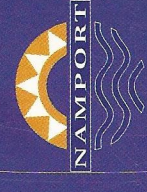




Namibian  
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Annual  
Report  
1999

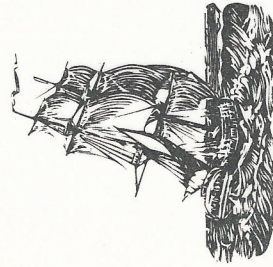
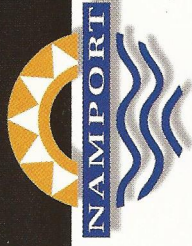


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Flagship for Economic Growth  
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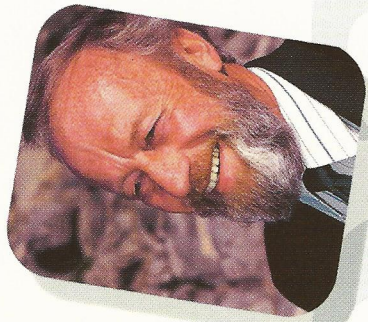


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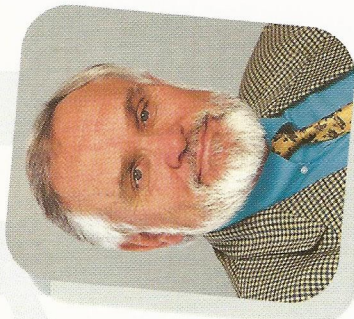




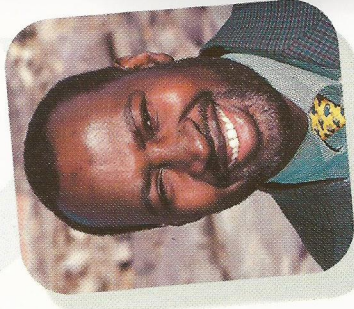
Mr John C Rogers  
Deputy-Chairman



Mr Dirk H Conradie  
Chairman



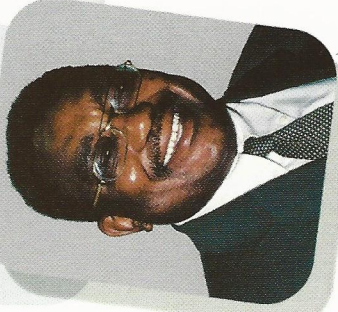
Mr HTJ Dennewill  
Director



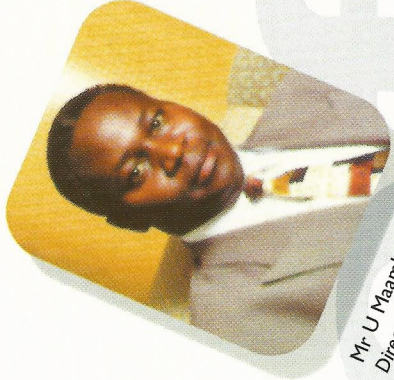
Dr P Shipoh  
Director



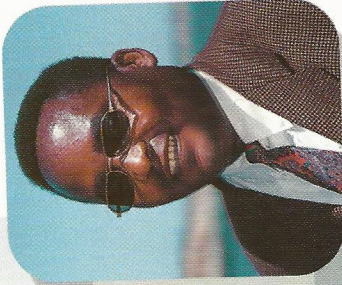
Ms ST Harris  
Director



Mr A Z Ishitile  
Director



Mr U Maamberua  
Director

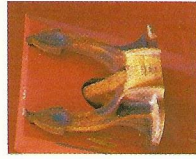


Mr ST Hiveluah  
Director



Mr Wessel J A Wessels  
Chief Executive Officer





*On behalf of the Board of Directors of the Namibian Ports Authority, it is once again my pleasant duty to report on an excellent performance from Namport for the period under review.*

This financial period marks the first 12-month cycle of the new financial year, which represented a time of challenge and development for Namport. During the year under review, very good progress was made with the infrastructure projects currently under way, and the container terminal in the Port of Walvis Bay was fully completed. The Honorable Minister of Works, Transport and Communication inaugurated this facility at an official opening function in July 1999. This important event marks a milestone in the development of the concept of the Walvis Bay Corridor, given that the Port of Walvis Bay with its cargo handling capabilities represents the anchor infrastructure facility for this initiative.

Earlier hopes that the issue of the provisional liquidation of Tsumeb Corporation Limited may be resolved and the mine returned to production remains unfulfilled. As such, the negative impact of this was felt during this period not only by Namport, but indeed by the wider Namibian economy. We however remain optimistic that this mine in the fullness of time again will make a significant national economic and social contribution. The manganese mining operation at Otjisondjo similarly terminated production during this period, cutting short export volumes. This again resulted in a loss of volume through the bulk terminal in the Port of Walvis Bay and a consequent reduction in income for Namport. This emphasizes the need for aggressive new business development by Namport, to counter the negative effects of these events.

Tariff increases for the year averaged 8,75%, and were addressed with a view to maintaining cost increases to a reasonable and competitive level, whilst also taking into account certain structural tariff issues raised by our customers. Marine craft charges were maintained at previous levels with no increase, while pilotage charges were increased by 6%. Container rates were restructured following market feedback in this regard, with an equalizing exercise being applied to rates for respectively 12m and 6m containers. This resulted in a weighted average increase of 5,3 % for container rates, which is an extremely competitive approach designed to assist our customer base to grow their business in this important cargo segment.

The Lüderitz quay development project has progressed well, with some time delay in project completion experienced due to external factors. The first 275-metre section of the quay is due for commissioning on 1 October 1999, with full project completion scheduled for 1 February 2000. The environmental aspects of all our projects remain a high priority at Namport, and all due care is exercised to ensure that the impact on the environment due to our developments is minimised. Business development potential for the Port of Lüderitz remains high, and it is our belief that the new quay will usher in a new era of

economic development not only for the town of Lüderitz, but also for the South of Namibia.

The Namibian Ports Authority is now starting to carry the full financial burden of the development projects undertaken to date, which is also reflected in the financial statements. The Board of Directors is proud of the significant contribution that Namport has made to the national and strategic port infrastructure and equipment. We remain confident that future business development flowing from this will benefit not only Namport, but indeed the entire Namibian economy and the SADC region. As regards project financing, a conservative financial stance has been adopted to minimise the financial and foreign currency risk to Namport. To this end, a complex currency swap agreement was entered into with a local banking institution, in order to effectively hedge the foreign currency exposure of the offshore loans. This approach was considered essential, given the long time horizon of port infrastructure development. This financial complexity necessitates high levels of financial management and control, which was successfully achieved.

Important future development objectives on our priority list are the deepening of the Port of Walvis Bay, and the expansion of the Synchronlift dry docking facility. Funding and potential investment partners are being sought for these vital developments. Staff development in Namport is a continuing process, following on the strategic path mapped out for Namport to ensure its future business success. As reported before, this structure provides an increased focus on the ports as independent business units, and furthermore improves segregation of the port authority function from the commercial and operational functions.

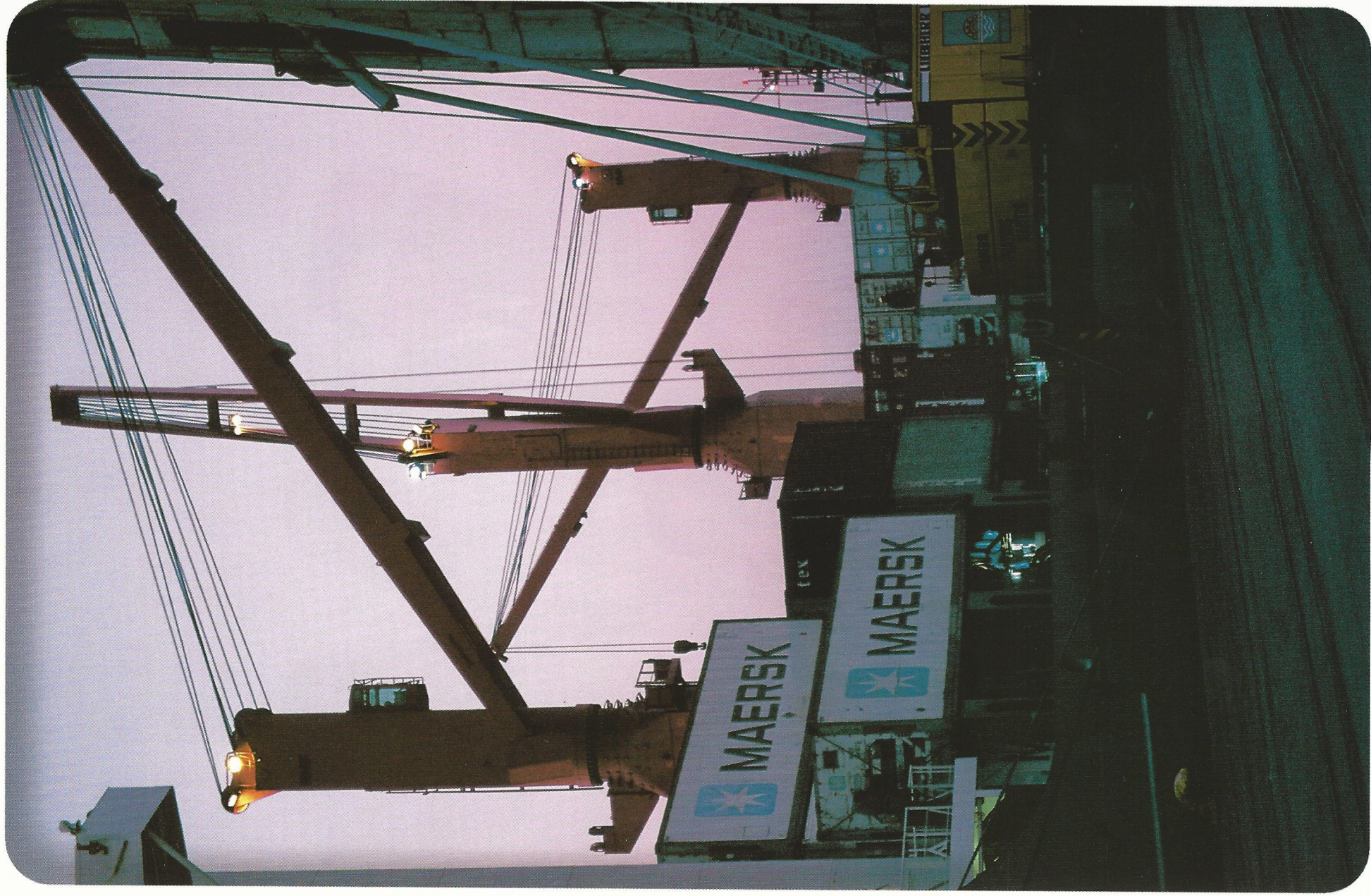
I wish to express my sincere appreciation to the members of the Board of Directors for their active participation and support during the period under review. This is a challenging time for Namport, and the support of the Board is vital for the success of our projects and business development.

Finally, my sincere appreciation goes to the Management Team and staff of Namport, for a solid contribution and another excellent performance during the period under review. The efforts, abilities and contribution of our staff members remain our single most important asset in our business. We know that the new millennium will present its own unique set of challenges and opportunities, but equally we are confident of the abilities of all our staff members to meet these challenges successfully. I would finally like to take this opportunity to wish all our stakeholders the best for the new millennium, and the opportunities that we know will be there not only for Namport, but also for Namibia and all its people.



