

NAMPORT ANNUAL REPORT 2011



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Chairperson's Review

I have great pleasure in presenting this year's annual report to you, my first as Chairman of the Namport Board of Directors. The year has been one of consolidation, capacity-building and transformation.

ECONOMIC CONDITIONS

The effects of the global economic crises have started to dissipate although the lag effect has postponed the positive impact on Namport as yet. There is also no sign of sustained rebound activities and recovery is piecemeal at this stage. The over-capacity in the shipping industry is still placing pressure on revenues.

Growth in the Western economies has been stagnant and even deflationary as the economic challenges shift from the United States to Europe. The medium term outlook is uncertain as the risk of default by many of the Mediterranean economies becomes more prevalent. The low level of unanimity amongst EU members in terms of how to contain the crisis has prolonged the low growth scenario and created further uncertainty. Should this continue, it is likely that it will have an effect on the impressive growth of China and the concomitant demand for African resources.

Fortunately, Namport had secured commercial contracts until the end of the year 2012 which offset these implications considerably despite lower container volumes. The mining sector continues to show strong growth which is manifested in the demand for chemical reagents in the port. This sector performed well the past year, despite the publicity surrounding the Fukushima disaster. In addition, the Areva mine has entered its Midi phase of development.

Namport FOCUS

Namport has been investing in the re-skilling, training and transformation of its most important assets – its people. The

growth in the volumes of Namport was not supported by a diligent programme of talent development resulting in many occupations being under-resourced and inadequate to address the demands of our customers.

Namport is in the process of addressing this whilst also correcting past imbalances in gender equality and representation by previously disadvantaged Namibians. Of the total Namport workforce of 749 for the 2011 year, there remained 24 non-Namibian employees and this is expected to reduce further in the coming year by means of targeted measures. Although a gender imbalance still exists particularly in the Operations area, efforts are underway to address this with on-going training.

Namport continues to approach the Port of Lüderitz positively despite the physical challenges of the harbour. As promised to our port users last year during my inaugural address, the Boatyard facility has been temporarily refurbished to enable our fishing community to repair their vessels during the traditional layup period. Once this is over, we will refurbish the facility to a recognisable standard on a permanent basis.

Training of our staff and our future employees through the Namport Bursary programme continues unabated. We are already seeing the benefits of more focussed recruitment practices which reduce the time it takes for our staff to become proficient in their designated activities.

WALVIS BAY CORRIDOR GROUP

As reported last year, the long term efforts of the Walvis Bay Corridor Group, WBCG, are now seeing tangible benefits. For the first time, the volume of traffic on corridors other than the Trans Cunene Corridor to Angola, have increased to more than the Angolan traffic. This is due to the sustained effort on the part of the WBCG to enlighten cargo owners to the time and efficiency benefits of shipping goods through the Port of Walvis Bay.

We also noted an effort on the part of the Container Shipping Lines to improve freight tariffs to Walvis Bay and Lüderitz. All that remains is to improve the cargo imbalance that currently exists with regard to inland destinations for road transport. This remains an inhibiting factor.

INFRASTRUCTURE

The capacity building initiatives of Namport received the most attention this financial year. In the forefront has been the Terminal Optimisation Programme for the Container Terminal at the Port of Walvis Bay. This involved the following:

- The effective lengthening of the quay infrastructure at berths 1 to 3;
- Deepening of the quayside and entrance channel from -12.8m to -14.0m to accommodate vessels of around 4500 TEU capacity;
- New bollards based on innovative designs;
- The preparation of ground storage areas for use by our newly-purchased RTG cranes;
- Additional under-cover storage for weather sensitive products;
- A significant and successful implementation of the NAVIS Terminal Management System;
- The temporary rehabilitation of the Lüderitz Boatyard repair facility pending the finalisation of a long term solution.

Namport projects and TIPEEG

The Government of the Republic of Namibia has recognised the need to arrest the high unemployment rate. To this end, it has embarked on a specific programme of Targeted Intervention Programme for Employment and Economic Growth (TIPEEG). This focuses on selected industries and I am pleased to convey that the Transport sector is one of the direct beneficiaries of this programme.



Namport has identified a number of large-scale projects which fall into the key requirements of the TIPEEG programme. These include the New Walvis Bay Container Terminal, Ship and Rig Repair facility, Tanker Berth and Marina Development at Walvis Bay. All counted, these investments will be more than N\$3 billion and will provide in excess of 3000 sustainable jobs to the region.

Not only will this enable Namport to prepare for the next 30 years of growth for the region, but it will facilitate the industrial capability of Namibia by ensuring the sustainability of jobs and skills.

CONCLUSION

As I conclude my first year as Chairman of the Board, I wish to convey my thanks to the outgoing Board members who have assisted and guided me so ably to appreciate the significant value of this industry to Namibia. This industry is characterised by its long-term nature and decisions made now will have ramifications in the years to come. It is the Board's mandate and understanding that the industry be managed with our socio-economic and regional challenges in mind.

As the financial year draws to an end, I am pleased to note the improved results based on the investments we have made. I am looking forward to reporting even better results in the coming year.



Jerry Muadinohamba
Chairman



Jerry Muadinohamba
Chairman

Board Members



Mr. Jerry Muadinohamba
Chairperson



Mr. Andreas Kanime
Deputy-Chairperson



Ms. Matilda Jankie-Shakwa
Director



Ms. Jennifer Comalie
Director



Mr. Otto Shikongo
Director



Namport Executive Committee (EXCO)



Mr. Alfeus Kathindi -Executive:
Port Operations

First Row: Elzevir Gelderbloem-Port Engineer; Bisey Uirab-CEO; Kathy van Heerden-Manager Organizational Performance; Koot van der Merwe-Executive Finance

Second Row: Immanuel !Hanabeb-Executive Projects; Heritha Muyoba-Executive Human Resources

Third Row: Christian Faure-Executive Marketing & Strategic Business Development; Raymond Visagie-Executive Risk Management

Forth Row: Carol Schroeder-Legal Advisor; Alfred Rieth-Chief Internal Auditor



CHIEF EXECUTIVE OFFICER'S REVIEW

The year under review experienced some of the challenges of the earlier period when the effects of the global economic crisis evidenced its lag effect on volumes of Namport. There are, however, signs of positive growth.

The first eight months of the year experienced low volumes due to the combined effects of lower world trade volumes and the impact of Namport's Terminal Optimisation Programme. The latter effectively meant that the Port of Walvis Bay operated with only one full berth available at the container terminal for more than 6 months. This investment entailed deepening the entrance channel and quay berths to -14m draft to enable Namport to host the new generation of large container vessels of 4500+ TEU's commencing with the new Wafmax service of the Maersk Line.

This is, indeed, a proud achievement if taking into consideration that, Namport has only been in the container business for 10 years.

The effect of this investment has already manifested in higher volumes in the latter part of the financial year although it did not meet the projected revenue anticipation. Despite the delays in terminal repair experienced and the concomitant loss of berth capacity, Namport still managed to show a 5% increase in revenue over the previous year. The strong showing in the last few months of the financial year has proved the investment worthwhile.

KEY FINANCIAL DATA

- The revenue achieved was N\$ 647 million (2010: N\$ 566 million), against a budget of N\$ 617 million.
- Operating profit increased to N\$ 203 million (2010: N\$ 166 million).
- Return on assets was 8.9%, against a target of 10.5%.
- We handled 5.53 million tons of cargo versus 5.25m the previous financial year.
- A total of N\$ 4.5 million was spent on training, and development.

OPERATIONAL PERFORMANCE

The number of containers handled during the year was 223 688 compared to 256 319 in the previous year. Translating

into a decline of 12.7%. Despite this, the new Commercial contracts negotiated with Namport's largest customers helped offset the lower volumes leading to operating revenue growth of 5%. Overall cargo volumes increased in the bulk areas of salt, petroleum and sulphuric acid leading to an overall 5.4% increase in cargo handled from the previous year.

The efforts of the Walvis Bay Corridor Group continue to bear fruit. Namport now handles an average of 3 Ro-Ro (roll on, roll off) vessels per month which bring used vehicles into Walvis Bay for transit to the neighbouring countries of Zambia, Zimbabwe, DRC and Botswana. Namport has also entered into partnership with international commodity houses for the export of copper from Zambia and the DRC through Walvis Bay.

The EPC Contract for the new Container Terminal is now entering the final phases of preparation. Namport continues to expect that construction will start during 2012. The financing of the terminal is also contingent on the engagements that are taking place with our Shareholder.

Namport Executive Management is focusing strongly on Operational Expenses. Labour costs and depreciation have escalated by 15% and 18% respectively during the year under review. These escalations are due to the recruitment drive of Namport to staff our core services at their optimal levels. The investments in the Terminal Optimisation Programme, the new Rubber Tyre Gantry purchases and the new Mobile Harbour Cranes were all brought into use during this financial year represents immediate increase in depreciation expenses.

Despite these twin challenges of operating in a higher cost environment, Namport has made some prudent investment decisions and we have achieved our budgeted net income. After a very challenging year, our subsidiary, Elgin Brown & Hamer (Pty) Ltd, has managed to show a small profit. This business is very dependent on exchange rate fluctuations and the year under review experienced a strong local currency in light of international financial crises. The floating docks continue to be well occupied and efforts by management to control costs are well underway.

HUMAN RESOURCES

Namport has embarked on a sustained drive to ensure the optimal utilisation of our human resources. This has required that we provide skills to our operators, general workers and all levels of the organisation to cope with the demands that are required of international ports of today. Additional training has been provided to our staff for the new Rubber Tyre Gantries and new Mobile Harbour Cranes and the level of skills for truck hauliers has also been improved.

Minimum entry requirements for new employees are now enforced to reduce the training time required for full operational efficiency. The Executive Committee has been enhanced with the creation of a new position of Executive: Projects to coordinate all the large scale projects that Namport is undertaking.

CONCLUSION

I wish to thank my Management team and all staff for the sacrifices they have made this year. This industry is characterised by large investments well ahead of demand and this year has been one of capacity building for improved performance.

I have no doubt that the path we have undertaken will position Namport with sufficient capacity and capability for many years to come.



Bisey /Uirab
Chief Executive Officer





Bisey /Uirab
Chief Executive Officer

FINANCIAL PERFORMANCE OF THE GROUP

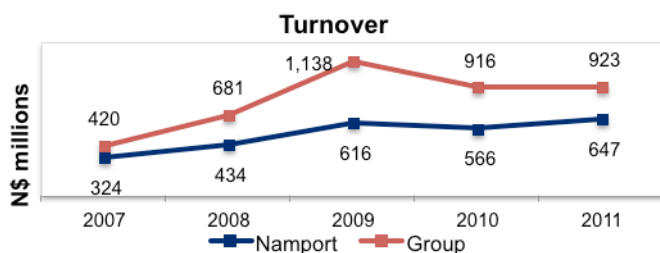
CHIEF FINANCIAL OFFICERS REPORT FOR THE YEAR ENDED 31 AUGUST 2011

Introduction

The consolidated results includes the results of two 100% owned subsidiaries and one 52.5% subsidiary. The one subsidiary is dormant and the other two are both operating in the ship repair industry. The report needs to be read in conjunction with the consolidated Annual Financial Statements.

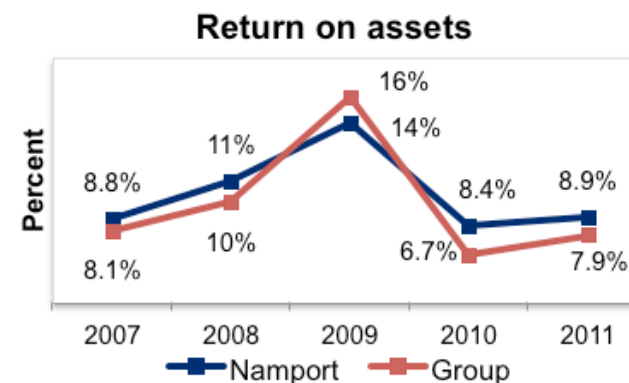
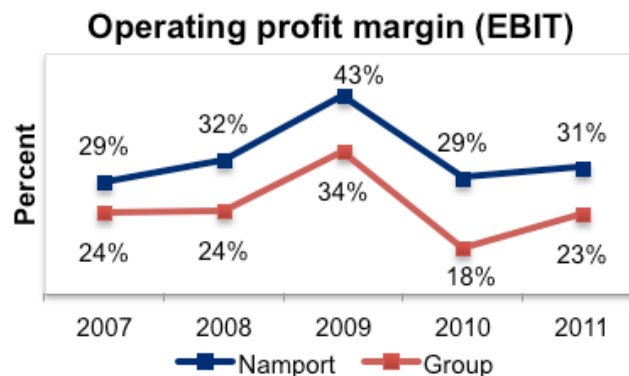
Results of the current financial year

One of the main reasons for the insignificant change in revenue is the berth optimisation projects which rendered the container terminal working at 50% capacity for a period of four months. Considering the growth in the Authority revenue of 14%, the subsidiaries experienced a further decline mainly due to the strengthening of the Namibian Dollar affecting EBH and the closure of the Lüderitz Boatyard for a period of four months.



The Group recorded earnings before interest and tax of 23% whilst the Authority returned 31%. The Group, by the nature of its various operations, has a high fixed cost element making it difficult to reduce costs in line with reduced income. It is inevitable that it would compromise sustainability. The continued strengthening of the Namibian Dollar severely impacted the performance of EBH but the Group managed to

contain expenditure to offset the reduced income.

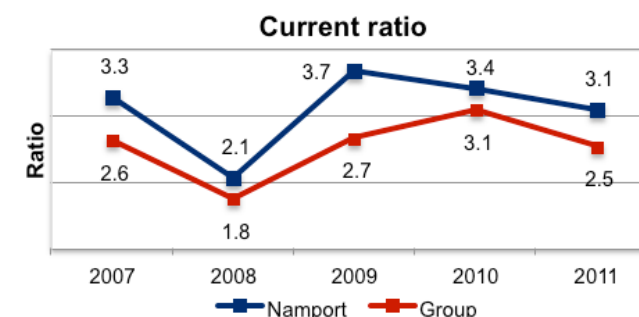


Net profit for the Group increased by 16% from N\$ 142 million in 2010 to N\$ 165 million in 2011. The Authority also managed to exceed its budget profit for the year with 8% and EBH reflected a net profit after recording net losses in previous years.

Liquidity

The Group maintained a sound liquidity position as is reflected by a current ratio of 2.5:1, although this reduced from the

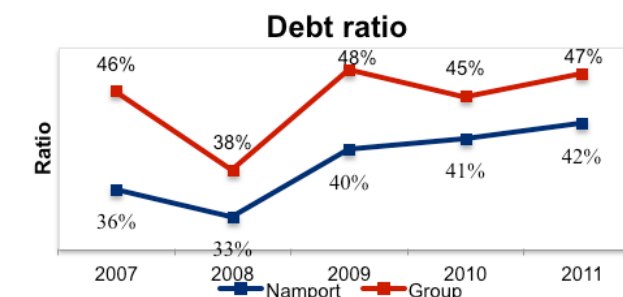
previous year's ratio of 3.1:1. Net cash flow from operating activities increased by 11% from N\$ 249 million to N\$ 276 million. The Group spent N\$ 175 million on investing activities and only N\$ 6 million on financing activities. As a result of the factors indicated above net cash increased by N\$ 95 million or 29%.



Solvency

The solvency levels of the Group, as measured by the ratios indicated below, still provide the Group with sufficient scope for procuring long-term financing.

The debt ratio, calculated as being total liabilities divided by total assets, is reflected at 47%. This ratio indicates that the group has financed approximately 47% of its assets with debt.



The interest coverage ratio, calculated as earnings before interest and taxes divided by interest paid, measures the Group's ability to make contractual interest payments. This ratio remained relatively the same at 4 times, which is higher than the industry norm of 3 times.

The fixed payment coverage ratio measures the Group's ability to meet all fixed payment obligations. This ratio decreased from 4.9 times to 2.8 times. The decline in the ratio is mainly due to an increase in asset-based loans.

Credit rating

The Authority managed to retain its positive Long-Term Credit Rating of A- as affirmed by the Fitch Rating Agency in May 2011. The agency also confirmed the possibility of a more positive rating should there be significantly increased explicit financial support from the Shareholder for the envisaged New Container Terminal Project, in the form of a debt guarantee or equity injection.

Looking to the future

It remains the Group's priority to expand the port and related facilities in order to attract new business and sustain future growth which is of utmost importance for Namibia. Although the world recession does not appear to be over yet the Namibian mining industry is booming and neighbouring countries are increasing their demands for Namibia's port and other infrastructure. As a result, the future of the Group looks promising.

The following major projects were identified to achieve our goals:

- New container terminal project with an estimated cost of N\$2.75 billion
- Ship and rig repair facilities at an estimated cost of N\$ 600 million
- Relocation of the tanker jetty at an estimated cost of N\$ 650 million

Total estimated capital expenditure in excess of N\$ 4 billion during the next five years will inevitably strain the financial resources and could require interventions, in various ways, from the Namibian Government.

The strong Namibian Dollar continued to have a substantial negative impact on EBH, which generates revenue in US dollars. However, subsequent to the balance sheet date, the Namibian Dollar weakened against the US dollar which is indicative of an opportunity for EBH to recover from losses incurred in previous years.

Namport and its subsidiaries have engaged in a vigorous marketing campaign to increase its market share whilst containing and reducing, where possible, costs without compromising sustainability. These efforts are proving to yield results evident from the Group's improving performance.

Conclusion

The port and ship repair industry continues to face many challenges in the region although the facilities appear to be the only ones in the country. Despite the difficult trading year, the Group continued to achieve positive results and strong cash flows. The financial position of the Group, as depicted in its balance sheet remains healthy

J L van der Merwe
Executive: Finance



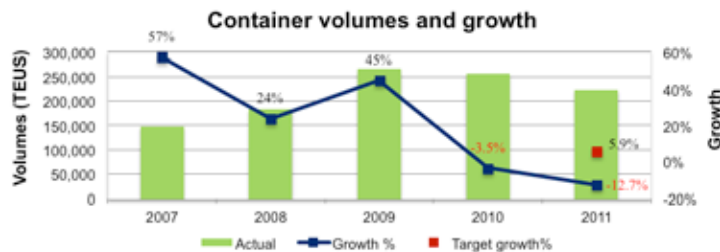
OPERATIONAL INDICATORS



Total cargo volumes for Namport increased by 5.4%. The increase is mainly attributable to an increase in the import and export of bulk and break-bulk commodities. However, transshipment cargo volumes reduced, which is mainly due to the containerised cargo transshipments.

The most noteworthy increases in commodities handled are as follows:

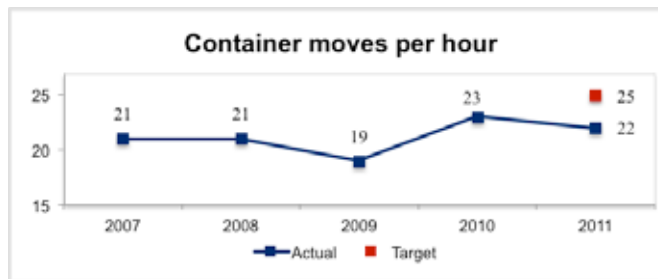
- Salt exports increased by 107,891 tonnes or 18%,
- Petroleum imports increased by 95,788 litres/tonnes or 11%,
- Coal imports increased by 71,513 tonnes or 111%,
- Sulphuric acid imports increased by 99,218 tonnes or 40%, and
- Cement imports increased by 51,254 tonnes or 71%.



Container volumes reduced further by 12.7% and did not meet the target growth of 5.9%. The drop was mainly due to an 11% decrease in exports and 19% decrease in transshipments. However, container imports increased by 4%, attributable

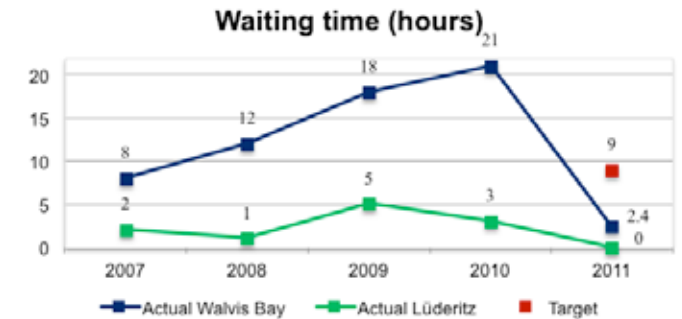
to increased demand in the local and neighbouring country industries.

The reduction is mainly attributable to the impact of the Berth optimisation project to accommodate larger container vessels which interrupted the container berth visits for a period of three to four months. This project was successfully completed in June, which saw the introduction of the first 4,500 TEU container vessel, the Maersk Conakry. Container volumes increased significantly from this period onwards.



The average container moves of 22 per hour (Maersk) for the financial year reduced slightly from the previous year. Although we did not meet the target, we are confident that this will improve due to the following:

- optimal use of the Navis Container Terminal System for continuous productivity review,
- better stacking and reduced digging through the improved use of the Rubber Tyre Gantries (RTGs), and
- The implementation of the three shift system in April 2012, which will allow for an effective 24-hour operation.



The waiting time at the Port of Walvis Bay reduced significantly to an average of 2.4 hours and is also below the target of nine (9) hours.

New equipment

The Port Industry requires players to invest ahead of demand in state of the art equipment to maintain a competitive edge while meeting the demands of our esteemed clients. The following table indicates a summary of the equipment Namport has invested in, for the period under review.



