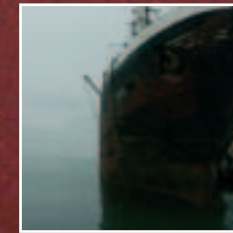


# Annual Report 2004

Namibian Ports Authority



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## Our Mission

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

## Our Vision

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

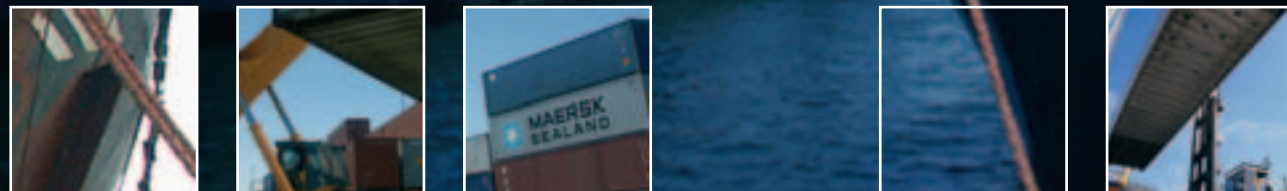
## Our Values

- Reliability
- Honesty and Integrity
- Quality and Professionalism
- Accountability
- Flexibility
- Transparency and Trust



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1994

Namibian Ports Authority Act is legislated and the Port of Walvis Bay assets, management and staff reintegrated into Namibia's success history. Namport, under the MWTC, is tasked to manage, operate and develop the ports of Namibia.



1995

Transfer of the assets and management of the Port of Lüderitz to Namport. Cold Storage extension agreement, enhancing port service levels to the Namibian Fishing Industry.



1996

Cooperation agreement signed for a ten year strategic Port Development plan to align the Port of Walvis Bay as a Regional port player. New service levels are achieved when Namport successfully exports a record single consignment of 36,000 tonnes of bulk salt.



1997

World class steps in container handling and service levels achieved, through acquisition of the first Mobile crane for the Port of Walvis Bay. Completion of a new entrance building for the Port at Walvis Bay.



1998

Completion of a new Container Terminal entrance and Container Terminal, with new reefer catwalks, under KfW loan scheme to increase container handling capacity at the Port of Walvis Bay.

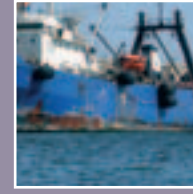


1999

International agreement with DANIDA signed for the manufacture and delivery of the fifth Namport marine fleet tug named "Cormorant". Namport Regional trading plan is launched through the establishment of the Walvis Bay Corridor Group. Establish a new Reefer terminal at the Port of Lüderitz to cater for the needs of the Fishing Industry.

2000

Completion of a new multi purpose quay plus port deepening at the Port of Lüderitz, under EIB funding, which has significant impact to industry opportunity in the southern Namibia. Upgrading the Walvis Bay container terminal to facilitate the growing number of service providers - by dredging the terminal to 12,8m below chart datum. Namport facilitation to the inaugural first bi-weekly shipping service established by MAERSK between Europe and the Port of Lüderitz.



2001

The Port of Walvis bay is accredited the best port in Africa, under the Harvard Business Review, for impressive service levels and competitive tariffs. Lüderitz infrastructure development plan takes shape with the completion of the Port Control Building. Port of Lüderitz receives a second tug of 32 tonnes pulling capacity.

2002

Provision of new port service levels at the Port of Lüderitz through the delivery of a 60 tonne mobile crane and major handling equipment. Port of Lüderitz takes a giant leap forward through the Mining Industry and caters for the developments of Skorpion Zinc.

2003

Namport establishes new relationship with International Container carrier by facilitating a container depot for MAERSK.

2004

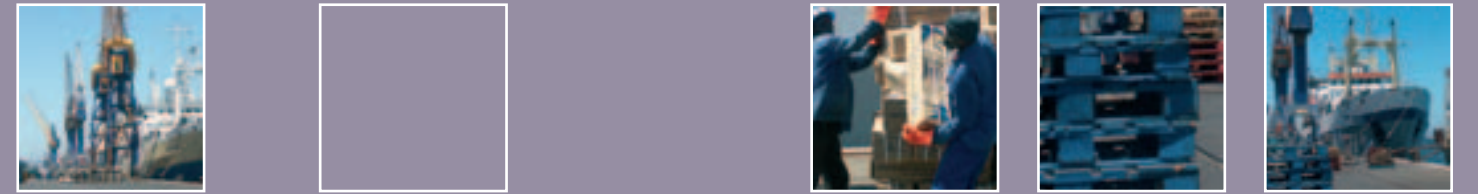
Namport Hub Port strategy receives a boost through establishment of a direct containerisation route between South America and Namibia. Regional study initiated for growth plan for the Walvis Bay Corridor Group. Namport celebrates its ten year existence of dedicated client service aligned to it's first world business drivers, personnel development planning and international Ports Authority goals.



# Chronology of Namport Events 1994 - 2004







# Chairman's Review

We are able to look back with satisfaction on the year under review, in which strong performances in maritime freight were achieved. Once again we have worked to achieve – this time with even greater results. The Namibian Ports Authority's drive for high quality in all areas of its operations and services, along with the great support of our customers, has led the way for tremendous accomplishments.

Namport handled 55,012 TEU in 2003/04, which represents a record growth of 33% in comparison with 2002/03 throughput. This phenomenal increase is a result of our continuous efforts to meet the best international standards, which greatly contributed to improving our operations beyond all expectation. More than 3.1 million tonnes of freight were handled in the year under review, showing an increase of 18% compared with the previous financial year. The trans-shipment market segment also showed an astounding 1,137% increase in 2003/04, compared with the previous reporting period.

The container trade is still largely responsible for this spectacular overall growth. Namibian ports are constantly able to attract new trade and, to a great extent, currently benefit from

the expansion of trans-Atlantic trade. On the other hand, conventional cargo continues to cause concern. Although there has not been any spectacular decline, this labour-intensive form of freight lags far behind the general rate of development. The huge growth in many regional sectors, including tourism, commerce and projects, reflected positively on more Namibian port operations. These advances relied on the immense support shown by our customers – whom we are always keen to serve in the best possible way.

Namport was also very responsive to meeting changes in business and increased customer needs through the announcement of its Master Development Plan in early 2003. Captured in this plan are projects geared towards meeting global standards and the challenges facing the local and international shipping industries. These development projects take cognisance of Namport's ability to accommodate the remarkable growth witnessed in trade and transit (Walvis Bay Corridor) movement, allowing us to meet our customers' growing needs more effectively.

In financial terms, the year under review was less favourable for Namport. The turnover from port activities remained at a

good level, whereas operating and personnel costs increased. We nonetheless look forward to the future with confidence. Namport eagerly awaits the results from its regional office in Zambia, which opened in October 2004. Regional presence is one of our strategic objectives and we hope to have an office in Johannesburg, South Africa, that will provide service to both that country and Botswana in 2005.

Finally, I would like to take this opportunity to thank all our personnel for their enthusiasm and commitment throughout the year, as they made an important contribution to accomplishing our mission. For the confidence they showed in us during the reporting period, I would also like to thank the Namibian Government and, of course, our customers.

Adv SV Masiza  
Chairman







# Managing Director's Statement

In the year under review we celebrated the tenth year of our existence and growth. From here we now embark on intensifying our efforts to fulfil the second phase of our raison d'être, namely to facilitate trade regionally and internationally. We need to focus our attention on landlocked countries and embrace trans-shipment cargoes while keeping in touch with reality at national level. And while we are proud of the milestones we have achieved towards making the Namibian Ports Authority – particularly the Port of Walvis Bay – a first-choice, world-class port service provider in Africa, we are nevertheless mindful of the challenges that still await us.

The year under review was an extremely challenging one for Namport, with massive amounts invested in researching and developing ideas on how to realise our shareholder's vision of increasing Namibia's ship repair facilities. Similar investments

were made in dredging, port security, and attaining ISO 14001. Training and development of our human resources and assistance to them also demanded millions from the company, as we align ourselves with the principle of outcome-based training and education as well as internship and cadetship. Promising and aspiring employees from diverse cultures and backgrounds were developed and promoted to accept more corporate responsibility in line with the national principle of employment equity. In addition, we launched the Namport Care Programme to instil hope in our employees and their families challenged by the scourge of HIV/AIDS.

