



# ANNUAL REPORT

2013



# Vision

To be the best performing world-class Port in Africa



# Mission

Namport is committed to providing world-class port services to all local, regional and international seaborne trade through excellent customer service, sustainable growth and social responsibility

# Values

- Discipline
- Integrity
- Sense of Urgency
- Safety
- Honesty



# Contents

## Group Annual Report

Chairperson's Review	009-010
Chief Executive Officer's Review	017
Financial Performance of the Group	018-019
Business Development & Sustainability	020-021
Infrastructure Development up to end of August 2013	022-023
Corporate Citizenship	024-029
Statistics	030-033
Namport Summary of Equipment	034
Corporate Governance Report	036-038
Report of the Audit & Risk Committee	039
Report of the Remuneration Committee	040

## Group Annual Financial Statements

Statement of Responsibility by the Board of Directors	047
Report of the Auditor-General	048
Directors Report	049
Report of the Independent Auditors	050
Statements of Financial Position	051-052
Statements of Comprehensive Income	053
Statements of Changes in Equity	054
Statements of Cash Flows	055
Accounting Policies	056-064
Notes to the Financial Statements	065-097

**Namport  
Strategy  
Aligned  
With NDP4  
Goals**

# NDP4 Goals

Economic Growth

Employment Creations

Increased Income  
Equality

## Priority Areas

Basic Enablers

Economic  
Priorities

## Strategic Areas

- Institutional Environment
- Education and Skills
- Health
- Reducing Extreme Poverty
- Public Infrastructure
- Logistics
- Tourism
- Manufacturing
- Agriculture

# Chairperson's Review





*I am pleased to present the Namibian Ports Authority results for the year 2012 – 2013.*

*The continued strong performance of Namport can be seen in the context of an environment in which the Government of the Republic of Namibia has – through the National Planning Commission – entered into the National Development Plan 4. The NDP4 has identified four key sectors that are important towards the growth of Namibia namely agriculture, mining, tourism and logistics.*



This focus on transport has fast-tracked Government's development of Namibia into a Logistics Hub serving the Southern African region, of which our Ports will play an even more significant role. Key elements of the SADC regional development goals include:

- Seamless, integrated, efficient, safe, cost effective, responsive transport
- Eliminating bottlenecks in flow of goods between member states and between the region and global markets
- Regional market integration
- Promoting regional development corridors

Namport is committed to using its best endeavours to achieving the desired outcomes of NDP4, more specifically in the economic priority strategic areas of Public Infrastructure and Logistics where these two outcomes are supported by the strategic initiatives of ensuring the timely expansion of the port of Walvis Bay as well as maintaining and expanding critical infrastructure.

### **Economic conditions**

In the previous year under review, Namport achieved its best performance in terms of both volume throughput and revenue. In benign world trading conditions this would be difficult to match in the current year of 2012/2013 yet Namport was able to match the same cargo throughput of 6.5 million tons despite a drop in transshipment container volumes.

Our neighbouring countries of Zambia, Zimbabwe, DRC, Angola and Botswana continued to enjoy good GDP growth rates thus further stimulating consumer demand for goods and services. This enabled an increase in both landed and shipped volumes to offset the temporary decline in transshipment volumes.

Shipping lines servicing the ports of Walvis Bay and Lüderitz have also consolidated their operations on a regional basis, in some cases even sharing slots and services to maximise economies of scale. This is partly due to the effect of larger container vessels entering the traditional East-West routes from China to US/Europe and the cascading effect of these older ships moving to other markets, Africa included.

### **Namport transformation program**

The Namport transformation program continues to display good progress. The workforce has increased to 829 employees (825: 2011-2012) with a further reduction in previously advantaged head counts to 36 – 4.3% of total workforce (43: 2011-2012).

Namport is fully supportive of the need to invest in skills and capacity building and I note that we currently have 25 students under bursary programs. I am proud to announce that we have also appointed the first black Namibian Master Mariner (Capt. Lukas Kafuna) as Port Captain at the Port of Walvis Bay. We have further entered into extensive training agreements with STC-SA to train operators, marine pilots and marine engineers and to further our productivity improvement plan. Another project - The Catch them Young Program - was introduced for children from previously disadvantaged and marginalised groups and enabled them to attend schools with Maritime subjects.



### **Infrastructure Development and improving Port efficiency**

The Operations Management has made great strides in improving port efficiency the past year under review due to the focus of the container terminal planning office in regulating cargo operations. Namport has entered into certain commercial agreements that commit to efficiency key points and I am pleased to report that these have mostly been achieved to our clients' satisfaction.

The Marina Development at the Port of Walvis Bay has entered into the feasibility and tendering stage and development is still expected to commence in 2014. This concept is further supported by the decision to include a new passenger cruise liner berth adjacent to the new Container Terminal.

### **Increasing throughput capacity**

The Board is in the final phases of committing to the construction of the new Container Terminal from reclaimed land at the Port of Walvis Bay. I am pleased to note that there has been significant international interest in this development which bears testimony to the level of confidence in both Namport and Namibia as an investment destination.

The rate at which Namport is developing its infrastructure has further accelerated. We welcomed two new vessels to our fleet: the 60 ton bollard-pull tug Onkoshi and the new pilot boat Seagull which reduces the turnaround time for vessels entering the Port of Walvis Bay.

The long term vision of a port along the northern confines of Walvis Bay, the SADC Gateway Port, has received further impetus with discussions with Botswana for a viable outlet for their coal produce along the Trans-Kalahari Railway Line (to be developed). Another development, 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 ageing facility and the Government of Namibia through Namcor has provided the seed for this development by agreeing to construct the new fuel Tanker Berth facility at this site.

## **Diversifying client base**

Our initiatives to diversify the client base continues to bear fruit.

Used vehicle throughput destined for our neighbouring countries has increased from less than 200 vehicles per month to over 1400 currently with up to 4 Ro-Ro vessels calling Walvis Bay per month. This has accelerated studies into the feasibility of a dedicated vehicle handling facility at the port.

EBH Namibia welcomed a new addition to their ship repair capabilities in the form of Namdock 3 floating dock, capable of repairing vessels up to 15 000 GT – almost 50% more than the current capacity.

## **Ensure good corporate governance**

The Namport Social Investment Fund has contributed more than N\$20 million to Namibian entities since its inception in 2006. I am proud to report that its focus areas of education, entrepreneurial development and healthcare have received contributions from Namport across the entire country.

I am grateful to our shareholder, the Government of Namibia through the Minister of Works and Transport for the unwavering support they have provided to Namport. The new projects that are being undertaken have all been received positively as we endeavour to position ourselves as a Logistics hub.

I also wish to welcome Ms. Ndaambe Haikali as our dedicated Board Company Secretary and Mr. Victor Ashikoto as the Executive: ICT.

## **Conclusion**

I reiterate my thanks to my fellow directors who have provided meaningful and professional inputs into our deliberations throughout the year. The Namport Board meetings have taken much of their time this year as we focussed on the new Container Development and various sub-committee meetings.



Jerry Muadinohamba  
Chairperson





# Board Members



**Mr. Jerry Muadinohamba**  
Chairperson

Jerry has more than ten years combined experience in development finance and public management including project development and financing of emerging business enterprises. He holds a Masters in Development Finance, Masters of Administration and Masters of International and Intercultural Management. He is the Chief Executive Officer of the Motor Vehicle Accident Fund of Namibia.

He chairs the Board as well as the Board Strategic Committee.



**Mr. Andreas Kanime**  
Deputy-Chairperson

Mr. Kanime is a Human Resources and Business Management professional. He has a Bachelor in Technology: Public Management and he holds a Masters of Business Administration. He is currently the Chief Human Resources Officer at Telecom Namibia.

Mr. Kanime has been serving on the board since ????? and is the Chairperson of the Board Investment Committee and serves on the Board Audit and Risk Committee.



## Mr. Otto Shikongo

### Director

Mr. Otto N. Shikongo is a Professional Engineer with a Master of Engineering degree (Mechanical) from the University of Southampton - UK 1988. He obtained his South African Mechanical Engineers Certificate of Competency in 1992.

Since 1988, Mr. Shikongo held numerous engineering related positions in the De Beers Family of Companies in Namibia, South Africa and Botswana before moving to De Beers Marine Namibia as Operations Manager in 2002. He is currently the CEO of DebMarine Namibia.

He is the Chairperson of the Board Remuneration Committee and serves on the Board Strategic Committee.



## Ms. Jennifer Comalie

### Director

Ms. Comalie holds a B.Com (Hons) in Accounting and is a qualified Chartered Accountant. Ms. Comalie possesses extensive financial expertise and worked in the asset management, banking and mining industries. She is currently the COO of Shali Mining Group.

She is the Chairperson of the Board Audit and Risk Committee and serves on the Board Tender Committee.



## Ms. Matilda Jankie-Shakwa

### Director

Ms. Matilda K. Jankie-Shakwa is an admitted legal practitioner with over 10 years litigation experience both in government and private practice. For the past three years she has concentrated more on corporate and property transfers. She is a Shareholder and Director of Sisa Namandje & Co, where she currently heads the Conveyancing and Corporate department.

She is the Chairperson of the Board Tender Committee and serves on the Board Remuneration Committee.

# Namport Executive Committee (EXCO)





Elzevir Gelderbloem - Port Engineer; Alfred Rieth - Chief Internal Auditor; Carol Schroeder - Legal Advisor; Kathy van Heerden - Manager: Organizational Performance; Heritha Muyoba - Executive: Human Resources; Christian Faure - Executive: Marketing & Strategic Business Development; Kavin Harry - Executive: Finance; Bisey /Uirab - Chief Executive Officer



Raymond  
Visagie  
Executive:  
Risk  
Management



Immanuel  
!Hanabeb  
Executive:  
Projects &  
Property

# Strategic Outcomes & Strategies





## 1. INCREASE THROUGHPUT CAPACITY

- 1.1 Maximise current cargo capacity
- 1.2 Expand Port capacity
- 1.3 Streamline processes
- 1.4 Invest in efficient technology
- 1.5 Develop for the future.

## 2. DIVERSIFY AND GROW CUSTOMER BASE

- 2.1 Diversify client base
- 2.2 Expand Port capacity service mix
- 2.3 Establish national and global brand presence
- 2.4 Ensure efficient customer relationship management
- 2.5 Streamline information interchange with customers

## 3. IMPROVE PORT EFFICIENCY

- 3.1 Manage Port from real-time information
- 3.2 Manage revenue and cost
- 3.3 Improve physical indicators & factor productivity indicators
- 3.4 Reduce cost per unit and increase revenue per employee
- 3.5 Invest in people positive energy

## 4. ENSURE GOOD CORPORATE GOVERNANCE

- 4.1 Build a culture of good corporate governance
- 4.2 Expand corporate citizenship footprint
- 4.3 Improve stakeholder relations
- 4.4 Ensure effective governance, risk, compliance and assurance framework
- 4.5 Entrench efficient capital asset management

## 5. PURSUE KEY TRANSFORMATION INITIATIVES

- 5.1 Leverage information and communications technology
- 5.2 Optimise information access through systems
- 5.3 Drive supplier localisation and diversity
- 5.4 Achieve gender balance and provide job opportunities for persons with disabilities
- 5.5 Enhance competitiveness through human capital

# Chief Executive Officer's Review

*Namport has continued to show revenue growth during a period in which the international trading environment remains even. The period under review is characterised by a process of consolidation of resources, advanced skills training for employees and continued investment in infrastructure.*

*The long term initiative to develop sustainable volumes for our ports is coming to fruition. In the year under review, transshipment volumes declined temporarily as lines readjusted and consolidated their schedules. This was offset by volume increases in landed and shipped cargo enabling a satisfactory increase in revenue whilst meeting EBITDA targets. The investment in infrastructure has attracted the transshipment business whilst allowing shipping rates to become more attractive for captured cargo.*

*The focus on Logistics from a Government policy perspective has required that Namport play a lead role in infrastructure and skills development to ensure that we achieve our national goals.*

## Key financial data

- The revenue achieved was N\$813 million (2011-12: N\$755 million), against a revised target of N\$803 million.
- Operating profit decreased to N\$166 million (2011-12: N\$194 million).
- Return on assets was 8% (2011-12: 9%).
- We handled 6.5 million tons equal to 6.5m the previous financial year but with a 10% decline in container volumes to 305 000 TEU's.
- A total of N\$23 million (2011-12: N\$12.5m) was spent on training and development, again the highest ever.

## Operational performance

The number of containers handled during the year was 304 809 versus 337 134 the previous year.

The 10% decline in containers handled should be seen in the context of the prior record year. The only decline experienced was in transshipments with an increase in exports and imports offsetting this from a revenue perspective. Overall volumes were even at 6.5m total ports' throughput.

Namport has committed to productivity improvements with clients and I am pleased to report that the numerous initiatives deployed in this period are starting to show value to our clients. Our information flow has enabled us to critically evaluate all cargo handling activities on a real-time basis leading to tangible benefits in throughput and turnaround time of vessels. Namport Executive Management continues to seek improvements in productivity and cost management to satisfy the demands of our international customers.

The commencement of the EPC contract for the new Container Terminal is imminent and we are on track for development to commence first quarter 2014 with expected commissioning early 2017. This will enable the Port of Walvis Bay to handle 1m TEU's per annum. The SADC Gateway Port development – Namport's long-term plan – has been accelerated by events such as the Trans-Kalahari Railway Line development from Botswana and the new Fuel Tanker Berth facility. The demand from the mining sector is also increasing the viability of this development ahead of expectations.

## Human Resources

A significant focus of my tenure this year has been in the field of staff skills and human resource training. Namport is spending even greater funds on upskilling our personnel to the international standards that are required in our industry. This has included the multi-layered agreement with STC South Africa to:

- Train and certify our mechanical equipment operators
- Develop a fast-track program for Marine Pilots and Engineers
- Develop a Productivity Improvement plan

We continue to provide for our long-term future with an unprecedented 25 students under our Bursary Scheme. The fact that most of the studies entail 3+ years of study is a testament to the commitment that Namport has made.

I am pleased to note that we have positive interactions from an industrial relations perspective having again successfully concluded a two-year agreement with our Union and related stakeholders.

## International

Namport continues to gain recognition internationally for its activities and capabilities more notably the receipt of the Port of the Year Award peers at the African Ports Evolution. The efforts of the Walvis Bay Corridor Group and other ambassadors of Namport have resulted in many international trade queries which has improved our standing in the maritime community.



Namibia's improvement in the United Nations Trade Connectivity Index to position 72 (from 102) out of 148 is proof that these initiatives are worthwhile and sustained.

## Conclusion

I wish to thank my Management team and all staff for the commitment and passion they have displayed this year. Namport is investing in both its staff and management team and this is being rewarded with a much improved working environment despite the challenges that remain in the international trading environment.

I am particularly grateful to my Chairperson and Board of Directors for the faith and enthusiasm they continue to display in Namport's personnel and the ambitious projects that we are undertaking. The sense of responsibility that is displayed to ensure the future of Namibia is tangible.

A handwritten signature in dark ink, appearing to read 'Bisey/Uirab'.

Bisey /Uirab  
Chief Executive Officer

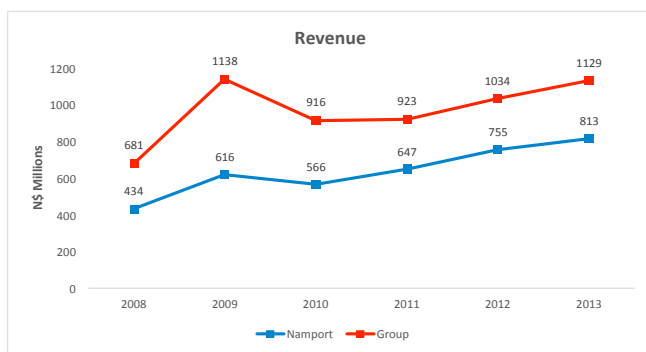
# Financial Performance Of The Group For The Year Ended 31 August 2013

## Introduction

The group results for the Namibian Ports Authority for the year ended 31 August 2013 include the performance of two wholly owned subsidiaries and one subsidiary wherein the Authority holds 52.5% shareholding. As in the preceding financial year, one of the subsidiaries remains dormant while the other two are operating in the ship repair industry. This report should be read in conjunction with the consolidated Annual Financial Statements.

