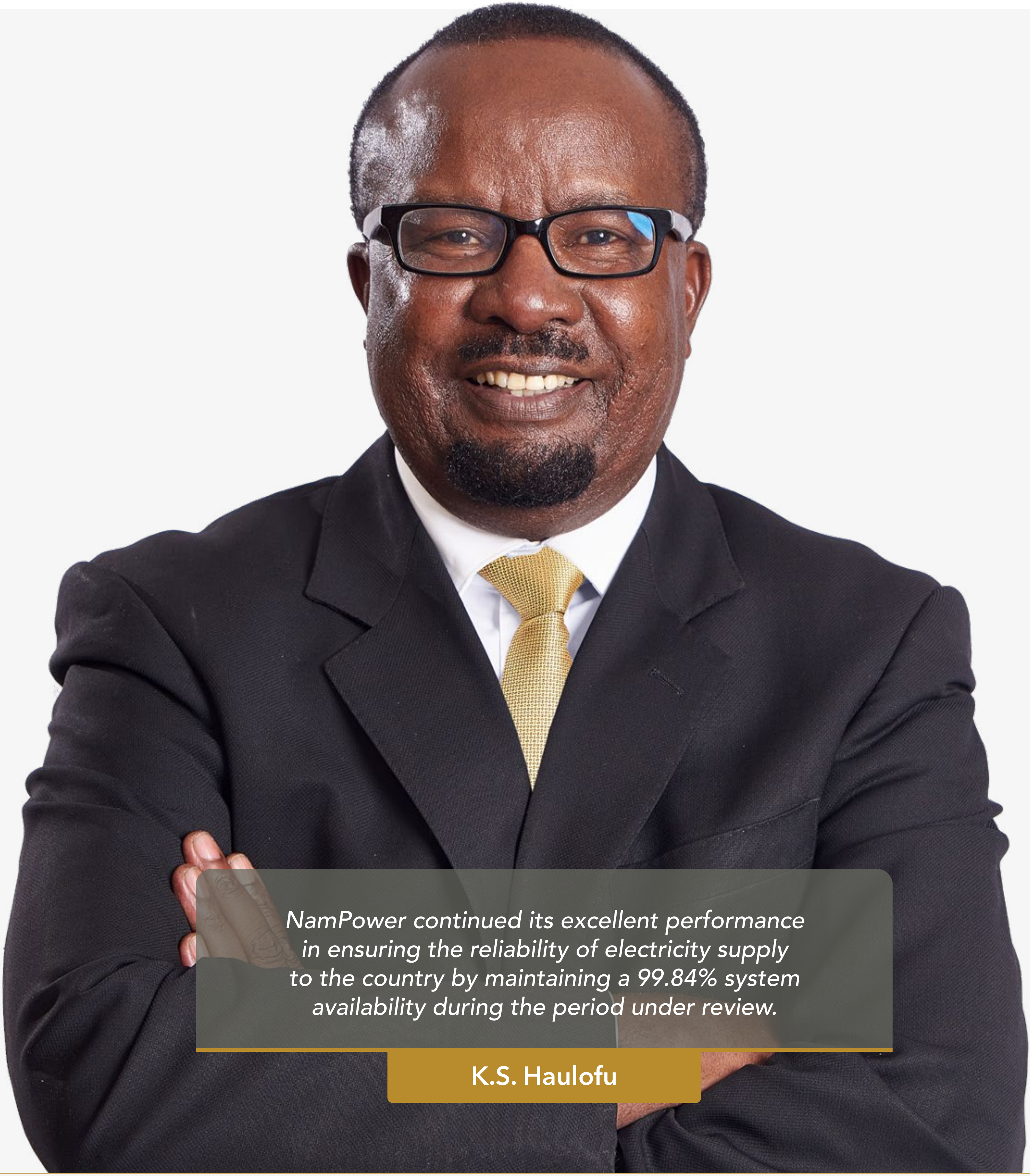
NamPower is an integrator in terms of interconnection with other power utilities in the Southern African Development Community (SADC) region. It is an optimiser in terms of extending the deployment of technologies and equipment into the distribution network. In so doing, NamPower is an enabler of human, intellectual, and social and relationship capital, run on the principles of good governance and ethical values. It is an essential part of the energy value chain, energising and enhancing the value of the national grid that it manages, and provides electricity to all sectors of the Namibian economy and its people.

Introduction

Celebrating our 25th anniversary on 1 July 2021 reminded me of a few words that profoundly impacted my first and lasting impression of NamPower, mentioned by a colleague on the first day of my joining the organisation: "Welcome to our Company". A key enabler to NamPower's solid reputation and consistent high performance over the past 25 years has been its people – the men and women who have a keen sense of duty and commitment to the corporate values of the company and loyalty to the nation in ensuring a reliable security of electricity supply. It is in this spirit that I present the performance of the Group for the fiscal year ended 30 June 2021.

NamPower has consistently provided uninterrupted electricity without load shedding during the past 25 years. While our operations this year were clearly impacted by the Covid-19 pandemic, and while low rainfall in the catchment area that supplies the Ruacana Power Station resulted in significantly reduced generation capacity of our main source of least-cost energy supply, NamPower nonetheless stood firm. Despite a decrease in generation capacity to 24.1% (from 33.4% in the previous year) and an increase in cost of electricity by 7.1% (from N$4.2 billion in the previous year to N$4.5 billion during the year under review), NamPower optimised the balancing of its energy trading supply mix options by sourcing from partners in the Southern African Power Pool and contracting the day-ahead market at cheaper levels. This contributed significantly to the profit of N$1.2 billion recorded for the 2020/21 financial year, the bulk of which was reinvested into capital intensive generation and transmission projects.

The marked reduction in energy demand over the last three years is primarily attributed to the persistent global economic downturn and the impact of Covid-19 on all sectors of the economy since its outbreak in January 2020. More information on the impact of Covid-19 on the operations of NamPower (see page 19) as well as the risks and opportunities (see pages 53 to 59).



NamPower continued its excellent performance in ensuring the reliability of electricity supply to the country by maintaining a 99.84% system availability during the period under review.

K.S. Haulofu

Delivering on our purpose through our Integrated Strategic Business Plan 2020 – 2025

Since the implementation of NamPower's ISBP 2020 – 2025, we have consistently created enduring value for all our stakeholders. Our four strategic pillars are as follows:

Ensuring security of supply	Unlocking the value of electricity sector collaboration	Optimising financial sustainability	Driving organisational and operational excellence

A short summary of each of these is provided in my statement, with more detailed information provided under the section on our operating performance against strategy.

NamPower's ISBP has been developed in alignment with national planning policies, particularly the evolving National Integrated Resource Plan (NIRP). The NIRP comprises of various energy projects which are earmarked for development during the NDP5 period and which are expected to increase the national installed generation capacity with 220 MW, with the primary purpose of becoming more energy self-sufficient.

An Operational Plan, which forms part of the ISBP, is focused on achieving viable security of supply through Electricity Supply Industry (ESI) collaboration and continually improved operational efficiency and effectiveness. The expected core outcomes are increased generation capacity, transmission network expansion and reliability, optimised cost reduction on operations and maintenance, least-cost electricity supply mix, and the development of innovative products and solutions.

Also included in the plan, and equally aligned with the NIRP, is NamPower's rural electrification programme aimed at supporting the intent of the Ministry of Mines and Energy to increase the national electrification rate so that rural and peri-urban areas have increased access to electricity. In this respect, several rural electrification projects are being implemented as described on pages 72 to 74. More than N$42.79 million has been invested in rural electrification programmes during the year under review.

Ensuring security of supply

The power projects allocated by the Ministry of Mines and Energy in 2018, which have been incorporated into the Operational Plan, will go a long way towards ensuring security of supply. These projects include new generation capacity of 150 MW to be installed by NamPower and 70 MW from solar PV and wind by Independent Power Producers (IPPs). The 220 MW additional capacity, once installed, will exceed the projected demand of 650 MW by 2023 by 44 MW when the Ruacana Hydropower station is running at full capacity. Once complete, these projects are expected to increase NamPower's self-sufficiency from the current 35%, to 70%.

NamPower continued its excellent performance in ensuring the reliability of electricity supply to the country by maintaining a 99.84% system availability during the period under review.

Implementation of our Transmission Master Plan, which provides for the construction of new transmission lines, new substations, and upgrading of existing transmission infrastructure, is in full swing. Among the capital projects being implemented is the construction of the 400 kV Auas – Gerus transmission line, due for commissioning by end June 2023. Construction of this transmission line will provide NamPower with the reassurance of long-term security of supply.

For more detailed information surrounding the status of implementation with regard to all generation and transmission projects (see pages 61 to 66). The status of the renewable energy projects in development are also described therein.

Unlocking the value of electricity sector collaboration

The implementation of the Modified Single Buyer (MSB) Model in September 2019 has required NamPower to build on the existing Single Buyer (SB) model. The MSB Model, to be rolled out in phases, allows NamPower's transmission customers to participate in the MSB market by sourcing up to 30% of their energy requirements from Eligible Sellers. Phase 1b, commenced in July 2021, will see the establishment of the Trader, which will also be incorporated in the MSB office, and the participation of distribution customers in the MSB market.

Optimising financial sustainability

Due to the integrated nature of the electricity sector value chain, NamPower has a vested interest in the overall financial sustainability of the sector. To optimise financial sustainability and increase competitiveness in the evolving electricity market, NamPower will develop and implement client-driven strategies that are aimed at increasing customer confidence which, in return, increases revenue, shareholder value, sound liquidity, and profitability in an ever-evolving Electricity Supply Industry. Expanding our sources of revenue is receiving attention through the development of a funding strategy aligned to the capital growth requirements.

Driving organisational and operational excellence

Throughout the year we have focused on driving organisational and operational excellence by building an ethical, engaging and high-performance culture, in order to achieve top employer status, developing additional capabilities and technologies to meet new market requirements and driving innovation and new business opportunities.

Our information systems architecture is advanced and responsive to the needs of our customers. Utilising hybrid architecture and cloud enabled modernisation practices within the suite of our information system products allows us to focus on providing for the electricity needs of our customers in a fast-paced competitive and evolving environment.

The Local Area Network (LAN) has expanded to the entire country, with the speed of the fibre network making it possible to implement LAN technologies over long distance connections. This has facilitated communication with our remote offices through video conferencing, virtual meetings, and several other engagements, thereby saving on travelling costs.

Our "GridOnline" fibre optic broadband service offers telecommunication service providers and wholesale clients with additional national telecommunications bandwidth. There is enormous potential for expansion into this market, with income of N$6.69 million generated from the service offering this year.

We are aware of the cybersecurity risks, more so with remote working arrangements in place, and have addressed this through increased awareness workshops, training, and strengthening measures. A Cybersecurity Policy supporting this was developed and approved by the Board during the year.

A critical enabler for driving the ISBP 2020 – 2025 is our human capital, and this year shone light on the dedication and commitment of our people. Our highly skilled and well-resourced pool of expertise in critical areas coupled with a well-maintained infrastructure contributes to ensuring a stable and reliable network.

A five-year workforce plan setting out the strategic initiatives in support of NamPower's 2020 – 2025 ISBP and strategic objectives is being rolled out throughout the Company.

I believe that there is a direct correlation between successful strategy implementation and the culture of an organisation as no matter how well-structured strategy may be, it will be flawed without a culture of aspiration towards excellence and high ethical standards. I have no doubt that the culture of NamPower resonates directly with our ISBP 2020 – 2025, evidenced through a consistently low staff turnover rate of less than 1%.

Several initiatives to safeguard the safety, health and wellness of our people were implemented during the year, with strong emphasis on fighting the Covid-19 pandemic using all resources at our disposal. We especially remember the 11 employees who lost their lives due to the pandemic, and our hearts go out to the families that have lost their loved ones during the year.

Looking ahead

NamPower acknowledges the responsibility of being a catalyst in the development of a vibrant economy, an empowered society, and a protected environment, as driven by Vision 2030, the Fifth National Development Plan (NDP5), and the Harambee Prosperity Plan (HPP2).

Moving forward, we will remain committed to fulfilling our purpose and our responsibility and will be closely monitoring the external environment and factors that may materially impact on the future sustainability of the company. Particular attention will be placed on the implementation of the MSB market, the impact of climate change on rainfall patterns and the resultant generation capacity of the Ruacana Power Station, and the evolution of Covid-19.

As the new market model brings with it change, revenue implications will need to be analysed to measure the impact on financial sustainability. NamPower will need to be proactive in this regard, seeking new funding options and leveraging capital that will be required to fund capital-intensive generation projects. This will require a fine balance of committing funding to our capital-intensive generation and transmission projects and maintaining our infrastructure to ensure security of supply.

The impending expiry of key import agreements is currently being evaluated along with efficiencies and impacts of its existing short-to-medium term strategy, as is the development of a viable medium-and-long term plan guiding development activities within the transmission, generation and energy trading scenes taking the experienced volatility and uncertainties into account.

Being keenly aware of the national resources placed in its trust to create lasting returns and developmental impact for the nation, NamPower will continue to implement and manage all projects in a socio-economically and environmentally sustainable manner, in support of the Environmental, Social and Governance (ESG) principles.

We look forward to the coming year with enthusiasm, hopeful for a good rain season so that we can maximise on the Ruacana Power Station as a least-cost source of energy. While we are also hopeful for renewed growth in the economy, we are realistic in terms of lingering and slow economic growth, further impacting energy demand, with a projected reduction of 2.5% in the coming year.

> *"We nonetheless expect a turnaround beyond the 2022 financial year, with an average positive growth of 0.8% projected, increasing to 2% in 2023."*

No matter the challenges facing us, becoming self-sufficient will receive NamPower's total collective attention, and together with my fellow colleagues we will continue to build on the legacy of the past for the future.

Appreciation

NamPower's strength and resilience during a turbulent year of extreme challenges is testimony to the remarkable dedication and teamwork of our people throughout the Company who have worked under incredibly demanding conditions to ensure reliable security of supply with minimum disruption to the nation.

I would like to thank every NamPower employee and the executive team for this commitment, one that has cemented the foundation for our continued success.

I also extend my appreciation to the NamPower Board for their sound leadership and guidance during the year in charting the strategy going forward.

K.S. Haulofu
Managing Director

OPERATING CONTEXT

The external environment

Over decades, power utilities like NamPower operated in a stable market environment with limited disruption to their business model and corporate structure. However, more recently, power sector markets are transforming at an accelerated pace with a significant financial impact on traditional power utilities. This transformation is being driven by the interaction of five global megatrends: technological breakthroughs, climate change and resource scarcity, demographic and social change, a shift in global economic power and rapid urbanisation. While these megatrends create challenges for all sectors of the economy, the impact on the power sector is greater due to several simultaneous disruptions involving customer behaviour, new competitors, government policy, and regulation.

In particular, the technological advancement in renewable energy, particularly wind and solar photovoltaic (PV), is leading to the gradual erosion of traditional utility revenues. The cost per kWh for solar PV and wind has declined in recent pricing of tenders to USD 0.02 per kWh. As these technologies become a more financially viable option for customers, they may leave the grid or install self-generation capacities and become consumers and producers at the same time – the so-called "Prosumers".

Change in customer behaviour will become a critical driver for NamPower in the future. The business model of NamPower will need to adapt to these changes and become even more customer-centric and reliant on customer interactivity to develop new products and services. All of these changes are being underpinned by technological innovation such as solar PV and storage, which is transforming our customer's power choices and the way the energy system can be managed.

NamPower will continue to monitor and evaluate the strategic issues identified in order to remain responsive to changes in the external environment which may impact on its ability to create sustainable value in the long-term.

The strategic issues identified and our response to these as part of strategy development are described in the table below:

Strategic issues	**NamPower's strategic response**
Loss of customers in new market environment	Develop customer retention and long-term supply propositions based on our strengths Acceleration and implementation of own network capacity and improved cost efficiency, in order to enhance the scope for customer solutions and value propositions Review customer supply relations and implement customer retention policies and value propositions Accelerate the reduction of cost of sales through green network capacity (generation) investments and diversification
New market entrants	Establish and understand the propositions of new entrants in relation to the needs of the market Accelerate and develop intellectual property, copyright and trademark (IP, ©, TM) protection policies and practices to ensure company sustainability and interests
Inability of customers to service debts	Engage customers and seek innovative payment and billing plans and long-term solutions to ensure cost reflectivity and sustainability of supply
Detrimental (external) influence on business sustainability	Proactively participate and lead market opinion on stakeholder and ESI policies and initiatives Develop economic and market Intelligence capacity in order to respond to and meet the expectations of the market
Inadequate regional network connectivity	Prioritise Strategic Regional Network Investments and communicate value/benefits to the market and the Company in order to reinforce customer preference and trading revenue growth
Negative forex exposure	Utilise financial position and capitalise on staff capabilities/expertise to formulate forex exposure minimisation policies and supply chain interventions
Climate change	NamPower to invest in green energy technologies to minimise the impact of climate change. Understanding climate trends and their associated economic impacts under different scenarios is essential to making strategic decisions in the electricity supply sector. Gather and analyse data and obtain indicators showing the economic impact of climate change

STAKEHOLDER ENGAGEMENT

NamPower recognises that stakeholder management is critical and continues to prioritise its engagements with stakeholders in the electricity sector to support the development of the industry, accelerate electrification towards universal access, develop new products and services, and deliver on its project portfolio. NamPower annually redesigns its approach to stakeholder engagement to ensure an effective and mutually beneficial two-way relationship. The utility emphasises on a customer-centric approach in doing business and this value will become even more prominent going forward.

For more information on how we engage our stakeholders, their priority interest and engagements, please see the table below:

The Group's Stakeholder Engagement Plan

Stakeholder	How we engage our stakeholders	Stakeholders' priority interests	Engagement with stakeholders 1 July 2020 to 30 June 2021
Employees *NamPower's primary internal stakeholders. Employees' time, knowledge, labour investments directly determine company success*	• Intranet / website • Staff meetings • Newsletters / information brochures • Managing director's communiques • Internal employee engagement and employee wellness initiatives • Social events	• Secured conditions of employment • Remuneration • HR matters • Management and board decisions • Key activities and projects • Company performance • IR issues / union agreements • Career development • Safety, health and wellnes	• MD's communiques • Electronic communication (email) • Online (virtual meetings) • Intranet • Newsletters • Employee wellness initiatives (Information sessions on Covid-19) • Employee functions and engagement initiatives

Stakeholder	How we engage our stakeholders	Stakeholders' priority interests	Engagement with stakeholders 1 July 2020 to 30 June 2021
Board of Directors *The overall strategic direction and governance of NamPower is the responsibility of the Board of Directors*	• Board meetings • Board committee meetings • Management briefings • Annual report	• Compliance with corporate governance principles • Company performance • Financial results • Major projects and strategic decisions	• Board meetings • Board committee meetings • Management briefings • Annual Report • Updates on media reports on NamPower and Namibia ESI industry • NamPower Board of directors' project and operations visits to Havana Rural Electrification Project and Van Eck Power Station • Meeting with Minister of Public Enterprises for the presentation of Annual Financial Statement and discussions of outstanding approvals by Minister • Annual General Meeting attended by Minister of Public Enterprises, Executive Director and Deputy Executive Director • Board Chairperson attended the meeting that discussed " the establishment of the Public Enterprises Directors' Forum" • Meeting with the ministers of Public Enterprises, Urban and Rural Development, Agriculture, Water and Land Reform to discuss NamPower's outstanding debt • Virtual meeting with the ministers of Finance, Public Enterprises, Mines and Energy and Urban and Rural Development to discuss payment options by customers with outstanding accounts with NamPower • The Chairperson attended a stakeholder engagement workshop on the draft Public Enterprises Ownership Policy • Signing ceremony for Khan and Omburu PV projects jointly with the Central Procurement Board of Namibia (CPBN)

Stakeholder	How we engage our stakeholders	Stakeholders' priority interests	Engagement with stakeholders 1 July 2020 to 30 June 2021
Government **Ministry of Public Enterprises** *As a commercial public enterprise, NamPower is accountable to the Ministry of Public Enterprises, as the shareholder representative in terms of commercial and financial operation, and performance*	• Annual Report • Reports • Regular briefings • Engagements • Meetings	• Compliance with Corporate Governance Principles • Strategic intent • Financial performance • Operational excellence	• Annual Report • Reports • Regular briefings
Government **Ministry of Mines and Energy** *As NamPower's shareholder, MME sets policies and directives to meet socio-economic needs of the country, to which NamPower is committed to partner and contribute*	• AGM • Annual Report • Quarterly reports • Regular briefings and meetings • Engagements • Reports	• Compliance with Corporate Governance Principles • Mandate • Security of supply • Strategic intent • Financial performance • Operational excellence • Dividends	• AGM • Annual Report • Quarterly reports • Briefings/ meetings as requested
Other Government Ministries and Agencies **Ministry of Finance, Ministry of Environment and Tourism, Ministry of Trade and Industry, Ministry of Labour, Industrial Relation and Employment Creation, Central Procurement Board of Namibia** (CPBN) *Sets and enforces regulatory measures to which NamPower must abide*	• Reports • Engagements • Meetings as required	• Compliance with corporate governance principles and laws	• Reports • Meetings with Directorate of Environmental Affairs, and Climate Change Unit in the Ministry of Environment, Forestry and Tourism • Meetings with NMC, MVA Fund • Courtesy meeting with the NORED CEO and CFO • Handover of LED bulbs to Ministry of Health and Social Services • CPBN's Stakeholders Engagement Breakfast Meeting • Contract Signing of the Award of the Design and construction of the Auas-Gerus 400KV Transmission Line Bid jointly with CPBN • Signing of Kunene/Omatando Substation contract, jointly with the CPBN • Signing of Contract Document for the construction of Sekelduin Substation Building jointly with the CPBN

Stakeholder	How we engage our stakeholders	Stakeholders' priority interests	Engagement with stakeholders 1 July 2020 to 30 June 2021
Regulator *Electricity Control Board (ECB) Sets and enforces regulatory measures to which NamPower must abide*	• Monthly reports • Quarterly meetings • Meetings as required • Annual Report	• Security of supply • Strategic intent • Quality of supply • Tariffs / electricity pricing • Major projects and strategic decisions	• Monthly Reports • Letters • Quarterly meetings • Meetings • Annual Report • Meeting regarding the Long Run Marginal Costs (LRMC)
Media *Critical role players in keeping stakeholders/public informed of the ESI industry, NamPower operations and projects*	• Media Conferences • Media Releases/ Advertorials • Interviews with Managing Director, Executives, Project Leaders • Annual Report • Publications	• Major projects and strategic decisions • Security of supply • ESI • Governance • CSR	• Media briefing • Media releases/advertorials • Interviews with Managing Director, Executives/Staff (Profiles and Other) • Annual Report • Publications/newspaper supplements • Hand-over of LED bulbs to Ministry of Health and Social Services • Inauguration of rural and peri-urban electrification projects
Key Customers **Industrial, mining, commercial, REDS, municipalities, town councils, farmers (where no REDs operate), NamWater** *Customer relationship and retainment management. NamPower's customers promote its business and services*	• Courtesy visits • Stakeholder meetings • Surveys • Notices • Website • Information brochures, Pamphlets • Information campaigns via media	• Security of supply • Affordability • Outage notifications • Timely information on developments • Transmission infrastructure plans • Customer education (electricity safety, savings campaigns)	• Courtesy visits • Stakeholder meetings • Survey • Notices/advertorial • Website, social media • Brand campaign via media
Suppliers **Capacity expansion suppliers, fuel suppliers, original equipment manufacturers, other suppliers of goods and services, independent power producers** *Provide goods and services needed to deliver NamPower's services*	• Website • Email • Telephonic Engagements	• Procurement processes • Tender opportunities • Payment processes	• Website • Email • Telephonic engagements • Bid clarification meetings • Joint suppliers' workshops • Pre-bid meetings

Stakeholder	How we engage our stakeholders	Stakeholders' priority interests	Engagement with stakeholders 1 July 2020 to 30 June 2021
Organised Labour **Representative Union Body** *To build and maintain constructive company- union relationships and foster union support for key company union initiatives*	• Management and Union Negotiations • Consultation Meetings	• Fair working conditions • Remuneration • Dispute resolutions • Employee wellness	• Management and Union Negotiations • Consultation Meetings • Letters and Emails
Industry **Associations and Industry Experts** *Role players and partners in the development of the EIS and other industries in Namibia*	• Exhibitions • Consultative Engagements	• Trends in the ESI • Major projects and strategic decisions • Strategic intent • Collaboration	• Consultative engagements • Partnerships
International/Regional Relations **Cooperation Agreements, Southern African Power Pool (SAPP)** *Largest multilateral energy platform in Africa in which NamPower trades*	• Annual SAPP meetings • Quarterly sub-committee meetings • Annual Report	• Trade agreements • Security of supply • Adherence to good corporate governance principles • New projects and services • Collaboration	• Annual SAPP meetings • Quarterly sub- committee meetings • Annual Report
Business **Namibia Chamber of Commerce and Industry** *To build, maintain and enhance confidence in NamPower as a reputable institution*	• Investor's roadshows • Meetings as required	• New projects and services • Collaboration • Business opportunities	

Stakeholder	How we engage our stakeholders	Stakeholders' priority interests	Engagement with stakeholders 1 July 2020 to 30 June 2021
Financiers and development partners **Financial institutions, investors (local and international), donor funding agencies** *To build, maintain and enhance confidence in NamPower as a reputable institution*	• Investor's roadshows • Presentations • Meetings as required	• Adherence to good corporate governance principles • Project and quality management • New projects and services • Financial performance • Collaboration • Business opportunities	• Virtual meetings with KFW • Virtual meeting with AFD • Virtual meeting with World Bank • Virtual meeting with Fitch Ratings to provide financial updates and progress on projects
Civil Society **NGO'S, nature reserve foundations, universities, technicons, research institutions, public** *To understand and support the role that NamPower is playing in the socio-economic development of Namibia*	• Corporate campaigns • Annual Report • Publications, newsletters • Website, social media • Press Releases, articles, advertorials • Exhibitions and trade shows	• Major projects and strategic decisions • Environmental prudence • CSR • Partnership • Research • Affordability • Career opportunities • Educational bursaries • Sponsorship and donations • Financial performance	• Corporate campaigns • Annual Report • Participation in publications, newsletters • Website, social media • Press releases, articles, advertorials • Handover of sponsorships and donations

MATERIAL RISKS AND OPPORTUNITIES

The fundamental objective of a risk management process is to establish an integrated and effective risk management culture where all risks are continually identified, analysed, and managed to achieve an optimal risk/reward profile for NamPower and stakeholders.

NamPower's intent and commitment is to practice effective risk management in all aspects of its business. This includes strategic operational, investment and project risks considerations. The effectiveness of risk management depends on its integration into the governance of NamPower including decision-making.

Enterprise Risk Management

NamPower is exposed to a variety of risks seen as either threats or opportunities that can affect the organisation's performance and reputation. Therefore, enterprise risk management continues to play an integral part in value- creation through decision-making, setting and achieving organisational objectives, as well as improving performance.

The ERM process is well-aligned and integrated in all business operations (see below figure – shows the definition of ERM Process), such as operational, strategic and projects risk management. It is aligned with the ISO 31000: 2018 international standard on risk management.

ENTERPRISE RISK MANAGEMENT

Strategic risks
The identification, analysis, evaluation and treatment of material risks on wider business environment, the industry, the competition, medium and long-term decision-making that impacts NamPower's continuity and sustainability.

Operational risks
The identification, analysis, evaluation and treatment of business unit risks resulting in losses from inadequacies or failed processes, people and systems of from external events.

Project risks
The identification, analysis, evaluation and treatment of capital project risks that have negative effect on a project objective.

The Risk function

Aim of the risk function

The main purpose of the risk function is to provide specialist expertise in providing a comprehensive support service to ensure systematic, uniform, and effective ERM as per the ISO 31000:2018 framework that covers all material risks to the organisation. Critical to the function is to ensure that the Board, together with Executive Management, set and define the risk appetite in support of the attainment of strategic objectives and facilitating decision-making. This is achieved by the implementation of the basic principles of oversight, segregation between management (1st line) vs control (2nd line), and continuous involvement of Executive Management.

The following illustration shows the processes NamPower follows in dealing with risk identification and measurement, management (for example – establishing risk mitigation measures or transferring risk to a third-party), control and reporting.

Governance

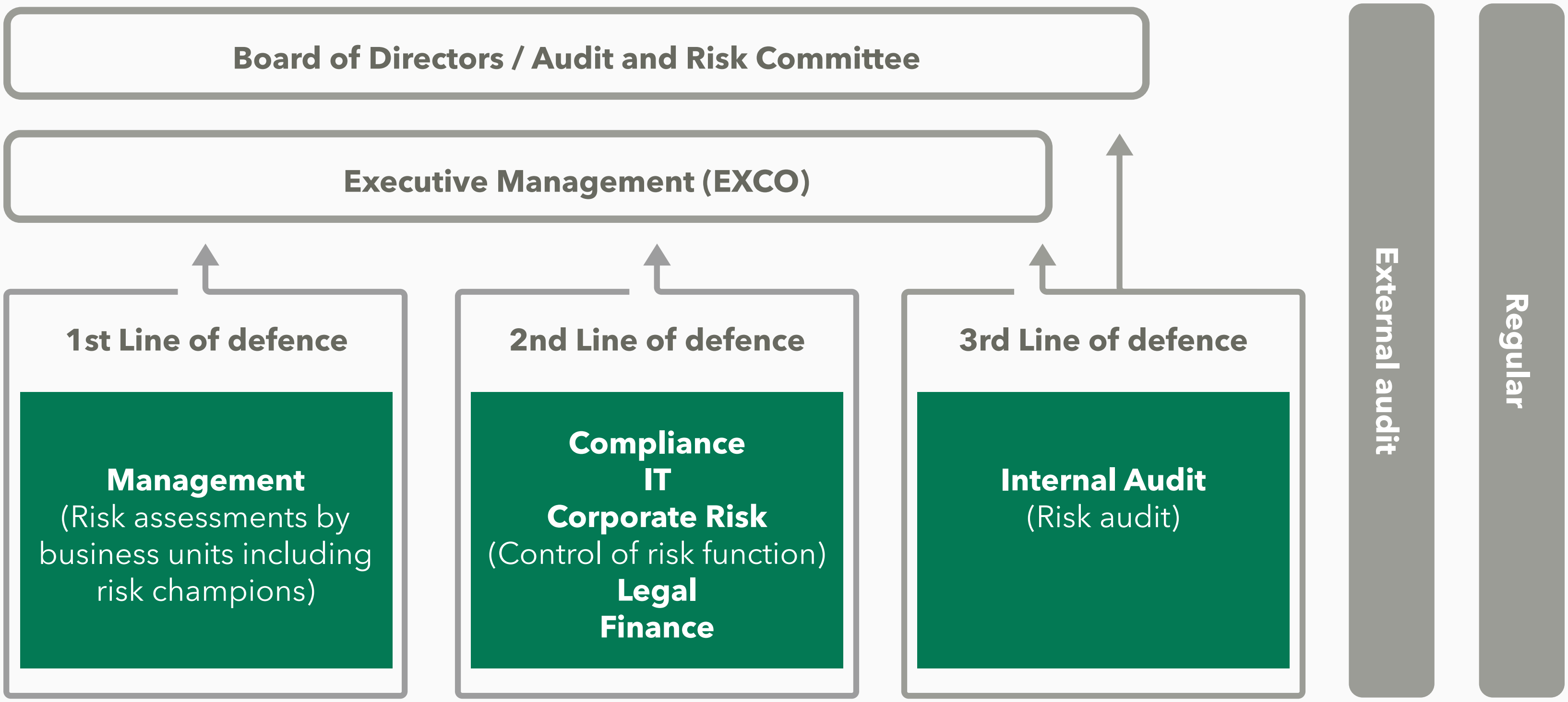
Management control over the risk function resorts under the Office of the Chief Operating Officer business unit. The risk function tasks are carried out as follows ensuring adequate separation between management and control.

First line of defence (Management): The first line is the risk takers and is responsible for risk identification, analysis and evaluation as well as implementing and monitoring treatment plans. In the future, management will be supported by the appointed risk champions.

Second line of defence (Corporate risk function): Is ultimately responsible for co-ordination, control, and oversight function of risk management throughout the organization and also serves as the institutional advisor on all risk management matters. This includes review of first line compliance with the risk management framework and policies.

Third line of defence (Internal Audit): The internal audit department also provides to the Board/Audit and Risk Management Committee an independent review and assurance that all material risks have been identified and assessed and that control systems implemented to treat such risks are both adequate and effective.

Material risks



Organisational Strategic risks

The key strategic risks highlighted below are those that may have a possible impact on the attainment of NamPower's 2020-2025 strategic objectives. These risks are tracked throughout the year and mitigation actions are implemented as per NamPower's governance principles. The catastrophic and very high impact risks are as highlighted below:

Summary of risk event	High-level risk treatment strategy
Governance and stakeholder engagement	
The Namibia Integrated Resource Plan (NIRP) does not direct the Electricity Supply Industry (ESI) in the medium to long-term allowing for NamPower to pursue their vision and mandate effectively	• Develop a strategy to improve relations with the stakeholder (i.e., MME as well as MPE) • Board to engage the shareholder to determine/clarify the extent of NamPower's involvement as it relates to NIRP and compliance with it
Operations (impacting security of supply)	
Change in regulation from single buyer model to modified single buyer model (MSB) allowing Independent Power Producers (IPPs) to supply 30% of the contestable customer energy needs	• Review of the strategy in response to the 30% that may be accessed by IPPS and to design a strategy to retain the 30%
NamPower does not have the authority to exercise termination of supply to non-payers and bad debtors irrespective of the amount and/or days in arrears	• NamPower Board to engage the shareholder on distributors and international users specific to supply and payment terms/agreements • Implementing the Credit Policy (i.e., Appointed debt collectors, Settlement discounts in place, Instalment/repayment agreements in place for customers in excess of 120 days) • Potentially ringfence old debt and explore option to write-off debt (partially or in full), provided an agreement can be reached, for example - future energy use to be split into prepaid/post-paid
Reliance on Eskom as one of the biggest/primary power purchase agents to NamPower/Namibia	• Develop a supply replacement strategy for Eskom. • Gradual reduction of imports; restructure imports and align exports
Ruacana output reduced because of low water levels preventing full capacity hydro generation (± 347MW)	• Power Purchase Agreements (PPAs) in place • Independent Power Producers (IPPs) including REFITs • Intermediate strategy to run Anixas and Van Eck Power Stations (substitute load) • Source additional/emergency energy from Southern Africa Power Pool (SAPP) from day ahead market
Tariff pricing methodology adopted by the regulator not favourable to NamPower and unfavourable legacy power purchase agreements, with fixed pricing indexation for 25 years	• Explore options to renegotiate Power Purchase Agreements (PPAs)

Summary of risk event	High-level risk treatment strategy
Human Capital	
Low workforce morale and productivity	• Changing a culture of entitlement to a culture of performance and excellence • Instilling a business-oriented (rather than a lax SOE environment) attitude to work and decision-making
Technology	
Rapidly developing technologies specifically in the energy space creating opportunities for innovation and creative strategies not being leveraged	• Creating a high-performance culture • Develop a focused strategy around leveraging opportunities specific to technology and innovation with technology
Cyber security	• Implementing a cybersecurity framework / policy that will guide the company on how to address the risk of Cybersecurity • Continuity of User IT security awareness campaigns

Emerging risks

Some of the significant drivers of risk are the disruptive business models and innovations triggered by emerging technologies, shifting customer preferences and demographics, including pandemics. Shifting customer preferences are not always under our direct control, as large clients are constantly finding ways to reduce their cost of electricity driven by cheaper alternatives e.g., Solar. It is therefore prudent to be aware of trends and potential risks that may impact our operations and set objectives. Our analysis shows below risks as emerging risks.

#	Risk event	Risk comments
1	Financial sustainability	NamPower intends to execute a generation and transmission project capital programme in access of N$15 billion in value over the next five years. The current economic environment, worsened by the Covid-19 pandemic, has resulted in reduced demand and slow payment of debt by customers. This, together with reduced output from Ruacana Power Station due to low rainfall, creates risks around adequacy of funding and future financial sustainability.
2	Changing Supply Landscape	Renewable sources like wind and solar PV have become cheaper than thermal power and conventional generation and are more favourable to a discerning market that is more inclined towards renewable energy sources. NamPower is therefore exploring a supply mix that is well-balanced considering environmental, social and governance aspects and profitability.
3	Future investment/funding–Transmission network (crucial for security of supply)	Despite the growth/plans in wind and solar, maintaining reliability of the grid will require more and timely investments in the transmission network to ensure sufficiently flexible and available.
4	Climate change	Climate change is resulting in rising global temperatures, erratic patterns of precipitation and more. This is evident from water-levels at Ruacana, which have dropped significantly. Rising temperatures may have an uncertain impact on electricity demand, which varies according to cooling and heating needs.

Organisation resilience

The outbreak of Covid-19 and the global spread of the pandemic has created significant and immediate challenges and risks to economies around the world. Despite the extremely difficult operating conditions, NamPower made significant strides in harnessing technology to drive more remote working, backed by digital capabilities that allow us to evolve.

Through the Covid-19 task force, NamPower continued to monitor the spread of the pandemic and will continuously explore improved measures to be implemented. Similarly, management will continue to improve risk management through interactive sessions to ensure critical risks and opportunities are identified and treatments thereof are timeously implemented. NamPower has been declared as an essential services provider during the pandemic, hence the focus on a comprehensive and robust resilience plan of action. These were some of the key focus areas in ensuring business continuity for the year under review:

Corporate resilience element	Recommended actions
Policy framework, definition of roles and responsibilities	• NamPower Risk and Resilience Policy • NamPower Risk and Resilience Plan • Site Risk and Resilience Plan (annually updated)
Standards, processes, procedures, guidelines, templates	• Business Continuity Management Standard Procedure • Updated Disaster Management Standard Procedure • Incident Command Standard developed • Outlined Resilience processes • Site Emergency Recovery and Response Plan template reviewed • Companywide Emergency Recovery and Response Plan template reviewed
Governance	• 5 year Business Resilience Plan approved by Board • Business Continuity Management Policy approved by Board • Board Audit and Risk Management Committee Quarterly Emergency Recovery and Response Report. • Established Resilience Teams and sub-committees
External governance reporting	• NamPower Emergency Recovery and Response Plan submitted with the ISBP 2020-2025 to the shareholder
Business Continuity Management (BCM)	• BCM strategic Business Impact Analysis undertaken at Business Unit (BU) level • Execution of BU BCM priorities high priority plans
Disaster Management	• Established priority 1 disaster plans as per the Head office Business Continuity Plan (BCP) • Establish local plans as per BU BCP

Our performance in 2021

Significant strides were made during the year under review in delivering according to the five-year Risk and Resilience Rolling Plan. The table below depicts some of the strategic initiatives undertaken during the year:

ERM element risk policies, standards, and guidelines	Key deliverables
Consistent, well understood and enforced policies, standards, and methodologies	• ERM governing documents benchmarked and approved at least every five years • All assurance findings reported, corrected, and monitored
Risk information/register	• Compliance to risk disclosure requirements from King Code of Corporate Governance for South Africa 2009 (King IV), Companies Act and the shareholder
Robust and coherent Board and ExCo governance and structures to direct and oversee an effective risk management capability	• Appropriate terms of reference/charters for governing committees • Approval of risk policy, roles and responsibilities and risk management plan
Centralised risk function led by a Chief Operations Officer with credibility, stature, and clear reporting relationship with the Managing Director	• Corporate risk reports to Board, Board Audit and Risk Committee, ExCo and all relevant committees • Effective risk governance structures and performance assessments • Periodic assurance reviews taking place
Clear definition and allocation of companywide roles and responsibilities for risk management	• ERM Policy and Risk Management plan include a comprehensive RACI for risk management • Executive and management include measures for risk management performance • Standardised job profiles for roles in risk management • Execute and report on second line of defence as part of the combined assurance model
Risk culture within the organisation	• Effective integration of the combined assurance model between risk, strategy, compliance, and assurance • Embedded roles and responsibilities at all levels regarding effective risk management • Embedded risk management in all management processes and decision making
Timely reporting of credible, intelligible, and comprehensive risk profile to Board/executive management	• Compliance to risk disclosure requirements from King Code of Corporate Governance for South Africa 2009 (King IV), Companies Act and the shareholder • Report to NamPower risk governance structures as per secretariat meeting schedule • Regular analysis of risks that materialized and monitoring of changes in risk profile • Reporting of risk in the integrated annual report, performance report and shareholder through the NamPower risk governance committees
Effective risk controls	• Regular testing of controls and treatments (treatment plans) • Embedding results from independent audit reports on effectiveness of controls into the risk profiles • Integration with the Risk-based Audit Plan

ERM element risk policies, standards, and guidelines	Key deliverables
Risk-adjusted performance measurement and performance incentives	• Integrate risk management with the NamPower performance management system • Develop well defined key performance indicators substantiating performance incentives
Stakeholder Management	• Networking with internal and external risk fraternities and practitioners • Deliver In-house Corporate Risk Management training capability (as per strategy)

Risk culture within NamPower

Defining and embedding a risk culture plays a major role in successfully implementing risk management in an organisation. NamPower has developed processes and procedures to ensure this is attained. The risk management centre-led function has also been busy entrenching this culture through continuous training of staff members across all levels of the organisation before risk assessments/ reviews take place. This is to ensure that all employees are familiar with the terminologies and processes to be followed. Roles and responsibilities of Risk Champions have also been defined as per the approved Terms of Reference to ensure that risks are considered and reported upon at every decision-making point.

Looking ahead to 2022 and beyond

By understanding and managing all risks in a consistent manner, NamPower will be able to provide greater certainty and security to its employees, shareholder, customers, suppliers, and the communities within which the company operates. NamPower will remain a "risk aware" organisation and its risk management processes will provide all its stakeholders with additional certainty of business sustainability in both the short and long-term. NamPower will be better informed, more decisive and move with increased confidence to achieve its vision to be the leading electricity solutions provider of choice in SADC.

OUR OPERATING PERFORMANCE AGAINST STRATEGY

Delivering on our Integrated Strategic Business Plan 2020 – 2025

STRATEGIC PILLAR 1: **ENSURING SECURITY OF SUPPLY**

Namibia has numerous power supply options that could potentially be developed to meet the future electricity requirements. However, the country's low load densities, long distances between major load centres and potential generation points make it challenging for NamPower to expand the power system, while ensuring security of supply, maintaining reliability levels, and keeping the cost of electricity to a reasonable level. Besides a close collaboration with sector stakeholders, the development and implementation of a comprehensive project governance framework is critical to increase the oversight, assurance and controls of the development and execution of the project portfolio.

Expanding our generation and transmission capacity optimally

NamPower continued to focus on its strategic objective of meeting future load demand and reducing dependency by increasing local generation capacity through the implementation of strategic projects during the year under review. Additional focus was placed on improving network reliability through implementation of the Transmission Master Plan and the development of key projects to cater for future generation capacity and market demand.

Strategic initiatives
Implement Generation Projects, prioritise roll out of targets as per project schedule to guarantee availability of installed capacity
Implement Generation Maintenance Plan as scheduled
Implement Transmission Master Plan
Implement Maintenance Plans, Operational projects and MSB (Metering and Billing processes)

Status of our Generation Projects

Omburu 20 MW Solar PV Project

The construction contract for the EPC Contractor was signed by NamPower and Hopsol/Tulive JV on 16 December 2020 and by the Central Procurement Board of Namibia (CPBN) on 17 December 2020 (the effective date), whereby the Notice of Commencement Date for the project was recorded as 28 January 2021.

As a result of several challenges facing the project such as the Covid-19 lockdowns and delays in the procurement and delivery of goods and equipment, the project completion date was moved forward from November 2021 to March 2022.

Installation of the Tracker Super Structure, the Solar Panels, and the Scada system were the only remaining items required to complete the project by 23 December 2021. Progress on the construction activities as at the end of the financial year (30 June 2021) is 80% and the associated payments to the EPC Contractor, in accordance with the payment schedule, amounts to 70% of the contract amount.

Omburu 58 MW Battery Energy Storage System (BESS) Project

The concept for the project is a 58 MW battery storage system based on lithium-ion technology. The project will be funded through a €20 million (approx. N$350 million) grant by the KfW Development Bank and an additional contribution by NamPower of N$100 million.

