



Namibian Ports Authority

ANNUAL REPORT 2005

A large industrial ship's funnel is shown pouring a thick stream of dark liquid into the ocean. The funnel is dark and metallic, and the liquid is a dark, viscous substance. The ship's structure, including railings and platforms, is visible in the upper left corner. The sky is a clear, light blue, and the ocean is a deep blue with some white foam from the ship's wake. The text "QUALITY AND PROFESSIONALISM" is overlaid in white, sans-serif capital letters on a dark horizontal band across the middle of the image.

QUALITY AND PROFESSIONALISM

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At the heart of everything we do at the Namibian Ports Authority is a desire to create sustainable profitable growth, while ensuring we continue to meet the current and future needs of our customer.

Our comprehensive port services portfolio, branding as well as our geo-strategic location and position as well as our proactive approach means we are well placed to capitalise on the bracing changes in our external environment as we pursue growth, both organically and through regional expansion.

2005 was a very good year for the Namibian Ports Authority in many respects. The volume of shipping freight rose above the 3.6 million tonne mark, setting a new record and putting our ports up one place among the major ports in the region. Container freight continues to be the main engine of our port's growth, and last year it expanded by 29% to 948.510 tonnes or 77.610 TEU.

Liquid Bulk and bulk freight also had an excellent year. Total volumes handled increased with 8 % or 279,933 tons. Transshipment tonnage registered the biggest percentage growth of 48% or 156.00 tons. Both road and rail were able to significantly increase their share of transport to and from the hinterland. The

various measures for stimulating freight transport by intermodal seem to have been effective. In the future, however, more attention will have to be paid to port-related intermodal investments.

2005 was also a good year for the Namibian Port Authority in financial terms. The turnover from port activities, the operating costs and labour costs all remained stable. The Namibian Ports Authority invested N\$75 million, nearly half of it in construction of the additional capacity in container terminal expansion feeder road system that freed critical land areas for development. Apart from the actual construction, a great deal of attention was paid to developing a series of compensating measures for the compliance to our environmental quality management program ISO 14001.

Despite the good performance in 2005, the Namibian Ports Authority has to remain vigilant, as the strong growth in container freight tends to obscure the worrying decline in conventional general freight. A second source of concern is the timing for the further deepening and expansion of the Port of Walvis Bay. It is crucially important to keep to the proposed schedule for the further deepening of the Port of Walvis Bay.

Looking ahead, we believe that the Namibian Ports Authority is well placed to continue its record of success. It is a record of which we are proud, driven by an overriding focus on delivering growth for the benefit of our customers. We believe our strategy will continue to deliver excellent results. Our regional and international coverage provide us with continuing opportunities for organic growth. We remain committed to further efficiencies, ensuring the business is organised effectively in order to meet current and future market demands. We continue to look for potential cross border intermodal opportunities that deliver value. We would like to take this opportunity to thank all our members of personnel for their enthusiastic efforts, which every day afresh help up to carry out our mission. It is their commitment to delivering results for the benefit of customers that turns our strategy into reality

Finally, we would also like to thank our clients, for the confidence that they have shown in us during the past year.



Adv SV Masiza
Chairman

CHAIRMAN'S REVIEW



MANAGING DIRECTOR'S STATEMENT



Outlook

We have all reason to be positive about the future of our two ports as the year under review has been encouraging albeit hectic and demanding. It had its challenges and highlighted the need to optimally utilise human and other resources to achieve our mandate and our vision – being the first choice world-class port service provider in Africa.

The period under review marked a turning point in the transformation of our performance culture. The huge investment in training and development of business unit leaders and team members is a manifestation of our commitment to stamp out mediocrity and focus on a high level of performance.

Our wish is to allow team members to participate and become involved in decision making at various levels of the reporting structure, cultivating innovation and commitment. We are already reaping the benefit of this investment as we see enhanced team effort, focus on goals and targets, open communication and innovative ideas at different levels of our operations.

Financial Review

Namibian Ports Authority performed very well compared to the previous financial year and under difficult surrounding economies, in particular the fishing industry which always made a great contribution to our revenue streams. Our efforts to reduce the cost of doing business and the quest to be

lean have ensured a profit beyond our expectations given the difficult trading conditions that we faced during the year.

Transshipment of containers in the port of Walvis Bay guaranteed substitution of the dwindling revenues from the fishing industry. Cash flow remained extremely healthy notwithstanding the major investment in dredging the ports of Walvis Bay and Lüderitz and the floating dock site. Moreover, our financial ratios improved dramatically indicating the team effort in managing our resources.

Marketing, Sales, Services and Business Development

We have committed ourselves to deliver customer service beyond expectations, a challenging albeit achievable undertaking, especially in the port environment. To this end we have commenced with the establishment of a direct link with our customers. In line with our strategy we have intensified our effort to sell and develop our port business beyond the Namibian hinterland. A case in point is the dedication of Trans Kalahari Express concept to our strategic partner to market and manage the increase of cargo volumes through the port of Walvis Bay.

Another milestone is the establishment of our sales office and representation in Zambia and our determination to do the same in Gaborone and Gauteng.

We have had a 29% increase in TEUs (twenty-foot equivalent unit) handled and we are forecasting the same or better growth for the next year.

Ship Repair Facility

To enable enhancement of ship repair capacity in Namibia, management and the Board have been very active in ensuring the establishment of the floating dock in the port of Walvis Bay and a Public Private Partnership in the form of a Namport subsidiary was formed to achieve this objective. I am therefore delighted to share with all our stakeholders that a new floating dock has been acquired by that company. A total amount of Sixty Five million Namibian Dollars will be invested in the current financial year to ensure that the floating dock operation will commence in April 2006.

The Way Forward

We have committed ourselves to concentrate on the following areas of our business for the next three years:

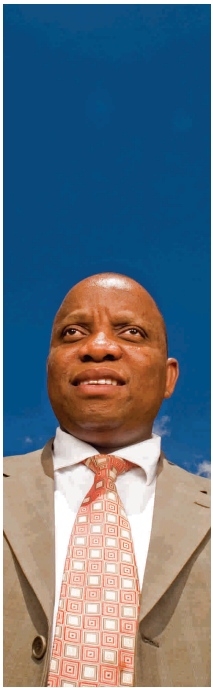
- attracting high value and time critical cargo and vessels
- forming strategic alliances and joint ventures
- introducing new services
- utilising relevant cutting edge technology and streamlined processes
- optimising the cost of doing business

Through our new dynamic organisational culture we shall enhance our commitment to deliver customer service beyond expectation



Mr SI Kankondi
Managing Director

The Namport Board



▲ Adv SV Masiza - Chairman - Advocate



▲ Mr SI Kankondi - Managing Director:
Namibian Ports Authority



▲ Mr AF Neethling - Managing Director:
Ongopolo Mining & Processing (Pty) Ltd



▲ Mr P Amutenya - Director of Operations:
Ministry of Fisheries and Marine Resources



▲ Mrs A Hange - Director: Ministry of Finance

The Namport Management



▲ Mr A Kathindi - General Manager: PO



▲ Capt. MJ vd Merve - General Manager: PA



▲ Mr ES Shimuafeni - Manager: Syncrolift



▲ Mr E Loffie-Eaton - Manager: TS



▲ Mr J Mouton - Manager: MSBD



▲ Mr T Raw - Port Engineer



▲ Ms D Nashandih-Enjambi - Manager: HR



▲ Capt. H Nygaard - Port Captain: Lüderitz



▲ Mr J Smith - Manager: Sales & Services



▲ Mr AE Hannabus - Manager: CS



▲ Capt. V Gusev - Port Captain: WB



▲ Mr K vd Merve - General Manager: Finance

A large industrial ship, possibly a tanker or bulk carrier, is docked at a pier. The ship's hull is painted in green, red, and white. Thick, dark ropes are used to secure the vessel to the pier. In the foreground, a large, dark, cylindrical buoy is visible, also secured with ropes. The background shows a clear blue sky and a calm blue sea. The text "BUSINESS OVERVIEW" is overlaid in white on a dark horizontal band across the middle of the image.

