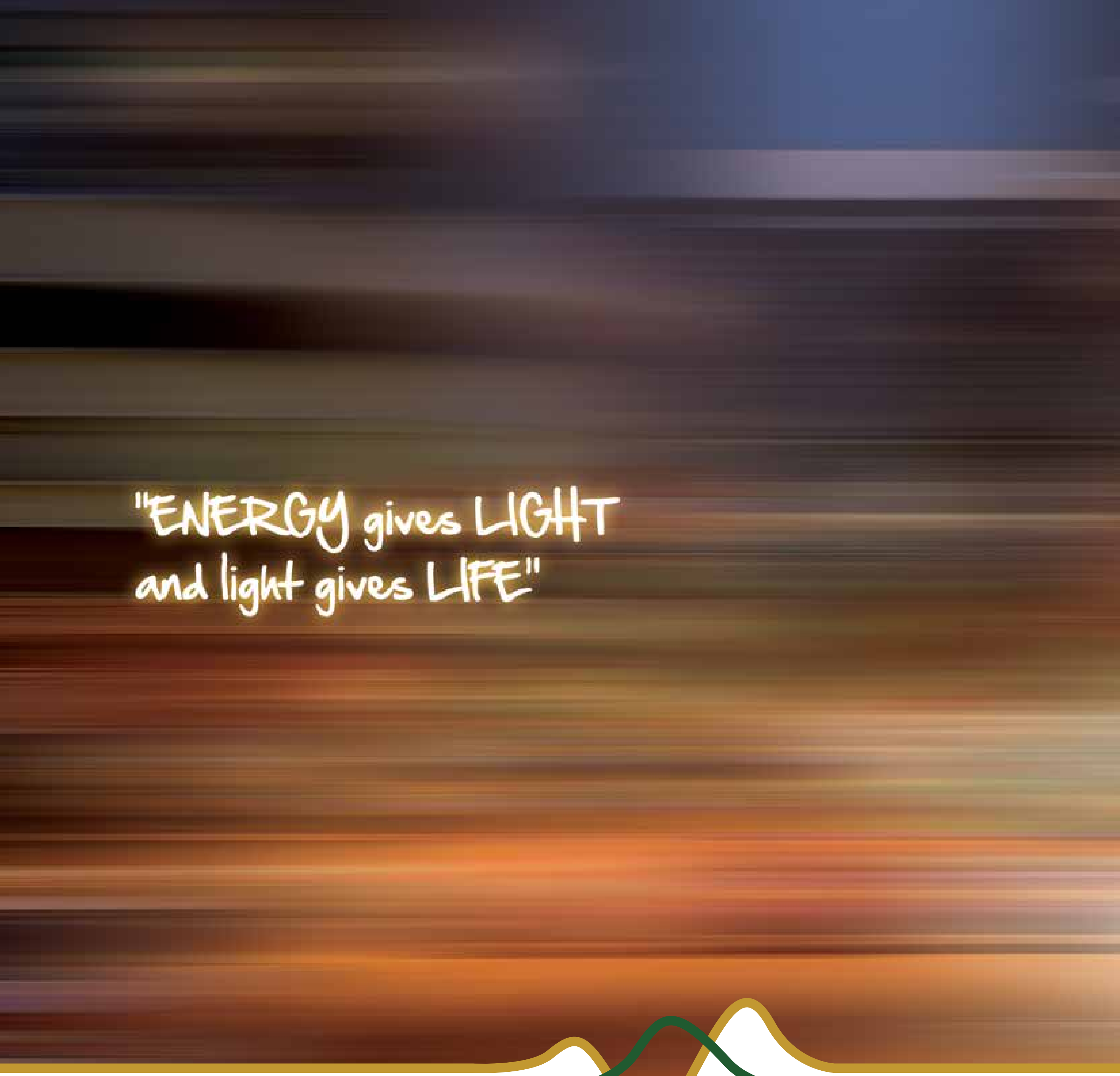
2015
ANNUAL REPORT

NamPower

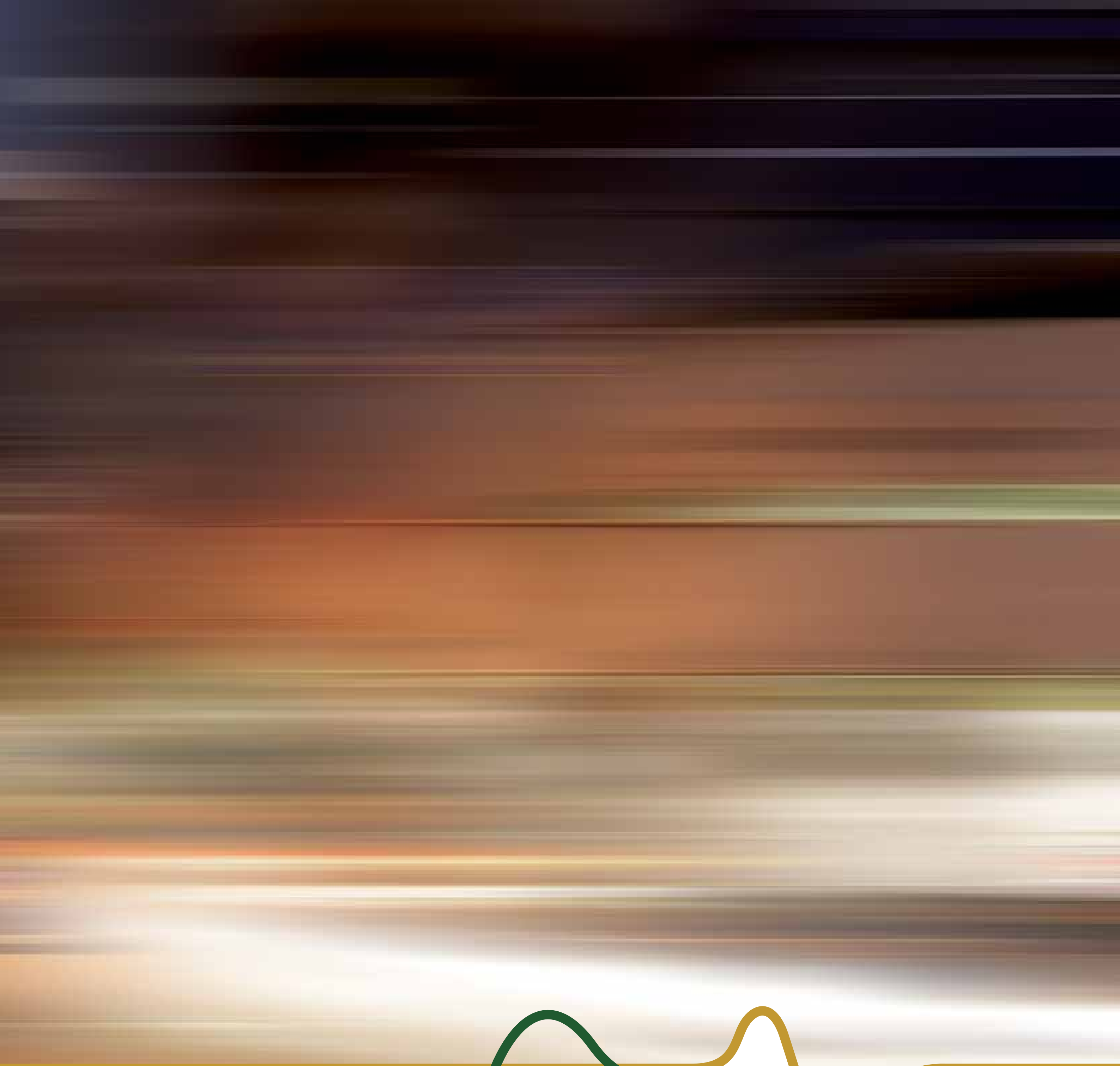
Powering the Nation and beyond



ABOUT THIS REPORT

This annual report reviews NamPower's financial, economic, technical, social and sustainability performance for the year from 1 July 2014 to 30 June 2015. It aims to provide a transparent, comprehensive and comparable view of the company's performance and outlook to a broad range of stakeholders. The report addresses our performance in relation to the sustainability dimensions which underpin our strategy, taking into account our operating environment, our long-term goals, the risks that might prevent us from achieving those goals and the measures put in place to mitigate those risks.

This annual report takes cognisance of the integrated reporting requirements of the King III Report on Corporate Governance, effective 1 March 2010, as is expected of a responsible organisation committed to good governance and accountability. The sustainability report is based on the requirements of the globally recognised best reporting practices' framework, the Global Reporting Initiative (GRI). The Annual Report is available on NamPower's website (www.nampower.com.na).



A B O U T   T H E   T H E M E

"Energy is liberated matter, matter is energy waiting to happen."

Our planet is one of the extremely few places in the universe that is so close to one star that its entire environment is bathed in light. We rarely consider this fact as we go about our daily lives.

The sun is a food source for every form of life; it's the energy that binds together all of biomass's important components. The sun's most coveted possession, light, provides safety and security; it provides access to education, enhances architecture and improves quality of life. We take it for granted and often notice it only by its absence.

Existence of light for us is self-evident. Therefore, we often forget its central role in our wellbeing and for all life on the planet. This Annual Report will remind us all of the importance of light, by reflecting on the myriad of ways in which it enhances and realises energy.

REFLECTING ON OUR ...

VISION

To be a leading energy company in Africa, which excels in customer service, people development and technological innovation.

MISSION

To provide for the energy needs of our customers, fulfil the aspirations of our staff and satisfy the expectations of our stakeholders.

GROUP VALUES

- Customer Focus
- Teamwork
- Accountability
- Integrity
- Employee Empowerment
- Safety, Health and Environment (SHE)

WE ARE COMMITTED TO...

- Providing value added service to our customers
- Having technically reliable, modern and state of-the-art technology and equipment
- Adhering to safety measures in all our operations
- Appropriate development strategies
- Making electricty available to most households in Namibia
- Having a proactive workforce

Abbreviations/Acronyms

AFDB: African Development Bank

CAPEX: Capital Expenditure

CSP: Concentrated Solar Power

CPV: Concentrator Photovoltaic

COBIT: Control Objective for Information and Related Technology

CSI: Corporate Social Investment

CAIDI: Customer Average Interruption Duration Index

DAM: Day Ahead Market

DSCR: Debt Service Cover Ratio

DSM: Demand Side Management

DSN: Disability Sports Namibia

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

EDM: Electricidade De Mozambique

ECB: Electricity Control Board

EEC: Employment Equity Commissioner

ERM: Enterprise Risk Management

ESIA: Environmental and Social Impact Assessment

EMP: Environmental Management Plan

EIB: European Investment Bank

EXCO: The Executive Committee, comprising the Managing Director and Business Unit Leaders

FID: Final Investment Decision

FOREX: Foreign Exchange

GX: Generation System

GRN: Government of the Republic of Namibia

GDP: Gross Domestic Product

IPPS: Independent Power Producers

ITIL: Information Technology Infrastructure Library

IEEE: Institute of Electrical and Electronics Engineers

KPA: Key Performance Area

KPI: Key Performance Indicator

KV: Kilovolts

KWH: Kilowatt Hours

LED: Light Emitting Diode

LRMC: Long Run Marginal Cost

LTIFR: Lost Time Injury Frequency Rate

MW: Megawatts

MUN: Mineworkers' Union of Namibia

NEEEP: NamPower Equitable Economic Empowerment Policy

NIRP: National Integrated Resource Plan

OPEX: Operating Expenditure

PJTC: Permanent Joint Technical Committee

PCB: Polychlorated Biphenyl

PV: Photovoltaic

PPA: Power Purchase Agreement

PSD: Power System Development Business Unit

PAN: Previously Advantaged Namibian

PDN: Previously Disadvantaged Namibian

REDS: Regional Electricity Distributors

REFIT: Renewable Energy Feed-In Tariff

SHEW: Safety Health Environment and Wellness

STCS: Short-term Critical Supply

STPSC: Short-term Power Supply Committee

SADC: Southern Africa Development Community

SAPP: Southern Africa Power Pool

SEA: Strategic Environmental Assessment

SAIDI: System Average Interruption Duration Index

SAIFI: System Average Interruption Frequency Index

TX: Transmission System

UPS: Uninterrupted Power Supply

VPS: Virtual Power Station

WIMSA: Working Group of Indigenous Minorities in Southern Africa

ZESCO: Zambia Electricity Supply Corporation

ZPC: Zimbabwe Power Company

Abbreviations/Acronyms for the Group Key Statistics and Financials Statements are contained on page 10.

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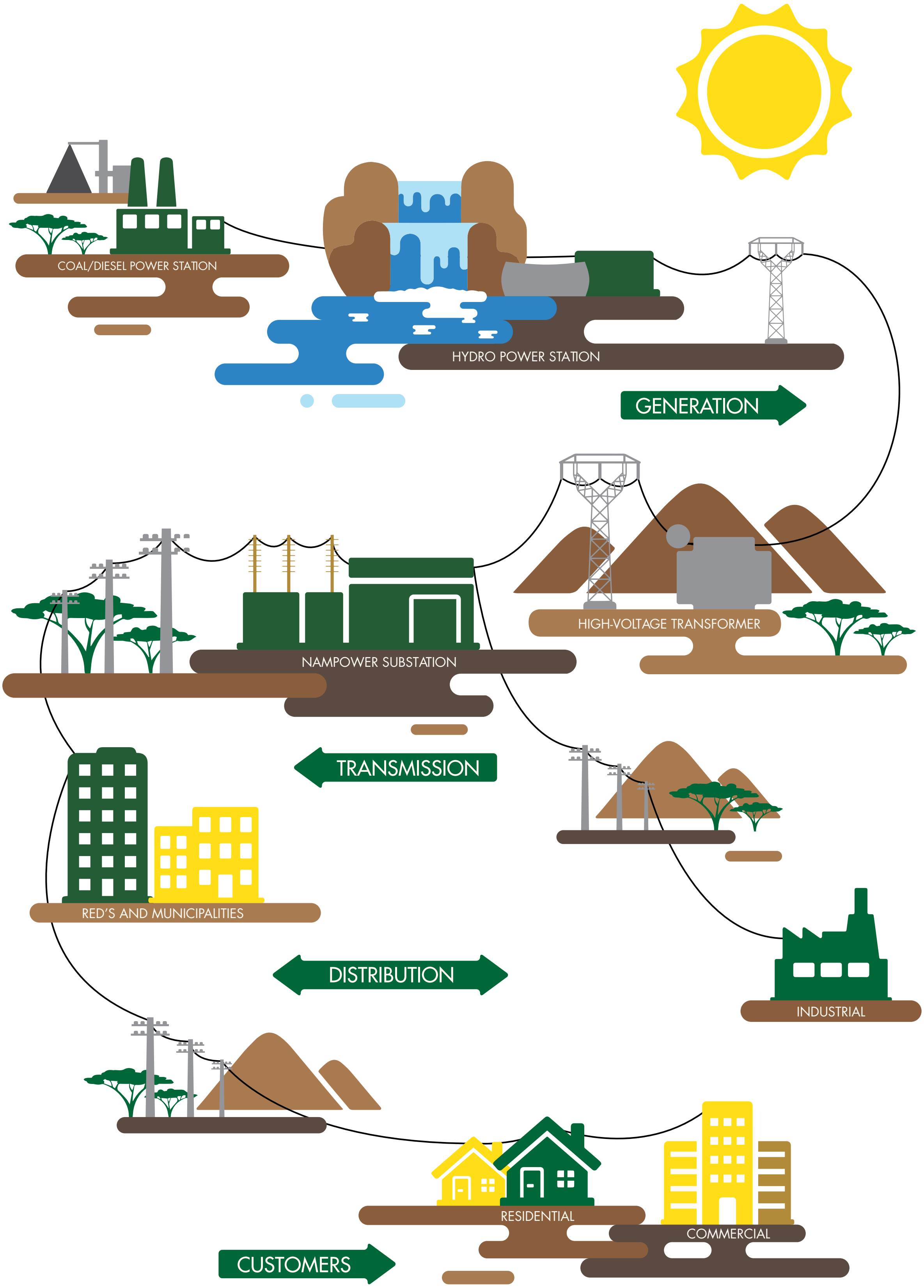
REFLECTING ON OUR BUSINESS MODEL



REFLECTING ON **OUR STRATEGY**

NAMPOWER'S MANDATE

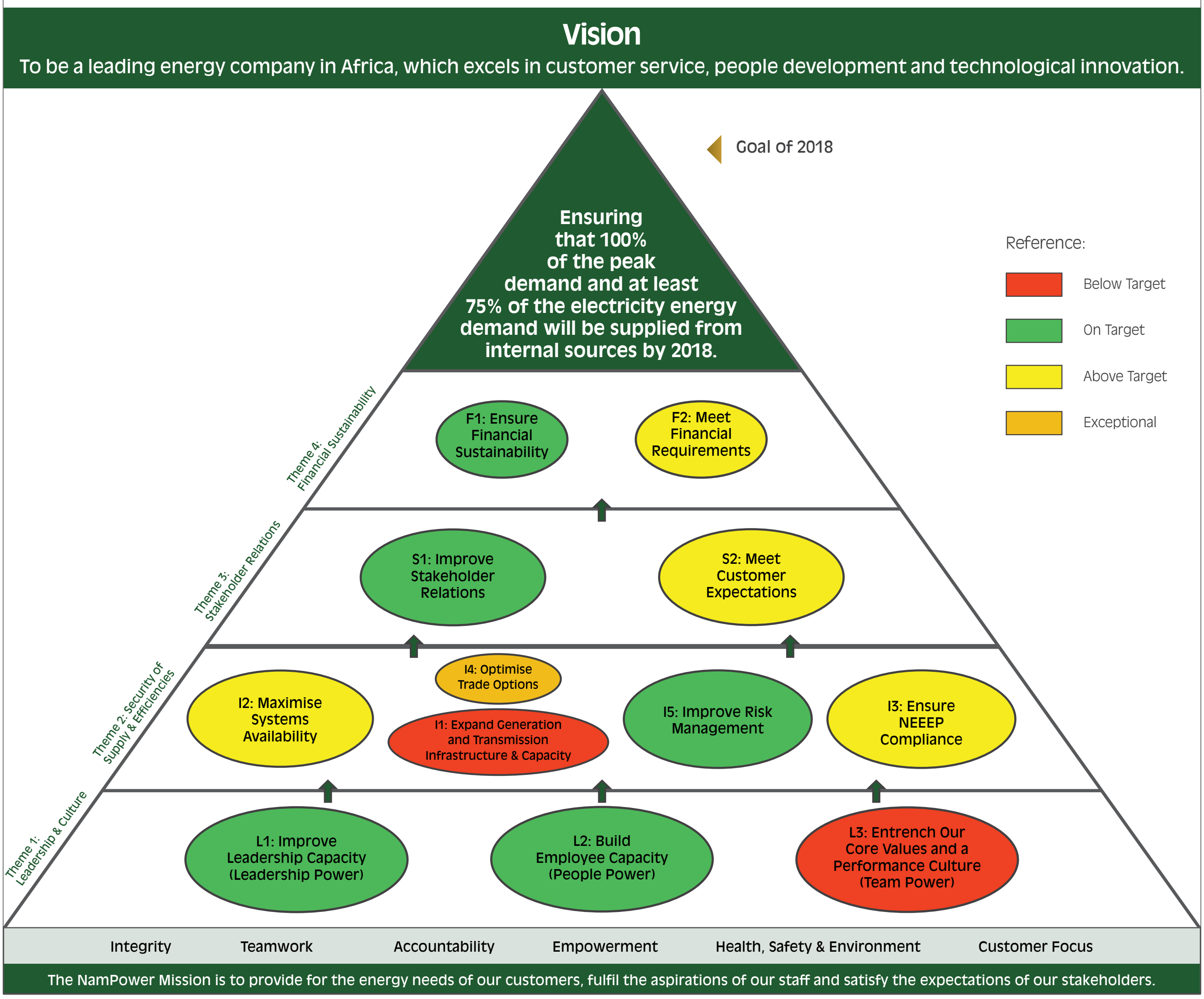
NamPower's mandate as expressed in the licences it holds under the Electricity Act of 2007 is to generate, transmit, supply and trade in electricity, while also exporting, importing and to a limited extent distributing electricity.

Generation, transmission and energy trading are regarded as NamPower's core mandate. NamPower has already reduced its direct involvement in the distribution of electricity and expects to completely end its direct involvement in distribution when the remaining Regional Electricity Distributors (REDs are formed.

In terms of the 1998 White Paper on Energy Policy which is still the binding expression of Government policy on energy, NamPower is mandated to work towards the supply of 100% of peak demand for electricity and 75% of electrical energy from internal (Namibian) sources.

The Policy goes on to state that *"risk mitigation measures will be pursued, including the possibility of regional equity participation in, and guarantees for, Namibian generation projects. The Ministry of Mines and Energy, together with public sector entities such as NamPower and Namcor, is responsible for implementing this policy."*

NAMPOWER STRATEGY MAP 2014 - 2015



SECURITY OF SUPPLY AND EFFICIENCIES	Objectives: KPA	Measurements: KPI	2014/15 Targets	Actuals
	Expand Generation and Transmission Infrastructure & Capacity	Kudu Implementation milestones	Jun-2015	Not Yet
		Mega Watt Available	480	429.5
		New Transmission Lines Constructed (km)	150	248
	Maximise Systems Available	% TX Availability	98%	99%
		% GX Availability	92%	94%
		IT Systems Uptime	99%	99.3%
		% Compliance with Scheduled Maintenance	80%	87%
	Ensure NEEEP Compliance	% of total procurement spend on NEEEP compliant enterprises	10%	19% (PDN)
	Optimise Trade Options	Cent per kWh	102.53	63.35
	Improve Risk Management	Average rating obtained on the Corporate Risk Management Plan	80%	80%

Legend:

Red	= Below Target
Green	= On Target
Yellow	= Above Target
Orange	= Exceptional

As one would expect from the country's single largest corporate investor, and among its largest corporate employers, and as should become evident upon reading this Annual Report, NamPower measures its performance against the full range of indicators, not just those in its key areas of technical proficiency. Nevertheless, the overarching challenge of 2014/15 has been, and in future years will be, "keeping the lights on", which carries with it an unavoidable emphasis on the technical indicators above, grouped under the category of Security of Supply and Efficiencies. NamPower's performance during the year under review in this respect can be rated as strong - but with the important qualification that we need to accelerate progress towards meeting our overarching high-level goal of ensuring that 100% of peak demand and at least 75% of total demand will be supplied from internal sources by 2018.

REFLECTING ON **OUR STAKEHOLDERS**

NamPower engages its various stakeholders for different reasons and in accordance with the company's high-level five-year strategic plan. The stakeholders engaged during the year include:

Industry
Associations and industry experts

Employees
Employees, Exco, Board

Regulators
Electricity Control Board (ECB)

Government
Public Enterprises, Ministry of Mines and Energy, Ministry of Finance, Ministry of Environment and Tourism, Ministry of Trade and Industry, Ministry of Labour, Ministry of State-owned enterprises, Other Government Ministries and Agencies.

Key customers
Industrial, mining, commercial, REDs, municipalities, town councils, farmers (where no REDs operate), Namwater

Suppliers
Capacity expansion suppliers, fuel suppliers, original equipment manufacturers, other suppliers of goods and services, Independent Power Producers (IPPs)

Organised labour
Representative Union body

International/ Regional relations
Multilateral institutions, Donor funding agencies, Cooperation agreements, Southern African Power Pool (SAPP)

Media
Namibian, African and International

Business
Financial Institutions, Investors (local and international), Namibia Chamber of Commerce and Industry

Civil society
NGOs, Namibia Nature Foundation, Universities, Technicons, Research Institutions, General public

NamPower has a Stakeholder Engagement Plan in place, which serves as a management tool aimed at ensuring that information flow within the company and from the company to its various stakeholders is consistent and accurate so as to ensure sound stakeholder relationships and maintain public trust.

The NamPower Corporate Strategy and Business Plan highlights understanding the needs of our stakeholders as a prerequisite to effective stakeholder relations management and positive image building. In order to remain abreast of current opinions in terms of whether NamPower is meeting its intended mandate and strategic objectives, tests the level of customer satisfaction and the corporate image/reputation of the company, among others, the company commissions an external stakeholder perception survey (every second year) through an open tender process, to gauge the opinions of its various stakeholders. Leadership at national level, large customers, small customers, the general public, suppliers and opinion leaders are sampled during the survey. Results from the study give the company an idea about perceptions held by is stakeholders. Feedback from the survey is then used to put in place interventions that will help in sustaining/improving stakeholder relations and upholding our corporate image.

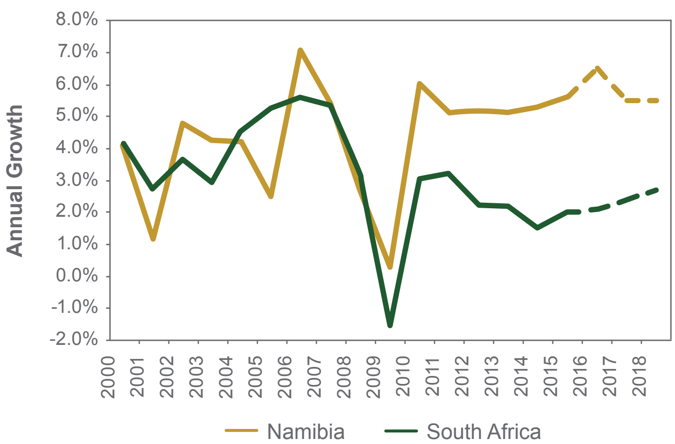
REFLECTING ON THE ECONOMIC ENVIRONMENT

THE GLOBAL AND NAMIBIAN ECONOMIES

For almost a decade, the global economy has been faced with great challenges, starting with implosion of the sub-prime mortgage market in the US and subsequent global financial crisis in the mid-2000s, followed by the European debt crisis thereafter. Ever since these major global shocks, many of the world's economies have struggled to regain their feet, with several of the G20 countries still running large output gaps and above-average unemployment levels.

Prior to 2010, the economies of Namibia and neighbouring South Africa moved substantially in tandem, with growth showing extremely similar trends and performance. However, following the 2009 recession, the economy of Namibia fast rebounded to pre-contraction rates, while the economy of South Africa has yet to regain its feet. In Namibia, low interest rates, strong counter-cyclical Government spending and abnormally high levels of foreign direct investment drove this growth, taking the form of a notable construction boom, as well as a sizable increase in consumption expenditure.

Divergent Growth



Source: IMF World Economic Outlook

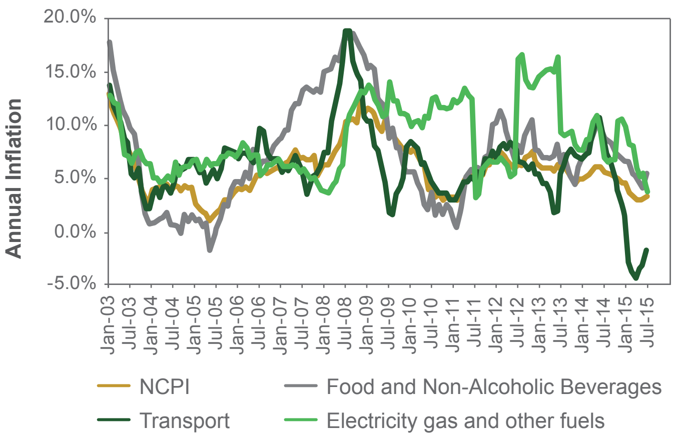
On the construction side, major investment growth has been driven by both external and domestic parties. Notable foreign direct investment has been injected into the local mining sector over recent years, with Namibia experiencing its first ever, consecutive construction of three new mines (the Otjikoto Gold Mine, the Tschudi Copper Mine and the Husab Uranium Mine) in 2014. At the same time, both the Government and domestic private sector continued to invest heavily in infrastructure, with the former being largely focused on logistics infrastructure, and the latter on increasing the country's retail floor space. While much current investment currently stands as construction activity, in the longer term it will be reflected in increased mining, logistics, and other output.

On the consumption side, increased employment levels (largely due to the aforementioned construction boom) as well as major re-grading of civil service salaries, and public and private sector wage settlements above inflation, coupled with income tax cuts and accommodative interest rates also drove major growth in household income from 2013 through 2015. Given a high propensity to consume by Namibian consumers, this pickup in disposable income has resulted in strong growth in retail activity in the country.

These two key components of GDP have resulted in a period of strong growth for the domestic economy, with average real growth of 5.2% over the past five years, when compared to average growth of 4.2% since Independence. This above-trend growth rate has, unsurprisingly, resulted in some cracks appearing in the local economy when viewed more holistically. Accelerated growth in both the consumption and investment components of GDP has driven strong demand increases for many domestic services, including amongst others, water, electricity, education and housing. As demand for these services has increased faster than their supply, as is characteristic of an economy moving onto a higher growth path than the long term mean, demand-side inflationary pressure has been witnessed.

In the case of energy, this demand-side pressure has stemmed from many factors. At retail level, demand has increased both as a result of wealth effects in the economy (individuals using more energy) as well as increased grid coverage (more individuals with access to electricity). On the wholesale demand side, major drivers have been the new mines, as well as new manufacturing activities, notably copper, acid and beverage production. On account of these demand increases, and given that such increases require further investment in generation infrastructure, in 2014, for the 2014/15 financial year, the Electricity Control Board (ECB) approved, and NamPower implemented, an effective 13.22% bulk tariff increase for power. Similar tariff increases were seen in other utility prices, which went on to lead overall inflation through much of the past year.

Select Inflation Categories



Source: Namibia Statistics Agency

An additional imbalance in the Namibian economy stems from the current account: the country has been importing goods to a value far superseding the value of its exports. Due to the fixed-exchange rate regime between Namibia and South Africa, this has resulted in a notable drawdown in Namibia's foreign exchange reserves, generating a potential rating-agency risk for the country if not addressed. The reason for this imbalance is that large volumes of imports have been required to support both the burgeoning construction activity within the country and the increase in domestic consumption. Notably, one of the current major imports into Namibia is power, which is purchased from many regional producers in order to supplement domestic generation.

However, from an energy perspective, the years 2014 and 2015 have proven challenging for Southern Africa, as long-term under investment in infrastructure and a sizable drought in many regional countries has culminated in power imbalances, with regional demand outweighing supply, resulting in the majority of countries in the region suffering from regular and extended load-shedding and rolling blackouts.

From a generation perspective, various challenges in South Africa have seen that country suffer from a peak-power shortfall of up to 5,000MW (over eight times Namibia's total demand, excluding the Skorpion Zinc mine). Moreover, between Namibia, Mozambique, Zambia, Zimbabwe and Botswana, close to 80% of total generation capacity derives from hydro plants (the largest being situated on the Zambezi), and low river levels have presented major generation challenges, leading to energy generation below the norm from many facilities.

As a result of these shortages, South Africa, Mozambique, Zambia, Zimbabwe and Botswana have all experienced load shedding through 2015, at varying levels of severity. Namibia, however, has managed to stave off load shedding to date, despite the challenging regional energy situation. This has been critical to the continued strong performance of the Namibian economy, which remains highly dependent on grid energy for growth.

OUTLOOK

While the global economy at present appears somewhat fragile, there is reason for cautious optimism. The economy of the United States is fast approaching full capacity utilisation with unemployment and growth more or less back to pre-crisis levels. While European recovery remains weaker, recent growth and employment trends appear to confirm a process of structural transformation and recovery. China remains broadly concerning, with various long-term structural issues presenting threats to its historical record of ultra-high rate growth and development. Given the importance of China as a commodity consumer, the slowdown could present continuing adverse challenges to the commodity-dependent countries of the globe, many of which can be found in Southern Africa.

The outlook for South Africa in particular remains unsettled, with commodity prices, social challenges and energy shortages hampering the development of the economy. Moreover, Pretoria's current fiscal position, given the general macroeconomic situation, remains somewhat precarious as policy makers seek to balance the mandates of prudent fiscal management with the provision of much needed public s ervices and investment in socio-economic infrastructure.

Nevertheless, for Namibia the outlook can be regarded as generally more positive, despite challenges. Firstly, Namibia is likely to be negatively impacted by the regional power crisis, though plans are afoot to mitigate these negative impacts. Commodity price declines will also present a challenge, with negative impacts expected on the mining sector and on revenue collection by Government. Moreover, the Southern African Customs Union's duty collections are expected to be lower than in recent years, and thus Government revenue from this source can also be expected to decline.

Nevertheless, the bulk of these challenges are manageable, and as such the outlook for Namibia remains broadly positive. Strong growth and investment has led to increased productive capacity within the country, which if maintained will certainly elevate Namibia onto a higher output and developmental path. While this ongoing transformation of the Namibian economy will naturally lead to imbalances, requiring prudent intervention and management by local policy makers and investors, if these are properly handled, the country should witness continuing healthy growth on a sustained basis, spurring it to the forefront of development within the region.

REFLECTING ON **OUR PERFORMANCE**

ACHIEVEMENTS

- Adoption and quick **ROLLOUT OF NEEEP**
- Two year **COMPREHENSIVE AGREEMENT WITH UNION**
- Secure and uninterrupted supply, **NO LOADSHEDDING OR BLACKOUTS**
- **EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) UP TO 24%** (as percentage of turnover)
- Traded energy **IMPORTS 38% MORE ECONOMICAL** than budgeted
- **EXCEPTIONAL TRANSMISSION SYSTEM RELIABILITY**, measured against best practice standards
- The **INNOSUN-OMBURU SOLAR PV PLANT (IPP)**, with a capacity of 4.5MW, started to feed power into the NamPower system
- **MAJORITY OF KPIs ON TARGET** or better

IMPROVEMENTS

- Institution of **NEW INTEGRATED RISK MANAGEMENT FRAMEWORK**
- **INCREASED INTEGRATION OF RENEWABLES** into power supply/savings strategies and systems
- Internal budgetary/IT/management **CONTROL SYSTEMS UPGRADED**
- **INCREASED LOCAL DIVERSIFICATION** of social investment, including rural electrification

CHALLENGES

- **EXPIRATION OF PPAs** with regional firm power suppliers
- Commissioning of **NEAR- TO MEDIUM-TERM GENERATING CAPACITY** to fill interim supply gap
- **MAINTENANCE OF FINANCIAL STRENGTH/CAPACITY** in face of fiscal/macro-economic imbalances and demands on capital

DISAPPOINTMENTS

- **DELAYS IN KUDU** and implementation of other long-term generation solutions
- **LOST TIME INJURY FREQUENCY RATE (LTIFR)**
- **HIGHER STAFF TURNOVER**

REFLECTING ON **MANAGING OUR RISKS**

RISK MANAGEMENT

Progress on risk management is tracked on a quarterly basis at Board level through the Corporate Risk Register. NamPower also reviews operational risk registers on a monthly basis with a specific focus on implementation of the response plans. Institutional risk assessment is carried out annually, which informs the risk management plan and risk matrix to ensure they remain relevant.

Business continuity management plays a key role in risk management, and to this end business continuity plans have been put in place for each business unit, with a further roll out to the sections and sub-sections within those business units currently underway. An IT Disaster Recovery Plan is in place and is reviewed on no less than an annual basis.

The risk management culture within NamPower is driven by the identification and designation of risk champions within each business unit, who then serve as ambassadors of the risk management function.

SIGNIFICANT STRATEGIC RISKS

NamPower has adopted a standardised risk matrix to evaluate risks within the organization. The ownership of identified risks lies with the relevant business unit and management thereof.