Cooperation remains an indispensable feature of the port industry, whether regionally, continentally, or internationally. Without cooperation, port operations would never be able to provide the services currently on offer, however simple they

may seem. Namport will, therefore, continue to invest in the Walvis Bay Corridor Group as a platform, to be closer to existing and potential stakeholders and to reach the Southern African Development Community's hinterland. The signing of a Memorandum of Agreement between Botswana, Namibia and South Africa, and the United Nations Conference on Trade and Development's recognition of the Walvis Bay Corridor Group as one of the most well-organised corridor systems in the world, are testimony to our commitment and progress. We are also confident that our efforts to fund the feasibility study on the development of the Trans-Kalahari Corridor Intermodal Project will go a long way towards realising the vision of the Port Plus Concept in providing freight and logistics to our targeted markets.

One of our fundamental elements of strategy is to move as close as we can to the

marketplace in our attempt to satisfy our clients' needs and demands. In this way, we can be completely macro-environment-driven. To this end we are establishing the Port Advisory Committee to invest in information technology and improve our processes and systems. To give our strategy further impetus, all company operations are regularly reviewed according to their functionality in order to promote sustained profitability, accountability and performance management.

Namport improved its headline significantly during the year under review. One of the many investments that contributed to the position reflected in our Income Statement was the increased cost of maintaining our charter datum depth to allow us to accommodate the flow of larger vessels. Revenue increased from N\$181 million in 2003 to N\$211 million in 2004, representing 17% growth. Earnings before

interest, taxation, depreciation and amortisation grew by 8%. The revaluation of our assets every five years contributed to depreciation and amortisation.

In respect of our social responsibilities, our contribution has been enhanced by focusing on bigger and more tangible projects that will make a meaningful impact not only on the community in which we operate, but also beyond it. These efforts included the establishment of the Namport Social Fund, which is to be run by a wider and more diverse trusteeship. Our investments in socio-economic and environmental issues remain a source of pride to us.

Lastly, I humbly accept the privilege and honour, on behalf of the team, of extending our gratitude and appreciation for the contribution made by our esteemed clients, partners and suppliers, and to our stakeholders for their support and understanding.

Namport's character, which our customers and the community experience and by which they judge us, is carved by our dedicated men and women. I take this opportunity, therefore, to applaud all our employees for their efforts and dedication.

Sebbi Kankondi  
Managing Director







## Namport Board and Management

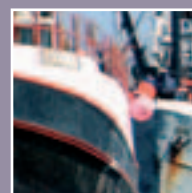
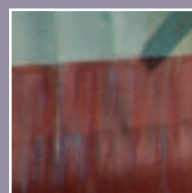
### The Namport Board

**From left to right:** Adv SV Masiza (Chairman), Mrs N Mbako (Director), Mr JC Rogers (Deputy Chairman), Mr S Kankondi (Managing Director), Mrs K van Heerden (Company Secretary), Mr C Schlettwein (Director).

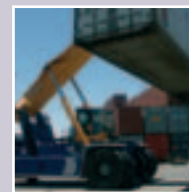
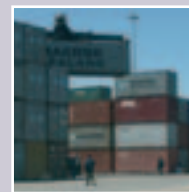
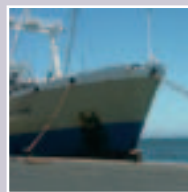


### The Namport Management

**From left to right:** Mr A Kathindi (General Manager - Port Operations), Capt. MJ van der Meer (General Manager - Port Authority), Mr ES Shimuafeni (Manager - Syncrolift), Mr E Loftie-Eaton (Manager - Technical Services), Mr J Mouton (Manager - Marketing & Strategic Business Development), Mr T Raw (Port Engineer), Ms D Nashandih-Endjambi (Manager - Human Resources), Capt. H Nygaard (Port Captain - Lüderitz), Mr J Smith (Assistant Manager - Marketing), Mr AE Hannabus (Manager - Cargo Services), Capt. V Gusev (Port Captain - Walvis Bay), Mr K van der Merwe (General Manager - Finance).







# Business Overview

## The Port of Walvis Bay

### Overview and highlights

The Port of Walvis Bay, the only deepwater port in Namibia, showed steady growth during the year under review. The most growth was experienced in relation to the local mining industry and related commodities, evidenced by the fact that the Port of Walvis Bay shipped 122,144 more tonnes of cargo than in the previous financial year. The main contributors included shipments of salt, which increased by about 26% to a total of 683,139 tonnes throughput for the year. Other mining products with increased export volumes included fluor spar, which is mined about 250 km north of Walvis Bay. During the year under review, the Okorusu Fluorspar Mine increased its exports to European markets from 77,000 to almost 94,000 tonnes. Thus, bulk commodities remained a pillar for the Port of Walvis Bay, as maritime transport continues to be very popular for low-cost commodities in the world market.

Other bulk commodities that contributed positively to the upswing in cargo handled at Walvis Bay include manganese ore, which showed a massive 19,945 tonnes imported for 2003/04, compared with zero imports the previous financial year. Rössing Uranium Mine, which mines low-grade uranium ore some 90 km from Walvis Bay, remained the only importer of sulphuric acid through the port. Rössing Uranium Mine pumped 220,954 tonnes of sulphuric acid into its tanks within the port during the year under review – double the volumes compared with the previous year.

The demand for marble and granite produced in Namibia increased sharply during the year reviewed, boosting overall exports in blocks by 88%, i.e. to more than 24,000 tonnes for the current financial year.

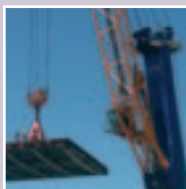
With the increase in trade between Namibia and Angola, many commodities destined for Angolan consumers have found their way through the Port of Walvis Bay. Many of these commodities are then transported by road to Oshikango, where they are distributed to the

Angolan market. Among these imports are vehicles, which have increased in tonnage by 14,535 tonnes, up by 65% in comparison with the previous financial year's figures.

### Walvis Bay connects with South America

The Port of Walvis Bay reached another milestone with the introduction of a direct service between South America and Walvis Bay. This service, introduced by Maersk Sealand, now uses Walvis Bay as its first port of call on the African continent. This fortnightly service returns via West Africa to South America, and provides a quicker access route to importers and exporters in southern Africa. The new route not only opens up direct, fast access to the increasing trade opportunities between South America and southern Africa, it also serves as an incentive for increased intra-African trade in support of the initiatives linked with the New Partnership for Africa's Development (NEPAD), as well as for increased usage of Walvis Bay as a corridor or gateway to Southern African Development Community (SADC) countries.





The new service rotation covers Argentina, Brazil and Uruguay before departing for Walvis Bay. From Walvis Bay it serves countries like Angola, Congo, Gabon, Nigeria and the Ivory Coast, before returning to Brazil. This is indeed a great challenge in growing the volumes of the port, in servicing markets, and in establishing new trade links between SADC countries and South America.

## The Port of Lüderitz

### Overview and highlights

Although the fishing industry has impacted the business negatively, much success has been achieved in terms of handling other types of cargo at this port. During the year under review, the Port of Lüderitz saw significant increases in volumes related to the mining sector. The Scorpion Zinc Mine directly influenced business in this port: the first volumes exported by the Mine for the financial year totalled 68,332 tonnes, resulting in the mining sector surpassing the fishing sector as the biggest traditional contributor of tonnages exported. Imports of sulphur for production at Scorpion Zinc also doubled during the year under review, in comparison with the previous period, and contributed to the 13.4% increase for all imported cargo at this port.

The decline in fishing industry activities also influenced related commodities and services rendered, which meant oil imports were reduced, as less fuel was required as fewer vessels undertook deep-sea fishing voyages.

The Port of Lüderitz was given a facelift during the 2003/04 financial year in that its entrance was made more user-friendly in order to streamline operations and to allow the increased heavy cargo direct and easy access to the container and cargo quay.