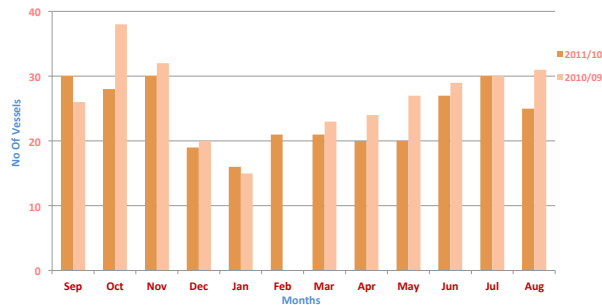
Namport Summary of Equipment

Equipment type	PORT OF WALVIS BAY	PORT OF LUDERITZ	TOTAL
Mobile Harbour Crane			
104 Ton	3		3
140 Ton	2		2
86 Ton	1		1
64 Ton		1	1
25 Ton		2	2
Reach Stacker			
45 Ton	11	2	13
42 Ton	1		1
Empty Handler			
9 Ton	2		2
Forklift			
4 Ton	23	2	25
16 Ton	2		2
45 Ton	1	1	2
7 Ton		1	1
Hauler			
75 Ton	37	2	39
Container Trailer			
40 Ton	11	3	14
60 Ton	28	2	30
10 Ton		4	4
MHC Spreader			
35 Ton	2	2	4
41 Ton	2		2
50 Ton	5		5
MHC Grab			
16 Ton	1		1
40 Ton	1		1
Wharf Crane			
4 Ton	7		7
Gantry Crane			
25 Ton	2		2
Front End Loader	2		2
Tractor	2	4	6
RTG's			
51 Ton	6		6
TOTAL EQUIPMENT	152	26	178

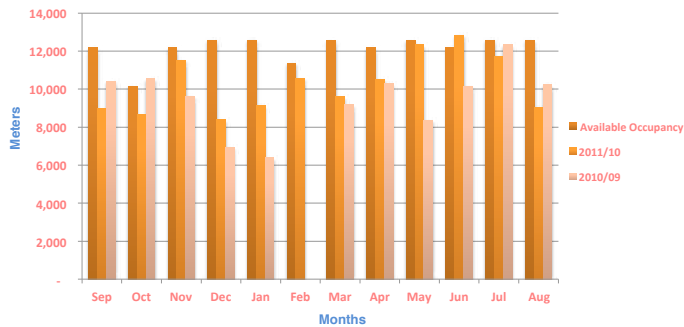


SYNCROLIFT BAY UTILISATION (2011 vs.2010)

Vessel Docked/Undocked



Bay Occupancy In Meters Per Month



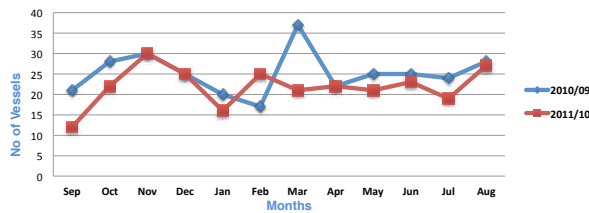
Analytic Review of Syncrolift Utilisation for Financial Year 2010/2011

On the Dry Dock

There was a rapid decline in the foreign flag vessel utilisation for the Financial year 2010/11. The major contributing factor to this, is the withdrawal of Angolan Flag/Fleet vessels (mainly tugs) which utilised Syncrolift Dry-dock facility ($\pm 20\%$ annual utilisation drop) following the upgrading of their port infrastructure.

Namport also served smaller vessels with small Length Over All (L.O.A) on shorter intervals in the previous financial year. This has resulted in an increase in the total number of vessels docked and undocked while, serving bigger vessels with larger L.O.A which utilised the Syncrolift on longer intervals during the year under review and showing lesser utilisation, but larger occupancy as indicated above.

Vessels On The Jetty



Alongside the Jetties

The graph shows a rapid decline in the foreign flag vessel utilisation for the Financial year under review. The contributing factors are similar to the Vessels on the Dry Dock: Withdrawal of Angolan Flag/Fleet vessels (mainly tugs) which affected both Bays and Jetties.

Foreign flag vessels are mandated to use only Namport quay space within the Port limits while local Namibian flag vessels make use of their own jetty space.





BUSINESS DEVELOPMENT AND SUSTAINABILITY

The capacity building initiatives at Namport placed container volumes under pressure for the greater part of the year. As soon as the Terminal Optimisation Programme was completed, volumes rebounded and the outlook for the remaining period exceeded expectations.

Strategic focus

Namport's sustained focus on the Walvis Bay Corridor is starting to show dividends particularly with regard to the balancing of trade along the corridor routes. The volumes along the Trans Caprivi now match that of the Trans Cunene which bodes well for the sustainability of the cargo volumes through Walvis Bay.

Management is also focusing on the ultimate cargo owners who make use of ports other than Walvis Bay and Lüderitz. It is estimated that Namport can secure this business through offering less congestion and greater efficiency.

Namport can also report good progress in attracting the used-vehicle market and we now average 2 – 3 Ro-Ro vessels with approximately 1000 vehicles passing through the port every month.

Local economy

The mining sector is gearing up for the continued increased demand for uranium. The ports benefit from the handling of chemicals used in these industries. Some mines are in the advanced stages of development and the concomitant demand for land within the ports is placing strain on the space available. Namport is also receiving good interest from the oil and gas sector, recently boosted by announcements of a sustained drilling programme off the west coast of Namibia.

Customer service

The outcome of the bi-annual customer service survey has shown a tremendous increase in customer satisfaction from a

low of 53% in 2009 to the current 71%. In brief, the results of the past few years are illustrated below:

2007	68%
2009	53%
2011	71%
Our Target	75%

The efforts of management to directly engage customers timeously and with due regard to their unique requirements is paying dividends. It is this flexible approach to our customers that is making Namport different from competing ports in the region and the largest logistics' operators and shipping lines in the region are taking notice.

PORT OF LÜDERITZ

The Port of Lüderitz currently relies on two products, namely fish and zinc exports. It is estimated that the zinc exports will yield volumes for another 5 to 7 years. The main constraint facing this port is its remote location which is currently served by road transport. Railway link initiatives within 50 km of Lüderitz are estimated to reach finalisation before 2014 but linking the railway to the port presents challenges relating to problems with the steep gradient.

Namport has concluded the feasibility study to investigate the possibility of deepening and expanding the Port of Lüderitz and considered three options that were identified through the feasibility study for port development.

Lüderitz Boatyard (Pty) Ltd

Namport acquired the old "SEAFLOWER" premises with its entire associated infrastructure a few years ago. Amongst this acquisition was the old Seaflower boatyard consisting of slipway and backup repair bay facilities. The boatyard was originally built for the purposes of building and maintaining wooden fishing vessels operating in and around Lüderitz. The

facility has over many years of neglect and lack of maintenance fallen into disrepair to the extent that the entire boatyard was permanently closed for normal operations soon after Namport acquired it, due primarily to safety reasons.

The boatyard has in the past played a key role in the Lüderitz community in that it created and maintained much needed employment opportunities for un-skilled, semi-skilled and highly skilled personnel in Lüderitz. It also provided the Lüderitz fishing industry with a much needed repair facility for their boats. Since the boatyard closure, the Lüderitz community have on several occasions expressed their objection to the closure of this strategic and crucial economic facility. As a result, Namport, as a responsible public institution, decided to set aside funds for the rehabilitation of the facility.

The main goal of the project is thus to rehabilitate the boatyard to an extent where operations can again continue safely. The project was divided into two phases. Phase 1 consisted of immediate repairs to bring the facility back into operations without necessarily rehabilitating major components. This was needed to answer the outcry by the Lüderitz fishing community recently in which they expressed their wish that we open the facility by 1 September 2011 to enable them to prepare their lobster vessels for the upcoming lobster season. Namport carried out immediate repairs and have officially opened the facility on 1 September 2011. Phase 2 of the project will look at major rehabilitation to extend the useful life of the facility for another 10 to 20 years at least.



SHIP REPAIR FACILITIES

Syncrolift at Walvis Bay

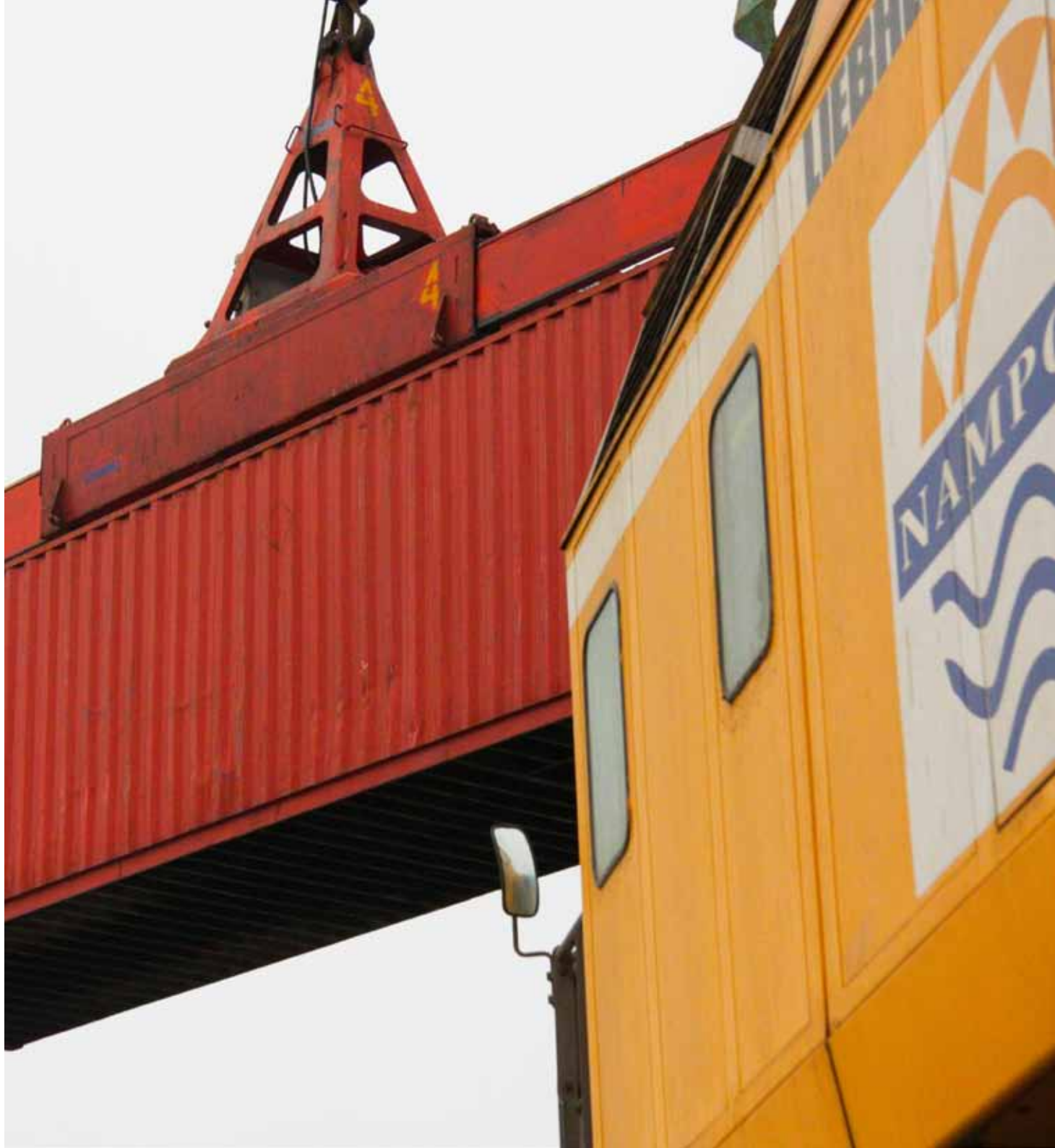
The Syncrolift has a vessel lifting capacity of 2,000t displacement, 80m in length overall, and 12m in width, and provides a key facility for a number of local ship repair and engineering companies, all of which are carrying out dry docking, repair work and repainting of vessels which are done in the adjoining bays. A wide range of ships, including many vessels in the offshore sector as well as Taiwanese vessels, save valuable time using the port of Walvis Bay for dry docking and repairs.

It is estimated that over 85% of work generated at the Syncrolift is carried out by private companies which indicates the entrepreneurial spin-off impact of the Syncrolift. The Syncrolift handled 291 vessels during the past financial year and accommodated on average 25 vessels per month.

The Syncrolift also provides jetty space for vessels to lay up for floating repairs alongside the four jetties, or for foreign fleet & local vessels awaiting Syncrolift bay space to lay up and start preparatory work before going up on a bay for dry docking.

Namdock

Ownership of the two floating docks at Walvis Bay resorts with Namport's subsidiary company, Elgin Brown & Hamer Namibia (Pty) Ltd which provides ship repair services. These docks can lift vessels up to 150 metres in length, 25 metres beam and displacing 8500 metric tons. Namport's co-shareholder is EBH consortium which has Elgin Brown & Hamer (Pty) Ltd, Durban, South Africa as its main shareholder.



KEY DEVELOPMENTS AND STRATEGIES

New sources of revenue, diversification of services, new products, modern and upgraded infrastructure and facilities are key to Namport achieving its objectives. For our ports to remain competitive and sustainable it is crucial that Namport responds rapidly to market forces and initiates and implements port development ahead of future demand so that the ports can accommodate the container handling capacity demands and larger vessels of shipping lines.

Namport has identified the following key strategies and developments which will ensure sustainability and competitiveness of its ports in the long-term and at the same time support the Government in attaining its Vision 2030 goals.

PRODUCTS AND SERVICES

Namport recognises that in the ever changing and dynamic world in which it operates, it will constantly have to diversify and identify new products and services to attract and retain customers. Namport is actively pursuing the following initiatives

- provision of a bunker tanker to provide port bunkering services thereby attracting vessels that would normally bypass Walvis Bay;
- establishment of a grain (wheat) silo facility in the port of Walvis Bay to increase bulk shipments of this commodity; and
- aggressive pursuit of product exports from Zambia and the Democratic Republic of Congo utilising the port of Walvis Bay through the Walvis Bay Corridor routes;

In addition, as new mines are commissioned and current mining activities expand in Namibia, there is a potential for mining commodities export and production import cargoes.

SMART PARTNERSHIPS

Logistics service providers

Namport actively encourages global logistics service providers to strategically position themselves in Namibia

Spatial development initiatives in Southern Namibia

Namport has consulted with various stakeholders with a view to establishing spatial development initiatives for the southern Namibia region using the port of Lüderitz as the main link to the sea. This has culminated in the signature of various Memoranda of Understanding with the stakeholders. These Memoranda have, as one of the objectives, the linking of the port of Lüderitz to SADC through existing corridors, establishment of private public partnerships as well as general overall modernisation and development programmes.

INFRASTRUCTURE DEVELOPMENT

Optimisation of berths 1 to 3 at the port of Walvis Bay

This project was successfully completed on 20 June 2011. The completion of the project saw our proclaimed water depth in the entrance channel and berths 1 to 3 basins increase from -12.8m CD to -14.0m CD. The project also saw the modification of the quay wall such that its useable length was extended to allow two 250m LOA vessels to berth simultaneously. This improved infrastructure does not only enable the port of Walvis Bay to accommodate two 4500 TEU container vessels simultaneously at berths 1 to 3, thus reducing waiting time of vessels, but it also ensures that the port can accommodate larger vessels calling at the port in future. Finally, the project saw the physical capacity of the container terminal in the Port of Walvis Bay increased from 250,000TEU's p.a. to 355,000TEU's p.a..

New container terminal at the port of Walvis Bay

The New proposed Walvis Bay Container Terminal on Reclaimed Land is a project that will see the creation of 30 hectares of new land reclaimed from the bay within the Port of Walvis Bay's current port jurisdiction. The new reclaimed land will be created by dredging/deepening the port and using

the sand obtained from deepening to form the new land. The reclaimed land will be linked to the existing port land by a causeway. A new modern container terminal will then be built on top of the newly reclaimed land and will consist of quay walls, paved areas, buildings, roads, railway lines, ship to shore quay cranes, rubber tired gantry cranes, etc.

The new container terminal will have a capacity of at least 500,000 TEU's p.a. to start with compared to the 355,000TEU p.a. capacity of the existing container terminal, whilst ample room for optimisation and expansion of the initial facility exists. The project will not only provide increased container handling capacity in Walvis Bay, but will also increase the port's bulk and break handling capacity by freeing up the existing container terminal to become a multi-purpose terminal. Once built, the conversion of the existing container berths into a multipurpose terminal would open the port up for increased scope to accommodate a wide range of additional bulk cargo vessels and even passenger liners.

Most of the quay wall infrastructure in the Port of Walvis Bay is very old and some of these reinforced concrete structures have already reached the end of their design life. Namport has thus scheduled major rehabilitation of these structures to occur within the next 10 years. It will however be detrimental to the current port business and other businesses which are dependent on the port if such major rehabilitation will commence before any new quay walls are built to relieve the pressure from the existing structures and thus to minimise the disruption to normal cargo operations during rehabilitation. The new container terminal project will add an additional 600m of quay wall length to the existing 1800m and this will enable major rehabilitation of existing quay walls to occur with minimal disruption to normal operations.

The estimated cost of the entire project is N\$2.75 billion if construction commences by 2012. This amount consists of several procurement components/contracts of which the



Studies and investigations

largest contract is the EPC Turnkey Contract for design and construction of the new container terminal worth N\$2.0 billion. The business case for the project has been proven in a number of comprehensive studies that were undertaken as far back as 1980 and of which the last of these preparatory studies were completed in November 2011. The business case focuses on the Port of Walvis Bay establishing itself as a gateway port into the SADC countries.

The project implementation is expected to commence in 2012 and should be commissioned in 2015.

To date more than N\$60 million has been committed to this project in conducting preparatory studies and investigations. Some of these studies are briefly listed in the following table:

NO.	TASK/CONTRACT DESCRIPTION, COMPLETION DATE	COMMENTS
1	Feasibility of Port Expansions at Walvis Bay, Sept 1994	100% COMPLETED
2	Pre-Feasibility study for land reclamation option in Walvis Bay, July 2008	100% COMPLETED
3	Environmental Impact Assessment Study for the Strategic Expansion of the Walvis Bay Container Terminal, September 2009	100% COMPLETED
4	Fast Time Ship manoeuvring simulation study, September 2009	100% COMPLETED
7	Geotechnical investigation – deep drilling through wash boring and SPT's, November 2009	100% COMPLETED
5	10 Year Electrical Port Master Plan study from 2009 to 2018 (including the new Walvis Bay container terminal project electrical requirements), February 2010	100% COMPLETED
5	Technical, Environmental and Financial feasibility study on the Walvis Bay Container Terminal, March 2010	100% COMPLETED
6	Geophysical surveying in the Port of Walvis Bay – electrical resistivity survey, March 2010	100% COMPLETED
8	Geotechnical investigation – shallow drilling through vibrocoreing, May 2010	100% COMPLETED
10	Container terminal simulation and optimisation study, February 2011	100% COMPLETED
15	Multi Beam Bathymetric Surveying, June 2011	100% COMPLETED
13	Geotechnical Engineering Supervision, Interpretation and Analysis, November 2011	100% COMPLETED
14	Geotechnical Investigation – CPTU drilling and testing, November 2011	100% COMPLETED
12	Economic Market Study, November 2011	100% COMPLETED
9	Project financial advisory services	95% COMPLETED
11	Project contract engineering services (Drawing up complete tender and contract documentation including specifications for the EPC Turnkey contract)	90% COMPLETED
16	Resident Engineering Services during Construction	not yet started



Provision of a new tanker jetty at the Port of Walvis Bay

The New Walvis Bay Tanker Berth project will see the construction of a new modern marine petroleum offloading facility in Walvis Bay. The new Tanker Berth will be constructed to accommodate larger tanker vessels/fuel carriers. The new facility will replace the current facility which has reached the end of its design life in 2010 when it turned 50 years old, and would be built at a location some distance off-shore so as to ensure that these dangerous liquid petroleum products are handled at a secure location. The close proximity of the current Tanker berth facility to hot works ship repair areas is of concern to the safety of fuel offloading operations which will be addressed through the construction of the new facility.

The importance of the replacement of the ageing Tanker berth facility in the Port of Walvis Bay cannot be overemphasised since it is the only facility through which all of Namibia's fuel is imported. Without a Tanker berth structure, Namibia will come to a standstill in a matter of weeks due to lack of all hydrocarbon fuels. The cost of the new Tanker Berth project is estimated at N\$650 million, provided that the construction starts in 2012. Plans are thus currently being put in place to start construction of the new Walvis Bay Tanker berth during 2012.

The Rehabilitation of the Existing Walvis Bay Tanker Berth

This project was identified due to the fact that the existing Walvis Bay tanker berth is in need of rehabilitation in the short term. The construction of the new tanker berth project is still in conceptual stage and the existing facility is required to be in continuous operation in terms of fuel handling until the new tanker berth is commissioned in a few years' time. For this reason it was decided to rehabilitate the existing facility such that it will be in a good safe condition for at least another 10 years. Besides handling hydrocarbon facilities now, it is envisaged that the existing tanker berth will be used for non-hydrocarbon related activities in future when the new tanker berth is commissioned. This then dictates that this facility must be kept in a workable condition.

Container terminal operating system

The NAVIS Sparcs N4 container terminal operating system was initiated in 2009 with implementation completed successfully in

September 2010. The system has been acquired to increase terminal productivity by optimising and improving container yard and vessel planning and control. This investment has aligned Namport with international standards in terms of providing world class services, not only to importers and exporters, but also to shipping lines.

