Namibian Ports Authority

Annual Report

NAMPORT

2010

Financial Results & company overview

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.

Vision

To be the first-choice world-class port service provider in Africa.

Values

Discipline, Integrity, Sense of urgency, Honesty, Safety.

Table Of Contents

Chairperson's Review 2009 - 2010

Capt. M J van der Meer
CHAIRPERSON

I have great pleasure in presenting this year's annual report to you. By all accounts, 2010 has been a challenging but fruitful year.

At the end of our previous financial year, Namport anticipated a continuation of its recent successes in attracting cross-border volumes and greater transhipment containers. At the time it was felt that Namport had escaped the worst impact of the global economic crisis. However, this was not to be.

Economic Conditions

Global economic activity and world trade volumes declined by 12% in 2009. As 90% of the world's trade is carried by ship, any analysis of Namport's performance should be reviewed against this background. The global economic crisis forced shipping lines to consolidate the routing options with fewer vessels calling on hub ports. Shipping lines adopted slower steaming which enabled them to increase capacity whilst reducing operating costs. Cargo was consolidated in fewer ports and some traditional trading patterns disappeared altogether. This resulted in extremely low shipping rates down to as low as US$500 per TEU (Twenty Foot Equivalent Unit container) and charter rates last seen in 2001. Vessel lay-ups are the order of the day with world capacity of 1.25 million TEU's being laid up.

Even though there is an outlook of renewed optimism at present, it is highly volatile with few players in the industry committing to sustained volumes. China's insatiable desire for resources does not impact Namport directly as Namibia's prime resource export, uranium, is moved in high-value, low volume containers. Therefore any upturn that is resource driven has a limited impact on revenue.

The lag effect of the global economic crisis finally had an impact on Namport although only by means of reduced cross border trade with Angola. Container volume figures were below previous years' for seven straight months with an end in sight only late 2010 as confidence returned to the industry. Global container volumes declined by 10% in 2010.

The pressure on all cost elements of the shipping lines was severe. Ports worldwide did not escape this trend and Namport is no exception.

The South American link for transhipment volumes was cancelled for Walvis Bay resulting in more than 24 000 TEU's being lost in one rerouting exercise alone. Shipping lines called fewer times. World oil prices declined to the extent that Angola, who derives much of its foreign revenue from petroleum, instituted foreign exchange controls for the first time.

This had the immediate impact of reducing cross border volumes to Angola. Coupled with improved efficiencies and reduced congestion in neighbouring ports, volumes were under pressure at Namport.

Aggressive marketing and pricing to shipping lines directly in both Europe and the Far East resulted in route consolidation also benefiting Namport.

Salient Features

Much of Management's effort in the year under review focussed on increasing efficiencies, staffing at levels correct to the volumes of the Ports, better utilisation of assets and finalisation of longstanding infrastructure projects. All these efforts have resulted in higher costs compared to the previous year.

It is argued that these investments are necessary to gear Namport for future regional volumes. Failure to do so will resign the Ports of Walvis Bay and Lüderitz to simple regional ports geared only for their own trade.

Walvis Bay Corridor Group

The Walvis Bay Corridor Group (WBCG) celebrated its 10th anniversary during the period under review. The key strength of the WBCG remains its structure of a public / private partnership (PPP) which includes all stakeholders involved with the routes. Moreover the governments of Zambia, Democratic Republic of Congo and Namibia have mandated the WBCG to run the Trans Caprivi Corridor – now called the Walvis Bay – Ndola – Lubumbashi Corridor.

Cross border volumes through the Walvis Bay Corridor routes experienced a mix of fortunes. Whilst the Angolan volumes were down by 25% (and constituted the bulk of the decline), volumes to Zambia and Democratic Republic of the Congo increased exponentially. Zambian volumes reached the enviable position where outgoing volumes matched incoming. This leads ultimately to lower transport costs.

Our Subsidiaries

Elgin, Brown & Hamer Namibia (Pty) Ltd

The recent success of the Elgin Brown & Hamer Namibia (Pty) Ltd (EBH) subsidiary has not been emulated this year. The high level of activity in 2009 has been replaced by relative indecision in the ship repair industry and no oil rigs were in port throughout the year. The global crisis has resulted in many repair decisions being delayed. The inevitable result has been a significant slowdown in EBH Namibia's operations along with job reductions. The stronger Namibian Dollar has also impacted the competitiveness and profitability of EBH Namibia.

The global economic crisis during late 2008 had a delayed effect in the marine engineering market in which EBH Namibia operates. It impacted dramatically only in September 2009, that is the beginning of the financial year. In addition, EBH Namibia's standard rates have come under pressure from its customers.

Notwithstanding the poor performance in the past financial year, the vision of EBH Namibia remains centred on becoming the one stop marine repair facility of choice on the West Coast of Africa. A productive workshop took place between the Boards of Directors of Namport and EBH Namibia to strategise on the future of EBH Namibia and soon a further workshop will take place to develop additional initiatives.

Lüderitz Boatyard (Pty) Ltd

Lüderitz Boatyard (Pty) Ltd became a wholly owned subsidiary of Namport on 3 October 2006 and operates a boatyard in all it forms and ramifications, as a going concern, at the Port of Lüderitz.

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

Conclusion

The enormous port expansion project has not come without unexpected challenges. They are being handled professionally and I have confidence in Management's competence. The number of decisions that have required diligent attention this year have been immense owing to their urgency and scope. I believe that we have reacted with the necessary sense of urgency and will be pleased to see the outcome of these decisions in the coming years.

Having been associated with the Namibian Ports Authority in one form or another during the past 15 years. I am immensely proud of this organisation and the opportunities it has created.

I wish to thank our former Minister, Hon. Helmut Angula for his valuable input and advice over the years and also wish to take this opportunity to welcome our new Minister, Hon. Erkki Nghimtina to the portfolio.

I also wish to thank my colleagues on the Board of Directors for their dedication and commitment during the year under review. At the same time I extend a vote of appreciation to our Chief Executive Officer, our management and staff for their enthusiasm and support which has contributed significantly to achieving Namport's objectives.

During my time as Chairperson of Namport, I was proud to have been involved in the initiation of some major strategic developments and I wish Namport every success in the completion of these projects and its future endeavours.

Capt. M J van der Meer
Chairperson

Board Of Directors

Ms R Shipiki-Kapolo
DEPUTY CHAIRPERSON

Capt. M J van der Meer
CHAIRPERSON

Mr J Mutumba
DIRECTOR

Ms M Nakale
DIRECTOR

Mr A Kanime
DIRECTOR

Senior Management

Kathy van Heerden
COMPANY SECRETARY

Koot van der Merwe
EXECUTIVE: FINANCE

Bisey /Uirab
CHIEF EXECUTIVE OFFICER

Alfeus Kathindi
EXECUTIVE: OPERATIONS

Christian Faure
EXECUTIVE: MARKETING & STRATEGIC BUSINESS DEVELOPMENT

Heritha Muyoba
EXECUTIVE: HUMAN RESOURCES

Alfred Rieth
CHIEF INTERNAL AUDITOR

Raymond Visagie
EXECUTIVE: SHREQ

Tony Raw
PORT ENGINEER

Chief Executive Officer's Review
2009 - 2010

Bisey /Uirab
CHIEF EXECUTIVE OFFICER

The year under review has been a challenging year particularly following the buoyant and record results posted the previous year by both Namport and its subsidiary, Elgin Brown & Hamer Namibia (Pty) Ltd. That effort would always be hard to match as it came at the tail end of sustained world trade growth and optimism.

Financial Performance

Namport underperformed previous year by 8% on revenue due to the fact that the steady growth forecast on the previous year's growth could not be sustained. Various factors contributed to the decreased revenue including a reduction in storage revenue due to a reduced rate to maintain transhipment volumes, reduction in Corridor traffic to Angola and less dwell times of containers.

Namport's Operating Profit Margin was just short of target which was mainly attributable to increases in operating costs, maintenance and port expansion consulting fees.

The Return on Assets was 5% below that of the previous year and below the target of 10%. This ratio was negatively impacted by the reduced operating profit coupled with an increase in total assets which were not yielding returns for the financial year. Amongst the assets acquired were Rubber Tyred Gantry cranes at a cost of N$101 million but these cranes were still under construction and therefore did not yield returns.

Operational Performance

Despite the lag effect of the global economic crisis and declining global container volumes, Namport managed to limit this impact since container volumes only declined by 3.5%. This would have been mitigated even further should Namibia's zinc exports from the Port of Lüderitz have been containerised as in the past.

Overall cargo volumes declined marginally from 5.38 million tons to 5.25 million tons, the difference attributable directly to reduced Angolan volumes.

An average waiting time for vessels of 21 hours fell well short of the target of 9 hours owing to congestion in the Port during the peak season in December and January and unanticipated vessel visits.

It is pleasing to note that Namport's Lost Time Injury Frequency Rate (LTIFR) fell to a new low of 0.53 (Target: 1) which is the best we have achieved in the past five years and I am delighted that with the company's effective health and safety management systems and commitment of our employees this rate remains below target.

Developing For Growth

Namport is entering a period of preparation for the coming years to ensure both the Walvis Bay and Lüderitz Ports remain sustainable and competitive. This is evident in the New Container Terminal expansion which has passed the environmental impact assessment stage. The financial bids are currently being evaluated after Namport attracted a significant number of formal tenders. It is likely that the terminal will be completed in late 2014 and will cater for an additional 500 000 TEU's. The tender for the pre-qualification for construction closed in November 2010 and it is expected that construction will commence mid-2012.

In order to cater for a new generation of vessels with a capacity of 4500 TEU, as well as to accommodate two 3500 TEU container vessels at berths 1 to 3, Namport is undertaking quay wall modifications to berths 1 to 3. This includes lengthening the capability of this area of the container terminal and dredging to -14m chart datum. This is receiving priority as the 4500 TEU vessel is expected in April 2010. The entrance channel dredging portion of the new container terminal project has been included in this project.

The NAVIS SPARCS N4 terminal operating system software project is expected to go live in the fourth quarter of 2010 calendar year and this will provide shipping lines with a full electronic data interchange capability and assist with container tracking, bay layouts and overall terminal efficiency.

Namport also took delivery of six new Rubber Tyre Gantry cranes from Kalmar and two new Liebherr Mobile Harbour Cranes during the past financial year. These significant purchases will enable Namport to improve efficiencies at both the container and break-bulk berths, and utilise our existing space in a more efficient manner.

Subsidiary Performance

Elgin Brown & Hamer Namibia (Pty) Ltd ("EBH Namibia")

EBH Namibia's loss of N$18 million was mainly attributable to the decrease in the average rate of exchange by 15% but was also amplified by the 30% reduction in work scopes for each vessel docked.

The loss incurred was notwithstanding severe austerity measures which included cost cutting, restructuring and substantial retrenchment of employees. The latter impacted negatively on industrial relations at EBH Namibia and there is now a focussed program to constructively engage in rebuilding an open dialogue with the employees and organised labour. There is a drive to implement employment equity at all management levels.

For the future, the unpredictability of the exchange rate and uncertain expectations in the shipping and offshore oil and gas industry makes the forecasting of profit and growth very uncertain. The forecasts are sensitive to exchange rate fluctuations and it will impact extremely negatively on the 2011 results of EBH Namibia.

Lüderitz Boatyard (Pty) Ltd

Lüderitz Boatyard (Pty) Ltd became a wholly owned subsidiary of Namport on 3 October 2006 and operates a boatyard in all it forms and ramifications, as a going concern, at the Port of Lüderitz.

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

The Way Forward

Namport did not perform as well as the previous year when comparing indicators such as container volumes and turnover.

The company remains a going concern and management is continually re-focussing to achieve Namport's main objectives.

It remains a challenge to come up with strategies to increase revenues and productivity, which is mainly influenced by customer strategies and the economic downturn. We are confident that the following strategic initiatives and projects, if implemented meticulously, will improve future performance:

- the development of alternative markets to increase revenue,
- embarking on continuous efforts to manage costs and to instil financial discipline,
- the implementation of the NAVIS SPARCS N4 system (increased efficiencies),
- the completion of the container terminal extension (increased container storage),
- purchase of new Rubber Tyre Gantries (increased efficiencies),
- Berth 1 to 3 optimisation (increased vessel size and reduced waiting time) and
- implementation of a three shift system in Cargo and Marine Operations

Despite the challenges, we are excited about the future and are optimistic that the above initiatives and projects, along with leveraging opportunities where we can enhance our services and efficiencies, will ensure achievement of our goal to be the Port of choice on the West Coast of Africa.

Conclusion

Namport has invested heavily in time and expense to develop staff to become world class. It is no secret that ports in the Southern African Development Community (SADC) region are competing for the same business. Our new recruitment, long overdue, has taken precedence to ensure that we have the skills to develop our expertise and service offering.

My sincere thanks to :

- the Board of Directors for their counsel and commitment;
- the management team for embracing the challenges;
- our staff for their hard work and efforts - it is testimony to their commitment that we have managed to offset the effects of the global economic crisis and prepare for the coming upswing;
- and to the importers, exporters and shipping lines using the ports of Namibia; all of whom have greatly assisted Namport in achieving its goals.

Bisey /Uirab
Chief Executive Officer

Financial Performance of The Group 2009 - 2010

Introduction
The consolidated results includes the results of two 100% owned subsidiaries and one 52,5% subsidiary. One subsidiary is dormant while the other two are both operating in the ship repair industry. This financial overview must be read in conjunction with the consolidated Annual Financial Statements from page 45 to 88.

Results Of The Current Financial Year
The global economic recession of late 2008 and early 2009 eventually impacted some ten months later on the financial results. Following a year of many challenges, underlined mostly by global economic uncertainty, the group's financial results did not meet the year on yeared growth in turnover for year ended 31 August 2010. The impact was most dramatically experienced in the ship repair and cargo handling operations although other areas were also affected. Cargo and container volumes for the ports reduced by 3.5 % and revised commercial agreements with major customers, in order to retain their business, mitigated the impact on the turnover. The ship repair industry was affected by both the strong performance of the Namibian dollar to the US dollar, which is the currency of choice in this industry, as well as a drastic reduction in repair works – so much so that no oil rigs were repaired during the period under review.

The group recorded earnings before interest and tax of 18% whilst Namport returned 29%. The group, by the nature of its various operations, has a high fixed cost element making it difficult to reduce costs in line with reduced income, and also where it might be possible to reduce costs, it is inevitable that it would compromise sustainability. The economic meltdown for the ship repair operations lead to a very unfortunate 50 % reduction in manpower at one of the subsidiaries, EBH Namibia. Although Namport did not require such drastic steps, management re-acted with cost cutting initiatives to reduce expenditure to be aligned with the reduced turnover. Changes in legislation and accounting standard compliance impacted negatively on the results due to first time implementations.

Net profit for the group is N$ 129 million less than the previous year and reduced with 52% from N$272 million in 2009 to N$ 142 million in 2010, while that of Namport was N$154 million.

Liquidity
The group maintained a sound liquidity position as is reflected by a current ratio of 3:1.

Cash generated from operations decreased from N$340 million at the end of August 2009 to N$263 million at the end of August 2010. The operational cash flows together with long-term borrowings were utilised to fund investments in infrastructure of N$ 284 million and investments of N$150 million in financial instruments. For the year under review, the net cash flow from financing activities amounted to N$76 million compared to N$139 million in the previous year. As a result of the factors indicated above, net cash decreased by N$ 107 million.

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

The debt ratio, calculated as being total liabilities divided by total assets, is reflected at 45%. This ratio indicates that the group has financed approximately 45% of its assets with debt.

The interest coverage ratio, calculated as earnings before interest and taxes divided by interest paid, measures the firm's ability to make contractual interest payments. This ratio decreased from a healthy 7 times to 4 times. The decline in the ratio was mainly due to decreasing profitability levels and an increase in the finance charge component.

The fixed payment coverage ratio measures the group's ability to meet all fixed payment obligations. This ratio decreased from 4.87 times to 2.44 times. The decline in the ratio is mainly due to decreasing profitability levels, whilst finance charges and installments on loans increased.

Subsidiary Financial Performance
Elgin Brown & Hamer Namibia (Pty) Ltd ("EBH Namibia")
EBH Namibia incurred a loss of N$ 18 million compared to a profit of N$102 million generated in the previous year. The most unpredictable component in the financial model of EBH Namibia is the exchange rate as 96% of the turnover of EBH Namibia is sold in US Dollars. Accordingly, the single factor with the biggest impact on the financial performance of EBH Namibia was the fact that the average exchange rate had dropped by 15% between the financial years 2009 and 2010.

EBH Namibia's loss of N$18 million was mainly attributable to the decrease in the average rate of exchange by 15% but was also amplified by the 30% reduction in work scopes for each vessel docked.

The loss incurred was notwithstanding severe austerity measures which included cost cutting, restructuring and substantial retrenchment of employees. The latter impacted negatively on industrial relations at EBH Namibia and there is now a focussed program to constructively engage in rebuilding an open dialogue with the employees and organised labour. There is a drive to implement employment equity at all management levels.

For the future, the unpredictability of the exchange rate and uncertain expectations in the shipping and offshore oil and gas industry makes the forecasting of profit and growth very uncertain. The forecasts are sensitive to exchange rate fluctuations and it will impact extremely negatively on the 2011 results of EBH Namibia.

Lüderitz Boatyard (Pty) Ltd ("the Boatyard")

The Boatyard has been in a loss situation for the past four financial years with an accumulated loss of N$2,186,713.00 being recorded at 31 August 2010. The 2010 financial situation was exacerbated by the suspension of operations for the major part of the year due to safety concerns as well as the inability of certain debtors to settle their debts.

At 31 August 2010 Namport was a substantial creditor of the Boatyard in the sum of N$2,435,898.00.

Namport Property Holdings (Pty) Ltd ("Namprop")

Namprop was formed to participate in the Marina development in Walvis Bay but has been dormant due to that initiative not being currently pursued. However, indications are that the marina development concept may be reactivated.

Looking To The Future

The group is positive that the impact of world recession will gradually disappear. It remains the Group's priority to expand the port and related facilities in order to attract new business and sustain future growth which is of utmost importance for Namibia.

The following major projects were identified to achieve our goals:

- New container terminal project with an estimated cost of N$2,9 billion
- Ship and rig repair facilities at an estimated cost of N$ 590 million
- Relocation of the tanker jetty at an estimated cost of N$ 650 million

Total estimated capital expenditure in excess of N$3,5 billion during the next five years will inevitably strain the financial resources and could require interventions, in various ways, from the Namibian Government.

Although the continued strengthening of the Namibian dollar is offering significant upside on the capital purchases, as all the major equipment will be imported, the same strong currency has a substantial negative impact on our subsidiary.

Namport and its subsidiaries have engaged in a vigorous marketing campaign to increase its market share whilst containing and reducing costs where possible, without compromising sustainability.

Change In Accounting Policy

Over the years Namport has entered into various insurance contracts, which provides for the payment of a refund premium after a period of twelve months from the date of entering into the agreement. The minimum refund premium accruing to the policy holder can be determined with reference to the underlying contracts. As these benefits payable are under the control of the policy holder, such benefits payable could be recognised as a financial asset.

Namport has recognised the premiums payable through its profit and loss account in prior years. The growth, through no claims bonuses, and the refunds payable, which has accrued to Namport, has not been recorded in the financial records.

This former treatment constitutes an error in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. This has led to recognition of N$86 million in the Statements of Financial Position as at 31 August 2010.

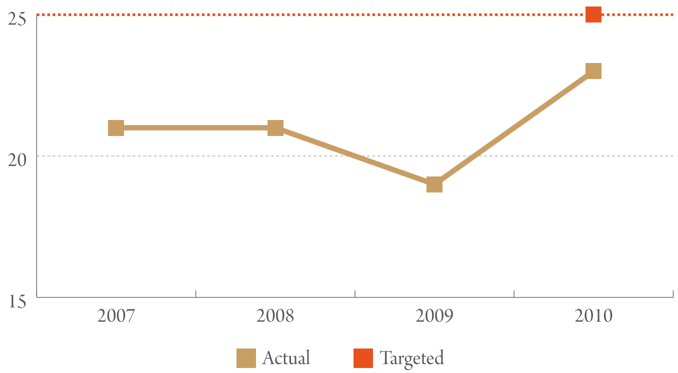
Conclusion

Efforts to maintain the Group's compliance to various legislations as well as the objective to be King III compliant placed the finance division under strain to achieve accelerated deadlines. I would like to thank the finance team and are grateful for the assistance provided by our auditors to meet these objectives. Financial governance is provided by the members of the Audit and Risk Committee and we are thankful for their assistance and guidance throughout the year.