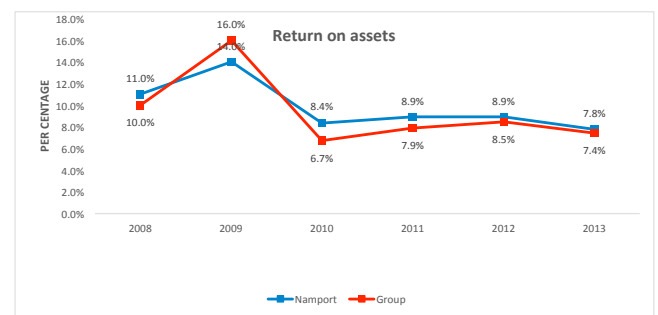
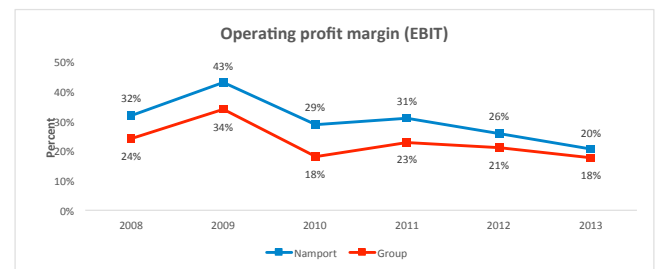
## Results of the current financial year

The Group continues to strengthen its performance within the port authority, operations and ship building industries. This has seen the Group and Authority revenues increase year on year by nine per cent (9%) and eight per cent (8%) respectively.



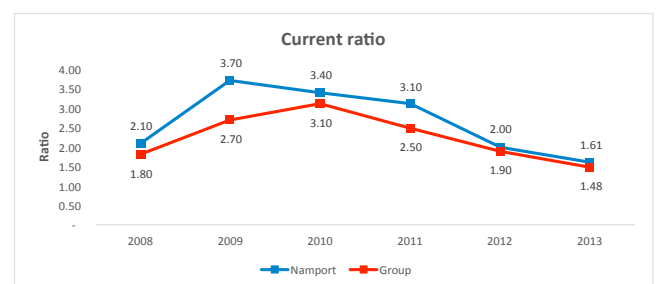
The increase in Group revenue has been largely driven by the increase in imports and exports handled at the Authority's ports and increased number of jobs undertaken at the ship repair facilities during the year ended 31 August 2013. Whereas some challenges were faced during the year in transshipment containers handled by the Authority, the impact thereof on the overall revenue generated was significantly mitigated by the growth in imports and exports achieved over the same period.

The Group achieved an operating profit margin of eighteen per cent (18%), down from twenty one per cent (21%) in the previous financial year. The decreased margin is mainly attributable to an increase in operational expenditure of thirteen per cent (13%) which year on year, outweighed the nine per cent (9%) growth in revenue over the same period. While any increase in rates chargeable for the Group's services invariably have to give due consideration to tariffs at other ports so that the Group remains competitive, the cost of rendering services continues to increase in line with market trends and this is negatively impacting Group profit margins.



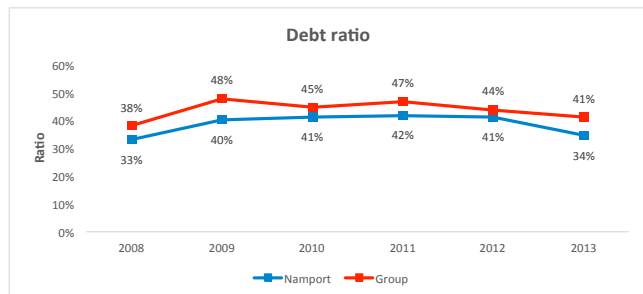
## Liquidity

The Group and Authority liquidity positions decreased for the year ended the 31 August 2013 mainly as a result of the application of cash resources in acquisition of equipment and infrastructure development to enhance the level of service delivery within the Group. While the Group continues to generate significant cash flows from operations, there has been a decrease in the overall position year on year, mainly as a result of increase in capital tied up in receivables at the end of the financial year.



## Solvency

The Group and Authority's gearing levels remain low as at 31 August 2013, debt ratios stood at forty one per cent (41%) and thirty five per cent (35%) respectively. The low level of borrowings have been sustained by the Group's capacity to finance a substantial proportion of its capital requirements from internal resources. The gearing position is however forecast to increase notably upon the inception of the new Container Terminal project at the port of Walvis Bay which is going to be financed through external debt.



## Credit rating

The Fitch Rating Agency revised the outlook on the Authority during the year from positive to stable on the back of its strategic importance to the Namibian economy and the strong ties with the shareholder, the Government of the Republic of Namibia. The positive rating has been pivotal in the Group securing competitive borrowing rates from the market during the year ended 31 August 2013.

## Looking to the future

Namport continues to play a central role and indirectly through the Walvis Bay Corridor Group, towards Namibia's quest to establish itself as a logistics and transport hub for the West and the Southern African region. Pursuant to this, the Group is at an advanced stage of the construction of the new Container Terminal at the Port of Walvis Bay. Cost of construction of, and equipment to be deployed at, the new terminal is estimated at three billion nine hundred million Namibian dollars (N\$3 900 000 000.00). This will see an annual capacity increase threefold from the current three hundred and fifty thousand twenty foot equivalent units (350 000 TEU's) to one million (1 000 000) TEU's per annum.

Studies have commenced for the development of a new terminal on the northern side of the existing facility and this is expected to host the tanker jetty to be relocated from the current Port of Walvis Bay. The new facility is also expected to become a dedicated break bulk handling facility upon completion.

## Conclusion

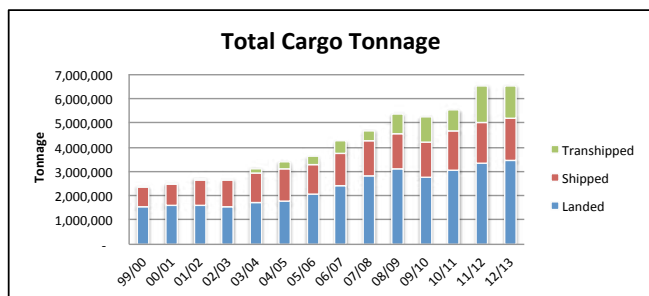
The prospects of the business remain bright, buoyed by expected increases in volumes going forward from larger capacity vessels forecast to call on the Port of Walvis Bay, increased capacity at the ship and rig repair facilities and new business being explored at the Group's two ports in Walvis Bay and Lüderitz.

Kavin Harry  
Executive: Finance

# Business Development And Sustainability 2012 – 2013

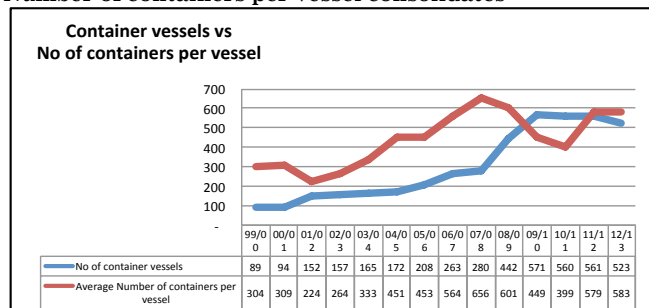
## Recent performance

Namport maintained overall volume throughput at 6.5m tons for the year although container volumes declined by 10% due to a decline in transhipments. Despite this, revenue was up by 8% due to the improved imports and exports through mainly the Port of Walvis Bay. This mix is encouraging as it illustrates the effects of the marketing efforts these past few years to establish a sustainable demand pattern for cargo through our ports.



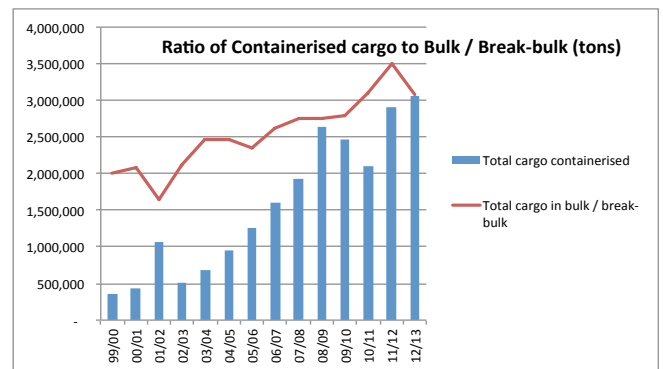
The ratio between the number of container vessel calls and the amount of containers per vessel has stabilised at just below the 600 mark. Namport has previously indicated that a minimum of 500 containers per vessel is required in order to reach required levels of efficiency through appropriate bay planning and crane density allocations.

## Number of containers per vessel consolidates



There have been no container space constraints this past year as average containers in the yard at the Port of Walvis Bay approximated 6500 TEU's at any one time. This is due partly to the lower transshipment container throughput but also as a result of efficiency improvements covered in the Operational review.

## Bulk/break-bulk reached equity with containerised cargo



## Market environment

The market environment remains similar to the previous year with the exception that more shipping capacity has become available due to new builds being commissioned. This has led to the consolidation of lines' activity and sharing of capacity on selected routes including that of routes served by Namport.

Namport continues to play a vital role in the marketing of not only its ports, but also Namibia from a trade perspective. This is one of the reasons that the concept of a Logistics Hub has now been included in the National Development Plan (NDP4).

Two respected shipping lines, Mediterranean Shipping Company and NMT, have formalised their relationship with Walvis Bay by opening offices in the town after operating for years under agency arrangements. This is testimony to the growth potential of Namibia, efficiencies at our ports and the commercial focus of these lines.

## Namport initiatives

Namport continues to aggressively market both Namibia from a trade perspective and the gateway to SADC aspects as part of our relationship with the Walvis Bay Corridor Group. The Walvis Bay Corridor Group also plays an integral role in developing Namibia and Walvis Bay as a logistics hub as part of the National Development Plan of Namibia. Namport has pursued various international engagements/trade fairs in Sao Paulo (Brazil), Johannesburg, Durban and Cape Town (South Africa), Antwerp (Belgium), Helsinki (Finland), Maputo (Mozambique), Cape

Verde, Lusaka (Zambia), Luanda (Angola), Lubumbashi (DRC) and Bulawayo (Zimbabwe) to ensure awareness of our ports and the corridors they represent. The outcomes of these engagements continue to have a long lead time but there is a palpable increased sense of awareness of Namport and its corridors.

The focus remains exposure of Namibia as a gateway offering but also to emphasize the need for balanced cargo loads to and from our neighbouring countries. The cost of overland transport remains an inhibiting component of Namibia's competitiveness in accessing our neighbouring economies and much attention is thus placed on attracting alternative cargo to balance some.



# Infrastructure Development Up To End Of August 2013

## New container terminal at the port of Walvis Bay

The new proposed Walvis Bay Container and Cruise Line 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 600,000 TEU's p.a. to start with compared to the 355,000 TEU 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.

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\$3.9 billion if construction commences by 2013. This amount consists of several procurement components/contracts of which the largest contract is the EPC Turnkey Contract for design and construction of the new container terminal worth N\$3.0 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 early 2014 and should be commissioned in 2017. To date more than N\$60 million has been committed to this project in conducting preparatory studies and investigations.

## 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 reached the end of its design life in 2010 when it turned 50 years old, and would be built at a new 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. The cost of the new Tanker Berth project is estimated at well in excess of NAD 1 billion.

The Ministry of Mines and Energy, under guidance from the Office of the President's National Planning Commission has issued prequalification tenders early in the year for the design and construction of a complete oil product terminal in Walvis Bay. This project consists of three components namely: The new 60,000dwt tanker berth to be built at the Walvis Bay SADC Gateway port site; a new pipeline to convey the oil products from the new tanker berth all the way to the new tank farm; a new tank farm in town next to the existing tank farm complex. The results from the prequalification tender process was that two tenderers were shortlisted. These two tenderers have already been issued with the complete tender documents and tenders are due to close in December 2013. It is expected that tenders will be awarded early in 2014 and commissioning of the facility will be in 2016.

## 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.

After a specialist consulting team was appointed last year, tenders were issued and awarded in January 2013 for the actual repairs to be undertaken. These repairs will be completed by December 2013.

## 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 envisage entering 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 2013.

In the year under review Namport has purchased land in the Walvis Bay fishing harbour and will be making this land available to private operators for the development of another ship repair yard. This second ship repair yard is expected to be operational by 2015.

### Link span bridge

The year under review saw the commencement of the construction of a brand new reinforced concrete link span bridge next to berth no.8 in the Port of Walvis Bay. The purpose of this structure is to accommodate stern opening Mediterranean type ocean going ferries or ro-ro vessels. Once construction is completed by early 2014, a scheduled ferry service will then run from Cape Town to Walvis Bay to Lobito and back. Namport is excited about this new type of business and mode of transport between the three countries - Namibia, South Africa and Angola.

### Syncrolift platform rehabilitation

The Syncrolift platform has been in uninterrupted service for the last 40 years since it was originally built. For a steel structure to offer such excellent uninterrupted service in the highly corrosive Walvis Bay environment is extraordinary. As such Namport undertook to give this highly strategic facility a major overhaul in the year under review. The Syncrolift was shut down completely between February and May 2013 in which period the complete platform was disassembled, reconditioned and re-installed successfully within budget and time. Namport is confident that this facility can now serve the industry for many more years to come.

### Port of Lüderitz projects

The year under review saw Namport commencing with the detailed design of the new internal railway network for the Port of Lüderitz. This detailed design was completed and tenders for the actual construction is expected to be issued by January 2014 after which commissioning of the new internal railway network will be done by mid-2014. At the same time the new and long awaited Aus-Lüderitz railway line is fast approaching the town of Lüderitz. What remains to be done on this national rail project is simply the installation of the actual railway tracks and this is expected to be completed by mid 2014. The completion of these two railway projects will see the Port of Lüderitz being linked to the national railway network as well as to the South African railway network, and this will in turn see the Port of Lüderitz transform into another level of cargo handling capability and throughput.



# Corporate Citizenship

## Human Resources 2012 - 2013

### Introduction

This is a summary of key developments within the Human Resources department during the 2012-2013 financial year.

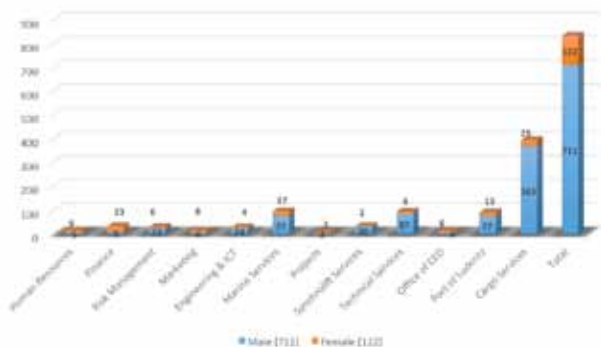
### Staff profile

#### Size, gender and employment status of workforce

The total number of employees were 829 – of which male employees constituted 705 (85%) and female employees 124 (15%) – on 31 August 2013. It is noteworthy that the dominance of male, as reflected by the 85%-15% ratio, are largely confined to operational units (represented by Cargo, Marine and Technical departments as well as the Port of Lüderitz). This trend is not only confined to permanent staff as fixed term employees tend to be male-dominated and concentrated within the operational units.

Conversely, the highest prevalence of female employees is mainly confined to Human Resources (64%), Finance (72%) and Marketing (67%) departments.

Workforce Profile By Gender and Department  
As at 31 August 2013 [Total = 829]

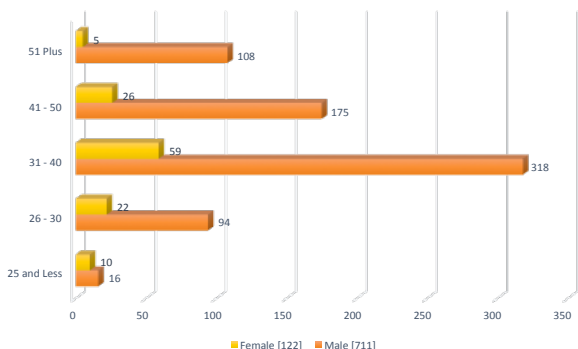


This trend/reality is being addressed through targeted sourcing as well as learning and development interventions as part of the company's overall Affirmative Action drive to fast-track greater female representation in the workforce.

### Age profile

Namport appears to have a relatively young workforce, according to the graph below. The highest concentration of employees, 62% (514) is found within the 31-40 age group.

Workforce Profile By Age  
[Total Staff = 833]

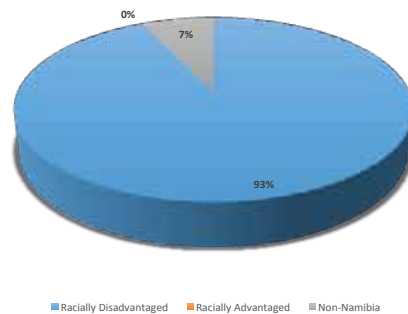


The above mirrors Namport's continued efforts to creating stimulating work environments that are rich in experience and maturity as well as filled with youthful exuberance shaped by the company's dynamic and multi-generational workforce with a diverse range of skill sets.

### Staff appointments

During the past financial year, 72 permanent staff were recruited. Not surprisingly, the majority of staff recruited were from the racially disadvantaged segment (93%) while the remaining 7% were non-Namibians recruited largely due to skill-scarcity related factors.