Mr. Dirk H. Conradie

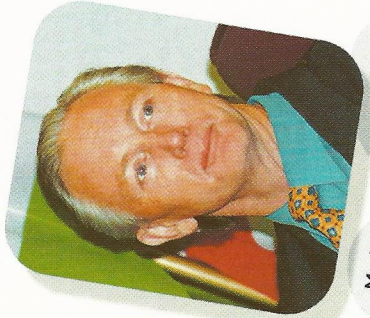
DIRK H. CONRADIE  
Chairman of the Board



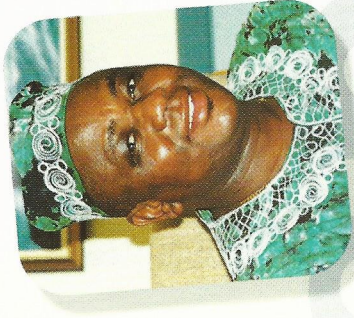




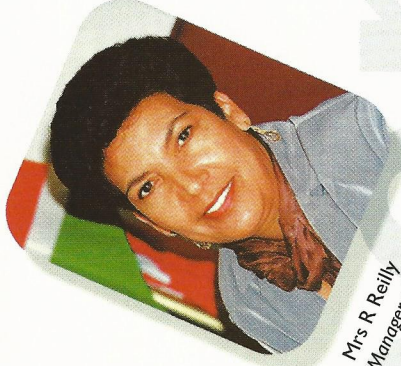
Mr. Wessel JA Wessels  
Chief Executive Officer



Mr. A J Raw  
Port Engineer



Mr. A Kathindi  
Manager : Synchronifit



Mrs. R. Reilly  
Manager : Human Resources



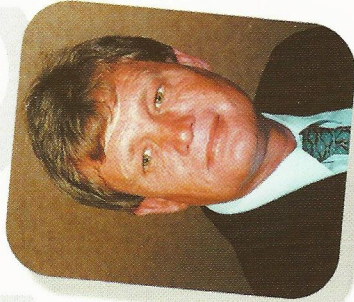
Mr. E Loftie-Eaton  
Manager : Technical Services



Capt. M J van der Meer  
General Manager : Port Authority



Mr. J Mouton  
Manager : Marketing &  
Strategic Business  
Development



Mr. A E Hannabus  
Manager : Cargo Services



Mr. J L van der Merwe  
General Manager : Finance



Capt. V Gusev  
Port Captain : Port of Walvis  
Bay



Mr. A Green  
Manager : Financial



Business Development



The past financial period saw the coming to fruition of a number of important Namport projects, to strengthen our ability to do business.

Most notable of these is the new container terminal in the Port of Walvis Bay. This modern facility, together with flexible handling equipment and a sophisticated computer terminal information system represents a significant addition to regional infrastructure for the SADC region, and opens up new avenues and possibilities for business. As the gateway for our business development endeavours through the different legs of the Walvis Bay Corridor, this facility will play an important part in our marketing strategy for the medium term future. For the Port of Walvis Bay, business development through the different legs of the Walvis Bay Corridor will represent the primary marketing and business development thrust over the next 18 months. This business strategy will be supported by an extensive media campaign specifically focusing on our African target markets, inclusive of television advertising. It is a truism in the field of ports development that investment has to be done ahead of demand. This characterises the development approach adopted by Namport, and the next logical step in this process is business development. For this, the support of our stakeholders and business partners is vital. To this end, Namport encourages private sector participation in its ports, to provide business growth to the benefit of the wider Namibian economy. Such participation is based on sound, long-term business principles, coupled to due consideration for our natural and social environment.

In the Port of Lüderitz, the development of the new quay structure already has had a positive impact on business development. This major investment is focused on the one hand to providing much needed additional quay space for current business such as the fishing and diamond industries, but also to create the platform for new business developments for the South of Namibia (most notably mining developments such as the Scorpion, Haib and Kudu gas field developments). At the port itself, a continuing structural shift to the use of reefer containers for fish exports is experienced, which is in line with international trends in this regard and augurs well for future growth. The design of the new quay has been conceived to cater for this. Strong potential now exists for private sector participation in port development, most notably in the provision of cold storage and ice plant facilities.

Namport is now starting to bear the full impact of interest repayments on loans undertaken for the financing of port development both in Walvis Bay and Lüderitz, and the effect can be seen in the financial statements. This



has been anticipated in our business approach, and the challenge now remains for business development on a local and regional basis to put our infrastructure to work. We have strengthened our Marketing division substantially, with a view to accomplishing this. A dedicated marketing person will be allocated to the development of corridor business, and our approach on the ports as operating business units will further improve our customer focus. It is our pleasure to report that levels of customer service have been noticeably improved through our new equipment acquisitions in the Port of Walvis Bay, it is now possible to achieve a container vessel turnaround time of less than 15 hours, for an exchange of approximately 500 TEU's. Before, this would normally have taken more than 30 hours.

This financial period represents the first 12 month cycle of the new financial year, following on the year-end change which was initiated to effect a better fit between the financial period and the business environment and capital development program of Namport. Despite our hopes to the contrary, the liquidation issue of TCL has not been resolved, and the negative business effect of this event remains with us, as with the rest of the Namibian economy. We remain optimistic however that this mining endeavour will in future once again make a contribution.

Port Development

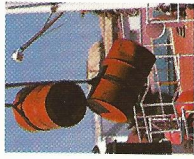
The completion and inauguration of the container terminal in the Port of Walvis Bay marks a milestone in our cargo handling capabilities. The two remaining major projects for the Port of Walvis Bay are currently still to be undertaken as the deepening of the port to a depth of 12,8 metres, and the expansion of the Synchronlift dry docking facilities. Both of these projects will be highly capital intensive, and Namport is investigating various approaches of achieving this on a sound business and financial basis. It remains imperative to keep Namport on a financially sound and conservative business basis and to avoid unacceptable financial risk, given the significant loan exposure already in place with the other major projects now being completed.

In the Port of Lüderitz, good progress was made with the construction of the new quay, despite some initial problems which delayed the project. Unfortunately weather conditions caused a further delay when a section of sheet piling under construction collapsed under unexpectedly high swell conditions. The final completion date for the project has been set for February 2000, with the first 275 metres of completed quay structure to be handed over to Namport on 1 October 1999.





## Report of the Chief Executive Officer



The two new cranes on the existing concrete jetty are performing well and represent a very necessary upgrade to the existing equipment complement.

Looking beyond the new port projects, ongoing upgrading and maintenance of current port infrastructure is a high priority issue. The basic port infrastructure in both ports is quite old and thus requires significant expenditure to maintain required operational and safety standards. From an engineering and equipment perspective, this will be very much a focus for the new financial year.

### Strategic Planning and Human Resources Development

Given the major project phase over the last couple of financial periods, our future strategic focus will be on a streamlined business approach with a strong emphasis on the ports as operating business units. As reported last year, segregation of the port authority and regulatory functions from the operating business activities has been achieved. Business development and capacity building in this regard both for the Ports of Walvis Bay and Lüderitz will be the strategic focus for the next two years.

As our most valuable asset in Namport, our staff and their development remain a key issue in future strategic planning. Our ongoing focus remains on appropriate staff training, and to this end the Training Department (as part of the Human Resources Division) plays a major role. The new lecture centre and computer training facility provides the required infrastructure, and has proved to be a successful investment in this regard. Affirmative action development remains an ongoing objective. In this regard, we are proud to report that inter alia Namport now employs three Namibian trainee pilots. The development of local Namibians to obtain such highly specialised and responsible marine skills confirms not only Namport's commitment to affirmative action and the development of future required skills, but also contributes to

the overall marine skills base and the establishment of a maritime culture in Namibia. The emphasis in Namport remains that of teamwork, to ensure that our staff members and our business alike benefit from synergies in our complex operating and financial environment.

In closing, I wish to convey my appreciation to all staff members for their hard work and dedication for the period under review. My thanks and appreciation also go to the Chairman and Board of Directors of Namport for their support, active participation and contribution during this time of intense development for Namport. We are



Mr. W. Wesels

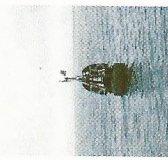
confident of the support and participation of all our stakeholders, to allow us to successfully address the challenges of the future. We know that the new millennium will hold numerous challenges and opportunities, and we are confident that Namport has the resources and required depth of human talent to tackle the new millennium successfully.

WESSEL JA WESSELS  
Chief Executive Officer





We remain committed to developing our infrastructure in line with our Mission to provide efficient and effective port and related services.



### Container Terminal

Our new container terminal at the port of Walvis Bay, can accommodate grounds slots for 380 containers with provision for 210 reefer container plug points. Our technical services division, Namtech, provides reefer repair services at the port.

Namport's striking new Container Terminal Entrance Building promotes its image as a dynamic world class port. This building houses the CTIS Container Terminal Information System which enables the Container Terminal to render an efficient and streamlined service to our clients. The system computerises aspects such as gate control, ship to shore operations and container yard planning. In addition, clients can arrange remote access to the system.

Highlights for the year include the biggest exchange of containers with 848 TEU's being handled onto one vessel, the first super-freezer containers (which run at a temperature of minus 61 degrees Celsius) being packed in the port and the first fruit exports through the port.

### Equipment

We have seen a good return on our investment in cargo handling equipment in that our mobile harbour crane now achieves twenty moves per hour on average, which has resulted in reducing port time for container vessels by 50%. Furthermore, repositioning the two cranes which were operating at the new container terminal to the general cargo quay, has optimised the use of our equipment and quay space.

Our marine equipment has been enhanced with the acquisition of a powerful small tug, the Cormorant. This tug was built with 60% NORAD grant funding and was delivered to the port in January 1999.

### Upgrading of Infrastructure

Our capital projects undertaken during the past year included the renovation and upgrading of our Port Control building and its facilities. This project was undertaken not only to provide office space for the Port Captain and Port Operations Manager, but also provide improved Search and Rescue as well as Pollution Incidents operational control centres.

Namport has approached the oil industry regarding the extension of the bunker line to berth 8. This will not only alleviate congestion at the quay but also provide a valued added service to our customers.

### Deepening of the port

The deepening of the port to -12.8 metres has become a priority. We are awaiting the European Union decision regarding funding in this regard but are investigating alternative funding, including private investor participation, should the grant funds not be available. However, essential maintenance dredging of the port to ensure safe movement of vessels within the port will proceed and the preparatory work in the form of a geotechnical survey to ascertain the consistency of the dredged material, has been commissioned.