Key Indicators 2009 - 2010

Operational

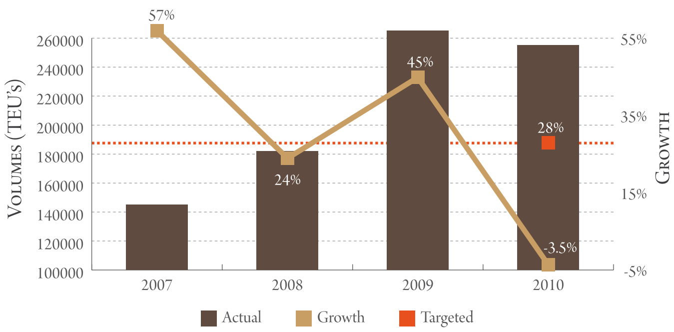
Container Moves Per Hour



The container moves per hour (Maersk) were twenty-three (23) for the year and is an improvement from the previous three financial years. Although we did not meet the target, we are confident that the trend will further improve due to the following:

- replacement of the old terminal system (GCOS) with NAVIS SPARCS N4 which will optimise container terminal operations,
- better stacking and reduced digging through the use of the Rubber Tyre Gantries (RTGs), and
- implementation of the third shift system which will minimise delays caused by lunch breaks.

Container Volumes And Growth

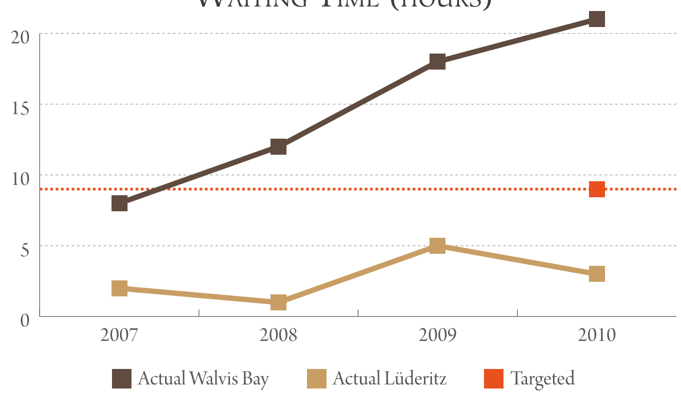


Container volumes reduced by 3.5% mainly due to a 13% decrease in exports and 7% drop in imports. However, transhipment volumes increased by 1%, which is indicative of the Marketing and Sales department's focus

The reduction is consistent with the 10% decline in global container volumes in 2009.

Walvis Bay Corridor route traffic to Angola reduced by 25% while volumes to Zambia and the DRC increased exponentially. Namport also lost the Maersk South-America/Brazil/ Africa (SAMBA) service which reduced TEU's by 24,000 for the year

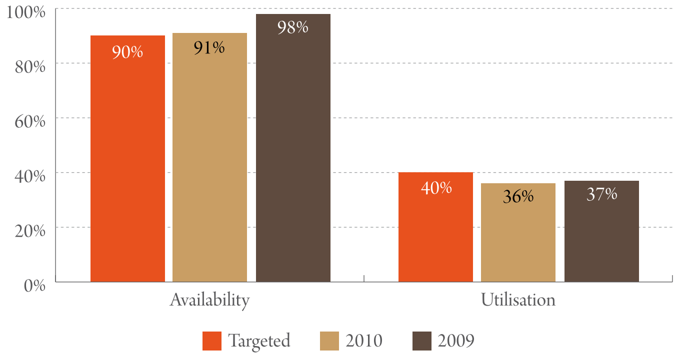
Waiting Time (hours)



The waiting time at the Port of Walvis Bay of twenty-one (21) hours did not meet the targeted nine (9) hours. The deviation from the target at the Port of Walvis Bay is mostly attributable to the congestion levels during the peak season in December and January.

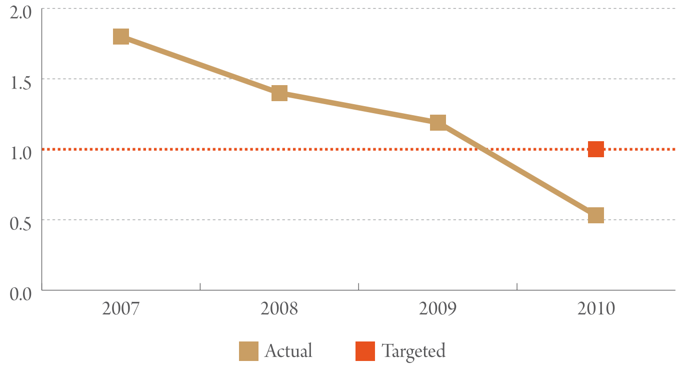
Waiting time was also negatively impacted by unanticipated vessel visits and inefficiencies in vessel cargo operations.

Equipment Utilization



Equipment availability outperformed the target of 90% for the financial year but the target for their utilisation was not achieved. Equipment were under-utilised due to a lack of cargo volumes, in other words, equipment had to remain idle although they were available for work.

Lost Time Injury Frequency Rate (LTIFR)



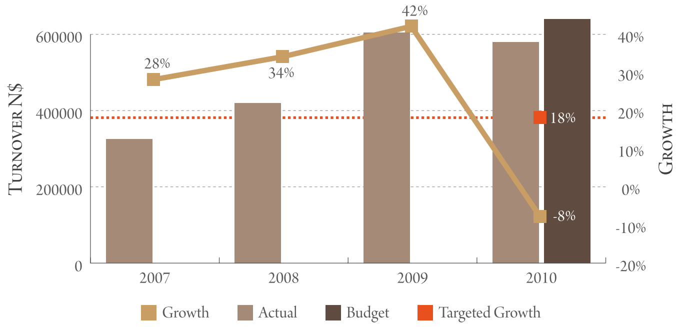
The number of lost time injuries for the financial year was four (4), which was a major improvement from the previous year. This resulted in the Lost Time Injury Frequency Rate (LTIFR) of 0.53, which is the best in the past five years.

The reduction can be attributed to the implementation of the Safety Training Observation Programme (STOP) rolled out throughout the company during the financial year. Data obtained through STOP is analyzed monthly to determine trends and to implement corrective action where necessary.

Key Indicators 2009 - 2010 Continued

Financial Indicators

Turnover

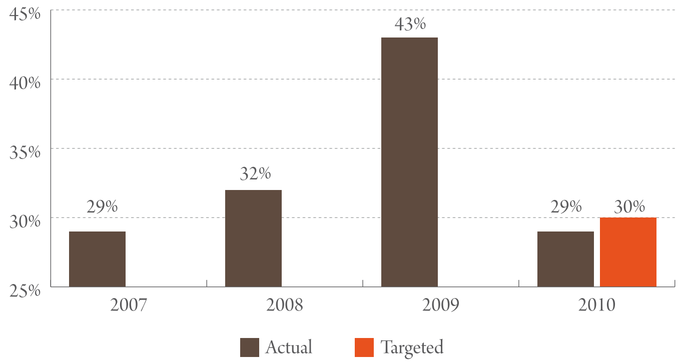


Turnover reduced by 8% for the year. The main reason why target turnover was not achieved was due to the steady growth forecasted, based on previous financial year's 42% growth, which could not be maintained due to external factors caused by the world economic crisis. Other reasons include:

- The reduction in corridor traffic to Angola and the discontinued SAMBA service to Walvis Bay as mentioned above under the container volume indicator,
- The reduction in storage revenue due to reduce rates offered to shipping lines to maintain transhipment volumes, and
- Increased efficiencies in dwell times of containers by shipping lines to limit cost.

Prior year revenue also included N$ 27 million for the initial recognition of the straight lined leased revenue. This is not comparable to the N$ 2 million recognised in the year under review. Therefore, the revenue from continuing operations reduced only by 4%, being from N$ 588 million to N$ 564 million.

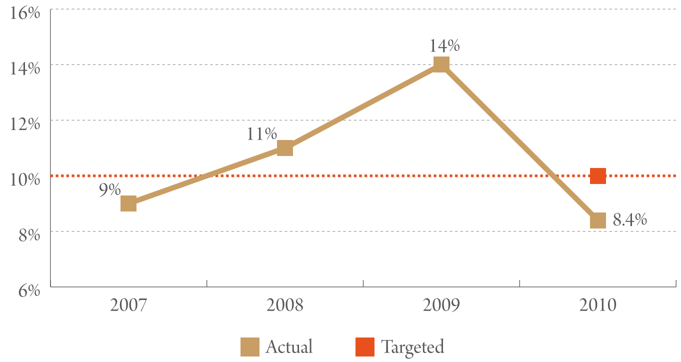
Operating Profit Margin (EBIT)



The company recorded an operating profit margin of 29% which was slightly below target. The increase in operating costs was mainly driven by staff costs, maintenance and port expansion consulting fees. The positive side is that these costs are all variable and can be managed.

However, our operating margin is still satisfactory compared to margins in similar sized state-owned enterprises.

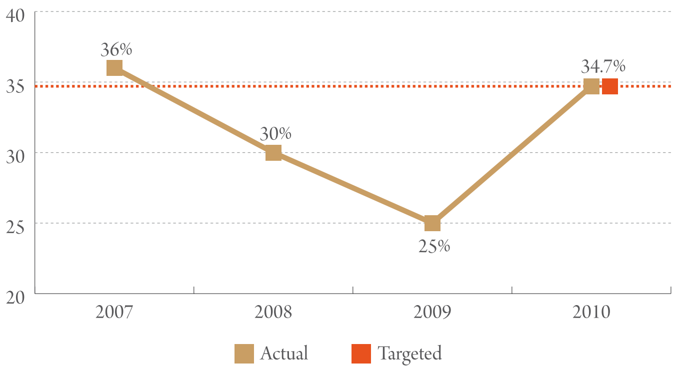
Return On Assets



The return on assets reduced by approximately 5% from the previous year and was below the target of 10%. This is mainly due to the reduced operating profit and increase in total assets which were not yielding returns for the financial year.

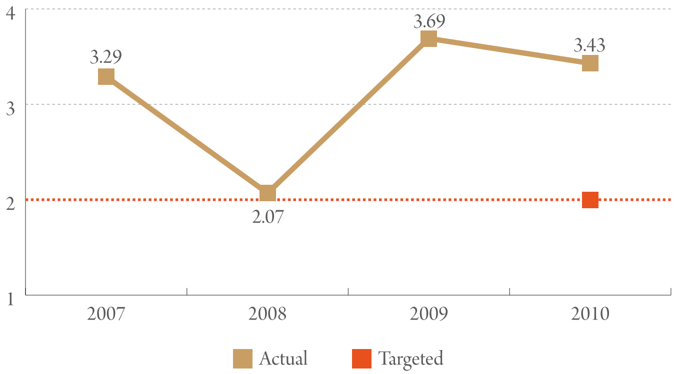
Amongst the assets acquired during the year that did not yield returns, are the Rubber-Tyre Gantries for which N$ 101 million was spent. The project is still under construction.

Cost Of Employment / Turnover



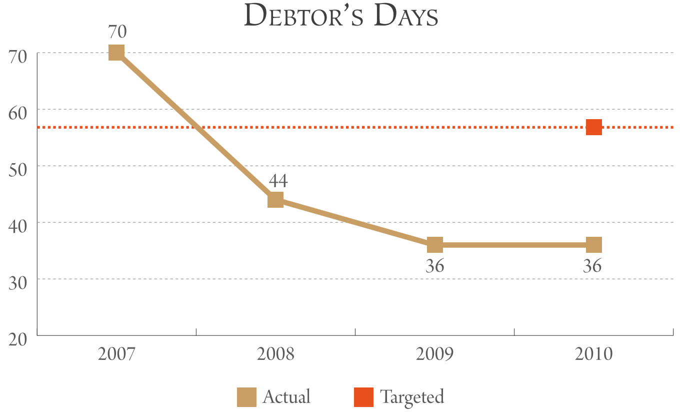
The cost of employment over turnover increased significantly because the cost of employment increased as opposed to the reduction in turnover. The increase in employment costs was mainly attributable to overtime, changes in legislation impacting leave provisions and the performance bonus.

Current Ratio



The current ratio is slightly below the previous financial year but still well above the target ratio of 2, which means the company is still comfortably liquid.

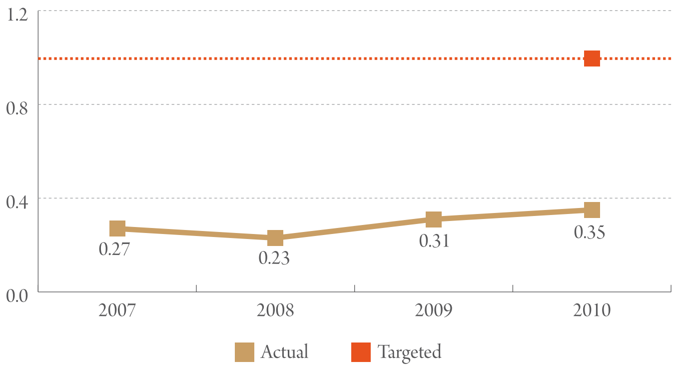
Debtor's Days



Debtor's days remained consistent with the previous financial year and were still well below the target thanks to rigid debt collection methods.

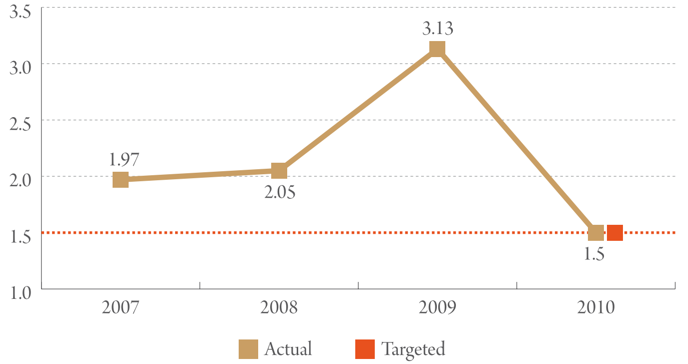
Key Indicators 2009 - 2010
Continued

Debt To Equity Ratio



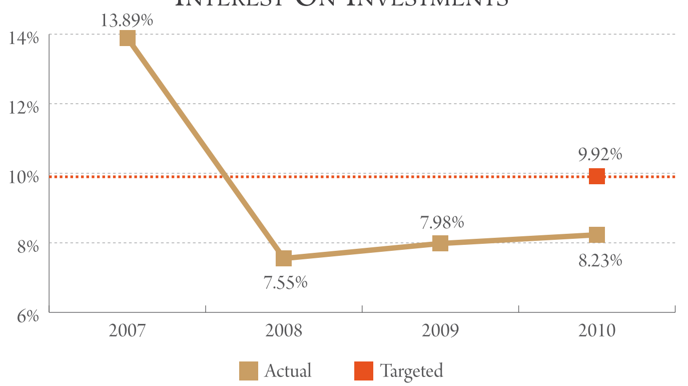
The debt to equity ratio is still well below the target and indicates that Namport is still solvent. This indicates that there is still sufficient scope for procuring long-term financing.

Debt Service Coverage



The debt service coverage ratio is on target but reduced from the previous year. The reduction is mainly attributable to the reduced operating profit.

Interest On Investments



Interest on investments improved from the previous financial year but the target was not achieved. The main contributing factor was the non-performance of the Old Mutual Smoothed Performance Fund.

Business Development And Sustainability

Contribution To The Economy

Namport takes its role as an economic stimulant and barometer for trade seriously. The buoyant mining sector has contributed significantly to volumes of related input products and project cargo.

It is essential that our ports remain competitive to ensure their sustainability in the future and continued contribution to the economies of Namibia and the SADC Region. Our Ports operate in a dynamic and competitive environment where many shipping lines are competing for the same business and opt for a port where they can obtain best value, quality of service and efficiency.

Port Of Walvis Bay

Namport envisions the Port in Walvis Bay as the "Port of Choice" for the entire West Coast of Africa. This Port is a major contributor to the economy of Namibia and is a vital link in the logistics chain in sub-Saharan Africa. To achieve its vision for the Port of Walvis Bay, Namport must consolidate and expand the regional hub role that the Port provides. The demand for space within the Port has now outstripped supply. Strict criteria are now being applied in any new land application with the key requirement being diversifying the product mix of the Port.

Namport's strategic focus remains on the corridor routes to neighbouring countries as is evident from the majority of marketing costs going to support the Walvis Bay Corridor Group. Particular emphasis is being placed on the Trans Caprivi Corridor (now called the Walvis Bay – Ndola – Lubumbashi Corridor) since reciprocal traffic is possible.

Two further Dry Port agreements with the governments of Botswana and Zimbabwe were added to the Zambian initiative signed in 2009. The Zambian Dry Port is expected to reach active status during the 2010 financial year.

During the year, Namport made concerted efforts in marketing the Port of Walvis Bay to the shipping lines and cargo owners in the Far East. This area incorporates China, Japan, Singapore, South Korea, Taiwan and Hong Kong. As growth in these areas demand greater access to Africa's resources, Walvis Bay and Lüderitz are well positioned to service this demand.

Port Of Lüderitz

The Port of Lüderitz currently relies on two products, namely fish and zinc exports, and it is estimated that the zinc exports will yield volumes for another 5 to 7 years. The main constraint facing this port is its remote location which is currently served by road transport. Railway link initiatives within 30 km of Lüderitz are estimated to reach finalisation before 2014 but linking the railway to the Port presents challenges relating to problems with the steep gradient.

Namport has commissioned a feasibility study to investigate the possibility of deepening and expanding the Port of Lüderitz.

Ship Repair Facilities

Syncrolift at Walvis Bay

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

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

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

Namdock

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

Key Developments And Strategies

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

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

Products And Services

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

- servicing of container vessels with barges in the bay. These barges enable vessels to be serviced without the need for a secure berth which will free up berth space, eliminate congestion and reduce waiting time;
- provision of a bunker tanker to provide port bunkering services thereby attracting vessels that would normally bypass Walvis Bay;
- establishment of a grain (wheat) silo facility in the Port of Walvis Bay to increase bulk shipments of this commodity; and
- aggressive pursuit of product exports from Zambia and the Democratic Republic of Congo utilising the Port of Walvis Bay through the Walvis Bay Corridor routes;

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

Smart Partnerships

Logistics service providers

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

Spatial development initiatives in Southern Namibia

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

Co-operation agreements with other ports

During the year under review, Namport has entered into co-operation agreements with various ports whereby the ports agree to co-operate and assist each other as regards matters such as maritime transport issues, exchange of information, training and development advices, transfer of technology and promotion of trade between their respective countries.

Co-operation with other state-owned enterprises

In the spirit of fostering constructive relationships with fellow state-owned enterprises and thereby not only benefiting both parties but also the economy and society of Namibia, Namport has entered into a Memorandum of Understanding with Transnamib, Ltd which manages and operates the railways of Namibia. The main objective of this agreement is that parties will participate in strategic business sessions for purposes of sharing information on master plans with a view to creating synergy between their respective developments at the Ports of Walvis Bay and Lüderitz.

Infrastructure Development

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

This project, which is scheduled for completion in August 2011, will increase the length of container ship berths 1 to 3 by 50 metres and includes the deepening of the quay basin and channel to -14.0 metres chart datum. Such improved infrastructure will not only enable the Port of Walvis Bay to accommodate two 3500 TEU container vessels simultaneously at berths 1 to 3, thus reducing waiting time of vessels, but will also ensure that the port can accommodate certain anticipated larger vessels calling at the port early in the new year. The total capacity of the current container terminal will be increased to 350 000 TEUs.

New container terminal at the Port of Walvis Bay

This project was initiated to enable the Port of Walvis Bay to accommodate additional container throughput volumes. The total capacity of this new quay will be 550,000 TEUs per annum and the terminal will be able to accommodate the larger 4500 TEU container vessels. After completion of both the berth optimisation and new container terminal projects, the Port of Walvis Bay container terminals will have the potential to accommodate 900,000 TEUs per annum.

The new container terminal project includes the deepening of the entrance channel to -14m which deepening has been accelerated by inclusion in the berth optimisation project to allow the Port of Walvis Bay to accommodate larger vessels in the first quarter of 2011.

To date N$28 million has been expended on this project which has now reached the stage of two critical milestones, namely –

- Sourcing of finance and
- Appointment of the Engineering, Procurement and Construction (EPC) contractor (by August 2011)

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

The tanker jetty at the Port of Walvis Bay has aging infrastructure and needs to be replaced with a larger modern facility with increased safety, capacity and versatility. Technical and Feasibility studies for the design and construction of a new facility have been carried out and the project is being progressed in consultation with the National Petroleum Corporation of Namibia and the oil industry in Namibia.