BUSINESS OVERVIEW

OPERATIONAL REVIEW

In terms of the total volume of freight, the Namibian Ports Authority share of the market in the SADC range remained hardly altered in comparison with 2004. However, in terms of the different freight categories a number of trends can be seen.

Namport's share of liquid bulk freight declined in 2005 due to the fluctuations in oil prices. Over the longer term, however, the market share of this category is trending upwards.

When it comes to dry bulk, on the other hand, there is a structural increase. As regards container traffic, the trend of the past two years has continued, with our steadily gaining market share at the cost of the market leader, South Africa.

The growth of the world economy slowed down considerably in 2004. The recovery in growth that became apparent in China in 2003 was followed by a clear speeding up of economic development in the first quarter of 2005. But although 2004 began with a positive trend, the development in the second half was negative overall.

Nevertheless, the world economy as a whole experienced an expansion of 3.8% in GNP. The expansion in world trade in 2005 will have a very positive effect on the amount of freight handled in

the various seaports, and for this reason the volume of shipping freight handled in Namibian ports will grow more strongly than is expected. International surveys indicate that the volume of cross-border container freight is closely linked to the level of world trade. Since the volume of world trade is expected to grow strongly, it can be assumed that the number of containers carried will also increase exponentially.

MARKETING, SALES, SERVICES AND STRATEGIC BUSINESS DEVELOPMENT

The year under review has brought a tremendous shift in the company's approach towards customer service. With the establishment of a dedicated section of sales and service within the Marketing & Strategic Business Development Department the strategic focus has become now to realign ourselves with our clients in order to attract new business to the Ports of Namibia, including the Walvis Bay Syncrolift. Namport historically has been driven mainly by the Fishing and Mining industry within Namibia and these industries have from time to time experienced major downfalls which resulted in major declines in our exports through the port.

We have therefore made a principle decision to concentrate on exploring business opportunities beyond the border of Namibia in specific terms imports and exports

to and from Angola, Botswana, Zambia and the Gauteng Region of South Africa. These markets offer major opportunities for the Port of Walvis Bay which is a multipurpose port and can therefore handle all types of commodities and support a variety of loading and offloading methods at the port.

Strategic focus

The Port Authority has appointed a Key Account Executive which is based in Walvis Bay to attend to the service of major accounts handled by Namport, at the Port of Walvis Bay, Port of Luderitz and the Walvis Bay Syncrolift. This position need also to ensure that through customer services maximum exposure is provided to retain and expand on additional and new services. This service provides a much needed bridge between operations and client service to ensure a smooth flow of Namport customer integration on all levels.

The secondment of the Manager: Sales & Service to the WBCG office in Windhoek also this year provided an additional support to business development along the various corridor routes. This is in line with Namport's strategic objective to focus on the growth in regional business through the increase in traffic via the TransKalahari, TransCaprivi and TransCunene Corridor routes.

Customer Care roll out

Namport have also opened up its first Customer Care office at the Head Office in Walvis Bay. The Customer Care Agents who operate this office on a daily basis has assisted well in changing towards customer oriented culture where customers are served on a quick and efficient approach.

Business at the Customer Care Centre is conducted in line with professionalism and clear guidance on how to deliver the best service to our esteemed clients. Our next step is to establish a customer care office in the Port of Lüderitz which would provide a much needed approach on a stronger customer care relationship to the clients in Lüderitz. This concept will then finally also be introduced to the Walvis Bay Syncrolift to complete the cycle on getting closer to our clients by providing a better and improved service.

Namport focus on Zambia

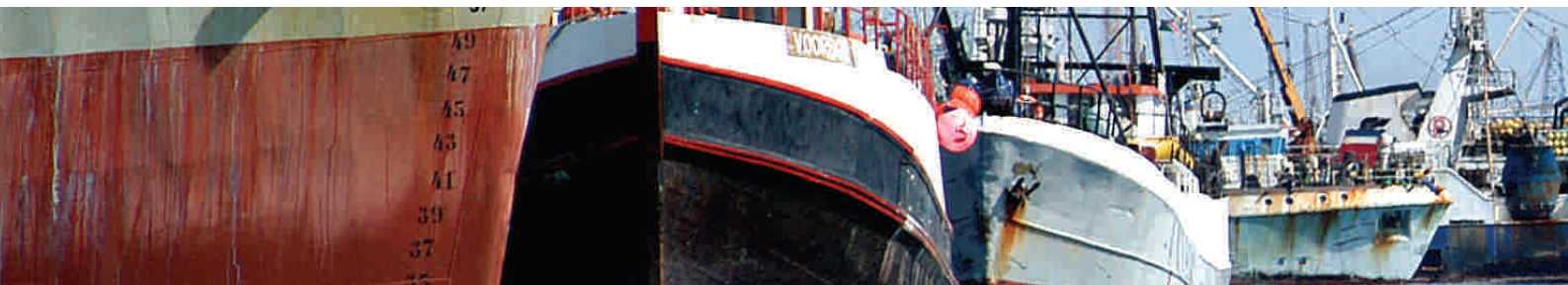
Major focus during the past year has been on the developing of the Zambian market for the Port of Walvis Bay to potential importers and exporters. With the completion

of the Sesheke bridge between Zambia and Namibia in April 2004 this provides now the missing link to afford a new transport route in the region in specifically to the advantage of Zambian importers and exporters from and to the Western Continent. Importers and exporters can save more than a week by using the Port of Walvis Bay compared to other ports in the region which provide the benefit of the two most integral effects in business today, namely time and money. A business delegation went to the Copperbelt region during June 2005 in Zambia to look at the potential of copper exports via the Port of Walvis Bay. Namport together with the Chamber of Commerce in Namibia also attended the Lusaka Agricultural Trade Fair in Zambia during July 2005 where the company promoted its services on potential importers and exporters in this country. The major highlight during the period under review has been the establishment of a Lusaka based office which is managed by a Business Development Representative in Zambia. This person's task is to facilitate the growth in real business for the Port of Walvis Bay in specific terms increasing the market share of the port and hereby contribute to the economic

upliftment of the country through cheaper imports and exports.

Trade Fairs & Delegations

Various trade fairs, exhibitions and business delegations were initiated during the year under review to establish the possibilities on new business development. Some of these include a business mission to Angola where we specifically visited the Drydock facilities at the Port of Luanda and the Port of Lobito to distinguish the type and the size of the facilities. Namport also attended the Export Africa exhibition which was showcased in Johannesburg South Africa to promote the Port of Walvis Bay to importers and exporters in Gauteng. Other means of promotional activities in Gauteng includes the participation of Namport in the Ports and Harbours Conference in Johannesburg, South Africa.



HUMAN RESOURCES

“The ultimate employment experience”

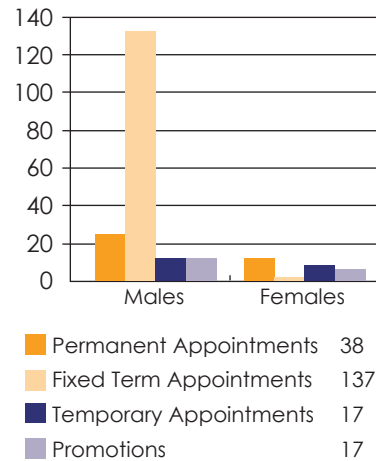
The year got off to an exciting start with the Launch of Invocom Involvement and Communication for the Namport Human Capital. The Invocom ascribes to the principles of improvement towards operational management across the company. All human capital were trained and coached on Invocom implementation a programme that is geared towards unlocking human potential through competency based training and assessment centers. A code of conduct has also been introduced. The Human Resources has successfully conduct the HIV/Aids information sharing Session on the HIV/Aids Surveillance Study and a Toll Free number has also been launched in the cause of the information sharing sessions. The HR strategy was also reviewed during the period under review.

While the Invocom success has been tangible in 2004/2005 we also know that the challenges of 2005/2006 will be many.