The road transporters, therefore, now enjoy the comfort of driving their interlinked trucks through the entrance in a straight line as they enter the port via the main street. The new entrance was constructed over a period of seven months at a cost of around N\$1,500,000.

Other advantages of the new entrance include the fact that it conforms to the International Ship and Port Facility Security Code put in place at the port on 1 July 2004. In addition, the entrance houses separate offices for staff rendering police, customs and security services, respectively, and includes kitchen and ablution facilities. The design of the new entrance adds to the port's visual appeal and visibility, and showcases the major role Namport plays within this once neglected, but now re-emerging, local economy.

One of the medium-term projects envisaged for business development at the Port of Lüderitz is to be able to facilitate grape exports from Aussenkehr in southern Namibia as well as those from the Northern Cape Province in South Africa. One of the long-term projects, namely renovating the rail link between Lüderitz and Aus will also influence the future growth of this port.

### Namport plans Syncrolift expansion

Various other upgrade and maintenance programmes were undertaken during the 2003/04 financial year. These strove to update facilities older than 30 years, and to facilitate repairs to the local and various international fleets at Walvis Bay. The improved facilities, which were well received, delivered an optimum repair service to vessels along the south-west African coastline. Some of the highlights of maintenance work undertaken with the Syncrolift for the year under review are as follows:

- Fenders were hung at Syncrolift jetties
- Forklifts were upgraded
- An electromagnetic rope test was conducted
- Some of the platforms were levelled
- The oil store was upgraded
- Side transfers were installed, and
- The public ablution facilities were renovated.

A strategic decision was taken to extend the current Syncrolift facility because of the constant strain of operating at 85% of its capacity. In addition, the current facility can only handle vessels up to 80 m in length, and with a maximum tonnage capacity of 2,000 tonnes. There is also a much greater demand to lift fishing and other ocean-going supply vessels of a much larger size at this facility for repairs. The development of the Walvis Bay Syncrolift is seen as strategic to the whole town's economic expansion and progress. Extending the Syncrolift facilities will meet an immediate demand to serve more vessels at a time, but it will still be limited in terms of the size of vessels it can handle for repairs. The expansion project, in which private investors will participate, will be carried out over medium to long term and will cater for vessels of up to 10,000 tonnes. An expanded Syncrolift facility will allow many more and much larger vessels to be repaired and maintained, and will include more parking bays for the increased number of vessels being repaired at any one time. The Syncrolift expansion project will not only provide upliftment in Walvis Bay through job creation and economic development, but will also affect growth in the Erongo Region and in the country as a whole.

### New vessel tracking technology

Navi-Harbour 3000, a new Radar and Vessel Traffic Control System (VTCS), was successfully installed and commissioned in the ports of Walvis Bay and Lüderitz during the year under review. The system was supplied and installed by Marine Data Systems, a South African firm, in collaboration with Transas, a firm based in the United Kingdom. Namport was responsible for preparing the radar sites in both ports.

The VTCS is a cost-effective solution suited to smaller ports as it allows for obtaining, processing and distributing a variety of information relating to vessels and any other floating objects and movements within the area under surveillance. The VTCS has especially been acquired to enhance navigation safety and to increase the efficiency of monitoring vessel traffic within the port area.

However, it can also be used to improve port operations management, security, control of trade and commerce, shipping information exchange, search and rescue coordination, and environmental protection.

The VTCS performs two major tasks: long-term strategic traffic planning, and short-term tactical advisory and regulation services. The first task is accomplished by providing a clear and concise overview of operating conditions within the Vessel Traffic Service operating area, which includes the weather, traffic, and other hazards, along with ship transit scheduling information provided from various sources. The second task is accomplished by providing navigational advisories during inclement weather, pilotage scheduling (if required), approach and departure support, and other ship arrival and departure services.

## The Walvis Bay Corridor Group

The Walvis Bay Corridor Group (WBCG) was established in 2000 as a public-private sector initiative to expedite the utilisation of the Walvis Bay Corridor, and to act as a service and facilitation centre that could coordinate international trade with SADC countries through the Port of Walvis Bay. Members of the Group include Namport; TransNamib Holdings Ltd; the national associations of port users, forwarders and road carriers; the Namibia Chamber of Commerce and Industry; the Walvis Bay Municipality; and Government representatives from the Department of Transport and Communication, the Directorate of Customs and Excise, and the Investment Centre.

The public-private partnership is the Group's institutional asset, which allows for the pooling of resources, expertise and authorities from both the "regulators" and "operators". The Walvis Bay Corridor Group is, therefore, ideally positioned to

assist with issues such as quality assurance and competitiveness in respect of transport routes to and from the Port of Walvis Bay.

### The Trans-Kalahari Corridor

Among the Walvis Bay Corridor Group's major achievements during the year under review was to implement new customs procedures to speed up traffic on the Trans-Kalahari Corridor. Instrumental in these efforts has been the Trans-Kalahari Corridor Management Committee, for which the WBCG acts as Secretariat. On this forum, representatives of public and private Corridor stakeholders from Namibia, Botswana and South Africa cooperate to simplify and harmonise Corridor cross-border operations.

This project was initiated by Namibian, Botswana and South African customs officials in conjunction with the partners of the WBCG and the Trans-Kalahari Corridor Management Committee. They launched a pilot project on the Trans-Kalahari Corridor in August 2003, using a single customs document (SAD 500) to speed up and improve customs operations along the Corridor route. The use of this document has reduced transit time at the border from 2 hours to 20 minutes. It has also improved the commercial utilisation of the Corridor: from being used to 15% of its capacity before by regional and international trade, during the year under review this increased to 60%.

With the success of the pilot project, the SAD 500 became a legal document in August 2004. With this achievement, SADC and its transport commission, the SATCC (Southern Africa Transport and Communication Commission), have recognised the achievements of the Trans-Kalahari public-private partnership, and confirmed they will use the Trans-Kalahari Corridor as a model for transport and customs operations in southern Africa.

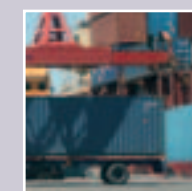
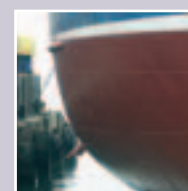
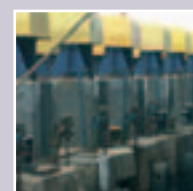
## The Trans-Caprivi Corridor

The Trans-Caprivi Highway, which opened in 1999, is a tarred road that runs from Walvis Bay up to Namibia's north-eastern borders with Botswana, Zambia and Zimbabwe, allowing access to land-locked southern and central African countries.

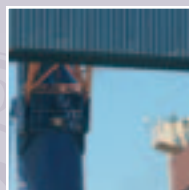
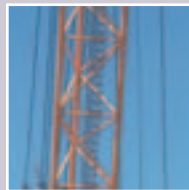
During the year under review the new bridge that connects Namibia with Zambia was completed. The bridge opens up trade between Namibia and the Democratic Republic of Congo, Zambia and Zimbabwe. As it crosses the Zambezi River, the bridge connects the town of Katima Mulilo in Namibia with Sesheke in Zambia. The gateway is complemented by the road from Sesheke further into Zambia, which facilitates the growth in imports and exports between Namibia and its neighbouring countries. A railway line from Walvis Bay to Grootfontein in northern Namibia forms part of this Corridor, while trans-shipment facilities at Grootfontein can provide a perfect halfway house and efficient turnaround time for road trucks between Zambia and Grootfontein.

### HIV/AIDS Help Desk

As a matter of social and national responsibility, and in response to the HIV/AIDS threat – specifically for the transport industry, the WBCG established an HIV/AIDS Help Desk for its member companies. Through this Group, the transport industry has adopted a joint approach to address the HIV/AIDS issue. This concerted effort has proved to be more effective than individual efforts on company level. The benefits are, among others, the sharing of resources, increasing impact, and effective advocacy and lobbying for the interest of the Group and its members. Thus, the HIV/AIDS Help Desk will strengthen the industry's capacity to educate and inform its stakeholders about HIV/AIDS.