The feasibility studies for the project were successfully concluded in September 2020, with the key outcome being the selection of the location for the BESS at the Omburu substation, approximately 12 km south-east of the town of Omaruru.

The German Federal Ministry for Economic Development and Cooperation (BMZ) approved grant funding for the project in February 2021 and an Environmental Clearance Certificate for the project was issued on 31 March 2021. This important milestone paved the way for the Prequalification tender of the EPC Contractor to execute the works to be issued to the market, which was done on 02 July 2021. The Prequalification Bid Evaluations were concluded in November 2021, subject to a "no-objection" outcome from the KfW, followed by the signing of the Finance Agreement between the KfW, NamPower, and the National Planning Commission Namibia in early December 2021.

NamPower 40 MW Wind Power Project

The original concept of the wind power project was to engineer, procure and construct a 40 MW wind farm in the Tsau//Khaeb National Park, 13 km south of Lüderitz. Unfortunately, due to the transmission constraints at the Namib substation, this project had to be relocated to a site near Rosh Pinah. The KfW Development Bank was selected as the preferred financier for the project.

The site near Rosh Pinah was secured by NamPower during the year under review, and the Environmental Social Impact Assessment studies for the project was initiated, with the final report submitted end December 2021. NamPower has been measuring the wind resource data from the wind mast at Rosh Pinah at the hub-height of 100 m since January 2021. The 12-months of data (as required by lenders to assess the feasibility and viability of the project), will be made available end January 2022. The prequalification bid for the procurement and short-listing of potential EPC Contractors was issued to the market on 25 October 2021 and bid submissions by bidders are expected by 04 February 2022.

50 MW Anixas II Power Station

The proposed Plant Technical Description is a 50 MW Internal Combustion Reciprocating Engines (ICRE) plant fired from either heavy fuel oil (HFO), diesel, or natural gas (when it becomes available). The Environmental Clearance Certificate for the power station was

received on 22 February 2021 from the Ministry of Environment, Forestry and Tourism (MEFT), whereas the Generation Licence was approved by the Electricity Control Board (ECB) on 17 May 2021.

Following cancellation of the prequalification process and the subsequent receipt of the two-year exemption from the Minister of Finance, exempting NamPower from Section 8 of the Public Procurement Act as issued on 01 May 2021, NamPower issued bids to the market on 28 May 2021 for the procurement of an Engineering, Procurement and Construction (EPC) Contractor. The bid evaluations commenced on 26 October 2021 and were completed on 19 November 2021. The contract award is planned for March 2022.

20 MW Khan Solar PV IPP Project

The Khan Solar PV power station is an Independent Power Producer (IPP) Project to be developed by Private Developers at the Khan substation, 50 km south-west of Usakos. Access Aussenkehr Solar One Namibia (AASON) Ltd was awarded the bid in August 2020 through a transparent and competitive bidding process, and subsequently signed the Power Purchase Agreement (PPA) and Transmission Connection Agreement (TCA) with NamPower on 16 December 2020.

Negotiations with Access Holding Ltd, the Lead Developer, commenced in April 2021 concerning a take-over arrangement of the majority shares by ANIREP Solar Pty Ltd. NamPower approved the change (and takeover) of controlling shareholder (Lead Developer) on 12 August 2021, and, as part of the approval, the new Consortium was required to close out all the Conditions Precedent (inclusive of achieving Financial Close) no later than the 31 October 2021.

ANIREP then successfully completed the registration and name-change of company with the Business and Intellectual Property Authority (BIPA), obtained the Environmental Clearance Certificate from MEFT, obtained approval of the Generation Licence and tariff structure from the ECB, and finalised the Notarial Land Lease Agreement with NamPower. Contract negotiations with HopSol Africa for both the Engineering, Procurement and Construction (EPC) and Operations and Maintenance (O&M) contracts were concluded in mid December 2021 and construction activities are planned to start on 17 January 2022. ANIREP also aims to conclude negotiations on the Financing Agreements with their financiers to achieve financial close no later than end March 2022.

50 MW Lüderitz Wind IPP Project

NamPower is facilitating the development of the 50 MW Lüderitz Wind Independent Power Producer (IPP) Project, 16.5 km south of the Lüderitz town, between Kolmanskop and the Elizabeth Bay Mine in the //Karas Region. The Private Developer will be procured through a transparent and competitive procurement process to build, own, operate and maintain the power generation facility for an agreed Power Purchase Agreement (PPA) duration.

In February 2021, a NamPower appointed construction consultant completed the erection and installation of a Lidar system and a wind measurement mast at a hub-height of 100m whereupon the equipment effectively started collecting the wind resource data at the site. The Environmental Clearance Certificate for the power plant was issued by the MEFT on 13 September 2021, and the Topographical Survey was completed in May 2021. Furthermore, the Geotechnical, Geohydrological and Flood Assessment studies were all completed end October 2021, and the final reports were submitted end December 2021.

The finalisation of the PPA and TCA are undergoing the process of "no-objection from the ECB, while NamPower also awaits approval by the Attorney-General (AG) of the Land Lease Agreement between NamPower and the MEFT. The bid for the procurement of a Private Developer will be issued to the market before end February 2022.

NamPower 40 MW Biomass Power Project

The Environmental Clearance Certificates for both the construction of the power station and the related fuel supply activities were issued by the MEFT on 23 April 2021. The Technical Advisor/Owner's Engineer on the project was appointed on 05 July 2021 to provide Technical Advisory and Project Management services and to assist NamPower in finalising the bid documentation and the procurement of an Engineering, Procurement and Construction (EPC) Contractor and Fuel Suppliers. The Fuel Suppliers will supply the biomass fuel resource (woodchips) to the power plant.

Additionally, NamPower successfully completed the prequalification process for the procurement of EPC Contractors to construct the Otjikoto Biomass Power Station on 04 October 2021, with 15 (out of 17) potential Contractors shortlisted and notified to that effect.

The Agence Française de Développement (AFD) was selected as the preferred financier for the project and are currently conducting their due diligence on the project with the intention to provide a mixture of debt and grant funding to the project.

Van Eck Power Station

Several refurbishment projects were implemented during the 2020/21 financial year which contributed towards improved power station reliability, efficiency, and support of grid stability. The Static Frequency Converter (SFC) system that runs up the generators in Synchronous Condenser Mode (SCO) was installed and successfully commissioned for Unit 1 and Unit 2. Another milestone is the commissioning and operation of Unit 1 in a stable state at 20 MW. Furthermore, the critical valves were replaced on Unit 1 and the exercise is ongoing for Unit 2 and 3.

Unit 1 hot commissioning was initiated in 2020, but was substantially set back by Covid-19 travel restrictions on foreign contractors, resulting in continuation of commissioning in 2021. The unit was stabilised up to 22 MW, which is 73% of its rated design capacity. Forward plans involve increasing unit output to 84%, automatic control settings, fine-tuning and optimisation of the unit, and closing out of the rehabilitation project snag list.

Looking ahead to 2022 and beyond

Omburu 20 MW Solar PV Project

The three months commissioning activities of the plant are planned for the period 23 January 2022 to 11 March 2022, whereby the date of 11 March 2022 is set as the commercial operations date for the power plant. In the meantime, NamPower is in the process of appointing its operations and maintenance teams who will be responsible for the operations and maintenance of the PV plant throughout its 25-year operational period.

Omburu 58 MW Battery Energy Storage System (BESS) Project

An evaluation of the prequalification submissions for the contractor who will be appointed to execute the works and then issue the EPC bidding documents into the market for the procurement of the EPC Contractor will be conducted over the coming months. It is expected that the contractor will be appointed during the third quarter of 2022.

NamPower 40 MW Wind Power Project

Once the 12 months measured wind resource data becomes available, NamPower plans to issue the EPC bidding documents into the market to procure the EPC Contractor to construct the wind farm in the Rosh Pinah area.

50 MW Anixas II Power Station

The focus area over the coming months will be on the conclusion of contract negotiations and award of the contract to the potential EPC Contractor to engineer, procure and construct the power station. Commencement of construction works is planned for the first quarter of 2022, with the commercial operations date set for the third quarter of 2023.

20 MW Khan Solar PV IPP Project

Construction activities started on 17 January 2021, with the target date for achieving the commercial operations date set for end of the second quarter of 2022.

50 MW Lüderitz Wind IPP Project

The Bidding Documents to facilitate the launch of the IPP Bid during November 2021 were completed satisfactorily, subject to approval of the Land Lease Agreement (LLA) by the Office of the Attorney-General and the regulatory oversight of the PPA and TCA by the Electricity Control Board (ECB). By February 2022, the project will have accumulated the requisite 12-months wind resource data required to ensure project bankability. All of these activities would facilitate Financial Closure as planned for the end of the second quarter of 2022 followed by commencement of commercial operations in September 2024.

NamPower 40 MW Biomass Power Project

It is expected that the procurement processes for the EPC Contractor to construct the power station and for fuel suppliers to supply woodchips to the power plant, will be concluded successfully in the quarter of 2022. Simultaneously, it is anticipated that the ECB will issue a generation licence to the power plant, and that NamPower will achieve a positive Final Investment Decision (FID) on the Otjikoto Biomass Project at the end of quarter two in 2022. Construction activities of the power plant should start soon thereafter.

Status of our Transmission Projects

NamPower is currently underway with the implementation of the Transmission Master Plan which includes plans for the expansion of our transmission capacity and improving network reliability through the development of key projects, to ensure security of supply for Namibia. This entails construction of new transmission lines, new substations and upgrading of existing transmission infrastructures.

The NamPower Transmission Master Plan, which studied in detail the period 2021 through to 2025, describes the transmission network grid expansion plans and highlights new development requirements for the next five years. It was preceded by updating the Transmission Maximum Demand Load Forecast which determines the annual load expansion of the electrical grid.

It was confirmed that proposed new network and infrastructure developments should continue as planned due to existing internal supply limitations and to allow for the integration of upcoming generation plants, and possible wheeling of electric power through the transmission grid to the SAPP region.

Below is a brief progress on major Transmission Master Plan projects, some of which are under construction while others are either in bidding process or in planning phases.

- ***400 kV Auas – Gerus Transmission Line Project:*** Implementation of this project, for strategic reasons, was divided in three Contracts (construction of a 400 kV line, substation extension and procurement of high voltage equipment). All contracts are in execution phase and progressing as per schedules. The new line is expected to be commissioned on 29 June 2023.
- ***400 kV Auas – Kokerboom Transmission Line Project:*** This project is currently deferred as part of financial prioritisation. However, substation work related to this project at Auas substation is being executed together with Auas – Gerus substation work at Auas to avoid outage related cost during commissioning. Environmental Clearance Certificate (ECC) for the line construction has been issued.
- ***132 kV Aussenkehr – Khurub Transmission Line Project:*** Construction of the 132 kV line is completed. The power transformer has been delivered to Aussenkehr pending assembling and commissioning. Substation work at Khurub substation is currently under way.
- ***330 (400) kV Kunene and Omatando Substations Project:*** The Contract to construct these two substations is awarded and work commenced. Terrace construction is expected to commence in November 2021. Work is progressing as per schedule and the design is near completion. This project is expected to be commissioned on 23 August 2023.
- ***220/132 kV Masivi New Substation Project:*** The contract for civil work commenced in March 2021 is progressing well and is expected to be completed in March 2022. Bid for mechanical and electrical work will be floated in the marked in February 2022. Specifications for STATCOM is currently under review and the bid for procurement of the STATCOM will be advertised in March 2022.
- ***132/66/33 kV Shiyambi New Substation Project:*** The contract for civil work commenced in March 2021, is progressing well and is expected to be completed in March 2022. Bid for mechanical and electrical work will be floated in the marked in February 2022.
- ***400 kV Obib – Oranjemond Transmission Line Project:*** This project is currently in design phase. An Environmental Clearance Certificate (ECC) for this project is issued and aerial survey conducted. Budget quote from ESKOM has been accepted by NamPower and the down payment done for the portion to be executed by ESKOM. The bidding document and line specification for 400 kV line construction on the Namibian side are currently under development. The power supply to Oranjemund Town is via 132 kV line (operated at 66 kV) from Obib substation and a new 66/33 kV 10 MVA substation.
- ***220 kV Otjikoto – Masivi Transmission Line:*** This project is deferred as part of financial prioritisation. The EIA process in underway.
- ***220/66 kV Eldorado Substation construction:*** The Contract was awarded in April 2021 and the contractor commenced with works. Work is progressing as per schedule.
- ***132/66 kV Sekelduin Substation development:*** The contractor for civil work is currently busy on site and expected to complete work in December 2022. High voltage equipment will be procured by NamPower and bidding documents and specifications are currently under review. The civil work is progressing as per schedule.

Looking ahead to 2022 and beyond

The projects listed above are expected to take more than a year to complete and hence the focus for 2022 will be monitoring the implementation and execution of the existing projects. Khomas and Erongo substation developments are expected to commence in 2022.

NamPower's Transmission Business Unit will annually update the Transmission Maximum Demand Load Forecast, prior to annual updating of the Transmission Master Plan.

Develop an operational and maintenance strategic asset management plan

Few years ago, NamPower initiated a process to formulate the asset management policy. The main purpose of the policy is to define the vision and intent regarding all aspects of asset management for NamPower's transmission asset. The policy would provide the framework for the development of the asset management strategy which is subdivided into two main phases, namely the planning and implementation aspects of the policy, and the planning and implementation details that the processes require.

NamPower acquires assets that are highly capital intensive. There is a need to investigate the methodologies, policies, and strategies to ensure that proper management and maintenance of such assets is attained and the realisation of uptime is functional.

Looking ahead to 2022 and beyond

- Lean maintenance, including recuperating of residual values on assets where possible
- Streamlining of maintenance functions
- Reducing maintenance constraints
- Effective inventory maintenance and condition monitoring of inventory. This is to ensure that all spares are fit for what they are intended for in realization of uptime and revenue generation.
- Capturing and records on maintenance feedback
- Actively participate and add value to asset impairment reviews
- Standard operating procedures/ instructions/task manual on assets

The focus will be to ensure that all aspects in the planning phase are implemented and fully functional. The implementation of SAP S/4 HANA will add value to the implementation due to the functions, appropriate modules and configurations that will easily facilitate the process.

Transmission System Performance Statistics

A significant highlight of the system performance for the year under review was that the NamPower grid did not experience any load shedding or a total system blackout during the year under review.

The operational highlight during this review period is the successful refurbishment and live–line works that were conducted on our major transmission corridors to ensure continuity of power supply, which are as follows:

- Auas - Kokerboom 400 kV line for live line maintenance
- Van Eck – Omburu (2) 220 kV line for the refurbishment of pylon anchors

The operational lowlight in this review period is the different multiple incidences of stolen copper earthing straps from power supply equipment, which affected the Etunda, Okongo, Omuthiya, and Okapya substations and subsequently the areas supplied from these substations.

Transmission System Performance

NamPower depends on its National Control Centre, which operates on a 24-hour basis to ensure system availability and is responsible for the total operation and management of the NamPower transmission and distribution system.

It has become imperative in the current competitive economic environment for utilities to accurately measure the performance of their networks. The reliability reporting indices as stated in the Table below are based on the duration and frequency of supply interruptions experienced by an average consumer on the NamPower network.

Transmission System Performance Data 2020/21

Measure	USML (minutes)	SSML (minutes)	SAIDI (minutes)	SAIFI (interruption/ customer) (units)	CAIDI (minutes)	Availability (%)
Outcome	24.83	46.64	0.63	0.21	2.96	99.837%
Rating	Exceptional	On Target	Above Target	Exceptional	Above Target	Exceptional

NamPower continued its excellent performance in ensuring the reliability of electricity supply to the country by maintaining a 99.84% system availability during the period under review.

A detailed analysis of the results for the period under review shows exceptional system reliability (SAIFI) as the average NamPower customer can expect less than one interruption per customer (0.21) for the period under review. An assessment of the results also shows that the average restoration time per interrupted customer (CAIDI) was above target as transmission customers that were affected by interruptions on average endured 2.96 minutes loss of power.

Based on the result above, it can be concluded that the System Average Interruption Duration Index (SAIDI) was above the set target. This can be attributed to the concerted effort of NamPower personnel when attending to the restoration of power supply to affected customers.

Transmission System Incidences

Three system incidences were reported in the current review period.

- On 31 January 2021 a loss of power supply was reported at Mariental substation. It was established that the power interruption was caused by a 14-year-old boy who climbed over the substation fence and proceeded to climb onto the 33kV busbar. The boy sustained burns in this incident
- On 04 February 2021 it was reported that a conductor was hanging low on the Klein Aub - Rietoog 33 kV line and that a child was injured
- On 15 March 2021 it was reported that a person sustained injuries when accidently touching the conductors of the Gobabis 11 kV reticulation when loading cattle onto a truck under the line

The above-mentioned incidences brought to the fore the need for increased awareness campaigns on the dangers of interfering with electricity infrastructure. Such campaigns will be rolled out countrywide.

Looking ahead to 2022 and beyond

The focus for the coming year and beyond will be on upskilling the National Control workforce. This is to be achieved by the current project to upgrade the Dynamic System Training Simulator.

Deliver a least-cost electricity supply mix

During the year under review, and as guided by the ISBP, NamPower continued to unlock the value of electricity sector collaboration by committing to new infrastructure projects, optimising its operations through the dispatch of own generation, and ensuring security of supply with the procurement of energy from SAPP and local IPPs.

Strategic initiatives
Optimise trading options and ensuring least cost supply to the end user

Our performance in 2021

Implementation of the Modified Single Buyer (MSB) Market

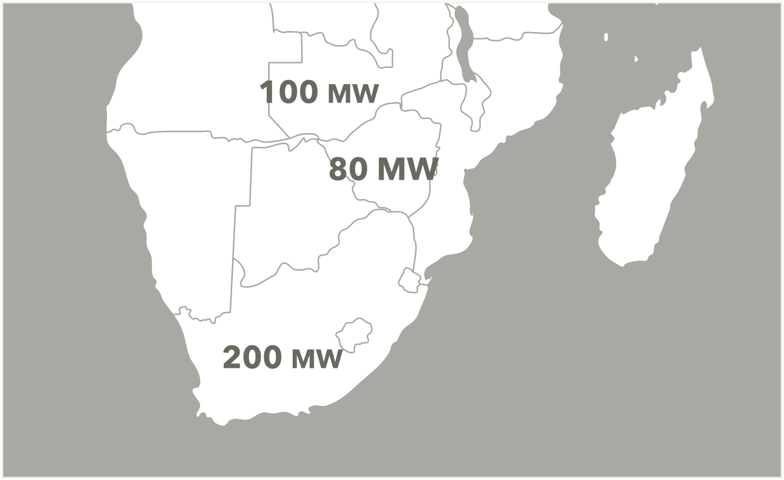
The Implementation of the Modified Single Buyer (MSB) market model in September 2019 introduced an additional role for NamPower. The MSB model intends to build incrementally on the existing Single Buyer (SB) model and will be further rolled out in phases. Under phase 1a, the MSB office incorporated the Market Operator (MO) which, together with the System Operator (SO), liaises on the MSB planning activities. The phase also allowed NamPower's transmission customers to participate in the MSB market by sourcing up to 30% of their energy requirements from Eligible Sellers. Phase 1b, commencing in July 2021, will see the establishment of the Trader, which will also be incorporated in the MSB office, and the participation of distribution customers in the MSB market.

To date, there has been no significant impact from the MSB market in terms of energy supply from Eligible Sellers. This is mainly due to the fact that most of the anticipated projects under the MSB market are still in early stages of development and yet to be commissioned. It is however expected that as soon as the first movers have successfully completed their projects and participated under the MSB market, others will follow suit. During the period under review, NamPower ensured the supply of 3,903GWh into the system through its existing generation fleet, local and international supply agreements and complemented with the supply from the Southern Africa Power Pool (SAPP) market.

Energy imports by geography

NamPower is a member of the Southern Africa Power Pool (SAPP) which coordinates electricity supply operations and trades in the SADC region. In order to meet the demand at all times, NamPower supplements its energy requirements with power from the region through SAPP long term bilateral agreements (i.e. PPAs) and short term trade markets. NamPower currently has three bilateral agreements (PPAs), namely:

200MW with ESKOM (South Africa)	**100MW** with ZESCO (Zambia)	**80MW** 80MW with ZPC (Zimbabwe)

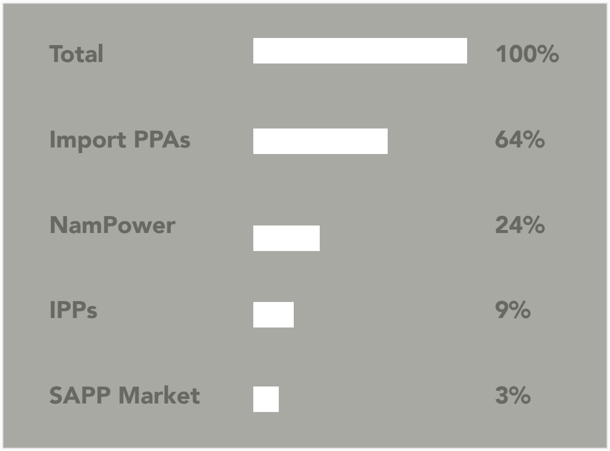


The firm five-year bilateral agreement with ESKOM which was effective since April 2017, is due to expire in the next reporting period. As NamPower experienced delays with the implementation of its short-term generation projects due to various reasons, NamPower intends to renegotiate and extend the ESKOM bilateral agreement for a further period until such time that the energy can be replaced with a suitable, dispatchable energy source.

A further critical milestone was achieved with the implementation of a fixed price for the remainder of the ZPC bilateral Power Purchase Agreement. This will limit the exposure to NamPower against annual indexation as well as the foreign currency fluctuations which may occur during the remainder of the term of the ZPC contract term.

Suppliers contribution

During the period under review, the region (SADC) received significant rainfall compared to the previous year (2019/20). However, the output from NamPower's biggest generator (Ruacana Station) which is a run-off the Kunene River hydro plant, reduced significantly by 36%. This was due to a drop in rainfall received in the Kunene Province of southern Angola, the catchment area of the Kunene River. The decrease in Ruacana's output resulted in a significant reduction of NamPower's contribution from 33% of the previous year to 24% which was made up from increased imports, amongst others.



Energy Supply Composition

MSB Market

Following the implementation of the MSB market in September 2019, 452 MW has been allocated to be supplied by Eligible Sellers. 11% (49MW) of the allocated capacity was licensed by the Electricity Control Board (ECB) and projects are in the early stages of development.

Looking ahead to 2022 and beyond

The Ministry of Mines and Energy (MME) has initiated the update of the outdated 2016 NIRP which, when completed, describes the recommended energy roadmap for Namibia and will provide guidance on formulation of new guiding policy to inform the medium to long-term generation planning. With the current NamPower generation projects under development, the implementation of the MSB market, and the upcoming expiry of key import agreements, NamPower is currently evaluating the progress, efficiencies and impacts of its existing short-to-medium term strategy and also developing a viable medium and long-term plan guiding development activities within the transmission, generation and energy trading scenes taking the experienced volatility and uncertainties into account.

In addition, NamPower plans to:

- Continue to implement the maintenance plans to ensure high availability and reliability of generating units
- Continue to engage upstream stakeholders on the joint operations of Calueque Dam and close coordination of water releases from the upstream dams for optimal use of the water for power generation as well as for human and animal consumption
- Part of NamPower's rollout on new generation facilities is the construction of Anixas adding an additional 50 MW of quick-start power generation. In the NamPower generation fleet, Anixas and Anixas II will become very important as an emergency and a backup generation capacity during cloud covering conditions for the ever-growing Solar PV power plants. Looking ahead this backup role can be well managed with the help of forecasted weather programs
- Finalise the Van Eck Power Station rehabilitation project
- Improve the power station reliability and operating efficiency
- Optimise operating and maintenance costs

Supporting the development of the electricity industry and the economy

The evolving electricity supply industry in the country and the region will result in an increase in in the number of players in the market, as Independent Power Producers (IPPs) enter the market. As this will increase the market complexity, collaboration between stakeholders in the market is necessary in order to manage the increase in complexity.

Strategic initiatives
Support the development of ESI through collaboration and provide valuable input in shaping the industry.

STRATEGIC PILLAR 2:
UNLOCKING THE VALUE OF ELECTRICITY SECTOR COLLABORATION

The evolution of the electricity sector in Namibia and the SADC region at large will significantly increase the number of market players. IPPs are entering the SAPP market and consumers now have choices and are also becoming "prosumers" by generating electricity from Solar PVs for own use as well as feeding it into the grid. The increased number of market participants will significantly increase the market complexity. A closer collaboration between stakeholders in the market is needed to manage this increase in complexity.

NamPower values the importance of collaboration with all electricity sector stakeholders to support the development of the industry, accelerate electrification towards universal access, develop new products and services, and deliver our project portfolio.

Our 2021 performance

Network Operations has been working closely with Distribution and Rural Electrification for the central and southern regions on customer connection points. The Section's Appointed Operators have to undergo a specialised type of training by the HVR&T (High Voltage Regulations and Training) department in Network Operations. This training includes theoretical and practical training, and a final assessment. The training ensures that the operators are well equipped to deal with customer points. Therefore, more operators can be availed to connect more customers to the NamPower network.

Distribution and Rural Electrification (RE) involve different stakeholders to facilitate the realisation of distribution and rural electrification projects. The stakeholders include consultants, the Ministry of Mines and Energy (MME), contractors and communities. The MME was engaged during the year under review in formulating strategies on enhancing processes to expedite implementation of RE projects. Further stakeholder engagements took place with local and regional governments, including consultants as indicated below.

- Agreement regarding the management of RE projects between NamPower and MME, which led to the transfer of funds from MME to NamPower for the rural electrification projects
- Collaboration with City of Windhoek Council for the Peri-Urban electrification project in Windhoek
- Request from Governors for electrification priority lists in regions
- Engagement with contractors/consultants for distribution projects

Looking ahead to 2022 and beyond

- Network Operations will continue to provide relevant training through its HVRandT Section to increase the number of appointed operators in the company. This will improve the skill set of the company in general and increase the response time to customer needs
- Engagements with stakeholders on implementation of distribution and renewable energy projects is ongoing.
- Collaboration with the MME regarding the implementation of RE projects will be strengthened
- More local authorities will be engaged regarding Peri-Urban electrification projects
- Requests for electrification priority lists will be sought from Regional Governments to reach the targets of electrifying government facilities in rural areas before 2024

Develop new products and services

The need to engage existing and potential customers in order to understand their needs and requirements for new products and services is key.

Strategic initiatives
Explore series of ancillary services, reliability services, balancing services, and energy banking services resulting from the MSB market model

Our 2021 performance

Customer (internal and external) application studies

Numerous customer related studies were conducted to integrate distribution, transmission and generation customers and cater for future load growth, generation and wheeling opportunities. Network studies for the below projects were completed:

- Rosh Pinah Zinc Mine (RPZM) 18.5 MVA supply: A new 66 kV line dedicated for RPZM will be built from Obib substation to Zincum substation, to satisfy RPZM's forecasted 18.5 MVA demand from the year 2023 due to the planned upgrades at the mine.
- Etango Mine supply: Bannerman Mining Resources Namibia (BMRN) plans to develop Etango Mine (a new mine to be located about 28 km south-east of Swakopmund Town), with forecasted demand of 15 MVA in the year 2023 and 50 MVA in the long-term. To satisfy the mine's demand, a 132 kV line dedicated for Etango Mine will be built from Kuiseb substation to Etango Mine. The customer is currently busy with a definitive feasibility study.

Network studies pertaining to Notified Maximum Demand (NMD) increases requested by customers on various supply points were also conducted. Some of the supply points where NMD increases were implemented, are as follows:

- Sperrgebiet Diamond Mine: Elizabeth Bay 66 kV
- NORED: Oshivelo 22 kV, Eheke 33 kV, Okangwati 33 kV and Orumana 11 kV

Network protection

Over 15 new protection settings were successfully completed, including those of major projects such as:

- Omburu substation: 220/6.65 kV SVC Transformer 1 protection scheme settings
- Omatando substation: 132/66/22 kV 40 MVA Transformer 12 protection settings
- Swakopmund substation: 66/11 kV 30 MVA Transformer 2 protection settings
- Brakwater substation: 66/11 kV 20 MVA Transformer 1,11 kV feeders and 66 kV buszone settings
- Hardap substation: 220 kV reactor settings

Over 25 protection settings were revised and provided due to requests from both Network Operations and Modified Single Buyer (MSB), some of which were for emergency operations. Some of the revisions include the following:

- 10 MVA Solaris Mobile Sub (Okatope deployment)
- Ohama substation: 132/33kV 20MVA Transformer 2 and 33kV Baobab 1 feeder
- Karas T-off substation: 220/22kV Reactor 1

Fault investigations within the network were also conducted and remedial measures were provided to safeguard the network against future interruptions. Some of the major fault investigations in the year under review include the following:

- Ruacana Power Station: Generator 4 trips
- Omburu substation: 220 kV Buszone and 220kV Gerus 1 feeder trips
- Harib substation: 220kV Aggeneis 1 feeder trips

Looking ahead to 2022 and beyond

Power system studies (customer related, network protection and special studies) to satisfy the customer requests (both internal and external) will continue to be conducted in the coming year and beyond.

Accelerating electrification to rural areas of Namibia

Rural electrification

NamPower continues to play its part in the realisation of Namibia's rural electrification, 30 years after the country's independence. The Rural Electrification Programme was initiated just after independence in 1991 to extend the national grid and provide electricity to rural communities. The programme targets only rural communities and un-electrified public institutions countrywide. NamPower manages the implementation of the National Rural Electrification Programme throughout Namibia for and on behalf of the MME. NamPower's decision to join the Rural Electrification Programme was aimed at augmenting the government's efforts to improve the citizens' standard of life. In line with its mandate and corporate social responsibility policies, NamPower understands that to extend power to rural communities in Namibia will lead to the improvement in quality of life in and provide opportunities for economic development.

Adoption of new technologies is paramount to remaining competitive and relevant. In the financial year under review, distribution and rural electrification with other stakeholders engaged in drafting a new Renewable Energy policy, which also addresses new renewable energy technologies.

Strategic initiatives
Develop a strategy on how to expand rural electrification using new technology.

Our 2021 performance

Developing a strategy to expand rural electrification using new technology

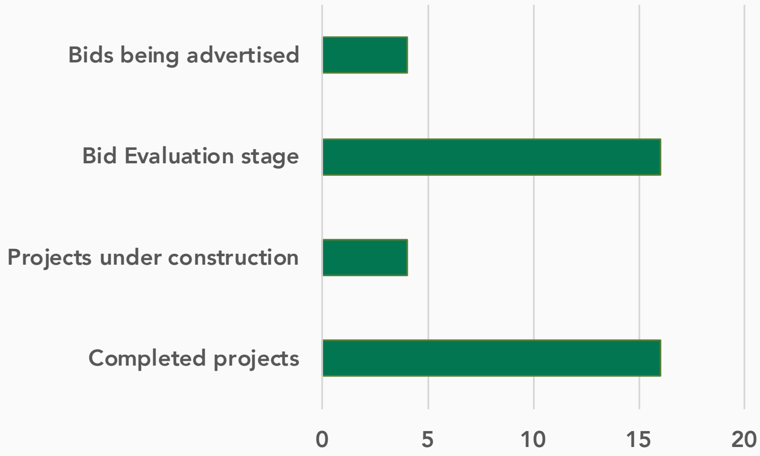
Part of the strategies that were proposed are as follows:

- Using off-grid networks and Microgrids to electrify communities/institutions depending on the proximity to the national grid.
- Using renewable energy for rural electrification projects taking into cognisance of the implementation and life cycle costs and deciding accordingly.
- Strategies on procurement of contractors for rural electrification projects, including the shortening of time to appoint contractors by adopting a strategy to pre-qualify qualified and well-equipped local contractors.

Support Electrification Master Plan

The rural electrification master plan forms part of the key strategies of distribution and rural electrification. The section spearheaded some of the strategies indicated in the masterplan by implementing rural electrification projects aimed at increasing the electrification footprint as indicated in the master plan by allocating money for priority projects.

Distribution and rural electrification budgeted N$150 million for RE projects to reduce the electrification backlog in rural areas as indicated in the Electrification Masterplan. Progress on various rural electrification implementation projects is depicted below:



Indication of progress of NamPower/EIB funded projects for 2020-2021

MME Funded Projects

	Progress %	Comments
OHANGWENA	68	Executed by NamPower's Construction Team. Consists of six localities/ schools and communities to be electrified
ZAMBEZI PROJECT	0	A site handover is done
KAVANGO PROJECT	0	Bid evaluation is completed. Notice of selection recently sent to participants
KAVANGO WEST	0	Contractor appointed. Most competitive Bidder still to submit a performance guarantee before site handover is done

Looking ahead to 2022 and beyond

NamPower will continue to support the realisation of the electrification master plan by planning and implementing rural electrification projects in collaboration with all relevant stakeholders.

A further N$50 million was approved for RE projects to supplement current efforts in reducing the electrification backlog as alluded by the electrification masterplan.

The following rural electrification projects were implemented during the year under review:

Project name	Region	Value	Project status
Kaparara	Kavango East	N$2,037,289	Project completed
Okovasiona and Otjekua	Kunene	N$878.955	Project completed
Mangetti and Nayimanya	Kavango East	N$3,019.414	Project completed
Onalusheshete	Ohangwena	N$2,575,287	Project completed
Shamukweni	Ohangwena	N$2,957,130	Project completed
Kasara	Kavango East	N$2,078,655	Project completed
Kombat	Otjozondjupa	N$500,000	Project completed
Vleiveld	Hardap	N$1,093,733	Project completed
Hanghome and Shaama PS	Ohangwena	N$3,583,218	Project completed
Onamutayi	Oshana	N$500,000	Project completed
Kaukurus	Omaheke	N$3,716,370	Project completed
Ncude and Ncumushi	Kavango East	N$3,682,390	Project completed
Dooran Daberas	Hardap	N$9,529,668	Project completed
Mpanda JPS	Kavango West	N$2,621,100	Project completed
Oshipumbu and Omuulukila	Omusati	N$3,028,000	Project completed
Oshitha Shoonyushi	Oshana	N$984,424	Project completed
TOTAL			**N$42,785,633**
PROJECTS IN PROGRESS			
Panduleni and Taadhiya PS	Omusati	N$7,101,110	45% completed
De Riet	Kunene	N$2,589,400	35% completed
Vaalgras Zone A,B,C,D	//Karas	N$7,590,000	20% completed
Otjiyere, Ondjombo Okomukaro	Omaheke	N$8,681,000	20% completed
Maunga and Kakiramupepo	Zambezi	N$915,737	Site handover done recently
Olukupa CS	Oshikoto	N$2,501,733	Bid at evaluation stage
Ehangano/ Oshikondailwa	Oshikoto	N$4,973,200	Bid at evaluation stage
Ondjiripumwa	Omaheke	N$676,867	Bid at evaluation stage
Onayisaati and Omishe	Ohangwena	N$3,998,400	Bid at evaluation stage
Nahas Angula	Oshikoto	N$2,047,900	Bid at evaluation stage
Ohakavena	Omaheke	N$8,708,768	Bid at evaluation stage
Witdrift and Laference	//Karas	N$3,913,141	Bid at evaluation stage
Ondjandjo	Oshana	N$745,724	Bid at evaluation stage
Awala	Oshikoto	N$1,388,338	Bid at evaluation stage
Loide Nadunya	Ohangwena	N$2,029,275	Bid at evaluation stage
Etanga	Kunene	N$2,186,204	Bid at evaluation stage
!Khoros and August Dam	Hardap	N$17,428,716	Bid at evaluation stage
Farm Koherab Locality	Hardap	N$1,029,492	Bid at evaluation stage
Farm Naris, Vleiveld, Schip, Steyn	Hardap	N$1,163,000	Bid at evaluation stage
EIB MV Line Eengwena Elao and Onehapi	Ohangwena	N$7,463,196	Bid at evaluation stage
Kalanawa and Mungomba	Kavango West	N$2,843,100	Bid currently in the market
Kasibi	Zambezi	N$1,442,726	Bid currently in the market
Shanghaya	Kavango East	N$1,740,397	Bid currently in the market
Amwaama gwa Shaanika	Omusati	N$1,321,630	Bid at evaluation stage
Liswani and Lyanshulu	Zambezi	N$4,659,800	Bid currently in the market
TOTAL COST			**N$99,138,854**

CREATING VALUE FOR AN INCLUSIVE SOCIETY

Brief history

The NamPower Foundation was established as a Trust in 2008 and changed to a department within the company in 2010. What necessitated this change was ease of operating, as Trusts are by their nature very complex corporate persons. Since NamPower was to solely fund its corporate social investment arm, it was deemed necessary to change from Trust to a Foundation. It is subject to the rules and operating procedures of NamPower in terms of staffing, budget, expenditure and procurement approvals.

The NamPower Foundation continues steadfastly in its commitment to making a meaningful contribution towards the socio-economic development of the communities in which the company operates and of the Namibian nation at large. Over the past ten years, an amount of N$53 million was invested in several corporate social investment programmes which has added significant value to several sectors of the economy.

During the year under review, an amount of N$7.6 million was invested in the education sector, health and social welfare, capacity and skills development, community development, with the bulk of the investment allocated to NamPower''s flagship project, Disability Sport Namibia, and the education sector.

The NamPower Social Investment projects are divided into two categories, namely the Social Partnership Projects and the flagship projects. The flagship projects are more of a permanent nature that are continually supported, while the social partnership projects are once-off donations.

Investment made in CSI programmes during the 2020/21 financial year.

Year	Amount spent per focus area (N$)
Education	5,491,052
Health and Social Welfare	290,697
Capacity and Skills Development	213,834
Community Development	3,945
Flagship (Disability Sport Namibia)	1,628,102
GRAND TOTAL	7,627,630

Education

Education is one of the most important pillars for socio-economic development and the greatest equaliser of society as people are treated as equals based on their knowledge and competence. Thus, for the NamPower Foundation it is very crucial to create an enabling environment towards the success of this sector.

Health and social welfare

The NamPower Foundation supports healthcare projects to ensure that community members receive primary healthcare, since a healthy nation is a productive nation. In addition, the Foundation also supports Social Welfare to ensure that our vulnerable community members are taken care of.

Community development

NamPower believes that all people should have access to health, wellbeing, wealth, justice, and opportunity. It is important that all citizens are given a chance to better their circumstances. The NamPower Foundation thus supported communities in different ways to enhance or improve on what they have or to start income-generating projects. Community development also ensures self-sustainability, leading to food security.

Capacity and skills development

Capacity-building is defined as the process of developing and strengthening the skills, instincts, abilities, processes, and resources that organisations and communities need to survive, adapt, and thrive on in a fast-changing world. An essential ingredient in capacity-building is transformation that is generated and sustained over time from within; transformation of this kind goes beyond performing tasks to changing mindsets and attitudes. Thus, with the necessary skills, community members will be able to venture into entrepreneurship which will lead to the recruitment of fellow community members and the reduction of unemployment.

Flagship projects

The flagship projects are those with a long-term agreement for support, while the social partnership projects are a once-off donation.

Currently, Disability Sports Namibia (DSN) is the NamPower Foundation's flagship project. The DSN which comprises of the Namibia Paralympic Committee (NPC), Special Olympics Namibia and Namibian National Association of the Deaf, is an organisation that caters for sports people living with disabilities. These sports codes are normally neglected in the mainstream sports arena. NamPower sees sports as an agent of change and empowerment to those living with disabilities, as it realises their full potential and advocate for changes in society. We believe that through sport, persons with disabilities acquire vital social skills, develop independence, and become empowered to act as agents of change.

NAMPOWER EQUITABLE ECONOMIC EMPOWERMENT

From a corporate social responsibility perspective, the value of preferential procurement lies in the contribution which is made to businesses with a recognised Previously Disadvantaged Namibian (PDN) compliant status. This contributes to sustainable development and the welfare of society at large. Through its preferential procurement practices, NamPower demonstrates that it is acting with social responsibility and acknowledges the fact that its business decisions (such as its purchasing patterns) have an impact on society. NamPower's Equitable Economic Empowerment policy is therefore a deliberate economic empowerment initiative undertaken by NamPower with the business imperative to undertake a deliberate procurement strategy to increase the participation of particularly (PDN's) in NamPower's procurement.

Our commitment to creating value for an inclusive society will continue as long as resources allows. Amongst the four focus areas, education received a huge share of the Foundation's budget, as NamPower believes that education is an important pillar for socio-economic development in the country.

Looking ahead to 2022 and beyond

The table below illustrate the projects planned, amongst others, for 2021/22 financial year.

FOCUS AREAS	Education	Health and Social Welfare	Capacity and Skills Development	Community Development
PLANNED PROJECTS FOR 2021/2022	Supply of Science equipment, Construction of ablution facilities, classrooms and fencing at various schools.	Construction of Health/ Outreach Centres and assist on other health related projects.	Training of community in various vocational skills to curb unemployment and improve self-sustainability	Supporting of several community projects aimed at socio-economic upliftment, such as gardens

During the year under review, NamPower set-aside certain procurement activities for PDN compliant entities. The Procurement Section continued to champion the utilisation of NamPower Equitable Economic Empowerment Policy (NEEEP) in all categories of NamPower's procurement bidding methods, with specific scoring criteria, as illustrated below, incorporated in the bidding process.

In the event that these requirements cannot be enforced, Joint Ventures as well as the setting aside of sub-contracts in more complex projects to previously disadvantaged entities are encouraged.

The NEEEP scorecard comprises of the following pillars:

NEEEP PDN SCORING CRITERIA

Estimates contract value less than N$10 million

***Pillar 1**
Ownership / Shareholding

Shareholding (% Interest)	Score
less than 15 %	2
more than 15% but less 25%	8
more than 15% but less 50%	10
more than 50%	14
Additional points, if shareholding by women / disable persons	
less than 25%	2
more than 25% but less than 50%	4

***Pillar 2**
Management control and Employment Equity

Scores 10 points, if 50% of the senior management is PDN

Scores 20 points, if 100% of the senior management is PDN

Estimates contract value more than N$10 million

Pillar 3
Human Resources and Skills Development

Scores 10 points, if 1% of the Gross Wages are spent on Training initiatives

Scores 20 points, if 2% of the Gross Wages are spent on Training initiatives

Pillar 4
Entrepreneur Development

Scores up to maximum of 50% points in proportion to the value of its procurement spending on the PDN owned businesses

Pillar 5
Community Investment

Community Investment Scores 10 points, if 1% of Contract Value is towards Corporate Social Responsibility (CSR) initiatives

Scores 20 points, if 2% of Contract Value is towards Corporate Social Responsibility (CSR) initiatives

*Pillar's 1 and 2 also applies to contracts above N$10 million.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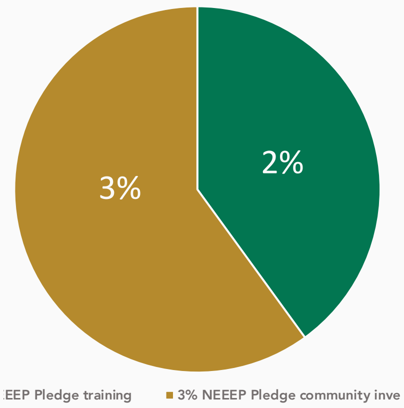
These empowerment pillars formed part of the NEEEP scorecard depicted above and are aimed at contributing to the national developmental programmes, through empowerment as well as skills transfer. This is especially imperative to ensure that skills in conducting large and complex works are transferred to Namibian PDN entities. In respect of community investment pledges, the aim is to assist in the social upliftment of the communities residing in the localities where the projects will be developed.

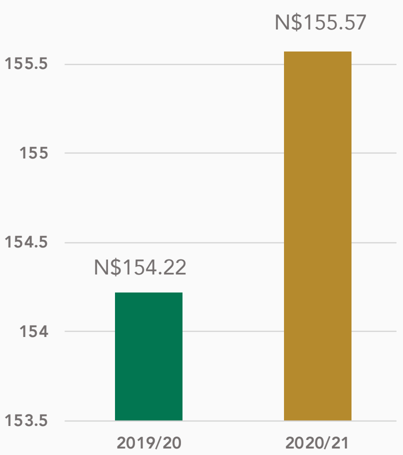
During the period under review, we have also witnessed the actualisation of pledges made on the Kunene-Omatando 400 kV transmission line project as indicated in the table below. The Kunene-Omatando project amounted to N$318.50 million.