Staff Appointments By Affirmative Action Categories  
[Total = 72]

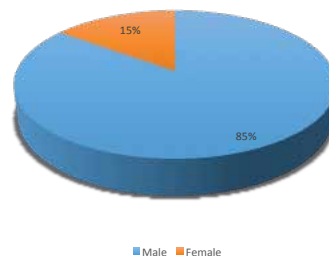


The above is reflective of compliance to Namport's Affirmative Action guidelines – as recruitment was largely confined to racially disadvantaged employees with 94%. The remaining accounts for engagement of non-Namibian staff due to skills scarcity.

### Staff promotions

According to the graph underneath, 23 (85%) male employees were promoted compared to 4 (15%) female employees.

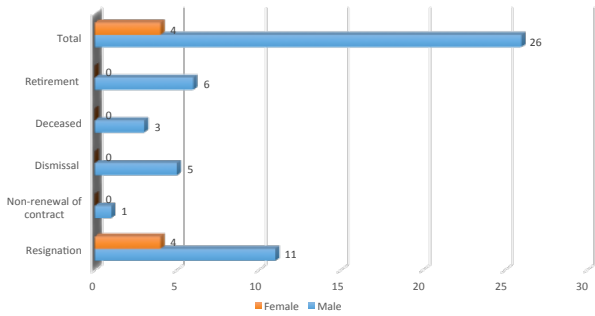
Staff Promotions By Gender  
[Total = 27]



### Staff terminations

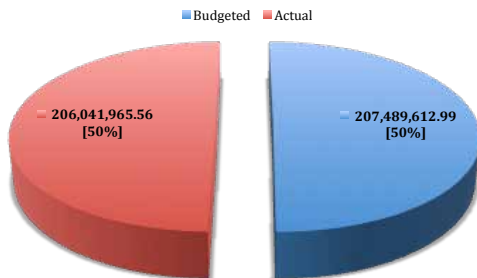
Based on the following graph, a total of 30 terminations were recorded during the financial year. The top three reasons for terminations were resignations (50%), followed by retirements (20%) and dismissals (17%). Despite this, it is evident that Namport boasts a relatively low annual staff turnover rate of 3.6%.

**Staff Terminations By Type And Gender**  
[Total = 30]



The relatively low turnover rate could be indicative of an overall favourable work climate within Namport, which fosters sound employee engagement and retention. Terminations among the male segment seems to be very high (87%) but this is indicative of their overall dominance in the company's workforce.

Although our operations are labour intensive actual expenditure on labour costs matched budgeted costs during the past financial year.



### Employee relations

The Employee-employer relationships improved significantly during the period under review. A number of Union-Management interventions took place including a team building exercise. A new local Union leadership took office in March 2013. Namport has successfully entered into a two year wage agreement with the Union for the financial years 2013-2014 and 2014-2015.

### Training

For general training – comprising study assistance for employees, technical training for employees and apprentices; conferences and seminars – Namport budgeted N\$12.9 million.

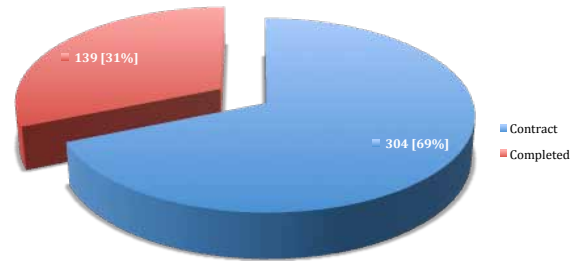
The Namport Holistic Training (NHT) was implemented during the period under review. The main objectives of the training programme are: (1) to internationally recognized certification through targeted skills development, (2) to establish internal training capability and Namport Human Resource Development Strategy and (3) to contribute to measurable productivity improvement.

The following targeted interventions were initiated:

#### MLE operator training

Operator training progressed well and both performance and behavioural improvements have been observed. 31% (representing 139 of 304 training delivered) of the contracted training has been secured while 69% (or 304) remains incomplete.

**Terminal Operator Training - Namport Holistic Training Programme**  
July 2013



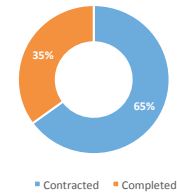
### Trainee operator pool

The engagement of candidates for the Trainee Operator pool is in progress. Training is expected to commence by 20 November 2013.

### Marine services training

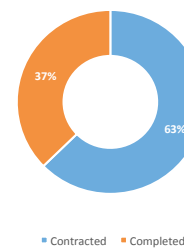
Both Marine Pilot and Tug Master training is on track. The graph below indicates that 35% of the Marine Pilot training delivery has been secured while 65% remain outstanding.

Status Of Marine Pilot Training - July 2013



The graph below proves that 37% of Tug Master training delivery has been secured while 63% remain outstanding.

Status Of Tug Master Training - July 2013

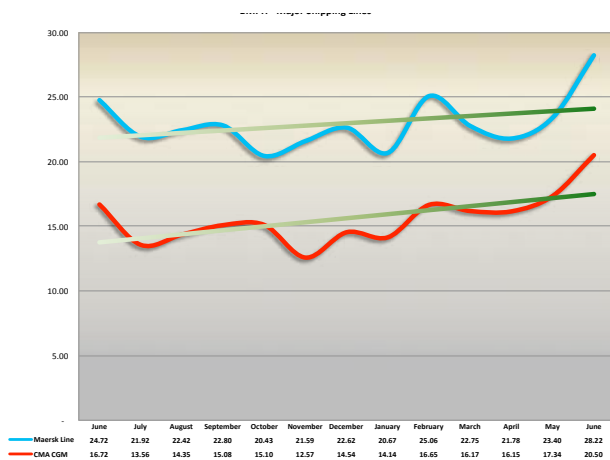


# Corporate Citizenship Continued

## Productivity improvement plan (PIP)

The PIP's objective was to sustainably increase berth moves per hour to 28bpmh, through knowing what are the critical quality expectations to our customers, by involving our people and by applying a method to implement change. As portrayed underneath, berth moves of key clients improved considerably:

- Maersk 24.7 to 28.2
- CMA-CGM 16.7 to 20.50



Further, the impact of the above is visible in the inter alia 'the voice of the customer' as reflected by the independent customer satisfaction board ratings underneath:

Time-frame/ Key client	2013					
	January	February	March	April	May	June
Maersk Line						
CMA CGM						

**Maersk:** Changed from a crying face in January 2013 to an happy face in June 2013, while **CMA-CGM:** changed from angry face in January 2013 to an happy face in June 2013. The improved berth moves which triggered positive customer ratings (among others) are encouraging and are being reinforced.

## Highlights

For the year under review the following human resources related policies were developed, reviewed and approved by the board:

Short-term Incentive Scheme	20 March 2013
Medical Assistance	6 September 2012
Transfer & Secondment	6 September 2012
Recruitment	6 September 2012
Subsistence & Traveling Allowance	6 September 2012
Mobile Communication	24 November 2012

The following human resources related projects were commissioned:

- Multi Shift Implementation
- Organizational Structural Review, Capacity and Audit
- Remuneration Strategy and Policy Review
- PMS alignment



# Corporate Citizenship Continued

## Namport Social Investment Fund review

The Namport Social Investment Fund was established in 2006 to partner with the Namport Stakeholders and other parties with a proven track record in the development and upliftment of vulnerable and disadvantaged communities across Namibia. The focus areas include projects aimed at education, entrepreneurial skills development, poverty alleviation, job creation, and health care.

A further objective of the Fund is to position Namport as a responsible corporate citizen who is committed to making a meaningful contribution to the development and upliftment of the people of Namibia, in line with international corporate governance practices.

The Fund is administered and managed by a Board of Trustees, together with a working committee. The following individuals are Board of Trustees Members: Jerry Muadinohamba, Bisey /Uirab,



Project	Region	Financial impact / Contributions	Financial Period
Philadelphia Pre-Primary	Erongo	N\$50 000	2013
Twinkle Star Daycare Centre		N\$100 000	2013
Sam Nuyoma Foundation		N\$423 000	2013
Albatross Task Force	Erongo	N\$350 000	2013
Eagles Rock Community Project		N\$150 000	2013
TOV Multipurpose Centre		N\$250 000	2013
NAMFI	Erongo	1,5 million over a 3 year period	2013
Oonte OVC Organization		N\$200 000	2013
TOV Multipurpose Centre		N\$250 000	2013
OVC Lüderitz	Karas	N\$20 000/month for 12 months	2013



# Corporate Citizenship Continued

## Safety, Health, Environment and Security

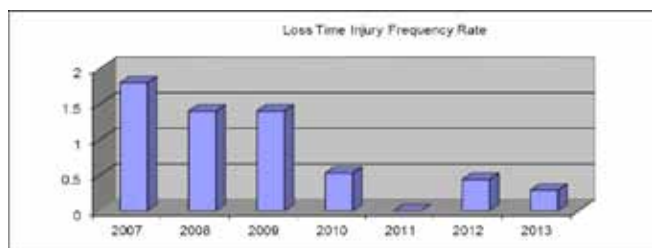
### ISO & OHSAS Certification

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

### Safety statistics

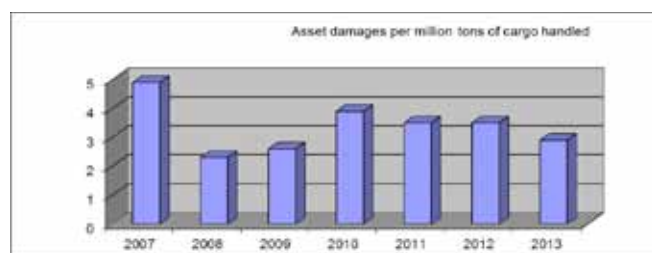
Namport has achieved its goal to keep the Loss Time Injury frequency Rate below 1, by decreasing the LTIFR from 0.44 to 0.29.

**Figure 1 Lost time injury frequency rate for last 7 years**



Although Namport has achieved its target of a 10% decrease in the number of Internal Property and Asset Damages by decreasing the number of incidents per million tons of cargo handled from 3.5 to 2.9, the number of External Damages remain high and is of major concern.

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



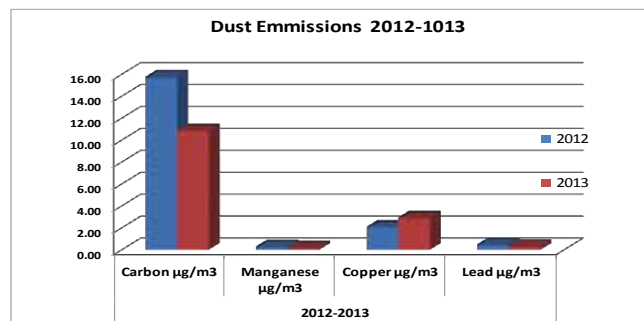
The Safety, Health and Environmental Video Project was completed, and the video will be used for Annual Safety, Health and Environmental Training, together with the newly developed Training Manuals to further improve on the LTIFR.

### Environment

The average annual dust concentration for commodities currently stored in bulk were all within their threshold limit values and are depicted below. Average dust concentration for Carbon (C) has decreased by 31%. Average dust concentration for Manganese (Mn) remains well within the threshold limit value, indicating reduction of 29% for the year although the concentration for Copper (Cu) indicated an increase of 29% at an average of 2.95µg/m<sup>3</sup>, still well within the TLV of 20µg/m<sup>3</sup>. Grindrod reported that copper concentrate imports had increased over the past year from 160000 tonnes to 200000 tonnes. The Lead (Pb) concentration indicates a decrease of 31% at 0.35 µg/m<sup>3</sup> (average) still well within the TLV of 2.5 µg/m<sup>3</sup>. All the reductions in dust concentration can be ascribed to improved vigilance as well as operational control. Ten additional waste skips are being manufactured to accommodate for increased operational

waste volume growth. An oil spill combating curtain boom is also in the process of being purchased. The purpose of the boom is specifically to facilitate speedy deployment and containment of spillages at source.

**Figure 3 Average dust concentration**



Futhermore an air quality study was performed at the Grindrod Bulk terminal where commodities like Lead Sulphide, Manganese, Coal and Copper concentrate are handled and stockpiled. The report made a number of recommendations to enhance air quality control at the facility.

To further exploit the promising scope laid bare by the results of the carbon footprint study conducted in 2010, action was taken by commissioning a study to determine the potential of improved energy efficiency at Namport. The study was completed in March 2013 and the report made a number of recommendations for improvements, both environmentally and financially.

# Corporate Citizenship Continued

## Energy Reduction Opportunities - Summary

Intervention	kWh Saving	Project (N\$)	Financial Cost (N\$) (N\$/Annum)	Pay Back Saving (yrs)	ROI	% kWh Reduction by Individual Area
*1 Main Office	92 000	383 900	104 900	3.1	27 %	20%
*1 Blue Ocean	17 880	36 000	20 390	1.7	15 2 %	23%
*2 Syncro-Lift Facility	3610	26 200	4 000	4.9	15 %	41%
*2 Rub Halls	76 900	93 900	88 200	1.1	94 %	53%
*2 D-Shed	72 600	88 700	83 300	1.1	94 %	53%
*2 Electrical Workshop	2 800	20 400	3 100	4.0	15 %	34%
*2 Vehicle Workshop	2 300	18 700	2 600	5.2	14 %	34%
*2 Workshop	37 200	126 200	42 500	2.6	34 %	50%
Power Factor Correction Syncro-Lift	N/A	136 700	249 400	0.6	18 2 %	N/A
<b>Total</b>	<b>305 290</b>	<b>930 700</b>	<b>598 390</b>	<b>1.5</b>	<b>64%</b>	

## Quality

The Port of Walvis Bay Container Terminal has experienced an almost abnormal growth in TEU turnover during the past few years, and indications are that this trend will continue even though the container volume growth is excellent from an economical and profitability point of view, it is severely taxing on the terminal operations, equipment, efficiency and revenue accuracy. Namport thus introduced, implemented and launched the PEX (Process Excellence) project. The Process Excellence solution is based on three key elements, namely Customer, People and Method. When implemented correctly, the PEX process should go a long way in improving process efficiencies.

## Port Security

Despite the implementation of numerous measures to improve port security, several cargo losses were recorded at the port during the year. To further improve port security and prevent cargo losses, Namport is exploring various options which include Gate Automation, expansion of the CCTV System, and improvement of Access Control Systems.

## Emergency Preparedness and Response

A Fire Engine was ordered for the Port of Walvis Bay, and should be delivered by August 2014. The Protection Services Unit will be fully equipped during the forthcoming year to deal with all Fire and Hazardous Cargo Spillage Emergencies.

## Focus for 2013/2014

- To maintain a LTIFR of below 1.
- To further Reduce Asset Damages by 10% with emphasis on the review of our operator training programme.
- To improve on Annual SHE Awareness Training.
- Increase security control measures at the Port of Walvis Bay with the installation of an Intrusion Detection System, expansion on CCTV Systems and Access Control Systems.