## Namport's 10th anniversary

March 2004 marked Namport's tenth anniversary. The celebrations were hosted by the Minister of Works, Transport and Communications, Dr Moses Amweelo, who commended Namport on its decade of success.

Namport has contributed a great deal to putting SADC's ideals into practice over the past ten years. In respect of the southern African region, the twin ports of Walvis Bay and Lüderitz represent the shortest distance to Africa from Europe and the Americas, positioning Namibia as the Atlantic's trade hub for southern Africa. Namport's ten-year success story celebrated its pivotal role in the SADC region as an engine of economic growth in Namibia – not only promoting foreign trade, but also making the ports of Walvis Bay and Lüderitz the preferred links for seaborne trade with Namibia and its neighbours.

The Port of Walvis Bay has gained an enviable reputation for its efficient customer service. Being streamlined towards customer satisfaction and ranked first by the Africa Competitiveness Report 2000/01 in respect of port costs and port efficiency, vessels calling at Walvis Bay can expect a fast and efficient turnaround time. Reduced transport costs make regional exports more competitive on world markets and, in turn, make imports to the region more affordable.

Since Namport's establishment in 1994, it has clearly developed into a fully-fledged port service provider. Major achievements during its decade of existence include the following:

**> Institution of the Walvis Bay Corridor Group:** The Group acts as a catalyst in developing trade between SADC and the rest of the world. This initiative has united public and private stakeholders in the logistics chain and hence has the task to develop regional trade with international countries. The Port of Walvis Bay, being a strategic asset to Namibia have embarked upon a programme to develop trade between SADC and Europe and the Americas and it can provide savings in sailing time up to seven days vs. other southern African ports.

**> Direct shipping:** Namport's existence has enabled direct shipping routes to be established between the Port of Walvis Bay and Europe, South America, and other ports in southern Africa.

**> Leadership in the field:** The Africa Competitiveness Report also pointed to Namport being the best port authority in terms of cost and efficiency in 2000.

**> Infrastructure development:** Namport has spent more than N\$300 million on the development of port infrastructure for both Walvis Bay and Lüderitz.

- For the Port of Walvis Bay, a new container terminal was constructed and related container-handling equipment purchased.
- The Port of Lüderitz, which began as a fishing port, has experienced the effects of tremendous industrial growth, particularly in mining. For this reason a new container and cargo quay was constructed during the year under review at a cost of more than N\$80 million. The quay also serves container, bulk and break-bulk vessels.
- New entrance buildings were constructed for both ports.
- A new water reservoir was built at the Port of Walvis Bay.
- Namport's Head Office was renovated and upgraded. The headquarters now include a new executive wing as well as a new boardroom.

**> HIV/AIDS awareness:** Namport launched an HIV/AIDS awareness campaign to protect and assist its employees, while the Walvis Bay Corridor Group runs an HIV/AIDS Help Desk.

The way forward for Namport is to concentrate on business development for the whole SADC region through the Trans-Kalahari and Trans-Caprivi Highways, and provide a logistics solution to importers and exporters in the region.

## Marketing and strategic business development

The ongoing quest for new business development remains Namport's strategic objective. During the year under review, marketing and strategic business development activities were aggressively pursued in terms of selling the twin ports' services. The pillars of strength in Namport's drive to gain the competitive advantage are the location of its ports, its competitive pricing, and the sales support services provided to its customers. Through a joint marketing campaign with the Walvis Bay Corridor Group, Namport's marketing message regarding the Port of Walvis Bay has been disseminated to various shipping lines, importers and exporters, and freight forwarding agents all over the world.

## Port of Walvis Bay targets Gauteng exporters and importers

In anticipation of Walvis Bay becoming a major port for trade between SADC and the Americas and Europe, Namport has continued its awareness drive through numerous channels and has explored business development in other southern African countries. One such country is South Africa, and more specifically, the importers and exporters in its Gauteng Province. To this end Namport participated in one of the major vehicles of trade facilitation, namely the South African International Trade Exhibition (SAITEX). Traders from 26 countries attended the Exhibition, representing over 450 companies from Africa, Asia, Australia, Europe and South America.

By using the Port of Walvis Bay, importers and exporters are able to save up to seven days in transit time for goods from and to Gauteng. Cargo destined for Gauteng that enters the Port of Walvis Bay is routed through the Trans-Kalahari Corridor, where the Walvis Bay Corridor Group has focused its efforts to facilitate and promote trade. The Exhibition again proved that Namport's partnership with the Walvis Bay Corridor Group provides a great opportunity to explore business opportunities with Gauteng importers and exporters, and promote Namport's services.

Similarly, representatives of Namport and the Walvis Bay Corridor Group visited the Automotive Supply Park in Pretoria to showcase the Group's integrated supply chain solution to automotive manufacturers in South Africa. This solution can provide various benefits to automotive producers not only in respect of exporting their final product, but also to cater for the raw materials they import from all over the world.

## Namport exhibits at Zambia and Zimbabwe

In alliance with the Ministry of Trade and Industry, Namport explored trade opportunities in Zimbabwe and Zambia during the year under review. This included attendance of the Zimbabwe International Trade Fair in Bulawayo in May 2004 to explore the cooperation potential to establish new trade links and transport routes. A trade delegation also participated at the Ndola Trade Fair in Zambia in June 2004, where increased cooperation and trade with Namibia was discussed.

The completion of the Sesheke Bridge between Zambia and Namibia provides a direct trade route between these two neighbours, and the opportunity of developing new trade partnerships to grow the economies of both countries should, therefore, be pursued without hesitation. This could also impact positively on the economic outlook for southern Africa. These efforts collectively form part of the initiative taken by Namport and the Walvis Bay Corridor group to establish the Port of Walvis Bay as the gateway to trade for the SADC region.

## Human resources development:

### Gateway to an employer of choice

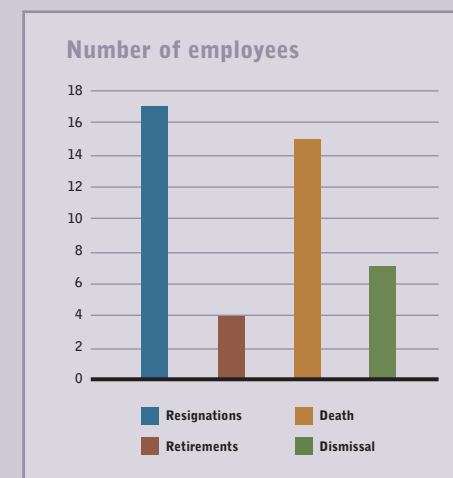
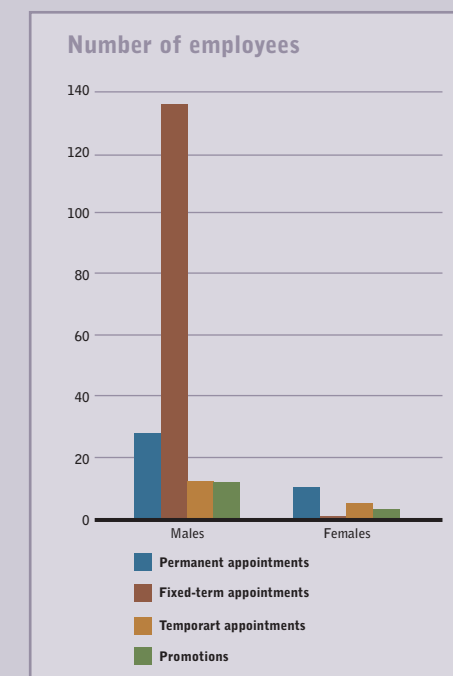
The year under review held great challenges for Namport's human resources development. The focus was on continuous improvement as well as committed efforts to unlock human potential through competency-based training and assessment centres, introducing a performance management system, and implementing an HIV/AIDS programme.

### Resourcing and selecting human capital

Attracting the best human capital, ensuring the physically challenged are among them, and retaining staff through career advancement remained a challenge during the year under review. Significant progress was made to resource expertise in Marine Engineering, which lent impetus to the drive for capacity-building and skills transfer.

