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This expansion will focus mainly on containerisation, although we will also emphasise human resources development and capacity-building, particularly at seafront operations where the intrinsic value of our business lies.

Sebby Kankondi
Managing Director



Certainly, the port has undergone substantial transformation in recent years to become a much more efficient link in the supply chains on which exporters and importers so strongly rely. But I believe Namport is very well placed to continue the growth prospects for the future...

Adv. SV Masiza
Chairman



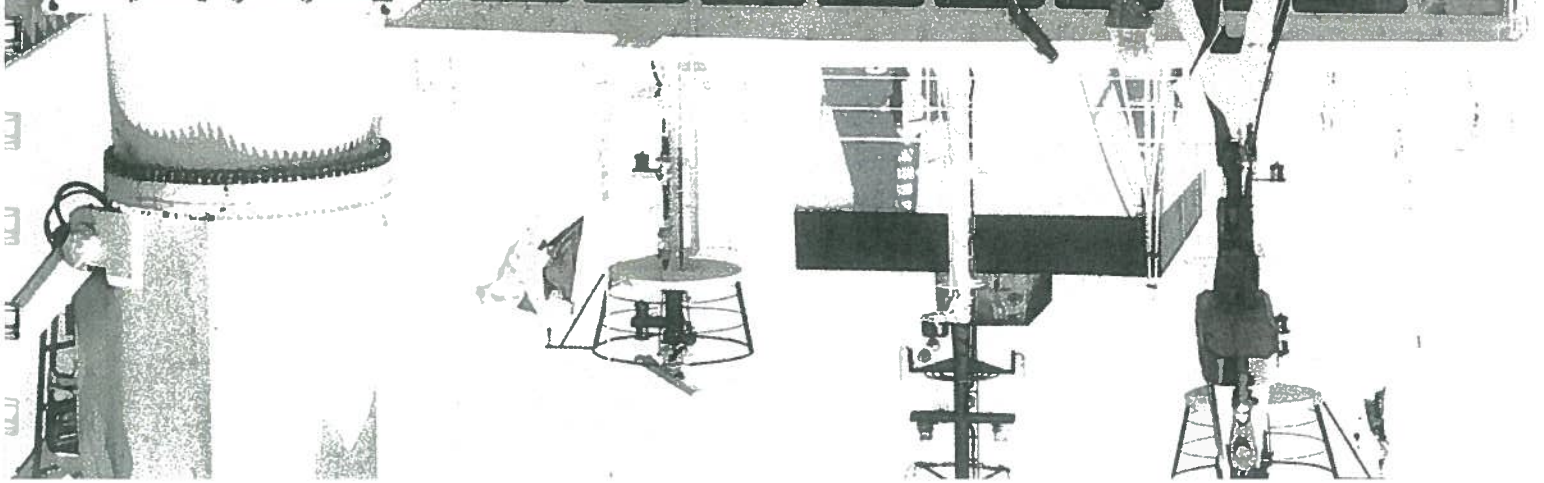
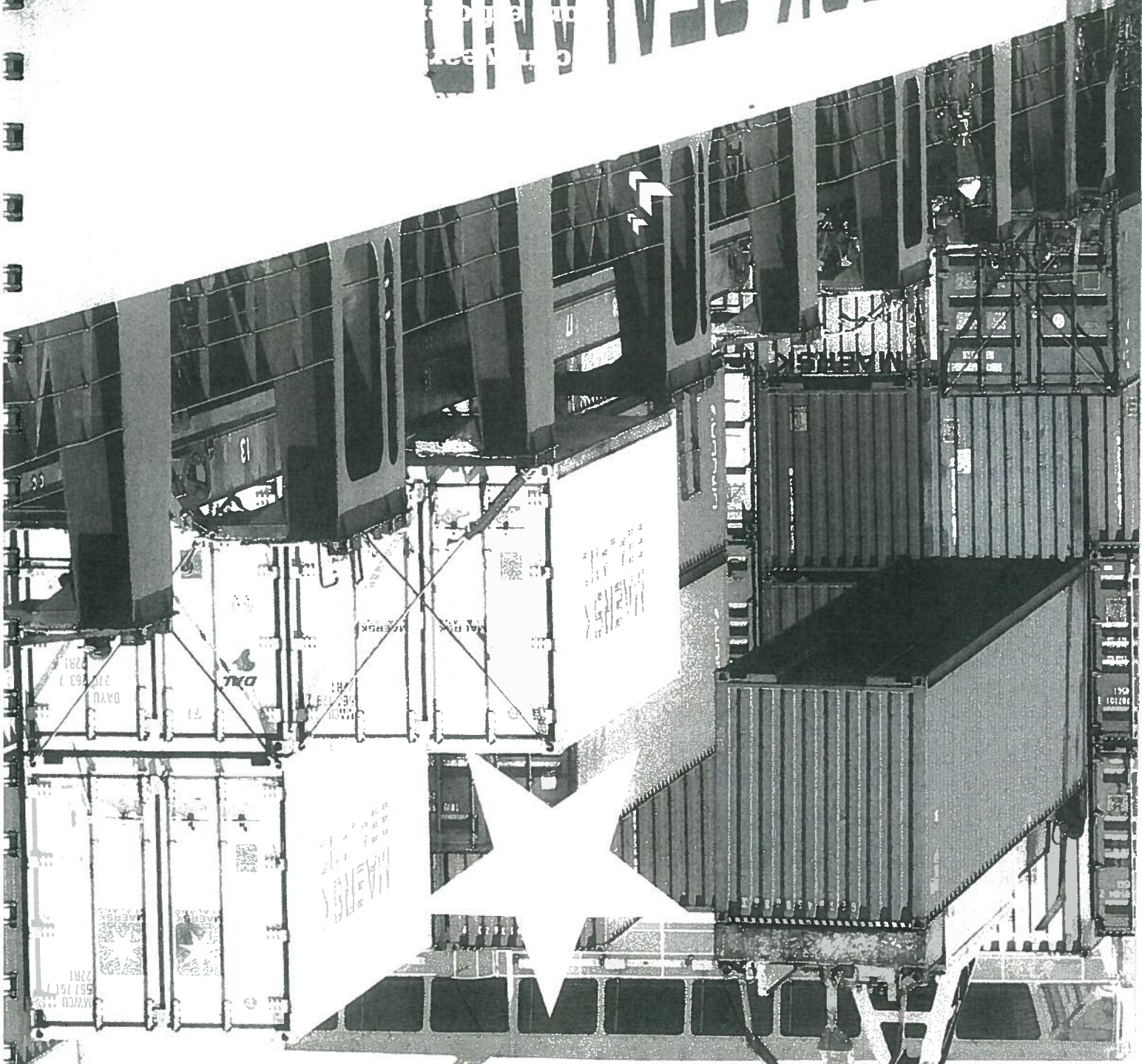


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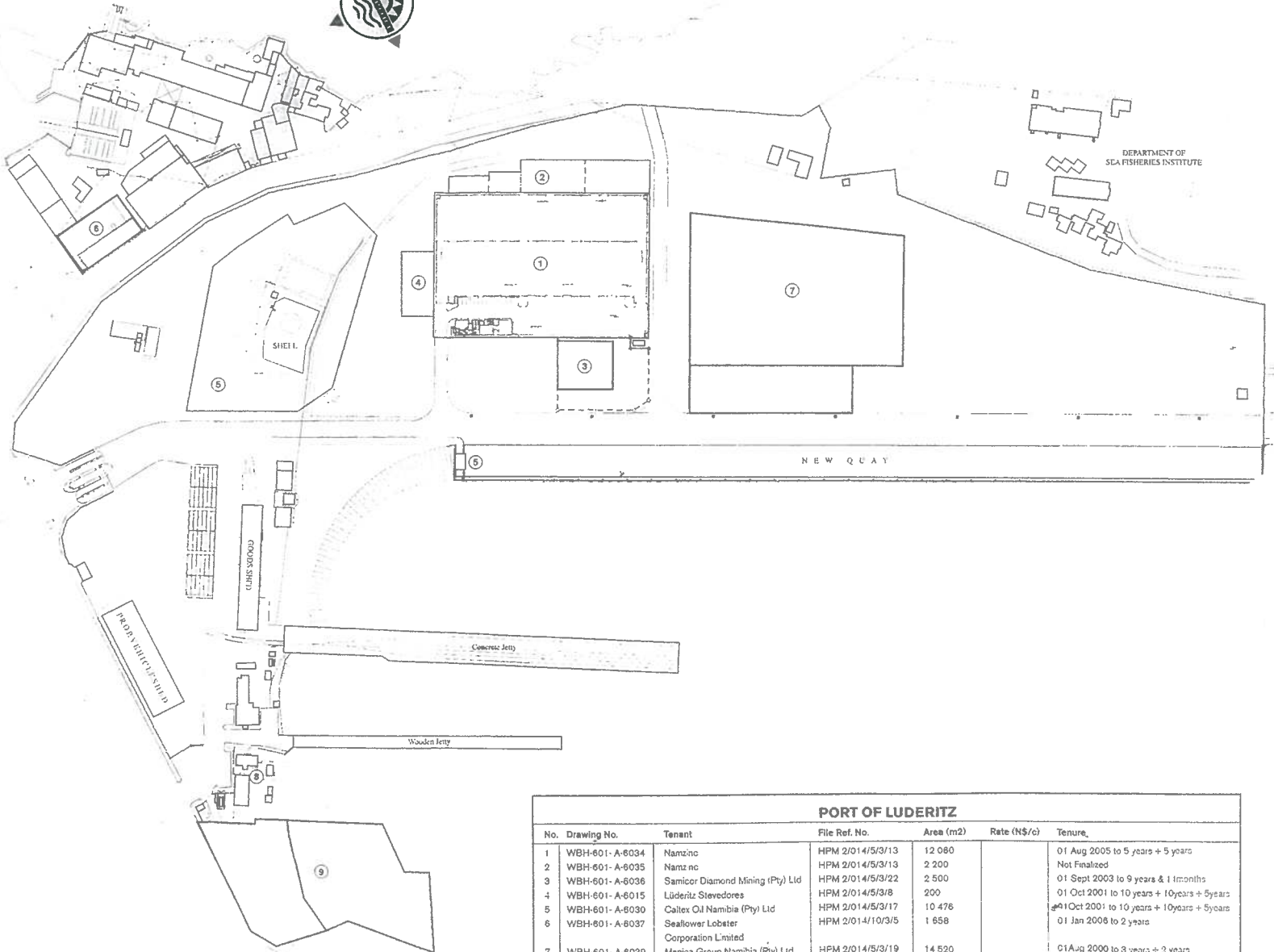
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MAERSK SEALAND



ATLANTIC OCEAN



PORT OF LUDERITZ						
No.	Drawing No.	Tenant	File Ref. No.	Area (m2)	Rate (N\$/c)	Tenure
1	WBH-601- A-6034	Nanzinc	HPM 2/014/5/3/13	12 080		01 Aug 2005 to 5 years + 5 years
2	WBH-601- A-6035	Nanzinc	HPM 2/014/5/3/13	2 200		Not Finalized
3	WBH-601- A-6036	Samicor Diamond Mining (Pty) Ltd	HPM 2/014/5/3/22	2 500		01 Sept 2003 to 9 years + 11 months
4	WBH-601- A-6015	Lüderitz Stevedores	HPM 2/014/5/3/8	200		01 Oct 2001 to 10 years + 10 years + 5 years
5	WBH-601- A-6030	Callix OJ Namibia (Pty) Ltd	HPM 2/014/5/3/17	10 478		01 Oct 2001 to 10 years + 10 years + 5 years
6	WBH-601- A-6037	Sealower Lobster Corporation Limited	HPM 2/014/10/3/5	1 658		01 Jan 2008 to 2 years
7	WBH-601- A-6039	Manica Group Namibia (Pty) Ltd	HPM 2/014/5/3/19	14 520		01 Aug 2000 to 3 years + 2 years
8	WBH-601- A-698	Ministry of Works, Transport and Communication	HPM 2/014/5/3/5	5 - Bldgs 880 - Land		01 Dec 1999 to 9 years + 11 months
9	WBH-601- A-6008	Waterfront Development Company (Pty) Ltd	HPM 2/014/10/3/22	3429 - Land 4837 - Water		01 June 2000 to 25 years + 25 years
10	WBH-601- A-6010	Lüderitz Mariculture (Pty) Ltd	HPM 2/014/10/3/2	510 000		01 Dec 2000 to 5 years + 3 years

Namibian Ports Authority

The way forward

Chairman's Review



I am pleased to present this, the 12th Annual Report of the Namibian Ports Authority. The past year has seen Namport repositioning and redefining its role in terms of regional ports. There is clarity of focus and a renewed level of assurance that comes with success and achievement within the business.

As we reflect on our activities in 2006/7, as Chairman I am pleased to report that we strengthened our partnerships with leaders in business, Government and the community. Undoubtedly, this spirit of partnership and cooperation contributes immensely to Namport's capacity to promote and strengthen the economic base of the Southern African Development Region (SADC). When I was elected Chairman five years ago, I made a commitment to continue the development and investment focus for our ports, and remain convinced that Namport's pro-economic development and regional approach plays a critical role in the country's economic revitalisation. Through our hub port development, we serve as a flagship of economic growth and a convener of private sector investment and public partnerships.



Since we are strategically situated within a multi-modal transportation network that allows the region to compete internationally, Namport's operations remain at the crux of its activities. During 2006, we experienced a 12% increase in vessel visits, demonstrating the high local demand for trading commodities for our region's manufacturing needs. I also need to acknowledge that Team Namport's momentum exceeded our expectations, since they have executed the company's core strategy with military precision.

The Namibian Ports Authority is a strong company underpinned by solid fundamentals. The Cash Flow and Balance Sheet are very sound, and our return to shareholders continues to grow over the medium and long-term. Reviewing our operational and financial performance for the 2006/7 financial year, it would be tempting to conclude that Namport reached some pinnacle after the years of restructuring, efficiency gains and natural growth. Certainly, the port has undergone substantial transformation in recent years to become a much more efficient link in the supply chains on which exporters and importers so strongly rely. But I believe Namport is very well placed to continue the growth prospects for the future, for the following reasons:

- We have a strong Balance Sheet
- We are strategically located at the crossroads of the Trans-Atlantic trade routes
- We have a well-equipped and competitive port operation, and
- We are committed to a significant expansion of the capacity of our ports, to dredging the ports, and to securing more business through our corridor development efforts.

However, we have no intention of resting on our laurels.

Ports are inextricably tied to the national and regional economies, the demand for port services being driven largely by the activities of others. Our major growth opportunity is to win increased market share, for which we must compete with other ports. It is our intention to do just that. A key factor in winning that increased share and of making the company more profitable is to continually anticipate changing customer needs, increase our operational efficiency, and capitalise on our natural advantages.

The port interacts with Namibian communities in many ways. More than a third of the jobs in the coastal region are provided by businesses that rely in some way on trade through our ports; and business activity, related to the port, drives a third of the coastal region's economy. The Namibian Ports Authority also supports the community through a range of sponsorships and donations.

A considerable amount of work into short-term improvements in Namibia's supply chains is still needed, however, which needs to complement the ongoing development and implementation of long-term solutions to handle increased trade for the country in particular and the SADC region in general.

We are aware of suggestions from time to time that the valuable land we occupy on the waterfront could be better used for a range of other purposes. For this reason, as the nature of some of our activities

changes, Namport constantly re-evaluates the potential use of land holdings no longer required for port operations. We will continue to support initiatives that are compatible with commercial port operations, and give a proper return to shareholders.

Having said that, the operations of a working port still have intrinsic public interest and appeal, as shown by the patronage of boat trips around the port. In the way forward, we wish to improve public access to the port, in keeping with safety and customs requirements.

In summary, the full 2006/7 results confirm that the Namibian Ports Authority remains on track in terms of steady, ongoing growth, founded on strong fundamentals. We have a clear strategy for the creation of shareholder value. The Board and Management are united in and committed to achieving against this benchmark. The company will continue to strive to have the necessary capacity, equipment, technology and attitude to meet the challenges of the future, and to fulfil customers' expectations.

Each of these achievements will form the building blocks for next year's work, which will set us on course to manage over 220,000 twenty-foot equivalent units (TEUs) of business incubation and managed workspace, together with substantial business support contracts, making a fully rounded service to new, growing and developing businesses in the SADC region.

I would like to thank my fellow Directors, who have contributed their skills and expertise freely to the company, delivering high-level guidance to the executive team, always with due regard to best practice in corporate governance. My thanks also go to the staff of the company, to our customers and to our partners, who have all worked together to ensure a real contribution is made towards developing Namport's business locally, regionally and internationally.



Adv. SV Masiza

Chairman



Namport

(fltr)

Mr. A.F. Neethling (*Director: Ministry of Finance*) ★

Mrs. A. Hange (*Director: Ministry of Finance*) ★

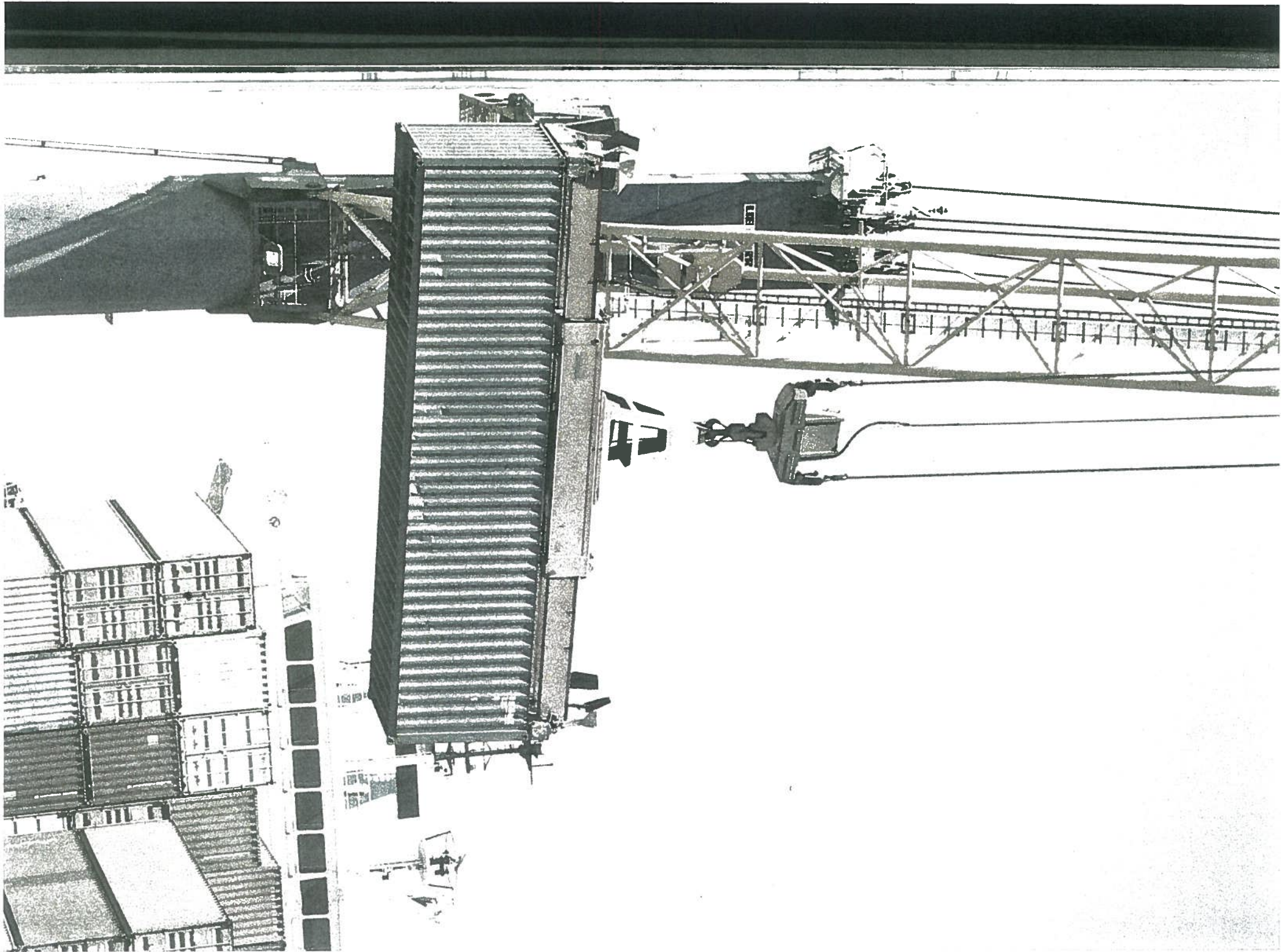
Adv. S.V. Masiza (*Chairman*) ★



Board»

(fltr)

- ★ Mrs. K. van Heerden (*Company Secretary*)
- ★ Mr. P. Amutenya (*Director of Operations: Ministry of Fisheries & Marine Resources*)
- ★ Mr. S. Kankondi (*Managing Director: Namibian Ports Authority*)



Management (manco)



(ltr) ★

- ★ **Mr. A. van Rhyn** (*Manager - Technical Services*)
- ★ **Mr. M. Mandia** (*Port Captian - Walvis Bay*)
- ★ **Mr. F. Muhia** (*Port Captian - Lüderitz*)
- ★ **Mr. F. Shimuafeni** (*Manager - Syncrolift*)
- ★ **Ms. L.M. Hochobeb** (*Internal Auditor*)
- ★ **Mr. M. Polster** (*Manager - Cargo Services*)
- ★ **Mr. W. Mutwa** (*Manager - Port of Lüderitz*)
- ★ **Mr. W. Feris** (*Manager - Business Intelligence*)
- ★ **Mr. G. du Plessis** (*Information Systems Specialist*)
- ★ **Mr. I. !Hanabeb** (*Manager - Finance*)
- ★ **Mr. J. Smith** (*Business Development Executive - WBCG*) - not present