The following high level strategic risks have been identified:

Risk	Description and treatment	Accountable business unit
Lack/ slow implementation of capital projects	**Description:** • Lack/slow implementation of capital projects due to natural causes (e.g., weather) or insufficient buy-in from Government/stakeholders Delays in implementation which lead to increased cost **Treatment:** • Ongoing meetings with the Ministry of Mines and Energy, and regular submissions as part of stakeholder management	Power System Development (PSD)
Inability to meet electricity demand	**Description:** • Inability to meet current and future electricity demand as a result of slow implementation of capital projects **Treatment:** • Strategic financial planning • Implementation of project strategy on Short-term Critical Supply (STCS) • Implementation of maintenance strategy for the business unit • Implementation of Kudu project	Technical Services
Operational inefficiency of assets	**Description:** • Operational inefficiency of infrastructure vital to security of supply resulting from sub-optimal maintenance • Ageing of infrastructure and high cost of maintenance caused by environmental factors • Neglect of design defects and vandalism **Treatment:** • Refurbishment of infrastructure • Improvement of technical specifications and design • Strengthening of the 400kV line to SA	Technical Services

REFLECTING ON **MANAGING OUR RISKS (continued)**

SIGNIFICANT STRATEGIC RISKS (continued)

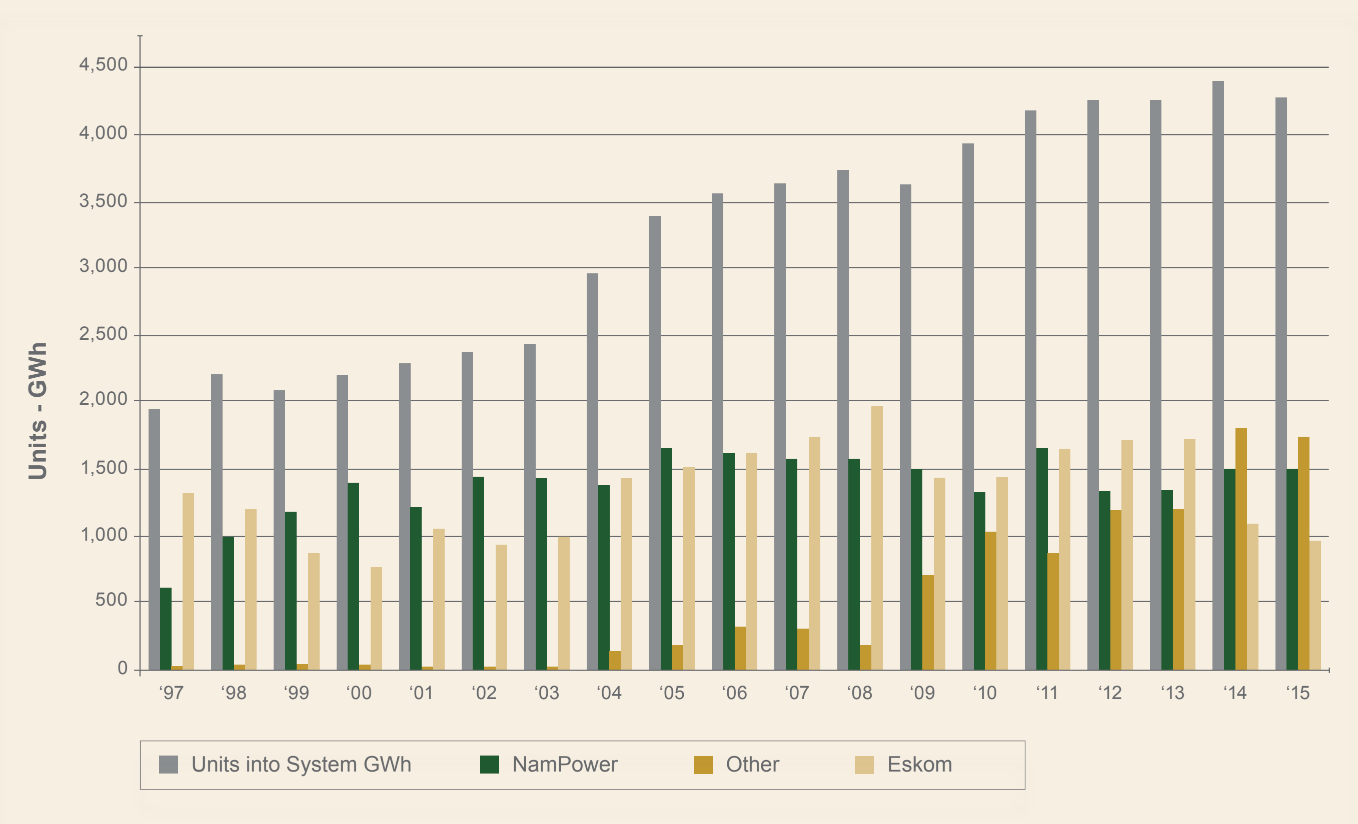
Fraud, theft and corruption	**Description:** • Fraud, theft and corruption resulting from unethical conduct by employees/agents • Collusion with external parties/suppliers • Fraud, theft and vandalism perpetrated by the public **Treatment:** • Fraudulent cases are investigated and corrective measures are implemented • Conduct fraud awareness campaigns countrywide	Finance
High cost of electricity supply	**Description:** • High cost of electricity supply due to foreign currency exchange rate fluctuations • Overreliance on short term imports of electricity • Lack of affordable alternative sources of supply and fluctuation in commodity prices **Treatment:** • Development of multi year pricing path • Engagement of Government/stakeholders on Kudu project. • Engagement of Government and the Angolan Government on management of Kunene river water flow • Strengthening of bilateral supply agreements • Implementation of the National Integrated Resource Plan (NIRP)	Technical Services
Cost/ accessibility of funding	**Description:** • Decreased accessibility to funding for infrastructure projects due to possible loss of credit rating • Political stability and covenants **Treatment:** • Maintenance of credit rating • Development and implementation of a multi-year pricing path • Maintenance of Government/stakeholder relationships	Finance
Disruptions to IT and operations	**Description:** • Disruptions to information and operation technology systems due to service provider downtime • Failure of hardware and/or software • Malicious attacks, Force majeure events **Treatment:** • Development and implementation of IT Disaster Recovery Plan • Regular testing and failovers	IT
Skills retention	**Description:** • Attracting and retaining qualified employees • Global competition for skills **Treatment:** • Implementation of mentorship programme • Development and implementation of retention strategy • General leadership development	Human Resources

		2015	2014	2013
1.	Total revenue (N$'000)	4,480,514	3,967,840	3,305,641
2.	Taxation (N$'000)	(181,431)	(141,250)	37,956
3.	Capital Expenditure (N$'000)	790,522	738,126	395,216
	- Property, plant and equipment	788,845	737,563	394,029
	- Intangible assets	1,677	563	1,187
4.	Coal Cost - Per Ton (N$)	1,528	1,517	1,517
5.	Average Price per unit sold (Cents)	122.7	109.5	96.7
6.	Number of electricity customers	2,829	2,792	2,788
7.	System Maximum (Hourly demand) (MW)			
	- Excluding Skorpion	597	554	534
	- Including Skorpion	657	629	614
8.	Units into System (GWh) - including Skorpion	4,254	4,384	4,238
	NamPower (Pty) Ltd	1,536	1,498	1,331
	ZESCO	422	420	389
	Eskom	982	1,091	1,718
	ZESA	702	962	781
	ZPC	59	-	-
	EDM	35	-	-
	Aggreko	517	413	19
9.	Units sold (GWh)	3,870	3,827	3,859
	Customers in Namibia	3,169	3,028	2,983
	Skorpion Zinc mine	474	571	647
	Orange River	139	145	139
	Exports	88	84	89
10.	Installed Capacity (MW)	1,092	1,087	1,087
	- Ruacana	337	332	332
	- Van Eck	120	120	120
	- Interconnector	600	600	600
	- Anixas	23	23	23
	- Paratus	12	12	12
11.	Transmission Lines			
	- 400 kV (km)	988	988	988
	- 350 kV (km)	953	953	953
	- 330 kV (km)	522	522	522
	- 220 kV (km)	3,013	2,910	2,910
	- 132 kV (km)	2,318	2,142	2,141
	- 66 kV (km)	3,537	3,608	3,605
12.	Distribution Lines			
	- 33 kV (km)	11,614	11,510	11,475
	- 22 kV (km)	4,890	4,891	4,875
	- 19 kV (SWER) (km)	4,407	4,392	4,378
	- 11 kV (km)	1,096	1,151	1,149
13.	Employees	998	956	944

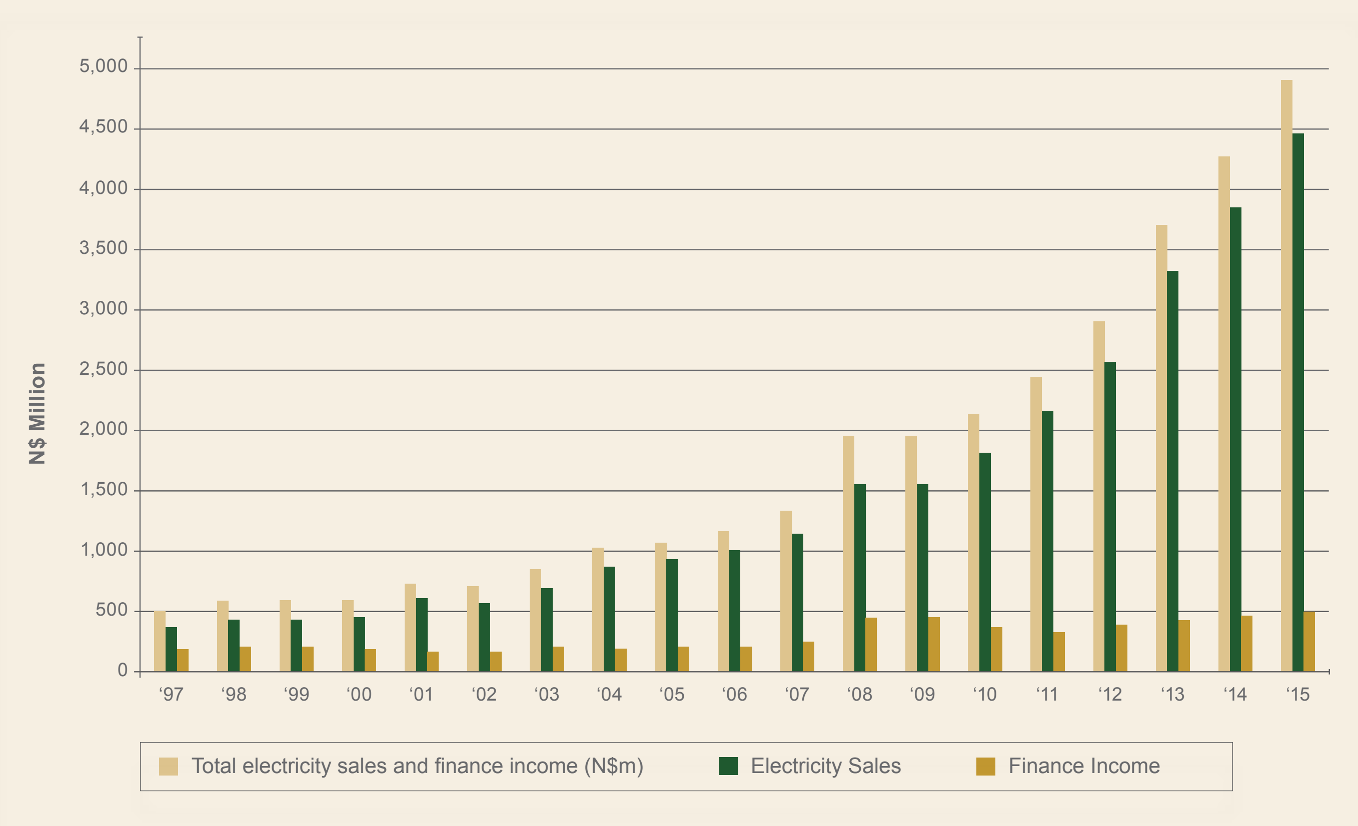
Abbreviations:

AU$: Australian Dollar
EDM: Electricidade de Mozambique
EUR: Euro
FV: Fair Value
GBP: Great British Pound
GWh: Gigawatt hour
Km: Kilometre
kV: Kilovolts
MME: Ministry of Mines and Energy
MTC: Mobile Telecommunications
MW: Megawatt
NNF: Namibia Nature Foundation
N$: Namibia Dollar
OCI: Other comprehensive income
P+L: Profit or loss
SEK: Swedish Krona
SOCI: Statement of comprehensive income
SOCIE: Statement of changes in equity
SOFP: Statement of financial position
STEM: Short Term Energy Market
SWER: Single Wire Earth Return
US$: United States Dollar
ZAR: South African Rand
ZESA: Zimbabwe Electricity Supply Authority
ZESCO: Zambia Electricity Supply Corporation
ZPC: Zimbabwe Power Company

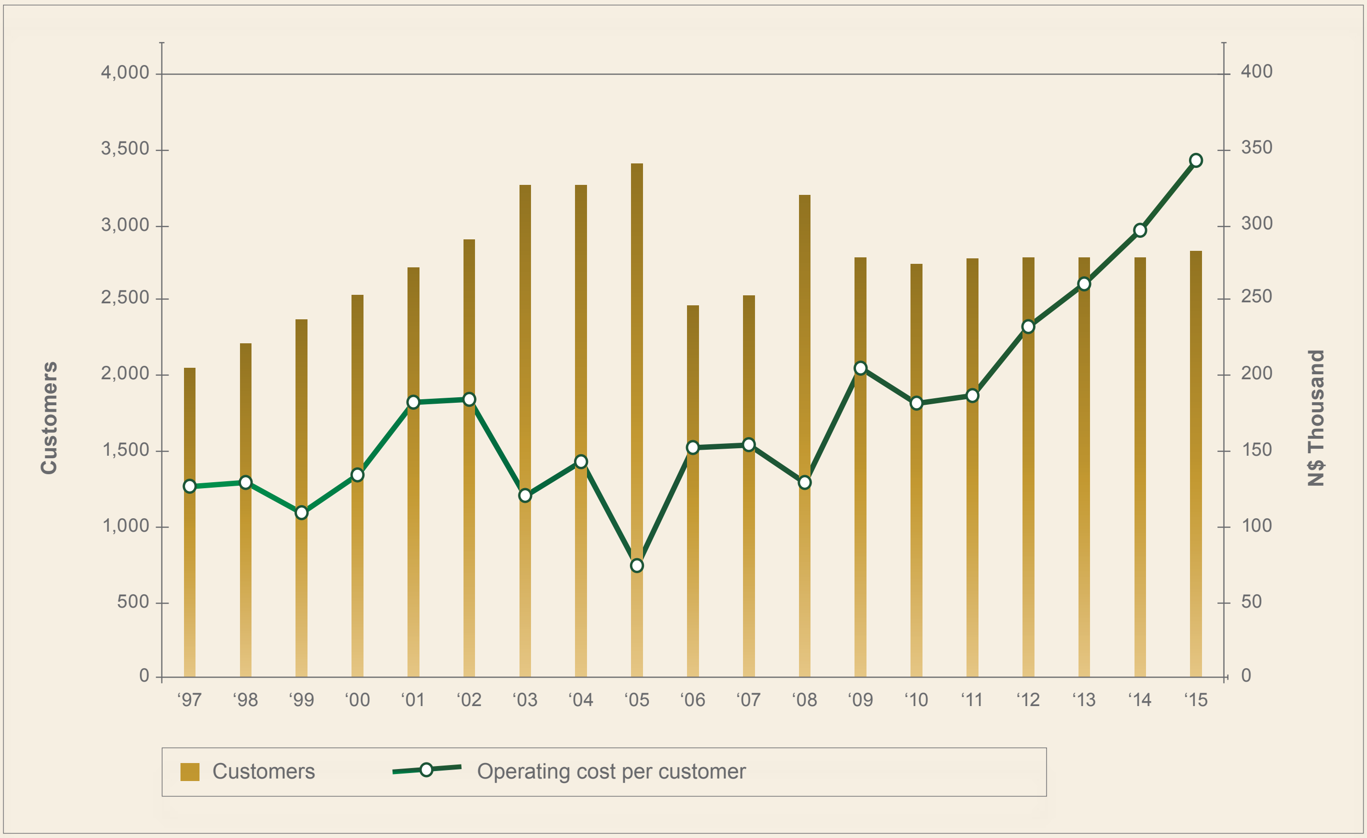
UNITS INTO SYSTEM



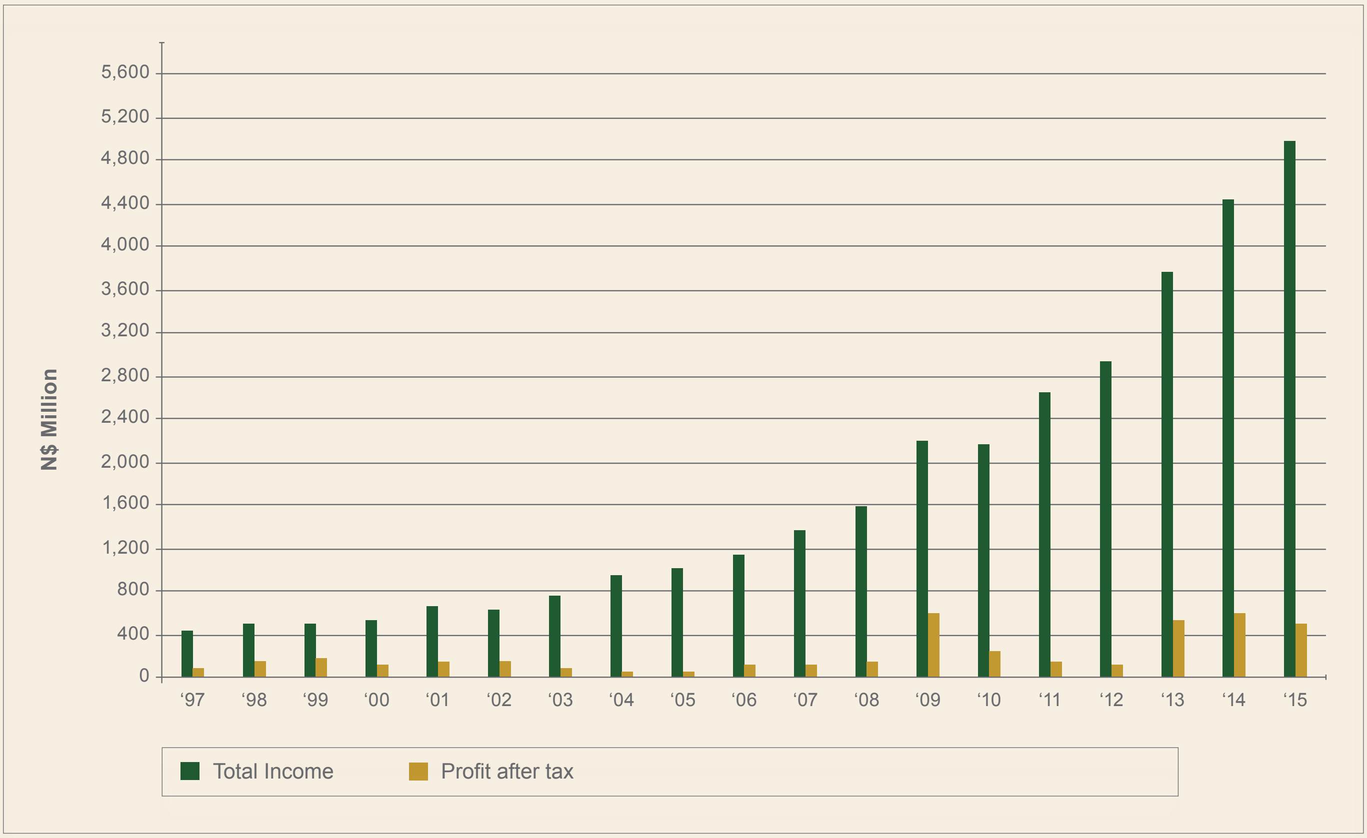
ELECTRICITY SALES AND FINANCE INCOME



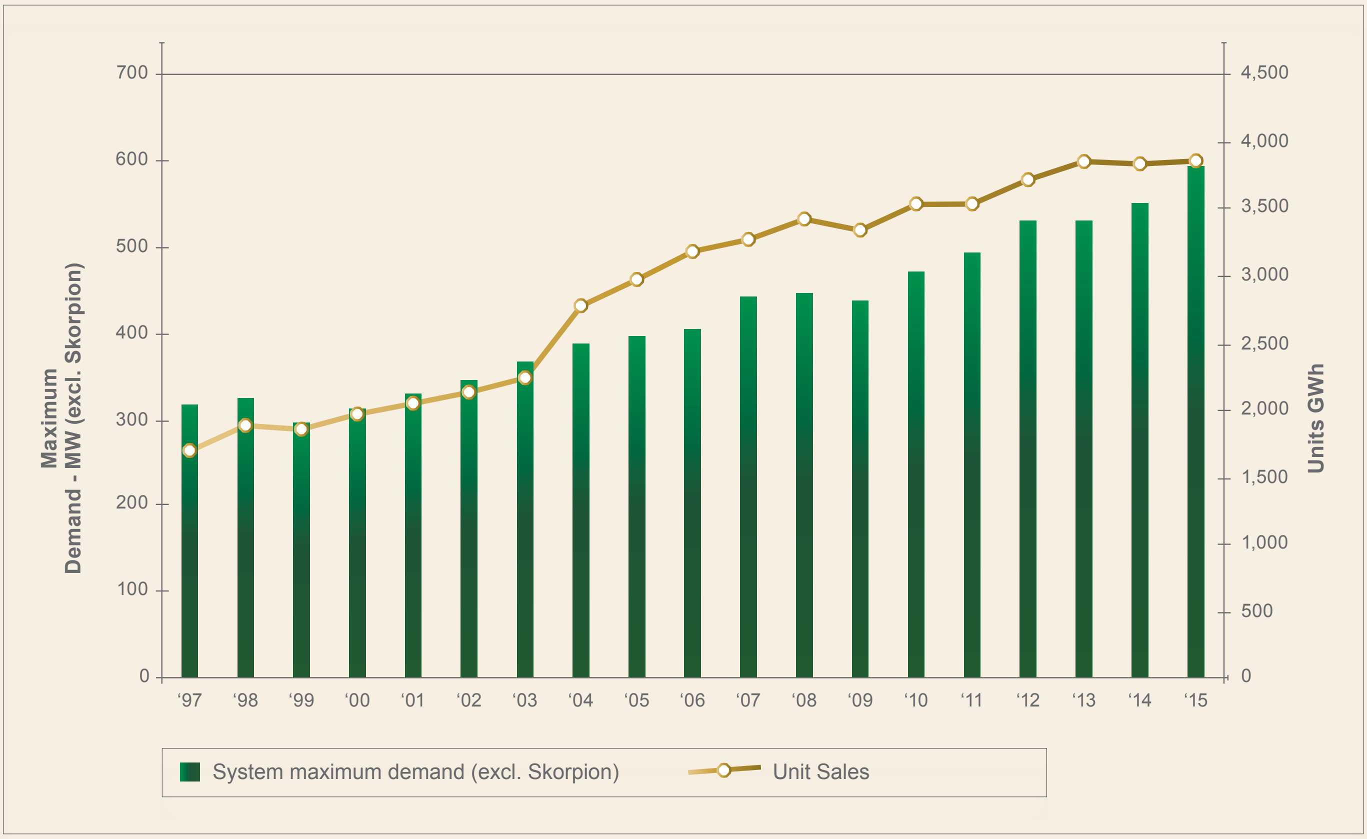
CUSTOMERS AND OPERATING COST PER CUSTOMER



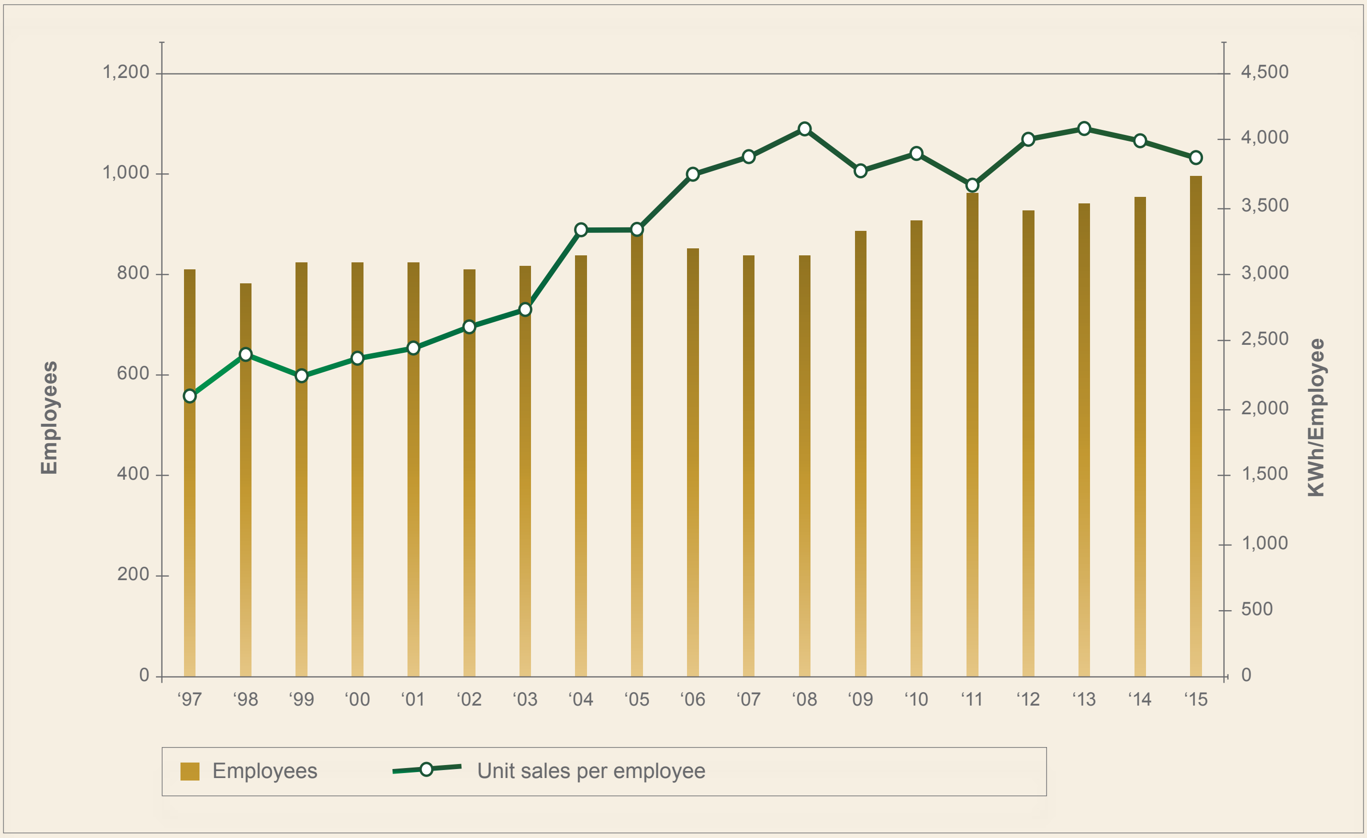
TOTAL INCOME AND PROFIT AFTER TAX (N$ MILLION)

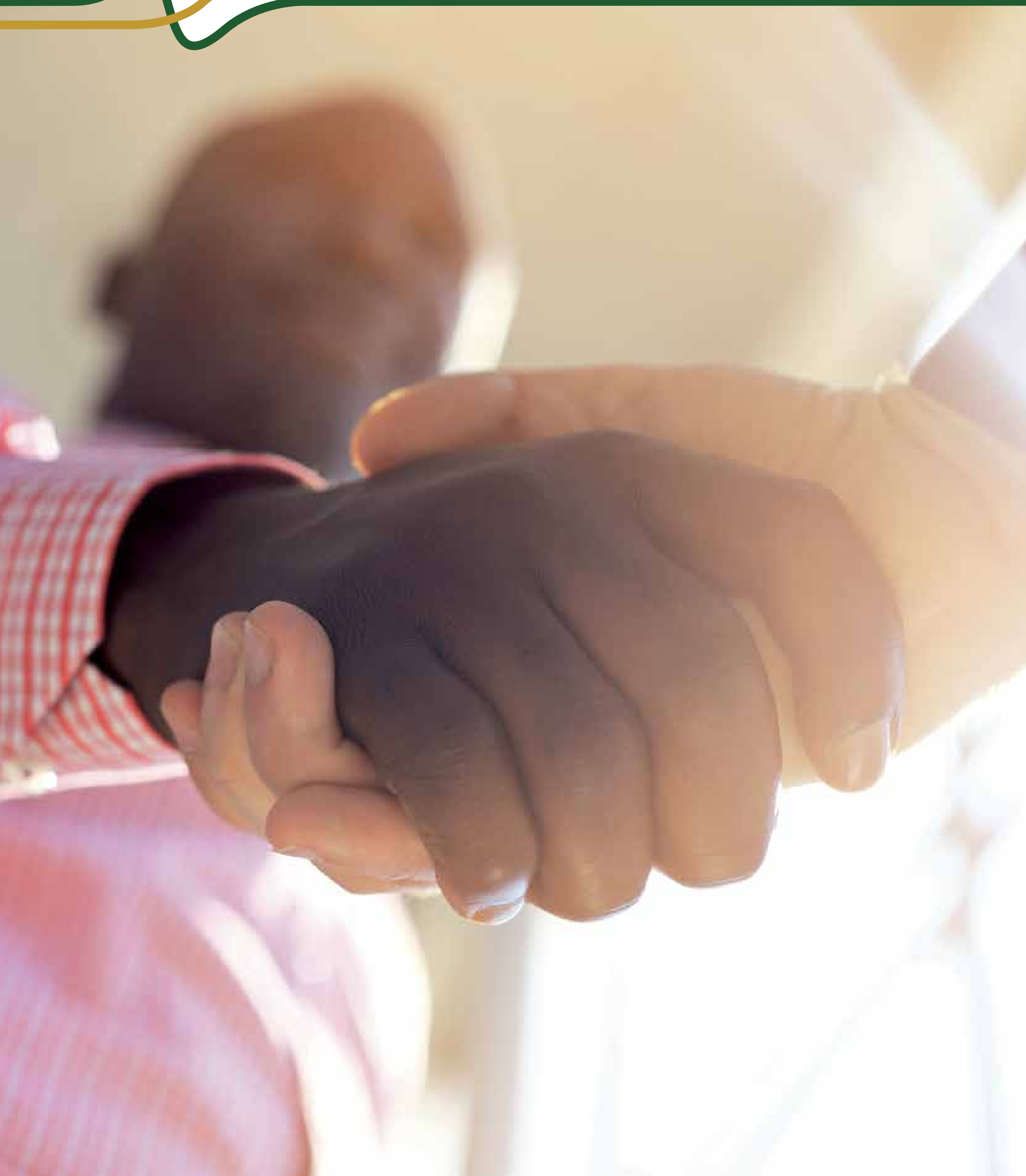


SYSTEM MAXIMUM DEMAND (EXCL. SKORPION) AND UNIT SALES



EMPLOYEE PERFORMANCE



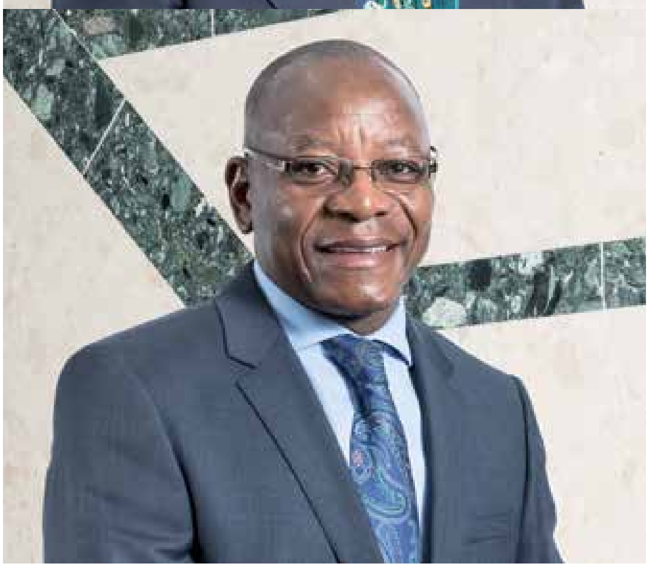


CORPORATE STRUCTURE

MINISTRY OF MINES AND ENERGY

HON. OBETH KANDJOZE
MINISTER OF MINES AND ENERGY

HON. KORNELIA SHILUNGA
DEPUTY MINISTER OF MINES AND ENERGY



HON. SIMEON NEGUMBO
PERMANENT SECRETARY OF MINES AND ENERGY

CORPORATE STRUCTURE

NAMPOWER BOARD OF DIRECTORS




MS. MARIA NAKALE
CHAIRPERSON

Ms. Maria Nakale-Gaomas is the General Manager: Provident Institutions at NAMFISA, responsible for the regulation and supervision of pension funds, medical aid funds and friendly societies.

She has gained extensive experience in finance and investments from both the public and private sector after working for the Bank of Namibia, Prudential Portfolio Managers and Social Security Commission.

She was appointed as a Director to the Board on 1 January 2011 and as Chairperson from 1 April 2013. She was then reappointed as Chairperson on 1 January 2014 for another term. She also serves as a director in other companies both in the public and private sector.

Ms. Nakale-Gaomas has a BCom, MCom (Corporate Finance) and MBA degrees from the Universities of South Africa, Cape Town and Stellenbosch respectively.

ADV. WERNER BOESAK
BOARD MEMBER

Adv. Werner Boesak is a practising Advocate in the High Court of Namibia. He is also a consultant in the oil and gas industry and serves on an educational scholarship board in the industry

He was previously employed as Corporate Legal Advisor at Namdeb Diamond Corporation, and before that he worked for the Trustco Group as Head, Legal Advisor Before joining the Trustco Group, he worked as an Attorney in Namibia and South Africa.

He holds a Bachelors of Law degree from the former University of Natal, and studied towards a Masters in Mineral Law and Policy at the renowned Centre for Petroleum, Mineral Law and Policy (CEPMLP), at the University of Dundee in Scotland. He is currently in the process of completing a thesis towards a Masters in Petroleum Law and Downstream Energy Law at the same university.

He was appointed to the Board on 1 January 2014.

MS. SELMA-PENNA UTONIH
BOARD MEMBER

Ms. Selma-Penna Utonih was the Director of Energy in the Ministry of Mines and Energy. She holds an MSc. Electrical Engineering (Institute of Technology in Plzen, Czech Republic), MBA (Maastricht, Netherlands), Diploma in Teaching Methodology in Turin, Italy and Teachers Certificate, Ongwediva Teachers Training College.

She has extensive experience through her exposure in the public sector over the past 24 years, while working in the Ministry of Mines and Energy, the Ministry of High Education and University of Namibia (Programme Leader of the Energy Resources Management and Engineering Technology, MRC).

She has been serving as a director on the NamPower Board for the past two years and was reappointed on 1 January 2014 for another term. She has in addition, served on many professional energy committees.

MR. PENDA KIIYALA
BOARD MEMBER

Mr. Kiiyala is a local businessman with interests in demersal fishing, telecommunications, and oil-and-gas exploration. He was formerly the General Manager of External Relations at Rio Tinto Rössing Uranium; CEO of the Road Fund Administration (RFA) and Director of Development Cooperation at the National Planning Commission (NPC). Mr Kiiyala was one of the drafters of Vision 2030 while he was with the National Planning Commission.

He holds a Bachelors degree in Political Science (USA), a postgraduate diploma in Development Policy (UK), an MA in International Relations (UK), a certificate in Senior Management Programme (University of Stellenbosch), and an MBA in General and Strategic Management (Holland).

Mr. Kiiyala has been serving as a director on the NamPower Board for the past nine years and was reappointed on 1 January 2014 for another term. He also serves as a director in other companies both in the public and private sector.

MR. PEDRO MARITZ

BOARD MEMBER

Mr. Pedro Maritz has been practicing as a Professional Engineer in Namibia for more than 40 years. He has Bachelor and Honours degrees in Civil Engineering from the University of Pretoria.

During his early career he worked for the Department of Water Affairs and was involved in most of the large water supply schemes and dams built in Namibia. During that time he also participated in the construction of the Ruacana Hydropower Station. He left the services of Government in 1994 to pursue a career as a private consulting engineer and is still active in that field.

He has been serving as a director on the NamPower Board for the past nine years and was reappointed on 1 January 2014 for another term.

MS. PATTY KARUAIHE-MARTIN

BOARD MEMBER

Ms. Patty Karuaihe-Martin is currently the Managing Director of NamibRe. Prior to joining NamibRe on 1 October 2014, she was the Head of the Project Management Office: Tax Reforms at the Ministry of Finance. Prior to joining the Ministry of Finance in 2013, she was a Tax and Advisory Partner/ Leader at Pricewaterhouse /Coopers Namibia.

She has gained broad experience in Internal Audit and Investigations through her exposure in the public and private sector over the past 23 years as well as having been a director at various organisations.

She has a BCom Accounting degree and two Honours BCom degrees specialising in Accounting, Auditing and Tax obtained from the University of Western Cape and the University of KwaZulu Natal. She has completed the Executive Partners Development Programme with the Gordon Institute Business School.

Ms. Karuaihe-Martin was appointed to the Board on 1 January 2014.

MR. KAHENGE SIMSON HAULOFU

ACTING MANAGING DIRECTOR

Mr. Haulofu is the current Acting Managing Director of NamPower. He joined the company in 1998 as Construction Manager in the Projects and Civil Assets department, following earlier periods of service working at the Department of Water Affairs and NamWater on infrastructure projects.

At NamPower, he was promoted to become General Manager of the Engineering Services Department, and then General Manager in charge of Power Generation. In these capacities, he oversaw domestic operations and developed a joint project with Zimbabwe for the refurbishment of the Hwange coal-fired power plant and its subsequent supply of 150MW to NamPower. He also led a regional team involved in early planning for development of the Inga 3 Hydro Power project in the Democratic Republic of Congo under the auspices of the corporate vehicle Westcor, of which he served as Chairman on behalf of five SADC countries.

Mr Haulofu, who holds a B.Sc. Degree with honours in Civil Engineering from Tampere University of Technology, Finland, also serves on the Boards of several Namibian companies, including the regional electricity distributor CENORED, where he is the current Chairman of the Board.

CHAIRPERSON'S STATEMENT

REFLECTING ON THE COMPANY'S GROWTH

"Growth is never by mere chance; it is the result of forces working together."

CHAIRPERSON'S STATEMENT

REFLECTING ON THE COMPANY'S GROWTH (continued)

NamPower's ability to provide reliable and sustainable electricity is key to Namibia's achievement of the goals set out in Namibia's Vision 2030. In this regard, 2014/15 was a successful year during which NamPower again- and uniquely within the region - was able to ensure secure and uninterrupted power supply.

Going forward, there are a number of challenges, including the expiry of agreements with Eskom and Aggreko, our ageing power supply infrastructure and associated high maintenance costs, and difficulties in accommodating IPPs in the absence of Government guarantees, which will have to be carefully managed if security of supply is to be safeguarded in Namibia. Initiatives to address these challenges include re-commissioning of the Van Eck Power Station, to be completed in the next financial year; the rollout of the DSM (Demand Side Management program) (including free distribution of 1 million bulbs and the subsidised installation of 20,000 solar water heaters) during 2015/16; the launch of 100 MW of renewables under the REFIT program and 3 x 10 Solar PV project; commencement of the 80 MW PPA between NamPower and Zimbabwe's ZPC in April 2015; and extension of a 115 MW PPA between NamPower and Aggreko until December 2015.