Kunene-Omatando contract-NEEEP pledges balance			
	Pledge amount (N$)	Honoured (N$)	Pledge balance (N$)
2% NEEEP Pledge training	6,370,050.51	1,762,737.45	4,607,313.06
3% NEEEP Pledge community investments	9,555,075.76	8,310,914.18	1,244,161.58

Pledges balance



Furthermore, PDN participation increased by N$1.3 million compared to the last financial year.



A Procedures Manual, setting our specific procedures to be adhered to throughout the NEEEP value chain was developed and approved during the year under review. This will ensure that all NEEEP activities are conducted in compliance with all legal and other requirements. Finally, during the period under review, as per the mandate of the section and in accordance with the provision of NEEEP, a set-aside guideline was developed and approved by the Executive Committee. The set-aside guidelines contain and list the procurement activities reserved for PDN owned establishments. The section looks forward to ensuring the increased participation of previously disadvantaged companies as well as small medium enterprises owned by Namibians, under these guidelines.

Looking ahead to 2022 and beyond

The NEEEP section remains committed to fostering greater participation of NEEEP compliant ventures in NamPower's procurement undertakings. Ceaseless engagement with stakeholders through roadshows and online surveys are planned in order to greater understand the needs and aspiration of our target group. Furthermore, Namibia remains one of the most unequal societies with a Gini Coefficient of 59.1* and it's only through deliberate intervention such as NEEEP, that NamPower can forge for a prosperous economic future for Namibia and its people.

***Source:** https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country

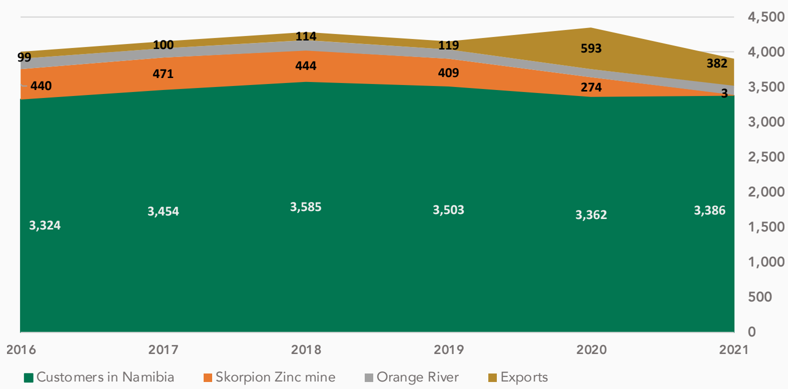
Supporting the development of a financially sustainable electricity market to ensure financial sustainability.

The financial year under review was an extraordinary year by any measure. It was a year where Namibia bravely faced its toughest battle against the global Covid-19 pandemic's aggressive infections amid the country's already challenging economic environment. Our customers, employees, and broader society suffered sustained, complex challenges and many loved ones were lost to the pandemic. At NamPower we share their grief and feel genuinely saddened by the numerous members of our green and gold family that have passed on due to Covid-19 related illnesses. We extend our sincere condolences to their families and loved ones.

The Namibian government implemented several stages of lock down and restrictions to protect lives and this had a far-reaching impact on the economy and livelihoods.

As a result of the various measures introduced to mitigate the effects of Covid-19, as well as the slowdown in economic activities, Group revenue reduced by 5.0% (2019/20: 4.8% increase) from N$6.9 billion in the previous year, to N$6.5 billion for the year under review. This was mainly attributable to a decrease in unit sales volumes of 10.3%, from 4,352 GWh to 3,903 GWh (2019/20:4.6% increase).

Units sales (GWh)



Maximum demand (excluding Skorpion) decreased to 617 MW achieved in June 2021, compared to 688 MW in June 2020, representing a decrease of 10.3%. Recognising the economic challenges prevailing in the country, the bulk electricity tariff for the year remained unchanged from 2020 financial year at 164.88 cents/kWh, the first time the tariff has remained unchanged in the history of the company.

STRATEGIC PILLAR 3: **OPTIMISING FINANCIAL SUSTAINABILITY**

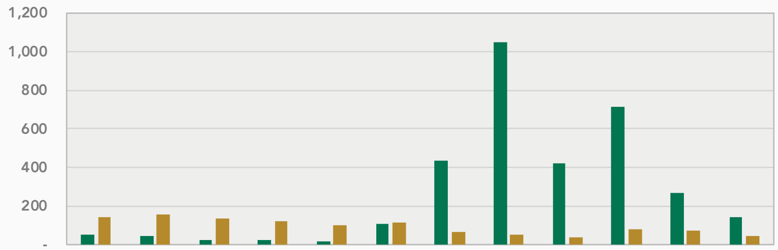
Due to the integrated nature of the electricity sector value chain, NamPower has a vested interest in the overall financial sustainability of the sector. NamPower will support the government and the regulator in driving the regulatory change towards a new market design and underlying tariff regime while maintaining the financial sustainability of the electricity sector.

To optimise financial sustainability and increase competitiveness in the evolving electricity market, NamPower will develop and implement customer focused strategies that are aimed at increasing customer confidence which, in return, increases revenue, shareholders value, sound liquidity, and profitability in an ever-evolving Electricity Supply Industry.

The Ministry of Mines and Energy introduced the LRMC Levy in 2013 to create a reserve for use in avoiding significant future price shocks to the Namibian consumer. This levy was first included in the 2014 financial year tariff at 2.54 cents/kWh and amounted to N$127 million. No LRMC Levy was included in the tariff for the year under review (2019/20: 2.85 cents/kWh). In line with the directives of the Regulator, the Electricity Control Board (ECB), the LRMC Levy is ring-fenced in the books of the company and invested in a separate interest-bearing account effective 1 July 2018. These funds can only be utilised with the specific approval of the Regulator. It is thus accounted for as deferred revenue and, to date, amounts to N$495 million. During the year under review, the Regulator allowed the utilisation of N$175 million to subsidise the construction of a NamPower Solar Pant, Omburu PV Plant, and a further N$50 million to subsidise the fuel cost of Van Eck and Anixas Power stations.

The cost of electricity increased by 7.1% from N$4.2 billion achieved in the previous financial year to N$4.5 billion for the year under review.

Ruacana river flow (cumecs)

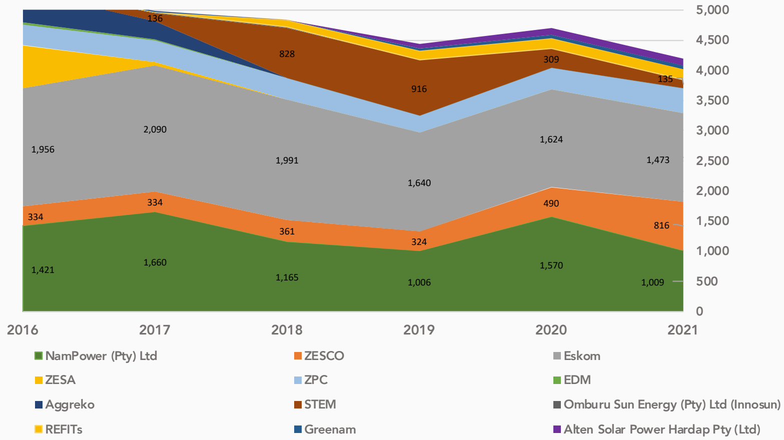


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fin Year 2020	50	43	25	21	20	111	436	1,049	422	711	267	145
Fin Year 2021	140	158	132	119	99	117	67	52	40	77	73	43

NamPower continues to rely on regional trading partners to meet the country's electricity demand. The catchment area for Ruacana did not receive good rainfall during the reporting period, resulting in the Ruacana Hydro Power Station flow averaging 93 m^3/s (2019/20: 275 m^3/s) for the financial year, thus decreasing NamPower's contribution to total units into the system to 24.1% compared to 33.4% achieved in the previous year. This resulted in NamPower importing 67.4% (2019/20: 59%) of the power from neighbouring countries and SAPP market to meet the country's electricity demand. The cost of imported electricity was the main contributor to the increased cost of electricity. IPPs contributed 8.6% (2019/20: 7.4%) of the total units into the system during the financial year under review.

NamPower concluded 14 new Power Purchase Agreements (PPA) of 5MW each with the Independent Power Producers (IPPs) within the renewable energy sector under the Renewable Energy Feed-In Tariffs (REFIT) during the 2016 financial year. Of the 14 REFITs, 13 are operational and supplying NamPower with electricity. Of the 4,193 GWh units of electricity fed into the Namibian system, 173 GWh (2019/20:160 GWh) was generated by the REFIT IPPs. Under the REFIT PPA contracts, NamPower purchased power at an inception tariff of N$1.37/kWh (solar) and N$1.08kWh (wind), which is adjusted annually on 1 July with the Namibian Consumer Price Index (CPI).

Units into System (GWh)



Other income for the Group amounted to N$108.8 million (2019/20: N$74.2 million). Included in other income is income from the fibre optics and property rentals. In 2010, the shareholder, the Government of the Republic of Namibia, committed to subsidising N$250 million towards the construction of the Anixas emergency diesel power station in Walvis Bay. Of this grant, N$72.7 million has been recognised as income, and the remaining N$177.3 million will be recognised on a systematic basis over the useful life of the power plant. The Government grant accrued income of N$8.9 million (2019/20: N$8.9 million), and N$50 million LRMC received (2019/20: Nil) is included in other income for the year under review.

Employee costs for the year amounted to N$996.6 million (2019/20: N$956.6 million) representing an increase of 4.1% (2019/20: 2%) because of average salary increases for the year under review. The head count at the end of the financial year increased by 0.34% from 1,161 to 1,165.

Depreciation and amortisation charge for the year amounted to

N$886 million (2019/20: N$821 million).
Other operating expenses decreased by 6.2% (2019/20: 5.8%) from N$441.3 million achieved in the previous year, to N$413.9 million for the year under review. Repairs and maintenance costs of transmission networks and the power stations remain the core activities of the Group to ensure that assets continue to be reliable in delivering power to the nation. Costs associated with these activities amounting to N$111.8 million (2019/20: N$121.4 million) are included in other operating expenses.

In line with the group's accounting policies, the Company's power stations, transmission systems, aircraft fleet, and land and buildings were revalued effective 30 June 2021 based on the depreciated replacement value. The revaluation of power stations, transmission systems, and aircraft fleet were performed by independent valuers, namely MPAMOT Africa (Pty) Ltd, South Africa, and the land and buildings were revalued by Gert Hamman Property Valuers CC, Namibia. The revaluation resulted in an increase in the value of these assets amounting to N$10.4 billion and an impairment loss of N$111.3 million. The impairment loss was charged against profit or loss whilst the revaluation surplus and associated tax charge are disclosed under other comprehensive income.

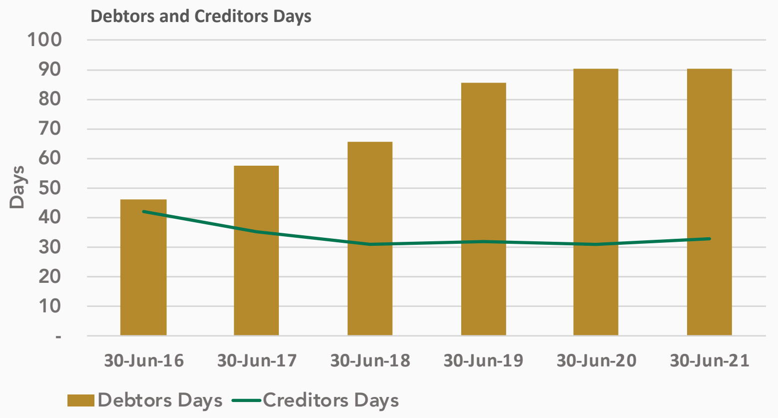
A reversal of impairment loss of financial assets amounting to N$124.1 million (2019/19: N$85.6 million increase) was recognised in profit or loss for the year under review. The reversal includes an impairment loss reversal on other financial assets amounting to N$63.5 (2019/2020: N$70.5) million increase and a reversal of expected credit losses (impairment) of N$60.6 million (2019/2020: N$15 million increase) in respect of trade receivables. The expected credit loss takes into account the potential effects of the challenging economic situation prevailing in the country and the impact of Covid-19 on businesses that may result in delayed settlement of accounts by some customers.

Investment income for the year decreased by 23.8% (2019/2020: 10.4%) from N$787.8.0 million to N$600.6 million. Namibia prime interest rate reduced with 50 basis points during the year under review and 275 basis points since the beginning of the Covid-19 pandemic, negatively impacting on the returns on investments.

It is NamPower's policy to hedge committed foreign currency denominated exposure. Changes in the market conditions, particularly in the exchange rate of the Namibia Dollar against the major trading currencies, (USD, Euro and British Pound) impacted profitability as follows:

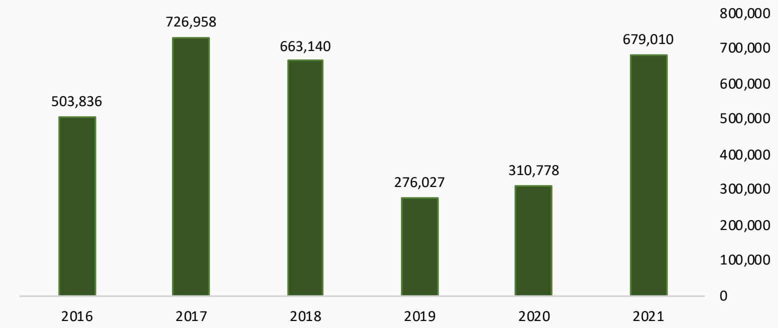
- Net fair value and gains on foreign exchange of N$1.2 billion (2019/2020: N$726.1 million losses) made up of the following:
- Net fair value loss on derivatives and foreign loans of N$9.7 million (2019/2020: N$4.1 million gain)
- Net fair value gain on embedded derivatives on Power Sale Agreements and Power Purchase Agreements of N$1.4 billion (2019/2020: N$756.3 million loss)
- Fair value gain on firm commitments N$2.6 million (2019/2020: N$2.7 million loss)
- Net foreign exchange loss N$167 million (2019/2020: N$175.6 million gain)

Current tax for the year under review amounted to N$229.4 million (2019/2020: N$397.9 million). Tax charge to the profit or loss after taking into account the effects of the deferred tax was N$437.5 million (2019/2020: N$34.8 million). Group profit after tax amounted to N$1.2 billion compared to N$320.0 million achieved during the prior year.



Cash generated from operations decreased from N$1.2 billion during the previous year to N$929.3 million. This is mainly attributed to the increased cost of electricity and slow collection of revenue. Debtor's days remained the same at 90 days, indicative of the persisting challenging economic situation and the impact of Covid-19 pandemic. NamPower acknowledged the financial challenges posed by the global Covid-19 pandemic on businesses and offered relief to all customers in the form of an interest waiver on overdue accounts and extended payment terms until the Covid-19 state of emergency was lifted. This relief, the already existing challenging economic situation in the country, and the impact of the pandemic on the economy all negatively impacted the debtors' collection days.

Capital expenditure for the Group amounted to N$679.0 million (2019/2020: N$310.8 million) for the year under review. Total assets for the Group increased to N$45.3 billion from N$34.8 billion, mainly because of the revaluation of the aircrafts, transmission, generation, and distribution networks, which resulted in an increase in the value of property, plant, and equipment by N$10.4 billion.



Diversifying our sources of revenue

Looking ahead to 2022 and beyond

NamPower was able to maintain a strong financial position over the last five years that was based on traditional services. Looking ahead to 2022 and beyond, NamPower will explore further opportunities to maximise on The GridOnline services.

The GridOnline

The GridOnline is the brand name for the wholesale managed capacity services offered by NamPower. The GridOnline provides managed capacity services using its internal OPGW network providing a nationwide backbone to telecoms operators. The services offered by The GridOnline are 1 Gbps, 10 Gbps and 100 Gbps capacities or multiples thereof. The fibre service will assist NamPower in diversifying its sources of revenue by enhancing the existing fibre network and bringing fibre to identified strategic substations and district offices.

The market continues to show interest in the product, and since its launch in March 2019, The GridOnline has signed up three Customers with six individual contracts and has to date generated just over N$11.73 million.

This expansion will allow opportunities for more customers to connect to The GridOnline as well as enhance communication within the company. Some of the major projects include:

- Otjiwarongo District Office Fibre Installation
- Tsumeb District Office Fibre Installation

NamPower / The GridOnline is commissioning its revised business model and strategic review, with the following objectives:

- Update and assess the current fibre optic market in Namibia.
- Evaluate the commercial positioning of the business.
- Update the existing business plan for the fibre business i.e. The GridOnline.
- Review current business financials and operations.

On the technical and commercial front, The GridOnline will:

- Strive to follow up on the current leads (potential and current customers) to ensure that they sign on new contracts
- Work hard to ensure that the customers currently on the triparty Agreement (Dark Fibre) move to The GridOnline services before the agreement comes to an end
- Accelerate the Gap closure projects to ensure that the fibre optic presence is closer to the customers
- Continue to upgrade the network to the DWDM technology to ensure higher capacity handling for both NamPower and external customers

NamPower will explore new funding options and leverage new sources of capital that will be required for its capital-intensive generation capacitation portfolio.

As the market model is expected to change, revenue implications will need to be analysed to measure the impact on financial sustainability. NamPower will remain proactive in this regard.

STRATEGIC PILLAR 4:
DRIVING ORGANISATIONAL AND OPERATIONAL EXCELLENCE

NamPower will "Drive organisational and operational excellence" by building an ethical, engaging and high-performance culture, in order to achieve top employer status, developing additional capabilities and technologies to meet new market requirements, and driving innovation and new business opportunities.

Innovation, business development and leveraging new technologies will be key enablers for NamPower to attract top talent and become an employer of choice that will provide opportunities for career growth.

Similarly, committed and engaged employees who live the values of NamPower and drive a culture of high performance will be critical to NamPower becoming the leading electricity provider of choice in SADC. In an environment where there tends to be a skills shortage despite the transforming business landscape, succession planning is key to building a pipeline for future leadership and ensuring business continuity.

Creating value through our people

NamPower's philosophy is deeply rooted in the fulfilment of its employees' aspirations as highlighted in its Corporate Mission. Therefore, NamPower recruits, develops, rewards and retains its employees according to a strategy that focuses on strengthening the capacity, energy and integrity our people bring to the business, thereby maximising stakeholder value and long-term sustainability.

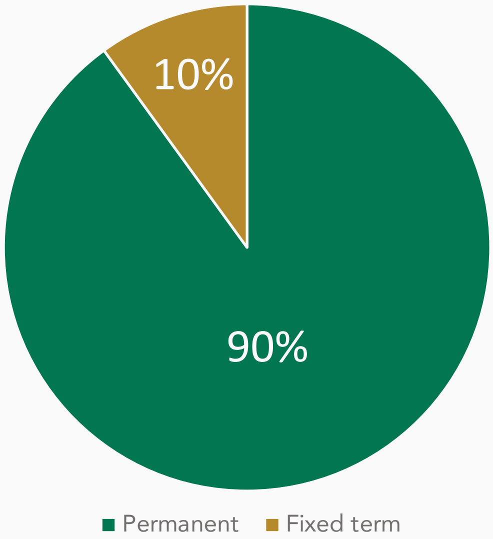
The table below provides a high-level view of our employee value proposition (inputs) and the value this creates (impact). High productivity, above average customer satisfaction ratings, high retention rate and a staff turnover rate of less than 1% clearly correlates with NamPower being an employer of choice, an achievement we can be especially proud of.

Creating value through our people				
INPUTS	**ACTIVITIES**	**OUTPUTS**	**OUTCOMES**	**IMPACT**
• Compensation and benefits • Right attraction and retention • Training and development • Leadership development • Employee support	• Workforce planning • Attraction and retention • Performance management • Reward and recognition • Capacity development • Talent management • Employees heath, safety and wellness • Organisational development and design • Change management	• Leadership and workforce capability • Employee support embedded • Improved service delivery • Leadership talent strengthened • High performance culture entrenched	• High retention rate • Engaged employees • Low labour turnover • Low absenteeism rate • High performance • High competency level • Talent pool of future leaders	• Productivity - corporate performance score of 2.56 out of 4 • Profit for the year N$1.2 Billion • Customer satisfaction rate of 87% • High retention rate – 99% • Low staff turnover (less than 1%)

Our employee profile

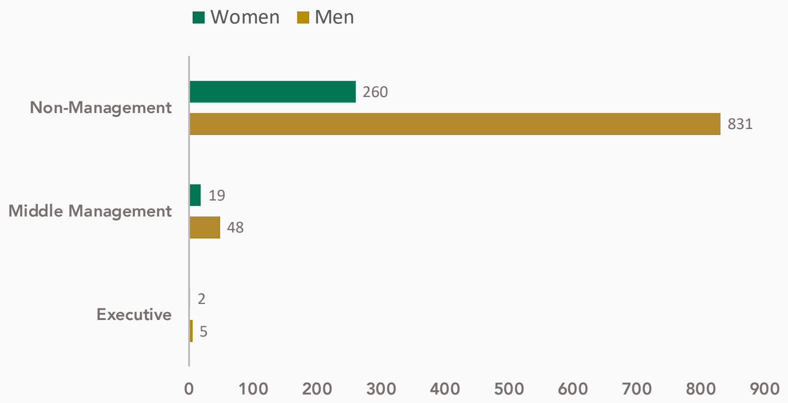
Permanent employees	1,048
Average Age	**41**
Average Tenure	**11.8**
Permanent Employee Turnover	**Less than 1%**
Female Employees	**24%**

The employee profile is currently at 1,165, including 117 employees on short-term employment contracts. Employees on short-term employment contracts constitute 10% of the total workforce.

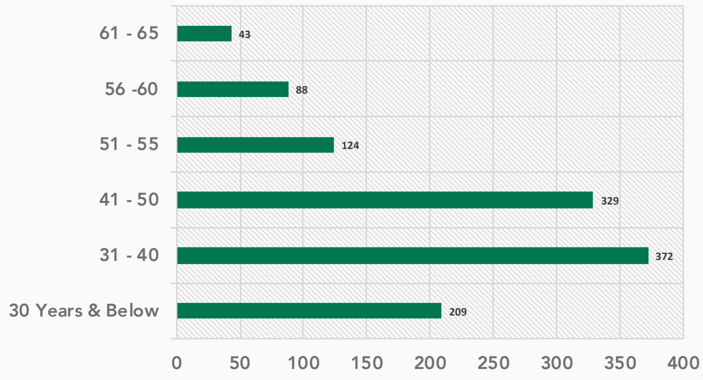


Diversity and Inclusion

Gender representation stands at 24% females, an increase of 1.5% from the last year's reporting (2020). NamPower remains committed to increasing the representation of women in the organisation by creating equal employment opportunities and targeting females for promotions, bursaries and scholarships.



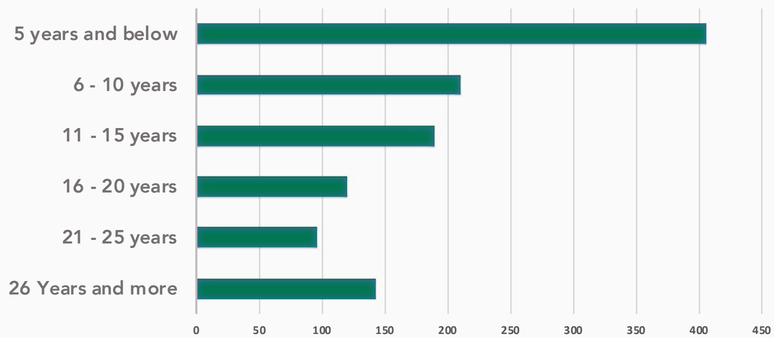
Breakdown by tenure



Breakdown by age

The Company's workforce age distribution ranges from 22 to 64 years with an average age of 41 years. Seventy-eight percent (78%) of employees are below the age of 50, an indication of a middle-age workforce.

Breakdown by age



	26 Years and more	21 - 25 years	16 - 20 years	11 - 15 years	6 - 10 years	5 years and below
Number of Employees	143	96	120	190	210	406

Workforce tenure

The Company's workforce tenure ranges from one month to 46 years. Thirty-five percent (35%) of the workforce have been in the Company employment for less than five years. Eighteen percent (18%) of employees have been in employment for the period between six and ten year and 47% of the entire workforce have been in employment for more than ten years.

Our performance for 2021

NamPower's values express the aspiration to achieve high ethical standards in delivering its mandate; to build a culture of teamwork that will bring out the best in each individual; to focus on serving our customers; and to place priority on the safety and health of staff and the public at all times. Our Code of Conduct is a manifestation of our values, which all employees are required to embody in everything they do.

A five-year workforce plan setting out the strategic initiatives in support of NamPower's 2020 – 2025 ISBP and strategic objectives has been developed during the year. The plan is aimed at bringing out the best in each individual, to build an ethical, engaging, and high-performance culture, in order to achieve top employer status, and improving and implementing our SHEW Programmes, as described in the following pages.

Developing additional capabilities that meet new market requirements and ensure that at least 80% of staff complete capacity building initiatives by 2023

NamPower is committed to developing a highly skilled and flexible workforce and recognises that capacity building of its human resources is central to the enhancement of its continuous improvement and the personal growth of individual employees.

Strategic initiatives
Implement Education, Training Development (ETD) programmes and develop new capabilities to address new and changing market Introduce and implement on-line learning (Mandatory Training for employees and e-Learning for Vocational Training)

- New competencies aligned to a new and changing market are being developed and skills and training methods continuously being investigated to cater for the evolving market
- 45% of employees completed capacity building interventions during the year at a total cost of N$6 million (2019/2020: N$7.5 million). Training interventions were primarily targeted at leadership development programmes, technical training, information systems training, in-house e-learning platforms, and Safety, Health, Environment and Wellness (SHEW) training. This investment will ensure that our human capital have the knowledge and skills required now and into the future and that NamPower attracts, develops, and retains high quality employees
- 16% of leaders attended online leadership development training programmes, which will be an ongoing exercise
- Strategic and critical positions were defined and contingency plans put in place to ensure business continuity
- Coaching and induction was provided for new supervisors
- Implemented the Recognition of Prior Learning (RPL) for unskilled and semi-skilled employees
- Designed and developed Microsoft/ IT learning tutorials and e-Learning/on-line learning for employees (in collaboration with iServ)
- Implemented e-Learning and on-line training platforms for Vocational Trainees

Looking ahead to 2022 and beyond

- Continue implementing the ETD Programmes
- Ongoing coordination of the Leadership Development Programmes
- Advancing the RPL programme
- Intensifying on-line and eLearning for both employees and the vocational trainees

Building an ethical, engaging, and high-performance culture to improve internal and external compliance to governance structures and frameworks

NamPower is founded on ethical business principles, which drive sustainable performance. It creates loyalty and trust among our key stakeholders such as our investors, the regulator, government, our customers, and suppliers, and fosters healthy relationships with the communities we serve.

Improved performance management, responsive and up-to-date policies, and certification and compliance audits were ongoing during the year and remain key drivers to employing sound ethical business practices.

Strategic initiatives
Improve Performance Management Processes and training Review and Improve HC Policies, Procedures and Processes Conduct certification and compliance audits in identified sections

Our 2021 Performance

- Performance Management Processes were improved through enhancing the general employee understanding of effective management practices
- Internal business collaboration and employee engagement were improved through forum meetings and other engagements
- Full implementation of e-PMS (SAP Success Factor)
- SAP Success Factor Training conducted for all employees
- Ten Policies were revised and approved during the year. These included the Disciplinary Codes and Procedures Policy; Recognition of Prior Learning Policy (RPL); Interest Free Study Loan Policy; Succession Planning and Management Policy, Bursary Policy; Employee Health Management Policy; Job Evaluation Policy; Employee Recognition Policy; Recruitment and Selection Policy; Performance Management Policy; Staff Retention Strategy)
- Two Programmes developed and approved
- In order to improve compliance to governance structures and frameworks, Internal Audit procured an automated auditing software that will be used to conduct audits and track progress on audit findings. The software will issue automated system notifications to Business Unit Contacts to update progress on audit findings, update actions and/or add attachments to record the work done to complete the finding
- The External Auditors' Report to Management will be incorporated into the automated software, and progress tracked on the due date of each finding and whether it had been resolved or not

Looking ahead to 2022 and beyond

- To continuously improve performance management processes
- To continuously revise HC Policies and Procedures
- To continuously monitor and track progress in resolution of both internal and external audit findings and to improve the overall control environment in NamPower's operations
- To ensure that Business Unit contacts become familiar with the process to respond to issue tracking on TeamMate

Achieving and retaining top employer status

Recruit and retain top talent to prepare a leadership pipeline and rank NamPower as a top employer in Namibia.

Strategic initiatives
Implement and embed Employee Recognition Programme Improve Succession Management Processes

Our 2021 Performance

NamPower recognizes the importance of succession planning and management to ensure that employees with potential are well prepared for the current and future roles. It seeks to provide a framework within which all succession planning and management aspects are to be carried out.

- An Employee Recognition Programme was approved during the year and is in the process of being implemented throughout the organisation. The programme will contribute to the high-performance culture and recognise high performance to increase staff morale and staff retention
- The Succession Plan and Framework was reviewed and implemented and skills gaps addressed to ensure employee development and talent retention

Looking ahead to 2022 and beyond

- Continue embedding employee recognition with roadshows and employee information sessions planned for May 2021
- Improve Succession Management processes

Improving and implementing our SHEW Programmes

Much emphasis is placed by NamPower on establishing and maintaining a safe and healthy working environment for its employees, and on protecting and conserving the natural environment in which it operates. Several strategic initiatives in this regard have been implemented as described below.

Strategic initiatives
Develop, implement, maintain, and continually improve occupational health, safety, environment, and wellness (SHEW) systems

Our 2021 Performance

- Reviewed SHEW training methodology to improve efficiency
- Four Operational Environmental Management Plans (EMPs) and Aspects and Impacts Registers developed
- 23 Operational Environmental Clearance Certificates (ECC's) were obtained for power lines and Eha Lodge
- 402 employees attended various medical surveillances
- Provision was made for oximeters, medical oxygen cylinders and concentrators for employees
- 11 safety training sessions conducted

Looking ahead to 2022 and beyond

- Conduct a SHEW audit
- Conduct environmental awareness and enforce compliance thereof
- Develop and assess implementation of Environmental Aspects and Impacts Registers
- Develop and implement Environment Monitoring Plan
- Improve and expand on environmental reporting
- Develop and implement Operational Environmental Management Plans (EMPs)
- Conduct Health and Wellness awareness campaigns
- Develop and implement annual health and wellness calendar
- Enhance and document wellness programme

Adopting international best practice and high standards of service delivery and operational excellence

Implementation and Maintenance of International Standards

NamPower embraces high levels of service delivery and operational excellence and has adopted three of the International Organisation for Standardisation (ISO) standards, namely: ISO 9001: 2015 (Quality

Management System), ISO 14001: 2015 (Environmental Management System), and ISO 45001:2018 (Occupational Health and Safety Management System). These standards provide a solid base on which innovation can thrive within NamPower, preserving consumer trust and sustainability, and consequent performance improvement.

One of the key enablers in driving this intervention was the adoption of the International Organisation for Standardisation (ISO) Integrated Management System (IMS) project, which will ultimately lead to the certification of the organisation on three international standards i.e., ISO 9001, ISO 14001 and ISO 45001.

A phased approach is being adopted by NamPower in respect of certification, in line with the ISBP (2020 - 2025), that specifies the conducting of certification and compliance audits in identified sections. In addition to the scope of the project, a risk-based approach, as required by the relevant standards, is followed.

Documentation and records management serves as a critical part of the project and without the required documentation in place, no certification will be obtained, hence the implementation of the Electronic Document and Records Management system.

The certification of Anixas Power Station

Stage 1 of the certification process; namely an external audit, was conducted in March 2021 and all non-conformities reported were addressed to ensure that the Anixas Power Station qualifies for the certification audit to be conducted in the new financial year.

Stage 2 will involve an extensive final certification audit, which will determine whether the Anixas Power Station qualifies to be certified as ISO 9001: 2015 compliant. This means that the operations of Anixas Power Station as an electricity generation plant operates according to International Quality Standards.

Looking ahead to 2022 and beyond

The certification audit for Anixas Power station will be conducted in the 2021/22 financial year. In addition to the certification audit of the Anixas Power Station, a surveillance audit will be conducted to ensure that ISO 9001:2015 (Quality Management System) requirements are maintained and continually improved and that the Power Station can be re-certified after three years, as certification is only valid for three years.

The implementation of ISO 9001:2015 will then continue with preparations to be made for the certification of the Ruacana Power Station from September 2021.

Creating value through technological innovation

NamPower has recommitted its corporate vision: "To be the leading electricity solutions provider of choice in SADC."

As the new ISBP 2020-2025 has been launched, this sets an ambitious goal to focus on technology advances in our product offering to meet the expectations of customers and employees and, more importantly, to be an efficient organisation in its operations. Services and Digital Economy technologies have a big impact on businesses in staying relevant and continuing to grow. Staying competitive in the digital age requires speed, agility, and innovation. Information Services (iServ) has embarked on a mission to upgrade the IT business platform by implementing the SAP S/4 HANA as the core digital platform upon which the Company will deliver the expectations and demands of the 4th industrial revolution to our employees and customers which include, amongst others, the following:

- Embedded analytics
- Increased automation of processes (business processes)
- Improved User Experience (IUE)
- New Integration options and Output management
- Future growth in Internet of Things (IoT), Robotic Process Automation, Conversional UI, Machine learning (ML) and Artificial Intelligence (AI)

The concept behind SAP S/4 HANA is to produce a simplified business suite that runs on an in-memory database with real-time analytics and consistent user-friendly, intelligent, and integrated interfaces.

The SAP S/4 HANA Project was implemented in a financially sustainable manner by utilising SAP in-house skills and successfully completed in October 2020. The SAP S/4 HANA is modelled to seamlessly operate around 4 main business processes that exist in 80% of the organisations, which are namely: lead to cash, source to pay, design to operate, and total workforce management. In the lead-to-cash, we adopted the SAP AMI functionality for better integration of meter data with the AMI field devices, in the source-to-pay we have implemented user friendly process for approving spending and tools to facilitates the capturing documentation requirement by public procurement acts. In the design-to-operate we have implemented Project and Portfolio management tools to better coordinate the initiatives and projects implementation cost and progress tracking and governance reporting. Furthermore, NamPower has chosen to utilise Microsoft 365 suite of products for continued productivity, security, and mobility and to allow Technology to become a business enabler by helping NamPower become the leading electricity solutions provider.

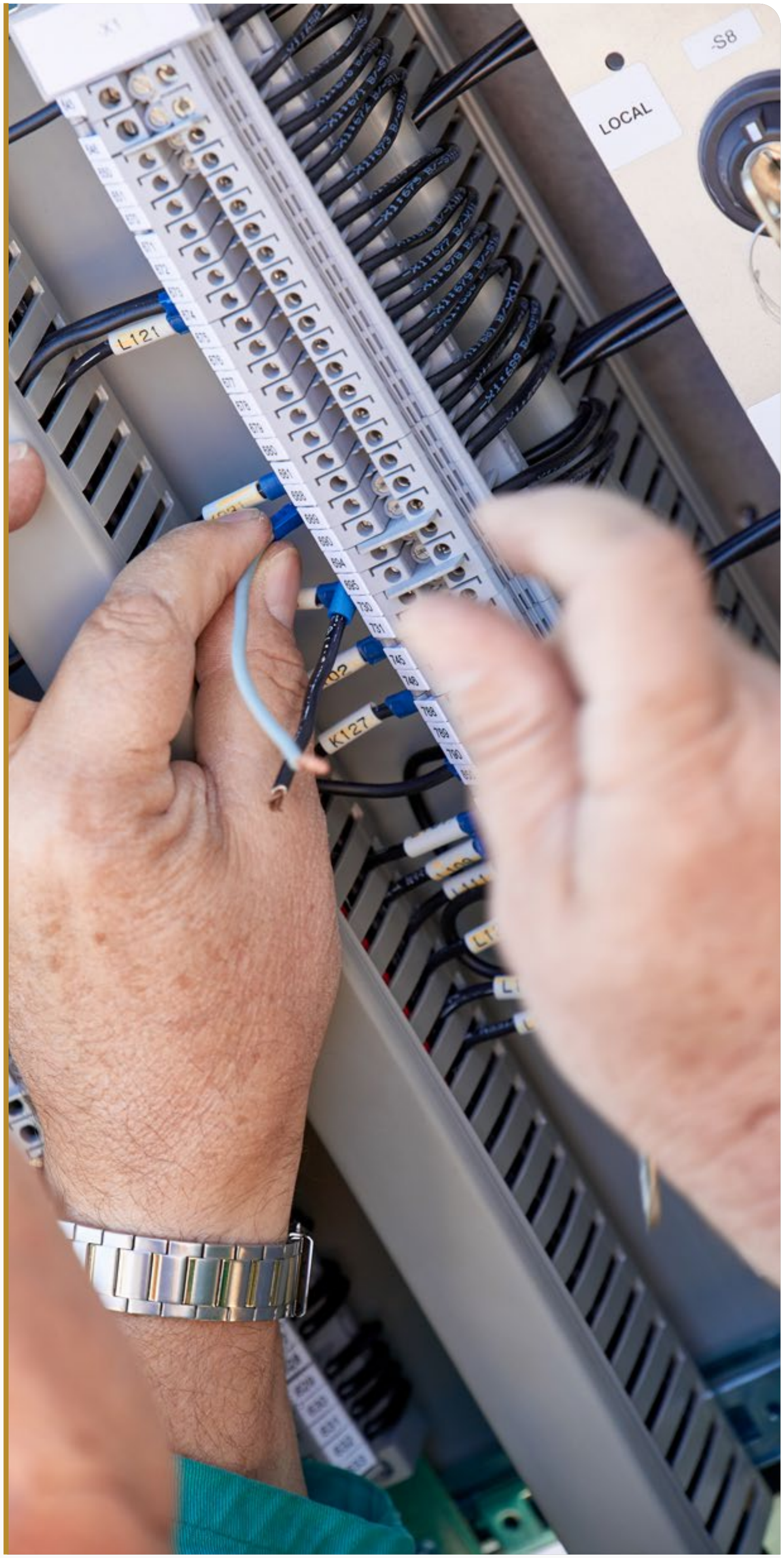
Utilising the power of the hybrid architecture and cloud enabled modernisation practices within the suite of products, NamPower can focus solely on the value it can deliver to its clients, which is to provide the electricity needs of our customers, fulfil the aspirations of our staff, and satisfy the expectations of our stakeholders in a competitive and evolving environment.

Local Area Network	**99.42%**
Services	99.86%

The Local Area Network (LAN) is not just confined to the Windhoek area anymore, which was made possible with the availability and expansion of NamPower fibre throughout the country. The speed of the fibre network makes it possible to implement LAN technologies over long distance connections. These remote offices can now enjoy LAN services i.e., video conferencing/meetings/collaboration, saving on traveling costs facilitating involvement, and enabling faster decision making. Keeping this in mind, we have managed to keep the availability and accessibly at top levels as with previous years, with the biggest portion of unavailability being due to a network loop caused at Ruacana. Services down-time was mainly due to scheduled downtime for the upgrade of our Enterprise Resource Planning (ERP) System to SAP S/4 HANA.

Cybersecurity is still one of NamPower IT's biggest focus points, with increased awareness workshops, training, strengthening measures, and the signing of a world-standard Cybersecurity Policy.

Working-from-home presented several challenges, but with the already available and active project, NamPower was able to perform IT related tasks as usual. Security was also enhanced with the implementation of Multi-factor Authentication method for remote users.



PowerCloud

The upgraded PowerCloud went live in September 2020 and with that came improvements in system response times. PowerCloud is the Enterprise Content Management solution by Opentext that NamPower implemented to uniformly manage information assets (documents and records) according to best practice records management principles. Benefits include:

1. Integrated file plan
2. Central and secure repository, with regular backups
3. Easy and controlled access to documents and records
4. Allows for collaborations across business units
5. Controlled disposal of both paper and electronic records
6. Workflows

The Records Management Section's primary focus was on aligning its Regulatory Framework to improve on operational excellence. The Records Management Policy was endorsed and approved by the Board. Operational efficiency in Records Management not only reduces risk but enables organisational agility.

EXCO subsequently approved the Disposal Procedures, Electronic Documents and Records Management Procedures as well as the Guidelines for the Disposal of Transitory Records.

Advance Meter Infrastructure (AMI)

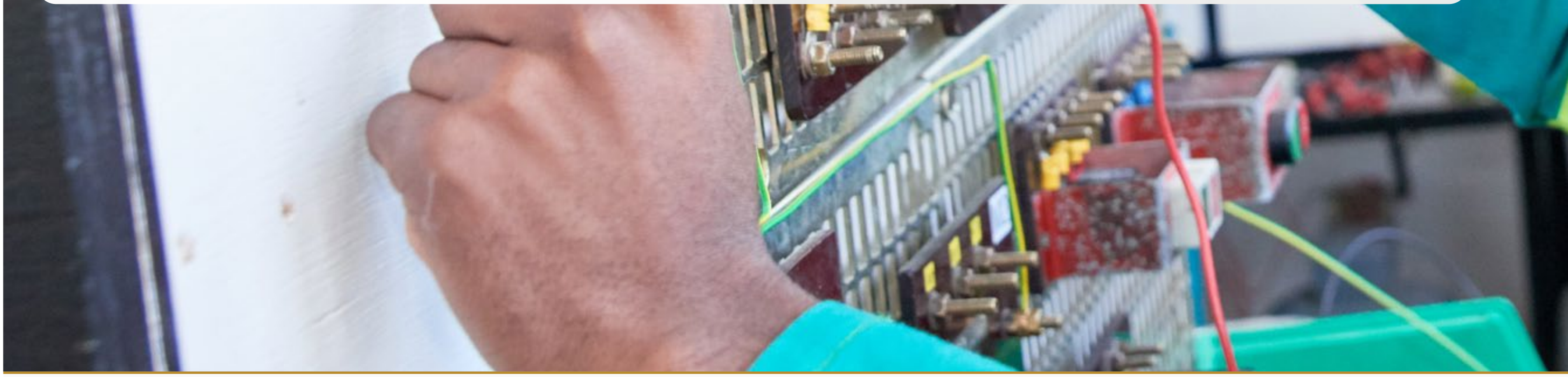
Our strategic initiative revolves around strengthening the business process of meter to cash process, by implementing the Advanced Meter Infrastructure (AMI). This involves automation of processes steps, such as meter validation, editing and estimation, and profile meter data integration to billing engine. By adopting automated processes to avoid human errors during routine tasks, this will help with risk management and enhance the organisation's process control. At the same time, the AMI will allow NamPower to take advantage of real-time meter data information to introduce pro-consumer models such as advanced revenue (prepayment) for large power users.

Looking ahead to 2022 and beyond

Looking ahead, we are focused on completing the AMI project with the last phase of implementing the Meter Data Management System (MDMS) and prepayment for utility solutions. Furthermore, NamPower will optimise the asset management processes by implementing asset management mobility solutions. The asset mobility tool will further enrich the asset maintenance process with update data on asset maintenance for better management of cost, breakdown, and root cause analysis and to ensure the security of supply.

We will furthermore proceed with the implementation of the approved Cybersecurity Policy that will enable NamPower to identify and prioritise cybersecurity shortcomings.

The core LAN redundancy will be strengthened through the availability of additional fibre connections, moving the core LAN layout from a two-tier configuration to a three-tier configuration.



ANNUAL FINANCIAL STATEMENTS 2021

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements ("Financial Statements") of Namibia Power Corporation (Proprietary) Limited, comprising the statements of financial position at 30 June 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act of Namibia.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors of the Group and Company are responsible for the controls over, and the security of, the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders.

