

PORTS AUTHORITY
NEW ZEALAND



NEW ZEALAND PORTS



ANNUAL REPORT
2008

Contents Page

Board of Directors	3
Chairman's Report	4
Management Team	6
Chief Executive Officer Review	7
Nairport Structure	10
Business Unit : Port of Walvis Bay	11
Walvis Bay Corridor Group	13
Business Unit : Port of Lüderitz	14
Business Unit : Synchrolift	15
Social Responsibility	16
Port Statistics	20
Value Added Statement	24
Financial Statements	25

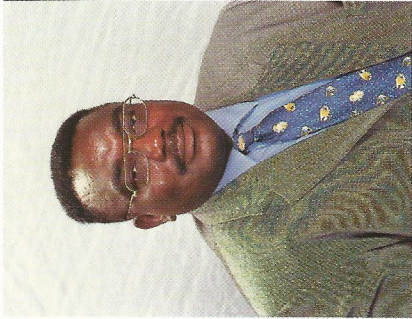
Board of Directors



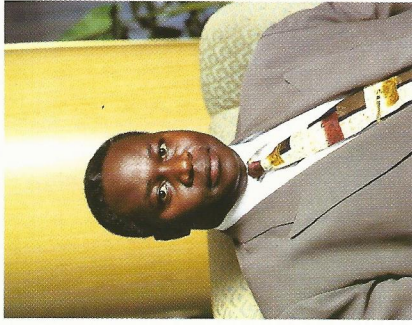
Mr W J A Wessels
Chief Executive Officer



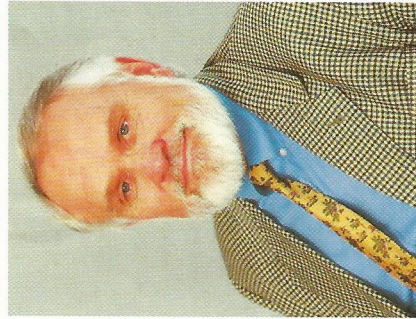
Mr D H Conradie
Chairman



Mr A Z Ishitile
Director



Mr U Maamberua
Director



Mr H T J Dennewill
Director



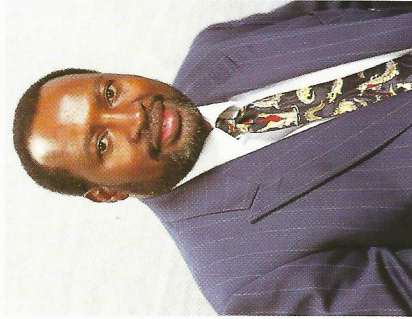
Ms S T Harris
Director



Mr J C Rogers
Deputy-Chairman



Mr S T Hiveluah
Director



Dr P T Shipoh
Director

Chairman's Report



Mr D H Conradie
Chairman

It is my pleasant duty to report on yet another strong financial performance from Namport for the period under review. This period encompasses a timeframe of 17 months, due to the change in the financial year-end of Namport. This change was necessitated in order to effect a better alignment between the accounting period and the business activities of Namport.

The provisional liquidation of Tsumeb Corporation Limited remains a source of concern, as it impacts significantly on the turnover of the Port of Walvis Bay. New business development in Namport and the growth in existing business over the period however have minimised this negative effect. Tariff increases for the year averaged 9.5%, which remain below the inflation rate. Tariffs for the Port of Lüderitz have also now been fully harmonised with that for the Port of Walvis Bay.

The increasing financial complexity at Namport, as well as the high level of developmental activity, necessitates an increased focus on financial controls, and to this end an Audit Committee was established. Furthermore, the internal audit function has been contracted out to a private auditing firm, to further strengthen the financial review function. To provide present and future port facilities as contemplated in the Namibian Ports Authority Act, Namport is charged with the development of such facilities in lieu of the payment of dividends to its shareholder. This approach ensures effective investment in infrastructure of the appropriate funds generated by Namport from its activities. Development projects have progressed well, with the container terminal development in Walvis Bay nearing completion and the dredging for the Lüderitz quay project completed, and with good progress made on the reclamation aspects of the new quay. The completion date for this project remains at July/August 1999. The environmental aspects of all our projects remain a high priority at Namport, and all due care is exercised to ensure that the impact on the environment due to our developments, is minimised.

Although industrial action was experienced by Namport during the period under review, a negotiated settlement was reached and a substantive agreement signed with the trade union. This issue has focused attention on staff development, and a number of measures have been put in place to ensure that Namport remains fair and competitive in this regard. A comprehensive strategic planning exercise was undertaken by management, leading to clearly defined strategies and a proposed new structure for Namport. This structure will provide an increased focus on the ports as independent business units, and furthermore improve segregation of the port authority function from the commercial and operational functions. It furthermore provides the proper staff framework to take Namport into the

next millennium, with a proper platform for effective staff succession planning. Namport plays an important role in projecting the image of Namibia both regionally and abroad as a favourable investment and trade area. To this end, our participation in the EXPO 98 event in Lisbon helped to strengthen the Namibian presence and to showcase opportunities for investors, business people and tourists alike. This national effort has strengthened the image of Namibia on many fronts, and Namport is proud to have played a part in this. The development of the Port of Walvis Bay as a regional hub port and the promotion of the Walvis Bay Corridor remain important business objectives. Despite some teething problems experienced on the Trans Kalahari Highway, we remain confident that strong business growth will result from these infrastructure investments. A number of very significant business proposals are in the offing for both the ports of Walvis Bay and Lüderitz, and we look forward to exciting opportunities in the new financial year.

The previous Chairman of the Board, Dr Jan Jurgens, has retired during the period under review. Our thanks and appreciation go to him for his leadership and contribution during a time of strong growth and development in Namport. Mr. W.J.A. Wessels was appointed Chief Executive Officer with effect from 1 May 1998. During the year, Mr. Ishitile joined the Board as a Director in the place of Dr Jurgens, together with Mr. Wessels upon his appointment as Chief Executive Officer. Mr. Rogers was elected as Deputy Chairman of the Board. I wish to convey my congratulations to these gentlemen, and look forward to their support and contribution at Board level. I also wish to convey my thanks and appreciation to Capt. von der Fecht on his retirement at the end of April 1998, for his efforts and leadership since the inception of Namport, and for initiating a number of the projects now coming to fruition. We wish him a long and pleasant retirement.

Finally, my sincere appreciation goes to the Board of Directors, Management Team and staff of Namport, for a solid contribution and an excellent performance during the period under review. Our staff members remain our most valuable asset in our business, and their efforts and abilities represent our single most important competitive advantage. We enter the new millennium with confidence, and we look forward to a continued strong contribution from Namport to the wider benefit of the Namibian economy and all its people.



D H CONRADIE
CHAIRMAN OF THE BOARD

Management Team



Back Row (from left to right):

Mr E Loftie-Eaton (Manager: Technical Services),
Mr J Mouton (Marketing Manager), **Mr J L van der Merwe** (General Manager: Finance),
Mr A J Raw (Port Engineer), **Capt M J van der Meer** (General Manager: Port Authority /

Port Captain: Walvis Bay)

Bottom Row (from left to right)

Mr A Kathindi (Manager: Synchronlift), **Mr W J A Wessels** (Chief Executive Officer),
Mr A E Hannabus (Manager: Cargo Services)



Capt V. Gusev (Port Captain: Lüderitz)



Mr W J A Wessels
Chief Executive Officer

Chief Executive Officer Review

Business Development

The past financial period saw a challenging and rewarding time for Namport. A number of the development projects currently under way came to fruition and despite the industrial action experienced, meaningful progress was made with team building and staff development.

The financial period under review covered a time span of some 17 months (due to the change in our financial year-end) and despite the loss of a major client, Namport has managed to significantly improve its business performance and results. The year-end change was initiated to effect a better fit between the business environment and capital development program of Namport.

A number of exciting business opportunities are in the offing for both the ports of Walvis Bay and Lüderitz, thus justifying the strategic planning assumptions for the current development program. The harmonising of tariff books for the two ports has removed the final areas of conflict in this regard.

Namport plays a strong role in the development of the Walvis Bay Corridor and to this end the Walvis Bay Corridor Group was launched to act as a lobby group and to facilitate trade and business development through the different legs of the corridor. As such, Namport forms an important part of the national Namibian effort towards the attraction of direct foreign investment and the growth of the wider Namibian economy. We have actively participated in various events abroad to broaden the investor knowledge base about opportunities in Namibia of which the most notable was the EXPO 98 exhibition in Lisbon. This was a resounding success.