### Pelican Point Lighthouse

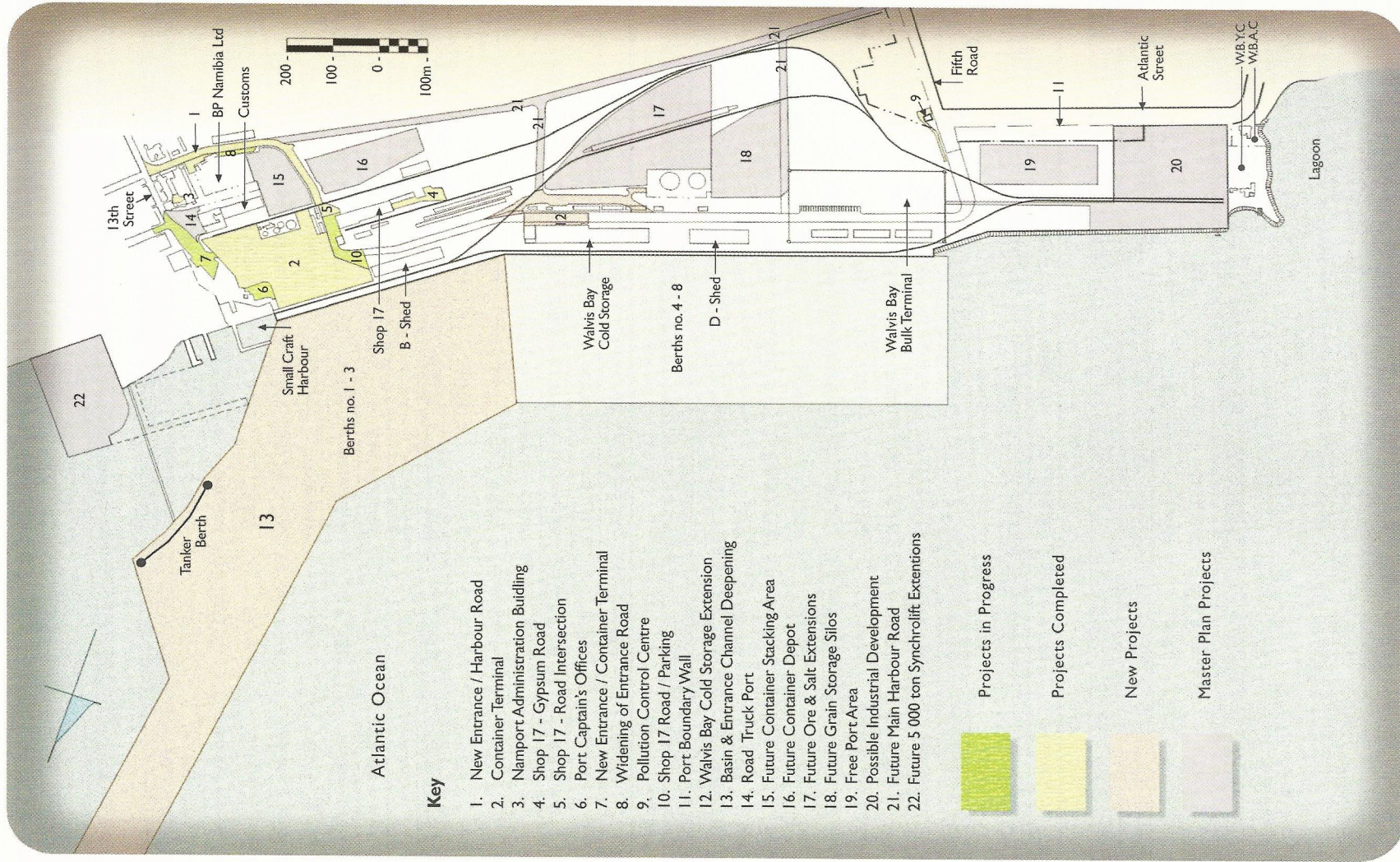
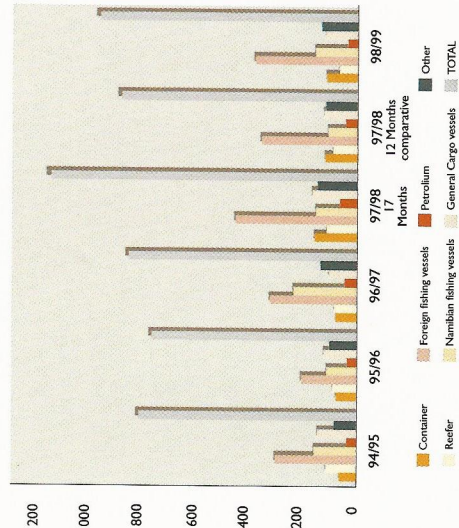
The Pelican Point Lighthouse has been fully automated and the lighthouse personnel transferred to other departments within Namport. In line with focusing on our core business, Namport will retain ownership of the lighthouse and access thereto, including the jetty, and the remaining extent of the lighthouse land will be returned to the State.



### Future Planning

Our future planning is reflected in the port development plan on the next page and in addition we have designated an area north of the breakwater at the fishing harbour to provide for long-term planning requirements.

### Vessel visits to the port





## Main commodities handled at the Port of Walvis Bay (freight tonnes)

	94/95	95/96	96/97	97/98	12 Month comparative	98/99
<b>Landed</b>						
Petroleum	580,059	719,414	676,675	913,874	633,180	562,604
Fish Products	106,650	108,062	110,003	192,383	156,839	120,878
Coal	154,315	47,070	51,884	94,446	45,018	17,203
Sugar	45,045	50,741	55,630	69,749	48,380	51,845
Wheat	44,774	62,794	29,835	50,887	28,572	45,661
Copper/Lead & Conc.	17,479	14,855	5,260	41,902	20,386	23
Sulphur	-	-	9,004	82,658	70,590	35,250
Sulphuric Acid	246	63	65,332	18,015	6,823	52,211
Cement	19,835	18,863	19,791	21,963	16,861	45,006
Malt	9,050	11,254	15,211	20,447	15,558	15,467
Wine	15,523	10,432	10,082	12,020	8,133	5,525
Vehicles	10,609	19,129	9,463	3,375	2,216	3,094
Lubricating oil	7,595	7,377	6,193	8,106	5,870	6,149
Other	99,203	144,835	91,311	97,072	66,120	63,030
<b>Total</b>	<b>1,110,383</b>	<b>1,214,889</b>	<b>1,155,673</b>	<b>1,626,897</b>	<b>1,124,546</b>	<b>1,023,946</b>

	94/95	95/96	96/97	97/98	12 Month comparative	98/99
<b>Shipped</b>						
Salt bulk and bagged	370,206	296,905	325,242	702,650	500,663	468,459
Fish products	108,981	76,326	77,546	103,390	77,169	77,524
Copper/Lead & Conc.	38,516	37,844	33,731	62,360	41,311	22,318
Flourspar	52,782	34,732	31,286	41,154	34,836	53,723
Manganese Ore	29,360	104,096	63,103	21,864	-	27,604
Marble & Granite	13,760	11,244	13,167	19,697	13,137	10,404
Skins and Hides	6,851	10,521	8,397	6,381	4,357	4,130
Flat cartons	11,200	19,152	14,428	4,739	3,636	5,874
Charcoal	5,400	14,191	19,758	3,748	2,452	1,236
Fertilizer (guano)	1,764	2,412	1,760	2,124	1,574	1,729
Other	26,296	45,975	41,545	49,605	34,275	44,536
<b>Total</b>	<b>665,116</b>	<b>653,398</b>	<b>629,963</b>	<b>1,017,712</b>	<b>713,410</b>	<b>717,537</b>

	94/95	95/96	96/97	97/98	12 Month comparative	98/99
<b>Transhipped</b>						
Fish products	29,706	28,829	29,028	38,135	28,501	34,656
Foodstuffs	1,366	1,021	1,650	9,985	10,601	6,722
Other	975	7,806	6,059	9,596	6,727	3,305
<b>Total</b>	<b>32,047</b>	<b>37,656</b>	<b>36,737</b>	<b>57,716</b>	<b>45,829</b>	<b>44,683</b>

New commodities handled during the past year were fruit exports and cement clinker.

## Cargo handled at the Port of Walvis Bay (freight tonnes)

	94/95	95/96	96/97	97/98	17 Months comparative	98/99
<b>Dry Cargo</b>						
<b>Cargo landed</b>						
Bulk and Breakbulk	361,401	311,872	218,068	479,011	330,176	257,486
<b>Cargo shipped</b>						
Bulk and Breakbulk	500,297	495,108	501,003	839,808	585,417	595,965
<b>Cargo transhipped</b>						
Bulk and Breakbulk	30,213	29,232	29,233	36,314	26,212	28,501
<b>Total dry cargo</b>	<b>891,911</b>	<b>836,212</b>	<b>748,304</b>	<b>1,355,133</b>	<b>941,805</b>	<b>881,952</b>
<b>Liquid Cargo</b>						
<b>Cargo landed</b>						
Petroleum	580,059	719,414	676,675	913,874	633,180	562,604
Other	246	63	65,332	18,015	7,606	55,810
<b>Cargo shipped</b>						
Bulk and Breakbulk	580,305	719,477	742,007	931,889	640,786	618,414
Other	2,395	6,762	4,542	6,401	5,552	950
<b>Total liquid cargo</b>	<b>582,700</b>	<b>726,239</b>	<b>746,531</b>	<b>938,290</b>	<b>646,338</b>	<b>619,364</b>

	94/95	95/96	96/97	97/98	17 Months comparative	98/99
<b>Containerised Cargo</b>						
<b>Cargo landed</b>						
Containerised	168,677	183,540	195,598	215,997	153,586	148,048
<b>Cargo shipped</b>						
Containerised	162,424	151,528	124,436	171,502	122,440	120,622
<b>Cargo transhipped</b>						
Containerised	1,834	8,424	7,505	21,402	19,616	16,180
<b>Total containerised cargo</b>	<b>332,935</b>	<b>343,492</b>	<b>327,539</b>	<b>408,902</b>	<b>295,642</b>	<b>284,850</b>
<b>TOTAL CARGO HANDLED</b>	<b>1,807,546</b>	<b>1,905,943</b>	<b>1,822,374</b>	<b>2,702,325</b>	<b>1,883,785</b>	<b>1,786,166</b>

	94/95	95/96	96/97	97/98	17 Months comparative	98/99
<b>Containers handled at the port of Walvis Bay (twenty-foot equivalent units)</b>						
Landed	10,307	10,934	10,777	17,529	13,284	12,845
Shipped	9,743	10,834	9,904	17,321	12,419	11,687
Transhipped	-	1,341	689	3,216	2,754	2,267
<b>TOTAL TEU's</b>	<b>20,050</b>	<b>23,109</b>	<b>21,370</b>	<b>38,066</b>	<b>28,457</b>	<b>26,799</b>



**New quay**



Namport is proud to announce that 275 metres of its new quay at the port of Lüderitz will be completed at the end of the financial year and the first working vessel is to be berthed in early October 1999.

This new quay has a draft of -8,15 metres and can accommodate vessels up to 150 metres in length. All facilities, including bunkering, will be available at the quay. The full quay will be completed in February 2000 and officially opened by His Excellency, the President on 25 February 2000.

A strong steering team is managing the Environmental Management Plan and co-ordinating the land and sea based specialist studies for the quay project, in conjunction with the Ministries of Environment and Tourism, Fisheries and Marine Resources and Mines and Energy.

**Upgrading of Infrastructure**

We have in the past year specifically focused on the development and upgrading of our port at Lüderitz as we regard this port as a key player in the economic growth of Namibia. The capital projects successfully completed included

the following :

- provision of a container terminal
- erection of a vehicle shed
- new port entrance building
- fencing of the port boundaries.

In the new year we will be focusing on upgrading the old concrete quay and existing facilities.

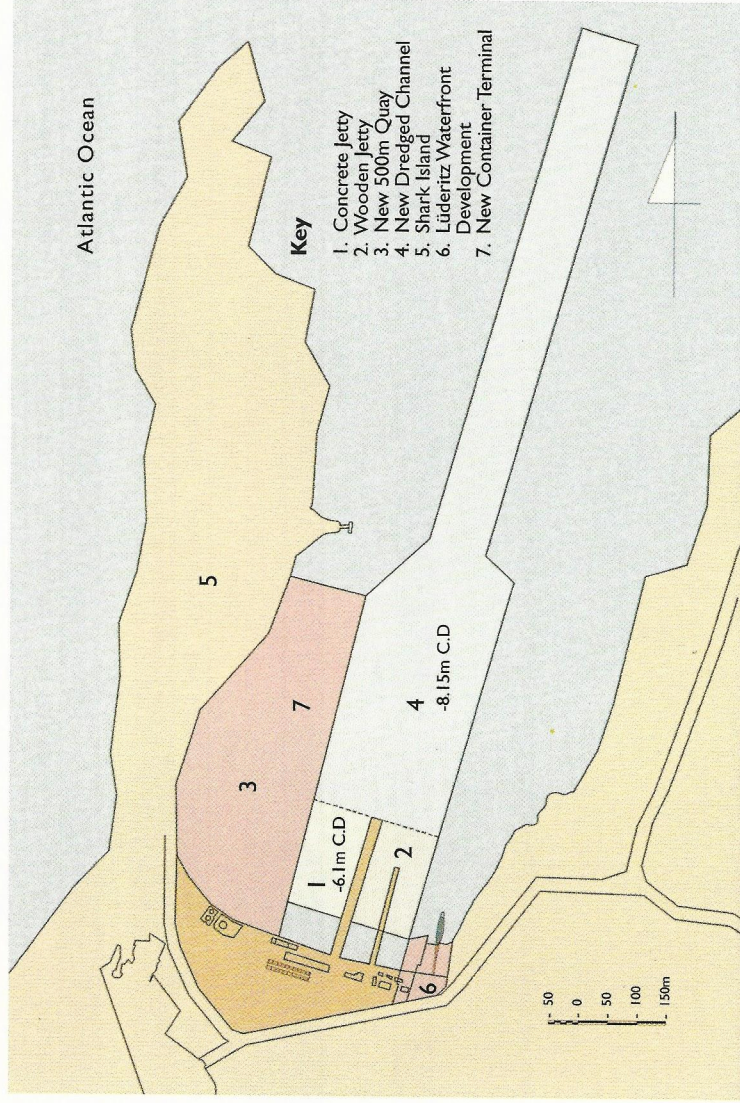
**Diaz Point Lighthouse**

The Diaz Point Lighthouse has been fully automated and the lighthouse personnel transferred to other departments within Namport.

