

our vision

Namport is:

A dynamic, world class autonomous Port Management Organisation.

The preferred link for seaborne trade with Namibia and the SADC Region.

Namport is committed to:

Providing service efficiency meeting the needs of our clients.

Upholding high professional and ethical standards.

Equitable treatment of all our employees.



our mission

Namport is committed to:

providing, facilitating and promoting efficient and effective port and related services for seaborne trade between Namibia, it's neighbours and their international trading partners as well as for the Namibian fishing and other offshore industries. Our goals will be to achieve excellent customer care. We aim to operate cost effectively whilst generating sufficient funds to make a reasonable

return on investment for sustainable long-term growth.

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

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



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Mr Dirk H Conradie/Chairman



Mr Wessel J A Wessels/Chief Executive Officer



Mr John C Rogers/Deputy Chairman



Ms S T Harris/Director



Ms N Mbako/Director



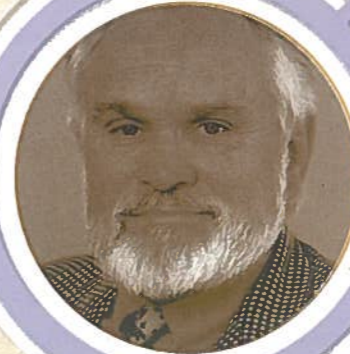
Mr U Mambumba/Director



Mr S T Hiveluah/Director



Mr H J Dennewill/Director







On behalf of the Board of Directors of the Namibian Ports Authority, it is once again my privilege and pleasure to report on what has been another excellent year for the Namibian Ports Authority. The contribution and co-operation of all our stakeholders made this possible, and I can once more proudly report to our shareholders that port developments and port operations for Namibia remain well managed. As reported in the last annual report, the previous financial period saw the completion of the major portion of our port development plan, and our ongoing thrust now remains the development of new business through our ports, with an emphasis on the Walvis Bay Corridor to the SADC region. The Port of Walvis Bay is now fully positioned as the gateway and west coast hub for the SADC region, which is our ongoing target market.

It is gratifying to see that operating income has made a strong

contribution to the financial bottom line. This in fact represents a shift away from financing income as reported on in the previous financial period, which in turn augurs well for the future financial well being of Namport. This is particularly important given the reduction in cash investment levels due to the capital expansion program. The sharp deterioration of the exchange rate of the South African Rand against the US Dollar and other international currencies remain a source of concern, given the exposure of Namport to hard currency related costs in the marine and equipment field. In future, ways will have to be found to hedge this exposure and reduce this currency risk to Namport.

Although business development through the corridor in particular has been slower than hoped for, good growth in other areas made up for this. It is of particular interest to note the positive impact of new business such as the export of small livestock on the hoof through both the Ports of Lüderitz and Walvis Bay during this period. Given the unqualified success of the operation, it is hoped that this will develop into a sustainable business for Namport and indeed Namibia. The ongoing success of Ongopolo with mining exports and imports and the pending commencement of operations of the Skorpion zinc mine near Rosh Pinah in 2003 holds excellent prospects for the growth of mining commodities through our ports.

For the Ports of Walvis Bay and Lüderitz, total cargo tonnage increased from 2,414,316 tonnes for the previous period to 2,509,321 tonnes for the period under review (representing an increase of 3,9%). Container numbers showed an increase from 26,988 TEUs for the previous period to 29,016 TEUs for this financial year (reflecting an increase of 7,5%).

Tariff increases for the year averaged 8%, which figure was below inflationary cost increases experienced, but which was contained to this level as part of our ongoing effort to remain cost competitive in the market. The full financial burden of development projects and concomitant finance charges are now borne by Namport, which is also reflected in the financial statements. In September 1998, a self insurance policy to the value of N\$ 5 million was taken out by Namport,

in order to provide part cover for deductibles in terms of current insurance policies, as well as uninsurable items. No claims have been submitted against this policy to date, resulting in a growth in value to N\$ 6,3 million as at end July 2001. It was again possible within the framework of loan conditions of financial institutions and within the bounds of appropriate financial and cash flow management, to declare a dividend of N\$ 2,5 million to Government as shareholder for the period under review. The Board of Directors continues to be proud of the significant contribution that Namport has made and continues to make to the national and strategic port infrastructure and equipment.

Total corporate taxes paid by Namport to date to Government since its inception amounts to N\$ 17,53 million. Import duties paid on port equipment amounts to a further N\$ 1,85 million. During this time, a dividend of N\$ 7,05 million was also paid to Government as shareholder.

Namport remains committed to the full development of its human capital, and to this end it is recognized that the efforts, abilities and contribution of our staff remains the key to our future success. The First Affirmative Action Report as required in terms of Sections 27(1) and 28(1) of the Affirmative Action Act of 1998 and as submitted to the Employment Equity Commission remains the road map to ensure equal opportunities in terms of employment practice, and will assist to keep Namport in the forefront in this important area. In line with the broader commitments set out in our Affirmative Action Report, Namport shall ensure that all the concerns that agitate against harmonious human relations at the workplace are addressed to turn Namport into an even more effective organization.

It is with regret that I report that Mr Harald Dennehill has resigned as a director. I would like to express my thanks to him for his counsel, commitment and

assistance during our long and rewarding association.

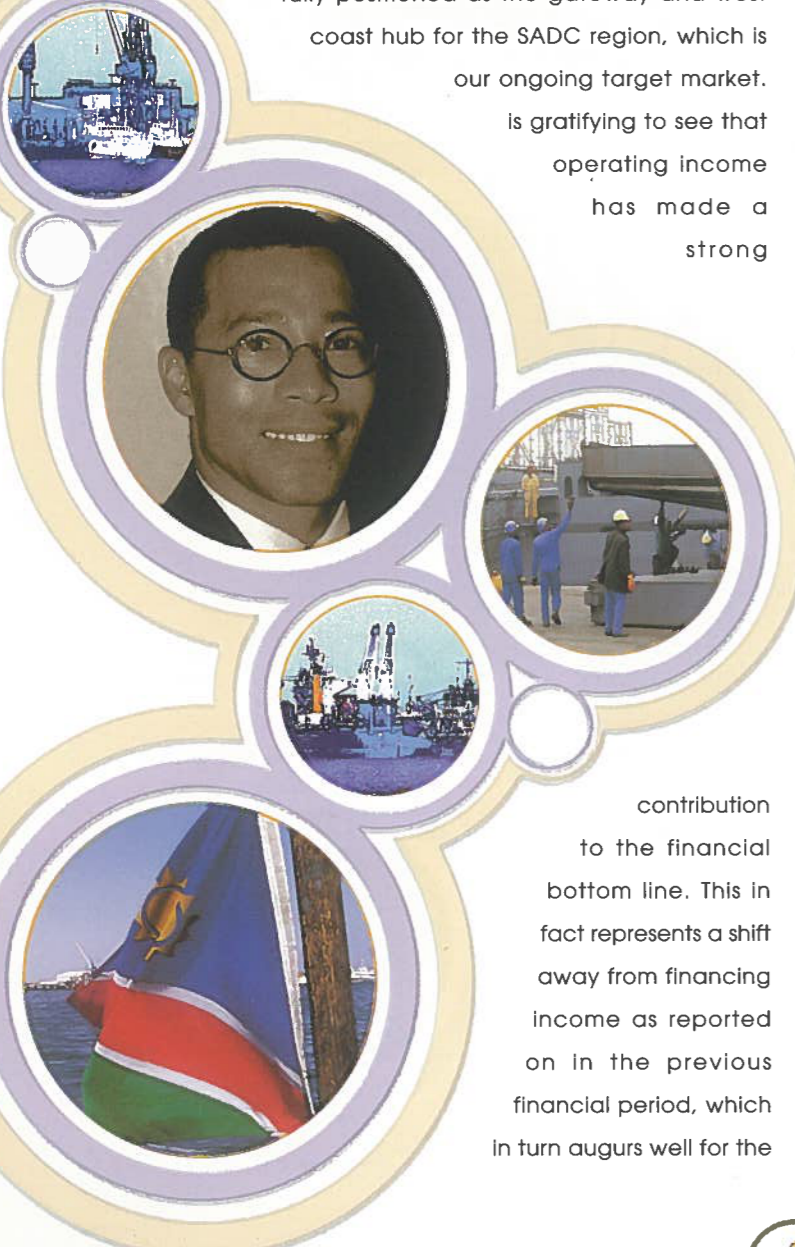
I wish to take this opportunity to express my sincere appreciation to the Government of the Republic of Namibia, the members of the Board of Directors for their active participation and support during this period, as well as to the Management Team and all staff members of Namport, for the excellent performance during the period under review. We remain proud of the contribution that Namport makes to the strategic national



infrastructure and the broader economy, and indeed our contribution to the SADC region.

Finally, I want to convey my sincere appreciation to our stakeholders and customers for their support during the period under review. Given that the development of new business on a regional basis remains one of the prime objectives of Namport, the support of our customer base remains vital to our success in this regard. Namport is committed to provide world-class services and standards at competitive rates, to ensure our contribution to the economic well being of Namibia and the SADC region.