Storage solutions

The construction of a new fluorspar storage shed was completed in June 2011 at a cost of N\$19 million and a contractor will be appointed in January 2012 to commence with the dismantling and complete removal of the existing fluorspar shed, better known as "B-shed". This will serve to increase the capacity of the existing container terminal. Sixteen mobile warehouse units are used as flexible storage solutions at the port of Walvis Bay.

Dedicated Ship and Rig Repair facility

The new ship and rig repair yard proposed for the Port of Walvis Bay will see the construction of a new jetty suitable for accommodating two large semi-submersible oil rigs as well as drill ships. The oil rigs and drill ships will be berthed at the new jetty and then repaired or worked on by private marine contractors from Walvis Bay. Namport realised several years ago that the ship and rig repair operations in Walvis Bay has great potential in terms of direct new employment creation in the local mechanical engineering industry. To date, several large oil rigs operating in the Angolan oil fields have used the Port of Walvis Bay to carry out major repairs, modifications and scheduled maintenance. The service levels in Walvis Bay are on par with similar repair yards in ports such as Cape Town and Durban.

The business case for the establishment of a ship and rig repair yard in Walvis Bay is thus a solid business case by simply considering the proximity of Walvis Bay to the Angolan oil fields and to the major international shipping lines in the Atlantic. Once the new jetty is built, Namport would enter into a public private partnership agreement with an experienced international ship and rig repair company to operate the facility to its utmost potential. Initial consultations in the industry to date have revealed that there is huge interest from reputable international ship yard operators in operating such a facility in

Walvis Bay. The cost of phase 1 of the project is estimated at N\$600 million provided that construction starts in 2012.

Port of Lüderitz projects

The year under review saw Namport commissioning and completing a major feasibility study for the potential expansion of the Port of Lüderitz. An amount of N\$ 4 million was spent on this comprehensive study and what remains to be done is to formally approve the recommendations of the study after which the identified project will be formally registered and scheduled for implementation. An important conclusion made from the study is that the Port of Lüderitz can benefit greatly from Public Private Partnership (PPP) agreements in the implementation of key projects. This PPP potential will now be looked at in more detail for potential action in the short term.



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CORPORATE CITIZENSHIP

INTRODUCTION

The Namibian Ports Authority is committed to the principles of openness, integrity and accountability and is fully committed to applying the principles for good Corporate Governance through out its operations.

EMPLOYMENT CREATION

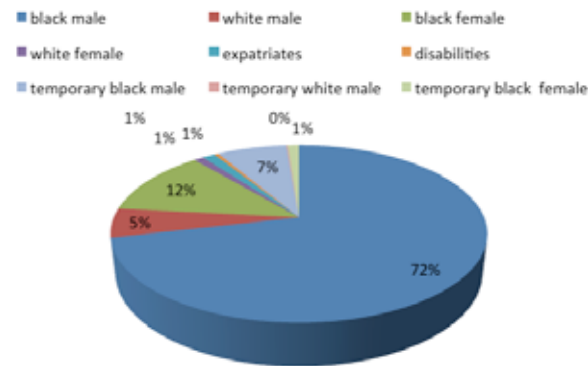
During the past financial year Namport directly and indirectly created job opportunities, through initiatives such as -

- The port expansion and infrastructure development projects, including paving of the port, upgrading and painting of buildings, erection of new buildings, cleaning and gardening services. Contractors utilised the skills of Namibians at unskilled and semi-skilled levels;
- SME focussed small infrastructure projects;
- Tenders for major project works where Namport encouraged international contractors to use Namibians for semi-skilled and unskilled aspects of the project.
- The introduction of additional shifts in its cargo and marine operations in 2011
- Provision of Bursaries, study loans and Seafarer training opportunities.

EMPLOYMENT EQUITY

Namport is striving towards compliance with the national legislation on affirmative action. We have made good progress in meeting our affirmative action targets, 92% of our total workforce is from the previous disadvantaged groups, 7% increase from the previous year. We have identified understudies for the 9 positions occupied by expatriates. We are currently working on a strategy to fast track female and people living with disabilities at all levels within the organization.

Workforce Profile as at 31 August 2011

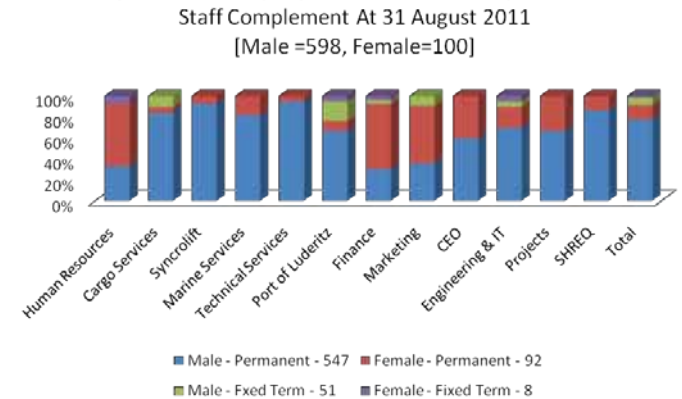


LABOUR ESTABLISHMENT

The total number of employees, for the year under review, is 698, of which male employees constituted 598 (86%) and female employees 100 (14%), as at 31 August 2011. The male dominance in the industry is mirrored by the graph underneath, which portrays a skewed 86% male to 14% female, gender ratio. It is noteworthy that the prevalence of male is largely confined to operations, represented by the cargo, marine and technical departments as well as Port of Lüderitz. The prevalence of female employees is largely confined to support departments, predominantly in the Finance and the support functions of the Marine Department.

Furthermore, the highest numbers of fixed-term employees are found in operational areas of Cargo and Port of Lüderitz. As a practice, fixed-term employees should only be used to fill the short-term project-based skills deficiencies, but has expanded to lengthy interventions over time, with the minimum fixed-term contract, spanning over 3 years minimum.

**General Workforce Profile = 698
By Gender, Employment Status & Department**

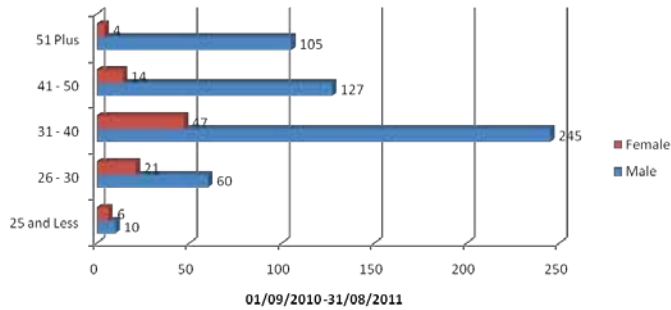


Age profile

Namport appears to have a relatively young workforce. The highest concentration of employees (292) is found within the 31-40 years age group followed by the 41-50 years age group. Well researched incentives could consolidate the required balance between the elder (50+ year age group) and younger segments (up to 30 years age group).



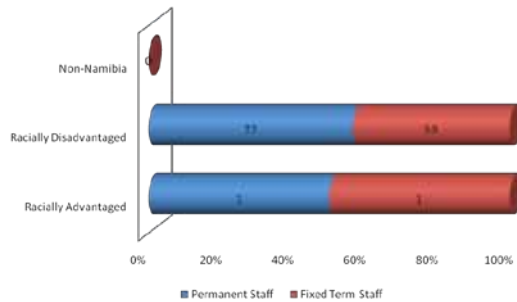
General Workforce Profile By Gender
Age Profile - Permanent Staff



Recruitment

During the past financial year, 77 permanent employees were recruited, compared to the 59 fixed-term staff, according to the graph underneath. The latter's engagement is largely justified by project-based assignments within the operational sphere (cargo and marine departments as well as the Port of Luderitz). It is noteworthy, to state that, recruitment was largely confined to previously-disadvantaged Namibians, in line with Namport's Recruitment and Affirmative Action policies.

Staff Appointments



Management appointments

The following positions were advertised and filled:

- Executive: Projects
- Manager: Corporate Communications
- Manager: IT Systems and Services
- Chief Internal Auditor
- Technical Advisor: Projects

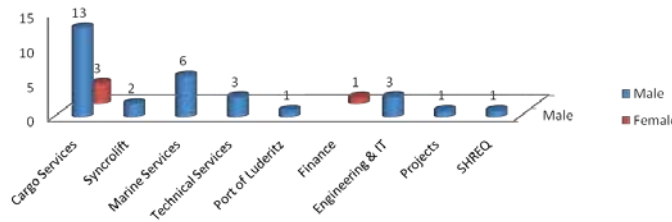
The following management redeployments were effected during 2010-2011:

Name	Positions redeployed into
Kathy van Heerden	Manager: Organisational Performance
Mario Polster	Manager: Bulk and Break Bulk
Widux Mutwa	Manager: Container Terminal

Staff promotions

Promotions were largely confined to the operational spheres (cargo and marine departments). Thirty four employees in total were promoted. About 88% male were promoted compared to the remaining 12% female employees. Again, the operational department had the biggest group of promotions, due to relatively high staff concentration.

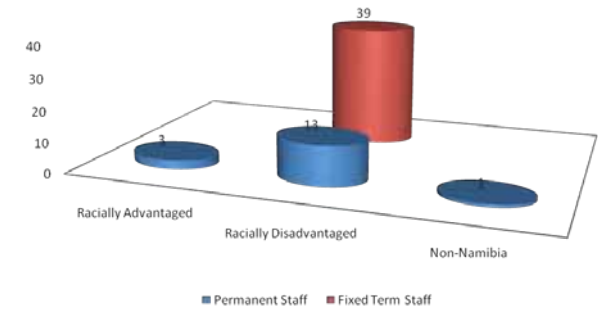
Staff Promotions



Staff terminations

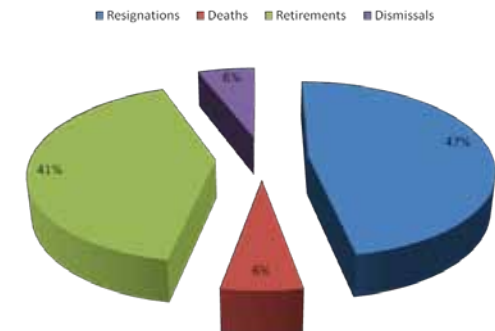
Relatively few staff left the employ of the company, during the previous financial year. Namport boasts an annual staff turnover rate of 8% - given the total staff complement of 698 employees, recorded at 31 August 2011 over the 56 employees, who left the company, over the same period. If the fixed-term employee terminations are removed, the staff turnover of permanent employees would reflect a mere 2%, which is exemplary performance by any employer of this magnitude. All in all, these positive results could be indicative of an overall favourable business/work climate, within Namport, combined with responsive employee engagement and retention initiatives.

Staff Terminations



The primary reasons for terminations were resignations (47%), retirements (41%), death (6%) and dismissals (6%). A total of 17 permanent employees left Namport during the past financial year.

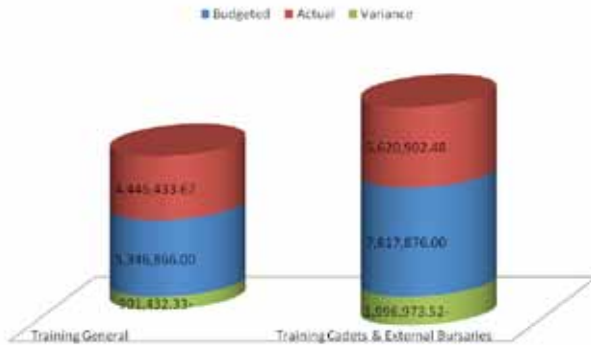
Terminations Per Category



TRAINING AND DEVELOPMENT

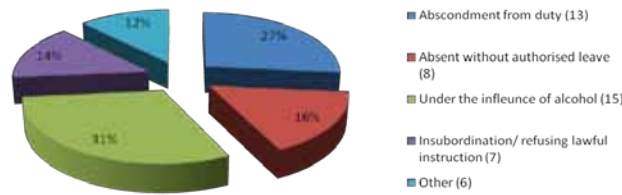
Training provisions were made to cater for general training, comprising of study assistance, technical training and apprenticeships as well as conferences and seminars for employees. Namport budgeted N\$5,3 million and spent N\$4,4 million, for the aforementioned training, translating into a balance of N\$901,432.00. A budget of N\$ 7,6 million was earmarked for general training (cadets and external bursaries) and N\$5,6 million was spent, which culminates into a balance of N\$1,9 million.

Training Costs - Budget vs Actual



and absent without authorised leave (AWOL)/Absenteeism, at 16%. Considering that these offenses relate to behavioural malpractices, awareness-raising and coaching interventions are being applied to enhance understanding and correction of behaviour.

Disciplinary Action Types/ Incidences (49)



Namport awarded bursaries in the fields below:

- 2 x Maritime Law
- 1 x Logistics
- 1 x Engineering
- 1 x Environmental Engineering
- 3 Seafarer bursaries (continuing students)

INDUSTRIAL RELATIONS

Union/Management Relations

In general, the relations between Management and the Union improved considerably, compared to the past. Part of the improvement was attributed to enhanced quality and channels of communication. The following meeting platforms were consolidated:

- Joint Management Union bi-monthly meeting
- Human Resources/Union Monthly meetings
- Union/HR and Departmental Management Meetings
- Chief Executive Officer's Quarterly Briefings

Disciplinary incidences

The Alcohol and Drug Policy was introduced during the financial year under review. Alcohol related incidences topped the list of disciplinary cases, with 31%, followed by abscondment, at 27%

- Disciplinary incidences showed a considerable decline.
- Employee Performance Management System (PMS) was successfully piloted and implemented.
- Job Descriptions were successfully audited and re-written.
- A team building initiative was held for management and other Leadership enhancement initiatives were engaged in.
- A number of policies were launched through a number of awareness-raising sessions.
- The Alcohol & Drugs Policy was introduced and positive outcomes are being dealt with in line with applicable policies.
- Salary negotiations were completed favourably and addressed the major insufficiency in the Namport benefits scheme, by redressing housing for many of the previously-disadvantaged employees.
- Management positions were filled within the set timeframes. The Marketing Analyst and two positions in Safety, Health & Environmental Quality, SHREQ, remain on hold, for filling at an appropriate time and were hence carried over to the new financial year.
- Management/Union representatives were trained on the new Labour Act.
- An employee satisfaction survey is in progress.
- Alternative job requirements were approved.
- Management and general employee positions were evaluated.
- A number of HR/Union meetings were introduced.
- Management/ Union bi-monthly meetings were held.
- The Tata bus issue was resolved.
- Company-wide organisational structures were compiled and approved.

Grievances

Nine grievances were reported, ranging from salary disputes to unfair treatment/discrimination.

Incapacity

There was only one incapacity case, concluded for submission. A response, after assessment of the application, is awaited from the Retirement Fund at Old Mutual. There is, however, an increase in cases reported to the Department, which are currently under investigation, in consultation with the Namport Medical Practitioner. These necessitated the formulation of an explicit policy on Ill-Health/Occupational Incapacity management within the company. Once completed, the policy will be submitted to the Remuneration Committee and the Board.

OTHER HUMAN RESOURCE ACCOMPLISHMENTS:

Milestones/Highlights from the office of the HR Executive

The following milestones were recorded:

- Management/Union relationship improved considerably.

CONCLUSION

All in all, the 2010-2011 year proved to be a great success for Human Resource. The Department continued with strengthening the foundation for processes and documenting such accordingly. Shortcomings relating to communication and the misalignment of assigned work with organisational vision/mission remain an ongoing challenge and shall be focused on for redress, during the new financial year.



CORPORATE SOCIAL INVESTMENT

Namport seeks to abide by the triple bottom line philosophy by ensuring alignment to sustainability concerns in areas of Environment, Society and Governance.

Namport has a firm commitment to social sustainability in terms of its role as a large regional employer and the need to treat all stakeholders with dignity, fairness and respect. Namport actively promotes the development of its employees and the community in which it operates both through the traditional Namport employer/employee relationship but also through its Namport Social Investment Fund, NSIF.

The Fund was established to position Namport as a responsible corporate citizen making a meaningful contribution to the development and upliftment of the people of Namibia, in line with international corporate governance practice. The Fund has been fully operational since early 2007.

The Fund has to date received donations from Namport amounting in total to N\$2 438 480.00 and has ploughed these funds in support of its objectives to provide financial assistance for projects which are aimed at education, healthcare and job creation/income generation.



Ministry of Health and Social Services, TB Ward

Namport is introducing a separate annual report which will capture its Corporate Social Investment initiatives in greater detail. The 2010/11 report will be released by March 2012.



Simataa Secondary School

PROJECT	N\$
Lüderitz Secondary School	403 000
Ni-Ro Investment Career guidance pilot project	150 000
Mondesa Youth Opportunity	1.5 million
Simataa Secondary School	500 000
Ministry of Health and Social Services, TB Ward	1million
Jacob Morenga Secondary School Fish ponds	77 000
Leon Barnard Architects	100 000



Mondesa Youth Opportunity after school enrichment programme

Jacob Morenga Secondary school Fish pond



The Trustees will conduct a strategic review of the NSIF, activities to guide its strategic direction to ensure that it becomes more socially responsive in its operations.

Balance as at 1 September 2010	1,264,618
Interest received	225,623
Namport fund allocation	5,780,370
Disbursements	(699,493)
Balance as at 31 August 2011	6,571,118

HEALTH AND SAFETY

Safety, Health Environment and Security

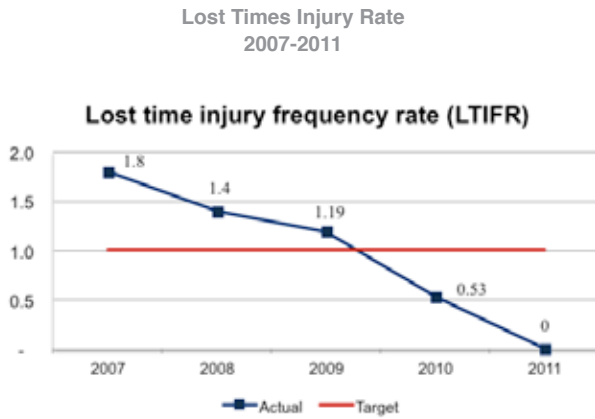
ISO & OHSAS Certification

Namport once again retained certification of its ISO 14001, ISO 9001 and OHSAS 18001 management systems

Safety Statistics

Our loss time injury frequency rate decreased from 0.53 per 200 000 hours worked in 2010 to zero in 2011. During this period, Namport also achieved 1 million hours worked without a loss time injury. This achievement can mostly be contributed to the implementation of the Safety Training Observation Program (STOP), and the Risk Based Training.

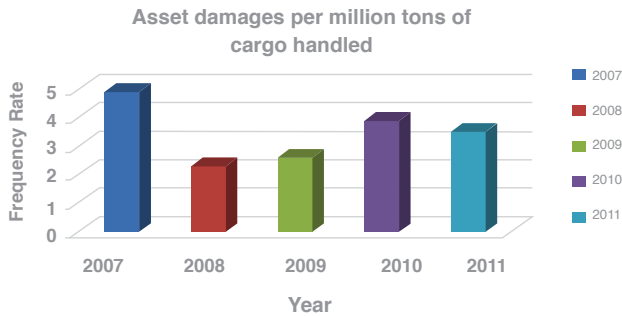
Figure 1. Lost time injury frequency rate



Namport achieved the best Lost Time Injury Frequency rate in the last five years of zero (0), this is undoubtedly an outstanding achievement even compared to the target of one (1).

The reduction can be attributed to the implementation of the STOP rolled out throughout the company during the financial year. Data obtained through STOP is analysed monthly to determine trends and to implement corrective action where necessary.

Figure 2 Rate of asset damages per million tons of cargo handled

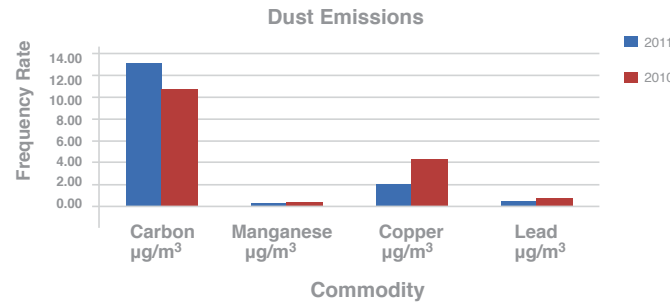


Environment

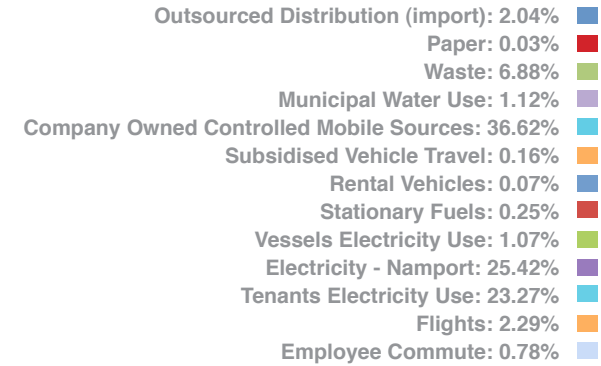
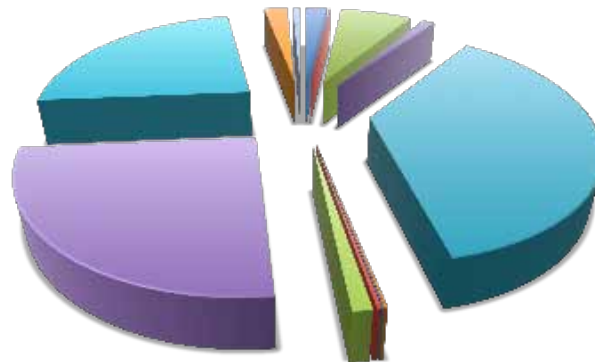
The average annual dust concentration for commodities currently stored in bulk were all below their threshold limit

values and are depicted below. Average dust concentration for Carbon has increased by 22% due to increased tonnage in coal imports. The concentration, however still remains well within the threshold limit value. A reduction in the dust concentration levels for Manganese (33%), Lead (35%) and Copper with (55%) for the year under review when compared to average dust levels measured in 2010.