**Lüderitz Waterfront Development**

We support the development of the Lüderitz Waterfront as vital to the town of Lüderitz and have committed ourselves to leasing a portion of our land to the Lüderitz Waterfront Development on a longterm lease basis. This Development will also provide for the relocated Lüderitz Yacht Club, the present premises of which forms part of the new quay area.

Port of Lüderitz





## Cargo handled at the Port of Lüderitz

	94/95	95/96	96/97	97/98	17 Months 97/98	12 Month comparative 97/98	98/99
<b>Cargo landed</b>							
Fuel	21,257	32,518	39,805	34,066	34,066	24,395	34,360
Fish	14,959	8,850	18,312	33,472	33,472	23,225	60,680
Other	3,511	117	1,037	3,756	3,756	447	1,548
<b>Total</b>	<b>39,727</b>	<b>41,485</b>	<b>59,154</b>	<b>71,294</b>	<b>71,294</b>	<b>48,067</b>	<b>96,588</b>
<b>Cargo shipped</b>							
Fish & Bait	11,916	6,836	10,209	31,206	31,206	25,667	41,370
Ice	10,753	7,992	14,462	27,927	27,927	18,446	49,656
Other	-	409	3,389	4,300	4,300	1,829	2,355
<b>Total</b>	<b>22,669</b>	<b>15,237</b>	<b>28,060</b>	<b>63,433</b>	<b>63,433</b>	<b>45,942</b>	<b>93,381</b>
<b>Cargo transshipped</b>							
Fish	8,566	32,407	15,858	22,850	22,850	13,858	14,152
Other	4	5,836	-	17	17	-	117
<b>Total</b>	<b>8,570</b>	<b>38,243</b>	<b>15,858</b>	<b>22,867</b>	<b>22,867</b>	<b>13,858</b>	<b>14,269</b>
<b>TOTAL</b>	<b>70,966</b>	<b>94,965</b>	<b>103,072</b>	<b>157,594</b>	<b>157,594</b>	<b>107,867</b>	<b>204,238</b>

## Number of vessel visits to the Port of Lüderitz

	94/95*	95/96	96/97	97/98	17 Months 97/98	12 Month comparative 97/98	98/99
<b>Total</b>	<b>884</b>	<b>1,127</b>	<b>1,253</b>	<b>1,603</b>	<b>1,603</b>	<b>1,174</b>	<b>1,604</b>

17 month period is because of extended financial year.

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

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

	94/95	95/96	96/97	97/98	17 Months 97/98	12 Month comparative 97/98	98/99
<b>Cargo landed</b>							
Bulk and Breakbulk	380,118	320,702	302,750	534,254	534,254	361,325	375,443
Containerised	168,677	183,740	195,598	215,997	215,997	153,715	148,130
<b>Total</b>	<b>548,795</b>	<b>504,442</b>	<b>498,348</b>	<b>750,251</b>	<b>750,251</b>	<b>515,040</b>	<b>523,573</b>
<b>Cargo shipped</b>							
Bulk and Breakbulk	525,361	517,107	533,587	909,642	909,642	631,586	671,586
Containerised	162,424	151,528	124,436	171,502	171,502	127,974	139,332
<b>Total</b>	<b>687,785</b>	<b>668,635</b>	<b>658,023</b>	<b>1,081,144</b>	<b>1,081,144</b>	<b>759,561</b>	<b>810,918</b>
<b>Cargo transshipped</b>							
Bulk and Breakbulk	38,783	67,475	45,090	59,181	59,181	39,815	41,839
Containerised	1,834	8,424	7,505	21,402	21,402	19,871	17,111
<b>Total</b>	<b>40,617</b>	<b>75,899</b>	<b>52,595</b>	<b>80,584</b>	<b>80,584</b>	<b>59,686</b>	<b>58,950</b>
Total dry cargo	1,277,197	1,248,976	1,208,066	1,911,979	1,911,979	1,334,077	1,393,441
Petroleum landed	601,316	751,932	716,480	947,940	947,940	657,575	596,963
<b>TOTAL</b>	<b>1,878,513</b>	<b>2,000,908</b>	<b>1,925,446</b>	<b>2,859,919</b>	<b>2,859,919</b>	<b>1,991,652</b>	<b>1,990,404</b>
<b>Containers handled at the Ports of Walvis Bay and Lüderitz (Twenty-Foot equivalent units)</b>							
Landed	10,307	10,934	10,859	17,771	17,771	13,592	13,958
Shipped	9,743	10,834	10,061	17,527	17,527	12,736	12,922
Transhipped	-	1,341	689	3,216	3,216	2,754	2,267
<b>TOTAL TEU's</b>	<b>20,050</b>	<b>23,109</b>	<b>21,609</b>	<b>38,514</b>	<b>38,514</b>	<b>29,082</b>	<b>29,147</b>





The expansion of the Synchrolift has now become imperative as it is overutilised at present. The operation of this facility is not cost effective and Namport is not in a position to sustain its function by cross-subsidisation of the infrastructure maintenance.

A Synchrolift Task Force committee, representing the fishing and repair industries, was formed and tasked to identify the future dry-docking needs and propose a business plan for the attraction of local and foreign investment. The following were the findings of the Task Force:

- Short-term priority  
rehabilitate the present facility to the standard required for its maximum capacity of 2000 mt. Estimated cost: N\$12.5 million
- Medium term strategy  
extend the side transfer to the south and construct an additional row of bays. Estimated cost: N\$16 million
- Long term planning  
construct a shiplift capable of lifting a vessel with a displacement weight of 8000 mt with bay length of 450 metres. Estimated cost: N\$171 million.

### Upgrading of facilities

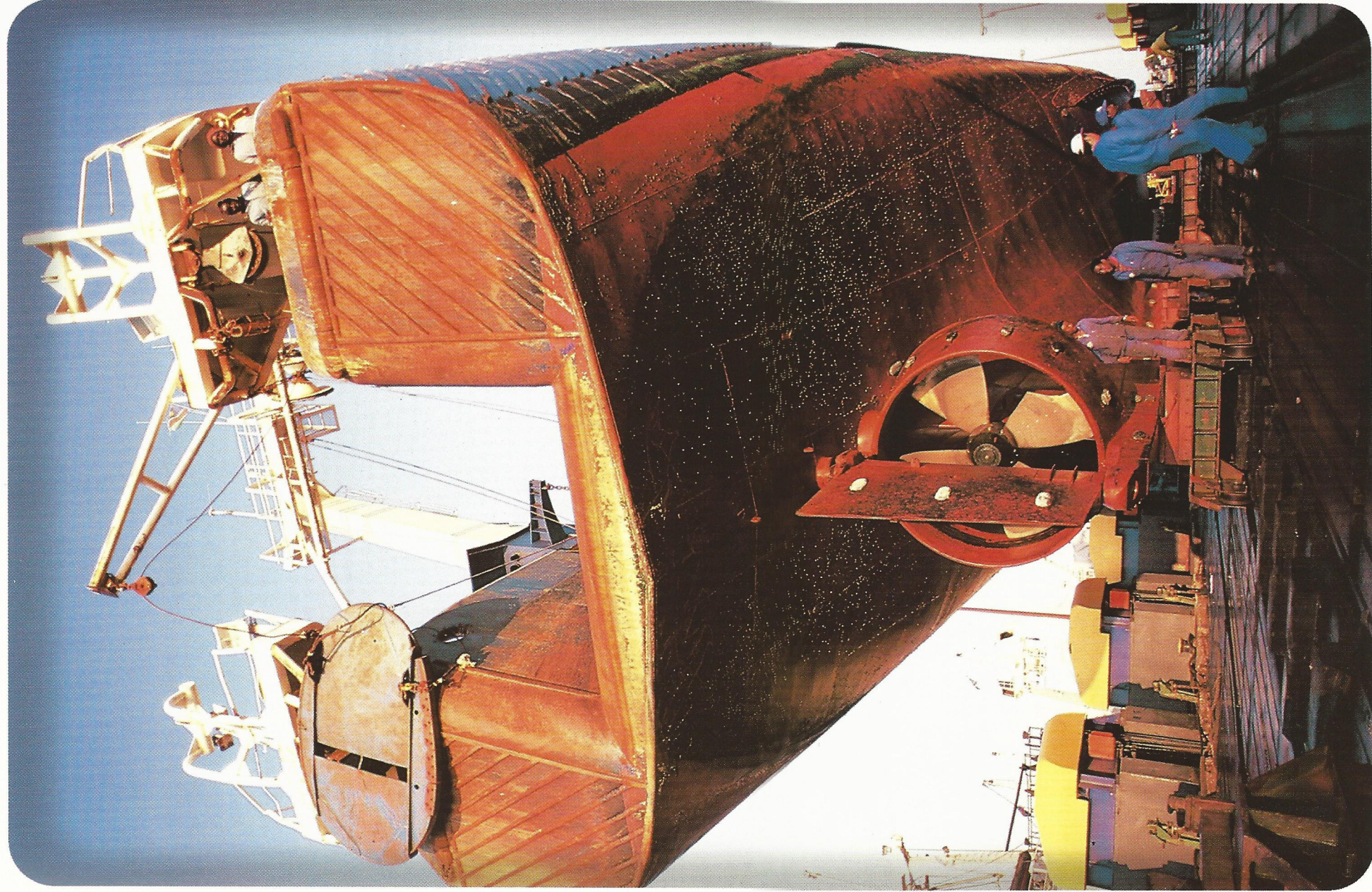
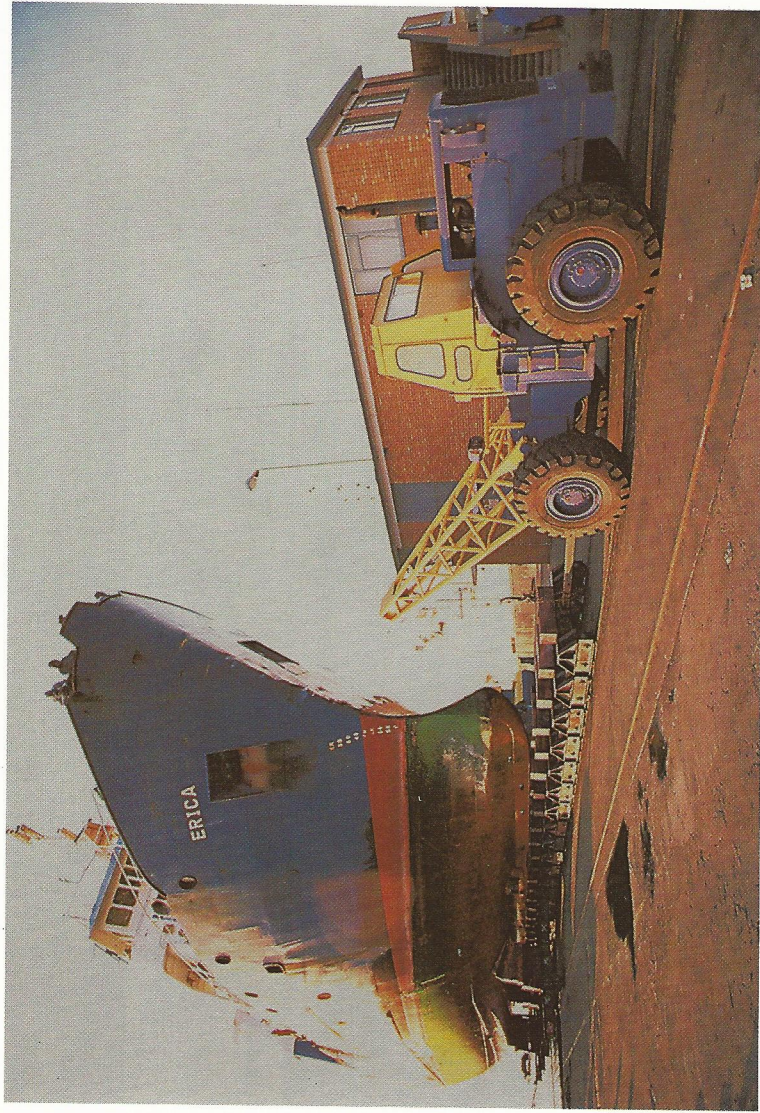
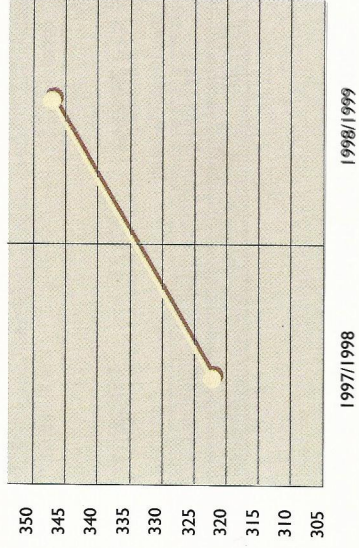
Projects undertaken during the past year included the relocation of the entrance gate as well as the upgrading of the fire-fighting system.