D H Conradie  
chairman of the board





management



Mr Wessel J A Wessels/Chief Executive Officer



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



Mr J L van der Merwe/General Manager : Finance



Mr A J Raw  
Port Engineer



Mr A Kathudi/Manager : Syncrolift



Mrs R Reilly/Manager : Human Resources



Mr A Green/Manager : Financial



Mr J Mouton/Manager:  
Marketing & Strategic  
Business Development



Mr E Loftie-Caton/Manager : Technical Services



management team



Mr U Hengert/Port Operations Manager : Walvis Bay



Port of Walvis Bay



Mr L du Toit/Port Operations  
Manager : Lüderitz



Port of Lüderitz



Mr A E Hannabus/Manager : Cargo Services



Capt. V Gusev/Port Captain : Port of Walvis Bay







This financial period has seen very good turnover growth for Namport, and it is again my distinct pleasure to be able to report at this time that our investments and business strategy are starting to bear fruit. Although economic growth in the region and our own expectations for corridor business growth have been below expectations, the diversity of our commodity base and good growth in certain commodities have assisted in helping us to exceed our turnover and profit targets. The implementation of the Port Master Plan has now been completed in all material respects and the resulting projects from this such as the deepening of the Port of Walvis Bay, the Walvis Bay container terminal and the new quay in the Port of Lüderitz (together with associated equipment) will stand Namport and indeed Namibia in good stead for many years to come. An important strategy component for Namport's business

development is the Walvis Bay Corridor Group, which in our view must be seen as a vital catalyst to position Namibia as a future major economic player for

the SADC region on the west coast of Africa.

### Business Development

A continuing broad based media campaign served to heighten the awareness of target markets to the possibilities and advantages contained in Namport's abilities and location together with the Walvis Bay Corridor, presenting exciting alternative logistics solutions for the SADC region on the west coast of Africa. Namport's port expansion projects were undertaken with the specific purpose of creating new regional business opportunities through its ports, with the deepening of the Port of Walvis Bay being a cornerstone investment in this regard. Namport business development and the strategic marketing drive remains a high priority, with business development into the SADC region forming an inherent part of the medium to long-term business development of Namport and the Walvis Bay Corridor Group. High-level regional and international conferences were also utilised as a medium to directly market the regional role of Namibia and Namport in this regard.

For the Port of Walvis Bay, the greatest future new business potential lies as mentioned in the development of corridor business with SADC countries through the different legs of the Walvis Bay Corridor. For the Port of Lüderitz, the now confirmed Skorpion zinc-mining project expected to start production in January 2003 will make a major economic contribution. Future developments anticipated for Lüderitz include the development in time of the Kudu gas field, the Haib copper project and the potential of imports and exports for the North Western Cape region of South Africa.

In terms of business development at the Port of Walvis Bay, a total volume of 2,229,362 tonness of cargo was handled at this port for the financial year, representing an increase of 0,25% over the previous period volume of 2,223,698 tonness (annualised). Container volumes increased from 24,589 TEUs to 25,768 TEUs for this financial year, showing a growth of 4%. Number of vessel visits to



the Port of Walvis Bay for the period equaled 997, compared to 1,005 visits for the previous period. The resolution of the liquidation issue of TCL and the birth of Ongopolo as their successors in this business has resulted in a very significant increase in copper exports, to over 16,179 tonnes. The export of Zambian copper remains a priority business objective, which is being aggressively pursued.

The Syncrolift ship repair facility performed very well for the period under review, with a turnover increase from N\$ 5,7 million in the previous period, to N\$ 8,4 million in the period under review. This reflects an increase of 47% in turnover.

In the Port of Lüderitz, cargo volumes grew extremely well, with a total cargo tonnage of 279,871 tonnes for the period under review, as compared to 190,618 tonnes for the previous period. This represents a growth of 46%. A major contributor to this growth was the importation of water pipes for the Skorpion zinc-mining project. Container volumes were 3,248 TEUs, compared to 2,236 TEUs for the previous period. This represents a growth of 45%. Vessel visits to the port were 2,496 for the period, showing an increase of 13% over the previous year annualised figure.

### Port Development Projects

With the infrastructure development completed, the purchase and commissioning of relevant equipment took place in this period as the final stage of the completion of the Port Master Plan. Notably, a 45 tonne forklift was commissioned in the Port of Lüderitz, with an order placed for a similar unit for the Port of Walvis Bay. A milestone was the ordering during this period of

a 64 tonne mobile harbour crane from Liebherr in Austria for the Port of Lüderitz, with delivery in mid November 2001. This crane will vastly expand the cargo handling capabilities at the port, and will play an important role in growing the container and mining business. This purchase equally provides for the skills upgrade of our human capital, and it is a matter of pride for Namport that the modernisation of equipment and continued automation has led to a significant retraining and skills



upgrade of staff in general, which stand in sharp contrast with retrenchments which so often have accompanied this type of activity in other parts of the world. Equipment planning and purchases were focused on flexibility, which is essential in the small ports environment within which Namport operates. At the Port of Walvis Bay, the conversion of the existing wharf cranes to modern PLC thyristor drive systems was completed, thus substantially enhancing the operating efficiency and safety of the equipment. Phase 1 of a major electrical and underground cabling upgrading program was completed for the Port of Walvis Bay, whilst Phase 2 tenders have been issued for the new financial year. The total cost of this electrical upgrade program amounts to N\$ 6,8 million. Given the high age of both ports (with the exception of the new projects) a regular upgrading program and thorough maintenance has become vital to ensure continued delivery of required and competitive service







standards. Ongoing upgrading and maintenance of current port infrastructure will thus remain a high priority issue, to maintain required operational and safety standards.

The Syncrolift ship repair unit in Walvis Bay was substantially upgraded during this period with the installation of a PLC electronic control system for the operation of the ship lifting platform. This has replaced the very old original control system with a modern system providing a vast increase in ease of operation, much improved operational performance and safety.

Similarly, much needed concrete repair work has been undertaken on the structure, and is ongoing at this time.

**Information technology**

The purchase, installation and

commissioning the SAP/R3 enterprise software was very successfully undertaken by our finance staff in co-operation with SAP staff

during the period reported on, and at this juncture their contribution and effort is recognized in achieving this in a most cost effective and efficient way. This installation took place without an increase in staff numbers and in the midst of normal day to day operations. This represents an investment of approximately N\$ 3 million in this leading edge technology, which will stand Namport in good stead in the dynamic and complex international business environment within which it operates. Information systems and technology remain an important part of the backbone of any modern organisation, and in our views this investment has now positioned Namport at the forefront of applicable technology in this field. This will result on the one hand in more effective information management and data security and control within Namport, and leading on the other hand to improved customer service, response and flexibility of the organisation.

**Finance**

Financial results as reported on in the relevant section show an extremely good performance by Namport in this year under review. Bearing in mind that the previous financial period spanned 11 months, all calculations have been done on 12 month annualised figures for the previous period, to provide a sensible comparison. For Namport in total, revenue rose by some 23,5% to a total of N\$ 134,1 million, whilst direct costs rose by 10,6% to N\$ 41,2 million. Administrative expenses (which includes cost of labour) rose by 15,4% to N\$ 57,3 million. Net finance charges increased by 157,1% to N\$ 13,4 million. This results from the full burden of financing costs for projects now borne by Namport. This figure was furthermore negatively influenced by lower interest earned on investments, due to lower interest rates prevailing. Cash flow has again been managed very well, resulting in minimising of short term financing charges in this regard. Profit from ordinary activities thus rose by 12% to N\$ 8,57 million. Following from this, a dividend of N\$ 2,5 million was declared to



the Government of Namibia as shareholder of Namport. As stated in the previous annual report, it should be noted that investment income will not contribute significantly to future earnings, given that funds are now invested in the various physical infrastructure projects as discussed earlier.

**Human Capital**

The development of our human capital within Namport remains a key issue in future strategic planning and for future business success. The ongoing focus remains on appropriate and relevant staff training, and to this end the Training Department (as part of the Human Resources Division) continues to play a major role. Following on the work done by the Anomalies Committee reported on in the previous annual report, further refinement was done to the Namport salary and

remuneration system in the form of an annual notch increase system, to more accurately and fairly remunerate staff in terms of job experience, allow growth through the salary scale and to furthermore allow accurate salary positioning of new staff members. Training remains a priority, as reflected by a budget allocation of N\$ 1,96 million in the new financial year budget as approved by the Board of Directors.

Affirmative action development remains an ongoing objective, following on the First Affirmative Action Report as required in terms of Sections 27(1) and 28(1) of the Affirmative Action Act of 1998, submitted by Namport to the office of the Employment Equity Commissioner, within the time frame as required by the Act. The Second Affirmative Action Report is now due for submission in

the next financial year.

In closing, I wish to convey my appreciation to the Government of Namibia and the Chairman and Board of Directors of Namport for their support, interest and contribution during this financial period. I furthermore wish to thank all our staff members for their hard work and dedication. As before, the development work at Namport combined with the day to day business has placed high demands on our



staff, but which I am again happy to report was very successfully handled by all involved. The emphasis in Namport remains that of teamwork, to ensure that our staff members and our business alike benefit from our efforts in our complex operating and financial environment. We equally wish to express our appreciation for the ongoing support of all our stakeholders and customers, and we look forward to their continued support in our ongoing quest to develop business for Namibia and indeed the SADC region.