Upgrading of rail at the Syncrolift ship repair bays

The Syncrolift undertook major operational maintenance in February 2010. This N$12.5 million major maintenance programme included the renovation, repair, replacement and upgrading of all Syncrolift equipment and facilities to ensure safe working standards and smooth operations.

The scope of work included replacement of railways throughout the bays and run-off and the sandblasting and painting 95% of all bogies and beams. The bay surfacing was repaired and a new water processing plant was installed. The Syncrolift as a department will in turn benefit as future maintenance will run at low cost as major high cost maintenance has already been undertaken. The clients will accordingly receive efficient and faster service.

Container terminal operating system

The NAVIS SPARCS N4 container terminal operating system was initiated in 2009 with implementation envisaged in September 2010. The system has been acquired to increase terminal productivity by optimising and improving container yard and vessel planning and control. This investment will align Namport with international standards in terms of providing world class services, not only to importers and exporters, but also to shipping lines.

Storage solutions

The building of a new fluorspar storage shed has been commissioned at a cost of N$17 million and upon completion thereof the existing fluorspar storage facility will be demolished to increase the capacity of the existing container terminal. Sixteen mobile warehouse units are used as flexible storage solutions at the Port of Walvis Bay.

Dedicated Ship and Rig Repair facility

Namport intends to enhance its status as a regional ship repair hub through the establishment of a dedicated ship and rig repair facility at the Port of Walvis Bay. This industry has a multiplier effect on the local economy and provides welcome foreign receipts. The project allows for a consolidation of the ship repair hot work area at Walvis Bay as well as a rig repair quay. It is envisaged that this initiative will provide employment for at least 3000 people.

However, a major risk identified is that it appears that whilst private entities are very keen on such a project, they are not willing to fund the infrastructure costs.

Port of Lüderitz projects

Various maintenance and growth related projects have been initiated at the Port of Lüderitz during the year under review including the replacement of navigational leading light structures, widening of the port roadway and upgrading of the administrative building.

New Equipment

50 ton bollard pull harbour tug

The large vessels to be accommodated at the new container terminal at the Port of Walvis Bay have the tendency to draw more air resistance. As a result Namport is in the process of procuring a larger tug of 50 Tons Bollard Pull in order to improve on ship handling capability. Since the marine division is also responsible for rescue co-ordination, it is hoped that procuring such a tug will also add value in terms of salvage services.

Pilot boat

The main channel at the Port of Walvis Bay will be extended further north for at least one nautical mile, hence the decision to invest in a pilot boat for faster and safer means of conveying pilots, in line with world best practices.

Rubber Tyred Gantry (RTG) Cranes

Namport has acquired six, and is planning to acquire a further six, Rubber Tyred Gantry Cranes (RTG's) for use at the new terminal and has embarked on intensive operator training on this equipment. The RTG crane system will improve container-stacking capacity and will also allow higher productivity levels in the terminal. In addition, it will provide about 42% more storage capacity with the same amount of floor space which will help Namport in maximising its value with increasingly limited space in the port.

Ship-to-Shore (STS) Cranes

The increased size of vessels to be accommodated requires sufficient crane capacity. It is planned to acquire three ship-to-shore cranes which can handle post panamax container vessels at the new container terminal. The current container terminal quay cannot accommodate such cranes. In a competitive environment where ship turnaround times are of paramount importance to shipping lines, the faster work cycles and high availability of ship-to-shore cranes will have a positive impact on productivity in the new container terminal.

Master Plan

Namport has commenced the procurement process for appointing a consultant to undertake its Master Plan to provide Namport with a sustainability overview for the long term aligned to the Namibian National Development Plan III (NDP3)and Vision 2030 strategy.

Corporate Citizenship

Introduction

Namport views itself as a socially responsible corporate citizen committed to making a meaningful contribution to the development and upliftment of the people of Namibia and to support projects which are aimed at poverty alleviation, job creation, income generation and skills transfer.

Employment Creation

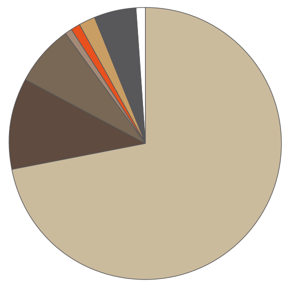
During the past financial year Namport directly and indirectly created job opportunities, through initiatives such as -

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

Employment Equity

Employment equity continues to be a driving force in Namport's business strategy. Diversity will lend strength and a competitive edge to all our operations. Guided by the Affirmative Action legislation, Namport has made considerable progress in ensuring that its employees profile represents the demographic diversity of our country. At least 85% of the company's workforce profile is from the previous disadvantaged groups. Work still remains to be done to meet gender and disability representation targets at all levels in the organization. Advancements have been made over the last year in this regard, with the appointment of one black female executive and two managers in the human resources department.

Workforce Profile as at 31 August 2010



Skills Development And Training

At Namport, we recognize that our talented and diverse workforce is a key factor in Namport's success. We strive to provide meaningful work in a safe and respectful environment. Namport is committed to fostering a workplace that rewards excellence and encourages teamwork.

One of our greatest competitive advantages comes from employing the most talented people in our industry and Namport's human resources' strategy is underpinned by the need to continue to attract, retain and develop employees to ensure Namport's business continuity. During the year under review, we have invested 3% of payroll in initiatives that provide staff with opportunity to learn and grow.

Training and development expenditure

Training and development expenditure against target is indicated below -

Training and development	Year on Year	Actual
Study Assistance : Employees	127 005	43 134
General	5 291 558	1 942 488
Apprentices	509 480	228 791
Cadets	6 241 621	2 511 347
Bursaries & Scholars	845 000	701 766
Conferences & Seminars	847 472	357 140
Total	**13 862 136**	**5 784 669**

Number of persons benefiting from training and development programmes

The number of persons who participated in the above training and development initiatives during the period under review are as follows :

Artisans trained to date	43
Bursary scheme graduates	6
Current Bursary scheme participants	13
Commercial Advancement Training Scheme (CATS) scholarships awarded to date	20
Number of seafarer (cadets) trainees to date	15
Number of students benefiting from educational loans to employees' children	41
Number of persons who benefited from and are currently benefiting from Interest free study loans to employees	97
Number of employees enrolled with Namcol to upgrade their Grade 10 and 12 certificates	28

Seafarer training

Namport's Seafarer Training programme sponsors young Namibians to be trained in order to qualify as deck and marine engineering officers to fill the positions of Port Captain, Marine Manager, Pilots, Tug Masters and Marine Engineers. The objective of the training is for young Namibians to take over from expatriates who occupy key marine positions due to skills shortage in Namibia.

The training is complex and of a specialised nature and requires 9 to 12 years of theoretical and practical learning within the maritime industry. Fifteen trainees are now qualified officers who hold various certificates of competency ranging from Class 1 (Master Mariner), Class 2 and 3 and Deck (Pilot) and Engineer officers.

Labour Relations

Namport's employees are regularly consulted over standard issues but also provided a means for dialogue through the traditional management channels.

The Chief Executive Officer's feedback sessions held quarterly with all employees provides insight to the trends within the company and potential developments.

Namport have entered into a Collective Bargaining Agreement with Namibian Transport and Allied Workers Union (NATAU). We are committed to engaging staff members on issues material to their career development and working environment, for this reason we have the following Communication platforms:

- Bi-monthly joint Management Union Meetings
- Monthly Human Resources Meeting
- Quarterly Chief Executive Officer's Briefing

Staff members' interests are represented by Shop Steward's Committee, consisting of up to seventeen Shop Stewards. Shop Stewards are peer elected to ensure transparency and democratic representation. Employees are represented in forums such as Recruitment and Selection, Job Evaluation, Affirmative Action, Education Loan, Disciplinary Appeal Committee and the Retirement Fund Trustee Board, thereby creating mechanism through which they can shape and influence their benefits.

An Employee satisfaction survey is conducted annually with an independent external survey every alternative year. We are proud to announce that a response rate of 72% was received during 2010 with the majority of staff indicating that they are proud to be associated with the Authority Namport.

Employee Performance Management

Namport is dedicated to developing a performance management and reward system that drives high performance culture. Therefore, in pursuit of its vision to be the "first choice world class port service provider in Africa", Namport has implemented an organization-wide Performance Management System. The system will assist in managing poor performers and building a sustainable organisational performance culture. We are currently reviewing our Short Term Incentive Scheme.

Corporate Social Investment

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

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

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

The Fund has to date received donations from Namport amounting in total to N$ 2 438 480 and has ploughed these funds in support of its objectives to provide financial assistance for projects which are aimed at education, health care and job creation/ income generation.

Projects funded during the past financial year

During the past financial year the fund has made donations to the following projects :

	N$
Ebenhauser School	24 979
Tulongeni Garden Project	114 140
Immanuel Ruiters School	115 000
Flood Relief Assistance	325 000
Baby Visser (Medical Clinic)	19 194
Afrisam Entrepreneurship Development Programme	131 000
Haindongo Kindergarden	240 000
TB Isolation Ward	32 033
Epukiro Primary School	53 348
Usakos Youth Brick Making	39 000
Diaz Primary School (computer and chairs)	43 360
Duinesig Combine School (irrigation system for sports field)	328 071
Tutaleni Primary School (Two Grade 1 classrooms)	328 071
UNAM Research (creation of an endowment fund for purposes of funding research projects)	100 000
Asser Kapure School (computer and student software)	7 750
Sanjo Secondary School in Katima Mulilo	20 000

Major future projects

Walvis Bay TB Isolation Ward

The Fund pledged to assist the Walvis Bay TB Isolation Ward with structural developments, not exceeding N$400,000. Namport Engineering department will do a site inspection and also draw up building plans accordingly

Health And Safety

Taking care of our employees

Namport provides health care to all eligible employees with an on site clinic staffed by a nurse. While the primary purpose is to provide immediate care in the event of an employee injury, the facility offers general medical screening and treatment needs, at no cost to the employees.

We believe that a healthy workforce is a happy one. Plans to establish a wellness centre are underway to support and maintain a positive workforce.

The survey findings are used to develop plans for continued improvement and one of our strategic priorities is to increase the satisfaction results from 65% to 75% in the next financial year.

SHREQ Management System

Namport has a Safety, Health, Environment and Quality Policy approved by the Board of Directors and reviewed on an annual basis.

Namport follows an Integrated SHREQ Management System (IMS) developed to complement the requirements of the "Plan-Do-Check-Act" methodology and the eight Quality Management Principles.

In planning, developing and implementing the IMS, Namport adopted a process approach. The process approach requires that Namport identify, implement, manage and continually improve the effectiveness of the processes that are necessary for our continued success. The interaction of these processes is managed in order to achieve the objectives of the organisation. This includes senior management action, service delivery, relevant support processes, and monitoring and measurement

The scope of our integrated SHREQ management system includes port and port related services for seaborne trade at Walvis Bay and Lüderitz excluding Lüderitz Boatyard.

Namport has a dedicated department responsible for Health and Safety headed by the Executive: Risk Management who is a member of the Executive Management Committee.

HIV/AIDS

Our "NAMPORT Cares" HIV/AIDS workplace programme continue to deliver the desired results with a 100% survival rate recorded for the year under review. Namport continues to provide Antiretroviral treatment free of charge to our employees should they exceed their medical aid benefit and conducts regular home based care visits when the need arises.

Namport is an active member of the Walvis Bay District Aids Committee and Walvis Bay Corridor Group HIV/AIDS help Desk. Our Peer Educators Forum continues to form an integral part of the programme and Namport participated in the World Aids day, National Condom Use day and World TB day.

ISO & OSHAS Certification

During the year under review Namport underwent a rigorous recertification assessment by the National Quality Assurance Africa to verify our compliance to:

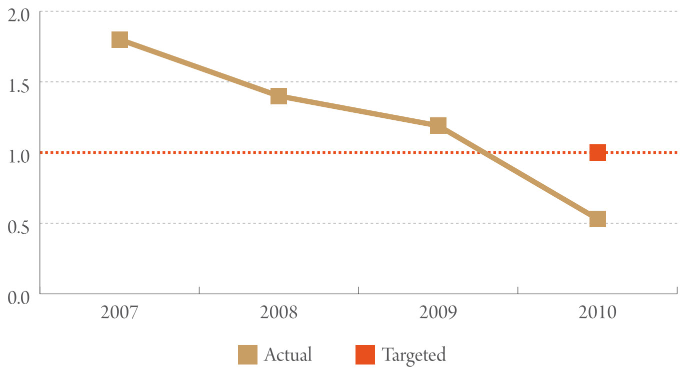
- International Organisation of Standardisation (ISO) standards, namely ISO 9001: (Quality Management) ISO 14001: (Environmental Management) and Occupational Health; and to
- Occupational Health and Safety Advisory Services standards (OSHAS), namely OSHAS 18001(Health and Safety).

Namport successfully managed to address non-conformities raised during the assessment and was recommended for recertification.

Lost Time Injuries

The rate for lost time injury reduced from 1.19 to 0.53 and represents a decrease of 55% compared to the same period in 2009. This reduction can be apportioned to the implementation of a safety training observation programme (STOP) rolled out throughout the company in the 2009/10 financial year. Data obtained through the STOP programme is analyzed monthly to determine trend and to implement appropriate corrective action.

Lost Time Injury Frequency Rate (LTIFR)

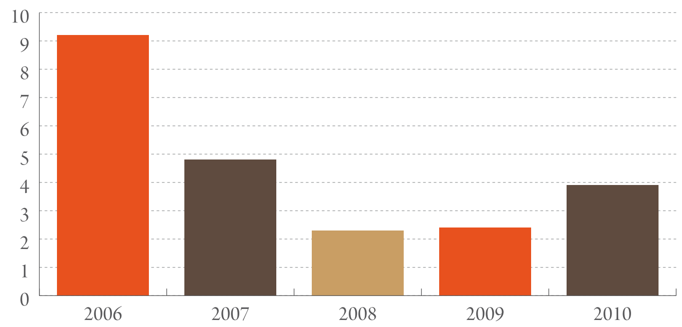


The LTI frequency rate is the number of work- related LTI's per 200,000 hours worked.

Strategic Asset Damages

The targeted reduction of 20% for strategic mobile equipment and property damages was not achieved and damages increased with 35% when compared to our 2009 performance.

Strategic Mobile Equipment & Property Damages



Strategic mobile equipment and property damages refer to equipment and infrastructure most essential to our daily cargo handling operations. These are mobile harbour cranes, reach stackers, haulers & trailers, quays and tugs.

Syncrolift Safety

The Syncrolift is predominantly used by contractors, external ship repair entities and engineering firms.

As from next year, all contractors operating from Syncrolift will be required to have at least a safety officer or a safety representative in order to operate at the Syncrolift.

Maritime Safety

The Marine division is responsible for maintaining operational safety by way of controlling ship movements within port limits. Control of ship movements is achieved by twenty four hours surveillance through the Port Control section.

Using both visual observations and marine radar the Port Control is capable of monitoring all ship movements within port limits. However, an extension of Walvis Bay port limits northwards from 6 nautical miles to approximately 14 nautical miles with a view to improving port safety and security, has been approved by Cabinet and is awaiting gazetting. The extension of port limits has made it necessary for Namport to procure modern equipment i.e. A Vessel Traffic System (VTS) so as to facilitate and improve on Port surveillance.

Compulsory Pilotage

In order to ensure safe operations and protection of the marine environment, pilotage services are compulsory for all ports in Namibia. As a result the marine division provides pilotage services in and out of the ports for incoming and outgoing ships respectively. In 2010 several new container shipping lines have established Walvis Bay as a direct and regular destination, hence the demand for more stringent safety measures in order to minimise operational risks. Following this development, a Pilot Manual has been put in place so as to regulate Pilotage services as per the world best practice. Pilots will soon be equipped with Pilot sets envisaged to enhance safe pilotage particularly in poor visibility. The trend indicates a general increase of traffic from 1601 vessels received in the last financial year to 1641 in the year ended 31 August 2010.

Port Security

Namport has signed a memorandum of cooperation with the Namibian Police (Nampol) for the provision of a dedicated police force to enhance port security. In terms of the agreement Namport will provide the physical infrastructure and Nampol in turn will provide the staff complement.

Expansion of the Walvis Bay Closed Circuit Television (CCTV) Surveillance system is well on track at the Port of Walvis Bay with expected completion by 30 October 2010. On completion of the project our surveillance capacity will be increased to 32 cameras to provide coverage of previously obscured areas.

Environment

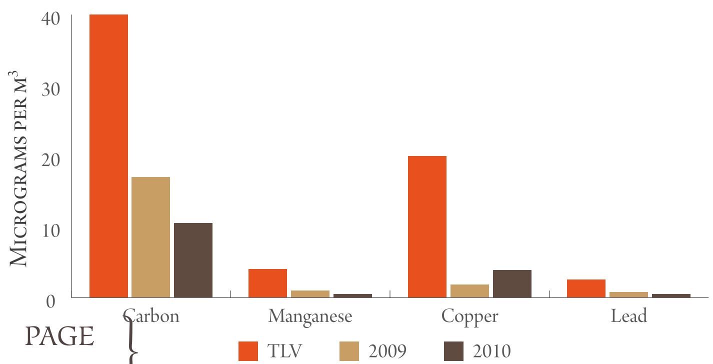
The environmental impact assessment on the proposed container terminal expansion project was successfully completed by the Council for Scientific and Industrial Research (CSIR) during the year under review and clearance obtained from the Ministry of Environment and Tourism to proceed with the project. A comprehensive environmental management plan has been devised to address all identified potential environmental impacts associated with the project and an independent environmental management firm will be appointed to monitor the implementation of the environmental management plan during the construction phase of the project.

Dust Emissions

Monitoring of dust emissions from the privately operated bulk terminal are measured using high volume samplers strategically located around the terminal. Average dust concentration for carbon showed a reduction of 36%, manganese with 81%, and lead concentrate with 35% when compared to average dust levels measured in 2009. The average dust concentration for copper has shown an increase of 48% which is to be expected, since the volumes of copper handled at the bulk terminal increased from 60000 metric tons to 140000 metric tons for the same period last year. The copper dust concentration is however, still well within the required threshold limit value.

Namport is currently using the South African air quality guidelines and the average dust concentration for commodities handled at the bulk terminal were all well within the required threshold limit values as illustrated in the graph below.

Average Annual Dust Concentration for WBBT Commodities 2009 - 2010



Customer Service

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

Stakeholder Engagement

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

- To determine issues that currently affect or may affect stakeholders
- To obtain methods for stakeholders to engage with Namport
- To share mutual successes with stakeholders
- To guide decision-making that will positively affect all

Namport's stakeholders are defined as:

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

Shareholder

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

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

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

Customers

In addition to regular Key Account engagements both locally and abroad, customers are also informed by means of a regular newsletter informing of events and developments within Namport. Port User feedback sessions are also arranged periodically to meet customers over important developments and to gauge feedback.

On an annual basis, two further engagements take place formally. The annual Tariff discussions typically commence in September for completion by November. The annual Port Users' function is a social event that enables the Board and Management to liaise with customers in an informal setting.

Namport conducts a bi-annual Customer Service Survey which is also followed up by an internal Survey with similar methods. Such feedback is provided through the Port Users' medium.

Interaction with port users takes place through daily port user meetings and meetings between Namport and the Container Line Operators Forum take place every two months.

Public of Namibia

Engagement with the general public takes place through the traditional media of newspapers and television as well as at trade fairs and exhibitions. As a key economic entity and respected public utility, Namport is duty bound to inform the public of the economic growth facilitated by Namport.

Financiers

Financiers are approached on a public basis as-and-when required. Such approaches are normally made through public media and take the form of Expressions of Interest and standard Tender procedures.

Community relations

The Namport Social Investment Fund reviews all the donations and assistance requests channelled to Namport. These are evaluated on a case-by-case basis and the results communicated individually to each enquiry.