The directors have considered the impact of the Covid-19 pandemic on the going concern of the entity. In performing this assessment management performed cash flow projections for the next five (5) years and are comfortable that the use of the going concern basis of accounting is appropriate for these periods. The Company maintained its credit rating and met all its loan commitments for the period under review. The directors have satisfied themselves that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The directors therefore believe there is no reason for the business not to continue as a going concern in the financial year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate financial statements of Namibia Power Corporation (Proprietary) Limited, as identified in the first paragraph, were approved by the board of directors on 2 December 2021 and signed by:

D MOTINGA
Chairperson

KS HAULOFU
Managing Director

S HORNUNG
Audit and Risk Management Committee (Board Committee)

Value Added Statement

	CONSOLIDATED				COMPANY			
	2021		2020		2021		2020	
	N$'000	%	N$'000	%	N$'000	%	N$'000	%
VALUE ADDED								
Turnover	**6,549,907**		6,892,329		**6,549,907**		6,892,329	
Less: Cost of primary energy, materials and services	**4,904,424**		4,564,878		**4,904,424**		4,564,878	
Value added by operations	**1,645,483**	**69.88**	2,327,451	72.97	**1,645,483**	**69.88**	2,327,451	72.9
Interest and sundry income	**709,409**	**30.12**	861,976	27.03	**709,409**	**30.12**	865,164	27.1
	2,354,892	**100.00**	3,189,427	100.00	**2,354,892**	**100.00**	3,192,615	100
VALUE DISTRIBUTED								
To remunerate employees	**996,642**	**42.32**	957,643	30.03	**996,642**	**42.32**	957,643	30.00
To providers of debt	**83,117**	**3.53**	141,438	4.43	**83,117**	**3.53**	141,438	4.43
Taxation	**229,403**	**9.74**	397,923	12.48	**229,403**	**9.74**	397,923	12.46
	1,309,162	**55.59**	1,497,004	46.94	**1,309,162**	**55.59**	1,497,004	46.89
VALUE RETAINED								
To maintain and develop operations	**1,045,730**	**44.41**	1,692,423	53.06	**1,045,730**	**44.41**	1,695,611	53.11
	2,354,892	**100.00**	3,189,427	100.00	**2,354,892**	**100.00**	3,192,615	100.00

To the Member of Namibia Power Corporation (Proprietary) Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Power Corporation (Proprietary) Limited (the Company) and its subsidiary (together the Group) as at 30 June 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Namibia Power Corporation (Proprietary) Limited's consolidated and separate financial statements set out on pages 103 to 255 comprise:

- the directors' report for the year ended 30 June 2021;
- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

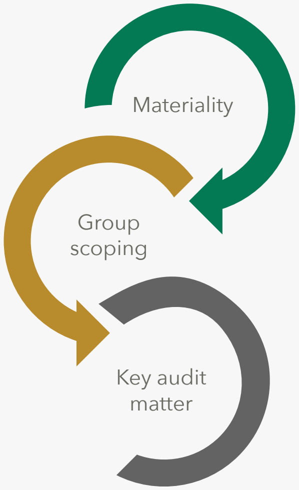
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Overall group materiality

- N$50,337,817 which represents 5% of the average consolidated profit before taxation of the past three years.

Group audit scope

- The group audit scope includes the full scope audits of Namibia Power Corporation (Proprietary) Limited and its subsidiary, Capricorn Power Supply (Proprietary) Limited.
- Analytical procedures were performed on the two remaining components, being associates of the Company.

Key audit matter

- Revaluation of power stations, transmission and distribution systems and strategic inventory ("core assets").

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	N$50 337 817
How we determined it	5% of the average consolidated profit before taxation of the past three years.
Rationale for the materiality benchmark applied	We chose the consolidated profit before taxation from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We used the three year average due to the performance of the Group over the past three years being volatile as a result of the current and prior years' consolidated fair value adjustments related to the embedded derivative agreement entered into during the 2020 financial year. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the Company and its subsidiary for purposes of our group audit scope. A full scope-audit was performed on the company due to its financial significance, and also on its subsidiary, Capricorn Power Supply (Proprietary) Limited due to statutory requirements. Analytical procedures were performed on the two remaining components being associates of the Company, Nored Electricity (Pty) Ltd and Central-North Electricity Distribution Company (Pty) Ltd, as these are considered to be financially inconsequential.

All testing was performed centrally by the group audit team. By performing the procedures outlined above, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matters*
Revaluation of power stations, transmission and distribution systems and strategic inventory ("core assets")	
The key audit matter relates to both the consolidated and separate financial statements.	Our audit procedures addressed the key areas of significant judgement as follows:
International Accounting Standard (IAS) 16 - Property, plant and equipment ("IAS 16") requires that after recognition as an asset, an item of property, plant and equipment ("PPE") whose fair value can be measured reliably, may, as an accounting policy choice, be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.	We evaluated the competence and objectivity of management's valuation expert through inquiry and inspection of their professional certifications. We engaged and discussed with management to gain an understanding of the valuation expert's scope and nature of work performed during the external valuation performed on 30 June 2021.
The Group's policy is to revalue the core assets every three years. A full valuation of the core assets was performed for the year ended 30 June 2021. Note 6 to the consolidated and separate financial statements describes the methodology for the full valuation. In terms of IAS 16, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. As disclosed in note 3 to the consolidated and separate financial statements, the Group's core assets are revalued at the estimated replacement cost thereof, as adjusted for the remaining useful lives of these core assets. Management has utilised an independent valuation expert to determine the fair value of these core assets, and significant judgements and assumptions were made regarding the determination of their replacement costs. Key amongst these judgments include: • selection of the appropriate valuation methodology based on the nature of the asset; • replacement cost; • assessment of remaining useful life; • depreciation method applied; and • assessment of the condition of the existing core assets. We considered this to be a matter of most significance in our audit of the current period due to the degree of judgement applied by management in determining the valuation and the magnitude of the power stations, transmissions and distribution systems and strategic inventory. Refer to the following notes to the consolidated and separate financial statements for detail: **Note 3(b)** - Significant accounting policies: Property, plant and equipment; **Note 4** - Significant judgements and estimates; and **Note 6** - Property, plant and equipment.	Using our valuation expertise, we performed the following procedures: • We assessed the valuation approach applied against applicable industry valuation methods for these types of assets, and against the requirements of IFRS 13 - Fair value measurement. On the basis of this comparison, we accepted management's use of the depreciated replacement cost method on the core assets. • We assessed the replacement costs through comparison to relevant industry benchmarks for similar assets, and noted that such costs fell within an acceptable range. • We evaluated the useful lives of the core assets through comparison to those of similar assets in the industry, and adjusting for the specific conditions and usage of assets. Where differences were noted, these did not materially impact the valuation of the core assets. • We considered the assessment of management's experts on the condition of the core assets by reviewing their valuation report and by physical inspection of core assets on a test basis. Based on the results of our assessment, we accepted management's conclusion on the condition of the core assets. • We evaluated the depreciation method applied against those of similar assets in the industry, and accepted the straight-line method used by management. • We performed a reasonability assessment, taking into account all the assumptions and inputs noted above, and the combined impact of any judgemental differences on the valuation of the core assets. We did not note any material impact on the valuation of the core assets.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "NamPower Annual Financial Statements 2021", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "NamPower Annual Report 2021", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and

separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Date: 07 December 2021

344 Independence Avenue
Windhoek
P O Box 1571
Windhoek
Namibia

Directors' Report

The directors have pleasure in presenting their report for the year ended 30 June 2021.

1. Principal Activities

The Company is responsible for generation, transmission, energy trading and to a lesser extent the distribution of electricity in Namibia.

The activities of the subsidiaries and associates comprise:
- The provision of technical, management and other related services;
- The sale and distribution of electricity; and
- Property investment.

2. Operating Results

The operating results of the Group and Company for the year under review are set out in the Statement of Profit or Loss and Other Comprehensive Income.

Units into the system and sold:	**CONSOLIDATED**	**COMPANY**
	2021	**2020**
	GWh	**GWh**
Ruacana Hydro Power Station	968	1,505
Van Eck Power Station	40	56
Anixas Power Station	1	9
Eskom	1,473	1,624
ZESCO	816	490
ZPC	401	362
SAPP Market	135	309
Omburu Sun Energy (Pty) Ltd (Innosun)	12	13
REFITs	173	160
Alten Solar Power Hardap Pty (Ltd)	115	114
Greenam	60	60
Total units into system	**4,194**	**4,702**
To customers in Namibia	3,386	3,362
Exports	382	593
Orange River^	132	123
To Skorpion Zinc Mine^	3	274
Total units sold	**3,903**	**4,352**

^ Orange River and Skorpion Zinc Mine are customers situated in the Republic of Namibia but are supplied directly by Eskom via a back to back agreement whereby Eskom bills NamPower for the units consumed by Orange River and Skorpion Zinc Mine, then NamPower bills the customers for those units sold by Eskom. Refer to note 25 for the judgements around the recognition of this revenue.

Transmission losses	**10.1%**	**10.1%**

Growth

During the year under review there was a increase of 0.7% in GWh units sold to customers in Namibia (2020: decrease of 4.1%). The power imported by the Company during the year under review increased by 1.7% (2020: decrease of 8.7%).

3. Subsidiaries and Associates

Relevant information is disclosed in note 7 to the financial statements.

4. Auditors

PricewaterhouseCoopers Namibia (PwC) was appointed as auditors with effect from 29 June 2020 for a contract term of three (3) years.

5. Capital Expenditure

The expenditure on property, plant and equipment during the financial year amounted to: Consolidated N$660.3 million (2020: N$305.8 million). The expenditure on intangible assets during the financial year amounted to: Consolidated N$18.7 million (2020: N$4.9 million).

This expenditure is mainly attributable to:

5.1 Electrification:

- Grunau LV System
- Electrification of Kaukurus Omaheke Region
- Ariamsvlei LV System
- Otjiyere, Ondjombo Okamaruru
- Stampriet replacement of wooden poles
- Dooran Daberas localities electrification

5.2 Substation Development:

- TXMP: Masivi-Siyambi Project
- Externally Funded Project: Sekelduin Substation 20 MVA
- TXMP: Brakwater 2 MVA Substation
- Externally Funded Project: Lithops Substation 20MWA
- TXMP: Namib Substaion: 2 x 25MVA Transformer SERGI
- Poultry Substation: Install drainage system
- TXMP: Omatando Substation
- Skorpion Sergi Installation 2 X 55MVA

5.3 Refurbishment and Upgrading:

- Van Eck Power Station: Rehabilitation
- Ruacana-Protection Panels 1-3 Upgrade
- Ruacana: Unit 1- 3 Online Generator Transformer DGA
- Anixas Power Station: Walvis Bay

5.4 Transmission System:

- TXMP: Auas - Gerus Feeder Bay and Reactor
- TXMP: 132/66kV Ohama Substation, Ex Boab
- TXMP: Auas-Gerus 400kV Line
- Von Bach Booster 2 WAN
- Transmission Connection Hardap Solar PV
- TXMP: Khurub-Aussenkehr Strength Phase 4

5.5 Power Station Development:

- Lüderitz Wind Power Plant
- FIRM Power Project
- Omburu PV Power Plant
- Otjikoto Biomass Power Station

5.6 Intangible Assets:

- SAP HANA
- PowerCloud Upgrade
- SAP Success Factors Performance and Goals
- SAP Portfolio and Project Management

6. Shareholder

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

7. Share Capital

7.1 Authorised
365 000 000 ordinary shares at N$1

7.2 Issued share capital
165 000 000 (2020: 165 000 000) ordinary shares at N$1

8. Covid-19 impact assessment

The Covid-19 pandemic continue to spread with its devastating effects to both the economy and welfare of the people. A 3rd wave of Covid-19 resulted in a significant number of cases and deaths recorded during May and June 2021 in Namibia. In response to this, the Namibian Government took various measures associated with different stages of lockdown in order to protect lives. These measures taken to contain the virus have negatively affected economic activity in the country. In response thereto, NamPower took a number of measures to monitor and mitigate the effects of Covid-19, such as safety and health measures for our staff members. The Company continuously monitored its short, medium and long-term business continuity plans to take into consideration the continued effects of Covid-19.

A reduction of 4.4% in units of electricity sold excluding Skorpion Mine was experienced during the year under review. This is attributable to the economic downturns coupled with the impact of the Covid-19 pandemic and a significant decrease in local generation due to low water levels at Ruacana Power Station. Whilst collections from certain customer categories have become more erratic, total collections are in line with the previous financial year. NamPower implemented a debt recovery plan that involved entering into reasonable settlement arrangements with customers and this yielded some positive results after several years of experiencing a detoriation in collection days. The debtors days were maintained at 90 days as was achieved in the previous year. At this stage, the impact on NamPower's business and financial results has not been significant and based on our experience to date we expect this to remain the case.

The Company will continue to follow the various government policies and regulations published from time to time and, in parallel, will do its utmost to continue its operations in the best and safest way possible without jeopardising the health of staff members.

9. Subsequent events

On 2 December 2021, the directors declared a dividend amounting to Nil (2020: Nil) in respect of the year under review.

10. Secretary

Ms E. Tuneeko held office as Company Secretary for the year under review. The business and postal addresses are shown on page 193.

11. Going Concern

The directors have made an assessment of the ability of the Group and Company to continue as a going concern in the foreseeable future.

The directors have considered the impact of the Covid-19 pandemic on the going concern of the entity. In performing this assessment management performed cash flow projections for the next five (5) years and are comfortable that the use of the going concern basis of accounting is appropriate for these periods. The Group and Company maintained its credit rating and met all its loan commitments for the period under review. The directors have satisfied themselves that the Group and Company has adequate financial resources to continue in operational existence for the foreseeable future. The directors, therefore believe there is no reason for the business not to continue as a going concern in the financial year ahead.

12. Registered Address

Namibia Power Corporation (Proprietary) Limited
(Reg no 2051)
NamPower Centre
15 Luther Street
PO Box 2864
WINDHOEK
Namibia

13. Approval of annual financial statements

The annual financial statements were approved and authorised for issue by the directors on 2 December 2021.

Statements of Financial Position as at 30 June 2021

	NOTE	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Assets					
Total non-current assets		**34,209,966**	24,231,350	**33,823,275**	23,872,066
Property, plant and equipment	6	**31,949,871**	21,823,073	**31,949,871**	21,823,072
Investment properties	8	**17,048**	19,105	**17,048**	19,105
Intangible assets	9	**29,356**	19,558	**29,356**	19,559
Investment in associates	7.2	**607,970**	580,563	**221,279**	221,279
Investments	11	**1,587,554**	1,773,153	**1,587,554**	1,773,153
Loans receivable	10	**18,167**	15,898	**18,167**	15,898
Total current assets		**11,117,042**	10,569,517	**11,117,042**	10,569,518
Inventories	12	**114,246**	83,464	**114,246**	83,464
Trade and other receivables	13	**1,247,640**	1,565,506	**1,247,640**	1,565,506
Tax receivable		**33,780**	-	**33,780**	-
Investments	11	**5,316,879**	5,948,250	**5,316,879**	5,948,250
Derivative assets	21.1	**571,306**	60,953	**571,306**	60,953
Cash and cash equivalents	14	**3,833,191**	2,910,025	**3,833,191**	2,910,025
Loans receivable	10	**-**	1,320	**-**	1,320
Total assets		**45,327,008**	34,800,867	**44,940,317**	34,441,584
Equity					
Total equity attributable to equity holders		**31,172,762**	22,876,518	**30,789,730**	22,520,893
Issued share capital	16.2	**165,000**	165,000	**165,000**	165,000
Share premium	16.3	**900,000**	900,000	**900,000**	900,000
Reserve fund	16.4	**1,865,798**	1,818,221	**1,865,798**	1,818,221
Development fund	16.5	**7,978,090**	6,827,742	**7,819,444**	6,696,503
Capital revaluation reserve	16.6	**20,138,921**	13,018,902	**19,914,535**	12,794,516
Strategic inventory revaluation reserve	16.7	**102,847**	126,045	**102,847**	126,045
Investment valuation reserve	16.8	**22,106**	20,608	**22,106**	20,608
Total equity		**31,172,762**	22,876,518	**30,789,730**	22,520,893
Liabilities					
Total non-current liabilities		**11,849,222**	8,498,504	**11,845,555**	8,494,838
Interest bearing loans and borrowings	17	**516,164**	737,781	**516,164**	737,781
Deferred revenue liabilities	18	**1,108,904**	1,128,150	**1,108,904**	1,128,150
Employee benefit provisions	22	**293,960**	253,783	**293,960**	253,783
Retention creditors	20.4	**17,610**	12,397	**17,610**	12,397
Deferred tax liabilities	19	**9,912,584**	6,366,393	**9,908,917**	6,362,727
Total current liabilities		**2,305,024**	3,425,845	**2,305,032**	3,425,853
Trade and other payables	20	**1,324,252**	1,209,999	**1,324,260**	1,210,007
Derivative liabilities	21.2	**-**	794,312	**-**	794,312
Current tax payable		**-**	24,078	**-**	24,078
Interest bearing loans and borrowings	17	**244,610**	690,813	**244,610**	690,813
Deferred revenue liabilities	18	**736,162**	706,643	**736,162**	706,643
Total liabilities		**14,154,246**	11,924,349	**14,150,587**	11,920,691
Total equity and liabilities		**45,327,008**	34,800,867	**44,940,317**	34,441,584

Statements of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	NOTE	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Revenue	25	**6,549,907**	6,892,329	**6,549,907**	6,892,329
Other income	25	**108,780**	74,161	**108,780**	77,349
Cost of Electricity	26 (a)	**(4,457,840)**	(4,213,577)	**(4,457,840)**	(4,213,577)
Employee costs	26 (e)	**(996,642)**	(957,643)	**(996,642)**	(957,643)
Depreciation and amortisation	26 (c)	**(885,681)**	(820,698)	**(885,681)**	(820,698)
Impairment: Loss on property plant, and equipment revaluation	26 (b)	**(111,334)**	-	**(111,334)**	-
Other expenses	26 (f)	**(413,933)**	(441,317)	**(413,933)**	(441,317)
Net impairment gain/(loss) on financial assets	26 (d)	**124,180**	(85,594)	**124,180**	(85,594)
Net fair value and foreign exchange gain/(loss) on financial instruments	26 (g)	**1,181,279**	(726,147)	**1,181,279**	(726,147)
Profit/(loss) before net finance income		**1,098,716**	(278,486)	**1,098,716**	(275,298)
Finance income – net		**517,512**	646,377	**517,512**	646,377
Finance income	24	**600,629**	787,815	**600,629**	787,815
Finance costs	24	**(83,117)**	(141,438)	**(83,117)**	(141,438)
Share of profit/(loss) of associates, net of taxation	7.2	**27,846**	(13,102)	**-**	-
Profit before taxation	26	**1,644,074**	354,789	**1,616,228**	371,079
Taxation	15	**(437,513)**	(34,816)	**(437,513)**	(34,816)
Profit for the year		**1,206,561**	319,973	**1,178,715**	336,263
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Revaluation of property, plant and equipment	15	**10,472,873**	1,004,334	**10,472,873**	1,004,334
Revaluation of strategic inventory	15	**(34,114)**	23,246	**(34,114)**	23,246
Net change in fair value of listed equity instruments	15	**61**	(485)	**61**	(485)
Net change in fair value of debt instruments	15	**5,584**	1,558	**5,584**	1,558
Net change in fair value of unlisted equity	15	**(4,147)**	(56,714)	**(4,147)**	(56,714)
Remeasurements of employee benefit provisions	22.3	**(12,055)**	104,464	**(12,055)**	104,464
Share of other comprehensive income of associates - remeasurement of employee benefits	7.2	**(439)**	(332)	**-**	-
Related tax	15	**(3,338,080)**	(362,148)	**(3,338,080)**	(362,254)
		7,089,683	713,923	**7,090,122**	714,149
Other comprehensive income for the year, net of taxation	15	**7,089,683**	713,923	**7,090,122**	714,149
Total comprehensive income for the year		**8,296,244**	1,033,896	**8,268,837**	1,050,412
		Cents	Cents	**Cents**	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:					
Basic and diluted earnings per share		**7.31**	1.94	**7.14**	2.04

Statements of Changes in Equity for the year ended 30 June 2021

CONSOLIDATED	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2020	16	**165,000**	**900,000**	**1,818,221**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-
Share of other comprehensive income of associates, net of taxation		-	-	-
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**47,577**
Transfer to reserve fund	16.4	-	-	**47,577**
Funds for capital expenditure requirements	16.5	-	-	-
Balance at 30 June 2021		**165,000**	**900,000**	**1,865,798**

Dividend per share
The dividend paid out during the financial year amounted to Nil (2020: N$82.6 million), corresponding to Nil (2020: N$0.50) per share.

Development	Capital	Strategic	Investment	Retained	Total
Fund	Revaluation	Inventory	Valuation	Earnings	Equity
	Reserve	Revaluation	Reserve		
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
6,827,742	13,018,902	126,045	20,608	-	22,876,518
-	-	-	-	1,206,561	1,206,561
-	7,120,019	-	-	-	7,120,019
-	-	(23,198)	-	-	(23,198)
-	-	-	1,498	-	1,498
-		-	-	(439)	(439)
-	-	-	-	(8,197)	(8,197)
-	7,120,019	(23,198)	1,498	(8,636)	7,089,683
-	7,120,019	(23,198)	1,498	1,197,925	8,296,244
1,150,348	-	-	-	(1,197,925)	-
-	-	-	-	(47,577)	-
1,150,348	-	-	-	(1,150,348)	-
7,978,090	20,138,921	102,847	22,106	-	31,172,762

Statements of Changes in Equity for the year ended 30 June 2021 (continued)

CONSOLIDATED	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2019	16	**165,000**	**900,000**	**1,755,589**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners:				
Dividend paid	27	-	-	-
		-	-	-
Allocation from retained income		-	-	**62,632**
Transfer to reserve fund	16.4	-	-	62,632
Funds for capital expenditure requirements	16.5	-	-	-
Balance at 30 June 2020		**165,000**	**900,000**	**1,818,221**

Dividend per share

The dividend paid out during the financial year amounted to N$82.6 million (2019: N$60.8 million), corresponding to N$0.50 (2019: N$0.37) per share.

Development Fund	Capital Revaluation Reserve	Strategic Inventory Revaluation	Investment Valuation Reserve	Retained Earnings	Total Equity
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
6,582,235	**12,335,955**	**110,238**	**76,249**	**-**	**21,925,266**
-	-	-	-	319,973	319,973
-	682,947	-	-	-	682,947
-	-	15,807	-	-	15,807
-	-	-	(55,641)	-	(55,641)
-	-	-	-	70,810	70,810
-	**682,947**	**15,807**	**(55,641)**	**70,810**	**713,923**
-	**682,947**	**15,807**	**(55,641)**	**390,783**	**1,033,896**
(82,644)	-	-	-	-	(82,644)
(82,644)	**-**	**-**	**-**	**-**	**(82,644)**
328,151	**-**	**-**	**-**	**(390,783)**	**-**
-	-	-	-	(62,632)	-
328,151	-	-	-	(328,151)	-
6,827,742	**13,018,902**	**126,045**	**20,608**	**-**	**22,876,518**

Statements of Changes in Equity for the year ended 30 June 2021 (continued)

COMPANY	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2020	16	**165,000**	**900,000**	**1,818,221**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Net changes in fair value of listed , unlisted equity and debt instruments	15	-	-	-
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**47,577**
Transfer to reserve fund	16.4	-	-	**47,577**
Funds for capital expenditure requirements	16.5	-	-	-
Balance at 30 June 2021		**165,000**	**900,000**	**1,865,798**

Dividend per share
The dividend paid out during the financial year amounted to Nil (2020: N$82.6 million), corresponding to Nil (2020: N$0.50) per share.

Development Fund	Capital Revaluation Reserve	Strategic Inventory Revaluation	Investment Valuation Reserve	Retained Earnings	Total Equity
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
6,696,503	12,794,516	126,045	20,608	-	22,520,893
-	-	-	-	1,178,715	1,178,715
-	7,120,019	-	-	-	7,120,019
-	-	(23,198)	-	-	(23,198)
-	-	-	1,498	-	1,498
-	-	-	-	(8,197)	(8,197)
-	7,120,019	(23,198)	1,498	(8,197)	7,090,122
-	7,120,019	(23,198)	1,498	1,170,518	8,268,837
1,122,941	-	-	-	(1,170,518)	-
-	-	-	-	(47,577)	-
1,122,941	-	-	-	(1,122,941)	-
7,819,444	19,914,535	102,847	22,106	-	30,789,730

Statements of Changes in Equity for the year ended 30 June 2021 (continued)

COMPANY	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2019	16	**165,000**	**900,000**	**1,755,589**
Total comprehensive income for the year				
Profit for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	15	-	-	-
Revaluation of strategic inventory	15	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners:				
Dividend paid	27	-	-	-
		-	-	-
Allocation from retained income		-	-	**62,632**
Transfer to reserve fund	16.4	-	-	62,632
Funds for capital expenditure requirements	16.5	-	-	-
Balance at 30 June 2020		**165,000**	**900,000**	**1,818,221**

Dividend per share

The dividend paid out during the financial year amounted to N$82.6 million (2019: N$60.8 million), corresponding to N$0.50 (2019: N$0.37) per share.

Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
6,434,480	**12,111,569**	**110,238**	**76,249**	**-**	**21,553,125**
-	-	-	-	336,263	336,263
-	682,947	-	-	-	682,947
-	-	15,807	-	-	15,807
-	-	-	(55,641)	-	(55,641)
-	-	-	-	71,036	71,036
-	**682,947**	**15,807**	**(55,641)**	**71,036**	**714,149**
-	**682,947**	**15,807**	**(55,641)**	**407,299**	**1,050,412**
(82,644)	-	-	-	-	(82,644)
(82,644)	**-**	**-**	**-**	**-**	**(82,644)**
344,667	**-**	**-**	**-**	**(407,299)**	**-**
-	-	-	-	(62,632)	-
344,667	-	-	-	(344,667)	-
6,696,503	**12,794,516**	**126,045**	**20,608**	**-**	**22,520,893**

Statement of Cash Flows for the year ended 30 June 2021

	NOTE	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Cash flows from operating activities					
Cash receipts from customers	30 (h)	**7,102,494**	6,807,729	**7,102,494**	6,847,528
Cash paid to suppliers and employees		**(6,173,157)**	(5,620,163)	**(6,173,157)**	(5,659,962)
Cash generated from operations	30 (a)	**929,337**	1,187,566	**929,337**	1,187,566
Interest received	30 (c)	**52,335**	93,917	**52,335**	93,917
Taxation paid	30 (b)	**(287,261)**	(334,340)	**(287,261)**	(334,340)
Dividend paid		**-**	(82,644)	**-**	(82,644)
Net cash from operating activities		**694,411**	864,499	**694,411**	864,499
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment	26.	**5,118**	1,707	**5,118**	1,707
Acquisitions of intangible assets	9.	**(18,748)**	(4,947)	**(18,748)**	(4,947)
Extension and replacement of property, plant and equipment to maintain operations	6.	**(660,262)**	(305,831)	**(660,262)**	(305,831)
Interest received	30 (c)	**548,294**	522,720	**548,294**	522,720
Dividend received	26.	**872**	1,867	**872**	1,867
Proceeds from collective investment schemes		**230,000**	380,000	**230,000**	380,000
Proceeds from fixed deposits and treasury bills		**4,080,680**	2,926,199	**4,080,680**	2,926,199
Payments for collective investment schemes		**(275,000)**	(155,000)	**(275,000)**	(155,000)
Payments for fixed deposits and treasury bills		**(3,037,060)**	(3,217,851)	**(3,037,060)**	(3,217,851)
Proceeds from loans receivable	30 (j)	**1,697**	1,751	**1,697**	1,751
Net cash used in investing activities		**875,591**	150,615	**875,591**	150,615
Cash flows from financing activities					
Interest paid	30 (d)	**(83,117)**	(91,316)	**(83,117)**	(91,316)
Repayments	30 (i)	**(633,486)**	(508,748)	**(633,486)**	(508,748)
Net cash used in financing activities		**(716,603)**	(600,064)	**(716,603)**	(600,064)
Net increase in cash and cash equivalents		**853,399**	415,050	**853,399**	415,050
Cash and cash equivalents at 1 July		**2,910,025**	2,542,561	**2,910,025**	2,542,561
Effect of exchange rate fluctuations on cash held		**69,767**	(47,586)	**69,767**	(47,586)
Cash and cash equivalents at 30 June	14.	**3,833,191**	2,910,025	**3,833,191**	2,910,025

1. REPORTING ENTITY

Namibia Power Corporation (Proprietary) Limited is the holding company of the Group and is incorporated and domiciled in Namibia. The financial statements for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

2. BASIS OF PREPARATION

(a) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and the requirements of the Namibian Companies Act. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following items which are measured at fair value:

- Derivative financial instruments;
- Financial assets and financial liabilities at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income;
- Property, plant and equipment excluding machinery and equipment and
- Investment properties which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Namibia Dollars (N$), which is the Group's functional and presentation currency and are rounded to the nearest thousand.

(d) Materiality

NamPower defines material information as those which are expected to potentially influence decisions that the primary users of general-purpose financial statements make on the basis of the financial statements of NamPower if such information is omitted, misstated or it is obscuring the provision of financial information about NamPower. The identification of material information concentrates on both quantitative and qualitative matters that have the potential to impact the company's ability to deliver on its strategy.

The Audit and Risk Management Committee and the Board have approved the external auditor's terms of engagement and have agreed on applicable levels of materiality. Based on written report submitted by the external auditor, Audit and Risk Management Committee has reviewed the findings of the external auditor and confirmed that all significant matters identified have been satisfactorily resolved.

(e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, both financial and non-financial assets and liabilities.
When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions and inputs made in measuring fair values are included in the following notes:

Note 6 - revaluation of property, plant and equipment and impairment of assets;
Note 8 - valuation of investment property and
Note 11 - investments;
Note 29 - valuation of financial instruments - loans and derivatives.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Executive Committee (EXCO). EXCO, which has been identified as being the Managing Director, the Chief Operating Officer, the Chief Financial Officer, the Executive: Generation, the Executive: Modified Single Buyer, the Executive: Human Capital and the Executive: Transmission.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by EXCO to make decisions about resources to be allocated to the segment and to assess the performance of the segment, for which separate financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These financial statements incorporate the financial statements of the Company and its associates. The Company measures its investments in associates at cost less accumulated impairment losses in its separate financial statements.

(i) Investments in equity-accounted investees

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The financial statements include the Group'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.

The Group's share of its associates post-acquisition profits or losses is recognised within the share of profit of equity-accounted investees, and its share of post-acquisition movement in reserve is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any payables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

The Group assesses on an annual basis whether there is any indication that an associate may be impaired. Where such an indication exist, the carrying amount of the interest in associate is tested for impairment by comparing its recoverable amount with the carrying amount.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing these financial statements. Unrealised gains arising from transactions 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.

(b) Property, plant and equipment

(i) Owned assets

Property, plant and equipment is initially recognised at cost. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequently property, plant and equipment is measured at revalued amounts being its fair value at the date of the revaluation less any subsequent accumulated depreciation (see below) and subsequent accumulated impairment losses (see accounting policy 3 (e)), except for machinery and equipment which is measured at cost less accumulated depreciation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment. Plant and equipment is revalued at the estimated replacement cost thereof as adjusted in relation to the remaining useful lives of these assets. Property is revalued to its fair value. Valuations of property, plant and equipment are determined from market-based evidence by appraisals undertaken by professional valuers. The Group performs independent external revaluations every three years, and independent desktop revaluations in between to ensure that the carrying amount does not differ significantly from the fair value. Variables used in the desktop revaluation are both international and local indices to determine the replacement cost for the various asset classes. The valuators consider the trends in replacement costs for the desktop revaluation to arrive at a cost price adjustment to determine the replacement cost of the assets for the period under review.

Any revaluation increase arising on the revaluation of such property, plant and equipment is recognised in other comprehensive income and presented in equity in the capital revaluation reserve, except to the extent that it reverses a revaluation decrease for the same assets previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount as a result of a revaluation is recognised in profit or loss. The decrease is recognized in other comprehensive income only to reduce any credit balance existing in the revaluation reserve. On the subsequent sale or retirement of an item of revalued property, plant and equipment, the attributable revaluation surplus remaining in the capital revaluation reserve is transferred directly to retained earnings.

The market value of property is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value of items of plant and equipment, is based on the market approach and cost approaches using market prices for similar items when available and depreciated replacement cost when appropriate.

Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment.

The estimated useful lives for the current and comparative periods are as follows:

Category

Power Stations
- Ruacana Power Station: Plant 1 - 50 years
- Ruacana Power Station: Civils 45 - 100 years
- Van Eck Power Station: Plant 10 - 35 years
- Anixas Power Station: Plant 10 - 35 years

Transmission and Distribution Systems: 8 - 60 years
Machinery and Equipment: 3 - 35 years
Buildings: 23 - 50 years
Aircraft fleet: 10 - 35 years

The depreciation methods, useful lives and residual values are reassessed annually.

(ii) 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 profit or loss as incurred.

(iii) Strategic inventory

Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment when an entity expects to use them during more than one period. Stand-by equipment relates to parts kept on hand to ensure the uninterrupted operation of production equipment if there is an unexpected breakdown or equipment failure. Depreciation starts immediately when they are available for use. Spare parts are regularly replaced, usually as part of a general replacement programme. Depreciation commences when the asset has been installed and is capable of being used.

This asset class is accounted for in terms of the accounting policy for property, plant and equipment and is revalued every three years with such sufficiency that the amount does not differ materially from that which would be determined using fair values at the reporting date.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they meet the definition of property, plant and equipment, otherwise they are classified as inventories in accordance with IAS 2, Inventories.

(iv) Assets under construction

Assets under construction are measured at cost which is assumed to be equal to fair value. This includes costs of materials and direct labour and any cost incurred in bringing it to its present location and condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Materials used in the construction of property, plant and equipment are valued at weighted average cost.

Assets under construction are not revalued as the cost of construction is assumed to be at fair value.

(v) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, limited to its residual value.
The Group depreciates stand-by equipment. Stand-by equipment is depreciated at the same rate as the main item of property, plant and equipment as these assets will be simultaneously retired with the main asset.

The useful life of spare parts and servicing equipment classified as property, plant and equipment commences when they are put into use, rather than when they are acquired. Spare parts and servicing equipment are depreciated over the period starting when it is brought into service and continuing over the shorter of its useful life and the remaining expected useful life of the main asset.

Land and assets under construction are not depreciated.

(vi) Disposal

Gains or losses are determined by comparing proceeds with the carrying amount. The gains or losses are included in profit or loss.

(vii) Reclassification to investment property

If an owner-occupied property becomes an investment property that will be carried at fair value, any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16.

(c) Intangible assets

(i) Computer software

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use a specific software. These costs are amortised over their estimated useful lives. If software is integral to the functionality of related equipment, then it is capitalised as part of the equipment.

(ii) 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.

(iii) Amortisation

Acquired computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets. 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 Five (5) years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation purposes but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property calculated as the difference between net proceeds from disposal and the carrying amount of the item, is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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.

Rental income earned on investment properties are recognised on a straight line basis over the lease term.

(e) Impairment of assets

Non-financial assets

The carrying amounts of the Group's non-financial assets or its cash generating unit, other than inventories and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their fair value less cost of disposal 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 or cash generating unit (CGU). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

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 profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to the assets in terms of the apportionment method depending on the carrying amount of that specific assets.

See accounting policy 3 (b)(i) for revaluation model.

Reversals of impairment

In respect of non-financial 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. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Inventories

Fuel, coal, maintenance spares and consumable stores are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale. 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 weighted average cost method.

(g) Trade and other receivables

Trade receivables are amounts due from customers for the supply of electricity and are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 13 for further information about the Group's accounting for trade receivables and note 29.4.3 for a description of the Group's impairment policies. Payment terms vary between customer classes as per the Group's credit policy. Interest is charged at a market related rate on balances in arrears.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Group and are recognised initially at the amount of consideration. They are subsequently measured at amortised cost less loss allowance.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually settled on 30 day terms.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. The carrying amount of trade and other payables approximates their fair value. Trade payables are non-interest-bearing and are normally settled on 30–60 day terms.

(i) Provisions

Provisions are recognised 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.

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 the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost. Provisions are not recognised for future operating losses. The only provisions that the Group has are employee benefit provisions. Refer to accounting policy (p).

(j) Financial Instruments

Initial recognition

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of financial assets or deducted from the fair value of financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Interest bearing loans and borrowings, loans and receivables, corporate bonds, fixed deposits, cash and cash equivalents and trade and other receivables that meet the following conditions are measured subsequently at amortised cost.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group subsequently measures all other financial assets at fair value through profit or loss (FVTPL).

However, the Group may make the following irrevocable election at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal and interest repayments, plus interest calculated using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.
Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in finance income in note 24.

(ii) Debt instruments classified as at FVTOCI

The inflation linked bonds held by the Group are classified as at FVTOCI. These bonds are denominated in Namibia Dollars (N$) and linked to the Namibian CPI, thus there is no leverage. The inflation linked bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these inflation linked bonds as a result of impairment gains or losses and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these inflation linked bonds had been measured at amortised cost. All other changes in the carrying amount of these inflation linked bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. The Group elected to classify irrevocably its non-listed equity investments as measured at FVTOCI as it intends to hold these investments for the foreseeable future.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) Financial assets at FVTPL

Collective investment schemes and derivative financial assets (mandatorily measured), that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates

or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Foreign exchange gains and losses on financial assets

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.
- For debt instruments measured at fvtoci that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at fvtpl that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss and
- For equity instruments measured at fvtoci, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

(vii) Finance income

Finance income comprises interest receivable on loans, trade receivables and income from financial market investments.

Finance income is calculated by applying the effective interest rate method to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Finance income on credit-impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). Interest income is recognised as it accrues using the effective interest method in profit or loss.

The Group has chosen to present interest received on financial assets held for cash management purposes as operating cash flows and interest received on other financial assets as investing cash flows because they are returns on the Group's investments.

(viii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix for some of the portfolios and loss rate approach for the rest. The provision matrix approach is a calculation of the lifetime expected credit loss applying relevant loss rates to the trade receivables ageing bucket. The resultant loss rates are calibrated based on historical credit loss experience, taking into account both the time value of money and previous write-offs recoveries. The loss rate approach uses historical credit loss experience in order to estimate the 12-month expected credit losses or the lifetime expected credit losses on the financial assets. Both approaches are applied with reference to past default experience of the debtor with time value of money losses taken into account through the analysis of default experience by assessing the time taken to collect trade receivables. Adjustments are made for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Impairment loss is reversed to the extent that it does not exceed what the carrying amount of the financial asset would have been had the impairment not been recognised.

Reversal of impairment losses are recognised in profit or loss except for equity investments at FVTOCI which are recognised in other comprehensive income.

Significant increase in credit risk

The Group assesses the significant increase in credit risk of the investments and loans receivables on an ongoing basis throughout each reporting period and keeping abreast of the latest developments in various industries to determine major key risk factors that could have adverse effect on underlying assets and their credit rating. The Group considers available reasonable and supportive forwarding-looking information.

Especially the following indicators are incorporated:

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the financial institutions' ability to meet its obligations
- Actual or expected significant changes in the operating results of the financial institutions
- Significant increases in credit risk on other financial instruments of the financial institutions

The Group considers the following macroeconomic information in its model:

- Market interest rates and
- Growth rates

Fund fact sheets are also analysed and reviewed on a quarterly basis, with specific attention to risk profile and asset allocation of each individual fund and thereby ensuring compliance with overall NamPower Investment Policy Statement.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on investments and loans receivables has increased significantly since initial recognition when contractual payments are more than thirty (30) days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low probability of default in terms of the Group's investment policy statement and risk appetite.

The Group considers a financial asset to have low probability of default when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Trade receivables subject to impairement are monitored to assess whether they have been subject to a significant increase in credit risk after initial recognition. There will be a significant increase in credit risk when:

- Payments are more than 90 days past due;
- A significant qualitative event has occurred.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than (ninety) 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. Significant financial difficulty of the customer, issuer or the borrower;
b. A breach of contract, such as a default or past due event;
c. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. It is becoming probable that the customer or borrower will enter bankruptcy or other financial reorganisation; or
e. The disappearance of an active market for that financial asset because of financial difficulties.

Where it is assessed that a counterparty's credit risk has increased significantly from its initial low risk designation, the related asset is moved from stage 1 to stage 2.

Where the counterparty is assessed to be credit-impaired, the related asset is disclosed in stage 3.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The expected credit loss methodology remained consistent from those applied previously. The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting dates plus any interest earned up to the date of default for interest bearing debt instruments. For accounts receivable, the exposure includes the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

(viii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to treasury income in profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(ix) Liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(x) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(xi) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near future; or
- On initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and ifrs 9 permits the entire combined contract to be designated at fvtpl.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

(xii) Non-derivative financial liabilities

These financial liabilities comprise of loans and borrowings, trade and other payables and retention creditors.

Loans payable to subsidiaries are measured at amortised cost.

Non-derivative financial liabilities are recognised initially at fair value less directly attributable transaction costs. The loans, subsequent to initial recognition, are measured at amortised cost using the effective interest method.

Fair value which is determined for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying value of short-term non-derivative financial instruments is assumed as the fair value due to the short-term nature of the instruments. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(xiii) 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.

(xiv) Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These exchange gains and losses are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at spot rate at the reporting date.

(xv) Derecognition of financial liabilities

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 and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(xvi) 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 which includes forward exchange contracts, interest rate and cross currency swaps. In accordance with its investment policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value, directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting 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 reporting date, being the present value of the quoted forward price.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as financial liability. Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset.

(xvii) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to those of a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, or other variable. The hybrid contract is the entire contract and the host contract is the main body of the contract excluding the embedded derivative.

An embedded derivative is separated from the host contract and accounted for as a derivative if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and
- The combined instrument is not measured at fair value with changes in fair value recognised in profit or loss.

The determination of the value of the host contract of a hybrid electricity contract (which includes an embedded derivative) is based on the standard electricity tariff specified in the contract and where no standard tariff is specified, the tariff that would normally apply to such a customer.

The changes in fair value are included in net fair value gain/ (loss) on embedded derivatives in profit or loss. The impact of the fair value gains or losses is taken into account in the calculation of current and deferred taxation.

Embedded derivatives that are not separated are effectively accounted for as part of the hybrid instrument. The value at initial recognition is adjusted for cash flows since inception. The value of the embedded derivatives which involve a foreign currency is first determined by calculating the future cash flows, converting the cash flows to the reporting currency at the relevant Namibia dollar/ foreign currency forward rate and then discounting the cash flows by using the relevant interest rate curve.

The fair value of the embedded derivative is determined on the basis of its terms and conditions. If this is not possible, then the value of the embedded derivative is determined by fair valuing the whole contract and deducting from it the fair value of the host contract. If the Group is unable to determine the fair value of the embedded derivative using this method then the entire hybrid contract is designated as at fair value through profit or loss.

Where there is no active market for the embedded derivatives, valuation techniques are used to ascertain their fair values. Financial models are developed incorporating valuation methods, formulae and assumptions. The valuation methods include the following:

- Forwards rates, CPI indexes and commodity indexes.

The fair value of embedded derivatives is adjusted, where applicable, to take into account the inherent uncertainty relating to the future cash flows of embedded derivatives such as liquidity, model risk and other economic factors.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative is more than twelve (12) months and is not expected to be realised or settled within twelve (12) months.

(xviii) Hedging

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. The Group designates certain derivatives as a hedge of the exposure in the fair value of recognised assets or liabilities or unrecognised firm commitments.

Economic hedging

The Group does not apply hedge accounting as the derivatives are used for economic hedging. Changes in fair value of these derivative instruments are recognised in profit or loss.

(k) Deferred revenue

(i) Government grants

Government grants are recognised initially as deferred revenue at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Government grants received relating to the creation of electricity assets are included in non- current liabilities as deferred revenue and are credited to profit or loss on a systematic basis over the useful lives of the assets. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Assets constructed by customers

The Group recognises assets transferred by customers as an item of property, plant and equipment in accordance with IAS 16 at the fair value of the asset transferred on the date of transfer. The fair value of the asset transferred is recognised in deferred revenue in accordance with IFRS 15 revenue from contracts with customers over the shorter of the power supply agreement (PSA) contract term, or the useful life of the asset.