# Statistics

## Number of vessel visits to the port of Walvis Bay (by type of vessel)

	07/08	08/09	09/10	10/11	11/12	12/13
Container	280	431	576	578	594	558
Reefer	39	45	36	32	33	40
Foreign fishing vessels	209	207	192	246	216	202
Namibian fishing vessels	86	66	51	38	47	17
Petroleum	55	56	79	66	52	59
General cargo vessels	179	188	185	186	186	160
Other	403	608	522	439	497	505
<b>TOTAL</b>	<b>1251</b>	<b>1601</b>	<b>1641</b>	<b>1585</b>	<b>1625</b>	<b>1541</b>

## Cargo handled at the Port of Walvis Bay

	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug
	07/08	08/09	09/10	10/11	11/12	12/13
<b>Cargo landed</b>						
Bulk and Breakbulk	497,136	537,091	603,680	852,755	906,800	901,236
Containerized	1,067,337	1,293,120	905,415	769,462	980,117	1,043,067
Sulphuric Acid	381,838	264,428	245,328	344,545	336,862	216,898
Petroleum landed	756,108	899,618	883,760	979,548	995,067	1,111,846
	<b>2,702,419</b>	<b>2,994,258</b>	<b>2,638,184</b>	<b>2,946,311</b>	<b>3,218,846</b>	<b>3,273,046</b>
<b>Cargo shipped</b>						
Bulk and Breakbulk	933,878	892,248	786,230	910,864	856,031	849,957
Containerized	317,438	327,502	453,281	461,376	599,867	713,325
	<b>1,251,316</b>	<b>1,219,750</b>	<b>1,239,511</b>	<b>1,372,240</b>	<b>1,455,898</b>	<b>1,563,282</b>
<b>Cargo transhipped</b>						
Bulk and Breakbulk	6,818	4,770	10,073	4,066	7,874	41,894
Containerized	432,183	819,274	1,013,403	867,820	1,527,667	1,255,638
	<b>439,001</b>	<b>824,044</b>	<b>1,023,476</b>	<b>871,886</b>	<b>1,535,541</b>	<b>1,297,532</b>
<b>Total Cargo</b>	<b>4,392,736</b>	<b>5,038,052</b>	<b>4,901,170</b>	<b>5,190,437</b>	<b>6,210,285</b>	<b>6,133,860</b>
<b>Containers handled at the port of Walvis Bay (Twenty-foot Equivalent Units)</b>						
Landed	35,669	47,550	46,746	51,721	66,190	70,987
Shipped	29,892	48,547	44,879	41,734	50,634	60,492
Transhipped	105,025	154,165	156,118	126,723	217,586	170,338
<b>Total TEU's</b>	<b>170,586</b>	<b>250,262</b>	<b>247,743</b>	<b>220,178</b>	<b>334,410</b>	<b>301,817</b>
<b>Vessel visits</b>	1,251	1,601	1,641	1,585	1,625	1,541



# Statistics Continued

## Main Commodities handled at the Port of Walvis Bay (Freight tonnes)

Landed	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug
	07/08	08/09	09/10	10/11	11/12	12/13
Petroleum	756,108	899,618	883,760	979,548	995,067	1,112,286
Coal	113,178	118,316	64,421	135,934	70,399	79,060
Fish Products	80,470	106,559	137,795	145,336	159,043	180,609
Wheat	30,344	37,900	35,460	50,554	57,028	54,368
Sugar	58,515	92,495	85,689	115,601	99,684	112,179
Cement	162,024	104,782	71,816	123,070	147,633	123,318
Wine/Beverages	11,905	7,480	7,348	1,738	1,078	2,376
Copper/Lead	39,793	97,484	160,176	182,643	194,342	177,721
Sulphuric Acid	381,838	264,428	245,328	344,545	336,862	216,898
Sulphur	0	0	0	0	0	0
Manganese Ore	22,798	18,079	21,037	15,276	15,045	16,036
Malt	29,876	35,134	35,410	35,376	39,270	41,118
Vehicles	224,924	332,115	302,261	214,651	345,330	357,088
Lubricating Oil	22	506	1,188	3,972	4,246	4,026
General Cargo	790,624	879,362	586,494	598,067	753,820	795,964
<b>Total</b>	<b>2,702,419</b>	<b>2,994,258</b>	<b>2,638,184</b>	<b>2,946,311</b>	<b>3,218,846</b>	<b>3,273,046</b>

Shipped						
Salt	685,405	686,635	597,667	705,558	687,448	651,880
Fish Products	140,211	138,392	139,275	147,336	165,107	159,972
Fluorspar	111,746	93,351	112,206	98,878	96,802	65,790
Copper/Lead And Conc.	39,877	62,205	83,893	77,107	110,854	103,892
Manganese Ore	41,115	86,962	79,314	89,832	112,794	151,514
Flat Cartons	3,007	19,304	18,635	19,904	21,139	17,696
Marble And Granite	41,742	17,709	25,735	31,300	42,364	93,079
Skins And Hides	1,914	5,500	5,170	4,994	5,238	5,808
Fertilizer (Guano)	1,012	1,034	1,210	1,342	1,078	1,848
Charcoal	34,056	42,658	53,768	37,536	40,700	55,440
General Cargo	151,230	65,999	122,640	158,453	172,375	256,362
<b>Total</b>	<b>1,251,316</b>	<b>1,219,750</b>	<b>1,239,511</b>	<b>1,372,240</b>	<b>1,455,898</b>	<b>1,563,282</b>

Transhipped						
General Cargo	439,001	824,044	1,023,476	871,886	1,535,541	1,297,532
<b>Total</b>	<b>4,392,736</b>	<b>5,038,052</b>	<b>4,901,170</b>	<b>5,190,437</b>	<b>6,210,285</b>	<b>6,133,860</b>

# Statistics Continued

## Cargo handled at the Port of Lüderitz

	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug
	07/08	08/09	09/10	10/11	11/12	12/13
<b>Breakbulk</b>						
<b>Cargo landed</b>						
Fuel	28,518	35,331	31,923	30,264	35,936	46,828
Fish	21,691	27,181	30,631	24,490	22,193	22,500
Sulphur	72,154	61,980	74,773	69,540	66,016	79,517
General Cargo	4,134	377	1,325	3,604	3,730	10,522
<b>Total landed</b>	<b>126,497</b>	<b>124,869</b>	<b>138,652</b>	<b>127,898</b>	<b>127,875</b>	<b>159,367</b>
<b>Cargo shipped</b>						
Fish & Bait	2,607	1,401	1,444	256	46	6,199
Ice	23,948	22,398	28,645	23,949	23,630	18,705
Zinc/Zinc Conc.	15,333	0	0	7,541	0	10,996
Other	14,902	2,234	89,984	145,772	131,879	139,949
<b>Total shipped</b>	<b>56,791</b>	<b>26,033</b>	<b>120,073</b>	<b>177,519</b>	<b>155,555</b>	<b>175,849</b>
<b>Cargo transhipped</b>						
Fish	29	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total transhipped</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>183,317</b>	<b>150,902</b>	<b>258,725</b>	<b>305,416</b>	<b>283,430</b>	<b>335,216</b>
<b>Containerized Cargo</b>						
Landed	1,562	1,760	1,430	1,628	1,760	8,575
Shipped	112,726	193,167	87,656	33,286	26,730	28,277
Transhipped	0	0	0	0	0	0
<b>Total</b>	<b>114,288</b>	<b>194,927</b>	<b>89,086</b>	<b>34,914</b>	<b>28,490</b>	<b>36,852</b>
<b>Total Cargo</b>	<b>297,605</b>	<b>345,829</b>	<b>347,811</b>	<b>340,330</b>	<b>311,920</b>	<b>372,068</b>
<b>Containers handled at the port of Lüderitz (Twenty-foot Equivalent Units)</b>						
Landed	6,393	7,908	4,663	4,436	1,324	1,460
Shipped	6,626	7,493	3,913	4,140	1,400	1,532
<b>Total TEU's</b>	<b>13,019</b>	<b>15,401</b>	<b>8,576</b>	<b>8,576</b>	<b>2,724</b>	<b>2,992</b>
<b>Vessel visits</b>	1,258	1,115	918	1,021	940	823

# Statistics Continued

## Cargo handled at the Ports of Walvis Bay and Lüderitz

	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug	Sep/Aug
	07/08	08/09	09/10	10/11	11/12	12/13
<b>Cargo landed</b>						
Bulk and Breakbulk	522,962	626,628	710,409	950,388	998,740	1,013,775
Containerized	1,068,899	1,294,880	906,845	771,090	981,877	1,051,642
Sulphuric Acid	381,838	264,428	245,328	344,545	336,862	216,898
Petroleum landed	784,625	934,950	915,683	1,009,812	1,031,002	1,158,674
	<b>2,758,324</b>	<b>3,120,887</b>	<b>2,778,265</b>	<b>3,075,836</b>	<b>3,348,481</b>	<b>3,440,988</b>
<b>Cargo shipped</b>						
Bulk and Breakbulk	990,669	918,280	906,303	1,088,383	1,011,586	1,025,806
Containerized	430,164	520,669	540,937	494,662	626,597	741,601
	<b>1,420,833</b>	<b>1,438,950</b>	<b>1,447,240</b>	<b>1,583,045</b>	<b>1,638,183</b>	<b>1,767,408</b>
<b>Cargo transhipped</b>						
Bulk and Breakbulk	6,847	4,770	10,073	4,066	7,874	41,894
Containerized	432,183	819,274	1,013,403	867,820	1,527,667	1,255,638
	<b>439,030</b>	<b>824,044</b>	<b>1,023,476</b>	<b>871,886</b>	<b>1,535,541</b>	<b>1,297,532</b>
<b>Total Cargo handled</b>	<b>4,618,187</b>	<b>5,383,880</b>	<b>5,248,981</b>	<b>5,530,767</b>	<b>6,522,205</b>	<b>6,505,928</b>
<b>Containers handled at the ports of Walvis Bay and Lüderitz (Twenty-foot Equivalent Units)</b>						
Landed	42,062	55,458	51,409	56,157	67,514	72,447
Shipped	36,518	56,040	48,792	45,874	52,034	62,024
Transhipped	105,025	154,165	156,118	126,723	217,586	170,338
<b>Total TEU's</b>	<b>183,605</b>	<b>265,663</b>	<b>256,319</b>	<b>228,754</b>	<b>337,134</b>	<b>304,809</b>
<b>Vessel visits Walvis Bay and Lüderitz</b>						
Number	2,509	2,716	2,559	2,606	2,565	2,364

# Namport Summary Of Equipment

Port of Walvis Bay and Lüderitz fleet

EQUIPMENT TYPE	PORT OF WALVIS BAY	PORT OF LÜDERITZ	TOTAL
<b>Mobile Harbour Crane</b>			
144 Ton	1	-	1
140 Ton	2	-	2
104 Ton	4	-	4
86 Ton	1	-	1
64 Ton	-	1	1
25 Ton	-	2	2
<b>Reach Stacker</b>			
45 Ton	14	2	16
<b>Empty Handler</b>			
9 Ton	2	-	2
<b>Forklift</b>			
4 Ton	23	2	25
16 Ton	2	-	2
45 Ton	1	1	2
7 Ton	-	1	1
<b>Hauler</b>			
75 Ton	54	2	56
<b>Container Trailer</b>			
60 Ton	49	2	51
40 Ton	5	2	7
<b>MHC Spreader</b>			
51 Ton	9	-	9
41 Ton	2	2	4
<b>RTG Spreader</b>			
51 Ton	8	-	8
<b>MHC Grab</b>			
18 Ton	1	-	1
16 Ton	1	-	1
<b>Wharf Crane</b>			
4 Ton	6	-	6
<b>Front End Loader</b>			
Tractor	2	4	6
Iveco Horses	-	2	2
<b>RTG's</b>			
51 Tons	6	-	6
<b>Total Equipment</b>	<b>193</b>	<b>23</b>	<b>216</b>



# Corporate Governance Report

## 1. Overview

The Namibian Ports Authority (hereinafter “the Authority”) was established as a body corporate under the Namibian Ports Authority Act No. 2 of 1994 and ownership of the Authority vests in the state as sole shareholder.

The Namibian Ports Authority is committed to the principles of openness, integrity and accountability, with the Board of Directors not only being the custodian of good corporate governance, but ensures that the business of the Authority is conducted in accordance with principles of internationally accepted best practices.

## 2. Corporate Governance In Namport

In terms of the governance agreement, the Authority subscribes to the principles of good corporate government principles as set out in the King III Code. The board of directors ensures that these principles are incorporated across the entire business operation of the Authority.

### 2.1 Delegation Of Authority

The delegation of authority framework clearly sets out the board’s levels of authority and powers as well as those matters that have been delegated to management.

### 2.2 Code Of Ethics

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

The code further makes provision for a complaints and whistleblowing procedure through the Compliance Officer represented by the Company Secretary. The Compliance Officer retains a register of such complaints.

It is required that all attendees disclose interests in all matters to be discussed at each meeting of the Board, its committees, executive committee and management tender committee. Moreover, a register of interests is maintained by the Company Secretary whereby all employees of the Authority are required to disclose their interests albeit direct or indirect.

In addition to the Code of Ethics Policy, the Authority implemented policies on, Outside/External Work; Conflicts of Interest; Gifts and Benefits Policy as well as the Whistle Blowing and Complaints Handling Policy.

## 3. Role Of Board Of Directors

The board of directors is ultimately responsible for good governance and has overall responsibility and accountability for the affairs and performance of the Authority. The Authority has a unitary board structure comprising of five (5) independent non-executive directors. The Directors, Chairperson and Deputy-Chairperson are appointed by the portfolio Minister on a three-year term respectively.

The terms of reference for the board is set out in the board charter,

which encapsulates the Board’s roles and responsibilities. The board charter, stipulates, among others, the conduct of the Board, its relationship with various stakeholders and administrative arrangements.

The key roles and responsibilities of the board include:

- acting in the best interest of the Authority
- giving strategic direction
- acting as the focal point for, and custodian of, corporate governance
- providing effective leadership on an ethical foundation
- ensuring that the Authority is and is seen to be a responsible corporate citizen
- governance of risk and information technology.

The board provides strategic direction and implements policies designed to enhance value for all stakeholders and ensure a sustainable business.

The board is satisfied that it discharged its duties and responsibilities in line with the board charter for the year under review.

### Board Composition

The Authority has a unitary board structure and the roles of Chairman and Chief Executive Officer are separate and distinct.

The Chairman is an independent non-executive director. The number and stature of independent non-executive directors ensures that sufficient independence is brought to bear on decision making.

The Authority’s diversity is reflected in the composition and size of its board. The board comprises of five non-executive independent directors.

Considerable thought is given to board balance and composition and collectively the board believes that the current mix of knowledge, skill and experience meets the requirements to lead the company effectively.

### Director Appointments

Non-executive directors are required to devote sufficient time to the company’s affairs. While there is no formal limitation on the number of other appointments directors can hold, approval from the Chairman must be obtained prior to acceptance of additional commitments that may affect the time that they can devote to the company. Non-executive directors are required to advise the board of any subsequent changes to or additional commitments from time to time as approved by the Chairman.

### Board performance evaluation and effectiveness

Performance evaluation for the board and committee is conducted annually to assess the attainment of preset goals and objectives. The aim of the evaluation is to assist the board in improving its effectiveness. The outcome of the evaluation is discussed at a board meeting and any areas of concern are addressed. Relevant action points are also noted for implementation.

## Induction and training

The Company Secretary develops and arranges an appropriate induction programme for new directors. This includes an explanation of their fiduciary duties and responsibilities and arranging visits to various operations, where discussions with management facilitate an understanding of the company's affairs and operations.

As part of training and development board members are from time to time invited to accompany management on visits to other ports in order for them to familiarise themselves with best practices worldwide.

In terms of the mandate of the board, directors can obtain independent professional advice in order to act in the best interest of the company, at the cost of the company. Directors also have unrestricted access to the Chairman, executive management and the company secretary.

## Meetings Of The Board

Board meetings are held on a quarterly basis, with an additional workshop to review the strategy of the Authority, together with executive management. One such meeting was held during the year under review. Ad hoc meetings are held when necessary. Meetings are convened by formal notice incorporating a detailed agenda together with relevant written proposals and reports. Information is distributed in a timely manner prior to board meetings to facilitate adequate preparation for thorough discussions at these meetings. A number of decisions were taken between board meetings by written resolution in accordance with the company's board governance policy.

Where directors are not able to attend in person, video and teleconferencing facilities allow them to participate in the debate and conclusions reached or resolutions taken.

The board meets regularly to ensure that 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, with the latter providing overall leadership without compromising the principle of collective responsibility of decision making.

Board meetings are scheduled on a quarterly basis and the following board meetings were attended by Board members in office for the period 1 September 2012 to 30 August 2013:

Name	Ordinary Meetings	Extraordinary Meetings
<b>Scheduled</b>	4	11
J. L. Muadinohamba	4	11
A Kanime	4	10
O. N. Shikongo	4	1
M. K Jankie-Shakwa	4	11
J. J. Comalie	4	11

## Board Committee Meetings Attendance

	Main Board				Audit & Risk Committee				Remuneration Committee				Strategic Committee		Investment Committee			Tender Committee		
J. Muadinohamba	y	y	y	y									y	y						
A. Kanime	y	y	y	y	y	y	y	y							y	y	y			
O. Shikongo	y	y	y	y					y	y	y	y	y	y						
M. Jankie-Shakwa	y	y	y	y					y	y	y	y						y	y	y
J. Comalie	y	y	y	y	y	y	y	y							y	y	y	y	y	y

## Board Committees

The board established several subcommittees, which are directly tasked to assist the board to fulfill its duties and responsibilities. As much as the duties and responsibilities of the board committees are in addition to those of the board, the board is ultimately responsible for the final actions and decisions.

The reports and recommendations tabled by the respective committees at each board meeting guarantee full disclosure and transparency of the activities of the committees.

### • Board Audit and Risk Committee

The audit and risk committee is responsible for independently reviewing the following, on behalf of the board:

- the Authority's framework of control
- overseeing integrated reporting and risk management
- ensuring a combined assurance model is applied
- oversight of the internal and external audit processes and
- information technology reporting.

In addition thereto, the committee also considers legal, regulatory, ethical and sustainability matters.

The members of the board audit and Risk committee for the period under review were Jennifer J. Comalie (Chairperson), Andrea Kanime, Coenraad J. W. Coetzee, was re-appointed as an independent committee member effective from 6 June 2013 .

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.