Notwithstanding these initiatives, customers are cautioned to use electricity wisely and to strive towards reductions of at least ten percent in such usage. The role of renewables as an essential element in sustainable energy supply is widely recognized, and in principle also supports the goal of affordability because generation can occur without commodity and exchange rate risks. However, the main aim of NamPower's integrated planning is to ensure security of supply at all times, therefore due to our irreducible role as supplier of last resort, non-firm renewables are not a panacea on their own, and must be integrated into a broader, suitably diversified supply mix.

In the coming twelve months, what looms as the most critical period is from August 2016 onwards, when enormous strain will be placed on the system and when additional generation capacity will need to have been commissioned to ensure national security of supply. Amongst the factors at play will be the foreseeable expiry of the bilateral agreement with Eskom, diminished output from Ruacana (due to lower water levels), step loads (including Skorpion when their contract with Eskom expires in 2017), and higher domestic economic growth, bringing with it higher power demand. The STPSC (Short-term Power Supply Committee) was formed during the year under review by the Honourable Minister of Mines and Energy to address both these and even more immediate challenges. The Committee is chaired by the Ministry of Mines and Energy, and includes members from the ECB and NamPower. Representatives of other institutions and specialists are co-opted to the Committee as and when required. Government's involvement is vital, as tangible state support will be essential in maintaining NamPower's financial strength. The ECB annual tariff review is intended to be set with full cost recovery and sustai ability in mind, but even so, higher short-term generation costs and electricity imports will likely dilute our profit margins below their historical levels and will most likely require government subsidies.

With affordable firm imports no longer available to Namibia on an assured basis due to the region-wide capacity shortage, NamPower's long-term strategy must be one of import substitution, which of course would also yield broader macro- and micro-economic benefits for the nation. The ECB also commenced an update of the NIRP which describes the recommended energy roadmap for Namibia and will provide guidance on the medium to long-term generation solutions. Significant effort was invested during the year to explore the establishment of a 250 MW Erongo power station; however this project is now put on hold awaiting the outcome of the NIRP and the AfDS report on medium and long term electricity supply requirements.

While the Minister of Finance announced in March 2015 a three-year support package for the Kudu Gas-to-Power Project (which includes Kudu Power), this is being reassessed due to economic changes, including a steep depreciation of the Namibian dollar against the US dollar, which has impacted heavily on the affordability of energy in local currency terms.

The combination of a successful commissioning of a base-load plant such as Kudu, renewables, and the Baynes Hydro project would not only ensure security of supply and long term power tariff stability, but also transform Namibia from being a net importer to a net exporter of electricity. To relieve the capital burden on NamPower's shareholder, IPPS (Independent Power Producers) are part of the blueprint, with NamPower in the role of offtake buyer. Fair and transparent tender processes will be key to ensuring that competitive pricing and quality principles are maintained, to the benefit of the country.

In our quest to help ensure an equitable distribution of national resources, consistent with the principles of transparency and efficiency, NamPower during the year under review, introduced its NamPower Equitable Economic Empowerment Policy (NEEEP). NEEEP sets out criteria for providing Previously Disadvantaged Namibians (PDNs) with greater access to NamPower's procurement activities in an effort to create business opportunities for the majority of hitherto marginalized Namibians. Progress against this objective was statistically demonstrable by the close of the financial year under review.The Board will continue to refine the NEEEP policy to ensure that intended transformational goals on income distribution, entrepreneurship development, and employment creation and community investment through the procurement of electricity related goods and services has been realised. The Board is therefore calling on all key players in the sector to support this cause, and ensure that tangible skills transfer across players in the sector is consistently taking place.

The coming financial year will be a testing one, as augured by lower than expected tariffs announced by the ECB, incremental power supply costs caused by reduction of ZESCO supply due to low water levels at Kariba, reduction in Eskom availability, and yet further depreciation of the Namibian dollar against the United States dollar (USD), in which certain key Power Purchase Agreements are denominated. NamPower has proactively moved to introduce cost constraint measures, including deferment of implementation of non-essential operating expenditure to the future dates. Our annual tariff application also includes a reconciliation process designed to correlate actual results with those projected in the application, and providing for a corresponding rebate or, alternatively, additional cost recovery based on performance.

Effective risk management is a key focus area for the company, and during the year under review the Board continued to demonstrate its commitment to the enterprise risk management (ERM) framework which provides for strong controls in managing risk, improving performance, enhancing governance, instilling stakeholder confidence, and strengthening the overall reputation of the company.

The Board held two strategic breakaway sessions, one with Exco members, and one including a larger management team. The team reviewed NamPower's performance against its strategic objectives and further discussed high-level operational and other matters during these sessions. Numerous special Board meetings were required to ensure timely decision- making, in addition to the regularly scheduled quarterly Board and committee sessions. The Board and management are resolved and united in our commitment to keeping the lights on despite the challenges we face.

APPRECIATION AND CONCLUSION

Against this backdrop, full of both challenges and opportunities, my vote of thanks goes to Government, other key stakeholders, and above all to my fellow board members and dedicated NamPower employees who all worked hard to support us in delivering these performance results we share with you. Together, I am confident that we will continue to fulfil our mandate of ensuring security of supply and through doing so, contribute to leading Namibia to a brighter future for all.

I wish to record our thanks to our longstanding Managing Director, Mr Paulinus Shilamba. The commitment to his work, tenacity and his courage in standing up for what he believes is in the best interest of NamPower has not gone unnoticed, and is highly appreciated. I further want to express our gratitude to the Honourable Isak Katali, whose term as Minister of Mines and Energy ended in March 2015. His support and leadership skills, level of maturity and humility demonstrated during his engagement with us immensely contributed to the positive results that we are presenting to you in this report. I further want to extend our appreciation to Mr Kahijoro Kahuure who served as the Permanent Secretary of that Ministry through June 2015. The NamPower family wishes you both God's blessing and wisdom as you continue to serve the Namibian nation through your current different engagements. We greatly look forward to working with our newly appointed Minister of Mines and Energy, Hon. Obeth Kandjoze, his Deputy Minister, Hon. Kornelia Shilunga and Permanent Secretary, Mr. Simeon Niilenge Negumbo.

MANAGING DIRECTOR'S REPORT

REFLECTING ON A GROWING STRATEGY 2014-2015

MANAGING DIRECTOR'S REPORT

REFLECTING ON A GROWING STRATEGY 2014-2015 (continued)

"Sustainable development offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance."

The year under review can best be understood as one of important but incomplete successes. Within a context of regional crisis, with neighbouring countries and power trading partners suffering widespread capacity shortages and load-shedding (and associated curtailment of economic growth), NamPower managed to avoid such impacts despite its structural dependency on electricity imports from those very same countries. In this fundamental sense, NamPower fulfilled its core mandate of ensuring the nation's power supply 24 hours a day, 365 days a year.

In no small part this was due to the group's core capabilities, which are deeply rooted in NamPower's history, operations, and corporate culture. Technical strength in depth, allied with well-maintained infrastructure and a sound balance sheet, have sustained both NamPower's operations and its standing with key stakeholders, both domestically and internationally. NamPower can plausibly and proudly claim to be the most reliable national power utility on the African continent. Our financial ratings and credibility, as well as our human and physical assets, remain potent.

Yet these are laurels we cannot rest on forever, or even for long in the very difficult regional circumstances, which show no signs of abating over the coming year. Where NamPower performed less well in 2014/15 was in building on our base, in creating a broadened platform for energy independence, better insulated against the shortages and problems that surround us. We made

MANAGING DIRECTOR'S REPORT

REFLECTING ON A GROWING STRATEGY 2014-2015 (continued)

materially less progress than planned in advancing our next generation of power plants to supplement our venerable but also vulnerable (to the vagaries of climate and age) hydro facility at Ruacana, and our much smaller auxiliary plants at Windhoek and the coast. Kudu remains a strategically attractive but financially challenging prospect that has yet to proceed to Final Investment Decision, burdened by changes in macro-economic circumstance. An interim solution for the near- to medium-term is being sought as reported on by the Chairperson and I am confident that together with our sole shareholder, the Government, we will face the challenges posed in the coming year and beyond. NamPower has strong legal, operational and strategic links with the Government, including direct government guarantees for part of NamPower's debt. In Fitch's view, the ties between NamPower and its sole shareholder are likely to remain strong in the foreseeable future.

Fitch Ratings has affirmed Namibia Power Corporation (Pty) Ltd's (NamPower) Long-Term foreign currency Issuer Default Rating (IDR) at 'BBB-' and Short-Term IDR at 'F3'. Fitch has also affirmed NamPower's National Long-Term rating at 'AA-(zaf)' and its Short-Term rating at 'F1+(zaf)'. The Outlooks on the Long-term ratings are Stable. The affirmation reflects the alignment of NamPower's ratings with those of the Namibian sovereign (BBB-/Stable). Under Fitch's parent and subsidiary rating linkage methodology.

These are factors which have largely settled by the time I write these remarks, even as others, for example, the sharply deteriorating exchange rate of the Namibian dollar against the US dollar, in which several of our Power Purchase Agreements are denominated, and the weakening of the regional fiscal base as the global demand for Southern African commodities weakens, have accelerated. Our core aims for 2015/16, then, are to continue to ride out the immediate storm, which should peak around the third quarter of calendar 2016, while beginning to implement new solutions to our medium- and long-term power needs that will ultimately reverse Namibia's dependency on electricity imports and see both ourselves and our country through to Vision 2030.

NamPower's specific key performance targets for 2015/16 can be found in this report on pages 3, 24, 30, 40, 45 and 51.

For the year under review, a graphic chart of performance against targets is shown below, followed by a narrative summary in the pages that follow.

	Objectives: KPA	Measurements: KPI	Actuals
THEME 4: FINANCIAL SUSTAINABILITY (FINANCIAL PERSPECTIVE)	Ensure Financial Sustainability	% Budget Variance CAPEX	64%
		% Budget Variance OPEX	11%
		% Budget Variance Operating Projects	56%
		% of Cost Reflective Tariffs	101%
		DSCR Ratio	3.76 times
		EBITDA (% Turn)	24%
	Meet Financial Requirements	Investment Grade	AA.Zaf
		% Funding Secured	100%
THEME 3: STAKEHOLDER RELATIONS (CUSTOMER PERSPECTIVE)	Improve Stakeholder Relations	% Overall Stakeholder Satisfaction Rating	74%
	Meet Customer Expectations	% Customer Satisfaction	76%

	Objectives: KPA	Measurements: KPI	Actuals
THEME 2: SECURITY OF SUPPLY AND EFFICIENCIES (INTERNAL BUSINESS PERSP	Expand Generation and Transmission Infrastructure Capacity	Kudu Implementation milestones (FC)	Not yet
		Megawatts Available	429.5 MW
		New Transmission Lines Constructed (km)	248 km
	Maximise Systems Availability	% TX Availability	99%
		%GX Availability	94%
		IT Systems Uptime	99.3%
		% Compliance with Scheduled Maintenance	87%
	Ensure NEEEP Compliance	% of total procurement spend on NEEEP compliant enterprises	19%
	Optimise Trade Options	Cents per kWh	63.35
	Improve Risk Management	Average rating obtained on the Corporate Risk Management Plan	80%
THEME 1: LEADERSHIP AND CULTURE (LEARNING & GROWTH PERSPECTIVE)	Improve Leadership Capability (Leadership Power)	Achievement on 360° Leadership Assessment	67%
	Develop Employee Capacity (People Power)	% of employees who attended training indicated on their Personal Development Plans*	80%
	Entrench our Core Values and Performance Culture (Team Power)	% Achievement on Employee Surveys	72%
		Lost Time Injury Frequence Rate (LTIFR)	1.36

Legend:

Red	= Below Target	Yellow	= Above Target
Green	= On Target	Orange	= Exceptional

KPA: Ensuring Financial Sustainability

% Budget Variance

- Only 36% of budgeted Capital Projects and Direct Asset Purchases were consummated during the financial year, with the resulting shortfall largely a result of capex lagging behind schedule (as well as savings on some items procured). **Rating: 1 (below target)**.
- 89% of the Fixed Operating Expense budget was spent. **Rating: 2 (on target)**.
- Only 44% of the approved Operating Project budget was spent, with this underspend due to various technical reasons (including timing of the DSM project, but also inefficiencies in the budget management process (which have been rectified for 2015/16). **Rating: 1 (below target)**.

% on Cost Reflective Tariffs

- The tariff for 2014/15 exceeded the internal cost reflectivity benchmark. **Rating: 4 (exceptional)**.
  (Note: NamPower submits annually an updated Tariff Model and subsequent application with supporting documents to the ECB, which is the determining authority. Tariff levels thus reflect both the quality of NamPower's technical work and ECB's decision-making).

Debt Service Coverage Ratio (DSCR)

- NamPower's Debt Service Coverage Ratio for 2014/15 was 3.76 times, considerably better than the target of 1.5 times (though this partially reflects underspending on capex and project opex as above). **Rating: 4 (exceptional)**.

EBITDA (% Turnover)

- EBITDA (as a percentage of turnover) was recorded at 24% for 2014/15, against a target of 20%. **Rating: 3 (above target)**.

KPA: Meeting Financial Requirements

Investment Grade Rating

- NamPower's credit rating was affirmed in 2014/15 as AA-Zaf. **Rating: 4 (exceptional)**.

% Funding Secured

- 100% of budgeted funding was secured. **Rating: 2 (on target)**.

KPA: Improve Stakeholder Relations

% Overall Stakeholder Satisfaction Rating

- Based on an external bi-annual stakeholder perception survey which was conducted by an experienced local research/consultancy company, and which covered the media, the public, distribution customers, transmission customers, opinion leaders and future partners as well as suppliers, NamPower received a scoring of 74%. **Rating: 2 (on target)**.

KPA: Meeting Customer Expectations

% Customer Satisfaction

- This rating is based on a subset of the survey noted immediately above, namely, interviews with transmission anddistribution customers only, which resulted in a scoring of 76%. **Rating: 3 (above target)**.

KPA: Expand Generation and Transmission Infrastructure Capacity

Kudu Implementation Milestones (FID)

- An (ambitious) target of Financial Close for the Kudu project was set for June 2015, and not met. **Rating: 1 (below target)**.

Megawatts Available

- NamPower targeted an available generation capacity of 480 MW for 2014/15, but achieved only 429.5 MW due to delays in completing both refurbishment of the Van Eck PowerStation and the Ruacana Power Station runner replacementproject. **Rating: 1 (below target)**.

New Transmission Lines Installed (km)

- 248 km of transmission lines were constructed during the year under review, against a target of 150 km. **Rating: 3 (above target)**.

KPA: Maximising Systems Availability

% Transmission Availability

- An average availability of 99% of all transmission lines for 2014/15 was registered. Rating: 3 (above target).

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR FINANCIAL PERFORMANCE

% Gx (Generation Plant) Availability

- Notwithstanding the unavailability of Van Eck, an average availability rate of 94% throughout the financial year under review was recorded. **Rating: 3 (above target)**.

IT Systems Uptime

- Based on minute-to-minute tracking of all services offered by NamPower's IT division, the average up-time for these services for the year under review was 99.3%.
Rating: 3 (above target).

% Compliance with scheduled maintenance

- 87% compliance with scheduled maintenance across the entire spectrum of transmission and generation assets was attained during 2014/15. **Rating: 3 (above target)**.

KPA: Ensure NEEEP Compliance

% of Total Procurement Spend on NEEEP Compliant Enterprises

- NEEEP procurement as a proportion of total procurement stood at 19% during 2014/15, against a target of 10%.
Rating: 3 (above target).

KPA: Optimise Trading Options

Cent per kWh

- An average energy price of 63.35 cents/kWh was recorded during 2014/15, significantly improving on the targeted energy price of 102.53 cents/kWh due to smart import optimisation. **Rating: 4 (exceptional)**.

KPA: Improve Risk Management

% Average Rating Obtained on Corporate Risk Management Plan

- As part of its new five-year enterprise-wide Risk Management Framework, running concurrently with the Corporate Strategy and Business Plan 2014 – 2018, the implementation of mitigating actions as indicated in the corporate risk register is well underway and it received a score of 80% during the institutional performance review.
Rating: 2 (on target).

KPA: Improve Leadership Capability (Leadership Power)

- Measurement of this objective was derived from NamPower's score on the leadership assessment component of the Deloitte Best Company to Work For competition during the year under review, converted to a percentage. The target for this KPI was 65% and the result achieved 67%.
Rating: 2 (on target).

KPA: Develop Employee Capacity (People Power)

% of Employees Attending Indicated Training

- This KPI was to be measured by the percentage of employees attending training indicated on their Personal Development Plans (PDPs) for 2014/5; however, due to migration during the year under review to a new computer module for such measurement, reliable data could not be captured during this transition period. For purposes of scoring, 80% take-up of indicated training was assumed.
Rating: 2 (on target).

KPA: Entrench our Core Values and Performance Culture (Team Power)

% Achievement on Employee Surveys

- This KPI was measured through the Deloitte Best Company to Work For Competition during the year under review, where a sample of employees were asked to rate the company on different competencies, with the Deloitte rating being converted to a percentage. The overall percentage score for NamPower was 72%, exceeding the KPI target. **Rating: 3 (above target)**.

% Achievement on Annual Internal Communication Strategy

- As the strategy was under review, this KPI was rated 1 (below target) during 2014/15 and has been changed to read "% completion on Annual Internal Communication Plan" going forward. **Rating: 1 (below target)**.

Lost Time Injury Frequency Rate (LTIFR)

- The LTIFR target for the year under review was a ratio of 0.11, whereas the actual recorded was 1.36.
Rating: 1 (below target).

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR FINANCIAL PERFORMANCE

The shortage of electricity supply in the region remained a key challenge during the year under review, and will continue until a new base load generation power station is built in Namibia. However, in the face of this challenge NamPower continues to focus on delivering on its mandate, by ensuring security of affordable and cost-reflective electricity supply.

Electricity sale volumes increased by 1.1% (2014: 0.8% decrease) from 3 827 GWh in 2014 to 3 870 GWh in 2015. Maximum demand increased to 657 MW from 629 MW registered in June 2014, an increase of 4.5%. The rate of growth in electricity sales lagged that of peak demand due to reduction in bulk water pumping, customers' increased use of renewable sources of energy such as solar water heating and rooftop solar photovoltaics, and higher energy efficiencies in the mining sector which was forced by decreased commodity prices. NamPower continues to encourage customers to apply all such economising measures.

Group revenue increased by 13% (2014: 20%) to N$4.5 billion for the year under review, primarily driven by the annual tariff increase of 13%, and augmented by customer contribution for construction of customer required assets as well as electricity sales to other regional utilities on the Short Term Energy Market (STEM) during times of excess domestic supply. In 2013, the Ministry of Mines and Energy introduced a long run marginal cost (LRMC) levy to avoid future price shocks to the Namibian consumer; but the 2014/2015 tariff did not include this levy. In line with ECB directives, the LRMC levy is ring-fenced in the books of the company and can only be utilised with the specific approval of the Regulator. Therefore, an amount of N$127 million is thus included in deferred revenue as at the reporting date. Despite the increase in revenue, the gross profit margin fell from 46% in 2014 to 40% in the year under review, driven mainly by the high cost of electricity imports. Of the total 4 254 GWh units of electricity into the Namibian system during the year under review, 64% (2014: 66%) was imported. The country experienced lower levels of rainfall than has historically been the case, with the low flow of the Kunene River resulting in levels of power dispatch from NamPower's flagship Ruacana hydro station lower than projected. Increases in the unit cost of energy under power purchase agreements with neighbouring countries, along with the depreciation of the Namibian Dollar against the United States Dollar (in which energy sales are denominated under some of those agreements) combined to hike the overall cost of electricity during the year under review by roughly 25%, from N$2.2 billion to N$2.7 billion. As all these trends may continue, it is imperative that all relevant stakeholders continue to play their role in saving energy, and that our efforts are redoubled in developing the country's own base load power plant without delay. In this vein, a short term power supply committee was established by the Ministry of Mines and Energy, comprising representatives of NamPower, the ECB and the Ministry of Mines and Energy, to address the shortage by commissioning new sources of short- to medium-term power generation by July 2016.

Other income for the Group increased by 20% (2014: 36% decreased) from N$63 million to N$75 million. Included in this figure is accrued Government grant income of N$44 million (2014 – N$35.8 million) for energy and power station subsidy, revenue from fibre optics' rentals. In 2008 the Government committed N$360 million of energy subsidy over a multi-year period. To date, of this amount, N$348.3 million has been utilised and the remainder of N$11.7 million is expected to be deployed during the 2016 financial year. The grant is recognised as income on a systematic basis as the electricity generation expenditure is incurred at various NamPower thermal power stations. In addition, during 2010 the Government made a further commitment for a subsidy amounting to N$250 million towards the construction of an emergency diesel power station (Anixas) in Walvis Bay. Of this grant, N$24.7 million has been recognised as income and the remaining N$225.3 million will be recognised on a systematic basis over the useful life of the power plant.

The Group continues to implement a strategy of cost efficiency and cost containment while keeping a positive focus on the quality of service delivery to its customers. Repairs and maintenance of the transmission networks, power stations and incremental expenses in the Kudu project development activities as well as other generation feasibility studies contributed to the increase in operating expenses of 15% during the year under review from N$832 million to N$968 million.

Investment income for the year increased by 6% (2014: 9%) from N$416 million to N$442 million. The increase was mainly driven by larger average investments held, and by a 75 basis points increase in Prime Rate in Namibia.

Preparatory work on development of the Kudu Gas-to-Power station project reached an advanced stage during the 2015 financial year. Cabinet approved a submission on the required Government support for the project in March 2015, which was a significant milestone. In order to meet the increasing demand for electricity and integrate new generation capacity, including Kudu, NamPower embarked on an upgrade of its transmission infrastructure over the next 4-5 years, at an expected cost of approximately N$1 billion annually. Investment income is expected to reduce significantly in the coming years as a result of these envisaged major capital investments in both generation and transmission infrastructures.

Group profit before tax for the year decreased by 8.7% from N$773 million to N$706 million mainly as result of the increase in other operating expenditure and reduction in gross profit margin. Included in this figure is depreciation and amortisation, amounting to N$534 million (2014: N$530 million).

Market movements, especially the exchange rate of the Namibian dollar against the major trading currencies (the USD, Euro and British Pound) impacted profitability as follows:

- Net fair value loss on derivatives and foreign loans of N$81 million (2014: N$95 million);
- Net fair value loss on embedded derivatives on Power Sale Agreements and Power Purchase Agreements of N$15 million (2014: gain N$27 million);
- Net foreign exchange gains N$189 million (2014: N$139 million).

After six years of being in a tax loss position, NamPower was liable for N$125 million current tax during the year under review. Group profit after tax amounted to N$531 million, as compared with N$616 million in the previous year.

Net cash generated from operating activities increased by 2.9% (2015: N$1,336 million) from N$1,297 million reported during the period ended 30 June 2014, while capital expenditure for the Group amounted to N$790.5 million (2014: N$738.1 million) for the year under review. Total assets increased to N$23.7 billion from N$23.1 billion.

Our shareholder, the Government of the Republic of Namibia, continues to render its support to NamPower, without which delivering upon our mandate would be impossible. While Namibia is working towards becoming an industrialised country by the year 2030, NamPower as the national power utility remains focused on opportunities that guarantee security of supply in order to meet the energy needs of our customers, fulfil the aspirations of our people, and satisfy the expectations of our stakeholders. NamPower has a major role to play in ensuring secure and reliable power supply.

MANAGING DIRECTOR'S REPORT

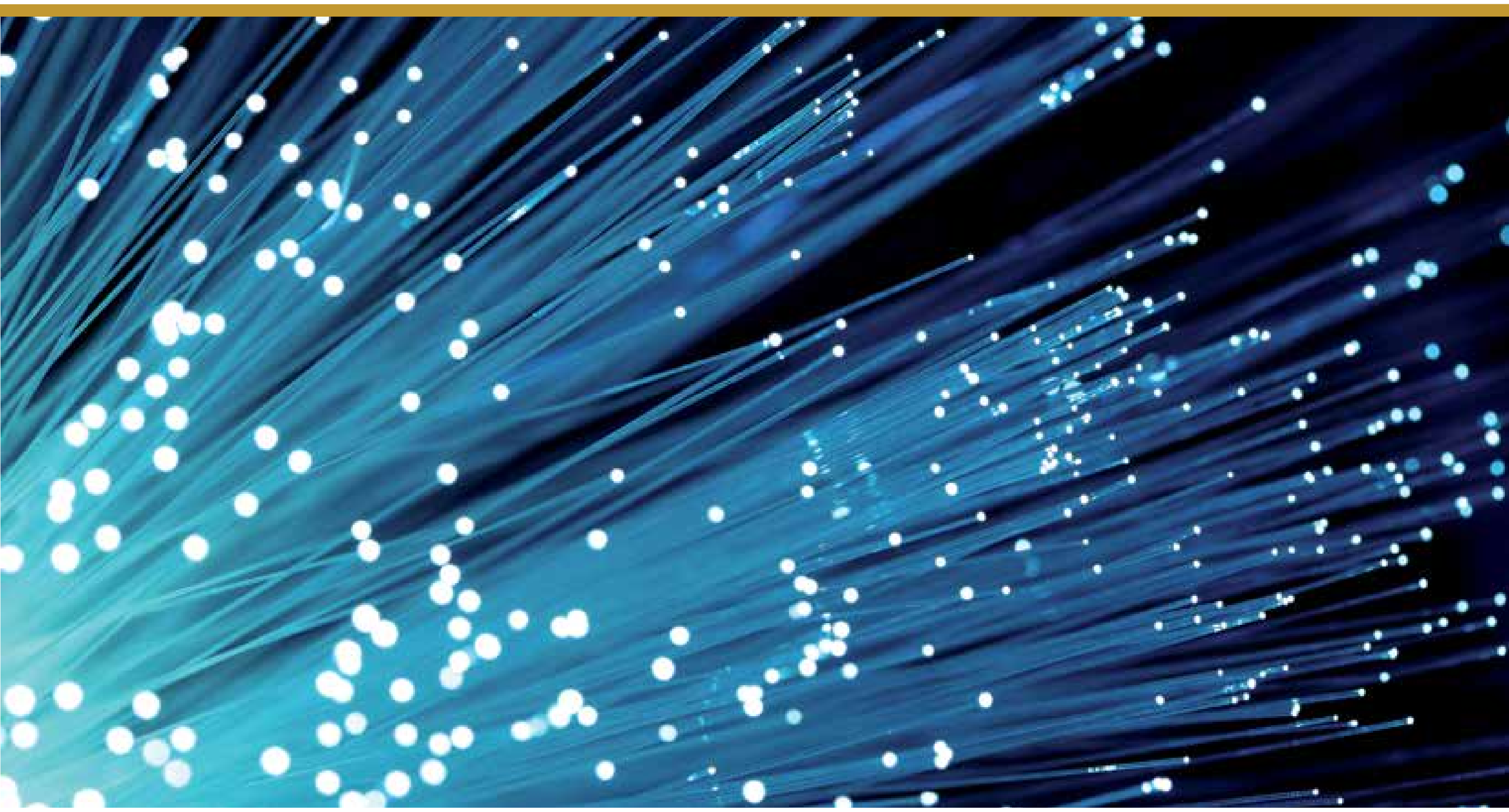
REFLECTING ON OUR FINANCIAL PERFORMANCE (continued)

Looking forward, we have established the following key financial parameters and targets for 2015/16:

Planned actions for 2015/16 and targets

Perspectives	Objectives: KPA	Measurements: KPI	2015/16 Targets	Critical Task / Strategic Initiatives	Assumptions / Risk
THEME 4: FINANCIAL SUSTAINABILITY (FINANCIAL PERSPECTIVE)	Ensure Financial Sustainability	% Budget Variance CAPEX	20%	Empower EXCO & Senior Management	Over / Under Spending; Market Volatility; Opportunity Loss
		% Budget Variance OPEX	11% Below Budget	Improve reporting at all levels	
		% Budget Variance Operating Projects	20%	Review descision making process	
		% of Cost Reflective Tariffs	95%	Improve Budgeting Process	FOREX Risk; Political Intervention; Price Elasticity; Commodity Risk
		DSCR Ratio	1.5	Conduct Project Implementation Review	ACC Supply Mix; Customer Funded Assets; Over Investment in Assets
		EBITDA (% Turnover)	20%	Develop Multi-Year Pricing Path	
	Meet Financial Requirements	Credit Rating (zaf)	Sovereign	Review Annual Credit Rating	Lenders Default
				Manage Internal Stakeholders	Sovereign Rating
				Investor Road Shows	Limited New Funding
		Cost of New Funding	70bps (GRN Curve)	Source Funds for New Projects	Tarrif Impact
				Develop and Implement Funding Strategy	Market Volatility
				Secure Goverment Support	Unrealistic Timelines

MANAGING DIRECTOR'S REPORT
REFLECTING ON OUR OPERATIONS – TRANSMISSION



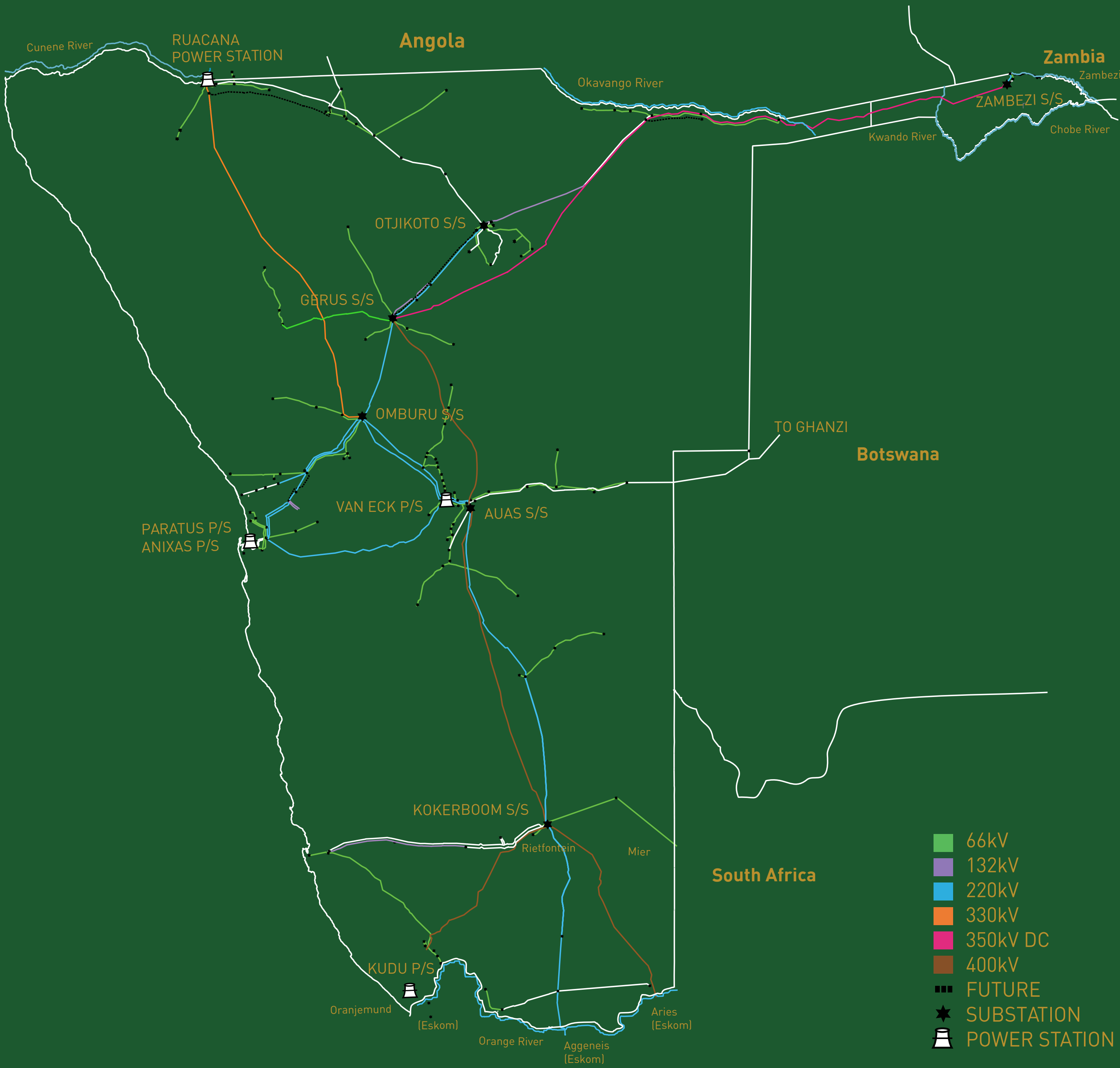
Transmission Master Plan

The NamPower Transmission Master Plan is updated on an annual basis to ensure that the company maintains pace with the evolving electricity needs of the country and that network expansions are executed accordingly. During the year under review the Master Plan was adapted for the period 2015-2019, as follows:

Table 1: 2015-2019 Major Transmission Projects

Major Projects (2015-2019)	Year to be completed
Kunene Omatando 400kV (operated at 330kV)	2017/2018
Ruacana 132kV development	2017/2018
Baobab 132/33kV development	2016/2017
Kavango East 132kV strengthening	2016/2017
Gerus Otjikoto 400kV (operated at 220kV)	2015/2016
Auas Gerus 400kV (linked to flows over Caprivi Link)	2018/2019
West Coast 220kV strengthening	2015/2016
Kuiseb Walvis Bay 132kV	2016/2017
Aussenkehr upgrade	2016/2017
Kudu Transmission Integration	2018/2019
Backbone developments for strengthened Eskom integration or Kudu deep connection	2018/2019

TRANSMISSION
MAP



MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – TRANSMISSION (continued)

Fibre Optic Commercialization

NamPower is in the process of creating a framework under which its fibre optic assets can be further utilized for the benefit of Namibia and the Southern African region at large, whilst at the same time furthering commercial viability for NamPower.

Market studies and demand analyses were completed during the year under review, indicating promising opportunities in this regard. NamPower is currently in the process of engaging stakeholders, after which the implementation process can be expected to commence.

System Operations

System operations are aimed at optimizing the

- Safety of operating personnel
- Safety of equipment and
- Continuity of supply to customers,

all on a least cost resource planning principle without sacrificing any reliability criteria. This involves in-house risk assessment and planning as well as coordination with other Southern African Power Pool (SAPP) utilities.

System Performance

The Transmission Business Unit continued during the year under review to maintain high standards of technical excellence by being innovative, customer focussed and proactive. Consistent with international best practice, system performance parameters are measured according to IEEE Standard 1366-1998, with a main focus on the Customer Average Interruption Duration Index (CAIDI), the System Average Interruption Frequency Index (SAIFI), and the System Average Interruption Duration Index (SAIDI). Table 1 depicts the transmission system performance during 2014/15 and the corresponding score as per the Transmission Key Performance Indicators (KPIs).

It is evident from Table 2 that on average the performance of the transmission system for the period under review can be rated as exceptional. System reliability (SAIFI) was exceptional as the frequency of customer interruptions on the NamPower system remained extremely low; the average NamPower customer could expect less than one interruption (0.23). The average restoration time (CAIDI) was also exceptional, as transmission customers that were affected by interruptions endured on average only 2.31 minutes of loss of supply.

Table 2: Transmission system performance data

Unscheduled System Minute Losses (USML) (minutes)	Scheduled System Minute Losses (SSML) (minutes)	System Average Interruption Duration Index (SAIDI) (minutes)	System Reliability II (SAIFI) (interruption/customer)	Average restoration time (CAIDI) (minutes)
27.77	32.49	0.53	0.23	2.31
Exceptional	*Above Target*	*Exceptional*	*Exceptional*	*Exceptional*

System Demand

During the period under review, a new maximum demand of 596.842 MW (without Skorpion) and 656.782 MW (with Skorpion) was registered (on 02 June 2015), 7.25% higher than the previous record, registered on 9 June 2014,of 553.555 MW and 628.522 MW respectively.

Table 3: System Minimum and Maximum Demands (excluding Skorpion)

01:00 Monday - 00:00 Friday	
Weekday Maximum	596.842
Weekday Minimum	228.937
01:00 Saturday - 00:00 Sunday	
Weekend Maximum	507.732
Weekend Minimum	219.859

Table 3 illustrates the increase in maximum national electricity demand:

System Disturbances

The NamPower grid avoided any system-wide blackouts during the year under review. However, a monthly average of 17 unscheduled customer interruptions were experienced, with most of these disturbances attributed to extreme weather conditions such as lightning.

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – RENEWABLE ENERGY

The increasing availability of multiple renewable energy solutions at affordable levels creates a need for a paradigm shift in Namibia's thinking on electricity supply. Optimal implementation of renewable energy at different levels, locations and capacities, augmented by a culture of energy efficiency and supported by smart grid technology to match load management with supply from all producers of energy, holds the potential to maximise affordable energy access and security for all.

To this end, NamPower's renewables portfolio comprises the following pillars, which were strengthened during the year under review:

- Utility Scale Projects: Feasibility investigations of CSP with thermal storage; participation in the CSP TT Nam project together with the Ministry of Mines and Energy, ECB and NEI; implementation of the 3 x 10 MW Solar PV IPP Project; and negotiations of PPAs in Wind and Solar PV.