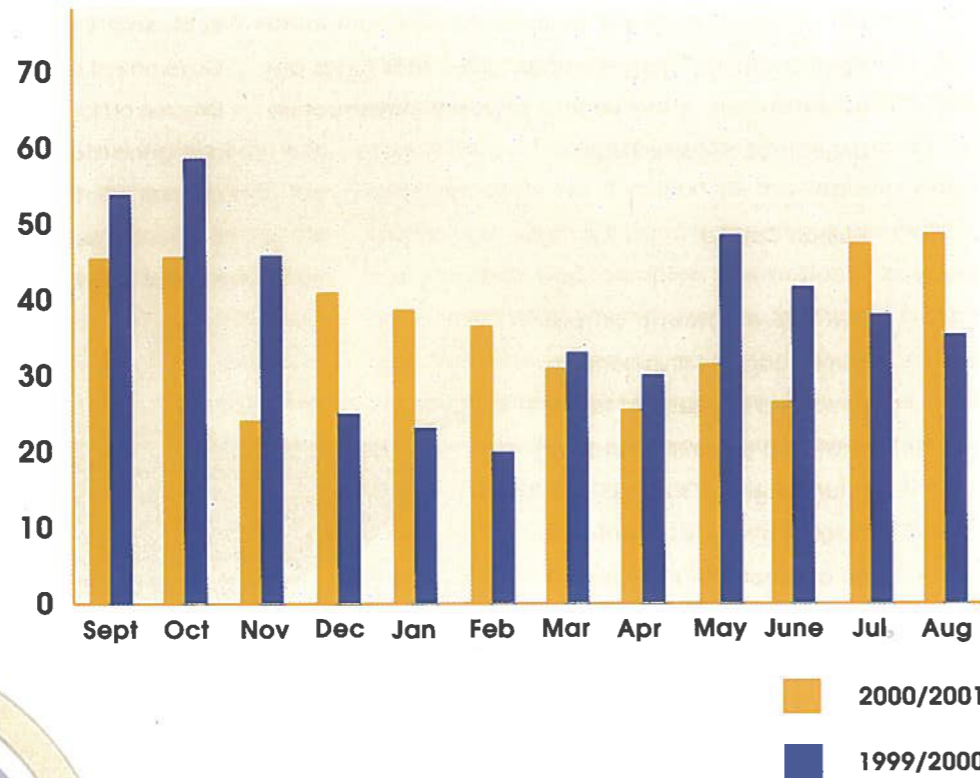
  
W J A WESSELS  
chief executive officer







overview



There was a slight decrease in the number of vessels handled at the Syncrolift during the year under review. The total number of vessels utilising the Syncrolift during 2000/2001 was 445 (1999/2000 : 452). Despite this, turnover grew very well from N\$ 4.3 million in the previous period to N\$ 7.4 million for the period under review, predominantly due to the larger vessels being handled and the length of time spent on the lift.

**Development Projects**

The following maintenance and upgrading projects were undertaken during the year under review :

- Installation of a modern Thyromat driven Programmable Logical Control Drive System which ensures improved safety, reliability, access control and monitoring of operators
- Syncrolift Platform rail replacement programme
- Concrete repairs



overview

Highlights for the Port of Lüderitz included the export of 18 000 head of small livestock on the hoof to the Middle East as well as the importation of water pipes as part of the construction of the Skorpion zinc mine in Southern Namibia. This has assisted the port to turn in a sterling financial performance for the year under review.

An agreement has been reached with the Lüderitz Yacht Club to purchase their land which is situated adjacent to the new quay.

**Acquisition of a large tug**

This port had only two small tugs of 10 tonne bollard pull each which has power to handle vessels up to length.

Accordingly, to cater for the longer diamond vessels and container ships which could not enter the port with winds

in excess of 20 knots as well as the anticipated bulkers utilising the port to service the Skorpion Mine, the large tug Omanda was relocated from Walvis Bay to the port of Lüderitz to fulfill the need for a larger, more powerful, tug at that port.

**Development Projects**

During the year under review the following projects were undertaken :

- Installation of a voice logging/recorder system. This system has proved invaluable in the Port

of Walvis Bay in that it not only provides proof in concluding salvage awards but also assists in resolving disputes regarding statements made by ships' agents and captains calling at the port and communicating with port control.

- A new port control building was erected at a cost of N\$260 000.
- Purchase of a truck tractor (N\$660 000).
- Purchase of a truck trailer (N\$128 000).



The purchase of a rubber tyred mobile harbour crane (N\$ 16 million) was approved as part of the European Investment Bank (EIB) funded project with delivery in mid November 2001.

**Community project**

As part of Namport's commitment to supporting community projects, it has leased its Diaz Point land to the Waterfront Development Company at a nominal rental as an extension of the Waterfront's project at the harbour.





**overview**

As the gateway to the Walvis Bay Corridor, there has been strong focus on regional business development for the port. As Namibia's premier and only deep water port, this facility plays a vital role in the local and indeed regional economy.

**Development Projects**

Development projects undertaken at the port during the year under review include the following :

- purchase of a heavy duty lift truck (N\$ 2.2 million)
- purchase of two heavy duty 12 m flat deck semi-trailers (N\$ 300 000)
- maintenance and upgrading of roads damaged by heavy equipment (N\$620 000)
- purchase of 45 tonne forklift (N\$ 2.4 million)
- Phase II of the electrical upgrading of the

port (N\$ 2.5 million) has been approved under the EIB funded port development project.

Namport has approached the oil industry regarding the extension of the bunker line from berth 5 to 8 . Such extended facility will greatly relieve congestion at the container terminal of the port which is situated at the current bunker berths.

**Additional Large tug**

The purchase of the tug Onyati from Portnet has provided the port with an additional powerful tug which complements the tug fleet currently based in the port.

**PORT AUTHORITY DIVISION**

On 5 June 2001 the new Port Regulations, which repeal the South African regulations of 1982, were promulgated.

**STCW-95 Convention**

Marine personnel have commenced training courses to upgrade their qualifications to comply with the International Maritime Organisation's International Convention on Standards of Training, Certification, and Watchkeeping 1995 (STCW-95) Convention. This Convention establishes mandatory standards of competence and other mandatory provisions necessary to ensure that all seafarers shall be properly educated and trained, adequately experienced, skilled and competent to perform their duties in a manner which provides for the safety of life and property at sea and the protection of the marine environment.

**Combating of Pollution**

Namport has entered into an agreement with the Ministry of Works, Transport and Communication regarding the establishment of a Marine Pollution Combating Centre in Walvis Bay for purposes of the administration, warehousing and co-ordination of pollution combating



operations. This is in line with the provisions of the Namibian Ports Authority Amendment Act, 2000 (Act No 12,2000) which provides that Namport shall in agreement with that Ministry store, maintain and deploy oil recovery equipment for the purpose of combating pollution of the sea.

To cater for the increased responsibilities of Namport in this regard, the position of Pollution Control Officer has been created.

SIDA has kindly sponsored and provided training in marine pollution during the year under review.

**Vessel Tracking System**

The need for a Vessel Tracking System has been identified in support of Namport's duty to provide search and rescue services. Such a system would comprise tracking centres established at each port and will enable the monitoring of ships by satellite in Namibian waters. In addition it will improve safety and rescue operations in the event of vessels being involved in accidents at sea.

The stakeholders' committee, which includes Namport, has submitted a recommendation to the Ministry of Works, Transport and Communication regarding the system.

Co-operation with the Directorate

**Maritime Affairs**

A close working relationship is maintained with the Directorate : Maritime Affairs in the Ministry to ensure effective liaison between Namport and the Government of Namibia on all maritime matters.

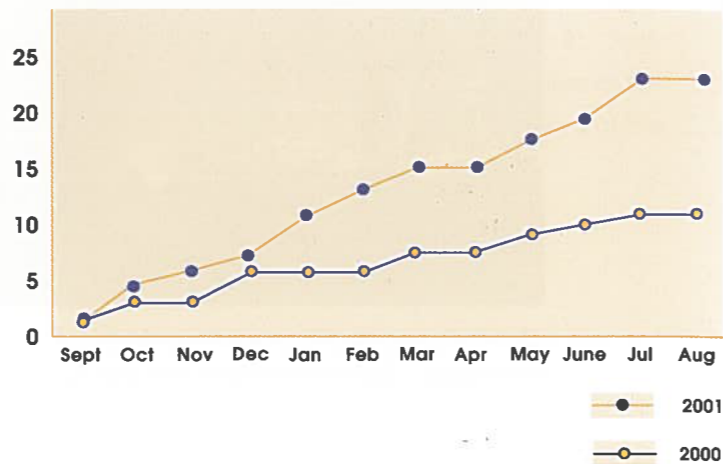
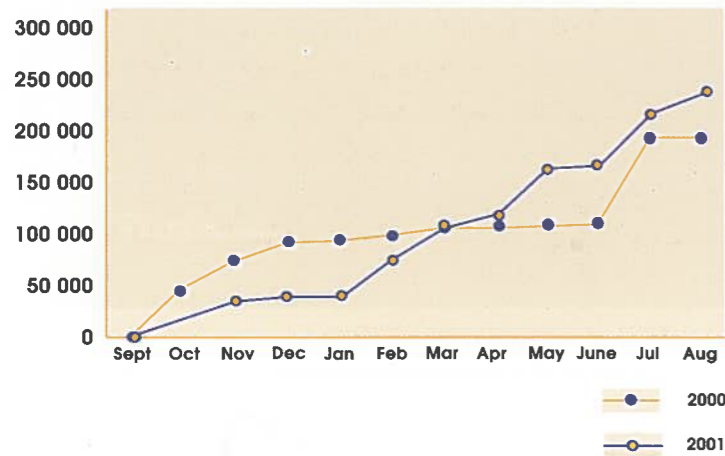






risk management

disabling injuries



Namport, in support of Government's initiative to support SMMEs, specifically those supportive of the spirit of Affirmative Action, has outsourced the following services in the harbour :

- ≡ daily cleaning
- ≡ security services
- ≡ washing of vehicles

Risk Management

Five Year Zero Theft Record

In October 2000 Namport proudly celebrated a five year record of maintaining a zero theft level for goods under its custody at the Port of Walvis Bay. It should be noted that approximately 3.5 million tonnes of pilferageable cargo passed through the port during this period.