The provisional liquidation of TCL was a source of concern to us, as to the rest of the Namibian economy. I am happy to report that our efforts to grow other business have minimised the effect of this event on Namport. Namport has shown strong growth in containerised business, which justifies our investment in equipment and facilities in this field. For the first time, reefer containers are now handled in the Port of Lüderitz and it necessitated some quick action from Namport to keep up with demand from the market in terms of facilities and equipment.

Business potential for the port of Lüderitz is high, given the strategic position of the port for mining developments in the South of Namibia, notably the potential for the Scorpion

and Haib developments. At the port itself, a structural shift to the use of reefer containers for fish exports is taking place, which augurs well for future growth. A regular shipping service now operates between ports in Angola and the ports of Lüderitz and Walvis Bay, thus further boosting trade development. This has resulted in the Port of Walvis Bay now acting as a hub port for this business, which aligns with future strategic planning for the port.

Port Development

In the Port of Walvis Bay we are nearing final completion of the container terminal development. This development, when completed, will be a most modern terminal with flex-



ible handling equipment, a dedicated entrance gate to the port and a sophisticated container terminal information system. This will allow us to improve our capability and customer service even further, whilst also being a vital part of our future planning, given our aspirations to position Walvis Bay as a hub port on the west coast of Africa.

In the Port of Lüderitz, good progress was made with the construction of the new quay, despite some initial problems, which delayed the project. The completion of this project will provide Lüderitz with the long overdue infrastructure required to provide proper service to our customer base. It will also provide the necessary platform from which to provide business growth for the entire South of Namibia.

Strategic Planning

A comprehensive strategic planning exercise highlighted key success factors for Namport

Business Unit :

Port of Walvis Bay

Our development and upgrading programme for the port of Walvis Bay is progressing well and in accordance with planning.

The new container terminal is situated at berths 1 to 3 and is nearing completion. This terminal will provide 380 ground slots, 180 reefer container plug points and can handle both 20 and 40 foot containers. In addition, the new layout caters for reach stacker operations and to avoid too many restows stacks are 4 metres wide. The old terminal at berths 7 and 8 will be retained at present to provide for excess capacity. In line with Namport's mission to provide effective and efficient port related services, its container handling equipment now includes a Liebherr mobile harbour crane as well as two 45 ton and one 42 ton reach stackers.

To ensure a smooth flow of traffic and so as not to hamper container terminal operations, a separate commercial entrance road has been provided with the old entrance road serving as a dedicated entrance to the container terminal. A container terminal entrance building is presently under construction and when completed in March 1999 will house a container terminal information system which will ensure efficient control of the movement of containers in the harbour.

Further development of the port facilities during the past year included the upgrading of the arterial road network with the planned upgrading of the Tanker Jetty fire-fighting capacity system in February 1999.

In an effort to stimulate the use of Walvis Bay as a major hub port by being able to accommodate container vessels with deeper draught, Namport has commissioned a study on the deepening of the port to -12.8 metres from its present depth of -10 metres. This project has been accepted by the SADC as a Regional Project and the study has been submitted to the European Union for consideration as an EU funded project.

A major hub port at Walvis Bay will save at least five sailing days to and from Europe and the Americas for vessels otherwise destined for Durban. This time difference, which translates to ten days total journey time for both import and export shipments, is significant in the trade and commercial world given the opportunity cost of money.

There are two privately operated bulk facilities in the port, namely the Walvis Bay Bulk Terminal which is a multi-product facility and the Tsumeb Corporation Ltd terminal which

is used mainly for the export of salt.

The port is proud to record that the largest every single bulk shipment of goods, namely 36 000 tons of sulphur for use by Rossing Uranium mine in their sulphuric acid plant, was handled in 1998.

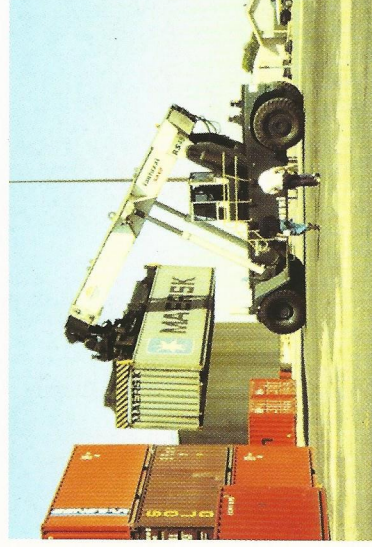
Future development at the port includes a grain storage facility which will be established in the port within the next year. Furthermore, Namport has earmarked a certain area of land north of the fishing harbour to accommodate the possible future requirement of a deep water terminal.

The potential for trade and traffic through the port of Walvis Bay has been enhanced by the Trans-Kalahari and Trans-Caprivi Highways.

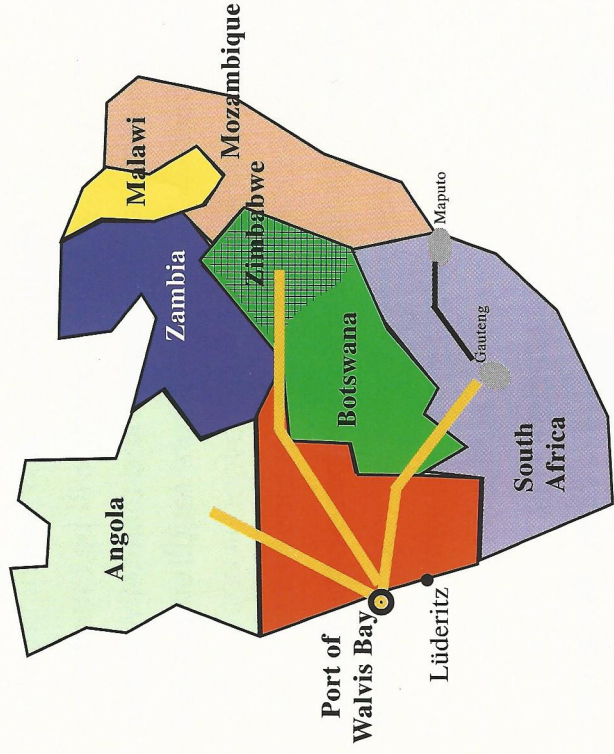
The Trans Kalahari Highway links central and southern Botswana as well as the Gauteng industrial region of South Africa with Walvis Bay. With the completion of the Maputo corridor from Maputo to Gauteng this will provide a corridor link from Walvis Bay on the Atlantic Ocean to Maputo on the Indian Ocean. Forming part of the Trans Kalahari link is the railway line from Walvis Bay, via Windhoek, to Gobabis near Namibia's eastern border with Botswana. The option of incorporating a dry port along this corridor warrants further investigation when the corridor has been established.

The Trans-Caprivi Highway will provide a paved road from Walvis Bay up to the borders with Zambia and Botswana in the East Caprivi. The link with Zambia is still via a pontoon at Katima Mulilo. Negotiations are under way for the construction of a bridge across the Zambezi River. The upgrading of the roads on the Zambian side will, however, also require urgent attention if the full benefit of this corridor into Zambia is to be realised.

As in the case with the Trans Kalahari, a railway line from Walvis Bay to Grootfontein forms part of this transport corridor and consideration will be given to a dry port at Grootfontein.



Walvis Bay Corridor Group



Port developments at Walvis Bay are focused on the role of the port as the gateway to the Walvis Bay Corridor. This entails inter alia the construction of a container terminal, dredging to a depth of -12.8 metres and a strategic approach to establish the port as a successful hub port on the west coast of Africa.

The Walvis Bay Corridor Group has been formed with its main objective being establishing and maintaining a autonomous group that will facilitate the logistics chain for the imports and exports for the SADC region and Namibia's landlocked neighbours and the marketing of the Walvis Bay Corridor.

The inaugural meeting of the Group took place in August 1998 where it was agreed that the Group would be representative of the following Associations :

- Namibia Road Carriers Association
- TransNamib Ltd
- Ministry of Works, Transport and Communication
- Ministry of Finance (Department of Customs and Excise)
- Namibian Association of Freight Forwarders
- Offshore Development Company
- Ministry of Trade and Industry
- Walvis Bay Port Users Association
- Namibian Ports Authority (2)
- NCCI
- Federation of Namibian Tourism Associations

A Business Development Manager will be appointed by the Group and Namport has offered office accommodation and administrative support services to this Manager.