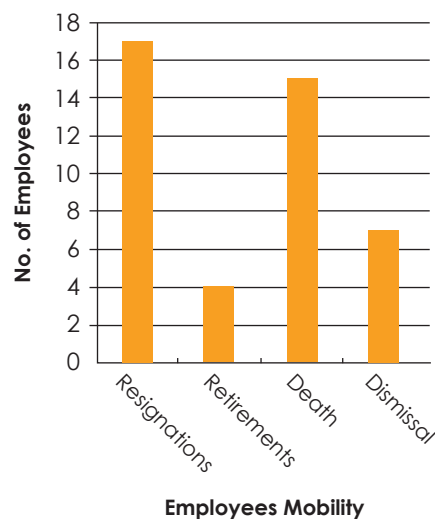
Manpower and Resourcing

The challenges of recruiting marine pilots, women in senior management and people with disabilities remains a challenge. The induction manual has been introduced to all human capital.

The appointments and employment separation has been recorded as follows;



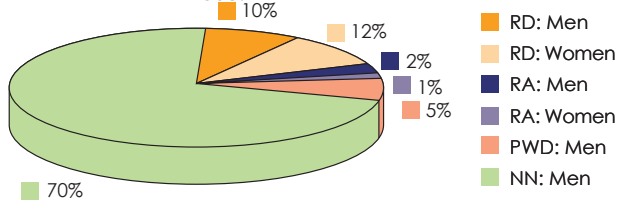
The appointments and employment separation has been recorded as follows;



Organizational Development and Compensation

During the year under review Namport has successfully achieved the AA Compliance Certificate. A Namport Affirmative Action booklet has been introduced with success, the booklets embrace the three (3) year Affirmative Action Goals and Objectives.

Workforce AA Statistics as at July 31, 2005.



The implementation of the Performance Management System and pay for performances incentive remain a challenge for the company.

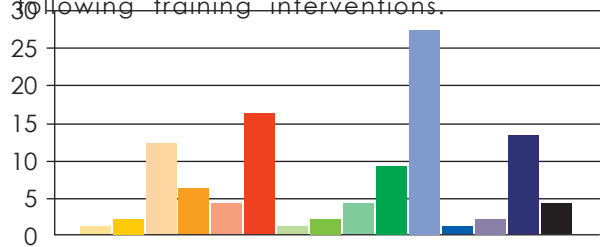
Review of Policies and Procedures has been finalized and due for Board of Directors discussions and approval.

Market Competitiveness

In 2004 HR participated in a number of salary surveys to maintain an equitable and competitive compensation.

Training and Development

The company remains committed towards capacity building and unlocking of human capital. During the year under review the company has invested in the following training interventions.



- Tanker Familiarization (1)
- Programme in Strategic Human Capital (2)
- Wharfcrane Training (12)
- Cargo Co-ordination Training (6)
- Executive Development Programme (4)
- Management Development Programme (16)
- Senior Management Development (1)
- Skills Upgrading (2)
- Efficient Engine Rating/Class 5 (4)
- Welding (AFROS) (9)
- Lifting Gear (27)
- Finance for non Financial Managers (1)
- Mobile Harbour Crane (2)
- Tally Clerks (13)
- Marine Services GMDSS (4)

Invocom Attendance (Climate Creation Workshop)

- Participation Rate: 80% (448/561)
Walvis Bay
- Participation Rate: 87% (98/109)
Lüderitz

Trainee Pilots and Engineers

During the period under review two (2) trainees under this category were recruited.

Interest Free Study Loans

During the period under review 12 employees participated in the Staff Development Programme in disciplines like MBA, LLB, Nat Diploma in Accounting, General Management, Port Management, B Com Law, ETD, Office Administration, B Tech Public Management.

Talent Scouting

The training department has successfully participated at the Polytechnic of Namibia and Ongwediva Trade Fair.

Bursaries and Sponsorships

Four (4) bursaries have been awarded to prospective Namibians for full time studies in the fields of Human Resources (B.Com Honours), Accounting (B.Com Honours); National Diploma in Information technology and B Tech Human Resources.

ISO 14001 TRAINING INTERVENTIONS

Under the period for review the following training has been conducted such as Pollution

Combating, Handling of Dangerous Cargo and PPE, Handling of Asbestos, ISO for Safety Representatives, General Environmental awareness, Handling of dangerous Cargoes and PPE.

Employee Relations

The promotion of effective, practical employee relations strategies engendering mutual respect and consultations remained the focus of the section during the year under review. Meaningful dialogues that encourages trust, responsibility and active problem solving underpinned by the company's commitment to continuous improvement and creating an enabling environment through a participatory structures were the most significant strides which provided a valuable forum for worker participation.

Major key highlights during the year under review;

- Disciplinary and Grievances have been consistently resolved resulting in a faster and more effective resolution of issues;
- The wage and salaries negotiations was conducted and concluded;
- A Retirement Counseling Session in partnership with Old Mutual has been successfully

conducted with prospective retirees;

- A bridging fund has been successfully implemented for ill health employees;
- An Early Voluntary Retirement Scheme has been introduced and implemented;
- The Collective Bargaining and Procedural Agreement is due for review;

Employee Wellness Centre

Significant progress has been made in improving the welfare and well being of employees.

- Namport has successfully conducted the HIV/Aids Surveillance Study Results. The information sharing information has been successfully attended. Stakeholder engagements with Prosperity Health Care, Namibia Medical Care, SMA and E-Pap successfully shared information and services available.

A total of 446 employees participated in the study of which 69 employees were infected with HIV and this gives a prevalence of 15.5%.

The table below shows the distribution of HIV prevalence by 10-year age bands and shows

that there is a low HIV prevalence among those 30 years of age and younger with a high and stable prevalence in ages above 30.

Currently a total number of 20 employees are now on antiretroviral therapy.

- A nutritious meal E-pap has been introduced since July 2005. This is to provide needed vitamins and minerals to employees.
- A Toll free number has also been introduced where employees could call and receive advice and counselling telephonically.
- An Employee Assistance Programme Policy has been drafted.
- Intensive Awareness, Promotion Campaigns and Briefing Sessions have been conducted with the various stakeholders to sensitize Namport Human Capital on the importance and encourage maximum participation in the Namport HIV Surveillance Study;
- During the year under review a total number of 86 400 male condoms and 560 femdoms were distributed to employees.

- The wellness centre continues to play a pivotal role and has thus been successful in providing primary health care to the precious resources. The services include the provision of counseling services on HIV/AIDS, Alcohol and drug abuse, TB, Bereavements and prescription for minor ailments, annual medical examinations of employees and other health and social issues.

KEY FUTURE CHALLENGES:

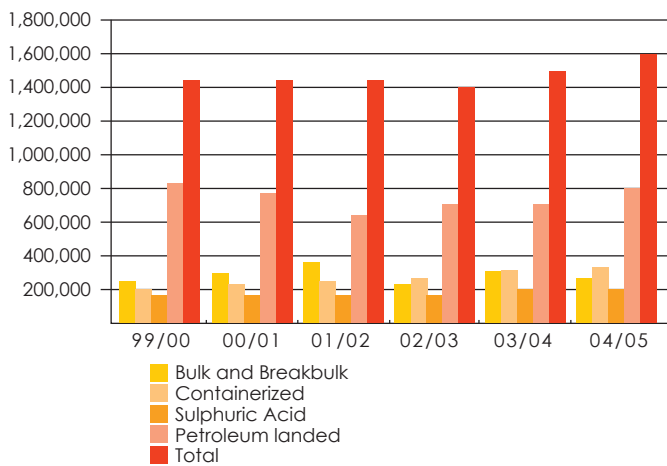
- HR Benchmarking with Best Practices;
- Introduction of Talent Management;
- Ongoing promotion of Voluntary Counseling Testing (VCT) and Home Based Care,
- Introduction of an Employee Assistance Programme;
- Introduction and Implementation of pay for performance.