### Safety

Sandblasting, using sand as a blasting medium which constitutes a health hazard, has been prohibited and grit blasting introduced as an alternative.

Contractor safety has become a priority and standards are now strictly enforced by Namport.

Number of Vessels utilising the Synchrolift







### Industrial Relations

*The appointment of an Industrial Relations Officer has greatly facilitated communication between management and employees and has established a positive employer / employee relationship as well as with the union. The appointment of a Permanent Shop Steward is presently under consideration.*

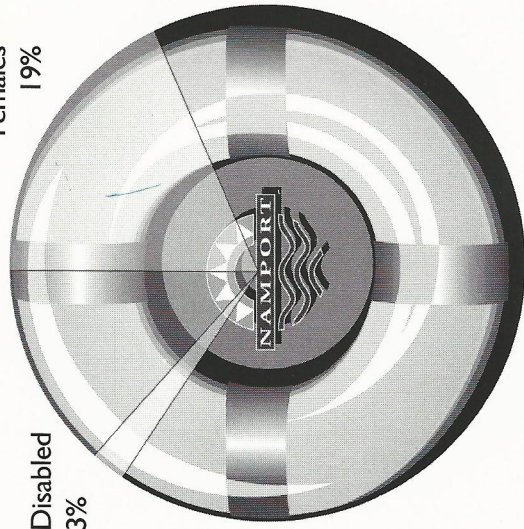
### Occupational Health and Safety

Namport is committed to maintaining a high standard of health and safety in the work environment. In addition to ensuring compliance with relevant legislation, we use a combination of the National Occupational Safety Association's Management by Objective system and the International Loss Control Institute's Fundamentals of Modern Safety Management system to set standards to ensure a healthy and safe environment for our employees.

### Equal Opportunity and Affirmative Action

Namport is committed to equal opportunity for all its employees and has aligned its affirmative action policy with the Affirmative Action Act. As can be seen from the chart below, 89% of the staff appointments during the past year were in line with the Affirmative Action Act which is an indication of Namport's sincere commitment to the implementation of Affirmative Action.

White males 11%  
Females 19%



Historically Disadvantaged Males 67%

### Staff Benefits

We evaluate our staff benefits on an ongoing basis to ensure that they compare favourably with the market. During the past year staff benefits have been greatly enhanced. A funeral benefit cover has been introduced covering the funeral costs of a staff member and his/her spouse and children. Employees participating in the Study Loans for Children Scheme have benefited from a decrease in the interest rate on the loans to 5% as well as the reduction of the three year employment qualification to two years. A new Group D car allowance has been introduced which will effectively benefit certain designated senior supervisory positions. In addition, provision has been made for a supervisory car benefit which allows certain supervisory positions 300 km private use of their company vehicles per month. Namport received free demutualisation shares from Sanlam in respect of the deferred compensation scheme and these shares were transferred to participating employees.

A transport agreement between Namport and the Union was signed, wherein it was agreed to provide bus transport to staff falling within the bargaining units.

### Anomalies in the salaries system

Certain anomalies in the salaries system were identified and an Anomalies Committee was formed to investigate these anomalies. The recommendations of the Anomalies Committee for rectification of the anomalies were approved by the Board of Directors for implementation on 1 October 1999.

### Training

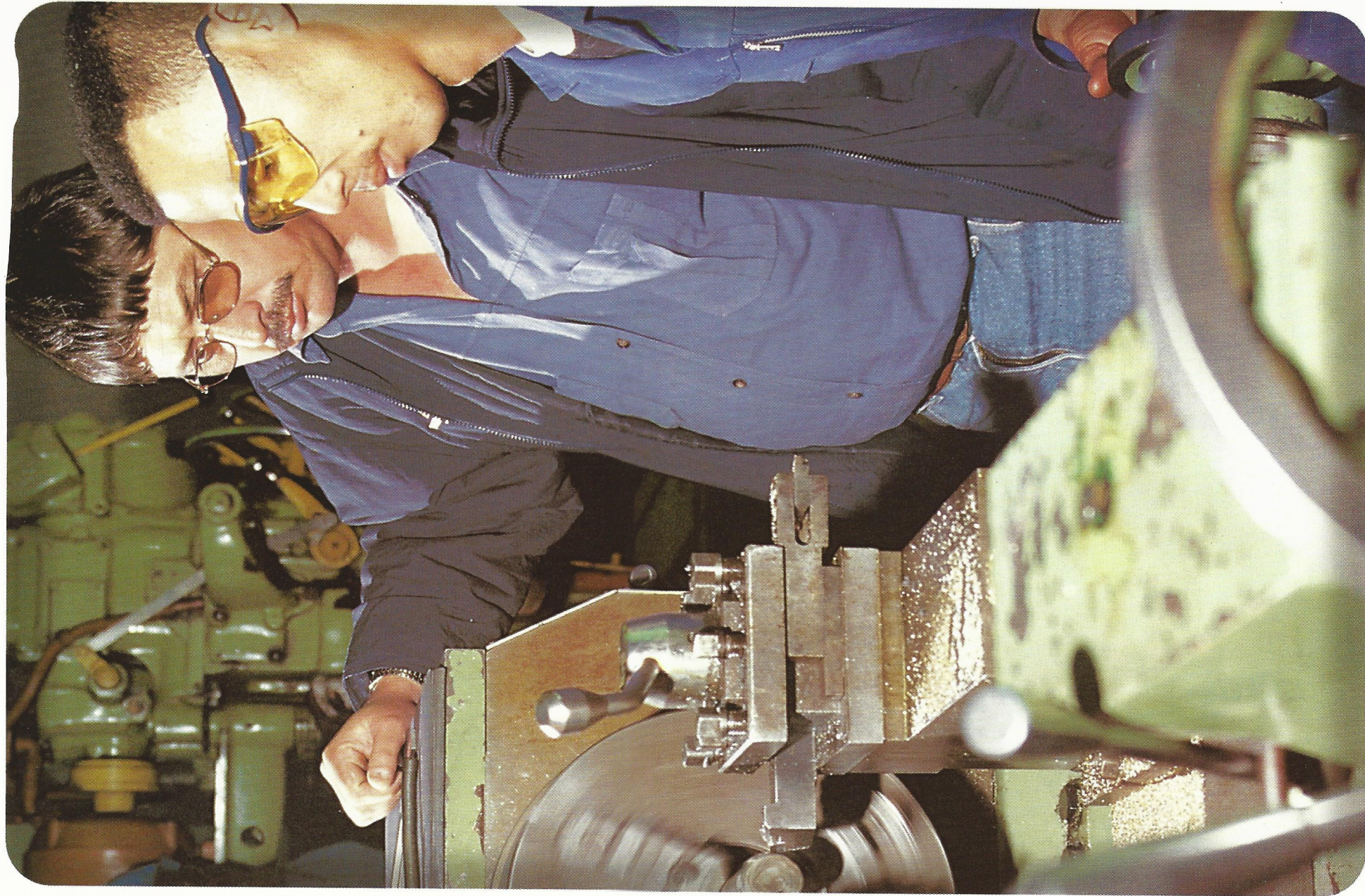
At present certain Namport personnel are participating in the Training of the Trainers (Adult Basic Education and Training) programme which will enable such employees to provide in-house literacy and numeracy training from Levels 1 to 3. Our computer training facility operates on a dedicated intranet system which has greatly facilitated training of our personnel in software packages as well as providing computer based training in other fields.

Our three trainee marine pilots are progressing well and should attain their Class III certificates next year.

### Namport Retirement Fund

All permanent members of the staff are members of the fund and contracted staff may obtain membership on certain conditions. The assets of the fund were well managed during the past year and greatly enhanced by the allotment of a substantial amount of free demutualisation shares in Old Mutual.

During the year, the rules of the Fund were amended to provide for election of employee trustees every three years. The next election is scheduled for late 1999. To ensure that the election process is carried out transparently and fairly, the Industrial Relations Officer as well as a union representative will serve on the Election Committee.





## Marketing and External Relations



Namport has participated in various trade fairs and exhibitions to promote its ports and will be hosting the 1999 Port Management Association of Eastern and Southern Africa conference in Swakopmund in October 1999. Our management team regularly compares facilities and tariffs of various ports to ensure we remain competitive and operate cost effectively.

We will be pursuing an aggressive marketing drive in the next financial year which will include an advertising campaign on M-NetAfrica. Advertising billboards will be strategically placed at airports and other identified points to promote our services nationally and internationally.

Namport values the excellent relationship we have with our customers and to foster this relationship we regularly liaise with port and Synchrolift users. In addition, at strategic briefing sessions held with community stakeholders on a regular basis, we keep interest groups in the community informed on our activities.

## Strategic Issues

### Performance management

Namport is in the process of finalising a Performance Management Agreement between it and its line Ministry. This agreement will properly structure the relationship between the Minister of Works, Transport and Communication (as the responsible Minister) and Namport insofar as our business operations are concerned and will provide the basis on which the success of such operations can be measured and evaluated in definite terms.



### Port Regulations

The regulations for the harbours of South Africa were adopted when Namport took control of the Port of Walvis Bay in 1994. However, it was found that these regulations were not suited to Namibian ports and were thus revised during various Port Regulations workshops facilitated by a maritime law expert. The revised Port Regulations should be promulgated in the new year.

### Breach of the Pelican Peninsula

The possible breach of the Pelican Peninsula is of concern to Namport but the situation is being monitored by the Ministry of Works, Transport and Communication.

### Information Technology

Upgrading of our hardware and software systems will be a priority for the forthcoming financial year and a substantial sum has been budgeted for this purpose.

The Container Terminal Information system has been installed at the Container Terminal Entrance Building and the lighthouses at Pelican Point and Diaz Point automated. A new more effective and efficient telephone system has been installed at both ports.

Namport's webpage is being upgraded and it is envisaged that all documentation, including regulations and tariff books, will in the near future be available on this webpage.

### Year 2000 compliance

We are fully compliant for the Year 2000 and have formulated a Contingency Plan for key risk areas in our business which plan has been included in the Government Committee's National Contingency Plan. We are confident that we will be able to provide a continuous service to our clients.

### Maritime Conventions

Namport supports Government commitment to maintaining an internationally accepted level of standards in the marine industry and is an active participant on the legal framework committee established for purposes of drafting legislation to facilitate the relevant international maritime conventions, such as MARPOL, SOLAS and STCW, to be ratified by Namibia.







*We pride ourselves on being an enterprise which behaves in a socially responsible manner by not only improving the quality of life of employees, but also by encouraging cultural and educational development in the community.*

In line with Namport's ongoing promotion of sponsoring training in the field of scarce specialised skills, Namport has established bursaries for deserving Namibian second year graduates of Universities and/or Technicians in the fields of engineering and finance. In addition, we have donated a bursary in the field of human resources to the National Endowment Fund for the promotion of Science, Mathematics and Technology. Participants in our ongoing marine cadet sponsorship programme and in our NIMT Bursary Scheme (technical fields of study of electrician, motor mechanic, fitter and turner and instrumentation technicians) are all performing well.

Namport has restructured its rentals in respect of its properties leased to Government institutions, religious institutions and the Search & Rescue Institute of Namibia in that Government institutions receive a 90% rebate on market rental, Missions to Seamen and Biblia 95%. Namport sponsors the full rental payment of SRIN in recognition of the rescue role performed by SRIN and in line with the Authority's function to provide and maintain search and rescue services.