Statistics

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

	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10
Landed						
Petroleum	79,300	815,687	735,956	756,108	899,618	883,760
Coal	30,495	98,260	117,252	113,178	118,316	64,421
Fish Products	126,092	129,807	131,645	80,470	106,559	137,795
Wheat	37,398	45,911	47,083	30,344	37,900	35,460
Sugar	35,086	56,928	59,835	58,515	92,495	85,689
Cement	18,20	36,066	104,694	162,024	104,782	71,816
Wine/ Beverages	40,827	37,214	16,845	11,905	7,480	7,348
Copper / Lead	-	-	5,401	39,793	97,484	160,176
Sulphuric Acid	206,520	177,512	290,047	381,839	264,428	245,328
Sulphur	-	-	-	-	-	-
Manganese Ore	44,223	22,116	19,176	22,798	18,079	21,037
Malt	25,058	22,241	31,702	29,876	35,134	35,410
Vehicles	29,306	87,571	131,305	224,924	332,115	302,261
Lubricating Oil	264	242	286	22	506	1,188
General Cargo	215,052	348,404	607,699	790,624	879 362	586,494
Subtotal	**1,599,740**	**1,877,959**	**2,298,927**	**2,702,419**	**2 994 258**	**2,638,184**
Shipped						
Salt	651,820	571,949	617,529	685,405	686,635	597,667
Fish Products	128,306	128,424	134,246	140,211	138,392	139,275
Fluorspar	106,926	117,337	128,624	111,746	93,351	112,206
Copper / Lead & Conc.	59,348	44,225	82,610	39,877	62,205	83,893
Manganese Ore	26,017	-	36,006	41,115	86,962	79,314
Flat Cartons	11,367	6,792	6,343	3,007	19,304	18,635
Marble & Granite	18,718	30,773	38,992	41,742	17,709	25,735
Skins & Hides	4,729	5,962	4,840	1,914	5,500	5,170
Fertilizer (Guano)	1,229	1,518	990	1,012	1,034	1,210
Charcoal	12,827	15,664	22,286	34,056	42,658	53,768
General Cargo	82,530	78,310	84,434	151,230	65,999	122,640
Subtotal	**1,103,817**	**1,000,954**	**1,156,900**	**1,251,316**	**1,219,750**	**1,239,513**
Transhipped						
General Cargo	327,800	329,078	507,304	439,001	824,044	1,023,476
Grand Total	**3,031,357**	**3,207,991**	**3,963,130**	**4,392,736**	**5,038,052**	**4,901,171**

Cargo handled at the Port of Walvis Bay

	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10
Cargo landed						
Bulk and Breakbulk	270,373	368,062	494,887	497,136	537,091	603,680
Containerised	331,548	516,698	778,037	1,067,337	1,293,121	905,415
Sulphuric Acid	206,520	177,512	290,047	381,839	264,428	245,328
Petroleum landed	791,300	815,687	735,956	756,108	899,618	883,760
Subtotal	**1,599,741**	**1,877,959**	**2,298,927**	**2,702,420**	**2,994,258**	**2,638,183**
Cargo shipped						
Bulk and Breakbulk	855,007	735,860	866,512	933,878	892,248	786,230
Containerised	248,810	265,094	290,387	317,438	327,502	453,281
Subtotal	**1,103,817**	**1,000,954**	**1,156,899**	**1,251,316**	**1,219,750**	**1,239,511**
Cargo transhipped						
Bulk and Breakbulk	19,941	11,937	4,991	6,818	4,770	10,073
Containerised	307,859	317,141	502,314	432,183	819,274	1,013,403
Subtotal	**327,800**	**329,078**	**507,305**	**439,001**	**824,044**	**1,023,476**
Grand Total Cargo	**3,031,357**	**3,207,992**	**3,963,130**	**4,392,736**	**5,038,052**	**4,901,171**

Containers handled at the Port of Walvis Bay (Twenty-foot Equivalent Units)

Landed	21,312	23,720	26,295	35,669	47,550	46 ,746
Shipped	20,585	22,766	26,728	29,892	48,547	44,879
Transhipped	29,559	36,777	91,970	105,025	154,165	156,118
Total TEU's	**71,456**	**83,263**	**144,993**	**170,586**	**250,262**	**247,743**

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

Vessel Type						
Container	185	227	279	280	431	576
Reefer	41	27	30	39	45	36
Foreign fishing vessels	322	337	266	209	207	192
Namibian fishing vessels	166	148	94	86	66	51
Petroleum	38	38	38	55	56	79
General cargo vessels	130	120	162	179	188	185
Other	170	169	347	403	608	522
Total	**1,052**	**1,066**	**1,216**	**1,251**	**1,601**	**1,641**

Main Commodities handled at the Port of Lüderitz (Freight tonnes)

	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10
Breakbulk Cargo landed						
Fuel	39,998	50,953	30,494	28,518	35,331	31,923
Fish	73,056	50,524	21,637	21,691	27,181	30,631
Sulphur	67,131	68,784	45,568	72,154	61,980	74,773
General Cargo	3,943	1,086	6,566	4,135	377	1,325
Subtotal landed	**184,128**	**171,347**	**104,265**	**126,498**	**124,869**	**138,652**
Cargo shipped						
Fish & Bait	1,823	465	248	2,607	1,401	1,444
Ice	44,453	29,145	21,451	23,948	22,398	28,645
Zinc / Zinc Conc.	88,600	15,591	106,236	15,333	-	-
Other	999	29,264	822	14,902	2,234	89,984
Subtotal shipped	**135,875**	**74,465**	**128,757**	**56,791**	**26,033**	**120,073**
Cargo transhipped						
Fish	-	45	-	29	-	-
Other	100	-	30	-	-	-
Subtotal transhipped	**100**	**45**	**30**	**29**	**-**	**-**
Total Breakbulk	**320,103**	**245,857**	**233,052**	**183,318**	**150,902**	**258,725**
Containerised Cargo						
Landed	266	1,289	3,020	1,562	1,760	1,430
Shipped	60,027	147,950	37,278	112,726	193,167	87,656
Transhipped	-	44	-	-	-	-
Total Containerised	**60,293**	**149,283**	**40,298**	**114,288**	**194,927**	**89,086**
Grand Total Cargo	**380,397**	**395,138**	**273,350**	**297,605**	**345,829**	**347,811**

Containers handled at the Port of Lüderitz (Twenty-foot Equivalent Units)

	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10
Landed	3,121	5,762	1,868	6,393	7,908	4,663
Shipped	3,033	5,160	1,373	6,626	7,493	3,913
Total TEU's	**6,154**	**10,922**	**3,241**	**13,019**	**15,401**	**8,576**
Vessel visits	**1,347**	**1,373**	**1,168**	**1,258**	**1,115**	**918**

Cargo handled at the Ports of Walvis Bay and Lüderitz

	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10
Cargo landed						
Bulk and Breakbulk	347,372	488,456	568,658	595,116	626,628	710,409
Containerised	331,814	517,987	781,057	1,068,899	1,294,881	906,845
Sulphuric Acid	206,520	177,512	290,047	381,839	264,428	245,328
Petroleum landed	831,298	866,640	766,450	784,625	934,950	915,683
Total	**1,717,003**	**2,050,594**	**2,406,212**	**2,830,478**	**3,120,887**	**2,778,265**
Cargo shipped						
Bulk and Breakbulk	990,883	810,324	995,269	990,669	918,281	906,303
Containerised	308,837	413,044	327,665	430,164	520,669	540,937
Total	**1,299,719**	**1,223,368**	**1,322,935**	**1,420,833**	**1,438,950**	**1,447,240**
Cargo transhipped						
Bulk and Breakbulk	20,041	11,982	5,021	6,847	4,770	10,073
Containerised	307,859	317,185	502,314	432,183	819,274	1,013,403
Total	**327,900**	**329,167**	**507,335**	**439,030**	**824,044**	**1,023,476**
Total cargo handled	**3,344,623**	**3,603,129**	**4,236,481**	**4,690,341**	**5,383,880**	**5,248,981**

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

	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10
Landed	24,433	29,482	28,163	42,062	55,458	51,409
Shipped	23,618	27,926	28,101	36,518	56,040	48,792
Transhipped	29,559	36,777	91,970	105,025	154,165	156,118
Total Teu's	**77,610**	**94,185**	**148,234**	**183,605**	**265,663**	**256,319**

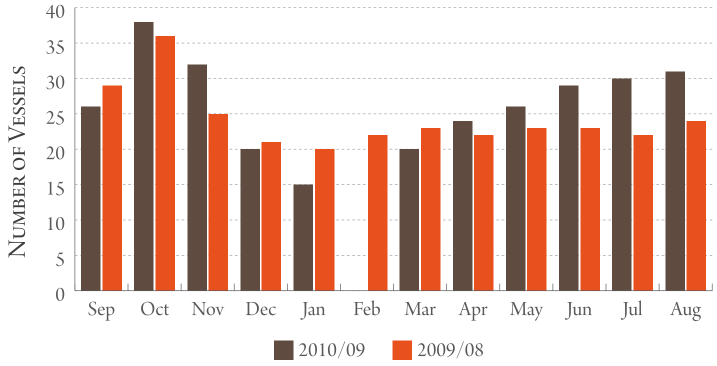
Vessel visits Walvis Bay and Lüderitz

	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08	Sep/Aug 08/09	Sep/Aug 09/10
Number	**2,399**	**2,439**	**2,384**	**2,509**	**2,716**	**2,559**

Syncrolift

Total Vessels utilization on Syncrolift Repair Bays Docked/Undock

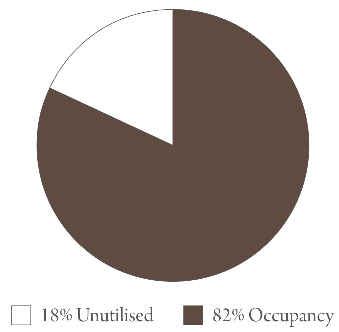
Vessels Docked / Undocked



	2010/09	2009/08
Sep	26	29
Oct	38	36
Nov	32	25
Dec	20	21
Jan	15	20
Feb	0	22
Mar	20	23
Apr	24	22
May	26	23
Jun	29	23
Jul	30	22
Aug	31	24
Total	**291**	**290**

Bay Occupancy 2010 / 2009

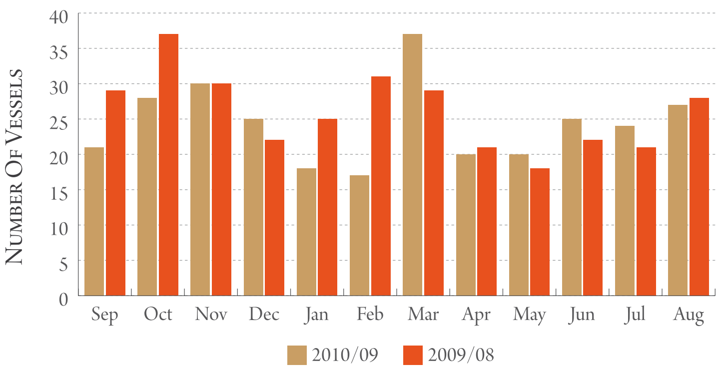
Aug 2010 Bay Occupancy %



	Available Occupancy	2010/09	
		Occupancy	Unutilized
Sep	12,180	10,409	1,771
Oct	12,586	10,558	2,028
Nov	12,180	9,621	2,559
Dec	12,586	6,951	5,635
Jan	12,586	6,391	6,195
Feb	11,368	-	-
Mar	12,586	8,274	4,312
Apr	12,180	8,787	3,393
May	12,586	8,350	4,236
Jun	12,586	10,156	2,430
Jul	14,616	12,331	2,285
Aug	12,586	10,289	2,297
Total	**150,626**	**102,117**	**48,509**

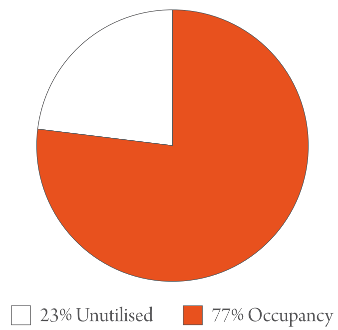
Total Vessels utilization on Syncrolift Repair Jetties

Vessels On The Jetty



	2010/09	2009/08
Sep	21	29
Oct	28	37
Nov	30	30
Dec	25	22
Jan	18	25
Feb	17	31
Mar	37	29
Apr	20	21
May	20	18
Jun	25	22
Jul	24	21
Aug	27	28
Total	**292**	**313**

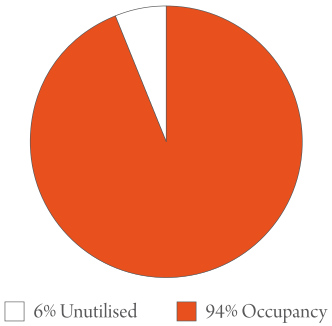
Aug 2009 Bay Occupancy %



	Available Occupancy	2009/08	
		Occupancy	Unutilized
Sep	12,180	11,077	1,103
Oct	12,586	11,544	1,042
Nov	12,180	9,530	2,650
Dec	12,586	5,241	7,345
Jan	12,586	7,722	4,864
Feb	11,368	7,094	4,274
Mar	12,586	9,168	3,418
Apr	12,180	9,422	2,758
May	12,586	11,151	1,435
Jun	12,586	8,763	3,823
Jul	14,616	9,434	5,182
Aug	12,586	9,729	2,857
Total	**150,626**	**109,875**	**40,751**

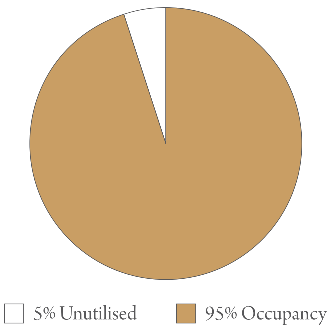
Total Jetty Occupancy

Aug 2010 Jetty Occupancy %



	Available Occupancy	2010/09	
		Occupancy	Unutilized
Sep	11,700	13,744	(2,044)
Oct	12,090	16,599	(4,509)
Nov	11,700	12,742	(1,042)
Dec	12,090	12,128	(38)
Jan	12,090	7,199	4,891
Feb	10,920	10,931	(11)
Mar	12,090	15,061	(2,971)
Apr	11,700	12,789	(1,089)
May	12,090	8,384	3,706
Jun	11,700	9,820	1,880
Jul	14,040	13,116	924
Aug	12,090	11,389	701
Total	**144,300**	**143,902**	**398**

Jul 2009 Jetty Occupancy %



	Available Occupancy	2009/08	
		Occupancy	Unutilized
Sep	11,700	15,255	(3,555)
Oct	12,090	19,473	(7,383)
Nov	11,700	15,182	(3,482)
Dec	12,090	10,381	1,709
Jan	12,090	13,979	(1,889)
Feb	10,920	10,931	(11)
Mar	12,090	13,342	(1,252)
Apr	11,700	14,406	(2,706)
May	12,090	14,843	(2,753)
Jun	11,700	13,873	(2,173)
Jul	14,040	13,948	92
Aug	12,090	11,532	558
Total	**144,300**	**167,145**	**(22,845)**

Corporate Governance

The Namibian Ports Authority is a state-owned enterprise established by the Namibian Ports Authority Act, 1994 (Act No 2 of 1994). In terms of legislation the governance structure of Namport comprises a portfolio Minister, being the Minister of Works and Transport, which appoints Namport's Board of Directors which is responsible for the management and control of Namport.

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

Governance Agreement

The State-owned Enterprises Governance Act 2 of 2006 requires the portfolio Minister to enter into a Governance Agreement with the Board of Namport. The Minister responsible for the Ministry of Works and Transport entered into a five year Governance Agreement with the Board on 20 May 2010. This agreement defines the roles, responsibilities and obligations of the portfolio Minister and Namport and provides that Namport's progress towards achieving its objectives and strategies will be evaluated utilising key performance indicators as set out in the agreement.

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

King Code of Governance 2009

As directed by the shareholder, Namport will apply the principles of the internationally recognised King Code of Governance in South Africa 2009 (King III) as its corporate governance standard. The Performance Agreement between the portfolio Minister and the Board members states that the Board shall have inter alia the duties described in King III.

During the past financial year Namport reviewed certain policies, charters and procedures to align same to King III, however, due to certain conflicting provisions of Namport's statutory legislation and other reasons not all the principles of King III could be applied in their entirety.

Namport has set a target date of 31 August 2011 to apply all King III principles and will be conducting governance workshops in the new financial year in order to report to the Board on governance compliance requirements and progress in applying King III.

Governance Structure

Board of Directors

Composition

Namport is managed by a Board of Directors which has overall responsibility and accountability for the affairs and performance of Namport. The Board comprises five independent non-executive Directors whose term of office is three years.

The skills required on the Board are assessed by the shareholder and thereafter the opportunity to serve on the Board is advertised in the media. The Board members are then appointed by the shareholder based on their expertise and skills. The chairperson of the Board is an independent non-executive director.

Key roles and responsibilities

The key roles and responsibilities of the Board are to –

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

Performance agreement

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

The effectiveness of the performance of Board members will be assessed on a bi-annual basis and be performed by a qualified agent appointed by the portfolio Minister.

Board meetings and protocol

The Board meets regularly to ensure it carries out its duties and responsibilities effectively and diligently. The roles of the chairperson and the Chief Executive Officer provide leadership and guidance to the Board and encourages proper deliberation of all matters requiring the Board's attention. The chairperson of the Board provides leadership and ensures effective performance of the Board. Namport is in the process of formulating a Board charter and protocol which will formally clarify not only the Board's roles and responsibilities, but also that of the Chairperson of the Board, the Chief Executive Officer and the company secretary.

Delegation of powers

The Board delegates responsibility for specified matters to its committees or management, however, the Board reserves responsibility for a range of key decisions for its collective decision. The delegation of authority by the Board is encompassed in a formal delegation framework which clearly indicates those matters specifically reserved for the collective decision of the Board.

Senior management

The Chief Executive Officer is appointed on contract for a five year period and renewal thereof is at the sole discretion of the Board of Directors. The Chief Executive Officer has line responsibility for all aspects of the execution of strategy and management of Namport for which he is held accountable by the Board. The Chief Executive Officer is assisted in his executive management responsibilities by members of senior management.

The Board is tasked by the State-owned Enterprise Governance Act 2 of 2006 and the Governance Agreement to enter into a performance agreement with the Chief Executive Officer and each Executive Manager regarding performance delivery based on the key performance indicators agreed in the Governance Agreement.

Secretary to the Board

All Directors have access to the advice and services of the secretary of the Board who guides the Board in respect of its duties and responsibilities, ethics, good governance and statutory responsibilities. All Directors are entitled to seek independent professional advice about the affairs of Namport and at Namport's expense, in accordance with approved procedures.

Board Committees

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

The Board is well informed about proceedings of Board committees through reports from the chairpersons of the committees tabled at each Board meeting as well as copies of minutes of committee meetings included with the agenda and papers of Board meetings.

- **Audit and Risk Committee**

  The audit and risk committee is responsible for independently reviewing, on behalf of the Board, Namport's framework of control, overseeing integrated reporting and risk management, ensuring a combined assurance model is applied, and oversight of the internal and external audit processes. The audit and risk committee comprises three members who are all independent non-executive Directors. The members of the audit committee during the year under review were Ms M Nakale (Chairperson), Capt M J van der Meer and Mr J Mutumba.

  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 committee which ensures that their independence is in no way impaired.

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

- **Remuneration Committee**

  The remuneration committee is responsible for making recommendations to the Board regarding Namport's remuneration strategy and related conditions of service. The remuneration committee comprises three non-executive Directors and the chairperson of the committee is an independent non-executive director. The members of the remuneration committee during the year under review were Mr A Kanime (Chairperson), Ms Ruusa Shipiki-Kapolo and Capt M J van der Meer. The committee is scheduled to meet twice per annum.

  The Chief Executive Officer and the human resources executive attends meetings of the committee by invitation and is excused from a meeting when his/her compensation, as well as the chairperson's compensation, is reviewed. Similarly, the chairperson is excused when his / her remuneration is discussed.

Internal Control Systems

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

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

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

Namport maintains its internal control system on a continuous basis to ensure effective internal control over financial reporting. Namport believes that for the period ended 31 August 2010, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, was adequate.

The annual year on year is reviewed and approved at Board level and submitted to the portfolio Minister for approval in terms of legislation. Management assesses performance against year on year and reports to executive management on a monthly basis.

Internal Audit

The Board is ultimately responsible for overseeing the establishment of effective systems of internal control in order to provide reasonable assurance that Namport's financial and non-financial objectives are achieved. The Board is assisted in this responsibility by the internal audit function.

Internal audit is an independent objective assurance activity which includes undertaking regular reviews of Namport's operations and systems of internal control to examine and evaluate the adequacy and efficiency of financial and operating controls and highlighting significant risks and non compliance impacting Namport. Where applicable, the internal audit provides recommendations to improve on the effectiveness of risk management, control and governance processes. Management follow up and review the status of actions on recommendations made by the internal and external auditors.