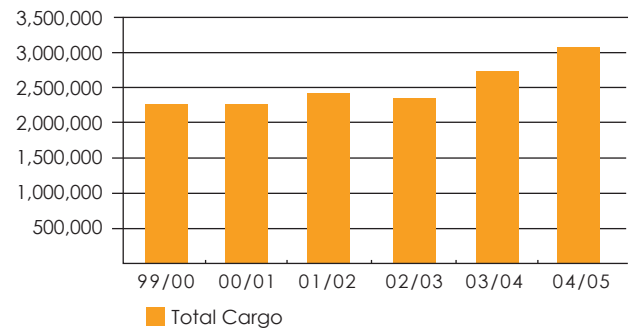
RELIABILITY



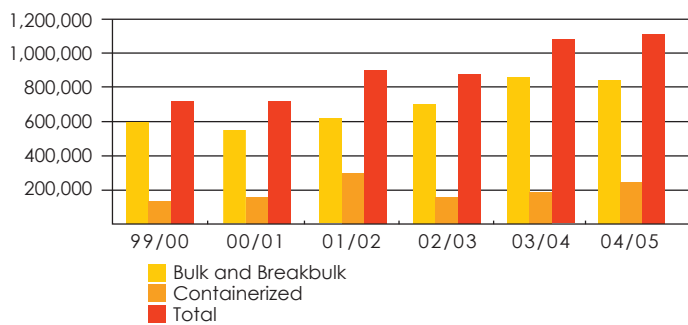
Cargo Landed Port of Walvis Bay



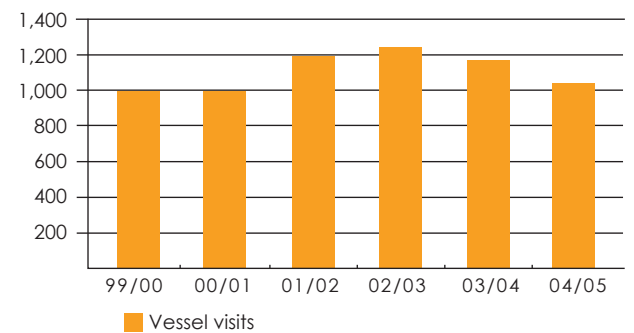
Total Cargo Handled Port of Walvis Bay



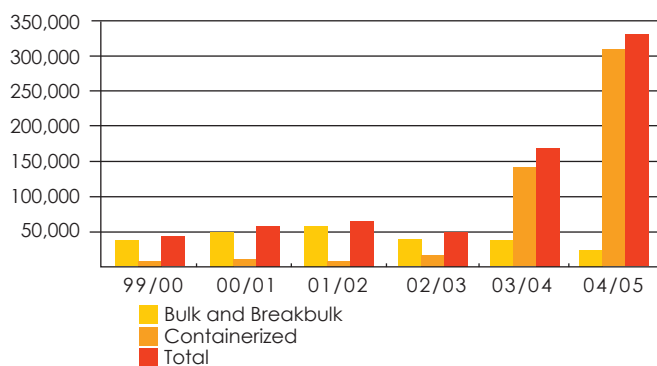
Cargo Shipped Port of Walvis Bay



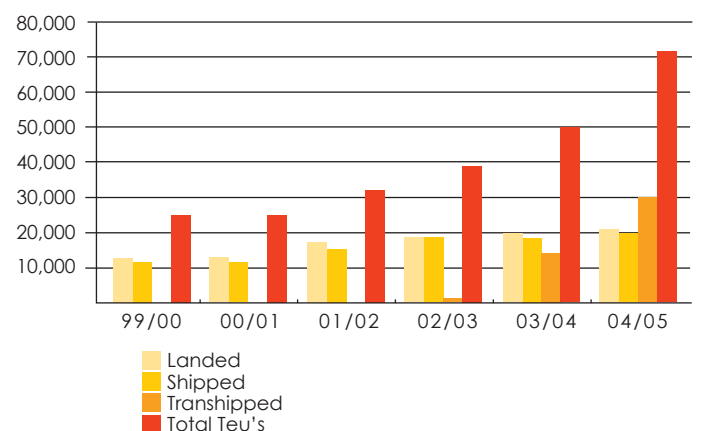
Vessel Calls



Cargo Transhipped Port of Walvis Bay



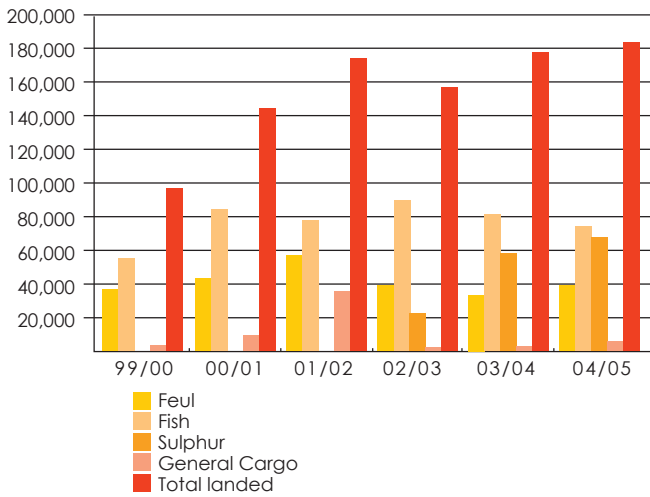
Containers Handled Port of Walvis Bay



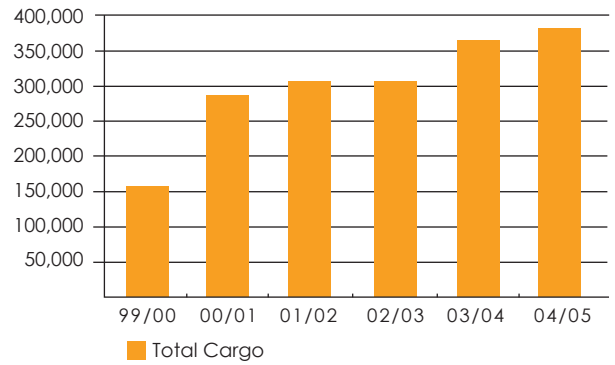
Cargo handled at the Port of Lüderitz (Freight tonnes)

	Oct/Sep 99/00	Sep/Aug 00/01	Oct/Sep 01/02	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05
Breakbulk						
Cargo landed						
Fuel	35,664	46,486	55,467	40,112	32,849	39,998
Fish	54,534	85,321	77,932	90,448	82,978	73,056
Sulphur	-	-	-	22,014	57,372	67,131
General Cargo	3,353	11,457	37,802	1,557	2,883	3,943
Total landed	93,551	143,264	171,201	154,131	176,082	184,129
Cargo shipped						
Fish & Bait	18,959	31,211	14,576	4,260	5,953	1,823
Ice	14,921	60,967	79,216	86,434	67,651	44,453
Zinc / Zinc Conc.	-	-	-	13,949	82,711	88,600
Other	5,628	12,913	7,955	27,719	1,160	999
Total shipped	39,508	105,091	101,747	132,362	157,474	135,875
Cargo transhipped						
Fish	13,456	9,382	3,961	19	228	-
Other	687	594	687	-	-	100
Total transhipped	14,143	9,976	4,648	19	228	100
Total	147,202	258,331	277,596	286,511	333,784	320,104
Containerized Cargo						
Landed	62	3,002	5,687	1,402	260	266
Shipped	16,354	18,538	19,654	26,449	34,332	60,027
Transhipped	-	-	-	24	-	-
Total	16,416	21,540	25,341	27,874	34,592	60,293
Total Cargo	163,618	279,871	302,938	314,386	368,376	380,397
Containers handled at the Port of Lüderitz (Twenty-foot Equivalent Units)						
Landed	943	1,275	768	1,770	2,294	3,121
Shipped	1,293	1,973	1,712	1,831	2,355	3,033
Total Teu's	2236	3248	2480	3601	4649	6154
Vessel visits	2200	2496	2364	2052	2020	1347