### • Board Remuneration Committee

The remuneration committee is responsible for making recommendations to the board regarding all matters related to remuneration and appointments.

For the period under review the members of the board remuneration Committee were Otto N. Shikongo (Chairperson) and Matilda K. Jankie-Shakwa. Ms. Elke S. Hanstein served as independent member of the Committee.

### • Board Strategic Committee

The main objective of the board strategic committee, comprising at least two non-executive directors, is to consider and formulate recommendations to the board on key strategies, developments and projects. The committee is scheduled to meet at least twice per annum in accordance with its charter.

The members of the board strategic committee for the period under review were Jeremia L. Muadinohamba (Chairperson) and Otto N. Shikongo.

# Corporate Governance Report Continued

## • Investment Committee

The committee is charged with recommending, overseeing and evaluating the application of the Authority's investment portfolio, as well as to manage and administer the Authority's investment performance objectives over time.

The members of the Board Investment Committee for the period under review were Mr. Andreas Kanime (Chairperson) and Ms. Jennifer Comalie. The Chief Executive Officer and the Executive Finance, are permanent invitees to the committee meetings.

## • Board Tender Committee

The board tender committee is mandated by the board to amongst others, adjudicate on and approve recommended or proposed tender specifications and awards within its monetary threshold being N\$ 5 million to N\$ 20 million and further to ensure that tenders are conducted in a fair and ethical manner.

The membership of the board tender committee for the period under review comprised of Matilda K. Jankie-Shakwa and Jennifer J. Comalie.

The Chief Executive Officer and Chairperson of the management tender committee are permanent invitees to the committee meetings.

The board is satisfied that the board subcommittees executed their duties and responsibilities in accordance with the respective committee charters.

## Management Committees

The collective responsibility of management and effective control vests in the Chief Executive Officer. 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 executive committee, comprising of senior management, assists the Chief Executive Officer in the execution of his duties.

In complying with the State-owned Enterprise Governance Act 2 of 2006 as amplified by the governance agreement, the board entered into a performance agreement with the Chief Executive Officer and each senior manager regarding performance delivery based on the key performance indicators agreed to in the agreement.

The Chief Executive Officer's term of office is for a period of five years and may be renewed at the sole discretion of the Board.

**During the past financial year, the following changes occurred to key management:**

Mr. Kavin Harry assumed position of Executive: Finance as of 1 December 2012, filling the vacancy left by Mr. Koot van der Merwe, who resigned in 2011;

Ms. Ndaambe Haikali was appointed as Company Secretary, with effect from 1 March 2013;

The Executive: Operations, Mr. Alfons Kathindi resigned in April 2013; and

Mr. Victor Ashikoto was appointed as Executive ICT, as of 1 April 2013.

## Company Secretary

The Group Company Secretary is suitably qualified and empowered and has access to the Group's resources. She provides support and guidance to the board in matters relating to governance and ethical practices across the organisation. She is also responsible for the induction programs of new directors to ensure that they settle well in their new responsibilities and ensuring that board members are kept abreast of relevant changes in legislation and governance principles. All directors have unrestricted access to the group company secretary.





# Report Of The Audit And Risk Committee

## 1 Purpose and Composition of the Committee

The audit and risk committee supports the board in discharging its duties in relation to safeguarding of assets, risk management and the evaluation of internal control systems. The committee reviews and evaluates the integrity and effectiveness of the accounting, financial control systems, as well as measuring the quality of both the internal and external audit functions.

In line with its charter and as mandated by the board, the audit and risk committee fulfills an oversight role on the Authority's financial reporting process, including the system of internal control. It is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and 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 Committee is satisfied that it complied with its legal, regulatory or other responsibilities and conducted its affairs in line with its Charter.

For the period under review, the committee members were Ms. J. Comalie (Chairperson), Mr. Andrew Kanime and Mr. Coenraad Coetzee, who was appointed by the board, as an independent member of the committee.

## 2 External Audit

The committee reviewed and monitored the performance, independence and objectivity of the external auditors, Grand Namibia. It is satisfied that Grand Namibia was independent and objective in rendering its services to the Authority. Requisite assurance was sought and provided by the external auditor, through the letter of independence.

The Committee, together with the external auditors, reviewed the audit plan and agreed to the proposed audit scope and approach, to the Authority's activities, falling within the materiality level set by the auditors. The committee further reviewed the appropriateness of the proposed audit fee, for the 2013 financial year.

## 3 Financial Reporting

The committee reviewed the interim and final audited financial statements of the Authority and is satisfied that they comply with International Financial Reporting Standards (IFRS) and that the company is a going concern.

The committee assessed the performance of financial management and reviewed the quality and adequacy of the financial reports produced by management, prior to submission to the full board.

## 4 Risk Management

The board is responsible for the overall risk management, risk assessment and reporting in the organisation and is assisted by

the audit and risk committee in reviewing key risks and ensuring that the Authority's risk policy is properly implemented. The committee ensures that a risk assessment is carried out and key risks are identified and adequate control measures are put in place to address the risks. Furthermore business continuity plans, including emergency response procedures and communication plans, have been formulated.

The management risk committee has oversight of the Authority's risk management function and reports to the audit and risk committee on a bi-annual basis. The Authority has a comprehensive enterprise risk management plan and the enterprise wide risk assessment as well as the action plans in connection therewith were reviewed by the committee for the period under review.

## 5 Internal Audit

The committee considered and approved the internal audit plan for the 2013 financial year, based on scope, coverage and risk areas identified.

The Chief Internal Auditor is responsible for reporting on all issues related to corporate governance, risk and control processes and any other issues identified in the annual audit plan approved by the committee. Follow-up audits are carried out on all audit findings.

The committee performed its role in ensuring that adequate reliance can be placed on the internal audit, as an assurance function.

# Report Of The Remuneration Committee

## 1 Purpose and Composition of the Committee

The committee supports the board in the execution of its duties, with its role being to provide oversight on the Authority's remuneration policy and human resource strategy.

The committee's main responsibilities are set out in its charter. However, over the past financial year, the committee's focus was on the following key strategic projects:

- Review of the remuneration framework
- Performance Management System
- Human resources development and capacity building (STC Holistic Training)
- Conditions of service.

The committee has conducted its affairs in line with its charter and as mandated by the board.

For the period under review, the committee members were, Otto N. Shikongo (Chairperson), Matilda K. Jankie-Shakwa and Ms. Elke S. Hanstein, who served as an independent member of the Committee, until June 2013 when her contract came to an end.

## 2 Review of Remuneration Framework

It is the duty of the committee, to ensure that the remuneration framework of Namport complies with the guidelines of the SOE remuneration framework and at the same time, remains competitive enough to ensure that skilled employees are attracted, retained and motivated.

## 3 Performance Management System

Namport engaged RedSky Consulting to design a customised, performance management system, with the aim of aligning resources, systems and employees to the overall strategic objectives and priorities of the organisation.

The web-based system is designed to support the balanced scorecard principles that are characterised by individual performance objectives, which are linked with organisational and business units' performance objectives.

## 4 Human Resource Development and Capacity Building

The board adopted a robust human resource development strategy, in order to strengthen local capacity and to address the issue of skills shortage.

Namport appointed STC-SA, an accredited Maritime, Transport and logistics training institution, to provide tailor-made training, which is cutting-edge, relevant and practical, in the following areas:

- Terminal operators training
- Marine services training
- Terminal and port management training
- Trainee operator pool
- Productivity improvement plan (PIP).

The project will ensure that Namport has a multi-skilled workforce and a vast talent pool to remain a competitive port in the region.

## 5 Conditions of Service

The committee is closely monitoring the implementation of a three-shift system, a project aimed at streamlining the terms and conditions of service of all employees doing the same work, be it on a permanent, contract or casual basis, in order to comply with the Labour Act provision on "Presumption of Indefinite Employment".

The project focuses on the assessment of operational shift requirements and the design of an appropriate shift system that will address operational inefficiencies.







Group Annual  
**Financial Statements**  
For The Year Ended 31 August 2013

**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**Authority Key Financial Indicators For The Year Ended 31 August 2013**

	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>	<b>2008/09</b>	<b>2007/08</b>	<b>2006/07</b>	<b>2005/06</b>
Turnover (N\$ '000)	812,926	755,163	646,792	566,025	615,819	434,213	324,237	252,671
Operating profit (N\$ '000)	166,406	194,203	202,623	165,851	264,303	140,165	92,803	35,607
Profit before taxation (N\$ '000)	217,288	254,996	231,817	192,679	290,032	164,658	113,873	45,638
Return on assets	8%	9%	9%	8%	14%	11%	9%	4%
Return on equity	12%	15%	15%	14%	24%	17%	13%	6%
Operating profit margin	20%	26%	31%	29%	43%	32%	29%	14%
Total assets (N\$ '000)	2,801,144	2,878,856	2,605,919	2,287,723	2,031,006	1,502,981	1,296,726	1,135,511
Shareholder's interest (N\$ '000)	1,835,903	1,696,642	1,499,722	1,350,700	1,221,285	963,528	865,403	782,566
Long-term borrowings (N\$ '000)	132,678	364,089	514,097	466,958	367,534	220,549	231,478	184,808
Debt: Equity ratio	0.07	0.21	0.34	0.35	0.31	0.23	0.27	0.24
Current ratio	1.61	1.98	3.14	3.43	3.69	2.07	3.29	2.06
Debt-service coverage ratio	4.1	3.5	2.8	4.9	3.1	2.05	1.97	0.63
Training as % of payroll	7%	4%	5%	2%	3%	4%	5%	5%
Number of employees	829	825	692	611	601	576	606	592
Turnover per employee (N\$ '000)	981	915	935	926	1,025	754	535	427
Assets per employee (N\$ '000)	3,379	3,490	3,766	3,744	3,241	2,609	2,140	1,918

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**Authority Value Added Statement For The Year Ended 31 August 2013**

Notes	2013 N\$ '000	%	2012 N\$ '000	%	
<b>Wealth created</b>					
Revenue	812,926		755,163		
Paid to suppliers for materials and services	(205,476)		(162,270)		
<b>Value added</b>	<b>607,450</b>		<b>592,893</b>		
Income from investments and sale of assets	91,598		115,732		
<b>Total wealth created</b>	<b>699,048</b>		<b>708,625</b>		
<b>Wealth distribution</b>					
Salaries, wages and other employment costs	1	332,075	48%	297,047	42%
Providers of capital					
Dividends to shareholder		-	0%	-	0%
Finance costs on borrowings		40,716	6%	54,939	8%
Government	2	78,027	11%	59,550	8%
Reinvested to maintain and develop operations					
Depreciation		108,969	16%	100,137	14%
Retained earnings		139,261	20%	196,952	28%
<b>Total wealth distributed</b>		<b>699,048</b>	<b>100%</b>	<b>708,625</b>	<b>100%</b>
<b>Notes to the value added statement</b>					
<b>1. Salaries, wages and other employment costs</b>					
Salaries, overtime payments, bonuses and allowances		273,173		252,897	
Training and study assistance		22,776		12,535	
Employer contributions		36,126		31,615	
		<b>332,075</b>		<b>297,047</b>	
<b>2. Central and local governments</b>					
Normal and deferred taxation		78,027		58,044	
Rates and taxes		-		1,506	
		<b>78,027</b>		<b>59,550</b>	
<b>3. Additional amounts collected on behalf of central and local governments</b>					
VAT collected on revenue		115,290		106,880	
VAT paid on purchases		(35,373)		(22,941)	
VAT paid on imports		(16,677)		(1,272)	
PAYE deducted from remuneration		54,818		55,327	
		<b>118,058</b>		<b>137,994</b>	

## TABLE OF CONTENTS

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

	Page
Statement of Responsibility by the Board of Directors	049
Report of the Auditor-General	050
Report of the Independent Auditors	051
Statements of Financial Position	052-053
Statements of Comprehensive Income	054
Statements of Changes in Equity	055
Statements of Cash Flows	056
Accounting Policies	057-065
Notes to the Financial Statements	066-098



## GROUP ANNUAL FINANCIAL STATEMENTS for the year ended 31 August 2013

### STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 August 2014 and, in light of this review and the current financial position, they are satisfied that the company has

access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 6.

The annual financial statements and group annual financial statements, which were prepared on a going concern basis, were approved by the Board of Directors on 7 December 2013 and are signed on its behalf by:



**J Muadinohamba**  
Chairman



**J Comalie**  
Director & Chairperson  
of the Standing Audit  
Committee

## DIRECTORS REPORT

### Nature Of Business

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

### Ownership

The Namibian Ports Authority was established in terms of Namibian Ports Authority Act, 1994 (Act No 2 of 1994) and is a State-owned Enterprise reporting to its 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.

### Subsidiary Companies

The Authority holds shares in the following subsidiary companies:

#### Elgin, Brown & Hamer Namibia (Pty) Ltd - 52.5%

Elgin, Brown & Hamer Namibia (Pty) Ltd has as its main object and business marine engineering, ship repair, ship building and all work ancillary thereto with all engineering work of the same or similar type to that employed in the foregoing. This company was formed primarily to own, manage and operate a floating dock facility at the port of Walvis Bay.

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.

The Directors of Elgin, Brown & Hamer (Pty) Ltd, are Kosmas Egumbo, Sadike Nepela and Ruusa Shipiki–Kapolo represented the Authority as at 30 August 2013.

#### Namport Property Holdings (Pty) Ltd - 100%

Namport Property Holdings (Proprietary) Limited is a wholly-owned subsidiary of the Authority, however, the company is still dormant.

The main object and business of the company is to be engaged 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.

#### Lüderitz Boatyard (Pty) Ltd - 100%

Lüderitz Boatyard (Pty) Ltd 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.

### Financial Statements

The financial results are set out in the financial statements herein.

### Directorate

The following persons currently serve as directors on the board:

Mr. Jeremia L. Muadinohamba (Chairperson) (appointed 7 October 2010)

Mr. Andreas Kanime (Deputy Chairperson) (re-appointed 15 October 2011)

Mr. Otto N. Shikongo (appointed 15 July 2011)

Ms. Jennifer J. Comalie (appointed 15 July 2011)

Ms. Matilda K. Jankie–Shakwa (appointed 15 July 2011)

### Directors Emoluments

Directors' emoluments are disclosed in note ..... to the annual financial statements.

### Company Secretary

The Company Secretary is Ms. Ndahambelela Haikali.

### Registered Office

No. 17 Rikumbi Kandanga Road, Walvis Bay, Republic of Namibia.

### Postal Address

P. O. Box 361, Walvis Bay, Republic of Namibia.

### Events Subsequent To The Reporting Date

There are no material events subsequent to the reporting date to report.