Management (exco & manco)



(ltr)

★ **Mr. S. Kankondi** (Manager Director) ★

★ **Mr. J. Mouton** (Executive - Marketing & Strategic Business Development) ★

★ **Mr. T. Raw** (Port Engineer) ★

★ **Mr. K. van der Merwe** (Group Executive - Finance) ★

★ **Mr. A. Kathindi** (Executive - Port Operation) ★

★ **Mr. T. Amakali** (Executive - Human Resources) ★

★ **Mr. R. Visagie** (Executive - SHREQ) ★

★ **Mrs. K. van Heerden** (Group Company Secretary) ★

Adv. SV Masiza
Chairman

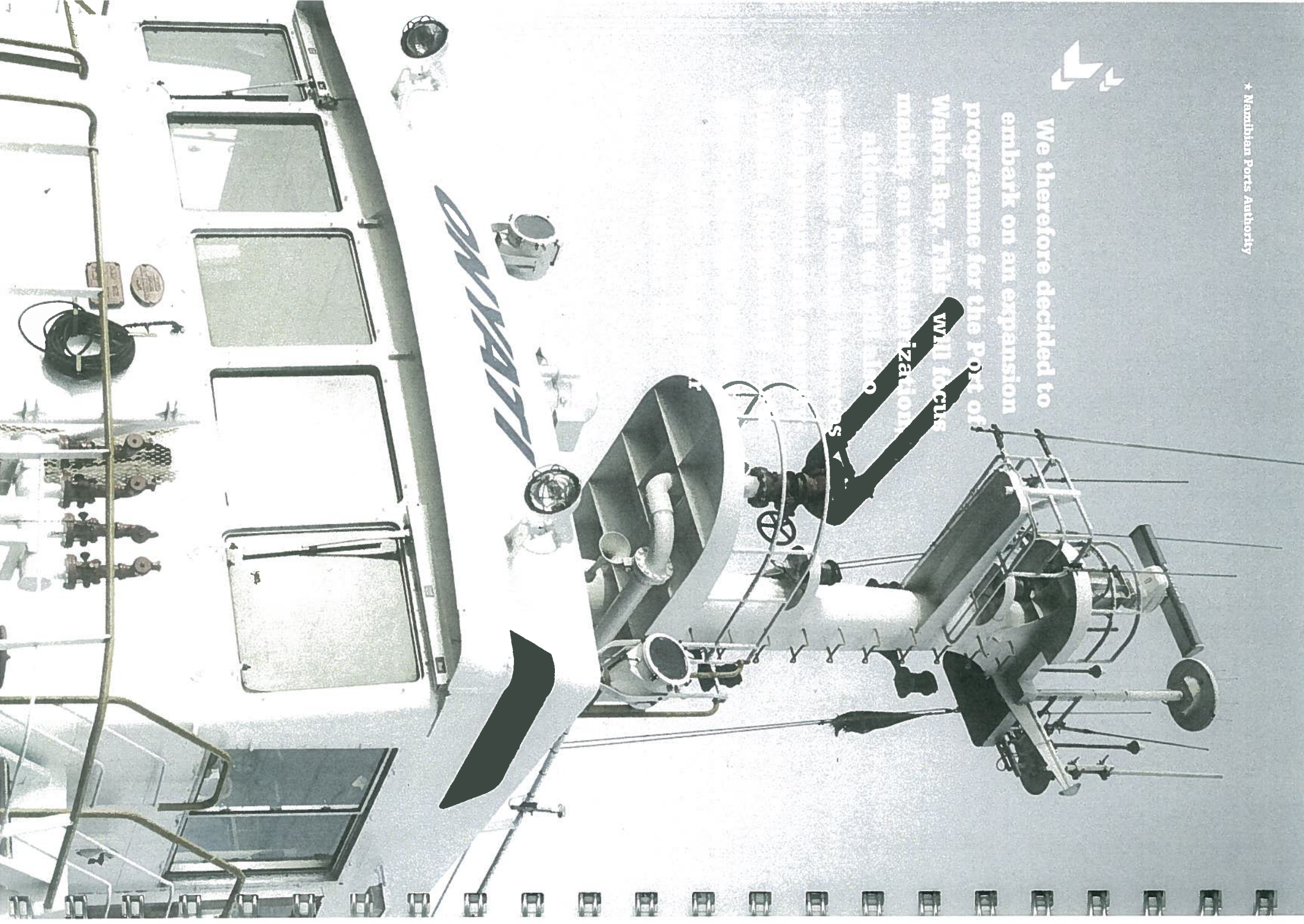
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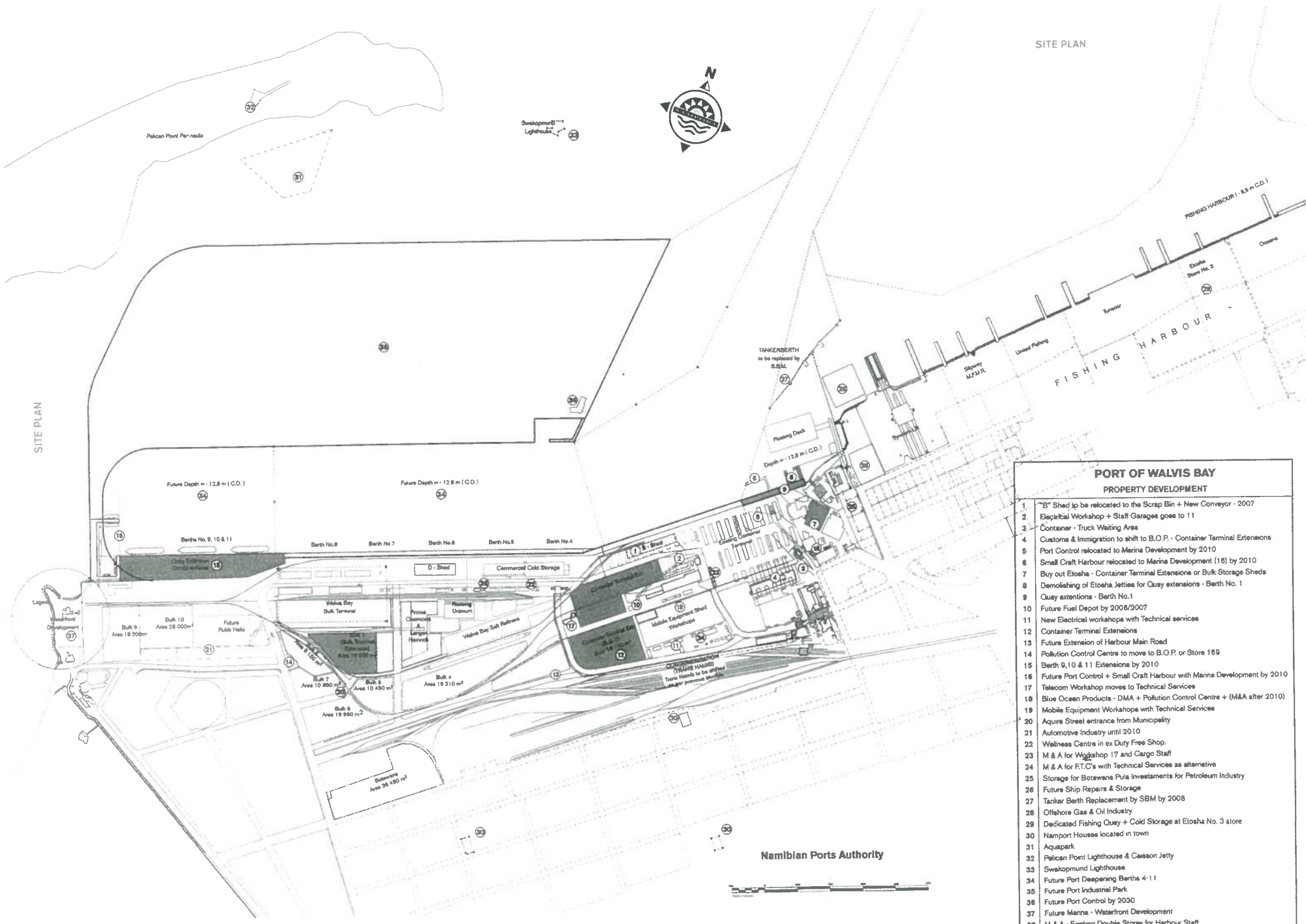


We therefore decided to embark on an expansion programme for the Port of Walsby Bay. This will focus mainly on containerization, although we will also

expand our handling facilities for other goods.



SITE PLAN



PORT OF WALVIS BAY
PROPERTY DEVELOPMENT

- 1 "B" Shed to be relocated to the Scrap Bin + New Conveyor - 2007
- 2 Electrical Workshop + Staff Garages goes to 11
- 3 Container - Truck Waiting Area
- 4 Customs & Immigration to shift to B.O.P. - Container Terminal Extensions
- 5 Port Control relocated to Marina Development (16) by 2010
- 6 Small Craft Harbour relocated to Marina Development (16) by 2010
- 7 Buy out Etosha - Container Terminal Extensions or Bulk Storage Sheds
- 8 Demolishing of Etosha Jetties for Quay extensions - Berth No. 1
- 9 Quay extensions - Berth No.1
- 10 Future Fuel Depot by 2008/2007
- 11 New Electrical workshops with Technical services
- 12 Container Terminal Extensions
- 13 Future Extension of Harbour Main Road
- 14 Pollution Control Centre to move to B.O.P. or Store 169
- 15 Berth 9,10 & 11 Extensions by 2010
- 16 Future Port Control + Small Craft Harbour with Marina Development by 2010
- 17 Telecom Workshop moves to Technical Services
- 18 Blue Ocean Products - DMA + Pollution Control Centre + (M&A after 2010)
- 19 Mobile Equipment Workshops with Technical Services
- 20 Acquire Street entrance from Municipality
- 21 Automotive Industry until 2010
- 22 Wellness Centre in ex Duty Free Shop.
- 23 M & A for Workshop 17 and Cargo Staff
- 24 M & A for F.T.C.'s with Technical Services as alternative
- 25 Storage for Botswana Pula Investments for Petroleum Industry
- 26 Future Ship Repairs & Storage
- 27 Tanker Berth Replacement by SBM by 2008
- 28 Offshore Gas & Oil Industry
- 29 Dedicated Fishing Quay + Cold Storage at Etosha No. 3 store
- 30 Nampost Houses located in town
- 31 Aquapark
- 32 Pelican Point Lighthouse & Casson Jetty
- 33 Swakopmund Lighthouse
- 34 Future Port Deepening Berths 4-11
- 35 Future Port Industrial Park
- 36 Future Port Control by 2030
- 37 Future Marina - Waterfront Development
- 38 M & A - Existing Double Storey for Harbour Staff

Namibian Ports Authority



Managing Director's Review

Happiness may have many sources; it can also be predetermined despite circumstances.

In presenting the review of 2006/7 financial year, our main source of joy and satisfaction is to record Namport's ability to meet and exceed most of our set targets. This was achieved despite the challenges posed by unremitting growth in containerisation and the demand to berth larger vessels.



By the end of August 2007, we had handled just over 140,000 TEUs. The majority of this volume constituted transhipments to other parts of the SADC region. This fulfils our medium-term objective of translating Walvis Bay into a hub port.

We also experienced a good, yet modest, increase in bulk and break bulk. On the whole, our facilities – except for the Port of Lüderitz – handled the required volumes, enabling us to generate an unprecedented level of profitability.

This increase in volumes exerts pressure on infra- and superstructures, not to mention the fatigue on men and women that work in our ports every day. We therefore decided to embark on an expansion programme for the Port of Walvis Bay. This expansion will focus mainly on containerisation, although we will also emphasise human resources development and capacity-building, particularly at seafront operations where the intrinsic value of our business lies.

With this, we want to achieve efficiencies that will elevate us to the next height of excellence in search of our vision: *To be the best port service provider in Africa.*

Mr. S. Kankondi
Managing Director



Corporate Social Investment ★

Namport focuses on small donations to charitable causes, school prizes, sports events, tertiary education, and funds for the elderly and orphans. There were, however, certain major sponsorships during 2007, namely a N\$70,000 donation towards fish for the Caprivi flood victims, and N\$20,000 towards the San Development Programme.

For more substantial corporate social investment, the Namport Social Investment Fund has been established with the objective of funding projects aimed at poverty alleviation, job creation/income generation, education, entrepreneurial skills development, and health care.

During the past financial year, the Fund focussed on projects relating to health, entrepreneurship and education. Some of these are the following:

- **Tulongeni Community Garden Project:** The Fund provides assistance to this Henties Bay project in respect of upgrading the irrigation system, sponsoring on-site training, and providing seeds and fertiliser.
- **Estorff Kindergarten:** This kindergarten in the Kunene Region also accommodates a hostel for pre-school children who do not have daily transport to school. The Fund will assist with building classrooms and ablution facilities.
- **Haindongo Kindergarten:** This community 'build-together' project in Nkurenkuru is assisted by the Fund by way of the kindergarten's design and the supply of building materials.
- **Otjozondjupa Wheelchair Project:** The Fund donated 14 wheelchairs.
- **Immanuel Ruiters School Hall:** Financial assistance was given to this school in Walvis Bay in the building of a school hall.



Estorff Kindergarten and The Tulongeni community garden





PORT OF LUDERITZ						
No.	Drawing No.	Tenant	File Ref. No.	Area (m2)	Rate (N\$/c)	Tenure
1	WBH-601-A-6034	Namans	HPM 2/014/5/3/13	12 060		01 Aug 2009 to 5 years + 3 years Net Finalist
2	WBH-601-A-6035	Namans	HPM 2/014/5/3/13	2 200		
3	WBH-601-A-6036	Sankor Diamond Mining (Pty) Ltd	HPM 2/014/5/3/22	2 900		01 Sep 2011 to 3 years + 3 months
4	WBH-601-A-6015	Luderitz Stevedores	HPM 2/014/5/3/8	200		01 Oct 2001 to 10 years + 10 years + 5 years
5	WBH-601-A-6030	Catex Oil Namibia (Pty) Ltd	HPM 2/014/5/3/17	10 478		01 Oct 2001 to 10 years + 10 years + 5 years
6	WBH-601-A-6037	Seaflower Lobster Corporation Limited	HPM 2/014/10/3/5	1 658		01 Jan 2005 to 2 years
7	WBH-601-A-6033	Manica Group Namibia (Pty) Ltd	HPM 2/014/3/3/10	14 329		01 Aug 2002 to 5 years + 2 years
8	WBH-601-A-6086	Ministry of Works, Transport and Communication	HPM 2/014/5/3/5	5 - Bldgs 680 - Land		01 Dec 1989 to 5 years + 11 months
9	WBH-601-A-6008	Waterfront Development Company (Pty) Ltd	HPM 2/014/10/2/22	3429 - Land 4837 - Water		01 Dec 1989 to 5 years + 11 months
10	WBH-601-A-6010	Luderitz Manufacture (Pty) Ltd	HPM 2/014/10/2/2	510 000		01 Dec 1989 to 5 years + 11 months

During the period under review, Namport considered funding the following projects as well:

- **TB and HAART clinics:** The Fund evaluated the possibility of assisting clinic programmes for treating Tuberculosis (TB) and Highly Active Anti-Retroviral Treatment (HAART) for patients living with HIV/AIDS. Consideration is also being given to the upgrading of the Multi Drug Resistant TB Treatment Unit at the Walvis Bay State Hospital. MDR TB drug resistance is a major public problem, which threatens global TB control.
- **Walvis Bay Multipurpose Centre:** This centre in Kuisebmond, Walvis Bay, provides education and support for people living with HIV/AIDS. The Fund is evaluating the building of an Internet café facility for the youth.
- **Catholic Aids Mission:** This Mission in Kuisebmond, Walvis Bay, provides support to people living with HIV/AIDS as well as to orphans and other vulnerable children in the Erongo Region. The Fund is considering the donation of a trailer to the Mission for transporting donated fish.
- **Community projects:** In the Otjozondjupa Region, the Fund is considering assisting with the provision of housing for the San community and the completion of a community-based, small-scale enterprise business centre. In Henties Bay, the Fund is considering assistance in establishing a community centre and adjoining kindergarten.

Namport employees are encouraged to become involved in assisting communities to uplift themselves by volunteering their time and energy to upliftment and development projects as well as by making donations.





Company » Overview

Marketing and strategic business development

During the period under review, Namport experienced major growth in volume and in our regional client base. The aggressive marketing campaigns undertaken by Namport within SADC in conjunction with the Walvis Bay Corridor Group produced overwhelming results. Importers and exporters in the region realised the benefit that the Port of Walvis Bay could provide, and are now continuously exploring these opportunities. Maersk's direct service from South America to Walvis Bay also increased exports of frozen products into Lubumbashi in the Democratic Republic of Congo tremendously, and boosted trade with southern Angola.

The ever-increasing customer base, which contributes directly to revenue growth, propelled the Marketing and Strategic Business Development Department to realigned itself to the needs of our customers – who are becoming increasingly sophisticated, with high expectations.

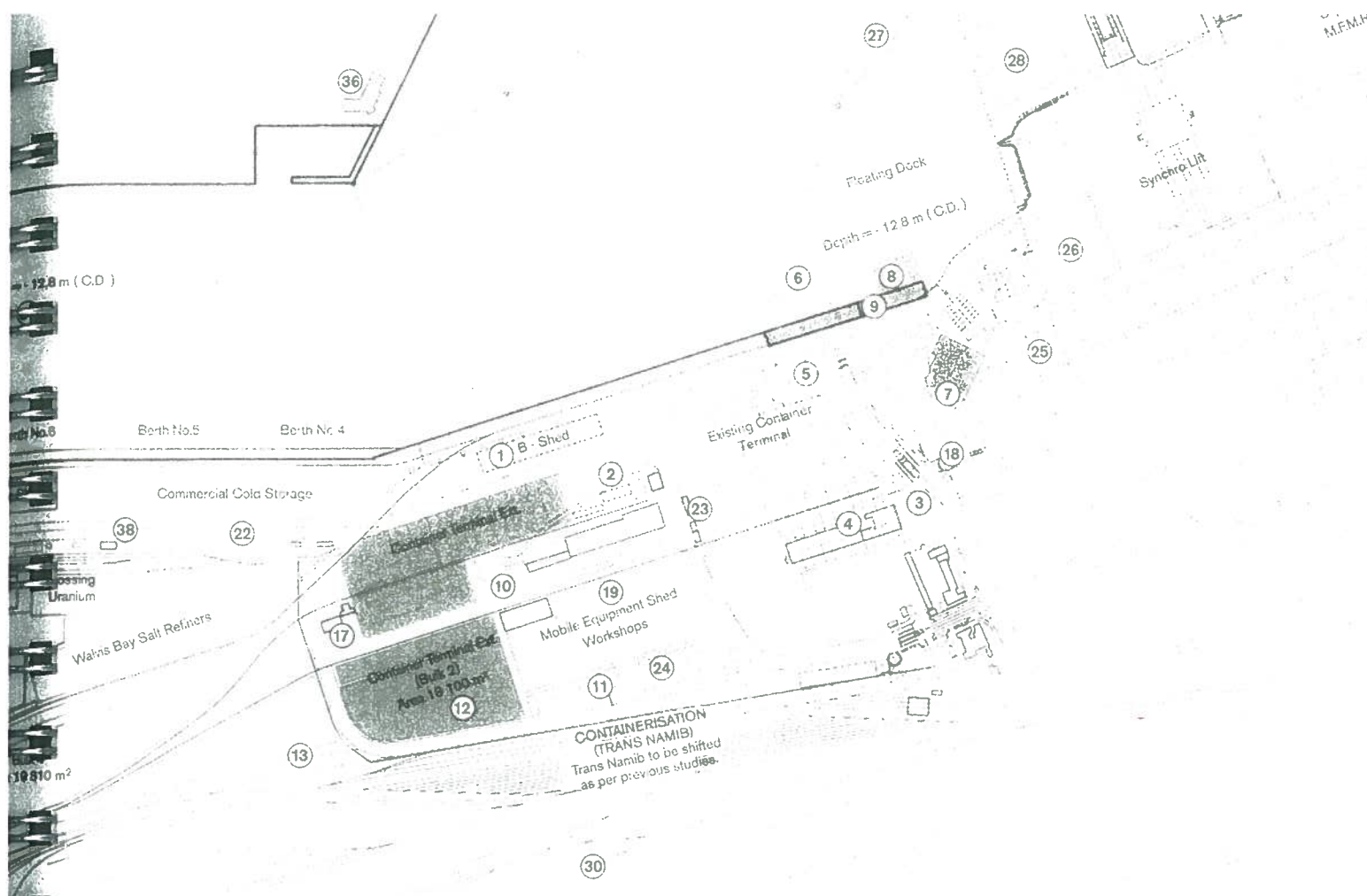
The rollout of the Maximiser Customer Relationship Management software to other Departments also facilitated the generation of more targeted leads, and enhanced understanding both of customers and of

prospects. We are now able to trace any customer complaints at the push of a button, and resolve them faster.

Customer satisfaction surveys are imperative if one is to understand the perception of customer satisfaction concerning Namport services, i.e. whether we are meeting customer needs and wants or whether we need to improve on service delivery. An International Organization for Standardization (ISO) 9001 requirement stipulates that questionnaires be disseminated amongst clients every three months in order to determine their level of satisfaction with general services rendered. The feedback from these regular surveys is analysed and communicated within Namport for continuous improvement.