Business Unit :

Port of Lüderitz

Namport has made steady progress with its development project at the port of Lüderitz.

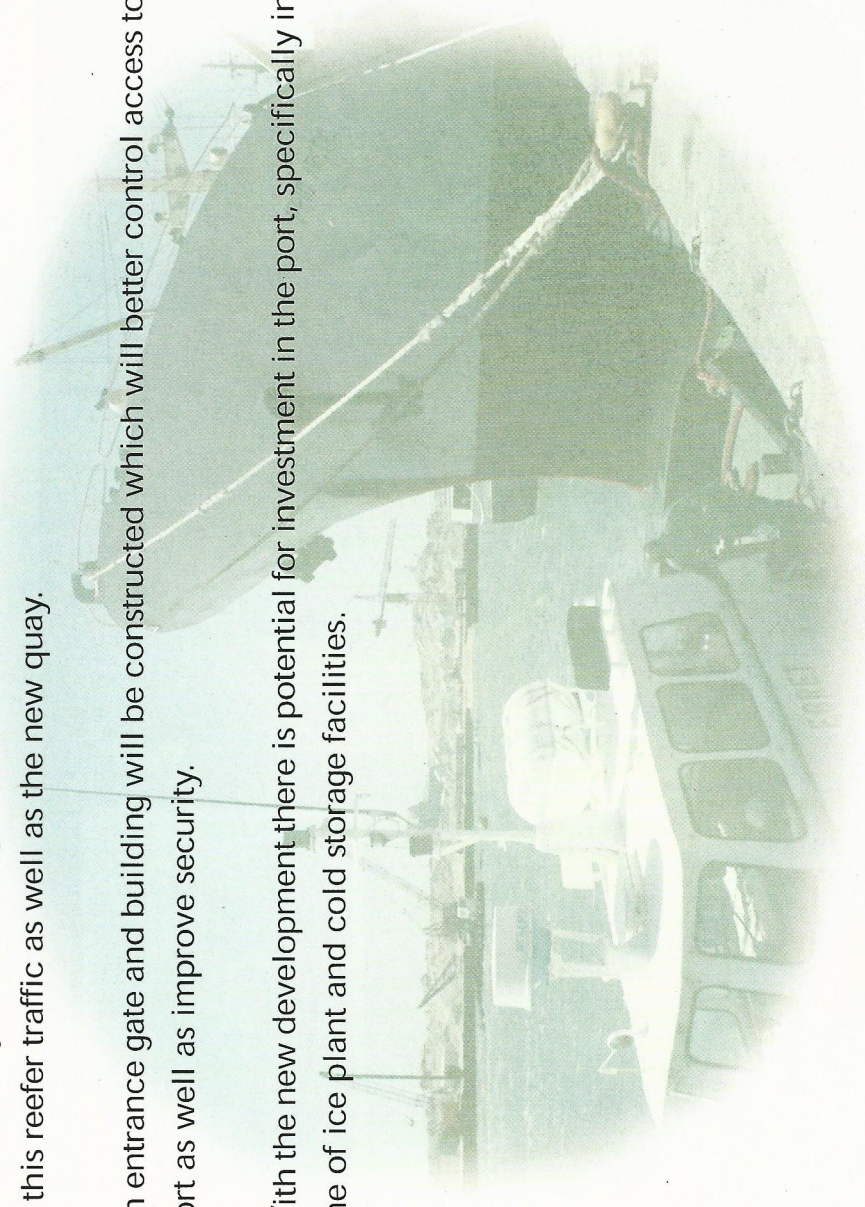
The channel at the port has now been dredged to -8.15 metres and the construction of the new 500 metre quay is progressing as planned with completion scheduled for August 1999.

The container handling equipment complement at the port now includes a 42 ton reach stacker as well as a 36 ton side loader, both of which can handle 6 and 12 metre containers. In addition, the concrete jetty cranes have been replaced by more modern wharf cranes. Namport will in the new year commence with the erection of a vehicle shed to provide shelter and protection for its valuable equipment.

There has been a dramatic increase in the reefer container traffic through the port during 1998 and to accommodate this increase in business, a container slab with 80 groundslots for 12 m containers for stacking two high with storage space for other containers, is being constructed and is due for completion at the end of 1998. In addition, a new electrical reticulation system is being installed to provide for the increased electrical requirements of this reefer traffic as well as the new quay.

An entrance gate and building will be constructed which will better control access to the port as well as improve security.

With the new development there is potential for investment in the port, specifically in the line of ice plant and cold storage facilities.



Business Unit

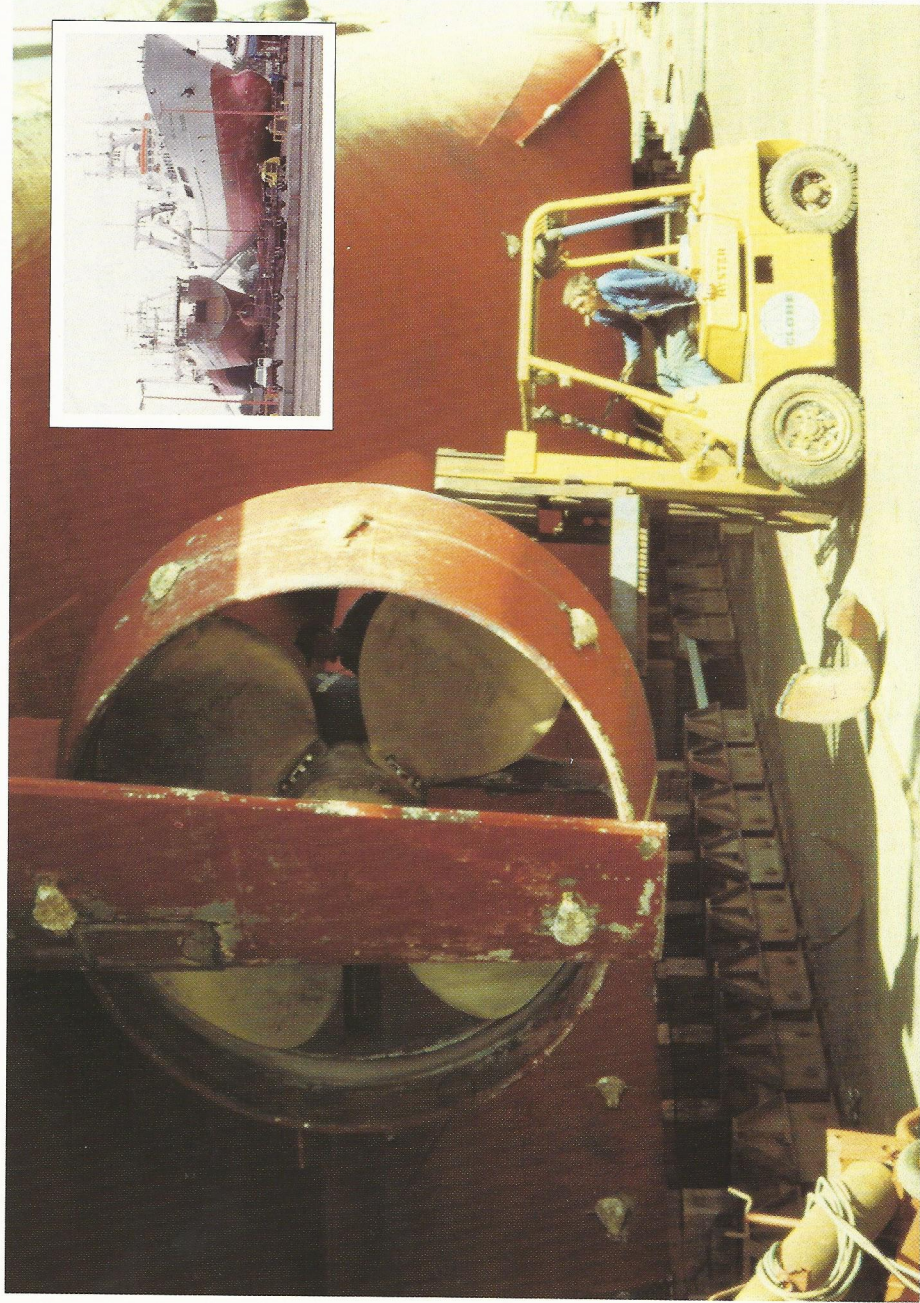
Synchrolift

The Walvis Bay Synchrolift provides one of the most professional and efficient dry-docking services on the west coast of Africa. Upgrading of the facility takes place on a continuous basis with upgrading of the fire-fighting and drainage systems receiving priority during the past year.