**GROUP ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 August 2013**

**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 2013 has been carried out to my satisfaction.



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**Junias Etuna Kandjeke  
Auditor General**

**December 2013**

**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 2013, 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 2013, 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*

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Grand Namibia  
Chartered Accountants (Namibia)  
Registered Accountants and Auditors

Per: R Theron  
7 December 2013

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
as at 31 August 2013

Notes	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3 1,623,950	1,340,663	1,253,908	1,135,202
Intangible Assets	4 10,065	9,851	10,065	9,851
Investments	5 799,480	868,813	799,480	868,813
Investments in Subsidiaries	6 -	-	3,152	3,152
Loan to Subsidiaries	7 -	-	1,926	1,364
Operating lease asset	8 137,424	111,496	137,424	111,496
Channel levy Fund Investment	16 19,174	16,452	19,174	16,452
Deferred tax assets	19 12,460	47,642	12,460	21,232
<b>Total non-current assets</b>	<b>2,602,553</b>	<b>2,394,917</b>	<b>2,237,589</b>	<b>2,167,562</b>
<b>Current assets</b>				
Inventories	10 11,426	20,959	1,689	1,624
Trade and other receivables	11 225,679	154,543	142,467	111,165
Current tax asset	22 6,577	17,113	6,577	17,113
Other financial assets	9 119,996	114,214	119,996	114,214
Cash and cash equivalents	12 307,474	472,925	292,826	467,178
<b>Total current assets</b>	<b>671,152</b>	<b>779,754</b>	<b>563,555</b>	<b>711,294</b>
<b>TOTAL ASSETS</b>	<b>3,273,705</b>	<b>3,174,671</b>	<b>2,801,144</b>	<b>2,878,856</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Capital account	13 50,344	50,344	50,344	50,344
Revaluation reserve	14 15,514	19,585	15,514	19,585
Retained earnings	1,816,165	1,663,323	1,770,045	1,626,713
<b>Shareholders' interest</b>	<b>1,882,023</b>	<b>1,733,252</b>	<b>1,835,903</b>	<b>1,696,642</b>
Non-controlling interest	45,562	36,627	-	-
<b>Total capital and reserves</b>	<b>1,927,585</b>	<b>1,769,879</b>	<b>1,835,903</b>	<b>1,696,642</b>
<b>Non-current liabilities</b>				
Long-term borrowings	15 359,255	472,407	132,678	364,089
Special purpose funds	16 21,239	18,398	21,239	18,398
Deferred Income	17 1,440	1,440	1,440	1,440
Severance pay provision	18 2,689	3,495	2,689	3,495
Post retirement medical aid provision	18 3,703	-	3,703	-

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
as at 31 August 2013 (continued)

	<b>Group</b>	Group	<b>Authority</b>	Authority
	<b>2013</b>	2012	<b>2013</b>	2012
<b>Notes</b>	<b>N\$ '000</b>	N\$ '000	<b>N\$ '000</b>	N\$ '000
Loans from shareholders	<b>3,229</b>	3,228	-	-
Operating lease liability	<b>8</b> 3,234	3,531	-	-
Deferred tax liabilities	<b>19</b> 497,607	497,048	<b>453,142</b>	433,897
<b>Total non-current liabilities</b>	<b>892,396</b>	999,547	<b>614,891</b>	821,319
<b>Current liabilities</b>				
Trade and other payables	<b>20</b> 170,104	96,227	<b>86,918</b>	65,986
Short-term portion of long-term borrowings	<b>15</b> 229,365	237,814	<b>209,177</b>	223,705
Special purpose funds	<b>16</b> 5,846	8,007	<b>5,846</b>	8,007
Income received in advance	311	-	311	-
Provisions	<b>21</b> 48,098	63,197	<b>48,098</b>	63,197
<b>Total current liabilities</b>	<b>453,724</b>	405,245	<b>350,350</b>	360,895
<b>Total liabilities</b>	<b>1,346,120</b>	1,404,792	<b>965,241</b>	1,182,214
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,273,705</b>	3,174,671	<b>2,801,144</b>	2,878,856

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
as at 31 August 2013

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
Revenue	23 1,128,516	1,034,392	812,926	755,163
Other Income	9,665	10,096	3,703	4,561
<b>Total income</b>	<b>1,138,181</b>	<b>1,044,488</b>	<b>816,629</b>	<b>759,724</b>
<b>Operating costs</b>	<b>(938,498)</b>	<b>(827,218)</b>	<b>(650,223)</b>	<b>(565,521)</b>
Employee costs	(369,211)	(378,667)	(339,529)	(303,627)
Other costs	24 (409,552)	(305,849)	(162,733)	(129,454)
Depreciation and impairment charges	(120,050)	(110,076)	(108,969)	(100,137)
Maintenance costs	(39,685)	(32,626)	(38,992)	(32,303)
<b>Operating Profit</b>	<b>25 199,683</b>	<b>217,270</b>	<b>166,406</b>	<b>194,203</b>
Fair value adjustments on financial assets	26 73,291	90,494	73,291	90,494
<b>Interest income</b>	<b>27 19,163</b>	<b>25,250</b>	<b>18,307</b>	<b>25,238</b>
Finance costs	28 (48,681)	(64,447)	(40,716)	(54,939)
<b>Profit Before Tax</b>	<b>243,456</b>	<b>268,567</b>	<b>217,288</b>	<b>254,996</b>
Taxation	29 (85,750)	(61,958)	(78,027)	(58,044)
<b>Profit for the year</b>	<b>157,706</b>	<b>206,609</b>	<b>139,261</b>	<b>196,952</b>
Profit for the year	157,706	206,609	139,261	196,952
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>157,706</b>	<b>206,609</b>	<b>139,261</b>	<b>196,952</b>
<b>Profit for the year attributable to:</b>				
Owners of the parent	148,771	203,015		
Non-controlling interest	8,935	3,594		
	<b>157,706</b>	<b>206,609</b>		
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	148,771	203,015		
Non-controlling interest	8,935	3,594		
	<b>157,706</b>	<b>206,609</b>		

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
as at 31 August 2013

	Capital N\$ '000	Revaluation reserve N\$ '000	Retained earnings N\$ '000	Non controlling interest N\$ '000	Total N\$ '000
<b>Group</b>					
<b>Year ended 31 August 2013</b>					
Balance 1 September 2012	50,344	19,585	1,663,323	36,627	1,769,879
Total comprehensive income for the year	-	-	148,771	8,935	157,706
Transfer - revaluation depreciation	-	(4,071)	4,071	-	-
<b>Balance as at 31 August 2013</b>	<b>50,344</b>	<b>15,514</b>	<b>1,816,165</b>	<b>45,562</b>	<b>1,927,585</b>
<b>Year ended 31 August 2012</b>					
Balance 1 September 2011	50,344	23,891	1,456,036	33,033	1,563,304
Adjustment	-	-	(2)	-	(2)
Total comprehensive income for the year	-	-	203,015	3,594	206,609
Transfer - revaluation depreciation	-	(4,306)	4,274	-	(32)
<b>Balance as at 31 August 2012</b>	<b>50,344</b>	<b>19,585</b>	<b>1,663,323</b>	<b>36,627</b>	<b>1,769,879</b>
<b>Authority</b>					
<b>Year ended 31 August 2013</b>					
Balance 1 September 2012	50,344	19,585	1,626,713	1,696,642	
Total comprehensive income for the year	-	-	139,261	139,261	
Transfer - revaluation depreciation and impairment	-	(4,071)	4,071	-	
<b>Balance as at 31 August 2013</b>	<b>50,344</b>	<b>15,514</b>	<b>1,770,045</b>	<b>1,835,903</b>	
<b>Year ended 31 August 2012</b>					
Balance 1 September 2011	50,344	23,891	1,425,487	1,499,722	
Total comprehensive income for the year	-	-	196,952	196,952	
Transfer - revaluation depreciation and impairment	-	(4,306)	4,274	(32)	
<b>Balance as at 31 August 2012</b>	<b>50,344</b>	<b>19,585</b>	<b>1,626,713</b>	<b>1,696,642</b>	



**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
as at 31 August 2013

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
<b>Cash flows from operating activities</b>				
Cash receipts from customers	1,044,067	1,004,795	759,710	730,937
Cash paid to suppliers and employees	(753,461)	(725,465)	(535,834)	(482,622)
<b>Cash generated by operations</b>	<b>290,606</b>	279,330	<b>223,876</b>	248,315
	30			
Interest received	19,162	115,745	18,306	115,733
Interest paid	(8,771)	(64,447)	(806)	(54,939)
Tax paid	(39,475)	(20,283)	(39,475)	(20,283)
<b>Net cash flow from operating activities</b>	<b>261,522</b>	310,345	<b>201,901</b>	288,826
<b>Cash flows from investment activities</b>				
Additions to property, plant and equipment	(403,832)	(165,639)	(228,171)	(158,687)
Additions to intangible assets	-	(1,434)	-	(1,434)
Additions to investments	(1,588)	-	(1,588)	-
Interest capitalised	360	(7,785)	360	(7,785)
Movement in channel levy fund investment	2,722	(2,315)	2,722	(2,315)
Proceeds from disposal of property, plant and equipment	462	465	424	317
Proceeds from maturing investments	138,432	6,348	138,432	6,348
Loan extended to subsidiary	-	-	(544)	-
<b>Net cash outflow from investing activities</b>	<b>(263,444)</b>	(170,360)	<b>(88,365)</b>	(163,556)
<b>Cash flows from financing activities</b>				
Proceeds from long-term borrowings	246,464	74,498	633	74,498
Repayment of long-term borrowings	(407,952)	(163,161)	(286,480)	(149,621)
Increase in special purpose funds	(2,041)	3,847	(2,041)	3,847
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(163,529)</b>	(84,816)	<b>(287,888)</b>	(71,276)
<b>Net increase in cash and cash equivalents</b>	<b>(165,451)</b>	55,169	<b>(174,352)</b>	53,994
<b>Cash and cash equivalents at the beginning of year</b>	<b>472,925</b>	417,756	<b>467,178</b>	413,184
<b>Cash and cash equivalents at the end of year</b>	<b>307,474</b>	472,925	<b>292,826</b>	467,178
	12			

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**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 authorised for issue by the Board of Directors on 7 December 2013.

**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

# GROUP ANNUAL FINANCIAL STATEMENTS for the year ended 31 August 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

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.

### 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.

### 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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

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 - 15 years
Floating craft	4 - 20 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.

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

# GROUP ANNUAL FINANCIAL STATEMENTS for the year ended 31 August 2013

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

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 of 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.

#### 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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 August 2013 (continued)**

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.

**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

**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.

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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 August 2013 (continued)**

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.

**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.



**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

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

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

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

#### **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 a qualifying asset is funded via general borrowings, the Group 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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 August 2013 (continued)

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.

**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

**3 Property, plant and equipment**

**Group**

	Land, structures & buildings N\$'000	Floating Craft & dock N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Leased Assets N\$'000	Assets under construction N\$'000	Total N\$'000
<b>31 August 2013</b>						
Opening carrying value	675,644	224,841	327,141	35,491	77,546	1,340,663
Additions	8,540	85	13,355	9,221	372,631	403,832
Disposals	(248)	(5)	(29)	-	-	(282)
Transfer	101,534	22,955	115,347	-	(243,907)	(4,071)
Depreciation	(42,838)	(19,910)	(49,341)	(2,668)	(1,435)	(116,192)
<b>Closing carrying value</b>	<b>742,632</b>	<b>227,966</b>	<b>406,473</b>	<b>42,044</b>	<b>204,835</b>	<b>1,623,950</b>
Cost or valuation	1,231,363	359,562	697,938	59,149	206,271	2,554,283
Accumulated depreciation	(488,730)	(131,597)	(291,466)	(18,540)	-	(930,333)
<b>Carrying value</b>	<b>742,633</b>	<b>227,965</b>	<b>406,472</b>	<b>40,609</b>	<b>206,271</b>	<b>1,623,950</b>
<b>31 August 2012</b>						
Opening carrying value	645,477	184,062	363,575	35,491	47,306	1,275,911
Additions	6,113	42,804	5,141	-	111,581	165,639
Disposals	(175)	-	(351)	-	-	(526)
Transfer	65,867	13,161	8,472	-	(81,341)	6,159
Depreciation	(41,638)	(15,186)	(49,696)	-	-	(106,520)
<b>Closing carrying value</b>	<b>675,644</b>	<b>224,841</b>	<b>327,141</b>	<b>35,491</b>	<b>77,546</b>	<b>1,340,663</b>
Cost or valuation	1,139,714	336,575	611,306	35,731	77,546	2,200,872
Accumulated depreciation	(464,070)	(111,734)	(284,165)	(240)	-	(860,209)
<b>Carrying value</b>	<b>675,644</b>	<b>224,841</b>	<b>327,141</b>	<b>35,491</b>	<b>77,546</b>	<b>1,340,663</b>
<b>Group</b>						
					<b>Group</b>	<b>Group</b>
					<b>2013</b>	<b>2012</b>
					<b>N\$ '000</b>	<b>N\$ '000</b>
Carrying value of property, plant and equipment pledged as security:						
Vehicles, machinery, equipment and furniture - instalments sales					<b>67,983</b>	90,921
Marine bonds over the floating docks					<b>177,000</b>	137,579
					<b>244,983</b>	<b>228,500</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**3 Property, plant and equipment (continued)**

**Authority**

	Land, structures & buildings N\$'000	Floating Craft & dock & N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Leased Assets N\$'000	Assets under construction N\$'000	Total N\$'000
<b>31 August 2013</b>						
Opening carrying value	653,514	87,261	323,292	-	71,135	1,135,202
Additions	8,541	85	4,295	-	215,250	228,171
Disposals	(248)	(5)	(29)	-	-	(282)
Transfer	101,534	22,955	115,347	-	(243,907)	(4,071)
Depreciation	(42,838)	(16,561)	(45,713)	-	-	(105,112)
<b>Closing carrying value</b>	<b>720,503</b>	<b>93,735</b>	<b>397,192</b>	<b>-</b>	<b>42,478</b>	<b>1,253,908</b>
Cost or valuation	1,209,233	207,280	671,095	74	42,478	<b>2,130,160</b>
Accumulated depreciation	(488,730)	(113,545)	(273,903)	(74)	-	<b>(876,252)</b>
<b>Carrying value</b>	<b>720,503</b>	<b>93,735</b>	<b>397,192</b>	<b>-</b>	<b>42,478</b>	<b>1,253,908</b>
<b>31 August 2012</b>						
Opening carrying value	623,351	43,133	356,645	-	44,207	1,067,336
Additions	6,109	42,804	3,538	-	106,236	158,687
Disposals	(175)	-	(224)	-	-	(399)
Transfer	65,867	13,161	6,439	-	(79,308)	6,159
Depreciation	(41,638)	(11,837)	(43,106)	-	-	(96,581)
<b>Closing carrying value</b>	<b>653,514</b>	<b>87,261</b>	<b>323,292</b>	<b>-</b>	<b>71,135</b>	<b>1,135,202</b>
Cost or valuation	1,099,406	184,293	561,553	240	71,135	1,916,627
Accumulated depreciation	(445,892)	(97,032)	(238,261)	(240)	-	(781,425)
<b>Carrying value</b>	<b>653,514</b>	<b>87,261</b>	<b>323,292</b>	<b>-</b>	<b>71,135</b>	<b>1,135,202</b>

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.

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

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

**4 Intangible assets**

Computer software

Cost

Accumulated depreciation

Opening carrying value

Additions

Transfer

Amortisation

Closing carrying value

**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

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.

Namport Property Holdings (Pty) Ltd.

Lüderitz Boatyard (Pty) Ltd.

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
Carrying value of assets pledged as security - instalment sales agreements: Vehicles, machinery, equipment and furniture	67,983	90,921	62,633	90,921
<b>4 Intangible assets</b>				
Computer software				
Cost	23,555	19,484	23,555	19,484
Accumulated depreciation	(13,490)	(9,633)	(13,490)	(9,633)
	<b>10,065</b>	<b>9,851</b>	<b>10,065</b>	<b>9,851</b>
Opening carrying value	9,851	18,228	9,851	18,228
Additions	-	1,434	-	1,434
Transfer	4,072	(6,255)	4,072	(6,255)
Amortisation	(3,858)	(3,556)	(3,858)	(3,556)
Closing carrying value	<b>10,065</b>	<b>9,851</b>	<b>10,065</b>	<b>9,851</b>
<b>5 Investments</b>				
At fair value through profit and loss designated:				
Endowment assurance policies	799,480	868,813	799,480	868,813
Carrying value of investments pledged as security to third parties limited to value of loans	127,304	180,120	127,304	180,120
<b>6 Investments in subsidiaries</b>				
	2013	2012	Authority 2013	Authority 2012
	% Holding	% Holding	N\$ '000	N\$ '000
Elgin Brown & Hamer Namibia (Pty) Ltd.	52.50%	52.50%	3,150	3,150
Namport Property Holdings (Pty) Ltd.	100%	100%	1	1
Lüderitz Boatyard (Pty) Ltd.	100%	100%	1	1
			<b>3,152</b>	<b>3,152</b>

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

**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

**7 Loans to subsidiaries**

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

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

2013 % Holding	2012 % Holding	Authority 2013 N\$ '000	Authority 2012 N\$ '000
		640	640
		12	11
		1,274	713
		<b>1,926</b>	<b>1,364</b>

**8 Operating lease asset/(liability)**

Current assets  
Non-current liability

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

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
137,424	111,496	137,424	111,496
-	-	-	-
<b>(3,234)</b>	<b>(3,531)</b>	-	-
<b>134,190</b>	<b>107,965</b>	<b>137,424</b>	<b>111,496</b>

**9 Other financial assets**

Swap agreement EIB loan  
Insurance asset

Non-current assets  
Current assets

-	5,640	-	5,640
<b>119,996</b>	108,574	<b>119,996</b>	108,574
<b>119,996</b>	114,214	<b>119,996</b>	114,214
-	-	-	-
<b>119,996</b>	114,214	<b>119,996</b>	114,214
<b>119,996</b>	114,214	<b>119,996</b>	114,214

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.