Our staff regularly participate and Namport sponsors and participates in community events such as the Raft Race, the annual Trawler Race and Golf tournaments.

### Community Trust

It is the intention to set up a Namport Community Trust which will provide a formal framework for Namport's social responsibility programme. Through this Trust it is envisaged that the Authority will contribute to the well-being of its personnel and the community by providing inter alia learning

skills assistance, rewards for excellence in all fields of endeavour, study support, technology awareness, donations and sponsorship and training persons to enhance their job opportunities.

### Environmental

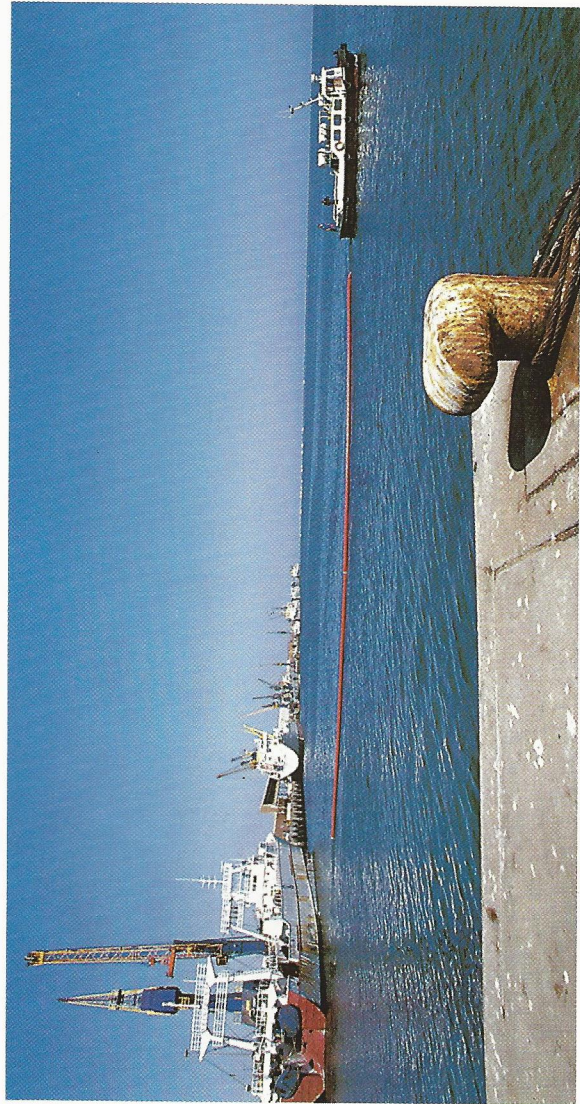
Namport is tasked with the management and control of the environment within its jurisdiction, and in its operations and planning the environmental aspects are taken into account and relevant stakeholders consulted.

### Combating of Pollution

Namport and the Ministry of Works, Transport and Communication co-operate regarding the warehousing and maintenance of oil pollution recovery equipment. This co-operation will ensure that oil spills are handled as effectively and efficiently as possible. Namport has upgraded one of its storage facilities for purposes of storing, maintaining and controlling oil pollution recovery equipment and has established a Pollution Control Operations Centre at Walvis Bay Port Control offices. This co-operation between Namport and Government will achieve the following objectives:

- to develop the Centre into a functional asset for the ports in Namibia, capable of combating a spill of up to Tier 2 proportions effectively
- to develop well-trained personnel from various organisations capable of managing and combating a Tier 2 spill
- to promote Namibia as a country which is sincere and earnest in its commitment to the combating of oil pollution

Namport has drafted an Oil Spill Contingency Plan which will form part of the proposed National Oil Spill Contingency Plan.







The Walvis Bay Corridor provides access to the Central Southern African Region and serves as a transport conduit from Walvis Bay to landlocked countries and other potential trading partners for Namibia.

This Corridor is a system of roads rather than a single road. Two essential elements in this system are the Trans-Caprivi highway which links the Port of Walvis Bay with Zambia, Zimbabwe and northern Botswana and the Trans-Kalahari highway which provides a direct route between the Port of Walvis Bay and Gauteng in South Africa via Gaborone in Botswana.

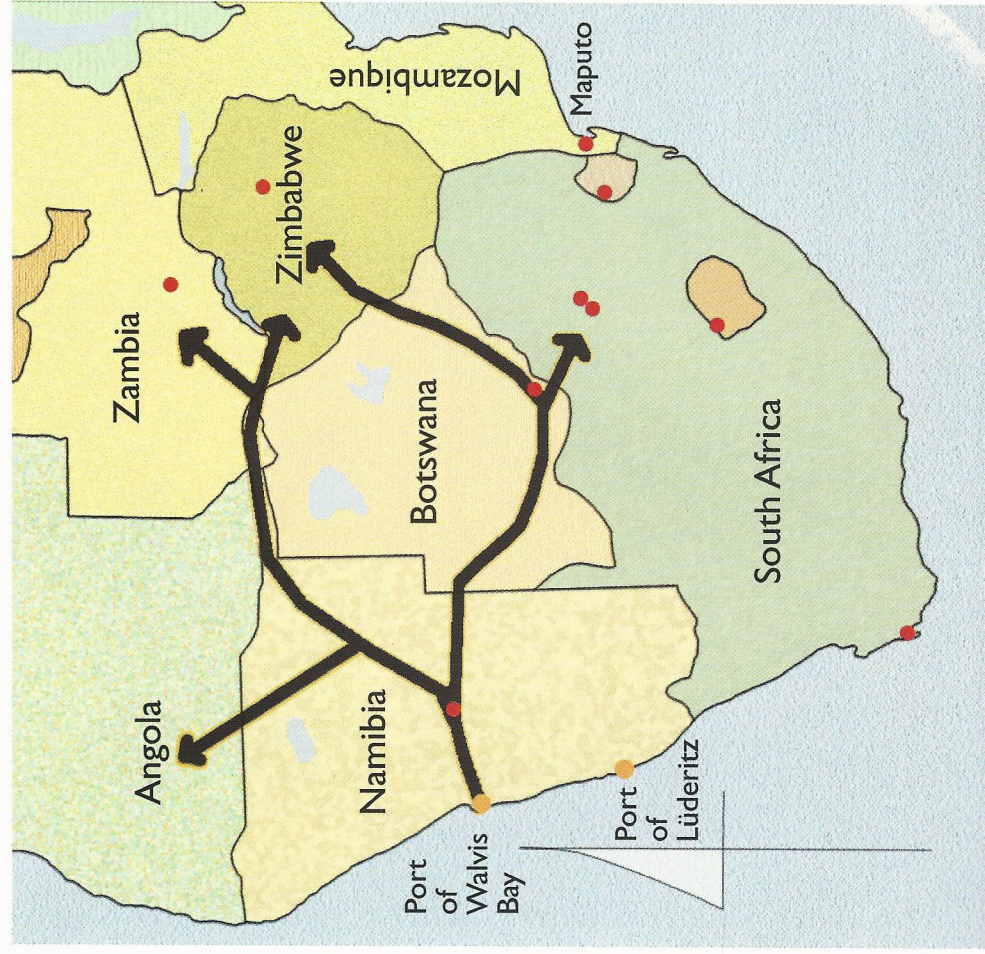
As such, the Corridor will foster reciprocal trade with other countries utilising the Port of Walvis Bay as an import/export point. Furthermore, with the linking of this corridor to the Maputo Corridor, a powerful transport link across the breadth of the Southern African subcontinent will be formed providing concomitant trade opportunities for the countries along the route of the linking Corridors. An inspection team has travelled the Corridor and evaluated problem areas and Namport's strategy will be defined once this team's report is made available.

The Walvis Bay Corridor Group has been formed, as a legal entity with a Board of Trustees comprising representatives of stakeholders in the relevant industries, to facilitate trade and business development through the different legs of the Corridor. The Group's Business Development Executive, who will be based in Windhoek, Namibia, will be proactively promoting and marketing this Corridor on behalf of the Group.

Namport supports this Corridor by providing efficient and reliable port services delivered on a cost effective basis as well as comprehensive infrastructure and equipment base. We furthermore, with the assistance of NamRail, facilitated the appointment of the Business Development Executive.

The Corridor offers the following regional advantages :

- Shorter sea route, with concomitant time saving
- No delays due to weather or port congestion
- High Cargo Security
- Flexibility in Port Operations
- Rapid Transit Times to Target Markets
- Linkage with EPZ
- Cost Effective Alternative to Other Traditional Routes.



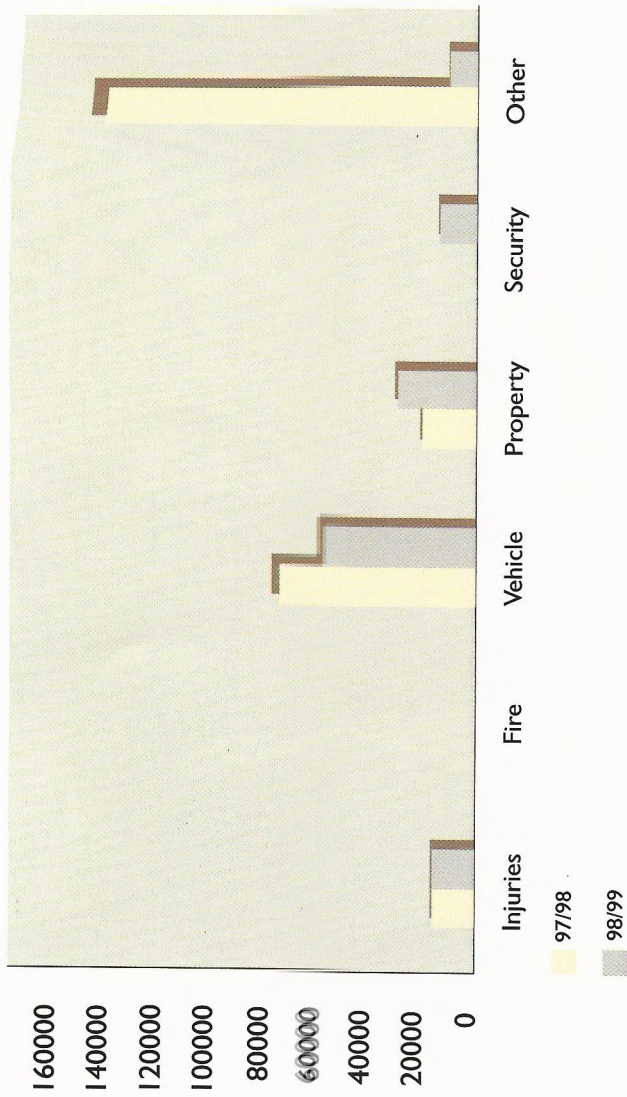


Summary of unplanned dollar losses

	1997/1998	1998/1999
Total dollar losses	N\$ 260 473	128 724
Refunded by insurance	22 413	10 522
Costs carried by Namport	238 060	118 202

Comparative Table

1997/98 and 1998/1999



- Injuries** On the job injury that causes an employee to be absent from work for more than 1 shift.
- Fire** Any fire incidents.
- Vehicle** Accidents where vehicles were involved.
- Property** Incidents that caused damage to Namport and/or Client's property.
- Security** Theft of Namport property as well as theft of cargo of clients in our custody.
- Other** Cargo related claims, production loss, etc.