Assets constructed by the Group

Capital contributions by customers for the construction of assets are initially recognised in deferred revenue - capital contributions received while the construction of the asset is in progress. Once the asset is complete, it is transferred to Property, Plant and Equipment in accordance with IAS 16. The deferred revenue is recognised in revenue in accordance with IFRS 15 over the shorter of the power supply agreement (PSA) contract term, or the useful life of the asset.

Financing component

Income recognised as capital contribution are for funds utilised in the construction of the asset or the assets transferred by the customer in order to connect and supply the electricity to the customer. Although the construction of the asset and the supply of power are not two distinct performance agreements, the income derived as assets transferred by the customer or as a result of capital contribution towards the construction of the assets is not discounted during the construction period as the funds received from customers are deemed as typical within the industry as per IFRS 15 paragraph BC233(c).

The primary purpose of those payment terms is to provide the customer with assurance that the entity will complete its obligations satisfactorily under the contract, rather than to provide financing to the customer or the entity.

(l) Appropriation of Funds

The Group 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 Group is compelled to apply funds derived from its activities after provision for taxation, as follows:

- Reserve Fund - to be utilised to fund costs associated with potential energy crises. The Board of Directors have decided that the current level of funding is adequate. The Fund is credited with interest earned, after deduction of income tax, on the monthly balance. The interest earned is calculated on the outstanding balance of the reserve fund at a monthly average interest rate earned on the current account.
- 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 is transferred to this fund.
- Share Capital - Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(m) Taxation

Tax expense comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income.

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 recognised in respect of 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: taxable temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates 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 substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and it is the Group's intention to settle on a net basis or to realise their tax assets and settle their tax liabilities simultaneously.

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.

(n) Revenue

Revenue comprises of electricity sales, SAPP market sales, capital contributions by customers and associated services. Most customers pay for electricity after consumption and have 30 days to pay, except for capital contributions.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Tariffs and service charges are agreed upfront with the customer. Revenue is adjusted for the fair value of non-cash consideration received, and for upfront capital contributions advanced by customers.

The Group recognises revenue when (or as) the Group transfers control of a product or service to a customer.

(i) Electricity Sales

The Group supplies units of electricity to users. Revenue is recognised over time as electricity is consumed by the customer. Performance obligation is settled when electricity is supplied to the customer. Some customers prepay for electricity.

(ii) Services

Service revenue comprises of basic charges. The basic charge covers the monthly administrative costs, which is basically the cost for meter readings and monthly invoicing and account queries. These charges are part of the monthly bill to the customer and revenue is recognised as and when the service is performed.

(iii) Capital Contributions

Transfers of assets constructed by the customers

The transfers of assets from customers comprise of assets constructed by customer and transferred to the Group, as well as capital/cash contributions made by customers towards assets constructed by the Group. The Power Supply Agreements (PSA) state that assets will be transferred or contribution will be made in order to connect the customer to the Group's electricity network system. Connections relating to electricity purchasing customers where there is a material right are allocated to deferred income when the customer is connected to the electricity network. The deferred income is recognised in profit or loss within revenue on a straight-line basis over the shorter of the useful life and the term of the power supply agreement.

Capital contributions where the construction of assets is funded by external parties on behalf of the customer are initially recognised in deferred revenue - capital contributions received while the construction of the asset is in progress. Once the asset is complete, it is transferred to the beneficiary and a receivable recognised for the costs incurred.The Group is guaranteed a refund as these projects are pre-approved.

Capital contributions made by the customer towards assets constructed by the Group

Capital contributions by customers for the construction of assets are initially recognised in deferred revenue as they represents a contract liability. Costs incurred associated to the assets are capitalised as assets under construction. Once the asset is complete, it is transferred to property, plant and equipment.

In Power Supply agreements where there is an ongoing obligation on the Group to provide services and electricity to the customer, the deferred revenue is recognised in profit or loss within revenue on a straight-line basis over the shorter of the useful life and the term of the power supply agreement.

Measurement and recognition

The Group recognises assets transferred by customers as an item of property, plant and equipment at the fair value of the asset transferred on the date of transfer. The fair value of the asset transferred is recognised as deferred revenue as it represents a contract liability.
The value of the capital contribution is included in the determination of the transaction price, and in the PSA contracts as there are subsequently, ongoing obligations on NamPower to connect the customer to the network. Thus, the deferred revenue is recognised when the performance obligations are satisfied, i.e. over the shorter of the PSA contract term, or the useful life of the asset.

(iv) SAPP market Sales

Energy sold through energy trading markets. Energy is sold via Southern Africa Power Pool (SAPP) and not to a specific utility. Revenue is recognised when the customer uses power.

(v) Maximum demand

This charge covers the cost of the transmission network, the operations and maintanance on the distribution network. The Group is required to be in a position to supply anytime the notified maximum demand to the customers. The Maximum demand charge is the highest load/maximum demand supplied/incurred during a billing month or any consecutive period. Revenue is recognised over time as and when the customer is connected to the grid.

(vi) Extension charges

Extension covers the operations and maintenance of the transmission network and other charges to distribution customers. Revenue is recognised over time when the customer is connected to the grid.

(vii) Network charges

Network charges covers the cost to access the Group's transmission network and revenue is recognised over time when the customer is connected to the grid.

(viii) Losses charges

Losses sales recovers the cost of transmission losses previously part of electricity sales, which is energy lost when transporting over transmission i.e. units into the system less units sold = transmission losses. Revenue is recognised over time as and when the customer is connected to the grid.

(ix) Reliability charges

Reliability sales recovers the cost of being the supplier of last resort previously part of electricity sales. These includes like ancillary services (spinning and quick reserve/network stability, voltage regulation, black start, etc), long term planning, market operator costs, etc. Revenue is recognised over time as and when the customer is connected to the grid.

(x) Other income

Other income comprises non-electricity associated income usually of small value and once off transactions. Other income is recognised at a point in time, when the service is performed.

(o) Finance expenses

Finance expenses comprise interest expense on borrowings, interest and fees payable on debt securities, interest resulting from derivatives held for risk management and interest from the unwinding of discount on liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(p) Employee benefit provisions

(i) Short-term employee benefit provisions

The cost of all short term employee benefit provisions is recognised in profit or loss during the period in which the employee renders the related service.

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

(ii) Retirement Benefits

The Group contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(iii) Post-Retirement Medical Benefits

The Group subsidises part of the contributions by retired employees to the medical aid fund. An obligation is recognised 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. The discount rate is the yield of the South African zero coupon government bond as at 30 June 2021.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or to the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefit provisions

Severance Pay Retirement Benefits

The Group recognises an obligation for statutory severance benefits, in accordance with the Namibia Labour Act 2007. The liability is discounted to account for the present value of the future benefits payable on resignation or retirement of employees on reaching the age of 65. The cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. The movement for the year including actuarial gains and losses is recognised in profit or loss in the year in which it occurs. The discount rate is the yield of the South African zero coupon government bond as at 30 June 2021.

4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of these financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, 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.

Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 6 - Revaluation of property, plant and equipment

The Group performs an independent external revaluation every three years, and independent desktop revaluation in between with such sufficiency that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

In estimating the fair value of property, plant and equipment, the Group uses market-observable data to the extent that it is available (see note 6). The Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the valuation model.

Further information on the carrying amounts of property, plant and equipment and the sensitivity of those amounts to changes in unobservable inputs are provided in note 6.8.

Note 29.4 - Expected credit losses

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future macro-economic forecasts.

Further information on the loss allowance are provided in note 13.

Note 21.2 - Embedded derivatives

NamPower entered into a Power Purchase Agreement (PPA) with ZESCO Limited to buy electricity for 10 years from February 2020. The energy tariff escalates with the annual United States Producer Price Index (USPPI).

The embedded derivative consists of the following categories:

- Foreign currency embedded derivative due to the PPA being denominated in USD
- Inflation-linked embedded derivative due to the tariff escalation being based on United States Producer Price (USPPI) valuation

Valuation techniques are used to determine the fair value as there is no active market for embedded derivatives.

The future foreign cash flows are estimated determined and converted into local reporting currency at the relevant foreign currency forward rates. This was done at the inception date of the Power Purchase Agreement (PPA) and is repeated for each valuation date. The net differences in the future cash flows, between the valuation and inception dates, are then discounted by using the relevant interest rate curve, to determine the valuation amount. The relevant input important assumptions are obtained either with reference to the contractual provisions of the relevant agreement or from independent market sources where appropriate. The only significant unobservable input is the United States Producer Price Index (USPPI).

Forecast sales volumes are based on the most likely future sales volumes based on past historical trends.

The ZESCO and ZPC Power Purchase Agreements ("PPAs") do not meet any of the indicators in IFRS 9 par 2.6 or IAS 32 par 9 to imply that the contract is being settled net in cash or another financial instrument or by exchanging financial instruments. Even though NamPower did sell excess units of electricity during the 2021 financial year, this is as a consequence of higher than expected generation capacity (i.e. higher rainfall levels at Ruacana which could not be stored), as opposed to being a consequence of specifically net-settling purchases made under the PPAs, or other similar contracts. NamPower does not sell the excess units linked to a specific contract. Instead, NamPower sells excess units on a portfolio basis. NamPower does not profit from entering into these contracts to sell excess energy, and therefore, it does not appear as though there is any short-term profit making objective. Therefore the own use exemption has been met.

The following assumptions were used for the valuation of embedded derivatives and are regarded as the best estimates by the Group:

Input	Unit	2022	2023	2024	2025	2026
US CPI	Year-on-year (%)	3.22%	2.45%	2.44%	2.42%	2.37%
United States PPI	Year-on-year (%)	3.60%	2.73%	2.71%	2.69%	2.62%
NAD/USD	NAD per USD	15.07	15.92	16.87	17.86	19.00
United States interest rates	Annual effective %	0.06%	0.10%	0.16%	0.35%	0.55%
Rand interest rates	Annual effective %	4.99%	5.51%	5.87%	6.20%	6.53%

5. STANDARDS AND INTERPRETATIONS

5.1 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5.2 Standards and interpretations issued and not yet effective for the year ended 30 June 2021

At the date of authorisation of the financial statements of the Group for the year ended 30 June 2021, the following Standards and Interpretations which affects the Group and Company were in issue but not yet effective:

Standard	Effective date
Amendment to IAS 1 - Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022
Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts (Cost of Fulfilling a Contract)	Annual periods beginning on or after 1 January 2022
Amendment to IFRS 3 - Business combinations	Annual reporting periods beginning on or after 1 January 2022
Amendments to IFRS 9 - Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)	Annual reporting periods beginning on or after 1 January 2021
Annual improvements cycle 2018 - 2020	Annual reporting periods beginning on or after 1 January 2022

* All standards will be adopted at their effective date.
Only the standards not yet effective which are relevant to the Group's operations, are listed.

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

Amendment to IAS 1 - Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date. The amendment will not have a significant impact on the Group's consolidated financial statements. The guidance on this amendment will be applied for future financial periods.

Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts (Cost of Fulfilling a Contract)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract. The Group will have to evaluate the detailed requirements of the amendment to assess the impact on the financial statements.

Amendment to IFRS 3 - Business combinations

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

Amendments to IFRS 9 - Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

Annual improvements cycle 2018 -2020

These amendments include minor changes to:

- IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.
- IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
- IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

The Group will need to consider whether the accounting policies are still appropriate under the revised Framework.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost/ Valuation N$'000	Accumulated depreciation N$'000	Accumulated impairment N$'000	Carrying amount N$'000
CONSOLIDATED AND COMPANY				
2021				
Ruacana Power Station	**6,840,592**	**(219,351)**	**-**	**6,621,241**
Van Eck Power Station	**1,334,297**	**(107,781)**	**-**	**1,226,516**
Anixas Power station	**502,314**	**(18,515)**	**-**	**483,799**
Transmission and Distribution systems	**21,892,282**	**(457,001)**	**(104,544)**	**21,330,737**
Aircraft fleet	**56,670**	**(3,735)**	**-**	**52,935**
Machinery and equipment	**228,582**	**(47,459)**	**-**	**181,123**
Land and Buildings	**400,286**	**(12,720)**	**(6,790)**	**380,776**
Assets under construction	**1,006,125**	**-**	**-**	**1,006,125**
Strategic inventory	**666,619**	**-**	**-**	**666,619**
Total	**32,927,767**	**(866,562)**	**(111,334)**	**31,949,871**
2020				
Ruacana Power Station	5,640,174	(207,276)	-	5,432,898
Van Eck Power Station	1,238,355	(91,440)	-	1,146,915
Anixas Power station	468,304	(17,648)	-	450,656
Transmission and Distribution systems	13,366,633	(433,240)	-	12,933,393
Aircraft fleet	55,683	(2,412)	-	53,271
Machinery and equipment	194,957	(53,373)	-	141,584
Land and Buildings	393,153	(13,352)	-	379,801
Assets under construction	670,658	-	-	670,658
Strategic inventory	613,897	-	-	613,897
Total	**22,641,814**	**(818,741)**	**-**	**21,823,073**

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Anixas Power Station N$'000
CONSOLIDATED				
2021				
Carrying amount at 1 July 2020		**5,432,898**	**1,146,915**	**450,655**
- At cost/valuation		**5,640,174**	**1,238,355**	**468,304**
- Accumulated impairment		-	-	-
- Accumulated depreciation		**(207,276)**	**(91,440)**	**(17,648)**
Additions		-	-	-
Assets under construction completed		**13,741**	**7,744**	-
Strategic inventory items issued		-	-	-
Transfer to intangible assets	9	-	-	-
Assets transferred from customers		-	-	-
Revaluation		**1,393,953**	**179,638**	**51,658**
Devaluation		-	-	-
Impairment		-	-	-
Disposals		-	-	-
- At cost/valuation		-	-	-
- Accumulated depreciation		-	-	-
Depreciation for the year		**(219,351)**	**(107,781)**	**(18,515)**
Carrying amount at 30 June 2021		**6,621,241**	**1,226,516**	**483,799**
- At cost/valuation [1]		**6,840,592**	**1,334,297**	**502,314**
- Accumulated impairment		-	-	-
- Accumulated depreciation [1]		**(219,351)**	**(107,781)**	**(18,515)**

[1] Accumulated depreciation at 01 July 2020 were reversed against the cost during the 2021 financial year.

Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
12,933,393	53,271	141,584	379,801	670,658	613,897	21,823,073
13,366,633	55,683	194,957	393,153	670,658	613,897	22,641,814
-	-	-	-	-	-	-
(433,240)	(2,412)	(53,373)	(13,352)	-	-	(818,741)
493	-	62,888	(212)	452,393	144,700	660,262
60,807	-	53,413	39,085	(174,790)	-	-
-	-	-	-	57,864	(57,864)	-
-	-	(18,549)	-	-	-	(18,549)
34,976	-	-	-	-	-	34,976
8,862,613	3,399	-	-	-	-	10,491,261
-	-	-	(18,388)	-	(34,114)	(52,502)
(104,544)	-	-	(6,790)	-	-	(111,334)
-	-	(587)	-	-	-	(587)
-	-	(10,754)	-	-	-	(10,754)
-	-	10,167	-	-	-	10,167
(457,001)	(3,735)	(57,626)	(12,720)	-	-	(876,729)
21,330,737	52,935	181,123	380,776	1,006,125	666,619	31,949,871
21,892,282	56,670	228,582	400,286	1,006,125	666,619	32,927,767
(104,544)	-	-	(6,790)	-	-	(111,334)
(457,001)	(3,735)	(47,459)	(12,720)	-	-	(866,562)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station	Van Eck Power Station	Anixas Power Station
		N$'000	N$'000	N$'000
CONSOLIDATED				
2020				
Carrying amount at 1 July 2019		**5,343,349**	**1,185,758**	**447,196**
- At cost/valuation		5,547,384	1,273,069	461,815
- Accumulated impairment		-	-	-
- Accumulated depreciation		(204,035)	(87,311)	(14,619)
Additions		-	-	-
Assets under construction completed		3	2,377	22
Strategic inventory items issued		-	-	-
Assets transferred from customers		-	-	-
Revaluation		296,822	50,220	21,086
Disposals		-	-	-
- At cost/valuation		-	-	-
- Accumulated depreciation		-	-	-
Depreciation for the year		(207,276)	(91,440)	(17,648)
Carrying amount at 30 June 2020		**5,432,898**	**1,146,915**	**450,656**
- At cost/valuation [1]		5,640,174	1,238,355	468,304
- Accumulated impairment		-	-	-
- Accumulated depreciation [1]		(207,276)	(91,440)	(17,648)

[1] Accumulated depreciation at 01 July 2019 were reversed against the cost during the 2020 financial year.

Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
12,610,772	**37,666**	**94,120**	**391,698**	**579,231**	**577,669**	**21,267,459**
13,069,793	40,078	133,325	407,204	579,231	577,669	22,089,568
(43,236)	-	-	(3,340)	-	-	(46,576)
(415,785)	(2,412)	(39,205)	(12,166)	-	-	(775,533)
-	-	51,901	-	197,759	56,171	305,831
102,481	-	43,183	1,455	(149,521)	-	-
-	-	-	-	43,189	(43,189)	-
35,191	-	-	-	-	-	35,191
618,189	18,017	-	-	-	23,246	1,027,580
-	-	-	-	-	-	-
-	-	5,753	-	-	-	5,753
-	-	(5,753)	-	-	-	(5,753)
(433,240)	(2,412)	(47,620)	(13,352)	-	-	(812,988)
12,933,393	**53,271**	**141,584**	**379,801**	**670,658**	**613,897**	**21,823,073**
13,366,633	55,683	194,957	393,153	670,658	613,897	22,641,814
-	-	-	-	-	-	-
(433,240)	(2,412)	(53,373)	(13,352)	-	-	(818,741)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station	Van Eck Power Station	Anixas Power Station
		N$'000	N$'000	N$'000
COMPANY				
2021				
Carrying amount at 1 July 2020		**5,432,898**	**1,146,914**	**450,655**
- At cost/valuation		**5,640,174**	**1,238,354**	**468,303**
- Accumulated impairment		-	-	-
- Accumulated depreciation		**(207,276)**	**(91,440)**	**(17,648)**
Additions		-	-	-
Assets under construction completed		**13,741**	**7,744**	-
Strategic inventory items issued		-	-	-
Transfer to intangible assets	9	-	-	-
Assets transferred from customers		-	-	-
Revaluation		**1,393,953**	**179,638**	**51,658**
Devaluation			-	-
Impairment		-	-	-
Disposals		-	-	-
- At cost/valuation		-	-	-
- Accumulated depreciation		-	-	-
Depreciation for the year		**(219,351)**	**(107,781)**	**(18,515)**
Carrying amount at 30 June 2021		**6,621,240**	**1,226,516**	**483,798**
- At cost/valuation [1]		**6,840,592**	**1,334,296**	**502,313**
- Accumulated impairment		-	-	-
- Accumulated depreciation [1]		**(219,351)**	**(107,781)**	**(18,515)**

[1] Accumulated depreciation at 01 July 2020 were reversed against the cost during the 2021 financial year.

Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
12,933,390	53,272	141,587	379,801	670,658	613,897	21,823,072
13,366,630	55,684	194,960	393,153	670,658	613,897	22,641,813
-	-	-	-	-	-	-
(433,240)	(2,412)	(53,373)	(13,352)	-	-	(818,741)
493	-	62,888	(212)	452,393	144,700	660,262
60,807	-	53,413	39,085	(174,790)	-	-
-	-	-	-	57,864	(57,864)	-
-	-	(18,549)	-	-	-	(18,549)
34,977	-	-	-	-	-	34,977
8,862,613	3,399	-		-	-	10,491,261
-	-	-	(18,388)	-	(34,114)	(52,502)
(104,544)	-	-	(6,790)	-	-	(111,334)
-	-	(587)	-	-	-	(587)
-	-	(10,754)	-	-	-	(10,754)
-	-	10,167	-	-	-	10,167
(457,001)	(3,735)	(57,627)	(12,720)	-	-	(876,729)
21,330,736	52,936	181,127	380,777	1,006,125	666,619	31,949,871
21,892,280	56,671	228,585	400,286	1,006,125	666,619	32,927,767
(104,544)	-	-	(6,790)	-	-	(111,334)
(457,001)	(3,735)	(47,459)	(12,720)	-	-	(866,562)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Anixas Power Station N$'000
COMPANY				
2020				
Carrying amount at 1 July 2019		**5,343,349**	**1,185,757**	**447,195**
- At cost/valuation		5,547,384	1,273,068	461,814
- Accumulated impairment		-	-	-
- Accumulated depreciation		(204,035)	(87,311)	(14,619)
Additions		-	-	-
Assets under construction completed		3	2,377	22
Strategic inventory items issued		-	-	-
Assets transferred from customers		-	-	-
Revaluation		296,822	50,220	21,086
Disposals		-	-	-
- At cost/valuation		-	-	-
- Accumulated depreciation		-	-	-
Depreciation for the year		(207,276)	(91,440)	(17,648)
Carrying amount at 30 June 2020		**5,432,898**	**1,146,914**	**450,655**
- At cost/valuation [1]		5,640,174	1,238,354	468,303
- Accumulated impairment		-	-	-
- Accumulated depreciation [1]		(207,276)	(91,440)	(17,648)

[1] Accumulated depreciation at 01 July 2019 were reversed against the cost during the 2020 financial year.

Transmission and Distribution systems	Aircraft Fleet	Machinery and Equipment	Land and Buildings	Assets under Construction	Strategic Inventory	Total
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
12,610,769	**37,667**	**94,123**	**391,698**	**579,231**	**577,669**	**21,267,458**
13,069,791	40,079	133,328	407,204	579,231	577,669	22,089,568
(43,237)	-	-	(3,340)	-	-	(46,577)
(415,785)	(2,412)	(39,205)	(12,166)	-	-	(775,533)
-	-	51,901	-	197,759	56,171	305,831
102,481	-	43,183	1,455	(149,521)	-	-
-	-	-	-	43,189	(43,189)	-
35,191	-	-	-	-	-	35,191
618,189	18,017	-	-	-	23,246	1,027,580
-	-	-	-	-	-	-
-	-	5,753	-	-	-	5,753
-	-	(5,753)	-	-	-	(5,753)
(433,240)	(2,412)	(47,620)	(13,352)	-	-	(812,988)
12,933,390	**53,272**	**141,587**	**379,801**	**670,658**	**613,897**	**21,823,072**
13,366,630	55,684	194,960	393,153	670,658	613,897	22,641,813
-	-	-	-	-	-	-
(433,240)	(2,412)	(53,373)	(13,352)	-	-	(818,741)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.1 Assets under construction

	Power Stations	Transmission and Distribution systems	Machinery and equipment	Land and buildings	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY					
2021					
Opening balance	**67,380**	**585,704**	**2,056**	**15,518**	**670,658**
Reclassification	**(1,912)**	**(40,836)**	**42,868**	**(120)**	**-**
Additions	**239,042**	**214,801**	**22,370**	**34,044**	**510,257**
Assets under construction completed	**(21,485)**	**(60,807)**	**(53,413)**	**(39,085)**	**(174,790)**
Closing balance	**283,025**	**698,862**	**13,881**	**10,357**	**1,006,125**
2020					
Opening balance	13,417	548,594	8,127	9,093	579,231
Additions	56,365	139,591	37,112	7,880	240,948
Assets under construction completed	(2,402)	(102,481)	(43,183)	(1,455)	(149,521)
Closing balance	67,380	585,704	2,056	15,518	670,658

6.2 Land and buildings (owner-occupied properties)

The revaluation of land and buildings were performed externally effective 30 June 2021 by independent valuer, Nadia van der Smit of Gert Hamman Property Valuers CC. Gert Hamman Property Valuers CC is not connected to the Group.

The valuations were performed on the basis of one of the methods mentioned below:

- Replacement value where no ready market exists or market value as estimated by sworn appraisers;
- Investment method of valuation which is based on the hypothesis that capital value will be a function of rental value.
- Direct Comparable Approach comparing the subject properties characteristics with those of comparable properties which have recently sold in similar transactions.

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

6.3 Transmission and distribution systems

A number of distribution lines and transmission 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 (Proprietary) Limited. Servitudes in favour of Namibia Power Corporation (Proprietary) Limited in respect of these occupational rights are registered with the registrar of deeds and are available for inspection at the Company's premises.

6.4 Ruacana power station

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

6.5 Valuation of power stations, transmission and distribution systems and aircraft fleet

The Group performs an independent external revaluation every three years, and an independent desktop revaluation in between to ensure that the carrying amount does not differ significantly from the fair value.

The power stations, transmission and distribution systems and aircraft fleet were revalued fully externally effective 30 June 2021 by independent valuers namely, MPAMOT Africa Pty Ltd, on the basis of their replacement value as adjusted for the remaining useful lives of the assets. The valuators are not connected to the Group and have extensive experience in the valuation of generation, transmission and distribution assets.

The replacement value of the Ruacana and Van Eck Power stations increased significantly mainly due to increases in commodity prices, labour costs, consumer price index (CPI), life extension and uprate projects undertaken. Accordingly, the degradation of the N$ against the US$ is considered to be the primary reason for the increase.

The significant increase in the replacement value of the Transmission systems are attributed to the large increase in commodity prices (LME) over the period as well as escalation of the high-voltage direct current (HVDC) and static var compensator (SVC) prices. New assets and upgrades have also been added to the network.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.6 Valuation of strategic inventory

The strategic inventory was revalued fully externally effective 30 June 2021 by independent valuers namely, MPAMOT Africa Pty Ltd, on the basis of their replacement value. The valuators are not connected to the Group.

Escalations are applied based on relevant indices for the individual equipment types. The items in strategic inventory are broken down into the escalation categories i.e. CPI – Electrical Components, Conductor Steel Core (ACSR), transformer, switchgear, copper conductors and cables, tower, insulator, fittings and poles. These escalation categories are created to account for specific asset types and their makeup. The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) indices are used to account for such market fluctuations as these track the prices of commodities and other indicators used in adjusting for pricing over time.

6.7 Reconciliation of the carrying amount

Cost

The carrying amount that would have been recognised had the assets been measured under the cost model, for each revalued class of property, plant and equipment is not disclosed because it is impracticable. The Group's core assets have always been carried at the revalued amount before the implementation of IFRS and the historical values were not seperately disclosed and are therefore not available.

6.8 Reconciliation of the revaluation surplus

2021	Consolidated	Company	Consolidated	Company
	Capital Revaluation Reserve (net of tax)	Capital Revaluation Reserve (net of tax)	Strategic Inventory Revaluation Reserve	Strategic Inventory Revaluation Reserve
	N$'000	N$'000	N$'000	N$'000
Opening balance at 1 July 2020	**(13,018,902)**	**(12,794,516)**	**(126,045)**	**(126,045)**
Change for the period	(7,121,554)	(7,121,554)	23,197	23,197
Revaluation	(7,121,554)	(7,121,554)	23,197	23,197
Closing balance at 30 June 2021	**(20,140,456)**	**(19,916,070)**	**(102,848)**	**(102,848)**
2020				
Opening balance at 1 July 2019	**(12,335,955)**	**(12,111,569)**	**(110,238)**	**(110,238)**
Change for the period	(682,947)	(682,947)	(15,807)	(15,807)
Revaluation	(682,947)	(682,947)	(15,807)	(15,807)
Closing balance at 30 June 2020	**(13,018,902)**	**(12,794,516)**	**(126,045)**	**(126,045)**

The distribution of the balance to the shareholder is only available on retirement or sale of the asset.

6.9 Measurement of fair value:

(i) Fair value hierarchy

The fair value measurements for the land and buildings have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

The fair value measurements of the power stations, transmission systems and strategic inventory have been categorised as Level 3 fair values based on observable market sales data.

The fair value measurements for the aircraft fleet have been categorised as Level 2 fair values based on the market price in active markets for similar assets.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

Consolidated and Company	**2021 N$'000**	**2020 N$'000**
Power stations, transmission and distribution systems and strategic inventory		
Opening balance 1 July	**20,595,776**	**20,164,743**
Additions and reclassification from property, plant and equipment	204,598	153,057
Depreciation	(802,648)	(749,604)
Loss included in other comprehensive income		-
- Changes in fair value (unrealised)	10,349,204	1,027,580
Closing balance 30 June	**30,346,930**	**20,595,776**
Land and buildings		
Opening balance 1 July	379,801	391,698
Additions and reclassification from property, plant and equipment	38,872	1,455
Depreciation	(12,720)	(13,352)
Loss included in other comprehensive income		
- Changes in fair value (unrealised)	(25,178)	-
Closing balance 30 June	**380,776**	**379,801**

(iii) Transfers between levels

There were no transfers between the fair value hierarchy levels.

(iv) Valuation techniques and significant observable and unobservable inputs used

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant inputs used.

Property, plant and equipment item	Level	Valuation technique	Valuation: The description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Power stations	3	Depreciated replacement cost (DRC) method	Full valuation:The DRC method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration, which are subsequently depreciated (on a straight line basis (SLB) in accordance with NamPower's existing policy) to match the remaining life of the asset under consideration.	Not applicable	The replacement costs are based on a combination of the escalation of historical costs, observed trends in prices for new generation plants and proprietary 3rd party software. Furthermore, the following was considered: - Material costs - Asset age and assigned useful life - Historical performance and planned future use - Financing costs - Discount rate - NamPower's weighted average cost of capital (WACC)	Increases in the cost of supply (equipment, materials, labour, etc) will increase the fair value and vice versa. A decrease in the assigned useful life will result in a reduced fair value measurement.
Transmission and distribution systems	3	Depreciated replacement cost (DRC) method	Full valuation: The DRC method requires that, for each asset under consideration, a value be obtained for a modern equivalent asset (MEA), that being an asset that can reasonably provide like-for-like benefits of the asset under consideration, which are subsequently depreciated (on a straight line basis (SLB) in accordance with NamPower's existing policy) to match the remaining life of the asset under consideration. The MEA approach is used where the equipment is broken down into the following major components: - Overhead lines; - Switchgear; - Transformers; - Reactive compensation equipment; and - Control and Communications equipment. The approach revaluates each asset individually based on the age of the asset and consequently the probable remnant life to apply the straight line depreciation method.	Not applicable	The following were considered: - Ancillary costs - Labour costs - Material costs - Ex. Works pricing - Depreciation - Probable remnant lives - Useful lives policies - Maximum lives of equipment types - Namibian Network Assessment Register (NENA) database for the distribution assets	An increase in labour and materials costs would result in an increase in the fair value and vice versa. A decrease in maximum lives results in a decrease in fair value and vice versa.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment item	Level	Valuation technique	Valuation: The description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Aircraft fleet	2	Market comparable prices	The fair value of the aircraft fleet was determined through consideration of the published aircraft bluebook as well as consideration of prevailing prices for similar aircraft fleet of a similar age and operating hours (both for the engines and airframes) on the international market.	Market prices	Not applicable	Not applicable
Land and buildings	3	Depreciated cost approach	This method determines the present market value of the subject property by estimating the present cost of replacing the building(s) by estimating the total amount of accrued depreciation from all causes, namely physical deterioration, functional obsolescence and external obsolescence, subtracting the accrued depreciation from the present replacement costs, estimating the value of minor improvements and adding the site value to the depreciated cost of the building(s).	Not applicable	Capitalisation rate 11.5% (2020: 9%) Expected market rental growth -2% (2020: -7.8%)	The estimated fair value would increase (decrease) if:
Land and buildings		Investment method	This method is based on the hypothesis that capital value will be a function of rental value.	Not applicable	Risk adjusted discount rates 5-8% (2020: 7-10%)	• expected market rental growth was higher (lower); • the risk-adjusted discount rate was lower (higher).
Land and buildings		Direct Comparable Approach	Compares the subject properties characteristics with those of comparable properties which have recently sold in similar transactions.	Not applicable	Expected vacancy rate 7-10% (2020: 7-10%)	• void periods were shorter (longer); • the occupancy rate was higher (lower);
Land and buildings	3	Replacement value method	The market value is estimated by sworn appraisers where no ready market exists.	Not applicable	Expenses 15-22% (2020: 22%)	• rent-free periods were shorter (longer).
Strategic inventory	3	Replacement cost (RC) method	This method determines the present market value. Management's expert derived the annual price change for the strategic inventory by applying escalations for the individual equipment type and market movements based on indices relevant to that asset grouping.	Not applicable	The replacement costs for the equipment is based on costs from purchases and are indexed from this date to obtain the current market rate. Cost Price Adjustment (CPA) formulas and respective indices.	An increase in labour and materials costs would result in an increase in the fair value and vice versa. An increase in commodity price would result in an increase in fair value.

Sensitivity analysis for property, plant and equipment categorised into Level 3 of the fair value hierarchy:

The higher the capitalisation rate and expected vacancy rate, the lower the fair value of the land and buildings, and vice versa. The higher the rental growth rate, the higher the fair value of the land and buildings, and vice versa. An increase in the US$ and equipment cost and a decrease or increase in labour cost would result in a slight increase in the fair value of the power stations and a significant decrease in the fair value of the transmission and distribution systems. A decrease in the US$ and equipment cost and a decrease or increase in labour cost would result in a slight decrease in the fair value of the power stations and a significant decrease in the fair value of the transmission and distribution systems.

	2021		2020	
	1% decrease in US$ and Equipment cost		1% decrease in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	6,599,761	6,723,464	5,435,776	5,477,168
Van Eck power station	1,225,152	1,249,903	1,163,291	1,168,612
Anixas power station	484,086	490,980	452,749	454,467
Distribution lines	751,487	752,619	397,333	399,298
Transmission lines	14,023,294	14,044,420	6,877,978	6,917,721
Transmission substations	6,863,103	6,873,442	4,905,247	4,942,601
Strategic inventory	671,136	672,147	Not available	Not available

	1% decrease in US$ and Equipment cost		1% decrease in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	6,519,762	6,641,963	5,393,871	5,435,263
Van Eck power station	1,203,354	1,227,665	1,146,863	1,152,152
Anixas power station	476,686	483,443	446,738	448,455
Distribution lines	740,255	741,375	396,354	398,319
Transmission lines	13,813,696	13,834,598	6,840,789	6,880,532
Transmission substations	6,760,524	6,770,754	4,861,334	4,898,301
Strategic inventory	661,105	662,105	Not available	Not available

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the Group uses the valuation processes to decide its valuation policies and procedures and analyse changes in fair value measurements from period to period. The Finance Business Unit has set up a valuation committee, which is headed up by the Chief Financial Officer of the group to determine the appropriate valuation techniques and inputs for fair value measurements.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with the business divisions. Once submitted, fair value estimates are also reviewed and challenged by the Chief Financial officer (CFO).

The CFO validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Evaluating and validating input parameters
- Verifying third party sources (micro or macro economy input)
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements

6.10 Impairment loss

During the 2021 financial year, the Group performed an asset revaluation on the core assets and a separate property revaluation on land and buildings. During this review, the Group determined the carrying amount and recoverable amount of its assets and recognised an impairment loss of N$111.3 million (2020: Nil) principally on its transmission assets.

6.11 Fair value of the assets

A detailed assessment to ascertain the fair value of the assets cannot be performed on an annual basis due to the effort that would be required to perform such an exercise.

The Group's frequency of revaluation of 3 years is in line with the industry practice of 3 to 5 years. The Group believes that the carrying amount of its property, plant and equipment does not materially differ from the fair value. However the Group will perform more frequent valuations such that the carrying amount does not differ materially.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

7.1 Subsidiary companies	Nature of operation	Country of incorporation	Date of incorporation
Name			
Directly held			
* Capricorn Power Supply (Pty) Ltd	Dormant	Republic of Namibia	25/02/1999
Less: impairment of investment	-		-

* The subsidiary is dormant and thus not considered for consolidation purposes.

Director's valuation

The Directors valued the investments in unlisted equities and determined it to be equal to the carrying value of the investment.

Disposal of a subsidiary

The Group disposed of Premier Electric (Pty) Ltd On 16 December 2019.

Analysis of assets and liabilities over which control was lost

Non-current assets

Investment in subsidiary

Loan to subsidiary

Current liabilities

Loans due to subsidiaries

Net assets disposed of

Gain on disposal of subsidiary

Consideration received

Net assets disposed of

Non-controlling interests

Gain on disposal

Issued Share Capital	Percentage holding	Percentage holding	Shares at Cost	Shares at Cost	Total Investment	Total Investment
	2020	2019	2020	2019	2020	2019
2,500	100	100	2	2	2	2
-	-	-	(2)	(2)	(2)	(2)
			-	-	-	-

COMPANY
2020
N$'000
5,000
2
(6,388)
(1,386)
-
1,386
-
1,386

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
7.2 Associates				
Carrying amount of associates				
Carrying amount at beginning of year	**580,563**	595,797	**221,279**	221,279
Equity accounted earnings	**27,846**	(13,102)	**-**	-
Dividend received	**-**	(1,800)	**-**	-
Share of other comprehensive income of associates - remeasurement of employee benefits	**(439)**	(332)	**-**	-
	607,970	580,563	**221,279**	221,279
Post-acquisition reserves				
Retained earnings	**150,792**	123,385		
Share of opening retained earnings	**123,385**	138,619		
Dividends declared	**-**	(1,800)		
Share of current year income	**27,407**	(13,434)		
Non-distributable reserves	**457,178**	457,178		
Share of opening revaluation and development reserve	**457,178**	457,178		
	607,970	580,563		

7.3 The summarised financial statements of Nored Electricity (Pty) Ltd are as follows:

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000
Statement of financial position		
Non current assets	**2,466,084**	1,535,373
Current assets	**227,225**	290,308
Non current liabilities	**(899,159)**	(676,496)
Current liabilities	**(364,209)**	(257,454)
	1,429,941	891,731
Statement of comprehensive income		
Revenue	**1,158,647**	1,056,551
Expenditure	**(1,109,600)**	(1,067,013)
Profit/(loss) before taxation	**49,047**	(10,462)
Taxation	**-**	-
Profit/(loss) from continuing operations for the year	**49,047**	(10,462)
Other comprehensive income	**-**	-
Total comprehensive income/(loss)	**49,047**	(10,462)

The Company holds a 33.33% equity interest in Nored Electricity (Pty) Ltd but has less than 33.33% of the voting rights. The Company has the right to appoint two of the six directors. The Company has performed an assessment and determined that it does not have control over the relevant activities but still exhibits significant influence over the associate.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

7.4 The summarised financial statements of Central-North Electricity Distribution Company (Pty) Ltd (Cenored) are as follows:

	CONSOLIDATED	
	2021	2020
	N$'000	N$'000
Statement of financial position		
Non current assets	**674,794**	666,378
Current assets	**160,688**	160,291
Non current liabilities	**(186,345)**	(188,052)
Current liabilities	**(185,846)**	(199,957)
	463,291	438,660
Statement of comprehensive income		
Revenue	**611,767**	628,858
Expenditure	**(585,948)**	(638,759)
Profit before taxation	**25,819**	(9,901)
Taxation	**(459)**	(346)
Profit from continuing operations for the year	**25,360**	(10,247)
Other comprehensive income	**(974)**	(736)
Total comprehensive income	**24,386**	(10,983)

The Company holds a 45.0% equity interest in Central-North Electricity Distribution Company (Pty) Ltd (Cenored) but has less than 45.0% of the voting rights. The Company has the right to appoint two of the eight directors. The Company has performed an assessment and determined that it does not have control over the relevant activities but still exhibits significant influence over the associate.

7.5 The Associates are engaged in the supply and distribution of electricity in the northern regions and the central-north regions of Namibia. The Regional Electricity Distributors (REDS) have taken over the distribution function of the Company and is strategic to the entity's activities.

There are no restrictions on the ability of associates to transfer funds to the Group in the form of cash dividends.

The Group's associates are all incorporated in the Republic of Namibia which is also the principle place of business.

None of the Group's associates are publicly listed entities and consequentially do not have published price quotations.

The Group has no obligation which gives rise to the need to recognise contingent liabilities of its subsidiaries and associates.

The Group holds no other interest in associates.

8. INVESTMENT PROPERTIES

	CONSOLIDATED		COMPANY	
	2021	**2020**	**2021**	**2020**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Opening balance	**19,105**	20,175	**19,105**	20,175
Fair value adjustment	**(2,057)**	(1,070)	**(2,057)**	(1,070)
Closing balance	**17,048**	19,105	**17,048**	19,105

Investment properties comprise a number of commercial properties that are leased to third parties and vacant land held for capital appreciation. Included in investment properties is Erf number 6321 (a portion of Erf number 5627), Ongwediva that is being rented to a third party under operating lease. No contingent rentals are charged.

Rental income and direct operating expenses relating to the investment properties are disclosed in note 26.

There are no contractual obligation to purchase, construct, develop, repair and maintain investment property.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of the disposal of investment property.

(a) Measurement of fair value

(i) Fair value hierarchy

The fair value of all investment properties was determined as at 30 June 2021 by an independent qualified property valuer (Gert Hamman Property Valuers CC) who has extensive experience in the Namibian property market. The fair value of the Group's investment property portfolio is provided annually by independent valuers.

The fair value measurement for investment property of N$17.0 million (2020: N$19.1 million) has been categorised as a Level 3 fair value based on the inputs to the valuation method used.

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Opening balance	**19,105**	20,175	**19,105**	20,175
Gain included in 'other income'				
- Changes in fair value (unrealised)	**(2,057)**	(1,070)	**(2,057)**	(1,070)
Closing balance	**17,048**	19,105	**17,048**	19,105

8. INVESTMENT PROPERTIES (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	Sensitivity
Income Capitalisation Method:		The estimated fair value would increase (decrease) if:	
The commercial properties' fair values were based on this valuation technique which involves determining 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.	• Capitalisation rate: Commercial and residential properties 11.5% (2020: 11.5%)	• expected capitalisation rate were higher (lower);	A slight increase in the capitalisation rate used would result a significant decrease in fair value, and vice versa.
Direct Sales Comparison Method:			
This valuation technique was used in determining the fair values of the residential properties which are classified as investment property.	• Expected market rental growth: Commercial and residential properties -2% (2020: -7.8%)	• expected market rental growth were higher (lower);	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
The method calculates the market value by comparing the property's characteristics with those of comparable properties which have recently sold in similar transactions.	• Void periods (Commercial properties average 1 months and residential properties average 1 month after the end of each lease)	• void periods were shorter (longer);	
	• Occupancy rate - Commercial: 100% (2020: 95%) and Residential: 70% (2020: 98%)	• the occupancy rate were higher (lower);	
	• Rent-free periods (Nil)	• rent-free periods were shorter (longer); or	
	• Risk-adjusted discount rates: Commercial and residential properties 5-8% (2020: 7-10%)	• the risk-adjusted discount rate were lower (higher).	

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

9. INTANGIBLE ASSETS

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
Computer software - purchased				
Opening carrying amount - 1 July	**19,559**	22,322	**19,559**	22,322
- At cost	**114,900**	109,953	**114,900**	109,953
- Accumulated amortisation and accumulated impairment	**(95,342)**	(87,631)	**(95,342)**	(87,631)
Additions	**199**	4,947	**199**	4,947
Transfer from property, plant and equipment (purchased software)	**18,549**	-	**18,549**	-
Amortisation	**(8,951)**	(7,710)	**(8,951)**	(7,710)
Closing carrying amount - 30 June	**29,356**	19,558	**29,356**	19,559
- At cost	**133,648**	114,900	**133,648**	114,900
- Accumulated amortisation and accumulated impairment	**(104,292)**	(95,342)	**(104,292)**	(95,341)

No intangible assets were acquired by way of a government grant.

No intangible assets were pledged as securities for liabilities.

No intangible assets were impaired.

Included in the carrying amount of computer software at 30 June 2021 is an amount of N$13.6 million related to SAP HANA with a remaining amortisation period of 5 years.

10. LOANS RECEIVABLE

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
Employee loans	**2,707**	2,204	**2,707**	2,204
Loan to City of Windhoek	**-**	1,673	**-**	1,673
Loan to the Alten Solar Power (Hardap) Pty Ltd	**16,109**	13,887	**16,109**	13,887
- Expected credit losses	**(649)**	(546)	**(649)**	(546)
	18,167	17,218	**18,167**	17,218
Less: Instalments receivable within one year transferred to current assets.	**-**	(1,320)	**-**	(1,320)
	18,167	15,898	**18,167**	15,898

The fair value amount of the loans receivable for Alten Solar Power (Hardap) Pty Ltd amount to N$15.0 million (2020: N$13.2 million) and City of Windhoek Nil (2020: N$1.2 million).