The audit and risk committee of the Board regularly reviews the actions taken on internal control issues identified in reports prepared by internal audit, the external auditors, regulatory authorities, and further evaluates the effectiveness and adequacy of Namport's internal control system. The audit and risk committee has active oversight on the internal audit's independence, scope of work and resources. It also reviews the internal audit function, particularly the annual audit plan scope and frequency of the internal audit activities.

Code Of Ethics

The ethical rules of the operation of Namport are governed by its Code of Ethics. The Code of Ethics addresses, amongst others, aspects such as –

- compliance with laws and regulations
- discrimination and harassment
- personal conduct
- outside work
- conflicts of interest
- acceptance of gifts, benefits and hospitality
- employment of relatives
- bribes
- insider trading.

The code states that the Board and management set the appropriate standard for business and personal behaviour. Management's compliance with the code is a fundamental responsibility it has to the shareholder, its employees and the public.

In addition, the code makes provision for a complaints and whistle-blowing procedure with reporting to the compliance officer who is the Company Secretary. The compliance officer retains a register of such complaints and is mandated by the audit and risk committee to report on non-compliances, disclosures and complaints lodged with the compliance officer.

The agenda of each meeting of the Board and its committees, executive committee and tender committee provides for attendees to disclose interests in any matters which will be discussed at the meeting. In addition, a register of interests is maintained by the Company Secretary wherein employees of Namport can disclose interests. This register of interest can be viewed by any employee at the office of the secretary to the Board.

Namport is in the process of reviewing its code of ethics and compiling ancillary policies relating to conflicts of interests, outside work, gifts and benefits, and whistle-blowing and complaints.

Training and communication of the Code of Ethics has been cascaded to supervisory and Union shop steward level.

Once the revised code of ethics and ancillary policies have been approved, company-wide awareness workshops will take place in the next financial year.

Induction

All new Directors receive an information pack which contains information on Namport, financials, governance issues, key policies, Board and committee information and other information relevant to the Board.

Each year, at least one meeting of the Board takes place in Walvis Bay and one in Lüderitz. When a meeting takes place at a port, Board members are taken on a tour of the port and receive up to date information on the operations and developments at the port. From time to time Board members are invited to accompany management on visits to other ports in order that they may familiarise themselves with best practice worldwide. During the year under review, no visits by Directors to other ports in the world took place.

Directors Report

The Directors have pleasure in presenting their annual report, which forms part of the audited financial statements of Namport and the Group for the year ended 31 August 2010.

Nature Of Business

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

Ownership Of Company

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

Namport has been classified as a Tier 3 state-owned enterprise resorting in the economic and productive enterprises category.

Shareholder Expectations

Namport has entered into a Governance Agreement with the Shareholder for a period of five years. This agreement specifies the principle common ambitions, expectations, commitments and understanding with respect to Namport's performance for the duration of the agreement, as prescribed by the State-owned Enterprises Governance Act 2 of 2006.
.

In terms of this agreement Namport has undertaken various responsibilities, including

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

Namport has submitted two quarterly performance reports to the portfolio Minister during the year under review.

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

Financial Results

The financial results are set out in the financial statements.

Ownership Of Land

Walvis Bay

Namport is still in the process of completing transfer of certain erven in Walvis Bay to Namport . The Minister of Works and Transport has granted approval for Namport to reclaim the land required for the Walvis Bay Port Container Terminal Expansion project and register it in the name of Namport without compensation payable to the Government.

Lüderitz

The reclaimed land forming part of the quay infrastructure at the Port of Lüderitz is in the process of being transferred into the name of Namport.

Auditors

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

The Chief Internal Auditor is responsible for oversight of the internal audit function at Namport and is appointed on a five year contract.

Directors

The following persons were appointed by the portfolio Minister to serve on the Board of Directors of Namport for the periods indicated –

Name	**Period of Office**
Capt M J van der Meer	15 July 2008 to 14 July 2011 (resigned 8 September 2010)
Ms R Shipiki-Kapolo	15 July 2008 to 14 July 2011
Mr A Kanime	15 July 2008 to 14 July 2011
Mr J Mutumba	15 July 2008 to 14 July 2011
Ms M Nakale	15 July 2008 to 14 July 2011

Meeting Of The Board

Eight meetings of the Board of Directors took place during the past financial year. In addition the members of the Board attended a Governance Workshop presented by Prof Mervyn King.

Name	Scheduled / Ordinary Meetings	Governance Workshop
Scheduled	8	1
M J van der Meer (Chairperson)	7	1
A Kanime	8	1
R Shipiki-Kapolo	8	1
J Mutumba	8	0
M Nakale	7	1

Remuneration Of Directors And Executives

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

Changes In Accounting Policies

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

Board Committees

Audit and Risk committee

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

Remuneration committee

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

Subsidiary Companies

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

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

This company has as its main objects and business marine engineering, ship repair, ship building and all work 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. The company owns and operates two floating dock facilities at the Port of Walvis Bay. Namport owns 52.5% effectively from 30 November 2005 which is date of incorporation. The remaining 47.5% shareholding in the company is owned by Elgin Brown & Hamer Consortium (Pty) Ltd which provides technical support to Namibian operations. There are seven members of the Board of Directors of the company, of which four members represent Namport, namely Mr S Kankondi, Mr J L van der Merwe, Mr G A B Uirab and Mr K H Egumbo.

Lüderitz Boatyard (Pty) Ltd : 100%

Lüderitz Boatyard (Pty) Ltd became a wholly owned subsidiary of Namport on 3 October 2006 and operates a boatyard in all it forms and ramifications, as a going concern, at the Port of Lüderitz.

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

Namport Property Holdings (Pty) Ltd : 100%

Namport Property Holdings (Proprietary) Limited became a wholly-owned subsidiary of Namport on 25 January 2006; 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.

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

Strategic Planning

Namport reviews its strategy on an annual basis. As required by the Governance Agreement with the Shareholder, submitted its five year Business and Financial Plan, together with its Strategic Plan, to the portfolio Minister in June 2010.

Capital Expenditure

Namport's capital expenditure for the financial year ended 31 August 2010 amounted to N$ 253 million. This is a 66% increase in capital investment from the previous financial year of N$ 152 million. The investments made are in line with our capital investment strategy, which more specifically relate to investment in infra- and superstructures, and was estimated only to amount to N$ 170 million for this year. This is consistent with our strategy to invest ahead of demand.

Some of the major capital investments include the purchase of two mobile harbour cranes to replace older versions and six rubber tyre gantries to improve efficiencies in the container terminal. As part of the initial stages of the port expansion plans, investments were also made during the year in an environmental impact assessment, a financial feasibility study and a geotechnical study, among others. In conclusion, Namport is still within schedule of its capital investment strategy and will continuously strategise to ensure that the investments start yielding maximum returns.

Dividends

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

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

In November 2009 a dividend of N$25 million was declared payable to the shareholder in respect of the financial year 2009.

A proposal for a dividend for the past financial year will be tabled at the November 2010 Board meeting.

Risk Management

The Board is responsible for the governance of risk through formal processes. To ensure that the governance of risk is addressed in comprehensive manner, the Board has established the risk committee function at Board committee level by the formation of Audit and Risk Committee. The committee will assist the Board in carrying out its risk responsibilities.

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

Corporate Risk Committee (management)

The Corporate Risk Management Committee (CRMC) was established by the Board of Directors in August 2010 and reviews the effectiveness of the risk management process, considers the adequacy of the risk management strategies, monitors progress and implementation of risk treatment plans and recommends to the Audit and Risk Committee on matters relating to risk thresholds, risk policies, risk strategies and risk philosophy. The Chief Executive Officer chairs the committee and the committee comprises the Executives of Finance, Human Resources and Risk Management, the Managers of Operations and Sales and Services, the Chief Internal Auditor (ex-officio) and any other person nominated by the Chief Executive Officer.

Prior to the establishment of CRMC, a management Risk Committee was in operation and three meetings of the committee took place with attendance as follows:

Name	Designation	No of Meetings
R Visagie	Executive : SHREQ	3
J L van der Merwe	Group Executive : Finance	3
K van Heerden	Company Secretary	3
M Polster	Manager : Cargo Services	3
A Rieth	Chief Internal Auditor	2

Judicial Proceedings

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

- Compania De Seguros Alanca Da Bahia Uruguay SA instituted legal action against Namport for payment of the sum of US$ 76,000.00 relating to a lost container. In consultation with Namport insurers, the claim has been settled by Namport and the case withdrawn.
- Ardea Investments (Pty) Ltd instituted action against Namport claiming N$5,346,000 relating to loss of bags of cement. Namport is defending this action.
- Pescalamar Fishing (Pty) Ltd instituted action against Namport claiming compensation for damages in the sum of N$1,157,962.17 relating to damages to certain containers. Namport is defending this action through its insurers.

Contingent Liabilities

The Group might be liable for an amount of N$3.6 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 enterprise. (Note 32 : Contingent Liabilities)

Going Concern

The Directors have no reason to believe that Namport will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Secretary And Registered Office

The Secretary of Namport is Mrs. Kathy van Heerden, whose business address and registered office is 17 Rikumbi Kandanga Road, Walvis Bay. The postal address and registered office is PO Box 361, Walvis Bay, Namibia.

Report of The Audit And Risk Committee

We are pleased to present our report for the financial year ended 31 August 2010.

1. Incorporation Of Risk Committee As A Board Committee

On 12 August 2010 the Board resolved to establish a Board risk committee by combining the audit and risk committees into an Audit and Risk Committee which replaced the existing standing audit committee.

2. Charter

Prior to being reconstituted as the Audit and Risk Committee, the Standing Audit Committee had adopted formal terms of reference as its audit charter and conducted its affairs in compliance with that charter and discharged responsibilities contained therein. The Audit and Risk Committee adopted formal terms of reference as its charter that has been approved by the Board of Directors. The Charter is available on request.

3. Audit And Risk Committee Members And Attendance At Meetings

The Audit and Risk Committee consists of three independent, non-executive Directors and meets at least twice per year as per its charter.

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

During the year under review seven meetings were held. Three of the meetings were special meetings arranged to discuss the risk policy and framework, review the code of ethics and to consider the annual financial statements and auditors' management letter.

Name of member	No. of meetings attended
Ms M Nakale (Chairperson)	7
Mr J Mutumba	7
Capt M J van der Meer*	6

* Apologies received

4. Roles And Responsibilities

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

Responsibilities of the committee are –

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

5. External Auditor

The committee has satisfied itself that the external auditor was independent of Namport. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and year on year audit fees for the 2010 financial year.

The committee approved performance evaluation criteria for the provision of external auditing services to Namport.

External audit reports are tabled with management comments for consideration and acceptance by the committee. The Chief Internal Auditor will ascertain progress with implementation of management action plans arising from external audit reports and include his findings in his standing reports to the committee.

6. Internal Financial Controls

Based on the results of the formal documented review of the design, implementation and effectiveness of Namport's system of internal financial controls conducted by the internal audit function during the 2010 year, the committee's consideration of information and explanations given by management and discussions with the external auditor on the results of their audit, the audit committee is of the opinion that Namport's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

7. Financial Statements (Including Accounting Practices)

The committee has reviewed the financial statements of Namport and is satisfied that they comply with International Financial Reporting Standards.

8. Going Concern

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

9. Expertise And Experience Of Financial Executive And Finance Function

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

10. Duties Assigned By The Board

The committee fulfils an oversight role regarding Namport's integrated report and the reporting process, including the system of internal financial control. It is responsible for ensuring that Namport's internal audit function is independent and has the necessary resources, standing and authority within Namport to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the Board of Directors and these functions.

During the year, the chairperson of the committee met with the external auditors and with the Chief Internal Auditor without management being present. The audit committee is satisfied that it complied with its legal, regulatory or other responsibilities.

11. Risk Management

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

Prior to combining the audit and risk committees into one committee, the oversight of Namport's risk management function resorted with the risk management committee which reported to the committee. The committee approved the risk management's committee's work plan and regular reports were submitted by the risk management committee to the audit committee.

During the year under review the committee instructed the external auditors to carry out an audit on the effectiveness of the risk management committee. The audit report was presented to the committee and an action plan was developed to address the recommendations of the report.

The committee recommended an enterprise risk management policy and framework to the Board for approval.

12. Internal Audit

For the period 1 September 2009 to 31 December 2009 PricewaterhouseCoopers served as internal auditors and their engagement letter and audit plan were approved by the committee. The performance of PricewaterhouseCoopers was not evaluated as no performance criteria had been agreed. With effect from February 2010, the Chief Internal Auditor became the head of the internal audit function and his annual audit plan was approved by the committee.

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

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

13. Investment Policy

The committee initiated the review of Namport's investment policy and recommended the policy to the Board for approval. The policy was subsequently approved by the Board and is awaiting the approval of the portfolio Minister.

14. Sustainability Reporting

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

15. Recommendation Of The Integrated Report For Approval By The Board

The committee has, at their meeting held on 19 November 2010, recommended the integrated report for approval by the Board of Directors.

M Nakale
Chairperson Of The Audit And Risk Committee
19 November 2010

Report of The Remuneration Committee

We are pleased to present our report for the financial year ended 31 August 2010. This report has been drawn up in accordance with the King Code of Governance in South Africa 2009.

1. Terms Of Reference

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

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

The committee charter was reviewed and updated during the past financial year.

2. Remuneration Committee Members And Attendance At Meetings

The committee consists of three independent non-executive Directors and meets at least twice a year. The Chief Executive Officer and the human resources executive attend meetings by invitation. Meeting and attendance information for the financial year are set out below -

Name of member	No. of meetings attended
Mr A Kanime (Chairperson)	3
Ms R Shipiki-Kapolo	3
Capt M van der Meer*	2

* Apologies received

3. Executive Appointments

Executives are appointed by the Board on five year contracts and must enter into a performance agreement with the Board which includes the key performance areas in the Governance Agreement between the shareholder and Namport.

4. Remuneration

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

The State-owned Enterprises Governance Council gazetted a directive on 12 August 2010 relating to remuneration levels for Chief Executive Officers and senior managers of state-owned enterprises and annual fees and sitting allowances for Board members. The directive applies to all Chief Executive Officers, senior managers, Board members, and non-executive Directors, of state-owned enterprises who are re-appointed or appointed after the publication of the notice in the gazette.

The committee considered this remuneration directive and recommended aligning the remuneration of the Chief Executive Officer and senior management to the 90th percentile remuneration band. The committee, however, expressed its concern that the remuneration in the framework was not competitive and may present attraction and retention barriers, not only at management level but also at all levels in the organisation.

The committee recommended the alignment of non-executive Directors' remuneration to the upper quartile of the guidelines.

The committee deliberates performance bonuses payable to management and thereafter tables a recommendation to the Board of Directors.

5. Performance Management

During 2010 the committee undertook a review of the performance management system and short term incentive scheme. The existing performance management policy was replaced by a new performance management policy which was presented to the Board for approval, however, it was determined that the short term incentive scheme proposals still required further deliberation.

The committee considered the performance reviews of the Chief Executive Officer and executives for the 2009 financial year and formulated a recommendation to the Board of Directors as regards such performance reviews and performance bonus payments.

Performance plans for executives for the 2011 financial year were considered by the committee for recommendation to the Board. The committee recommended that certain measures such as ROTA, EBIT, CSI, ESI, LTIFR, affirmative action and safety, health and environment will be generic to all performance plans.

6. Organisational Structure

A consultant was appointed to review job grades, performance contracts and the remuneration structure of management.

Following receipt of the report from the consultant, the committee initiated a job grading exercise throughout Namport and the report on the project will be issued in early 2011. The committee will then be provided with an overall view of the structure and the grading of the whole organisation and will be able to identify any anomalies in the structure.

7. Special Advisors To The Committee

Mr Berthold Mukuahima was appointed as an expert advisor to the committee upon such terms and conditions as approved by the chairperson of the committee.

8. Letters Of Appointment

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

9. Remuneration And Benefits Paid To Directors

The committee reports that the following remuneration and benefits were paid to Directors during the 2010 financial year –

N$ 1 million.

A Kanime

Chairperson of the Remuneration Committee

29 October 2010


NAMDOCK II
P-445

Holland America Line
CGGVeritas

Group annual Financial Statements

Table Of Contents

Namibian Ports Authority
Company Key Financial Indicators
for the year ended 31 August 2010

	12 Months 2009/2010	12 Months 2008/2009	12 Months 2007/2008	12 months 2006/2007	12 months 2005/2006
Turnover (N$ 000)	**566 025**	615 819	434 213	324 237	252 671
Operating profit (N$ 000)	**165 851**	264 303	140 165	92 803	35 607
Profit before taxation (N$ 000)	**192 679**	290 032	164 658	113 873	45 638
Return on assets	**8.42%**	14.28%	11.0%	8.8%	4.0%
Return on equity	**14.27%**	24.84%	17%	13%	6%
Operating profit margin	**29.30%**	42.92%	32%	29%	14%
Total assets (N$ 000)	**2 287 723**	2 031 006	1 502 981	1 296 726	1 135 511
Shareholder's interest (N$ 000)	**1 350 700**	1 167 462	963 528	865 403	782 566
Borrowings (N$ 000)	**466 958**	367 534	220 549	231 478	184 808
Debt: Equity ratio	**0.35**	0.31	0.23	0.27	0.24
Current ratio	**3.43**	3.69	2.07	3.29	2.06
Debt-service coverage ratio	**1.5**	3.13	2.05	1.97	0.63
Training as % of payroll	**2.38%**	2.85%	4.14%	5.30%	4.72%
Number of employees	**611**	601	576	606	592
Turnover per employee (N$ 000)	**926**	1 025	754	535	427
Assets per employee (N$ 000)	**3 744**	3 241	2 609	2 140	1 918

Namibian Ports Authority
Authority Value Added Statement
for the year ended 31 August 2010

	Notes	2010 N$'000	%	2009 N$'000	%
Wealth Created					
Revenue		**566 025**		615 819	
Paid to suppliers for materials and services		**(109 581)**		(153 512)	
Value Added		**456 444**		452 875	
Income from investments and sale of assets		**90 310**		70 913	
Total Wealth Created		**546 754**	**100%**	523 788	100%
Wealth Distribution					
Salaries, wages & other employment costs	1	**187 536**	**34%**	148 377	31%
Providers of capital:					
Dividends to shareholder		**25 000**	**5%**	17 000	4%
Finance cost on borrowings		**63 482**	**12%**	47 859	8%
Government	2	**40 152**	**7%**	64 560	14%
Reinvested to maintain and develop operations:					
Depreciation		**76 428**	**14%**	61 076	14%
Retained Earnings		**154 156**	**28%**	184 916	29%
Total Wealth Distributed		**546 754**	**100%**	523 788	100%

Notes to Value Added Statements

	2010 N$'000	2009 N$'000
1. Salaries, wages and other employment costs		
Salaries, overtime payments, bonuses and allowances	**161 069**	127 284
Training and study assistance	**4 726**	3 489
Employer contributions	**21 741**	17 604
	187 536	148 377
2. Central and local governments		
Normal and deferred taxation	**38 523**	63 005
Rates and taxes	**1 629**	1 555
	40 152	64 560
3. Additional amounts collected on behalf of central and local governments		
VAT collected on revenue	**98 526**	96 649
VAT paid on purchases	**(20 955)**	(14 701)
VAT paid on imports	**(10 615)**	(10 936)
PAYE deducted from remuneration	**31 541**	26 679
	98 497	97 691

Statement of Responsibility By The Board of Directors

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Namibian Ports Authority and group annual financial statements . The financial statements, presented on pages 45 to page 88 have been prepared in accordance with and comply with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and include amounts based on judgments and estimates made by the management. The Directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

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

The financial statements have been audited by the independent auditing firm, Grand Namibia, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. The Directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The audit report of Grand Namibia is presented on page 45.

The financial statements and group annual financial statements were approved by the Board of Directors on 13 November 2010 and are signed on its behalf by:

Capt. M J van der Meer
Chairperson

M Nakale
Director & Chairperson of the Standing Audit Committee

Report of The Auditor-General

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

I therefore report that the above mentioned audit of the annual financial statements for the year ended 31 August 2010 has been carried out to my satisfaction.

Junias Etuna Kandjeke
Auditor General

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, balance sheet as at 31 August 2010, and the income statement, statement of changes in equity and cash flow statement 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.