Figure 3 Average dust concentration



Another step in the direction of establishing an improved global brand presence for Namport was the commissioning of a study to determine the company's carbon footprint for the port of Walvis Bay. Namport's total carbon emissions for the period September 2009 to August 2010 measured at 11 913.34 tons. Emissions from company owned/controlled vehicles accounted for the largest proportion (36.62%) of total measured emissions. Emissions from electricity usage by Vessels and Tenants contributed marginally less at 24.34%, of total measured emissions. Electricity from Tenants made up 95.61% and Vessels only 4.39% of these emissions.



Port Security

Construction of a port police station is well under way and expected to be completed before the end of the calendar year. We are optimistic that this initiative, coupled with the installation of mobile scanners, will contribute to the competitiveness of Namibian ports by enabling regional development and cross border trade in a safe and secure port environment.

Expansion of the Walvis Bay CCTV Surveillance system was completed and has improved the surveillance capacity in the port of Walvis Bay.

Focus for 2011 / 2012

- Retain a zero loss Time Injury Frequency Rate.
- Reduce Asset Damages by 15% with emphasis on the review of the operator training programme.
- Conduct occupational hygiene surveys on lighting, noise and gasses. In addition, a Vibration Study will be commissioned in the new financial year.
- Performing a corporate Environmental Impact Assessment of all operations.



Maritime safety

The Port of Walvis Bay has, during the year 2011, undergone the following major improvements in order to accommodate bigger vessels like the WAFMAX and others of the same category:

1. Extension of the main entrance channel from 4.5 nautical miles (nm) to 6 nm. Following this depth improvement a new set of navigation buoys was introduced at the entrance channel, the Fairway buoy has been repositioned and a new Pilot Boarding ground has been established.
2. Deepening of the main entrance channel, Turning basin and adjacent berths # 1-3 for the Container Terminal from -12.8m Chart Datum CD to -14m CD
3. Expansion of Port Limits further north so as to improve on Port Safety and Security,
4. The Port has also installed a new state of the art Port Surveillance system commonly known as the VTS to monitor traffic movements in the wake of increased traffic movements due to a growing ship and Rig repair industry.
5. New Paper and Electronic Charts for Electronic Chart Display Systems (ECDIS) are now under preparation by the Hydrographer of the South African Navy and will soon be in use.

All the above information has been passed on to the Hydrographer of the South African Navy for publication in the Notices to Mariners. Therefore esteemed customers are advised to use the following website and contacts thereof for more information:

Notices to Mariners Web site: [Web:http://hydro.imt.za/hydronet/Ho/](http://hydro.imt.za/hydronet/Ho/)

Urgent navigational information:
Fax: +27 21 787 2228
Phone: +27 21 787 2445

Other navigational information:
Phone: +27 21 787 2444
E-mail: hydrosan@iafrica.co.za

Additional information:

Main channel width	120 m
Turning Basin AV length	360m
Berth 1-3 length @154.4 M	Depth -14.M CD,
Berth 4-8 length @182 m	Depth -10.6M CD
Small Craft Harbour 90m	Depth -7.0M CD
Fishing Channel width	100 m
Fishing Harbour Average depth	-6.0M CD

Limitations at the tanker jetty

For a vessel to be safely berthed at the Tanker Jetty the following limits apply:

- Lower limit of 128m (LOA) and,
- Upper limit of 192m (LOA).
- The parallel body length must not be less than 74 m so that the vessel will be squarely resting on the dolphins.

Should a vessel be too small, it is likely to be resting on the hose handling platform which cannot accommodate any lateral forces. The depth is -10 m CD. The average height of tide is 1 m and we do have a requirement for a minimum of 0.6 m Under Keel Clearance (UKC) at the time when a ship is in port.

CUSTOMER SERVICE

Specific attention has been paid to customer relationships throughout the year. The various methods of customer interaction have been limited with all queries now being addressed by the Marketing and Business Development Division. This is proving to be a catalyst to reduce the backlog of queries and attending to issues timeously.

The capacity building initiatives at Namport placed container volumes under pressure for the majority of the year. As soon as the Terminal Optimisation Programme was completed, volumes rebounded and the outlook for the remaining periods exceeded expectations.

STAKEHOLDER ENGAGEMENT

Namport recognises that sustainability is a crucial element in the long term value creation of our stakeholders. Namport's stakeholder engagement methods focus on 4 key areas:

- To determine issues that currently or may affect stakeholders
- To obtain methods for stakeholders to engage Namport

- To share mutual successes with our stakeholders
- To guide decision-making that will positively affect all

Namport's stakeholders are defined as:

- Shareholder (Government of the Republic of Namibia)
- Customers
- Employees and Unions
- Public of Namibia
- Financiers of capital projects
- Communities in which Namport has an effect

Shareholder

Namport engages the shareholders through regular meetings with the Minister of Works and Transport and the Permanent Secretary in face-to-face meetings. These are followed up with regular correspondence as and when necessary.

Such meetings typically request guidance from the Ministry on new developments in the ports, regional economic growth and opportunities in neighbouring countries.

The Shareholder is further informed formally through the Board meetings, Annual Report, Performance Reports, Tariff Gazetting, and Business and Financial Plans.

Customers

In addition to regular Key Account engagements both locally and abroad, customers are also informed by means of a regular newsletter highlighting events and developments within Namport. Namport customers are further engaged during Port User feedback sessions to discuss important developments and gauged feedback.

During a formal annual engagement Namport customers gather for the Annual Tariff discussions that commence in September for completion by November. The annual end of year Port Users' function is a social event that enables the Board and Management to liaise with customers in an informal setting.

Namport conducts bi-annual Customer Service and Employee Satisfaction Surveys. Results of the 2011 Customer Service Survey are recorded under Customer Service in the Business Development and Sustainability Report on page 14. Feedback



is also provided through the Port Users' medium. The organisation continuously interacts with port users at the daily port user meeting as well as at the bio-monthly Container Line Operators Forum.

General Public of Namibia

As a key economic entity and respected public utility, Namport is duty bound to inform, educate and raise awareness about the Authority and its contribution to the Namibian economy. Namport further interacts with the general public through the print electronic media including key trade fairs, exhibitions and shows both nationally and internationally.

Financiers

Financiers are approached on a public basis, as and when required through the media by way of Expressions of Interest and standard Tender procedures.

Community relations

Namport views itself as a socially responsible corporate citizen, committed to making a meaningful contribution to the development and upliftment of the people of Namibia. The Authority supports projects which are aimed at poverty alleviation, job creation, income generation and skills transfer. The Namport Social Investment Fund (NSIF) deals with all the donations, sponsorships and assistance requests. These are evaluated on a case-by-case basis. Details of the projects sponsored during the financial year under review are reflected under Corporate Citizenship on page 20.





STATISTICS

Cargo handled at the Port of Walvis Bay

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11
Cargo landed					
Bulk and Breakbulk	494,887	497,136	537,091	603,680	852,755
Containerised	778,037	1,067,337	1,293,121	905,415	769,462
Sulphuric Acid	290,047	381,839	264,428	245,328	344,545
Petroleum landed	735,956	756,108	899,618	883,760	979,548
	2,298,927	2,702,419	2,994,258	2,638,184	2,946,311
Cargo shipped					
Bulk and Breakbulk	866,512	933,878	892,248	786,230	910,864
Containerised	290,387	317,438	327,502	453,281	461,376
	1,156,899	1,251,316	1,219,750	1,239,511	1,372,240
Cargo transhipped					
Bulk and Breakbulk	4,991	6,818	4,770	10,073	4,066
Containerised	502,314	432,183	819,274	1,013,403	867,820
	507,304	439,001	824,044	1,023,476	871,886
Total Cargo Handled	3,963,131	4,392,736	5,038,052	4,901,170	5,190,437
Containers handled at the port of Walvis Bay (Twenty-foot Equivalent Units)					
Landed	26,295	35,669	47,550	46,746	51,721
Shipped	26,728	29,892	48,547	44,879	41,734
Transhipped	91,970	105,025	154,165	156,118	126,723
Total Teu's	144,993	170,586	250,262	247,743	220,178
Vessel visits	1,216	1,251	1,601	1,641	1,585



STATISTICS

Cargo handled at the Ports of Walvis Bay and Lüderitz

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11
Cargo landed					
Bulk and Breakbulk	568,658	595,116	626,628	710,409	950,388
Containerised	781,057	1,068,899	1,294,881	906,845	771,090
Sulphuric Acid	290,047	381,839	264,428	245,328	344,545
Petroleum landed	766,450	784,625	934,950	915,683	1,009,813
	2,406,212	2,830,478	3,120,887	2,778,265	3,075,836
Cargo shipped					
Bulk and Breakbulk	995,269	990,669	918,281	906,303	1,088,383
Containerised	327,665	430,164	520,669	540,937	494,662
	1,322,935	1,420,833	1,438,950	1,447,240	1,583,045
Cargo transhipped					
Bulk and Breakbulk	5,021	6,847	4,770	10,073	4,066
Containerised	502,314	432,183	819,274	1,013,403	867,820
	507,335	439,030	824,044	1,023,476	871,886
Total Cargo Handled	4,236,481	4,690,341	5,383,880	5,248,981	5,530,767
Containers handled at the ports of Walvis Bay and Lüderitz(Twenty-foot Equivalent Units)					
Landed	28,163	42,062	55,458	51,409	53,526
Shipped	28,101	36,518	56,040	48,792	43,439
Transhipped	91,970	105,025	154,165	156,118	126,723
Total Teu's	148,234	183,605	265,663	256,319	223,688
Vessel visits Walvis Bay and Luderitz					
Number	2,384	2,509	2,716	2,559	2,606



STATISTICS

Main commodities handled at the Port of Walvis Bay

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11
Landed					
Petroleum	735,956	756,108	899,618	883,760	979,548
Fish products	131,645	80,470	106,559	137,795	145,336
Coal	117,252	113,178	118,316	64,421	135,934
Sugar	59,835	58,515	92,495	85,689	115,601
Wheat	47,083	30,344	37,900	35,460	50,554
Copper/lead concentrate	5,401	39,793	97,484	160,176	182,643
Manganese ore	19,176	22,798	18,079	21,037	15,276
Sulphuric acid	290,047	381,839	264,428	245,328	344,545
Cement	104,694	162,024	104,782	71,816	123,070
Malt	31,702	29,876	35,134	35,410	35,376
Wine/beverages	16,845	11,905	7,480	7,348	1,738
Vehicles	131,305	224,924	332,115	302,261	214,651
Lubricating oil	286	22	506	1,188	3,972
General cargo	607,699	790,624	879,362	586,494	598,067
Subtotal	2,298,927	2,702,419	2,994,258	2,638,184	2,946,311
Shipped					
Salt bulk	506,034	563,936	547,576	460,429	570,694
Salt bagged	111,495	121,469	139,060	137,238	134,864
Fish products	134,246	140,211	138,392	139,275	147,336
Copper/lead concentrate	82,610	39,877	62,205	83,893	77,107
Fluorspar	128,624	111,746	93,351	112,206	98,878
Manganese ore	36,006	41,115	86,962	79,314	89,832
Marble and granite	38,992	41,742	17,709	25,735	31,300
Skins and hides	4,840	1,914	5,500	5,170	4,994
Flat cartons	6,343	3,007	19,304	18,635	19,904
Charcoal	22,286	34,056	42,658	53,768	37,536
Fertilizer (guano)	990	1,012	1,034	1,210	1,342
General cargo	84,434	151,230	65,999	122,640	158,453
Subtotal	1,156,899	1,251,316	1,219,750	1,239,511	1,372,240
Transhipped					
General cargo	507,304	439,001	824,044	1,023,476	871,886
Grand total	3,963,131	4,392,736	5,038,052	4,901,170	5,190,437



STATISTICS

Main commodities handled at Port of Lüderitz

	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10	Sep/Aug 10/11
Landed					
Diesel oil	30,494	28,518	35,331	31,923	30,264
Frozen fish	2,643	19,054	23,027	22,902	19,128
Wet fish	19,676	2,725	4,990	7,927	5,626
Sulpher	45,568	72,154	61,980	74,773	69,540
General cargo	8,904	5,718	1,301	2,557	4,968
Subtotal	107,285	128,168	126,629	140,082	129,526
Shipped					
Frozen fish	27,688	28,271	27,455	26,238	28,449
Ice	21,451	23,948	22,398	28,645	23,949
Wet fish	44	-	82	-	121
Zinc	115,459	115,352	166,723	149,006	156,537
General cargo	1,394	1,952	2,542	3,840	1,749
Subtotal	166,035	169,523	219,200	207,729	210,805
Transhipped					
Frozen fish	-	29	-	-	-
General cargo	30	-	-	-	-
Subtotal	30	29	-	-	-
Grand total	273,350	297,721	345,829	347,811	340,330



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Namibian Ports Authority is a state-owned enterprise established by the Namibian Ports Authority Act, 1994 (Act 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.

In terms of legislation the governance structure of the Authority comprises a portfolio Minister, being the Minister of Works and Transport, who appoints the Authority's board of directors, which is responsible for the management and control of the Authority.

GOVERNANCE AGREEMENT

The State-owned Enterprises Governance Act No. 2 of 2006 requires the portfolio Minister to enter into a Governance Agreement with the board of the Authority. The Minister responsible for the Ministry of Works and Transport entered into a five year Governance Agreement with the board on 20 May 2010. This agreement defines the roles, responsibilities and obligations of the portfolio Minister and the Authority and provides that the Authority's progress towards achieving its objectives and strategies will be evaluated utilising key performance indicators as set out in the agreement.

A copy of the Governance Agreement is open for inspection by the public at the Authority's Head Office during business hours.

KING CODE OF GOVERNANCE 2009

The Performance Agreement between the portfolio Minister and the board members states that the board shall have inter-

alia the duties described in the King Report 2009 (King III).

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 has a unitary structure of five directors comprising five independent non-executive directors. The directors, chairperson and deputy-chairperson are appointed by the portfolio Minister and their term of office is three years. The contract of the Chief Executive Officer is for a five year period and subject to renewal in the sole discretion of the board of directors. The chairperson of the board is an independent non-executive director.

The board has approved a Board Charter, which sets out the board's roles and responsibilities, as well as requirements in terms of composition and meeting procedures. The board has furthermore incorporated a Board Protocol in their charter which protocol sets out the conduct of the board, its relationship with various stakeholders and administrative arrangements.

The key roles and responsibilities of the board are to:

- give strategic direction
- act as the focal point for, and custodian of, corporate governance
- provide effective leadership on an ethical foundation
- ensure that the Authority is and is seen to be a responsible corporate citizen
- responsible for the governance of risk
- responsible for information technology governance

Each board member has entered into a performance agreement with the portfolio Minister which specifies the principle common ambitions, expectations, commitments and understanding with respect to the Authority's performance in terms of the Governance Agreement for the period of the agreement.

The board meets regularly to ensure it carries out its duties and responsibilities effectively and diligently. The roles of the chairperson and the Chief Executive Officer provide leadership and guidance to the Authority's board and encourages proper deliberation of all matters requiring the Board's attention. The chairperson of the board provides leadership and ensures effective performance of the board.

The effectiveness of the performance of board members was assessed by an independent professional body in May 2011 and a report was submitted to the portfolio Minister.

DELEGATION

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 decision. The delegation of authority by the board is encompassed in a formal delegation framework, which clearly indicates those matters specifically reserved for the collective decision of the board.

EXECUTIVE MANAGEMENT

The Chief Executive Officer has line responsibility for all aspects of the execution of strategy and management of the Authority for which he is held accountable by the board. The Chief Executive Officer is assisted in his executive management responsibilities by members of senior management.

The board is tasked by the State-owned Enterprise Governance Act No. 2 of 2006 and the Governance Agreement to enter into a performance agreement with the Chief Executive Officer and each senior manager regarding performance delivery based on the key performance indicators agreed in the Governance Agreement.



SECRETARY OF THE BOARD

All directors have access to the advice and services of the secretary of the board who guides the board 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 the board's effectiveness in key areas of the board's duties and responsibilities. The board is ultimately responsible for the actions and decisions of board committees.

The board is well informed about proceedings of board committees by reports from the chairpersons of the committees tabled at each board meeting.

• **Audit and Risk Committee**

The Audit and Risk Committee is responsible for independently reviewing, on behalf of the board, the Authority's framework of control, overseeing integrated reporting and risk management, ensuring a combined assurance model is applied, and oversight of the internal and external audit processes. The audit and risk committee comprises independent non-executive directors.

The members of the Audit and Risk Committee for the period 1 September 2010 to 14 July 2011 were M Nakale (Chairperson), J Mutumba and M van der Meer (resigned 8 September 2011). With effect from 19 August 2011 the members of the Audit and Risk Committee are J Comalie (Chairperson) and A Kanime.

The chairperson of the committee is an independent non-executive director and is not the chairperson of the board. Both the chief internal auditor and external auditors have unrestricted access to the Audit and Risk Committee, which ensures that their independence is in no way impaired.

At least two meetings of the Audit and Risk Committee are planned to take place annually. The Chief Executive Officer, the external auditors, the heads of finance, internal audit and safety, health, environment and risk attend the meetings.

An evaluation of the performance of the Committee was carried out by an independent consultant in May 2011.

• **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 committee comprises at least two non-executive directors.

The members of the Remuneration Committee for the period 1 September 2010 to 14 July 2011 were A Kanime (Chairperson) and R Shipiki-Kapolo. The members of the Remuneration Committee with effect from 19 August 2011 are O Shikongo (Chairperson) and M Jankie-Shakwa, both of whom are independent non-executive directors.

The committee is scheduled to meet twice per annum.

The Chief Executive Officer and the Human Resources Executive attends meetings of the Committee by invitation and is excused from a meeting when his/her compensation, as well as the Chairperson's compensation, is reviewed and discussed.

An evaluation of the performance of the committee was carried out by an independent consultant in May 2011.

• **Board Strategic Committee**

The main objective of the Board Strategic Committee is to consider and formulate recommendations to the board on key strategies, developments and projects.

The committee comprises at least two non-executive directors, a majority of whom is independent non-executive directors.

The members of the committee for the period ended 14 July 2011 were J Muadinohamba (Chairperson), J Mutumba and M Nakale. The members of the committee with effect from 19 August 2011 are J Muadinohamba (Chairperson) and O Shikongo.

A minimum of two meetings of the committee must take place each year.

• **Investment Committee**

The Investment Policy and Procedures was approved by the portfolio Minister in June 2011. This policy established the Investment Committee which reports directly to the board and which comprises two members of the board, the Chief Executive Officer and the Executive: Finance.

The members of the Investment Committee with effect from 19 August 2011 comprise two non-Executive Directors, namely A Kanime (Chairperson) and J Comalie, the Chief Executive Officer and the Executive: Finance.

• **Board Tender Committee**

The Board Tender Committee was established by the board on 4 July 2011 with its main objective being to adjudicate and award tenders equating to monetary values of above N\$5 million up to N\$20 million. The committee is furthermore tasked to approve tender specifications relating to tenders in the aforementioned monetary range.

The membership of the Board Tender Committee with effect from 19 August 2011 comprises two non-executive directors M Jankie-Shakwa and J Comalie (alternate A Kanime) as well as the Chief Executive Officer.



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 organisation structure and division of responsibility, established policies and procedures, which are communicated throughout the Authority and the proper training and the 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 and Risk 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.

The Authority maintains 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 2011, 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 budget and reports to 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.

In addition, the Code makes provision for the complaints and whistle-blowing procedure with reporting to the Compliance Officer who is the Company Secretary. The Compliance Officer retains a register of such complaints.

The agenda of each meeting of the board and its committees, executive committee and tender committee provides for attendees to disclose interests in any matters which will be discussed at the meeting.

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

During the financial year, the board reviewed the Code of Ethics and furthermore approved related policies regarding whistle-blowing and complaints outside work, conflicts of interest and gifts and benefits.

INDUCTION

All new directors receive an information pack, which contains information on the Authority, financials, governance issues, key policies, board and committee information and other information relevant to the board. This 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 at the port. From time to time board members are invited to accompany management on visits to other ports in order to familiarise themselves with best practices worldwide. Following the appointment of three new board members and the re-appointment of one director, the board attended a port induction visit in August 2011. As part of development and training, visits by the board to ports in the Southern African Region as well as major European ports are planned to take place in the last quarter of 2011 / first quarter of 2012.





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CAUTION
HIGH
TRAILER

MGW. 32,500 KGS
TARE 21,050 LBS
NET. 8,000 LBS
CU. CAP. 2,700 CUFT

TRITON

TCKU 917272 1
45G1

MAXGROSS 30,480 KGS
TARE 47,200 LBS
PAYLOAD 3,840 KGS
CU. CAP. 6,470 LBS
NET. 26,640 KGS
CU. CAP. 56,730 LBS
CU. CAP. 74.4 CUFT

CAUTION
HIGH
CONTAINER

كوماناف
COMANAV

CMA

MAERSK LINE

CROZOS

DIRECTORS REPORT

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 (Act 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 (Act No. 2 of 2006).