Namport is committed to providing world-class port services to all local, regional and international seaborne trade, through excellent customer service, sustainable growth, and social responsibility. In the company quality system, implemented to qualify for ISO 14001 certification, Namport committed itself to conduct customer satisfaction surveys as regards port services in particular at least every second year, as required by such certification.





**PORT OF WALVIS BAY
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Namibian Ports Authority

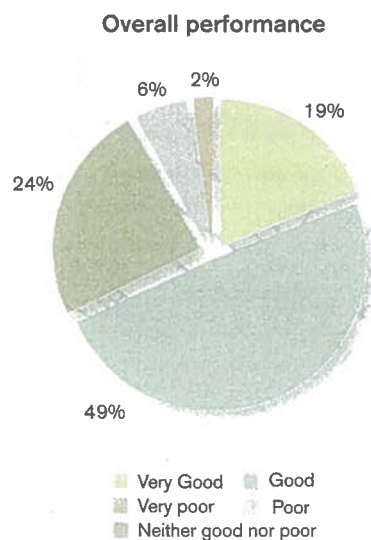




During the period under review, 83% of our clients participated in one of these customer satisfaction surveys. Namport's commitment to this project shows it understands the value of up-to-date customer and market information. It clearly shows that Management are prepared to make important decisions based on relevant information gathered – the first step to a knowledge-driven business society, which is prevalent in developed countries.

Namport is pleased with the outcome of the survey, in which clients were asked to rate the company's overall performance. The majority of findings, perceptions and results were very positive, as the following diagram illustrates:

- Of the businesses questioned, 68% rated Namport's overall performance as very good or good
- 23.8% rated it as average, and
- Only 8.2% rated it poor or very poor.



Other important issues tested included client responses to the company's image, the quality of its different service departments, its operation efficiency, its marketing, and its brand equity.

Namport is well aware that various issues need to be strengthened, improved and built on. For this reason the company wishes to assure its clients that all the survey results have been taken seriously, and visible improvements will result from any negative aspects of service they bring to the fore.

Human Resources Department

During the year under review, a decision was made to restructure the Human Resources Department to align it with the company strategy. The objective was to ensure that the Department could respond positively to the needs of Namport's internal clients – its employees and the various Departments – and to remain competitive in the industry as a whole. The restructuring has proved challenging, but is expected to be completed in the course of the next financial year.

Human resource strategies, policies and planning

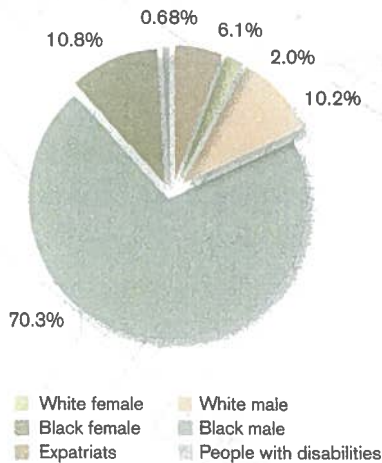
At the beginning of the year under review, various human resources strategies were formulated. These were cascaded on the Balance Scorecards of the HR personnel, from HR Executive down with the line of command. A lot of policies were reviewed due to the fact that they were outdated and need to be brought in line with the current prevailing situation at Namport. The process of reviewing the policies is still continuing.

Extending

**Workforce profile
for the period ending 31 July 2006**

Expatriates	27	6.10
White female	9	2.00
White male	45	10.20
Black male	312	70.30
Black female	48	10.80
People with disabilities	3	0.68
Total	444	100.00

Workforce



Staff benefits are continuously evaluated to ensure that they compare favourably with the market. During the year under review, staff benefits were greatly enhanced. Among these was the expansion of the Funeral Benefit Cover, which was introduced to Namport's fixed-term contractors and covers the funeral costs of staff members' spouses and children. Other benefits were increased during substantive wage and salary negotiations with Union representatives.

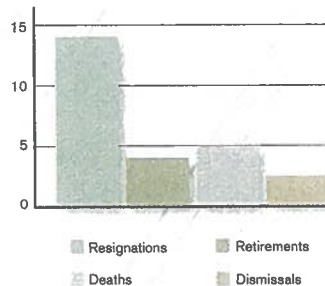
Recruitment and selection

The employee turnover rate poses a challenge for Namport because it is essential to manage and retain the competencies and core skills within the company to ensure continued growth and stability.

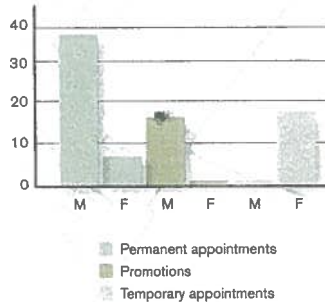
The Recruitment Section is responsible for, amongst other things, –

- assisting the various Departments with their manpower planning, from advertising to appointment
- providing a streamlined administration service to all new recruits
- ensuring that new recruits settle in by way of a comprehensive induction programme, and
- monitoring temporary appointments in line with manpower needs.

Terminations



Appointments



» The preceding graphs show the figures for employment terminations and appointments during the period under review:

Training and development

Namport's commitment to the continuous development and training of human capital is unwavering and remains of primary importance to capacity-building within the company. The reporting period saw the following fields receiving focus in this regard:

- Management development programmes
- Training in environmental awareness and pollution control
- Training in the operation of reach stackers and mobile cranes, and
- Training in piloting skills.

Career exhibitions

The Training and Development Section conducted a career exhibition at the Polytechnic of Namibia.

Bursaries

Five bursaries were awarded to Namibians in the fields of Engineering, Information Technology and Finance during the reporting period.

Commercial advanced programme

The Company recruited six Grade 12 graduates and two internal staff members to receive training in

logistics via Indent and the Walvis Bay Corridor Group. These students obtain practical experience through exposure to all business units at Namport.

Staff development

Namport regards training and development as being of paramount importance to the company's success. All Namport employees are, therefore, encouraged to develop their skills and knowledge base in via the company's interest-free Study Loan Scheme. These study loans are available to all permanently employed staff members in various fields.

Addressing specific staff skills shortages

Currently, positions in the Marine Section are being occupied by foreigners due to a lack of local expertise. Namport therefore took the lead in training and developing Namibians as Marine Pilots and Marine Engineers.

Industrial relations

The year under review saw a significant improvement in labour relations. Meetings between Management and Shop Stewards were held regularly, and there was a constant free flow of information between the two parties. The Company and the Union expressed their commitment to resolve issues in an amicable way and to improve labour relations in the working environment in general.

Amendments to the existing Collective Bargaining and Procedural Agreement were also agreed to by both parties. The amendments were required because the Agreement needed to be updated in accordance with the current situation and legislation.

Wage negotiations were also concluded in a positive spirit during the reporting period. Both parties await the implementation of the new Labour Act.

Technical Department

Maintenance planning

In the early part of 2007, Namport took a major leap towards implementing best practices in the Technical Department when it approved the implementation of maintenance planning.

With Namport's vision to be the best port in Africa, together with the rapid expansion of port activities, it became essential to provide for maintenance planning to ensure the company's physical assets are maintained at world-class standards.

Maintenance planning is a structured process that allows business entities to plan and control all maintenance activities. It includes the systems, policies and procedures that are associated with planning and scheduling maintenance activities; the allocation of resources; the execution of planning activities; reporting on them; the continuous improvement of planning systems, policies and procedures; and the quality

control of work to enable the business to optimise resource utilisation.

The implementation process will include –

- the creation of a Planning Office with a Planning Coordinator and Planning Clerk
- training for all Managers in the Technical Department as well as selected Artisans and Cargo personnel
- upgrading of SAP software for Plant Maintenance to utilise job cards as well as reporting on key performance indicators
- the development of maintenance strategies and procedures, and
- the use of planning boards in all workshops.

The Planning Office will –

- implement and maintain the work, planning, and control systems at Namport
- develop all equipment maintenance plans and update the Computer Maintenance Management System (CMMS)
- develop and maintain the current CMMS (SAP) into an effective maintenance tool
- analyse SAP data and perform failure analyses
- provide maintenance reporting on key performance indicators
- monitor continuous improvement programmes
- provide a link between maintenance and operations
- draw up weekly plans and a Master Schedule, and
- be responsible for all shutdown jobs, e.g. tug lay-ups.

Aligned with best practices, the goal of the Technical Department is to achieve a ratio of 70–80% planned work within five years of the implementation of the

maintenance planning process. Successful implementation, for Namport and its customers, would result in –

- increased productivity due to fewer delays
- improved quality of maintenance due to detailed requirements having been specified in the planning process
- increased degree of proactive work due to failure analyses and improvement programmes
- increased availability of equipment due to planned schedules being aligned with operations, as well as better quality of maintenance and proactive work
- improved operational efficiency due to less downtime
- deferred capital due to better performance of current assets, and
- reduced costs due to all of the above.



To ensure that Namport attracts and retains customers in the ever-growing container business, the company needs continuous capital investment to achieve productivity requirements. For this reason Namport also identified the need to acquire an additional mobile harbour crane for the Port of Walvis Bay during the year under review. This acquisition increased the company's capacity from two to three such cranes, and puts Namport in a good position to meet customer service-level requirements.

After a thorough tender procedure, a Liebherr LHM 500 mobile harbour crane was purchased. The LHM 500 is the latest in mobile harbour crane technology, and allows the Cargo Department to offload containers in the 16th row on the vessel – three deeper than the company's current cranes. The new crane is also

fitted with a cycloprotonic device, which assists Namport's expert operators to further increase productivity levels. The device has a computerised system that not only reduces swaying, but also enables specific loading points to be programmed during operations, allowing the crane to return to these points automatically.

The third crane has a 104-t lifting capacity. It will specifically assist in addressing the increase in containerised cargo and cement imports via the Port of Walvis Bay. Over the last few months of the reporting period, Reach Stackers were hired from regional suppliers in order to cater for the frequently occurring scenario of having three container vessels in port at the same time.

The latest progress report indicated that commissioning would be completed by the second week of March 2007, after which on-site training would commence. Eleven members of staff from the Technical and Cargo Departments also underwent training at Liebherr's factory in Nenzing, Austria.

Some interesting facts and figures

Total crane weight:	441 t
Maximum lifting capacity:	100.4 t
Lifting capacity at maximum reach:	
38.6 t at 51 m (<i>hook operation</i>)	
29.6 t at 51 m (<i>spread-and-grab operation</i>)	
Cabin height:	24.2 m
Fuel tank capacity:	13,000 l
Lifting height above quay:	33 m
<i>(at maximum reach)</i>	

Safety, Health, Risk, Environment and Quality Department

Workplace health and safety remains one of Namport's main priorities. Based on the company's performance during the previous financial year, the Executive Management Committee set challenging targets for 2007. These targets aimed at –

- attaining Occupational Health and Safety Assessment Scheme (OHSAS) 18001 certification by September 2007
- a 20% reduction in lost-time injuries (LTIs), and
- a 20% reduction in strategic equipment and asset damages.

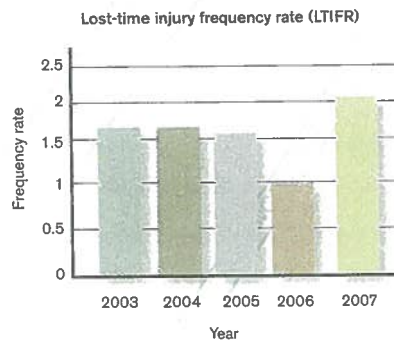
Namport implemented OSHAS 18001 during the financial year under review, and achieved this highly acclaimed certification in August 2007. Although the company also achieved its target as regards a 20% reduction in damages to strategic equipment and assets, the target reduction for LTIs was not reached. Although this result is disappointing, Namport will continue in its quest for zero LTIs. To this end, a number of safety initiatives will be launched in the 2007/8 financial year. These initiatives are as follows:

- To offer risk-based health and safety training: While some training will be external, a comprehensive training package will also be developed internally
- To implement pilot behaviour-based safety training at the areas most affected
- To enhance a competitive safety, health and environment (SHE) culture amongst the various Departments by improving the company's SHE recognition programme, and

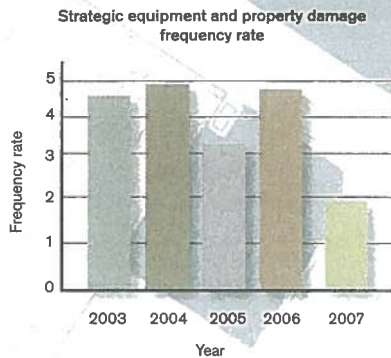
- To ensure Management commitment is visible by doing regular walkabouts and offering on-the-job coaching sessions.

The graphs below depict Namport's LTI frequency rate and the company's performance as regards damage to assets and equipment over a five-year period.

The LTI frequency rate is the number of work-related LTIs per 200,000 hours worked. The rate for the company increased from 1 to 2.1 LTIs per 200,000 hours worked. This increase was due to a substantial increase in cargo traffic through the port as well as a high casual labour complement, which skewed the distribution. Training and awareness will remain the key drivers in bringing the frequency rate down.



The strategic equipment and property (see graph) damage frequency rate is a measure of damages to such equipment and property per 200,000 hours worked. Namport recorded the lowest-ever rate of equipment and property damage in the last five-year period. The company will continue to drive this rate down by focusing on individual equipment and property ownership and planned maintenance.



The company's first-ever health and safety risk assessment was completed during the period under review. This review will provide information and guidance to business units on the main health and safety risks associated with their activities. Following a risk-based approach, adverse employee health effects can now be managed through a comprehensive pre-medical, periodic and post-medical surveillance programme.

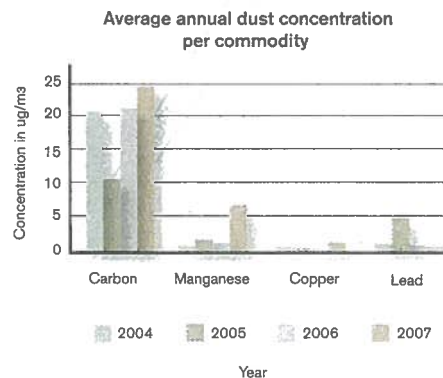
Free HIV/AIDS testing and counselling services and the provision of Anti-Retroviral (ARV) drugs has proved to be a major contributor in the HIV/AIDS survival rate. For the period under review, only two HIV/AIDS-related deaths were reported, and the majority of employees on the programme are showing a good response to ARV drugs.

Namport's tuberculosis Direct Observed Therapy (DOT) Programme also yielded significant results during the review period, and all members on the programme were successfully cured.

Environmental management

In line with the best trends internationally, Namport is committed to sound environmental practices, including the meticulous stewardship of its services. A major focus has been compulsory Environmental Impact Assessments (EIAs) for all new projects and the management of potential impacts by means of detailed environmental management plans.

During the process of loading, unloading and storage of bulk cargo, dust is generated with potential for adverse health effects and environmental impacts. Dust emissions at the bulk terminal are measured daily. The average annual dust concentration for commodities currently stored in bulk were all below their threshold limit values and are depicted below.



The highlight of the financial year under review was the successful triennial audit of Namport's environmental management programme, which resulted in the company being reissued with an International Organization for Standardization (ISO) 14001 Certificate. Focus areas for 2007/8 will include –

- implementation of a waste segregation programme
- investigation and implementation of energy-saving options, and
- measurement of greenhouse gas emissions.

Quality management

Efficiency and increased productivity are critical elements to customer satisfaction in the port industry. In our effort to improve the quality of services we provide to customers, Namport decided to aim for ISO 9001 certification in 2005. The scope of the project included –

- the development and implementation of a Quality Policy, objectives, targets, and action plans
- process mapping and documentation of all activities that affect customer satisfaction
- capacity-building, and
- implementing all elements of ISO 9001.

Despite several hiccups experienced in the later part of implementing the project, management pressed on with their initial plan to gain certification by 2007, and nothing was spared to realise this goal. These efforts finally paid off when Namport received the ISO 9001 Certificate in August 2007. This achievement has made Namport the first port in Africa to achieve ISO 9001 certification.

Cargo Services Department

Overview

With the continuing increase in cargo volumes in the Port of Walvis Bay, as well as the fact that processes are to be streamlined, a decision was taken to restructure the Cargo Services Department in order to make it more efficient. The operations are divided into two cargo sectors: break-bulk, and the container terminal.

The purpose of the restructuring process is to –

- increase efficiency within the Cargo Department
- focus effectively on the rapidly growing container business
- improve overall management of cargo handling processes, and
- reduce the overall operating cost per unit.

Productivity

Namport has focused most of its energy on overall productivity improvements, especially with regard to the handling of container vessels. These vessels are normally time-bound and, due to the extremely high costs involved with hiring, shipowners tend to prefer ports with high productivity rates where their vessels can spend a minimum amount of time. The customer requirement of at least 20 container moves per hour made it essential for Namport to continuously invest in human resources, equipment and infrastructure.

Acquisition of new equipment

With the drastic increase in the handling of container and break-bulk cargo, during the period under review Namport ordered 9 terminal tractors (haulers), 5 trailers with a 60-t capacity each, 13 forklift trucks with a 4-t capacity, and 1 forklift with a 16-t capacity.

Appointments within the cargo department

- **Internal Trainer:** A dedicated Internal Trainer was appointed in order to conduct all operator training requirements within the Ports of Walvis Bay and Lüderitz.
- **Data Capturers:** Two positions were approved and are currently in the process of being filled at the container terminal in Walvis Bay. These members of staff will be responsible for coordinating and capturing all container-related documents.
- **Mechanical Lifting Operators:** Eight positions for Reach Stacker Operators and 15 for Service Drivers were advertised for Walvis Bay. These positions are expected to be filled at the end of October 2007.
- **Container Planning Coordinator:** The critical position of Container Planning Coordinator was advertised and should be filled during mid-November 2007.

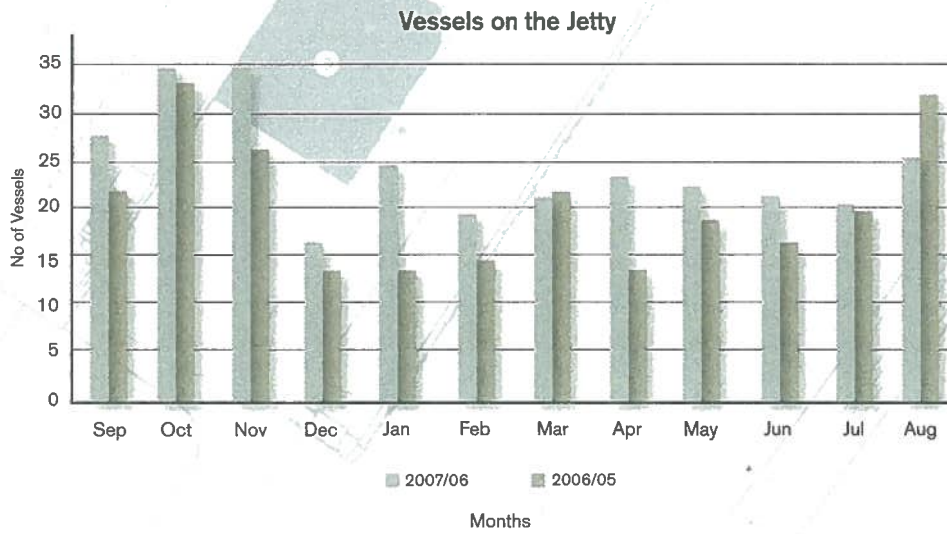
TEU handling target achieved

Namport reached and even exceeded the 120,000 twenty-foot equivalent unit (TEU) handling target during the reporting period. This milestone achievement was made possible through constant hard work, dedication and focus by all Namport team members. Prudent investments in human resources and equipment proved to be the way forward in order to attract and retain the continuously growing container business.