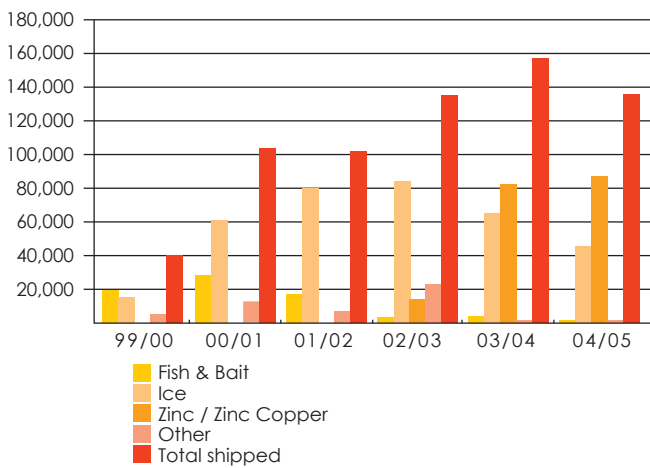
Cargo Landed Port of Lüderitz



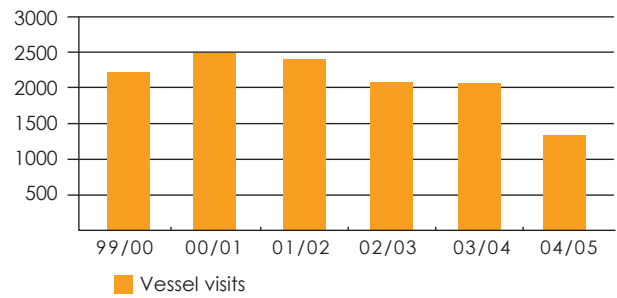
Total Cargo Handled Port of Lüderitz



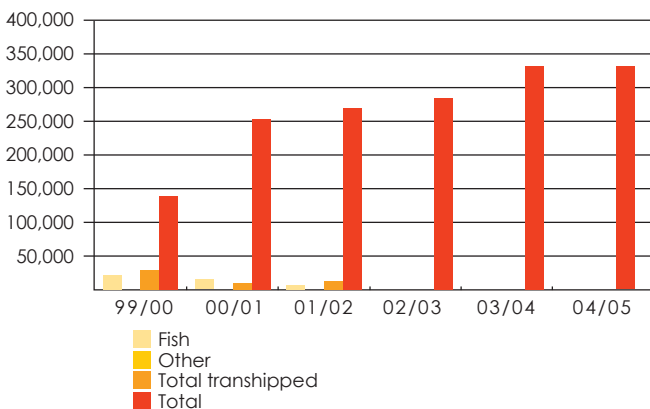
Cargo Shipped Port of Lüderitz



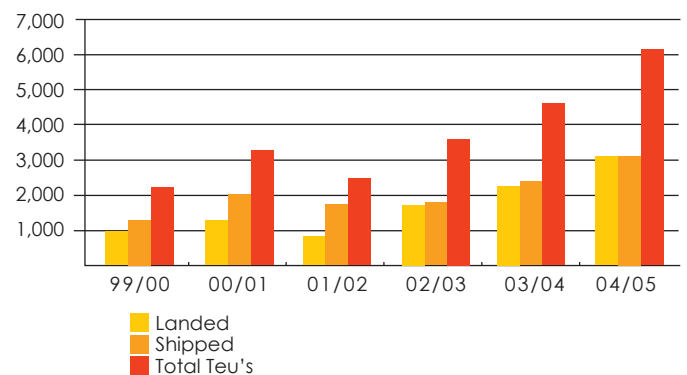
Vessel Calls



Cargo Transhipped Port of Lüderitz



Containers Handled Port of Lüderitz



Cargo handled at the Port of Walvis Bay and Lüderitz

	Oct/Sep 99/00	Sep/Aug 00/01	Oct/Sep 01/02	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Variance	% Variance
Cargo landed								
Bulk and Breakbulk	310,856	407,906	466,835	366,215	449,531	414,503	(35,028)	(8)
Containerized	211,758	235,995	263,457	300,196	314,512	331,814	17,302	5
Sulphuric Acid	156,963	143,876	187,039	146,126	220,954	206,520	(14,435)	(7)
Petroleum landed	874,340	810,591	702,613	744,635	715,129	831,298	116,169	14
	1,553,917	1,598,368	1,619,944	1,557,172	1,700,126	1,784,134	84,009	5

Cargo shipped								
Bulk and Breakbulk	633,335	672,896	717,982	859,930	1,037,475	990,883	(46,593)	(5)
Containerized	145,951	171,405	319,185	200,348	222,106	308,837	86,731	28
	779,286	844,301	1,037,166	1,060,278	1,259,582	1,299,719	40,138	3

Cargo transhipped								
Bulk and Breakbulk	49,465	60,593	60,248	37,467	33,879	20,041	(13,837)	(69)
Containerized	4,648	5,971	4,737	9,590	138,236	307,859	169,623	55
	54,113	66,564	64,985	47,056	172,114	327,900	155,786	48

Total Cargo handled	2,387,316	2,509,233	2,722,096	2,664,506	3,131,822	3,411,754	279,933	8
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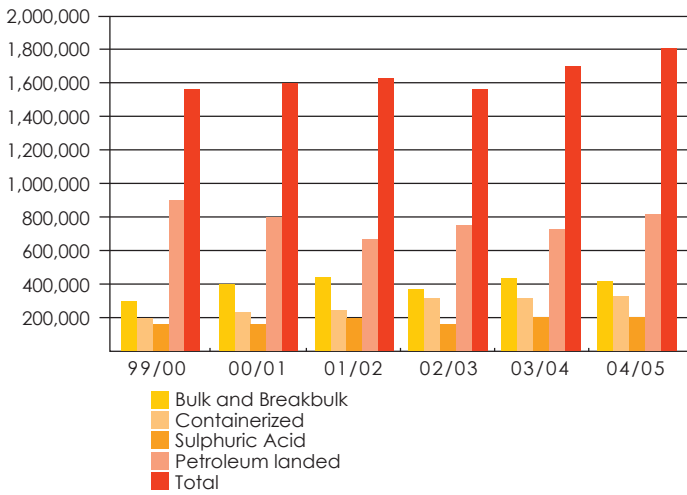
Containers handled at the ports of Walvis Bay and Lüderitz (Twenty-foot Equivalent Units)

Landed	13,668	14,613	17,582	20,000	21,959	24,433	2,474	10
Shipped	13,014	13,947	15,920	20,359	19,980	23,618	3,638	15
Transhipped	413	456	547	1,057	13,073	29,559	16,486	56
Total Teu's	27,095	29,016	34,049	41,416	55,012	77,610	22,598	29

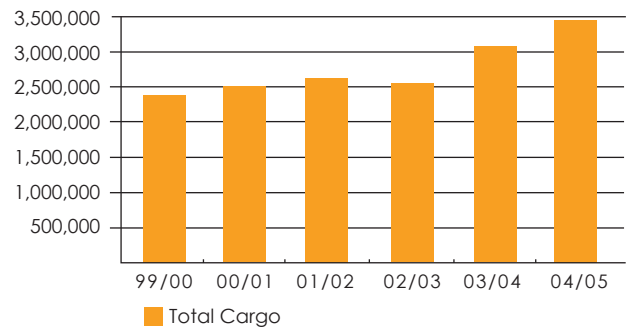
Vessel visits Walvis Bay and Lüderitz

Number	3,205	3,493	3,559	3,304	3,187	2,399	(788)	(33)
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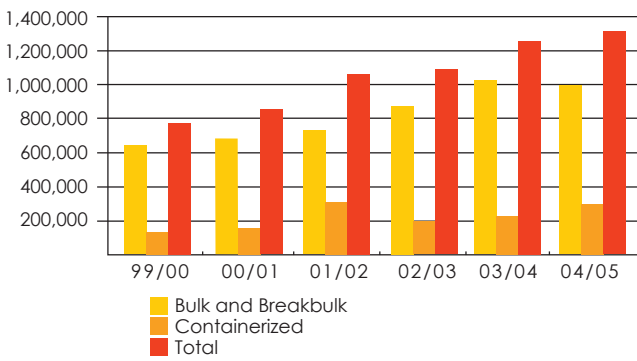
Cargo Landed Namibian Ports