- Distributed Generation: Feasibility investigations of biomass-fired power station(s); provision of Power Purchase Agreements to the REFIT programme.

- Demand Side Management: Rollout of the 20k SWH campaign; and the signing of agreements with customers having own-installed generation under the VPS campaign.

- Energy Efficiency: Rollout of the 1mLED campaign; implementation of the Public Awareness and Information Campaign building on NamPower's "Power of Knowing" initiative.
- Policy Framework: Active participation in the review of the Renewable Energy Policy and the National Energy Policy review; contribution to National Development Plan reviews; provision of meteorological and other technical inputs to national databases and initiatives.

- Capacity built and community investment: Operation and maintenance of the CPV plant at Usib school; holding of workshops and provision of suitable topics for postgraduate research.

Southern African Power Pool

NamPower operates within a broader Southern African Power Pool (SAPP), and participates in the cooperative pool through bilateral contracts as well as the Day Ahead Market (DAM).

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – ENERGY TRADING

The SAPP was created in August 1995, and currently has 12 member countries: The Democratic Republic of Congo, Tanzania, Malawi, Zambia, Angola, Zimbabwe, Botswana, Mozambique, Namibia, Swaziland, Lesotho and South Africa, all sharing a common grid, although Tanzania, Malawi and Angola are non-operating members.

The primary aim of SAPP is to *"provide reliable and economical electricity to supply to the consumers of each of the SAPP members, consistent with reasonable utilisation of natural resources and the effect on the environment".*

Interim Solution Power Plant

Namibia has always relied on electricity imports from SAPP to supplement its supply requirements. Historically, with surplus generation available in the region, NamPower could rely on relatively high levels of imports to ensure security of supply. However, the demand-supply balance in the region has changed significantly over the past decade, eliminating NamPower's (and Namibia's) safety margin.

NamPower together with the Ministry of Mines and Energy and the ECB thus continued during the year under review to develop options for a power plant to bridge the short- to medium-term power supply gap and ensure security of supply. It is envisaged that such a plant will be commissioned in 2016.

Eskom

As NamPower has not yet received a signed contract for extension of the Supplemental Supply Agreement between the company and Eskom, it began in 2014/15 to operate under month-to-month extensions under which Eskom has reserved the right to curtail or even terminate supply in the event of load shedding in South Africa, which is obviously an untenable, unsustainable proposition for NamPower.

ZESCO

NamPower continues to receive a firm supply of 50MW from ZESCO through the Caprivi Link Interconnector. The performance of this agreement has been reliable to date, except during periods when transmission constraints have arisen. ZESCO also continued to assist NamPower with the wheeling arrangements for Namibian imports of ZPC power from Zimbabwe.

NamPower /Aggreko (EDM) Power Supply Agreement

NamPower received a steady 115MW under the Tripartite Agreement (TPA) between NamPower/Electricedade de Mocambique and Aggreko from the latter's interim Gas to Power Project for 16 hours, 6 days a week. NamPower is currently in the final stage of negotiating an extension of this contract until the end of December 2016 which, if it eventuates, would materially reduce the prospect of load shedding for Namibia.

NamPower/ZESA/ZPC

A Power Supply Agreement between ZESA and NamPower for 150MW terminated in February 2015, but was partially replaced by a PPA with ZPC and NamPower that was signed in November 2014 and came into effect in April 2015, supplying 80MW at a 50% load factor.

Renewable Energy <5MW IPPs

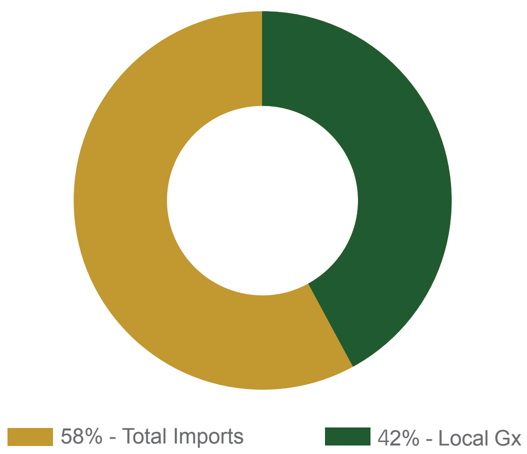
NamPower together with the ECB has embarked on a Renewable Energy Feed in Tariff (REFIT) interim program to accommodate 14 Independent Power Producers (IPPs) domestically, each generating less than 5MW from renewable energy. Such plants, which are anticipated to start generating electricity by the first quarter of 2017, will make a positive contribution, though not to the extent of eliminating Namibia's supply gap. Already in May 2015, the commissioning of the Innosun-Omburu Solar PV plant, with a capacity of 4.5MW, started to feed power into the NamPower system.

EDM

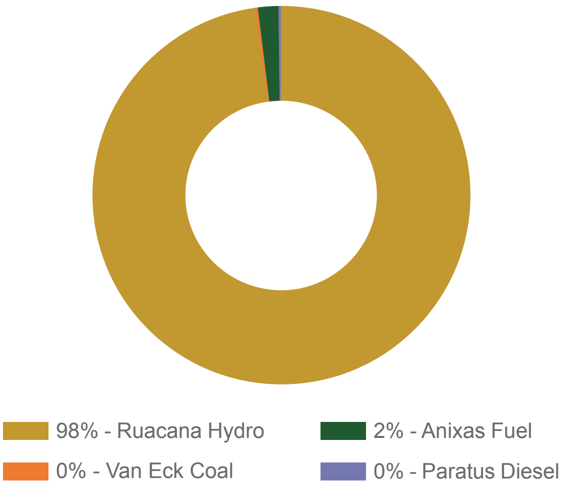
NamPower concluded a Power Purchase Agreement with EDM in January 2015 to supply up to 100MW on a non-firm basis, which NamPower is negotiating to expand into an equivalent quantity of firm power supply from January 2016.

Power Supply Situation 2014/2015 Financial Year

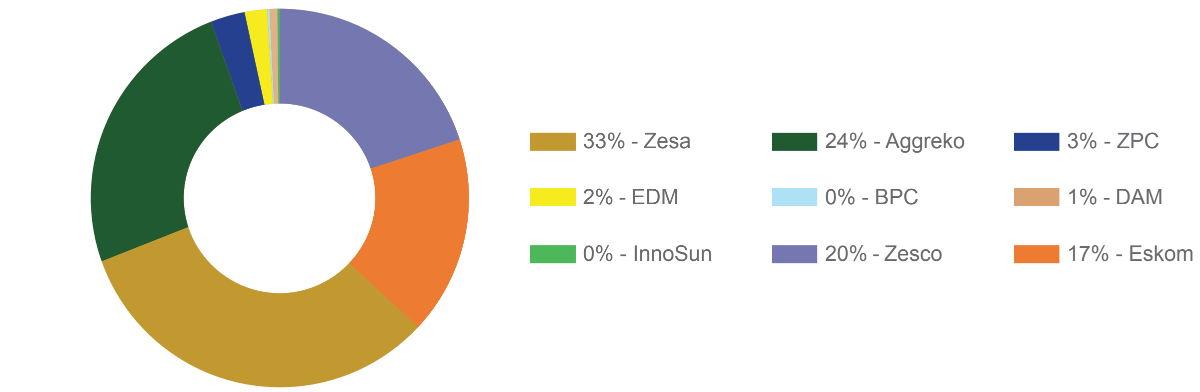
LOCAL Gx vs IMPORTS (Excluding Skorpion)



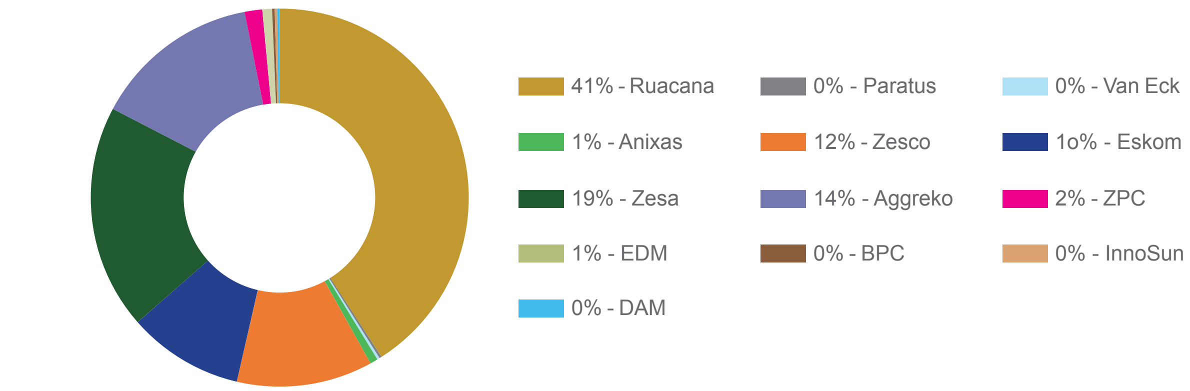
LOCAL GENERATION (Excluding Skorpion)



IMPORTS (Excluding Skorpion)



TOTAL SUPPLY MIX (Excluding Skorpion)



MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – RURAL ELECTRIFICATION

NamPower Fund

During 2014/2015 financial year, N$25 million was budgeted by NamPower for rural electrification, manifesting our commitment to one of the Government's long-term strategy objectives pursuant to Vision 2030. As in previous years, 70% of the budget was allocated to areas where REDs are operative, with the resulting infrastructure being donated by NamPower to these REDs. The remaining 30% was allocated to areas without REDs, and the consequent infrastructure capitalised on the company's balance sheet. This equation stems from the fact that there is greater demand for rural electrification in the former areas, as most public institutions (the Government's main focus in truly remote areas) have by now already been electrified. The 30% spend in areas without REDs, therefore, has mostly gone toward construction of backbone power lines. NamPower follows a region-based approach in order to ensure fair distribution of its overall rural electrification budget.

Apart from the funds made available from NamPower's own balance sheet, a separate rural electrification budget funded by the European Investment Bank (EIB) was drawn down as well.

In total, the NamPower funded rural electrification spend for 2014/2015 was as follows:

REGION	EXPENDITURE (N$)
Ohangwena	4 739 606
Zambezi	4 017 944
Kunene	4 354 098
Oshikoto	1 812 029
Omaheke	6 787 091
Omusati	1 904 466
Otjozondjupa	300 000

The EIB-funded rural electrification spend for 2014/2015 was as follows:

REGION	EXPENDITURE (N$)
Ohangwena	11 807 019
Zambezi	12 933 542
Kavango West	7 541 545

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – GENERATION

Baynes Hydro Power Project

Studies on the Baynes Project neared completion during the year under review, with Cabinet approval in principle for the project also being obtained. A Namibian project manager was appointed and a budget approved for the remaining technical work outlined below. NamPower now awaits completion by our Angolan counterparts of an equivalent process leading to ultimate joint implementation of the project.

The following technical tasks were outstanding as of the end of the financial year:

Environmental Studies

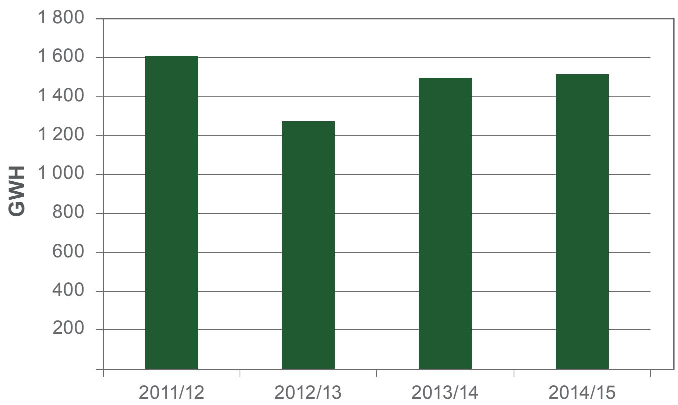
- Negotiations with the inhabitants of the area remained to be finalized by the two governments.
- The Environmental and Social Impact Assessment Studies (ESIA) and the Environmental Management Plan (EMP) were to be finalized thereafter. This would be followed by a final round of Public Feedback Meetings inside both Angola and Namibia.
- The Strategic Environmental Assessment (SEA) would be expected to be completed during calendar 2015, to be followed by review of both the ESIA and the SEA by the South African Institute of Environmental Assessments.
- Upon completion and acceptance of all environmental reports by the bilateral Project Joint Technical Committee (PJTC), these would be submitted to the environmental authorities in both countries for final decision, which could be achieved by February 2016.

Bi-lateral Agreements

The PJTC is in the process of appointing MIRANDA, the legal consultants tasked with assisting in the drafting of all necessary bilateral agreements, including those concerning regulation of the Kunene River, allowable water abstraction, and establishment of a jointly-owned Baynes Power Company.

MANAGING DIRECTOR'S REPORT
REFLECTING ON OUR OPERATIONS – GENERATION (continued)

Ruacana Power Station-Energy Into System



The energy generated at Ruacana Power Station increased marginally during the year under review, by some 1.16% over the previous financial year. The power station experienced below-average river flow during the first part of the year, but this trend was reversed and offset during the latter half due to better regulation at the Gove and Matala dams respectively, and slightly better rainfall in the Kunene river catchment areas. The facility's availability and reliability performance exceeded targets.

Turbine Upgrades at Ruacana Power Station:

NamPower's generation department, as part of the Short Term Critical Supply (STCS) Project, embarked on a replacement of the old runners installed on Ruacana Units 1, 2 & 3 with newer design X-blade runners which have a higher efficiency, greater power output, and reduced hydraulic instability and vibration. Unit 1 was successfully commissioned in December 2014, following five months of refurbishment work. The new turbine runner performance matched expectations with a 5MW improvement in power output, a roughly 7-10 percent improvement in efficiency, and a significant reduction in vibration levels. The project resumed in May 2015, with refurbishment work commencing on Unit 3, which is scheduled for completion during 2015. The runner replacement work on Unit 2 will commence as soon as Unit 3 has been successfully commissioned. The penstock inlet valve and hydraulic and digital governors are being upgraded concurrently with the runner replacement project to maximize turbine availability and reliability.

Rehabilitation Works for Van Eck Power Station

The Van Eck Rehabilitation Project reached an advanced stage with commissioning of the Units. The refurbishment of Turbines 1-3, Boilers 1-4 and the auxiliary plant was completed.

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – GENERATION (continued)

Planned actions for 2015/16 and targets

Perspectives	Objectives: KPA	Measurements: KPI	2015/16 Targets	Critical Task / Strategic Initiatives	Assumptions / Risk
THEME 2: SECURITY OF SUPPLY AND EFFICIENCIES (Internal Business Perspective)	Expand Generation and Transmission Infrastructure Capacity	Kudu Implementation milestones (FC)	Jun 2016	Deliver Kudu Project	GRN support paper not challenged; economic stabilisation approved; Upstream parties are able to conclude their shareholding structure and will not delay conclusion of Gas Sales Agreement
		Megawatts Available	469.6MW	Refurbish VE Power Station	Decision/Stakeholder Buy-In; IPP Uncertainty
				Ruacana Hydro Power Station Runner Replacements	
				Develop and Intergrate IPPs	
				Deliver on DSM Project	
				Execute STPSC Timeously	
		New Transmission Lines Constructed (km)	100km	Implement MasterPlan	Decision / Stakeholder Relations
				Implement Customer Driven Projects	
	Maximise Systems Availability	% TX Available	TX: 98%	Maintenance of Infrastructure	Backbone limitations Tx
		% GX Available	GX: 92%		Unavailability of water and fuel Gx
		IT Service Uptime	99%	Maintenance of Infrastructure and Systems	Technology Refresh
		% Compliance with Scheduled Maintenance	80%	Implement Scheduled Maintenance Programme	
	Ensure NEEEP Compliance	% of total procurement spend on NEEEP (PDN) compliant enterprises	20%	Enforce implementation of NEEEP	Buy-in
				Cascade Corporate NEEEP targets to BU scorecards and to PMS of relevant individuals	Buy-in
				Define and implement PDN development Program	
	Optimise Trade Options	Cents per kWh	114.37	Conclusion of PPAs	
				Support integrated Power Plant	Volatlity of Markets
	Improve Risk Management	Quarterly Update of Corporate Risk Register	80%	Implement Risk Management Plan	Relevant Strategy to Address all Types of Business Continuity Risks

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – OUR HUMAN CAPITAL

INTRODUCTION

NamPower aims to be a leading energy provider in Africa that excels in customer service, people development and technological innovation; an employer of choice and the best company to work for. We continued during the financial year under review to make every effort to provide our employees with safe, sympathetic working conditions and to have zero tolerance for occupational injuries and illnesses, bearing in mind the inherent risks involved in the business of generating and transmitting electricity. We strove to maintain best industry practices, policies, and standards, and to ensure safety, protection, training and long term benefits for our employees.

Our Remuneration Philosophy

NamPower remunerates its employees competitively to reflect the dynamics of the market and the context in which it operates; to attract and retain its workforce and to motivate superior performance. NamPower's remuneration strategy is to ensure that it creates the appropriate environment and retains employees of the right calibre and that it motivates them to perform in alignment with the strategic goals.

NamPower's reward philosophy is to underpin a positive organizational culture, address the key issues facing the company, and reflect our values and beliefs. NamPower's rewards vision focuses on providing a simple, integrated, holistic solution and a package that is differentiated from the market in order to attract, retain, and energize talented high performing individuals.

NamPower conducts international and local salary surveys on an annual basis as a benchmark to ensure that its remuneration packages for staff are aligned to those of companies of similar standing. NamPower aims to remunerate its employees in line with the median of the market. The NamPower remuneration structure for all employees is based on a Total Guaranteed Package, with the aim of achieving more flexibility to attract key talent, and of simplifying the administrative effort to provide better remuneration services to line managers and staff.

Employee Profile and Affirmative Action

As reflected in Table 4, the NamPower family grew to 998 total staff at the end of the financial year under review. This figure includes 85 fixed-term contract employees, some of whom were participants in our (two-year) Graduate Development Program and (one-year) Artisan Development Program.

Table 4: Staff Complement 2010-15

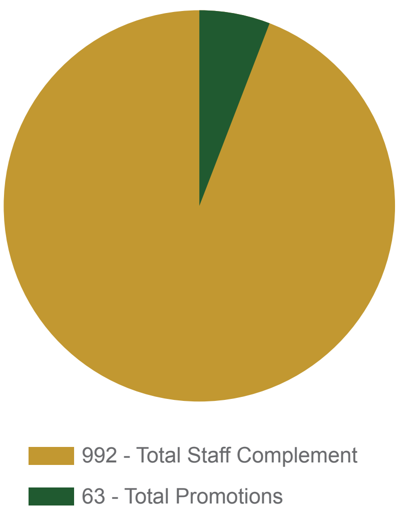
	2010	2011	2012	2013	2014	2015
Number of Permanent Employees	845	888	887	892	890	913
Number of Temporary Employees	65	78	44	52	66	85
Total Number of Employees	910	966	931	944	956	998

NamPower received its annual Affirmative Action Compliance Certificate from the Employment Equity Commissioner (EEC). Within the framework of the relevant EEC classifications and criteria, the table below provides a snapshot of the Company's workforce.

Table 5: AA Statistics 2015

	Persons With Disabilities		Racially Advantaged		Racially Disadvantaged		TOTAL
Job Category	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	
Senior Management	4	1	1	1	0	0	7
Middle Management	20	9	11	1	0	0	41
Specialised/supervisory	56	27	46	3	0	0	132
Skilled	207	84	41	16	1	2	351
Semi Skilled	175	10	2	0	0	0	187
Unskilled	167	28	0	0	0	0	195
TOTAL PERMANENT	629	159	101	21	1	2	913
Temporary Employees	57	19	6	2	1	0	85
TOTAL	686	178	107	23	2	2	998

Promotions July 2014 - June 2015



Internal Transfers for the period July 2014 - June 2015

Recruitment
Attracting talent is an ongoing challenge due to the uniqueness of the skills sets required by NamPower and their relative shortage in Namibia. Our strategy is to build and develop our own skills through the company's in-house Graduate Development Programme, complementing this with attraction and acquisition of skills externally through robust recruitment.

NamPower evaluates work performance regularly and remunerates its employees accordingly. Among the benefits that the company offers to employees are housing allowance, medical aid, transportation and municipal allowance. We have in place talent management and motivation strategies to retain and support our staff. Our vacant positions are advertised in the local media and on our webpage. During the year under review, we processed close to 10 000 job applications and filled 96 positions.

Job Evaluation
A core commitment of NamPower is that its employees should be remunerated equitably through appropriate job evaluation processes, carried out in accordance with guidelines supervised by a dedicated committee. Through this structure, NamPower determines appropriate salary grades and decides other compensation-related matters. During the year under review, positions were regularly evaluated and the outcomes of such evaluations communicated to the business units for implementation.

Grievance and Disciplinary Procedures
NamPower encourages its employees to make use of its readily accessible procedures for addressing problems or concerns they may have at work. Such procedures further empower line management in ensuring that discipline is maintained and that good conduct and performance-related behaviours are reinforced throughout the Company. By means of both the Grievance Procedure and the Disciplinary Code, we try and ensure fair, expedient, and equitable treatment of all employees, and to provide a mechanism for the acceptable resolution of problems. Through these policies, an attempt is also made to minimise the potential causes of employee dissatisfaction. 43 disciplinary cases were resolved during the year under review, with three matters being arbitrated. Grievances were also recorded, with the more serious ones concerning medical aid contributions upon retirement and the remuneration of shift workers.

Employee Representation
NamPower has long nurtured a healthy relationship with organised labour, within the framework of both Recognition and Full-Time Shop-Steward Agreements with the Mineworkers Union of Namibia (MUN), which represents a majority of our employees. During the year under review, a two-year agreement on wages and other substantive issues was negotiated and signed with MUN.

Performance Management
NamPower's overall objective is to enhance a high performance culture. Performance management has become an operational tool for all managers and supervisors to ensure that individuals, teams, sections and divisions are achieving their agreed performance targets. During the year under review, employees entered into performance agreements with their supervisors, and performance reviews were conducted twice, at six month intervals. At corporate and business unit level, the Corporate and Business Unit Scorecards were updated.

Employee Engagement
NamPower is committed to continuously determining the level of engagement of its employees and to designing appropriate interventions that improve employees' commitment to the company. As another means of measuring this critical variable for corporate success, NamPower participates annually in Deloitte's "Best Company to Work For" exercise. During the year under review, NamPower achieved a rating of 3.59 on Deloitte's 5-point rating scale, which while positive was 0.14 points lower than the previous year. The Company has since launched a vigorous campaign to communicate the outcome of the survey and propose appropriate measures to improve employee perceptions of NamPower and job satisfaction. Three main initiatives being undertaken to address these matters include: career development and succession planning; communication strategies aimed at keeping our employees informed about policies and procedures and all other human resource issues affecting them; and recognition of prior learning to recognise and nurture the skills our of our employees.

Talent and Succession Management
NamPower instituted an intensive talent and succession management program under the auspices of the HR Forum, a committee of senior leadership chaired by the Managing Director. The program has so far focused on the identification and shadowing of critical positions within the Company, on ensuring that talent development is a central component of corporate performance scorecards, on exchange programs for capacity-building, and on specific succession planning for certain vital functions. The programme has also resulted in a number of employees being enrolled in an Accelerated Management Advanced Programme for potential leaders.

Staff Turnover

Table 6 displays both the voluntary (controllable) and involuntary (uncontrollable) staff turnover during the year under review as well as prior years. Relevant benchmarks consider 6% and below to be a healthy annual voluntary staff turnover percentage for an organization such as NamPower. In 2014/15 the figure at NamPower was 4.75%, which though higher than in preceding years is still within an acceptable range.

Education, Training and Development

NamPower is committed to fulfilling the aspirations of its workforce for professional development through education, training and development. During the year under review, the Company invested an amount of N$7.2 million in providing a variety of technical, managerial and soft-skills training to its employees as part of their personal development plans.

In addition, employees also attended various conferences and workshops specific to the electricity supply industry and other disciplines in order for them to remain at a high level of competency.

Outside its immediate workforce, and as a service to the nation at large (and young Namibians of promise in particular), NamPower continued its unparalleled bursary program, for tuition at leading tertiary institutions in the fields of both academic and vocational study. During the year under review, NamPower offered 15 new vocational bursaries (bringing the total number outstanding to 29) as well as 43 academic bursaries (bringing that total number to 155). 50% of bursary recipients are women. NamPower's expenditure on such bursaries reached N$8 million during 2014/15.

Table 6: Staff Turnover 2011-2015

Turnover (Voluntary/Involuntary)				
	2011/12	**2012/13**	**2013/14**	**2014/15**
INVOLUNTARY	17	15	21	29
VOLUNTARY	15	28	23	49
TOTAL SEPARATIONS	**32**	**43**	**44**	**78**
TOTAL HEADCOUNT	**931**	**944**	**956**	**998**
INVOLUNTARY %	1.83%	1.59%	2.20%	2.81%
VOLUNTARY %	1.61%	2.97%	2.40%	4.75%
% TOTAL T/O	**3.44%**	**4.56%**	**4.60%**	**7.56%**

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS – OUR HUMAN CAPITAL (continued)

Planned actions for 2015/16 and targets

Perspectives	Objectives: KPA	Measurements: KPI	2015/16 Targets	Critical Task / Strategic Initiatives	Assumptions / Risk
THEME 1: LEADERSHIP AND CULTURE (Learning & Growth Perspective)	Improve Leadership Capability (Leadership Power)	Achievement on 360^0 Leadership Assesment	70%	Conduct Annual 360^0 Leadership Assesment	Participation Rate; Objective and Honest Feedback
				Facilitate the implementation of Talent (Succession) Management Programme	Performance Management System Efficiency
	Develop Employee Capacity (People Power)	% of training/ development Activities as per Development Plans	80%	Develop Development Programme/Plan (Critical positions, Retirees, Skills Audit)	Cost effectiveness of training
	Entrench our Core Values and Performance Culture (Team Power)	% Achievement on Employee Plans	70%	Continue to implement Annual Best Company To Work For Survey	Honest Feedback; Sample Representation
				Annual Code of Conduct sign-off	
				Facilitate implementation of Improvement Plans	Resource & Time availability
		% Completion on Annual Internal Communication Plan	90%	Review and Implement Annual Internal Communication Stategy and Plan	Participation of Leadership/Visibly Felt Leadership
		Lost Time Injury Frequence Rate (LTIFR)	0.11	Conduct Risk assesment at workplaces	Personnel & Time Constraints
				Conduct Safety training	Employee Attendance
				Implement recommendations from accident investigations	No LTIs due to Safety Culture

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR OPERATIONS –OUR INFORMATION SERVICES (iServ)

The Information Technology Infrastructure Library (ITIL) is a world-recognized framework for IT service management that has been utilised by iServ since 2013. Within the Service Level Management process, NamPower in 2014/15 signed both Underpinning Contracts with all external suppliers and also signed Operational Level Agreements with all service providers internal to the company. The second ITIL maturity review, performed by outside consultants, revealed that implementation of this framework is proceeding according to design.

Maturity Assessment

The following IT policies were updated and/or approved during the financial year under review:

- iServ Acceptable Use Policy
- Password Policy
- Change Management Policy

From a Business Continuity perspective, the Enterprise Resource Plan system failover process was documented, and iServ continued to perform monthly server fail-over simulations for 72 servers. A full Business Continuity Plan was set out, with additional internet links and firewalls being added for the disaster recovery site; moreover, iServ completed a network triangle with a disaster protection site for increased system availability.

An additional UPS was installed in the NCB building as an active standby for the current UPS, all fed by a 103 kW solar power system, which has resulted in annual savings exceeding N$200,000 on NamPower's electricity bill.

The iServ services, local area network and wide area network uptime for 2014/15 were:

Local Area Network	99.81%
Wide Area Network	97.85%
Services	99.95%

Most of the downtime recorded was due to power outages at remote sites.

Also within the reporting period, iServ started the rollout of Microsoft Windows 8.1 and Office 2013. Additionally, the unit's 2014-2018 Strategic Plan was composed, in alignment with the NamPower Strategy and Business Plan 2014-2018 and using

REFLECTING ON OUR OPERATIONS –OUR INFORMATION SERVICES (iServ) (continued)

the Control Objectives for Information and Related Technology (COBIT) framework.

Electronic Document and Records Management (e-DRM)

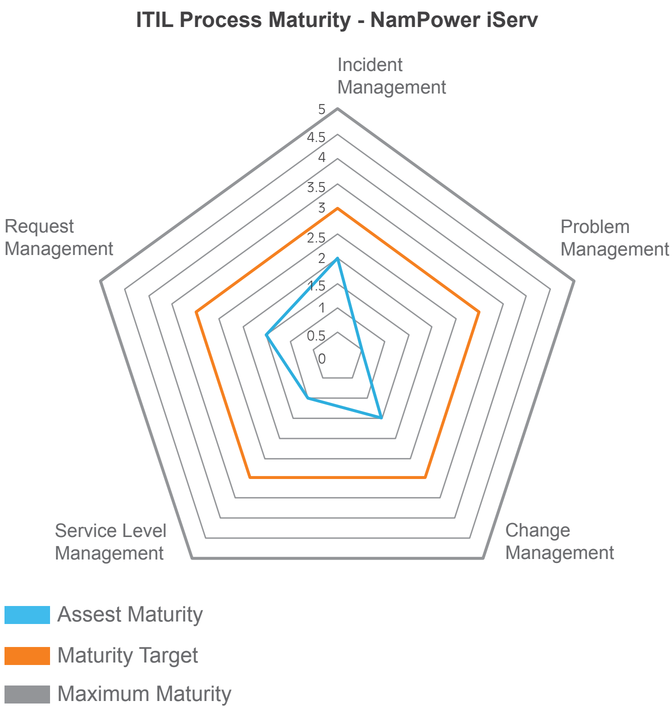
As part of its continuing Documents and Records Management Programme, NamPower embarked on a wall-to-wall Content Server and Integrated Extended Enterprise Content Management for SAP (SAP xECM) by Open Text implementation. The SAP xECM component allows seamless integration between SAP (which is our corporate system where all the structured data are stored and managed) and the Content Server, where all the unstructured data have now been located, thereby extending the capabilities of SAP. The Content Server is a robust, flexible and very reliable storage media that replaces the fileserver system which we historically deployed to save our corporate documents and records, but which turned out to be rigid, with documents not being stored in a uniform way and with documents and records searches proving tedious and time consuming as the volumes of data grew exponentially. We have also developed a functions-based file plan as per the guidelines of the National Archives of Namibia.

The Content Server allows us to manage our documents and records according to best practice records management principles,meaning we will have version control, audit trails, check in/out of documents, secure document retention protocols, and easy search and retrieval. The implementation is the first of its kind on the African continent and has laid a solid foundation for NamPower in its quest for ISO certification.

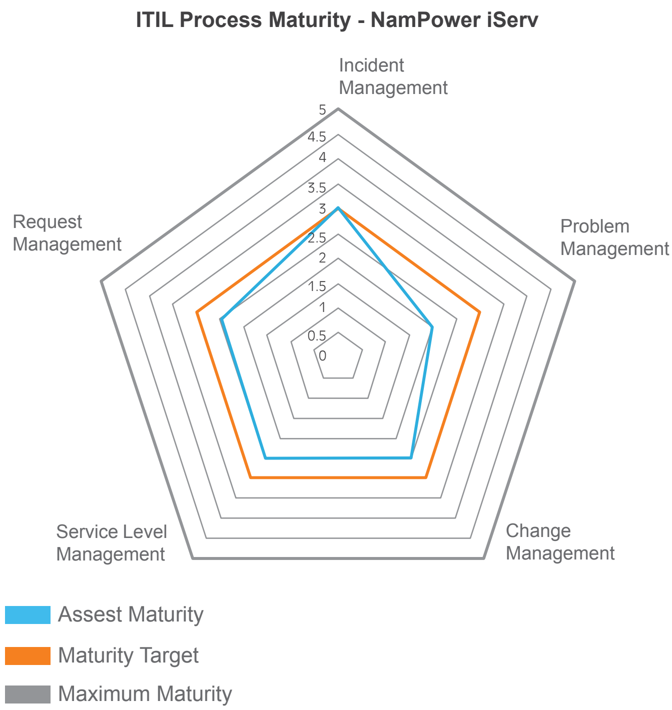
Utility Customer E-Service (UCES)

Our electricity customers continued to have uninterrupted access to a portal through which they are able to, amongst other things, upload meter readings and view account statements and invoices.

Maturity Assessment – 2013



Maturity Assessment – 2015



MANAGING DIRECTOR'S REPORT

REFLECTING ON **OUR SUSTAINABILITY**

ABRIDGED SUSTAINABILITY REPORT

Introduction

Our sustainability strategies stem from NamPower's corporate values and its stated corporate vision, and are founded on the three key principles of environmental stewardship, social responsibility, and shareholder value (achieved through the pursuit of, among other things, sound corporate governance principles, efficient business processes, and healthy human resources management).

SAFETY, HEALTH AND ENVIRONMENT

Environmental Impact

NamPower is guided by the National Environmental Management Act no 7 of 2007 and the Environmental Impact Assessment Regulations which officially came into effect on 6 February 2012. This Act and its Regulations provide the guidelines for sustainable environmental practices to be adhered to by all companies and individuals. Consistent with both this framework and applicable World Bank and Equator Principle guidelines and criteria, the company conducted environmental impact assessments with respect to the following capital projects during the year under review:

1. Rundu Quito operations EMP;
2. Kunene – Omatando 400Kv power line Environmental Impact Assessment;
3. Scoping report and EMP for the construction and operation of a water pipeline from Walmund substation to Kuiseb substation;
4. Operational EMP of two 132 Kv transmission lines between Kokerboom substation and Namib substation;
5. Scoping report and EMP for the expansion and operation of Ohorongo substation;
6. Operational EMP for the 132 KV transmission line between Otjikoto substation and Ohorongo substation;
7. Scoping report and EMP for Valencia substation & Khan switching station;

8. Scoping report and EMP for the Otjikoto – Tschudi 66Kv transmission line;

9. Scoping report and EMP for the Naruchas substation operational phase;

10. Scoping report and EMP for the Otjikoto – Tschudi 66Kv transmission line;

11. EIA and EMP for the Omatando – Oshivelo 400KV line.

Environmental Inspections/Audits

During 2014/15 NamPower carried out 29 environmental inspections of which 11 were on projects under construction and 18 investigated potential pollution and hazardous substances at existing facilities. Several non-conformances were identified during these inspections and have been resolved or are in the process of being resolved. Audits gauging the levels of compliance of both external contractors and internal company units with environmental requirements were also carried out.

Waste Management

Waste segregation systems were implemented at the company's Brakwater workshops to collect oil-contaminated waste separately from general waste, with the oil-contaminated materials then being disposed of at Windhoek's Kupferberg hazardous waste site. NamPower is also in the process of registering with the municipal authorities its various sites in Windhoek as Waste Producing Sites.

Environmental Networking

NamPower remains an active participant in the National Biodiversity Strategy and Action Plan Steering Committee, the National Sustainable Land Management Committee, the National Climate Change Committee, and the Southern Africa Power Pool Environmental Subcommittee. Environmental staff are registered members of the Environmental Assessment Professionals Association of Namibia. NamPower and the Namibia Nature Foundation have over the past few years been involved in a strategic partnership aimed at reducing the negative interactions between animals and power lines. Two separate research studies have been undertaken (one on the Sociable Weaver and one on Bustards) stemming from this partnership.

Polychlorinated Biphenyls

The Stockholm Convention to which Namibia is a signatory has declared Polychlorinated Biphenyls (PCBs) as a Persistent Organic Pollutant. NamPower has conducted an extensive inventory of equipment at 90% of its substations and large customers, and during the year under review tested some 100 pieces of such equipment, none of which exceeded the allowable PCB concentration limits. Since the beginning of the project in 2006; which is coordinated with the Ministry of Environment and Tourism, only one transformer tested has been confirmed by an accredited laboratory to be in breach.

Occupational Hygiene Surveys

NamPower carried out a series of occupational hygiene surveys at a large sample of company operations and sites, monitoring stressors such as noise, illumination, heat and vibration. Data obtained during the surveys was compared against the Namibian Labour Act and Regulations relating to health and safety of employees at work, and remedial action initiated where merited.

ENVIRONMENTAL HEALTH

Air Quality

Baseline emission monitoring was launched during the year under review at Van Eck power station, with the aim of better understanding the plant's impacts on air quality and whether interventions to reduce emissions may be necessary or appropriate.

Water Quality

A project to monitor surrounding water quality at Van Eck, Ruacana, and the Brakwater depot was started, to determine the effects of those facilities on the environment in terms of water pollution. The project is expected to start yielding definitive results during the 2015/16 financial year.

Safety, Health, Environment and Wellness (SHEW)

Safety, health, environment and wellness are important to the success of NamPower's operations. The SHEW section continued during the year under review to conduct risk assessments, accident investigations, and inspections. Injuries on duty for the year totalled 13, with none fatal but one serious. 24 vehicle accidents were reported.

In addition to monitoring its safety, wellness and health indexes and keeping the Ruacana and Van Eck clinics operating at high levels of service throughout the year, the SHEW section also launched a number of wellness campaigns, with 36 feedback sessions on the monthly wellness and health topics presented to employees being conducted through the company's peer educator network.