The fair value was based on a rate of 13.5% for the Alten Solar Power (Hardap) Pty Ltd and prime rate plus 1% for City of Windhoek.

Employee loans comprise of:

Employee study loans.

Employee study loans are interest free and repayable over the duration of the study period.

Employee study loans were not fair valued as the amount is considered to be insignificant.

Loan to the City of Windhoek

The Company approved a loan to the City of Windhoek amounting to N$24.8 million for the upgrade of the power supply infrastructure at Van Eck Coupling Transformer 2. The loan is payable by monthly instalments over a period of ten years at a variable interest rate of prime plus 2%. The loan matured on 1 October 2020.

Loan to the Alten Solar Power (Hardap) Pty Ltd

The Company appoved a loan to Alten Solar Power (Pty) Ltd amounting to N$9.8 million for the construction of the transmission connection facilities for 37MW Solar Photovoltaic Power Plant. Interest on the loan is charged at 16% p.a. compounded daily. The interest is capitalised monthly with one final loan capital and interest repayment at maturity on 31 December 2043.

The Group's exposure to credit, currency and interest rate risks related to loans receivable is disclosed in note 29.

11. INVESTMENTS

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
Non-current investments	**1,587,554**	1,773,153	**1,587,554**	1,773,153
Debt instruments and fixed deposits at amortised cost	**1,417,483**	1,644,287	**1,417,483**	1,644,287
- Expected credit losses	**(2,705)**	(44,364)	**(2,705)**	(44,364)
Inflation linked bonds: FVTOCI - designated	**128,244**	124,218	**128,244**	124,218
- Expected credit losses	**(333)**	-	**(333)**	-
Investment in unlisted equities	**44,865**	49,012	**44,865**	49,012
Erongored (Pty) Ltd	**26,678**	31,704	**26,678**	31,704
- FVTOCI - designated	**26,678**	31,704	**26,678**	31,704
Alten Solar Power (Hardap) Pty Ltd	**18,187**	17,308	**18,187**	17,308
- FVTOCI - designated	**18,187**	17,308	**18,187**	17,308
Current investments	**5,316,879**	5,948,250	**5,316,879**	5,948,250
FVTOCI - designated				
- Listed equity: Sanlam shares	**1,550**	1,488	**1,550**	1,488
Financial assets mandatorily measured at FVTPL				
- collective investment schemes	**2,305,085**	2,142,115	**2,305,085**	2,142,115
Debt instruments, fixed deposits and treasury bills at amortised cost	**3,013,127**	3,829,190	**3,013,127**	3,829,190
- Expected credit losses	**(2,883)**	(24,543)	**(2,883)**	(24,543)
Total investments	**6,904,433**	7,721,403	**6,904,433**	7,721,403

11. INVESTMENTS (continued)

The fair value amount of the debt instruments measured at amortised cost approximate N$1.6 billion (2020: N$1.1 billion).

The fair value amount of the fixed deposits measured at amortised cost approximate N$2.4 billion (2020: N$4.4 billion).

The fair value amount of the treasury bills measured at amortised cost approximate N$515.8 million (2020: N$98.2 million).

The Group elected to classify irrevocably its listed and unlisted equity investments as measured at FVTOCI as it intends to hold these investments for long-term strategic reasons. Dividends of N$811 thousand were received from these unlisted investments for the period under review.

The current and non-current investments split were determined based on the underlying maturity dates.

(i) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Equity investments - unlisted investments
Balance at 1 July 2020	49,012
Total gains or losses:	
– in other comprehensive income	(4,147)
Balance at 30 June 2021	44,865

There were no disposals for the year under review.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of unlisted equity instruments, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Discounted cash flow method: This approach utilises forecasts and budgets prepared by management.	Projected revenues and expenses.	A significant increase in the revenues would result in a significant increase in fair value, and vice versa. A significant increase in the expenses would result in a significant decrease in fair value, and vice versa.
	Cost of equity determined using a Capital Asset Pricing Model.	The higher the cost of equity, the lower the fair value and vice versa.
	Small stock premium used to adjust the cost of equity.	The higher the small stock premium, the higher the cost of equity and consequently the lower the fair value and vice versa.
	Specific risk premium used to adjust the cost of equity.	The higher the specific risk premium, the higher the cost of equity and consequently the lower the fair value and vice versa.

Sensitivity analysis

The sensitivity of the unlisted investments to an increase or decrease in the principal assumptions are:

	CONSOLIDATED AND COMPANY			
	2021		2020	
	Increase	Decrease	Increase	Decrease
	N$'000	N$'000	N$'000	N$'000
Erongored (Pty) Ltd:				
1% change in discount rate	**25,573**	**27,889**	30,279	33,288
1% change in growth rate	**27,156**	**26,242**	32,497	30,992
Alten Solar Power (Hardap) Pty Ltd:				
1% change in cost of equity	**16,946**	**19,589**	16,126	18,647

Investments at amortised cost of N$77.7 million (2020: N$70.1 million) have been encumbered and act as security for long-term loans (refer note 17.1.2).

The Group's exposure to credit, currency and interest rate risks related to investments is disclosed in note 29.

12. INVENTORIES

	CONSOLIDATED		COMPANY	
	2021		2020	
	N$'000	N$'000	N$'000	N$'000
Maintenance spares and consumables	**24,590**	23,321	**24,592**	23,321
Fuel and coal	**89,654**	60,143	**89,654**	60,143
	114,246	83,463	**114,246**	83,464

No inventory was pledged as security.

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

Inventory amounting to N$5.3 million (2020: N$7.8 million) was recognised in administrative expenses in profit or loss.

13. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		COMPANY	
	2021		2020	
	N$'000	N$'000	N$'000	N$'000
Financial instruments:				
Trade receivables at amortised cost	**892,590**	1,382,758	**892,590**	1,382,758
- Gross receivables	**1,567,819**	2,120,407	**1,567,819**	2,120,407
- expected credit losses	**(675,229)**	(737,649)	**(675,229)**	(737,649)
Non-financial instruments:				
Prepayments	**183,952**	39,939	**183,952**	39,939
Project and other advances	**437**	749	**437**	749
Other receivables *	**170,661**	142,060	**170,661**	142,060
Total trade and other receivables	**1,247,640**	1,565,506	**1,247,640**	1,565,506

13.1 Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	**892,590**	1,382,758	**892,590**	1,382,758
Non-financial instruments	**355,050**	182,748	**355,050**	182,748
	1,247,640	1,565,506	**1,247,640**	1,565,506

* Other receivables include a VAT input balance of N$152.4 million (2020: N$109.4 million).

13. TRADE AND OTHER RECEIVABLES (continued)

Reversal of Expected credit losses (ECL) of N$61.5 million (2020: N$15.0 million - raised) in respect of trade receivables were recognised in profit or loss.

The carrying amount of the trade receivables disclosed above approximates its fair value due to its short-term nature. In addition, the carrying amounts do not include a significant financing component.

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in note 29.

Related party receivables

Included in trade and other receivables are amounts due from related parties for Group and Company. These have been disclosed in note 27.

The average credit period on sales of supply is 90 days. Namibian Prime Interest rate is charged on outstanding trade receivables that are more than 30 days past due.

The Group has well-established credit control procedures that monitors activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include an internal collection process, follow up with the customer either telephonically or in person, negotiations of mutually acceptable payment arrangements and the issue of a notice of disconnection of supply and letters of demand. Non-payment can result in disconnection of supply and the customer's account being closed.

The following collection strategies are currently in operation with varying levels of success:

- Contacting of customers
- Disconnections
- Use of debt collectors
- Payment arrangements
- Automated notices and letters of demand

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the group policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived.

Customers are grouped in different categories namely Category A to E according to their size of demand, geographic location of the customer (cross borders), characteristics and types. The categorisation of customers are based on the generic or unique individual contracts of supply as follows:

- Category A customers (electricity transmission): these are time of use customers located within the Namibian borders which are connected to the Group transmission system, and includes redistributors, commercial, industrial and mining customers.
- Category B customers (electricity cross borders): these are customers located outside the Namibian borders that are connected to the NamPower transmission system.
- Category C customers (electricity distribution): comprise of customers within Namibian borders other than category A, B, D and E, these customers include commercial, industrial, farms and plots outside town boundaries where there are no regional electricity distributors.
- Category D customers (electricity distribution Government departments/ agents): comprise of Ministries, offices and agencies of the Government of the Republic of Namibia, Village Councils and Regional Councils within Namibia and outside town boundaries where there are no regional electricity distributors.

Payment terms of the above customers are between 20 and 30 days from date of invoice.

Category A to D customers i.e electricity customers and tenants of the group properties are required to provide security equivalent to between one and three months' consumption before any supply of service is made available on signing of the agreement.

- Category E customers (other receivables): these are customers for services other than electricity and include employees, tenants of the group properties and customers of the other related electricity services. No security is held in respect of these balances except for tenants of the group properties and no interest has been charged on overdue balances.

The provision matrix was applied to Category A and Category B customers and the loss rate approach was applied to Category C and Category D customers. The loss rates are calibrated based on historical loss experiences, considering the time value of money and further adjusted for forward looking information, achieved through the analysis of macroeconomic factors relevant to the debtors through statistical regression analysis.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Certain regional and local authorities and government agencies continued to fall into arrears during the course of the financial year. The timely collection of revenue from these customers remain a challenge. These customers debts are monitored on a regular basis and receive ongoing management attention. Interventions pursued included entering into repayment arrangements and approaching relevant stakeholders to assist with resolving the growing debt.

Category E customers are assessed individually and expected credit loss based on the individual customer history.

13. TRADE AND OTHER RECEIVABLES (continued)

	Impairment Analysis: Trade receivables – days past due				
30 June 2021	**Not past due**	**30 days past due**	**60 days past due**	**90 days past due**	**Total**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**
Collectively assessed for impairment: Category A Customers - Electricity transmission customers [1]					
Expected credit loss rate (%)	1.93%	6.60%	14.42%	91.08%	
Gross carrying amount at default	526,225	67,823	19,366.91	214,512	827,927
Loss allowance	10,164	4,476	2,792	195,383	212,816
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	55.55%	84.49%	95.47%	98.10%	
Gross carrying amount at default	27,615	19,048	16,890	303,527	367,080
Loss allowance	15,341	16,093	16,124	297,751	345,309
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	73.03%	73.03%	n/a	73.03%	
Gross carrying amount at default	25,348	2,147	-	7,805	35,300
Loss allowance	18,511	1,568	-	5,700	25,778
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	58.18%	58.18%	58.18%	58.18%	
Gross carrying amount at default	34,058	7,426	1,119.01	106,293	148,896
Loss allowance	19,815	4,321	651	61,841	86,628
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	1.52%	100.00%	100.00%	2.30%	
Gross carrying amount at default	46,259	28	1,197	120,380	167,865
Loss allowance	705	28	1,197	2,768	4,698
Total loss allowance	**64,536**	**26,486**	**20,764**	**563,443**	**675,229**

[1] For category B, C, and D customers we noted high loss rates for current balances but based on management's assessment it is still appropriate to recognise revenue. It is still probable that the Group will collect the consideration.

30 June 2020	Impairment Analysis: Trade receivables – days past due				
	Not past due	30 days past due	60 days past due	90 days past due	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
Collectively assessed for impairment: Category A Customers - Electricity transmission customers [1]					
Expected credit loss rate (%)	0.88%	2.70%	6.02%	82.32%	
Gross carrying amount at default	902,492	51,883	-	421,827	1,376,202
Loss allowance	7,968	1,399	-	347,262	356,629
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	46.58%	67.85%	75.39%	92.90%	
Gross carrying amount at default	31,000	15,713	17,198	235,937	299,847
Loss allowance	14,438	10,661	12,966	219,185	257,250
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	60.77%	60.77%	n/a	60.77%	
Gross carrying amount at default	44,211	3,097	-	16,547	63,855
Loss allowance	26,865	1,882	-	10,055	38,802
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	50.35%	50.35%	n/a	50.35%	
Gross carrying amount at default	33,441	10,701	-	115,128	159,271
Loss allowance	16,836	5,388	-	57,962	80,186
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	0.03%	0.04%	73.54%	15.09%	
Estimated total gross carrying amount at default	105,570	70,520	43.46	31,053	207,186
Loss allowance	36	27	32	4,687	4,782
Total loss allowance	**66,143**	**19,357**	**12,998**	**639,151**	**737,649**

13. TRADE AND OTHER RECEIVABLES (continued)

	Category A	Category B	Category C	Category D	Category E	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
The loss allowance for trade and other receivables reconciles to the opening loss allowance for that provision as follows:						
Reconciliation of movements in allowance for impairment						
Opening loss allowance as at 01 July 2019	**135,332**	**493,099**	**25,913**	**63,381**	**4,881**	**722,606**
Increase/(decrease) in loss allowance recognised in profit loss during the year	221,297	(235,848)	12,890	16,804	(100)	15,043
Opening loss allowance as at 01 July 2020	**356,629**	**257,250**	**38,803**	**80,186**	**4,781**	**737,649**
Increase/(decrease) in loss allowance recognised in profit loss during the year	(143,813)	88,059	(12,381)	6,442	1,060	(60,633)
Receivables written off during the year as uncollectible	-	-	(644)	-	(1,144)	(1,787)
Closing loss allowance as at 30 June 2021	**212,816**	**345,309**	**25,778**	**86,628**	**4,698**	**675,229**

14. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
Cash and cash equivalents consist of:				
Cash on hand	**76**	80	**76**	80
Call account - Long run marginal cost2	**495,483**	641,487	**495,483**	641,487
Bank balances	**651,529**	619,504	**651,529**	619,504
Short term deposits1	**2,686,536**	1,650,052	**2,686,536**	1,650,052
- Expected credit losses	**(433)**	(1,098)	**(433)**	(1,098)
	3,833,191	2,910,025	**3,833,191**	2,910,025

[1] Deposits at notice include money market funds. There are no restrictions on the funds which are managed according to the Group's investment policy statement.

[2] The Long run marginal cost (LRMC) call account is restricted and may only be utilised with the approval of the Electricity Control Board (ECB). These funds are generally classified as available for use within the Group.

The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 29.

The carrying amounts of cash and cash equivalents approximate its fair values, due to its liquid and short-term nature.

15. TAXATION

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
Namibian company tax				
Current taxation	**229,403**	397,923	**229,403**	397,923
Current taxation - prior period adjustment	**(377)**	-	**(377)**	-
Deferred taxation	**208,487**	(363,107)	**208,487**	(363,107)
Taxation recognised in profit or loss	**437,513**	34,816	**437,513**	34,816
Taxation recognised in other comprehensive income	**3,338,080**	362,148	**3,338,080**	362,254
Total taxation	**3,775,593**	396,964	**3,775,593**	397,070
Tax rate reconciliation	**%**	%	**%**	%
Standard Tax Rate	**32.00**	32.00	**32.00**	32.00
Adjusted for:				
Kudu Project	**-**	0.03	**-**	0.03
Social Responsibility	**0.29**	0.41	**0.29**	0.39
Donations	**0.01**	0.00	**0.01**	0.00
Other Items not deductible for tax purposes				
Legal fees not allowed for tax purposes	**0.01**	0.07	**0.01**	0.07
SAPP Market withholding tax	**0.00**	0.03	**0.00**	0.03
Depreciation which relate to permanent differences	-	-		
Dividends received	**(0.02)**	(0.01)	**(0.02)**	(0.16)
Research cost	**0.00**	0.02	**0.00**	0.02
Short term insurance	**0.06**	0.15	**0.06**	0.14
Share of (loss)/profit - associates	**-**	1.18	**-**	-
Penalties and fines	**0.00**	0.00	**0.00**	0.00
Interest paid	**0.00**	0.09	**0.00**	0.09
Government grant	**(1.17)**	(0.80)	**(1.17)**	(0.76)
Capital contributions by customers	**(1.20)**	(9.70)	**(1.20)**	(9.27)
Deferred tax on assets with no tax values	**1.18**	5.94	**1.18**	5.67
Disposal of subsidiary	**-**	-	**-**	(0.12)
Fair value adjustment on Investment property	**0.04**	0.10	**0.04**	0.09
Manufacturing deduction	**(3.69)**	(18.28)	**(3.69)**	(17.48)
Gains and losses on non-current financial instruments	**(0.42)**	(1.87)	**(0.42)**	(1.79)
Fair value of coal valuation	**-**	0.44	**-**	0.42
Prior year charge	**(0.02)**	-	**(0.02)**	-
Effective tax rate	**27.07**	9.81	**27.07**	9.38

	CONSOLIDATED			COMPANY		
		Tax expense			Tax expense	
2021	Before tax	(benefit)	Net of tax	Before tax	(benefit)	Net of tax
Remeasurements of employee benefit provisions	**12,055**	**(3,858)**	**8,197**	**12,055**	**(3,858)**	**8,197**
Share of other comprehensive income of associates	**439**		**439**	**-**	**-**	**-**
Valuation of listed equity instruments	**(61)**	**-**	**(61)**	**(61)**	**-**	**(61)**
Valuation of debt-instruments	**(5,584)**	**-**	**(5,584)**	**(5,584)**	**-**	**(5,584)**
Valuation of unlisted equity instruments	**4,147**	**-**	**4,147**	**4,147**	**-**	**4,147**
Revaluation of property, plant and equipment	**(10,477,669)**	**3,352,854**	**(7,124,815)**	**(10,477,669)**	**3,352,854**	**(7,124,815)**
Revaluation of land	**4,796**	**-**	**4,796**	**4,796**	**-**	**4,796**
Revaluation of strategic inventory	**34,114**	**(10,916)**	**23,198**	**34,114**	**(10,916)**	**23,198**
	(10,427,763)	**3,338,080**	**(7,089,683)**	**(10,428,202)**	**3,338,080**	**(7,090,122)**
2020						
Remeasurements of employee benefit provisions	(104,132)	33,322	(70,810)	(104,464)	33,428	(71,036)
Valuation of listed equity instruments	485	-	485	485	-	485
Valuation of debt-instruments	(1,558)	-	(1,558)	(1,558)	-	(1,558)
Valuation of unlisted equity instruments	56,714	-	56,714	56,714	-	56,714
Revaluation of property, plant and equipment	(1,004,334)	321,387	(682,947)	(1,004,334)	321,387	(682,947)
Revaluation of strategic inventory	(23,246)	7,439	(15,807)	(23,246)	7,439	(15,807)
	(1,076,071)	362,148	(713,923)	(1,076,403)	362,254	(714,149)

16. SHARE CAPITAL AND RESERVES

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
16.1 Authorised				
365 000 000 ordinary shares at N$1	**365,000**	365,000	**365,000**	365,000
16.2 Issued and fully paid share capital				
165 000 000 (2020: 165 000 000) ordinary shares at N$1	**165,000**	165,000	**165,000**	165,000
The unissued share capital is under the control of the Government of the Republic of Namibia, represented by the Ministry of Mines and Energy, as the sole shareholder.				
Basic earnings per share				
From continuing operations attributable to the ordinary equity holders of the Company	**7.31**	1.94	**7.14**	2.04
Headline earnings per share				
From continuing operations attributable to the ordinary equity holders of the Company	**7.97**	1.93	**7.80**	2.03
Reconciliations of earnings used in calculating earnings per share				
Basic earnings per share				
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:				
From continuing operations	**1,206,561**	319,973	**1,178,715**	336,263
Headline earnings per share				
Profit attributable to the ordinary equity holders of the company used in calculating headline earnings per share:				
From continuing operations	**1,315,421**	319,336	**1,287,575**	334,240
Profit for the year (as per the AFS)	**1,206,561**	319,973	**1,178,715**	336,263
Adjustments:				
Fair value adjustments investment properties	**2,057**	1,070	**2,057**	1,070
Impairment: Losses on property revaluation	**111,334**	-	**111,334**	-
Gain on disposal of subsidiary	**-**	-	**-**	(1,387)
Gain on disposal of property, plant and equipment	**(4,531)**	(1,707)	**(4,531)**	(1,707)
Weighted average number of shares used as the denominator				
Weighted average number of ordinary shares used as the denominator in calculating basic and headline earnings per share	**165,000**	165,000	**165,000**	165,000

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
16.3 Share premium				
Share premium arising on shares issued	**900,000**	900,000	**900,000**	900,000

100 000 000 Ordinary shares of N$1 each and share premium of N$9.

(2020: 100 000 000 Ordinary shares of N$1 each and share premium of N$9.)

Holders of the ordinary shares are entitled to dividends whenever dividends to ordinary shareholders are declared and are entitled to one vote per share at general meetings of the Company.

16.4 Reserve fund

The reserve fund is utilised to fund costs associated with potential energy crises. There are no restrictions on the distribution of the balance to the shareholders.

16.5 Development fund

The development fund is utilised for the total or partial financing of capital works and extensions to power stations, transmission and distribution networks. There are no restrictions on the distribution of the balance to the shareholders.

16.6 Capital revaluation reserve

The revaluation reserve relates to the increments and decrements on the revaluation of property, plant and equipment. There are no restrictions on the distribution of the balance to the shareholders.

16.7 Strategic inventory revaluation reserve

The revaluation reserve relates to the revaluation of strategic inventory items. The revaluation is performed in line with the Group's property, plant and equipment policy. There are no restrictions on the distribution of the balance to the shareholders.

16.8 Investment valuation reserve

The reserve consists of all fair value movements relating to financial instruments classified as listed and unlisted equity.

The fair value adjustment relates to 25 249 shares held in Sanlam Ltd, 57 shares held in Alten Solar Power (Hardap) Pty Ltd and 1 267 500 shares held in Erongored (Pty) Ltd.

There are no restrictions on the distribution of the balance to the shareholders.

17. INTEREST BEARING LOANS AND BORROWINGS (Consolidated and Company)

Terms and conditions of outstanding loans were as follows:

17.1 Interest bearing borrowings	Currency	Coupon interest rate	Effective interest rate	Year of maturity	30 June 2021 Carrying amount	30 June 2021 Face value	30 June 2020 Carrying amount	30 June 2020 Face value
					N$'000	**N$'000**	N$'000	N$'000
17.1.2 Development Bank of Southern Africa [2]	ZAR	9.82%	9.82%	2022	**81,959**	**80,000**	89,616	80,000
17.1.3 European Investment Bank - loan II [1]	GBP	3.00%	7.62%	2021	**39,195**	**24,939**	67,088	48,761
17.1.4 NMP20N Bonds issued - Caprivi Link Interconnector [4]	ZAR	9.35%	9.35%	2020	**-**	**-**	502,237	482,000
17.1.5 Development Bank of Namibia [3]	NAD	Prime less 4.5%	Prime less 4.5%	2024	**16,738**	**16,738**	21,980	21,980
17.1.7 European Investment Bank - loan III [3]	ZAR	9.26%	9.26%	2029	**191,919**	**186,872**	214,498	208,857
17.1.8 Agence Francaise de Development II [3]	ZAR	6.10%	6.10%	2027	**147,207**	**143,382**	169,855	165,441
17.1.10 KFW Bankengruppe II [3]	ZAR	6.98%	6.98%	2021	**19,412**	**19,024**	58,235	57,073
17.1.11 KFW Bankengruppe III [3]	ZAR	8.26%	8.26%	2027	**264,344**	**258,126**	305,085	297,837
					760,774	**729,081**	1,428,594	1,361,949
Less: Instalments payable within one year transferred to current liabilities					**244,610**	**213,557**	690,813	633,713
					516,164	**515,524**	737,781	728,236

[1] The loans are guaranteed by the Government of the Republic of Namibia.

[2] The loan is secured by a pledge of investments (zero coupon bonds) with a carrying value of N$77.7 million (2020: N$70.1 million) excluding accrued interest and a nominal value of N$80 million.

The zero coupon bond is issued at 10.52% (NACS) with a maturity value of ZAR 80 million on 15 October 2021.

[3] The loans are unsecured.

[4] The NMP20N Bond matured during the financial year under review.

Refer to note 29.1 (classification of financial instrument classes into IFRS 9 categories).

The Group's exposure to liquidity and currency risks related to interest bearing loans and borrowings is disclosed in note 29.

Defaults and breaches

There were no defaults or breaches of the loan agreements during the current and prior year.

18. DEFERRED REVENUE LIABILITIES

	NOTES	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Non-current liability					
Deferred revenue government grant: generation assets	**18.1**	**170,431**	179,295	**170,431**	179,295
Deferred revenue: Capital contributions received	**18.3**	**202,963**	227,829	**202,963**	227,829
Interest rate subsidy - EIB Loan III	**18.2**	**9,997**	12,746	**9,997**	12,746
Transfers of assets from customers	**18.4**	**725,513**	708,280	**725,513**	708,280
		1,108,904	1,128,150	**1,108,904**	1,128,150
Current liability					
Interest rate subsidy - EIB Loan III	**18.2**	**2,749**	3,082	**2,749**	3,082
Deferred revenue government grant: generation assets	**18.1**	**6,857**	6,857	**6,857**	6,857
Deferred revenue: Long-run marginal cost	**18.5**	**495,483**	641,487	**495,483**	641,487
Deferred revenue: Capital contributions received	**18.3**	**56,084**	55,217	**56,084**	55,217
Deferred revenue: Omburu PV	**18.6**	**174,989**	-	**174,989**	-
		736,162	706,643	**736,162**	706,643

18.1 Deferred revenue - government grants

18.1.1 Government grant - generation assets

Reconciliation of deferred revenue - government grant

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Opening balance	**186,152**	195,016	**186,152**	195,016
Recognised in profit or loss	**(8,864)**	(8,864)	**(8,864)**	(8,864)
Closing balance	**177,288**	186,152	**177,288**	186,152

No government grant was received during the year under review. The final portion of N$10 million of the full grant amount was received during the 2013 financial year. The grant was received to subsidise the construction of Anixas Powerstation, the 22.5 megawatt (MW) emergency power plant at Walvis Bay to serve as a back-up energy supply to prevent power black outs that may be experienced during peak hours. Of this grant N$8.9 million (2020: N$8.9 million) was recognised as income during the current year while the N$177.3 million (2020: N$186.2 million) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant.

The Group will continue to operate and maintain the Anixas Powerstation.

18. DEFERRED REVENUE LIABILITIES (continued)

18.2 Interest rate subsidy - EIB Loan III

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Reconciliation of deferred revenue - Interest rate subsidy				
Opening balance	**15,828**	19,243	**15,828**	19,243
Recognised in profit or loss	**(3,082)**	(3,415)	**(3,082)**	(3,415)
Closing balance	**12,746**	15,828	**12,746**	15,828

An interest rate subsidy of N$65.9 million was received during the financial year ended 30 June 2010. EU-Africa Infrastructure Trust Fund ("ITF") approved, inter alia, the provision of an interest rate subsidy for an amount of €5 million (five million euros), equivalent to N$65.9 million to enable EIB to make available finance to NamPower at reduced interest rates. The parties have agreed that the interest rate subsidy be applied upfront in order to reduce the interest payable. Of this grant N$3.1 million (2020: N$3.4 million) was recognised as income during the current year whilst the remaining N$12.7 million (2020: N$15.8 million) represents deferred income and will be recognised over the period of the loan of 20 years.

18.3 Deferred revenue: Capital contributions received

Reconciliation of deferred revenue - Capital contributions received

Capital contributions received include upfront payments received from Transmission customers for the construction of assets. The credit for the upfront capital contribution is initially recognised in deferred revenue, once the construction of the asset is complete, the deferred revenue is recognised in revenue in accordance with IFRS 15 over the period of the Power Supply Agreement (PSA) or the useful life of the asset whichever is shorter.

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Opening balance	**283,046**	353,236	**283,046**	353,236
Adjustment as a result of adoption of IFRS 15	**-**	-	**-**	-
Adjusted opening balance	**283,046**	353,236	**283,046**	353,236
Additions in the current period	**34,977**	28,715	**34,977**	28,715
Recognised in profit or loss	**(58,976)**	(98,905)	**(58,976)**	(98,905)
Closing balance	**259,047**	283,046	**259,047**	283,046

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Current	**56,084**	55,217	**56,084**	55,217
Non-current	**202,963**	227,829	**202,963**	227,829
	259,047	283,046	**259,047**	283,046

The Group expects that 22% (N$56.7 million) of the unsatisfied performance obligations as of 30 June 2021 will be recognised as revenue during the next reporting period. The remaining 78% (N$203 million) will be recognised in the financial periods from 2023 onwards.

18.4 Transfers of assets from customers

The transfers of assets from customers comprise of assets constructed by customer and transferred to the group, as well as capital/cash contributions made by customers towards assets constructed by the Group. The Power Supply Agreements (PSA) state that assets will be transferred or contribution will be made in order to connect the customer to the Group's electricity network system.

	CONSOLIDATED 2021	CONSOLIDATED 2020	COMPANY 2021	COMPANY 2020
Opening balance	**708,280**	587,076	**708,280**	587,076
Payments received	**69,376**	132,388	**69,376**	132,388
Transfers to capital contributions	**-**	(4,669)	**-**	(4,669)
Project costs incurred	**(52,143)**	(6,516)	**(52,143)**	(6,516)
Closing balance	**725,513**	708,280	**725,513**	708,280

The Group expects that 17% (N$121.7 million) of the unsatisfied performance obligations as of 30 June 2021 will be recognised as transfers of assets from customers during the next reporting period. The remaining 83% (N$604 million) will be recognised in the financial periods from 2023 onwards.

18. DEFERRED REVENUE LIABILITIES (continued)

18.5 Deferred revenue: Long-run marginal cost

In 2013, the Electricity Control Board introduced the long-run marginal cost (LRMC) levy to create a reserve for use in avoiding significant future price shocks to the Namibian consumer. The year under review included the LRMC levy of Nil (2020: LRMC levy of 9.3 cents/kWh amounting to N$99.8 million). In line with the directives of the Regulator, the Electricity Control Board, the LRMC levy is ring-fenced within the Company and invested in a separate interest bearing account effective 1 July 2018. These funds can only be utilised with the specific approval of the Regulator.

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Opening balance	**641,487**	500,471	**641,487**	500,471
LRMC levy received [1]	**-**	99,843	**-**	99,843
Interest received [1]	**28,985**	41,173	**28,985**	41,173
LRMC utilised-Subsidy to Omburu PV	**(174,989)**	-	**(174,989)**	-
Closing balance	**495,483**	641,487	**495,483**	641,487

[1] The LRMC levy and interest received are disclosed seperately.

18.6 Deferred revenue: Omburu PV

The Group is constructing a 20MW PV plant and the Electricity Control Board approved an amount of N$342.0 million to be utilised from the LRMC towards to the cost of the construction. The funds will be claimed as and when the Group incur the cost of construction. During the year under review, N$175 million (2020: Nil) was withdrawn from the LRMC fund with the approval of the ECB. The funds are recognised as deferred revenue, once the construction of the plant is complete, it will be recognised as income over the useful life of the plant.

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Opening balance	**-**	-	**-**	-
Received from LRMC	**174,989**	-	**174,989**	-
Closing balance	**174,989**	-	**174,989**	-

19. DEFERRED TAX LIABILITIES

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Balance at the beginning of the year	**6,366,393**	6,367,353	**6,362,727**	6,363,581
Current charge recognised in profit or loss	**189,493**	(384,165)	**189,493**	(384,165)
Current year	**189,493**	(384,165)	**189,493**	(384,165)
Temporary differences	**189,493**	(384,165)	**189,493**	(384,165)
Timing differences for current period recognised through profit/loss - additions with no tax value	**19,062**	21,057	**19,062**	21,057
Prior year error	**(377)**	-	**(377)**	-
Timing differences for current period recognised through profit/loss - decrease in PPE with no corresponding decrease in tax value	**(68)**	-	**(68)**	-
Current charge recognised in other comprehensive income	**3,338,080**	362,148	**3,338,080**	362,254
Balance at end of year	**9,912,584**	6,366,393	**9,908,917**	6,362,727
The balance comprises:				
Deferred tax liabilities	**10,264,762**	6,877,862	**10,261,095**	6,955,622
Deferred tax assets	**(352,178)**	(511,469)	**(352,178)**	(592,895)
Total net deferred tax liability	**9,912,584**	6,366,393	**9,908,917**	6,362,727
Deferred tax liabilities:				
Deferred tax liabilities to be recovered after more than 12 months	**10,261,325**	6,871,344	**10,257,658**	6,949,104
Deferred tax liability to be recovered within 12 months	**3,437**	6,518	**3,437**	6,518
	10,264,762	6,877,862	**10,261,095**	6,955,622
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	**(352,178)**	(511,469)	**(352,178)**	(592,895)
Deferred tax asset to be recovered within 12 months	**-**	-	**-**	-
	(352,178)	(511,469)	**(352,178)**	(592,895)

19. DEFERRED TAX LIABILITIES (continued)

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Property, plant and equipment	**9,858,460**	6,697,274	**9,854,793**	6,693,608
Strategic inventory	**213,318**	189,008	**213,318**	189,008
Prepayments	**3,437**	6,518	**3,437**	6,518
Inventories	**8,970**	7,463	**8,970**	7,463
Expected credit losses on investments	**(2,033)**	(22,401)	**(2,033)**	(22,401)
Severance pay liability	**(21,541)**	-	**(21,541)**	-
Fair value swaps, loans and unrealised foreign exchange losses	**(35,178)**	59,025	**(35,178)**	59,025
Retention creditors	**(5,813)**	(4,681)	**(5,813)**	(4,681)
Post retirement medical benefit	**(72,526)**	(63,706)	**(72,526)**	(63,706)
Power purchase and power sales agreement-embedded derivative	**180,577**	(253,395)	**180,577**	(253,395)
Provisions and advance payments	**(59,863)**	(76,339)	**(59,863)**	(76,339)
Trade receivables	**(155,224)**	(172,373)	**(155,224)**	(172,373)
	9,912,584	6,366,393	**9,908,917**	6,362,727

	Property, plant and equipment	Employee benefits	Embedded derivative	Provisions	Trade receivable	Other	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Movements - Deferred tax assets							
At 1 July 2019	**-**	**(89,123)**	**(11,389)**	**(67,576)**	**(170,081)**	**(3,978)**	**(342,147)**
(Charged)/credited							
- to profit or loss	-	-	(242,006)	(8,763)	(2,292)	(23,104)	(276,165)
- to other comprehensive income	-	25,417	-	-	-	-	25,417
At 1 July 2020	**-**	**(63,706)**	**(253,395)**	**(76,339)**	**(172,373)**	**(27,082)**	**(592,895)**
(Charged)/credited							
- to profit or loss	-	-	253,395	16,476	17,149	(15,942)	271,078
- to other comprehensive income	-	(30,361)	-	-	-	-	(30,361)
At 30 June 2021	**-**	**(94,067)**	**-**	**(59,863)**	**(155,224)**	**(43,024)**	**(352,178)**
Movements - Deferred tax liabilities							
At 1 July 2019	**6,690,357**	**-**	**-**	**-**	**-**	**15,371**	**6,705,728**
(Charged)/credited							
- to profit or loss	-	-	-	-	-	57,635	57,635
- to other comprehensive income	192,259	-	-	-	-	-	192,259
At 1 July 2020	**6,882,616**	**-**	**-**	**-**	**-**	**73,006**	**6,955,622**
(Charged)/credited							
- to profit or loss	-	-	180,577	-	-	(60,599)	119,978
- to other comprehensive income	3,185,495	-	-	-	-	-	3,185,495
At 30 June 2021	**10,068,111**	**-**	**180,577**	**-**	**-**	**12,407**	**10,261,095**

20. TRADE AND OTHER PAYABLES

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Financial instruments:				
Trade payables				
Retention creditors	**1,157,845**	1,053,126	**1,157,853**	1,053,134
	556	2,231	**556**	2,231
Non-financial instruments:				
Leave and bonus accruals	**165,851**	154,642	**165,851**	154,642
Total trade and other payables	**1,324,252**	1,209,999	**1,324,260**	1,210,007

20.1 Categorisation of trade and other payables

Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
At amortised cost	**1,158,401**	1,055,356	**1,158,409**	1,055,364
Non-financial instruments	**165,851**	154,643	**165,851**	154,643
	1,324,252	1,209,999	**1,324,260**	1,210,007

The Group's exposure to liquidity and currency risks related to trade and other payables are disclosed in note 29.

The carrying amounts of trade and other payables approximate its fair values, due to their short-term nature.

20.2 Leave and bonus accruals

The Group accrues for leave pay and bonuses for all employees. The values at 30 June 2021 for leave accruals were N$144.6 million (2020: N$134.3 million) and bonus accruals were N$21.2 million (2020: N$20.3 million) and were determined by reference to the leave days accrued and proportionate annual bonus accrual. The bonus accrual is expected to be utilised within the following financial year.

20.3 Related party payables

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

20.4 Retention creditors

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Non-Current	**17,610**	12,397	**17,610**	12,397
Current (included in trade payables)	**556**	2,231	**556**	2,231
	18,166	14,628	**18,166**	14,628

This represents retentions held by the Company in respect of defect clauses in contracts with suppliers.

21. DERIVATIVES

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
21.1 Derivative assets				
Forward exchange contract assets	**1,061**	45,453	**1,061**	45,453
Interest rate and cross currency swaps	**5,781**	15,500	**5,781**	15,500
Valuation firm commitments	**160**	-	**160**	-
Current: Embedded derivative - Power Purchase Agreement (PPA)	**564,304**	-	**564,304**	-
	571,306	60,953	**571,306**	60,953
21.2 Derivative liabilities				
Valuation firm commitments	**-**	2,451	**-**	2,451
Current: Embedded derivative - Power Purchase Agreement (PPA)	**-**	791,861	**-**	791,861
	-	794,312	**-**	794,312

The Group hedges its risk to interest rate and currency risks in terms of the foreign loans by entering into interest rate and cross currency swaps. Changes in the fair value of the swaps that are designated and qualify as fair value hedges are recorded in the profit or loss component of the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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 15 September 2022. Refer to note 17 for the hedged loan repayment dates.

The electricity purchase price in terms of the Power Purchase Agreement (PPA) with ZESCO is linked to the movements of the US Dollar currency and the US Producer Price Index. The variables above give rise to foreign currency and inflation-linked embedded derivatives.

Valuation

The fair value of embedded derivatives is determined by using a forward electricity price curve.

Valuation assumptions

The contracted electricity price used to value embedded derivatives is based on a combination of factors in the table below over the contracted period.

Forecast sales volumes are based on the most likely future sales volumes which have been back-tested against historic volumes.

The fair value of embedded derivatives takes into account the inherent uncertainty relating to the future cash flows of embedded derivatives, such as liquidity, model risk and other economic factors.

The following valuation assumptions for the future electricity price curve discussed above for the valuation of embedded derivatives were used and are regarded as the best estimates by the board:

Year ended 30 June 2021

Input	Unit	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26
US CPI	% YOY	3.22 %	2.45 %	2.44 %	2.42 %	2.37 %
US PPI	% YOY	3.60 %	2.73 %	2.71 %	2.69 %	2.62 %
USD:ZAR	rate	15.07	15.92	16.87	17.86	19.00
US Interest Rate	%	0.06 %	0.10 %	0.16 %	0.35 %	0.55 %
SA Interest Rate	%	4.99 %	5.51 %	5.87 %	6.20 %	6.53 %

22. EMPLOYEE BENEFIT PROVISIONS

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Post retirement medical benefits	**226,644**	199,081	**226,644**	199,081
Severance pay liability	**67,316**	54,702	**67,316**	54,702
	293,960	253,783	**293,960**	253,783

22.1 Post Retirement Medical Benefits

22.1.1 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 Namibia Administrators.

In terms of the conditions of employment for employees appointed before 1 August 2004, the post retirement medical benefits is an arrangement where the Group subsidises either a proportion or the full amount of the medical aid scheme contributions under Namibia Medical Care ("NMC") of qualifying retired employees and their eligible dependants. Such individuals are referred to as medical scheme continuation members and include members who have continued membership after retirement or the death in service of the principal member.

Responsibility for governance of the defined benefit plans lies with the Group.

The present value of the provision at 30 June 2021, as determined by an actuarial valuation, was N$226.6 million (2020: N$199.1 million). This actuarial valuation was performed by ZAQ Consultants and Actuaries Namibia. The defined benefit obligation was calculated using the projected unit credit method. Under the Projected Unit Credit method, the present value of benefits that will accrue to employees in respect of the next year of service after the valuation date is calculated and this is called the current service cost. The liability is expected to be settled over 20 years.

The defined medical benefit liability is unfunded. No dedicated assets had been set aside to meet this liability.

The Group expects to pay N$143.4 million (2021: N$131.4 million) in contributions to the defined benefit plans in 2022.

CONSOLIDATED	COMPANY

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Membership data				
The table below provides a summary of details for the members.				
Current (in service) employees				
Number of active employees	**337**	361	**337**	361
Subsidy weighted average age	**53.6**	53.8	**53.6**	53.8
Subsidy weighted average past service	**26.4**	26.3	**26.4**	26.3
Average monthly subsidy payable during retirement (N$)	**4,530**	3,830	**4,530**	3,830
Continuation members (pensioners)				
Number of continuation members	**153**	145	**153**	145
Subsidy weighted average age	**70.3**	69.6	**70.3**	69.6
Average monthly subsidy (N$)	**4,490**	4,710	**4,490**	4,710
Liability for defined benefit obligations				
The following were the principal actuarial assumptions at the reporting date:				
Discount rate at 30 June (%)	**12.04**	13.94	**12.04**	13.94
Medical cost trend rate (%)	**9.14**	10.18	**9.14**	10.18
Consumer price inflation (%)	**7.64**	8.68	**7.64**	8.68
Net effective discount rate	**2.66**	3.41	**2.66**	3.41

Discount rate

The nominal and real zero yield curves as at 30 June 2021, supplied by the Johannesburg Stock Exchange (JSE) were used to determine the discount rate and consumer price inflation. These yield curves were used because there is not a deep market in government bonds in Namibia. To determine the discount rate to use, the implied duration obtained was used to match it with a point on the yield curve.

The implied duration used to value the liabilities was calculated to be 15,22 years.

The net effective discount rate is based on the relationship between the (yield curve based) discount rate for the relevant duration and the (yield curve based) medical aid inflation for the relevant duration.

22. EMPLOYEE BENEFIT PROVISIONS (continued)

	2021 N$'000	2020 N$'000	2021 N$'000	2020 N$'000

Medical aid Inflation

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the point on the yield curve which matches the implied duration of the liability. The assumed rate of medical aid inflation was set as the calculated value of CPI plus 1.5%.

Namibia has experienced high healthcare cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical schemes contribution inflation outstripped general CPI by almost 3% year on year. The Group does not believe that these increases are sustainable and have assumed that medical aid contribution inflation would outstrip general inflation by 1.5% per annum over the foreseeable future.

Mortality Rates

Assumptions regarding future mortality have been based on published statistics and mortality tables. Mortality for pre-retirement has been based on the SA 85-90 mortality table and the PA (90) ultimate mortality table was used for post-retirement benefits.

The current longevities underlying the values of the defined medical benefit liability at the reporting date were as follows:

	2021 N$'000	2020 N$'000	2021 N$'000	2020 N$'000
Longevity (years) at age 65				
Males	**11.2**	11.2	**11.2**	11.2
Females	**16.1**	16.1	**16.1**	16.1

Spouses and Dependants

The marital status of members who are currently married were assumed to remain the same up to retirement. It was also assumed that 90% of all single male and female employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be 5 years younger than their male spouses at retirement.