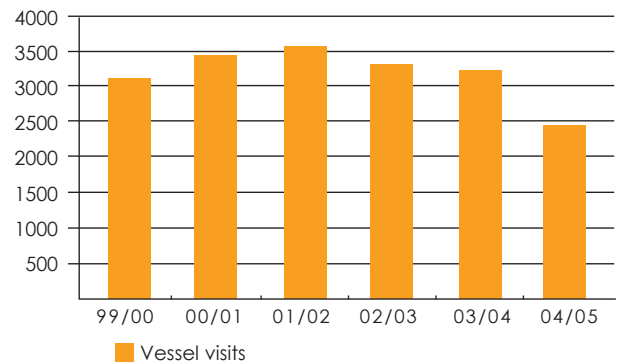
Total Cargo Namibian Ports



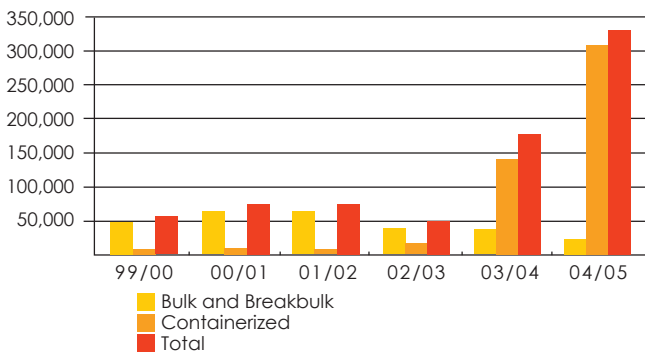
Cargo Shipped Namibian Ports



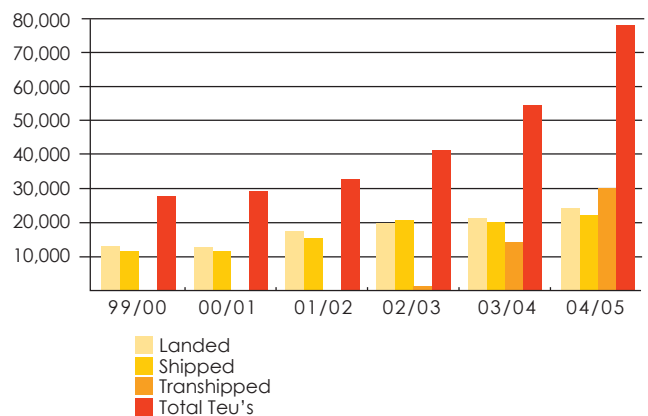
Vessel Calls



Cargo Transhipped Namibian Ports



Containers Handled Namibian Ports





ANNUAL FINANCIAL STATEMENTS
2004/2005

Key Financial Indicators

	12 months 2004/2005	12 months 2003/2004	12 months 2002/2003	12 months 2001/2002
Turnover (N\$ '000)	220,858	211,270	181,219	166,274
Operating Profit (N\$ '000)	32,479	12,357	34,141	33,519
Profit before taxation (N\$ '000)	29,361	7,455	17,398	21,390
Return on assets	3%	1%	2%	3%
Return on equity	5%	1%	3%	6%
Operating profit margin	15%	6%	19%	20%
Total assets (N\$ '000)	1,056,336	1,009,779	1,006,802	647,827
Shareholder's interest (N\$ '000)	591,208	569,430	563,642	337,402
Borrowings (N\$ '000)	154,119	141,239	152,176	146,025
Debt : Equity ratio	0.26	0.25	0.27	0.43
Liquidity ratio	2.21	1.25	1.21	1.28
Number of employees	569	591	472	459
Turnover per employee (N\$ '000)	388	357	384	362
Assets per employee (N\$ '000)	1,856	1,709	2,133	1,411

VALUE ADDED STATEMENT

for the year ended 31 August 2005

	Notes	2005 N\$'000	%	2004 N\$'000	%
WEALTH CREATED					
Revenue		220,858		211,270	
Paid to suppliers of materials and services		(54,055)		(71,751)	
VALUE ADDED		166,803		139,519	
Income from investments and sale of assets		26,839		15,570	
TOTAL WEALTH CREATED		193,642	100	155,089	100

WEALTH DISTRIBUTION

Salaries, wages & other employment costs	1	85,681	44	79,733	51
Providers of capital:					
Dividends to shareholder		-		2,200	1
Finance cost on borrowings		19,280	10	12,373	8
Government	2	18,839	10	11,925	8
Reinvested to maintain and develop operations:					
Depreciation		28,611	15	25,612	17
Retained Earnings		41,231	21	23,246	15
TOTAL WEALTH DISTRIBUTED		193,642	100	155,089	100

NOTES TO THE VALUE ADDED STATEMENT

1. Salaries, wages and other employment costs

Salaries, overtime payments, bonuses and allowances	70,237	66,763
Training and study assistance	3,855	2,839
Employer contributions	11,589	10,131
	85,681	79,733

2. Central and local governments

Normal and deferred taxation	18,057	11,258
Rates and taxes	782	667
	18,839	11,925

3. Additional amounts collected on behalf of central and local governments

VAT collected on revenue	34,995	39,695
VAT paid on purchases	(5,697)	(10,369)
VAT paid on imports	(1,064)	(325)
PAYE deducted from remuneration	14,092	13,408
	42,326	42,409

A black and white photograph of a ship's deck. In the foreground, a large, weathered, cylindrical bollard is the central focus, showing signs of age and use. A thick rope is coiled around its base. To the left, another rope runs diagonally across the frame. The background shows the dark, calm surface of the sea meeting a lighter horizon line. The overall mood is somber and industrial.

ACCOUNTABILITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2005

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

	Page
Corporate Governance Statement	28 - 29
Statement of Responsibility by the Board of Directors	
Report of the Auditor-General	31
Report of the Independent Auditors	32
Directors' Report	33
Balance sheet	35
Income statement	36
Statement of changes in equity	37
Cash flow statement	38
Notes to the financial statements	39 - 49



CORPORATE GOVERNANCE STATEMENT

The Namibian Ports Authority is committed to the principles of openness, integrity and accountability and the directors recognize the need to conduct the business of the Authority with integrity and in accordance with generally accepted accounting 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 managing director is to provide leadership and guidance to the Authority's Board and encourages proper deliberation of all matters requiring the Board's attention, and obtains 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 accounting practices. Monitoring the Authority's compliance with the Code forms part of the mandate of the audit committee.

Non-Executive Directors

The Board of Directors comprises four non-executive directors and one executive director. The non-executive directors are appointed for specific terms and re-appointment is not automatic.

Executive Director

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 exists, whose chairperson is a non-executive director. Both the internal and external auditors have unrestricted access to the audit committee, which ensures that their independence is in no way impaired. Four meetings of the committee are held annually which is attended by the external and internal auditors and appropriate members of the executive management. The audit committee provides assistance to the Board with regard to:

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



● ANNUAL FINANCIAL STATEMENTS

● for the year ended 31 August 2005

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 organization 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 maintains its internal control system on a continuous basis to ensure effective internal control over financial reporting. The Authority believes that for the period ending 31 August 2005, 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 approved affirmative action program forms part of the Authority's training program and business plan.

CODE OF ETHICS

The Code of Ethics commits the Authority to the highest standards of integrity, behavior 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.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Namibian Ports Authority. The financial statements, presented on pages 33 to page 49 have been prepared in accordance with generally accepted accounting practice 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 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 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 32.

The financial statements were approved by the Board of Directors on 4 November 2005 and are signed on its behalf.



S Kankondi
Managing Director



Adv S V Masiza
Chairman

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2005

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 abovementioned audit of the annual financial statements for the year ended 31 August 2005 has been carried out to my satisfaction.



JUNIAS E KANDJEKE
AUDITOR GENERAL

Windhoek
4 November 2005



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

We have audited the financial statements set out on pages 33 to 49 for the year ended 31 August 2005. 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 2005 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)
REGISTERED ACCOUNTANTS AND AUDITORS

4 November 2005



DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

The directors hereby present their annual report, which forms part of the audited financial statements of the Authority for the year, ended 31 August 2005.

1. Nature of business

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

2. Financial results

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

3. Ownership of Land

During the current financial year no new erven were transferred into the name of the Authority. Transfer of certain erven is in progress.