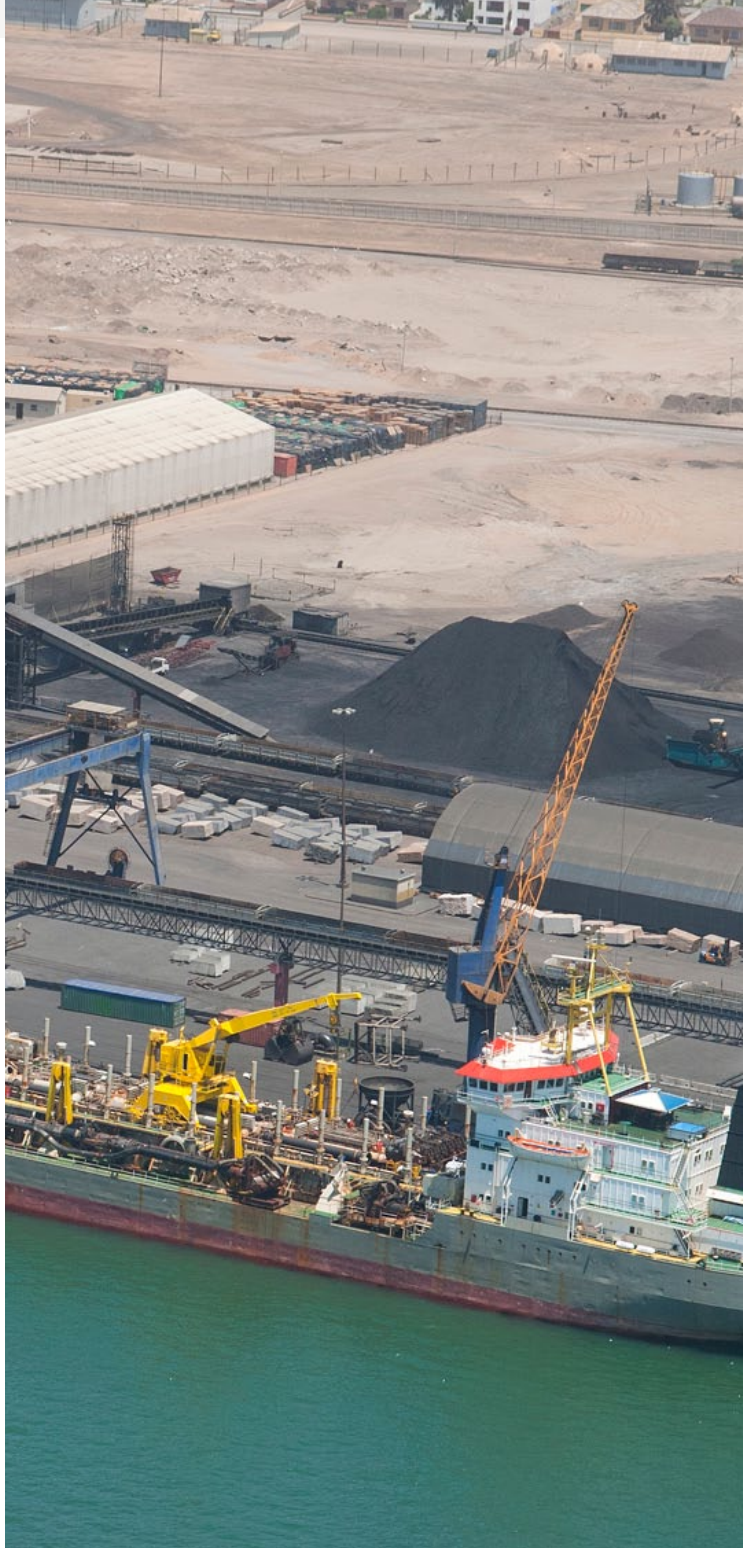
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namport and the group as at 31 August 2010, 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

Grand Namibia
Chartered Accountants (Namibia)
Registered Accountants And Auditors
13 November 2010



PAGE 45

Statements of Financial Position
as at 31 August 2010

		Group		Authority	
		2010	2009	**2010**	2009
	Notes	**N$'000**	N$'000	**N$'000**	N$'000
Assets					
Non-current assets					
Property, plant and equipment	3	**1 215 837**	1 045 135	**1 000 636**	852 033
Intangible Assets	4	**2 959**	4 255	**2 959**	4 255
Investments	5	**724 749**	532 755	**724 749**	532 755
Investments in Subsidiaries	6	**-**	-	**3 152**	3 152
Loan to Subsidiaries	7	**-**	-	**3 079**	1 828
Operating lease asset	8	**29 690**	26 143	**29 690**	26 143
Other financial assets	9	**4 952**	9 602	**4 952**	9 602
Channel levy Fund Investment	16	**12 000**	9 763	**12 000**	9 763
Deferred tax assets	19	**30 540**	39 381	**17 639**	659
Total non-current assets		**2 020 727**	1 667 034	**1 798 856**	1 440 190
Current assets					
Inventories	10	**9 809**	137 548	**773**	880
Trade and other receivables	11	**108 656**	149 828	**50 140**	66 418
Current tax	22	**2 797**	-	**2 797**	-
Operating lease asset	8	**-**	802	**-**	802
Other financial assets	9	**107 470**	84 740	**107 470**	84 740
Cash and cash equivalents	12	**327 867**	438 429	**327 687**	437 976
Total current assets		**556 599**	811 347	**488 867**	590 816
Total assets		**2 577 326**	2 478 381	**2 287 723**	2 031 006

Statements of Financial Position (Continue)
as at 31 August 2010

	Notes	Group 2010 N$'000	Group 2009 N$'000	Authority 2010 N$'000	Authority 2009 N$'000
Equity And Liabilities					
Capital and reserves					
Capital account	13	**50 344**	50 344	**50 344**	50 344
Revaluation and other reserves	14	**28 671**	36 018	**28 671**	36 018
Retained earnings		**1 302 410**	1 170 068	**1 271 685**	1 134 923
Shareholders' interest		**1 381 425**	1 256 430	**1 350 700**	1 221 285
Minority interest		**32 200**	37 295	**-**	-
Total capital and reserves		**1 413 625**	1 293 725	**1 350 700**	1 221 285
Non-current liabilities					
Long-term borrowings	15	**603 889**	512 809	**466 958**	367 534
Special purpose funds	16	**13 709**	13 054	**13 709**	13 054
Deferred Income	17	**1 440**	11 681	**1 440**	11 681
Severance pay provision	18	**3 326**	3 987	**1 942**	1 882
Loan from shareholder		**3 224**	3 228	**-**	-
Operating lease liability	8	**3 040**	2 735	**-**	-
Deferred tax liabilities	19	**355 237**	333 481	**310 432**	255 636
Total non-current liabilities		**983 865**	880 975	**794 481**	649 787
Current liabilities					
Trade and other payables	20	**46 703**	172 475	**25 761**	46 561
Short-term portion of long-term borrowings	15	**88 122**	58 909	**76 513**	49 111
Special purpose funds	16	**1 426**	3 435	**1 426**	3 435
Provisions	21	**38 842**	37 684	**38 842**	37 684
Current tax	22	**-**	23 143	**-**	23 143
Bank overdraft	12	**4 743**	8 035	**-**	-
Total current liabilities		**179 836**	303 681	**142 542**	159 934
Total liabilities		**1 163 701**	1 184 656	**937 023**	809 721
Total equity and liabilities		**2 577 326**	2 478 381	**2 287 723**	2 031 006

Statements of Comprehensive Income
for the year ended 31 August 2010

		Group		Authority	
		2010	2009	**2010**	2009
	Notes	**N$'000**	N$'000	**N$'000**	N$'000
Revenue	23	**915 987**	1 138 144	**566 025**	615 819
Other Income		**37 394**	9 466	**19 890**	6 056
		953 381	1 147 610	**585 915**	621 875
Employee costs		**(354 609)**	(312 082)	**(196 380)**	(156 863)
Other costs	24	**(305 268)**	(334 704)	**(113 037)**	(99 292)
Depreciation and impairment charges		**(85 745)**	(82 097)	**(76 428)**	(77 766)
Maintenance costs		**(46 335)**	(35 552)	**(34 219)**	(23 651)
Operating Profit	25	**161 424**	383 175	**165 851**	264 303
Fair value adjustments on financial assets	26	**45 845**	20 912	**45 845**	20 912
Interest income	27	**44 498**	53 066	**44 465**	52 676
Finance costs	28	**(77 803)**	(65 788)	**(63 482)**	(47 859)
Profit Before Tax		**173 964**	391 365	**192 679**	290 032
Taxation	29	**(31 634)**	(119 677)	**(38 523)**	(83 874)
Profit for the year		**142 330**	271 688	**154 156**	206 158
Profit for the year		**142 330**	271 688	**154 156**	206 158
Other comprehensive income:					
Revaluation surplus net of tax		**-**	36 018	**-**	36 018
Total comprehensive income for the year		**142 330**	307 706	**154 156**	242 176
Profit / (loss) for the year attributable to:					
Owners of the parent		**147 425**	240 173		
Minority interest		**(5 095)**	31 515		
		142 330	271 688		
Total comprehensive income attributable to:					
Owners of the parent		**147 425**	276 191		
Minority interest		**(5 095)**	31 515		
		142 330	307 706		

Statements of Changes in Equity
for the year ended 31 August 2010

Group

	Capital N$ 000	Revaluation Reserve N$'000	Retained Earnings N$'000	Minority Interest N$'000	Total N$'000
Year ended 31 August 2009					
Balance 1 September 2009 - restated	50 344	-	946 895	5 780	1 003 019
Dividend paid	-	-	(17 000)		(17 000)
Total comprehensive income for the year	-	36 018	240 173	31 515	307 706
Balance as at 31 August 2009	**50 344**	**36 018**	**1 170 068**	**37 295**	**1 293 725**
Year ended 31 August 2010					
Balance 1 September 2009	50 344	36 018	1 170 068	37 295	1 293 725
Adjustment	-	-	2 291	-	2 291
Dividend paid	-	-	(25 000)	-	(25 000)
Total comprehensive income for the year	-	-	147 425	(5 095)	142 330
Tax rate change	-	554	-	-	554
Transfer - revaluation depreciation and impairment	-	(7 901)	7 626	-	(275)
Balance as at 31 August 2010	**50 344**	**28 671**	**1 302 410**	**32 200**	**1 413 625**
Note					

Authority

	Capital N$'000	Revaluation Reserve N$'000	Retained Earnings N$'000	Total N$'000
Year ended 31 August 2009				
Balance 1 September 2008 -restated	50 344	-	945 765	996 109
Dividend paid	-	-	(17 000)	(17 000)
Total comprehensive income for the year	-	36 018	206 158	242 176
Balance as at 31 August 2009	**50 344**	**36 018**	**1 134 923**	**1 221 285**
Year ended 31 August 2010				
Balance 1 September 2009	50 344	36 018	1 134 923	1 221 285
Adjustment			(20)	(20)
Dividend paid	-	-	(25 000)	(25 000)
Total comprehensive income for the year	-	-	154 156	154 156
Tax rate change	-	554	-	554
Transfer - revaluation depreciation and impairment	-	(7 901)	7 626	(275)
Balance as at 31 August 2010	**50 344**	**28 671**	**1 271 685**	**1 350 700**
Note				

Statements of Cash Flows
for the year ended 31 March 2010

	Notes	Group 2010 N$'000	Group 2009 N$'000	Authority 2010 N$'000	Authority 2009 N$'000
Cash flows from operating activities					
Cash receipts from customers		**918 173**	1 093 268	**527 926**	590 038
Cash paid to suppliers and employees		**(655 242)**	(753 057)	**(318 864)**	(318 307)
Cash generated by operations	30	**262 931**	340 211	**209 062**	271 731
Interest received		**90 343**	73 978	**90 310**	73 588
Interest paid		**(77 572)**	(65 788)	**(63 482)**	(47 859)
Tax paid		**(25 940)**	(12 609)	**(25 940)**	(12 609)
Net cash flow from operating activities		**249 762**	335 792	**209 950**	284 851
Cash flows from investment activities					
Additions to property, plant and equipment		**(284 057)**	(192 665)	**(252 642)**	(152 014)
Additions to intangible assets		**-**	(1 807)	**-**	(1 807)
Additions to investments		**(150 000)**	(200 000)	**(150 000)**	(200 000)
Movement in channel levy fund investment		**(2 237)**	(2 244)	**(2 237)**	(2 244)
Proceeds from disposal of property, plant and equipment		**4 438**	6	**4 438**	5
Proceeds from maturing investments		**-**	77 725	**-**	77 725
Reclassified from investments		**-**	-	**-**	-
Loan extended to subsidiary		**(1 251)**	-	**(1 251)**	(137)
Net cash outflow from investing activities		**(433 107)**	(318 985)	**(401 692)**	(278 472)
Cash flows from financing activities					
Proceeds from long-term borrowings		**158 522**	200 586	**157 137**	172 537
Repayment of long-term borrowings		**(56 093)**	(58 284)	**(49 330)**	(27 056)
Increase in special purpose funds		**(1 354)**	2 481	**(1 354)**	2 481
Increase in deferred income		**-**	11 681	**-**	11 681
Dividends paid		**(25 000)**	(17 000)	**(25 000)**	(17 000)
Net cash (outflow)/inflow from financing activities		**76 075**	139 464	**81 453**	142 643
Net increase in cash and cash equivalents		**(107 270)**	156 271	**(110 289)**	149 022
Cash and cash equivalents at the beginning of year		**430 394**	274 123	**437 976**	288 954
Cash and cash equivalents at the end of year	12	**323 124**	430 394	**327 687**	437 976

Accounting Policies

The Namibian Ports Authority (Namport) 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.

Namport and group consolidated financial statements were authorized for issue by the Directors on 15 November 2010.

1. Statement of compliance

Namport 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 2.2 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 Namport and entities controlled by Namport (together referred to as the "Group").

Subsidiaries are those entities controlled by Namport. Control exists when Namport 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 balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

b) Deferred tax assets

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

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

f) Provisions

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

g) Impairment testing

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

h) Post employment benefit obligations

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

2.2 Property, plant and equipment

Recognition and measurement

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

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

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

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

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

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

Depreciation

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

The assets are depreciated over the following periods:

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

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

Dredging expenditure is categorized into capital dredging and maintenance dredging.

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

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

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

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

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

.

2.3 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Computer software

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

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

2.4 Investments in subsidiaries

Investments in subsidiaries, for the preparation of separate financial statements, are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

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

2.5 Financial Instruments

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

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

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

Financial liabilities measured at amortised cost.

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

Initial recognition and measurement

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

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

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

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Financial assets and financial liabilities are recognised on the balance sheet 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 balance sheet date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

Impairment losses are recognised in profit or loss.

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

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

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

Loans to group companies

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

Loans to group companies are classified as loans and receivables

Loans to managers and employees
These financial assets are classified as loans and receivables.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.
Trade and other receivables are classified as loans and receivables.

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

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

Cash and cash equivalents are classified as loans and receivables.

Bank overdraft and borrowings
Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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

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

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

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet 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 balance sheet date, being the present value of the quoted forward price. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Hedging activities
Certain derivatives are classified as either:

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

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

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

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 income statement, 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 income statement within 'other income'.

Amounts accumulated in equity are recycled in the income statement 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 derognised 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 income statement 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 balance sheet date.

Deferred tax assets and liabilities

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

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

2.7 Leases

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

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the balance sheet 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 balance sheet as a finance lease obligation.

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in the income statement. 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 balance sheet 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 balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

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

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

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 income statement over the expected useful life of the relevant asset on a straight-line basis.

2.13 Borrowing costs

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

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

To the extent that the a qualifying asset is funded via general borrowings, the Group determines the borrowing costs eligible for capitalisation by applying the weighted average cost of borrowings for the period to the expenditures on that asset.
Borrowing costs (continued)

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

2.14 Translation of foreign currencies

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

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

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

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

2.15 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Defined benefit plans

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

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

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

2.16 Provisions

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

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

3. Property, Plant & Equipment

Group	Land, Structures, and Buildings	Floating Craft & Dock	Vehicles, Machinery Equipment and Furniture	Leased Assets	Assets Under Construction	Total
Year ended 31 August 2010						
Opening carrying value	557 846	162 303	231 590	30 047	63 349	1 045 135
Adjustment	-	-	(31)	-	-	(31)
Additions	7 100	16 398	6 584	17	253 959	284 058
Re-allocation	-	(417)	-	-	(19 459)	-
Disposals	(2 573)	(23)	(6 404)	-	-	(9 000)
Transfer	28 572	25 340	78 593	2 834	(135 339)	-
Depreciation	(41 223)	(10 201)	(31 832)	(1 193)	-	(84 449)
Closing carrying value	**549 722**	**193 400**	**278 500**	**31 705**	**162 510**	**1 215 837**
Cost or valuation	934 122	279 785	440 356	35 091	162 510	1 851 864
Accumulated depreciation	(384 400)	(86 385)	(161 856)	(3 386)	-	(636 027)
Carrying value	**549 722**	**193 400**	**278 500**	**31 705**	**162 510**	**1 215 837**
Year ended 31 August 2009						
Opening carrying value	584 711	74 033	114 282	18 953	86 738	878 717
Revaluation	-	27 573	27 840	-	-	55 413
Reclassify	4 923	1 502	4 078	1 951	180 211	192 665
Impairment	-	(214)	(16 533)	-	-	(16 747)
Disposals	-	-	(556)	-	-	(556)
Transfer	5 763	63 042	124 678	10 117	(203 600)	-
Depreciation	(37 551)	(3 633)	(22 199)	(974)	-	(64 357)
Closing carrying value	**557 846**	**162 303**	**231 590**	**30 047**	**63 349**	**1 045 135**
Cost or valuation	903 718	238 149	395 987	32 512	63 349	1 633 715
Accumulated depreciation	(345 872)	(75 846)	(164 397)	(2 465)	-	(588 580)
Carrying value	**557 846**	**162 303**	**231 590**	**30 047**	**63 349**	**1 045 135**

	Group	
	2010	2009
	N$'000	N$'000
Carrying value of property, plant and equipment pledged as security:		
Vehicles, machinery, equipment and furniture - installments sales	**206 085**	117 362
Marine bonds over the floating docks	**144 277**	108 740
	350 362	226 102

3. Property, Plant & Equipment (Continued)

Authority	Land, Structures, and Buildings	Floating Craft	Vehicles, Machinery Equipment and Furniture	Leased Assets	Assets Under Construction	Total
Year ended 31 August 2010						
Opening carrying value	541 255	53 562	223 861	-	33 355	852 033
Adjustment	-	-	(31)	-	-	(31)
Additions	1 209	-	3 211	-	248 222	252 642
Impairment	-	(417)	-	-	(19 459)	
Disposals	(2 573)	(23)	(6 404)	-	-	(9 000)
Transfer	23 622	3 141	78 582	-	(105 345)	-
Depreciation	(38 401)	(7 141)	(29 590)	-	-	(75 132)
Closing carrying value	**525 112**	**49 122**	**269 629**	**-**	**156 773**	**1 000 636**
Cost or valuation	901 754	127 503	426 437	430	156 773	1 612 897
Accumulated depreciation	(376 642)	(78 381)	(156 808)	(430)	-	(612 261)
Carrying value	**525 112**	**49 122**	**269 629**	**-**	**156 773**	**1 000 636**
Year ended 31 August 2009						
Opening carrying value	571 474	29 441	109 498	-	11 521	721 934
Revaluation	-	27 573	27 840	-	-	55 413
Additions	228	48	1 521	-	150 217	152 014
Impairment	-	(214)	(16 477)	-	-	(16 691)
Disposals	-	-	(555)	-	-	(555)
Transfer	5 208	301	122 874	-	(128 383)	-
Depreciation	(35 655)	(3 587)	(20 840)	-	-	(60 082)
Closing carrying value	**541 255**	**53 562**	**223 861**	**-**	**33 355**	**852 033**
Cost or valuation	882 191	124 471	385 453	695	33 355	1 426 165
Accumulated depreciation	(340 936)	(70 909)	(161 592)	(695)	-	(574 132)
Carrying value	**541 255**	**53 562**	**223 861**	**-**	**33 355**	**852 033**

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 Namport in Walvis Bay.