The year also saw a human resources planning exercise being successfully commissioned, as well as an induction video being introduced. A review of the current Induction Manual and its associated Induction Programme is currently under way.

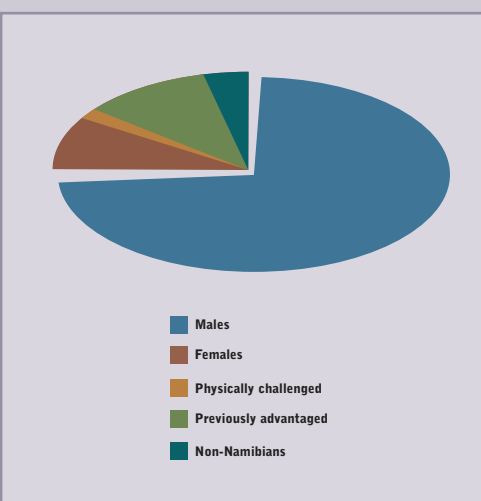
Appointments and employee mobility during the 2003/04 financial year were as follows:



## Organisational development and compensation

Namport remains committed to the expectations of its shareholders, the Government of the Republic of Namibia, in complying with the official Affirmative Action (AA) Policy. The year under review saw Namport being certified as AA compliant, and a second three-year AA plan was commissioned. An understudy development programme was also initiated to enhance corporate competitiveness.

The following diagram presents Namport's Affirmative Action statistics as at 31 August 2004:



Worker participation was enhanced during the year under review. The successful implementation of a performance management system allowed for more productive interaction between staff and management, and allowed for personal development plans to be drawn up for individuals. The plans enable staff to specify their individual key performance areas with their supervisors, and obtain at least a trimestral performance assessment.



## Market competitiveness

During the year under review, Namport participated in a number of salary surveys to maintain an equitable and competitive compensation. Designing an appropriate incentive scheme to motivate and retain the best human capital remains a challenge to the company.

## Training and development

In response to a comprehensive competency needs assessment, a number of training interventions were facilitated in collaboration with well-established institutions in the SADC region.

Namport's commitment to the continuous training and development of its human capital is unwavering and remains primary in its capacity-building measures. Programmes during the year under review focused on the following:

- Supervisory, management, senior management and executive development,
- Leadership development,
- Functional or job-specific training,
- Marine training, and
- Cadet recruitment.

During the year under review Namport trained four Navigation Officers and two Marine Engineers. Namibians are also currently being trained as Chief Marine Engineers and Marine Pilots.

## Talent scouting

Namport was engaged in talent scouting during the year under review, this time in northern and southern Namibia, attending career exhibitions and conducting career presentations at secondary and tertiary institutions to attract young talent and academic achievers for its Cadet, Apprenticeship and Bursary Schemes.

## Bursaries and sponsorships

Five bursaries were awarded to Namibians for full-time studies in the fields of Human Resources and Information Technology in the 2003/04 financial year. The year also saw Namport sponsor a visually impaired student to pursue further studies.

## Staff study assistance

As stated previously, Namport prioritises the quality and skills of its human capital. Thus, Namport enables its staff to advance and hone their academic skills by offering interest-free study loans in various fields. During the period under review, 17 employees participated in this staff development programme.

## Employee relations

Namport continued to promote effective, practical employee relations strategies that engender mutual respect and consultation. Worker participation was enhanced through meaningful dialogues that encourage trust, responsibility and active problem-solving. These activities are underpinned by the company's commitment to continuous improvement and creating an environment conducive to effective participation in achieving the company's goals. The following highlights were recorded during the year under review:

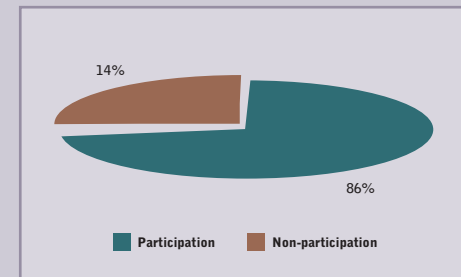
- Disciplinary measures were implemented and grievances were resolved in a faster and more effective way
- Wage and salary negotiations were conducted in the spirit of a smart partnership, and were settled within two days
- Old Mutual collaborated in a retirement counselling session for staff going on retirement
- Long Service Awards were granted to employees who had been with the company for more than 5 and up to 35 years, and
- A bridging fund was established to provide adequately for medical retirement.

## Employee Wellness Centre

Significant progress was made during the year under review in respect of improving employees' welfare and well-being. One of the major steps forward was the launch of the HIV/AIDS programme in Walvis Bay and Lüderitz. To this end a doctor has been appointed on a part-time basis, and 30 Peer Educators were trained to create awareness among co-workers and to distribute condoms and promote their use. Peer Educators were also continuously assisted with developing and enhancing their knowledge and skills.

In addition, intensive campaigns and briefing sessions were conducted with various stakeholders to sensitise Namport's staff about the importance of its HIV surveillance study, and to encourage their maximum participation. Taking part in the study was voluntary, and subjects' anonymity was completely protected. The study aimed at gathering epidemiological data on HIV in the workplace in order to strengthen Namport's welfare interventions for future planning and budgeting.

The following diagram illustrates the rate of participation in the HIV surveillance survey:



During the year under review condoms were distributed to employees. The Wellness Centre continued to play a pivotal role in the successful provision of primary health care to staff. The services included counselling on HIV/AIDS, alcohol and drug abuse, tuberculosis, bereavement, medication and prescriptions for minor ailments, and annual medical examinations for all employees.

## Key future challenges

- Introduction of talent management
- Introduction of a plan regarding early retirement
- Conducting of an organisational audit
- Review of the human resources strategy
- Conducting of a human resources audit
- HIV/AIDS support
  - Promotion of voluntary counselling and testing (VCT)
  - Provision of anti-retroviral drugs and home-based care
  - Establishment of a home-based care programme
  - Establishment of an HIV/AIDS hotline
- Introduction of an employee assistance programme
- Launch of an awareness campaign on the Disciplinary and Grievance Code
- Utilisation of the induction video as part of the Induction Programme
- Fine-tuning of the human resources planning tool
- Review of the collective bargaining agreement
- Introduction of an ill-health plan and incentives scheme
- Conducting of employee attitude surveys

## Port security

During the year under review, Namport successfully complied with all the requirements associated with the International Ship and Port Facility Security (ISPS) Code. The Code establishes an international framework through which ships and port facilities cooperate to detect and deter acts which threaten security in the maritime transport sector. Following the tragic events of 11 September 2001 in the United States, the 22nd Session of the Assembly of the International Maritime Organisation in November 2001 unanimously agreed to the development of new measures relating to the security of ships and of port facilities. These measures were adopted by a conference of governments that subscribe to the International Convention for the Safety of Life at Sea. Compliance with the ISPS Code and the standards of the United States Maritime Transportation Security Act of 2002 will be monitored by the shipping community, the

contracting Government concerned, and foreign governments such as that of the United States, which will periodically send inspectors to conduct compliance audits.

The ISPS Code applies to the following types of ships engaged on international voyages:

- Passenger ships, including high-speed passenger craft
- Cargo ships, including high-speed craft, of 500 gross tonnage and upwards
- Mobile offshore drilling units, and
- Port facilities serving such ships engaged on international voyages.

In order for Namport to ensure compliance with the ISPS Code a Port Facility Security Assessment had to be performed. The elements of the assessment are threefold:

- A threat assessment, which establishes the nature of the threat facing the facility or port
- A vulnerability assessment, which examines the port's exposure to credible threats identified in the threat assessment; this phase of the assessment required an examination of all personnel, physical, and information security programmes at the port, and
- A risk and consequence analysis, which uses quantitative and/or qualitative analyses to identify risk and establish consequence data that would determine the risk of incident for each mitigation solution proposed.