4. Auditors

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

5. Directors

The following persons were directors of the Namibian Ports Authority as at 31 August 2005:

Name	Term of Office
Adv S V Masiza	10 June 2005 to 9 June 2008
Mr S Kankondi	10 June 2005 to 9 June 2008
Mr A Neethling	10 June 2005 to 9 June 2008
Ms A Hange	10 June 2005 to 9 June 2008
Mr P Amutenya	10 June 2005 to 9 June 2008



A low-angle photograph of a large red lattice crane on a ship's deck, lifting a massive black pipe. The ship's superstructure is visible in the background, featuring a white upper section and a red lower section with a large white 'H' logo. The scene is set against a sunset sky, with the sun low on the horizon. A smaller white crane is visible on the right side of the frame. A semi-transparent grey horizontal band is overlaid across the middle of the image, containing the text 'HONESTY AND INTEGRITY' in white capital letters.

HONESTY AND INTEGRITY

Balance sheet at 31 August 2005

	Notes	2005 N\$ '000	2004 N\$ '000
ASSETS			
Non-current assets			
Property, plant and equipment	9	738,419	779,911
Investments	10	170,673	151,775
Channel levy fund investment	6	1,348	965
		910,440	932,651
Current assets			
Inventories	11	656	666
Receivables and prepayments	12	34,045	31,576
Cash and cash equivalents	22	107,913	44,886
Current tax assets		3,282	-
		145,896	77,128
Total assets		1,056,336	1,009,779
EQUITY AND LIABILITIES			
Capital and reserves			
Capital account	2	50,344	50,344
Revaluation and other reserves	3	312,887	332,340
Retained earnings		227,977	186,746
		591,208	569,430
Non-current liabilities			
Interest bearing borrowings	4	154,119	141,239
Deferred tax liabilities	5	243,613	236,348
Channel levy fund	6	1,348	965
		399,080	378,552
Current liabilities			
Trade and other payables	7	36,793	28,516
Current portion of long-term liabilities	4	19,411	25,657
Provisions	8	9,844	6,590
Current tax liabilities		-	1,034
		66,048	61,797
Total liabilities		465,128	440,349
Total equity and liabilities		1,056,336	1,009,779



Income Statement for the year ended 31 August 2005

	Notes	2005 N\$ '000	2004 N\$ '000
Revenue	16	220,858	211,270
Other operating income		846	395
Direct costs		(76,741)	(81,952)
Indirect costs		(14,285)	(29,499)
Administrative expenses		(98,199)	(87,857)
Operating profit	17	32,479	12,357
Net finance cost	18	(3,118)	(4,902)
Profit before tax		29,361	7,455
Taxation	19	(18,057)	(11,258)
Profit/(loss) from ordinary activities		11,304	(3,803)



Statement of changes in Equity for the year ended 31 August 2005

	Capital	Revaluation and other reserves	Retained earnings	Total
Balance at 1 September 2003	50,344	354,238	159,060	563,642
Depreciation transfer	-	(21,898)	33,689	11,791
	50,344	332,340	192,749	575,433
Dividend paid - 2003	-	-	(2,200)	(2,200)
Net loss	-	-	(3,803)	(3,803)
Balance at 31 August 2004	50,344	332,340	186,746	569,430
Balance at 1 September 2004	50,344	332,340	186,746	569,430
Depreciation transfer	-	(19,453)	29,927	10,474
	50,344	312,887	216,673	579,904
Dividend paid - 2004	-	-	-	-
Net profit	-	-	11,304	11,304
Balance at 31 August 2005	50,344	312,887	227,977	591,208



Cash flow statement for the year ended 31 August 2005

	Notes	2005 N\$ '000	2004 N\$ '000
Cash flow from operating activities			
Cash receipts from customers		221,072	211,041
Cash paid to suppliers and employees		(120,935)	(146,362)
<i>Net cash flow from operating activities</i>	20	100,137	64,679
Purchase of property, plant and equipment to maintain operations		(10,010)	(1,219)
Cash generated from operations		90,127	63,460
Interest received		17,240	15,174
Interest paid		(19,280)	(12,373)
Dividend paid		-	(2,200)
Tax paid	21	(4,633)	
Net cash flow from operating activities		83,454	64,061
Cash flow from investing activities			
Purchase of property, plant and equipment		(7,128)	(22,346)
Purchase of non-current investments		(46,044)	(20,187)
Transfer to cash on call		22,530	-
Proceeds from disposal of property, plant and equipment		43	45
Proceeds from disposal of investments		13,368	-
<i>Net cash outflows from investing activities</i>		(17,231)	(42,488)
Cash flows from financing activities			
Proceeds from long-term borrowings		45,893	24,000
Payment of capital element of long-term borrowings		(48,900)	(40,529)
Payment of capital element of finance lease liabilities		(189)	(229)
Net cash (outflow)/inflow from financing activities		(3,196)	(16,758)
Net increase in cash and cash equivalents		63,027	4,815
Cash and cash equivalents at the beginning of year		44,886	40,071
Cash and cash equivalents at the end of year	22	107,913	44,886



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 Authority uses the following principal accounting policies, which are consistent with those of the previous year.

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:

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

"Dredging"

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 Nampton dredges the channel every 5 to 6 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.

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 installments 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

All investments are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments which are classified as held for trading and available-for-sale are measured at fair value. Gains and losses on such investments are recognised in income.

Other long-term investments that are intended to be held-to-maturity, such as company owned endowment policies, are subsequently measured at amortised cost. For such investments, gains and losses are recognised in income when the investments are de-recognised or impaired. Dividends are brought to account as at the last day of registration.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 August 2005

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 the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

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 consist 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.



TRANSPARANCY AND TRUST



NOTES TO THE FINANCIAL STATEMENTS

- 31 August 2005

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.

2005 N\$ '000	2004 N\$ '000
50,344	50,344

3. REVALUATION AND OTHER RESERVES

Property, plant and equipment:

At beginning of year	332,340	354,238
Depreciation on revalued property, plant and equipment	(29,927)	(33,689)
Deferred income taxes on revaluation	10,474	11,791
At end of year	312,887	332,340

The non-distributable reserve constitutes the following:

Property, plant and equipment acquired from TransNamib at no value capitalised at valuation	4,350	4,350
Capitalisation of dredging cost	8,299	8,299
	12,649	12,649

Surplus arising from revaluation of property, plant and equipment

	300,238	319,691
Land	76,124	76,124
Structures and buildings	192,584	204,773
Floating craft	17,834	22,228
Plant and equipment	13,696	16,566
	312,887	332,340

4. INTEREST-BEARING BORROWINGS

The 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 installments commenced in December 2000.

2005
N\$ '000

2004
N\$ '000

24,272

26,139

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.

66,071

70,815

Structured finance loan secured by a cession of endowment policies. During the year under review this loan was re-negotiated and restructured where the obligations and deposits under this structure were consolidated under a new structured loan.

-

4,093

Structured finance loan secured by a cession of endowment policies. During the year under review this loan was re-negotiated and restructured where the obligations and deposits under this structure were consolidated under a new structured loan.

-

25,627

Structured finance loan secured by a cession of an endowment policy with a book value of N\$42 817 763. The loan bears interest at 9.4% per annum and is repayable on 31 March 2010. The full loan commitments under the two separate structured loans were transferred to the new structure and the repayments already made were converted to a preference share investment, which offsets the long term loan.

28,347

-

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

8,081

9,697

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.

35,108

21,852

A two-tier finance agreement with Veritas Kapital Limited. Loan 1 bears interest at 7.25% and is repayable in 5 annual installments commencing on 1 April 2006. Loan 2 bears interest at prime minus 2.75% and is repayable on 1 April 2006, at which date the repayment terms will be revisited.