Unplanned Losses

The main incidents were in respect of vehicle and property damage with the largest dollar losses being incurred by Cargo Services Department (N\$ 165 658). As will be seen unplanned Dollar losses amounted to a high of N\$ 200 000 during the year under review. Management will in the ensuing financial year strive to reduce such losses by further training and the fostering of a safety awareness culture among its employees.

Despite increased emphasis on health and safety training, Namport did not achieve its goal of reducing disabling injuries. However, it should be noted that injuries were of a much less serious nature than previous years.

Safety and Security Improvements

Improvements to safety and security during the past year included :

- ≡ installation of alarm systems at the Syncrolift Administrative Building and the Swakopmund Lighthouse complex;
- ≡ access control in the form of visitors' cards was introduced at the Head Office buildings.

Fire-Fighting Projects

- ≡ The refurbishing of the fire-fighting system at the tanker jetty was approved under European Investment Bank funding (N\$ 1.4 million) as part of the upgrading of the ports project.
- ≡ The installation of improved fire security, inclusive of a fireproof door, with a CO2 based gas flooding system for the Information Systems Server Room



In the port communities of Walvis Bay and Lüderitz, Namport is making a difference.

Our Community Development programs support community-based project financing with a positive impact in areas that typically are not explored for development opportunities.

Since the beginning, our mission has been well defined: we invest in developments that fulfill a public purpose and promote community welfare.

In keeping with our mission, our objectives are:

- ≡ To achieve and maintain a position of leadership in community development in support of the Company's Community Support strategy
- ≡ To become a preferred provider of services that promotes community development
- ≡ To strengthen the communities in which Namport does business

Three areas of focus

Namport's approach to philanthropy has several features. For one, we focus mainly on education, sports, community development and civic leadership. Also, we think globally but act locally. While our contributions policy is determined centrally, funding decisions are made in consultation with our operating areas, to make sure we address local needs and opportunities.

Another feature of our corporate giving is the value we place on relationships. When it comes to community affiliations, we start by building rapport, not by writing a check. Our goal is to sustain those affiliations, and we've found that the organizations that partner with us also value the nature and longevity of our relationships. These relationships lead to community initiatives that are "layered." In addition to making grants, we offer in-

kind donations, technical help, other forms of support, and the time, talents and leadership of our people.

Altogether, these efforts benefit society in a host of ways. In terms of contributions alone, Namport donates to the community more than N\$ 270 000 per annum. And our impact on local economies is substantial.

Saluting our partners

As you read on, we hope you'll get a taste of why we're so committed to community service. Our only regret is that we couldn't feature all of the great programs Namport supports. What you'll see is a vignette featuring community partners and beneficiaries from each of the two Harbour Towns in which we have operations.







**ISO Certification**

Namport is in the process of implementing an environmental management system conforming to ISO 14001 standards and will be receiving assistance in this regard from an expert seconded by the German aid organisation, Centrum für Internationale Migration (CIM).

An ISO 14001 accredited system will provide assurance to stakeholders and the community that Namport is an environmentally responsible company in that it can control all its activities having an impact on the environment and protect the environment to international standards.

**HIV/AIDS Awareness**

The impact of HIV/AIDS is of great concern to

Namport and accordingly HIV/AIDS training workshops and awareness campaigns have taken place on a regular basis throughout the year.

Namport has a dedicated peer educator team which not only concentrates on the HIV/AIDS in the workplace but also assists the local Ministry of Health & Social Services in various projects such as the polio immunisation campaign.

**TRAINING AND DEVELOPMENT**

The continuous training and development of its personnel remains of primary importance to the success of Namport as well as to achieve the goals of its Affirmative Action Plan. During the past year the focus has been on training in the fields of industrial relations and customer care.

Certain senior and middle managers participated in the Management Development Programme presented by Stellenbosch University in Windhoek. This Programme comprised three intensive two week periods of interactive study culminating in the presentation of an indepth business plan.

Two staff members are currently attending a six month Port Logistics and Management Programme in the Netherlands.

**Trainee Marine Pilot Scheme**

The trainee marine pilot scheme is progressing as planned and it is envisaged that the first trainee will be available for practical pilot training in March 2003.

**Staff Study Assistance**

Personnel who wish to further their qualifications may avail themselves of the personnel study assistance scheme. In addition, study loans are available to children of personnel wishing to pursue tertiary education.

**Bursaries**

Three bursaries are awarded on an annual basis to qualifying Namibians for full time study from the second year onwards in the fields of engineering, finance/IT and human resources.



Namport has, in its Affirmative Action Plan, set goals to be achieved over a three year period commencing in August 2000 to address imbalances arising from underutilisation of females and racially disadvantaged males. We are pleased to report that the goals set for the first year have been successfully achieved.

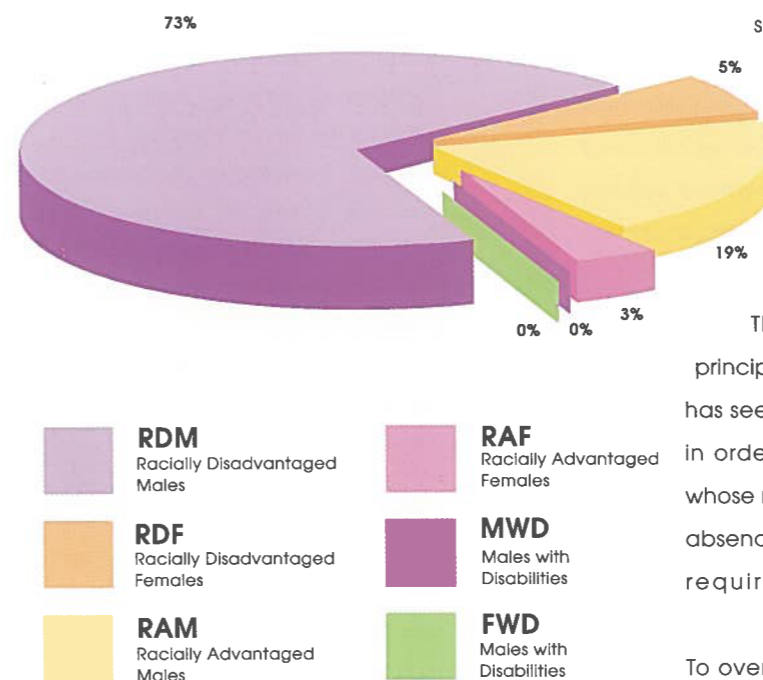
As will be seen from the chart below, only 8% of the current workforce of Namport comprises females. Furthermore, only 1 female has been appointed at senior management level and none at middle management.

Racially disadvantaged males comprise 33% of senior management and 31% middle management.

Females represent 37% of the Specialised Skills workforce profile, which comprises mainly positions which have been traditionally occupied by females, e.g. secretaries, receptionists and clerical personnel.

Three females resigned during the year under review and five females were recruited. Fifty Two racially disadvantaged males were recruited, of which 29 were

**Workforce Profile as at 31 August 2001**



short-term casual workers contracted to Namport. Eight racially disadvantaged males were promoted. No females were promoted.

Currently females only represent 1.29% of the unskilled labour force and there are no females appointed in the semi-skilled job category. Furthermore, no goals have been set for females in the unskilled and semi-skilled job categories which positions could serve as a platform for females to gain entry with a view to career planning. It is the intention to address this issue in the Second Affirmative Action Report due in November 2001 by setting goals for females in these categories.

**Black Economic Empowerment**

Once Namport identifies a project to be undertaken, and commits itself to it, the issue of being "politically correct" counts for nothing. In fact, as the semi-public enterprise researches and undertakes its various community related projects - and there are many of them - it does so with a clear conscience knowing that it was doing the right thing, and not only soliciting praises from other quarters.

This much become evident when one takes a close scrutiny of the company's Black Economic Empowerment (BEE) programme and its commitment thereto. Namport is one of few companies whose BEE commitment and execution has been hailed as highly progressive and successful.

The significance the company attaches to the principle of empowerment and their conviction thereto has seen it relax some of the strict tender requirements in order to accommodate the SMME sector, most of whose membership is handicapped by lack of capacity, absence of skills and resources, and the very important requirement of filling-in tender documents.

To overcome this drawback, Namport has specifically







built into its tender process mechanisms that are intended to assist the formerly disadvantaged communities with easy understanding of the process, and have also a devised incentive schemes for traditional businesses who demonstrate a genuine desire to empower previous disadvantaged Namibians.

These extraordinary measures at ensuring the success of the company's black economic empowerment programme have been made possible largely by the support the programme from the CEO's office.

We do so conscious of the fact that Namport is by-and-large a business enterprise, and as such must, at the end of it all, be able to give profitable results.

At Namport BEE is a business imperative. It is something that the chief executive officer of the company is very passionate about. This differs substantially from most of other companies where the idea of empowerment resides within the Social Responsibility budget, and hardly receives the constant backing of the CEO's office, which is not the case at Namport.

Unless organizations like Namport actively pursue opportunities to promote black economic empowerment and bring emerging black businesses into the mainstream economy, little progress in redressing past imbalances and growing our economy can be expected. This view, together with a deep conviction that economic empowerment is a business imperative, was our rationale for entrenching economic empowerment as official company policy.