The Authority has been classified as a Tier 3 State-owned Enterprise resorting in the economic and productive enterprises category.

Shareholder expectations

The Authority has entered into a Governance Agreement with the Shareholder for a period of five years. This agreement specifies the principle common ambitions, expectations, commitments and understanding with respect to the Authority's performance for the duration of the agreement, as prescribed by the State-owned Enterprises Governance Act No. 2 2006.

In terms of this agreement the Authority has undertaken various responsibilities, including –

- the development of a 30 year Master Plan
- development of a five year Business and Financial Plan which is aligned to the Strategic Plan of the portfolio Ministry
- development of a Capital Asset Management Plan
- operating according to the latest requirements of legislation, policy and standards
- providing comprehensive and accurate Quarterly

Performance Reports

Progress by the Authority in achieving its objectives and strategies will be evaluated by the Shareholder utilising key performance indicators as set out in the Governance Agreement.

Financial results

The financial results are set out in the financial statements.

Ownership of land

Walvis Bay

The Authority is still in the process of completing transfer of certain erven in Walvis Bay to the Authority.

Lüderitz

The reclaimed land forming part of the quay infrastructure at the Port of Lüderitz has been transferred into the name of the Authority.

Auditors

Grand Namibia has been appointed as external auditors for a period of three financial years terminating with the 2012 financial year.

The Chief Internal Auditor is responsible for overseeing of the internal audit function at the Authority and is appointed on a five year contract. An Internal Audit Charter was approved by the board in November 2010.

Directors

The following persons currently serve as members of the board of directors as appointed by the portfolio Minister for the periods indicated -

NAME

PERIOD OF OFFICE

Mr. Jeremia Muadinohamba	7 October 2010 to 6 October 2013 (Chairperson)
Mr. Andreas Kanime	15 July 2008 to 14 July 2011. He was re-appointed as a director and appointed as Deputy-Chairperson for the period 15 October 2011 to 14 July 2014 (Deputy-Chairperson)
Mr. Otto Shikongo	15 July 2011 to 14 July 2014
Ms. Jennifer Comalie	15 July 2011 to 14 July 2014
Ms. Matilda Jankie-Shakwa	15 July 2011 to 14 July 2014

The following persons' period of office as board members terminated on 14 July 2011:

Ms. R Shipiki-Kapolo
Mr. A Kanime
Mr. J Mutumba
Ms. M Nakale

Capt. M J van der Meer resigned as a director on 8 September 2010.

Mr. J Muadinohamba was appointed as Chairperson and Mr. A Kanime as Deputy Chairperson of the board of directors.



Meetings of the board

The following board meetings were attended by board members in office for the period 15 July 2011 to 31 August 2011:

Name	Scheduled / Ordinary Meetings
Scheduled	1
J Muadinohamba	1
A Kanime	1
O Shikongo	1
M Jankie-Shakwa	1
J Comalie	1

and attended by board members in office for the period 1 September 2010 to 14 July 2011:

Name	Schedule/ Ordinary Meetings	Training (Risk Management)	Strategic & other workshops	interviews
Scheduled	8	1	2	2
J Muadinohamba	7*	1	2	2
A Kanime	8	-	2	2
M J van der Meer (Chairperson)	-**	-	-	-
R Shipiki-Kapolo	6	1	2	2
J Mutumba	7	1	2	2
M Nakale	5	1	1	2

* One meeting took place prior to his appointment on 7 October 2010

** Resigned 8 September 2010

Remuneration of directors and executives

The Remuneration Committee Report forms part of the Directors' Report and includes details of the nature and amount of each element of the remuneration of each of the directors and of the three highest paid executives.



Changes in accounting policies

The financial statements have been prepared in accordance with IFRS, with the date of transition for the Group being 1 September 2004.

Board committees

• **Audit and Risk Committee**

The Audit and Risk Committee Report forms part of the Directors' Report and the committee reports to the Board of Directors on how it discharged its duties and its activities during the past financial year.

• **Remuneration committee**

The Remuneration Committee Report forms part of the Directors' report and the committee reports to the Board of Directors on how it discharged its duties and activities during the past year.

• **Board Strategic Committee**

Two meetings of the board strategic committee took place during the past year attended as follows:

Name	Scheduled / Ordinary Meetings
Scheduled	2
J Muadinohamba (Chairperson)	2
J Mutumba	2
M Nakale	2

Secretary and registered office

The acting Company Secretary of the Authority was Mrs. Kathy van Heerden, whose business address and registered office is No. 17 Rikumbi Kandanga Road, Walvis Bay. The postal address and registered office is PO Box 361, Walvis Bay, Namibia.

Subsidiary companies and performance

Information on subsidiary companies of the Authority is set out below and a report on the performance of each subsidiary is annexed to this Directors' Report.

• 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 ancillaries 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.

Namport owns 52.5% and the remaining 47.5% shareholding in the company is owned by Elgin Brown & Hamer Consortium (Pty) Ltd which provides technical support to Namibian operations.

There are seven members of the board of directors of the company, of which currently three members G Hinda, S Nepela and K Egumbo represented the Authority as at 31 August 2011.

• Namport Property Holdings (Pty) Ltd : 100%

The company is a wholly-owned subsidiary of the Authority; however, the company is still dormant.

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

One member of management serves ex officio as a director on the board of directors of the company, namely J L van der Merwe.

• Lüderitz Boatyard (Pty) Ltd : 100%

The company is a wholly owned subsidiary of Namport and operates a boatyard in all its forms and ramifications, as a going concern, at the port of Lüderitz.

Three members of management have been appointed ex officio as directors of the company, namely A Kathindi, F Shimuafeni and W Mutwa.

Strategic planning

The Authority reviews its strategy on an annual basis. As required by the Governance Agreement with the Shareholder, the Authority submitted its five year Business and Financial Plan, together with its Strategic Plan for the period 2011 to 2016, to the portfolio Minister.

Capital expenditure

Namport's capital expenditure for the financial year ended 31 August 2011 amounted to N\$154million. This is a 39% decrease in capital investment from the previous financial year of N\$253million. The investments made are in line with the capital expenditure strategy, which more specifically relates to investments in infra- and super structures.

Dividends

The Governance Agreement provides that the Board will determine the distribution of profits at the end of the financial year and declare and pay a dividend as agreed between the Board and the State-owned Enterprises' Governance Council after taking into consideration –

- retention of an amount for purposes of future capital requirements and sustainability
- future loan agreements
- Namport's trade facilitator role
- The desired debt equity ratio

A dividend of N\$15 million for the 2010 financial year was declared in November 2010 and paid to the Shareholder during the current financial year. A proposal for a dividend for the past financial year will be tabled at the November 2011 board meeting.

Risk management

The board is responsible for the governance of risk through formal processes. To ensure that the governance of risk is addressed in a comprehensive manner, the Board has established the risk committee function at Board committee level by the formation of the Audit and Risk Committee and at management level as the Corporate Risk Management



Committee. The Audit and Risk Committee assists the board in carrying out its risk responsibilities.

The board has approved an Enterprise Risk Management Policy and has established an Enterprise Risk Management Framework. The Policy commits the Authority to a process of integrated risk management that is aligned to the principles of good governance, which will enable Namport to deliver shareholder value through the creation of tangible and intangible benefits while managing potential exposures.

An enterprise wide risk assessment was carried out and key risks identified. Furthermore business continuity plans, including emergency response procedures and communication plans, have been formulated. Key risks have been addressed in the 2011 to 2016 Strategic Plan.

Judicial proceedings

During the year under review the following major legal actions received attention:

- Ardea Investments (Pty) Ltd instituted action against the Namibian Ports Authority claiming N\$5,346,000 relating to the alleged loss of bags of cement. The Authority is defending this action.
- Pescamar Fishing (Pty) Ltd instituted action against the Namibian Ports Authority claiming compensation for damages in the sum of N\$1,157,962.00 relating to alleged damages to certain containers. The Authority is defending this action through its insurers.
- Anthony Sales t/a AS Marine Engineering instituted action against the Namibian Ports Authority in respect of the alleged outstanding balance for services rendered and material supplied in the sum of N\$97,757.00. The board has approved that this matter be settled out of court.

Going concern

The Authority was operating as a going concern at the 31 August 2011.



REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 August 2011.

1. Charter

The Audit and Risk Committee adopted formal terms of reference as its Charter that has been approved by the Board of Directors. The Charter is available on request.

2. Audit and Risk Committee members and attendance at meetings

The Audit and Risk Committee consists of two independent, non-executive directors and must meet at least twice per year as per its Charter.

For the period 1 September 2010 to 14 July 2011 the members of the Committee were M Nakale (Chairperson), J Mutumba with the exception of Capt. M J van der Meer who resigned on 8 September 2010. With effect from 19 August 2011, the members of the Committee are J Comalie (Chairperson) and A Kanime.

The Chief Executive Officer, Head of Finance, External Auditor and other assurance providers attend meetings by invitation.

During the year under review four meetings took place attended as follows:

Name of member	No. of meetings attended
Ms M Nakale (Chairperson)	4
Mr J Mutumba	4
Capt M J van der Meer*	0

* Resigned as a director on 8 September 2011

3. Evaluation of performance of the Committee

The Committee carried out a self-evaluation of its performance. The findings of the self-evaluation were taken into consideration

when the performance of the Committee was evaluated by an independent consultant as part of the Board Performance Evaluation, a report on which was submitted to the portfolio Minister in May 2011.

4. Roles and responsibilities

The Committee's roles and responsibilities are as assigned to it by the Board of Directors in terms of its Charter. The Committee has an independent role with accountability to both the Board and the Shareholder, operating as an overseer and a maker of recommendations to the Board for consideration and approval. The Committee does not assume the functions of management, which remains the responsibility of the Chief Executive Officer, officers and other members of senior management.

Responsibilities of the committee are to:

- oversee integrated reporting;
- ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- oversee internal audit;
- assist the Board to ensure that the Authority has implemented an effective policy and plan for risk management that will enhance the Authority's ability to achieve its strategic objectives;
- ensure the disclosure regarding risk is comprehensive, timely and relevant;
- recommend the appointment of the External Auditor and oversee the external audit process

5. External auditor

The Committee has satisfied itself that the External Auditor was independent of the Authority. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2011 financial year.

An evaluation of the performance of the External Auditors was carried out by the Audit and Risk Committee in May 2011 and the Committee recorded that it was well-satisfied with the auditors' performance. The performance evaluation exercise identified certain areas which can be improved, namely:

- (a) Ensuring that closed sessions between the Committee and the External Auditors take place regularly;
- (b) Development of a policy regulating the provision of non-audit services by the External Auditors.

6. Internal financial controls

Based on the results of the formal documented review of the design; implementation and effectiveness of the Authority's system of internal financial controls conducted by the internal audit function during the year 2011; the Committee's consideration of information and explanations given by management and discussions with the external auditor on the results of their audit; the Audit Committee is of the opinion that the Authority's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

7. Financial Statements (including accounting practices)

The Committee has reviewed the financial statements of the Authority and is satisfied that they comply with International Financial Reporting Standards, IFRS.

8. Going concern

The Committee reviewed a documented assessment by management of the going concern premise of the Authority before concluding to the Board that the Authority will be a going concern in the foreseeable future.



9 Expertise and experience of financial executive and finance function

The Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

10 Duties assigned by the board

The Committee fulfills an oversight role regarding the Authority's integrated report and the reporting process, including the system of internal financial control. It is responsible for ensuring that the Authority's internal audit function is independent and has the necessary resources, standing and authority within the Authority to enable it to discharge its duties. Furthermore, the Committee oversees co-operation between the Internal and External Auditors, and serves as a link between the Board of Directors and these functions.

The Audit Committee is satisfied that it complied with its legal, regulatory or other responsibilities.

11 Risk management

The Committee fulfills an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

Prior to combining the Audit and Risk Committees into one committee, the Authority's risk management function was overseen by the Risk Management Committee, which reported to the Committee. The Audit Committee approved the Risk Management's Committee's work plan and regular reports.

The Committee considered and accepted the report on the Enterprise Wide Risk Assessment and Business Continuity project as well as the action plans emanating therefrom.

12 Internal audit

The Chief Internal Auditor is the head of the internal audit function and his annual audit plan has been approved by the Committee. The appointment and dismissal of the Chief Internal Auditor resorts with the Board.

The Committee considered and recommended an Internal Audit Charter to the Board, which was duly approved by the Board.

The internal audit function reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Authority's operations. The Chief Internal Auditor is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the Committee on a regular basis.

The Chief Internal Auditor has direct access to the Committee, primarily through its chairperson. The Committee is also responsible for the assessment of the performance of the Chief Internal Auditor and the internal audit function.

13 Information Systems and Technology

Information Systems and Technology is a standing reporting item on the agenda of the Committee.

An Information Technology Security Audit was carried out during the past year and the report considered by the Committee, which approved the action plan emanating from the findings of the report.

14 Sustainability reporting

The Committee considered the Authority's sustainability information as disclosed in the integrated Report and has assessed its consistency with operational and other information known to Committee members, and for consistency with the annual financial statements. The Committee discussed the sustainability information with management. The Committee is satisfied that the sustainability information is reliable and consistent with the financial results.

15 Recommendation of the integrated report for approval by the board

The Committee has, at their meeting held on 7 November 2011, recommended the integrated report for approval by the Board of Directors.





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REPORT OF THE REMUNERATION COMMITTEE

We are pleased to present our report for the financial year ended 31 August 2011. This report has been drawn up in accordance with the King Code of Governance in South Africa 2009.

1 Terms of reference

The role of the Committee is to determine and develop Namport's remuneration strategy and related conditions of service competitive enough to drive performance as well as to attract, retain and motivate human resources of quality and calibre required by the Authority. The Committee's responsibilities are encompassed in its Charter and relate to :

- remuneration;
- performance management;
- conditions of services;
- human resources development and capacity building.

The Committee Charter was reviewed and updated during the past financial year.

2 Remuneration committee members and attendance at meetings

The Committee consists of two independent non-executive directors and meets at least twice a year. The Chief Executive Officer and the Human Resources Executive attend meetings by invitation.

Mr A Kanime (Chairperson), Ms R Shipiki-Kapolo and Capt. M J van der Meer were members of the Committee for the period 1 September 2010 to 14 July 2011, with the exception of Capt. MJ van der Meer who resigned on 8 September 2010. With effect from 19 August 2011, the members of the Committee are Mr O Shikongo (Chairperson) and Ms M Jankie-Shakwa.

Meeting and attendance information for the financial year are

Name of member	No of meetings attended
Scheduled	3
A Kanime (Chairperson)	3
R Shipiki-Kapolo	3
M van der Meer*	0

*resigned 8 September 2010

3 Executive appointments

Executives are appointed by the Board on five year contracts and enter into performance agreements with the Board, which includes the key performance areas in the Governance Agreement between the Shareholder and the Namport.

4 Remuneration

The Committee is tasked to determine that the broad framework for remuneration is competitive enough that sufficiently skilled employees are attracted, retained and motivated.

The State-owned Enterprises Governance Council published a directive on 12 August 2010 relating to remuneration levels for Chief Executive Officers and senior managers of State-owned Enterprises as well as annual fees and sitting allowances for board members. The directive applies to all Chief Executive Officers, senior managers, board members, and non-executive directors of State-owned Enterprises who are re-appointed or appointed after the publication of the notice in the Government Gazette.

The portfolio Minister has directed that the remuneration of new appointments and renewals of contracts relating to the positions of Chief Executive Officer and senior management be aligned to the 90th percentile remuneration band for a Tier 3 State-owned Enterprise in the State-owned Enterprises Remuneration Framework published on 12 August 2010. The portfolio Minister has furthermore directed that the non-executive directors' remuneration for new and re-appointed directors be aligned to the Upper Quartile of the aforementioned framework.

The Committee expressed its concern that the implementation of the aforementioned framework will mean a reduction in the remuneration of senior management, which would severely hamper attraction of key skills required by Namport. A further challenge is the fact that Namport operates in an international environment and therefore vies for certain skills at international remuneration levels. The Committee accordingly directed that the practical implications of the implementation of the framework must be interrogated in-house whereafter a submission to the State-owned Enterprises Governance Council can be compiled.

The Committee considered and tabled a proposal to the board as regards short-term incentive awards in respect of the 2010 financial year.

5 Performance management

The Committee considered and recommended a Short-Term Incentive Policy to the Board for approval.

The Committee reviewed the half-yearly performance evaluations of the executives as carried out by the Chief Executive Officer and tabled recommendations to the Board.

The Committee furthermore considered and recommended performance plans for executives for 2011 to the Board.

6 Organizational structure

The Committee had oversight of the company wide job description review and grading exercise and tabled recommendations to the Board.

7 Special advisors to the committee

Mr Berthold Mukuahimba served as an expert advisor to the Committee upon terms and conditions approved by the Chairperson of the Committee.

8 Labour Act compliance

The Committee has had oversight of the key project of implementing a three shift system as part of compliance with the Labour Act.

9 Letters of appointment

Non-executive directors have formal letters of appointment from the portfolio Minister.

10 Evaluation of performance of the Committee

The Committee carried out a self-evaluation of its performance. The findings of the self-evaluation were taken into consideration when the performance of the Committee was evaluated by an independent consultant as part of the Board Performance Evaluation, a report on, which was submitted to the portfolio Minister in May 2011.



11 Remuneration and benefits paid to directors

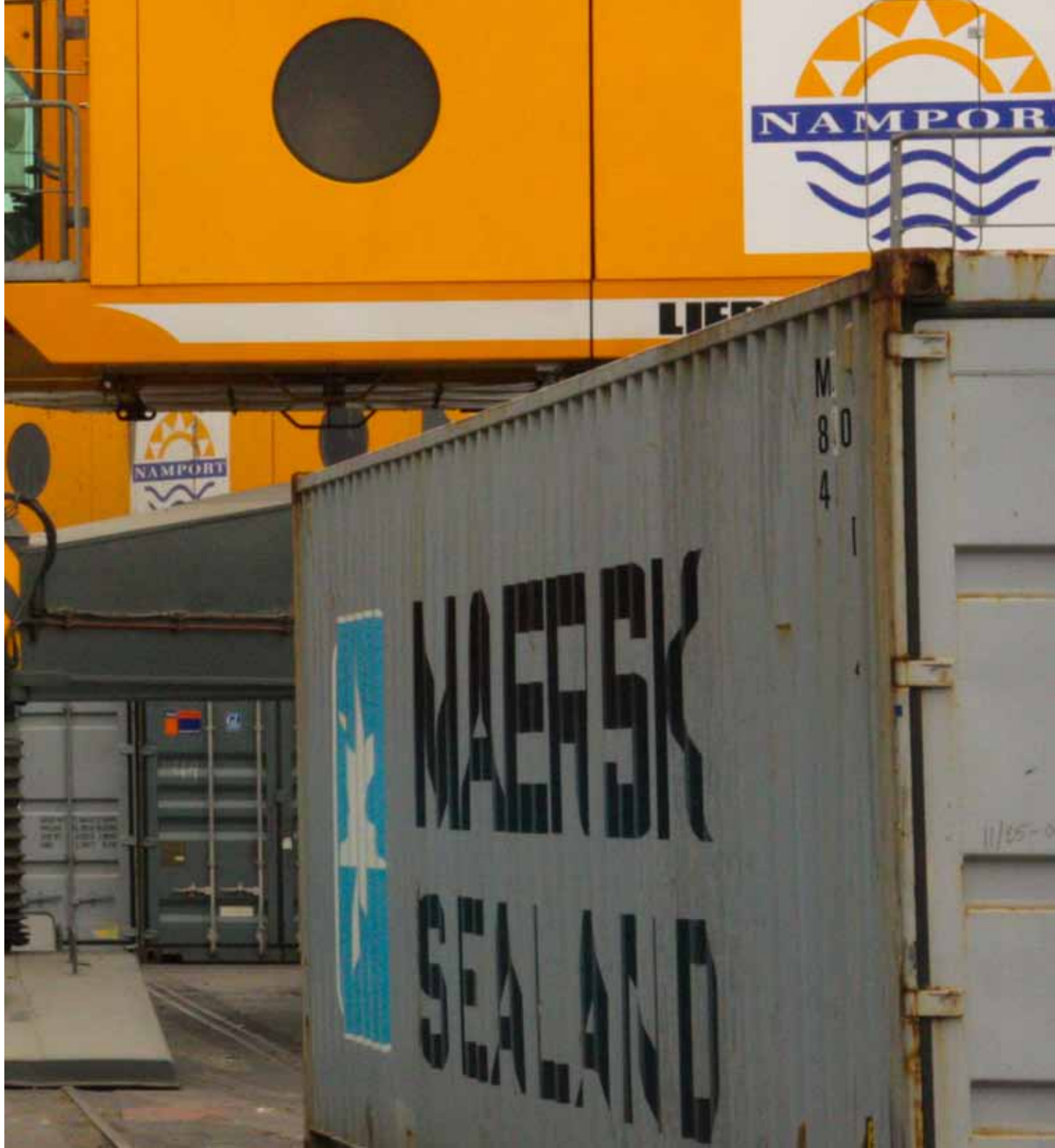
The Committee reports that the remuneration and benefits paid to Directors' for the period 1 September 2010 to 31 August 2011 amounted to the sum of N\$ 1,669,000.

Details of the Remuneration and Benefits paid to Directors are reflected under the Annual Financial Statements on page 80.