11,651

8,484

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

-

189

173,530

166,896

Current portion of loans included in accounts payable

(19,411)

(25,657)

154,119

141,239

NOTES TO THE FINANCIAL STATEMENTS

- 31 August 2005

	2005 N\$ '000	2004 N\$ '000
5. DEFERRED TAX LIABILITIES		
At beginning of year	236,348	237,915
Income statement charge (note 19)	17,739	10,224
Tax effect of revaluations (note 3)	(10,474)	(11,791)
	243,613	236,348
6. CHANNEL LEVY FUND		
The amounts levied during a year exceeding the original recovery amount for the dredging of the fishing harbour, are reserved in a fund and invested into a separate bank account. The fund will be utilised at a future date for maintenance dredging of the fishing harbour.		
Balance at 01 September	965	544
Excess levy related to the year ended 31 August	343	420
Interest earned	40	1
	1,348	965
Invested at call at Standard Bank Limited	1,348	965
7. TRADE AND OTHER PAYABLES		
Trade payables	20,075	11,324
Other payables	16,718	17,192
Accruals	11,468	13,267
Receiver of revenue – VAT	(95)	-
Outstanding cheques	5,345	3,925
	36,793	28,516
8. PROVISIONS		
Provisions for leave pay	4,761	4,505
Provision for bonuses	5,083	2,085
	9,844	6,590

9. PROPERTY, PLANT AND EQUIPMENT	Land, structures, and buildings N\$ '000	Floating craft N\$ '000	Vehicles, machinery equipment and furniture N\$ '000	Leased assets N\$ '000	Work-in- Progress N\$ '000	Total N\$ '000
Year ended 31 August 2005						
Opening carrying amount	634,486	43,413	97,379	67	4,566	779,911
Additions	(125)	119	2,858	-	14,286	17,138
Disposals	-	(58)	(35)	-	-	(93)
Transfers	4,436	-	2,921	-	(7,357)	-
Depreciation	(32,056)	(8,922)	(17,492)	(67)	-	(58,537)
Closing carrying amount	<u>606,741</u>	<u>34,552</u>	<u>85,631</u>	<u>-</u>	<u>11,495</u>	<u>738,419</u>
At 31 August 2005						
Cost or valuation	805,482	95,447	190,360	1,962	11,495	1,104,746
Accumulated depreciation	(198,741)	(60,895)	(104,729)	(1,962)	-	(366,327)
Carrying amount	<u>606,741</u>	<u>34,552</u>	<u>85,631</u>	<u>-</u>	<u>11,495</u>	<u>738,419</u>
Year ended 31 August 2004						
Opening carrying amount	649,044	52,537	105,562	308	8,227	815,678
Additions	430	392	8,749	-	13,994	23,565
Disposals	-	-	(31)	-	-	(31)
Transfers	14,082	-	3,573	-	(17,655)	-
Depreciation	(29,070)	(9,516)	(20,474)	(241)	-	(59,301)
Closing carrying amount	<u>634,486</u>	<u>43,413</u>	<u>97,379</u>	<u>67</u>	<u>4,566</u>	<u>779,911</u>
At 31 August 2004						
Cost or valuation	801,171	95,418	185,013	2,068	4,566	1,088,236
Accumulated depreciation	(166,685)	(52,005)	(87,634)	(2,001)	-	(308,325)
Carrying amount	<u>634,486</u>	<u>43,413</u>	<u>97,379</u>	<u>67</u>	<u>4,566</u>	<u>779,911</u>

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 as at 31 August 2003 by Mills Fitchet, International Property Consultants. The surplus on revaluation has been credited to non-distributable reserve.

NOTES TO THE FINANCIAL STATEMENTS

- 31 August 2005

	2005 N\$ '000	2004 N\$ '000
10. INVESTMENTS		
Investment in endowment policies	128,108	89,826
At cost	118,018	86,885
Unrealised (loss)/income	10,090	2,941
Money market instruments at fair value	42,565	61,949
	170,673	151,775
11. INVENTORIES		
Inventories, consisting of consumable stores	656	666
12. ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Total trade debtors	37,648	34,951
Less: Provision for bad/doubtful debts	(5,929)	(6,951)
	31,719	28,000
Staff loans	48	132
Other receivables	730	1,741
Prepayments	1,548	1,703
	34,045	31,576
13. PENSION FUND		
<p>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 17% of basic salary. The total contributions for the year amounted to N\$ 9 427 496 (2004: N\$ 8 585 941). The fund is administered by Old Mutual on behalf of the board of trustees.</p>		
14. CONTINGENT LIABILITIES		
Insurance excess payments	1,000	500
<p>The amount is the maximum excess payments relating to public liability claims and damage to equipment. These amounts when payable will be refunded from the Authority's contingency policy.</p>		
15. CAPITAL EXPENDITURE APPROVED		
Commitments in respect of contracts placed	10,656	6,735
Approved by directors in addition to contracts placed	80,589	56,072
Approved expenditure outstanding	91,245	62,807
<p>It is intended to finance capital expenditure from existing borrowing facilities and working capital generated by the Authority.</p>		

16. REVENUE

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

17. OPERATING PROFIT

	2005 N\$ '000	2004 N\$ '000
Operating profit is stated after taking account of the following items:		
Auditors' remuneration	207	(6)
Audit fees		
- current year	187	-
- prior year	20	(13)
- fees for services		7
Depreciation	58,537	59,301
Cost		
Land, structures and buildings	13,304	10,261
Floating craft	2,162	2,653
Vehicles and equipment	13,077	12,457
Leased assets	67	241
	28,610	25,612
Valuation		
Land, structures and buildings	18,753	18,809
Floating craft	6,759	6,863
Vehicles and equipment	4,415	8,017
	29,927	33,689
(Loss)/Profit on disposal of property, plant and equipment	(49)	14
Foreign exchange (losses)/ gains	(12)	10

18. NET FINANCE COST

Interest paid on long-term loans	29,110	20,076
Money Market vested returns accrued on endowment policies	(9,521)	(4,468)
Received from other sources	(16,471)	(10,706)
	3,118	4,902

19. TAXATION

Namibian normal tax		
Current taxation – current period	318	1,034
Deferred taxation (note 5)	17,739	10,224
	18,057	11,258

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

Profit before tax	29,361	7,455
Tax calculated at a tax rate of 35%	10,276	2,609
Income not subject to tax		-
Expenses not deductible for tax purposes	6,227	8,649
Deferred tax provided due to under provision of prior year	1,554	-
Charge for the year	18,057	11,258

NOTES TO THE FINANCIAL STATEMENTS

- 31 August 2005

	2005 N\$ '000	2004 N\$ '000
20. NET CASH FLOW FROM OPERATING ACTIVITIES		
Reconciliation of profit before tax to cash generated from operations	29,361	7,455
Profit before tax		
Adjustments for:		
Depreciation	58,537	59,301
(Profit)/loss on sale of property, plant and equipment	49	(14)
Investment income	(25,992)	(15,174)
Interest expense	29,110	20,076
Capitalisation of market value of investments	-	(4,469)
	91,065	67,176
Changes in working capital		
Total brought forward		
- trade and other receivables	(2,469)	(8,143)
- inventories	10	(165)
- payables	11,531	5,811
	100,137	64,679

21. RECONCILIATION OF TAX PAID DURING THE YEAR

Balance of tax payable at the beginning of the year	1,034	-
Charge in income statement	18,057	11,258
Adjustment for deferred tax	(17,740)	(10,224)
Balance of taxation payable at the end of the year	3,282	(1,034)
	4,633	-

22. CASH AND CASH EQUIVALENTS

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

Bank balances	107,168	44,329
Foreign currency deposits	526	524
Cash on hand	33	33
Bank overdraft	186	-
	107,913	44,886

23. RELATED PARTY TRANSACTIONS

During the year under review, the authority engaged in normal arms length transactions with business enterprises that the chairman of the Board of Directors of Namport and the Managing Director of Namport are involved with. The following transactions refer:

Business	Type of transaction	Party	Involvement	Amount N\$'000
Ellis & Partners	Legal services	Chairman	Partner	161
Namport	Investments	Managing Director	Chairman:Board of Directors	18,000
Nedbank	Medium term loan	Managing Director	Director	35,108

The investments at Namport matured before the end of the financial year under review. Interest to the amount of N\$539,441 was earned on these investments. During the year under review interest of N\$ 207,590 accrued on the Nedbank loan. The bulk of the loan was taken up at the end of the financial year.



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