**Our vision is to be a leader in economic empowerment.**

- ≡ To create value for our shareholder
- ≡ To enlarge the supplier base
- ≡ To contribute to Namport's service delivery
- ≡ To broaden Namport's customer and revenue bases
- ≡ To assist with transfer of skills and technology to blacks, women and the disabled people

- ≡ To contribute to the development of entrepreneurial capabilities of previously disadvantaged groups
- ≡ To act as a responsible corporate citizen; and
- ≡ To be sensitive to government expectations.

**The primary objectives of Namport's economic empowerment programme include the following:**

- ≡ To facilitate access by black suppliers, women and disabled people to Namport's procurement activities
- ≡ To ensure that an increasing proportion of contracts were awarded to black suppliers/women, disabled people and to suppliers with a clear and demonstrable commitment to black economic empowerment; and also
- ≡ To create awareness; understanding and support to black economic empowerment among all key stakeholders.

**The above objectives are achieved by, among other considerations, the following:**

- ≡ Facilitating access to Namport's procurement activities to enable black suppliers to participate in the mainstream economy;
- ≡ Pro-actively creating a bias in the process of adjudicating tenders, thereby increasing the proportion of business awarded to black suppliers;
- ≡ Relaxing procurement terms and commercial conditions, as well as procedures to improve business opportunities for black suppliers;
- ≡ Reviewing the setting of specifications to ensure that they are based on functional requirements
- ≡ Splitting contracts into smaller components in order to spread opportunities to historically disadvantaged groups who wish to do business with Namport;
- ≡ Putting in place supplier/vendor development programmes for black SMMEs to ensure their competitiveness;
- ≡ Providing incentives to traditional suppliers who implement economic empowerment programmes that seek to encourage broader participation of black business; and conducting research on black economic empowerment issues to inform improvements on the BEE programme.



**Port of Walvis Bay**

**Vessel visits to the port**

	95/96	96/97	97/98	98/99	99/2000	2000/2001
Container	66	74	111	108	89	94
Reefer	89	84	75	60	87	73
Foreign fishing vessels	252	305	339	388	491	432
Namibian fishing vessels	119	136	104	159	133	142
Petroleum	27	32	37	29	33	26
General cargo vessels	124	94	96	105	104	119
Other	101	119	109	117	68	111
<b>Total</b>	<b>778</b>	<b>844</b>	<b>871</b>	<b>966</b>	<b>1 005</b>	<b>997</b>







main commodities handled at the port of walvis bay (freight tonnes)

	95/96	96/97	97/98	98/99	99/00	00/01	
	May/April	May/April	Oct/Sept	Oct/Sept	Oct/Sept	Sept/Aug	%
<b>Cargo landed</b>							
Petroleum landed	719,414	676,675	633,180	562,604	838,676	764,105	-8.89
Coal	47,070	51,884	45,018	17,203	14,916	20,105	34.79
Fish products	108,062	110,003	156,839	120,878	157,086	167,227	6.46
Wheat	62,794	29,835	28,572	45,661	48,206	21,529	-55.34
Sugar	50,741	55,630	48,380	51,845	52,294	34,337	-34.34
Cement	18,863	19,791	16,861	45,006	12,895	14,292	10.83
Wine	10,432	10,082	8,133	5,525	3,112	16,838	441.07
Copper & lead	14,855	5,260	20,386	23	0	11,354	0.00
Sulphuric Acid	63	65,332	6,823	52,211	159,963	143,876	-8.34
Sulphur	0	9,004	70,590	35,250	0	0	0.00
Manganese Ore	0	0	0	0	0	58,408	-
Malt	11,254	15,211	15,558	15,467	20,306	23,902	17.71
Vehicles	19,129	9,463	2,216	3,094	13,335	15,241	14.29
Lubrication oil	7,377	6,193	5,870	6,149	6,572	4,496	-31.59
Other	144,835	91,310	66,120	63,030	135,943	156,393	15.04
<b>Subtotal</b>	<b>1,214,889</b>	<b>1,155,673</b>	<b>1,124,546</b>	<b>1,023,946</b>	<b>1,460,304</b>	<b>1,452,103</b>	<b>-0.56</b>
<b>Main Commodities Shipped</b>							
Salt	296,905	325,242	500,663	468,459	440,343	388,003	-11.89
Fish products	76,326	77,546	77,169	77,524	79,315	93,035	17.30
Fluorspar	34,732	31,286	34,836	53,723	60,496	80,921	33.76
Copper & lead	37,844	33,731	41,311	22,318	28,108	45,336	61.29
Manganese Ore	104,096	63,103	0	27,604	22,203	0	-100.00
Flat Cartons	19,152	14,428	3,636	5,874	22,282	22,884	2.70
Marble & granite	11,244	13,167	13,137	10,404	4,799	4,822	0.48
Skins and Hides	10,521	8,397	4,357	4,130	5,126	4,334	-15.45
Fertiliser (guano)	0	0	0	0	0	1,131	0.00
Charcoal	14,191	19,758	2,452	1,236	336	3,160	840.48
Other	48,387	43,305	35,849	46,265	60,416	77,047	27.53
<b>Subtotal</b>	<b>653,398</b>	<b>629,963</b>	<b>713,410</b>	<b>717,537</b>	<b>723,424</b>	<b>720,673</b>	<b>-0.38</b>
<b>Transshipped</b>	<b>37,656</b>	<b>36,737</b>	<b>45,829</b>	<b>44,683</b>	<b>39,970</b>	<b>56,585</b>	<b>41.57</b>
<b>Total</b>	<b>1,905,943</b>	<b>1,822,373</b>	<b>1,883,785</b>	<b>1,786,166</b>	<b>2,223,698</b>	<b>2,229,361</b>	<b>0.25</b>



cargo handled at the port of walvis bay (freight tonnes)

	95/96	96/97	97/98	98/99	99/00	00/01	
	May/April	May/April	Oct/Sept	Oct/Sept	Oct/Sept	Sept/Aug	%
<b>Cargo Landed</b>							
Bulk and Breakbulk	311,935	218,068	330,957	261,083	252,969	311,128	22.99
Containerised	183,540	195,598	153,586	148,048	211,696	232,993	10.06
Sulphuric Acid	0	65,332	6,823	52,211	156,963	143,876	-8.34
Petroleum landed	719,414	676,675	633,180	562,604	838,676	764,105	-8.89
<b>Total cargo landed</b>	<b>1,214,889</b>	<b>1,155,673</b>	<b>1,124,546</b>	<b>1,023,946</b>	<b>1,460,304</b>	<b>1,452,102</b>	<b>-0.56</b>
<b>Cargo Shipped</b>							
Bulk and Breakbulk	501,870	505,527	590,970	596,915	593,827	567,805	-4.38
Containerised	151,528	124,436	122,440	120,622	129,597	152,867	17.96
<b>Total cargo shipped</b>	<b>653,398</b>	<b>629,963</b>	<b>713,410</b>	<b>717,537</b>	<b>723,424</b>	<b>720,672</b>	<b>-0.38</b>
<b>Cargo Transshipped</b>							
Bulk and Breakbulk	29,232	29,233	26,213	28,502	35,322	50,617	43.30
Containerised	8,424	7,505	19,616	16,181	4,648	5,971	28.46
<b>Total cargo transshipped</b>	<b>37,656</b>	<b>36,738</b>	<b>45,829</b>	<b>44,683</b>	<b>39,970</b>	<b>56,588</b>	<b>41.58</b>
<b>Total Cargo Handled</b>	<b>1,905,943</b>	<b>1,822,374</b>	<b>1,883,785</b>	<b>1,786,166</b>	<b>2,223,698</b>	<b>2,229,362</b>	<b>0.25</b>
<b>Containers Handled (TEU)</b>							
Landed	10,934	10,777	13,284	12,439	12,725	13,338	4.82
Shipped	10,834	9,904	12,419	12,093	11,721	11,974	2.16
Transshipped	1,341	689	2,754	2,267	413	456	10.41
<b>Total TEU's Handled</b>	<b>23,109</b>	<b>21,370</b>	<b>28,457</b>	<b>26,799</b>	<b>24,859</b>	<b>25,768</b>	<b>3.66</b>
<b>Vessel visits</b>	<b>778</b>	<b>844</b>	<b>871</b>	<b>966</b>	<b>1,005</b>	<b>997</b>	<b>-0.8</b>





main commodities handled at the port of Lüderitz

	95/96	96/97	97/98	98/99	99/00	00/01	
	May/April	May/April	Oct/Sept	Oct/Sept	Oct/Sept	Sept/Aug	%
<b>Cargo landed</b>							
Fuel	32,518	39,805	24,395	34,360	35,664	46,486	30.34
Fish	8,850	18,312	23,096	60,643	54,534	85,321	56.45
Other	117	1,037	447	1,504	3,353	11,457	241.69
<b>Total Landed</b>	<b>41,485</b>	<b>59,154</b>	<b>47,938</b>	<b>96,507</b>	<b>93,551</b>	<b>143,264</b>	<b>53.14</b>
<b>Cargo Shipped</b>							
Fish	6,836	10,209	17,216	18,056	18,959	31,211	64.62
Bait & Ice	7,992	14,462	21,155	52,290	14,921	60,967	45.43
Other	409	3,389	2,038	4,325	5,628	12,913	129.44
<b>Total Shipped</b>	<b>15,237</b>	<b>28,060</b>	<b>40,409</b>	<b>74,671</b>	<b>66,508</b>	<b>105,091</b>	<b>58.01</b>
<b>Cargo Transshipped</b>							
Fish	32,407	15,858	13,603	13,221	13,456	9,382	-30.28
Other	5,836	0	0	117	687	594	-13.54
<b>Total Transshipped</b>	<b>38,243</b>	<b>15,858</b>	<b>13,603</b>	<b>13,338</b>	<b>14,143</b>	<b>9,976</b>	<b>-29.46</b>
<b>Containerised Cargo</b>							
Landed	0	0	130	82	62	3,002	4741.94
Shipped	0	0	5,533	18,710	16,354	18,538	13.35
Transshipped	0	0	255	930	0	0	0.00
<b>Total Containerised</b>	<b>0</b>	<b>0</b>	<b>5,918</b>	<b>19,722</b>	<b>16,416</b>	<b>21,540</b>	<b>31.21</b>
<b>TEU's</b>	<b>0</b>	<b>0</b>	<b>409</b>	<b>2,348</b>	<b>2,236</b>	<b>3,248</b>	<b>45.26</b>
<b>Total Cargo</b>	<b>94,965</b>	<b>103,072</b>	<b>107,868</b>	<b>204,238</b>	<b>190,618</b>	<b>279,871</b>	<b>46.82</b>
<b>Vessel visits</b>	<b>1,127</b>	<b>1,253</b>	<b>1,174</b>	<b>1,604</b>	<b>2,200</b>	<b>2,496</b>	<b>13.45</b>