The facility can accommodate vessels of 2 000 tons displacement and is well placed to meet the demands of the fishing and West African offshore support sectors.

However, with utilisation at 80% and the demand to accommodate vessels of larger capacity, an urgent need to extend the Synchrolift has been identified. To this end a Synchrolift Task Force, comprising stakeholders representative of the fishing industry and engineering concerns, was formed for purposes of devising a workable medium- and long-term Master Plan for the Synchrolift which will address the needs of the present and future users. Once the plans have been established, a Business Plan will be produced.

The Task Force has appointed a consultant to carry out a feasibility study in this regard and this study will be available in late 1998.



Social Responsibility

Equal Opportunity

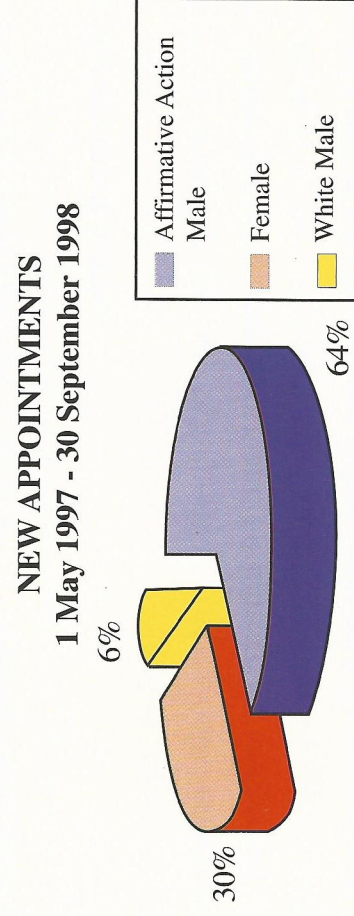
Namport is an equal opportunity employer and has implemented development and training programmes in order to afford all employees every opportunity to progress in their careers and in the company.

Affirmative Action

Through the continued implementation of its Affirmative Action programme, Namport aims to be an organisation where:

- Namport's staff complement more accurately reflects the demographics of Namibian society;
- Race and gender will be immaterial as regards employment and career opportunities;
- Performance and ability are the only criteria by which employees, and potential employees, are judged;
- All employees value and defend Namport's cultural diversity as a source of strength;
- Namport is accepted within Namibian society as being a credible and fair employer, playing a major role in the development of the national economy through the strength of its human potential and abilities.

The employment statistics for the past financial period indicates Namport's commitment to its Affirmative Action Programme :

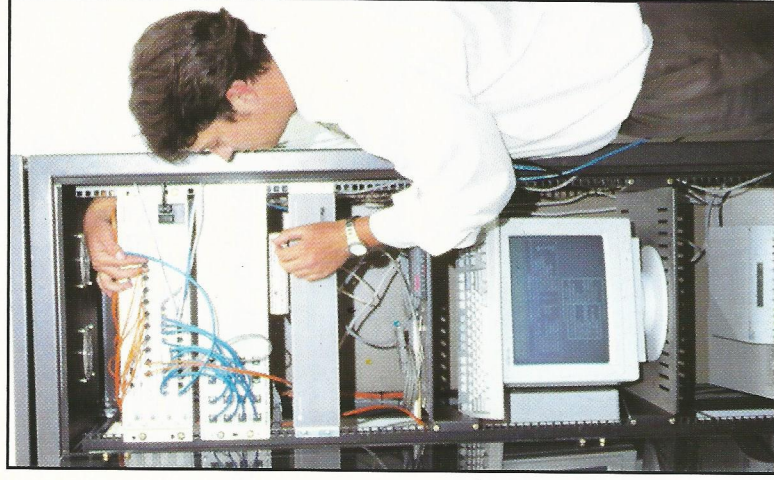


Health and Safety

We are committed to providing safe and healthy working conditions for all our employees and in the spirit of our commitment, during 1998 we signed an agreement with the Namibia Transport and Allied Workers Union regarding health and safety issues in the workplace.

In addition, Namport, while recognising the rights of its employees, has committed itself to create a healthy work environment for all its staff members and has designated certain areas as "no smoking areas".

Information Technology



Our Information Technology department has tested and upgraded Namport's equipment and systems to ensure Year 2000 compliance.

However, an independent audit of the hardware and systems will be carried out to verify such compliance.

Training and Development

We consider training as a vital element in the development of our employees as well as an opportunity for them to improve themselves and prepare for promotion opportunities.

Specifically, during the new year the training emphasis will be on literacy and computer skills.

To achieve our training objectives, we have expanded our head office complex to accommodate a training centre as well as a computer training facility.

Performance Management System

The preliminary investigation for implementation of the new Performance Management System has been completed and a trial run of the system is presently being undertaken in the Cargo Services Department. It is envisaged that by mid 1999 the Performance Management System will be fully operational.

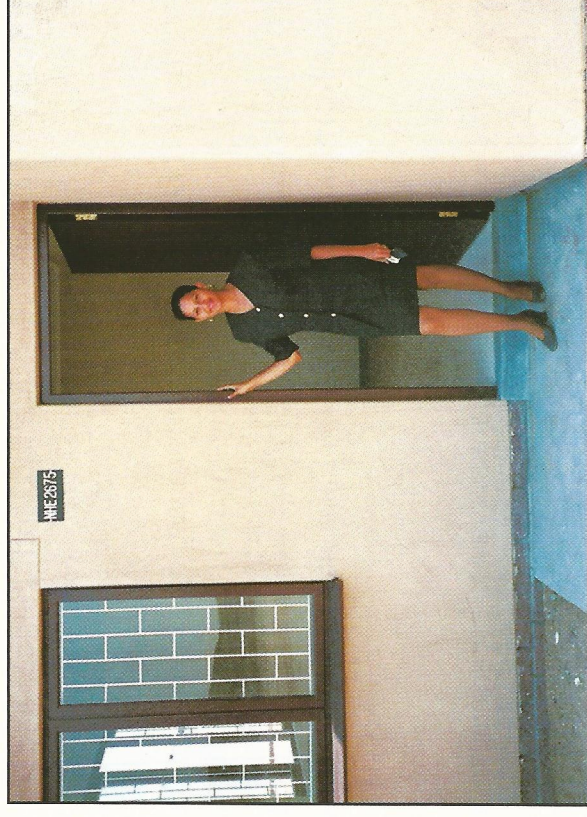
Community Involvement

We contribute to and are actively involved in social and community projects.

During the past year we hosted a Peer Educators refresher course in our training centre which covered issues such as AIDS, TB and other diseases. In mid 1998 Namport volunteers assisted the Ministry of Health and Social Services in its polio immunisation programme.

As our contribution towards training young Namibians, we sponsor apprentice artisan training at the Namibian Institute of Mining and Technology as well as marine cadets' training.

Our commitment to our employees



We are on an ongoing basis committed to improving the working conditions and standards of living of our employees.

Through our home ownership scheme the majority of our employees are now proud owners of their own homes. For those employees who as yet cannot afford their own home, a housing allowance is provided.

We provide financial assistance to our employees for further studies as well as study loan assistance to children of our employees.

Our new canteen facility in the upgraded Head Office complex affords staff a place away from their workstations to enjoy their lunch break.

Environmental Issues

Namport remains committed to protecting the environment in all its facets.

We have an Environmental Management Plan in place in respect of the Port of

Lüderitz quay development project to ensure that environmental concerns receive the necessary attention throughout the project. This Plan is being managed in conjunction with the Ministries of Environment and Tourism, Fisheries and Marine Resources, and Mines and Energy.

We are furthermore in the process of establishing a Pollution Control Operational Centre in co-operation with the Government to ensure a prompt and efficient response to any pollution incidents in Namibian waters.