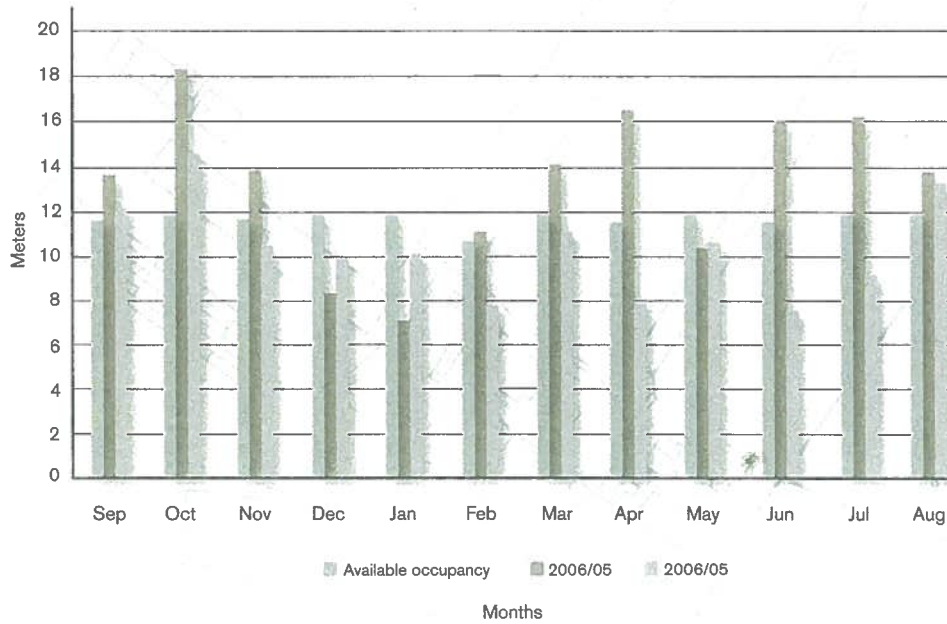
The first phase of extending the new container terminal's surface area, which is now just short of 9,700 m², was completed during the period under review. The new terminal will be able to handle about 256 reefer containers at a time, compared with the 248 containers currently handled at the existing terminal. This terminal also boasts 128 reefer plug points that will be used for reefer containers. The development of the new terminal was one of the company's most important capital projects during the reporting period, and was aimed at meeting the growing demand for container storage space. Extra storage capacity: Rubbhall Farm

Syncrolift

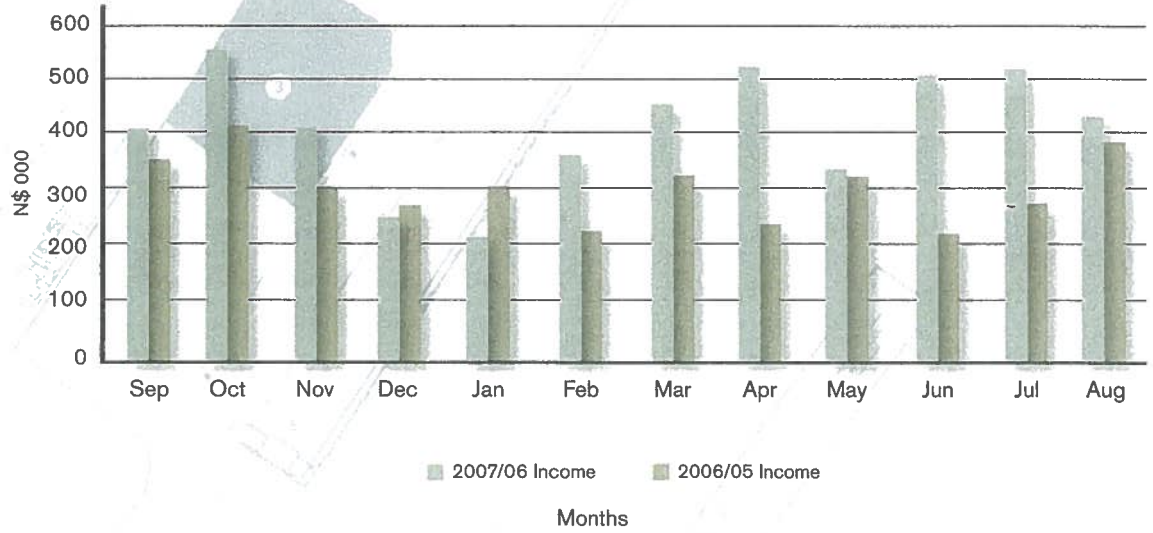
Syncrolift Jetty utilisation (2007 vs 2006)



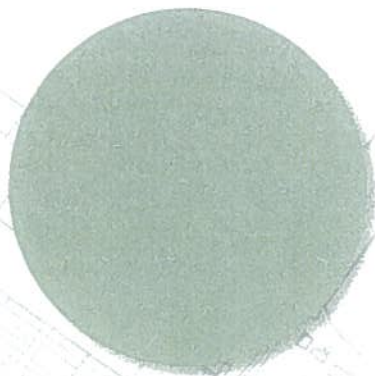
Jetty occupancy in meters per month



Revenue from Jetty



Aug 2007 Jetty occupancy %



Occupied
115%

Aug 2006 Jetty occupancy %



Occupied
108%

Port Engineering

Engineering project categories:

Growth, statutory & maintenance projects capitalized the 2006/2007 Financial year

Port of Walvis Bay

Projects undertaken in the category: "Growth"

Project Description	Project Value
Port of Walvis Bay	
UPGRADING:	
Customer Access: New Port Entrance Road & Fresh Water main	5,020,925.37
Port lighting: Streetlighting for Port access road	664,933.47
BREAK-BULK STORAGE:	
5 x Rubbhalls (Relocatable Sheds)	4,428,214.96
5 x Rubbhalls (Additional storage facility)	3,885,906.30
Ancillary Road works & Surfacing for Rubbhalls	2,977,624.77
CONTAINER TERMINAL EXPANSION:	
Cont Term Ext: Perm Surfacing in front of B-shed (phase 2)	6,127,682.73
Cont Term Ext: Perm Surfacing in front of B-shed (phase 3)	2,878,227.31
Cont Term Ext: Perm Surfacing in front of B-shed (phase 4)	1,061,436.85
Cont Term Ext: Perm Surfacing in front of B-shed (phase 6)	273,128.20
SAFETY:	
Port Safety: Railway Cross Safety Mech	69,988.04
SECURITY:	
Extension to Security Building	23,010.00
Total:	27,411,078.00



Port of Walvis Bay

Project Description

Project Value

Projects undertaken in category: "Maintenance"

Expenditure on Maintenance of Fixed Infrastructure

4,460,000.00

Of the maintenance programme some N\$ 0,75 million was allocated and spent in Namport's SME programme with 0,3 million specifically spend with Informal Contractor's on Infrastructure maintenance works.

Port of Lüderitz

Projects undertaken in the category: "Growth"

Port of Lüderitz

UPGRADING:

Water infrastructure upgrade

1,078,531.00

BREAK-BULK STORAGE:

2 x Rubbhall warehouses for storage

1,809,029.01

ENVIRONMENTAL

Waste oil collection and storage facility

230,305.81

Total:

3,117,865.82

Projects undertaken in the category "Maintenance"

Port of Lüderitz

Expenditure on fixed infrastructure

314,498.00

Of the maintenance programme some N\$ 0,1 million was allocated and spent on Namport's SME programme for Infrastructure maintenance works.

Walvis Bay Syncrolift

Projects undertaken in the category "Statutory"

Walvis Bay Syncrolift

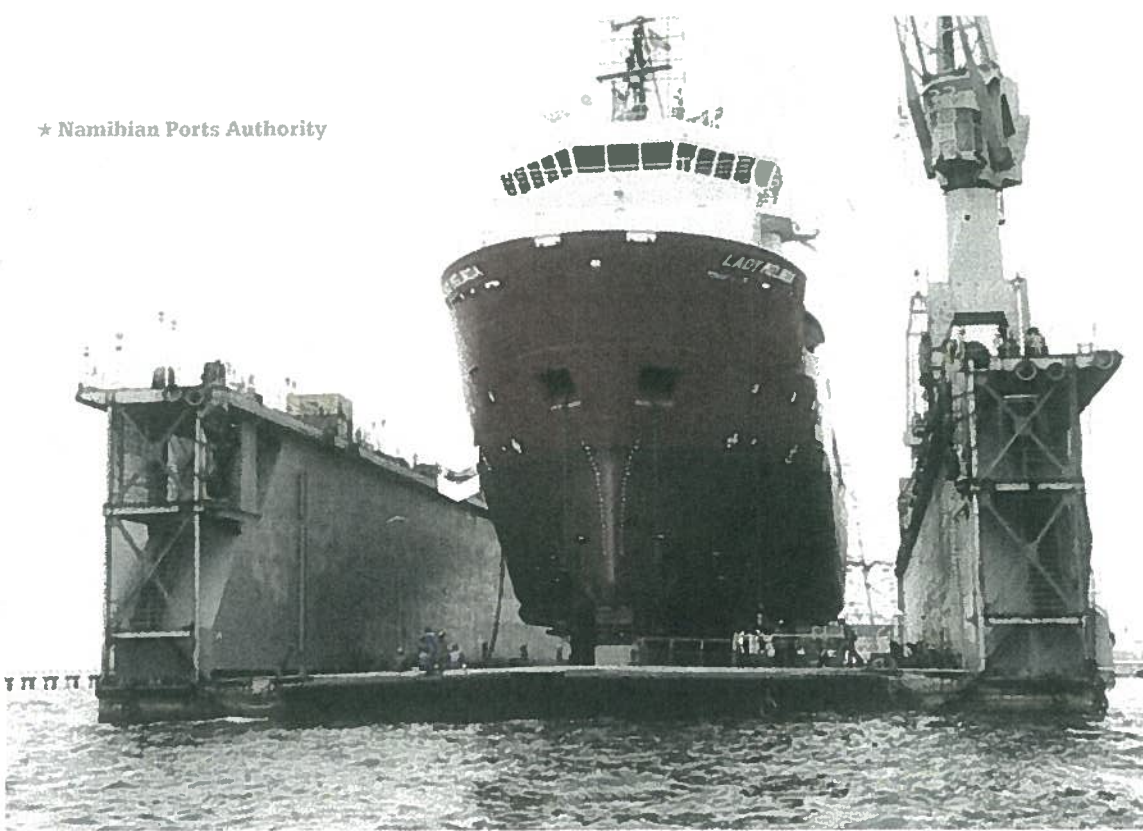
ENVIRONMENTAL

Wash-water filtration system

796,070.20

Total:

796,070.20



Elgin Brown & Hamer Namibia (Pty) Ltd

By way of introduction, our subsidiary company, Elgin Brown & Hamer Namibia (Pty) Ltd, is a private company that is incorporated in Namibia. The company was primarily established with the view to explore and exploit business opportunities in the dry docking and ship repair industry in Namibia.

Elgin Brown & Hamer Namibia (Pty) Ltd is a very successful smart partnership between Namport and the private sector with very good growth potential. The current capital investment is about N\$100 million. The investment was initiated by Namport primarily to stimulate the economy of Walvis Bay and to thereby generate additional employment opportunities. The formation of this Private Public Partnership was the deliberate effort of Cabinet, which requested Namport to increase ship repair and offshore engineering services in Namibia

The company specialises in Marine and Industrial engineering and operates a 155 metre floating dock in the port area of Walvis Bay. The dock is known as "NAMDOCK" and has a lifting capacity of 8 500 tons. The company further also have access to the 2000 ton Syncrolift common user facility of Namport. The new floating dock now facilitates the repair of much bigger vessels which could not been accommodated, and 95% of the vessels on the floating dock are new business for Walvis Bay and virtually all from foreign companies.

Since Walvis Bay is close to the oil and gas fields along the west coast of Africa, a substantial part of the new business is from this source. The company has also successfully completed a refit of the Sedneth 701 oil rig in June 2006. The next oil rig will be arriving in Walvis Bay at berth number 8 in November 2007 for a two and a half month refit and upgrade at berth number 8 in the main harbour. The company also at present have personnel working on oil rigs in Ghana and Gabon.

The current annual turnover is around N\$100 million with projected turnover of N\$200 million for the next year. Approximately 95% of the turnover is generated from new business from outside the country and therefore generates substantial foreign exchange for the country.

The company has in principle decided to extend the operations with the purchase of a second similarly sized floating dock which could be in operation within 8 months. This project will require a further N\$70 million capital injection and has the potential to increase the turnover to the N\$200 million mark with a similar increase in the employment opportunities.

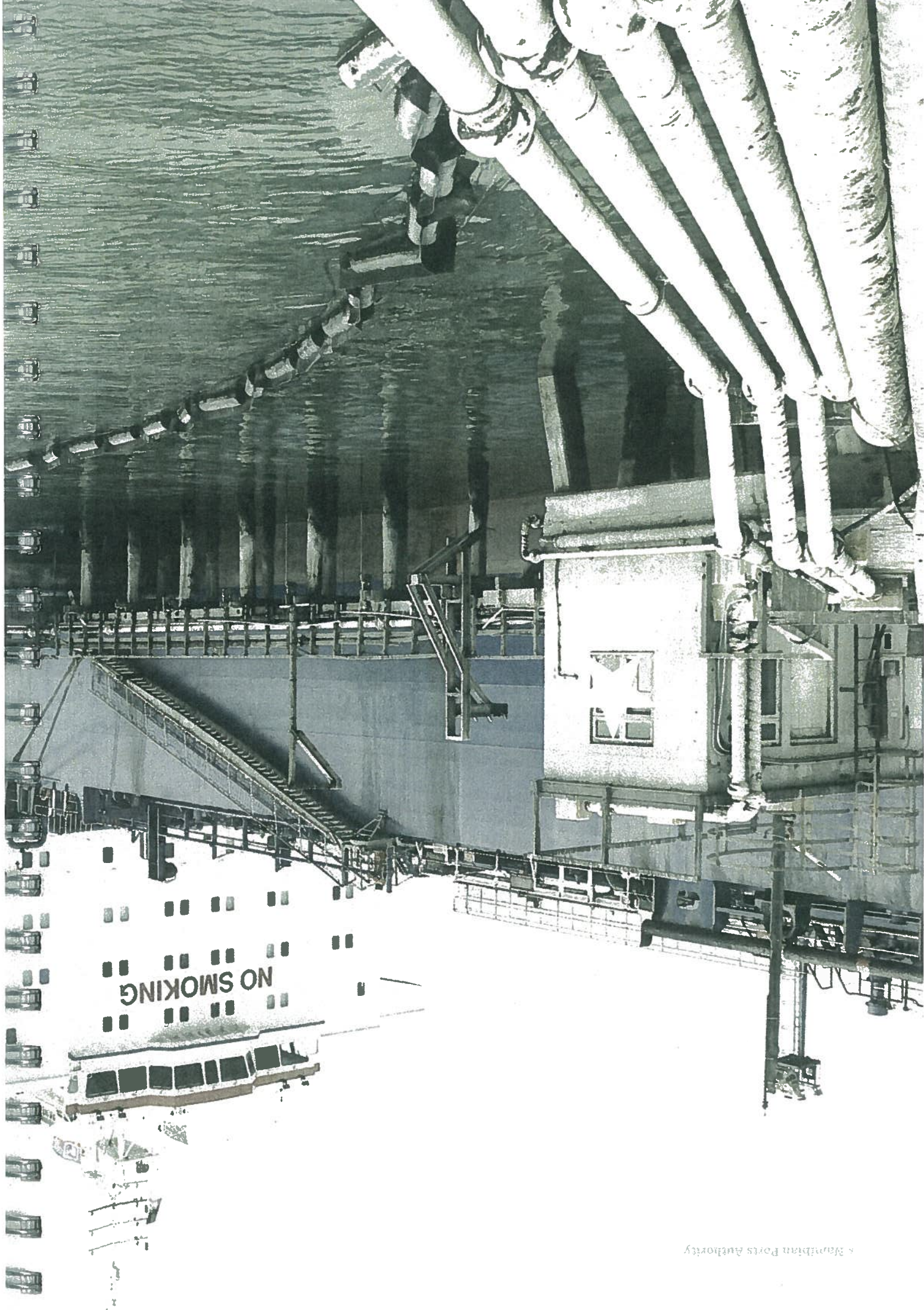
The company and associated support services are focussed on a "One Stop" service in the marine and industrial engineering fields.

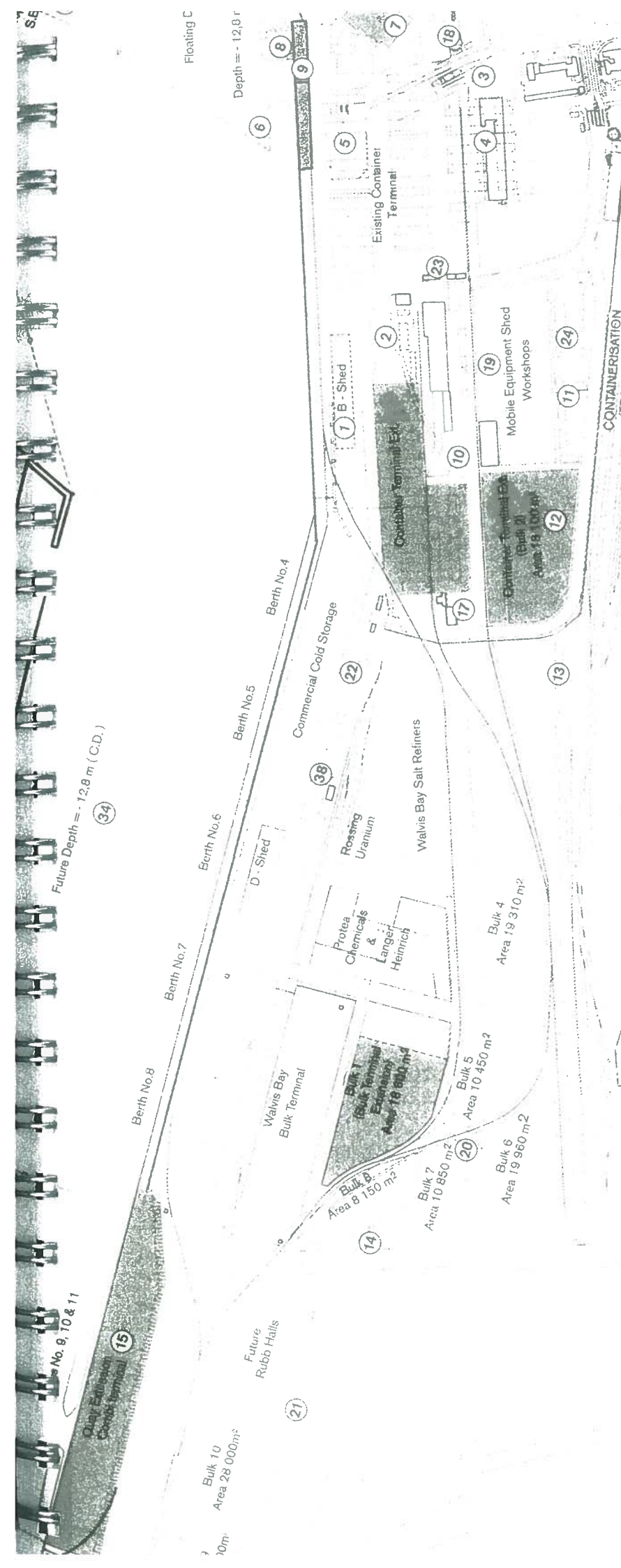
- Oil exploration and production industry
- Petroleum distribution industry
- Mining industry
- Marine mining industry
- Fisheries industry
- Shipping industry
- Navy
- Construction industry
- General engineering

The company currently directly employs 448 persons on a permanent basis and also employs on average 55 persons on a temporary basis. A further 75 persons are employed indirectly by associated companies.

Due to the company's exposure to technologies from the offshore oil industry, know-how is systematically being transferred to Namibia and existing skills upgraded to first world standards. The company has adopted a policy of spending an amount equal to 3% of its gross payroll on the training of Namibian employees to facilitate a world class one stop ship repair solution in Namibia







PORT OF WALVIS BAY PROPERTY DEVELOPMENT	
1	"B" Shed to be relocated to the Scrap Bin + New Conveyor - 2007
2	Electrical Workshop + Staff Garages goes to 11
3	Container - Truck Waiting Area
4	Customs & Immigration to shift to B.O.P. - Container Terminal Extensions
5	Port Control relocated to Marina Development by 2010
6	Small Craft Harbour relocated to Marina Development (16) by 2010
7	Buy out Etosha - Container Terminal Extensions or Bulk Storage Sheds
8	Demolishing of Etosha Jetties for Quay extensions - Berth No. 1
9	Quay extensions - Berth No.1
10	Future Fuel Depot by 2006/2007
11	New Electrical workshops with Technical services
12	Container Terminal Extensions
13	Future Extension of Harbour Main Road
14	Pollution Control Centre to move to B.O.P. or Store 169
15	Berth 9,10 & 11 Extensions by 2010
16	Future Port Control + Small Craft Harbour with Marina Development by 2010
17	Technical Workshop moves to Technical Services
18	Blue Ocean Products - DMA + Pollution Control Centre + (M&A after 2010)
19	Mobile Equipment Workshops with Technical Services
20	Acquire Street entrance from Municipality
21	Automotive industry until 2010
22	Wellness Centre in ex Duty Free Shop.
23	M & A for Workshop 17 and Cargo Staff
24	M & A for F.T.C.'s with Technical Services as alternative
25	Storage for Botswana Pula Investments for Petroleum Industry
26	Future Ship Repairs & Storage
27	Tanker Berth Replacement by S&M by 2000
28	Offshore Gas & Oil Industry
29	Dedicated Fishing Quay + Cold Storage at Etosha (No. 8) store
30	Namport Houses located in town
31	Aquapark
32	Pelican Point Lighthouse + Cascoon Jetty
33	Swakopmund Lighthouse
34	Future Port Deepening Berths 4-11
35	Future Port Industrial Park
36	Future Port Control by 2030
37	Future Marina - Waterfront Development
38	M & A - Existing Double Storey for Harbour Staff

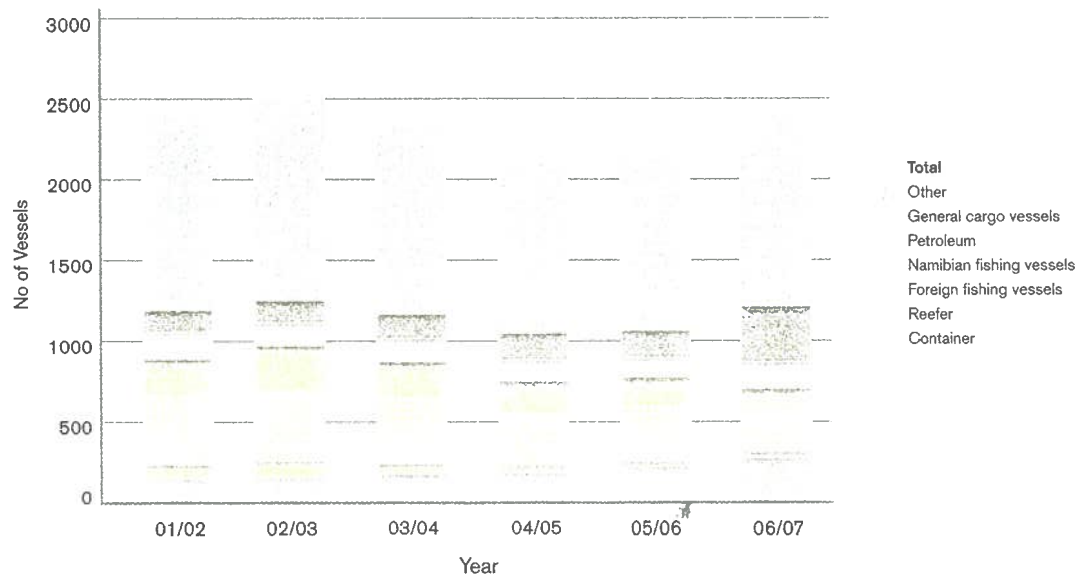
Graphs and Statistics

for the year ended 31 August 2007

	01/02	02/03	03/04	04/05	05/06	06/07
Number of vessel visits to the port of Walvis Bay (by type of vessel)						
Container	152	157	178	185	227	279
Reefer	82	98	62	41	27	30
Foreign fishing vessels	429	435	414	322	337	266
Namibian fishing vessels	197	252	188	166	148	94
Petroleum	29	34	30	38	38	38
General cargo vessels	170	139	146	130	120	162
Other	136	137	149	170	169	347
TOTAL	1195	1252	1167	1052	1066	1216