12 Remuneration of three highest paid employees

The Committee reports that the following three employees are the three most highly-paid employees who are not directors:

1. Mr Bisey /Uirab
2. Mr JL van der Merwe
3. Mr A Kathindi



Namibian Ports Authority and its subsidiaries |
GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011



AUTHORITY KEY FINANCIAL INDICATORS

	2010/11	2009/10	2008/09	2007/08	2006/07
Turnover (N\$ '000)	646,792	566,025	615,819	434,213	324,237
Operating profit (N\$ '000)	202,623	165,851	264,303	140,165	92,803
Profit before taxation (N\$ '000)	231,817	192,679	290,032	164,658	113,873
Return on assets	8.9%	8.4%	14.3%	11%	8.8%
Return on equity	15.46%	14.27%	23.75%	17%	13%
Operating profit margin	31.33%	29.30%	42.92%	32%	29%
Total assets (N\$ '000)	2,605,919	2,287,723	2,031,006	1,502,981	1,296,726
Shareholder's interest (N\$ '000)	1,499,722	1,350,700	1,221,285	963,528	865,403
Borrowings (N\$ '000)	514,097	466,958	367,534	220,549	231,478
Debt: Equity ratio	0.34	0.35	0.31	0.23	0.27
Current ratio	3.14	3.43	3.69	2.07	3.29
Debt-service coverage ratio	2.8	4.9	3.1	2.05	1.97
Training as % of payroll	4.5%	2.38%	2.85%	4.14%	5.30%
Number of employees	692	611	601	576	606
Turnover per employee (N\$ '000)	935	926	1,025	754	535
Assets per employee (N\$ '000)	3,766	3,744	3,241	2,609	2,140



AUTHORITY VALUE ADDED STATEMENT

	Notes	2011 N\$ '000	%	2010 N\$ '000	%	2009 N\$ '000	%
WEALTH CREATED							
Revenue		646,792		566,025		615,819	
Paid to suppliers for materials and services		(132,164)		(109,581)		(153,512)	
VALUE ADDED		514,628		456,444		452,875	
Income from investments and sale of assets		96,625		90,310		70,913	
TOTAL WEALTH CREATED		611,253	100%	546,754	100%	523,788	100%
WEALTH DISTRIBUTION							
Salaries, wages and other employment costs	1	220,785	36%	187,536	34%	148,377	31%
Providers of capital							
Dividends to shareholder		15,000	2%	25,000	5%	17,000	4%
Finance costs on borrowings		67,431	11%	63,482	12%	47,859	8%
Government	2	69,110	11%	40,152	7%	64,560	14%
Reinvested to maintain and develop operations							
Depreciation		89,905	15%	76,428	14%	61,076	14%
Retained earnings		149,022	24%	154,156	28%	184,916	29%
TOTAL WEALTH DISTRIBUTED		611,253	100%	546,754	100%	523,788	100%
NOTES TO THE VALUE ADDED STATEMENT							
1. Salaries, wages and other employment costs							
Salaries, overtime payments, bonuses and allowances		185,418		161,069		127,284	
Training and study assistance		10,066		4,726		3,489	
Employer contributions		25,301		21,741		17,604	
		<u>220,785</u>		<u>187,536</u>		<u>148,377</u>	
2. Central and local governments							
Normal and deferred taxation		67,795		38,523		63,005	
Rates and taxes		1,315		1,629		1,555	
		<u>69,110</u>		<u>40,152</u>		<u>64,560</u>	
3. Additional amounts collected on behalf of central and local governments							
VAT collected on revenue		91,566		98,526		96,649	
VAT paid on purchases		(19,761)		(20,955)		(14,701)	
VAT paid on imports		(5,020)		(10,615)		(10,936)	
PAYE deducted from remuneration		40,588		31,541		26,679	
		<u>107,373</u>		<u>98,497</u>		<u>97,691</u>	

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The reports and statements set out below comprise the annual financial statements and the group annual financial statements presented to the member:

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Namibian Ports Authority and group annual financial statements. The financial statements, presented on pages 4 to page 46 have been prepared in accordance with and comply with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") 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 its Committees. 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 6.

The financial statements and group annual financial statements were approved by the Board of Directors on 19 November 2011 and are signed on its behalf by:



J Muadinohamba
Chairman



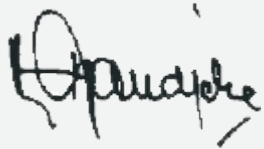
J Comalie
Director & Chairperson of the Standing Audit Committee



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 for the year ended 31 August 2011 has been carried out to my satisfaction.



Junias Etuna Kandjeke
Auditor General

November 2011



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF THE NAMIBIAN PORTS AUTHORITY

We have audited the accompanying financial statements of the Namibian Ports Authority and group annual financial statements, which comprise the directors' report, statements of financial position as at 31 August 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flow 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. Those 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.

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 2011, and the financial performance, changes in equity and the cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Ports Authority Act, 1994 (Act No 2 of 1994).



GRAND NAMIBIA
CHARTERED ACCOUNTANTS (NAMIBIA)
REGISTERED ACCOUNTANTS AND AUDITORS

19 November 2011



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION as at 31 August 2011

	Notes	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
ASSETS					
Non-current assets					
Property, plant and equipment	3	1,275,911	1,215,837	1,067,336	1,000,636
Intangible Assets	4	18,228	2,959	18,228	2,959
Investments	5	782,522	724,749	782,522	724,749
Investments in Subsidiaries	6	-	-	3,152	3,152
Loan to Subsidiaries	7	-	-	3,532	3,079
Operating lease asset	8	85,012	29,690	85,012	29,690
Other financial assets	9	2,422	4,952	2,422	4,952
Channel levy Fund Investment	16	14,137	12,000	14,137	12,000
Deferred tax assets	19	62,504	30,540	15,768	17,639
Total non-current assets		2,240,736	2,020,727	1,992,109	1,798,856
Current assets					
Inventories	10	79,717	9,809	1,595	773
Trade and other receivables	11	116,811	108,656	82,378	50,140
Current tax asset	22	2,797	2,797	2,797	2,797
Operating lease asset	8	-	-	-	-
Other financial assets	9	113,856	107,470	113,856	107,470
Cash and cash equivalents	12	417,756	327,867	413,184	327,687
Total current assets		730,937	556,599	613,810	488,867
TOTAL ASSETS		2,971,673	2,577,326	2,605,919	2,287,723



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION as at 31 August 2011

	Notes	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
EQUITY AND LIABILITIES					
Capital and reserves					
Capital account	13	50,344	50,344	50,344	50,344
Revaluation reserve	14	23,891	28,671	23,891	28,671
Retained earnings		1,456,036	1,302,410	1,425,487	1,271,685
Shareholders' interest		1,530,271	1,381,425	1,499,722	1,350,700
Non-controlling interest		33,033	32,200	-	-
Total capital and reserves		1,563,304	1,413,625	1,499,722	1,350,700
Non-current liabilities					
Long-term borrowings	15	636,528	603,889	514,097	466,958
Special purpose funds	16	15,961	13,709	15,961	13,709
Deferred Income	17	1,440	1,440	1,440	1,440
Severance pay provision	18	4,276	3,326	2,658	1,942
Other financial liabilities		3,228	3,224	-	-
Operating lease liability	8	3,844	3,040	-	-
Deferred tax liabilities	19	455,919	355,237	376,356	310,432
Total non-current liabilities		1,121,196	983,865	910,512	794,481
Current liabilities					
Trade and other payables	20	128,407	46,703	50,454	25,761
Short-term portion of long-term borrowings	15	114,654	88,122	101,118	76,513
Special purpose funds	16	6,597	1,426	6,597	1,426
Provisions	21	37,515	38,842	37,515	38,842
Current tax	22	-	-	-	-
Bank overdraft	12	-	4,743	-	-
Total current liabilities		287,173	179,836	195,684	142,542
Total liabilities		1,408,369	1,163,701	1,106,196	937,023
TOTAL EQUITY AND LIABILITIES		2,971,673	2,577,326	2,605,919	2,287,723

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME as at 31 August 2011

	Notes	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Revenue	23	922,917	915,987	646,792	566,025
Other Income		11,605	37,394	7,790	19,890
		<u>934,522</u>	<u>953,381</u>	<u>654,582</u>	<u>585,915</u>
Employee costs		(357,750)	(354,609)	(224,903)	(196,380)
Other costs	24	(224,218)	(305,268)	(107,740)	(113,037)
Depreciation and impairment charges		(99,988)	(85,745)	(89,905)	(76,428)
Maintenance costs		(36,916)	(46,335)	(29,411)	(34,219)
Operating Profit	25	<u>215,650</u>	<u>161,424</u>	<u>202,623</u>	<u>165,851</u>
Fair value adjustments on financial assets	26	66,125	45,845	66,125	45,845
Interest income	27	30,515	44,498	30,500	44,465
Finance costs	28	(78,893)	(77,803)	(67,431)	(63,482)
Profit Before Tax		<u>233,397</u>	<u>173,964</u>	<u>231,817</u>	<u>192,679</u>
Taxation	29	(68,718)	(31,634)	(67,795)	(38,523)
Profit for the year		<u>164,679</u>	<u>142,330</u>	<u>164,022</u>	<u>154,156</u>
Profit for the year		164,679	142,330	164,022	154,156
Other comprehensive income:					
Revaluation surplus net of tax		-	-	-	-
Total comprehensive income for the year		<u>164,679</u>	<u>142,330</u>	<u>164,022</u>	<u>154,156</u>
Profit for the year attributable to:					
Owners of the parent		163,846	147,425		
Non-controlling interest		833	(5,095)		
		<u>164,679</u>	<u>142,330</u>		
Total comprehensive income attributable to:					
Owners of the parent		163,846	147,425		
Non-controlling interest		833	(5,095)		
		<u>164,679</u>	<u>142,330</u>		



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY as at 31 August 2011

	Capital N\$ '000	Revaluation reserve N\$ '000	Retained earnings N\$ '000	"Non-controlling" interest N\$ '000	Total N\$ '000
Group					
Year ended 31 August 2010					
Balance 1 September 2009	50,344	36,018	1,170,068	37,295	1,293,725
Adjustment	-	-	2,291	-	2,291
Dividend paid	-	-	(25,000)	-	(25,000)
Total comprehensive income for the year	-	-	147,425	(5,095)	142,330
Tax rate change	-	554	-	-	554
Transfer - revaluation depreciation and impairment	-	(7,901)	7,626	-	(275)
Balance as at 31 August 2010	50,344	28,671	1,302,410	32,200	1,413,625
Year ended 31 August 2011					
Balance 1 September 2010	50,344	28,671	1,302,410	32,200	1,413,625
Dividend paid	-	-	(15,000)	-	(15,000)
Total comprehensive income for the year	-	-	163,846	833	164,679
Transfer - revaluation depreciation	-	(4,780)	4,780	-	-
Balance as at 31 August 2011	50,344	23,891	1,456,036	33,033	1,563,304

	Capital N\$ '000	Revaluation reserve N\$ '000	Retained earnings N\$ '000	Total N\$ '000
Authority				
Year ended 31 August 2010				
Balance 1 September 2009	50,344	36,018	1,134,923	1,221,285
Adjustment	-	-	(20)	(20)
Dividend paid	-	-	(25,000)	(25,000)
Total comprehensive income for the year	-	-	154,156	154,156
Tax rate change	-	554	-	554
Transfer - revaluation depreciation and impairment	-	(7,901)	7,626	(275)
Balance as at 31 August 2010	50,344	28,671	1,271,685	1,350,700
Year ended 31 August 2011				
Balance 1 September 2010	50,344	28,671	1,271,685	1,350,700
Dividend paid	-	-	(15,000)	(15,000)
Total comprehensive income for the year	-	-	164,022	164,022
Transfer - revaluation depreciation and impairment	-	(4,780)	4,780	-
Balance as at 31 August 2011	50,344	23,891	1,425,487	1,499,722



CONSOLIDATED STATEMENTS OF CASH FLOWS as at 31 August 2011

	Notes	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Cash flows from operating activities					
Cash receipts from customers		811,880	918,173	501,003	527,926
Cash paid to suppliers and employees		(553,909)	(656,493)	(278,650)	(318,864)
Cash generated by operations	30	257,971	261,680	222,353	209,062
Interest received		96,640	90,343	96,625	90,310
Interest paid		(78,893)	(77,572)	(67,431)	(63,482)
Tax paid		-	(25,940)	-	(25,940)
Net cash flow from operating activities		275,718	248,511	251,547	209,950
Cash flows from investment activities					
Additions to property, plant and equipment		(157,541)	(284,057)	(153,860)	(252,642)
Additions to intangible assets		(18,938)	-	(18,938)	-
Additions to investments		(101,289)	(150,000)	(101,289)	(150,000)
Movement in channel levy fund investment		(2,137)	(2,237)	(2,137)	(2,237)
Proceeds from disposal of property, plant and equipment		1,041	4,438	725	4,438
Proceeds from maturing investments		104,016	-	104,016	-
Loan extended to subsidiary		-	-	(453)	(1,251)
Net cash outflow from investing activities		(174,848)	(431,856)	(171,936)	(401,692)
Cash flows from financing activities					
Proceeds from long-term borrowings		117,916	158,522	117,467	157,137
Repayment of long-term borrowings		(116,577)	(56,093)	(104,004)	(49,330)
Increase in special purpose funds		7,423	(1,354)	7,423	(1,354)
Dividends paid		(15,000)	(25,000)	(15,000)	(25,000)
Net cash (outflow)/inflow from financing activities		(6,238)	76,075	5,886	81,453
Net increase in cash and cash equivalents		94,632	(107,270)	85,497	(110,289)
Cash and cash equivalents at the beginning of year		323,124	430,394	327,687	437,976
Cash and cash equivalents at the end of year	12	417,756	323,124	413,184	327,687



Notes to the annual financial statements as at 31 August 2011

Accounting Policies

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

It 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.

The Authority and group consolidated financial statements were authorized for issue by the Board of Directors on 19 November 2011

1. Statement of compliance

The Authority and Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2. Principal accounting policies and presentation of financial statements

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are presented in Namibia Dollars, rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, as modified 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 and deferred tax assets that are carried in terms of its individual standard.

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Authority and entities controlled by the Authority (together referred to as the "Group").

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

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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree

of judgment or complexity, or areas where assumptions and estimates are significant to the group financial statements are disclosed.

All transactions, balances, and profits and losses arising from intergroup 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.

2.1 Significant judgements

In preparing the group financial statements, management is required to make estimates and assumptions that affect the amounts presented in the group financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the group financial statements. Significant judgements include:

a) Trade receivables and Loans and receivables

The Group assesses its trade receivables, loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. This means that as soon as the group determines that an individual financial asset is not subject to impairment, it includes this asset in a group of financial assets with similar credit risk characteristics and assesses the group for impairment collectively.

b) Deferred tax assets

The Group 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 Group 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 Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

c) Asset lives

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



Notes to the annual financial statements as at 31 August 2011

d) Residual values

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

e) Fair value estimations

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date.

The carrying amounts of financial assets and liabilities with maturities of less than six months are assumed to approximate their fair values.

Significant judgements (Continued)

f) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 21: Provisions.

g) Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

h) Post employment benefit obligations

The cost of post employment severance pay benefits is determined using actuarial valuations. These actuarial valuations involve making assumptions about discount rates, staff turnover, rates of increases in compensation costs and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

2.2 Property, plant and equipment

Recognition and measurement

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 Group; 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 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 statement of financial position date.

The increase in carrying value arising on the revaluation is credited directly to a revaluation reserve within 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 recognized in profit or loss. On disposal of a previously revalued asset, any amounts relating to those assets remaining in the revaluation reserve is 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

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 assets are depreciated over the following periods:

Building & Structures	5 – 50 years
Machinery & Equipment	2 – 10 years
Floating craft	4 – 15 years
Furniture & Office Equipment	3 – 10 years
Computer Equipment	3 – 5 years
Motor Vehicles	2 – 5 years

The useful lives, depreciation method and the residual values of assets are reviewed and adjusted annually, if appropriate. Changes from resulting review are accounted for prospectively as changes in estimates. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value exceeds its estimated recoverable value.

Dredging expenditure is categorized into capital dredging and maintenance dredging.

Capital dredging is expenditure, which 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 annual financial statements as at 31 August 2011

Maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On average the channel is dredged every five to six years. At the 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 shall be depreciated separately.

The gain or loss arising from disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the required criteria are met. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of the relevant overheads. Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously expensed are not recognised as an asset in a subsequent period.

Computer software development costs recognised as an asset are amortised over their estimated useful lives which does not exceed 5 years.

2.4 Investments in subsidiaries

Investments in subsidiaries, for the preparation of separate financial statements, 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 entity; plus
- any costs directly attributable to the purchase of the subsidiary.

2.5 Financial Instruments

The Group classifies financial assets and financial liabilities into the following categories:

Financial assets at fair value through profit or loss – designated (Financial instruments which upon initial recognition it is designated by the entity as at fair value through profit or loss).

Loans and receivables (Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market).

Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group 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 instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Financial assets and financial liabilities are recognised on the statement of financial position when the Group has become party to the contractual provisions of the instruments.

Subsequent Measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.



Notes to the annual financial statements as at 31 August 2011

Impairment of financial assets

At each statement of financial position date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset'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 financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to group companies

These include loans to subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables

Loans to managers and employees

These financial assets are classified as loans and receivables.

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.

Trade and other receivables are classified as loans and receivables.

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.

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 amortised costs.

Cash and cash equivalents are classified as loans and receivables.

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.

Derivative financial instruments

The Group uses derivative financial instruments, which include forward exchange contracts, cross currency and interest rate swaps to hedge its exposures arising from operational, financing and investment activities.

The Group does not speculate in the trading of derivative instruments.

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the statement of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of the forward exchange contracts is their quoted market price at the statement of financial position date, being the present value of the quoted forward price. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Hedging activities

Certain derivatives are classified as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items is documented, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.



Notes to the annual financial statements as at 31 August 2011

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within 'other income'.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss.

Derecognition

A financial asset is derecognised when, and only when:

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

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

Offset

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

2.6 Taxation

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

Current tax assets and liabilities

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 (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted by the statement of financial position date.

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.

2.7 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.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the 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 statement of financial position 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.

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 statement of comprehensive income. The asset is not discounted.



Notes to the annual financial statements as at 31 August 2011

Leases

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 are recognised as an operating lease asset. This liability is not discounted.

2.8 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 its age, condition and utility.

2.9 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2.10 Impairment of non-financial assets

The Group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

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.

2.11 Revenue and revenue recognition

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 and volume rebates and value added tax.

Rendering of service

Revenue arising from rendering of service is based on the stage of completion. Under this method, revenue is recognised in the accounting periods in which the services are rendered.

Rental income

Revenue arising from the rental of property is recognised on a straight-line basis over the term of the lease in accordance with the substance of the relevant agreements. Lease incentives granted are recognised as an integral part of the total rental income.

Finance income

Finance income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Dividends

Dividends are recognized, in profit and loss, when the Group's right to receive payment has been established.

2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all suspensive conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset on a straight-line basis.

2.13 Borrowing costs

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset, until such time that the asset is subsequently ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the Group capitalises the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of these borrowings.

To the extent that the a qualifying asset is funded via general borrowings, the Group



Notes to the annual financial statements as at 31 August 2011

determines the borrowing costs eligible for capitalisation by applying the weighted average cost of borrowings for the period to the expenditures on that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.14 Translation of foreign currencies

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

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.

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.

2.15 Employee benefits

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.

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 state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted with sufficient regularity by independent actuaries separately for each plan.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested. Actuarial gains and losses are recognised in full to profit and loss in the period when it occurs.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and 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 statement of financial position date.