Customer Care

To achieve excellent customer care and provide effective and economical services to our customers, we advocate a consultative process with our clients, in that -

- we consult with our clients when considering tariff changes and restructuring of tariffs
- we consult with the Port Users Associations regarding client services
- we consult with clients during the process of formulating new regulations or amending existing regulations which may have an effect on client services

During the year we undertook a broadbase client survey to ascertain the level of client satisfaction with Namport's services. Although positive in outcome, it did highlight areas requiring further attention and stresses that we should avoid complacency in this regard.



NAMIBIAN PORTS AUTHORITY

Key financial indicators

	17 Months 1997/1998	12 Months 1996/1997	12 Months 1995/1996	14 Months 1994/1995
Turnover	133,268	73,946	67,991	57,461
Operating profit	48,971	23,114	24,609	14,410
Profit before taxation	46,854	21,618	21,659	9,876
Return on assets	6%	13%	19%	12%
Return on equity	9%	26%	32%	18%
Operating profit margin	26%	31%	36%	26%
Total assets	556,963	174,073	128,645	103,854
Shareholder's interest	385,018	90,531	68,167	55,241
Borrowings	120,853	50,088	35,994	34,991
Debt: Equity ratio	0.31	0.55	0.53	0.63
Liquidity ratio	2.07	1.41	1.69	2.56
Number of employees*	406	388	385	355
Turnover per employee (N\$1000)*	232	191	177	159
Assets per employee (N\$1000)*	1,372	449	334	276

*1994/95 excludes Lüderitz employees, as results for Lüderitz for only one month was included.

NAMIBIAN PORTS AUTHORITY

CARGO HANDLED AT THE PORT OF WALVIS BAY (freight tons)

	93/94	94/95	95/96	96/97	17 Months 97/98	12 Months Comparative
DRY CARGO						
Cargo landed						
Bulk and Breakbulk	313,287	361,401	311,872	218,068	479,011	338,125
Cargo shipped						
Bulk and Breakbulk	440,257	500,297	495,108	501,003	839,808	592,806
Cargo transhipped						
Bulk and Breakbulk	92,740	30,213	29,232	29,233	36,314	25,633
Total dry cargo	846,284	891,911	836,212	748,304	1,355,133	956,564
LIQUID CARGO						
Cargo landed						
Patroleum	435,384	580,059	719,414	676,675	913,874	645,087
Other	9,792	246	63	65,332	18,015	12,716
Cargo shipped	445,176	580,305	719,477	742,007	931,889	657,804
Other	8,583	2,395	6,762	4,542	6,401	4,519
Total liquid cargo	453,759	582,700	726,239	746,531	938,290	662,323
CONTAINERIZED CARGO						
Cargo landed						
Containerized	143,717	168,677	183,540	195,598	215,997	152,469
Cargo shipped						
Containerized	173,302	162,424	151,528	124,436	171,502	121,060
Cargo transhipped						
Containerized	2,616	1,834	8,424	7,505	21,402	15,107
Total container. cargo	319,635	332,935	343,492	327,539	408,902	288,637
Total cargo handled	1,619,678	1,807,546	1,905,943	1,822,374	2,702,325	1,907,524
Containers handled at the port of Walvis Bay (Twenty-foot Equivalent Units)						
Landed	9,323	10,307	10,934	10,777	17,529	12373
Shipped	10,046	9,743	10,834	9,904	17,321	12227
Transhipped	-	-	1,341	689	3,216	2270
Total Teu's	19,369	20,050	23,109	30,979	38,066	26870

17 Month period is because of extended financial year

NUMBER OF VESSEL VISITS TO THE PORT OF WALVIS BAY (BY TYPE OF VESSEL)

	93/94	94/95	95/96	96/97	17 Months 97/98	12 Months Comparative
Container	56	55	66	74	149	105
Reefer	87	116	89	84	101	71
Foreign fishing vessels	441	286	252	305	443	313
Namibian fishing vessels	-	135	119	136	140	99
Petroleum	23	24	27	32	52	37
General cargo vessels	101	126	124	94	145	102
Other	115	68	101	119	131	92
TOTAL	823	810	778	844	1161	820

MAIN COMMODITIES HANDLED AT THE PORT OF WALVIS BAY (FREIGHT TONNES)

	93/94	94/95	95/96	96/97	17 Months 97/98	12 Months Comparative
LANDED						
PETROLEUM	435384	580059	719414	676675	913874	645088
FISH PRODUCTS	61291	106650	108062	110003	192383	135800
COAL	147859	154315	47070	51884	94446	66668
SUGAR	39344	45045	50741	55630	69749	49235
WHEAT	34828	44774	62794	29835	50887	35920
COPPER / LEAD AND CONC.	4386	17479	14855	5260	41902	29578
SULPHUR	-	-	-	9004	82658	58347
SULPHURIC ACID	9792	246	63	65332	18015	12716
CEMENT	18728	19835	18863	19791	21963	15503
MALT	7150	9050	11254	15211	20447	14433
WINE	15487	15523	10432	10082	12020	8485
VEHICLES	4226	10609	19129	9463	3375	2382
MAIZE	44915	17326	67046	413	-	-
OTHER	78790	89472	85166	97091	105178	74243
TOTAL	902,180	1,110,383	1,214,889	1,155,673	1,626,897	1,148,398
SHIPPED						
SALT BULK AND BAGGED	351500	370206	296905	325242	702650	495988
FISH PRODUCTS	103774	108981	76326	77546	103390	72981
COPPER / LEAD AND CONC.	50956	38516	37844	33731	62360	44019
FLUORSPAR	32434	52782	34732	31286	41154	29050
MANGANESE ORE	-	29360	104096	63103	21864	15433
MARBLE AND GRANITE	20169	13760	11244	13167	19697	13904
SKINS AND HIDES	9623	6851	10521	8397	6381	4504
FLAT CARTONS	10130	11200	19152	14428	4739	3345
CHARCOAL	2820	5400	14191	19758	3748	2646
FERTILIZER (GUANO)	3271	1764	2412	1760	2124	1500
OTHER	37465	26296	45975	41545	49605	35015
TOTAL	622,142	665,116	653,398	629,963	1,017,712	718,385
TRANSHIP						
FISH PRODUCTS	44876	29706	28829	29028	38135	26919
FOODSTUFFS	49459	1366	1021	1650	9985	7048
OTHER	1021	975	7806	6059	9596	6774
TOTAL	95,356	32,047	37,656	36,737	57,716	40,741

17 Month period is because of extended financial year

Cargo handled at the Port of Lüderitz

	*93/94	*94/95	95/96	96/97	17 Months 97/98	12 Months Comparative
Cargo landed	16,510	21,257	32,518	39,805	34,066	24,047
Fuel	10,393	14,959	8,850	18,312	33,472	23,627
Fish	1,855	3,511	117	1,037	3,756	2,651
Total landed	28,758	39,727	41,485	59,154	71,294	50,325
Cargo shipped	4,028	11,916	6,836	10,209	31,206	22,027
Fish & Bait	6,510	10,753	7,992	14,462	27,927	19,713
Ice	—	—	409	3,389	4,300	3,035
Total shipped	10,538	22,669	15,237	28,060	63,433	44,776
Cargo transhipped	12,217	8,566	32,407	15,858	22,850	16,130
Fish	—	4	5,836	—	17	12
Other	—	—	—	—	—	—
Total transhipped	12,217	8,570	38,243	15,858	22,867	16,142
Total	51,513	70,966	94,965	103,072	157,594	111,243

Number of vessels visits
to the port of Lüderitz

826	884	1127	1253	1603	1132
-----	-----	------	------	------	------

17 Month period is because of extended financial year

*1993/94 and 1994/95 statistics are shown courtesy of TransNamib Limited. TransNamib Limited calculated annual statistics for the periods April to March so as to conform with financial year, while the statistics for 1995/96 and 1996/97 is calculated for the period May to April, so as to conform to the financial year end of the Namibian Ports Authority.