A formal risk mitigation programme followed the security assessment, and was incorporated into a Port Facility Security Plan. The Security Plan, which included details relating to deficiencies identified during the security assessment, was then coupled with the assessment results and submitted to the Namibian Government for review and approval. Following this, Namport was required to comply with the ISPS Code provisions relating to training, drills, and exercise, as well as to review the Security Plan once a year. Any changes to the Plan were to be approved by the Government.

Thus, Namibia's Port Facility Security Plan now protects not only the port facility itself, but also all persons, ships, cargo, cargo transport units, and ships' stores within it

from the risks of any security incident. The effective adoption of the Code requires a keen understanding of the intermodal nature of maritime transportation as well as the dynamic interaction between vessels and land-based waterfront facilities.

## Getting ready for ISO 14001 certification

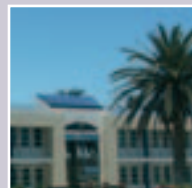
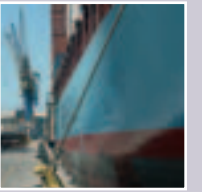
Since 2002, Namport has dedicated its efforts to implementing the International Organization for Standardization (ISO) 14001 management system at the Port of Walvis Bay and the Syncrolift. The certification programme is aimed at reducing the maritime industry's impact on the environment, while allowing for sustainable development by means of management systems that generate efficient, safe and environmentally friendly results.

With its vision of regarding ports as generators of economic growth and prosperity, Namport adopted the ISO 14001 management system to become more efficient – more output per unit of input – while earning profits and maintaining the trust of their stakeholders.

## What is ISO 14001?

ISO 14001 defines a voluntary environmental management system which, if used in conjunction with appropriate goals and management commitment, sets standards to help to improve corporate performance.

Implementation of the ISO 14001 management system has helped the port to focus attention on environmental issues, making it part of corporate decision-making. It is important to note that the ISO 14001 standards do not themselves specify environmental performance goals. These must be set by the company itself, taking into account







the effects it has on the environment, and the views of its stakeholders.

From a management perspective, the ISO 14001 system has put structure into management processes in the port. Following the system's implementation, work instructions and procedures that were previously undefined have now been properly set out. All staff training is meticulously recorded along with every other activity that takes place in the port. The introduction of the system has made the entire workforce aware of management processes, resulting in communication and teamwork having taken a giant leap forward.

### Progress on ISO 14001

The process leading towards certification meant agreeing on procedures, communicating those procedures, and recording the procedures actually adopted for every project, service, repair or maintenance activity in the port. Staff at the Port of Walvis Bay went through a culture change as they became more organised, more systematic, and more aware of the international demands placed on port management.

In line with ISO 14001, Namport's Environmental Management System includes all its operations at Walvis Bay. Thus, it covers all operational and administrative procedures and activities within Namport's area of jurisdiction, i.e. –

- Port authority
- Civil engineering
- Finance
- Human resources
- Marketing and strategic development
- Port operations: Cargo services
- Port operations: Marine services
- Port operations: Syncrolift and dry dock activities
- Technical services, and
- Market requirements.

As Namibia's national port authority, and being a player in a global market with international competitors and clients, Namport is well aware of the long-term prospects of its business. To this end, Namport's information policy includes several activities that aim to increase environmental awareness among the community at large. Namport also participates actively in dialogue between decision-makers in respect of local regulations, which includes attending meetings with municipal representatives.

### Continuous improvement

The ISO 14001 programme includes various objectives that have to be achieved through –

- Identifying environmental aspects and impacts,
- Identifying legal requirements,
- Writing an environmental policy,
- Training staff and subcontractors,
- Controlling significant impact,
- Setting objectives and targets, and devising programmes to improve performance,
- Preparing documentation on the administration of ISO 14001,
- Conducting internal audits of the Environmental Management System, and
- Reviewing progress.

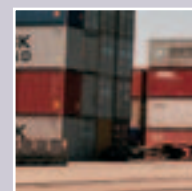
The ISO 14001-based Environmental Management System has defined the critical management elements and process to be established and followed in order to control the organisation's impact on the environment.

### Benefits of ISO 14001 certification

The advantages of having implemented the integrated ISO 14001 management system in the company include the following:

- The lowering of insurance premiums
- A preference among oil industry clients to use the Walvis Bay ship repair facility over those in other ports
- A significant drop in accidents and incidents, which has meant savings in clean-up costs
- Effective employee participation
- Efficient management of materials and waste products
- An enhanced relationship with shareholders, investors, banks and insurance companies
- Validation of Namport's environmental commitment to the community, and the ability to meet public environmental expectations
- Improved environmental compliance and liability management
- Increased opportunities for business in the global marketplace
- An enhanced corporate image and boosted marketing capabilities, and
- Reduced governmental compliance inspections.

Namport's Environmental Management System has, therefore, assisted in creating a sustainable platform for all its port activities, allowing it to avoid pollution as well as reduce clean-up and remediation costs.



## Hosting the 4th Biennial Conference of the Southern African and Islands Hydrographic Commission

Namport hosted the Fourth Biennial Conference of the Southern African and Islands Hydrographic Commission on 25 and 26 September 2003. This international event took place at the beautiful coastal town of Swakopmund and was attended by more than 40 delegates from southern Africa. The Commission includes all maritime states in the southern African region. Established in 1996 by the recommendation of the historic Maputo Conference, the Commission was founded to improve the development of and coordination related to hydrography to aid navigation in the region. Namport and other participants reported that the Fourth Conference was a major success.

Hydrography is an applied science that deals with the surveying and charting of seas, lakes, rivers, etc. It contributes importantly to the safe navigation of ships, and in the present situation it is also applied to inland waterways. Hydrographic information is used to produce navigation charts, tide tables and current tables, as well as sailing directions for mariners.

## Corporate social programme

### Namport assists schools

Social upliftment of the community received much attention during the year under review, with Namport committing itself to supporting educational incentives to help schools within the Erongo and Karas Regions, within which its twin ports are respectively located. Namport donated

N\$50,000 to the Duinesig Primary School at Kuisebmond, Walvis Bay, towards the construction of a much-needed school hall. A donation of N\$35,000 was made to the Lüderitz Secondary School to build their new school hall. These facilities have ensured that all scholars have access to essential amenities for school-related functions, and greatly improve the educational environment for learners.

In fulfilling its social responsibilities, Namport believes in investing in the country's economic future not only by assisting in providing facilities for the youth, but also by continuing to support the training and development of Namibia's youth in particular, to equip them as future leaders. The company's input towards community development increased significantly during the year under review, with major areas of support being in education and sport development.

More than 3,000 pupils from primary, secondary and tertiary institutions visited the Port of Walvis Bay on excursions during the 2003/04 financial year. They were introduced to the various operations in the port – including the ship repair facilities at the Syncrolift, and career opportunities in the field were promoted. Namport has also been a long-term supporter of education, and provides book prizes and other assistance to schools in Namibia on an annual basis.

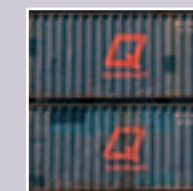
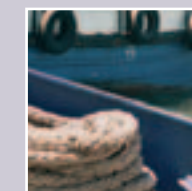
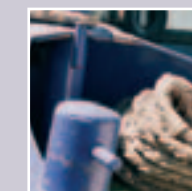
Namport believes that successful economic development begins with effective planning and a strategic view of a community's future goals. To this end, the company began developing an economic development plan during the year under review, which aims at preparing the community for future changes and addresses immediate needs facing an area.

### Namport employees work on the railway project

The Namibian Government initiated the construction of a railway between Namibia and Angola to facilitate trade between the two countries. The Northern Railway Extension Project, as it is known, has received considerable national interest from various companies, organisations and individuals, who have volunteered their assistance in its progress. Namport has also participated in this way, providing a team of 60 members of staff from the ports of Walvis Bay and Lüderitz for three days to help build the line. Working on the Project served a dual purpose for Namport: while it strengthened the relationship between employees and management, Namport staff contributed to the development of the Namibian economy. In supporting the call for volunteers, Namport also employed 50 casual workers from the four north-central Regions for a period of three months, as part of its social responsibility towards Namibia's economic growth.