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR SUSTAINABILITY (continued)

Renewable Energy

As already noted, NamPower fully recognizes the importance to society of environmentally sustainable operations, and to this end the company has re-engineered its Renewable Energy section to investigate and enhance the feasibility and implementation of renewable energy as a comprehensive, affordable and accessible solution for Namibia. It has also illustrated its own commitment through the implementation of rooftop solar PV projects to supply its own needs:

- 64 kWp solar PV system at NamPower's head office in Windhoek;
- 103kWp supporting NamPower's IT infrastructure;
- Solar water heaters in its own properties; and
- Implementation of 3-5 MWp solar PV to supply the auxiliary needs of the Ruacana power station.

NamPower has, in collaboration with the Ministry of Mines and Energy and the ECB, been designated to manage a tender for (3 x 10 MW) 30 MW of solar PV to be provided by independent power producers (IPPs). The final bidding for the project is expected to conclude, with tenders awarded, during the 2015/16 financial year. NamPower also made available standardized agreements to projects in the REFIT category (less than 5 MW each) and allocated 70 MW to be awarded to IPPs for solar PV projects. A further 20 MW PPA for a solar PV project is under negotiation, bringing the total allocation for solar PV to 110 MW. NamPower is also in the advanced stages of negotiation of a PPA to procure power from a 44 MW wind power facility outside Luderitz.

During the year under review, NamPower embarked on one study into the affordability and feasibility of Concentrated Solar Power technology as a possible option for Namibia, and another into the feasibility of harvesting of bush as a fuel source for utility-scale or smaller power station applications.

NamPower's Renewables team also participated in various collaborative activities with other public and private sector agencies aimed at an improved enabling environment for investment in the local renewables sector, ranging from data collection and other technical exercises to the launch of pilot projects to participation in local and international forums. In these and similar efforts the company, in order to supplement its own resources, has pursued funding from donor sources such as the Global Energy Fund, the Sustainability for All Fund, and development finance institutions.

OUR SUPPLIERS

NEEEP Policy

The NEEEP approved by the Board in September 2014, is aimed at increasing the participation of Previously Disadvantaged Namibians (PDNs) in NamPower procurement activities.

Tender Categories

Clause 12 of the NEEEP policy provides that all tenders which are below N$10 million and of a non-technical, repetitive nature are reserved for the participation of enterprises owned 51% or more by PDNs, through a competitive tendering process.

Tenders above N$10 million are evaluated based on a range of criteria, with up to 100 price preference points being granted to enterprises that score strongly on PDN ownership/control, human resources and skills development ,entrepreneurship development, and community investment.

Stakeholder Engagement

Following internal information sessions with employees to sensitise them to the objectives and importance of NEEEP, the policy was launched and presented to NamPower's external stakeholders and customers in February 2015, both in Windhoek and in major towns throughout Namibia. Participants included the Namibia Chamber of Commerce and Industry, the Government Institutions Pension Fund, the Development Bank of Namibia, the SME Bank, other financial institutions and agencies, local and international enterprises, and the media. Stakeholder engagement concerning NEEEP is an ongoing process.

Action plans for 2015/16 and related targets

Perspectives	Objectives: KPA	Measurements: KPI	2015/16 Targets	Critical Task / Strategic Initiatives	Assumptions / Risk
THEME 3: STAKEHOLDER RELATIONS (Customer Perspective)	Improve Stakeholder Relations	% Overall Stakeholder Satisfaction Rating	75%	Implement Annual Shareholder Engagement Plan	Diligence in Executing Engagement Plan; Support from GRN
				Implement Annual Stakeholder Engagement Plan	Stakeholder Support
	Meet Customer Expectations	% Customer Satisfaction	80%	Conduct Customer Survey	Participation Rate and Honest Feedback

Tender Notice

To further maximise the participation of all Namibians, including PDNs, in NamPower procurement activities, mechanisms have been put in place to widely advertise planned projects in the print media three months ahead of the tender period in question, affording potential tenderers time to prepare themselves and identify partners they deem suitable for joint ventures, partnerships or consortia on complex projects.

Performance of the NEEEP Policy

The statistics below set forth the amounts spent during the post-launch period on contracts for services and goods from PDN and non-PDN enterprises respectively. They reflect a smooth and quick ramp-up of NEEEP implementation.

Category	Quarter 3 (N$)	%	Quarter 4 (N$)	%
PANs	30 435 622.63	50.45%	77 107 241.54	39.3%
PDNs	12 232 644.63	20.28%	35 479 635.87	18.1%
Others	17 659 649.81	29.27%	83 515 661.05	42.6%
Total Amount Spent	60 327 917.07		196 102 538.46	

Our Customers/Systems Integrity

Customer service and satisfaction remain top priorities for NamPower, to be pursued at all levels: from face-to-face interaction with individual clients up through the basic architecture of a reliable and responsive power system meeting the nation's needs. The building blocks of such a dynamic system can be summarised as follows:

Firstly, new assets are designed and commissioned to cater for natural load growth, capacity for new step loads, and integration of new generating plant as well as to cater for wheeling of energy through NamPower's transmission network. In order to stand the test of time, these assets are designed in accordance with international best-practice norms, supplemented by the unique requirements imposed by Namibia's harsh weather conditions, especially along the country's coasts. Because of these non-standard characteristics, specialised power system studies are performed on the Namibian power grid to ensure the dynamic stability of the system at all times.

Secondly, real-time monitoring and control of the power system is required 24 hours a day, 7 days a week. This is to ensure safe and reliable operation within the Namibian Grid Code requirements in order to meet quality of supply criteria. Such real-time monitoring is performed by trained and dedicated staff at NamPower's National Control Centre.

Thirdly, apart from condition-based monitoring of important assets, first line maintenance and routine inspections are performed by district personnel to detect any anomalies so that corrective maintenance actions may be performed in time. Scheduled maintenance is also carried out on all assets by specialised personnel to ensure the long term viability and reliability of the different power system components.

Although serious breakdowns are rare, a major factor influencing the sustainability and reliability of power lines is the effect of human activity in the forms of vandalism and theft of sections of power line structures leading to structural failure. This can cause prolonged power outages to affected areas. Breakdowns or outages are attended to by dedicated personnel working around the clock to restore power supply to customers within the shortest possible time whilst adhering to health and safety requirements.

Our People

NamPower aims to harness the power of its workforce countrywide. NamPower's human resources strategy creates an engaged and competitive workforce and fosters an inclusive environment in which people trust and respect one another, and where they encourage each other to achieve sustainable and focused business growth. The approach is supported by the NamPower Corporate Strategy (addressed elsewhere in this Report). NamPower aims to become a leading energy company in Africa, and relatedly, to inspire inclusion, diversity and innovation and equitable economic empowerment opportunities. The company's human resources strategy supports NamPower's achievement of its goals.

Our Economy

NamPower has played a vital, continuing role in the growth of Namibia's economy since national Independence was achieved in 1990. In line with Namibia's 4th Development Plan, the company has positioned and established itself as amongst the most reliable sources of energy generation and transmission on the African continent. NamPower is committed to invest in new power plants and associated transmission lines which will further stimulate economic growth for many years to come.

The envisaged investments will not only provide the additional electricity and energy security needed to support continuing robust GDP growth, but will help balance and diversify the nation's economic base. Reduced import dependency will materially improve Namibia's current account (and boost foreign exchange reserves accordingly); and the IPP model for infrastructure development being contemplated is calculated to ease fiscal pressures on Namibia's Treasury. At the same time, successful collaboration with foreign IPP partners will further heighten the country's profile as a uniquely attractive, strategically positioned investment destination in southern Africa.

NamPower has also been unstinting in its efforts to broaden the foundations of GDP growth. During the year under review, NEEEP was added to our portfolio of commitments in this regard, joining longstanding rural electrification and other initiatives to expand power supply to Namibia's less-developed areas, thus stimulating the SME sector predominant in these areas as well as educational and social development, both of which feed back into greater economic productivity and demand.

Governance Structure

NamPower has long set the standard for corporate governance among state-owned enterprises in Namibia; and continues to treat this responsibility with the same seriousness and commitment as it brings to the job of powering the nation. The governance hierarchy begins at the top with the Ministry of Mines and Energy as representative of the Company's sole shareholder, the Government; then comes the board of directors, appointed by the shareholder, with directors further dividing a portion of their responsibilities among themselves through four committees established to assist the board (audit and risk; remuneration and nomination; investment; and tender board); and finally senior management, under the supervision of and accountable to the board.

The board is the highest body with fiduciary responsibilities to the Company, and through regular meetings, monitoring of management, and stakeholder engagement discharges the key functions of overall strategic direction and control; setting to and regularly re-examining and modulating as necessary the Company's vision, values and broad trajectory; appointing, delegating authority to, and holding the Managing Director accountable for his/her performance; ensuring the integrity of the annual financial statements and integrated report; faithfully discharging through its constituent members both its own responsibilities and those of its committees; and setting by example and by faithful, rigorous supervision the ethical tone for the Company's operations, cognisant at all times of such operations' impact on internal and external stakeholders, the economy, the environment, society, sustainability, and the Namibian nation as a whole.

Integrated Risk Management

During the year under review NamPower adopted an Integrated Risk Management approach to the management of risks across the business, in cognizance of an increasingly dynamic and complex operating environment. Our Risk Framework and Policy is directly aligned to the Group's Business Strategy and Plan for the years 2014 – 2018. Our annual risk management plan and risk matrix, reviewed quarterly, forms the basis of our activities and focus, not only enabling us to proactively manage risk but also ensuring that such management becomes embedded within the corporate culture of NamPower. We believe that significant progress in this regard was achieved in 2014/15, as evidenced by a sustained improvement in the internal control environment, particularly in the case of financial controls.

MANAGING DIRECTOR'S REPORT

REFLECTING ON **OUR SUSTAINABILITY**

(continued)

CORPORATE SOCIAL INVESTMENT

The Power of Progress

NamPower has an established footprint in the social investment sphere in Namibia, as our objectives are not only to ensure security of electricity supply, but also to add value to the lives of fellow Namibians.

Through the NamPower Foundation, we have ploughed back nearly N$26 million into social investment over the past five years, with a focus on education, community development, health and social welfare, capacity and skills development, and job creation and entrepreneurship development. During this period, roughly 150 grants have been made to projects across all 14 regions of our country.

Education receives the bulk of the NamPower Foundation's funding. The NamPower vocational training and general education bursaries, amounting to N$3.5 million per annum, in our view represents the single largest annual contribution by a corporate entity to education in Namibia.

An impact assessment graph, featured below, illustrates the effects that the Foundation's grants have on the recipients and their communities.

These traditions and levels of support were maintained during the year under review, which witnessed the following highlights, in addition to the flagship bursaries programme already noted:

Employee Volunteerism: PowerCare

Employee volunteerism allows interested NamPower staff members the opportunity to offer their resources, time, money and goods to support the vulnerable, principally through the PowerCare programme. PowerCare's focus remains pre-primary education, in support of which soup sales and donations in aid of kindergartens nationally were organised. NamPower continues to match the value of donations collected by staff on a 1:1 ratio.

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR SUSTAINABILITY (continued)

Flagship Projects

The NamPower Foundation has three flagship programs that are funded on a large-scale basis annually, herein referred to as National Projects.

- **National Science Fair**

The NamPower National Science Fair affords students from across the country the opportunity to use their innovation in science and mathematics and exhibit projects in competition with their fellow learners. Gold winners from regional Science Fairs qualify to participate in the national competition, held annually in Windhoek. NamPower's exclusive sponsorship of this event has run into millions of Namibia dollars since the Foundation became involved.

- **Disability Sport Namibia (DSN)**

The NamPower Foundation has since 2011 been the main sponsor of Disability Sport Namibia, which is the umbrella body of Special Olympics Namibia and Paralympics Namibia. In the year under review, the Foundation granted an amount of N$ 1.2 million for implementation of various sports development programmes and athletes' participation in both local and international competitions.

- **Medic Rush**

NamPower continued to partner with Hochland Round Table 154 in support of Medic Rush, an annual activity that sees health care practitioners offer free medication and free health care services to communities in remote and less privileged parts of the country. During the year under review, roughly 1000 patients were attended to.

Other Projects

- N$519 464 was provided for the renovation of four science laboratories and the procurement of science equipment at Ekulo Secondary School, which is among the best performing schools in the Oshikoto region.

- Local Rehabilitation Workshop (LOREWO), which focusses on the physically disabled and is situated in Oshakati State Hospital, received N$50 000 to manufacture wheelchairs. The project in turn donated its first wheelchair to a man who had spent his whole life crawling.

- The Onankali Mahangu paper-making project, a community-based enterprise that provides employment and income by

MANAGING DIRECTOR'S REPORT

REFLECTING ON OUR SUSTAINABILITY (continued)

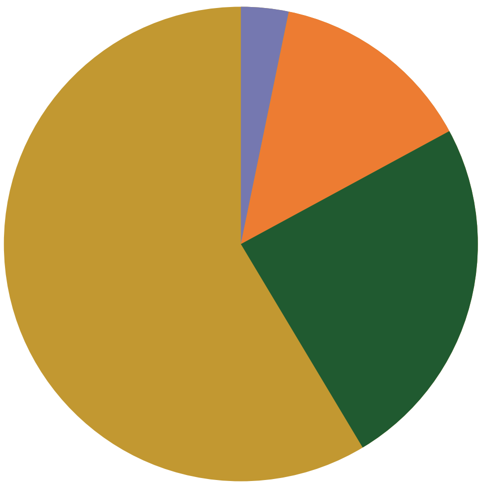
manufacturing finely crafted paper products utilising the leaves of the staple crop mahangu, with construction of infrastructure, a craft shop, ablution facilities, laminator, guillotine and envelope making machine.

- The Imangulula Garden Project, which helps mainly HIV-positive and unemployed community members generate income from farming, was provided with gardening tools, seeds, safety boots and uniforms. Plans are underway to build an administrative block including a kiosk and workers' shelter.
- The Working Group of Indigenous Minorities in Southern Africa (WIMSA), a non-governmental regional network that coordinates and represents the interests of the San people throughout Southern Africa, received N$100 000 to fund the printing of !Kung Story books and training of San teachers.
- The Tusheketenu Youth Project in the Kavango region received a brickmaking machine with moulds valued at N$177 871. This project will not only create employment opportunities for the youth in the region but also provide more durable material for building houses.

Impact Assessment

An Impact Assessment was carried out to gauge the impact of NamPower's social investment on various beneficiaries over a five year period.

Have the donations changed the quality of life of the beneficiaries?

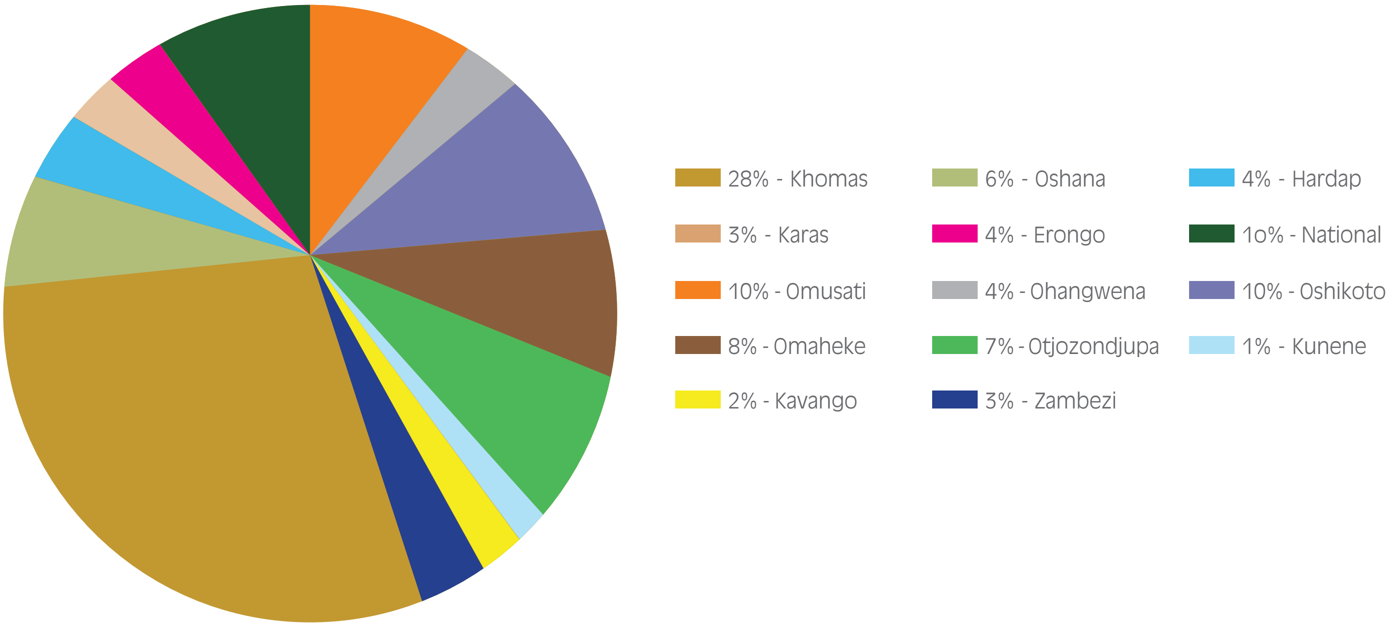


MANAGING DIRECTOR'S REPORT

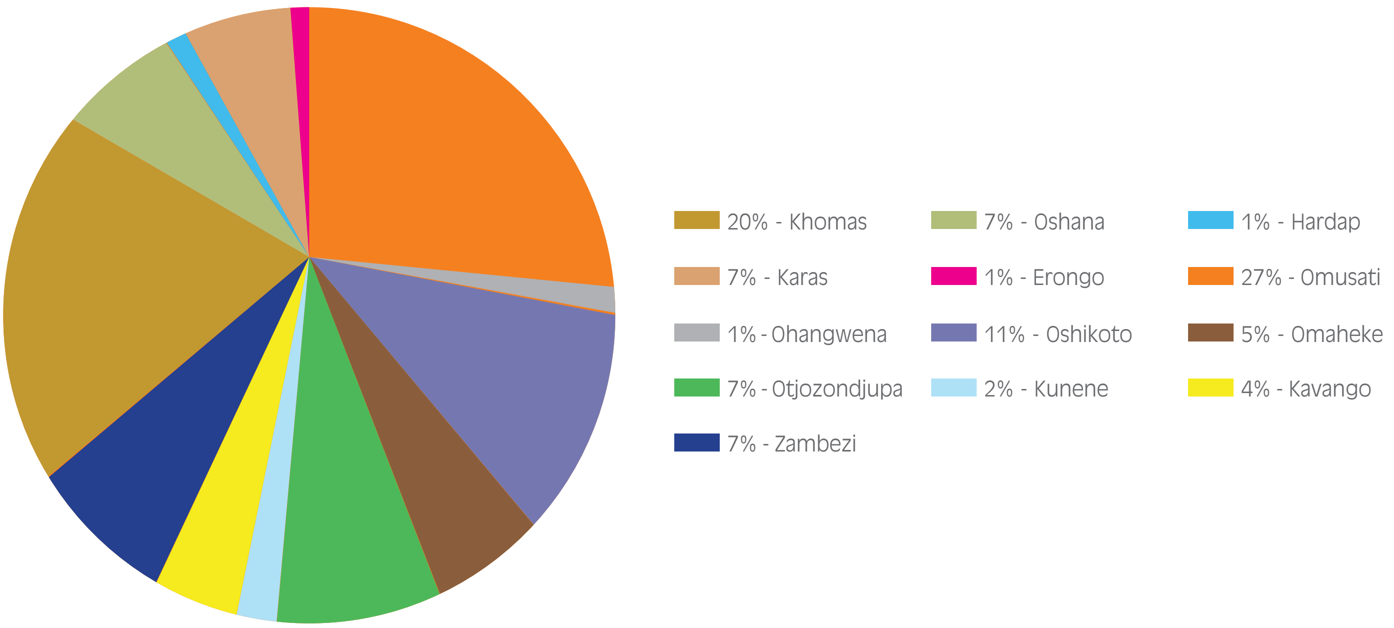
REFLECTING ON **OUR SUSTAINABILITY**

(continued)

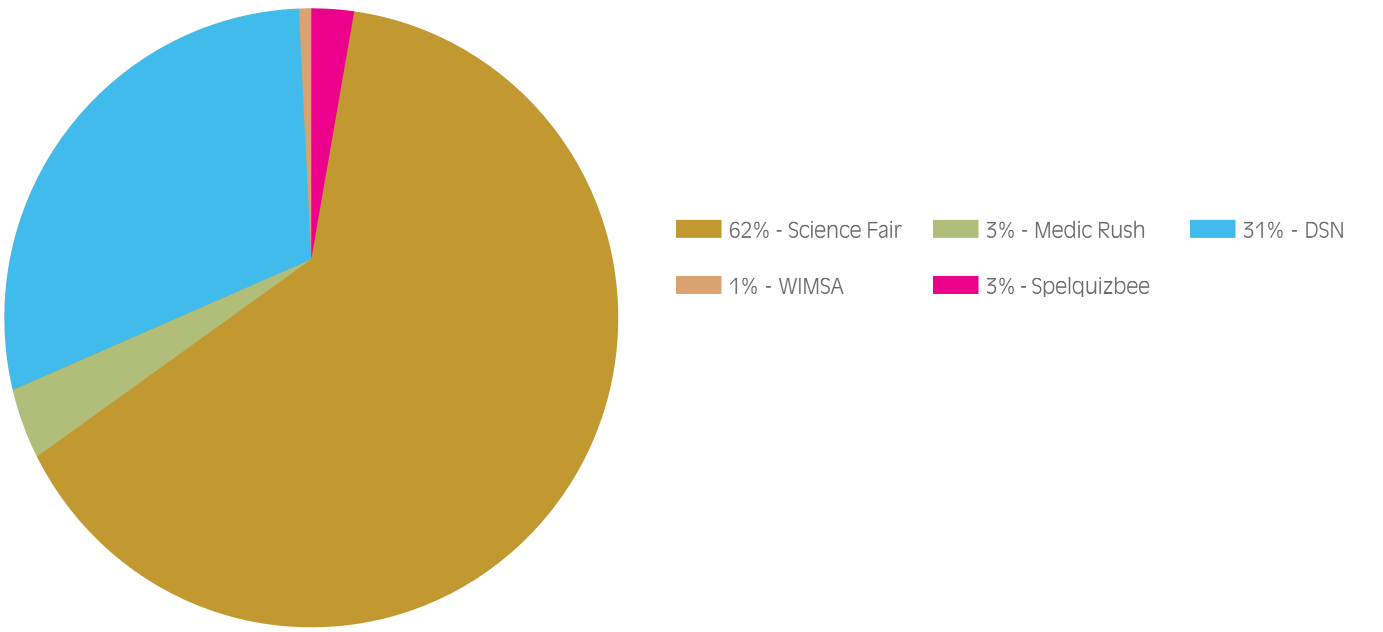
CSI Projects Per Region



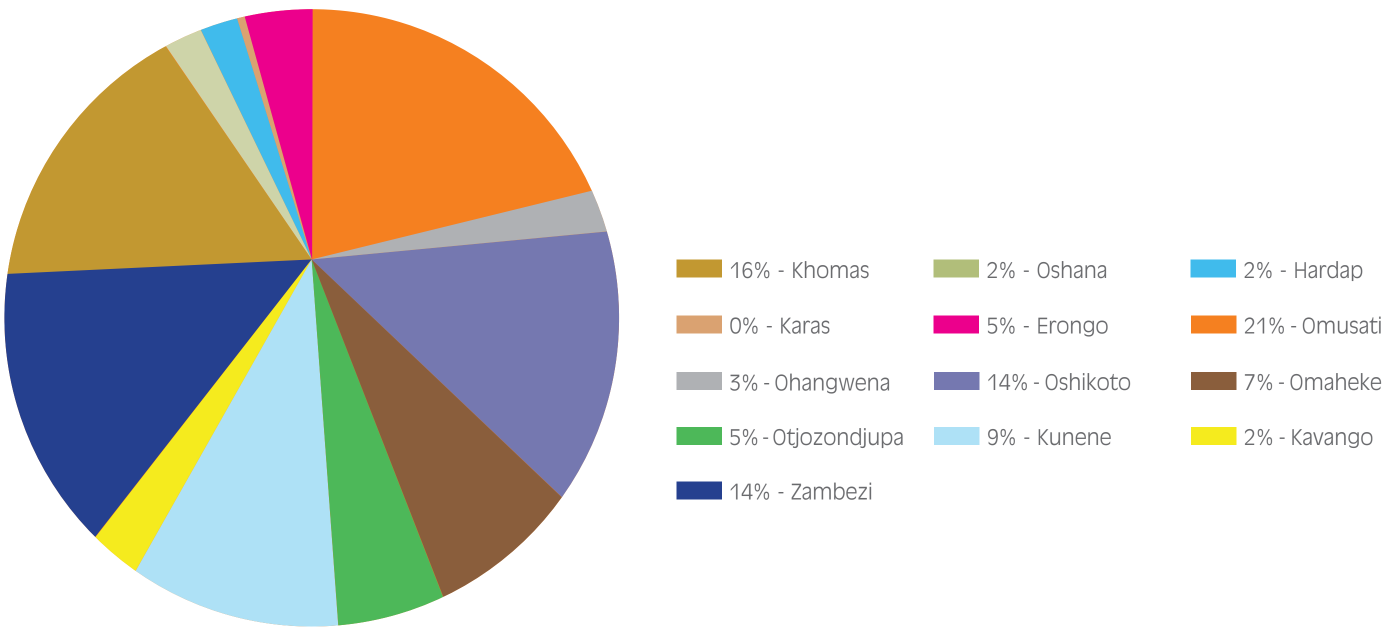
CSI Spend per Region (excluding National Projects)



CSI Spend for National Projects



Projects/Schools assisted with ICT Equipment per Region



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FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

	GROUP				COMPANY			
	2015 N$'000	%	2014 N$'000	%	2015 N$'000	%	2014 N$'000	%
VALUE ADDED								
Turnover	4,480,514		3,967,840		4,480,514		3,967,840	
Less: Cost of primary energy, materials and services	3,477,188		2,882,508		3,477,118		2,882,438	
Value added by operations	1,003,326	65.99	1,085,332	69.41	1,003,396	65.95	1,085,402	69.29
Interest and sundry income	517,050	34.01	478,268	30.59	518,105	34.05	481,150	30.71
	1,520,376	100.00	1,563,600	100.00	1,521,501	100.00	1,566,552	100.00
VALUE DISTRIBUTED								
To remunerate employees	534,441	35.15	500,231	31.99	534,441	35.13	500,231	31.93
To providers of debt	227,441	14.96	244,318	15.63	227,441	14.95	244,318	15.60
Taxation	174,767	11.49	156,562	10.01	174,775	11.49	156,792	10.01
	938,036	61.70	901,111	57.63	936,657	61.56	901,341	57.54
VALUE RETAINED								
To maintain and develop operations	583,727	38.39	662,489	42.37	584,844	38.44	665,211	42.46
	1,520,376	100.00	1,563,600	100.00	1,521,501	100.00	1,566,552	100.00

The directors are responsible for the preparation and fair presentation of the Group and Company annual financial statements of Namibia Power Corporation (Proprietary) Limited, comprising the statements of financial position at 30 June 2015, 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, in the manner required by 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 the 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 have made an assessment of the ability of the Group and the Company, to continue as going concerns and have no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia.

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 24 September 2015 and signed by:

MMN NAKALE
CHAIRPERSON

SK HAULOFU
ACTING MANAGING DIRECTOR

To the member of Namibia Power Corporation (Proprietary) Limited

We have audited the Group financial statements and financial statements of Namibia Power Corporation (Proprietary) Limited, which comprise the statements of financial position at 30 June 2015, 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, as set out on pages 62 to 154.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Power Corporation (Proprietary) Limited at 30 June 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Namibian Companies Act.

KPMG

KPMG
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Robert Grant
Partner

Windhoek, 25 November 2015
30 Schanzen Road, Klein Windhoek, Windhoek, Namibia

The directors have pleasure in presenting their report for the year ended 30 June 2015.

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:	**GROUP AND COMPANY**	
	2015 GWh	2014 GWh
Ruacana Hydro Power Station	1,503	1,485
Van Eck Power Station	7	-
Paratus Power Station	1	-
Anixas Power Station	26	13
Eskom	982	1,091
ZESCO	422	420
EDM	35	-
ZESA	702	962
Aggreko	517	413
ZPC	59	-
Total units into system	4,254	4,384
To customers in Namibia	3,169	3,028
Exports	88	84
Orange River	139	145
To Skorpion Zinc Mine^	474	571
Total units sold	3,870	3,827

^Skorpion Zinc Mine is a customer situated in the Republic of Namibia but is supplied directly by Eskom via a back to back agreement whereby Eskom bills NamPower for the units consumed by Skorpion, then NamPower bills Skorpion for those units sold by Eskom.

Transmission losses	**9.9%**	14.5%

Growth

During the year under review there was an increase of 4.7% in units sold to customers in Namibia excluding Skorpion (2014: increase of 1.4%). The power imported by the Company during the year under review decreased by 170 million units (2014: decrease of 21 million units).

3. Dividend

No dividend was declared in respect of the year under review and the prior year.

4. Subsidiaries and Associates

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

5. Capital Expenditure

The expenditure on property, plant and equipment during the financial year amounted to: Group and Company N$788.9 million (2014: N$737.5 million). The expenditure on intangible assets during the financial year amounted to: Group and Company N$1.7 million (2014: N$563 thousand).

This expenditure is mainly attributable to:

5.1 Electrification:

- Naute Irrigation Project
- Omaheke: 33kV Line Donkerbos
- Southern Region: Pre-paid Meters
- Von Bach Tungeni Africa Investments (Pty)
- NPPA: Electrification CWA School-Okavango
- Luxury Investments 140 Irrigation Project
- Omaheke region: Eiseb 10 Locality
- Reactors: Mariental-Gibeon 33kV retic
- Solar Grape Pty Ltd

5.2 Substation Development:

- Walvis Bay 132kV
- Husab Power Supply
- Kunene 330kV
- Omatando: second 132kV busbar
- Sungate
- Poultry
- Omutiya
- Baobab
- Gerus S/S: Otjikoto 220kV Feeder
- Henties Bay S/S:10MVA Trfr - SERGI
- Rundu - Cuito Project
- Hardap S/S: Supply and fit Interlocks

5.3 Refurbishment and Upgrading:

- Van Eck Power Station - Rehabilitation
- Ruacana Power Station Units 1-3: Vibration Monitors
- Ruacana Power Station: Upgrade of Unit 1-3 Hydraulic
- Ruacana Power Station: 330kV Protection Refurbishment

5.4 Transmission System:

- Northern Transmission Master Plan
- Kunene - Omatando 400kV Line
- Rössing-Walmund 220kV Line OPGW installation
- Osona 220kV In - Out
- Gerus T/S Video Surveillance
- Recloser automation project
- 400kV Gerus-Otjikoto Line
- Tx Kudu Integration
- Von Bach Pumping Scheme (NamWater)
- IP Network Integration of Kuiseb
- IP Network Integration of Swakop
- IP Network Integration of Rössing

5.5 Power Station Development:

- Anixas Power Station-Walvis Bay
- Ruacana Power Station-Unit No.4

6. Foreign Assets

The valuation of the diversion weir situated in Angola amounted to N$47.0 million based on replacement value. NamPower had granted a N$3.7 million loan in respect of the Gove dam to the Angolan authorities. The recovery of this loan depended on the rehabilitation of the Gove dam by the Angolan Authorities and the implementation of the principles embodied in the 1969 agreement.

The assets and the loan granted are currently reflected in the company's books at nil carrying amount. These assets and the loan were initially recognised in the books of NamPower and then subsequently impaired to nil during the 2003 financial year.

7. Shareholder

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

8. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the report or Group annual financial statements, that would affect the operations of the Group or the results of those operations significantly.

9. Corporate Governance

NamPower is committed to achieving high standards of corporate governance. The Board has developed self–governance principles over the years which are applied transparently and consistently. The Board also recognises that compliance with legislation is an important component of good governance. In this regard, the directors are satisfied with actions that management has taken to ensure compliance with all relevant legislation. Full compliance has not been practically possible with respect to certain provisions of the State-Owned Enterprises Governance (SOEG) Act of 2006. Management has and continues to engage the SOEG Council with the aim of achieving full compliance. The discussions are aimed at ensuring that full compliance does not negate achievements already attained prior to the Act becoming effective.

The Group continues to apply and comply with the provisions of the Companies Act and its internal governance procedures in directing and managing the business. Certain exceptions as provided within the SOEG Act were also processed. The matters dealt with through the Company's internal governance procedures and subject to the board's approval include development and implementation of the Company's strategic and financial plan, determination and approval of the remuneration of the board and senior management and management of the Company's investment portfolio. The SOEG Act does not apply to the subsidiaries and associates, but only to the Company.

9.1 Directorate

MMN Nakale	Chairperson
PI Shilamba	Managing Director
PA Kiiyala	
PJ Maritz	
SP Utonih	
Adv. AW Boesak	
P Karuaihe-Martin	

9.2 Board Committees

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

9.2.1 Audit and Risk Management Committee

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

P Karuaihe-Martin	Chairperson
SP Utonih	
Adv. AW Boesak	

9.2.2 Remuneration and Nomination Committee

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

PJ Maritz	Chairman
PI Shilamba	Managing Director
PA Kiiyala	
SP Utonih	

9.2.3 Board Tender Committee

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

Adv. AW Boesak	Chairman
PJ Maritz	
SP Utonih	

9.2.4 Investment Committee

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

PA Kiiyala	Chairman
P Karuaihe-Martin	
SP Utonih	

9.3 Board and board committee meetings

Board of Directors	Board	Audit and Risk Management Committee	Remuneration and Nomination Committee	Board Tender Committee	Investment Committee
Meetings held:	16	11	4	3	3
Attendance:					
MMN Nakale	14	n/a	n/a	n/a	n/a
PI Shilamba	14	n/a	3	n/a	n/a
PA Kiiyala	16	n/a	4	n/a	3
PJ Maritz	13	n/a	4	3	n/a
SP Utonih	14	11	4	3	3
Adv. AW Boesak	14	11	n/a	3	n/a
P Karuaihe-Martin	15	10	n/a	n/a	2

10. Secretary

Ms S Mavulu held office as Company Secretary for the year under review. The business and postal addresses are shown on page 156.

11. Going Concern

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as a going concern in the fore-seeable future and are satisfied that they have access to adequate resources and facilities to be able to continue operations for the foreseeable future. Accordingly the board has continued to adopt the going-concern basis in preparing the financial statements.