Total cargo handled at the Ports of Walvis Bay and Lüderitz

	93/94	94/95	95/96	96/97	17 Months 97/98	12 Months Comparative
Cargo landed						
Bulk and Breakbulk	335,327	380,118	320,702	302,750	534,254	377,120
Containerized	143,717	168,677	183,740	195,598	215,997	152,469
479,044	548,795	504,442	498,348	750,251	529,589	
Cargo shipped						
Bulk and Breakbulk	459,378	525,361	517,107	533,587	909,642	642,100
Containerized	173,302	162,424	151,528	124,436	171,502	121,060
632,680	687,785	668,635	658,023	1,081,144	763,161	
Cargo transhipped						
Bulk and Breakbulk	104,957	38,783	67,475	45,090	59,181	41,775
Containerized	2,616	1,834	8,424	7,505	21,402	15,107
107,573	40,617	75,899	52,595	80,584	56,883	
Total dry cargo	1,219,297	1,277,197	1,248,976	1,208,966	1,911,979	1,349,632
Petroleum landed	451,894	601,316	751,932	716,480	947,940	669,134
TOTAL	1,671,191	1,878,513	2,000,908	1,925,446	2,859,919	2,018,766

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

Landed	9,323	10,307	10,934	10,859	17,771	12,544
Shipped	10,046	9,743	10,834	10,061	17,527	12,372
Transhipped	-	-	1,341	689	3,216	2,270
Total Teu's	19,369	20,050	23,109	21,609	38,514	27,186

NAMIBIAN PORTS AUTHORITY Value added statement

FOR THE 17 MONTHS ENDED 30 September 1998

	17 Months 1998 N\$000	%	12 Months 1997 N\$000	%
Value added:				
Turnover	133,268		73,946	
Paid to suppliers of materials and services	(20,810)		(16,311)	
	<u>112,458</u>	100	<u>57,635</u>	100
Value distributed:				
Employees	42,221	38	23,729	42
Salaries, wages and related benefits	10,682	9	5,214	9
Providers of capital				
Interest on borrowings	14,842	13	7,440	13
Government				
Direct taxes on profits	<u>67,745</u>	60	<u>36,383</u>	65
Retained for reinvestment:				
Depreciation	13,820	12	7,756	13
Retained profit	<u>30,894</u>	27	<u>13,496</u>	23
	<u>44,714</u>	40	<u>21,252</u>	37
	<u>112,458</u>	100	<u>57,635</u>	100

NAMIBIAN PORTS AUTHORITY ANNUAL FINANCIAL STATEMENTS

for the period ended 30 September 1998

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

Corporate governance statement	Page 26-27
Statement of responsibility by the board of directors	28
Auditors' report	29
Directors' report	30-31
Balance sheet	32
Income statement	33
Cash flow statement	34
Notes to the financial statements	35-44

NAMIBIAN PORTS AUTHORITY CORPORATE GOVERNANCE STATEMENT

The Namibian Ports Authority is committed to the principle of openness, integrity and accountability and the directors recognize the need to conduct the business of the Authority with integrity and in accordance with generally accepted corporate practices.

Board of Directors

The board meets regularly, retains control over the Authority and monitors executive management. The board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the Authority. The roles of the Chairperson and Chief Executive provide leadership and guidance to the Authority's board and encourage proper deliberation of all matters requiring the board's attention, and obtain optimum input from the other directors.

Non-Executive Directors

The board has eight non-executive directors. Five of the non-executive directors are appointed for specific terms and re-appointment is not automatic. Three of the non-executive directors are appointed in their respective capacities as Permanent Secretaries of the Ministries of Works, Transport and Communication, Finance and Fisheries and Marine Resources.

Executive Directors

There is one executive director on the board. An executive director's service contract does not exceed five years in duration.

Secretary and professional advice

All directors have access to the advice and services of the secretary of the authority, who is responsible to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the Authority and at the Authority's expense.

Audit Committee

An Audit Committee whose Chairman is a non-executive director was established during the current period. Both the internal and external auditors have unrestricted access to the

Audit Committee, which ensures that their independence is in no way impaired. Three meetings have been held since the establishment of the committee which were attended by the external and internal auditors and appropriate members of the executive management. Future meetings will be held at least four times a year.

Internal Control System

The Authority maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorized acquisition, use or disposition, which is designed to provide reasonable assurance to the Authority's management and board of directors regarding the preparation of reliable published financial statements and the safeguarding of the Authority's assets. The system includes a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the Authority and the proper training and the development of its people. Internal auditors were appointed during the period under review and they monitor the operation of the internal control system and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The board, operating through its Audit Committee, provide 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 assessed its internal control system as at 30 September 1998 in relation to effective internal control over financial reporting. Based on its assessment, the Authority believes that, as at 30 September 1998, its system of internal control over financial reporting and over safeguarding of assets against unauthorized acquisitions, use or disposition, was adequate.

Year 2000 compliance

The Authority's information technology systems are based on the latest hardware and software technologies. Investigation has identified certain risks with regard to the changeover. A plan of action has, however, been implemented to ensure that all systems will be year 2000 compliant.

NAMIBIAN PORTS AUTHORITY 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. The financial statements, presented on pages 30 to 44 have been prepared in accordance with generally accepted accounting practice and include amounts based on judgements and estimates made by the management.

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 is supported by the financial statements.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of meetings of the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The audit report of PricewaterhouseCoopers is presented on page 29.

The financial statements were approved by the board of directors on 2 December 1998 and are signed on its behalf.



.....
Chairman



.....
Director

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

We have audited the financial statements set out on pages 30 to 44 for the period ended 30 September 1998. These financial statements are the responsibility of the Authority's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of Namibian Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Authority at 30 September 1998 and the result of its operations and cash flow information for the 17 month period ended in accordance with generally accepted accounting practice.

PricewaterhouseCoopers

**PricewaterhouseCoopers
CHARTERED ACCOUNTANTS (NAMIBIA)**

Date 2 December 1998

Namibian Ports Authority Directors' Report for the period ended 30 September 1998

1. The directors present their annual report which forms part of the audited financial statements of the Authority for the seventeen months ended 30 September 1998.

Nature of business

2. 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.

Financial results

3. The financial results are set out in the income statement and the notes thereto.
4. The proportions of revenue attributable to the different aspects of the Authority's business, the extent to which each of these activities contributed to the operating profit for the period and the assets employed, were:

	Revenue		Contribution to operating profit		Assets employed	
	1998 N\$'000	1997 N\$'000	1998 N\$'000	1997 N\$'000	1998 N\$'000	1997 N\$'000
Industrial analysis						
Port services	58,229	34,067	31,326	15,401	436,406	109,047
Cargo services	37,731	19,193	18,867	9,275	54,406	24,936
Marine services	28,682	16,470	10,562	5,882	27,773	14,104
Other services	8,626	4,216	(11,784)	(7,444)	4,074	3,150
	133,268	73,946	48,971	23,114	522,659	151,237
Geographical analysis						
Walvis Bay	114,412	61,552	40,461	18,635	463,260	144,243
Lüderitz	18,856	12,394	8,510	4,479	59,399	6,994
	133,268	73,946	48,971	23,114	522,659	151,237

Ownership of land

5. During the period under review, the following land had been transferred to the Authority:
 - Diaz Point Lighthouse No 116 - Government Grant 102/1962
 - Farms 143 and 144 Lüderitz - Government Grant T1736.1977

Erf 39, Lüderitz - Deed of transfer number T1559/1990

Land originally acquired at the time of the establishment of the Authority has not yet been finally registered in the name of the Authority. The promulgation of the Namibian Ports Authority Amendment Act, 1998 is awaited before transfer of properties from Transnet Ltd to the Authority will be effected.

Auditors

6. The auditors, PricewaterhouseCoopers, were appointed for the ensuing two financial years in accordance with guidelines agreed with the Auditor-General.

Directors

7. In terms of section 4 of the Namibian Ports Authority Act, 1994, directors are appointed by the Minister of Works, Transport and Communication. The following directors were appointed by the Hon Minister for a three year period with effect from 1 March 1997:

Mr D H Conradie

Mr J C Rogers

Dr P T Shipoh

Mr H T J Dennehill

Ms S T Harris

8. Mr W J A Wessels was appointed as a director, with non-voting powers, in his capacity as Chief Executive Officer on 12 June 1998.