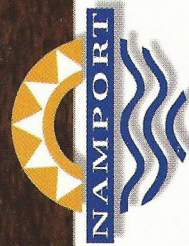
	12 Months 1998/1999	17 Months 1997/1998	12 Months 1996/1997	12 Months 1995/1996
Turnover	97,930	133,268	73,946	67,991
Operating Profit	14,362	48,971	23,114	24,609
Profit before taxation	12,265	46,854	21,618	21,659
Return on assets	2%	6%	13%	19%
Return on equity	4%	9%	26%	32%
Operating profit margin	15%	26%	31%	2636
Total assets	581,828	556,963	174,073	128,645
Shareholder's interest	396,148	385,018	90,531	68,167
Borrowings	145,129	120,853	50,088	35,994
Debt : Equity ratio	0.37	0.31	0.55	0.53
Liquidity ratio	1.75	2.07	1.41	1.69
Number of employees	407	406	388	385
Turnover per employee (N\$1000)	241	232	191	177
Assets per employee (N\$1000)	1,430	1,372	449	334

	12 Months 1999 N\$000	%	17 Months 1998 N\$000	%
<b>Value Added :</b>				
Turnover	97,930		133,268	
Other Income	20,023		-	
Paid to suppliers of materials and services	(20,053)		(20,810)	
	97,900	100	112,458	100
<b>Value Distributed :</b>				
Employees	37,215	38	42,221	38
Salaries, wages and related benefits				
Providers of capital	24,569	25	10,682	9
Interest on borrowings and dividend				
Government	8,138	8	14,842	13
Direct taxes on profits				
	69,922	71	67,745	60
<b>Retained for reinvestment :</b>				
Depreciation	12,919	13	13,820	12
Retained profit	15,059	16	30,894	27
	27,978	29	44,714	40
	97,900	100	112,458	100



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

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

**Board of Directors**

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

In supporting the Code of Corporate Practices and Conduct set out in the King report, the directors recognise the need to conduct the business of the enterprise with integrity and in accordance with generally accepted corporate practices. Monitoring the Authority's compliance with the Code forms part of the mandate of the Audit Committee.

**Non-Executive Directors**

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

**Executive Directors**

There is one Executive Director on the Board. The Executive Director's service contract does not exceed five years in duration.

**Secretary and professional advice**

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

**Audit Committee**

An Audit Committee, whose Chairperson is a Non-Executive Director, was established during the previous period. Both the internal and external auditors have unrestricted access to the Audit Committee, which ensure that their independence is in no way impaired. Four meetings of the Committee are held annually which is attended by the external and internal Auditors and appropriate members of the Executive Management. The Audit Committee provides assistance to the Board with regard to:

- ensuring compliance with applicable legislation and requirements of regulatory authorities;
- matters relating to financial and internal control, accounting policies, reporting and disclosure;
- internal and external audit policy;
- activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- review/approval of external audit plans, findings, problems and reports;
- compliance with the Code of Corporate Practices and Conduct; and
- compliance with the Authority's Code of Ethics.

**Internal control systems**

The Authority maintains systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition, which are designed to provide reasonable assurance to the Authority's management and Board of Directors regarding the preparation of reliable published financial statements and the safeguarding of the Authority's assets. The system includes a documented organisation structure and division of responsibility, established policies and procedures which are communicated throughout the Authority and the proper training and the development of its people. Internal auditors were appointed during the previous period and they monitor the operation of the internal control systems and report findings and recommendations to management and the Board of Directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The Board, operating through its Audit Committee, provides oversight of the financial reporting process.



There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances. The Authority assessed its internal control system as at 30 September 1999 in relation to effective internal control over financial reporting. Based on its assessment, the Authority believes that, as at 30 September 1999, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, was adequate.

**Worker participation**

The Authority employs participating structures on issues which affect employees directly and materially, and which are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflicts. These structures embrace goals relating to productivity, career security, legitimacy and identification with the Authority. An affirmative action program forms part of the Authority's training program and business plan.

**Code of Ethics**

The Code of Ethics commits the Authority to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders, including its directors, managers, employees, customers, suppliers, investor and society at large. Directors and staff are expected to observe their ethical obligations in such a way as to carry on business only through fair commercial competitive practices.

**Year 2000 compliance**

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

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Namibian Ports Authority. The financial statements, presented on pages 40 to 52 have been prepared in accordance with Generally Accepted Accounting Practice and include amounts based on judgements and estimates made by the management. The directors also prepared the other information included in the Annual Report and are responsible for both its accuracy and its consistency with the financial statements.

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

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The audit report of PricewaterhouseCoopers is presented on page 39.

The financial statements were approved by the Board of Directors on 2 December 1999 and are signed on its behalf.



Chairman



Director



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 financial year ended 30 September 1999 has been carried out to my satisfaction.



Dr FANUEL TJINGAETE  
Auditor General

Windhoek

December 1999

We have audited the Annual Financial Statements set out on pages 40 to 52 for the year ended 30 September 1999. These financial statements are the responsibility of the Authority's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

#### Scope

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

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

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

#### Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Authority at 30 September 1999 and the results of its operations and cash flow information for the year then ended in accordance with Generally Accepted Accounting Practice.

PRICEWATERHOUSECOOPERS



2 December 1999



The directors present their Annual Report which forms part of the audited financial statements of the Authority for the year ended 30 September 1999.

**1 Nature of business**

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

**2 Financial results**

The financial results are set out in the income statement and the notes thereto.

**3 Ownership of land**

During the period under review the following land had been transferred to the Authority :

- Erf 30 Lüderitz, transferred to the Authority on 29 April 1999 under title deed T1813/99; and
- servitudes of right of way registered in the Authority's favour over erven 521 and 535 Nautlius.

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

**4 Auditors**

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

**5 Directors**

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

- Mr D H Conradie
- Mr J C Rogers
- Mr H T J Dennewill
- Ms S T Harris
- Dr P T Shipoh

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

The following directors serve on the Board of Directors in their capacity as Permanent Secretaries in terms of Section 4 of the Act:

- Mr U Maamberua
- Mr S T Hiveluah
- Mr A Z Ishtile

	Notes	1999 N\$000	1998 N\$000
<b>Capital employed</b>			
Capital account	2	50,344	50,344
Non-distributable reserve	3	260,256	271,892
Retained profit		77,842	62,782
Shareholder's interest		388,442	385,018
Long-term liabilities	4	145,129	120,853
Deferred tax	5	24,926	16,788
		558,497	522,659
<b>Employment of capital</b>			
Property, plant and equipment	6	436,923	412,985
Investment in associate	7	430	1,745
Investments	8	103,678	71,175
Net current assets		17,466	36,754
<b>Current assets</b>			
Inventories	9	112	547
Accounts receivable		11,001	8,438
Bank and cash balances		29,684	62,073
		40,797	71,058
<b>Current liabilities</b>			
Accounts payable		21,889	25,632
Provision for taxation		1,442	8,672
		23,331	34,304
		558,497	522,659



	Notes	12 Months 1999 N\$000	17 Months 1998 N\$000
Revenue	13	97,930	133,268
Operating costs		(83,568)	(84,297)
Operating profit	14	14,362	48,971
Investment income	15	11,160	8,565
Interest paid	16	(22,119)	(10,682)
Profit before exceptional items		3,403	46,854
Exceptional items	17	8,863	-
Profit before taxation		12,266	46,854
Taxation	18	(8,138)	(14,842)
Profit after taxation		4,128	32,012
Share of accumulated loss of associate		(1,067)	(1,118)
Net profit		3,061	30,894
Transfer from non-distributable reserve		14,449	-
Distributable profit		17,510	30,894
Dividend paid		(2,450)	-
Retained profit for the year		15,060	30,894
Retained profit at the beginning of the year		62,782	31,888
Retained profit at the end of the year		77,842	62,782

	Notes	12 Months 1999 N\$000	17 Months 1998 N\$000
<b>Cash flow from operating activities</b>			
Cash receipts from customers		97,695	134,647
Cash paid to suppliers and employees		(61,857)	(67,718)
Cash generated from operations	19	35,838	66,929
Investment income		11,160	4,311
Interest paid		(22,119)	(10,682)
Dividend paid		(2,450)	-
Tax paid	20	(7,230)	(1,495)
Cash available from operating activities		15,199	59,063
<b>Cash utilised in investing activities</b>			
Acquisition of property, plant and equipment		(71,865)	(93,228)
Proceeds on disposal of property, plant and equipment		(44,051)	(68,734)
Investments acquired		703	5,271
		(28,517)	(29,765)
		(56,666)	(34,165)
<b>Cash effects of financing activities</b>			
Long-term liabilities raised		24,276	72,805
Repayment of long-term liabilities		(25,191)	(78,799)
		(915)	(5,994)
Net (decrease)/increase in cash and cash equivalents		(32,390)	38,640
Cash and cash equivalents at the beginning of the year		62,074	23,434
Cash and cash equivalents at the end of the year		29,684	62,074



## I Principal accounting policies

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

### 1.1 Property, plant and equipment

Property, plant and equipment other than freehold land, structures and buildings, floating craft and machinery and equipment are included at cost. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Freehold land, structures and buildings, floating craft and machinery and equipment are stated at market value, based on valuations by external independent valuers every 5 years. The increase in carrying value arising on the revaluation is credited directly to a revaluation reserve within shareholders' equity. On disposal of a previously revalued asset, any amount relating to that asset remaining in the revaluation reserve is transferred directly to retained earnings.

Depreciation is recorded by a charge to operating profit computed on a straight-line basis so as to write off the cost or valuation of the assets over their expected useful lives. The expected useful lives are as follows:

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

### 1.2 Leased assets

Assets acquired under finance lease agreements that transfer to the Authority all the risks and rewards of ownership, are capitalised at their cash cost equivalent. The capital element of the leasing commitment is disclosed under long term liabilities. Lease instalments are apportioned between their capital and interest components using the effective interest rate method.

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

### 1.3 Inventories

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

### 1.4 Associates

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

### 1.5 Investments

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

### 1.6 Deferred tax

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

### 1.7 Revenue recognition

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

### 1.8 Foreign currencies

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

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

### 1.9 Pension Fund

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



	1999 N\$000	1998 N\$000
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## 2. Capital account

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

## 3. Non-distributable reserve

Movements during the year:

Balance at the beginning of the year	271,892	8,299
Movements during the year:		
Revaluations of certain property, plant and equipment	-	4,350
Acquisitions at no value from TransNamib	-	259,243
Transfers from TransNamib and TransNet	2,895	-
Other	(82)	-
Disposals of property, plant and equipment	(14,449)	-
Depreciation on revalued property, plant and equipment	260,256	271,892
	4,350	4,350
	8,299	8,299
	247,607	259,243
	74,034	74,034
	156,067	156,086
	11,532	15,405
	5,974	13,718
	260,256	271,892

The non-distributable reserve constitutes the following:

Property, plant and equipment acquired from TransNamib at no value capitalised at valuation	4,350	4,350
Capitalisation of dredging cost	8,299	8,299
Surplus arising from revaluation of property, plant and equipment	247,607	259,243
Land	74,034	74,034
Structures and buildings	156,067	156,086
Floating craft	11,532	15,405
Plant and equipment	5,974	13,718
	260,256	271,892

## 4. Long-term liabilities

Loan secured by cession of endowment policies to the amount of N\$ 50 133 747. The loan is a two year fixed rate loan (presently 15.5% per annum), renewable for a period or periods totaling 5 years with the option of a further 3 years at the discretion of the lender. Interest is payable monthly in arrears.

Unsecured foreign loan bearing interest at 10% per annum payable bi-annually in arrears. Repayment will be in 36 equal bi-annual instalments commencing in December 2000.

	1999 N\$000	1998 N\$000
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Foreign loan secured by a Government guarantee, bearing interest at the greater 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 commencing on 15 April 2002. The total foreign facility was swapped to a South African financial institution on a Rand basis. The same terms and conditions set out in the foreign agreement apply to this swap agreement.

61,557

41,038

Structured finance loan secured by a cession of endowment policies to the amount of N\$ 13 663 304. The loan bears interest at 21.25% per annum and is repayable on 15 June 2006.

19,113

15,755

Foreign loan secured by a sovereign guarantee by the Government and a currency transfer guarantee by the Bank of Namibia. The loan was bearing interest at 5.58% to 31 December 1998 and is interest-free after that date. The loan is repayable in four bi-annual instalments commencing on 30 June 1999. The loan is repayable in Norwegian Kronen.

2,555

-

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

37

952

146,869

121,523

Current portion of long-term liabilities included in accounts payable.

(1,740)

(670)

145,129

120,853

## 5. Deferred tax

Balance at the beginning of the year

16,788

10,618

Movements during the year attributable to timing differences

8,138

6,170

24,926

16,788

The balance comprises capital allowances.