12. Registered address

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

	NOTE	GROUP 2015 N$'000	GROUP 2014 N$'000	COMPANY 2015 N$'000	COMPANY 2014 N$'000
Assets					
Total non-current assets		17,501,301	17,216,037	17,144,938	16,899,247
Property, plant and equipment	6	15,235,895	15,015,385	15,225,191	15,004,615
Investment properties	8	15,367	14,369	15,367	14,369
Intangible assets	9	3,736	4,217	3,736	4,217
Interest in subsidiaries	7.1	-	-	9,062	8,005
Investment in associates	7.2	527,953	487,257	173,232	173,232
Investments	11	1,496,437	1,440,521	1,496,437	1,440,521
Derivative assets	21.1	200,488	228,034	200,488	228,034
Loans receivable	10	21,425	26,254	21,425	26,254
Total current assets		6,214,524	5,851,890	6,214,524	5,851,890
Inventories	12	206,965	217,606	206,965	217,606
Trade and other receivables	13	1,010,557	918,478	1,010,557	918,478
Current tax receivable	13	4,079	-	4,079	-
Investments	11	3,155,862	3,100,982	3,155,862	3,100,982
Cash and cash equivalents	14	1,830,011	1,607,774	1,830,011	1,607,774
Loans receivable	10	7,050	7,050	7,050	7,050
Total assets		23,715,825	23,067,927	23,359,462	22,751,137
Equity					
Total equity attributable to equity holders		13,807,725	13,262,833	13,448,136	12,942,823
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		1,519,447	1,469,280	1,519,447	1,469,280
Development fund		4,048,062	3,553,453	3,904,159	3,449,129
Capital revaluation reserve	16.4	7,110,050	7,110,050	6,894,364	6,894,364
Strategic inventory revaluation reserve	16.5	63,856	63,856	63,856	63,856
Available for sale fair value adjustment reserve	16.6	1,310	1,194	1,310	1,194
Total equity		13,807,725	13,262,833	13,446,749	12,942,823
Liabilities					
Total non-current liabilities		7,914,150	8,084,303	7,910,992	8,081,137
Interest bearing loans and borrowings	17	2,218,920	2,441,563	2,218,920	2,441,563
Deferred revenue liabilities	18	661,351	689,924	661,351	689,924
Employee benefits	22	274,959	268,865	274,959	268,865
Retention creditors	20.3	44,223	21,432	44,223	21,432
Derivative liabilities	21.2	269,221	273,113	269,221	273,113
Deferred tax liabilities	19	4,445,476	4,389,406	4,442,318	4,386,240
Total current liabilities		1,993,950	1,720,791	2,000,334	1,727,177
Trade and other payables	20	1,609,371	1,283,330	1,609,371	1,283,332
Loans due to subsidiaries	7.1	-	-	6,384	6,384
Interest bearing loans and borrowings	17	217,378	230,792	217,378	230,792
Deferred revenue liabilities	18	167,201	206,669	167,201	206,669
Total liabilities		9,908,100	9,805,094	9,911,326	9,808,314
Total equity and liabilities		23,715,825	23,067,927	23,359,462	22,751,137

	NOTE	GROUP 2015 N$'000	GROUP 2014 N$'000	COMPANY 2015 N$'000	COMPANY 2014 N$'000
Continuing operations					
Revenue	25	4,480,514	3,967,840	4,480,514	3,967,840
Cost of Electricity		(2,699,541)	(2,160,553)	(2,699,541)	(2,160,553)
Gross profit		1,780,973	1,807,287	1,780,973	1,807,287
Foreign exchange gains		253,361	424,066	253,361	424,066
Foreign exchange losses		(63,973)	(284,758)	(63,973)	(284,758)
Depreciation and amortisation	6, 9	(533,682)	(529,553)	(533,612)	(529,483)
Other operating expenditure		(967,793)	(831,942)	(967,793)	(831,942)
Other income	25.1	75,137	62,564	76,192	65,446
Operating profit before net fair value adjustments and net finance income		544,023	647,664	545,148	650,616
Fair value loss on derivatives and foreign loans through profit or loss		(81,000)	(94,640)	(81,000)	(94,640)
Fair value (loss)/gain on embedded derivatives- Power Sales Agreement (PSA)		(4,249)	36,520	(4,249)	36,520
Fair value loss on embedded derivatives- Power Purchase Agreement (PPA)		(11,173)	(9,387)	(11,173)	(9,387)
Fair value gain on firm commitments		3,245	10,251	3,245	10,251
Operating profit before net finance income		450,846	590,408	451,971	593,360
Net finance income		214,472	171,386	214,472	171,386
Finance income	24	441,913	415,704	441,913	415,704
Finance costs	24	(227,441)	(244,318)	(227,441)	(244,318)
Share of profit of associates net of tax	7.2	40,696	11,147	-	-
Profit before taxation	26	706,014	772,941	666,443	764,746
Taxation	15	(174,767)	(156,562)	(174,775)	(156,792)
Profit for the year from continuing operations		531,247	616,379	491,668	607,954
Profit attributable to:					
Owners of the Company		531,247	616,379	491,668	607,954
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurements of post retirement medical benefits		20,193	(46,401)	20,193	(46,401)
Related tax	15	(6,664)	15,312	(6,664)	15,312
		13,529	(31,089)	13,529	(31,089)
Items that are or may be reclassified to profit or loss					
Net change in fair value of available-for-sale financial assets		116	375	116	375
		116	375	116	375
Other comprehensive income for the year, net of taxation		13,645	(30,714)	13,645	(30,714)
Total comprehensive income for the year		544,892	585,665	505,313	577,240
Total comprehensive income attributable to:					
Owners of the Company		544,892	585,665	505,313	577,240

	Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
GROUP			
Balance at 1 July 2014	165,000	900,000	1,469,280
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income			
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Allocation from retained income	-	-	50,167
Transfer to reserve fund	-	-	50,167
Funds for capital expenditure requirements	-	-	-
Balance at 30 June 2015	165,000	900,000	1,519,447
GROUP			
Balance at 1 July 2013	165,000	900,000	1,418,302
Total comprehensive income for the year			
Profit for the year restated	-	-	-
Other comprehensive income			
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Allocation from retained income	-	-	50,978
Transfer to reserve fund	-	-	50,978
Funds for capital expenditure requirements	-	-	-
Balance at 30 June 2014	165,000	900,000	1,469,280

Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation Reserve N$'000	Available For Sale Fair Value Adjustment Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
3,553,453	7,110,050	63,856	1,194	-	13,262,833
-	-	-	-	531,247	531,247
-	-	-	116	13,529	13,645
-	-	-	116	544,776	544,892
494,609	-	-	-	(544,776)	-
-	-	-	-	(50,167)	-
494,609	-	-	-	(494,609)	-
4,048,062	7,110,050	63,856	1,310	-	13,807,725
3,019,141	7,110,050	63,856	819	-	12,677,168
-	-	-	-	616,379	616,379
-	-	-	375	(31,089)	(30,714)
-	-	-	375	585,290	585,665
534,312	-	-	-	(585,290)	-
-	-	-	-	(50,978)	-
534,312	-	-	-	(534,312)	-
3,553,453	7,110,050	63,856	1,194	-	13,262,833

	Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
COMPANY			
Balance at 1 July 2014	165,000	900,000	1,469,280
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income			
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Allocation from retained income	-	-	50,167
Transfer to reserve fund	-	-	50,167
Funds for capital expenditure requirements	-	-	-
Balance at 30 June 2015	165,000	900,000	1,519,447
COMPANY			
Balance at 1 July 2013	165,000	900,000	1,418,302
Total comprehensive income for the year			
Profit for the year restated	-	-	-
Other comprehensive income			
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Allocation from retained income	-	-	50,978
Transfer to reserve fund	-	-	50,978
Funds for capital expenditure requirements	-	-	-
Balance at 30 June 2014	165,000	900,000	1,469,280

Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation Reserve N$'000	Available For Sale Fair Value Adjustment Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
3,449,129	6,894,364	63,856	1,194	-	12,942,823
-	-	-	-	491,668	491,668
-	-	-	116	13,529	13,645
-	-	-	116	505,197	505,313
455,030	-	-	-	(505,197)	-
-	-	-	-	(50,167)	-
455,030	-	-	-	(455,030)	-
3,904,159	6,894,364	63,856	1,310	-	13,448,136
2,923,242	6,894,364	63,856	819	-	12,365,583
-	-	-	-	607,954	607,954
-	-	-	375	(31,089)	(30,714)
-	-	-	375	576,865	577,240
525,887	-	-	-	(576,865)	-
-	-	-	-	(50,978)	-
525,887	-	-	-	(525,887)	-
3,449,129	6,894,364	63,856	1,194	-	12,942,823

	NOTE	GROUP 2015 N$'000	GROUP 2014 N$'000	COMPANY 2015 N$'000	COMPANY 2014 N$'000
Cash flows from operating activities					
Cash receipts from customers		4,675,600	4,250,846	4,675,600	4,250,846
Cash paid to suppliers and employees		(3,444,040)	(3,108,263)	(3,442,983)	(3,107,635)
Cash generated from operations	A	1,231,560	1,142,583	1,232,617	1,143,211
Increase in retention creditors		22,791	11,910	22,791	11,910
Interest received		354,214	305,038	354,214	305,038
Interest paid		(144,357)	(162,047)	(144,357)	(162,047)
Taxation paid	B	(129,439)	-	(129,439)	-
Net cash from operating activities		1,334,769	1,297,484	1,335,826	1,298,112
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment		4,303	1,540	4,303	1,540
Acquisitions of intangible assets	9	(1,677)	(563)	(1,677)	(563)
Extension and replacement of property, plant and equipment to maintain operations	6	(788,845)	(737,563)	(788,845)	(737,563)
Dividend received		859	2,250	859	2,250
Increase in loans to subsidiaries		-	-	(1,057)	(628)
(Increase) in investments		(55,800)	(272,017)	(55,800)	(272,017)
Increase in short term investments		(54,880)	(230,680)	(54,880)	(230,680)
Decrease in loans receivable		4,829	34,812	4,829	34,812
Net cash used in investing activities		(891,211)	(1,202,221)	(892,268)	(1,202,849)
Cash flows from financing activities					
Repayment of interest bearing loans and borrowings		(221,321)	(145,081)	(221,321)	(145,081)
Net cash used in financing activities		(221,321)	(145,081)	(221,321)	(145,081)
Net increase/(decrease) in cash and cash equivalents		270,295	(38,907)	270,295	(38,907)
Cash and cash equivalents at 1 July		1,607,774	1,657,592	1,607,774	1,657,592
Effect of exchange rate fluctuations on cash held		(48,058)	(10,911)	(48,058)	(10,911)
Cash and cash equivalents at 30 June	14	1,830,011	1,607,774	1,830,011	1,607,774

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
A. CASH GENERATED FROM OPERATIONS				
Profit before taxation and interest and before share of profits from associates	471,039	544,007	472,164	546,959
Adjustments for:				
- Dividend received	(859)	-	(859)	(2,250)
- Net accrued interest	7,041	26,044	7,041	26,044
- Fair value movements of financial liabilities at fair value through profit or loss	(17,161)	(16,823)	(17,161)	(16,823)
- Fair value movements on derivative contracts	11,479	(4,802)	11,479	(4,802)
- Fair value movements on firm commitments	(3,245)	(10,251)	(3,245)	(10,251)
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)	11,173	9,387	11,173	9,387
- Fair value movements on embedded derivative - Power Sales Agreement (PSA)	4,249	(36,520)	4,249	(36,520)
- Coal survey adjustment	3,816	-	3,816	-
- Fair value movements on investment properties	(1,052)	(1,224)	(1,052)	(1,224)
- Depreciation on property, plant and equipment	531,524	526,696	531,454	526,626
- Amortisation on intangible assets	2,158	2,857	2,158	2,857
- Strategic inventory items issued	35,373	40,892	35,373	40,892
- Government grant recognised in income	(39,468)	51,681	(39,468)	51,681
- Movement in deferred revenue liability	(28,573)	(30,256)	(28,573)	(30,256)
- Transfer to transmission systems	-	(102)	-	(102)
- Transfer to intangible assets	1,097	554	1,097	554
- Employee benefits - defined benefit obligation	3,330	2,384	3,330	2,384
- Increase in provisions	2,764	64,867	2,764	64,867
- Gain on realisation of property, plant and equipment	(3,907)	(1,200)	(3,907)	(1,200)
Operating profit before working capital changes	990,778	1,168,191	991,833	1,168,823
Decrease/(increase) in inventories	6,825	(1,100)	6,825	(1,100)
Increase in trade and other receivables	(96,158)	(207,619)	(96,158)	(207,619)
Increase in trade payables	330,115	183,111	330,117	183,107
	1,231,560	1,142,583	1,232,617	1,143,211
B. TAXATION (PAID)/REFUNDED				
Amount due (to)/by Receiver of Revenue at beginning of year	-	-	-	-
Income statement charge	125,361	-	125,361	-
Amount due (to)/by Receiver of Revenue at end of year	4,079	-	4,079	-
Taxation paid	129,439	-	129,439	-

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 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

2. BASIS OF PREPARATION

(a) Statement of compliance

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 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 material items in the statement of financial position:

- derivative financial instruments;
- available-for-sale financial assets;
- financial assets and financial liabilities at fair value through profit or loss;
- property, plant 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 Company's functional and presentation currency and are rounded to the nearest thousand.

(d) Use of estimates and judgements

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 and impairment of assets;

Note 8 - valuation of investment property;

Note 12 - inventories;

Note 22 - employee benefits and

Note 29 - valuation of financial instruments - loans and derivatives.

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.

(d) Use of estimates and judgements (continued)

Measurement of fair values (continued)

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 8 - valuation of investment property and

Note 29 - valuation of financial instruments - loans and derivatives.

(e) 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).

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

(i) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group financial statements from the date that control effectively commences until the date that control effectively ceases.

Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of any equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) 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 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 other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

(iii) 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.

(iv) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, which is the date that control is transferred to the Group. The excess of the cost of acquisition over fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase gain.

(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 less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy 3 (e)).

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 market value. Valuations of property, plant and equipment are determined from market-based evidence by appraisals undertaken by professional valuers. Revaluations are performed every five years such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Between formal valuations, the revalued amounts are reassessed at each reporting date by professional valuers.

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 and not OCI. 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.

(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. This asset class is accounted for in terms of the accounting policy for property, plant and equipment and is revalued every five years.

(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 as the 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, to its residual value.

Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Land and assets under construction are not depreciated.

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

Category	
• Power Stations	
- Ruacana Power Station (Plant and Civil Works)	1 - 120 years
- Van Eck Power Station	1 - 35 years
- Paratus Power Station - Plant	1 - 35 years
- Anixas Power Station - Plant	1 - 35 years
• Transmission System	8 - 60 years
• Machinery and Equipment	1 - 35 years
• Buildings	23 - 50 year

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

(b) Property, plant and equipment (continued)

(v) Depreciation (continued)

Strategic Inventory

The Company depreciates strategic inventory if the stock is unique and specific to items of property, plant and equipment.

The strategic inventory 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. Interchangeable strategic inventory items that can be used at more than one asset are not depreciated.

Disposal

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

(vi) 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) Research and development costs

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense when incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses (see accounting policy 3(e)).

Costs that are directly associated with development of identifiable and unique software products controlled by the Group and that it will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortised as below. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset. It shall be recognised in profit and loss when the asset is derecognised. Gains shall not be classified as revenue.

(ii) 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.

(iii) 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.

(iv) Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. The estimated useful life for the current and comparative periods is as follows:

- Computer software 5 years

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 intented 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

(d) Investment properties (continued)

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.

(e) Impairment of assets

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, deferred tax assets 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:

- first to reduce the carrying amount of any goodwill allocated to the cash-generating units,

- and then to reduce the carrying amounts of other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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.

(ii) Financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occured after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

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

(iii) Reversals of impairment

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

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is reversed through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

(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) 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.

(i) Decommissioning

The Group recognises decommissioning obligations raised only on notification to the Electricity Control Board of a planned decommissioning. When a decommissioning notification is given by the Group five years prior to the plant decommissioning, the decommissioning plan is approved and consequently the arising of the obligation. No decommissioning notifications have been given by the Group to date and therefore no provision for decommissioning has been raised.

(ii) Site restoration

The Group has no legal or constructive obligation to restore contaminated land or related expenses and thus recognised no provision for site restoration.

(h) Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised up to the date that the asset is substantially completed. The capitalisation rates applied are the weighted averages of the borrowing costs applicable to the borrowings of the respective entities in the Group unless an asset is financed by a specific loan, in which case the specific rate is used.

(i) Financial Instruments

(i) Initial recognition

The Group initially recognises loans and receivables and deposits on the date when they are originated. All other finacial assets and liabilities are initially recognised on the trade date.

(ii) Derecognition

A financial asset is derecognised when, and only when:

- The contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the Group; or
- The Group transfers the financial asset including substantially all risks and rewards of ownership of the asset; or
- The Group transfers the financial asset, neither retaining nor transferring substantially all risks and rewards of ownership of the asset, but no longer retains control of the asset. Any interest in the transferred financial assets that is created or retained is recognised as a separate asset or liability.

The difference between the carrying amount of a financial asset (or part thereof) derecognised and consideration received, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

(iii) 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.

(iv) Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified

(i) Financial Instruments (continued)

(iv) Held-to-maturity investments (continued)

as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. Held-to-maturity investments comprise Namibian government bonds and treasury bills, Namibian commercial banks bonds and South African zero coupon bonds. Held-to-maturity investments are classified as investments on the statement of financial position.

(v) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets.

The Group initially recognise the financial asset at fair value plus transaction cost that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, they are measured at fair value and changes therein,other than impairment losses (see note 3(e)) and foreign currency differences on available-for-sale monetary items, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss. Available-for-sale financial assets comprise investments in listed equity. Available-for-sale financial assets are classified as investments on the statement of financial position.

(vi) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market, such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, trade and other receivables and other loans and receivables. Cash and cash equivalents comprises cash balances, call and fixed deposits with original maturities of three months or less.

(vii) 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.

(viii) Financial assets and financial liabilities at fair value through profit or loss

A financial asset or financial liability is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets and financial liabilities are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss (see note 29).

(ix) Non-derivative financial liabilities

Other financial liabilities comprises 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 NAD and ZAR denominated loans, subsequent to initial recognition, such financial liabilities are measured at amortised cost using the effective interest method. The foreign denominated loans (GBP and EURO), subsequent to initial recognition, such financial liabilities are measured at fair value through profit or loss.

(x) Derivative financial instruments

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

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.

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

(i) Financial Instruments (continued)

(x) Derivative financial instruments (continued)

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 and then discounting the cash flows by using the relevant interest rate curve and only then is the net present value of the cash flows converted at the relevant Namibia dollar/foreign currency spot rate to the reporting currency.

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: electricity tariff or other revenue or expenditure is based on the foreign currency.

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.

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.

(xi) 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.

(j) Foreign currency transactions

Transactions in foreign currencies of Group entities are translated to Namibia dollars (N$) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Namibia dollar (N$) at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Namibia dollars (N$) at the exchange rates ruling at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(k) Deferred income

(i) Government grants

Government grants are recognised initially as deferred income 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 income 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.

(ii) Payments received in advance

Payments received in advance consists mainly of upfront capital contributions for the construction of assets. Upfront capital contributions are recognised in profit or loss when all performance obligations have been performed by the Group e.g. when the customer is energised (see accounting policy 3(n)).

(iii) Transfers of assets from 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 initially recognised as deferred revenue and recognised as income in profit or loss over the useful life of the asset transferred in accordance with IFRIC 18.

(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

(i) Electricity Sales

Revenue comprises electricity sales, STEM sales, Paratus contribution, extension charges and contributions received or receivable excluding value added tax. Paratus contribution comprises of a monthly contribution by the municipality of Walvis Bay as per take over contract of the Enclave. Electricity revenue is recognised when the electricity is consumed by the customer.

Capital contribution constitutes cash transferred by a customer to the company for the construction of power supply.

(n) Revenue (continued)

(ii) Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, increases in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss and gains on hedged items that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(o) Finance expenses

Finance expenses comprise interest expense on borrowings, decreases in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss and losses on hedged items that are recognised in profit or loss. 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. Foreign currency gains and losses are reported on a net basis and recognised in profit or loss.

(p) Employee benefits

(i) Short-term employee benefits

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

The accruals for employee entitlements to leave and bonuses represent the amount which the Group has a present obligation to pay as a result of employees' services provided to the 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 2015.

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 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 benefits

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 2015.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The more important assumptions, which include the following, are obtained either with reference to the contractual provisions of the relevant contracts or from independent market sources where appropriate:

- spot and forward foreign currency exchange rates;
- forecast sales volume purchases;
- spot and forward consumer and foreign production price indices (PPI's);
- spot and forward electricity prices and
- liquidity, model risk and other economic factors.

(i) Property, plant and equipment

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.

(ii) Investment property

An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. The fair values are based on market values, being the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(iii) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only. The investments in unlisted equity are measured at cost.

(iv) Trade and other receivables

The fair value of both foreign and local denominated trade and other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying value of trade and other receivables is assumed as the fair value due to the short-term nature of the instruments.

(v) Derivatives

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.

(vi) Non-derivative financial liabilities

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.

5. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of NamPower (Pty) Ltd and the Group for the year ended 30 June 2015, the following Standards and Interpretations which affects the Group and Company were in issue but not yet effective:

Standards/Interpretations not early adopted	***Effective date****
Amendments to IAS 1: Disclosure Initiative	Annual periods beginning on or after 1 January 2016
IFRS 9: Financial instruments (2009), IFRS 9 Financial instruments (2010)	Annual periods beginning on or after 1 January 2018
IFRS 15: Revenue from contracts with customers	Annual periods beginning on or after 1 January 2017

* 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.

5. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

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

Amendments to IAS 1: Disclosure Initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income. The amendment is not expected to have a significant impact on the Group's financial statements.

IFRS 9: Financial instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurements of the financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The company expects to adopt the standard for the first time in the 2019 annual finacial statements. The impact on the financial statement for 30 June 2019 cannot be reasonably estimated as at 30 June 2015.

IFRS 9: Financial Instruments (2010)

IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income. The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 "Reassessment of Embedded Derivatives". The company expects to adopt the standard for the first time in the 2019 annual finacial statements. The impact on the financial statement for 30 June 2019 cannot be reasonably estimated as at 30 June 2015.

IFRS 15: Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 18 Transfer of assets from customers and SIC -31 Revenue - Barter of Transactions involving advertising services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over a time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The company expects to adopt the standard for the first time in the 2018 annual finacial statements. The impact on the financial statement for 30 June 2018 cannot be reasonably estimated as at 30 June 2015.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost/Valuation N$'000	Accumulated depreciation N$'000	Accumulated impairment N$'000	Carrying amount N$'000
GROUP				
2015				
Ruacana Power Station	2,273,486	(690,158)	-	1,583,328
Van Eck Power Station	275,205	(137,442)	-	137,763
Paratus Power Station	61,345	(29,347)	(2,406)	29,592
Anixas Power Station	261,719	(29,248)	-	232,471
Transmission Systems	13,512,897	(1,811,961)	(511,308)	11,189,628
Machinery and Equipment	430,032	(330,732)	(6,866)	92,434
Land and Buildings	324,370	(32,045)	(4,691)	287,633
Assets under Construction	1,367,421	-	-	1,367,421
Strategic Inventory	317,260	(1,636)	-	315,624
Total	18,823,735	(3,062,569)	(525,271)	15,235,895
2014				
Ruacana Power Station	2,273,009	(625,307)	-	1,647,702
Van Eck Power Station	275,112	(109,937)	-	165,175
Paratus Power Station	61,345	(23,474)	(2,406)	35,465
Anixas Power Station	261,719	(21,935)	-	239,784
Transmission Systems	13,451,736	(1,448,022)	(511,308)	11,492,406
Machinery and Equipment	407,471	(289,471)	(6,866)	111,134
Land and Buildings	311,250	(24,817)	(4,691)	281,742
Assets under Construction	707,062	-	-	707,062
Strategic Inventory	336,551	(1,636)	-	334,915
Total	18,085,255	(2,544,599)	(525,271)	15,015,385
COMPANY				
2015				
Ruacana Power Station	2,273,486	(690,158)	-	1,583,328
Van Eck Power Station	275,205	(137,442)	-	137,763
Paratus Power Station	61,345	(29,348)	(2,406)	29,591
Anixas Power Station	261,719	(29,248)	-	232,471
Transmission Systems	13,512,770	(1,811,834)	(511,308)	11,189,628
Machinery and Equipment	427,534	(328,232)	(6,866)	92,436
Land and Buildings	312,793	(31,173)	(4,691)	276,929
Assets under Construction	1,367,421	-	-	1,367,421
Strategic Inventory	317,260	(1,636)	-	315,624
Total	18,809,533	(3,059,071)	(525,271)	15,225,191
2014				
Ruacana Power Station	2,273,009	(625,307)	-	1,647,702
Van Eck Power Station	275,112	(109,937)	-	165,175
Paratus Power Station	61,345	(23,474)	(2,406)	35,465
Anixas Power Station	261,719	(21,935)	-	239,784
Transmission Systems	13,451,609	(1,447,895)	(511,308)	11,492,406
Machinery and Equipment	404,973	(286,973)	(6,866)	111,134
Land and Buildings	299,673	(24,010)	(4,691)	270,972
Assets under Construction	707,062	-	-	707,062
Strategic Inventory	336,551	(1,636)	-	334,915
Total	18,071,053	(2,541,167)	(525,271)	15,004,615

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Paratus Power Station N$'000	Anixas Power Station N$'000
GROUP				
2015				
Carrying amount at 1 July 2014	1,647,702	165,175	35,465	239,784
- At cost/valuation	2,273,009	275,112	61,345	261,719
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(625,307)	(109,937)	(23,474)	(21,935)
Additions	-	-	-	-
Assets under construction completed	477	93	-	-
Strategic inventory items issued	-	-	-	-
Transfer to intangible assets	-	-	-	-
Transfer from investment property	-	-	-	-
Disposals	-	-	-	-
- At cost/valuation	-	-	-	-
- Accumulated depreciation	-	-	-	-
Depreciation for the year	(64,851)	(27,505)	(5,873)	(7,313)
Carrying amount at 30 June 2015	1,583,328	137,763	29,592	232,471
- At cost/valuation	2,273,486	275,205	61,345	261,719
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(690,158)	(137,442)	(29,347)	(29,248)

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 was 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.

Transmission Systems N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Assets under Construction N$'000	Strategic Inventory N$'000	Total N$'000
11,492,406	111,134	281,742	707,062	334,915	15,015,385
13,451,736	407,471	311,250	707,062	336,551	18,085,255
(511,308)	(6,866)	(4,691)	-	-	(525,271)
(1,448,022)	(289,471)	(24,817)	-	(1,636)	(2,544,599)
343	22,511	-	749,909	16,082	788,845
74,767	1,147	13,066	(89,550)	-	-
-	-	-	-	(35,373)	(35,373)
-	(1,097)	-	-	-	(1,097)
-	-	54	-	-	54
(396)	-	-	-	-	(396)
(13,949)	-	-	-	-	(13,949)
13,553	-	-	-	-	13,553
(377,492)	(41,261)	(7,228)	-	-	(531,523)
11,189,628	92,434	287,634	1,367,421	315,624	15,235,895
13,512,897	430,032	324,370	1,367,421	317,260	18,823,735
(511,308)	(6,866)	(4,691)	-	-	(525,271)
(1,811,961)	(330,732)	(32,045)	-	(1,636)	(3,062,569)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Paratus Power Station N$'000	Anixas Power Station N$'000
GROUP				
2014				
Carrying amount at 1 July 2013	1,706,443	192,668	41,339	247,055
- At cost/valuation	2,267,141	275,112	61,345	261,677
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(560,698)	(82,444)	(17,600)	(14,622)
Additions	-	-	-	-
Assets under construction completed	5,868	-	-	42
Strategic inventory items issued	-	-	-	-
Transfer to intangible assets	-	-	-	-
Transfer to investment property	-	-	-	-
Transfer from investment property	-	-	-	-
Transfer to transmission system	-	-	-	-
Disposals	-	-	-	-
- At cost/valuation	-	-	-	-
- Accumulated depreciation	-	-	-	-
Depreciation for the year	(64,609)	(27,493)	(5,874)	(7,313)
Carrying amount at 30 June 2014	1,647,702	165,175	35,465	239,784
- At cost/valuation	2,273,009	275,112	61,345	261,719
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(625,307)	(109,937)	(23,474)	(21,935)

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 was 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.

Transmission Systems N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Assets under Construction N$'000	Strategic Inventory N$'000	Total N$'000
11,548,524	108,587	275,606	381,628	344,666	14,846,516
13,134,191	369,242	298,534	381,628	346,302	17,395,172
(511,308)	(6,866)	(4,691)	-	-	(525,271)
(1,074,359)	(253,789)	(18,237)	-	(1,636)	(2,023,385)
2,041	37,902	248	666,231	31,141	737,563
315,402	6,371	13,114	(340,797)	-	-
-	-	-	-	(40,892)	(40,892)
-	(554)	-	-	-	(554)
-	-	(951)	-	-	(951)
-	-	638	-	-	638
102	-	-	-	-	102
-	(80)	(260)	-	-	(340)
-	(5,490)	(333)	-	-	(5,823)
-	5,410	73	-	-	5,483
(373,663)	(41,092)	(6,653)	-	-	(526,697)
11,492,406	111,134	281,742	707,062	334,915	15,015,385
13,451,736	407,471	311,250	707,062	336,551	18,085,255
(511,308)	(6,866)	(4,691)	-	-	(525,271)
(1,448,022)	(289,471)	(24,817)	-	(1,636)	(2,544,599)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Paratus Power Station N$'000	Anixas Power Station N$'000
COMPANY				
2015				
Carrying amount at 1 July 2014	1,647,702	165,175	35,465	239,784
- At cost/valuation	2,273,009	275,112	61,345	261,719
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(625,307)	(109,937)	(23,474)	(21,935)
Additions	-	-	-	-
Assets under construction completed	477	93	-	-
Strategic inventory items issued	-	-	-	-
Transfer to intangible assets	-	-	-	-
Transfer from investment property	-	-	-	-
Disposals	-	-	-	-
- At cost/valuation	-	-	-	-
- Accumulated depreciation	-	-	-	-
Depreciation for the year	(64,851)	(27,505)	(5,874)	(7,313)
Carrying amount at 30 June 2015	1,583,328	137,763	29,591	232,471
- At cost/valuation	2,273,486	275,205	61,345	261,719
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(690,158)	(137,442)	(29,348)	(29,248)

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 was not disclosed because it is impracticable. The Company'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.

Transmission Systems N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Assets under Construction N$'000	Strategic Inventory N$'000	Total N$'000
11,492,406	111,134	270,972	707,062	334,915	15,004,615
13,451,609	404,973	299,673	707,062	336,551	18,071,053
(511,308)	(6,866)	(4,691)	-	-	(525,271)
(1,447,895)	(286,973)	(24,010)	-	(1,636)	(2,541,167)
343	22,511	-	749,909	16,082	788,845
74,767	1,147	13,066	(89,550)	-	-
-	-	-	-	(35,373)	(35,373)
-	(1,097)	-	-	-	(1,097)
-	-	54	-	-	54
(396)	-	-	-	-	(396)
(13,949)	-	-	-	-	(13,949)
13,553	-	-	-	-	13,553
(377,492)	(41,259)	(7,163)	-	-	(531,457)
11,189,628	92,436	276,929	1,367,421	315,624	15,225,191
13,512,770	427,534	312,793	1,367,421	317,260	18,809,533
(511,308)	(6,866)	(4,691)	-	-	(525,271)
(1,811,834)	(328,232)	(31,173)	-	(1,636)	(3,059,071)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Paratus Power Station N$'000	Anixas Power Station N$'000
COMPANY				
2014				
Carrying amount at 1 July 2013	1,706,443	192,668	41,339	247,055
- At cost/valuation	2,267,141	275,112	61,345	261,677
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(560,698)	(82,444)	(17,600)	(14,622)
Additions	-	-	-	-
Assets under construction completed	5,868	-	-	42
Strategic inventory items issued	-	-	-	-
Transfer to intangible assets	-	-	-	-
Transfer to investment property	-	-	-	-
Transfer from investment property	-	-	-	-
Transfer to transmission system	-	-	-	-
Disposals	-	-	-	-
- At cost/valuation	-	-	-	-
- Accumulated depreciation	-	-	-	-
Depreciation for the year	(64,609)	(27,493)	(5,874)	(7,313)
Carrying amount at 30 June 2014	1,647,702	165,175	35,465	239,784
- At cost/valuation	2,273,009	275,112	61,345	261,719
- Accumulated impairment	-	-	(2,406)	-
- Accumulated depreciation	(625,307)	(109,937)	(23,474)	(21,935)

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 was not disclosed because it is impracticable. The Company'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.

	Transmission Systems N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Assets under Construction N$'000	Strategic Inventory N$'000	Total N$'000
	11,548,524	108,587	264,766	381,628	344,666	14,835,676
	13,134,064	366,744	286,957	381,628	346,302	17,380,970
	(511,308)	(6,866)	(4,691)	-	-	(525,271)
	(1,074,232)	(251,291)	(17,500)	-	(1,636)	(2,020,023)
	2,041	37,902	248	666,231	31,141	737,563
	315,402	6,371	13,114	(340,797)	-	-
	-	-	-	-	(40,892)	(40,892)
	-	(554)	-	-	-	(554)
	-	-	(951)	-	-	(951)
	-	-	638	-	-	638
	102	-	-	-	-	102
	-	(80)	(260)	-	-	(340)
	-	(5,490)	(333)	-	-	(5,823)
	-	5,410	73	-	-	5,483
	(373,663)	(41,092)	(6,583)	-	-	(526,627)
	11,492,406	111,134	270,972	707,062	334,915	15,004,615
	13,451,609	404,973	299,673	707,062	336,551	18,071,053
	(511,308)	(6,866)	(4,691)	-	-	(525,271)
	(1,447,895)	(286,973)	(24,010)	-	(1,636)	(2,541,167)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.1 Assets under construction

GROUP AND COMPANY	Power Stations N$'000	Transmission Systems N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Total N$'000
2015					
Opening balance	216,589	405,028	67,401	18,044	707,062
Additions	118,636	583,434	43,891	3,948	749,909
Property, plant and equipment capitalised	(569)	(74,767)	(1,146)	(13,068)	(89,550)
Closing balance	334,656	913,695	110,146	8,924	1,367,421
2014					
Opening balance	57,055	273,918	32,992	17,663	381,628
Additions	165,444	446,512	40,780	13,495	666,231
Property, plant and equipment capitalised	(5,910)	(315,402)	(6,371)	(13,114)	(340,797)
Closing balance	216,589	405,028	67,401	18,044	707,062

6.2 Land and buildings (owner-occupied properties)

Land and buildings were revalued externally effective 1 July 2010 by independent valuers, Gert Hamman Property Valuers CC. The valuations were performed on the basis of replacement value where no ready market exists or market value as estimated by sworn appraisers.

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

Houses at Ruacana township are erected on land in the Kunene region for which occupational rights were obtained. Occupational rights means the Company has ownership of the building but not of the land. Permission to occupy (PTO) agreements are available at the Company's premises for inspection.

Unobservable inputs are not disclosed as the revaluation was performed in 2010 and were not provided then. These inputs will be provided in future revaluations and disclosed as such.

6.3 Transmission Systems

A number of distribution and substations are erected on or are under construction on land which does not belong to the Company. Occupational rights are secured by agreements between the owners and Namibia Power Corporation (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 at the Company's premises for inspection.

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 system and machinery and equipment

The power stations, transmission systems and machinery and equipment were revalued externally effective 1 July 2010 by independent valuers namely, Merz and McLellan South Africa, on the basis of their replacement value as adjusted for the remaining useful lives of the assets.

Assumptions used:

- plant parameters and costs for modern equivalent assets (MEAs), based on valuator's in-house databases;
- total output from an MEA, using either the same or an alternative technology, equivalent to the particular Nampower power station;
- efficiency of an MEA as currently available on the international market;

6. PROPERTY, PLANT AND EQUIPMENT (continued)

6.5 Valuation of power stations, transmission system and machinery and equipment (continued)

- plant life, which varied depending on technology and

- construction financing costs factors for each type of power station.

The valuators have extensive experience in the valuation of generation, transmission and distribution assets.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

7.1 Subsidiary companies

Name	Nature of operation	Country of incorporation	Date of incorporation
Directly held			
Capricorn Power Supply (Pty) Ltd	Dormant	Republic of Namibia	25/02/1999
Less: impairment of investment	-		-
Premier Electric (Pty) Ltd	Service company	Republic of Namibia	31/10/2000
Okaomba Investment (Pty) Ltd	Property holding	Republic of Namibia	01/03/2000

Loans due from:

Premier Electric (Pty) Ltd
Okaomba Investment (Pty) Ltd

Total interest in subsidiaries (shares at cost plus loans from subsidiaries)

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

Loans payable to:

Premier Electric (Pty) Ltd

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

There are no restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends or to repay loans or advances.

Trade and other receivables/payables to the subsidiaries and associates are disclosed in note 27.

Issued Share Capital N$	Percentage holding 2015 %	Percentage holding 2014 %	Shares at Cost 2015 N$'000	Shares at Cost 2014 N$'000	Total Investment 2015 N$'000	Total Investment 2014 N$'000
2,500	100	100	2	2	2	2
-	-	-	(2)	(2)	(2)	(2)
2,500	100	100	5,000	5,000	5,000	5,000
100	100	100	944	944	944	944
			5,944	5,944	5,944	5,944

Due by subsidiaries 2015 N$'000	Due by subsidiaries 2014 N$'000
2	2
3,116	2,059
3,118	2,061
9,062	8,005
(6,384)	(6,384)

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

7.2 Associates

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Carrying amount of associates				
Carrying amount at beginning of year	487,257	478,360	173,232	173,232
Equity accounted earnings	40,696	11,147	-	-
Dividend received	-	(2,250)	-	-
	527,953	487,257	173,232	173,232
Post-acquisition reserves				
Retained earnings	118,822	78,126		
Share of opening retained earnings	78,126	69,229		
Dividends declared	-	(2,250)		
Share of current year income	40,696	11,147		
Non-distributable reserves	409,131	409,131		
Share of opening revaluation and development reserve	409,131	409,131		
	527,953	487,257		

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.

The Company's associates are all incorporated in the Republic of Namibia which is also the principle place of business.

The Company has no obligation to recognise contingent liabilities of its subsidiaries and associates.

There are no restrictions on the ability of associates to transfer funds to the Company in the form of cash dividends.

None of the Company's associates are publicly listed entities and consequentially do not have published price quotations.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (continued)

	GROUP	
7.2 Associates (continued)	**2015** N$'000	**2014** N$'000
The summarised financial statements of Nored Electricity (Pty) Ltd are as follows:		
Statement of financial position		
Non current assets	1,147,481	1,058,068
Current assets	203,240	203,858
Non current liabilities	(316,506)	(301,978)
Current liabilities	(191,555)	(157,046)
	842,660	802,902
Statement of comprehensive income		
Revenue	706,592	607,581
Expenditure	(646,307)	(542,565)
Profit before taxation	60,285	65,016
Taxation	(14,527)	(15,724)
Profit for the year	45,758	49,292
Other comprehensive income	-	-
Total comprehensive income	45,758	49,292
Statement of cash flows		
Cash generated in operating activities	79,919	115,906
Cash utilised in investing activities	(109,216)	(93,797)
Cash generated from financing activities	-	-
Net cash flows	(29,297)	22,109

The Group holds a 33.33% equity interest in Nored Electricity (Pty) Ltd but has less than 33.33% of the voting rights.

The Group 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)

7.2 Associates (continued)

	GROUP	
	2015 N$'000	**2014** N$'000
The summarised financial statements of Central-North Electricity Distribution Company (Pty) Ltd (Cenored) are as follows:		
Statement of financial position		
Non current assets	534,766	509,421
Current assets	176,918	146,449
Non current liabilities	(183,112)	(130,319)
Current liabilities	(67,047)	(80,639)
	461,525	444,912
Statement of comprehensive income		
Revenue	465,906	404,565
Expenditure	(435,363)	(378,184)
Profit before taxation	30,543	26,381
Taxation	(5,584)	(5,525)
Profit for the year	24,959	20,856
Other comprehensive income	(347)	37
Total comprehensive income	24,612	20,893
Statement of cash flows		
Cash generated in operating activities	57,064	67,287
Cash utilised in investing activities	(58,473)	(70,198)
Cash generated from financing activities	7,627	18,868
Net cash flows	6,218	15,957

The Group holds a 45.05% equity interest in Central-North Electricity Distribution Company (Pty) Ltd (Cenored) but has less than 45.05% of the voting rights. The Group has performed an assessment and determined that it does not have control over the relevant activities but still exhibits significant influence over the associate.

8. INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Opening balance	14,369	12,832	14,369	12,832
Fair value adjustment	1,052	1,224	1,052	1,224
Transfer from land and buildings	-	951	-	951
Transfer to land and buildings	(54)	(638)	(54)	(638)
Closing balance	15,367	14,369	15,367	14,369

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 27.

(a) Measurement of fair value

(i) Fair value hierarchy

During June 2015 the fair value of all investment properties was determined by an independent qualified property valuer (Pierewiet Wilders Valuations) 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$15.4 million (2014: N$14.1 million) has been categorised as a Level 3 fair value based on the inputs to the valuation method used.

(i) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	GROUP 2015 N$'000	GROUP 2014 N$'000	COMPANY 2015 N$'000	COMPANY 2014 N$'000
Opening balance	14,369	12,832	14,369	12,832
Additions and reclassification from property, plant and equipment	(54)	313	(54)	313
Gain included in 'other income'				
- Changes in fair value (unrealised)	1,052	1,224	1,052	1,224
Closing balance	15,367	14,369	15,367	14,369

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
Income Capitalisation Method: The commercial properties' fair values were based on this valuation technique which involves the determining of the net income of the property that will be capitalised at a rate sought by prudent investors to determine the capitalised value of the subject property. *Direct Sales Comparison Method:* This valuation technique was used in determining the fair values of the residential properties which are classified as investment property. The method calculates the market value by comparing the property's characteristics with those of comparable properties which have recently sold in similar transactions.	• Expected market rental growth: Commercial and residential properties (8-10%) • Void periods (Commercial properties average 2 months and residential properties average 1 month after the end of each lease) • Occupancy rate (Commercial: 80% and Residential: 95%) • Rent-free periods (Nill) • Risk-adjusted discount rates: Commercial and residential properties (12-14%).	The estimated fair value would increase (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower); • rent-free periods were shorter (longer); or • 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

	GROUP		COMPANY	
	2015 N$'000	**2014** N$'000	**2015** N$'000	**2014** N$'000
Computer software				
Opening carrying amount - 1 July	4,217	6,511	4,217	6,511
- At cost	71,769	71,206	71,769	71,206
- At accumulated amortisation and accumulated impairment	(67,552)	(64,695)	(67,552)	(64,695)
Additions	1,677	563	1,677	563
Amortisation	(2,158)	(2,857)	(2,158)	(2,857)
Closing carrying amount - 30 June	3,736	4,217	3,736	4,217
- At cost	73,446	71,769	73,446	71,769
- At accumulated amortisation and accumulated impairment	(69,710)	(67,552)	(69,710)	(67,552)

No intangible assets were acquired by way of a government grant.

No intangible assets were pledged as securities for liabilities.

Included in the carrying amount of computer software at 30 June 2015 is an amount of N$936 thousand (2014: N$1.4 million) related to SAP GRC Software for Risk Management with a remaining amortisation period of 4 years 2 months.

10. LOANS RECEIVABLE

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Employee loans	1,560	1,544	1,560	1,544
Loan to Ohorongo Cement (Pty) Ltd	9,536	12,079	9,536	12,079
Loan to City of Windhoek	17,379	19,681	17,379	19,681
	28,475	33,304	28,475	33,304
Less: Instalments receivable within one year transferred to current assets.	(7,050)	(7,050)	(7,050)	(7,050)
	21,425	26,254	21,425	26,254

Employee loans comprise of:

Employee study loans.
Employee study loans are interest free and repayable over the duration of the study period.

Loan to Ohorongo Cement (Pty) Ltd

The Company approved a loan to Ohorongo Cement (Pty) Ltd amounting to N$22.2 million for the additional capital contribution for the power supply to Ohorongo Cement factory. The loan was advanced in two phases in the form of project pre-financing by Nampower during the construction of the supply to Ohorongo Cement (Pty) Ltd as follows:
* Phase 1 - Temporary Supply (4 MVA) - N$10.7 million
* Phase 2 - Main Supply (25 MVA) - N$11.5 million

The loan is repayable by monthly instalments over a period of ten years at a variable interest rate of prime less 2%.

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%.

There was no movement in impairment loss on loans receivable.

The Group's exposure to credit, currency and interest rate risks related to loans receivable is disclosed in note 29.

11. INVESTMENTS

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Non-current investments	1,496,437	1,440,521	1,496,437	1,440,521
Held-to-maturity debt instruments at amortised cost	1,473,361	1,417,445	1,473,361	1,417,445
Investment in unlisted equities				
Erongored (Pty) Ltd	23,076	23,076	23,076	23,076
- Cost	25,232	25,232	25,232	25,232
- Accumulated impairment	(2,156)	(2,156)	(2,156)	(2,156)
Westcor (Pty) Ltd	-	-	-	-
- Cost	642	642	642	642
- Accumulated impairment	(642)	(642)	(642)	(642)
Current investments	3,155,862	3,100,982	3,155,862	3,100,982
Available-for-sale:				
- listed equity	1,675	979	1,675	979
Financial assets at fair value through profit or loss				
- collective investment schemes	1,274,187	1,820,003	1,274,187	1,820,003
Fixed deposits at amortised cost	1,880,000	1,280,000	1,880,000	1,280,000
Total investments	4,652,299	4,541,503	4,652,299	4,541,503

Held to maturity investments with a carrying value of N$103.0 million (2014: N$92.7 million) have been encumbered and act as security for long-term loans (refer note 17.1.5).

The Group's exposure to credit, currency and interest rate risks related to investments is disclosed in note 29.

12. INVENTORIES

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Maintenance spares and consumables	114,245	108,186	114,245	108,186
Fuel and coal	92,720	109,533	92,720	109,533
Obsolete stock recognised in profit or loss	(1)	(113)	(1)	(113)
	206,965	217,606	206,965	217,606

No inventory was pledged as security.

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

Inventory amounting to N$13.1 million (2014: N$11.8 million) was recognised as an expense in profit or loss.

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Trade receivables	692,483	623,027	692,483	623,027
- Gross receivables	712,459	641,824	712,459	641,824
- Allowance for impairment losses	(19,976)	(18,797)	(19,976)	(18,797)
External project receivables	213,971	160,723	213,971	160,723
Prepayments	33,269	32,432	33,269	32,432
Project and other advances	1,042	731	1,042	731
Other receivables	5,406	18,518	5,406	18,518
Current tax receivable	4,079	-	4,079	-
Accrued interest	64,386	83,047	64,386	83,047
	1,014,636	918,478	1,014,636	918,478

An impairment loss of N$1.5 million (2014: N$913 thousand loss) in respect of trade receivables was recognised in profit or loss.

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.

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Cash and cash equivalents consist of:				
Cash on hand	69	38	69	38
Bank balances	692,384	277,558	692,384	277,558
Short term deposits	1,137,558	1,330,178	1,137,558	1,330,178
	1,830,011	1,607,774	1,830,011	1,607,774

The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 29.

15. TAXATION

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Namibian company tax				
Current taxation	125,361	-	125,361	-
Deferred taxation	49,406	156,562	49,414	156,792
Taxation recognised in profit or loss	174,767	156,562	174,775	156,792
Taxation recognised in other comprehensive income	6,664	(15,312)	6,664	(15,312)
Total taxation	181,431	141,250	181,438	141,480
Tax rate reconciliation	%	%	%	%
Standard Tax Rate	33.00	33.00	33.00	33.00
Adjusted for:				
Items not deductible for tax purposes	1.97	2.14	4.27	2.16
Exempt income	(5.26)	(9.32)	(5.79)	(9.04)
Manufacturing deduction	(5.84)	(6)	(6.19)	(6)
Prior year charge	0.89	-	0.94	-
Effective tax rate	24.76	20.26	26.23	20.50

Taxation recognised in other comprehensive income	GROUP			COMPANY		
	Before tax	Tax expense (benefit)	Net of tax	Before tax	Tax expense (benefit)	Net of tax
2015						
Remeasurements of post retirement medical benefits	(20,193)	6,664	(13,529)	(20,193)	6,664	(13,529)
Available-for-sale financial assets	(116)	-	(116)	(116)	-	(116)
	(20,309)	6,664	(13,645)	(20,309)	6,664	(13,645)
2014						
Remeasurements of post retirement medical benefits	46,401	(15,312)	31,089	46,401	(15,312)	31,089
Available-for-sale financial assets	(375)	-	(375)	(375)	-	(375)
	46,026	(15,312)	30,714	46,026	(15,312)	30,714

16. SHARE CAPITAL AND RESERVES

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
16.1 Authorised				
365 000 000 ordinary shares at N$1	365,000	365,000	365,000	365,000
16.2 Issued share capital				
165 000 000 (2014: 165 000 000) ordinary shares at N$1	165,000	165,000	165,000	165,000
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

(2014: 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 Capital revaluation reserve

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

There are no restrictions on the distribution of the balance of the capital revaluation reserve to the shareholders.

16.5 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.

16.6 Available for sale fair value adjustment reserve

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

17. INTEREST BEARING LOANS AND BORROWINGS (GROUP AND COMPANY)

Terms and conditions of outstanding loans were as follows:

17.1 Interest bearing borrowings

					30 June 2015		30 June 2014	
	Currency	Coupon interest rate	Effective interest rate	Year of maturity	Carrying amount N$'000	Face value N$'000	Carrying amount N$'000	Face value N$'000
17.1.1 Agence Francaise de Development *	EUR	3.00%	9.39%	2019	25,032	11,635	32,708	14,221
17.1.2 European Investment Bank - loan I *	EUR	3.81%	13.89%	2018	173,111	79,669	244,502	104,717
17.1.3 AB Svensk Exportkrediet *	ZAR	7.62%	7.62%	2015	-	-	8,026	8,026
17.1.4 African Development Bank *	ZAR	Jibar6m+.50	10.30%	2018	12,608	12,608	16,811	16,811
17.1.5 Development Bank of Southern Africa ^	ZAR	9.82%	9.82%	2022	150,000	150,000	150,000	150,000
17.1.6 European Investment Bank - loan II *	GBP	3.00%	7.62%	2021	195,993	157,685	206,110	177,559
17.1.7 NMP20N Bonds issued - Caprivi Link Interconnector[1]	ZAR	9.35%	9.35%	2020	500,000	500,000	500,000	500,000
17.1.8 Development Bank of Namibia[1]	NAD	Prime less 4.5%	Prime less 4.5%	2024	43,159	43,159	46,798	46,798
17.1.9 NMP19N Bonds issued - Ruacana 4th unit[1]	NAD	10.00%	10.00%	2019	250,000	250,000	250,000	250,000
17.1.10 European Investment Bank - loan III[1]	ZAR	9.26%	9.26%	2029	318,782	318,782	340,767	340,767
17.1.11 Agence Francaise de Development II[1]	ZAR	6.10%	6.10%	2027	275,735	275,735	297,794	297,794
17.1.12 KFW Bankengruppe[1]	ZAR	5.29%	5.29%	2020	244,563	244,563	293,475	293,475
17.1.13 KFW Bankengruppe[2]	ZAR	6.98%	6.98%	2021	247,315	247,315	285,364	285,364
					2,436,298	2,291,151	2,672,355	2,485,532
Less: Instalments payable within one year transferred to current liabilities					217,378	190,334	230,792	187,810
					2,218,920	2,100,817	2,441,563	2,297,722

* The loans are guaranteed by the Government of the Republic of Namibia.

^ The loan is secured by a pledge of investments (zero coupon bonds) with a carrying value of N$103 million and a nominal value of N$150 million.
- The zero coupon bonds are issued at 10.86% (NACS) and 10.52% (NACS) with maturity values of ZAR 70 million and ZAR 80 million on 17 October 2016 and 15 October 2021 respectively.

[1] The loans are unsecured.

Refer to note 29.1 (classification of financial instrument classes into IAS 39 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

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Non-current liability				
Deferred revenue government grant: generation assets	218,452	225,595	218,452	225,595
NamZinc (Pty) Ltd	-	6,238	-	6,238
Deferred revenue: Transfer of assets from customers	411,743	422,187	411,743	422,187
Interest rate subsidy - EIB Loan III	31,156	35,904	31,156	35,904
	661,351	689,924	661,351	689,924
Current liability				
Deferred revenue government grant: generation expenditure	11,655	48,898	11,655	48,898
Short-term portion NamZinc (Pty) Ltd	6,238	8,317	6,238	8,317
Short-term portion Deferred revenue: Transfer of assets from customers	10,226	10,039	10,226	10,039
Short-term portion Interest rate subsidy - EIB Loan III	5,082	5,415	5,082	5,415
Short-term portion: generation assets	6,857	6,857	6,857	6,857
Deferred revenue: Long-run marginal cost	127,143	127,143	127,143	127,143
	167,201	206,669	167,201	206,669

18.1 Deferred revenue - NamZinc (Pty) Ltd

The Company received N$80 million in respect of extension fees in terms of the electricity supply contract between the Company and Skorpion Zinc Corporation. In terms of the contract the extension fees were due and payable over a 14 year period. The entire amount was received during the 2006 financial year when only 4 years had lapsed. The amount is being recognised over the remaining 10 year period since 2006 in terms of the agreement with Skorpion Zinc Corporation.

18.2 Deferred revenue - Government Grants

18.2.1 Government Grant - generation expenditure

Reconciliation of deferred revenue - Government grant

	Group 2015	Group 2014	Company 2015	Company 2014
Opening balance	48,898	77,460	48,898	77,460
Recognised in profit or loss	(37,243)	(28,562)	(37,243)	(28,562)
Closing balance	11,655	48,898	11,655	48,898

In 2008, the shareholder, the Government of the Republic of Namibia committed N$360.0 million in energy subsidy over a period of three years. The full grant amount was received by August 2010. To date N$348.4 million of this amount has been utilised. Of this grant N$37.2 million (2014: N$28.6 million) was recognised as income during the current year while the N$11.7 million (2014: N$48.9 million) represents deferred income and will be recognised on a systematic basis over the periods in which the entity recognises the related costs in profit or loss as electricity generation expenditure is incurred. The grant is classified as a current liability, due to the fact that the Company does not have an unconditional right to defer payment.

There are no unfulfilled conditions and other contingencies attached to the Government grant.

18. DEFERRED REVENUE LIABILITIES (continued)

18.2 Deferred revenue - Government Grants (continued)

18.2.2 Government Grant - generation assets

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Reconciliation of deferred revenue - Government grant				
Opening balance	232,452	239,595	232,452	239,595
Recognised in profit or loss	(7,143)	(7,143)	(7,143)	(7,143)
Closing balance	225,309	232,452	225,309	232,452

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 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$7.1 million (2014: N$7.1 million) was recognised as income during the current year while the N$225.3 million (2014: N$232.5 million) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant.

18.3 Interest rate subsidy - EIB Loan III

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$5.1 million (2014: N$5.4 million) was recognised as income during the current year whilst the remaining N$36.2 million (2014: N$41.3 million) represents deferred income and will be recognised over the period of the loan of 20 years.

18.4 Deferred revenue: Transfers of assets from customers

A donation of items of property, plant and equipment with a fair value of Nill (2014: N$2.0 million) was received from customers. The items comprise N$436.9 million transmission assets from Areva Resources Namibia and N$32.1 million distribution assets from distribution customers. The donation will be recognised as income over the useful life of the donated assets. N$10.2 million (2014: N$10.2 million) was recognised as income during the current year.

18.5 Deferred revenue: Long-run marginal cost

The Long-run marginal cost of 1.46 cents/kWh amounting to Nill (2014: N$127.1 million) was received during the year under review. No Long-run marginal cost levy was approved by the Electricity Control Board (ECB) for the current financial year. The Long-run marginal cost was introduced by the Electricity Control Board (ECB) and should be ring-fenced within the Company and reserved as deferred revenue which may only be utilized with the approval of the Electricity Control Board (ECB).

19. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Balance at the beginning of the year	4,389,406	4,248,156	4,386,240	4,244,760
Current charge recognised in profit or loss	49,406	156,562	49,414	156,792
Current charge recognised in other comprehensive income	6,664	(15,312)	6,664	(15,312)
Current year charge comprises of:	56,070	(37,956)	56,078	141,480
Temporary differences	44,915	(51,017)	44,923	(50,787)
Calculated tax loss utilised to reduce liability	11,155	192,267	11,155	192,267
Balance at end of year	4,445,476	4,389,406	4,442,318	4,386,240
The balance comprises:				
Calculated tax loss	-	(11,155)	-	(11,155)
Property, plant and equipment	4,542,064	4,520,151	4,538,906	4,516,985
Intangible asset	1,104	(132)	1,104	(132)
Investment property	2,811	2,463	2,811	2,463
Prepayments	9,315	8,923	9,315	8,923
Inventory	37,730	35,693	37,730	35,693
Interest accrued	39,980	33,329	39,980	33,329
Severance pay liability	(15,086)	(16,086)	(15,086)	(16,086)
Fair value swaps, loans and unrealised foreign exchange losses	(8,534)	(34,529)	(8,534)	(34,529)
Strategic inventory	5,987	10,956	5,987	10,956
Post retirement medical benefit	(75,651)	(72,639)	(75,651)	(72,639)
Power purchase and power sales agreement- embedded derivative	(74,346)	(69,257)	(74,346)	(69,257)
Provisions and advance payments	(19,898)	(18,311)	(19,898)	(18,311)
	4,445,476	4,389,406	4,442,318	4,386,240
Deferred tax asset	(193,515)	(210,822)	(193,515)	(210,822)
Calculated tax loss	-	(11,155)	-	(11,155)
Deferred tax liability	4,638,991	4,611,383	4,635,833	4,608,217
	4,445,476	4,389,406	4,442,318	4,386,240

A deferred tax asset amounting to N$ Nil (2014: N$11.2 million) relating to unused tax losses has been recognised in the prior year.

20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Trade payables	1,478,267	1,154,854	1,478,267	1,154,856
Leave and bonus accruals	61,635	61,633	61,635	61,633
Swap and loan interest payable	65,935	62,263	65,935	62,263
Retention creditors	3,534	4,580	3,534	4,580
	1,609,371	1,283,330	1,609,371	1,283,332

The Group's exposure to liquidity and currency risks related to trade and other payables are disclosed in note 29.

20.1 Leave and bonus accruals

The Group accrues for leave pay and bonuses for all employees. The value of the accrual at 30 June 2015 was 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.

20.2 Related party payables

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

20.3 Retention creditors

	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Non-Current	44,223	21,432	44,223	21,432
Current (included in trade payables)	3,534	4,580	3,534	4,580
	47,757	26,012	47,757	26,012

This represents retentions held by the Company in respect of defect clauses in contracts with suppliers.

21. DERIVATIVES

21.1 Derivative assets

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Forward exchange contract assets	6,461	-	6,461	-
Interest rate and cross currency swaps	141,091	172,901	141,091	172,901
Embedded Derivatives - Power Purchase/Sale Agreements (PPA/PSA)	52,936	55,133	52,936	55,133
	200,488	228,034	200,488	228,034

21.2 Derivative liabilities

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Forward exchange contract liabilities	-	13,870	-	13,870
Firm commitments	-	1,194	-	1,194
Embedded Derivatives - Power Purchase/Sale Agreements (PPA/PSA)	269,221	258,049	269,221	258,049
	269,221	273,113	269,221	273,113

The Company hedges its risk to interest rate and currency risks in terms of the foreign loans by entering into interest rate and cross currency swaps. 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 and selling price in terms of the PPA and PSA with ZETCO and Namzinc (Pty) Ltd 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.

The electricity purchase price in terms of the PPA with Aggreko, an Independent Power Producer (IPP) in Mozambique, is linked to the movement of the US Dollar currency and the gas fuel charge which is linked to the US Producer Price Index (PPI). The US PPI gives rise to an inflation-linked embedded derivative in respect of this agreement.

22. EMPLOYEE BENEFITS

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Post Retirement Medical Benefits	229,245	220,119	229,245	220,119
Severance pay liability	45,714	48,746	45,714	48,746
	274,959	268,865	274,959	268,865

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.

The present value of the provision at 30 June 2015, as determined by an actuarial valuation, was N$229.2 million (2014: N$220.1 million). This actuarial valuation was performed by Jacques Malan Consultants and Actuaries. The liability is expected to be settled over 20 years.

The Group expects to pay N$90.6 million (2014: N$86.3 million) in contributions to the defined benefit plans in 2015.

Liability for defined benefit obligations

The following were the principal actuarial assumptions at the reporting date:

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Discount rate at 30 June (%)	9.45	9.64	9.45	9.64
Medical cost trend rate (%)	8.91	9.15	8.91	9.15

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:

Longevity (years) at age 65	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Males	14.6	14.6	14.6	14.6
Females	18.4	18.4	18.4	18.4

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

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
1% increase in medical cost trend	231,537	222,320	231,537	222,320
1% decrease in medical cost trend	(226,953)	(217,918)	(226,953)	(217,918)

22. EMPLOYEE BENEFITS (continued)

22.1 Post Retirement Medical Benefits (continued)

22.1.2 Movements in the net liability for defined benefit obligations recognised in the statement of financial position

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Net liability for defined obligations as at 1 July	220,119	157,483	220,119	157,483
Interest cost	21,443	15,285	21,443	15,285
Current service costs	7,555	6,784	7,555	6,784
Benefits paid	(3,330)	(2,384)	(3,330)	(2,384)
Actuarial loss/(gain) on obligation				
- Financial assumptions	(1,918)	51,365	(1,918)	51,365
- Other sources	(14,624)	(8,414)	(14,624)	(8,414)
Net liability for defined obligations as at 30 June	229,245	220,119	229,245	220,119
Should the current service and interest rate cost trend increase or decrease by 1% the effect would be as follows:				
1% increase in current service + interest rate cost trend	29,288	22,290	29,288	22,290
1% decrease in current service + interest rate cost trend	(28,708)	(21,848)	(28,708)	(21,848)

22.1.3 Expense recognised in profit or loss

	GROUP 2015 N$'000	GROUP 2014 N$'000	COMPANY 2015 N$'000	COMPANY 2014 N$'000
Current service costs	7,555	6,784	7,555	6,784
Interest cost	21,443	15,285	21,443	15,285
	28,998	22,069	28,998	22,069

The expense is included in the administrative expenses in profit or loss.

22.1.4 Expense recognised in other comprehensive income

	GROUP 2015 N$'000	GROUP 2014 N$'000	COMPANY 2015 N$'000	COMPANY 2014 N$'000
Remeasurements of post-retirement medical benefits (actuarial loss)	(16,542)	42,951	(16,542)	42,951
	(16,542)	42,951	(16,542)	42,951

22. EMPLOYEE BENEFITS (continued)

22.2 Severance pay liability

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Present value of net obligations	45,714	48,746	45,714	48,746
Present value of unfunded obligations	45,714	48,746	45,714	48,746
Recognised liability for defined benefit obligations	45,714	48,746	45,714	48,746

Severance pay liability is recognised for employees retiring on reaching the age of 65 years.

22.2.1 Liability for severance pay obligations

The following were the principal actuarial assumptions at the reporting date:

Discount rate at 30 June (%)	8.50	8.50	8.50	8.50
Salary inflation rate at 30 June (%)	7.67	7.79	7.67	7.79
Investment return at 30 June	8.51	8.51	8.51	8.51

Should the salary inflation rate increase or decrease by 1% the severance pay liability would be as follows:

1% increase in salary inflation rate	46,171	49,233	46,171	49,233
1% decrease in salary inflation rate	(45,257)	(48,259)	(45,257)	(48,259)

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	48,746	44,131	48,746	44,131
Interest cost	4,143	1,549	4,143	3,447
Current service costs	1,672	3,447	1,672	1,549
Benefits paid	(5,196)	(3,831)	(5,196)	(3,831)
Actuarial loss/(gain) on obligation:				
- Financial assumptions	(435)	667	(435)	667
- Other sources	(3,216)	2,783	(3,216)	2,783
Net liability for defined obligations as at 30 June	45,714	48,746	45,714	48,746

Should the current service and interest rate cost trend increase or decrease by 1% the effect would be as follows:

1% increase in current service + interest rate cost trend	5,873	5,046	5,873	5,046
1% decrease in current service + interest rate cost trend	(5,757)	(4,946)	(5,757)	(4,946)

22. EMPLOYEE BENEFITS (continued)

22.2 Severance pay liability (continued)

22.2.3 Expense recognised in the Group and Company statements of comprehensive income

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Current service costs	1,672	3,447	1,672	3,447
Interest on obligation	4,143	1,549	4,143	1,549
	5,815	4,996	5,815	4,996

The expense is included in the administrative expenses in profit or loss.

22.2.4 Expense recognised in other comprehensive income

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Actuarial loss on obligation	(3,651)	3,450	(3,651)	3,450
	(3,651)	3,450	(3,651)	3,450

23. CAPITAL COMMITMENTS

Projects for Capital Expenditure

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Approved by Board of Directors	620,481	618,482	620,481	618,482
Less: Expenditure to 30 June	(241,641)	(262,450)	(241,641)	(262,450)
Amount still to be expended	378,840	356,032	378,840	356,032
Amounts contracted at year end	46,555	20,484	46,555	20,484
	46,555	20,484	46,555	20,484

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.

24. NET FINANCING INCOME

Recognised in profit or loss

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Interest income on:	441,913	415,704	441,913	415,704
- Financial assets at amortised cost	337,699	309,402	337,699	309,402
- Financial assets at fair value through profit or loss	104,214	106,302	104,214	106,302
Interest costs on:	(227,441)	(244,318)	(227,441)	(244,318)
- Financial liabilities designated at fair value through profit or loss	(119,002)	(129,384)	(119,002)	(129,384)
- Financial liabilities held for trading	(29,494)	(35,014)	(29,494)	(35,014)
- Financial liabilities at amortised cost	(78,945)	(79,920)	(78,945)	(79,920)
	214,472	171,386	214,472	171,386

25. REVENUE

Revenue comprises

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
- Sales of electricity	4,229,852	3,580,355	4,229,852	3,580,355
- Extension charges	59,629	62,126	59,629	62,126
- STEM sales	141,601	185,904	141,601	185,904
- Contributions by customers	49,432	139,455	49,432	139,455
	4,480,514	3,967,840	4,480,514	3,967,840

Sales of electricity relates to income derived from maximum demand charges paid by large power users, units sold at cents/kWh and income derived from the monthly basic charge payable by all power users.

Extension charges relates to income derived from monthly rental as per contract of each power user.

STEM sales: Electricity sales on the short term energy market to other South African Power Pool (SAPP) utilities.

Paratus contribution comprises of a monthly contribution by the municipality of Walvis Bay as per take over contract of the Enclave.

Contributions made by customers towards the costs to be incurred to make a power supply available to the customer.

25.1 Other income comprises of:

	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
- Government grant	44,385	35,705	44,385	35,705
- Grant funding by customers	10,257	10,479	10,257	10,479
- Sundry income	20,495	16,380	21,550	19,262
	75,137	62,564	76,192	65,446

Sundry income include rent received, discount received, scrap sales and the sale of tender documents.

26. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting)

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Directors' emoluments paid by Company				
fees for services as directors	4,635	3,923	4,635	3,923
- paid to non-executive directors	1,368	599	1,368	599
- paid to executive directors	2,926	2,983	2,926	2,983
- other services	341	341	341	341
Auditors' remuneration				
- audit fee	1,962	1,700	1,962	1,700
Depreciation of property, plant and equipment	531,523	526,697	531,457	526,626
Amortisation of intangible asset	2,159	2,857	2,159	2,857
Remuneration other than to employees for	32,302	11,794	32,302	11,794
- managerial services	528	3,961	528	3,961
- technical services	28,461	4,963	28,461	4,963
- other professional services	3,313	2,870	3,313	2,870
Research and development expenditure	64,050	37,774	64,050	37,774
Movement in allowance for impairment losses	1,179	913	1,179	913
Bad debts recovered	(31)	(44)	(31)	(44)
Contribution to Social Responsibility Programs	15,482	7,071	15,482	7,071
(Gain)/loss on disposal of property, plant and equipment	(3,907)	(1,200)	(3,907)	(1,200)
Staff costs	534,441	500,231	534,441	500,231
Salaries and wages	490,493	459,514	490,493	459,514
Company contribution: Provident Fund	44,343	40,842	44,343	40,842
Others	(395)	(125)	(395)	(125)
Severance Pay	619	1,165	619	1,165
- Liability	5,815	4,996	5,815	4,996
- Benefits paid	(5,196)	(3,831)	(5,196)	(3,831)
Post retirement medical benefit	28,998	22,069	28,998	22,069
Foreign exchange (gains)/losses on foreign exchange contracts				
- unrealised	(23,576)	30,986	(23,576)	30,986
Foreign exchange gains on trade payables/receivables,				
bank balances and loans payable	(137,941)	(228,930)	(137,941)	(228,930)
- realised	(9,382)	(151,199)	(9,382)	(151,199)
- unrealised	(128,559)	(77,731)	(128,559)	(77,731)
Foreign exchange losses on trade payables/receivables,				
bank balances and loans payable	59,753	172,327	59,753	172,327
- realised	28,752	146,515	28,752	146,515
- unrealised	31,001	25,812	31,001	25,812

26. PROFIT BEFORE TAXATION (continued)

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
IAS 39 Fair value adjustments	5,552	(44,357)	5,552	(44,357)
- derivative contracts	31,809	(46,041)	31,809	(46,041)
- foreign denominated loans	(41,678)	28,817	(41,678)	28,817
- Unrealised (gain)/loss on embedded derivative Power Purchase Agreement (PPA) and Power Sales Agreement (PSA)	15,421	(27,133)	15,421	(27,133)
Government grants recognised in profit or loss	(44,385)	(35,705)	(44,385)	(35,705)
Income generating Investment Property				
- rental income	(4,144)	(3,942)	(4,144)	(3,942)
- direct operating expenses	425	172	425	172
Non-income generating Investment Property				
- direct operating expenses	62	50	62	50
Fair value adjustment on investment properties	(1,052)	(1,225)	(1,052)	(1,225)

27. RELATED PARTIES

Identity of related parties

The Company 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.

The directors are listed in the directors' report on page 64.

Transactions with key management personnel

The key management personnel compensations are as follows:

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Short-term employee benefits	9,314	10,680	9,314	10,680
Post-retirement employment benefits	1,271	1,174	1,271	1,174
Other long-term employment benefits	114	104	114	104
	10,699	11,958	10,699	11,958

Total remuneration is included in 'staff costs' (see note 26)
Directors' emoluments are disclosed in note 26.

27. RELATED PARTIES (continued)

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.

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Shareholder				
Transactions with the Shareholder (The Government of the Republic of Namibia) refer note 18.2.				
Investments				
Erongored (Pty) Ltd				
- Dividend received	811	-	811	-
Associates				
Cenored (Pty) Ltd	116,515	102,236	258,634	224,194
- Electricity sales	116,293	99,646	258,142	221,190
- Service level agreement and technical support	222	340	492	754
- Dividend received	-	2,250	-	2,250
Nored Electricity (Pty) Ltd	146,087	120,603	438,305	361,845
- Electricity sales	145,613	120,419	436,882	361,294
- Rental income	31	31	93	93
- Service level agreement and technical support	443	153	1,330	458
Municipal services from related parties	5,747	1,427	13,813	3,403
- Nored Electricity (Pty) Ltd	1,355	302	4,065	906
- Cenored (Pty) Ltd	4,392	1,125	9,748	2,497
Guarantees received	4,728	4,607	12,104	11,836
- Nored Electricity (Pty) Ltd	2,063	2,063	6,189	6,189
- Cenored (Pty) Ltd	2,665	2,544	5,915	5,647
Fellow government owned entities				
The individually significant sales transactions with fellow government owned entities are listed below:				
Electricity Sales	271,110	248,190	271,110	248,190
- Namibia Water Corporation	109,446	103,387	109,446	103,387
- Namibian Broadcasting Corporation (Pty) Ltd	1,836	1,750	1,836	1,750
- Namdeb Diamond Corporation (Pty) Ltd	146,346	130,404	146,346	130,404
- Namibia Airports Company Ltd	7,230	6,329	7,230	6,329
- Namibia Post & Telecom Holdings	6,252	6,320	6,252	6,320
Subsidiary				
Okaomba (Pty) Ltd	-	-	109	103
- Rent paid	-	-	109	103
Fellow government owned entities				
Other individually significant transactions with fellow government owned entities are listed below:				
Telecommunication, Transport services & related services	26,530	6,654	26,530	6,654
- Namibia Post & Telecom Holdings	2,489	2,299	2,489	2,299
- National Training Fund	5,021	1,067	5,021	1,067
- Namibia Water Corporation (Pty) Ltd	206	30	206	30
- Namibia Airports Company	172	128	172	128
- Road Fund Administrators	1,436	1,468	1,436	1,468
- Namcor Petroleum Trading & Distribution	15,574	161	15,574	161
- Social Security Commission	1,632	1,501	1,632	1,501

27. RELATED PARTIES (continued)

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Related party balances				
Due from/(due to)				
Associates	29,944	25,484	79,460	67,979
- Cenored (Pty) Ltd	13,308	11,877	29,540	26,363
- Cenored (Pty) Ltd	(8)	(1,014)	(19)	(2,250)
- Nored Electricity (Pty) Ltd	16,703	14,621	50,115	43,866
- Nored Electricity (Pty) Ltd	(59)	-	(176)	-
Fellow government owned entities	22,692	30,617	22,692	30,617
- Namibia Post & Telecom Holdings	(532)	785	(532)	785
- National Training Fund	(399)	(369)	(399)	(369)
- TransNamib (Pty) Ltd	216	123	216	123
- Namdeb Diamond Corporation (Pty) Ltd	19,102	16,744	19,102	16,744
- Namibia Water Corporation (Pty) Ltd	10,941	12,754	10,941	12,754
- Namibia Airports Company (Pty) Ltd	585	487	585	487
- Namibian Broadcasting Corporation (Pty) Ltd	392	184	392	184
- Namcor Petroleum Trading & Distribution	(7,723)	(161)	(7,723)	(161)
- Roads Authority	110	70	110	70
Guarantees received	17,190	20,939	17,190	20,939
- Namibia Post & Telecom Holdings	406	657	406	657
- TransNamib (Pty) Ltd	8	8	8	8
- Namdeb Diamond Corporation (Pty) Ltd	16,446	16,446	16,446	16,446
- Namibia Water Corporation (Pty) Ltd	249	3,743	249	3,743
- Namibia Airports Company (Pty) Ltd	2	2	2	2
- Namibian Broadcasting Corporation (Pty) Ltd	68	72	68	72
- Roads Authority	11	11	11	11

The Company 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.

Goods and services are bought from and sold to related parties on an arm's length basis at market-related prices.

28. EMPLOYEE INFORMATION

Retirement benefits

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

The NamPower Provident Fund is a defined contribution fund governed by the Pension Fund Act, and is for all its employees except for those who do not qualify in terms of the rules of the Fund. Of the employees, 98% are members of the Fund.

Contributions to the Fund are based on a percentage of salaries and are expensed in the period in which they are paid. The Company's contribution to the Fund amounted to N$44.3 million (2014: N$40.8 million).

The Company's contribution paid to the Fund for the key management amounted to N$1.3 million (2014: N$1.2 million).

29. FINANCIAL INSTRUMENTS

29.1 Classification of the statement of financial position classes into IAS 39 categories

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

		Carrying amount			
GROUP **2015**	**Reference notes**	**Loans and receivables**	**Held-for-trading**	**Held-to-maturity**	**Available-for-sale**
Financial assets measured at fair value					
Current investments	11	-	-	-	1,675
Derivative financial assets	21.1	-	200,488	-	-
		-	200,488	-	1,675
Financial assets not measured at fair value					
Loans receivable	10	28,475	-	-	-
Non-current investments	11	-	-	1,473,361	23,076
Current investments	11	1,880,000	-	-	-
Cash and cash equivalents	14	1,830,011	-	-	-
Trade and other receivables	13	980,325	-	-	-
		4,718,811	-	1,473,361	23,076
Financial liabilities measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Derivative liabilities	21.2	-	(269,221)	-	-
		-	(269,221)	-	-
Financial liabilities not measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20	-	-	-	-
Non-current retention creditors	20.3	-	-	-	-
		-	-	-	-

* Accrued expenses of N$61.6 million (2014: N$ 61.6 million) that are not financial liabilities are not included.

There have been no transfers between the fair value hierarchy levels (2014: no transfers).

The table above analyses financial instruments carried at fair value, by using the valuation method.