9. The following directors served on the board of directors in their capacities as Permanent Secretaries in terms of Section 4 of the Act:

Mr U Maamberua

Mr S T Hiveluah

Mr A Z Ishtile (appointed 12 November 1997)

10. The following, who were directors on 1 May 1997, resigned during the period under review:

Dr J D Jurgens (resigned 31 October 1997)

Capt J-D von der Fecht (resigned 30 April 1998)

NAMIBIAN PORTS AUTHORITY BALANCE SHEET at 30 September 1998

	Notes	30 September 1998 N\$000	30 April 1997 N\$000
Capital employed			
Capital account	3	50,344	50,344
Non-distributable reserve	4	271,892	8,299
Retained profit		62,782	31,888
Shareholder's interest		385,018	90,531
Long-term liabilities	5	120,853	50,088
Deferred tax	6	16,788	10,618
		<u>522,659</u>	<u>151,237</u>
Employment of capital			
Property, plant and equipment	7	412,985	101,883
Investment in associate	8	1,745	2,863
Investments	9	71,175	37,156
Net current assets		36,754	9,335
Current assets			
Inventories	10	547	639
Accounts receivable		8,438	8,098
Bank and cash balances		62,073	23,434
		<u>71,058</u>	<u>32,171</u>
Current liabilities			
Accounts payable		25,632	21,341
Provision for taxation		8,672	1,495
		<u>34,304</u>	<u>22,836</u>
		<u>522,659</u>	<u>151,237</u>

NAMIBIAN PORTS AUTHORITY INCOME STATEMENT

for the 17 months ended 30 September 1998

	Notes	17 Months 1998 N\$000	12 Months 1997 N\$000
Revenue	14	133,268	73,946
Operating costs		(84,297)	(50,832)
Operating profit	15	48,971	23,114
Investment income	16	8,565	3,718
Interest paid	17	(10,682)	(5,214)
Profit before taxation		46,854	21,618
Taxation	18	(14,842)	(7,440)
Profit after taxation		32 012	14,178
Share of accumulated loss of associate		(1,118)	(682)
Retained profit for the period		30,894	13,496
Retained profit at the beginning of the period		31,888	18,392
Opening retained profit as previously reported			17,823
Prior year adjustment	2		569
Retained profit at the end of the period		62,782	31,888

NAMIBIAN PORTS AUTHORITY CASH FLOW STATEMENT

for the 17 months ended 30 September 1998

	Notes	17 Months 1998 N\$000	12 Months 1997 N\$000
Cash flow from operating activities			
Cash receipts from customers		134,647	74,680
Cash paid to suppliers and employees		(67,718)	(28,049)
Cash generated from operations	19	66,929	46,631
Investment income		4,311	2,252
Interest paid		(10,682)	(5,214)
Taxation paid		(1,495)	(8,798)
Cash available from operating activities	20	59,063	34,871
Cash utilised in investing activities			
Acquisition of property, plant and equipment		(93,228)	(41,562)
Proceeds on disposal of property, plant and equipment		(68,734)	(27,203)
Investments acquired		5,271	181
		(29,765)	(14,540)
		(34,165)	(6,691)
Cash effects of financing activities			
Long-term liabilities raised		72,805	14,095
Repayment of long-term liabilities		(78,799)	(14,365)
Net increase in cash and cash equivalents		(5,994)	(270)
		38,640	7,404
Cash and cash equivalents at the beginning of the period		23,434	16,030
Cash and cash equivalents at the end of the period		62,074	23,434

NAMIBIAN PORTS AUTHORITY NOTES TO THE FINANCIAL STATEMENTS

for the 17 months ended 30 September 1998

1 Principal accounting policies

The financial statements are prepared on the historical cost basis, adjusted by the revaluation of certain freehold land, structures and buildings, floating craft and machinery and equipment as set out in note 1.1 below. The following principle accounting policies are used by the Authority which, except as disclosed in note 2, are consistent with those of the previous year.

1.1 Property, plant and equipment

All assets other than the assets taken over from TransNamib Ltd and Transnet Ltd are included at cost. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Freehold land, structures and buildings, floating craft and machinery and equipment taken over from TransNamib Ltd and Transnet Ltd, are stated at market value on 30 September 1998, based on a valuation by an external independent valuer. The increase in carrying value arising on the revaluation is credited directly to a revaluation reserve within shareholders' equity. On disposal of a previously revalued asset, any amounts relating to that asset remaining in the revaluation reserve is transferred directly to retained earnings. Maintenance and repairs are expensed as and when incurred. Depreciation is recorded by a charge to operating profit computed on a straight-line basis so as to write off the cost or valuation of the assets over their expected useful lives. The expected useful lives are as follows:

Floating craft	10 years
Structures	25 years
Buildings	20 years
Computer equipment and vehicles	3 years
Cargo handling equipment	5 - 10 years
Machinery, equipment and furniture	5 years
Dredging	5 - 8 years
Containers	10 years

1.2 Leased assets

Assets acquired under finance lease agreements that transfer to the Authority all the

risks and rewards of ownership, are capitalised at their cash cost equivalent. The capital element of the leasing commitment is disclosed under long term liabilities. Lease instalments are apportioned between their capital and interest components, using the effective interest rate method.

Lease instalments in respect of assets leased under operating lease agreements are charged to income as and when incurred.

1.3 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 cost. Where necessary, provision is made for redundant and slow-moving inventories with regard to its age, condition and utility.

1.4 Associates

Associates are those investments in which the Authority has a long-term interest and over which it exercises significant influence, but not control. The Authority's share of post-acquisition results of associates is included in the financial statements using the equity method.

1.5 Investments

Listed investments are stated at market value. Dividends are brought to account as at the last day of registration. Premiums paid on company owned endowment policies are capitalised as investments. These investments are stated at cost adjusted by the amount of vested returns declared by the underwriters.

1.6 Deferred tax

Deferred tax represents the tax effect of temporary differences between accounting and taxable income and is provided at current rates on all such differences using the comprehensive method. Where the effects of timing differences result in deferred tax assets, these assets are accounted for only to the extent that their recoverability is assured beyond reasonable doubt.

1.7 Revenue recognition

Sales are recorded in the financial statements at the date services are provided to customers.

1.8 Foreign currencies

Transactions in foreign currencies are accounted for at the rate of exchange ruling on the date of the transaction. Where the transaction is covered by a forward exchange contract the rate specified in the contract is used.

Assets and liabilities in foreign currencies are translated to Namibian currency at the rates of exchange ruling at the end of the financial year or at rates applicable to forward exchange contracts. Translation surpluses and deficits are included in operating profit.

1.9 Pension Fund

Current contributions to the defined contribution pension fund operated for Authority employees are charged against income as incurred.

2 Prior year adjustment

2.1 Provision for dredging

In previous years provision for dredging was made at the current value of expected costs to restore the harbours and access channels to required draft. The provision was changed during the year in order to conform with generally accepted accounting practise to capitalise the original costs and depreciate these costs over the expected useful lives of the dredged channels which are between 5 and 8 years.

The restatement of the reserve and accumulated depreciation applying the new policy, resulted in an overall increase in retained profits at the beginning of the period in the amount of N\$ 1 613 000, made up as follows:

Dredging reserve reversed	N\$'000
Accumulated depreciation on capitalised dredging costs	7,398
	(5,785)
	<u>1,613</u>

2.2 Retained profits at the beginning of the period

The effect of the change in accounting policy referred to in 2.1 on retained profits at the beginning of the period has been as follows:

Retained profits as previously reported	N\$'000
Prior year adjustment relating to years before 1997	30,275
Restatement of 1997 results	569
	1,044
	<u>31,888</u>

NAMIBIAN PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - continued

for the 17 months ended 30 September 1998

30 September	30 April
1998	1997
N\$'000	N\$'000

3 Capital account

The capital account of the Authority is the net value at which assets were transferred from the shareholder on 1 March 1994.

4 Non-distributable reserves

Assets received from Transnamib at no value capitalised at valuation
Capitalisation of dredging cost
Surplus arising from revaluation of assets taken over from TransNamib and Transnet (note 7):

- Land	4,350	-
- Structures and buildings	8,299	8,299
- Floating craft	259,243	-
- Plant and equipment	74,034	-
	156,086	-
	15,405	-
	13,718	-
	<u>271,892</u>	<u>8,299</u>

5 Long-term liabilities

Loan secured by cession of endowment policies to the amount of N\$ 40 970 029.

The loan is a two year fixed rate loan (presently 15.95% per annum), renewable for a period or periods totaling 5 years with the option of a further 3 years at the discretion of the lender. Interest is payable monthly in arrears.

Unsecured foreign loan bearing interest at 10% per annum payable bi-annually in arrears.