Port of Walvis Bay

Vessel visits



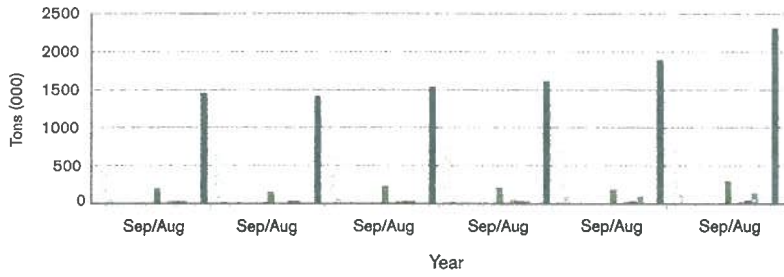
Graphs and Statistics

for the year ended 31 August 2007 (continued)

	Sep/Aug 01/02	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07
Main Commodities handled at the Port of Walvis Bay (Freight tonnes)						
Landed						
Petroleum	647,146	704,523	682,281	791,300	815,687	735,956
Coal	42,339	19,958	55,493	30,495	98,260	117,252
Fish Products	138,944	115,578	116,464	126,092	129,807	131,645
Wheat	35,000	54,204	42,463	37,398	45,911	47,083
Sugar	63,879	52,432	36,543	35,086	56,928	59,835
Cement	11,070	7,242	220	18,120	36,066	104,694
Wine / Beverages	18,082	23,733	40,670	40,827	37,214	16,845
Copper / Lead	20,730	10,523	7,226	-	-	5,401
Sulphuric Acid	187,039	146,126	220,954	206,520	177,512	290,047
Sulphur	-	-	-	-	-	-
Manganese Ore	22,307	-	19,945	44,223	22,116	19,176
Malt	20,997	20,292	21,910	25,058	22,241	31,702
Vehicles	24,193	22,363	36,898	29,306	87,571	131,305
Lubricating Oil	3,604	4,234	1,625	264	242	286
General Cargo	207,727	220,433	241,093	215,052	348,404	607,699
Total	1,443,055	1,401,640	1,523,784	1,599,740	1,877,959	2,298,927
Shipped						
Salt	530,397	542,143	683,139	651,820	571,949	617,529
Fish Products	117,027	112,019	113,823	128,306	128,424	134,246
Fluorspar	80,426	76,742	93,994	106,926	117,337	128,624
Copper / Lead And Conc.	49,421	64,344	40,794	59,348	44,225	82,610
Manganese Ore	-	-	-	26,017	-	36,006
Flat Cartons	25,868	24,217	17,914	11,367	6,792	6,343
Marble And Granite	8,015	12,741	24,039	18,718	30,773	38,992
Skins And Hides	3,439	4,685	5,613	4,729	5,962	4,840
Fertilizer (Guano)	1,430	1,140	1,900	1,229	1,518	990
Charcoal	7,050	6,087	8,521	12,827	15,664	22,286
General Cargo	92,693	57,350	78,039	82,530	78,310	84,434
Total	915,766	901,468	1,067,776	1,103,817	1,000,954	1,156,899
Transhipped						
General Cargo	60,337	47,013	171,886	327,800	329,078	507,304
Total	2,419,158	2,350,120	2,763,446	3,031,357	3,207,991	3,963,131

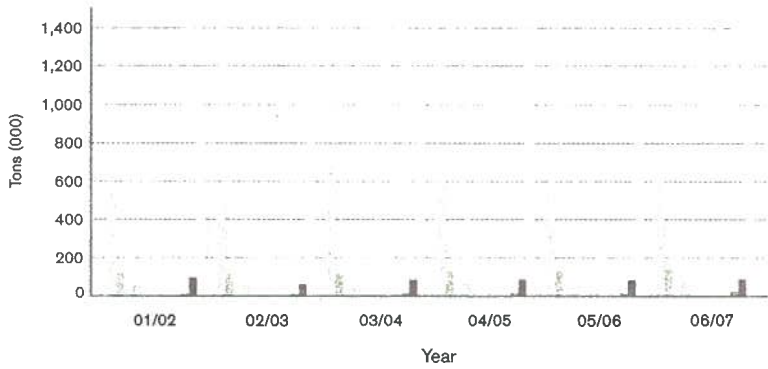
Port of Walvis Bay

Main commodities landed



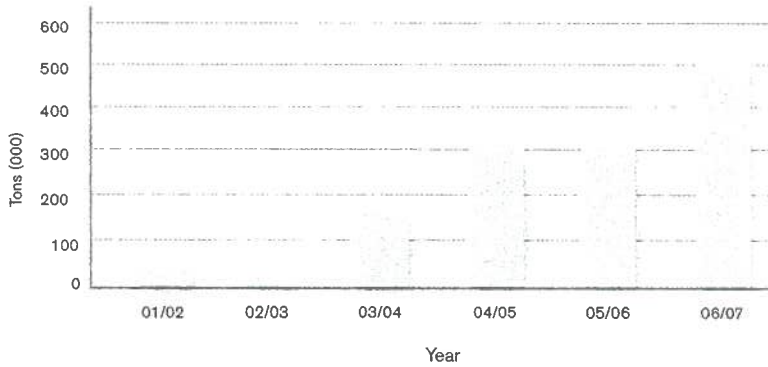
- Petroleum
- Coal
- Fish products
- Wheat
- Sugar
- Cement
- Wine / beverages
- Copper / Lead
- Sulphuric acid
- Sulphur
- Manganese ore
- Malt
- Vehicles
- Lubricating oil
- General cargo
- Total

Main commodities shipped

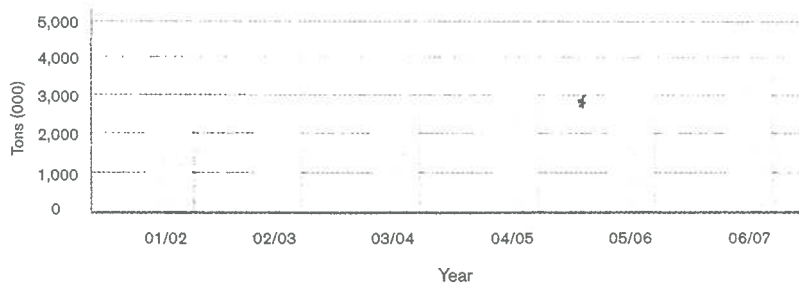


- Salt
- Fish products
- Fluorspar
- Copper / Lead and Conc.
- Manganese ore
- Flat cartons
- Marble and granite
- Skins and hides
- Fertilizer (Guano)
- Charcoal
- General cargo
- Total

Transshipment



Total tonnage handled

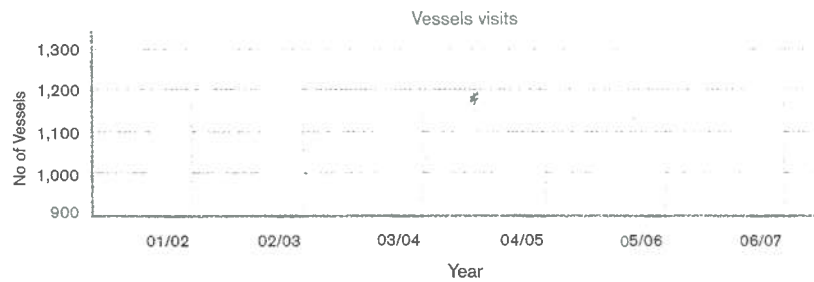
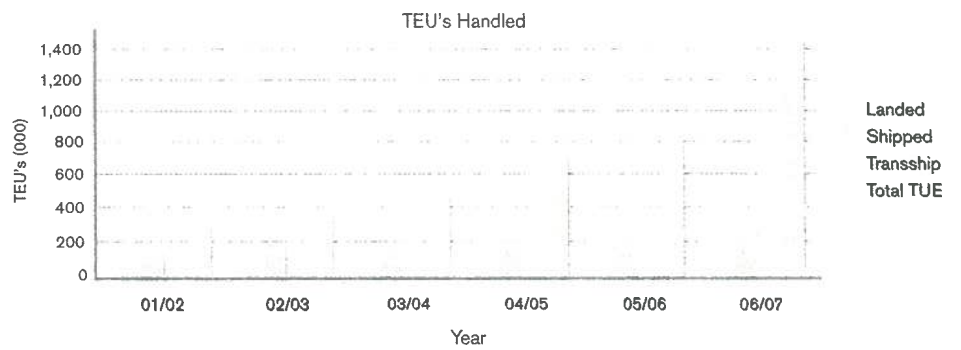
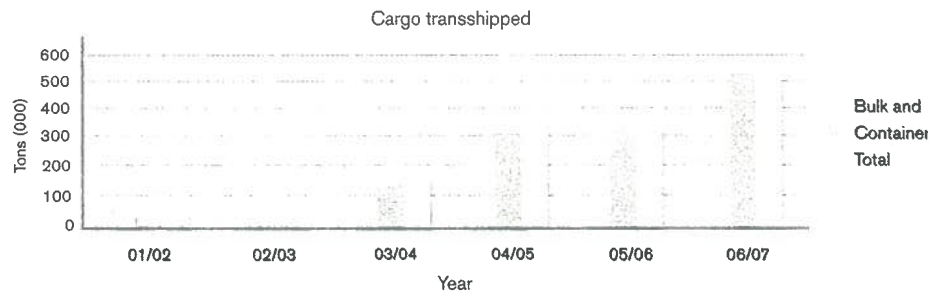
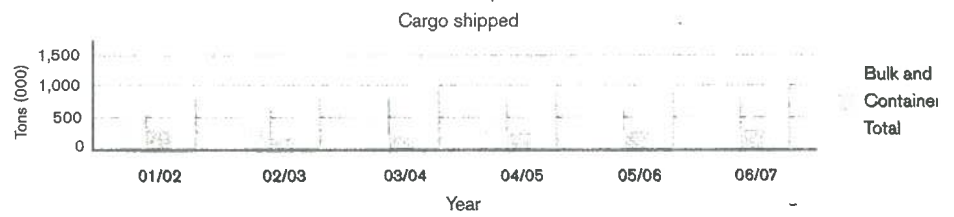
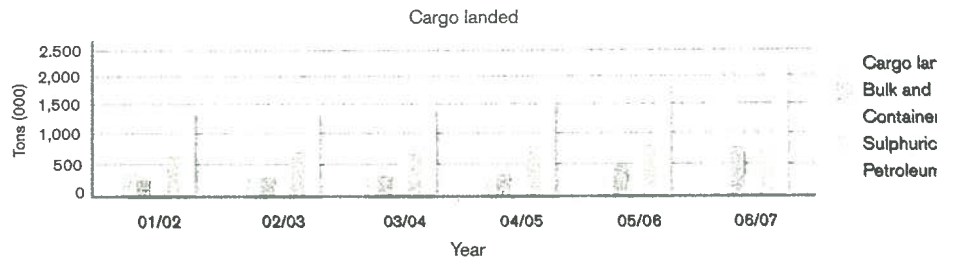


Graphs and Statistics

for the year ended 31 August 2007 (continued)

	Sep/Aug 01/02	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07
Cargo handled at the Port of Walvis Bay						
Cargo landed						
Bulk and Breakbulk	351,101	252,196	306,298	270,373	368,062	494,887
Containerized	257,770	298,795	314,252	331,548	516,698	778,037
Sulphuric Acid	187,039	146,126	220,954	206,520	177,512	290,047
Petroleum landed	647,146	704,523	682,281	791,300	815,687	735,956
Total	1,443,056	1,401,640	1,523,784	1,599,740	1,877,959	2,298,927
Cargo shipped						
Bulk and Break-bulk	616,235	727,568	880,002	855,007	735,860	866,512
Containerized	299,531	173,899	187,774	248,810	265,094	290,387
Total	915,766	901,468	1,067,776	1,103,817	1,000,955	1,156,899
Cargo transhipped						
Bulk and Breakbulk	55,600	37,448	33,650	19,941	11,937	4,991
Containerized	4,737	9,565	138,236	307,859	317,141	502,314
Total	60,337	47,013	171,886	327,800	329,078	507,304
Total Cargo	2,419,158	2,350,120	2,763,446	3,031,357	3,207,991	3,963,131
Containers handled at the port of Walvis Bay (Twenty-foot Equivalent Units)						
Landed	16,814	18,230	19,665	21,312	23,720	26,295
Shipped	14,208	18,528	17,625	20,585	22,766	26,728
Transhipped	547	1,057	13,073	29,559	36,777	91,970
Total Teu's	31,569	37,815	50,363	71,456	83,263	144,993
Vessel visits	1,195	1,252	1,167	1,052	1,066	1,216

Port of Walvis Bay



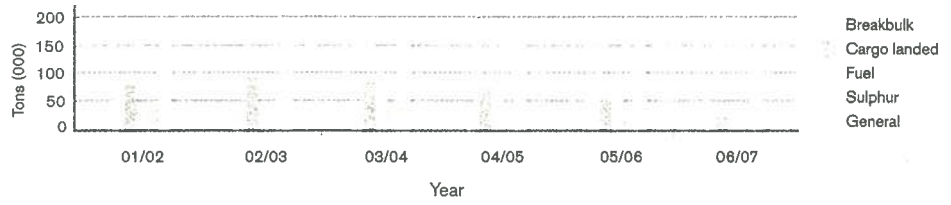
Graphs and Statistics

for the year ended 31 August 2007 (continued)

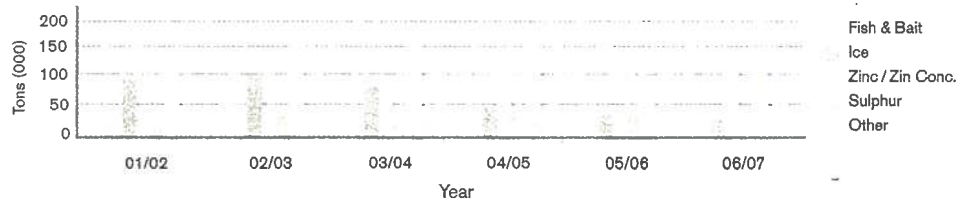
	Sep/Aug 01/02	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07
Cargo handled at the Port of Lüderitz (Freight tonnes)						
Break-bulk						
Cargo landed						
Fuel	55,467	40,112	32,849	39,998	50,953	30,494
Fish	77,932	90,448	82,978	73,056	50,524	21,637
Sulphur	-	22,014	57,372	67,131	68,784	45,568
General Cargo	37,802	1,557	2,883	3,943	1,086	6,566
Total	171,201	154,131	176,082	184,129	171,346	104,265
Cargo shipped						
Fish & Bait	14,576	4,260	5,953	1,823	465	248
Ice	79,216	86,434	67,651	44,453	29,145	21,451
Zinc / Zinc Conc.	-	13,949	82,711	88,600	15,591	106,236
Other	7,955	27,719	1,160	999	29,264	822
Total	101,747	132,362	157,474	135,875	74,464	128,757
Cargo transhipped						
Fish	3,961	19	228	-	45	-
Other	687	-	-	100	-	30
Total	4,648	19	228	100	45	30
Total	277,596	286,511	333,784	320,104	245,855	233,052
Containerized Cargo						
Landed	5,687	1,402	260	266	1,289	3,020
Shipped	19,654	26,449	34,332	60,027	147,950	37,278
Transhipped	-	24	-	-	44	-
Total	25,341	27,874	34,592	60,293	149,283	40,298
Total Cargo	302,938	314,386	368,376	380,397	395,138	273,350
Containers handled at the port of Lüderitz (Twenty-foot Equivalent Units)						
Landed	768	1,770	2,294	3,121	5,762	1,868
Shipped	1,712	1,831	2,355	3,033	5,160	1,373
Total Teu's	2,480	3,601	4,649	6,154	10,922	3,241
Vessel visits	2,364	2,052	2,020	1,347	1,373	1,168

Port of Lüderitz

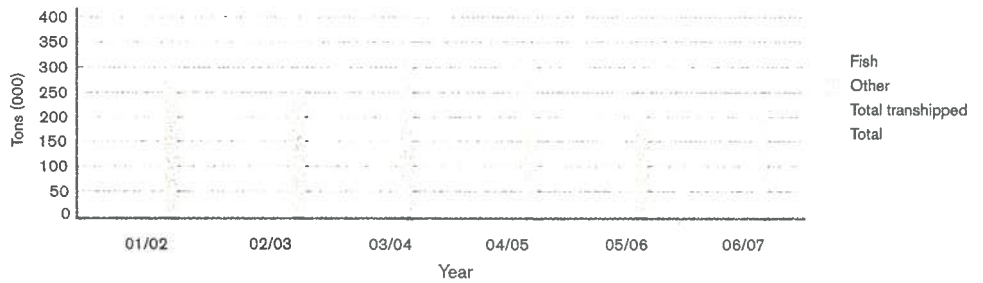
Main commodities landed



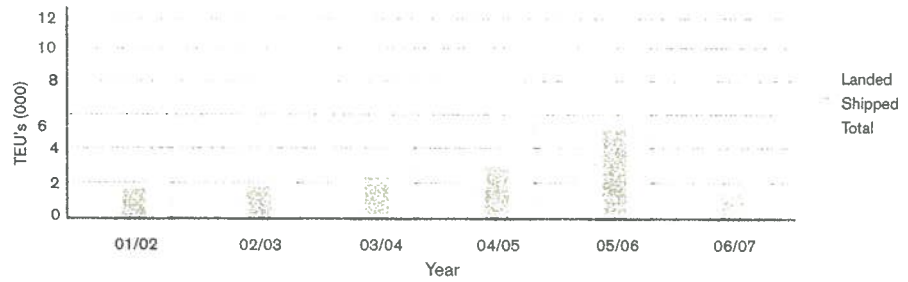
Main commodities shipped



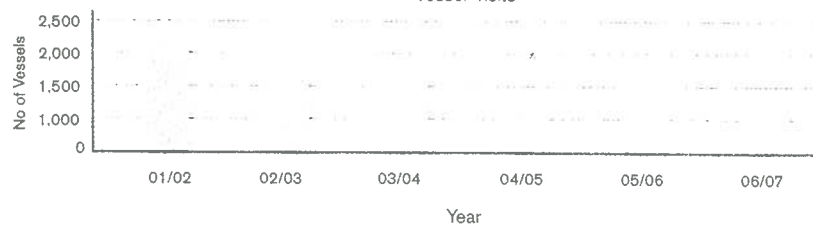
Main commodities transhipped



TEU's handled



Vessel visits



Graphs and Statistics

for the year ended 31 August 2007 (continued)

	Sep/Aug 01/02	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07
Cargo handled at the Ports of Walvis Bay and Lüderitz						
Cargo landed						
Bulk and Break-bulk	466,835	366,215	449,531	414,503	488,456	568,658
Containerized	263,457	300,196	314,512	331,814	517,987	781,057
Sulphuric Acid	187,039	146,126	220,954	206,520	177,512	290,047
Petroleum landed	702,613	744,635	715,129	831,298	866,640	766,450
Total	1,619,944	1,557,172	1,700,126	1,784,134	2,050,594	2,406,212
Cargo shipped						
Bulk and Break-bulk	717,982	859,930	1,037,475	990,883	810,324	995,269
Containerized	319,185	200,348	222,106	308,837	413,044	327,665
Total	1,037,166	1,060,278	1,259,582	1,299,719	1,223,368	1,322,935
Cargo transhipped						
Bulk and Break-bulk	60,248	37,467	33,879	20,041	11,982	5,021
Containerized	4,737	9,590	138,236	307,859	317,185	502,314
Total	64,985	47,056	172,114	327,900	329,167	507,335
Total cargo handled	2,722,096	2,664,506	3,131,822	3,411,754	3,603,129	4,236,481

Containers handled at the ports of Walvis Bay and Lüderitz (Twenty-foot Equivalent Units)

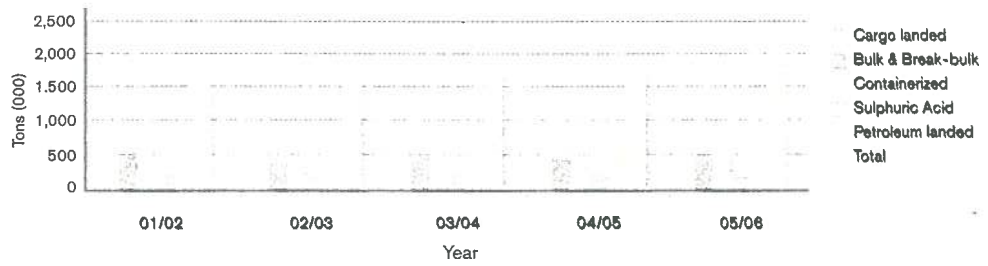
Landed	17,582	20,000	21,959	24,433	29,482	28,163
Shipped	15,920	20,359	19,980	23,618	27,926	28,101
Transhipped	547	1,057	13,073	29,559	36,777	91,970
Total Teu's	34,049	41,416	55,012	77,610	94,185	148,234