Comparison with preceding valuation

Membership changes

Changes to in service membership as at the valuation dates:	**30-06-2021 Valuation**	**30-06-2020 Valuation**	**% Change**
Number of active employees	**337**	361	-6.6%
Subsidy weighted average age	**53.60**	53.80	-0.4%
Subsidy weighted average age	**26.44**	26.28	0.6%
Average monthly subsidy (N$)	**4,530**	4,390	3.2%
Changes to continuation membership (pensioners' membership) as at the valuation dates:			
Number of principal members	**153**	145	5.5%
Subsidy weighted average age	**70.33**	69.40	1.3%
Average monthly subsidy (N$)	**4,490**	4,120	9.0%
Changes in valuation assumptions as at the valuation dates:			
Financial variable			
Discount rate	**12.04%**	13.94%	-13.6%
Consumer price inflation	**7.64%**	8.68%	-12.0%
Medical aid Inflation	**9.14%**	10.18%	-10.2%
Net effective discount rate	**2.66%**	3.41%	-22.0%

22. EMPLOYEE BENEFIT PROVISIONS (continued)

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
22.1.2 Movements in the net liability for defined benefit obligations recognised in the statement of financial position				
Net liability for defined obligations as at 1 July	**199,081**	278,510	**199,081**	278,510
Interest cost	**27,776**	29,693	**27,776**	29,693
Current service costs	**4,279**	7,956	**4,279**	7,956
Past service costs	**-**	-	**-**	-
Settlement cost	**-**	-	**-**	-
Benefits paid				
- Employer	**(4,074)**	(3,733)	**(4,074)**	(3,733)
- Continuation members	**(2,193)**	(2,043)	**(2,193)**	(2,043)
Remeasurements				
- Gain from economic assumptions	**22,664**	(57,234)	**22,664**	(57,234)
- Gain from demographic assumptions	**-**	(4,327)	**-**	(4,327)
- (Gain)/loss from experience	**(20,889)**	(49,741)	**(20,889)**	(49,741)
Net liability for defined obligations as at 30 June	**226,644**	199,081	**226,644**	199,081

The main reasons for the actuarial loss can be attributed to the following factors:

Over the past year interest rates, bond yields and inflation figures changed significantly. These changes caused the net effective discount rate to decrease which resulted in an increase in the liability.

During the year under review there have been some changes in membership data and other experience items. There has been a significant decrease of 6.6%, in the number of in-service members. The medical aid contribution rates for in service members have also been lower than expected. These two factors have resulted in a decrease in the liability.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:	**2021**	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
	-1% discount rate		**+1% discount rate**	
Defined benefit obligation	**259,706**	236,308	**199,609**	188,202
Service cost	**5,495**	6,196	**3,816**	4,664
Interest cost	**28,724**	30,452	**25,937**	27,861
	-1% medical aid inflation		**+1% medical aid inflation**	
Defined benefit obligation	**198,729**	178,600	**260,339**	243,765
Service cost	**3,792**	4,637	**5,513**	6,220
Interest cost	**23,840**	24,647	**31,403**	33,857

	2021 N$'000	2020 N$'000	2021 N$'000	2020 N$'000
	-1% consumer price inflation		**+1% consumer price inflation**	
Defined benefit obligation	**198,729**	178,600	**260,339**	243,765
Service cost	**3,792**	4,637	**5,513**	6,220
Interest cost	**23,840**	24,647	**31,403**	33,857
	-20% mortality rate		**+20% mortality rate**	
Defined benefit obligation	**248,097**	Not available	**209,237**	Not available
Service cost	**5,046**	Not available	**4,158**	Not available
Interest cost	**29,850**	Not available	**25,172**	Not available

Risk exposure

Through its post retirement medical benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Discount rate

The value of the liability is directly dependent on the discount rate, as a change in discount rate will result in the liabilities being discounted more or less than the current assumed value.

Medical aid inflation

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

Consumer Price Inflation (CPI)

The value of the liability is directly dependent on the rate of CPI, as the level at which the liabilities grow are directly linked to CPI.

Mortality rate

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

22. EMPLOYEE BENEFIT PROVISIONS (continued)

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
The total liability for key management is given below.				
Key Management	**2,866**	3,169	**2,866**	3,169
Expected maturity analysis of the post retirement medical benefits:				
Within one year	**8,766**	7,220	**8,766**	7,220
Between 1 - 5 years	**38,386**	32,910	**38,386**	32,910
More than 5 years	**179,492**	158,951	**179,492**	158,951
Total	**226,644**	199,081	**226,644**	199,081
22.1.3 Expense recognised in profit or loss				
Current service costs	**4,279**	7,956	**4,279**	7,956
Interest cost	**27,776**	29,693	**27,776**	29,693
	32,055	37,649	**32,055**	37,649

The expense is included in the administrative expenses in profit or loss.

22.2 Severance pay liability

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Present value of net obligations	**67,316**	54,702	**67,316**	54,702
Present value of unfunded obligations	**67,316**	54,702	**67,316**	54,702
Recognised liability for defined benefit obligations	**67,316**	54,702	**67,316**	54,702

Severance pay liability is recognised for employees retiring on reaching the age of 65 years or die while in employment. Severance pay is defined as follows in accordance with the Namibian Labour Act:

The employer must pay severance pay to an employee who has completed 12 months of continuous service, if the employee:

- Is retrenched;
- Dies while employed; or
- Resigns or retires on reaching the age of 65 years

Severance pay must be an amount equal to at least one week's remuneration for each year of continuous service with the employer.

Membership data *

The table below provides a summary of details for the members.

	CONSOLIDATED 2021	CONSOLIDATED 2020	COMPANY 2021	COMPANY 2020
Current employees	**1,210**	161	**1,210**	161
Average annual salary (N$)	**590,312**	684,248	**590,312**	684,248
Salary weighted average past service (Years)	**14.39**	32.57	**14.39**	32.57

* Membership data for the year under review increased significantly to include additional employees eligible to receive death benefits.

	2021	2020	2021	2020
22.2.1 Liability for severance pay obligations				
The following were the principal actuarial assumptions at the reporting date:				
Discount rate at 30 June (%)	**8.22**	8.43	**8.22**	8.43
Salary inflation rate at 30 June (%)	**6.30**	5.01	**6.30**	5.01
Investment return at 30 June	**8.22**	8.43	**8.22**	8.43
Net effective discount rate	**1.81**	3.26	**1.81**	3.26

Discount rate

The nominal and real zero yield curves as at 30 June 2021, supplied by the Johannesburg Stock Exchange (JSE) were used to determine the discount rate and consumer price inflation. These yield curves were used because there is not a deep market in government bonds in Namibia. To determine the discount rate to use, the implied duration obtained was used to match it with a point on the yield curve.

The implied duration used was calculated to be 6.07 years.

The net effective discount rate is based on the relationship between the (yield curve based) discount rate for the relevant duration and the (yield curve based) salary inflation for the relevant duration.

Salary inflation

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the point on the yield curve which matches the implied duration of the liability. The assumed rate of salary inflation was set as the calculated value of CPI plus 1%.

Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

The current longevities underlying the values of the severance pay liability at the reporting date were as follows:

	Longevity (years) at age 65	Longevity (years) at age 65
Males	**11.20**	**15.28**
Females	**16.12**	**19.12**

22. EMPLOYEE BENEFIT PROVISIONS (continued)

The sensitivity of the severance pay obligation to changes in the weighted principal assumption are:

	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
	-1% discount rate		**+1% discount rate**	
Severance pay obligation	**72,021**	Not available	**63,126**	Not available
Service cost	**2,895**	Not available	**2,428**	Not available
Interest cost	**5,088**	Not available	**5,656**	Not available
	-1% normal salary inflation		**+1% normal salary inflation**	
Severance pay obligation	**63,016**	51,572	**72,063**	58,090
Service cost	**2,422**	1,557	**2,897**	1,766
Interest cost	**5,033**	4,311	**5,797**	4,869
	-20% mortality rate		**+20% mortality rate**	
Severance pay obligation	**64,986**	Not available	**69,554**	Not available
Service cost	**2,458**	Not available	**2,820**	Not available
Interest cost	**5,208**	Not available	**5,576**	Not available

No sensitivity analysis was performed on the investment return. The severance pay liability is 100% unfunded. No dedicated assets had been set aside to meet this liability in the future.

Risk exposure

Through its post retirement medical benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Discount rate

The cost of the long service awards is dependent on the rate at which the future benefit payments are discounted at. This discount rate therefore has a direct effect on the level of the liabilities

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability.

Mortality rate

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

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
22.2.2 Movements in the net liability for defined benefit obligations recognised in the Group and Company statements of financial position				
Net liability for defined obligations as at 1 July	**54,702**	49,702	**54,702**	49,702
Interest cost	**4,579**	4,180	**4,579**	4,180
Current service costs	**1,657**	1,519	**1,657**	1,519
Benefits paid	**(3,902)**	(7,537)	**(3,902)**	(7,537)
Actuarial loss/(gain) on obligation:				
- Financial assumptions	**4,722**	(3,975)	**4,722**	(3,975)
- Loss/(gain) from experience	**5,558**	10,813	**5,558**	10,813
Net liability for defined obligations as at 30 June	**67,316**	54,702	**67,316**	54,702

The main reasons for the actuarial loss can be attributed to the following factors:

Over the past year interest rates, bond yields and inflation figures changed significantly. This caused the net effective discount rate to increase. The net result was a lower net effective discount rate than expected and hence an overall increase in the liability.

During the year under review, there were various changes in membership data. This, along with some other smaller assumption changes, resulted in a decrease in liability.

Additional employees who are eligible to receive death benefits but were excluded from the previous valuation resulted in an overall increase in the liability.

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
Expected maturity analysis of the severance pay liability:				
Within one year	**5,984**	2,426	**5,984**	2,426
Between 1 - 5 years	**21,112**	18,612	**21,112**	18,612
More than 5 years	**40,220**	33,664	**40,220**	33,664
Total	**67,316**	54,702	**67,316**	54,702
22.2.3 Expense recognised in the Group and Company statements of comprehensive income				
Current service costs	**1,657**	1,519	**1,657**	1,519
Interest on obligation	**4,579**	4,180	**4,579**	4,180
	6,236	5,699	**6,236**	5,699

The expense is included in the administrative expenses in profit or loss.

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
22.3 Expense recognised in other comprehensive income				
Remeasurements of post-retirement medical benefits - actuarial gain	**1,775**	(111,302)	**1,775**	(111,302)
Remeasurements of severance pay liability - actuarial gain	**10,280**	6,838	**10,280**	6,838
	12,055	(104,464)	**12,055**	(104,464)

23. CAPITAL COMMITMENTS

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Projects for Capital Expenditure				
Approved by Board of Directors	**13,002,390**	12,648,206	**13,002,390**	12,648,206
Less: Expenditure to 30 June	**(1,577,921)**	(1,891,644)	**(1,577,921)**	(1,891,644)
Amount still to be expended	**11,424,469**	10,756,562	**11,424,469**	10,756,562
Amounts contracted for year end	**59,526**	86,941	**59,526**	86,941
	59,526	86,941	**59,526**	86,941

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

The contractual commitments relate to property, plant and equipment.

24. NET FINANCING INCOME

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Recognised in profit or loss				
Interest income on:	**600,629**	787,815	**600,629**	787,815
- Financial assets at amortised cost	**498,537**	630,550	**498,537**	630,550
- Financial assets at fair value through profit or loss	**102,092**	157,265	**102,092**	157,265
Interest costs on:	**(83,117)**	(141,438)	**(83,117)**	(141,438)
- Financial liabilities designated at fair value through profit or loss	**(64,798)**	(78,006)	**(64,798)**	(78,006)
- Financial liabilities mandatorily measured at fair value through profit or loss	**(2,255)**	(4,074)	**(2,255)**	(4,074)
- Financial liabilities at amortised cost	**(16,064)**	(59,358)	**(16,064)**	(59,358)
	517,512	646,377	**517,512**	646,377

25. REVENUE AND OTHER INCOME

The Group derives its revenue from Power Supply Agreements with customers for the consumption of electricity and other services over time and at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note 31).

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Disaggregation of revenue				
Per performance obligation				
Revenue Comprises				
Over time				
- Sales of electricity	**3,664,242**	4,372,930	**3,664,242**	4,372,930
- Services	**34,243**	40,644	**34,243**	40,644
- SAPP market sales	**351,786**	478,933	**351,786**	478,933
- Transfer of assets from customers - Capital contributions by customers	**60,156**	102,805	**60,156**	102,805
- Maximum demand	**912,276**	971,479	**912,276**	971,479
- Network charges	**760,311**	819,591	**760,311**	819,591
- Reliability Charges	**333,538**	-	**333,538**	-
- Losses Charges	**330,427**	-	**330,427**	-
- Other	**102,271**	105,947	**102,271**	105,947
	6,549,907	6,892,329	**6,549,907**	6,892,329
Per customer type				
Revenue Comprises				
Transmission customers				
- Sales of electricity	**3,320,186**	4,004,361	**3,320,186**	4,004,361
- Services	**13,456**	19,918	**13,456**	19,918
- Maximum demand	**709,522**	782,748	**709,522**	782,748
- Network charges	**777,150**	819,428	**777,150**	819,428
- Reliability Charges	**333,538**	-	**333,538**	-
- Losses Charges	**330,427**	-	**330,427**	-
- Other charges	**64,197**	57,853	**64,197**	57,853
- Transfer of assets from customers - Capital contributions by customers	**60,814**	113,224	**60,814**	113,224
	5,609,290	5,797,533	**5,609,290**	5,797,532
Support services customers				
- Sales of electricity	**332,157**	358,412	**332,157**	357,835
- Sales of electricity - prepaid	**11,899**	10,734	**11,899**	10,734
- Services	**20,787**	20,651	**20,787**	20,725
- Maximum demand	**185,735**	188,390	**185,735**	188,730
- Network charges	**180**	-	**180**	163
- Reliability Charges	**-**	-	**-**	-
- Losses Charges	**-**	-	**-**	-
- SAPP market sales	**351,786**	478,933	**351,786**	478,933
- Other charges	**38,073**	37,676	**38,073**	37,676
	940,617	1,094,797	**940,617**	1,094,797
	6,549,907	6,892,329	**6,549,907**	6,892,329

25. REVENUE AND OTHER INCOME (continued)

* Revenue and other income have been updated to better reflect the disaggregation of revenue. Prior year figures were also amended.

Units sold at cents/kWh and income derived from the monthly basic charge payable by all power users.

SAPP market sales: Electricity sales on the short term energy market to other Southern African Power Pool (SAPP) utilities.

Contributions made by customers towards the costs to be incurred to make a power supply available to the customer.

As a practical expedient, the Group will not disclose the information as required by paragraph 120 for a performance obligation since either of the following conditions is met for all revenue streams except for capital contributions by customers:

(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or

(b) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16 of IFRS 15.

Judgements

The Group acts as Principal in the arrangement whereby Eskom directly supplies electricity to Orange River customers and Skorpion Mine. The Group is primarily responsible for fulfilling the contract for the supply of electricity to Skorpion Mine and customers on the banks of the Orange River.

The key judgements are as follows:

Orange river and Skorpion Mine are customers of NamPower, therefore the Group can be seen as subcontracting Eskom to supply electricity to these customers on the Group's behalf.

The performance obligation for the supply of electricity lies with the Group.

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Other income comprises of:				
- Government grant	**58,864**	8,864	**58,864**	8,864
- Grant funding other	**779**	1,892	**779**	1,892
- Gain on disposal of subsidiary	**-**	-	**-**	1,386
- Lease revenue - fibre optic cables	**7,350**	7,198	**7,350**	7,198
- Sundry income	**41,787**	56,207	**41,787**	58,009
	108,780	74,161	**108,780**	77,349

Government grant comprises of N$8.9 million (2020: N$8.9 million) accrued in respect of generation asset and N$50 million (2020: Nil) LRMC accrued in respect of fuel cost of Van Eck and Anixas Power Stations that was included in the 2021 approved tariffs. The LRMC was allowed as part of NamPower's generation revenue to mitigate the impact of Covid-19 and provide relief to customers.

Sundry income includes rent received, scrap sales and license renewal of electrical contractors.

26. PROFIT BEFORE TAXATION

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Profit before taxation is stated after charging/ (crediting):				
Dividends received from listed equity designated through OCI	**(61)**	(67)	**(61)**	(67)
Dividends received from associate	**-**	(1,800)	**-**	(1,800)
Gain on disposal of property, plant and equipment	**(4,531)**	(1,707)	**(4,531)**	(1,707)
(a) Cost of Electricity	**4,457,840**	4,213,577	**4,457,840**	4,213,577
- Imports	**3,830,031**	3,428,804	**3,830,031**	3,428,804
- Local	**67,843**	75,930	**67,843**	75,930
- REFITs	**559,966**	708,843	**559,966**	708,843
(b) Impairment on property, plant and equipment	**111,334**	-	**111,334**	-
(c) Depreciation and amortisation	**885,681**	820,698	**885,681**	820,698
(d) Movement in expected credit losses	**(124,180)**	85,594	**(124,180)**	85,594
- Loans and receivables	**103**	546	**103**	546
- Investments	**(62,985)**	68,907	**(62,985)**	68,907
- Trade receivables	**(60,633)**	15,043	**(60,633)**	15,043
- Cash and cash equivalents	**(665)**	1,098	**(665)**	1,098
(e) Employee cost	**996,642**	957,643	**996,642**	957,643
Salaries and wages	**921,605**	885,609	**921,605**	885,609
Company contribution: Provident Fund	**75,037**	71,943	**75,037**	71,943
Others	**-**	91	**-**	91
(f) Other expenses	**413,933**	441,317	**413,933**	441,317
Directors' emoluments paid by Company				
for services as directors	**5,950**	6,060	**5,950**	6,060
- paid to non-executive directors	**1,878**	1,988	**1,878**	1,988
- paid to executive directors	**4,072**	4,072	**4,072**	4,072
Auditors' remuneration				
- audit services	**4,502**	4,467	**4,502**	4,467
- other services	**-**	368	**-**	368
Consultancy fees	**8,411**	11,728	**8,411**	11,728
- managerial services	**728**	1,462	**728**	1,462
- technical services	**3,446**	4,663	**3,446**	4,663
- other professional services	**4,237**	5,603	**4,237**	5,603
Marketing expenses	**14**	361	**14**	361
Maintenance and repairs	**225,927**	257,468	**225,927**	257,468
Travel and accommodation	**27,004**	48,682	**27,004**	48,682
Municipal levies	**15,824**	18,128	**15,824**	18,128
Social responsibility	**28,519**	17,082	**28,519**	17,082
Insurance cost	**19,675**	17,355	**19,675**	17,355
Sundry expenses	**8,759**	9,776	**8,759**	9,776
Fines and penalties	**35**	19	**35**	19
Post Retirement Benefit	**44,756**	37,649	**44,756**	37,649
Administrative expenses	**7,052**	6,774	**7,052**	6,774
Other expenses	**17,505**	5,400	**17,505**	5,400

26. PROFIT BEFORE TAXATION (continued)

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Financial income and expenses recognised in profit or loss				
(g) Net fair value and foreign exchange loss/(gain) on financial instruments	**(1,181,279)**	726,147	**(1,181,279)**	726,147
Foreign exchange loss/(gain) on financial assets and liabilities	**167,777**	(175,612)	**167,777**	(175,612)
IFRS 9 Fair value adjustments	**(1,349,057)**	901,759	**(1,349,057)**	901,759
- Net loss/(gain) on derivative contracts	**9,719**	(4,114)	**9,719**	(4,114)
- Valuation on foreign denominated loans	**-**	(65)	**-**	(65)
- Unrealised (gain)/loss on embedded derivative Power Purchase Agreement (PPA)	**(1,356,165)**	756,269	**(1,356,165)**	756,269
- Realised loss on embedded derivative Power Purchase Agreement (PPA)	-	147,001	-	147,001
- Fair value (gain)/loss on firm commitments	**(2,611)**	2,668	**(2,611)**	2,668
Recognised in other comprehensive income				
Net change in fair value of listed and unlisted equity	**4,086**	57,199	**4,086**	57,199
* FVTPL - Fair value through profit or loss				
Government grants recognised in profit or loss	**(58,864)**	(8,864)	**(58,864)**	(8,864)
Income generating Investment Property				
- rental income	**(2,907)**	(3,746)	**(2,907)**	(3,746)
- direct operating expenses	**527**	474	**527**	474
Non-income generating Investment Property				
- direct operating expenses	**98**	83	**98**	83
Proceeds from the sale of property, plant and equipment	**(5,118)**	(1,707)	**(5,118)**	(1,707)
Fair value adjustment on investment properties	**2,057**	1,070	**2,057**	1,070

27. RELATED PARTIES

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Identity of related parties				
The Group has related party relationships with its subsidiaries (see note 7.1), associates (see note 7.2) and key management personnel. Key management personnel comprise directors and executive management.				
The Government of the Republic of Namibia is the sole shareholder and ultimate controlling party.				
Transactions with key management personnel				
The key management personnel compensations are as follows:				
Short-term employee benefits	**19,288**	17,726	**19,288**	17,726
Post-retirement employment benefits	**151**	241	**151**	241
Other long-term employment benefits	**2,548**	2,888	**2,548**	2,888
	21,987	20,855	**21,987**	20,855
Total remuneration is included in 'staff costs' (see note 26)				
Directors' emoluments are disclosed in note 26.				
During the year the Company, in the ordinary course of business, entered into various sale and purchase transactions with its Shareholder, associates, fellow government owned entities and subsidiaries.				
Shareholder				
Transactions with the Shareholder (The Government of the Republic of Namibia) refer note 18.1 and note 26.				
Dividend paid	**-**	82,644	**-**	82,644
Sales				
Investments				
Erongored (Pty) Ltd	**820,528**	866,662	**820,528**	866,662
- Electricity sales	**805,254**	821,353	**805,254**	821,353
- Service level agreement and technical support	**-**	18	**-**	18
- Capital contribution received	**3,592**	34,414	**3,592**	34,414
- Dividend received	**811**	-	**811**	-
- Municipal services	**22**	28	**22**	28
- Guarantees received	**10,849**	10,849	**10,849**	10,849
Alten Solar Power (Hardap) Pty Ltd	**135,716**	102,336	**135,716**	102,336
- Electricity sales	**1,621**	1,806	**1,621**	1,806
- Electricity purchases	**134,095**	100,530	**134,095**	100,530
Associates				
Cenored (Pty) Ltd	**183,613**	193,188	**408,028**	428,831
- Electricity sales	**183,578**	193,152	**407,950**	428,750
- Service level agreement and technical support	**35**	36	**78**	81
- Dividend received	**-**	-	**-**	1,800

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
Nored Electricity (Pty) Ltd	**239,381**	244,745	**718,214**	734,310
- Electricity sales	**240,452**	235,081	**721,428**	705,314
- Rental income	**45**	45	**136**	136
- Service level agreement and technical support	**11**	18	**32**	55
- Capital contribution (refunded)/received	**(1,127)**	9,601	**(3,382)**	28,805
Municipal services from related parties	**1,540**	1,197	**4,323**	3,452
- Nored Electricity (Pty) Ltd	**1,158**	1,016	**3,474**	3,050
- Cenored (Pty) Ltd	**382**	181	**849**	402
Guarantees received	**1,813**	4,872	**5,439**	12,230
- Cenored (Pty) Ltd	**-**	3,059	**-**	6,791
- Nored Electricity (Pty) Ltd	**1,813**	1,813	**5,439**	5,439
Fellow government owned entities				
The individually significant sales transactions with fellow government owned entities are listed below:				
Electricity Sales	**1,714,855**	1,740,876	**1,714,855**	1,740,876
- Namibia Water Corporation	**150,557**	137,028	**150,557**	137,028
- City of Windhoek	**1,390,102**	1,441,928	**1,390,102**	1,441,928
- Namdeb Diamond Corporation (Pty) Ltd	**174,196**	161,920	**174,196**	161,920
Related party balances from electricity sales and other purchases				
Due from / (due to)				
Investments	**85,142**	68,362	**85,142**	68,362
- Erongored (Pty) Ltd	**85,142**	68,364	**85,142**	68,364
- Erongored (Pty) Ltd	**-**	(2)	**-**	(2)
Associate	**72,931**	103,648	**199,067**	278,748
- Cenored (Pty) Ltd	**25,400**	41,287	**56,445**	91,647
- Cenored (Pty) Ltd	**(22)**	-	**(49)**	-
- Nored Electricity (Pty) Ltd	**47,801**	62,391	**143,416**	187,191
- Nored Electricity (Pty) Ltd	**(248)**	(30)	**(745)**	(90)
Fellow government owned entities	**192,763**	494,145	**192,763**	494,145
- Namdeb Diamond Corporation (Pty) Ltd	**23,535**	29,854	**23,535**	29,854
- City of Windhoek	**141,856**	435,122	**141,856**	435,122
- Namibia Water Corporation (Pty) Ltd	**27,372**	29,169	**27,372**	29,169
Guarantees received	**10,060**	22,465	**10,060**	22,465
- Namdeb Diamond Corporation (Pty) Ltd	**4,041**	16,446	**4,041**	16,446
- Namibia Water Corporation (Pty) Ltd	**6,019**	6,019	**6,019**	6,019

	CONSOLIDATED		COMPANY	
	2021	2020	**2021**	2020
	N$'000	N$'000	**N$'000**	N$'000
For terms and conditions relating to balances from electricity sales and other purchases refer to note 3 (g) and note 3 (h) of the accounting policies.				
Related party balances from loans payable to				
Fellow government owned entities				
- Development Bank of Namibia	**(16,738)**	(21,980)	**(16,738)**	(21,980)

For terms and conditions of the balances payable to fellow government owned entities and to the subsidiary, refer to note 17 and note 7.2 respectively.

The Group does not have any significant commitments with its related parties.

During the year under review there were no write offs against the bad debt provision for the related parties.

28. NAMPOWER PROVIDENT FUND

Retirement benefits

The policy of the Group 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, 98% are members of the fund. The fund is administered by Retirement Funds Solutions Namibia (Pty) Ltd and is valued annually. The last valuation of the fund was performed as at 30 June 2021, which indicated that the fund is in a sound financial position.

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$75.0 million (2020: N$71.9 million).

The Company's contribution paid to the Fund for the key management amounted to N$1.7 million (2020: N$2.0 million).

29. FINANCIAL INSTRUMENTS

29.1 Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amounts of financial instruments;
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

CONSOLIDATED

2021

		Carrying value			
		Financial assets			
in thousands of Namibia Dollar	**Reference notes**	**FVTPL - designated**	**FVTPL - mandatorily measured**	**FVTOCI**	**FVTOCI - designated**
Financial assets					
Listed equity	11	-	-	-	1,550
Collective investment schemes	11	-	2,291,952	-	-
Derivative financial assets	21.1	-	571,306	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	128,244
Unlisted equity	11	-	-	-	44,865
Fixed deposits and treasury bills at amortised cost	11	-	-	-	-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables^	13	-	-	-	-
		-	2,863,258	-	174,659
Financial liabilities					
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	-	-	-

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

* Accrued expenses of N$165.9 million (2020: N$154.6 million) that are not financial liabilities are not included.
^ Project and other advances and prepayments of N$355.6 million (2020: N$180.8 million) that are not financial assets are not included.

	Carrying value				Fair value			
	Financial liabilities				Level			
Amortised cost	**FVTPL - designated**	**FVTPL - mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,550	1,550	-	-	1,550
-	-	-	-	2,291,952	-	2,291,952	-	2,291,952
-	-	-	-	571,306	-	571,306	-	571,306
18,167	-	-	-	18,167	-	-	-	-
1,417,483	-	-	-	1,545,727	-	128,244	-	128,244
-	-	-	-	44,865			44,865	44,865
3,007,539	-	-	-	3,007,539	-	-	-	-
3,833,191	-	-	-	3,833,191	-	-	-	-
892,590	-	-	-	892,590	-	-	-	-
9,168,970	-	-	-	12,206,887	1,550	2,991,502	44,865	3,037,917
-	-	-	(760,774)	(760,774)	-	-	-	-
-	-	-	(1,158,402)	(1,158,402)	-	-	-	-
-	-	-	(17,610)	(17,610)	-	-	-	-
-	-	-	(1,936,786)	(1,936,786)	-	-	-	-

There have been no transfers between the fair value hierarchy levels (2020: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

CONSOLIDATED

2020

		Carrying value			
		Financial assets			
in thousands of Namibia Dollar	Reference notes	FVTPL - designated	FVTPL - mandatorily measured	FVTOCI	FVTOCI - designated
Financial assets					
Listed equity	11	-	-	-	1,488
Collective investment schemes	11	-	2,121,902	-	-
Derivative financial assets	21.1	-	60,953	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	124,218
Unlisted equity	11	-	-	-	49,012
Fixed deposits and treasury bills at amortised cost	11	-	-	-	-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables^	13.1	-	-	-	-
		-	**2,182,855**	**-**	**174,718**
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	**-**	**-**	**-**

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

* Accrued expenses of N$ 154.6 million (2019: N$ 137.0 million) that are not financial liabilities are not included.
^ Project and other advances and prepayments of N$ 180.8 million (2019: N$ 126.0 million) that are not financial assets are not included.

Carrying value					Fair value			
	Financial liabilities				Level			
Amortised cost	FVTPL - designated	FVTPL - mandatorily measured	Amortised cost	Total	1	2	3	Total
-	-	-	-	1,488	1,488	-	-	1,488
-	-	-	-	2,121,902	-	2,121,902	-	2,121,902
-	-	-	-	60,953	-	60,953	-	60,953
17,218	-	-	-	17,218	-	-	-	-
1,644,287	-	-	-	1,768,504	-	124,218	-	124,218
-	-	-	-	49,012			49,012	49,012
3,653,683	-	-	-	3,653,683	-	-	-	-
2,910,025	-	-	-	2,910,025	-	-	-	-
1,382,758	-	-	-	1,382,758	-	-	-	-
9,607,971	**-**	**-**	**-**	**11,965,544**	**1,488**	**2,307,073**	**49,012**	**2,357,573**
-	-	(794,312)	-	(794,312)	-	-	(794,312)	(794,312)
-	-	-	(1,378,472)	(1,378,472)	-	-	-	-
-	-	-	(1,055,356)	(1,055,356)	-	-	-	-
-	-	-	(12,397)	(12,397)	-	-	-	-
-	**-**	**(794,312)**	**(2,446,225)**	**(3,240,537)**	**-**	**-**	**(794,312)**	**(794,312)**

There have been no transfers between the fair value hierarchy levels (2019: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

COMPANY

2021		**Carrying value**			
		Financial assets			
in thousands of Namibia Dollar	**Reference notes**	**FVTPL - designated**	**FVTPL - mandatorily measured**	**FVTOCI**	**FVTOCI - designated**
Financial assets					
Listed equity	**11**	-	-	-	**1,550**
Collective investment schemes	**11**	-	**2,291,952**	-	-
Derivative financial assets	**21.1**	-	**571,306**	-	-
Loans and receivables	**10**	-	-	-	-
Inflation linked bonds	**11**	-	-	-	**128,244**
Unlisted equity	**11**	-	-	-	**44,865**
Fixed deposits and treasury bills at amortised cost	**11**	-	-	-	-
Cash and cash equivalents	**14**	-	-	-	-
Trade and other receivables^	**13**	-	-	-	-
		-	**2,863,258**	-	**174,659**
Financial liabilities					
Interest bearing loans and borrowings	**17**	-	-	-	-
Trade and other payables*	**20.1**	-	-	-	-
Non-current retention creditors	**20.4**	-	-	-	-
		-	-	-	-

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

* Accrued expenses of N$165.9 million (2020: N$154.6 million) that are not financial liabilities are not included.
^ Project and other advances and prepayments of N$355.6 million (2020: N$180.8 million) that are not financial assets are not included.

	Carrying value				Fair value			
	Financial liabilities				Level			
Amortised cost	FVTPL - designated	FVTPL - mandatorily measured	Amortised cost	Total	1	2	3	Total
-	-	-	-	1,550	1,550	-	-	1,550
-	-	-	-	2,291,952	-	2,291,952	-	2,291,952
-	-	-	-	571,306	-	571,306	-	571,306
18,167	-	-	-	18,167	-	-	-	-
1,417,483	-	-	-	1,545,727	-	128,244	-	128,244
-	-	-	-	44,865	-	-	44,865	44,865
3,007,539	-	-	-	3,007,539	-	-	-	-
3,833,191	-	-	-	3,833,191	-	-	-	-
892,590	-	-	-	892,590	-	-	-	-
9,168,970	-	-	-	12,206,887	1,550	2,991,502	44,865	3,037,917
-	-	-	(760,774)	(760,774)	-	-	-	-
-	-	-	(1,158,410)	(1,158,410)	-	-	-	-
-	-	-	(17,610)	(17,610)	-	-	-	-
-	-	-	(1,936,794)	(1,936,794)	-	-	-	-

There have been no transfers between the fair value hierarchy levels (2020: no transfers)

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

COMPANY

2020		**Carrying value**			
		Financial assets			
in thousands of Namibia Dollar	**Reference notes**	**FVTPL - designated**	**FVTPL - mandatorily measured**	**FVTOCI**	**FVTOCI - designated**
Financial assets					
Listed equity	11	-	-	-	1,488
Collective investment schemes	11	-	2,121,902	-	-
Derivative financial assets	21.1	-	60,953	-	-
Loans and receivables	10		-	-	-
Inflation linked bonds	11	-	-	-	124,218
Unlisted equity	11	-	-	-	49,012
Fixed deposits and treasury bills at amortised cost	11	-	-	-	-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables^	13.1	-	-	-	-
		-	**2,182,855**	**-**	**174,718**
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	**-**	**-**	**-**

Financial instruments at amortised cost approximate fair value as the terms of the instruments are either short term or market related excluding loans and receivables. As such the related fair values have not been disclosed in accordance with the IFRS 7. 29 (a) exemption. The fair value of the loans and receivables are disclosed in note 10.

* Accrued expenses of N$ 154.6 million (2019: N$ 137.0 million) that are not financial liabilities are not included.

^ Project and other advances and prepayments of N$ 180.8 million (2019: N$ 126.0 million) that are not financial assets are not included.

	Carrying value					Fair value			
	Financial liabilities					Level			
Amortised cost	**FVTPL - designated**	**FVTPL - mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,488	1,488	-	-	1,488
-	-	-	-	2,121,902	-	2,121,902	-	2,121,902
-	-	-	-	60,953	-	60,953	-	60,953
17,218	-	-	-	17,218	-	-	-	-
1,644,287	-	-	-	1,768,504	-	124,218	-	124,218
-	-	-	-	49,012	-	-	49,012	49,012
3,653,683	-	-	-	3,653,683	-	-	-	-
2,910,025	-	-	-	2,910,025	-	-	-	-
1,382,758	-	-	-	1,382,758	-	-	-	-
9,607,971	**-**	**-**	**-**	**11,965,544**	**1,488**	**2,307,073**	**49,012**	**2,357,573**
-	-	(794,312)	-	(794,312)	-	-	(794,312)	(794,312)
-	-	-	(1,378,472)	(1,378,472)	-	-	-	-
-	-	-	(1,055,364)	(1,055,364)	-	-	-	-
-	-	-	(12,397)	(12,397)	-	-	-	-
-	**-**	**(794,312)**	**(2,446,233)**	**(3,240,545)**	**-**	**-**	**(794,312)**	**(794,312)**

There have been no transfers between the fair value hierarchy levels (2019: no transfers).

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED 2021 N$'000	COMPANY 2020 N$'000
A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:		
Embedded derivative liabilities		
Carrying value at beginning of the year	**(794,312)**	(35,592)
Net fair value unrealised loss on embedded derivatives recognised in profit or loss	**794,312**	(758,720)
Carrying value at end of the year	**-**	(794,312)
Unlisted equity		
Carrying value at beginning of the year	**49,011**	105,726
Net fair value gain on unlisted investments through OCI	**(4,147)**	(56,714)
Carrying value at end of the year	**44,864**	49,011

Refer to note 29.6.3 and note 11 for a sensitivity analysis disclosing the effect of fair value changes that would result if one or more of the inputs were to change.

The following table gives information about how the fair values of the financial assets and financial liabilities categorised into Level 2 and Level 3 of the fair value hierarchy were determined:

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
Collective investment schemes	Level 2	The valuation model is based on the Net Asset Values (NAV) of the individual funds as quoted in the active markets. i.e. quoted prices	Not applicable
Derivative financial assets and Derivative financial liabilities	Level 2 and Level 3	Discounted cash flow: The valuation model considers the present value of expected future cash flows discounted using a risk adjusted discount rate for both ZAR and USD. The expected cash flows is determined by considering the possible scenario of forecast revenue. i.e. interest rates, inflation rates and exchange rates.	The estimated fair value of the purchase agreements will increase/(decrease) with an indirect correlation of the above-mentioned sensitivities, while there is a direct correlation in the fair value of the sales agreement with an increase/(decrease) of the sensitivities.
Inflation link bonds	Level 2	The valuation model considers the rate of inflation to adjust the fixed income security.	Not applicable
Unlisted equity	Level 3	Discounted cash flow method: This approach utilises forecasts and budgets prepared by management.	A significant increase in the revenues would result in a significant increase in fair value, and vice versa. A significant increase in the expenses would result in a significant decrease in fair value, and vice versa. The higher the cost of equity, the lower the fair value and vice versa. The higher the small stock premium, the higher the cost of equity and consequently the lower the fair value and vice versa. The higher the specific risk premium, the higher the cost of equity and consequently the lower the fair value and vice versa.

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

29. FINANCIAL INSTRUMENTS (continued)

29.2 Financial risk management
Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group and Company's management of capital. Further quantitative disclosures are included throughout the Group and Company financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's Risk Management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

29.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that a counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

The recoverability of a financial asset which is neither past due nor impaired is assessed, taking into account its financial position, past experience and other factors. The Group believes that the amounts of instruments held at 30 June 2021 are still recoverable.

The carrying amount of financial assets represents the maximum credit exposure. The potential concentration of credit risk consists mainly of loans and receivables, trade and other receivables and the investment portfolio.

29.3.1 Management of credit risk

Financial instruments are managed by the treasury function. Processes are in place to identify, measure, monitor, control and report credit risk. The objective of NamPower's credit risk management framework is firstly to protect cash and investments and, secondly to protect and maximise the rate of return of financial market instruments.

Responsibility and governance

The Asset and Liability Committee (ALCO), manages counterparty credit risk which arises from the treasury activities in the financial markets. This committee is chaired by the Managing Director and reports on a quarterly basis to the Investment Committee. The activities of the ALCO committee are guided by the terms of reference that are updated and approved by the Investment Committee.

The terms of reference set out the minimum acceptable standards to be adhered to by those responsible for credit-related transactions within the treasury section. The terms of reference are aligned to the Exco credit risk governance standards and are supplemented by appropriate policies and procedures.

The ALCO committee:

- Assesses the credit quality of counterparties and types of instruments used;
- Recommends credit limits to the investment committee;
- Ensures that transactions with counterparties are supported by trading agreements, where applicable; and
- Approves methodologies used for the management of counterparty exposure.

The management of credit risk is governed by the following policies:

Trading in financial instruments is conducted and entered into with selected counterparties after credit limits have been authorised. Individual risk limits are set based on internal and external ratings in line with limits set by the Board. All credit limits are approved by the Investment Committee. The use of credit limits is regularly monitored.

Minimum credit-rating requirements for financial institutions are maintained to assess the risk categories by rating class and to ascertain the probability of default inherent in each rating class. Approved concentration risk parameters are in place.

Concentration of credit risk is managed by setting credit risk limits at a counterparty-specific level. Concentration credit risk limits are used as second tier limits in relation to counterparty credit limits.

29.4 Exposure to credit risk

The Group limits its counterparty 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. Therefore management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED		COMPANY	
	2021 N$'000	2020 N$'000	2021 N$'000	2020 N$'000
Listed equity: Sanlam shares	**1,550**	1,488	**1,550**	1,488
Collective investment schemes	**2,291,952**	2,121,902	**2,291,952**	2,121,902
Fixed deposits and treasury bills at amortised cost	**3,007,538**	3,653,683	**3,007,538**	3,653,683
Debt instruments at amortised cost	**1,417,483**	1,644,287	**1,417,483**	1,644,287
Loans receivables	**18,167**	17,218	**18,167**	17,218
Trade and other receivables	**892,590**	1,382,758	**892,590**	1,382,758
Cash and cash equivalents	**3,833,191**	2,910,025	**3,833,191**	2,910,025
Forward exchange contract assets and interest rate and cross currency swaps	**571,306**	60,953	**571,306**	60,953
	12,033,778	11,792,314	**12,033,778**	11,792,314

29. FINANCIAL INSTRUMENTS (continued)

29.4.1 Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at 30 June 2021 no guarantee was outstanding.

NamPower employee home loans

Suretyship for N$63.4 million (2020: N$56.9 million) to four local banks (Bank Windhoek Limited, First National Bank Namibia, Standard Bank Namibia and Nedbank Namibia) for all employees who are on the Company's housing scheme and have attained financing from the aforementioned financial institutions. The Group collects the monthly instalments of the employee home loans and settles it directly with the financial institutions. Such suretyship is limited to the original loan amount attained by each employee and excludes any additional financing for improvements or upgrades. The Group assesses the risk of the suretyship annually.
The financial guarantee is insignificant.

29.4.2 Trade and other receivables

(a) Trade receivables

Credit risk with respect to trade and other receivables is high due to the large number of customers comprising the Group's customer base and their spread across different industries and geographical areas. The main classes of electricity receivables are cross border, large power users and small power users. Key large power users comprise mainly Namibian municipalities, town councils, village councils, regional councils, mining customers and regional electricity distributors (REDs).

The Audit and Risk Management Committee has established a credit policy under which each electricity customer's payment terms and conditions are offered.

The Group requires a security deposit equivalent to three (3) months estimated consumption in respect of all new customers before they are energised and the electricity is supplied with an exception to the Regional Distributors and Namibia Water Corporation transmission supply points whereby they have to provide security deposit that is equal to one (1) month estimated consumption.

Electricity supply agreements are entered into with cross border customers who comprise utility companies of neighbouring countries. These customers are required to provide security deposit equivalent to the value of three month's estimated consumption. Refer note 29.4.3.

The level of security is reviewed when a customer defaults on their payment obligation or requires additional electricity supply capacity in which case they are required to either provide security or increase their existing security to an amount equivalent to three months' of estimated future consumption before supply will commence.

Payment terms vary between customer classes as per the Group's credit policy. Interest is charged at a market related rate on balances in arrears.

The Group has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include an internal collection process, follow up with the customer either telephonically or in person, negotiations of mutually acceptable payment arrangements and the issue of letters of demand and notice of disconnection of supply.

The Group writes off a trade receivable when there is no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Group's policy and delegation of authority. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held. No trade receivables were written off at 30 June 2021 and 30 June 2020.

The total cumulative expected credit losses for electricity receivables at 30 June 2021 was N$675.2 million (2020: N$737.6 million) (refer note 29.4.3). The enhancement of credit control strategies and monitoring of payment levels of all trade receivables continue to receive management attention.

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
The maximum exposure to credit risk for trade receivables at the reporting date by geographic area:				
Domestic- Namibia	**870,483**	1,209,203	**870,483**	1,209,203
Regional Exports/ Cross border customers	**22,107**	173,555	**22,107**	173,555
	892,590	1,382,758	**892,590**	1,382,758
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:				
Distributors	**521,019**	840,975	**521,019**	840,975
Mining	**134,882**	237,688	**134,882**	237,688
End-user customers	**67,092**	98,269	**67,092**	98,269
Other trade receivables	**169,597**	205,826	**169,597**	205,826
	892,590	1,382,758	**892,590**	1,382,758
Concentration of credit risk that arises from the Group's receivables in relation to categories of the customers by percentage of total receivables from customers is:				
	%	%	**%**	%
Distributors	**58**	61	**58**	61
Mining	**15**	17	**15**	17
End-user customers	**8**	7	**8**	7
Other trade receivables	**19**	15	**19**	15
	100	100	**100**	100

29. FINANCIAL INSTRUMENTS (continued)

	2021 N$'000 Gross	2021 N$'000 Expected credit losses	2020 N$'000 Gross	2020 N$'000 Expected credit losses
CONSOLIDATED AND COMPANY				
29.4.3 Expected credit losses				
Not past due	**677,085**	**64,535**	1,118,719	66,142
30 days past due	**96,853**	**26,486**	153,125	19,357
60 days past due	**38,567**	**20,753**	17,116	12,998
90 days past due	**755,313**	**563,455**	831,447	639,152
	1,567,819	**675,229**	2,120,407	737,649

Refer to note 13 for a reconcilation of the expected credit losses for the trade receivables.

The Group uses a combination of two approaches, namely the Provision Matrix approach and the loss rate approach.