Pls note: Nampont changed as from 1998/99 from weighttonnes to freighttonnes (as basis of tonnage). That's why tonnages almost doubled between 97/98 and 98/99.



cargo handled at the port of walvis bay & Lüderitz (freight tonnes)

	95/96	96/97	97/98	98/99	99/00	00/01	
	May/April	May/April	Oct/Sept	Oct/Sept	Oct/Sept	Sept/Aug	%
<b>Cargo Landed</b>							
Bulk and Breakbulk	320,702	302,750	361,325	375,443	310,856	407,887	31.21
Containerised	183,740	195,598	153,715	148,130	211,758	235,737	11.32
Sulphuric Acid	0	65,332	6,823	52,211	156,963	143,876	-8.34
Petroleum landed	751,932	651,148	650,752	544,752	874,340	810,868	-7.26
<b>Total cargo landed</b>	<b>1,256,374</b>	<b>1,214,828</b>	<b>1,172,615</b>	<b>1,120,536</b>	<b>1,553,917</b>	<b>1,598,368</b>	<b>2.86</b>
<b>Cargo Shipped</b>							
Bulk and Breakbulk	517,107	533,587	631,586	671,586	641,376	668,433	4.22
Containerised	151,528	124,436	127,974	139,332	164,910	175,868	6.64
<b>Total cargo shipped</b>	<b>668,635</b>	<b>658,023</b>	<b>759,560</b>	<b>810,918</b>	<b>806,286</b>	<b>844,301</b>	<b>4.71</b>
<b>Cargo Transshipped</b>							
Bulk and Breakbulk	67,475	45,090	39,815	41,839	49,465	60,592	22.49
Containerised	8,424	7,505	19,871	17,111	4,648	5,970	28.44
<b>Total cargo transshipped</b>	<b>75,899</b>	<b>52,595</b>	<b>59,686</b>	<b>58,950</b>	<b>54,113</b>	<b>66,562</b>	<b>23.01</b>
<b>Total Cargo Handled</b>	<b>2,000,908</b>	<b>1,925,446</b>	<b>1,991,861</b>	<b>1,990,404</b>	<b>2,414,316</b>	<b>2,509,321</b>	<b>3.93</b>
<b>Containers Handled</b>							
Landed	10,934	10,875	13,592	13,958	13,675	14,866	8.71
Shipped	10,834	10,023	12,736	12,922	12,820	13,694	6.82
Transshipped	1,341	689	2,754	2,267	493	456	-7.51
<b>Total Containers (TEU)</b>	<b>23,109</b>	<b>21,587</b>	<b>29,082</b>	<b>29,147</b>	<b>26,988</b>	<b>29,016</b>	<b>7.51</b>
<b>Vessel visits</b>	<b>1,905</b>	<b>2,097</b>	<b>2,140</b>	<b>2,570</b>	<b>3,198</b>	<b>3,493</b>	<b>9.22</b>



key financial indicators



	12 months 2000/2001	11 months 1999/2000	12 months 1998/1999	17 months 1997/1998
Turnover (N\$000)	134,121	99,567	97,930	133,268
Operating profit (N\$000)	28,269	16,701	14,362	48,971
Profit before taxation (N\$000)	14,906	11,937	11,199	46,854
Return on assets	2%	2%	2%	6%
Return on equity	5%	4%	4%	9%
Operating profit margin	21%	17%	15%	26%
Total assets (N\$000)	638,695	628,771	579,703	556,963
Shareholder's interest (N\$000)	324,752	313,934	305,027	385,018
Borrowings (N\$000)	159,827	142,603	143,004	120,853
Debt: Equity ratio	0.49	0.45	0.47	0.31
Liquidity ratio	1.43	1.59	1.75	2.07
Number of employees	442	413	407	406
Turnover per employee (N\$000)	303	241	241	232
Assets per employee (N\$000)	1,445	1,522	1,424	1,372

value added statement for the year ended 31 august 2001



	12 months 2001	%	11 months 2000	%
<b>Value added:</b>	<b>N\$000</b>		<b>N\$000</b>	
Turnover	134,121		99,567	
Other income	12,377		14,804	
Paid to suppliers of materials and services	(26,047)		(22,553)	
	<u>120,451</u>	100	<u>91,818</u>	100
<b>Value distributed:</b>				
Employees				
Salaries, wages and related benefits	51,013	42	41,096	45
Providers of capital				
Interest on borrowings and dividend	26,208	22	20,229	22
Government				
Direct taxes on profits	6,332	5	4,916	5
	<u>83,553</u>	69	<u>66,241</u>	72
<b>Retained for reinvestment:</b>				
Depreciation	18,985	16	14,615	16
Retained profit	17,913	15	10,962	12
	<u>36,898</u>	31	<u>25,577</u>	28
	<u>120,451</u>	100	<u>91,818</u>	100







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

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

**board of directors**

The Board meets regularly, retains control over the Authority and monitors executive management. The Board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the Authority. The roles of the chairperson and the chief executive provide leadership and guidance to the Authority's Board and encourage proper deliberation of all matters requiring the Board's attention, and obtain optimum input from the other directors. In supporting the Code of Corporate Practices and Conduct set out in the King Report, the directors recognise the need to conduct the business of the enterprise with integrity and in accordance with generally accepted corporate practices. Monitoring the Authority's compliance with the Code forms part of the mandate of the audit committee.

**non-executive directors**

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

**executive directors**

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

**secretary and professional advice**

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

**audit committee**

An audit committee, whose chairperson is a non-executive director, was established by the Board in 1998. Both the internal and external auditors have unrestricted access to the audit committee, which ensures that their independence is in no way impaired. The audit committee is active and meets regularly. The meeting is attended by the external and internal auditors and appropriate members of the executive management. The audit committee provides assistance to the Board with regards to:

- ensuring compliance with applicable legislation and requirements of regulatory authorities;
- matters relating to financial and internal control, accounting policies, reporting and disclosure;
- internal and external audit policy;
- activities, scope, adequacy and effectiveness of the internal audit function and audit plans;







- ≡ review/approval of external audit plans, findings, problems and reports;
- ≡ compliance with the Code of Corporate Practices and Conduct; and
- ≡ compliance with the Authority's Code of Ethics.

**internal control system**

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

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

The Authority assessed its internal control system as at 31 August 2001 in relation to effective internal control over financial reporting. Based on its assessment, the Authority believes that, as at 31 August 2001, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, was adequate.

**worker participation**

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

**code of ethics**

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



The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Namibian Ports Authority. The financial statements, presented on pages 34 to 51 have been prepared in accordance with generally accepted accounting practice and include amounts based on judgements and estimates made by the management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Authority will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the Authority is supported by the financial statements. The financial statements have been audited by the independent accounting firm, 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 33.

The financial statements were approved by the Board of Directors on 15 November 2001 and are signed on its behalf.

.....  
Chairman

.....  
Director







I have examined the audit documentation, as required of me in terms of Section 26(3) of the Namibian Ports Authority Act, 1994, compiled by the auditor registered in terms of the Public Accountant's and Auditor's Act, 1951, who was appointed by the Board of Directors of the Namibian Ports Authority. I therefore report that the abovementioned audit of the annual financial statements for the year ended 31 August 2001 has been carried out to my satisfaction.

Dr Fanuel Tjingaete  
Auditor General

Windhoek  
07 November 2001



We have audited the annual financial statements set out on pages 34 to 51 for the year ended 31 August 2001. These financial statements are the responsibility of the Authority's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

**scope**

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

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

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

**audit opinion**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Authority at 31 August 2001 and the result of its operations, changes in equity and cash flow information for the year then ended in accordance with Namibian generally accepted accounting practice and in the manner required by the Namibian Ports Authority Act, 1994 (Act No 2 of 1994).

Grand Namibia  
Chartered Accountants (Namibia)

Date: 16 November 2001







The directors present their annual report, which forms part of the audited financial statements of the Authority for the year ended 31 August 2001.

**1. nature of business**

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

**2. financial results**

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

**3. ownership of land**

Land originally acquired at the time of the establishment of the Authority has not yet been finally registered to the title of the Authority. Section 7 of the Namibian Ports Authority Amendment Act, 2000 (Act No 12, 2000) was activated on 8/11/01 and the transfer of the land will proceed.