Vessel visits Walvis Bay and Lüderitz

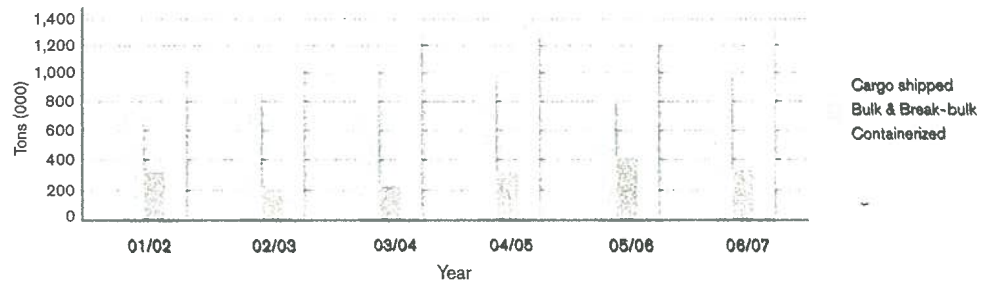
Number	3,559	3,304	3,187	2,399	2,439	2,384
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Namport

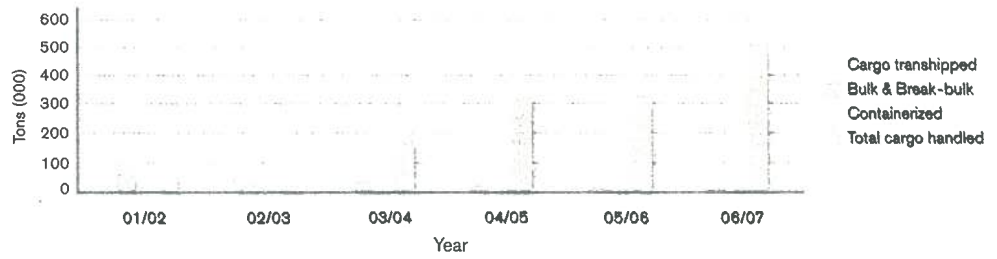
Main commodities landed



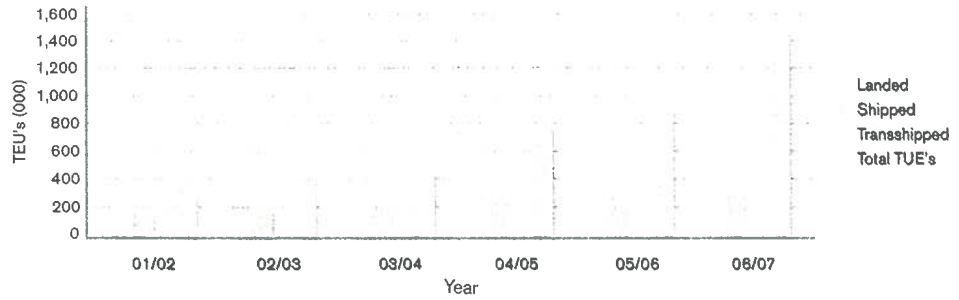
Main commodities shipped



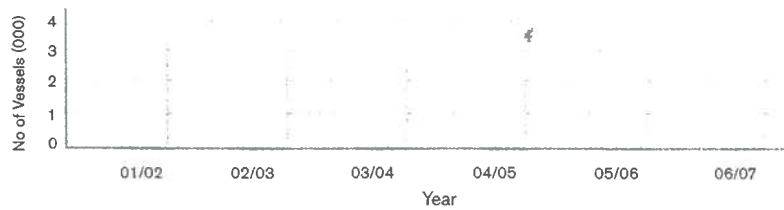
Transhipped



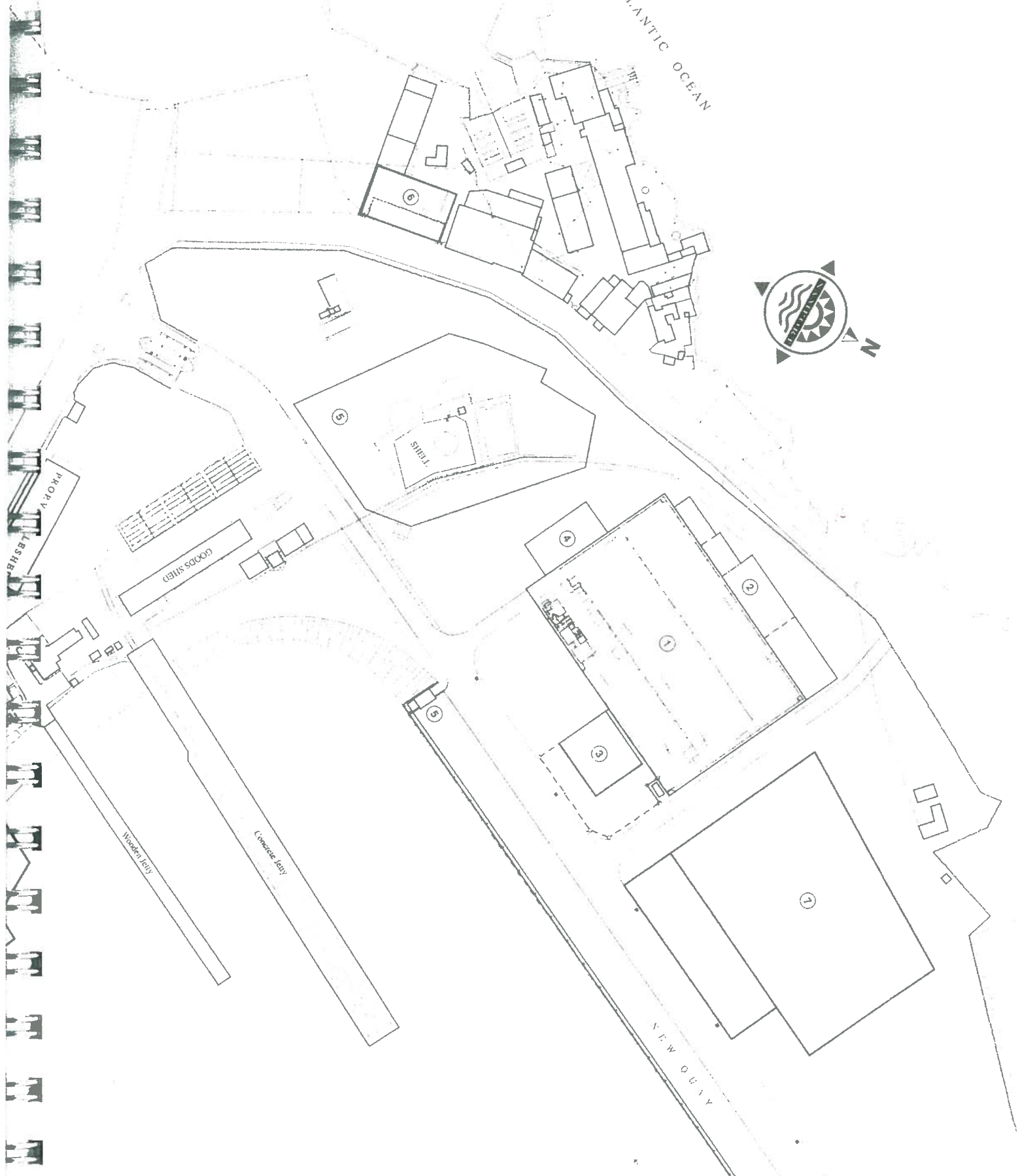
TEU's Handled



Vessel visits







PORT OF LUDERITZ						
No.	Drawing No.	Tenant	File Ref. No.	Area (m2)	Rate (N\$/c)	Tenure
1	WBH-601-A-6034	Namzico	HPM 2/014/5/3/13	12 065		01 Aug 2005 to 5 years + 5 years (to be finalized)
2	WBH-601-A-6035	Namzico	HPM 2/014/5/3/13	2 200		
3	WBH-601-A-6036	Samsor Dambe Mining (Pty) Ltd	HPM 2/014/5/3/22	2 500		01 Sept 2003 to 9 years + 11 months
4	WBH-601-A-6015	Luderitz Stevedores	HPM 2/014/5/3/6	265		01 Oct 2001 to 10 years + 10 years + 5 years
5	WBH-601-A-6020	Catex Oa Namibia (Pty) Ltd	HPM 2/014/5/3/17	10 476		01 Oct 2001 to 10 years + 10 years + 5 years
6	WBH-601-A-6037	Seaflower Louster Corporation Limited	HPM 2/014/10/3/5	1 658		01 Jan 2008 to 2 years
7	WBH-601-A-6039	Manica Group Namibia (Pty) Ltd	HPM 2/014/5/3/19	14 500		01 Aug 2000 to 9 years + 2 years
8	WBH-601-A-606	Ministry of Works, Transport and Communication	HPM 2/014/5/3/5	5 - 84/65 580 - Land		01 Dec 1999 to 9 years + 11 months
9	WBH-601-A-6008	Waterfront Development Company (Pty) Ltd	HPM 2/014/10/3/22	3428 - Land 4837 - Water		01 June 2000 to 25 years + 25 years
10	WBH-601-A-6010	Luderitz Manufacture (Pty) Ltd	HPM 2/014/11/3/2	510 000		01 Dec 2000 to 5 years + 9 years

for

The Remuneration Committee has reviewed the remuneration of the Executive Directors and the Chairman of the Board for the period 2006/7. The Committee has taken account of the performance of the Executive Directors and the Chairman of the Board during the period 2006/7 and the remuneration of the Executive Directors and the Chairman of the Board for the period 2006/7 is set out in the table below.

Ad: SV Masiza
Chairman

Company key financial indicators¹

	12 months 2006/7	12 months 2005/6	12 months 2004/5	12 months 2003/4	12 months 2002/3
Turnover	324,237	252,671	220,858	211,270	181,219
Operating profit	91,992	37,418	36,638	12,357	34,141
Profit before taxation	113,062	45,638	33,520	7,455	17,398
Return on assets	9%	4%	3%	1%	2%
Return on equity	13%	6%	4%	1%	3%
Operating profit margin	28%	15%	17%	6%	19%
Total assets	1,296,725	1,135,511	1,060,495	1,009,779	1,006,802
Shareholder's interest	866,002	782,566	755,578	569,430	563,642
Borrowings	231,478	184,808	154,119	141,239	152,176
Debt : Equity ratio	0.27	0.24	0.20	0.25	0.27
Liquidity ratio	3.29	2.06	2.21	1.25	1.21
Number of employees	606	592	569	591	472
Turnover per employee (N\$'000)	535	427	388	357	384
Assets per employee (N\$'000)	2,140	1,918	1,864	1,709	2,133

¹ Excluding subsidiaries

Company Value Added Statement for the year ended 31 August 2007

	Notes	2007 N\$'000	%	2006 N\$'000	%
WEALTH CREATED					
Revenue		324,237		252,671	
Paid to suppliers of materials and services		(74,218)		(72,882)	
VALUE ADDED		<u>250,019</u>		<u>179,789</u>	
Income from investments and sale of assets		55,548		45,326	
TOTAL WEALTH CREATED		<u>305,567</u>	<u>100</u>	<u>225,115</u>	<u>100</u>
WEALTH DISTRIBUTION					
Salaries, wages and other employment costs	1	107,947	34	91,329	41
Providers of capital					
Dividends to shareholder		8,000	3	3,500	2
Finance cost on borrowings		22,418	7	30,255	13
Government	2	23,197	8	16,208	7
Reinvested to maintain and develop operations					
Depreciation		53,409	18	55,232	24
Retained earnings		90,596	30	28,591	13
TOTAL WEALTH DISTRIBUTED		<u>305,567</u>	<u>100</u>	<u>225,115</u>	<u>100</u>

NOTES TO THE VALUE ADDED STATEMENT

1. Salaries, wages and other employment costs

Salaries, overtime payments, bonuses and allowances	87,732	73,937
Training and study assistance	6,178	4,579
Employer contributions	14,037	12,813
	<u>107,947</u>	<u>91,329</u>

2. Central and local government

Normal and deferred taxation	21,626	15 150
Rates and taxes	1,571	1,058
	<u>23,197</u>	<u>16,208</u>

3. Additional amounts collected on behalf of central and local government

VAT collected on revenue	52,058	38,325
VAT paid on purchases	(9,959)	(7,125)
VAT paid on imports	(2,078)	(2,443)
PAYE deducted from remuneration	17,482	16,471
	<u>57,503</u>	<u>45,228</u>

Annual Financial Statements for the year ended 31 August 2007

The reports and statements set out below comprise the Annual Financial Statements of the Namibian Ports Authority (Namport) and the Group presented to the Member.

	Page
Corporate Governance Statement	45
Statement of Responsibility by the Board of Directors	49
Report of the Auditor-General	50
Report of the Independent Auditors	51
Directors' Report	53
Balance Sheets	60
Income Statements	62
Statements of Changes in Equity	63
Cash Flow Statements	64
Notes to the Financial Statements	65

Corporate Governance Statement

The Namibian Ports Authority is a State-owned enterprise established by the Namibian Ports Authority Act, 1994 (No. 2 of 1994).

The Authority is committed to the principles of openness, integrity and accountability, and the Directors recognise the need to conduct the business of the Authority in accordance with good governance principles and internationally accepted accounting practice.

Board of Directors

The Authority is managed by a Board of Directors which has overall responsibility and accountability for the affairs and performance of the Authority. The Board gives strategic direction and monitors Executive Management closely in implementing Board strategies and plans.

The Board delegates responsibility for specified matters to its Committees or Management. However, the Board reserves responsibility for a range of key decisions for its collective deliberation. The delegation of authority by the Board is encompassed in a formal delegation framework which clearly indicates those matters specifically reserved for the Board's collective decision.

The Board has a unitary structure of five Directors, comprising one Executive, two Non-executive and two Independent Non-executive Directors. The Directors are appointed by the shareholder and their term of office is three years. The Executive Director's service contract does not exceed five years in duration. The Chairman of the Board is an Independent Non-executive Director.

Regular meetings of the Board take place. The roles of the Chairman and the Managing Director provide leadership and guidance to the Authority's Board, and encourage proper deliberation of all matters requiring the Board's attention. The Chairman is responsible for the overall leadership and effective functioning of the Board.

Executive Management

The Managing Director has line responsibility for all aspects of the execution of strategy and management of the Authority for which s/he is held accountable by the Board. The Managing Director is assisted in his/her executive management responsibilities by members of the Executive Committee of Management (EXCO). EXCO comprises the Heads of the Departments of Finance; Operations; Marketing; Engineering; Human Resources; and Safety, Health, Risk Environment and Quality (SHREQ) Management, as well as the Group Company Secretary and the Managing Director, who is also the Chairman.

Corporate Governance Statement

(continued)

Secretary of the Board

All Directors have access to the advice and services of the Secretary of the Board, who guides it in respect of its duties and responsibilities, ethics, good governance and statutory responsibilities. All Directors are entitled to seek independent professional advice about the affairs of the Authority and at the Authority's expense.

Board Committees

The Board has established Board Committees where such Committees can enhance its effectiveness in key areas of its duties and responsibilities. The Board is ultimately responsible for the actions and decisions of Board Committees.

The Board is well informed about the proceedings of its Committees by reports from the Chairmen of the Committees tabled at each Board meeting.

Audit Committee

The Audit Committee is responsible for independently reviewing, on behalf of the Board, the Authority's framework of control and its internal and external audit processes. The Audit Committee comprises three members, being two Independent Non-executive Directors and the Executive Director. The members of the Audit Committee are Mr A Neethling (Chairman), Adv. S Masiza, and Mr S Kankondi.

The Chairman of the Committee is an Independent Non-executive Director, and is not the Chairman of the Board. Both the internal and external auditors have unrestricted access to the Audit Committee, which ensures that their independence is in no way impaired.

Three meetings of the Audit Committee take place annually. Representatives of the internal and external auditors, the Finance and Operations executives, and the Finance Manager attend the meetings.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board regarding the determination of the remuneration of Directors, Executive and Senior Management. The Remuneration Committee comprises three Non-executive Directors, while the Chairman of the Committee is an Independent

Corporate Governance Statement

(continued)

Non-executive Director. The members of the Remuneration Committee are Adv. S Masiza (Chairman), Ms A Hange, and Mr P Amutenya. The Committee is scheduled to meet twice a year.

The Managing Director attends meetings of the Committee by invitation and is excused from a meeting when his/her compensation, as well as the Chairman's compensation, is reviewed. Similarly, the Chairman is excused when his/her remuneration is discussed.

Risk Committee

The Risk Committee reports to the Audit Committee, and assists the Board in the discharge of its duties relating to corporate accountability and associated risk in terms of management, assurance and reporting. The Committee comprises the SHREQ executive, the Group executive for Finance, the Group Company Secretary, the Cargo Services Manager, the internal auditor, and a union representative.

The Charter of the Risk Committee stipulates the holding of three meetings a year.

Internal control systems

The Authority maintains systems of internal control over financial reporting and safeguarding of assets against unauthorised acquisition, use or disposition, which are designed to provide reasonable assurance to the Authority's Management and Board regarding the preparation of reliable published financial statements and the safeguarding of the Authority's assets. The system includes a documented organisational structure and division of responsibility, and established policies and procedures, which are communicated throughout the Authority and the proper training and development of its personnel. Internal auditors were appointed to monitor the operation of the internal control systems and report findings and recommendations to Management and the Board.

Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The Board, operating through its Audit Committee, provides oversight of the financial reporting process.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

Corporate Governance Statement

(continued)

The Authority monitors its internal control system on a continuous basis to ensure effective internal control over financial reporting. The Authority believes that, for the period ended 31 August 2007, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition was adequate.

The annual budget is reviewed and approved at Board level and, on a monthly basis, Management assesses performance against the budget and reports on it to the Executive Management.

Code of Ethics

The ethical rules of the operation of the Authority are governed by its Code of Ethics. The Code of Ethics addresses, amongst others, aspects such as harassment, discrimination, personal conduct, outside work, conflicts of interest, acceptance of gifts and entertainment, employment of relatives, and insider trading.

The Code also makes provision for a complaints and whistle-blowing procedure with respect to reporting to the Compliance Officer, who is the Group Company Secretary. The Compliance Officer keeps a register of such complaints.

The agendas of each Board, Board Committee, EXCO and Tender Committee meetings provide for attendees to disclose their interests in any matters to be discussed at the meeting concerned.

In addition, a register of interests is maintained by the Board Secretary, wherein employees of the Authority can disclose their interests. This register of interests can be viewed by any employee at the Board Secretary's office.

Induction

All new Directors receive an electronic Board information pack which contains information on the Authority, its financials, governance issues, key policies, Board and Committee information, and other information relevant to the Board. This electronic information is updated on an annual basis.

Each year, one meeting of the Board takes place in Walvis Bay and one in Lüderitz. When a meeting takes place at a port, Board members are taken on a tour of the port and receive up-to-date information on the operations and developments there.

Statement of Responsibility by the Board of Directors

The Directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of the Namibian Ports Authority and the Group. The Financial Statements presented on pages 41 to page 92 have been prepared in accordance with and comply with International Financial Reporting Standards adopted by the International Accounting Standards Board, and include amounts based on judgments and estimates made by the Management. The Directors also prepared the other information included in the Annual Report and are responsible for both its accuracy and its consistency with the Financial Statements.

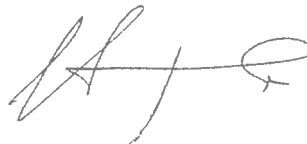
The going-concern basis has been adopted in preparing the Financial Statements. The Directors have no reason to believe that the Authority will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the Authority and the Group is supported by the Financial Statements.

The Financial Statements have been audited by the independent auditing firm Grand Namibia, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. The Directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The audit report of Grand Namibia is presented on page 52.

The Financial Statements were approved by the Board of Directors on 9 November 2007 and are signed on its behalf by:



Adv. SV Masiza
Chairman

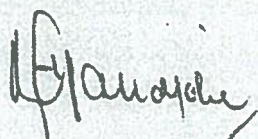


S Kankondi
Managing Director

Report of the Auditor-General

I have examined the audit documentation, as required of me in terms of Section 26(3) of the Namibian Ports Authority Act, 1994, compiled by the auditor registered in terms of the Public Accountant's and Auditor's Act, 1951, who was appointed by the Board of Directors of the Namibian Ports Authority.

I therefore report that the above mentioned audit of the Annual Financial Statements and Group Annual Financial statements for the year ended 31 August 2007 has been carried out to my satisfaction.



Junias Etuna Kandjeke

Auditor-General

Windhoek

November 2007

Report of the Independent Auditors to the Member of the Namibian Ports Authority

We have audited the accompanying Annual Financial Statements of the Namibian Ports Authority and the Group, which comprise the Directors' Report, Balance Sheets as at 31 August 2007, the Income Statements, Statements of Changes in Equity, and Cash Flow Statements for the year then ended, a summary of significant accounting policies, and other explanatory notes.

Directors' responsibility for the Financial Statements

The 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 Namibian Ports Authority Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgement, 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.