Designated / Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Fair value			
			Level 1	Level 2	Level 3	Total
1,274,187	-	1,275,862	1,675	1,274,187	-	1,275,862
-	-	200,488	-	147,552	52,936	200,488
1,274,187	-	1,476,350	1,675	1,421,739	52,936	1,476,350
-	-	28,475	-	-	-	-
-	-	1,496,437	-	-	-	-
-	-	1,880,000	-	-	-	-
-	-	1,830,011	-	-	-	-
-	-	980,325	-	-	-	-
-	-	6,215,248	-	-	-	-
(317,889)	-	(317,889)	-	(317,889)	-	(317,889)
-	-	(269,221)	-	-	(269,221)	(269,221)
(317,889)	-	(587,110)	-	(317,889)	(269,221)	(587,110)
-	(2,118,409)	(2,118,409)	-	-	-	-
-	(1,547,736)	(1,547,736)	-	-	-	-
-	(44,223)	(44,223)	-	-	-	-
-	(3,710,368)	(3,710,368)	-	-	-	-

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FINANCIAL INSTRUMENTS (continued)

29.1 Classification of the statement of financial position classes into IAS 39 categories (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:

GROUP 2014	Reference notes	Carrying amount Loans and receivables	Held-for-trading	Held-to-maturity	Available-for-sale
Financial assets measured at fair value					
Current investments	11	-	-	-	979
Derivative financial assets	21.1	-	228,034	-	-
		-	228,034	-	979
Financial assets not measured at fair value					
Loans receivable	10	33,304	-	-	-
Non-current investments	11	-	-	1,417,445	23,076
Current investments	11	1,280,000	-	-	-
Cash and cash equivalents	14	1,607,774	-	-	-
Trade and other receivables	13	885,315	-	-	-
		3,806,393	-	1,417,445	23,076
Financial liabilities measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Derivative liabilities	21.2	-	(273,113)	-	-
		-	(273,113)	-	-
Financial liabilities not measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20	-	-	-	-
Non-current retention creditors	20.3	-	-	-	-
		-	-	-	-

* Accrued expenses of N$61.3 million (2013: N$ 62.7 million) that are not financial liabilities are not included..

There have been no transfers between the fair value hierarchy levels (2013: no transfers).

The table above analyses financial instruments carried at fair value, by using the valuation method.

Designated / Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Fair value Level 1	Level 2	Level 3	Total
1,820,003	-	1,820,982	979	1,820,003	-	1,820,982
-	-	228,034	-	172,901	55,133	228,034
1,820,003	-	2,049,016	979	1,992,904	55,133	2,049,016
-	-	33,304	-	-	-	-
-	-	1,440,521	-	-	-	-
-	-	1,280,000	-	-	-	-
-	-	1,607,774	-	-	-	-
-	-	885,315	-	-	-	-
-	-	5,246,914	-	-	-	-
(483,321)	-	(483,321)	-	(483,321)	-	(483,321)
-	-	(273,113)	-	(15,063)	(258,049)	(273,112)
(483,321)	-	(756,434)	-	(498,384)	(258,049)	(756,433)
-	(2,189,034)	(2,189,034)	-	-	-	-
-	(1,221,699)	(1,221,699)	-	-	-	-
-	(21,432)	(21,432)	-	-	-	-
-	(3,432,165)	(3,432,165)	-	-	-	-

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FINANCIAL INSTRUMENTS (continued)

29.1 Classification of the statement of financial position classes into IAS 39 categories (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 2015	Carrying amount				
	Reference notes	Loans and receivables	Held-for-trading	Held-to-maturity	Available-for-sale
Financial assets measured at fair value					
Current investments	11	-	-	-	1,675
Derivative financial assets	21.1	-	200,488	-	-
		-	200,488	-	1,675
Financial assets not measured at fair value					
Loans receivable	10	28,475	-	-	-
Non-current investments	11	-	-	1,473,361	23,076
Current investments	11	1,880,000	-	-	-
Cash and cash equivalents	14	1,830,011	-	-	-
Trade and other receivables	13	980,325	-	-	-
Interest in subsidiaries	7.1	3,118	-	-	5,944
		4,721,928	-	1,473,361	29,020
Financial liabilities measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Derivative liabilities	21.2	-	(269,221)	-	-
		-	(269,221)	-	-
Financial liabilities not measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20	-	-	-	-
Loans due to subsidiaries1	7.1	-	-	-	-
Non-current retention creditors	20.3	-	-	-	-
Loans due to subsidiaries	7.1	-	-	-	-
		-	-	-	-

* Accrued expenses of N$61.6 million (2014: N$ 61.6 million) that are not financial liabilities are not included..

[1] The loans due to subsidiaries are not applicable to the Group.

There have been no transfers between the fair value hierarchy levels (2014: no transfers).

The table above analyses financial instruments carried at fair value, by using the valuation method.

Designated / Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
1,274,187	-	1,275,862	1,675	1,274,187	-	1,275,862
-	-	200,488	-	147,552	52,936	200,488
1,274,187	-	1,476,350	1,675	1,421,739	52,936	1,476,350
-	-	28,475	-	-	-	-
-	-	1,496,437	-	-	-	-
-	-	1,880,000	-	-	-	-
-	-	1,830,011	-	-	-	-
-	-	980,325	-	-	-	-
-	-	9,062	-	-	-	-
-	-	6,224,309	-	-	-	-
(317,889)	-	(317,889)	-	(317,889)	-	(317,889)
-	-	(269,221)	-	-	(269,221)	(269,221)
(317,889)	-	(587,110)	-	(317,889)	(269,221)	(587,110)
-	(2,118,409)	(2,118,409)	-	-	-	-
-	(1,547,736)	(1,547,736)	-	-	-	-
-	(6,384)	(6,384)	-	-	-	-
-	(44,223)	(44,223)	-	-	-	-
-	(6,384)	(6,384)	-	-	-	-
-	(3,723,135)	(3,723,136)	-	-	-	-

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FINANCIAL INSTRUMENTS (continued)

29.1 Classification of the statement of financial position classes into IAS 39 categories (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 2014		Carrying amount			
	Reference notes	Loans and receivables	Held-for-trading	Held-to-maturity	Available-for-sale
Financial assets measured at fair value					
Current investments	11	-	-	-	979
Derivative financial assets	21.1	-	228,034	-	-
		-	228,034	-	979
Financial assets not measured at fair value					
Loans receivable	10	33,304	-	-	-
Non-current investments	11	-	-	1,417,445	23,076
Current investments	11	1,280,000	-		
Cash and cash equivalents	14	1,607,774	-	-	-
Trade and other receivables	13	885,315	-	-	-
Interest in subsidiaries	7.1	2,061	-		5,944
		3,810,515	-	1,417,445	34,964
Financial liabilities measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Derivative liabilities	21.2	-	(273,113)	-	-
		-	(273,113)	-	-
Financial liabilities not measured at fair value					
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables*	20	-	-	-	-
Non-current retention creditors	20.3	-	-	-	-
Loans due to subsidiaries	7.1	-	-	-	-
		-	-	-	-

* Accrued expenses of N$61.3 million (2013: N$ 62.7 million) that are not financial liabilities are not included..

There have been no transfers between the fair value hierarchy levels (2013: no transfers).

The table above analyses financial instruments carried at fair value, by using the valuation method.

			Fair value			
Designated / Fair value through profit or loss	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
1,820,003	-	1,820,982	979	1,820,003	-	1,820,982
-	-	228,034	-	172,901	55,133	228,034
1,820,003	-	2,049,016	979	1,992,904	55,133	2,049,016
-	-	33,304	-	-	-	-
-	-	1,440,521	-	-	-	-
-	-	1,280,000	-	-	-	-
-	-	1,607,774	-	-	-	-
-	-	885,315	-	-	-	-
-	-	8,005	-	-	-	-
-	-	5,262,924	-	-	-	-
(483,321)	-	(483,321)	-	(483,321)	-	(483,321)
-	-	(273,113)	-	(15,063)	(258,049)	(273,112)
(483,321)	-	(756,434)	-	(498,384)	(258,049)	(756,433)
-	(2,189,034)	(2,189,034)	-	-	-	-
-	(1,221,699)	(1,221,699)	-	-	-	-
-	(21,432)	(21,432)	-	-	-	-
-	(6,384)	(6,384)	-	-	-	-
-	(3,438,549)	(3,438,549)	-	-	-	

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FINANCIAL INSTRUMENTS (continued)

29.1 Classification of the statement of financial position classes into IAS 39 categories (continued)

A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy.

	2015 N$'000	2014 N$'000
Embedded derivative liabilities		
Carrying value at beginning of the year	(258,049)	(248,661)
Net fair value loss on embedded derivatives recognised in profit or loss	(11,172)	(9,388)
Carrying value at end of the year	(269,221)	(258,049)
Embedded derivative assets		
Carrying value at beginning of the year	55,133	18,613
Net fair value (loss)/gain on embedded derivatives recognised in profit or loss	(2,197)	36,520
Carrying value at end of the year	52,936	55,133

Refer to note 29.6.3 for a sensitivity analysis disclosing the effect of fair value changes that would result if one or more of the inputs were to change.

29.1.1 Estimation of fair values

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

(a) Held-to-maturity
- Securities

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

(b) Available-for-sale
- Collective investment

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

(c) Held-for-trading
- Derivatives

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 has 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 2015 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 counter-party 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 counter-party exposure.

29. FINANCIAL INSTRUMENTS (continued)

29.3.1 Management of credit risk (continued)

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 concentrating risk parameters and collateral management procedures 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:

		GROUP		COMPANY	
		2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Current investments	29.1, 11	1,880,000	1,280,000	1,880,000	1,280,000
Non-current investments	29.1, 11	1,473,361	1,417,445	1,473,361	1,417,445
Loans receivables	29.1, 10	28,475	33,304	28,475	33,304
Loans from subsidiaries	29.1, 7.1	-	-	3,118	2,061
Trade and other receivables	29.1, 13	980,325	885,315	980,325	885,315
Cash and cash equivalents	29.1, 14	1,830,011	1,607,774	1,830,011	1,607,774
Derivative assets	29.1, 21.1	200,488	228,034	200,488	228,034
		6,392,660	5,451,872	6,395,778	5,453,933

29. FINANCIAL INSTRUMENTS (continued)

29.4.1 Financial income and expenses

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
Recognised in profit or loss				
Net gains and (losses) on financial assets and liabilities through profit or loss				
Realised Swap losses (FVTPL)	(85,187)	(57,013)	(85,187)	(57,013)
Realised Swap profits (FVTPL)	53,377	103,053	53,377	103,053
Loss from Swaps currency valuation (FVTPL)	(30,092)	(90,261)	(30,092)	(90,261)
Gain from Swaps currency valuation (FVTPL)	67,584	64,008	67,584	64,008
Unrealised foreign exchange gains/(losses) on forward exchange contracts	23,576	(30,986)	23,576	(30,986)
Realised foreign exchange losses (FVTPL)	(28,751)	(146,515)	(28,751)	(146,515)
Realised foreign exchange gains (FVTPL)	9,382	151,199	9,382	151,199
Realised exchange rate gain/(loss) foreign loans (FVTPL)	4,186	(2,565)	4,186	(2,565)
Fair value adjustment on embedded derivative - Power Purchases Agreement (Held for trading asset)	(11,173)	(9,387)	(11,173)	(9,387)
Fair value adjustment on embedded derivative - Power Sales Agreement (Held for trading liability)	(4,249)	36,520	(4,249)	36,520
Unrealised foreign exchange gains	128,559	77,731	128,559	77,731
Recognised in other comprehensive income				
Net change in fair value of available-for-sale financial asset	(116)	(375)	(116)	(375)

* FVTPL - Fair value through profit or loss

29.4.2 Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at 30 June 2015 no guarantee was outstanding.

NamPower employee home loans

Suretyship for N$34.6 million (2014: N$30.2 million) to three local banks (Bank Windhoek, First National Bank and Standard Bank) for all employees who are on the NamPower housing scheme and have attained financing from the aforementioned financial institutions. Such suretyship is limited to the original loan amount attained by each employee and excludes any additional financing for improvements or upgrades.

29.4.3 Trade and other receivables

(a) Trade receivables

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

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 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 29.4.4.

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.

29. FINANCIAL INSTRUMENTS (continued)

29.4.3 Trade and other receivables (continued)

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. Non-payment will result in disconnection of supply. The legal collection process is pursued thereafter.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

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 NamPower 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.

The total cumulative allowance for impairment for electricity receivables at 30 June 2015 was N$20.0 million (2014: N$18.8 million) (refer note 29.4.4). The enhancement of credit control strategies and monitoring of payment levels of all trade receivables continue to receive management attention.

	GROUP		COMPANY	
	2015 N$'000 Carrying amount	**2014** N$'000 Carrying amount	**2015** N$'000 Carrying amount	**2014** N$'000 Carrying amount
The maximum exposure to credit risk for trade receivables at the reporting date by geographic area:				
Domestic- Namibia	591,343	507,092	591,343	507,092
Regional Exports/Cross border customers	101,140	115,935	101,140	115,935
	692,483	623,027	692,483	623,027
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:				
Distributors	382,484	322,736	382,484	322,736
Mining	149,320	117,065	149,320	117,065
End-user customers	136,995	77,702	136,995	77,702
Other trade receivables	23,684	105,524	23,684	105,524
	692,483	623,027	692,483	623,027

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:	**2015** %	**2014** %	**2015** %	**2014** %
Distributors	55	52	55	52
Mining	22	19	22	19
End-user customers	20	12	20	12
Other trade receivables	3	17	3	17
	100	100	100	100

29. FINANCIAL INSTRUMENTS (continued)

29.4.3 Trade and other receivables (continued)

The aging of trade receivables not impaired at the reporting date for Group and Company are as follows:

	GROUP and COMPANY 2015 N$'000	GROUP and COMPANY 2014 N$'000
	Gross	Gross
0-30 days	603,992	614,320
Past due 0-30 days	10,594	2,746
Past due 31-120 days	72,259	1,606
More than one year	5,638	4,355
	692,483	623,027

Trade receivables past due but not impaired are receivables where contractual payment terms are past due but the Group believes that impairment is not required based on the historical payment trend of the respective customers and the stage of collection of amounts owed to the Group. The Group believes that unimpaired amounts that are past due are still recoverable.

Included in more than one year trade receivables are capital contributions of N$6.6 million (2014: N$5.3 million) that are only recognised as revenue when all performance obligations have been performed eg. when the customer is energised and the remainder is held as a liability under trade payables.

29.4.4 Impairment losses

	GROUP and COMPANY 2015 N$'000	GROUP and COMPANY 2015 N$'000	GROUP and COMPANY 2014 N$'000	GROUP and COMPANY 2014 N$'000
	Gross	Impairment	Gross	Impairment
0-30 days	889,374	182	877,846	254
Past due 0-30 days	11,656	894	3,515	213
Past due 31-120 days	44,042	3,064	2,418	807
More than one year	52,174	15,836	20,335	17,523
	997,246	19,976	904,114	18,797

The above impairment losses are based on individual impairments.

Included in the 0-30 days amount is N$110.2 thousand that relates to a customer managing NamPower Eha Lodge. Nampower Eha Lodge was outsourced in 2012. This customer last paid in February 2015, significant delay in payments are objective evidence that debtor is experiencing financial difficulties thus balance impaired.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	GROUP and COMPANY 2015 N$'000	GROUP and COMPANY 2014 N$'000
Balance 1 July	18,797	17,884
- Impairment loss recognised	1,179	913
Balance at 30 June	19,976	18,797

29. FINANCIAL INSTRUMENTS (continued)

29.4.4 Impairment losses (Group and Company) (continued)

NamPower establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance consists of a specific loss component that relates to individual exposures.

An impairment loss of N$12.4 million relates to a customer that was struggling to pay during 2006. The customer arranged for a deferred payment scheme through the court. Due to further financial difficulties the customer suspended the payments through this scheme. The customer was handed over to the lawyers for collection of the outstanding amount.

The remainder of the impairment loss at 30 June 2015 relates to several customers who have been struggling to pay and have indicated that they will not be able to pay their outstanding balances. Electricity supply to these customers has been suspended.

Trade receivables past due but not impaired include Empressa Nacional De Electicidade amounting to N$64.2 million, these are receivables where contractual payment terms are past due but NamPower believes that impairment is not required based on the historical payment trend of the respective customers. NamPower believes that unimpaired amounts that are past due are still recoverable.

There was no indication of impairment of investments at reporting date.

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:

	GROUP and COMPANY	
	2015 N$'000	2014 N$'000
(a) Cash deposits		
Electricity receivables security deposit - Cash		
Domestic Namibia	16,507	36,518
Regional Exports/Cross Border customers	368	398
(b) Bank Guarantees		
Domestic - Namibia	155,870	119,777
Cross border customers	58	58

29.4.5 Cash and cash equivalents

The Group held cash and cash equivalents of N$1.8 million at 30 June 2015 (2014: N$1.6 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated for foreign currency long-term as BBB- and national long-term rating AA-(zaf), based on Fitch ratings.

29. FINANCIAL INSTRUMENTS (continued)

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:

- project 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.

	Carrying amount N$ '000	Total contractual cash flows N$ '000	Contractual cash flows 1 year or less N$ '000	Contractual cash flows 1- 5 years N$ '000	Contractual cash flows 5 years or more N$ '000
GROUP					
2015					
Non-derivative financial liabilities					
Secured long term loans					
- GBP fixed rate loan	(195,993)	(207,482)	(29,618)	(118,543)	(59,321)
- EUR floating rate loan	(198,143)	(201,019)	(65,011)	(136,008)	-
- ZAR denominated loans	(1,749,003)	(2,611,431)	(280,218)	(1,069,106)	(1,262,107)
- NAD denominated loans	(293,159)	(417,485)	(31,200)	(361,941)	(24,344)
Non-current retention creditors	(23,895)	(44,223)	-	(44,223)	-
Trade and other payables	(1,547,736)	(1,547,736)	(1,547,736)	-	-
Derivative financial liabilities					
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	109,804	18,239	79,815	11,750
2014					
Non-derivative financial liabilities					
Secured long term loans					
- GBP fixed rate loan	(206,110)	(222,593)	(27,801)	(111,266)	(83,526)
- EUR floating rate loan	(277,210)	(282,557)	(69,644)	(210,068)	(2,845)
- ZAR denominated loans	(1,892,236)	(2,851,477)	(289,452)	(1,115,644)	(1,446,381)
- NAD denominated loans	(296,798)	(446,936)	(30,924)	(123,697)	(292,315)
Non-current retention creditors	(21,432)	(21,432)	-	(21,432)	-
Trade and other payables	(1,221,697)	(1,221,697)	(1,221,697)	-	-
Derivative financial liabilities					
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	110,938	20,271	84,201	6,466

29. FINANCIAL INSTRUMENTS (continued)

29.5.1 Contractual cash flows (continued)

	Carrying amount N$ '000	Total contractual cash flows N$ '000	Contractual cash flows 1 year or less N$ '000	Contractual cash flows 1- 5 years N$ '000	Contractual cash flows 5 years or more N$ '000
COMPANY					
2015					
Non-derivative financial liabilities					
Secured long term loans					
- GBP fixed rate loan	(195,993)	(207,482)	(29,618)	(118,543)	(59,321)
- EUR floating rate loan	(198,143)	(201,019)	(65,011)	(136,008)	-
- ZAR denominated loans	(1,749,003)	(2,611,431)	(280,218)	(1,069,106)	(1,262,107)
- NAD denominated loans	(293,159)	(417,485)	(31,200)	(361,941)	(24,344)
Non-current retention creditors	(23,895)	(44,223)	-	(44,223)	-
Trade and other payables	(1,547,736)	(1,547,736)	(1,547,736)	-	-
Loans due to subsidiaries	(6,384)	(6,384)	(6,384)	-	-
Derivative financial liabilities					
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	109,804	18,239	79,815	11,750
2014					
Non-derivative financial liabilities					
Secured long term loans					
- GBP fixed rate loan	(206,110)	(222,593)	(27,801)	(111,266)	(83,526)
- EUR floating rate loan	(277,210)	(282,557)	(69,644)	(210,068)	(2,845)
- ZAR denominated loans	(1,892,236)	(2,851,477)	(289,452)	(1,115,644)	(1,446,381)
- NAD denominated loans	(296,798)	(446,936)	(30,924)	(123,697)	(292,315)
Non-current retention creditors	(21,432)	(21,432)	-	(21,432)	-
Trade and other payables	(1,221,699)	(1,221,699)	(1,221,699)	-	-
Loans due to subsidiaries	(6,384)	(6,384)	(6,384)	-	-
Derivative financial liabilities					
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	110,938	20,271	84,201	6,466

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.

The principal or contract amount of derivative financial instruments were:

	GROUP and COMPANY 2015 N$'000	2014 N$'000
Net interest rate and cross currency swaps	141,091	172,901
Forward exchange contracts	250,525	1,102,927

For a more detailed breakdown refer to note 21.

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 NamPower'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:

	2015	2014
General banking facilities	363,500	363,500

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 2015 was 10.25%.

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 that are managed within the treasury function of the company or from contracts containing embedded derivatives.

29. FINANCIAL INSTRUMENTS (continued)

29.6 Market risk (continued)

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

NamPower 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 loss of N$15.4 million (2014: N$27.1 million gain). At 30 June 2015 the embedded derivative asset amounted to N$50.9 million (2014: N$55.1 million) for the Group and Company. The embedded derivative liability at 30 June 2015 was N$269.2 million (2014: N$258.0 million) for the Group and Company.

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 note 29.6.1)
- currency risk (refer note 29.6.2)
- other price risk (refer note 29.6.3)

Electricity 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

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. 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.

29. FINANCIAL INSTRUMENTS (continued)

29.6.1 Interest rate risk (continued)

	GROUP		COMPANY	
	2015 N$'000 Carrying amount	**2014** N$'000 Carrying amount	**2015** N$'000 Carrying amount	**2014** N$'000 Carrying amount
At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:				
Variable rate financial instruments				
Financial assets	-	-	-	-
Financial liabilities	(43,159)	(46,798)	(43,159)	(46,798)
	(43,159)	(46,798)	(43,159)	(46,798)
Fixed rate financial instruments				
Financial assets	6,215,248	7,295,930	6,233,371	7,303,935
Financial liabilities	(3,622,986)	(4,203,432)	(3,679,977)	(4,148,185)
	2,592,262	3,092,498	2,553,394	3,155,750

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 2014.

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:

GROUP AND COMPANY	**Equity 100 bp increase**	**Equity 100 bp decrease**	**Profit or (loss) 100 bp increase**	**Profit or (loss) 100 bp decrease**
30 June 2015				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	(289)	289	(432)	432
30 June 2014				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	(314)	314	(468)	468

29. FINANCIAL INSTRUMENTS (continued)

29.6.2 Currency risk

The Company is exposed to currency risk as a result of the following transactions which are denominated in a currency other than Namibia Dollar as a result of: purchases of equipment, consulting fees and borrowings. The currencies which primarily give rise to currency risk are GBP, USD, EURO and SEK.

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

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

29.6.2 Currency risk (continued)

GROUP

The currency position at 30 June 2015 is set below in thousands of Namibia Dollar

	N$	ZAR	US$	Euro	GBP	CAD	Total
Assets							
Other financial assets	141,091	-	57,220	2,176	-	-	200,487
Loans receivable	28,475	-	-	-	-	-	28,475
Trade and other receivables	888,187	-	126,449	-	-	-	1,014,636
Current investments	1,920,244	1,235,618	-	-	-	-	3,155,862
Cash and cash equivalents	237,089	1,137,755	454,844	319	4	-	1,830,011
	3,215,086	2,373,373	638,513	2,495	4	-	6,229,471
Liabilities							
Interest bearing loans and borrowings	(293,159)	(1,749,004)	-	(198,143)	(195,993)	-	(2,436,299)
Other financial liabilities	-	-	(269,221)	-	-	-	(269,221)
Trade and other payables	(1,330,209)	(5,178)	(273,378)	(506)	(30)	(67)	(1,609,368)
Non-current retention creditors	(35,316)	(2,245)	-	(7,697)	-	-	(45,258)
	(1,658,684)	(1,756,427)	(542,599)	(206,346)	(196,023)	(67)	(4,360,146)
Gross statement of financial position exposure	1,556,402	616,946	95,914	(203,851)	(196,019)	(67)	1,869,325
Next year's forecast sales	4,849,376	-	-	-	-	-	4,849,376
Next year's forecast purchases	(15,091)	(427,912)	(1,879,133)	-	-	-	(2,322,136)
Gross exposure	6,390,687	189,034	(1,783,219)	(203,851)	(196,019)	(67)	4,396,565
Foreign exchange contracts	-	-	235,105	21,880	-	-	256,985
Net exposure	6,390,687	189,034	(1,548,114)	(181,971)	(196,019)	(67)	4,653,550

The estimated sales and purchases include transactions for the next 12 months.

Currency translation rates : 30 June 2015	1 SA Rand	N$ 1.0	1 Euro	N$ 13.7	1 CAD	N$ 9.9
	1 US Dollar	N$ 12.2	1 GBP	N$ 19.2		

The currency position at 30 June 2014 is set below in thousands of Namibia Dollar

	N$	ZAR	US$	Euro	GBP	CAD	Total
Assets							
Other financial assets	-	-	55,133	172,901	-	-	228,034
Loans receivable	33,304	-	-	-	-	-	33,304
Trade and other receivables	792,029	-	126,449	-	-	-	918,478
Current investments	2,565,777	1,975,726	-	-	-	-	4,541,503
Cash and cash equivalents	17,169	1,330,375	260,123	57	50	-	1,607,774
	3,408,279	3,306,101	441,705	172,958	50	-	7,329,093
Liabilities							
Interest bearing loans and borrowings	(296,798)	(1,892,237)	-	(277,210)	(206,110)	-	(2,672,355)
Other financial liabilities	-	-	(269,968)	(3,144)	-	-	(273,112)
Trade and other payables	(985,417)	(49,520)	(181,218)	(5,532)	(10)	-	(1,221,697)
Non-current retention creditors	(20,722)	(710)	-	-	-	-	(21,432)
	(1,302,937)	(1,942,467)	(451,186)	(285,886)	(206,120)	-	(4,188,596)
Gross statement of financial position exposure	2,105,342	1,363,634	(9,481)	(112,928)	(206,070)	-	3,140,497
Next year's forecast sales	4,316,408	-	-	-	-	-	4,316,408
Next year's forecast purchases	-	(460,077)	(2,105,461)	-	-	-	(2,565,538)
Gross exposure	6,421,750	903,557	(2,114,942)	(112,928)	(206,070)	-	4,891,367
Foreign exchange contracts	-	-	1,029,908	58,003	-	-	1,087,911
Net exposure	6,421,750	903,557	(1,085,034)	(54,925)	(206,070)	-	5,979,278

The estimated sales and purchases include transactions for the next 12 months.

Currency translation rates : 30 June 2014	1 SA Rand	N$ 1.0	1 Euro	N$ 14.5
	1 US Dollar	N$ 10.6	1 GBP	N$ 18.1

29. FINANCIAL INSTRUMENTS (continued)

29.6.2 Currency risk (continued)

COMPANY

The currency position at 30 June 2015 is set below in thousands of Namibia Dollar

	N$	ZAR	US$	Euro	GBP	CAD	Total
Assets							
Other financial assets	141,091	-	57,220	2,176	-	-	200,487
Loans receivable	28,475	-	-	-	-	-	28,475
Trade and other receivables	888,187	-	126,449	-	-	-	1,014,636
Current investments	1,920,244	1,235,618	-	-	-	-	3,155,862
Cash and cash equivalents	237,089	1,137,755	454,844	319	4	-	1,830,011
	3,215,086	2,373,373	638,513	2,495	4	-	6,229,471
Liabilities							
Interest bearing loans and borrowings	(293,159)	(1,749,004)	-	(198,143)	(195,993)	-	(2,436,299)
Other financial liabilities	-	-	(269,221)	-	-	-	(269,221)
Trade and other payables	(1,330,211)	(5,178)	(273,378)	(506)	(30)	(67)	(1,609,370)
Non-current retention creditors	(35,316)	(2,245)	-	(7,697)	-	-	(45,258)
	(1,658,686)	(1,756,427)	(542,599)	(206,346)	(196,023)	(67)	(4,360,148)
Gross statement of financial position exposure	1,556,400	616,946	95,914	(203,851)	(196,019)	(67)	1,869,323
Next year's forecast sales	4,849,376	-	-	-	-	-	4,849,376
Next year's forecast purchases	(15,091)	(427,912)	(1,879,133)	-	-	-	(2,322,136)
Gross exposure	6,390,685	189,034	(1,783,219)	(203,851)	(196,019)	(67)	4,396,563
Foreign exchange contracts	-	-	235,105	21,880	-	-	256,986
Net exposure	6,390,685	189,034	(1,548,114)	(181,971)	(196,019)	(67)	4,653,549

The estimated sales and purchases include transactions for the next 12 months.

Currency translation rates : 30 June 2015	1 SA Rand	N$ 1.0	1 Euro	N$ 13.7	1 CAD	N$ 9.9
	1 US Dollar	N$ 12.2	1 GBP	N$ 19.2		

The currency position at 30 June 2014 is set below in thousands of Namibia Dollar

	N$	ZAR	US$	Euro	GBP	CAD	Total
Assets							
Other financial assets	-	-	55,133	172,901	-	-	228,034
Loans receivable	33,304	-	-	-	-	-	33,304
Trade and other receivables	792,029	-	126,449	-	-	-	918,478
Current investments	2,565,777	1,975,726	-	-	-	-	4,541,503
Cash and cash equivalents	17,169	1,330,375	260,123	57	50	-	1,607,774
	3,408,279	3,306,101	441,705	172,958	50	-	7,329,093
Liabilities							
Interest bearing loans and borrowings	(296,798)	(1,892,237)	-	(277,210)	(206,110)	-	(2,672,355)
Other financial liabilities	-	-	(269,968)	(3,144)	-	-	(273,112)
Trade and other payables	(985,419)	(49,520)	(181,218)	(5,532)	(10)	-	(1,221,699)
Non-current retention creditors	(20,722)	(710)	-	-	-	-	(21,432)
Loans due to subsidiary	(6,384)	-	-	-	-	-	-
	(1,309,323)	(1,942,467)	(451,186)	(285,886)	(206,120)	-	(4,194,982)
Gross statement of financial position exposure	2,098,956	1,363,634	(9,481)	(112,928)	(206,070)	-	3,134,111
Next year's forecast sales	4,316,408	-	-	-	-	-	4,316,408
Next year's forecast purchases	-	(460,077)	(2,105,461)	-	-	-	(2,565,538)
Gross exposure	6,415,364	903,557	(2,114,942)	(112,928)	(206,070)	-	4,884,981
Foreign exchange contracts	-	-	1,029,908	58,003	-	-	1,087,911
Net exposure	6,415,364	903,557	(1,085,034)	(54,925)	(206,070)	-	5,972,892

The estimated sales and purchases include transactions for the next 12 months.

Currency translation rates : 30 June 2014	1 SA Rand	N$ 1.0	1 Euro	N$ 14.5
	1 US Dollar	N$ 10.6	1 GBP	N$ 18.1

29. FINANCIAL INSTRUMENTS (continued)

29.6.2 Currency risk (continued)

Sensitivity analysis

A strengthening of the N$ against the following currencies at 30 June would have increased/(decreased) profit or loss and equity 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 2014.

	GROUP and COMPANY			
	2015 Equity N$'000	2014 Equity N$'000	2015 Profit or (loss) N$'000	2014 Profit or (loss) N$'000
US Dollar (10 percent strengthening)	101,368	94,830	151,295	141,537
Euro (10 percent strengthening)	(13,792)	(18,940)	(20,585)	(28,269)
GBP (10 percent strengthening)	(13,133)	(13,807)	(19,602)	(20,607)
CAD (10 percent strengthening)	(4)	-	(7)	-

A weakening of the N$ against the following currencies at 30 June would have increased/(decreased) profit or loss and equity 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 2014.

	2015 Equity N$'000	2014 Equity N$'000	2015 Profit or (loss) N$'000	2014 Profit or (loss) N$'000
US Dollar (10 percent weakening)	(101,368)	(94,830)	(151,295)	(141,537)
Euro (10 percent weakening)	13,792	18,940	20,585	28,269
GBP (10 percent weakening)	13,133	13,807	19,602	20,607
CAD (10 percent weakening)	4	-	7	-

29.6.3 Other price risk

Inflation price risk arises from embedded derivatives as discussed under note 29.8. The risk arises from movements in the United States production price index (PPI). Equity price risk arises from available-for-sale financial instruments. The risk arises from movements in the share price of the equity investment.

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 equity and on profit or loss is:

29. FINANCIAL INSTRUMENTS (continued)

29.6.3 Other price risk (continued)

	GROUP and COMPANY			
	2015 Equity N$'000	2014 Equity N$'000	2015 Profit or (loss) N$'000	2014 Profit or (loss) N$'000
United States PPI				
1% increase	(17,727)	(23,148)	(26,458)	(34,550)
1% decrease	17,361	22,525	25,912	33,619

29.7 Capital management

Nampower manages the total shareholders' equity and debt as capital. Capital consists of ordinary share capital, development fund reserve and longterm 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.

	GROUP		COMPANY	
	2015 N$'000	2014 N$'000	2015 N$'000	2014 N$'000
The Group manages the following as capital:				
Ordinary share capital	1,065,000	1,065,000	1,065,000	1,065,000
Development fund reserve	4,048,062	3,553,453	3,904,159	3,449,129
Longterm debt	2,436,298	2,672,355	2,436,298	2,672,355
	7,549,360	7,290,808	7,405,457	7,186,484

The major items that impact the capital of Nampower 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 Company is adequately capitalised through debt and equity management.

NamPower Treasury is tasked with the duties of managing the Company's short-term and long term capital requirements. The treasury department 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 3.98, debt to EBITDA of -4.11 and a debt equity ratio of 15:85. These covenants are used for forecasted financial planning to ensure and manage the loan conditions set. The Company also maintains a credit rating as affirmed by Fitch for foreign currency long-term as BBB- and national long-term rating AA-(zaf).

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 Nampower is based on historical cost and depreciated replacement cost for Generation and Transmission assets respectively.

29. FINANCIAL INSTRUMENTS (continued)

29.7 Capital management (continued)

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 NamPower.

There were no changes to NamPower's approach to capital management during the financial year.

29.8 Critical accounting estimates and judgements

Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Embedded derivatives

NamPower has entered into a number of agreements to supply and purchase electricity to electricity-intensive industries where the revenue from these contracts is linked to foreign currency rates (only USD) and United State's production price indices that give rise to embedded derivatives.

The embedded derivatives have been divided into three categories:

- Commodity and/or foreign currency derivatives;
- Foreign currency or interest rate derivatives;
- Production price and foreign currency 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 2015					
Input	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
NAD/USD	USD per NAD	12.31	13.10	14.02	14.73	15.64	16.59
ZAR discount factor		0.99	0.93	0.86	0.80	0.73	0.67
United States PPI	Year-on-year (%)	(0.38)%	(0.05)%	0.16%	0.24%	0.32%	0.38%

30. SEGMENT REPORTING

Business unit segments

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. For each of the strategic business units, the Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Generation: Supply of energy

Transmission: Transmission of energy

Other Support Services, including Energy Trading:
Short, medium and long term planning and management of energy and Power Systems Development responsible for development of supply sources of energy

Support services includes Distribution of energy, Corporate Services, Finance and the Office of the Managing Director.

Information about reportable business units

	Generation		Transmission		Other		Total	
Amounts in N$'000	**2015** N$'000	**2014** N$'000	**2015** N$'000	**2014** N$'000	**2015** N$'000	**2014** N$'000	**2015** N$'000	**2014** N$'000
Total revenues	637,000	520,847	2,539,003	2,159,665	8,535,538	7,150,908	11,711,541	9,831,420
Intersegment revenue	(637,000)	(520,847)	(1,383,586)	(1,257,615)	(5,210,441)	(4,085,118)	(7,231,027)	(5,863,580)
Total Segment revenue	-	-	1,155,417	902,050	3,325,097	3,065,790	4,480,514	3,967,840
Interest Income	-	-	13,054	4,081	428,859	411,623	441,913	415,704
Interest expense	-	-	(119,002)	(129,384)	(108,439)	(114,934)	(227,441)	(244,318)
Depreciation & amortisation	(108,424)	(107,963)	(380,576)	(378,033)	(44,612)	(43,557)	(533,612)	(529,553)
Staff costs	(116,065)	(101,892)	(183,142)	(178,042)	(235,234)	(220,297)	(534,441)	(500,231)
Post retirement medical benefit	(7,250)	(10,738)	(11,599)	(17,180)	(10,149)	5,849	(28,998)	(22,069)
Foreign exchange gains on trade payables/receivables, bank balances and loans payable	-	-	-	-	137,941	228,930	137,941	228,930
Foreign exchange losses on trade payables/receivables, bank balances and loans payable	-	-	-	-	(59,753)	(172,327)	(59,753)	(172,327)
Segment result (before tax)	(273,729)	(197,474)	2,997,744	2,737,520	(2,018,001)	(1,767,105)	706,014	772,941

30. SEGMENT REPORTING (continued)

Other material items 2015

in thousands Namibia Dollar	Reportable segment totals
Finance income	441,913
Finance expense	(227,441)
Depreciation and amortisation	(533,612)
Staff costs	(534,441)
Post retirement medical benefit	(28,998)
Foreign exchange gains on trade payables/receivables, bank balances and loans payable	137,941
Foreign exchange losses on trade payables/receivables, bank balances and loans payable	(59,753)

Other material items 2014

in thousands Namibia Dollar	
Finance income	415,704
Finance expense	(244,318)
Depreciation and amortisation	(529,553)
Staff costs	(500,231)
Post retirement medical benefit	(22,069)
Foreign exchange gains on trade payables/receivables, bank balances and loans payable	228,930
Foreign exchange losses on trade payables/receivables, bank balances and loans payable	(172,327)

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