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**10 Inventories**

Work in progress  
Consumable stores, net of impairment provision

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
7,953	17,378	-	-
3,473	3,581	1,689	1,624
<b>11,426</b>	<b>20,959</b>	<b>1,689</b>	<b>1,624</b>

**11 Trade and other receivables**

Trade debtors  
Provision for impairment for trade debtors

184,331	144,438	118,924	112,816
<b>(13,327)</b>	<b>(7,426)</b>	<b>(12,495)</b>	<b>(6,440)</b>
<b>171,004</b>	<b>137,012</b>	<b>106,429</b>	<b>106,376</b>

Prepayments  
Deposits  
VAT  
Withholding tax  
Staff loans  
Sundry receivables

34,670	4,096	33,354	2,474
527	-	-	-
15,211	-	-	-
122	-	-	-
2,385	2,407	2,269	2,298
1,760	11,028	415	17
<b>225,679</b>	<b>154,543</b>	<b>142,467</b>	<b>111,165</b>

**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	55,115	5,493	10,881	2,830
More than 30 days past due	26,950	12,129	4,709	5,014
	<b>82,065</b>	<b>17,622</b>	<b>15,590</b>	<b>7,844</b>

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	7,426	6,796	6,440	5,802
Impairment loss recognised	7,949	1,737	7,949	751
Impairment utilised	<b>(2,048)</b>	<b>(1,107)</b>	<b>(1,894)</b>	<b>(113)</b>
	<b>13,327</b>	<b>7,426</b>	<b>12,495</b>	<b>6,440</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**12 Cash and cash equivalents**

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
Cash on hand	86	272	49	43
Bank balances	17,510	12,109	2,899	6,591
Short-term deposits	289,878	460,544	289,878	460,544
	<b>307,474</b>	<b>472,925</b>	<b>292,826</b>	<b>467,178</b>
Disclosed as:				
Current assets	<b>307,474</b>	<b>472,925</b>	<b>292,826</b>	<b>467,178</b>

**13 Capital account**

Reflects net value at which assets were transferred from the shareholder in 1994	<b>50,344</b>	50,344	<b>50,344</b>	50,344
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**14 Revaluation reserve**

Opening balance	19,585	23,891	19,585	23,891
Adjustment	-	(32)	-	(32)
Transfer to retained earnings	(4,071)	(4,274)	(4,071)	(4,274)
	<b>15,514</b>	<b>19,585</b>	<b>15,514</b>	<b>19,585</b>

**15 Long-term borrowings**

	<b>359,257</b>	472,407	<b>132,678</b>	364,089
Balance at beginning of the year	710,221	751,182	587,794	615,215
New loans raised	241,470	74,498	470	74,498
Repaid	(407,952)	(163,161)	(286,480)	(149,621)
Interest capitalised	39,910	47,702	39,910	47,702
New finance leases	4,973	-	161	-
Current portion of long term borrowing due within one year transferred to short-term borrowings	<b>(229,365)</b>	<b>(237,814)</b>	<b>(209,177)</b>	<b>(223,705)</b>
Capitalised finance leases	152,197	267,042	146,432	267,042
Other long-term loans	436,423	443,179	195,423	320,752
<b>Total long-term borrowings</b>	<b>588,620</b>	<b>710,221</b>	<b>341,855</b>	<b>587,794</b>
Current portion of long term borrowing due within one year transferred to short-term borrowings	<b>(229,365)</b>	<b>(237,814)</b>	<b>(209,177)</b>	<b>(223,705)</b>
	<b>359,255</b>	<b>472,407</b>	<b>132,678</b>	<b>364,089</b>



**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

**15 Long-term borrowings (continued)**

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\$ 191 million.

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
<b>66,108</b>	88,240	<b>66,108</b>	88,240

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\$ 107 million.

<b>61,196</b>	91,880	<b>61,196</b>	91,880
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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.

<b>3,597</b>	7,102	<b>3,597</b>	7,102
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Damen Shipyards lease agreement bearing interest at 8.5% per annum repayable over 24 months.

-	42,782	-	42,782
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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.

<b>6,043</b>	18,398	<b>6,043</b>	18,398
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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.

<b>4,888</b>	9,440	<b>4,888</b>	9,440
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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.

<b>4,599</b>	9,200	<b>4,599</b>	9,200
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Kfw 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.

<b>9,335</b>	11,202	<b>9,335</b>	11,202
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 August 2013 (continued)

15 Long-term borrowings (continued)

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.

Pointbreak loan bearing interest at 12.48% per annum with the accrued interest payable three monthly. The full loan is repayable on 30 September 2012.

Pointbreak loan bearing interest at 10.95% per annum with the accrued interest payable three monthly.

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.

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 2014.

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
22,554	28,579	22,554	28,579
-	78,356	-	78,356
-	53,510	-	53,510
122,114	109,894	122,114	109,894
19,124	18,311	19,124	18,311

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**15 Long-term borrowings (continued)**

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.

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.

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.

Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 360 033.

Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 1,887,176.

Bank Windhoek loan bears interest at prime less 0.5% per annum and is repayable in monthly instalments of N\$ 993 736.

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.

**Total borrowings**

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
22,297	20,900	22,297	20,900
-	42,074	-	-
-	79,397	-	-
35,913	-	-	-
107,614	-	-	-
97,473	-	-	-
5,765	956	-	-
<b>588,620</b>	<b>710,221</b>	<b>341,855</b>	<b>587,794</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**16 Special purpose funds**

Channel levy Fund  
Navigational Aids Fund  
Nairport Social Investment Fund

Disclosed under:

Non-current liabilities

Current liabilities

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

**17 Deferred income**

Closing balance

Capital grant:

Japanese Government

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 represents the portion relating to geotechnical work carried out by this Agency.

**18 Severance pay provision and Post retirement medical aid obligation**

**18.1 Severance pay provision**

Present value of the defined benefit obligation wholly unfunded

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
	-		
19,174	16,452	19,174	16,452
2,065	1,946	2,065	1,946
5,846	8,007	5,846	8,007
<b>27,085</b>	26,405	<b>27,085</b>	26,405
<b>21,239</b>	18,398	<b>21,239</b>	18,398
5,846	8,007	5,846	8,007
<b>27,085</b>	26,405	<b>27,085</b>	26,405
<b>1,440</b>	1,440	<b>1,440</b>	1,440
<b>1,440</b>	1,440	<b>1,440</b>	1,440
<b>2,689</b>	3,495	<b>2,689</b>	3,495

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**18.1 Severance pay provision(continued)**

**Movement for the year:**

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
Opening balance	3,495	2,658	3,495	2,658
Net amount recognised in the statement of comprehensive income	(806)	837	(806)	837
	<b>2,689</b>	<b>3,495</b>	<b>2,689</b>	<b>3,495</b>

**Net amount recognised in the statement of comprehensive income**

Current service cost	279	198	279	198
Interest cost	259	216	259	216
Benefit payments	(247)	-	(247)	-
Actuarial (gains) losses	(1,097)	423	(1,097)	423
	<b>(806)</b>	<b>837</b>	<b>(806)</b>	<b>837</b>

**Key assumptions used:**

Investment return	9.30%	7.42%	9.30%	7.42%
Salary inflation rate	7.80%	5.92%	7.80%	5.92%

**18.2 Post retirement medical aid obligation**

Present value of the defined benefit obligation wholly unfunded	3,703	-	3,703	-
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**Movement for the year:**

Opening balance	-	-	-	-
Net amount recognised in the statement of comprehensive income	3,703	-	3,703	-
	<b>3,703</b>	<b>-</b>	<b>3,703</b>	<b>-</b>

**Net amount recognised in the statement of comprehensive income**

Current service cost	226	-	226	-
Past service cost	-	-	-	-
Interest cost	-	-	-	-
Benefit payments	-	-	-	-
Actuarial (gains) losses	3,477	-	3,477	-
	<b>3,703</b>	<b>-</b>	<b>3,703</b>	<b>-</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**18.2 Post retirement medical aid obligation  
(continued)**

**Key assumptions used:**

Investment return	9.62%	0.00%	9.62%	0.00%
Medical inflation rate	8.53%	0.00%	8.53%	0.00%

**19 Deferred tax**

Balances at beginning of the year	449,406	393,415	412,665	360,588
Decrease/(increase) in tax losses available for set off	-	35,624	-	14,280
Revaluation depreciation	(2,097)	2,927	(2,097)	2,927
Rate change	(1,080)	-	-	-
Net taxable temporary differences	38,918	17,440	30,114	34,870
Balances at the year end	<b>485,147</b>	<b>449,406</b>	<b>440,682</b>	<b>412,665</b>

**Comprising of liabilities/(assets):**

Work in progress and consumables	3,582	5,652	775	552
Endowment investments	296,378	295,397	296,378	295,397
Operating lease asset/(liability)	44,706	35,756	45,773	36,957
Capital allowances	113,946	115,445	56,656	56,255
Revaluation of property, plant and equipment	5,724	7,821	5,724	7,821
Provisions	(13,487)	(20,994)	(11,651)	(20,742)
Prepayments	9,614	-	8,955	-
Income received in advance	(809)	62	(809)	(490)
Insurance asset	38,881	36,915	38,881	36,915
Foreign exchange contracts	(6,818)	(771)	-	-
Tax loss	(6,570)	(25,877)	-	-
	<b>485,147</b>	<b>449,406</b>	<b>440,682</b>	<b>412,665</b>

Disclosed as:

Deferred tax assets	(12,460)	(47,642)	(12,460)	(21,232)
Deferred tax liabilities	497,607	497,048	453,142	433,897
	<b>485,147</b>	<b>449,406</b>	<b>440,682</b>	<b>412,665</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**20 Trade and other payables**

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
Trade payables	90,961	41,419	65,379	30,876
Other payables	79,143	54,808	21,539	35,110
Sundry accruals	73,869	36,944	16,265	17,246
Receiver of Revenue - VAT	5,232	17,729	5,232	17,729
Outstanding cheques	42	135	42	135
	<b>170,104</b>	<b>96,227</b>	<b>86,918</b>	<b>65,986</b>

**21 Provisions**

	Opening Balance	Additions	Utilised	Closing Balance
<b>Group</b>				
<b>31 August 2013</b>				
Provision for leave pay	24,920		(2,605)	22,315
Provision for bonuses	32,955	19,273	(27,030)	25,198
Provision for customer rebates	5,322	-	(4,737)	585
	<b>63,197</b>	<b>19,273</b>	<b>(34,372)</b>	<b>48,098</b>
<b>31 August 2012</b>				
Provision for leave pay	15,988	10,312	(1,380)	24,920
Provision for bonuses	21,021	27,684	(15,750)	32,955
Provision for customer rebates	506	5,322	(506)	5,322
	<b>37,515</b>	<b>43,318</b>	<b>(17,636)</b>	<b>63,197</b>
<b>Authority</b>				
<b>31 August 2013</b>				
Provision for leave pay	24,791	-	(2,605)	22,186
Provision for bonuses	33,084	19,273	(27,030)	25,327
Provision for customer rebates	5,322	-	(4,737)	585
	<b>63,197</b>	<b>19,273</b>	<b>(34,372)</b>	<b>48,098</b>
<b>31 August 2012</b>				
Provision for leave pay	15,988	10,312	(1,509)	24,791
Provision for bonuses	21,021	27,684	(15,621)	33,084
Provision for customer rebates	506	5,322	(506)	5,322
	<b>37,515</b>	<b>43,318</b>	<b>(17,636)</b>	<b>63,197</b>

**GROUP ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 August 2013 (continued)**

**21 Provisions (continued)**

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.

**Leave pay**

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.

**Customer rebates**

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

**22 Current tax**

Balance at beginning of the year  
Taxation charge for the year  
Adjustment to deferred tax  
Net payments made during the year

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
(17,113)	(2,797)	(17,113)	(2,797)
85,750	61,958	78,027	58,044
(35,740)	(55,991)	(28,017)	(52,077)
(39,474)	(20,283)	(39,474)	(20,283)
<b>(6,577)</b>	<b>(17,113)</b>	<b>(6,577)</b>	<b>(17,113)</b>

Disclosed as:

Current assets

<b>6,577</b>	17,113	<b>6,577</b>	17,113
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**23 Revenue**

Rendering of services:

Cargo services

Marine services

Port Authority services

Synchrolift services - dry dock

Ship repairs - floating dock

Rebates and discounts

Rendering of services

<b>313,477</b>	301,534	<b>313,477</b>	301,534
<b>114,893</b>	102,375	<b>114,893</b>	102,375
<b>356,388</b>	323,005	<b>356,388</b>	323,005
<b>30,813</b>	34,018	<b>30,813</b>	34,018
<b>314,972</b>	279,229	-	-
<b>(2,814)</b>	<b>(5,769)</b>	<b>(2,645)</b>	<b>(5,769)</b>
787	-	-	-
<b>1,128,516</b>	1,034,392	<b>812,926</b>	755,163



**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
<b>24 Other costs by nature</b>				
Abnormal losses	-	14,761	-	-
Advertising, promotions and marketing	18,280	22,641	17,475	14,775
Administration costs	2,354	-		
Audit fees	1,000	1,090	398	440
Bad debts	7,949	669	7,949	639
Bank Charges	560	527	323	299
Claims	679	171	679	171
Commissions paid	7,749		-	-
Computer expenses	6,342	4,000	5,567	3,214
Consulting fees	13,100	5,787	11,579	5,191
Consumables and materials	208,199	144,890	4,410	1,540
Diesel, petrol, lubricants and tyres	33,996	33,441	33,994	33,430
Directors emoluments	2,950	4,243	2,950	3,359
Donations	3,955	7,845	3,819	7,845
Entertainment and refreshments	5,219	4,626	4,950	4,317
Foreign exchange losses	14,162	-	3,521	-
Impairment other	-		-	2,553
Insurance	10,763	8,073	6,881	5,000
Legal fees	1,114	1,061	874	965
Licenses	233	170	233	170
Memberships and subscriptions	707	244	496	128
Municipal charges	3,208	3,039	3,208	3,039
Process improvements	2,840			
Purchases	462	-	-	-
Rental	10,006	5,984	5,669	2,367
Safety, health and environmental	4,545	3,097	4,545	3,097
Security	8,405	4,907	5,430	3,973
Stationery and photocopying	1,950	1,778	1,073	1,434
Sundry	1,056	1,569	851	1,672
Telephone, postage and courier	3,133	3,237	2,310	2,471
Traveling and accommodation	8,603	7,111	7,516	6,477
Water and electricity	26,033	20,888	26,033	20,888
	<b>409,552</b>	<b>305,849</b>	<b>162,733</b>	<b>129,454</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
<b>25 Operating profit</b>				
Operating profit is stated after taking account of the following items:				
Auditors' remuneration	1,000	1,090	398	440
Operating lease charges	10,006	5,984	5,669	2,367
Consulting fees	13,100	5,787	11,579	5,191
Loss on sale of property, plant and equipment	33	61	33	82
Impairment on property, plant and equipment	-	-	-	-
Impairment charges - intercompany loans	-	-	-	2,553
Depreciation of property, plant and equipment	116,192	106,520	105,112	96,581
Amortisation on intangible assets	3,858	3,556	3,858	3,556
Foreign exchange losses (gains)	(376)	-	(459)	(459)
<b>26 Fair value adjustments</b>				
Endowment investments	67,510	84,854	67,510	84,854
Insurance assets	5,781	5,640	5,781	5,640
	<b>73,291</b>	<b>90,494</b>	<b>73,291</b>	<b>90,494</b>
<b>27 Interest income</b>				
Bank balances and short-term deposits	17,101	23,565	16,247	23,555
Trade debtors	2,062	1,685	2,060	1,683
	<b>19,163</b>	<b>25,250</b>	<b>18,307</b>	<b>25,238</b>
<b>28 Finance costs</b>				
Long-term borrowings	48,681	64,130	40,716	54,939
Trade and other payables	-	166	-	-
Bank overdraft	-	155	-	-
	<b>48,681</b>	<b>64,451</b>	<b>40,716</b>	<b>54,939</b>
<b>29 Taxation</b>				
Namibian normal tax				
Current taxation	50,010	31,471	50,010	31,471
Deferred taxation	35,740	30,487	28,017	26,573
	<b>85,750</b>	<b>61,958</b>	<b>78,027</b>	<b>58,044</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**29 Taxation (continued)**

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	<b>82,775</b>	99,894	<b>73,878</b>	97,246
Tax effects revaluation depreciation	<b>(2,096)</b>	(2,427)	<b>(2,096)</b>	(2,427)
Prior year adjustment	-	(19,309)	-	(19,309)
Income not subject to tax	<b>(7,222)</b>	(12,240)	<b>(7,222)</b>	(12,240)
Expenses not deductible for tax	<b>12,293</b>	(15,774)	<b>13,466</b>	9,054
Utilised assessed loss	-	11,814	-	(14,280)

Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
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<b>85,750</b>	61,958	<b>78,027</b>	58,044
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**30 Cash generated by operations**

Profit before tax

<b>243,456</b>	268,567	<b>217,288</b>	254,996
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**Adjustments for:**

Depreciation	<b>116,192</b>	106,520	<b>105,112</b>	96,581
Impairment - intercompany loans	<b>311</b>	-	<b>311</b>	2,553
Amortisation of intangible assets	<b>3,858</b>	3,556	<b>3,858</b>	3,556
Severance pay provision	<b>(806)</b>	(781)	<b>(806)</b>	837
Operating lease rentals straight lining	<b>(26,227)</b>	(26,171)	<b>(25,929)</b>	(26,484)
Loss on sale of property, plant and equipment	<b>(5)</b>	61	<b>33</b>	82
Investment revenue	<b>(91,598)</b>	(115,745)	<b>(91,598)</b>	(115,733)
Fair value adjustments on financial assets	-	(84,854)	-	(84,854)
Interest received	<b>(856)</b>	-	-	-
Finance costs	<b>48,681</b>	64,447	<b>40,716</b>	54,939
Finance costs capitalised to long term borrowings	-	47,702	-	47,702
Post retirement medical aid provision	<b>3,703</b>	-	<b>3,703</b>	-
Unrealised loss on exchange difference	<b>18,394</b>	-	-	-
Adjustment	-	-	-	-

<b>315,103</b>	263,302	<b>252,688</b>	234,175
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**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

	<b>Group 2013 N\$ '000</b>	<b>Group 2012 N\$ '000</b>	<b>Authority 2013 N\$ '000</b>	<b>Authority 2012 N\$ '000</b>
Changes in working capital				
Trade and other receivables	(72,523)	(37,732)	(31,302)	(28,787)
Other financial asset	-	2,064	-	2,064
Inventories	9,533	58,758	(65)	(29)
Payables and provisions	38,493	(7,062)	2,555	40,892
	<b>290,606</b>	<b>279,330</b>	<b>223,876</b>	<b>248,315</b>
<b>31 Commitments</b>				
<b>Authorised capital expenditure:</b>				
Authorised and contracted for	789,413	588,067	789,413	588,067
Authorised, but not yet contracted for	234,850	245,592	234,850	245,592
	<b>1,024,263</b>	<b>833,659</b>	<b>1,024,263</b>	<b>833,659</b>

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources and 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.