**4. auditors**

The auditors, Grand Namibia, were appointed for the current financial year in accordance with guidelines agreed with the Auditor-General.

**5. directors**

In terms of section 4 of the Namibian Ports Authority Act, 1994, the directors are appointed by the Minister of Works, Transport and Communication. The following directors were appointed by the Hon Minister for a three year period with effect from 1 March 2000:

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

Three directors serve on the board of directors in their capacities as Permanent Secretaries in terms of Section 4 of the Act.

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

- Mr U Maamberua
- Mr S T Hiveluah
- Mrs N Mbako

Mr H T J Dennewill resigned as a director with effect from 01 August 2001.

Mr W J A Wessels serves on the board of directors in his capacity as Chief Executive Officer with non-voting powers.

**6. post balance sheet events**

Since the balance sheet date and at the date of this report no event has come to our attention that would have a material effect on the Authority.

15 November 2001

Walvis Bay



	Notes	2001 N\$000	2000 N\$000
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	8	485,700	496,512
Investments	9	94,636	34,632
		<u>580,336</u>	<u>531,144</u>
<i>Current assets</i>			
Inventories	10	502	192
Receivables and prepayments	11	20,068	13,403
Cash and cash equivalents	21	37,789	84,032
		<u>58,359</u>	<u>97,627</u>
<b>Total assets</b>		<u>638,695</u>	<u>628,771</u>
<b>Equity and Liabilities</b>			
<i>Capital and reserves</i>			
Capital account	2	50,344	50,344
Revaluation and other reserves	3	159,096	166,191
Retained earnings		115,312	97,399
		<u>324,752</u>	<u>313,934</u>
<i>Non-current liabilities</i>			
Interest bearing borrowings	4	159,827	142,603
Deferred tax liabilities	5	113,225	110,714
		<u>273,052</u>	<u>253,317</u>
<i>Current liabilities</i>			
Trade and other payables	6	17,593	13,178
Current portion of long-term liabilities	4	16,620	37,609
Provisions	7	4,178	3,547
Bank overdraft		-	5,086
Dividend proposed		2,500	2,100
		<u>40,891</u>	<u>61,520</u>
<b>Total liabilities</b>		<u>313,943</u>	<u>314,837</u>
<b>Total equity and liabilities</b>		<u>638,695</u>	<u>628,771</u>







income statement for the year ended 31 august 2001

	Notes	12 months 2001 N\$000	11 months 2000 N\$000
Revenue	15	134,121	99,567
Other operating income		2,032	1,439
Direct costs		(41,172)	(34,140)
Indirect costs		(9,447)	(4,662)
Administrative expenses		(57,265)	(45,503)
Operating profit	16	28,269	16,701
Net finance cost	17	(13,363)	(4,764)
Profit before tax		14,906	11,937
Taxation	18	(6,332)	(4,916)
Profit from ordinary activities		8,574	7,021



statement of changes in equity for the year ended 31 august 2001

Notes	Capital N\$000	Revaluation and other reserves N\$000	Retained earnings N\$000	Total N\$000
<b>Balance at 1 October 1999</b>				
- as previously reported	50,344	260,256	77,842	388,442
- effect of adopting revised AC102	-	(86,662)	-	(86,662)
- deferred tax overprovision	-	-	3,247	3,247
- as restated	50,344	173,594	81,089	305,027
Revaluation gain	-	(7,403)	11,389	3,986
	50,344	166,191	92,478	309,013
Dividend declared - 2000	-	-	(2,100)	(2,100)
Net profit - restated for the effect of adopting AC102 revised	-	-	7,021	7,021
<b>Balance at 31 August 2000</b>	50,344	166,191	97,399	313,934
<b>Balance at 1 September 2000</b>	50,344	166,191	97,399	313,934
Revaluation gain	-	2,033	(1,110)	923
Depreciation transfer	-	(9,128)	12,949	3,821
	50,344	159,096	109,238	318,678
Dividend proposed - 2001	-	-	(2,500)	(2,500)
Net profit	-	-	8,574	8,574
<b>Balance at 31 August 2001</b>	50,344	159,096	115,312	324,752







		12 months 2001 N\$000	11 months 2000 N\$000
	<b>Notes</b>		
<b>Cash flow from operating activities</b>			
Cash receipts from customers		135,581	100,974
Cash paid to suppliers and employees		(80,369)	(68,703)
Net cash inflow from operating activities	19	55,212	32,271
Purchase of property, plant and equipment to maintain operations		(2,367)	(23,014)
<b>Cash generated from operations</b>		52,845	9,257
Interest received		10,345	13,365
Interest paid		(23,708)	(18,129)
Dividend paid		(2,100)	-
Tax paid		-	-
<b>Net cash inflow from operating activities</b>		37,382	4,493
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(17,837)	(62,580)
Purchase of non-current investments		(57,000)	-
Proceeds from disposal of property, plant and equipment		63	71
Proceeds from maturing investments		-	71,381
Loan payments received		-	430
Net cash inflow/(outflow) from investing activities		(74,774)	9,302
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings		30,000	38,491
Payment of capital element of long-term borrowings		(33,554)	(2,919)
Payment of capital element of finance lease liabilities		(211)	(105)
<b>Net cash (outflow)/inflow from financing activities</b>		(3,765)	35,467
<b>Net (decrease)/increase in cash and cash equivalents</b>		(41,157)	49,262
<b>Cash and cash equivalents at the beginning of year</b>		78,946	29,684
<b>Cash and cash equivalents at the end of year</b>	21	37,789	78,946

**1. principal accounting policies**

The financial statements are prepared on the historical cost basis, adjusted by the revaluation of certain freehold land, structures and buildings, floating craft and machinery and equipment as set out in note 1.1 below. The principal accounting policies of the Authority, which are set out below, comply in all material respects with Namibian Statements of Generally Accepted Accounting Practice. The principal accounting policies are consistent with those applied in previous financial years.

**1.1 Property, plant and equipment**

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

Freehold land, structures and buildings, floating craft and machinery are stated at market value, based on valuations by external independent valuers, every 5 years. The increase in carrying value arising on the revaluation is credited directly to a revaluation reserve within shareholder's equity. On disposal of a previously revalued asset, any amounts relating to those assets remaining in the revaluation reserve is transferred directly to retained earnings. Depreciation is recorded by a charge to operating profit computed on a straight-line basis so as to write off the cost or valuation of the assets over their expected useful lives.

The expected useful lives are as follows:

Floating craft	10 years
Structures	25 - 50 years
Buildings	20 years
Computer equipment and vehicles	3 - 5 years
Cargo handling equipment	5 - 10 years
Machinery, equipment and furniture	5 years
Dredging	5 - 8 years
Containers	10 years

**1.2 Finance leases**

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

**1.3 Inventories**

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





### 1.5 Investments

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

### 1.6 Deferred tax

Deferred 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 tax losses carried forward. 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.

### 1.7 Revenue recognition

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

### 1.8 Foreign currencies

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

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

### 1.9 Pension fund

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

### 1.10 Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.



### 1.11 Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

### 1.12 Provisions

Provisions are recognised when the Authority 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.

### 1.13 Financial instruments

Financial instruments consist of investments, loans, accounts receivable, bank balances, cash and accounts payable resulting from normal business transactions.

#### 1.13.1 Credit risk

Potential concentrations of credit risk consists principally of short-term cash and cash equivalent investments and debtors. The Authority deposits short-term cash surpluses with major banks of high credit standing only, and by policy, limits the amounts of credit exposure to various financial institutions.

#### 1.13.2 Interest rate management

As part of managing interest rate exposure, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

#### 1.13.3 Liquidity risk

The Authority has minimised its risk of liquidity by ensuring that it has adequate banking facilities and reserve borrowing capacity.

#### 1.13.4 Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value.







**2. capital account**

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

**3. revaluation and other reserves**

Property, plant and equipment:

At beginning of year

Revaluation

Depreciation on revalued property, plant and equipment

Deferred income taxes on revaluation

At end of year

The non-distributable reserve constitutes the following:

Property, plant and equipment acquired from

TransNamib at no value capitalised at valuation

Capitalisation of dredging cost

Surplus arising from revaluation of property, plant and equipment

Land

Structures and buildings

Floating craft

Plant and equipment

	2001 N\$000	2000 N\$000
	50,344	50,344
At beginning of year	166,191	173,594
Revaluation	2,033	-
Depreciation on revalued property, plant and equipment	(12,949)	(11,389)
Deferred income taxes on revaluation	3,821	3,986
At end of year	159,096	166,191
Property, plant and equipment acquired from TransNamib at no value capitalised at valuation	4,350	4,350
Capitalisation of dredging cost	8,299	8,299
Surplus arising from revaluation of property, plant and equipment	146,447	153,542
Land	52,545	48,122
Structures and buildings	87,973	96,607
Floating craft	1,655	5,696
Plant and equipment	4,274	3,117
	159,096	166,191



**4. interest bearing borrowings**

• Loan by First National Bank secured by cession of endowment policies. The loan has been repaid on 29 September 2000.

• KfW Government to Government loan on-lended to the Authority. The loan is unsecured and bears interest at 10% per annum payable bi-annually in arrears. Repayment in 36 equal bi-annual instalments commenced in December 2000.

• Foreign loan by the European Investment Bank (EIB), secured by a Government guarantee, bearing interest at the greater of 3% per annum or the interest rate applicable to comparative loans made by the lender, subsidised by 3.84%. Currently the loan bears interest at 3% per annum. Repayment will be in 30 bi-annual instalments in arrear commencing on 15 April 2002. The total foreign facility was swapped to a South African financial institution on a Rand basis. The same terms and conditions set out in the foreign agreement apply to this swap agreement.