Expected credit losses of N$337.1 million (2020: N$250.6 million) relates to Rede Nacional De Electricidade (RNT), the Angolan electricity distributor. Rede Nacional De Transporte De Electricidade (RNT), the Angolan electricity transmitor, Category B continues to fall into arrears during the financial year under review as a result of the adverse market conditions in Angola which affected the Angolan market heavily.

Expected credit losses of N$169.7 million (2020: N$287.9 million) relates to the Municipality of Rehoboth, Municipality of Mariental, Municipality Gobabis and Luderitz Town Council. These municipalities and town council continue to fall into arrears during the financial year under review.These municipalities and town council accounts are monitored on an ongoing basis and remain a high priority focus area. The Group has entered into payment arrangements with the municipalities and town council and work closely with the stakeholders to resolve the challenges that have given rise to these municipalities' and town council debt.

Expected credit losses of N$13.8 million (2020: N$46.6 million) relates to the Northern Regional Electricity Distribution (Pty) Ltd (Nored). Nored continues to fall into arrears during the financial year under review and the accounts is monitored on an ongoing basis and remain a high priority focus area. The Group has entered into a payment arrangement with Nored.

Expected credit losses of N$19.2 million (2020: N$12.6 million) relates to the Congo Namibia (Pty) Ltd. Congo Namibia (Pty) Ltd bulk supply to Kombat Mine, did not make any payment since July 2018 and continues to fall into arrears during the financial year under review and the accounts is monitored on an ongoing basis and remain a high priority focus area.

The remainder of the expected credit losses at 30 June 2021 is attributable to several customers.

Valuation assumptions

The Group assesses its trade and other receivables' probability of default and loss given default at each balance sheet date, based on historical data using a provision matrix for Category A and B customers and loss rate approach for Category C, D and E customers.

The Group applies the simplified approach in measureing the loss allowance which uses a lifetime expected loss allowance. The Group recognises an impairment gain or loss in profit or loss for its trade and other receivable with a corresponding adjustment to other comprehensive income.

	CONSOLIDATED AND COMPANY	
	2021	2020
	N$'000	N$'000
Security relating to trade receivables		
The security held against trade receivables for the Group and Company comprises bank guarantees and cash deposits. The estimate of the fair value of the security is:		
(a) Cash deposits		
Electricity receivables security deposit -Cash		
Domestic Namibia	**33,502**	31,580
Regional Exports/Cross Border customers	**316**	316
	33,818	31,896
(b) Bank Guarantees		
Domestic- Namibia	**346,118**	374,122
Cross Border customers	**35**	35
Guarantees - Eskom	**908**	908
	347,061	375,065

Impairment of financial assets

For the purposes of impairment assessment:

- Cash and cash equivalents are considered to have low probability of default as the counterparties to these investments have an Investment grade rating.

- Loans receivables are considered to have low probability of default. The City of Windhoek loan will be fully paid by October 2020. Alten is considered low risk as NamPower signed a power purchased agreement with the company.

- The bonds, fixed deposits, treasury bills and cash and cash equivalents are considered to have low probability of default as the counterparties to these investments have an Investment grade rating.

Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for these assets, the directors of the Group assessed the exposure at default for each Individual asset and applied a loss given default rate based on the Basel Framework. The probability of default for the financial institutions was derived from the Standard and Poor's (SandP) Annual Global Corporate Default and Rating Transition Study, while that for Namibia was obtained from the SandP Annual Sovereign Default and Rating Transition Study. This is following publicly available credit ratings of the various institutions that was obtained from the Bloomberg Financial Services software. For the loans receivable the probability of default and loss given default of the Republic of Namibia was used. The Directors found the use of publicly available data to be fair and accurate as this is objective and easily verifiable.

There has been a change to the estimation inputs (probabilty of default and loss given default), but however there has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

29. FINANCIAL INSTRUMENTS (continued)

The following table shows the movement in expected credit losses that has been recognised for the respective financial assets:

	12-month expected credit losses						
	Stage 1	Stage 1		Stage 1			
	Deposits at notice	City of Windhoek	Alten Solar Power (Hardap) Pty Ltd	Bonds	Fixed deposits	Treasury bills	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Balance as at 1 July 2019	201	144	324	18,196	20,993	11,835	51,693
Increase/(decrease) in loss allowance	897	(86)	164	11,130	15,230	(8,478)	18,857
Balance as at 30 June 2020	**1,098**	**58**	**488**	**29,326**	**36,223**	**3,357**	**70,550**
(Decrease)/increase/in loss allowance	(665)	(58)	161	(26,145)	(33,934)	(2,907)	(63,547)
Balance as at 30 June 2021	**433**	**(0)**	**649**	**3,182**	**2,289**	**450**	**7,003**

29.4.4 Investments and cash and cash equivalents

	CONSOLIDATED AND COMPANY	
	2021	2020
	N$'000	N$'000
Investments		
BBB- - AAA	**4,011,408**	5,240,816
BB+ - B-	**2,732,316**	2,260,397
	6,743,724	7,501,213
Cash and cash equivalents		
BBB- - AAA	**1,602,986**	78,447
BB+ - B-	**2,230,204**	1,181,527
	3,833,190	1,259,974

The ratings are performed per financial institution. Included in the above ratings are money market instruments and bonds. The remaining investments are held with credible institutions.

29.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The management of liquidity and funding risk is vested with the treasury section in accordance with practices and limits set by Exco and the board. The Group's liquidity and funding management process includes:

- Projected cash flows and considering the cash required by the group and optimising the short-term liquidity;
- Monitoring financial liquidity ratios;
- Maintaining a diverse range of funding sources with adequate back-up facilities, managing the concentration and profile of debt maturities and
- Maintaining liquidity and funding contingency plans.

29. FINANCIAL INSTRUMENTS (continued)

29.5.1 Contractual Cash Flows

The tables below indicate the contractual undiscounted cash flows of the Group and Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash flows of the Group's and Company's financial liabilities are indicated on a gross undiscounted basis. The cash flows for derivatives are presented as net cash flows.

2021

Consolidated	Carrying amount	Total contractual cash flows	Less than 6 months	6 - 12 months	Contractual cash flows 1- 5 years	Contractual cash flows 5 years and more
	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000	N$ '000
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	**(39,195)**	**(30,602)**	**(30,602)**	**-**	**-**	**-**
- ZAR denominated loans	**(704,841)**	**(891,340)**	**(171,632)**	**(65,889)**	**(461,944)**	**(191,875)**
- NAD denominated loans	**(16,738)**	**(18,258)**	**-**	**(6,086)**	**(12,172)**	**-**
Non current retention creditors	**(17,610)**	**(17,610)**	**-**	**-**	**(17,610)**	**-**
Trade and other payables	**(1,158,401)**	**(1,158,401)**	**-**	**(1,158,401)**	**-**	**-**
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	**-**	**5,849**	**-**	**5,849**	**-**	**-**
2020						
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	(67,088)	(65,463)	-	(32,680)	(32,783)	-
- ZAR denominated loans	(1,339,526)	(1,613,057)	(618,618)	(95,243)	(602,902)	(296,293)
- NAD denominated loans	(21,980)	(24,344)	-	(6,086)	(18,258)	-
Non-current retention creditors	(12,397)	(12,397)	-	-	(12,397)	-
Trade and other payables	(1,055,356)	(1,055,356)	-	(1,055,356)	-	-
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	14,216	-	6,523	7,693	-

2021

Company	**Carrying amount**	**Total contractual cash flows**	**Less than 6 months**	**6 - 12 months**	**Contractual cash flows 1- 5 years**	**Contractual cash flows 5 years and more**
	N$ '000	**N$ '000**	**N$ '000**	**N$ '000**	**N$ '000**	**N$ '000**
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	**(39,195)**	**(30,602)**	**(30,602)**	**-**	**-**	**-**
- ZAR denominated loans	**(704,841)**	**(891,339)**	**(171,632)**	**(65,889)**	**(461,944)**	**(191,875)**
- NAD denominated loans	**(16,738)**	**(18,258)**	**-**	**(6,086)**	**(12,172)**	**-**
Non current retention creditors	**(17,610)**	**(17,610)**	**-**	**-**	**(17,610)**	**-**
Trade and other payables	**(1,158,409)**	**(1,158,409)**	**-**	**(1,158,409)**	**-**	**-**
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	**-**	**5,849**	**-**	**5,849**	**-**	**-**
2020						
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	(67,088)	(65,463)	-	(32,680)	(32,783)	-
- ZAR denominated loans	(1,339,526)	(1,613,057)	(618,618)	(95,243)	(602,902)	(296,293)
- NAD denominated loans	(21,980)	(24,344)	-	(6,086)	(18,258)	-
Non-current retention creditors	(12,397)	(12,397)	-	-	(12,397)	-
Trade and other payables	(1,055,356)	(1,055,356)	-	(1,055,356)	-	-
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	14,216	-	6,523	7,693	-

29. FINANCIAL INSTRUMENTS (continued)

29.5.2 Derivative financial instruments

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.

Valuation assumptions

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting 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 reporting date, being the present value of the quoted forward price.

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair values of interest rate swaps reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

The principal or contract amount of derivative financial instruments were:

	CONSOLIDATED AND COMPANY	
	2021	2020
	N$'000	N$'000
Net interest rate and cross currency swaps	**5,781**	15,500
Forward exchange contracts	**383,985**	432,921
	389,766	448,421

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

29.5.3 Primary sources of funding and unused facilities

The primary sources to meet the Group's liquidity requirements are revenue, cash inflows from maturing financial assets purchased, funds committed by government, local debt issued in the market as well as foreign debt. To supplement these liquidity sources under stress conditions, overdraft facilities with commercial banks are in place as indicated below:

General banking facilities	**192,500**	192,500
	192,500	192,500

The overdraft facilities, if utilised are repayable strictly on demand and will be charged at the prevailing bank's prime lending rate from time to time. The prime lending rate of the commercial banks at 30 June 2021 was 7.5%.

The Group holds the following pre-approved facilities at various financial institutions to facilitate the operations:

	CONSOLIDATED AND COMPANY	
	2021	2020
	N$'000	N$'000
SB VAF fleet cards	**1,100**	1,100
FEC	**100,000**	100,000
Derivative	**350,000**	350,000
	451,100	451,100

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

A significant part of the market risk encountered arises from financial instruments and equity that are managed within the treasury function of the Company or from contracts containing embedded derivatives.

Financial instruments managed by the treasury function

The treasury section is responsible for managing market risk within the risk management framework approved by Exco and the board. The overall authority for the management of market risks within the treasury section is vested in the Asset and Liability Committee (ALCO) which reports quarterly to the Investment committee and the Audit and Risk Management Committee.

Embedded derivatives

The Company entered into a number of agreements for the purchase and supply of electricity, where the revenue or expenditure from these contracts is based on foreign currency rates (mainly USD) or foreign production price indices. This gives rise to embedded derivatives that require separation as a result of the different characteristics of the embedded derivative and the host contract. The contractual periods vary from 3 years up to a maximum of 10 years. Certain of these contracts are currently being renegotiated.

The net impact on profit or loss of changes in the fair value of the embedded derivatives for the Group and Company is a fair value gain of N$1.4 billion (2020: N$756.3 million loss). The embedded derivative asset at 30 June 2021 was N$564.3 million (2020: N$791.9 million liability) for the Group and Company.

29. FINANCIAL INSTRUMENTS (continued)

The valuation methods and inputs are discussed in note 29.6. Risks arising from these contracts are discussed under the relevant risk areas as follows:

- Interest rate risk (refer to note 29.6.1)
- Currency risk (refer to note 29.6.2)
- Other price risk (refer to note 29.6.3)

Electricity purchases and sales contracts that contain embedded derivatives are considered for economic hedging. Economic hedging in respect of foreign currency exposure resulting from these embedded derivatives takes place on a short-term basis.

29.6.1 Interest rate risk

The Group hedges its risk to interest rate risks in terms of the foreign loans by entering into interest rate swaps. Changes in the fair value of the swaps that are designated and qualify as fair value hedges are recorded in the profit or loss component of the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
Interest rate risk is the risk that the Group's financial position may be adversely affected as a result of changes in interest rate levels, yield curves and spreads.

The Group's interest rate risk arises mainly from long-term borrowings and other financial assets. Long-term borrowings and debt securities are issued at both fixed rates and floating rates and expose the Group to fair value interest rate risk.

The Group generally adopts a policy that its exposure to interest rates is on a fixed rate basis. Swaps have been used to convert the interest on floating rates to a fixed rate basis.

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is hedged economically. This is achieved by entering into interest rate swaps.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Reference note	Variable and fixed rate	CONSOLIDATED 2021 Carrying amount N$ '000	CONSOLIDATED 2020 Carrying amount N$ '000	COMPANY 2021 Carrying amount N$ '000	COMPANY 2020 Carrying amount N$ '000
Variable rate financial instruments						
Financial assets						
Collective investment schemes	11		**2,291,952**	2,142,115	**2,291,952**	2,121,902
Financial liabilities						
Development Bank of Namibia	17.1.5	Prime less 4.5%	**(16,738)**	(21,980)	**(16,738)**	(21,980)
			2,275,214	2,120,135	**2,275,214**	2,099,922
Fixed rate financial instruments						
Financial assets						
Loans and receivables	10		**18,167**	17,218	**18,167**	17,218
Non-current investments	11		**1,587,554**	1,773,153	**1,587,554**	1,773,153
Fixed deposits and Treasury bills at amortised cost	11		**3,007,539**	3,653,683	**3,007,539**	3,653,683
Cash and cash equivalents	14		**3,833,191**	2,910,025	**3,833,191**	2,910,025
Trade and other receivables	13		**892,590**	1,565,506	**892,590**	1,565,506
Financial liabilities	17		**(744,036)**	(1,406,614)	**(744,036)**	(1,406,614)
			8,595,005	8,512,971	**8,595,005**	8,512,971

Cash flow sensitivity analysis

The Group analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined interest rate shifts. For each simulation, the same interest rate shift is used for all currencies.

The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The calculation excludes borrowing costs capitalised in terms of the Group's accounting policy. The analysis is performed on the same basis as for 2020.

29. FINANCIAL INSTRUMENTS (continued)

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below:

Consolidated and Company	Equity 100 bp increase	Equity 100 bp decrease	Profit or (loss) 100 bp increase	Profit or (loss) 100 bp decrease
30 June 2021				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	**(114)**	**114**	**(167)**	**167**
Fixed deposits	**-**	**-**	**369**	**(369)**
Variable rate notes	**-**	**-**	**95**	**(95)**
30 June 2020				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	(149)	149	(220)	220
Fixed deposits	-	-	1,289	(1,289)
Variable rate notes	-	-	308	(308)

A change of 500 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below:

Consolidated and Company	Equity 500 bp increase	Equity 500 bp decrease	Profit or (loss) 500 bp increase	Profit or (loss) 500 bp decrease
30 June 2021				
Collective Investment Schemes	-	-	114,598	114,598
30 June 2020				
Collective Investment Schemes	-	-	106,096	106,096

The effects of the cross currency interest rate swaps on the group's financial position and performance are as follows:

Cross Currency Interest Rate Swaps	CONSOLIDATED AND COMPANY	
	2021	2020
	N$'000	N$'000
Carrying Amount (Current and Non-Current)	**5,781**	15,500
Notional Amount (N$'000)	**24,691**	48,514
Maturity	**15/09/2021**	15/09/2021
Hedge Ratio	**1:1**	1:1
Change in fair value of Outstanding hedging Instruments since 1st July	**(9,719)**	4,114
Change in fair value of Hedged item used to determine the Hedge Effectiveness	**9,719**	(4,114)
Weighted Average Hedged Rate for the Year	**7.2%**	7.2%

29.6.2 Currency risk

The Group is exposed to currency risk as a result of the following transactions which are denominated in a currency other than Namibia Dollar 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 Group generally adopts a policy to hedge its foreign currency commitments where possible. The Group is also exposed to foreign currency movements with regards to certain regional Power Purchase Agreements (PPAs) and Power Sales Agreements (PSA) which are hedged for the duration of the agreement and reviewed on a continuous basis.

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 profit or loss.

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 profit or loss as part of net financing costs.

29. FINANCIAL INSTRUMENTS (continued)

Consolidated

The currency position at 30 June 2021 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	**5,781**	-
Loans receivable	10	**18,167**	-
Trade and other receivables	13	**538,396**	-
Investments	11	**5,995,313**	**909,120**
Cash and cash equivalents	14	**732,105**	**2,772,956**
		7,289,762	**3,682,076**
Liabilities			
Interest bearing loans and borrowings	17	**(16,738)**	**(704,841)**
Trade and other payables	20.1	**(553,555)**	**(457,880)**
Non-current retention creditors	20.4	**(17,610)**	-
		(587,903)	**(1,162,721)**
Gross statement of financial position exposure		**6,701,859**	**2,519,355**
Next year's forecast sales		**6,374,599**	-
Next year's forecast purchases		**(568,530)**	**(1,698,843)**
Gross exposure		**12,507,928**	**820,512**
Foreign exchange contracts [1]		-	-
Net exposure		**12,507,928**	**820,512**

The estimated sales and purchases include transactions for the next 12 months.
[1] The Group had forward exchange contracts outstanding at 30 June 2021 to the value of USD26.2 million at an average rate of USD/NAD 14.6.

US$	Euro	GBP	Total
565,447	78	-	571,306
-	-	-	18,167
354,194	-	-	892,590
-	-	-	6,904,433
328,069	44	17	3,833,191
1,247,710	122	17	12,219,687
-	-	(39,195)	(760,774)
(146,765)	(201)	-	(1,158,401)
-	-	-	(17,610)
(146,765)	(201)	(39,195)	(1,936,785)
1,100,945	(79)	(39,178)	10,282,902
-	-	-	6,374,599
(1,858,566)	-	-	(4,125,939)
(757,621)	(79)	(39,178)	12,531,562
1,062	-	-	1,062
(756,559)	(79)	(39,178)	12,532,624

Currency translation rates:	30 June 2021
1 SA Rand	N$0.00
1 US Dollar	N$14.3
1 Euro	N$17.0
1 GBP	N$19.8

29. FINANCIAL INSTRUMENTS (continued)

Consolidated

The currency position at 30 June 2020 is set below

in thousands of Namibia Dollar	**Reference notes**	**N$**	**ZAR**
Assets			
Derivative assets	21.1	15,500	-
Loans receivable	10	17,764	-
Trade and other receivables	13	935,903	-
Investments	11	6,721,729	999,674
Cash and cash equivalents	14	721,523	1,761,038
		8,412,419	2,760,712
Liabilities			
Interest bearing loans and borrowings	17	(21,980)	(1,339,526)
Other financial liabilities	21.2	-	-
Trade and other payables	20.1	(542,818)	(365,956)
Non-current retention creditors	20.4	(12,397)	-
		(577,195)	(1,705,482)
Gross statement of financial position exposure		7,835,224	1,055,230
Next year's forecast sales		5,597,108	-
Next year's forecast purchases		(576,704)	(1,446,057)
Gross exposure		12,855,628	(390,827)
Foreign exchange contracts [1]		-	-
Net exposure		12,855,628	(390,827)

The estimated sales and purchases include transactions for the next 12 months.
[1] The Group had forward exchange contracts outstanding at 30 June 2020 to the value of USD24.7 million at an average rate of USD/NAD 15.66.

US$	Euro	GBP	Total
45,453	-	-	60,953
-	-	-	17,764
446,855	-	-	1,382,758
-	-	-	7,721,403
428,498	50	14	2,911,123
920,806	50	14	12,094,001
-	-	(67,088)	(1,428,594)
(791,915)	(2,397)	-	(794,312)
(144,567)	(2,015)	-	(1,055,356)
-	-	-	(12,397)
(936,482)	(4,412)	(67,088)	(3,290,659)
(15,676)	(4,362)	(67,074)	8,803,342
70,282	-	-	5,667,390
(2,041,664)	-	-	(4,064,425)
(1,987,058)	(4,362)	(67,074)	10,406,307
45,454	-	-	45,454
(1,941,604)	(4,362)	(67,074)	10,451,761

Currency translation rates:	30 June 2020
1 SA Rand	N$1.0
1 US Dollar	N$17.3
1 Euro	N$19.4
1 GBP	N$21.2

29. FINANCIAL INSTRUMENTS (continued)

Company

The currency position at 30 June 2021 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	**5,781**	-
Loans receivable	10	**18,167**	-
Trade and other receivables	13	**538,396**	-
Investments	11	**5,995,313**	**909,120**
Cash and cash equivalents	14	**732,105**	**2,772,956**
		7,289,762	**3,682,076**
Liabilities			
Interest bearing loans and borrowings	17	**(16,738)**	**(704,841)**
Trade and other payables	20.1	**(553,564)**	**(457,880)**
Non current retention creditors	20.4	**(17,610)**	-
		(587,912)	**(1,162,721)**
Gross statement of financial position exposure		**6,701,850**	**2,519,355**
Next year's forecast sales		**6,374,599**	-
Next year's forecast purchases		**(568,530)**	**(1,698,843)**
Gross exposure		**12,507,919**	**820,512**
Foreign exchange contracts [1]		-	-
Net exposure		**12,507,919**	**820,512**

The estimated sales and purchases include transactions for the next 12 months.
[1] The Group had forward exchange contracts outstanding at 30 June 2021 to the value of USD26.2 million at an average rate of USD/NAD 14.6.

US$	Euro	GBP	Total
565,447	78	-	571,306
-	-	-	18,167
354,194	-	-	892,590
-	-	-	6,904,433
328,069	44	17	3,833,191
1,247,710	122	17	12,219,687
-	-	(39,195)	(760,774)
(146,765)	(201)	-	(1,158,410)
-	-	-	(17,610)
(146,765)	(201)	(39,195)	(1,936,794)
1,100,945	(79)	(39,178)	10,282,893
-	-	-	6,374,599
(1,858,566)	-	-	(4,125,939)
(757,621)	(79)	(39,178)	12,531,553
1,062	-	-	1,062
(756,559)	(79)	(39,178)	12,532,615

Currency translation rates:	30 June 2021
1 SA Rand	N$0.00
1 US Dollar	N$14.3
1 Euro	N$17.0
1 GBP	N$19.8

29. FINANCIAL INSTRUMENTS (continued)

Company

The currency position at 30 June 2020 is set below

in thousands of Namibia Dollar	**Reference notes**	**N$**	**ZAR**
Assets			
Derivative assets	21.1	15,500	-
Loans receivable	10	17,764	-
Trade and other receivables	13	935,903	-
Investments	11	6,721,729	999,674
Cash and cash equivalents	14	721,523	1,761,038
		8,412,419	2,760,712
Liabilities			
Interest bearing loans and borrowings	17	(21,980)	(1,339,526)
Other financial liabilities	21.2	-	-
Trade and other payables	20.1	(542,826)	(365,956)
Non current retention creditors	20.4	(12,397)	-
		(577,203)	(1,705,482)
Gross statement of financial position exposure		7,835,216	1,055,230
Next year's forecast sales		5,597,108	-
Next year's forecast purchases		(576,704)	(1,446,057)
Gross exposure		12,855,620	(390,827)
Foreign exchange contracts [1]		-	-
Net exposure		12,855,620	(390,827)

The estimated sales and purchases include transactions for the next 12 months.
[1] The Group had forward exchange contracts outstanding at 30 June 2020 to the value of USD24.7 million at an average rate of USD/NAD 15.66.

US$	Euro	GBP	Total
45,453	-	-	60,953
-	-	-	17,764
446,855	-	-	1,382,758
-	-	-	7,721,403
428,498	50	14	2,911,123
920,806	50	14	12,094,001
-	-	(67,088)	(1,428,594)
(791,915)	(2,397)	-	(794,312)
(144,567)	(2,015)	-	(1,055,364)
-	-	-	(12,397)
(936,482)	(4,412)	(67,088)	(3,290,667)
(15,676)	(4,362)	(67,074)	8,803,334
70,282	-	-	5,667,390
(2,041,664)	-	-	(4,064,425)
(1,987,058)	(4,362)	(67,074)	10,406,299
45,454	-	-	45,454
(1,941,604)	(4,362)	(67,074)	10,451,753

Currency translation rates:	30 June 2020
1 SA Rand	N$1.0
1 US Dollar	N$17.3
1 Euro	N$19.4
1 GBP	N$21.2

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED		COMPANY	
	2021 N$'000	2020 N$'000	2021 N$'000	2020 N$'000
Sensitivity analysis				
A strengthening of the N$ against the following currencies at 30 June 2021 would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2020.				
US Dollar (10 percent strengthening)	**895,946**	952,536	**895,946**	952,536
Euro (10 percent strengthening)	**(71)**	(260)	**(71)**	(260)
GBP (10 percent strengthening)	**(3,843)**	(6,374)	**(3,843)**	(6,374)
A weakening of the N$ against the following currencies at 30 June 2021 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.				
US Dollar (10 percent weakening)	**(895,946)**	(952,536)	**(895,946)**	(952,536)
Euro (10 percent weakening)	**71**	260	**71**	260
GBP (10 percent weakening)	**3,843**	6,374	**3,843**	6,374

29.6.3 Other price risk

Inflation price risk arises from embedded derivatives as discussed under note 21.2. The risk arises from movements in the United States production price index (PPI). The Group's exposure to equity securities price risk arises from the equity investment held by the Group and classified in the statement of financial position as at fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL designated). The Group's equity investment consists of Sanlam shares. The collective investment scheme at FVTPL is also exposed to price risk. The risk arises from movements in the share price of the equity investment and income fund.

ALCO is monitoring the exposure to price risk on a quarterly basis.

The following is the sensitivity analysis of the change in the value of the embedded derivatives (relating to customised pricing agreements) as a result of changes in the United States PPI. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:

	CONSOLIDATED		COMPANY	
	2021	**2020**	**2021**	**2020**
	N$'000	**N$'000**	**N$'000**	**N$'000**
	Profit or (Loss) N$’000	**Profit or (Loss) N$’000**	**Profit or (Loss) N$’000**	**Profit or (Loss) N$’000**
United States PPI				
1% increase	**(285,490)**	(384,628)	**(285,490)**	(384,628)
1% decrease	**274,330**	23,780	**274,330**	23,780

The following is the sensitivity analysis of the change in the value of the collective investment schemes as a result of changes in the unit prices. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:

Unit price				
5% increase	**114,598**	106,096	**114,598**	106,096
5% decrease	**(114,598)**	(106,096)	**(114,598)**	(106,096)

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED		COMPANY	
	2021	2020	2021	2020
	N$'000	N$'000	N$'000	N$'000
	Equity N$'000	Equity N$'000	Profit or (Loss) N$'000	Profit or (Loss) N$'000
The following is the sensitivity analysis of the change in the value of the Sanlam shares as a result of changes in share price. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on equity and on profit or loss is:				
Profit or (Loss)	**53**	51	**77**	74
N$'000	**(53)**	(51)	**(77)**	(74)

29.7 Capital management

The Group manages the total shareholders' equity and debt as capital. Capital consists of ordinary share capital, development fund, reserve fund and debt. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
The Group manages the following as capital:				
Ordinary share capital	**1,065,000**	1,065,000	**1,065,000**	1,065,000
Reserve fund	**1,865,798**	1,818,220	**1,865,798**	1,818,221
Development fund	**7,978,090**	6,827,742	**7,819,444**	6,696,503
Debt	**4,241,663**	5,557,956	**4,241,671**	5,557,964
	15,150,551	15,268,918	**14,991,913**	15,137,688

The major items that impact the capital include:

- The revenue received from electricity sales which is a function of price and sales volumes and the cost of funding the business;
- The cost of operating the electricity business;
- The cost of expanding the business to ensure that capacity growth is in line with electricity sales demand (funding and additional depreciation);
- Interest paid;
- Taxation and
- Dividends.

The Board has the responsibility to ensure that the Group is adequately capitalised through debt and equity management.

The NamPower treasury section, within the Finance business unit is tasked with the duties of managing the Group's short-term and long term capital requirements. The treasury section fulfils these functions within the framework that has been approved by the NamPower Board of Directors consisting of and not limited to an overall treasury policy, a hedging policy and investment policy.

Under NamPower's current debt portfolio consisting of local and foreign denominated loans, certain covenants are imposed on NamPower's capital requirements. These covenants being a minimum debt service cover ratio of 1.4, debt to EBITDA of a maximum of 4 and a maximum debt equity ratio of 65:35. The Company maintained the required covenants for the year under review as follows: debt service cover ratio of 1.73 (2020: 2.45), debt to EBITDA of -4.76 (2020: -16.97) and a debt equity ratio of 2:98 (2020: 6:94). These covenants are used for forecasted financial planning to ensure and manage the loan conditions set. The Group also maintains a credit rating as affirmed by Fitch for foreign currency long-term as BB and national long-term rating AAA(zaf).

29. FINANCIAL INSTRUMENTS (continued)

The tariff increases for the electricity business is subject to the process laid down by the Electricity Control Board (ECB). The current regulatory framework applicable to the Group is based on historical cost and depreciated replacement cost for Generation and Transmission assets respectively.

The electricity business is currently in a major expansion phase. There is national consensus that the capital expansion programme continues. The funding related to new generating, transmitting and other capacity is envisaged to be obtained from cash generated by the business, shareholder support and funds borrowed on the local and overseas markets.

The adequacy of price increases allowed by the regulator and the level and timing of shareholder support are key factors in the sustainability of the Group.

There were no changes to the Group's approach to capital management during the financial year.

29.8 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements. The column 'net amount' shows the impact on the Group's statement of financial position if the set-off rights were exercised.

	Effects of offsetting on the statement of financial position		
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet
Consolidated and Company	**N$'000**	**N$'000**	**N$'000**
2021			
Financial liabilities			
Interest bearing loans and borrowings	760,774	-	760,774
Total	**760,774**	**-**	**760,774**
2020			
Financial liabilities			
Interest bearing loans and borrowings	1,446,594	(18,000)	1,428,594
Total	**1,446,594**	**(18,000)**	**1,428,594**

30. NOTES TO THE STATEMENTS OF CASH FLOWS

	NOTE	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
30 (a) CASH GENERATED FROM OPERATIONS					
(Loss)/profit before net finance income		**1,098,716**	(278,486)	**1,098,716**	(275,298)
Adjustments for:					
- Dividend received from unlisted investments	**26 and 7.2**	**(872)**	(67)	**(872)**	(1,867)
- Interest capitalised		**(110,665)**	1,371	**(110,665)**	1,371
- Net movement in currency swap valuations on interest bearing loans and borrowings	**26(g)**	**(10,945)**	4,481	**(10,945)**	4,481
- Effect of exchange rate fluctuations on cash held		**(69,767)**	47,586	**(69,767)**	47,586
- Fair value gain on interest bearing loans and borrowings		**81**	(65)	**81**	(65)
- Movement in interest rate and cross currency swaps	**26(g)**	**9,719**	(4,114)	**9,719**	(4,114)
- Fair value (gain)/loss on firm commitments	**26(g)**	**(2,611)**	2,668	**(2,611)**	2,668
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)	**26(g)**	**(1,356,165)**	756,269	**(1,356,165)**	756,269
- Coal valuation		**3,440**	(4,904)	**3,440**	(4,904)
- Fair value movements on investment properties	**26.**	**2,057**	1,070	**2,057**	1,070
- Movement in expected credit losses on trade and other receivables	**13.**	**(60,633)**	15,043	**(60,633)**	15,043
- Movement in expected credit losses on investments	**11.**	**(62,986)**	68,907	**(62,986)**	68,907
- Movement in expected credit losses on loans receivable	**10.**	**103**	546	**103**	546
- Depreciation on property, plant and equipment	**6.**	**876,729**	812,988	**876,729**	812,988
- Fair value movements on investments		**(63,972)**	(8,630)	**(63,972)**	(8,630)
- Amortisation on intangible assets	**9.**	**8,951**	7,710	**8,951**	7,710
- Government grant recognised in income	**26.**	**(8,864)**	(8,864)	**(8,864)**	(8,864)
- Gain on disposal of subsidiary	**7.1**	**-**	-	**-**	(1,387)
- Gain on disposal of property, plant and equipment	**26.**	**(4,531)**	(1,707)	**(4,531)**	(1,707)
- Transfer to transmission system	**6.**	**(34,977)**	(35,191)	**(34,977)**	(35,191)
- Impairment losses on property, plant and equipment revaluation	**6.**	**111,334**	-	**111,334**	-
Cash flows generated from operations		**324,142**	1,376,611	**324,142**	1,376,612
Changes in working capital:					
Movement in accrued interest payable		**(24,088)**		**(24,088)**	
Movement in accrued interest receivable		**55,334**	(32,052)	**55,334**	(32,052)
Fair value movements on forward exchange contracts	**21.1**	**44,392**	(43,723)	**44,392**	(43,723)
Movement in non-current retention creditors	**20.4**	**5,213**	(22)	**5,213**	(22)
Movement in deferred revenue liability	**30 (f)**	**19,137**	188,616	**19,137**	188,616
Movement in employee benefit obligations	**22.**	**(12,055)**	104,464	**(12,055)**	104,464
- Employee benefits paid - defined benefit obligation	**22.1.2 and 22.2.2**	**3,902**	7,537	**3,902**	7,537
- Movement in employee benefits	**22.1.2 and 22.2.2**	**36,275**	(81,966)	**36,275**	(81,966)
Transfer to intangible assets	**9.**	**18,549**	-	**18,549**	-
Movement in inventories	**12**	**(34,222)**	(38,513)	**(34,222)**	(38,513)
Movement in trade and other receivables	**30 (e)**	**378,500**	(99,646)	**378,499**	(99,646)
Movement in trade payables	**30 (g)**	**114,258**	(193,740)	**114,259**	(193,741)
		929,337	1,187,566	**929,337**	1,187,566

	NOTE	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
30 (b) TAXATION PAID					
Amount (due) to/from the Receiver of Revenue at beginning of year		**(24,078)**	39,505	**(24,078)**	39,505
Current taxation		**(229,403)**	(397,923)	**(229,403)**	(397,923)
Taxation paid		**287,261**	334,340	**287,261**	334,340
Amount from/(due) to the Receiver of Revenue at end of year		**33,780**	(24,078)	**33,780**	(24,078)
30 (c) INTEREST RECEIVED FROM OPERATING AND INVESTING ACTIVITIES					
Interest received from operating activities		**52,335**	93,917	**52,335**	93,917
Interest received from investing activities		**492,960**	522,720	**492,960**	522,720
Accrued interest		**55,334**	171,178	**55,334**	171,178
Finance income	24.	**600,629**	787,815	**600,629**	787,815
30 (d) INTEREST PAID					
Interest paid		**(83,117)**	(91,316)	**(83,117)**	(91,316)
Accrued interest		**-**	(50,122)	**-**	(50,122)
Finance cost	24.	**(83,117)**	(141,438)	**(83,117)**	(141,438)
30 (e) TRADE AND OTHER RECEIVABLES					
Movement in trade and other receivables		**(317,867)**	84,602	**(317,866)**	84,602
Impairment loss on trade and other receivables		**(60,633)**	15,044	**(60,633)**	15,044
		(378,500)	99,646	**(378,499)**	99,646
30 (f) DEFERRED REVENUE LIABILITY					
Movement in deferred revenue liability		**10,273**	179,752	**10,273**	179,752
Government grant recognised in income		**8,864**	8,864	**8,864**	8,864
		19,137	188,616	**19,137**	188,616
30 (g) TRADE AND OTHER PAYABLES					
Movement in trade and other payables		**114,258**	(193,741)	**114,258**	(193,741)
		114,258	(193,741)	**114,258**	(193,741)
30 (h) CASH RECEIPTS FROM CUSTOMERS					
Electricity sales		**6,549,907**	6,892,330	**6,549,907**	6,892,330
Movement in gross trade receivables		**552,587**	(84,602)	**552,587**	(44,803)
		7,102,495	6,807,729	**7,102,495**	6,847,528

30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	NOTE	CONSOLIDATED 2021 N$'000	CONSOLIDATED 2020 N$'000	COMPANY 2021 N$'000	COMPANY 2020 N$'000
30 (i) INTEREST BEARING LOANS AND BORROWINGS					
Balance at 1 July		**1,428,594**	1,881,349	**1,428,594**	1,881,349
Cashflows		**(633,486)**	(451,127)	**(633,486)**	(451,127)
Net swap valuations		**(10,945)**	4,481	**(10,945)**	4,481
Interest capitalised on loan		**(110,665)**	1,371	**(110,665)**	1,371
Accrued interest		**(24,087)**	(7,415)	**(24,087)**	(7,415)
Fair value gain on interest bearing loans and borrowings		**81**	(65)	**81**	(65)
Balance at 30 June		**649,492**	1,428,594	**649,492**	1,428,594
30 (j) LOANS RECEIVABLE					
Proceeds from loans receivable		**1,697**	1,751	**1,697**	1,751
		1,697	1,751	**1,697**	1,751

30 (k) The Group held cash and cash equivalents of N$3.8 billion at 30 June 2021 (2020: N$2.9 billion). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated for foreign currency long-term as BB and national long-term rating AAA(zaf), based on Fitch ratings.

31. SEGMENT REPORTING

Business unit segments

Reportable segments are determined based on the internal management reports provided quarterly to the Executive Committee (EXCO). The Group has three reportable segments, as described below, which are the Group's core business units. The core business units offer different services, and are managed separately because they require different expertise and marketing strategies.

The measure of profit/(loss) used by EXCO is profit/(loss) before tax.

The following summary describes the operations in each of the Group's reportable segments:

Generation: Supply of energy
Transmission: Transmission of energy

Support Services, including Energy Trading and Power Systems Development:

Energy Trading is responsible for the short, medium and long term planning and management of energy.

Power Systems Development is responsible for the development of supply sources of energy.

Other support services include Distribution of energy, Corporate Services, Finance and the Office of the Managing Director.

31. NAMIBIA POWER CORPORATION (PROPRIETARY) LIMITED (continued)

	Generation		Transmission	
Amounts in N$'000	**2021**	**2020**	**2021**	**2020**
Total revenues	**619,469**	1,064,822	**6,396,240**	7,842,273
Intersegment revenue	**(619,469)**	(1,064,822)	**(786,951)**	(2,044,740)
Revenue from external customers	**-**	-	**5,609,290**	5,797,532
Cost of electricity	**-**	-	**-**	-
Interest Income	**-**	-	**39,126**	75,624
Interest expense	**(3,309)**	(6,506)	**(77,553)**	(25,408)
Depreciation and amortisation	**(348,165)**	(319,299)	**(461,893)**	(435,674)
Impairment	**-**	-	**(104,544)**	-
Staff costs	**(201,311)**	(197,763)	**(380,658)**	(360,679)
Post retirement medical benefit	**(5,996)**	(7,043)	**(12,584)**	(14,780)
Foreign exchange gains on trade payables/receivables, bank balances and loans payable	**-**	-	**-**	-
Foreign exchange losses on trade payables/receivables, bank balances and loans payable	**-**	-	**-**	-
Share of loss of associates, net of taxation	**-**	-	**-**	-
Segment result (before tax)	**629,089**	675,123	**(4,450,566)**	(4,781,570)
Taxation	**-**	-	**-**	-

Support Services		Total	
2021	2020	2021	2020
5,030,790	5,805,978	**12,046,500**	14,713,073
(4,090,173)	(4,711,180)	**(5,496,593)**	(7,820,743)
940,617	1,094,797	**6,549,907**	6,892,330
(4,457,840)	(4,213,577)	**(4,457,840)**	(4,213,577)
561,503	712,191	**600,629**	787,815
(2,255)	(109,524)	**(83,117)**	(141,438)
(75,623)	(65,726)	**(885,681)**	(820,698)
(6,790)	-	**(111,334)**	-
(418,717)	(399,201)	**(996,642)**	(957,643)
(13,475)	(15,826)	**(32,055)**	(37,649)
131,763	344,177	**131,763**	344,177
(288,594)	(168,565)	**(288,594)**	(168,565)
28,285	(13,102)	**28,285**	(13,102)
5,465,552	4,364,041	**1,644,074**	354,789
-	-	**(437,513)**	(34,816)

31.2 Geographical information on the Group's revenue from customers by geographical area are:

	2021 N$'000	2020 N$'000
Domestic- Namibia	5,913,782	6,887,278
Regional Exports/ Cross border customers		
Angola	188,835	185,037
Botswana	84,510	87,065
South Africa	10,994	11,017
SAPP Market	351,786	478,933
	-	5,051
	6,549,907	7,654,381

31.3 Information about major customers

Included in total segment revenue arising from the sale of electricity, extension charges, SAPP market sales and contribution by customers of N$6.5 billion (2020: N$6.9 billion) (see note 31.1 above) are revenues of approximately N$3.0 billion (2020: N$3.0 billion) which arose from electricity sales to the Group's three largest customers. No other single customers contributed 10% or more to the Group's revenue for both 2021 and 2020 financial years.

Acronyms

AGM	Annual General Meeting
ALCO	Asset and Liability Committee
BEC	Bid Evaluation Committee
BESS	Battery Energy Storage System
CAIDI	Customer Average Interruption Duration Index
CENORED	Central-North Regional Electricity Distributor
CFO	Chief Financial Officer
CGU	Cash-Generating Unit
COD	Commercial Operation Date
CPA	Cost Price Adjustment
CPBN	Central Procurement Board of Namibia
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CT	Current Transformer
DRC	Depreciated Replacement Cost
ECB	Electricity Control Board
EDM	Electricidade de Mozambique
ECL	Expected Credit Losses
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EOI	Expression of Interest
EPC	Engineering Procurement and Construction
ERM	Enterprise Risk Management
ESIA	Environmental and Social Impact Assessment
ESI	Electricity Supply Industry
ETM	Energy Trading Markets
EXCO	Executive Committee
EUR	Euro
FID	Final Investment Decision
FSAs	Fuel Supply Agreements
FSC	Forest Stewardship Council
FV	Fair Value
FVTOCI	Fair Value through Other Comprehensive Income
FVTPL	Financial Assets at Fair Value through Profit or Loss
GBP	Great British Pound
GIS	Geographic Information Systems
GWh	Gigawatt-hour
HFO	Heavy-Fuel Oil
HPP	Harambee Prosperity Plan
HVDC	High-voltage direct current
IAS	International Accounting Standard
IASB	Accounting Standards Board
IFRS	International Financial Reporting Standards
IMS	Integrated Management System
IPPs	Independent Power Producers
ISAs	International Standards on Auditing
iServ	IT Services
ISO	International Organisation for Standardisation
kV	kilovolt
kWh	Kilowatt-hour
LME	London Metal Exchange
LRMC	Long Run Marginal Cost
MEA	Modern Equivalent Asset

MEFT	Ministry of Environment, Forestry and Tourism
MME	Ministry of Mines and Energy
MSB	Modified Single Buyer
MTC	Mobile Telecommunications Limited
MVA	Megavolt tampere
MW	Megawatts
MWh	Megawatt hour
NamPower	Namibia Power Corporation (Pty) Ltd
NamWater	Namibia Water Corporation Ltd
NAV	Net Asset Value
NDCs	Nationally Determined Contributions
NDP5	Fifth National Development Plan
NETS	NamPower Energy Trading System
NIRP	National Integrated Resource Plan
NNF	Namibia Nature Foundation
NORED	Northern Regional Electricity Distributor
N$	Namibia Dollar
OCI	Other Comprehensive Income
OST	Out of Step
PPA	Public Procurement Act
PPAs	Power Purchase Agreements
PPE	Property, Plant and Equipment
PSA	Power Supply Agreement
PV	Photovoltaic
P+L	Profit or Loss
RC	Replacement Cost
REDs	Regional Electricity Distributors
REFIT	Renewable Energy Feed-In Tariffs
RFP	Request for Proposal
RPL	Recognition of Prior Learning
SADC	Southern African Development Community
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SAPP	Southern African Power Pool
SB	Single Buyer
SOCIE	Statement of Changes in Equity
SOCI	Statement of Comprehensive Income
SOFP	Statement of Financial Position
SS	Substation
SSML	Scheduled System Minutes Losses
SVC	Static Var Compensator
SWER	Single Wire Earth Return
T/S	Transmission station
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
USML	Unscheduled System Minute Losses
USO	Units Sent Out
USPPI	United States Producer Price Index
WHO	World Health Organisation
ZAR	South African Rand
ZESA	Zimbabwe Electricity Supply Authority
ZESCO	Zambia Electricity Supply Corporation
ZPC	Zimbabwe Power Company

NOTES

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