<b>186,150</b>	186,150	<b>186,150</b>	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.

**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

On 5 August 2013, Centani Investments filed a lawsuit against Namport alleging that it had its approved tender cancelled and awarded to an International Company - Damen Shipyards Cape Town (Pty) Ltd. The claimant indicated that it lost benefits amounting to N\$ 20 million in estimate. The High Court ruled in favour of the complainant, but Namport appealed the High Court ruling on 30 August 2013. The outcome is still pending.

**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.

			<b>Group</b>	<b>Group</b>	<b>Authority</b>	<b>Authority</b>
			<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
			<b>N\$ '000</b>	<b>N\$ '000</b>	<b>N\$ '000</b>	<b>N\$ '000</b>
Remuneration to key management personnel			<b>17,552</b>	9,857	<b>10,349</b>	8,219
Directors' emoluments						
Executive:	A Pretorius	Salaries	-	531	-	-
	A Pretorius	Bonus	-	353	-	-
Non-executive:	For services					
	as directors:		<b>2,556</b>	2,093	<b>2,338</b>	2,093
	A Kanime		<b>413</b>	393	<b>413</b>	393
	J Muadinohamba		<b>813</b>	585	<b>813</b>	585
	J Comalie		<b>414</b>	438	<b>414</b>	438
	M Jankie-Shakwa		<b>458</b>	428	<b>458</b>	428
	O Shikongo		<b>240</b>	249	<b>240</b>	249
	Subsidiary directors		<b>218</b>	-	<b>-</b>	-
Non-executive:	Travel & subsistence		<b>796</b>	1,266	<b>796</b>	977
			<b>3,352</b>	4,243	<b>3,134</b>	3,070

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**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.

**34.2 Classification of financial assets and liabilities**

**Group**

**Financial assets**

**31 August 2013**

	Fair value Hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
Investments	Level 2	-	799,480	799,480
Other financial assets	Level 2	-	119,996	119,996
Channel levy fund investment	Level 2	-	19,174	19,174
Trade and other receivables		25,679	-	225,679
Cash and cash equivalents		307,474	-	307,474
		<b>533,153</b>	<b>938,650</b>	<b>1,471,803</b>

**31 August 2012**

Investments	Level 2	-	868,813	868,813
Other financial assets	Level 2	-	114,214	114,214
Channel levy fund investment	Level 2	-	16,452	16,452
Trade and other receivables		154,543	-	154,543
Cash and cash equivalents		472,925	-	472,925
		<b>627,468</b>	<b>999,479</b>	<b>1,626,947</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**34.2 Classification of financial assets and liabilities (continued)**

**Group**

**Financial liabilities**

	Other financial liabilities at amortised cost N\$ '000	Finance lease obligations N\$ '000	Special purpose funds N\$ '000	Total N\$ '000
<b>31 August 2013</b>				
Long-term borrowings	436,423	152,197	-	588,620
Special purpose funds	-	-	27,085	27,085
Other financial liabilities	3,229	-	-	3,229
Operating lease liability	3,234	-	-	3,234
Trade and other payables	170,104	-	-	170,104
	<b>612,990</b>	<b>152,197</b>	<b>27,085</b>	<b>792,272</b>
<b>31 August 2012</b>				
Long-term borrowings	443,179	267,042	-	710,221
Special purpose funds	-	-	26,405	26,405
Other financial liabilities	3,228	-	-	3,228
Operating lease liability	3,531	-	-	3,531
Trade and other payables	96,227	-	-	96,227
	<b>546,165</b>	<b>267,042</b>	<b>26,405</b>	<b>839,612</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**34.2 Classification of financial assets and liabilities (continued)**

**Authority**

**Financial assets**

	Fair value Hierarchy	Loans & receivables N\$ '000	Fair value through profit & loss designated N\$ '000	Total N\$ '000
<b>31 August 2013</b>				
Investments	Level 2	-	799,480	799,480
Loans to subsidiaries		1,926	-	1,926
Other financial assets	Level 2	-	119,996	119,996
Channel levy fund investment	Level 2	-	19,174	19,174
Trade and other receivables		142,467	-	142,467
Cash and cash equivalents		292,826	-	292,826
		<b>437,219</b>	<b>938,650</b>	<b>1,375,869</b>
<b>31 August 2012</b>				
Investments	Level 2	-	868,813	868,813
Loans to subsidiaries		1,364	-	1,364
Other financial assets	Level 2	-	114,214	114,214
Channel levy fund investment	Level 2	-	16,452	16,452
Trade and other receivables		111,165	-	111,165
Cash and cash equivalents		467,178	-	467,178
		<b>579,707</b>	<b>999,479</b>	<b>1,579,186</b>



**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**34.2 Classification of financial assets and liabilities (continued)**

**Authority**

**Financial liabilities**

	Other financial liabilities at amortised cost N\$ '000	Finance lease obligations N\$ '000	Special purpose funds N\$ '000	Total N\$ '000
<b>31 August 2013</b>				
Long-term borrowings	195,423	146,432	-	341,855
Special purpose funds			27,085	27,085
Trade and other payables	86,918		-	86,918
	<b>282,341</b>	<b>146,432</b>	<b>27,085</b>	<b>455,858</b>
<b>31 August 2012</b>				
Long-term borrowings	320,752	267,042	-	587,794
Special purpose funds	-	-	26,405	26,405
Trade and other payables	65,986	-	-	65,986
	<b>386,738</b>	<b>267,042</b>	<b>26,405</b>	<b>680,185</b>

**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.

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**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.

**Group**

	<b>Less than 1 year N\$ '000</b>	<b>Between 1 and 5 years N\$ '000</b>	<b>More than 5 years N\$ '000</b>
<b>31 August 2013</b>			
Long-term borrowings	229,365	359,255	-
Special purpose funds	5,846	21,239	-
Trade and other payables	170,104	-	-
Other financial liabilities	-	-	3,229
Operating lease liability	-	-	3,234
	<b>405,315</b>	<b>380,494</b>	<b>6,463</b>
<b>31 August 2012</b>			
Long-term borrowings	237,814	465,864	6,543
Special purpose funds	8,007	18,398	-
Trade and other payables	96,227	-	-
Other financial liabilities	-	-	3,228
Operating lease liability	-	-	3,531
	<b>342,048</b>	<b>484,262</b>	<b>13,302</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**34.4 Liquidity risk (continued)**

**Authority**

**31 August 2013**

Long-term borrowings	209,177	132,678	-
Special purpose funds	5,846	21,239	-
Trade and other payables	86,918	-	-
	<b>301,941</b>	<b>153,917</b>	<b>-</b>

**31 August 2012**

Long-term borrowings	223,705	364,089	-
Special purpose funds	8,007	18,398	-
Trade and other payables	65,986	-	-
	<b>297,698</b>	<b>382,487</b>	<b>-</b>

Less than 1 year N\$ '000	Between 1 and 5 years N\$ '000	More than 5 years N\$ '000
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The credit facilities of the group are reviewed annually and consists of the following bank overdraft facilities:

Overdraft facilities:

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
Total facilities	43,000	43,000	23,000	23,000
Utilised	<b>(19,123)</b>	(18,311)	<b>(19,123)</b>	(18,311)
	<b>23,877</b>	24,689	<b>3,877</b>	4,689

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**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:

	<b>Group 2013 N\$ '000</b>	<b>Group 2012 N\$ '000</b>	<b>Authority 2013 N\$ '000</b>	<b>Authority 2012 N\$ '000</b>
Investments	799,480	868,813	799,480	868,813
Loans to subsidiaries	-	-	3,152	3,152
Other financial assets	119,996	114,214	119,996	114,214
Channel levy fund investment	19,174	16,452	19,174	16,452
Trade and other receivables	225,679	154,543	144,687	111,165
Cash and cash equivalents	307,474	472,925	292,826	467,178
	<b>1,471,803</b>	<b>1,626,947</b>	<b>1,379,315</b>	<b>1,580,974</b>

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.

	<b>Group 2013 N\$ '000</b>	<b>Group 2012 N\$ '000</b>	<b>Authority 2013 N\$ '000</b>	<b>Authority 2012 N\$ '000</b>
Total value of bank guarantees and cash deposits held by the group at the reporting date	<b>51,367</b>	<b>46,295</b>	<b>51,367</b>	<b>46,295</b>

**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

**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 rate risk is 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:

	<b>Group 2013 N\$ '000</b>	<b>Group 2012 N\$ '000</b>	<b>Authority 2013 N\$ '000</b>	<b>Authority 2012 N\$ '000</b>
<b>Financial assets:</b>				
Floating interest bearing	977,470	1,091,731	962,822	1,085,985
Fixed and non-interest bearing	494,333	535,216	413,047	493,202
	<b>1,471,803</b>	1,626,947	<b>1,375,869</b>	1,579,187
<b>Financial liabilities:</b>				
Floating interest bearing	419,785	626,426	173,021	503,999
Fixed and non-interest bearing	366,024	206,427	276,992	176,186
	<b>785,809</b>	832,853	<b>450,013</b>	680,185

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**34.6 Market risk (continued)**

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 2012.

	<b>Group 2013 N\$ '000</b>	<b>Group 2012 N\$ '000</b>	<b>Authority 2013 N\$ '000</b>	<b>Authority 2012 N\$ '000</b>
Financial assets	3,871	4,323	3,813	4,300
Financial liabilities	<b>(2,771)</b>	(4,134)	<b>(1,142)</b>	(3,326)
Net effect on equity	<b>1,100</b>	189	<b>2,671</b>	974

**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 considers 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 2012.

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**34.6 Market risk (continued)**

	Group 2013 N\$ '000	Group 2012 N\$ '000	Authority 2013 N\$ '000	Authority 2012 N\$ '000
Net effect on equity	25,805	28,822	25,419	28,670

**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.

**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.

	Carrying values		Fair values	
	2013 N\$ '000	2012 N\$ '000	2013 N\$ '000	2012 N\$ '000
<b>Group</b>				
<b>Financial assets</b>				
Investments	799,480	868,813	799,480	868,813
Other financial assets	119,996	114,214	119,996	114,214
Channel levy fund investment	19,174	16,452	19,174	16,452
Trade and other receivables	225,679	154,543	225,679	154,543
Cash and cash equivalents	307,474	472,925	307,474	472,925
	<b>1,471,803</b>	1,626,947	<b>1,471,803</b>	1,626,947
<b>Financial liabilities</b>				
Long-term borrowings	588,620	710,221	588,620	710,221
Special purpose funds	27,085	26,405	27,085	26,405
Other financial liabilities	3,229	3,228	-	3,228
Operating lease liability	3,234	3,531	-	3,531
Trade and other payables	170,104	96,227	170,104	96,227
	<b>792,272</b>	839,612	<b>785,809</b>	839,612

**GROUP ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**34.8 Fair values (continued)**

	Carrying values		Fair values	
	2013 N\$ '000	2012 N\$ '000	2013 N\$ '000	2012 N\$ '000
<b>Authority</b>				
<b>Financial assets</b>				
Investments	799,480	868,813	799,480	868,813
Loans to subsidiaries	1,907	1,364	1,907	1,364
Other financial assets	119,996	114,214	119,996	114,214
Channel levy fund investment	19,174	16,452	19,174	16,452
Trade and other receivables	144,687	111,165	144,687	111,165
Cash and cash equivalents	292,826	467,178	292,826	467,178
	<b>1,378,070</b>	<b>1,579,186</b>	<b>1,378,070</b>	<b>1,579,186</b>
<b>Financial liabilities</b>				
Long-term borrowings	341,855	615,215	341,855	587,794
Special purpose funds	27,085	22,558	27,085	26,405
Trade and other payables	86,918	50,454	86,918	65,986
	<b>455,858</b>	<b>688,227</b>	<b>455,858</b>	<b>680,185</b>

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 2013, 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.



**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

**35 Standards and interpretations not yet effective (continued)**

<b>Standard or interpretation</b>	<b>Title and details</b>	<b>Effective Date</b>
<i>IAS 1 (amendment)</i>	<b><i>Presentation of financial statements</i></b> The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet.	Annual periods beginning on or after 1 January 2013
<i>IAS 16 (amendment)</i>	<b><i>Property, plant and equipment</i></b> The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.	Annual periods beginning on or after 1 January 2013
<i>IAS 19 (amendment)</i>	<b><i>Employee benefits</i></b> These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.	Annual periods beginning on or after 1 January 2013
<i>IAS 27 (amendment)</i>	<b><i>Consolidated and Separate Financial Statements</i></b> These are consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013
<i>IAS 27 (revised)</i>	<b><i>Separate Financial Statements</i></b> This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	Annual periods beginning on or after 1 January 2013
<i>IAS 28 (amendment)</i>	<b><i>Investments in associates</i></b> These are consequential amendments resulting from the issue of IFRS 10, 11 and 12.	Annual periods beginning on or after 1 January 2013
<i>IAS 28 (revised)</i>	<b><i>Associates and Joint Ventures</i></b> This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.	Annual periods beginning on or after 1 January 2013
<i>IAS 32 (amendment)</i>	<b><i>Financial Instruments: Presentation</i></b> This amendment updates the application guidance in IAS 32, to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.	Annual periods beginning on or after 1 January 2014

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 August 2013 (continued)

**35 Standards and interpretations not yet effective (continued)**

<b>Standard or interpretation</b>	<b>Title and details</b>	<b>Effective Date</b>
IAS 34 ( <i>amendment</i> )	<p><b><i>Interim financial reporting</i></b></p> <p>The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.</p>	Annual periods beginning on or after 1 January 2013
IFRS 1 ( <i>amendment</i> )	<p><b>First time adoption</b></p> <p>This amendment addresses how a first-time adopter would account for a government loan with a below market rate of interest when transitioning to IFRS.</p>	Annual periods beginning on or after 1 January 2013
IFRS 7 ( <i>amendment</i> )	<p><b>Financial Instruments: Disclosure</b></p> <p>This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures to facilitate comparison between IFS financial statements and US GAAP financial statements.</p>	Annual periods beginning on or after 1 January 2013
IFRS 9	<p><b>Financial Instruments</b></p> <p>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 require 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
IFRS 10	<p><b>Consolidated Financial Statements</b></p> <p>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</p>	Annual periods beginning on or after 1 January 2013

**GROUP ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 August 2013 (continued)**

**35 Standards and interpretations not yet effective (continued)**

Standard or interpretation	Title and details and provides additional guidance in the determination of control where this is difficult to assess.	Effective Date
IFRS 11	<b>Joint Arrangements</b> 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	<b>Disclosure of Interests in Other Entities</b> New and comprehensive standard on disclosure requirements for all forms of interests in other entities.	Annual periods beginning on or after 1 January 2013
Amendments to IFRS 10,11 and 12 on transition guidance	These amendments also provide additional transition relief in IFRSs 10,11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.	Annual periods beginning on or after 1 January 2013
IFRS 13	<b>Fair Value Measurement</b> This standard provides new guidance on fair value measurements and disclosure requirements.	Annual periods beginning on or after 1 January 2013
Annual improvements 2011	<b>Annual improvements in the 2009-2011 reporting cycle. It include changes to:</b> IFRS 1, IAS 1, IAS 16, IAS 32 & IAS 34.	Annual periods beginning on or after 1 January 2013
IFRIC 20	<b>Stripping costs in the production phase of a surface mine</b> This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.	Annual periods beginning on or after 1 January 2013