• Structured finance loan secured by a cession of endowment policies to the amount of N\$9 061 734. The loan bears interest at 20.68% per annum and is repayable on 15 June 2006. Repayments under the structure agreement are invested at 19.95% per annum.

• Structured finance loan secured by a cession of endowment policies to the amount of N\$21 115 845. The loan bears interest at 14.74% per annum and is repayable on 15 May 2011. Repayments under the structure arrangement are invested at 14.25% per annum.

• Foreign loan by NORAD, secured by a sovereign guarantee by the Government and a currency transfer guarantee by the Bank of Namibia. The loan is bearing interest at 5.58% to 31 December 1998 and is interest-free after that date. The loan is repayable in four bi-annual instalments commencing on 30 June 1999. The loan is repayable in Norwegian Kronen and has been repaid on 31 December 2000.

	2001 N\$000	2000 N\$000
	-	30,580
	31,740	33,607
	82,076	82,076
	13,444	15,774
	33,690	-
	-	850





• Soft loan by DANIDA, swapped to local financial institution secured by cession of endowment policies. The loan bears interest at 8% and is repayable in twenty bi-annual instalments commencing 29 September 2000.

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

Current portion of loans included in current liabilities

**5. deferred tax liabilities**

At beginning of period

- as previously reported
- effect of adopting AC 102 revised
- as restated

Income statement charge

Tax effect of revaluations (note 3)

The balance comprises capital allowances.

	2001 N\$000	2000 N\$000
	14,546	16,163
	951	1,162
	176,447	180,212
	(16,620)	(37,609)
	<u>159,827</u>	<u>142,603</u>
	110,714	-
	-	24,926
	-	83,416
	110,714	108,342
	6,332	6,358
	(3,821)	(3,986)
	<u>113,225</u>	<u>110,714</u>



**6. trade and other payables**

Trade payables

Other payables

Accruals

Provision for audit fees

Receiver of revenue - VAT

Sundry payables

Outstanding cheques

**7. provisions**

Provision for leave pay

Provision for bonuses

	2001 N\$000	2000 N\$000
	2,608	2,329
	14,985	10,849
	8,297	7,249
	109	137
	3,335	126
	-	342
	3,244	2,995
	<u>17,593</u>	<u>13,178</u>
	2,654	2,238
	1,524	1,309
	<u>4,178</u>	<u>3,547</u>



8. property, plant and equipment

	Land, structures and buildings N\$'000	Floating craft N\$'000	Vehicles, machinery, and furniture N\$'000	Leased assets N\$'000	Work-in- progress N\$'000	Total N\$'000
<b>Year ended</b>						
<b>31 August 2000</b>						
Opening carrying amount	299,824	26,511	40,553	16	70,019	436,923
Additions	148,577	78	2,395	1,230	(66,686)	85,594
Disposals	-	-	94	(331)	-	(237)
Depreciation	(15,086)	(4,686)	(5,926)	(70)	-	(25,767)
Closing carrying amount	433,315	21,903	37,116	845	3,333	496,512
<b>At 31 August 2000</b>						
Cost or valuation	509,577	51,154	82,994	2,265	3,333	649,323
Accumulated depreciation	(76,262)	(29,251)	(45,878)	(1,420)	-	(152,811)
Carrying amount	433,315	21,903	37,116	845	3,333	496,512
<b>Year ended</b>						
<b>31 August 2001</b>						
Opening carrying amount	433,315	21,903	37,116	845	3,333	496,512
Revaluation surplus	355	228	138	202	-	923
Transfers	7,749	(3)	(7,746)	(1)	1	-
Additions	3,595	6,102	7,809	-	2,698	20,204
Disposals	-	-	(5)	-	-	(5)
Depreciation	(19,514)	(5,228)	(6,946)	(246)	-	(31,934)
Closing carrying amount	425,500	23,002	30,366	800	6,032	485,700
<b>At 31 August 2001</b>						
Cost or valuation	521,336	54,844	83,191	2,264	6,032	667,667
Accumulated depreciation	(95,836)	(31,842)	(52,825)	(1,464)	-	(181,967)
Carrying amount	425,500	23,002	30,366	800	6,032	485,700

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

Freehold land, structures and buildings, floating craft and machinery and equipment were independently valued during September and October 1998 by CB Richard Ellis, International Property Consultants. The surplus on revaluation has been credited to a non-distributable reserve.

9. investments

Investment in endowment policies  
at cost  
vested returns thereon  
Money market instruments

	2001 N\$000	2000 N\$000
Investment in endowment policies at cost	54,636	34,632
vested returns thereon	46,000	29,000
Money market instruments	8,636	5,632
	40,000	-
	94,636	34,632

10. inventories

Inventories, consisting of consumable stores

	2001 N\$000	2000 N\$000
Inventories, consisting of consumable stores	502	192

11. accounts receivables and prepayments

Total trade debtors  
Less: Provision for bad/doubtful debts

	2001 N\$000	2000 N\$000
Total trade debtors	18,579	11,888
Less: Provision for bad/doubtful debts	(587)	(374)
	17,992	11,514

Staff loans  
Other receivables  
Prepayments

	2001 N\$000	2000 N\$000
Staff loans	58	17
Other receivables	960	808
Prepayments	1,058	1,064
	20,068	13,403

12. pension fund

At the financial year-end, all the permanent employees of the Authority were members of the Namport Retirement Fund, a defined contribution fund, governed by the Pension Fund Act. Employees' contributions amount to 7.5% of basic salary and the Authority's contribution amounts to 12.5% of basic salary. The total contributions for the year amounted to N\$ 4 688 357.44 (2000: N\$ 3 811 746). The fund is administered by Old Mutual on behalf of the board of trustees.





**13. contingent liabilities**

Claims by customers arising from industrial action

2001 N\$000	2000 N\$000
-	510

**14. capital expenditure approved**

Commitments in respect of contracts placed  
Approved by directors in addition to contracts placed

21,101	6,482
10,587	26,957

Approved expenditure outstanding

31,688	33,439
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It is intended to finance capital expenditure from existing borrowing facilities and working capital generated by the Authority.

**15. revenue**

Sales, which exclude General Sales Tax and Value Added Tax, interdivisional transactions, represent income from harbour activities and related services.



**16. operating profit**

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

Auditors' remuneration  
Audit fees  
- current year  
- prior year  
- fees for services

2001 N\$000	2000 N\$000
91	161
109	106
(44)	-
26	55

Depreciation

31,934	26,004
--------	--------

Cost

Land, structures and buildings  
Floating craft  
Vehicles and equipment  
Leased assets

10,864	7,645
2,446	1,917
5,429	4,854
246	199
18,985	14,615

Valuation

Land, structures and buildings  
Floating craft  
Vehicles and equipment

8,650	7,440
2,783	2,769
1,516	1,180
12,949	11,389

Profit on disposal of property, plant and equipment

58	32
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Foreign exchange gains

210	4,985
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**17. net finance cost**

	2001 N\$000	2000 N\$000
Interest paid on long-term loans	23,708	18,129
Vested returns accrued on endowment policies	(2,948)	(11,667)
Received from other sources	(7,397)	(1,698)
	<u>13,363</u>	<u>4,764</u>

**18. taxation**

	2001 N\$000	2000 N\$000
Namibian normal tax		
Current taxation - current year	-	-
Current taxation - over provision prior years	-	(1,442)
Deferred taxation (note 5)	6,332	6,358
	<u>6,332</u>	<u>4,916</u>

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

	2001 N\$000	2000 N\$000
Profit before tax	14,906	11,937
Tax calculated at a tax rate of 35% (2000 : 35%)	5,217	4,178
Income not subject to tax	(348)	(3,083)
Expenses not deductible for tax purposes	5,798	1,278
Deferred tax not provided due to assessed loss	-	3,985
Deferred tax provided due to utilisation of assessed loss	(4,335)	-
Over provision in 1998	-	(1,442)
Charge for the year	<u>6,332</u>	<u>4,916</u>



**19. net cash flow from operating activities**

	2001 N\$000	2000 N\$000
Reconciliation of profit before tax to cash generated from operating activities		
Profit before tax	14,906	11,937
Adjustments for:		
Depreciation	31,934	26,004
(Profit) on sale of property, plant and equipment	(58)	(32)
Investment income	(10,345)	(13,365)
Interest expense	23,708	18,129
Capitalisation of market value of investments	(3,004)	(4,304)
	<u>57,141</u>	<u>38,369</u>
Changes in working capital		
- trade and other receivables	(6,665)	(2,401)
- inventories	(310)	(80)
- payables	5,046	(3,617)
	<u>55,212</u>	<u>32,271</u>

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

	2001 N\$000	2000 N\$000
Balance of tax payable at the beginning of the year	-	(1,442)
Change in income statement	-	(8,521)
Adjustment for deferred tax	-	9,963
Balance of taxation payable at the end of the year	<u>-</u>	<u>-</u>

**21. cash and cash equivalents**

For purpose of the cash flow statement the year-end cash and cash equivalents comprise the following:

	2001 N\$000	2000 N\$000
Bank balances	25,779	80,677
Foreign currency deposits	11,981	3,328
Cash on hand	29	27
	<u>37,789</u>	<u>84,032</u>
Bank overdraft	-	(5,086)
	<u>37,789</u>	<u>78,946</u>