## 6. Property, plant and equipment

	Land, structures and buildings N\$'000	Floating craft N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Leased assets N\$'000	Work-in-Progress N\$'000	Total N\$'000
<b>1999 - Cost or valuation</b>						
At 1 October 1998	356,173	42,295	72,546	2,052	37,235	510,301
Additions	4,227	8,768	3,149	-	32,784	48,928
Revaluation	600	13	5,650	-	-	6,263
Disposals and transfers	-	-	(840)	(686)	-	(1,526)
Cost or valuation at 30 September 1999	316,000	51,076	80,505	1,366	70,019	563,966
<b>Depreciation</b>						
At 1 October 1998	(48,445)	(20,150)	(26,892)	(1,829)	-	(97,316)
Revaluation	108	-	(3,475)	-	-	(3,367)
Charge for the year	(4,335)	(787)	(7,659)	(139)	-	(12,920)
Depreciation on disposals	(257)	257	392	618	-	1,010
Depreciation on valuation	(8,247)	(3,885)	(2,318)	-	-	(14,450)
Depreciation at 30 September 1999	(61,176)	(24,565)	(39,952)	(1,350)	-	(127,043)
<b>Net book value at 30 September 1999</b>	<b>299,824</b>	<b>26,511</b>	<b>40,553</b>	<b>16</b>	<b>70,019</b>	<b>436,923</b>

**1998 - Cost or valuation**

At 1 May 1997	73,273	11,926	37,905	2,124	1,956	127,184
Additions	26,881	71	12,430	179	35,279	74,840
Revaluation	260,725	30,227	28,163	-	-	319,115
Disposals and transfers	(4,706)	71	(5,952)	(251)	-	(10,838)
Cost or valuation at 30 September 1998	356,173	42,295	72,546	2,052	37,235	510,301
<b>Depreciation</b>						
At 1 May 1997	(14,164)	(3,621)	(6,969)	(547)	-	(25,301)
Revaluation	(30,605)	(14,822)	(14,445)	-	-	(59,872)
Charge for the period	(4,589)	(1,702)	(6,164)	(1,365)	-	(13,820)
Depreciation on disposals	913	(5)	686	83	-	1,677
Depreciation at 30 September 1998	(48,445)	(20,150)	(26,892)	(1,829)	-	(97,316)
<b>Net book value at 30 September 1998</b>	<b>307,728</b>	<b>22,145</b>	<b>45,654</b>	<b>223</b>	<b>37,235</b>	<b>412,985</b>

Full details of land, structures and buildings can be obtained from the property register maintained at the offices of the Authority in Walvis Bay. Freehold land, structures and buildings, floating craft and machinery and equipment were independently valued during September and October 1998 by CB Richard Ellis, International Property Consultants. The surplus on revaluation has been credited to non-distributable reserve.

## 7. Investment in associate

## Walvis Bay Bulk Terminal (Pty) Ltd

	1999 N\$'000	1998 N\$'000
Unlisted shares at cost	3,263	3,263
Share of post-acquisition losses	(3,015)	(1,948)
Investment written off	248	1,315
Unsecured loan	(248)	-
	430	430
	430	1,745
Directors' valuation of shares	Nil	1,315
Number of shares held	251	251
Proportion owned	25.1%	25.1%

The Company operates a bulk handling terminal.

Walvis Bay Bulk Terminal (Pty) Ltd prepares its financial statements to 30 June so as to conform with the financial year of its holding company. Its results for the year ended 30 June 1999, so far as they relate to the Authority's interest, have been included on the equity basis of accounting.

## Aggregate financial information :

## Balance Sheet

Employment of capital	
Property, plant and equipment	20,939
Net current liabilities	(19,523)
	1,416
	5,669

## Capital employed

Share capital and reserves	986
Long-term liabilities	430
	1,416
	5,669

## Income Statement

Revenue	4,104
Loss before and after taxation	4,253
	4,455

## 8. Investments

Investment in endowment policies	97,567	65,469
at cost	89,110	59,995
vested returns thereon	8,457	5,474
Unit trusts at market value	-	5,706
Listed investments at market value	3,986	-
Other	2,125	-
	103,678	71,175



	1999 N\$000	1998 N\$000
9. Inventories	112	547

**9. Inventories**

Inventories, consisting of consumable stores

**10. Pension Fund**

At the financial year end, all the permanent employees of the Authority were members of the Namport Retirement Fund, a defined contribution fund, governed by the Pension Fund Act. Employees' contributions amount to 7.5% of basic salary and the Authority's contribution amounts to 12.5% of basic salary.

The total contributions for the period amounted to N\$3 755 448 (1998: N\$4 110 445). The fund is administered by Old Mutual on behalf of the Board of Trustees.

**11. Contingent liabilities**

Claims lodged by port users in respect of disputes on tariff charges  
Claims by customers arising from industrial action

The directors do not accept the customers' contention and are arranging to defend the actions should litigation arise.

**12. Capital expenditure approved**

Commitments in respect of contracts placed

Approved by directors in addition to contracts placed

Approved expenditure outstanding

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

**13. Revenue**

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

**14. Operating profit**

Operating profit is derived after charging:

Auditors' remuneration

Audit fees

- current year

- prior year

- fees for services

	12 Months 1999 N\$000	17 Months 1998 N\$000
Depreciation	27,370	13,820

**Cost**

Land, structures and buildings

Floating craft

Vehicles and equipment

Leased assets

**Valuation**

Land, structures and buildings

Floating craft

Vehicles and equipment

Profit/(loss) on disposal of property, plant and equipment

Foreign exchange gains/(losses)

Investment in associated company written off

**15. Investment income**

Vested returns accrued on endowment policies

Received from other sources

**16. Interest paid**

Long-term loans

**17. Exceptional items**

Grant received from NORAD on new floating craft

Shares allotted on demutualisation of financial institutions

**18. Taxation**

Namibian normal tax

Current tax

Deferred tax

Tax charge for the year

Reconciliation of rate of taxation

Namibian normal tax

Disallowable expenditure/(exempt income)

Allowances

Net reduction

Effective rate

1,986	1,986
510	510
2,496	2,496
20,512	39,841
21,513	13,910
42,025	53,751
146	78
96	83
-	(5)
50	-

272	1,322
366	(1,893)
248	-
4,631	4,254
6,529	4,311
11,160	8,565
22,119	10,682
4,877	-
3,986	-
8,863	-
-	8,672
8,138	6,170
8,138	14,842
%	%
35	35
(11.7)	0.4
43	(3.9)
31.3	(3.5)
66.3	31.5



	12 Months 1999 N\$000	17 Months 1998 N\$000
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**19. Reconciliation of net profit before finance costs to cash generated from operations**

Operating profit	14,362	48,971
Adjustment of non-cash items		
Depreciation	27,370	13,820
Investment written off	248	-
Profit on disposal of property, plant and equipment	(272)	(1,322)
	41,708	61,469
Changes in working capital		
Inventories	435	92
Accounts receivable	(2,563)	(340)
Accounts payable	(3,742)	5,708
	35,838	66,929

**20. Reconciliation of tax paid during the year**

Balance of tax payable at the beginning of the year	(8,672)	(1,495)
Charge in income statement	(8,138)	(14,842)
Adjustment for deferred tax	8,138	6,170
Balance of tax payable at the end of the year	1,442	8,672
	(7,230)	(1,495)

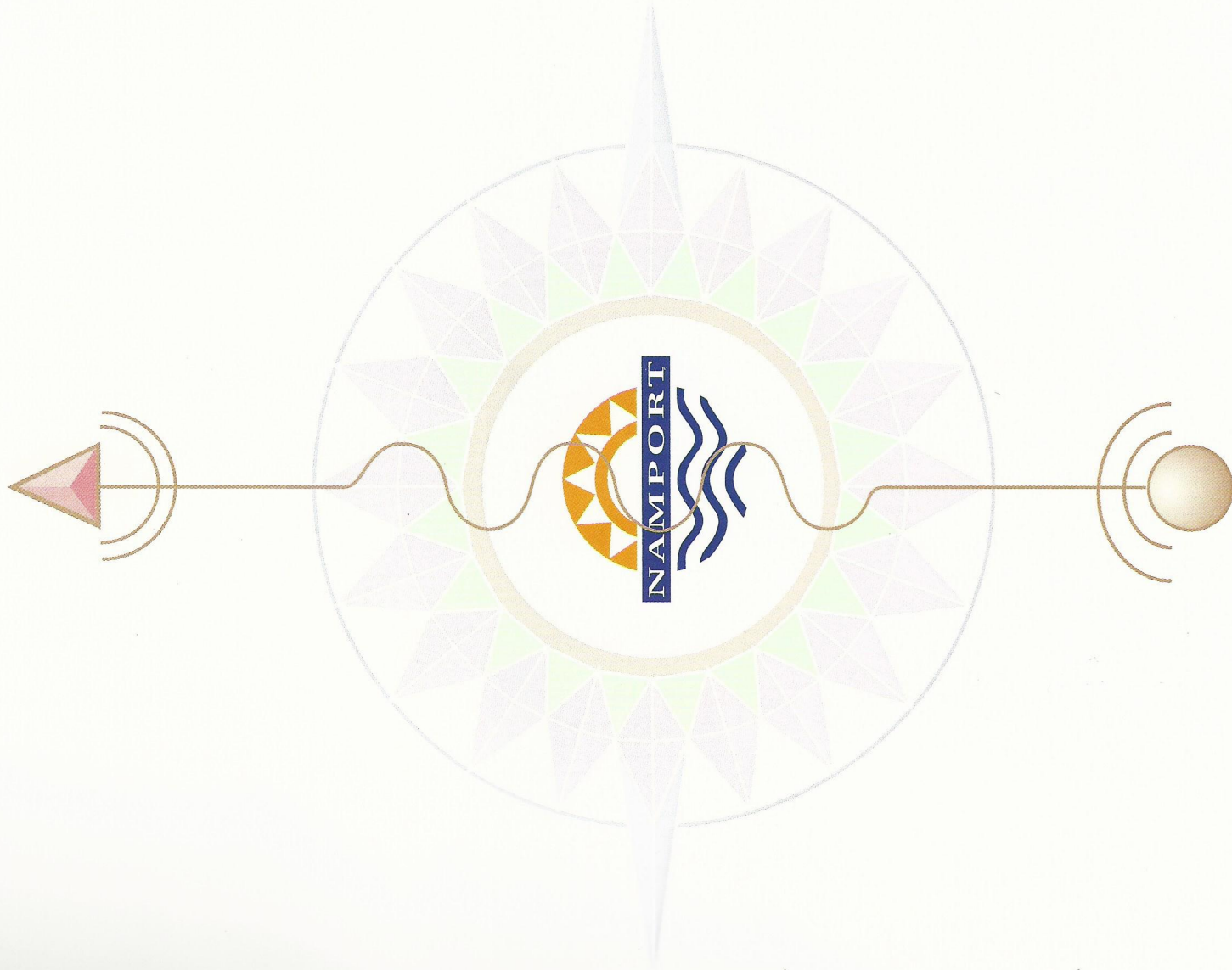
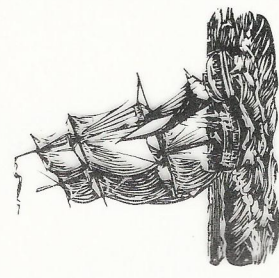




	12 Months 1999 N\$000	17 Months 1998 N\$000
more finance costs to cash	14,362	48,971
	27,370	13,820
	248	-
	(272)	(1,322)
	41,708	61,469
	435	92
	(2,563)	(340)
	(3,742)	5,708
	35,838	66,929
	(8,672)	(1,495)
	(8,138)	(14,842)
	8,138	6,170
	1,442	8,672
	(7,230)	(1,495)

more finance costs to cash

g the year



## Mission

Namport is committed to providing, facilitating and promoting efficient and effective port and related services for seaborne trade between Namibia, it's neighbours and their international trading partners as well as for the Namibian fishing and other offshore industries.

Our goals will be to achieve excellent customer care. We aim to operate cost effectively whilst generating sufficient funds to make a reasonable return on investment for longterm sustainable growth.

We promote and encourage the active participation of all personnel and other stakeholders in achieving our goals. In this process, Namport will provide competitive conditions of service and a safe working environment while standing for equal opportunity for all our employees.

Namport strives to facilitate economic growth in Namibia by promoting foreign trade.





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