Repayment will be in 36 equal bi-annual instalments commencing in December 2000

Foreign loan secured by a government guarantee, bearing interest at 3% per annum. Interest is reduced by 3.88% limited to a minimum

**NAMIBIAN PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - continued**

for the 17 months ended 30 September 1998

30 September	30 April
1998	1997
N\$000	N\$000

interest rate of 3% per annum. Repayment will be in 30 bi-annual instalments in arrear commencing 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.

Structured finance loan secured by a cession of endowment policies to the amount of N\$10 709 600. The loan bears interest at 21.25% per annum and is repayable on 15 June 2006.

Unsecured loan, bearing no interest. The loan was repaid during the period under review

Liabilities under capitalised finance leases payable over three years at an interest rate of 2% below the prime rate of Namibia

Current portion of finance leases included in accounts payable

6 Deferred tax

Balance at the beginning of the period

Movements during the year attributable to timing differences

The balance comprises capital allowances

15,755	-
952	4,991
121,523	1,670
(670)	50,534
<u>120,853</u>	<u>(446)</u>
10,618	50,088
6,170	4,675
<u>16,788</u>	<u>5,943</u>
	<u>10,618</u>

**NAMIBIAN PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - Continued**

for the 17 months ended 30 September 1998

7 Property, plant and equipment

	Land, structures and buildings N\$'000	Floating craft N\$'000	Vehicles machinery, equipment and furniture N\$'000	Leased assets N\$'000	Work-in- progress N\$'000	Total N\$'000
1998 - Cost or valuation						
Cost at 1 May 1997	73,273	11,926	37,905	2,124	1,956	127,184
Additions	26,881	71	12,430	179	35,279	74,840
Revaluation	230,120	15,405	13,718	-	-	259,243
Disposals and transfers	(4,706)	71	(5,952)	(251)	-	(10,838)
Cost or valuations at 30 September 1998	325,568	27,473	58,101	2,052	37,235	450,429
Depreciation						
Depreciation at 1 May 1997	(14,164)	(3,621)	(6,969)	(541)	-	(25,301)
Charge for the year	(4,589)	(1,702)	(6,164)	(1,365)	-	(13,820)
Depreciation on disposals	913	(5)	686	83	-	1,677
Depreciation at 30 September 1998	(17,840)	(5,328)	(12,447)	(1,829)	-	(37,444)
Net book value at 30 September 1998	307,728	22,145	45,654	223	37,235	412,985

1997 - Cost

Cost at 1 May 1996	72,137	11,894	14,585	1,406	286	100,308
Additions	1,137	32	23,646	718	1,956	27,489
Disposals and transfers	(1)	-	(326)	-	(286)	(613)
Cost at 30 April 1997	73,273	11,926	37,905	2,124	1,956	127,184
Depreciation						
Depreciation at 1 May 1996	(12,015)	(2,430)	(4,574)	(170)	-	(19,189)
Charge for the year	(2,149)	(1,191)	(2,511)	(377)	-	(6,228)
Depreciation on disposals	-	-	116	-	-	116
Depreciation at 30 April 1997	(14,164)	(3,621)	(6,969)	(547)	-	(25,301)
Net book value at 30 April 1997	59,109	8,305	30,936	1,577	1,956	101,883

Freehold land, structures and buildings, floating craft and machinery and equipment taken over from TransNamib Ltd and Transnet Ltd were independently valued during September 1998 by Bureau Veritas, international valuers.

**NAMIBIAN PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - continued**

for the 17 months ended 30 September 1998

	30 September 1998	30 April 1997
	N\$000	N\$000
8 Investment in associate		
Walvis Bay Bulk Terminal (Pty) Ltd		
Unlisted shares at cost	3,263	3,263
Share of post-acquisition losses	(1,948)	(830)
	1,315	2,433
Unsecured loan	430	430
	1,745	52,863
Directors' valuation of shares	1,315	3,115
Number of shares held	251	251
Proportion owned	25.1%	25.1%
The company operates a bulk handling terminal.		
Walvis Bay Bulk Terminal (Pty) Ltd prepares its financial statements to 30 June so as to conform with the financial year of its holding company. Its results for the 18 months ended 30 June 1998, so far as they relate to the Authority's interest, have been included on the equity basis of accounting.		
Aggregate financial information:		
Balance sheet		
<i>Employment of capital</i>		
Property, plant and equipment	18,459	19,964
Net current liabilities	(12,790)	(9,840)
	5,669	10,124
<i>Capital employed</i>		
Share capital and reserves	5,239	9,694
Long-term liabilities	430	430
	5,669	10,124
Income statement		
Revenue	6,894	4,390
Loss before and after taxation	4,455	2,401

**NAMIBIAN PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - continued**

for the 17 months ended 30 September 1998

	30 September 1998	30 April 1997
	N\$000	N\$000
9 Investments		
Investment in endowment policies	65,469	32,231
- At cost	59,995	30,765
- Vested returns thereon	5,474	1,466
Unit trusts at market value	5,706	4,925
	71,175	37,156
10 Inventories		
Inventories consist of consumable stores.	547	639
11 Pension fund		
At the financial year end, all the permanent employees of the Authority were members of the Namport Retirement Fund, a defined contribution fund, governed by the Pension Fund Act. Employees' contributions amount to 7.5% of basic salary and the Authority's contribution amounts to 12.5% of basic salary. The total contributions for the period amounted to N\$4 110 445 (1997: N\$2 422 907) The fund is administered by Old Mutual on behalf of the board of trustees.		
12 Contingent liabilities		
Claims lodged by port users in respect of disputes on tariffs charges	1,986	927
Claims by customers arising from industrial action	510	-
	2,496	927
The directors do not accept the customers' contention and are arranging to defend the actions should litigation arise.		

**NAMIBIAN PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - continued**

for the 17 months ended 30 September 1998

	30 September 1998 N\$000	30 April 1997 N\$000
13 Capital expenditure approved		
Commitments in respect of contracts placed	39,841	58,571
Approved by directors in addition to contracts placed	13,910	2,029
Approved expenditure outstanding	53,751	60,600

It is intended to finance capital expenditure from existing borrowing facilities and working capital generated by the Authority.

14 Revenue

Sales, which exclude General Sales Tax and inter-divisional transactions, represent income from harbour activities and related services.

	17 Months 1998 N\$000	12 Months 1997 N\$000
15 Operating profit	78	142

15 Operating profit

Operating profit is stated after taking account of the following items:

Auditors' remuneration	83	128
Audit fees	(5)	(21)
- Current year	-	35
- Prior year	13,820	7,756
Fees for services	4,589	3,677
Depreciation	1,702	1,191
Land, structures and buildings	6,164	2,511
Floating craft	1,365	377
Vehicles and equipment	1,322	(30)
Leased assets		
Profit/(loss) on disposal of property, plant and equipment	4,254	1,466
	4,311	2,252
	8,565	3,718

16 Investment income

Vested returns accrued on endowment policies
Received from other sources

**NAMIBIAN PORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS - continued**

for the 17 months ended 30 September 1998

	17 Months 1998 N\$000	12 Months 1997 N\$000
17 Interest paid		
Long-term loans	10,682	5,214
18 Taxation		
Namibian normal tax		
Current taxation	8,672	1,497
Deferred taxation	6,170	5,943
Tax for the year	14,842	7,440
Reconciliation of rate of taxation	%	%
Namibia normal tax rate	35.0	35.0
Disallowable expenditure/(exempt income)	0.4	(0.6)
Allowances	(3.9)	-
Net reduction	(3.5)	(0.6)
Effective rate	31.5	34.4
	N\$'000	N\$'000

19 Reconciliation of net profit before finance costs to cash generated from operations

Operating profit	48,971	23,114
Adjustment of non-cash items:		
Depreciation	13,820	7,756
(Profit)/loss on disposal of property, plant and equipment	(1,322)	30
Changes in working capital	61,469	30,900
Inventories	92	(156)
Accounts receivable	(340)	734
Accounts payable	5,708	15,153
	66,929	46,631

20 Reconciliation of taxation paid during the year

Balance of taxation payable at the beginning of the period	(1,495)	(8,796)
Charge in income statement	(14,842)	(7,440)
Adjustment for deferred tax	6,170	5,943
Balance of taxation payable at the end of the period	8,672	1,495
	(1,495)	(8,798)