Notes to the annual financial statements as at 31 August 2011

3 Property, plant and equipment
Group

	Land, structures & buildings	Floating Craft & dock	Vehicles, machinery, equipment and furniture	Leased Assets	Assets under construction	Total
31 August 2011						
Opening carrying value	549,722	193,400	278,500	31,705	162,510	1,215,837
Adjustment	-	-	-	-	-	-
Additions	2,839	178	4,144	448	149,933	157,542
Re-allocation	-	-	-	-	-	-
Disposals	(156)	-	(826)	-	(168)	(1,150)
Transfer	134,187	647	125,488	4,647	(264,969)	-
Depreciation	(41,115)	(10,163)	(43,731)	(1,309)	-	(96,318)
Closing carrying value	645,477	184,062	363,575	35,491	47,306	1,275,911
Cost or valuation	1,070,620	280,610	567,983	39,756	47,306	2,006,275
Accumulated depreciation	(425,143)	(96,548)	(204,408)	(4,265)	-	(730,364)
Carrying value	645,477	184,062	363,575	35,491	47,306	1,275,911
31 August 2010						
Opening carrying value	557,846	162,303	231,590	30,047	63,349	1,045,135
Adjustment	-	-	(31)	-	-	(31)
Additions	7,100	16,398	6,584	17	253,959	284,058
Re-allocation	-	(417)	-	-	(19,459)	(19,876)
Disposals	(2,573)	(23)	(6,404)	-	-	(9,000)
Transfer	28,572	25,340	78,593	2,834	(135,339)	-
Depreciation	(41,223)	(10,201)	(31,832)	(1,193)	-	(84,449)
Closing carrying value	549,722	193,400	278,500	31,705	162,510	1,215,837
Cost or valuation	934,122	279,785	440,356	35,091	162,510	1,851,864
Accumulated depreciation	(384,400)	(86,385)	(161,856)	(3,386)	-	(636,027)
Carrying value	549,722	193,400	278,500	31,705	162,510	1,215,837

Carrying value of property, plant and equipment pledged as security:
Vehicles, machinery, equipment and furniture - instalments sales
Marine bonds over the floating docks

	Group 2011 N\$ '000	Group 2010 N\$ '000
	100,383	206,085
	140,928	144,277
	241,311	350,362

Notes to the annual financial statements as at 31 August 2011

3 Property, plant and equipment
Authority

	Land, structures & buildings	Vehicles, Floating Craft & dock	machinery, equipment and furniture	Leased Assets	Assets under construction	Total
31 August 2011						
Opening carrying value	525,112	49,122	269,629	-	156,773	1,000,636
Adjustment	-	-	-	-	-	-
Additions	2,517	178	3,838	-	147,327	153,860
Impairment	-	-	-	-	-	-
Disposals	(156)	-	(768)	-	-	(924)
Transfer	133,845	647	125,401	-	(259,893)	-
Depreciation	(37,967)	(6,814)	(41,455)	-	-	(86,236)
Closing carrying value	623,351	43,133	356,645	-	44,207	1,067,336
Cost or valuation	1,037,588	128,328	553,951	314	44,207	1,764,388
Accumulated depreciation	(414,237)	(85,195)	(197,306)	(314)	-	(697,052)
Carrying value	623,351	43,133	356,645	-	44,207	1,067,336
31 August 2010						
Opening carrying value	541,255	53,562	223,861	-	33,355	852,033
Adjustment	-	-	(31)	-	-	(31)
Additions	1,209	-	3,211	-	248,222	252,642
Impairment	-	(417)	-	-	(19,459)	(19,876)
Disposals	(2,573)	(23)	(6,404)	-	-	(9,000)
Transfer	23,622	3,141	78,582	-	(105,345)	-
Depreciation	(38,401)	(7,141)	(29,590)	-	-	(75,132)
Closing carrying value	525,112	49,122	269,629	-	156,773	1,000,636
Cost or valuation	901,754	127,503	426,437	430	156,773	1,612,897
Accumulated depreciation	(376,642)	(78,381)	(156,808)	(430)	-	(612,261)
Carrying value	525,112	49,122	269,629	-	156,773	1,000,636

Floating craft and port machinery and equipment were revalued in July 2009 by CB Richard Ellis, qualified property, plant and machinery valuers, using the depreciated replacement cost method.

Full details of land, buildings and structures can be obtained from the property register maintained at the offices of the Authority in Walvis Bay.

Carrying value of assets pledged as security - instalment sales agreements:
Vehicles, machinery, equipment and furniture

	2011 N\$ '000	2010 N\$ '000
	98,765	203,995

Notes to the annual financial statements as at 31 August 2011

4 Intangible assets

Computer software

Cost
Accumulated depreciation

Opening carrying value
Additions
Amortisation
Closing carrying value

Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
24,305	5,367	24,305	5,367
(6,077)	(2,408)	(6,077)	(2,408)
18,228	2,959	18,228	2,959
2,959	4,255	2,959	4,255
18,938	-	18,938	-
(3,669)	(1,296)	(3,669)	(1,296)
18,228	2,959	18,228	2,959

5 Investments

At fair value through profit and loss designated:
Endowment assurance policies

Carrying value of investments pledged as security to third parties limited to value of loans

782,522	724,749	782,522	724,749
232,513	143,540	232,513	143,540

The fair value of the endowment assurance policies were determined by discounting all future cash flows at the indicative fixed returns on the individual policies.

6 Investments in subsidiaries

Elgin Brown & Hamer Namibia (Pty) Ltd.
Nampont Property Holdings (Pty) Ltd.
Lüderitz Boatyard (Pty) Ltd.

2011 % Holding	2010 % Holding	Authority 2011 N\$ '000	Authority 2010 N\$ '000
52.50%	52.50%	3,150	3,150
100%	100%	1	1
100%	100%	1	1
		3,152	3,152

The carrying amounts of subsidiaries are shown at cost net of impairment losses.

7 Loans to subsidiaries

Elgin Brown & Hamer Namibia (Pty) Ltd.
Nampont Property Holdings (Pty) Ltd.
Lüderitz Boatyard (Pty) Ltd.

640	640
8	3
2,884	2,436
3,532	3,079

These loans are interest free and have no fixed terms of repayment.



Notes to the annual financial statements as at 31 August 2011

8 Operating lease asset / (liability)

Non-current assets
Current assets
Non-current liability

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Non-current assets	85,012	29,690	85,012	29,690
Current assets	-	-	-	-
Non-current liability	(3,844)	(3,040)	-	-
	81,168	26,650	85,012	29,690

Operating lease asset / (liability) resulted from the straight-lining of lease receivables / payables and is not discounted.

9 Other financial assets

Swap agreement EIB loan
Insurance asset

Swap agreement EIB loan	4,106	5,768	4,106	5,768
Insurance asset	112,172	106,654	112,172	106,654
	116,278	112,422	116,278	112,422

Non-current assets
Current assets

Non-current assets	2,422	4,952	2,422	4,952
Current assets	113,856	107,470	113,856	107,470
	116,278	112,422	116,278	112,422

The fair value of interest rate swaps and insurance asset is the estimated amounts that the group would receive or pay to terminate the swap and the insurance contracts at the statement of financial position date. The fair value of the forward exchange contracts is their quoted market price at the statement of financial position date, being the present value of the quoted forward price.

10 Inventories

Work in progress
Consumable stores, net of impairment provision

Work in progress	75,843	5,591	-	-
Consumable stores, net of impairment provision	3,874	4,218	1,595	773
	79,717	9,809	1,595	773

11 Trade and other receivables

Trade debtors
Provision for impairment for trade debtors

Trade debtors	106,448	97,159	85,754	54,501
Provision for impairment for trade debtors	(6,796)	(6,000)	(5,802)	(6,000)
	99,652	91,159	79,952	48,501

Prepayments
Staff loans
Sundry receivables

Prepayments	1,111	811	499	160
Staff loans	1,984	1,590	1,910	1,453
Sundry receivables	14,064	15,096	17	26
	116,811	108,656	82,378	50,140



Notes to the annual financial statements as at 31 August 2011

11 Trade and other receivables (continued)

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

30 days past due
more than 30 days past due

Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
4,806	2,311	2,143	128
9,240	25,793	2,125	1,201
<u>14,046</u>	<u>28,104</u>	<u>4,268</u>	<u>1,329</u>

Account balances outstanding for more than sixty (60) days are considered to be past due. The counterparties whose account balances are neither past due nor impaired do not have any history of defaults on their accounts.

Reconciliation of provision for impairment for trade and other receivables:

Opening balance
Impairment loss recognised
Impairment utilised

6,000	4,510	6,000	4,510
3,047	1,842	2,053	1,842
(2,251)	(352)	(2,251)	(352)
<u>6,796</u>	<u>6,000</u>	<u>5,802</u>	<u>6,000</u>

12 Cash and cash equivalents

Cash on hand
Bank balances
Short-term deposits
Bank overdraft

268	76	43	43
6,690	3,247	2,343	3,100
410,798	324,544	410,798	324,544
-	(4,743)	-	-
<u>417,756</u>	<u>323,124</u>	<u>413,184</u>	<u>327,687</u>

Disclosed as:
Current assets
Current liabilities

417,756	327,867	413,184	327,687
-	(4,743)	-	-
<u>417,756</u>	<u>323,124</u>	<u>413,184</u>	<u>327,687</u>

13 Capital account

Reflects net value at which assets were transferred from the shareholder in 1994

<u>50,344</u>	<u>50,344</u>	<u>50,344</u>	<u>50,344</u>
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14 Revaluation reserve

Opening balance
Tax rate change
Transfer to retained earnings

28,671	36,018	28,671	36,018
-	554	-	554
(4,780)	(7,901)	(4,780)	(7,901)
<u>23,891</u>	<u>28,671</u>	<u>23,891</u>	<u>28,671</u>



Notes to the annual financial statements as at 31 August 2011

15 Long-term borrowings

Balance at beginning of the year
New loans raised
Repaid
Interest capitalised
New finance leases
Adjustment for swap agreements

Current portion of long term borrowing due within one year transferred to short-term borrowings

Capitalised finance leases
Other long-term loans
Total long-term borrowings

Current portion of long term borrowing due within one year transferred to short-term borrowings

Standard Bank loan repayable over 5 years in bi-annual instalments at the "Inclusive Rate" as defined in the loan agreement. The loan is secured by an investment with a carrying value of N\$ 171 million

Nedbank loan repayable over 5 years in bi-annual instalments at interest rates of prime less 3.35% per annum. This loan is secured by an investment with a carrying value of N\$ 150 million.

Liabilities under finance lease agreements with Corporate Equipment Rentals (Pty) Ltd. repayable over 5 years in bi-annual instalments at interest rates of prime less 2.1% per annum.

Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at interest rates of prime less 2.75% per annum. The loan was repaid in full during the year under review.

Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at a fixed interest rate of 11.49% per annum.

Liabilities under two instalments sale agreements with Development Bank of Namibia repayable over 5 years in bi-annual instalments at a fixed interest rate of 11.20% per annum.

Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at an interest rate of prime less 2.5% per annum.

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
	636,528	603,889	514,097	466,958
Balance at beginning of the year	692,011	571,718	543,471	416,645
New loans raised	117,467	-	117,467	-
Repaid	(116,577)	(55,863)	(104,004)	(49,330)
Interest capitalised	59,944	24,788	59,944	24,788
New finance leases	-	157,137	-	157,137
Adjustment for swap agreements	(1,663)	(5,769)	(1,663)	(5,769)
Current portion of long term borrowing due within one year transferred to short-term borrowings	(114,654)	(88,122)	(101,118)	(76,513)
Capitalised finance leases	197,744	251,816	197,744	249,452
Other long-term loans	553,438	440,195	417,471	294,019
Total long-term borrowings	751,182	692,011	615,215	543,471
Current portion of long term borrowing due within one year transferred to short-term borrowings	(114,654)	(88,122)	(101,118)	(76,513)
	636,528	603,889	514,097	466,958
Standard Bank loan repayable over 5 years in bi-annual instalments at the "Inclusive Rate" as defined in the loan agreement. The loan is secured by an investment with a carrying value of N\$ 171 million	109,996	-	109,996	-
Nedbank loan repayable over 5 years in bi-annual instalments at interest rates of prime less 3.35% per annum. This loan is secured by an investment with a carrying value of N\$ 150 million.	122,516	143,540	122,516	143,540
Liabilities under finance lease agreements with Corporate Equipment Rentals (Pty) Ltd. repayable over 5 years in bi-annual instalments at interest rates of prime less 2.1% per annum.	10,260	13,136	10,260	13,136
Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at interest rates of prime less 2.75% per annum. The loan was repaid in full during the year under review.	-	2,238	-	2,238
Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at a fixed interest rate of 11.49% per annum.	6,899	13,052	6,899	13,052
Liabilities under two instalments sale agreements with Development Bank of Namibia repayable over 5 years in bi-annual instalments at a fixed interest rate of 11.20% per annum.	30,606	41,534	30,606	41,534
Liabilities under instalments sale agreements with Wesbank repayable over 5 years in bi-annual instalments at an interest rate of prime less 2.5% per annum.	13,664	17,554	13,664	17,554

Notes to the annual financial statements as at 31 August 2011

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
15 Long-term borrowings (continued)				
Liabilities under instalments sale agreements with Veritas Capital repayable over 5 years in bi-annual instalments at an interest rate of prime less 3.75% per annum.	13,799	18,398	13,799	18,398
Kiwi Government to Government loan on-lended to the Authority. The loan is unsecured and bears interest at 10% per annum payable bi-annually in arrears. Repayable in 36 equal bi-annual instalments.	13,069	14,937	13,069	14,937
Foreign loan by the European Investment Bank (EIB), secured by government guarantee, bearing interest at the greatest of 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. Repayment will be in 30 bi-annual instalments in arrear 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.	38,529	45,862	38,529	45,862
Pointbreak loan bearing interest at 12.48% per annum with the accrued interest payable three monthly. The full loan is repayable on 31 August 2012.	70,711	63,830	70,711	63,830
Pointbreak loan bearing interest at 10.95% per annum with the accrued interest payable three monthly.	47,970	43,016	47,970	43,016
A Pointbreak interest bearing loan which has been set-off against a redeemable preference share investment with a market value of N\$ 107,511,166. The loan bears interest at a fixed effective rate of 15.50% per annum and was repaid in full on 2 May 2011.	-	841	-	841
Pointbreak loan bearing interest at 11.25% per annum with the accrued interest payable three monthly. The full loan is repayable on 31 August 2014.	98,839	88,922	98,839	88,922
A thirteen-month evergreen overdraft facility with Nedbank of Namibia. The loan is bearing interest at 78% of the current Nedbank Namibia Ltd prime rate. Next review date is in April 2012.	18,771	18,285	18,771	18,285
A two-tier finance agreement with Veritas Kapital Limited. Loan 1 bears interest at the prime rate minus 5% per annum, whilst Loan 2 bears interest at the prime rate minus 2.55% per annum.	19,586	18,326	19,586	18,326
Bank Windhoek loan bearing interest at prime less 2.9% per annum repayable in monthly instalments of N\$ 662 592. This loan is secured as detailed in note 32.	46,665	50,883	-	-



Notes to the annual financial statements as at 31 August 2011

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Bank Windhoek loan bearing interest at prime less 2.6% per annum repayable in monthly instalments of N\$ 1 239 982. This loan is secured as detailed in note 32.	87,694	95,293	-	-
Liabilities under instalments sale agreements repayable in monthly instalments of N\$ 78 839 at an effective interest rate ranging from prime less 1% to prime less 2% per annum.	1,608	2,364	-	-
Total borrowings	751,182	692,011	615,215	543,471

16 Special purpose funds

Channel levy Fund	14,138	12,000	14,138	12,000
Navigational Aids Fund	1,823	1,709	1,823	1,709
Namport Social Investment Fund	6,597	1,264	6,597	1,264
Namport Solidarity Fund	-	162	-	162
	22,558	15,135	22,558	15,135
Disclosed under:				
Non-current liabilities	15,961	13,709	15,961	13,709
Current liabilities	6,597	1,426	6,597	1,426
	22,558	15,135	22,558	15,135

The group manage and administer these funds on behalf of third parties. Utilisation of available resources are restricted in terms of the rules of such Funds.

17 Deferred income

Opening balance	1,440	11,681	1,440	11,681
Grant received	-	7,515	-	7,515
Released to statement of comprehensive income	-	(17,756)	-	(17,756)
Closing balance	1,440	1,440	1,440	1,440
Capital grant:				
Japanese Government	1,440	1,440	1,440	1,440

Capital grant consists of the fair value of professional services rendered by a Japanese Government Agency towards the Port expansion project. The balance remaining at the end of the current financial year represent the portion relating to geotechnical work carried out by this Agency.



Notes to the annual financial statements as at 31 August 2011

18 Severance pay provision

Present value of the defined benefit obligation-wholly unfunded

Movement for the year:

Opening balance

Net amount recognised in the statement of comprehensive income

Net amount recognised in the statement of comprehensive income

Current service cost

Past service cost

Interest cost

Benefit payments

Actuarial (gains) losses

Key assumptions used:

Investment return

Salary inflation rate

19 Deferred tax

Balances at beginning of the year

Adjustment

Change in tax rate

Decrease/(increase) in tax losses available for set off

Revaluation depreciation

Net taxable temporary differences

Balances at the year end

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Present value of the defined benefit obligation-wholly unfunded	4,276	3,326	2,658	1,942
Movement for the year:				
Opening balance	3,326	3,987	1,942	1,882
Net amount recognised in the statement of comprehensive income	950	(661)	716	60
	4,276	3,326	2,658	1,942
Net amount recognised in the statement of comprehensive income				
Current service cost	245	113	123	113
Past service cost	-	-	-	-
Interest cost	276	188	164	188
Benefit payments	(5)	-	(5)	-
Actuarial (gains) losses	434	(962)	434	(241)
	950	(661)	716	60
Key assumptions used:				
Investment return	8.11%	8.44%	8.11%	8.44%
Salary inflation rate	6.61%	6.94%	6.61%	6.94%
19 Deferred tax				
Balances at beginning of the year	324,697	294,100	292,793	254,977
Adjustment	-	(11)	-	(11)
Change in tax rate	-	(8,403)	-	(7,285)
Decrease/(increase) in tax losses available for set off	(31,748)	3,069	2,700	(16,978)
Revaluation depreciation	(2,463)	(4,625)	(2,463)	(4,625)
Net taxable temporary differences	102,929	40,567	67,558	66,715
Balances at the year end	393,415	324,697	360,588	292,793



Notes to the annual financial statements as at 31 August 2011

19 Deferred tax (continued)

Comprising of liabilities / (assets):

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Work in progress and consumables	26,694	3,335	542	263
Endowment investments	239,688	224,353	239,688	224,353
Operating lease asset / (liability)	27,598	9,061	28,905	10,095
Capital allowances	111,499	67,112	56,739	24,688
Revaluation of property, plant and equipment	12,307	14,770	12,307	14,770
Provisions	(1,363)	(789)	(1,109)	(661)
Prepayments / income received in advance	(42)	343	(379)	-
Insurance asset	38,175	36,263	38,175	36,263
Foreign exchange contracts	360	-	-	-
Tax loss	(61,501)	(29,751)	(14,280)	(16,978)
	<u>393,415</u>	<u>324,697</u>	<u>360,588</u>	<u>292,793</u>
Disclosed as:				
Deferred tax assets	(62,504)	(30,540)	(15,768)	(17,639)
Deferred tax liabilities	455,919	355,237	376,356	310,432
	<u>393,415</u>	<u>324,697</u>	<u>360,588</u>	<u>292,793</u>

20 Trade and other payables

Trade payables	34,031	11,953	16,194	6,319
Other payables	94,376	34,750	34,260	19,442
Sundry accruals	78,205	39,160	18,089	23,920
Receiver of Revenue - VAT	15,820	(4,833)	15,820	(4,901)
Outstanding cheques	351	423	351	423
	<u>128,407</u>	<u>46,703</u>	<u>50,454</u>	<u>25,761</u>

Notes to the annual financial statements as at 31 August 2011

	Opening Balance	Additions	Utilised	Reversals	Closing Balance
21 Provisions					
Group					
31 August 2011					
Provision for leave pay	13,642	2,813	(467)	-	15,988
Provision for bonuses	18,355	21,021	(18,355)	-	21,021
Provision for customer rebates	6,845	506	(6,845)	-	506
	38,842	24,340	(25,667)	-	37,515
31 August 2010					
Provision for leave pay	7,324	6,483	(165)	-	13,642
Provision for bonuses	13,711	18,288	(13,644)	-	18,355
Provision for customer rebates	16,649	6,845	(16,649)	-	6,845
	37,684	31,616	(30,458)	-	38,842
Authority					
31 August 2011					
Provision for leave pay	13,642	2,813	(467)	-	15,988
Provision for bonuses	18,355	21,021	(18,355)	-	21,021
Provision for customer rebates	6,845	506	(6,845)	-	506
	38,842	24,340	(25,667)	-	37,515
31 August 2010					
Provision for leave pay	7,324	6,483	(165)	-	13,642
Provision for bonuses	13,711	18,288	(13,644)	-	18,355
Provision for customer rebates	16,649	6,845	(16,649)	-	6,845
	37,684	31,616	(30,458)	-	38,842

Various assumptions are applied in arriving at the carrying value of provisions that are recognised in terms of requirements of IAS 37: Provisions, Contingent Liabilities and Contingent assets.

This is a provision for unutilised leave at year-end. The leave is expected to be taken over the next one year and its calculated based on the employees' remuneration.

Bonuses

Provisions for bonuses is the 13th cheque payable in December each year. This forms part of basic conditions of employment. This provision also includes incentive bonuses for employees in terms of a performance management policy of the Authority. It also includes a provision for bonuses for directors.

Customer rebates

Provision for rebates to customers based on cargo and container handling volumes exceeded per agreements between customers and the Authority.