	Authority	
	2010	2009
	N$'000	N$'000
Carrying value of assets pledged as security - installment sales agreements:	203 995	116 807
	203 995	116 807

4. Intangible Assets

	Group 2010 N$'000	Group 2009 N$'000	Authority 2010 N$'000	Authority 2009 N$'000
Computer software				
Cost	**5 367**	5 367	**5 367**	5 367
Accumulated depreciation	**(2 408)**	(1 112)	**(2 408)**	(1 112)
	2 959	4 255	**2 959**	4 255
Opening carrying value	**4 255**	3 441	**4 255**	3 441
Additions	**-**	1 807	**-**	1 807
Amortisation	**(1 296)**	(993)	**(1 296)**	(993)
Closing carrying value	**2 959**	4 255	**2 959**	4 255

5. Investments

	Group 2010 N$'000	Group 2009 N$'000	Authority 2010 N$'000	Authority 2009 N$'000
At fair value through profit and loss designated:				
Endowment assurance policies	**724 749**	532 755	**724 749**	532 755

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

	% Holding 2010	% Holding 2009	Authority 2010 N$'000	Authority 2009 N$'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
			3 152	3 152

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

7. Loans To Subsidiaries

	Authority 2010 N$'000	Authority 2009 N$'000
Elgin Brown & Hamer Namibia (Pty) Ltd.	**640**	640
Namport Property Holdings (Pty) Ltd.	**3**	2
Lüderitz Boatyard (Pty) Ltd.	**2 436**	1 186
	3 079	1 828

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

8. Operating Lease Asset / Liability

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Non-current assets	**29 690**	26 143	**29 690**	26 143
Current assets	**-**	802	**-**	802
Non-current liability	**(3 040)**	(2 735)	**-**	-
	26 650	24 210	**29 690**	26 945

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

9. Other Financial Asset

Swap agreement EIB loan	**5 768**	11 203	**5 768**	11 203
Swap agreement Danida loan	**-**	334	**-**	334
Insurance asset	**106 654**	82 805	**106 654**	82 805
	112 422	94 342	**112 422**	94 342
Non-current assets	**4 952**	9 602	**4 952**	9 602
Current assets	**107 470**	84 740	**107 470**	84 740
	112 422	94 342	**112 422**	94 342

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 balance sheet date. The fair value of the forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

10. Inventories

Work in progress	**5 591**	132 090	**-**	-
Consumable stores, net of impairment provision	**4 218**	5 458	**773**	880
	9 809	137 548	**773**	880

11. Trade and Other Receivables

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Trade debtors	**97 159**	136 783	**54 501**	69 453
Provision for impairment for trade debtors	**(6 000)**	(6 104)	**(6 000)**	(4 510)
	91 159	130 679	**48 501**	64 943
Prepayments	**811**	1 069	**160**	128
Staff loans	**1 590**	1 321	**1 453**	1 321
Sundry receivables	**15 096**	16 759	**26**	26
	108 656	149 828	**50 140**	66 418
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	**2 311**	19 618	**128**	4 491
more than 30 days past due	**25 793**	28 164	**1 201**	1 389
	28 104	47 782	**1 329**	5 880
Reconciliation of provision for impairment for trade and other receivables:				
Opening balance	**4 510**	2 328	**4 510**	1 693
Impairment loss recognised	**1 842**	3 776	**1 842**	2 817
Impairment utilised	**(352)**	-	**(352)**	-
	6 000	6 104	**6 000**	4 510

12. Cash and Cash Equivalents

	Group 2010	Group 2009	Authority 2010	Authority 2009
Cash on hand	**76**	144	**43**	43
Bank balances	**3 247**	3 316	**3 100**	2 964
Short-term deposits	**324 544**	434 969	**324 544**	434 969
Bank overdraft	**(4 743)**	(8 035)	**-**	-
	323 124	430 394	**327 687**	437 976
Disclosed as:				
Current assets	**327 867**	438 429	**327 687**	437 976
Current liabilities	**(4 743)**	(8 035)	**-**	-
	323 124	430 394	**327 687**	437 976

Investments with a carrying value of N$ 150 million were ceded as security for a Nedbank loan obtained during the year under review. (see note 15).

13. Capital Account

	Group 2010 N$'000	Group 2009 N$'000	Authority 2010 N$'000	Authority 2009 N$'000
Reflects net value at which assets were transferred from the shareholder in 1994	**50 344**	50 344	**50 344**	50 344

14. Revaluation Reserve

	Group 2010	Group 2009	Authority 2010	Authority 2009
Opening balance	**36 018**	-	**36 018**	-
Revaluation of property, plant and equipment	-	55 413	-	55 413
Deferred tax	-	(19 395)	-	(19 395)
Tax rate change	**554**		**554**	
Transfer to retained earnings	**(7 901)**		**(7 901)**	
	28 671	36 018	**28 671**	36 018

15. Long-Term Borrowings

	Group 2010	Group 2009	Authority 2010	Authority 2009
	603 889	512 809	**466 958**	367 534
Balance at beginning of the year	**571 718**	429 401	**416 645**	271 150
New loans raised	-	116 908	-	88 858
Repaid	**(55 863)**	(58 284)	**(49 330)**	(27 056)
Interest capitalised	**24 788**	2 993	**24 788**	2 993
New finance leases	**157 137**	83 679	**157 137**	83 679
Adjustment for swap agreements	**(5 769)**	(2 979)	**(5 769)**	(2 979)
Current portion of long term borrowing due within one year transferred to short-term borrowings	**(88 122)**	(58 909)	**(76 513)**	(49 111)
Capitalised finance leases	**251 816**	119 053	**249 452**	118 521
Other long-term loans	**440 195**	452 665	**294 019**	298 124
Total long-term borrowings	**692 011**	571 718	**543 471**	416 645
Current portion of long term borrowing due within one year transferred to short-term borrowings	**(88 122)**	(58 909)	**(76 513)**	(49 111)
	603 889	512 809	**466 958**	367 534
Nedbank loan repayable over 5 years in bi-annual installments at interest rates of prime less 3.35% per annum. This loan is secured by an investment with a carrying value of N$ 150 million.	**143 540**	-	**143 540**	-

15. Long-Term Borrowings (Continued)

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Liabilities under finance lease agreements with Corporate Equipment Rentals (Pty) Ltd. repayable over 5 years in bi-annual installments at interest rates of prime less 2.1% per annum.	**13 136**	-	**13 136**	-
Liabilities under installments sale agreements with Wesbank repayable over 5 years in bi-annual installments at interest rates of prime less 2.75% per annum.	**2 238**	4 311	**2 238**	4 311
Liabilities under installments sale agreements with Wesbank repayable over 5 years in bi-annual installments at a fixed interest rate of 11.49% per annum.	**13 052**	18 541	**13 052**	18 541
Liabilities under two installments sale agreements with Development Bank of Namibia repayable over 5 years in bi-annual installments at a fixed interest rate of 11.20% per annum.	**41 534**	51 309	**41 534**	51 309
Liabilities under installments sale agreements with Wesbank repayable over 5 years in bi-annual installments at an interest rate of prime less 2.5% per annum.	**17 554**	21 051	**17 554**	21 051
Liabilities under installments sale agreements with Veritas Capital repayable over 5 years in bi-annual installments at an interest rate of prime less 3.75% per annum.	**18 398**	23 309	**18 398**	23 309
KfW Government to Government loan on-lended to Namport. The loan is unsecured and bears interest at 10% per annum payable bi-annually in arrears. Repayable in 36 equal bi-annual installments.	**14 937**	16 804	**14 937**	16 804
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 installments 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.	**45 862**	56 804	**45 862**	56 804
Soft loan by DANIDA, swapped to local financial institution secured by cession of endowment policies. The loan was repaid in full during the year under review.	-	1 951	-	1 951

15. Long-Term Borrowings (Continued)

	Group 2010 N$'000	Group 2009 N$'000	Authority 2010 N$'000	Authority 2009 N$'000
Pointbreak loan bearing interest at 12.48% per annum with the accrued interest payable three monthly. The full loan is repayable on 31 August 2012.	**63 830**	57 618	**63 830**	57 618
Pointbreak loan bearing interest at 10.95% per annum with the accrued interest payable three monthly.	**43 016**	38 539	**43 016**	38 539
A Pointbreak interest bearing loan which has been set-off against a redeemable preference share investment with a market value of N$107,511,166. The loan bears interest at a fixed effective rate of 15.50% per annum and is repayable on 2 May 2011.	**841**	1 808	**841**	1 808
A Pointbreak unsecured interest bearing loan which bears interest at a floating rate of 65% of the Namibian prime rate, which at year end was equivalent to an effective rate of 7.74% per annum. The loan was repaid in full during the year under review.	**-**	10 956	**-**	10 956
Pointbreak loan bearing interest at 11.25% per annum with the accrued interest payable three monthly. The full loan is repayable on 31 August 2014.	**88 922**	80 000	**88 922**	80 000
A thirteen-month evergreen overdraft facility with Nedbank of Namibia. The loan is bearing interest at 78% of the current Nedbank Namibia Ltd prime rate. Next review date is in April 2011.	**18 285**	16 662	**18 285**	16 662
A two-tier finance agreement with Veritas Kapital Limited. Loan 1 bears interest at the prime rate minus 5% per annum, whilst Loan 2 bears interest at the prime rate minus 2.55% per annum.	**18 326**	16 982	**18 326**	16 982
Bank Windhoek loan bearing interest at prime less 2.9% per annum repayable in monthly installments of N$ 662 592. This loan is secured as detailed in note 31.	**50 883**	54 538	**-**	-
Bank Windhoek loan bearing interest at prime less 2.6% per annum repayable in monthly installments of N$ 1 239 982. This loan is secured as detailed in note 31.	**95 293**	100 003	**-**	-
Liabilities under installments 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.	**2 364**	532	**-**	-
Total borrowings	**692 011**	**571 718**	**543 471**	**416 645**

16. Special purpose funds

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Channel levy Fund	**12 000**	9 763	**12 000**	9 763
Navigational Aids Fund	**1 709**	3 291	**1 709**	3 291
Namport Social Investment Fund	**1 264**	1 701	**1 264**	1 701
Namport Solidarity Fund	**162**	113	**162**	113
Namport Employees savings plan	**-**	1 621	**-**	1 621
	15 135	16 489	**15 135**	16 489
Disclosed under:				
Non-current liabilities	**13 709**	13 054	**13 709**	13 054
Current liabilities	**1 426**	3 435	**1 426**	3 435
	15 135	16 489	**15 135**	16 489

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

17. Deferred Income

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

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

18. Severance Pay Provision

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Present value of the defined benefit obligation-wholly unfunded	**3 326**	3 987	**1 942**	1 882
Movement for the year:				
Opening balance	**3 987**	-	**1 882**	-
Net amount recognised in the income statement	**(661)**	3 987	**60**	1 882
	3 326	3 987	**1 942**	1 882
Net amount recognised in the income statement				
Current service cost	**113**	96	**113**	96
Past service cost	**-**	3 781	**-**	1 676
Interest cost	**188**	170	**188**	170
Actuarial (gains) losses	**(962)**	(60)	**(241)**	(60)
	(661)	3 987	**60**	1 882
Key assumptions used:				
Investment return	**8.44%**	10.02%	**8.44%**	10.02%
Salary inflation rate	**6.94%**	8.52%	**6.94%**	8.52%

19. Deferred Tax

Balances at beginning of the year	**294 100**	157 665	**254 977**	154 345
Adjustment	**(11)**	-	**(11)**	-
Change in tax rate	**(8 403)**	-	**(7 285)**	-
Decrease / (increase) in tax losses available for set off	**3 069**	(2 940)	**(16 978)**	-
Revaluation depreciation	**(4 625)**		**(4 625)**	-
Revaluation of property, plant and equipment	**-**	19 395	**-**	19 395
Net taxable temporary differences	**40 567**	119 980	**66 715**	81 237
Balances at the year end	**324 697**	294 100	**292 793**	254 977

19. Deferred Tax (Continued)

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Comprising of liabilities / (assets):	**3 335**	48 142	**263**	308
Work in progress and consumables	**224 353**	171 420	**224 353**	171 420
Endowment investments	**9 061**	8 474	**10 095**	9 431
Operating lease asset / (liability)	**67 112**	56 738	**24 688**	26 100
Capital allowances	**14 770**	19 395	**14 770**	19 395
Revaluation of property, plant and equipment	**(789)**	(5 596)	**(661)**	(659)
Provisions	**343**	330	**-**	-
Prepayments	**36 263**	28 982	**36 263**	28 982
Insurance asset	**(29 751)**	(33 785)	**(16 978)**	-
Tax loss	**324 697**	294 100	**292 793**	254 977
Disclosed as:				
Deferred tax assets	**(30 540)**	(39 381)	**(17 639)**	(659)
Deferred tax liabilities	**355 237**	333 481	**310 432**	255 636
	324 697	294 100	**292 793**	254 977

20. Trade And Other Payables

	Group 2010	Group 2009	Authority 2010	Authority 2009
Trade payables	**11 953**	67 501	**6 319**	25 090
Other payables	**34 750**	104 974	**19 442**	21 471
Sundry accruals	**39 160**	91 157	**23 920**	7 654
Receiver of Revenue - VAT	**(4 833)**	13 491	**(4 901)**	13 491
Outstanding cheques	**423**	326	**423**	326
	46 703	172 475	**25 761**	46 561

21. Provisions

Group

	Opening Balance	Additions	Utilised	Reversals	Closing Balance
31 August 2010					
Provision for leave pay	7 324	6 483	(165)	-	13 642
Provision for bonuses	13 711	18 288	(13 644)	-	18 355
Provision for customer rebates	16 649	6 845	(16 649)	-	6 845
	37 684	31 616	(30 458)	-	38 842
31 August 2009					
Provision for leave pay	6 324	1 000	-	-	7 324
Provision for bonuses	9 794	13 711	(9 794)	-	13 711
Provision for customer rebates	4 876	16 649	(4 876)	-	16 649
	20 994	31 360	(14 670)	-	37 684

Authority

	Opening Balance	Additions	Utilised	Reversals	Closing Balance
31 August 2010					
Provision for leave pay	7 324	6 483	(165)	-	13 642
Provision for bonuses	13 711	18 288	(13 644)	-	18 355
Provision for customer rebates	16 649	6 845	(16 649)	-	6 845
	37 684	31 616	(30 458)		38 842
31 August 2009					
Provision for leave pay	6 324	1 000	-	-	7 324
Provision for bonuses	9 794	13 711	(9 794)	-	13 711
Provision for customer rebates	4 876	16 649	(4 876)	-	16 649
	20 994	31 360	(14 670)	-	37 684

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 Namport.

Customer rebates

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

22. Current tax

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Balance at beginning of the year	**23 143**	15 571	**23 143**	15 571
Taxation charge for the year	**31 634**	108 239	**42 452**	72 436
Adjustment to deferred tax	**(31 634)**	(88 058)	**(42 452)**	(52 255)
Net payments made during the year	**(25 940)**	(12 609)	**(25 940)**	(12 609)
	(2 797)	23 143	**(2 797)**	23 143
Disclosed as:				
Current assets	**2 797**	-	**2 797**	-
Current liabilities	**-**	23 143	**-**	23 143
	2 797	23 143	**2 797**	23 143

23. Revenue

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Rendering of services:				
Cargo services	**266 545**	311 183	**266 545**	311 183
Marine services	**84 135**	73 498	**84 135**	73 498
Port Authority services	**214 221**	229 400	**214 221**	229 400
Syncrolift services -dry dock	**25 305**	26 297	**25 305**	26 297
Ship repairs - floating dock	**349 962**	522 325	**-**	-
Rebates and discounts	**(24 181)**	(24 559)	**(24 181)**	(24 559)
	915 987	1 138 144	**566 025**	615 819

24. Other Costs By Nature

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Advertising, promotions and marketing	**5 505**	6 557	**5 049**	5 936
Audit fees	**1 014**	577	**387**	313
Bad debts	**2 060**	5 104	**1 842**	3 492
Bank Charges	**600**	530	**353**	233
Claims	**358**	166	**358**	166
Computer expenses	**2 155**	1 997	**1 462**	1 380
Consulting fees	**30 737**	3 841	**30 479**	3 620
Consumables and materials	**159 145**	206 430	**1 943**	709
Diesel, petrol, lubricants and tyres	**18 519**	21 063	**17 105**	19 335
Directors emoluments	**1 014**	4 502	**1 002**	1 520
Donations	**911**	638	**552**	495
Entertainment and refreshments	**2 833**	2 476	**2 637**	2 265
Foreign exchange / hedging losses	**1 281**	5 055	**(14)**	9 275
Impairment other	**423**	-	**-**	-
Insurance	**8 209**	7 875	**5 103**	4 833
Legal fees	**606**	480	**557**	455
Licenses	**215**	148	**147**	136
Memberships and subscriptions	**343**	279	**269**	248
Municipal charges	**18 417**	18 012	**17 632**	17 295
Rental	**28 640**	28 614	**12 411**	15 130
Safety, health and environmental	**4 026**	4 217	**2 232**	2 104
Security	**3 407**	2 391	**2 869**	1 957
Stationery and photocopying	**1 936**	1 324	**1 371**	861
Sundry	**4 954**	3 507	**714**	312
Telephone, postage and courier	**2 740**	3 240	**2 054**	2 147
Travelling and accommodation	**5 220**	5 681	**4 523**	5 075
	305 268	334 704	**113 037**	99 292

25. Operating profit

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Operating profit is stated after taking account of the following items:				
Auditors' remuneration	**1 013**	577	**386**	313
Operating lease charges	**16 237**	18 223	**12 411**	15 130
Consulting fees	**5 956**	3 431	**5 697**	3 213
Loss on sale of property, plant and equipment	**4 562**	550	**4 562**	550
Impairment on property, plant and equipment	**19 459**	16 747	**19 459**	16 691
Impairment charges - other	**404**	12 909	**-**	-
Depreciation of property, plant and equipment	**84 449**	64 357	**74 985**	60 082
Amortisation on intangible assets	**1 296**	993	**1 296**	993
Foreign exchange losses / (gains)	**(1 309)**	(2 303)	**(14)**	1 809

26. Fair Value Adjustments

Endowment investments	**41 996**	18 232	**41 996**	18 232
Insurance assets	**3 849**	2 680	**3 849**	2 680
	45 845	20 912	**45 845**	20 912

27. Interest Income

Bank balances and short-term deposits	**44 154**	51 851	**44 121**	51 461
Trade debtors	**344**	1 215	**344**	1 215
	44 498	53 066	**44 465**	52 676

28. Finance Costs

Long-term borrowings	**77 138**	62 970	**63 482**	45 896
Trade and other payables	**205**	532	**-**	-
Bank overdraft	**460**	2 286	**-**	1 963
	77 803	65 788	**63 482**	47 859

29. Taxation

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Namibian normal tax				
Current taxation	**-**	20 181	**-**	20 181
Deferred taxation	**31 634**	99 496	**38 523**	63 693
	31 634	119 677	**38 523**	83 874

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

	Group 2010	Group 2009	Authority 2010	Authority 2009
Profit before tax				
Tax calculated at the statutory rate	**59 148**	136 978	**65 511**	101 511
Tax effects revaluation depreciation	**(3 929)**	-	**(3 929)**	-
Income not subject to tax	**(15 774)**	(17 637)	**(15 774)**	(17 637)
Expenses not deductible for tax	**-**	336	**-**	-
Change in tax rate	**(8 393)**	-	**(7 285)**	-
Unutilised assessed loss	**582**			
	31 634	119 677	**38 523**	83 874

30. Cash generated By Operations

	Group 2010	Group 2009	Authority 2010	Authority 2009
Profit before tax	**173 964**	391 365	**192 679**	290 032
Adjustments for:				
Depreciation	**84 450**	81 104	**75 132**	76 773
Impairment of property, plant and equipment	**19 459**	-	**19 459**	-
Amortisation of intangible assets	**1 296**	993	**1 296**	993
Severance pay provision	**(661)**	3 987	**60**	1 882
Operating lease rentals straight lining	**(2 440)**	(26 421)	**(2 745)**	(26 945)
Deferred revenue released	**(10 241)**	-	**(10 241)**	-
Loss on sale of property, plant and equipment	**4 562**	550	**4 562**	550
Investment revenue	**(90 343)**	(73 978)	**(90 310)**	(73 588)
Fair value adjustments on financial assets	**(41 994)**	(18 233)	**(41 994)**	(18 233)
Finance costs	**77 803**	65 788	**63 482**	47 859
Finance costs capitalised to long term borrowings	**24 788**	2 994	**24 788**	2 994
Adjustment	**58**	-	**-**	-
	240 701	428 149	**236 168**	302 317

30. Cash generated By Operations (Continued)

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Changes in working capital				
Trade and other receivables	**39 001**	(7 008)	**16 278**	16 021
Other financial asset	**(23 849)**	(32 680)	**(23 849)**	(32 680)
Inventories	**127 739**	(98 967)	**107**	725
Payables and provisions	**(120 661)**	50 717	**(19 642)**	(14 652)
	262 931	340 211	**209 062**	271 731

31. Commitments

Authorised capital expenditure:				
Authorised and contracted for	**144 732**	214 279	**140 851**	209 187
Authorised, but not yet contracted for	**2 006 272**	413 566	**2 006 272**	413 566
	2 151 004	627 845	**2 147 123**	622 753

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

32. Contingent liabilities

Provision of suretyship on financing facilities to EBH Namibia (Pty) Ltd.	**186 150**	186 150	**186 150**	186 150

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 and unlimited cession of its call account.