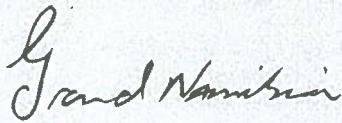
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report of the Independent Auditors to the Member of the Namibian Ports Authority

(continued)

Opinion

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of the Authority and the Group as at 31 August 2007 and the financial performance, Changes in Equity and the Cash Flow for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Namibian Ports Authority Act, 1994 (No. 2 of 1994).



Grand Namibia

Chartered Accountants (Namibia)

Registered Accountants and Auditors

9 November 2007

Directors' Report

The Directors hereby present their Annual Report, which forms part of the audited Financial Statements of the Namibian Ports Authority and the Group for the year ended 31 August 2007.

Nature of business

The Authority manages and exercises control over the operations of the ports and lighthouses and other navigational aids in Namibia and its territorial waters, and provides facilities and services normally related to the functioning of a port.

Ownership of Company

The Namibian Ports Authority was established in terms of the Namibian Ports Authority Act, 1994 (No. 2 of 1994) and is a State-owned enterprise reporting to the shareholder in compliance with its enabling legislation as well as the State-owned Enterprises Governance Act, 2006 (No. 2 of 2006).

Financial results

The financial results are set out in the Financial Statements.

Ownership of land

During the current financial year, the Minister of Works, Transport and Communication granted approval to the Authority to transfer certain erven into the name of the Authority, which approval is required by section 11 of the Namibian Ports Authority Act. The Authority is now in the process of effecting transfer of these erven into its name.

Port expansion

The previous mission of Namibian ports was of a national nature: to serve Namibia. This has since been extended to serve the needs of the SADC region as well. By including neighbouring countries such as Angola, Botswana, the Democratic Republic of Congo, South Africa, Zambia and Zimbabwe in Namport's economic hinterland, new business prospects have emerged. This regional approach was strengthened with the creation of the Walvis Bay Corridor Group, with the Trans-Caprivi, Trans-Kalahari, Trans-Kunene and Trans-Oranje linking the Ports of Walvis Bay and Lüderitz with Angola, Botswana, South Africa (Gauteng and Northern Cape Provinces), Zambia, and Zimbabwe via a surfaced road and partial rail network.

Directors' Report *(continued)*

Thus, the Port of Walvis Bay is becoming an integral player in seaborne trade between the Americas, Europe and SADC. Furthermore, with current cargo growth patterns in the SADC region and the need for ports to be able to accommodate larger vessels, Namport has determined to increase its capacity, provide additional container terminal space, and deepen its port in Walvis Bay to remain competitive and to attract containerisation business.

In view of the above, the past financial year saw Namport commissioning a study on the long-term development of the Ports of Lüderitz and Walvis Bay. The study outcome highlighted the need for the Port of Walvis Bay to expand its current capacity to accommodate the increases demand for cargo handling along the west coast of southern Africa. Such a development will facilitate the Port's objective to become a hub port for the SADC region.

Port of Walvis Bay

The development plan for the next five years will comprise the following major components, with the envisaged number of TEUs handled being half a million by 2015:

- Construction of a new quay and additional container terminal facilities, increasing overall commercial quay length to 2.1 km
- Deepening to -16 m to accommodate fifth-generation container vessels
- Provision of a dedicated fishing quay
- Acquisition of rubber-tyred gantry and ship-to-shore cranes
- Provision of an offshore repair facility, and
- Bulk storage facility.

Port of Lüderitz

The disappointing downturn in performance at the port of Lüderitz has been addressed through the development of a focused strategy which encompasses aggressively pursuing various business opportunities as well as integrating Lüderitz as a regional development initiative. These steps will include lobbying for accelerating the completion of the railway line to Lüderitz, and developing a supply base at the Port of Lüderitz for fuel imports into the country.

Auditors

In accordance with guidelines agreed with the Auditor-General, Grand Namibia were appointed as external auditors for a period of three financial years, terminating with the 2009 financial year.

Directors' Report *(continued)*

PricewaterhouseCoopers provides internal audit services to the Authority and were appointed for a period of three financial years, terminating with the 2008 financial year. An internal auditor was appointed during the 2007 financial year to augment services provided by PricewaterhouseCoopers and to further strengthen internal controls.

Directors

The names and terms of office of the Directors of the Authority as at 31 August 2007 are as follows:

<u>Name</u>	<u>Term of office</u>
Adv. S.V. Masiza (Chairman)	10 June 2005 to 9 June 2008
Mr. P. Amutenya	10 June 2005 to 9 June 2008
Ms. A. Hange	10 June 2005 to 9 June 2008
Mr. S. Kankondi	10 June 2005 to 9 June 2008
Mr. A. Neethling	10 June 2005 to 9 June 2008

Six meetings of the Board of Directors took place during the reporting period, with attendance as follows:

<u>Name</u>	<u>No. of meetings</u>
Adv. S.V. Masiza (Chairman)	6
Mr. P. Amutenya	5
Ms. A. Hange	5
Mr. S. Kankondi	6
Mr. A. Neethling	6

Annual remuneration of Directors and key Management

Non-executive Directors	N\$683,241.75	(2006: N\$303,674.85)
Executive Management	N\$6,121,434.52	(2006: N\$5,325,410.11)

Directors' Report *(continued)*

Board Committees

Audit Committee

Three meetings of the Audit Committee took place during the past financial year, with attendance as follows:

<u>Name</u>	<u>No. of meetings</u>
Mr. A. Neethling (Chairman)	3
Adv. S.V. Masiza	3
Mr. S. Kankondi	3

Remuneration Committee

Three meetings of the Remuneration Committee took place with attendance as follows:

<u>Name</u>	<u>No. of meetings</u>
Adv. S.V. Masiza (Chairman)	3
Ms. A. Hange	3
Mr. P. Amutenya	3

Risk Committee

Two meetings of the Risk Committee took place with attendance as follows:

<u>Name</u>	<u>Designation</u>	<u>No. of meetings</u>
Mr. R. Visagie	Executive: SHREQ (Chairman)	2
Mr. J.L. van der Merwe	Group Executive: Finance	2
Ms. K. van Heerden	Group Company Secretary	2
Mr. M. Polster	Manager: Cargo Services	2
Ms. L.M. Hochobeb	Internal auditor	1
Mr. D. Shivolo	Union representative	0

Secretary and registered office

The Secretary of the Authority is Ms Kathy van Heerden. The Authority's registered office and business address is 17 Rikumbi Kandanga Road, Walvis Bay. The registered office postal address is PO Box 361, Walvis Bay, Namibia.

Subsidiary companies

The following are subsidiary companies of the Namibian Ports Authority:

Elgin Brown & Hamer Namibia (Pty) Ltd: 52.5%

This Company has as its main objects and business marine engineering, ship repair, ship building and all work ancillary thereto, with all engineering work of the same or similar type to that employed in the foregoing. This Company was formed primarily to own, manage and operate a floating dock facility at the port of Walvis Bay.

As from the Company's date of incorporation on 30 November 2005, Namport's ownership amounted to 52.5%. The remaining 47.5% shareholding is owned by Elgin Brown & Hamer Consortium (Pty) Ltd, which provides technical support to Namibian operations.

There are seven members on the Company's Board of Directors, of whom four *ex officio* members represent the Authority, namely Mr S Kankondi, Mr J.L. van der Merwe, Mr F Shimuafeni and Mr J Mouton.

Namport Property Holdings (Pty) Ltd: 100%

Namport Property Holdings (Proprietary) Limited became a wholly-owned subsidiary of the Authority on 25 January 2006. However, the company is still dormant.

The main objective and business of the company is to be engaged in the property industry, i.e. in property development, property management and any other business which may seem directly or indirectly conducive thereto. The purpose of establishing this company was to serve as a vehicle for participation in the envisaged Walvis Bay marina development.

Three members of management were appointed *ex officio* as Directors on the company Board, namely Mr. S. Kankondi, Mr. J. Mouton and Mr. J.L. van der Merwe.

Directors' Report *(continued)*

Lüderitz Boatyard (Pty) Ltd: 100%

Lüderitz Boatyard (Proprietary) Limited became a wholly-owned subsidiary of Namport on 3 October 2006. The company operates a boatyard in all its forms and ramifications, as a going concern, at the port of Lüderitz. This subsidiary has not been consolidated since control over it would be temporary.

Three members of Management have been appointed as *ex officio* Directors of the company, namely Mr A Kathindi, Mr F Shimuafeni and Mr W Mutwa.

Strategic planning

The Authority has a Strategic and Business Plan which is reviewed annually by the Board and Management.

Performance

At each Board meeting, the performance of the Authority is evaluated through the Enterprise Balanced Scorecard reporting system. The performance areas encompassed in the Scorecard are as follows:

- Internal processes
- Social transformation
- Sound financial management
- Human resources, and
- Corporate governance.

Risk management

The Board is responsible for ensuring that the Authority implements an effective, ongoing process to identify risk, measure its potential impact, and utilise internal controls as a measure to mitigate and control risk. The Board is assisted in this duty by the Risk Committee, through the Audit Committee.

The strategic risks identified by the Board and Management are in the process of being reviewed by the internal auditors. Action plans and controls are tabled for consideration and review at Audit Committee meetings.

Judicial proceedings

During the period under review, the following major legal actions received attention:

- The court case relating to the legal action instituted by Marco Fishing (Pty) Ltd against Namport, the Government of Namibia and the Ministry of Works, Transport and Communication for damages of N\$7.9 million relating to the sinking of the *Meob Bay* is scheduled for a hearing in March 2008, and
- With regard to the legal actions instituted against and by the Authority relating to the Jan de Nul dredging works, an out-of-court settlement was agreed to by the parties.

Balance Sheets

as at 31 August 2007

GROUP			COMPANY		
2006 N\$'000	2007 N\$'000		Notes	2007 N\$'000	2006 N\$'000
ASSETS					
Non-current assets					
790 129	806,294	Property, plant and equipment	8	727,721	730, 722
261,170	320,025	Investments	9	320,025	261,170
3,340	5,361	Channel Levy Fund investment	5	5,361	3,340
-	-	Investment in subsidiary		3,150	1
-	697	Loan to subsidiary		1,337	3,790
257	126	Deferred tax asset	22	-	-
<u>1,054,896</u>	<u>1,132,503</u>			<u>1,057,594</u>	<u>999,023</u>
Current assets					
6,612	4,763	Inventories	10	883	674
60,405	62,987	Receivables and prepayments	11	45,012	42,011
93,394	191,525	Cash and cash equivalents	21	191,522	93,286
517	1,714	Current tax assets		1,714	517
<u>160,928</u>	<u>260,989</u>			<u>239,131</u>	<u>136,488</u>
<u>1,215 824</u>	<u>1,393,492</u>	Total assets		<u>1,296,725</u>	<u>1,135,511</u>

Balance Sheets

as at 31 August 2007

(continued)

GROUP		COMPANY		
2006 N\$'000	2007 N\$'000	Notes	2007 N\$'000	2006 N\$'000
EQUITY AND LIABILITIES				
Capital and reserves				
50,344	50,344		50,344	50,344
729,931	813,494		815,658	732,222
780,275	863,838		866,002	782,566
(226)	2,740		-	-
780,049	866,578		866,002	782,566
Non-current liabilities				
236,685	298,217		231,478	184,808
6,047	3,228		-	-
98,552	120,178		120,178	98,552
-	1,040		1,040	-
3,340	5,361		5,361	3,340
344,624	428,024		358,057	286,700
Current liabilities				
56,975	49,101		30,456	35,540
20,129	30,671		27,671	20,044
-	649		649	-
-	9		9	-
10,661	13,881		13,881	10,661
3,386	4,579		-	-
91,151	98,890		72,666	66,245
435,775	526,914		430,723	352,945
Total liabilities				
Total equity and liabilities				
1,215,824	1,393,492		1,296,725	1,135,511

Income Statements

for the year ended 31 August 2007

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
		Notes		
291,664	419,852	15	324,237	252,671
811	7,758		7,365	96
(98,224)	(120,938)		(116,160)	(97,061)
(13,581)	(19,706)		(19,565)	(13,581)
(41,010)	(76,712)		(4,143)	(5,517)
(34,851)	(42,260)		(34,281)	(32,033)
(56,225)	(56,885)		(53,409)	(55,232)
(12,085)	(12,168)		(12,052)	(11,925)
36,499	98,941		91,992	37,418
6,365	14,495	17	21,070	8,220
42,864	113,436	16	113,062	45,638
(14,893)	(21,757)	18	(21,626)	(15,150)
27,971	91,679		91,436	30,488
(226)	116			
28,197	91,563			
27,971	91,679			

Statements of Changes in Equity for the year ended 31 August 2007

	Capital	Retained earnings	Shareholder interest	Minority interest	Total
GROUP					
Balance 1 September 2005	50,344	705,234	755,578	–	755,578
Dividends paid 2005	–	(3,500)	(3,500)	–	(3,500)
Net profit	–	28,197	28,197	(226)	27,971
Balance 31 August 2006	<u>50,344</u>	<u>729,931</u>	<u>780,275</u>	<u>(226)</u>	<u>780,049</u>
1 September 2006	50,344	729,931	780,275	(226)	780,049
Dividends paid in 2006	–	(8,000)	(8,000)	–	(8,000)
Net profit	–	91,563	91,563	116	91,679
Subsidiary acquired in 2006/7	–	–	–	2,850	2,850
Balance 31 August 2007	<u>50,344</u>	<u>813,494</u>	<u>863,838</u>	<u>2,740</u>	<u>866,578</u>
COMPANY					
Balance 1 September 2005	50,344	705,234	–	–	755,578
Dividends paid 2005	–	(3,500)	–	–	(3,500)
Net profit	–	30,488	–	–	30,488
Balance 31 August 2006	<u>50,344</u>	<u>732,222</u>	<u>–</u>	<u>–</u>	<u>782,566</u>
Balance 1 September 2006	50,344	732,222	–	–	782,566
Net profit	–	91,436	–	–	91,436
Dividends paid 2006	–	(8,000)	–	–	(8,000)
Balance 31 August 2007	<u>50,344</u>	<u>815,658</u>	<u>–</u>	<u>–</u>	<u>866,002</u>

Cash Flow Statements

for the year ended 31 August 2007

GROUP			COMPANY		
2006 N\$'000	2007 N\$'000		Notes	2007 N\$'000	2006 N\$'000
		Cash flow from operating activities			
275,600	427,324	Cash receipts from customers		296,639	253,988
(214,030)	(308,199)	Cash paid to suppliers and employees		(187,616)	(189,594)
<u>61,570</u>	<u>119,125</u>	<i>Net cash flow from operating activities</i>	19	<u>109,023</u>	<u>64,394</u>
		Purchase of property, plant and equipment			
(95,191)	(71,727)	to maintain operations		(48,969)	(44,628)
<u>(33,621)</u>	<u>47,398</u>	<i>Cash generated from operations</i>		<u>60,054</u>	<u>19,766</u>
45,235	55,536	Interest received		55,536	45,230
(32,114)	(27,024)	Interest paid		(22,418)	(30,255)
(3,500)	(8,000)	Dividend paid		(8,000)	(3,500)
2,765	(1,197)	Tax paid	20	(1,197)	2,765
<u>(21,235)</u>	<u>66,713</u>	<i>Net cash flow from operating activities</i>		<u>83,975</u>	<u>34,006</u>
		Cash flow from investing activities			
(680)	(1,471)	Purchase of property, plant and equipment		(1,471)	(680)
(77,508)	(69,167)	Purchase of non-current investments		(69,167)	(77,509)
-	40,277	Transfer to cash on call		40,277	-
		Proceeds from disposal of property, plant			
64	134	and equipment		9	64
8,716	-	Proceeds from disposal of investments		-	8,716
(1)		Investment in subsidiary		-	(1)
(3,790)	(697)	Loan extended to subsidiary		(697)	(3,790)
<u>(73,199)</u>	<u>(30,924)</u>	<i>Net cash outflows from investing activities</i>		<u>(31,049)</u>	<u>(73,200)</u>
		Cash flow from financing activities			
97,874	49,167	Proceeds from long-term borrowings		31,390	45,912
(30,567)	(12,589)	Payment of capital element of long-term borrowings		(12,589)	(30,567)
9,222	24,571	Proceeds from finance lease liabilities		26,509	9,222
<u>76,529</u>	<u>61,149</u>	<i>Net cash (outflow)/inflow from financing activities</i>		<u>45,310</u>	<u>24,567</u>
(17,905)	96,938	Net increase in cash and cash equivalents		98,236	(14,627)
107,913	90,008	Cash and cash equivalents at beginning of year		93,286	107,913
<u>90,008</u>	<u>186,946</u>	Cash and cash equivalents at end of year	21	<u>191,522</u>	<u>93,286</u>

Notes to the Financial Statements

– 31 August 2007

1. Principal accounting policies and presentation of financial statements

The Authority's and Group's Annual Consolidated Financial Statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. These are the Group's second Consolidated Annual Financial Statements to be prepared in accordance with IFRS.

The Financial Statements are prepared on the historical cost basis, adjusted by the revaluation of certain freehold land, structures and buildings, floating craft, and machinery and equipment – as set out in Note 1 below, and the measurement of certain financial instruments at fair value.

The Consolidated Annual Financial Statements incorporate the Annual Financial Statements of the Authority and entities controlled by the Authority.

Where necessary, adjustments are made to the Annual Financial Statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, and profits and losses arising from intra-Group transactions are eliminated in the preparation of the Group Annual Financial Statements.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

1.1 Significant judgements

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

Notes to the Financial Statements

– 31 August 2007 (continued)

1.1.1 Trade receivables/held-to-maturity investments and/or loans and receivables

The Company assesses its trade receivables, held-to-maturity investments and/or loans and receivables for impairment at each Balance Sheet date. In determining whether an impairment loss should be recorded in the Income Statement, the Company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.1.2 Deferred tax assets

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

1.1.3 Asset lives

Property, plant and equipment are depreciated over their useful lives, taking residual values into account where appropriate. In assessing useful lives, factors such as technological innovation, product life cycles, and maintenance programmes are taken into consideration.

1.1.4 Residual values

The residual values of property, plant and equipment are reviewed at each Balance Sheet date. The residual values are based on the assessment of useful lives and other available information.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when –

- it is probable that future economic benefits associated with the item will flow to the Company, and
- the cost of the item can be measured reliably.

Property, plant and equipment other than freehold land, structures and buildings, floating craft, and machinery and equipment are carried at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment, and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost

Notes to the Financial Statements

– 31 August 2007 (continued)

is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Freehold land, structures and buildings, floating craft and machinery are stated at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by external independent valuers at regular intervals to ensure that the carrying amount of the asset does not differ materially from the fair value at Balance Sheet date.

The increase in carrying value arising on the revaluation is credited directly to a revaluation reserve within the shareholder's equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. On disposal of a previously revalued asset, any amounts relating to this asset remaining in the revaluation reserve are transferred directly to retained earnings.

Any decrease in an asset's carrying amount as a result of a revaluation is recognised in profit or loss in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation is provided on all property, plant and equipment, other than freehold land, by a charge to profit and loss computed on a straight-line basis so as to write off the cost or valuation of the assets, less residual values over their expected useful lives. The expected useful lives are as follows:

Building and structures	5–50 years
Machinery and equipment	2–10 years
Floating craft	4–15 years
Furniture and office equipment	3–10 years
Computer equipment	3–5 years
Motor vehicles	2–5 years

Dredging expenditure is categorised into capital dredging and maintenance dredging.

Capital dredging is expenditure that deepens or extends the channel, berths or the swing basin. This expenditure is capitalised and amortised over the economic useful lives of the channel, berths or swing basin.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

Maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On average, the port dredges the channel every five to six years. Upon completion of maintenance dredging, the channel has an average service potential of five to six years. Maintenance dredging is capitalised and amortised evenly over this period.

The residual value and the useful life of each asset are reviewed at each financial year-end.

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

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

1.3 Investments in subsidiaries

1.3.1 Company Financial Statements

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of –

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

1.4 Financial instruments

1.4.1 Initial recognition

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

1.4.2 Loans to / from Group companies

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

These loans are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable, an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.4.3 Loans to shareholders, Directors, Managers and employees

These financial assets are initially measured at fair value plus direct transaction costs.

These loans are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable, an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.4.4 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

1.4.5 Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.4.6 Cash and cash equivalents

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

1.4.7 Bank overdraft and borrowings

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

1.4.8 Held for trading financial assets

Investments are recognised and derecognised on a trade date basis, where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

Investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period.

1.4.9 Available-for-sale financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

1.4.10 Held to maturity and loans and receivables

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates, these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity.

Notes to the Financial Statements

– 31 August 2007 (continued)

1.4.11 Financial assets carried at fair value through profit and loss

Financial assets carried at fair value through profit and loss are initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in profit and loss for the period.

1.5 Tax

1.5.1 Current tax liabilities and assets

Current tax for current and prior periods is, to the extent that it is unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws enacted by the Balance Sheet date.

1.5.2 Deferred tax assets and liabilities

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, and premiums on endowment policies. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

1.6 Leases

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

1.6.1 Finance leases – lessee

Finance leases are recognised as assets and liabilities in the Balance Sheet at amounts equal to the

Notes to the Financial Statements

– 31 August 2007 *(continued)*

fair value of the leased property or, if lower, the present value on the minimum lease payments.

The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

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

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

1.6.2 Operating leases – lessor

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

Income for leases is disclosed under revenue in the Income Statement.

1.6.3 Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset. This liability is not discounted.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes transport and handling costs. Where necessary, provision is made for redundant and slow-moving inventories with regard to age, condition and utility.

1.8 Impairment of assets

At each Balance Sheet date, the Company whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

Notes to the Financial Statements

– 31 August 2007 (continued)

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Revenue and revenue recognition

Revenue is recorded in the Financial Statements at the date services are provided to customers.