The Project bears testimony to the Namibian Government's commitment to extend the railway line from Grootfontein towards Oshikango to link up with Angola. With the situation in Angola having normalised, trade links with Namibia's northern neighbours have become increasingly important.

The Project follows on the heels of the development of the Walvis Bay Corridor, which provides a gateway into Angola via the Trans-Kunene Highway and, therefore, adds resourceful capacity to Namibia's regional transport infrastructure. The extended northern railway has the potential to bring about further positive spillover effects to both countries' economies in sectors such as agriculture, manufacturing and mining.





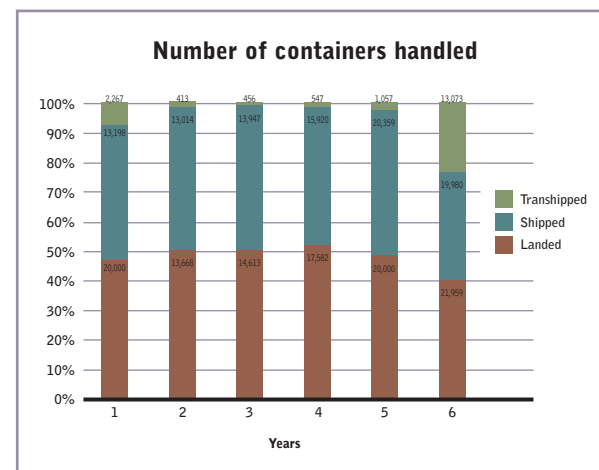
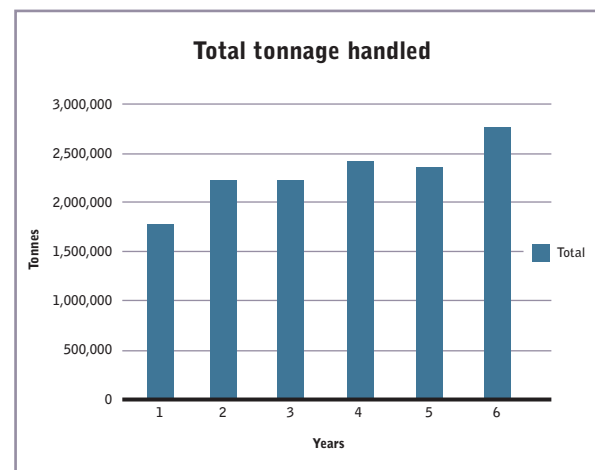
Cargo handled at the ports of Walvis Bay and Lüderitz

	Oct/Sep 1998/99	Oct/Sep 1999/00	Sep/Aug 2000/01	Sep/Aug 2001/02	Sep/Aug 2002/03	Sep/Aug 2003/04
<b>Landed</b>						
Bulk and break-bulk	323,230	310,856	407,906	466,835	366,215	449,531
Containerised	148,130	211,758	235,995	263,457	300,196	314,512
Sulphuric acid	52,211	156,963	143,876	187,039	146,126	220,954
Petroleum	596,964	874,340	810,591	702,613	744,635	715,129
<b>Total</b>	<b>1,120,535</b>	<b>1,553,917</b>	<b>1,598,368</b>	<b>1,619,944</b>	<b>1,557,172</b>	<b>1,700,126</b>
<b>Shipped</b>						
Bulk and break-bulk	671,586	633,335	672,896	717,982	859,930	1,037,475
Containerised	139,332	145,951	171,405	319,185	200,348	222,106
<b>Total</b>	<b>810,918</b>	<b>779,286</b>	<b>844,301</b>	<b>1,037,166</b>	<b>1,060,278</b>	<b>1,259,582</b>
<b>Transhipped</b>						
Bulk and break-bulk	41,840	49,465	60,593	60,248	37,467	33,878
Containerised	17,111	4,648	5,971	4,737	9,590	138,236
<b>Total</b>	<b>58,951</b>	<b>54,113</b>	<b>66,564</b>	<b>64,985</b>	<b>47,056</b>	<b>172,114</b>
<b>Total</b>	<b>1,990,404</b>	<b>2,387,316</b>	<b>2,509,233</b>	<b>2,722,096</b>	<b>2,664,506</b>	<b>3,131,822</b>

Containers handled at the ports of Walvis Bay and Lüderitz (20-ft equivalent units)

Landed	13,682	13,668	14,613	17,582	20,000	21,959
Shipped	13,198	13,014	13,947	15,920	20,359	19,980
Transhipped	2,267	413	456	547	1,057	13,073
<b>Total</b>	<b>29,147</b>	<b>27,095</b>	<b>29,016</b>	<b>34,049</b>	<b>41,416</b>	<b>55,012</b>

<b>Vessel visits Walvis Bay and Lüderitz</b>	<b>2,570</b>	<b>3,205</b>	<b>3,493</b>	<b>3,559</b>	<b>3,304</b>	<b>3,187</b>
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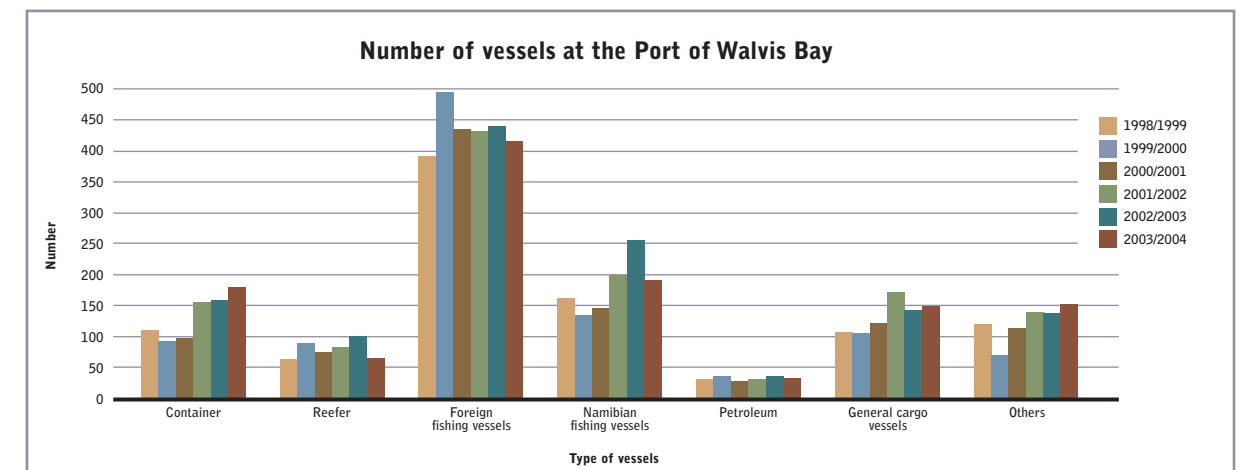
Cargo handled at the Port of Walvis Bay

	Oct/Sep 1998/99	Oct/Sep 1999/00	Sep/Aug 2000/01	Sep/Aug 2001/02	Sep/Aug 2002/03	Sep/Aug 2003/04
<b>Landed</b>						
Bulk and break-bulk	261,083	252,969	311,128	351,101	252,196	306,298
Containerised	148,048	211,696	232,993	257,770	298,795	314,252
Sulphuric acid	52,211	156,963	143,876	187,039	146,126	220,954
Petroleum	562,604	838,676	764,105	647,146	704,523	682,281
<b>Total</b>	<b>1,023,946</b>	<b>1,460,304</b>	<b>1,452,102</b>	<b>1,443,056</b>	<b>1,401,640</b>	<b>1,523,784</b>
<b>Shipped</b>						
Bulk and break-bulk	596,915	593,827	567,805	616,235	727,568	880,002
Containerised	120,622	129,597	152,867	299,531	173,899	187,774
<b>Total</b>	<b>717,537</b>	<b>723,424</b>	<b>720,672</b>	<b>915,766</b>	<b>901,468</b>	<b>1,067,776</b>
<b>Transhipped</b>						
Bulk and break-bulk	28,502	35,322	50,617	55,600	37,448	33,650
Containerised	16,181	4,648	5,971	4,737	9,565	138,236
<b>Total</b>	<b>44,683</b>	<b>39,970</b>	<b>56,588</b>	<b>60,337</b>	<b>47,013</b>	<b>171,886</b>
<b>Total</b>	<b>1,786,166</b>	<b>2,223,698</b>	<b>2,229,362</b>	<b>2,419,158</b>	<b>2,350,120</b>	<b>2,763,446</b>