The Group might be liable for an amount of N$ 3.6 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.

33. Related parties

Namport is wholly owned by the Namibian Government. Its subsidiaries, government ministries, agencies and fellow state owned enterprises and business enterprises that the Board of Directors and Executive Management are involved with are seen as related parties.

The following related party transactions have been entered into:

		Group 2010 N$'000	Group 2009 N$'000	Authority 2010 N$'000	Authority 2009 N$'000
Revenue and interest income:					
Entity:	**Relationship:**	**4 591**	3 500	**7 196**	14 728
Various ministries	Owned by shareholder	**2 723**	2 053	**2 723**	2 053
EBH Namibia (Pty) Ltd.	Subsidiary	**-**	-	**2 605**	11 228
RFA	State owned enterprise	**993**	636	**993**	636
Namibia Post Ltd.	State owned enterprise & Former CEO - Chairperson of Board of related party	**-**	737	**-**	737
Transnamib	State owned enterprise	**875**	74	**875**	74
Purchases of goods and services:					
Entity:	**Relationship:**	**19 943**	30 445	**20 278**	30 580
Various entities	State owned enterprises	**19 943**	20 893	**19 943**	20 893
EBH Namibia (Pty) Ltd.	Subsidiary	**-**	-	**335**	135
Namib Off-Road Centre	Control by member of key management (renounced in June 2009)	**-**	123	**-**	123
Nedbank Namibia Ltd.	Former CEO - Serve on Board of related party	**-**	9 429	**-**	9 429
Balances due from related parties:					
Entity:	**Relationship:**	**2 088**	7 298	**2 088**	5 801
Various entities	State owned enterprises	**2 088**	7 298	**2 088**	4 078
EBH Namibia (Pty) Ltd.	Subsidiary	**-**	-	**-**	1 723

33. Related parties (Continued)

		Group		Authority	
		2010	2009	**2010**	2009
		N$'000	N$'000	**N$'000**	N$'000
Balances due to related parties:					
Entity:	**Relationship:**	-	18 715	-	18 774
Various entities	Control by member of key management (renounced in June 2009)	-	1 972	-	1 972
EBH Namibia (Pty) Ltd.	Subsidiary	-	-	-	59
Namib Off-Road Centre	Control by member of key management (renounced in June 2009)	-	81	-	81
Nedbank Namibia Ltd.	Former CEO - Serve on Board of related party	-	16 662	-	16 662
Remuneration to key management personnel		**8 673**	8 512	**7 403**	6 717
Directors' emoluments					
Executive:	For services as Directors	**1 270**	1 795	-	-
	Bonuses	-	2 982	-	-
Non-executive:	For services as Directors	**1 002**	1 519	**1 002**	1 519
	Bonuses	-	-	-	-
		2 272	6 296	**1 002**	1 519

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	Loans & receivables N$000	Fair value through profit & loss designated N$000	Total N$000
Financial assets			
31 August 2010			
Investments	-	724 749	724 749
Other financial assets	-	112 422	112 422
Channel levy fund investment	-	12 000	12 000
Trade and other receivables	108 656	-	108 656
Cash and cash equivalents	327 867	-	327 867
	436 523	849 171	1 285 694
31 August 2009			
Investments	-	532 755	532 755
Other financial assets	-	94 342	94 342
Channel levy fund investment	-	9 763	9 763
Trade and other receivables	149 828	-	149 828
Cash and cash equivalents	438 429	-	438 429
	588 257	636 860	1 225 117

	Other financial liabilities at amortised cost N$000	Finance lease obligations N$000	Special purpose funds N$000	Total N$000
Financial liabilities				
31 August 2010				
Long-term borrowings	440 195			440 195
Installment sales obligations		251 816		251 816
Special purpose funds	-	-	15 135	15 135
Trade and other payables	46 703	-	-	46 703
Bank overdraft	4 743	-	-	4 743
	491 641	251 816	15 135	758 592
31 August 2009				
Long-term borrowings	452 665	-	-	452 665
Installment sales obligations	-	119 053	-	119 053
Special purpose funds	-	-	16 489	16 489
Trade and other payables	172 475	-	-	172 475
Bank overdraft	8 035	-	-	8 035
	633 175	119 053	16 489	768 717

34.2. Classification Of Financial Assets And Liabilities (Continued)

Authority	Loans & receivables N$000	Fair value through profit & loss designated N$000	Total N$000
Financial assets			
31 August 2010			
Investments	-	724 749	724 749
Loans to subsidiaries	3 079	-	3 079
Other financial assets	-	112 422	112 422
Channel levy fund investment	-	12 000	12 000
Trade and other receivables	50 140	-	50 140
Cash and cash equivalents	327 687	-	327 687
	380 906	849 171	1 230 077
31 August 2009			
Investments	-	532 755	532 755
Loans to subsidiaries	1 829	-	1 829
Other financial assets	-	94 342	94 342
Channel levy fund investment		9 763	9 763
Trade and other receivables	66 418	-	66 418
Cash and cash equivalents	437 976	-	437 976
	506 223	636 860	1 143 083

	Other financial liabilities at amortised cost N$000	Finance lease obligations N$000	Special purpose funds N$000	Total N$000
Financial liabilities				
31 August 2010				
Long-term borrowings	294 019	-	-	294 019
Installment sales obligations	-	249 452	-	249 452
Special purpose funds	-	-	15 135	15 135
Trade and other payables	25 761	-	-	25 761
	319 780	249 452	15 135	584 367
31 August 2009				
Long-term borrowings	298 124	-	-	298 124
Installment sales obligations	-	118 521	-	118 521
Special purpose funds	-	-	16 489	16 489
Trade and other payables	46 561	-	-	46 561
	344 685	118 521	16 489	479 695

34.3. Financial Risk Management

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

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

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

34.4. Liquidity Risk

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

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

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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	Less than 1 year N$000	Between 1 and 5 years N$000	More than 5 years N$000
31 August 2010			
Long-term borrowings	88 271	511 033	92 707
Special purpose funds	1 426	13 709	-
Trade and other payables	46 703	-	-
Bank overdraft	4 743	-	-
	141 143	524 742	92 707
31 August 2009			
Long-term borrowings	58 908	384 007	128 803
Special purpose funds	3 435	13 054	-
Trade and other payables	172 475	-	-
Bank overdraft	8 035	-	-
	242 853	397 061	128 803

34.4. Liquidity Risk (Continued)

Authority	Less than 1 year N$000	Between 1 and 5 years N$000	More than 5 years N$000
31 August 2010			
Long-term borrowings	18 443	262 699	12 877
Installment sales obligations	58 070	191 382	-
Special purpose funds	1 426	13 709	-
Trade and other payables	25 761	-	-
	103 700	467 790	12 877
31 August 2009			
Long-term borrowings	29 840	241 189	27 096
Installment sales obligations	19 270	99 250	-
Special purpose funds	3 435	13 054	-
Trade and other payables	46 561	-	-
	99 106	353 493	27 096

The credit facilities of the group are reviewed annually and consists of the following bank overdraft facilities:

	Group		Authority	
	2010 N$'000	2009 N$'000	**2010 N$'000**	2009 N$'000
Overdraft facilities:				
Total facilities	**40 000**	40 000	**20 000**	20 000
Utilised	**(23 028)**	(24 697)	**(18 286)**	(16 662)
	16 972	15 303	**1 714**	3 338

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 financials 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:

34.5. Credit risk (continued)

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Investments	**724 749**	532 755	**724 749**	532 755
Loans to subsidiaries	**-**	-	**3 079**	1 829
Other financial assets	**112 422**	94 342	**112 422**	94 342
Channel levy fund investment	**12 000**	9 763	**12 000**	9 763
Trade and other receivables	**108 656**	149 828	**50 140**	66 418
Cash and cash equivalents	**327 867**	438 429	**327 687**	437 976
	1 285 694	1 225 117	**1 230 077**	1 143 083

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

Total value of bank guarantees and cash deposits held by the group at the reporting date	**32 714**	30 298	**32 714**	30 298

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.

34.6. Market risk (Continued)

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

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Financial assets:				
Floating interest bearing	**1 070 204**	637 401	**1 070 204**	637 049
Fixed and non-interest bearing	**219 490**	587 716	**159 873**	506 034
	1 289 694	1 225 117	**1 230 077**	1 143 083
Financial liabilities:				
Floating interest bearing	**380 018**	261 996	**231 478**	98 723
Fixed and non-interest bearing	**378 574**	506 721	**353 574**	380 972
	758 592	768 717	**585 052**	479 695

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 2009.

Financial assets	**4 205**	4 143	**4 204**	4 141
Financial liabilities	**(2 508)**	(1 703)	**(1 528)**	(642)
Net effect on equity	**1 697**	2 440	**2 676**	3 499

Currency risk

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

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

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

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the balance sheet 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 2009.

34.6. Market risk (Continued)

	Group		Authority	
	2010	2009	**2010**	2009
	N$'000	N$'000	**N$'000**	N$'000
Net effect on equity	**13 877**	14 890	**13 877**	14 890

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**	
	2010	2009	**2010**	2009
Group	**N$'000**	N$'000	**N$'000**	N$'000
Financial assets				
Investments	**724 749**	532 755	**724 749**	532 755
Other financial assets	**112 422**	94 342	**112 422**	94 342
Channel levy fund investment	**12 000**	9 763	**12 000**	9 763
Trade and other receivables	**108 656**	149 828	**108 656**	149 828
Cash and cash equivalents	**327 867**	438 429	**327 867**	438 429
	1 285 694	1 225 117	**1 285 694**	1 225 117
Financial liabilities				
Long-term borrowings	**440 195**	452 665	**440 195**	452 665
Installment sales obligations	**251 816**	119 053	**251 816**	119 053
Special purpose funds	**15 135**	16 489	**15 135**	16 489
Trade and other payables	**46 703**	172 475	**46 703**	172 475
Bank overdraft	**4 743**	8 035	**4 743**	8 035
	758 592	768 717	**758 592**	768 717

34.8. Fair Values (continued)

Authority	Carrying values 2010 N$'000	Carrying values 2009 N$'000	Fair values 2010 N$'000	Fair values 2009 N$'000
Financial assets				
Investments	**724 749**	532 755	**724 749**	532 755
Loans to subsidiaries	**3 079**	1 829	**3 079**	1 829
Other financial assets	**112 422**	94 342	**112 422**	94 342
Channel levy fund investment	**12 000**	9 763	**12 000**	9 763
Trade and other receivables	**50 140**	66 418	**50 140**	66 418
Cash and cash equivalents	**327 687**	437 976	**327 687**	437 976
	1 230 077	1 143 083	**1 230 077**	1 143 083
Financial liabilities				
Long-term borrowings	**294 019**	298 124	**294 019**	298 124
Installment sales obligations	**249 452**	118 521	**249 452**	118 521
Special purpose funds	**15 135**	16 489	**15 135**	16 489
Trade and other payables	**25 761**	46 561	**25 761**	46 561
	584 367	479 695	**584 367**	479 695

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 installment 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 2010, 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.

35. Standards and Interpretations Not Yet Effective (Continued)

Standard or interpretation	Title and details	Effective Date
IAS 1 (amendment)	**Presentation of Financial Statements** The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.	Annual periods beginning on or after 1 January 2010
IAS 1 (amendment)	**Presentation of Financial Statements** The amendment is part of the IASB annual improvements process for 2010 and clarifies certain issues relating to the Statement of Changes in Equity.	Annual periods beginning on or after 1 January 2011
IAS 7 (amendment)	**Statement of Cash Flows** The amendment clarifies that only expenditures that result in the recognition of an asset can be classified as cash flows from investing activities in the statement of cash flows.	Annual periods beginning on or after 1 January 2010
IAS 17 (amendment)	**Leases** The amendment deleted guidance from the standard which stated that a lease of land with an indefinite useful life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amended standard clarifies that when a lease includes land and building elements, an entity should determine the classification of each element separately by applying the criteria in the standard.	Annual periods beginning on or after 1 January 2010
IAS 24 (revised)	**Related Party Disclosures** The revised standard contains an amended definition of related parties and modifies certain related party disclosure requirements for Government-related entities.	Annual periods beginning on or after 1 January 2011
IAS 27 (revised)	**Consolidated and Separate Financial Statements** The revised standard requires the effect of all transactions with non-controlling interests to be recorded in equity where there is no change in control and such transactions will no longer result in goodwill or gains and losses.	Annual periods beginning on or after 1 July 2011
IAS 27 (revised)	**Consolidated and Separate Financial Statements** The revised standard requires the effect of all transactions with non-controlling interests to be recorded in equity where there is no change in control and such transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.	Annual periods beginning on or after 1 July 2009
IAS 27 (amendment)	**Consolidated and Separate Financial Statements** The amendment is part of the IASB annual improvements process for 2010 and deals with transition requirements for amendments made to the standard when it was revised in 2008.	Annual periods beginning on or after 1 July 2010

35. Standards and Interpretations Not Yet Effective (Continued)

Standard or interpretation	Title and details	Effective Date
IAS 34 (amendment)	**Interim Financial Reporting** The amendment is part of the IASB annual improvements process for 2010 and provides guidance on the treatment of significant events and transactions in interim financial statements.	Annual periods beginning on or after 1 January 2011
IAS 36 (amendment)	**Impairment of Assets** The amendment clarifies that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8.	Annual periods beginning on or after 1 January 2010
IAS 38 (amendment)	Intangible Assets The amendment is part of the IASB's annual improvements project published in April 2009 and the Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies an intangible asset that is separable only together with a related contract, identifiable asset or liability is recognised separately from goodwill together with the related item and also permits the grouping of intangible assets as a singe asset if the assets within the Group have a similar useful life.	Annual periods beginning on or after 1 January 2010
IAS 39 (amendment)	**Financial Instruments: Recognition and Measurement** This amendment provides the additional guidance on determining whether loan prepayment penalties result in a embedded derivative that needs to be accounted for separately.	Annual periods beginning on or after 1 January 2010
IFRIC (amendment)	**IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction** The amendments remove the unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense.	Annual periods beginning on or after 1 January 2011
IFRIC 17 (new)	**Distribution of Non-cash Assets to Owners** The interpretation provides guidance on accounting for arrangements whereby an entity distributes non cash assets to shareholders wither as a distribution of reserves or as dividend. IFRS 5 Non-current Assets Held-for-Sale and Discontinues Operations has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.	Annual periods beginning on or after 1 July 2009

35. Standards and Interpretations Not Yet Effective (Continued)

Standard or interpretation	Title and details	Effective Date
IFRS3 and consequential to IAS28, IAS 31 and IAS 32 (revised)	**Business Combination** The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payment to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through profit or loss. There is a choice, on an acquisition-by-acquisition basis to measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the fair value of the related costs will be recognized in profit or loss immediately.	Annual periods beginning on or after 1 July 2009
IFRS 3	**Business Combination** The amendments are part of the IASB annual improvements process for 2010. These amendments deal with transitional requirements for contingent consideration in a business combination that occurred before the effective date of the revised IFRS 3 (revised 2008), measurement of non-controlling interests and unreplaced and voluntarily replaced share-based payment awards.	Annual periods beginning on or after 1 July 2010
IFRS 5 (amendment)	**Non-current Assets held-for-sale and Discontinued Operations** The amendments provide that if an entity is committed to a plan to sell subsidiary, then it should classify all of that subsidiary's assets and liabilities as held-for-sale when the held-for-sale criteria in the standard are met. This applies regardless of the entity retaining an interest (other than control) in the subsidiary.	Annual periods beginning on or after 1 July 2009
IFRS 7 (amendment)	**Financial Instruments: Disclosures** The amendment is part of the IASB annual improvements process for 2010. It provides clarification of certain disclosure requirements of the standard.	Annual periods beginning on or after 1 January 2011
IFRS 8 (amendment)	**Operating Segments** The amendment clarifies that information with respect to total assets is required only if such information is regularly reported to the chief operating decision-maker.	Annual periods beginning on or after 1 January 2010
IFRS 9 (new)	**Financial Instruments** This standard forms part of the IASB's project to replace the existing standard on the recognition and measurement of financial instruments. The standard defines two measurement categories for financial assets: amortised cost and fair value. A financial asset may only be measured at amortised cost if it has basic loan features and is managed on a contractual yield basis. The standard also differs from existing requirements for accounting for financial assets in various other areas, such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income.	Annual periods beginning on or after 1 January 2013

The financial reporting standards, amendments or interpretations listed below are currently not applicable to the Group and will have no impact on the Group's financial statements.

35. Standards and Interpretations Not Yet Effective (continued)

Standard or interpretation	Title and details	Effective Date
IFRIC 13	**Customer Loyalty Programmes** The amendment provides guidance on determining the fair value of award credits.	Annual periods beginning on or after 1 January 2011.
IFRIC 19	**Extinguishing Financial Liabilities with Equity Instruments** The interpretation provides guidance on accounting for debt equity swaps.	Annual periods beginning on or after 1 July 2010.
IFRS 1 (amendment)	**First-time Adoption of International Financial Reporting Standards** The IASB amended the standard to provide additional optional exemptions for first time adopters.	Annual periods beginning on or after 1 January 2010.
IFRS 1 (amendment)	**First-time Adoption of International Financial Reporting Standards** The amendments deal with accounting policy changes in the year of adoption, revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulations.	Annual periods beginning on or after 1 January 2011.
IFRS 2 (amendment)	**Share-based Payment** The amendment deals with accounting in the separate financial statements by an entity that receives goods or services in a share-based payment transaction.	Annual periods beginning on or after 1 January 2010.

36. Error

Namport has entered into various insurance contracts, which provides for the payment of a refund premium after a period of twelve months from the date of entering into the agreement. The minimum refund premium accruing to the policy holder can be determined with reference to the underlying contracts. As these benefits payable are under the control of the policy holder, such benefits payable should be recognised as a financial asset. Namport has recognised the premiums payable through its profit and loss account in prior years' financial statements. The growth, through no claims bonuses, in the refunds payable, which has accrued to Namport has not been recorded in the financial records. The treatment of the premiums and its related growth by Namport in its financial statements in the past constitutes an error in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

The opening balance of equity at the beginning of 2008 was adjusted while the comparative amounts were restated accordingly. The effect of the adjustment, on the Group- and Authority financial statements , of this error on the results was as follows:

36. Error (Continued)

	2008 N$000	2009 N$000	Total N$000
Adjustment to non-current assets			
Increase in other financial assets	50 125	32 680	82 805
Adjustment to non-current liabilities			
Increase in deferred tax liabilities	(17 544)	(11 438)	(28 982)
Adjustment to equity and reserves			
Increase in retained earnings	32 581	21 242	53 823
Adjustment to statements of comprehensive income			
Decrease in other expenses	-	30 000	30 000
Increase in fair value adjustments	-	2 680	2 680
Increase in deferred tax charge	-	(11 438)	(11 438)
	-	21 242	21 242

37. Reclassification Of Comparatives

Endowment investments are classified as financial assets through profit and loss - designated. The movement on these financial assets were recorded under interest income. For better presentation the movement has been reclassified as fair value movements in the statements of comprehensive income.

The impact of this reclassification on the comparatives of the Group- and Authority financial statements is as follows:

	Group	Authority
	2009 N$000	**2009 N$000**
Increase in fair value movements	18 232	18 232
Decrease in interest income	(18 232)	(18 232)
Net impact on equity, net of taxation	-	-

Notes


AMASIS
CMA CGM
MAERSK SEALAND
TOTAL

NAMIBIAN PORTS AUTHORITY
WWW.NAMPORT.COM

Head Office: Namport
No 17, Rikumbi Kandanga Road
P O Box 361
Walvis Bay, Namibia
Tel: (+264 64) 208 2111
Fax: (+264 64) 208 2323

Port of Lüderitz
Hafen Street
P O Box 836
Lüderitz, Namibia
Tel: (+264 63)20 0217
Fax: (+264 63) 20 0218

Discipline
Integrity
Sense of urgency
Honesty
Safety

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.

Vision

To be the first-choice world-class port service provider in Africa.