Notes to the annual financial statements as at 31 August 2011

22 Current tax

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Balance at beginning of the year	(2,797)	23,143	(2,797)	23,143
Taxation charge for the year	68,308	31,634	67,795	42,452
Adjustment to deferred tax	(68,308)	(31,634)	(67,795)	(42,452)
Net payments made during the year	-	(25,940)	-	(25,940)
	<u>(2,797)</u>	<u>(2,797)</u>	<u>(2,797)</u>	<u>(2,797)</u>
Disclosed as:				
Current assets	2,797	2,797	2,797	2,797
Current liabilities	-	-	-	-
	<u>2,797</u>	<u>2,797</u>	<u>2,797</u>	<u>2,797</u>

23 Revenue

Rendering of services:				
Cargo services	229,975	266,545	229,975	266,545
Marine services	95,149	84,135	95,149	84,135
Port Authority services	287,152	214,221	297,168	214,221
Synchrolift services -dry dock	31,018	25,305	31,018	25,305
Ship repairs - floating dock	286,141	349,962	-	-
Rebates and discounts	(6,518)	(24,181)	(6,518)	(24,181)
	<u>922,917</u>	<u>915,987</u>	<u>646,792</u>	<u>566,025</u>



Notes to the annual financial statements as at 31 August 2011

24 Other costs by nature

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Advertising, promotions and marketing	8,638	5,505	8,511	5,049
Audit fees	975	1,014	327	387
Bad debts	2,750	2,060	2,093	1,842
Bank Charges	554	600	313	353
Claims	(47)	358	(47)	358
Computer expenses	4,903	2,155	4,181	1,462
Consulting fees	5,900	30,737	5,069	30,479
Consumables and materials	101,548	159,145	1,152	1,943
Diesel, petrol, lubricants and tyres	20,097	18,519	20,080	17,105
Directors emoluments	4,373	1,014	2,683	1,002
Donations	6,414	911	6,363	552
Entertainment and refreshments	3,363	2,833	3,239	2,637
Foreign exchange / hedging losses	-	1,281	-	(14)
Impairment other	-	423	-	-
Insurance	8,581	8,209	5,430	5,103
Legal fees	485	606	457	557
Licenses	194	215	194	147
Memberships and subscriptions	626	343	556	269
Municipal charges	19,325	18,417	19,325	17,632
Rental	13,488	28,640	9,010	12,411
Safety, health and environmental	4,988	4,026	4,981	2,232
Security	5,205	3,407	4,744	2,869
Stationery and photocopying	1,823	1,936	1,507	1,371
Sundry	2,514	4,954	1,170	714
Telephone, postage and courier	2,947	2,740	2,342	2,054
Traveling and accommodation	4,574	5,220	4,060	4,523
	224,218	305,268	107,740	113,037



Notes to the annual financial statements as at 31 August 2011

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
25 Operating profit				
Operating profit is stated after taking account of the following items:				
Auditors' remuneration	975	1,014	327	387
Operating lease charges	13,488	28,640	9,010	12,411
Consulting fees	5,900	5,956	5,069	5,697
Loss on sale of property, plant and equipment	108	4,562	199	4,562
Impairment on property, plant and equipment	-	19,459	-	19,459
Impairment charges - other	-	404	-	-
Depreciation of property, plant and equipment	96,319	84,450	86,236	75,132
Amortisation on intangible assets	2,408	1,296	2,408	1,296
Foreign exchange losses / (gains)	-	(1,309)	-	(14)
26 Fair value adjustments				
Endowment investments	60,501	41,996	60,501	41,996
Insurance assets	5,624	3,849	5,624	3,849
	66,125	45,845	66,125	45,845
27 Interest income				
Bank balances and short-term deposits	30,198	44,154	30,184	44,121
Trade debtors	317	344	316	344
	30,515	44,498	30,500	44,465
28 Finance costs				
Long-term borrowings	78,039	77,138	67,431	63,482
Trade and other payables	31	205	-	-
Bank overdraft	823	460	-	-
	78,893	77,803	67,431	63,482



Notes to the annual financial statements as at 31 August 2011

29 Taxation

Namibian normal tax
Current taxation
Deferred taxation

Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
-	-	-	-
68,718	31,634	67,795	38,523
68,718	31,634	67,795	38,523

The tax on profit before tax differs from the theoretical amount that would arise using the basic tax rate of Namibia as follows:

Profit before tax

Tax calculated at the statutory rate
Tax effects revaluation depreciation
Income not subject to tax
Expenses not deductible for tax
Change in tax rate
Unutilised assessed loss

78,945	59,148	78,818	65,511
(2,463)	(3,929)	(2,463)	(3,929)
(10,724)	(15,774)	(10,724)	(15,774)
4,626	-	4,626	-
-	(8,393)	-	(7,285)
(1,666)	582	(2,462)	-
68,718	31,634	67,795	38,523

30 Cash generated by operations

Profit before tax
Adjustments for:
Depreciation
Impairment of property, plant and equipment
Amortisation of intangible assets
Severance pay provision
Operating lease rentals straight lining
Deferred revenue released
Loss on sale of property, plant and equipment
Investment revenue
Fair value adjustments on financial assets
Finance costs
Finance costs capitalised to long term borrowings
Adjustment

233,397	173,964	231,817	192,679
96,319	84,450	86,236	75,132
-	19,459	-	19,459
3,669	1,296	3,669	1,296
716	(661)	716	60
(54,518)	(2,440)	(55,322)	(2,745)
-	(10,241)	-	(10,241)
108	4,562	199	4,562
(96,640)	(90,343)	(96,625)	(90,310)
(60,500)	(41,994)	(60,500)	(41,994)
78,893	77,803	67,431	63,482
59,944	24,788	59,944	24,788
-	58	-	-
261,388	240,701	237,565	236,168

Changes in working capital

Trade and other receivables
Other financial asset
Inventories
Payables and provisions

(8,967)	39,001	(32,238)	16,278
(5,519)	(23,849)	(5,519)	(23,849)
(69,908)	127,739	(822)	107
80,977	(121,912)	23,367	(19,642)
257,971	261,680	222,353	209,062



Notes to the annual financial statements as at 31 August 2011

31 Commitments

Authorised capital expenditure:

Authorised and contracted for

Authorised, but not yet contracted for

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Authorised and contracted for	1,795,943	144,732	1,795,943	140,851
Authorised, but not yet contracted for	156,915	2,006,272	156,915	2,006,272
	1,952,858	2,151,004	1,952,858	2,147,123

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources, funds internally generated. For the envisaged Port Expansion Project, the Authority has started with the procurement of financing from external sources.

32 Contingent liabilities

Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd.

	186,150	186,150	186,150	186,150
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The bank overdraft of EBH Namibia Ltd. and other long-term borrowings are secured by first marine bonds for N\$ 47,000,000 and N\$ 30,000,000 over the Floating Dock I and Floating Dock II respectively, registered cession of marine policies of N\$ 36,000,000 and N\$ 55,000,000 respectively and unlimited cession of its call account.

The Group might be liable for an amount of N\$ 1.9 million for a feasibility study and geotechnical work carried out at the Port under a memorandum of agreement entered into with a fellow State Owned Entity.



Notes to the annual financial statements as at 31 August 2011

33 Related parties

The Authority is wholly owned by the Namibian Government. There were no significant transactions, individually or in aggregate, entered into between the Group and the Namibian Government or any other entity controlled by this Government.

Remuneration to key management personnel

Directors' emoluments

Executive: (EBH)

A Pretorius

Salaries

A Pretorius

Bonus

Non-executive:

For services as directors:

M van der Meer

A Kanime

R Shipiki-Kapolo

J Mutumba

M Nakale

J Muadinohamba

J Comalie

M Jankie-Shakwa

O Shikongo

Subsidiary directors

Total

Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
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9,857	8,673	8,300	7,403
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1,232	1,270	-	-
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325	-	-	-
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1,802	576	1,669	576
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-	203	-	203
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237	82	237	82
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233	86	233	86
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203	100	203	100
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189	105	189	105
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722	-	722	-
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29	-	29	-
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28	-	28	-
----	---	----	---

28	-	28	-
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133	-	-	-
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3,359	1,846	1,669	576
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34 Financial instruments and risk management

34.1 Significant Accounting Policies

Details of the significant accounting policies adopted, including the criteria for recognition, basis for measurement and the basis on which income(gains) and expenses (losses) are recognised, in respect of each class of financial asset and liability are disclosed in note 2.5 in the financial statements.



Notes to the annual financial statements as at 31 August 2011

34.2 Classification of financial assets and liabilities

Group
Financial assets

31 August 2011

	Fair value Hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
Investments	Level 2	-	782,522	782,522
Other financial assets	Level 2	-	116,278	116,278
Channel levy fund investment	Level 2	-	14,137	14,137
Trade and other receivables		116,811	-	116,811
Cash and cash equivalents		417,756	-	417,756
		534,567	912,937	1,447,504

31 August 2010

Investments	Level 2	-	724,749	724,749
Other financial assets	Level 2	-	112,422	112,422
Channel levy fund investment	Level 2	-	12,000	12,000
Trade and other receivables		108,656	-	108,656
Cash and cash equivalents		327,867	-	327,867
		436,523	849,171	1,285,694

Group
Financial liabilities

31 August 2011

	Other financial liabilities at amortised costs	Financial lease obligations	Special purpose funds	Total
Long-term borrowings	553,438	-	-	553,438
Instalment sales obligations	-	197,744	-	197,744
Special purpose funds	-	-	22,558	22,558
Trade and other payables	128,407	-	-	128,407
Bank overdraft	-	-	-	-
	681,845	197,744	22,558	902,147

31 August 2010

Long-term borrowings	440,195	-	-	440,195
Instalment sales obligations	-	251,816	-	251,816
Special purpose funds	-	-	15,135	15,135
Trade and other payables	46,703	-	-	46,703
Bank overdraft	4,743	-	-	4,743
	491,641	251,816	15,135	758,592



Notes to the annual financial statements as at 31 August 2011

34.2 Classification of financial assets and liabilities (continued)

Authority
Financial assets

31 August 2011

	Fair value Hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
Investments	Level 2	-	782,522	782,522
Loans to subsidiaries		3,532	-	3,532
Other financial assets	Level 2	-	116,278	116,278
Channel levy fund investment	Level 2	-	14,137	14,137
Trade and other receivables		82,378	-	82,378
Cash and cash equivalents		413,184	-	413,184
		499,094	912,937	1,412,031

31 August 2010

Investments	Level 2	-	724,749	724,749
Loans to subsidiaries		3,079	-	3,079
Other financial assets	Level 2	-	112,422	112,422
Channel levy fund investment	Level 2	-	12,000	12,000
Trade and other receivables		50,140	-	50,140
Cash and cash equivalents		327,687	-	327,687
		380,906	849,171	1,230,077

Authority
Financial liabilities

31 August 2011

	Other financial liabilities at amortised costs	Financial lease obligations	Special purpose funds	Total
Long-term borrowings	417,471	-	-	417,471
Instalment sales obligations	-	197,744	-	197,744
Special purpose funds	-	-	22,558	22,558
Trade and other payables	50,454	-	-	50,454
	467,925	197,744	22,558	688,227

31 August 2010

Long-term borrowings	294,019	-	-	294,019
Instalment sales obligations	-	249,452	-	249,452
Special purpose funds	-	-	15,135	15,135
Trade and other payables	25,761	-	-	25,761
	319,780	249,452	15,135	584,367



Notes to the annual financial statements as at 31 August 2011

34.3 Financial risk management

The group does not trade in financial instruments, but in the normal course of operations it is exposed to credit risk, liquidity risk and market risk. These risks are managed by the group through formal documented policies and procedures as approved by its Board of Directors. These policies are continuously reviewed and updated as and when the need arises.

The group's overall risk management focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The group uses derivative financial instruments on an adhoc basis to hedge certain risk exposures. Risk management is carried out by the group's Risk Committee under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

34.4 Liquidity risk

Liquidity risk refers to the risk that the group will encounter difficulty in meeting its obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group 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.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



Notes to the annual financial statements as at 31 August 2011

34.4 Liquidity risk (continued)
Group

31 August 2011

Long-term borrowings and instalment sales obligations
Special purpose funds
Trade and other payables
Bank overdraft

	Less than 1 year N\$ '000	Between 1 and 5 years N\$ '000	More than 5 years N\$ '000
	114,654	566,205	70,323
	6,597	15,961	-
	128,407	-	-
	-	-	-
	249,658	582,166	70,323

31 August 2010

Long-term borrowings and instalment sales obligations
Special purpose funds
Trade and other payables
Bank overdraft

	88,271	511,033	92,707
	1,426	13,709	-
	46,703	-	-
	4,743	-	-
	141,143	524,742	92,707

Authority

31 August 2011

Long-term borrowings
Instalment sales obligations
Special purpose funds
Trade and other payables

	40,540	369,463	7,468
	60,578	137,166	-
	6,597	15,961	-
	50,454	-	-
	158,169	522,590	7,468

31 August 2010

Long-term borrowings
Instalment sales obligations
Special purpose funds
Trade and other payables

	18,443	262,699	12,877
	58,070	191,382	-
	1,426	13,709	-
	25,761	-	-
	103,700	467,790	12,877



Notes to the annual financial statements as at 31 August 2011

34.4 Liquidity risk (continued)

Overdraft facilities:

Total facilities

Utilised

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
	43,000	40,000	23,000	20,000
	(18,770)	(24,697)	(18,770)	(18,286)
	24,230	15,303	4,230	1,714

34.5 Credit risk

The credit risk refers to the risk that a counterparty will cause financial loss to the group by defaulting on its contractual obligations.

Credit risk arises from cash and cash equivalents, short- and long-term deposits with banks and financial institutions, as well as credit exposures to outstanding receivables.

The carrying amount of financial assets represents the group's maximum exposure to credit risk.

The maximum exposure to credit risk, without taking into account any collateral held, at the reporting date was:

Investments	782,522	724,749	782,522	724,749
Loans to subsidiaries	-	-	3,532	3,079
Other financial assets	116,278	112,422	116,278	112,422
Channel levy fund investment	14,137	12,000	14,137	12,000
Trade and other receivables	116,811	108,656	82,378	50,140
Cash and cash equivalents	417,756	327,867	413,184	327,687
	1,447,504	1,285,694	1,412,031	1,230,077

The group holds bank guarantees and cash deposits as security in the event of defaults on its outstanding receivables. The group has also taken out a contingency insurance plan covering it against losses suffered as a result of defaults from its trade debtors.

Total value of bank guarantees and cash deposits held by the group at the reporting date

	29,291	30,298	29,291	32,714
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Notes to the annual financial statements as at 31 August 2011

34.5 Credit risk (continued)

Credit risk pertaining to receivables are not concentrated to a few customers as trade receivables comprise a widespread customer base. The group has guidelines in place to ensure that services are rendered to customers with an appropriate credit history. Management evaluates credit risk relating to customers on an ongoing basis.

Whilst credit limits were exceeded during the reporting period, management does not expect any losses from non-performance by these counterparties. The group has not renegotiated the terms of its receivables.

The group only deposits cash with major banks and financial institutions with high quality credit standing and its investment policy limits exposure to any one counter-party.

34.6 Market risk

Market risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates and foreign exchange rates.

Interest rate risk

Interest risk the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group's interest rate risk results mainly from its exposure to floating interest bearing long- and short-term funds invested as well as floating interest rates on long-term borrowings.

The table below sets out the extent to which the group's financial instruments is exposed to interest rate fluctuations:

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Financial assets:				
Floating interest bearing	1,214,415	1,064,616	969,329	1,070,204
Fixed and non-interest bearing	233,089	221,078	442,702	159,873
	1,447,504	1,285,694	1,412,031	1,230,077
Financial liabilities:				
Floating interest bearing	444,559	380,018	308,592	231,478
Fixed and non-interest bearing	457,588	378,574	379,635	352,889
	902,147	758,592	688,227	584,367
A change of 100 basis points in interest rates at the reporting date would have increased or decreased the group's profits and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.				
Financial assets	5,456	4,143	3,839	4,204
Financial liabilities	(2,934)	(2,508)	(2,037)	(1,528)
Net effect on equity	2,522	1,635	1,802	2,676



Notes to the annual financial statements as at 31 August 2011

34.6 Market risk (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the group's functional currency. The group consider the need to take out cover on outstanding foreign currency transactions on an ad hoc basis, as and when such transactions occur. Upon the discretion of management, cover is taken out from time to time.

At the reporting date, the group's cumulative exposure to foreign receivables, foreign cash and cash equivalents and foreign long-term borrowings were not material and as such changes to the foreign exchange rates would not significantly impact on the equity of the group.

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the statement of financial position as at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set in its investment policy.

A change of 10% in equity prices at the reporting date would have increased or decreased the group's profits and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

	Group 2011 N\$ '000	Group 2010 N\$ '000	Authority 2011 N\$ '000	Authority 2010 N\$ '000
Net effect on equity	25,591	13,877	25,591	13,877

34.7 Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.



Notes to the annual financial statements as at 31 August 2011

Carrying values		Fair values	
2011	2010	2011	2010
N\$ '000	N\$ '000	N\$ '000	N\$ '000

34.8 Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments.

Group

Financial assets

Investments	782,522	724,749	782,522	724,749
Other financial assets	116,278	112,422	116,278	112,422
Channel levy fund investment	14,137	12,000	14,137	12,000
Trade and other receivables	116,811	108,656	116,811	108,656
Cash and cash equivalents	417,756	327,867	417,756	327,867
	1,447,504	1,285,694	1,447,504	1,285,694

Financial liabilities

Long-term borrowings	553,438	440,195	553,438	440,195
Instalment sales obligations	197,744	251,816	197,744	251,816
Special purpose funds	22,558	15,135	22,558	15,135
Trade and other payables	128,407	46,703	128,407	46,703
Bank overdraft	-	4,743	-	4,743
	902,147	758,592	902,147	758,592

Authority

Financial assets

Investments	782,522	724,749	782,522	724,749
Loans to subsidiaries	3,532	3,079	3,532	3,079
Other financial assets	116,278	112,422	116,278	112,422
Channel levy fund investment	14,137	12,000	14,137	12,000
Trade and other receivables	82,378	50,140	82,378	50,140
Cash and cash equivalents	413,184	327,687	413,184	327,687
	1,412,031	1,230,077	1,412,031	1,230,077

Financial liabilities

Long-term borrowings	417,471	294,019	417,471	294,019
Instalment sales obligations	197,744	249,452	197,744	249,452
Special purpose funds	22,558	15,135	22,558	15,135
Trade and other payables	50,454	25,761	50,454	25,761
	688,227	584,367	688,227	584,367



Notes to the annual financial statements as at 31 August 2011

34.8 Fair values (continued)

The fair value of cash and cash equivalents, trade and other receivables as well as trade and other payables approximate their carrying value due to its short-term nature. The effects of discounting loans to subsidiaries and the channel levy investment to determine its fair value are immaterial.

The fair value of long-term borrowings and instalment sales obligations were calculated by discounting future cash flows at a fair rate of return. The effects of discounting future cash flows or the special purpose funds are immaterial.

35 Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Namport and the Group for the year ended 31 August 2011, the following new or revised financial reporting standards, amendments and interpretations of those standards were in issue but not yet effective. On review of these amendments and interpretations, the impact (if any) has not yet been estimated, or is not expected to have a material impact on the Group's financial statements.

Standard or interpretation	Title and details	Effective Date
IAS 1 (amendment)	Presentation of Financial Statements The amendment is part of the IASB annual improvements process for 2010 and clarifies certain issues relating to the Statement of Changes in Equity.	Annual periods beginning on or after 1 January 2011
IAS 12 (amendment)	Income taxes The amendment introduces a rebuttable presumption that an investment property will be recovered in its entirety through sale.	Annual periods beginning on or after 1 January 2012
IAS 24 (revised)	Related Party Disclosures The revised standard contains an amended definition of related parties and modifies certain related party disclosure requirements for Government-related entities.	Annual periods beginning on or after 1 January 2011
IAS 27 (revised)	Consolidated and Separate Financial Statements The revised standard requires the effect of all transactions with non-controlling interests to be recorded in equity where there is no change in control and such losses. transactions will no longer result in goodwill or gains and	Annual periods beginning on or after 1 July 2011
IAS 27 (amendment)	Consolidated and Separate Financial Statements These are consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013
IAS 28 (amendment)	Investments in associates These are consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013
IAS 34 (amendment)	Interim Financial Reporting The amendment is part of the IASB annual improvements process for 2010 and provides guidance on the treatment of significant events and transactions in interim financial statements.	Annual periods beginning on or after 1 January 2011
IFRIC 13	Customer Loyalty Programmes The amendment provides clarification on the intended meaning of the term "fair value" in respect of award credits.	Annual periods beginning on or after 1 January 2011



Notes to the annual financial statements as at 31 August 2011

35 Standards and interpretations not yet effective (continued)

Standard or interpretation	Title and details	Effective Date
IFRS 1 (amendment)	<p>First-time Adoption of International Financial Reporting Standards The amendments deal with accounting policy changes in the year of adoption, revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulations.</p> <p>These amendments provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements for the first time. The standard was also amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day one gains on transactions that occurred before the date of adoption.</p>	<p>Annual periods beginning on or after 1 January 2011.</p> <p>Annual periods beginning on or after 1 July 2011.</p>
IFRS 3	<p>Business Combination The amendments are part of the IASB annual improvements process for 2010. These amendments deal with transitional requirements for contingent consideration in a business combination that occurred before the effective date of the revised IFRS 3 (revised 2008), measurement of non-controlling interests and unreplaced and voluntarily replaced share-based payment awards.</p>	Annual periods beginning on or after 1 January 2011.
IFRS 7 (amendment)	<p>Financial Instruments: Disclosures The amendment is part of the IASB annual improvements process for 2010. It provides clarification of certain disclosure requirements of the standard.</p> <p>The amendments require additional disclosures on transfer transactions of financial assets and if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.</p>	<p>Annual periods beginning on or after 1 January 2011</p> <p>Annual periods beginning on or after 1 July 2011</p>
IFRS 9	<p>Financial Instruments This standard forms part of the IASB's project to replace the existing standard on the recognition and measurement of financial instruments. The standard defines two measurement categories for financial assets: amortised cost and fair value. A financial asset may only be measured at amortised cost if it has basic loan features and is managed on a contractual yield basis. The standard also differs from existing requirements for accounting for financial assets in various other areas, such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income.</p>	Annual periods beginning on or after 1 January 2015.



Notes to the annual financial statements as at 31 August 2011

35 Standards and interpretations not yet effective (continued)

Standard or interpretation	Title and details	Effective Date
IFRS 10	Consolidated Financial Statements This standard replaces the consolidation requirements in SIC 12 and IAS 27 . It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance in the determination of control where this is difficult to assess.	Annual periods beginning on or after 1 January 2013.
IFRS 11	Joint Arrangements The standard deals with the accounting for joint arrangements and requires a single method for accounting for interests in jointly controlled entities.	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities New and comprehensive standard on disclosure requirements for all forms of interests in other entities.	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement This standard provides new guidance on fair value measurements and disclosure requirements.	Annual periods beginning on or after 1 January 2013.