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

Interest is recognised in profit and loss on a time proportion basis.

Dividends are recognised in profit and loss when the Authority's right to receive payment has been established.

1.10 Translation of foreign currencies

The functional currency of the Authority was determined based on the currency of the primary economic environment in which the Authority operates. The functional currency of the Authority is the Namibia Dollar.

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

Assets and liabilities in foreign currencies are translated to functional currency at the rates of exchange ruling at the end of the financial year.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

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

1.11 Employee benefits

1.11.1 Short-term employee benefits

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

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

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

1.11.2 Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed or retirement benefit schemes are dealt with as defined contribution plans where the Company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the Balance Sheet date.

Notes to the Financial Statements

– 31 August 2007 (continued)

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
2. Capital account				
The capital account of the Authority is the net value at which assets were transferred from the share holder on 1 March 1994				
50,344	50,344		50,344	50,344
3. Interest-bearing borrowings				
The Kreditanstalt für Wiederaufbau (KfW) Government-to-Government loan on-lent to the Authority. The loan is unsecured and bears interest at 10% per annum, payable biannually in arrears. Repayment in 36 equal biannual installments commenced in December 2000				
22,405	20,538		20,538	22,405
Foreign loan by the European Investment Bank (EIB), secured by Government guarantee, bearing interest at 3% per annum or the interest rate applicable to comparative loans made by the lender, subsidised by 3.84%. Currently the loan bears interest at 3% per annum. Repayments are in 30 biannual installments in arrears, and commenced on 15 April 2002. The total foreign facility was swapped to a South African financial institution on a Rand basis. The same terms and conditions set out in the foreign agreement apply to this swap agreement.				
61,179	56,140		56,140	61,179
Structured finance loans secured by a cession of an endowment policy. The loan bears interest at 9.4% per annum. The full loan commitments under the two separate structured loans were transferred to the new structure and				

Notes to the Financial Statements

– 31 August 2007 *(continued)*

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
73,659	108,891	the repayments already made were converted to a preference share investment, which offsets the long-term loan	108,891	73,659
6,465	4,849	Soft loan by the Danish International Development Agency (Danida), swapped to a local financial institution and secured by the cession of endowment policies The loan bears interest at 8% and is repayable in 20 biannual installments that commenced on 29 September 2000.	4,849	6,465
19,251	19,296	A 13-month evergreen overdraft facility with Nedbank of Namibia The loan bears interest at 78% of the current Nedbank Namibia Ltd prime rate.	19,296	19,251
12,671	13,867	A two-tier finance agreement with Veritas Kapital Ltd Loan 1 bears interest at 7.25%, and is repayable in five annual installments commencing on 1 April 2006. Loan 2 bears interest at prime minus 2.75%, and is repayable on 1 April 2006, at which date the repayment terms will be revisited.	13,867	12,671
9,222	35,568	Liabilities under capitalised finance leases Payable over three years at an interest rate of 2% below the Namibian prime rate.	35,568	9,222

Notes to the Financial Statements

– 31 August 2007 (continued)

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
		Asset-financing loan bears interest at prime less 2% per annum, secured by ship's mortgage over the floating dock with a book value of N\$47,483,370 (2006: N\$47,779,124). From March 2008 the loan will be repayable in monthly installments of N\$451,267.	-	-
30,000	30,000			
		Medium-term loans bear interest at prime less 2% per annum, secured through a suretyship by the Authority to an amount of N\$59,000,000. These loans are repayable in monthly installments of N\$103,749 and, as of September 2008, in monthly installments of N\$372,683.	-	-
21,498	37,379			
		Liabilities under installment sale agreements		
		Payable over periods of 36 months at an effective rate of prime less 2% per annum. Secured by motor vehicles and plant and equipment with a combined book value of N\$2,183,512 (2006: N\$435,470).	-	-
464	2,360			
256,814	328,888		259,149	204,852
(20,129)	(30,671)	Current portion of loans included in accounts payable	(27,671)	(20,044)
236,685	298,217		231,478	184,808
		4. Deferred tax liabilities		
83,402	98,552	Balances at beginning of year	98,552	83,402
		Increase in tax losses available for set-off against future		
(3,419)	(1,170)	Taxable income	(1,170)	(3,419)
18,569	22,796	Timing differences	22,796	18,569
98,552	120,178	Balances at year-end	120,178	98,552

Notes to the Financial Statements

– 31 August 2007 *(continued)*

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
5. Channel Levy Fund				
<p>The amounts levied during a year exceeding the original recovery amount for the dredging of the fishing harbour are reserved in this Fund and invested in a separate bank account. The Fund will be utilised at a future date for maintenance dredging of the fishing harbour.</p>				
1,348	3,340	Balance at 1 September	3,340	1,348
1,857	1,226	Excess levy related to the year ended 31 August	1,226	1,857
135	795	Interest earned	795	135
3,340	5,361		5,361	3,340
3,340	5,361	Placed on call at Standard Bank Limited	5,361	3,340
6. Trade and other payables				
34,064	32,414	Trade payables	8,552	12,629
22,911	16,687	Other payables	21,904	22,911
21,276	16,507	Accruals	14,593	21,276
–	–	Receiver of revenue – VAT	7,131	–
1,635	180	Outstanding cheques	180	1,635
56,975	49,101		30,456	35,540
7. Provisions				
4,829	5,635	Provisions for leave pay	5,635	4,829
5,425	2,619	Provision for bonuses	2,619	5,425
407	5,627	Other provisions	5,627	407
10,661	13,881		13,881	10,661

Notes to the Financial Statements

- 31 August 2007 (continued)

GROUP	Land, structures and buildings N\$'000	Floating craft N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Leased assets N\$'000	Work in progress N\$'000	Total N\$'000
8. Property, plant and equipment						
Year ended 31 August 2006						
Opening carrying amount	603,758	40,389	86,936	-	11,495	742,578
Additions	10,639	46,606	5,006	2,135	41,322	105,708
Disposals	(1,846)	(10)	(76)	-	-	(1,932)
Transfers	18,567	-	11,822	-	(30,389)	
Depreciation	(36,155)	(3,934)	(16,136)	-	-	(56,225)
Closing carrying amount	594,963	83,051	87,552	2,135	22,428	790,129
At 31 August 2006						
Cost or valuation	832,842	142,043	206,811	3,895	22,428	1,208,019
Accumulated depreciation	(237,879)	(58,992)	(119,259)	(1,760)	-	(417,890)
Carrying amount	594,963	83,051	87,552	2,135	22,428	790,129
Year ended 31 August 2007						
Opening carrying amount	594,963	83,051	87,552	2,135	22,428	790,129
Additions	1,944	1,374	3,594	16,451	49,835	73,198
Disposals	-	-	(148)	-	-	(148)
Transfers	37,670	-	30,242	-	(67,912)	-
Depreciation	(35,981)	(6,089)	(14,706)	(109)	-	(56,885)
Closing carrying amount	598,596	78,336	106,534	18,477	4,351	806,294
At 31 August 2007						
Cost or valuation	869,826	143,411	240,170	20,156	4,351	1,277,914
Accumulated depreciation	(271,230)	(65,075)	(133,636)	(1,679)	-	(471,620)
Carrying amount	598,596	78,336	106,534	18,477	4,351	806,294

Notes to the Financial Statements

– 31 August 2007 *(continued)*

COMPANY	Land, structures and buildings	Floating craft	Vehicles, machinery, equipment and furniture	Leased assets	Work in progress	Total
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
8. Property, plant and equipment <i>(continues)</i>						
Year ended 31 August 2006						
Opening carrying amount	603,758	40,389	86,936	–	11,495	742,578
Additions	70	628	3,288	–	41,322	45,308
Disposals	(1,846)	(10)	(76)	–	–	(1,932)
Transfers	18,567	–	11,822	–	(30,389)	–
Depreciation	(35,569)	(3,697)	(15,966)	–	–	(55,232)
Closing carrying amount	584,980	37,310	86,004	–	22,428	730,722
At 31 August 2006						
Cost or valuation	819,644	96,059	205,093	1,760	22,428	1,144,984
Accumulated depreciation	(234,664)	(58,749)	(119,089)	(1,760)	–	(414,262)
Carrying amount	584,980	37,310	86,004	–	22,428	730,722
Year ended 31 August 2007						
Opening carrying amount	584,980	37,310	86,004	–	22,428	730,722
Additions	–	216	1,467	–	48,757	50,440
Disposals	–	–	(32)	–	–	(32)
Transfers	37,670	–	30,242	–	(67,912)	–
Depreciation	(34,627)	(4,635)	(14,147)	–	–	(53,409)
Closing carrying amount	588,023	32,891	103,534	–	3,273	727,721
At 31 August 2007						
Cost or valuation	857,315	96,274	236,501	1,570	3,273	1,194,933
Accumulated depreciation	(269,292)	(63,383)	(132,967)	(1,570)	–	(467,212)
Carrying amount	588,023	32,891	103,534	–	3,273	727,721

Full details of land, structures and buildings can be obtained from the property register maintained at the offices of the Authority in Walvis Bay. Freehold land, structures and buildings, floating craft, and machinery and equipment were independently valued as at 31 August 2003 by Mills Fitchet, International Property Consultants.

Notes to the Financial Statements

– 31 August 2007 (continued)

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
181,037	270,180	9. Investments		
157,633	219,934	Investment in endowment policies	270,180	181,037
23,404	50,246	At cost	218,934	157,633
80,133	49,845	Fair value adjustments	51,246	23,404
261,170	320,025	Money market instruments at fair value	49,845	80,133
			320,025	261,170

Investment ceded to third parties and suretyship extended for Elgin Brown & Hamer Namibia (Pty) Ltd.

The following securities are held by the bank:

9.1 Ship mortgage for N\$30,000,000 over the floating dock, plant equipment and infrastructure

9.2 Comprehensive insurance by an insurance company acceptable by the bank over the assets to be financed and confirmation that the bank is noted as first loss payee.

9.3 Suretyship for N\$59,000,000 by Namibian Ports Authority.

9.4 Cession of cash investment of N\$29,000,000 in the name of the Namibian Ports Authority in support of aforementioned suretyship.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
10. Inventories				
6,612	4,763	Inventories, consisting of consumable stores	883	674
11. Accounts receivable and prepayments				
50,022	52,023	Total trade debtors	36,422	31,628
(1,069)	(2,317)	Less: Provision for bad/doubtful debts	(2,317)	(1,069)
48,953	49,706		34,105	30,559
84	104	Staff loans	104	84
830	3669	Other receivables	1,719	830
10,538	9,508	Prepayments	9,084	10,538
60,405	62,987		45,012	42,011

12. Pension Fund

At the financial year-end, all the permanent employees of the Authority were members of the Nampout Retirement Fund, a defined contribution fund governed by the Pension Fund Act. Employees' contributions amount to 7.5% of basic salary and the Authority's contribution amounts to 17% of basic salary. The total contributions for the year amounted to N\$10,225,455 (2006: N\$9,685,711), of which employees contributed N\$3,426,856 (2006: N\$3,059,150) and the Authority the difference. Old Mutual administers the Fund on behalf of its Board of Trustees.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
		13. Contingent liabilities		
1,000	1,000	Insurance excess payments	1,000	1,000
		The amount is the maximum excess payment relating to public liability claims and damage to equipment. These amounts, when payable, will be refunded in accordance with the Authority's contingency policy.		
		14. Capital expenditure approved		
12,819	24,237	Commitments in respect of contracts placed	23,123	12,819
92,715	272,352	Approved by Directors in addition to contracts placed	272,352	85,715
105,534	296,589	Approved expenditure outstanding	295,475	98,534

It is intended that capital expenditure will be financed from existing borrowing facilities and working capital generated by the Authority.

15. Revenue

Sales, which exclude value added tax (VAT) and inter-divisional transactions, represent income from harbour activities and related services.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
16. Operating profit				
Operating profit is stated after taking account of the following items:				
207	381	Auditors' remuneration	264	201
304	1643	Directors' emoluments	663	304
Depreciation				
56,225	56,885	Cost	53,409	55,232
36,155	35,981	Land, structures and buildings	34,627	35,569
3,934	6,089	Floating craft	4,635	3,697
16,136	14,706	Vehicles and equipment	14,147	15,966
–	109	Leased assets	–	–
(Loss)/profit on disposal of property, plant and equipment				
(1,868)	(15)		(23)	(1,868)
17. Net finance (income) cost				
38,869	41,041	Interest paid on long-term loans	34,466	37,010
Money market-vested returns accrued on endowment policies				
(16,489)	(20,823)		(20,823)	(16,489)
(28,745)	(34,713)	Received from other sources	(34,713)	(28,741)
(6,365)	(14,495)		(21,070)	(8,220)
18. Taxation				
Namibian normal tax				
(257)	6,607	Current taxation – current period	–	–
15,150	15,150	Deferred taxation (Notes 4 and 20)	21,626	15,150
14,893	21,757		21,626	15,150

Notes to the Financial Statements

– 31 August 2007 (continued)

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
		The tax on profit before tax differs from the theoretical amount that would arise using the basic tax rate of Namibia, as follows:		
42,864	113,436	Profit before tax	113,062	45,638
15,002	39,703	Tax calculated at a tax rate of 35%	39,572	15,973
(11,565)	(17,946)	Income not subject to tax	(17,946)	(11,565)
11,456	–	Expenses not deductible for tax purposes	–	10,742
14,893	21,757	Charge for the year	21,626	15,150

19. Net cash flow for operating activities

		Reconciliation of profit before tax to cash generated		
42,864	113,436	cash generated from operations	113,062	45,638
		Profit before tax		
		Adjustments for –		
56,225	56,885	Depreciation	53,409	55,232
1,868	15	(Profit)/loss on sale of property, plant and equipment	23	1,868
(45,234)	(55,536)	Investment income	(55,536)	(45,230)
38,869	41,041	Interest expense	34,466	37,010
(21,704)	(31,985)	Capitalisation of market value of investments	(31,985)	(21,704)
72,887	123,856		113,439	72,814
		Changes in working capital		
(26,361)	(1,070)	Trade and other receivables	(3,001)	(7,966)
(5,956)	1,848	Inventories	(209)	(18)
21,000	(5,509)	Payables	(1,206)	(436)
61,570	119,125		109,023	64,394

Notes to the Financial Statements

– 31 August 2007 *(continued)*

GROUP			COMPANY	
2006 N\$'000	2007 N\$'000		2007 N\$'000	2006 N\$'000
20. Reconciliation of tax paid/refunded during the year				
(3,282)	(517)	Opening balances for the year	(517)	(3,282)
14,893	21,757	Charge in Income Statement	21,626	15,150
(14,893)	(21,757)	Adjustment for deferred tax	(21,626)	(15,150)
517	1,714	Closing balance	1,714	517
(2,765)	1,197	Tax paid/(refund)	1,197	(2,765)
21. Cash and cash equivalents				
For the purpose of the Cash Flow Statements, the year-end cash and cash equivalents comprise the following:				
92,718	189,669	Bank balances	189,669	92,612
640	668	Foreign currency deposits	668	640
34	46	Cash on hand	43	33
2	1,142	Foreign Currency account	1,142	–
(3,386)	(4,579)	Bank overdraft	–	1
90,008	186,946		191,522	93,286
22. Deferred tax asset				
257	126	Current tax year charge	–	–
–	257	Opening balance	–	–
9,023	6,838	Movement in tax loss	–	–
(8,766)	(6,969)	Temporary differences	–	–
257	126	Comprising –	–	–
(8,766)	(5,735)	Capital allowances	–	–
9,023	5,861	Tax losses	–	–

Notes to the Financial Statements

– 31 August 2007 (continued)

23. Related party transactions

The Namibian Ports Authority is wholly owned by the Namibian Government, and established in terms of the Namibian Ports Authority Act.

Namport's subsidiaries; Government Ministries, Offices and Agencies; State-owned enterprises; and business enterprises that the Board of Directors and Executive Management are involved with are seen as related parties.

The following related-party transactions were entered into during the period under review:

Company 2007 (N\$'000)	Related party	Relationship	Transaction type	Company 2006 (N\$'000)
	Revenue and interest income			
671	Ministry of Fisheries and Marine Resources	Government Ministry	Rental and port services	374
568	Elgin Brown & Hamer Namibia (Pty) Ltd	Subsidiary	Port services	2,632
32	Ministry of Finance	Government Ministry	Rental income	33
9	Ministry of Works, Transport and Communication	Government Ministry	Rental income	22
335	Ministry of Defence	Government Ministry	Port services	174
636	Road Fund Administration	State-owned enterprise	Fuel levy refunds	671
85	Namibia Post Ltd	State-owned enterprise; Company MD serves as Chairman of the Board	Interest on investments	–

Notes to the Financial Statements

– 31 August 2007 *(continued)*

Company 2007 (N\$'000)	Related party	Relationship	Transaction type	Company 2006 (N\$'000)
	Expenses and interest paid			
–	Seaflower Lobster Corporation Ltd	State-owned enterprise	Purchase land and business operation	5,885
–	Air Namibia	State-owned enterprise		5
22	Ellis & Partners	Namport Chairman was a partner in this related party	Legal services	323
3,703	Erongo Regional	State owned enterprise Electricity Distributor	Electricity supply	2
1,525	Lüderitz Town Council	State-owned enterprise	Municipal services	1,734
680	Namibia Water Corporation Ltd	State-owned enterprise	Water supply	474
8	Namibia Post Ltd	State-owned enterprise; Company MD serves as Chairman of the Board	Postal services	5
47	TransNamib Ltd	State-owned enterprise	Transport services	41
134	Road Fund Administration	State-owned enterprise	Vehicle licences	135
5,060	Walvis Bay Municipality	State-owned enterprise	Municipal services	7,006
23	Swakopmund Municipality	State-owned enterprise	Municipal services	26
808	Telecom Namibia Ltd	State-owned enterprise	Telecommunication services	576
2,042	Nedbank Namibia Ltd	Company MD serves on Nedbank Board	Interest paid on loan	2,143
	Balances due from related parties			
139	Ministry of Fisheries and Marine Resources	Government Ministry	Trade debtor	103
19	Ministry of Works, Transport and Communication	Government Ministry	Trade debtor	37
6	Elgin Brown & Hamer Namibia (Pty) Ltd	Subsidiary	Trade debtor	–
(3)	Ministry of Defence	Government Ministry	Trade debtor	19

Notes to the Financial Statements

– 31 August 2007 (continued)

Company 2007 (N\$'000)	Related party	Relationship	Transaction type	Company 2006 (N\$'000)
143	Road Fund Administration	State-owned enterprise	Trade debtor	239
2,085	Namibia Post Ltd	State-owned enterprise Company MD serves on NamPost Board	Investment	
–	Ministry of Finance	Government Ministry	Trade debtor	2
105	Elgin Brown & Hamer Namibia (Pty) Ltd	Subsidiary	Loan advanced	3,790
	Balances due to related parties			
581	Erongo Regional Electricity Distributor	State-owned enterprise	Trade creditor	1
161	Lüderitz Town Council	State-owned enterprise	Trade creditor	115
63	Namibia Water Corporation Ltd	State-owned enterprise	Trade creditor	69
12	TransNamib Ltd	State-owned enterprise	Trade creditor	8
299	Walvis Bay Municipality	State-owned enterprise	Trade creditor	752
41	Telecom Namibia Ltd	State-owned enterprise	Trade creditor	–
2	Swakopmund Municipality	State-owned enterprise	Trade creditor	1
19,296	Nedbank Namibia Ltd	Company MD serves on NedBank Board	Medium-term loan	19,251

Notes to the Financial Statements

– 31 August 2007 *(continued)*

24. Standards and interpretations not yet effective

At the date of authorisation of these Financial Statements, the following Standards and Interpretations were in issue but not yet effective:

- **IFRS 7:** This Standard should be applied to all annual periods commencing on or after 1 January 2007. This Standard adds certain new disclosures about financial instruments to those currently required by IAS 32 Financial Instruments: Presentation and Disclosure. The Authority and the Group will evaluate the effects of this Standard.
- **IFRS 8:** This Standard, which superseded IAS 14: Segment Reporting, should be applied for periods beginning on or after 1 January 2009. This Standard requires an entity to report financial and descriptive information about its reportable segments. The Authority and the Group will evaluate the effects of this Standard.
- **IFRIC 10 – Interim Financial Reporting and Impairment:** This Interpretation addresses the interaction between the requirements of IAS 34 and the recognition of impairment losses on goodwill in IAS 36 and certain financial assets in IAS 39, and the effect of that interaction on subsequent interim and annual financial statements. An entity shall apply the Interpretation for annual periods beginning on or after 1 November 2006. The Authority and the Group will evaluate the effects of this Interpretation.
- **IFRIC 11 – Group and Treasury Share Transactions:** This Interpretation addresses share-based payment arrangements involving an entity's own equity instruments and those involving equity instruments of the parent. An entity shall apply this Interpretation for annual periods beginning on or after 1 March 2007. The Authority and the Group will evaluate the effects of this Interpretation.
- **IFRIC 12 – Service Concession Arrangements:** This Interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. An entity shall apply this Interpretation for annual periods beginning on or after 1 January 2008. The Authority and the Group will evaluate the effects of this Interpretation.

Notes to the Financial Statements

– 31 August 2007 *(continued)*

25. Risk management

25.1 Liquidity risk

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash-flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

25.2 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Company only deposits cash with major banks with high-quality credit standing and limits exposure to various financial institutions.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Credit guarantee insurance is purchased when deemed appropriate.

25.3 Interest rate risk

As part of managing interest rate exposures, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates so that fluctuations in variable rates do not have a material impact on the profit and loss.

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