Containers handled at the Port of Walvis Bay (20-ft equivalent units)

Landed	12,439	12,725	13,338	16,814	18,230	19,665
Shipped	12,093	11,721	11,974	14,208	18,528	17,625
Transhipped	2,267	413	456	547	1,057	13,073
<b>Total</b>	<b>26,799</b>	<b>24,859</b>	<b>25,768</b>	<b>31,569</b>	<b>37,815</b>	<b>50,363</b>

<b>Vessel visits Walvis Bay</b>	<b>966</b>	<b>1,005</b>	<b>997</b>	<b>1,195</b>	<b>1,252</b>	<b>1,167</b>
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Cargo handled at the Port of Lüderitz (freight tonnes)

	Oct/Sep 1998/99	Oct/Sep 1999/00	Sep/Aug 2000/01	Sep/Aug 2001/02	Sep/Aug 2002/03	Sep/Aug 2003/04
<b>Break-Bulk Landed</b>						
Fuel	34,360	35,664	46,486	55,467	40,112	32,849
Fish	60,643	54,534	85,321	77,932	90,448	82,978
Sulphur	-	-	-	-	22,014	57,372
General cargo	1,504	3,353	11,457	37,802	1,557	2,883
<b>Total</b>	<b>96,507</b>	<b>93,551</b>	<b>143,264</b>	<b>171,201</b>	<b>154,131</b>	<b>176,082</b>
<b>Break-Bulk Shipped</b>						
Fish and bait	18,056	18,959	31,211	14,576	4,260	5,953
Ice	52,290	14,921	60,967	79,216	86,434	67,651
Zinc/zinc conc.	-	-	-	-	13,949	82,711
Other	4,325	5,628	12,913	7,955	27,719	1,160
<b>Total</b>	<b>74,671</b>	<b>39,508</b>	<b>105,091</b>	<b>101,747</b>	<b>132,362</b>	<b>157,474</b>
<b>Break-Bulk Transhipped</b>						
Fish	13,221	13,456	9,382	3,961	19	228
Other	117	687	594	687	-	-
<b>Total</b>	<b>13,338</b>	<b>14,143</b>	<b>9,976</b>	<b>4,648</b>	<b>19</b>	<b>228</b>
<b>Total Break-Bulk</b>	<b>184,516</b>	<b>147,202</b>	<b>258,331</b>	<b>277,596</b>	<b>286,511</b>	<b>333,784</b>
<b>Containerised</b>						
Landed	82	62	3,002	5,687	1,402	260
Shipped	18,710	16,354	18,538	19,654	26,449	34,332
Transhipped	930	-	-	-	24	-
<b>Total Containerised</b>	<b>19,722</b>	<b>16,416</b>	<b>21,540</b>	<b>25,341</b>	<b>27,874</b>	<b>34,592</b>
<b>Total Cargo</b>	<b>204,238</b>	<b>163,618</b>	<b>279,871</b>	<b>302,938</b>	<b>314,386</b>	<b>368,376</b>
<b>Containers handled at the Port of Lüderitz (20-ft equivalent units)</b>						
Landed	1,243	943	1,275	768	1,770	2,294
Shipped	1,105	1,293	1,973	1,712	1,831	2,355
<b>Total</b>	<b>2,348</b>	<b>2,236</b>	<b>3,248</b>	<b>2,480</b>	<b>3,601</b>	<b>4,649</b>
<b>Vessel visits</b>	<b>1,604</b>	<b>2,200</b>	<b>2,496</b>	<b>2,364</b>	<b>2,052</b>	<b>2,020</b>

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

	Oct/Sep 1998/99	Oct/Sep 1999/2000	Sep/Aug 2000/01	Sep/Aug 2001/02	Sep/Aug 2002/03	Sep/Aug 2003/04
<b>Landed</b>						
Petroleum	562,604	838,676	764,105	647,146	704,523	682,281
Coal	17,203	14,916	20,105	42,339	19,958	55,493
Fish products	120,878	157,086	167,227	138,944	115,578	116,464
Wheat	45,661	48,206	21,529	35,000	54,204	42,463
Sugar	51,845	52,294	34,337	63,879	52,432	36,543
Cement	45,006	12,895	14,292	11,070	7,242	220
Wine/beverages	5,525	3,112	16,838	18,082	23,733	40,670
Copper/lead	23	-	11,354	20,730	10,523	7,226
Sulphuric acid	52,211	159,963	143,876	187,039	146,126	220,954
Sulphur	35,250	-	-	-	-	-
Manganese ore	-	-	58,408	22,307	-	19,945
Malt	15,467	20,306	23,902	20,997	20,292	21,910
Vehicles	3,094	13,335	15,241	24,193	22,363	36,898
Lubricating oil	6,149	6,572	4,496	3,604	4,234	1,625
General cargo	63,030	135,943	156,393	207,727	220,433	241,093
<b>Total</b>	<b>1,023,946</b>	<b>1,460,304</b>	<b>1,452,103</b>	<b>1,443,055</b>	<b>1,401,640</b>	<b>1,523,784</b>
<b>Shipped</b>						
Salt	468,459	440,343	388,003	530,397	542,143	683,139
Fish products	77,524	79,315	93,035	117,027	112,019	113,823
Fluorspar	53,723	60,496	80,921	80,426	76,742	93,994
Copper/lead and conc.	22,318	28,108	45,336	49,421	64,344	40,794
Manganese ore	27,604	22,203	-	-	-	-
Flat cartons	5,874	22,282	22,884	25,868	24,217	17,914
Marble and granite	10,404	4,799	4,822	8,015	12,741	24,039
Skins and hides	4,130	5,126	4,334	3,439	4,685	5,613
Fertiliser (guano)	-	-	1,131	1,430	1,140	1,900
Charcoal	1,236	336	3,160	7,050	6,087	8,521
General cargo	46,265	60,416	77,047	92,693	57,350	78,039
<b>Total</b>	<b>717,537</b>	<b>723,424</b>	<b>720,673</b>	<b>915,766</b>	<b>901,468</b>	<b>1,067,776</b>
<b>Transhipped</b>						
General cargo	44,683	39,970	56,585	60,337	47,013	171,886
<b>Total</b>	<b>1,786,166</b>	<b>2,223,698</b>	<b>2,229,362</b>	<b>2,419,158</b>	<b>2,350,120</b>	<b>2,763,446</b>



## Key Financial Indicators

for the year ended 31 August 2004

	12 months 2003/04	12 months 2002/03	12 months 2001/02	12 months 2000/01
Turnover (N\$'000)	211,270	181,219	166,274	134,121
Operating profit (N\$'000)	12,357	34,141	33,519	28,269
Profit before taxation (N\$'000)	7,455	17,398	21,390	14,906
Return on assets (%)	1	2	3	2
Return on equity (%)	1	3	6	5
Operating profit margin (%)	6	19	20	21
<b>Total assets (N\$'000)</b>	<b>1,009,779</b>	<b>1,006,802</b>	<b>647,827</b>	<b>638,695</b>
Shareholder's interest (N\$'000)	569,430	563,642	337,402	324,752
<b>Borrowings (N\$'000)</b>	<b>141,239</b>	<b>152,176</b>	<b>146,025</b>	<b>159,827</b>
Debt : Equity ratio	0.25	0.27	0.43	0.49
Liquidity ratio	1.25	1.21	1.28	1.43
<b>Number of employees</b>	<b>591</b>	<b>472</b>	<b>459</b>	<b>442</b>
Turnover per employee (N\$'000)	357	384	362	303
<b>Assets per employee (N\$'000)</b>	<b>1,709</b>	<b>2,133</b>	<b>1,411</b>	<b>1445</b>

## Value Added Statement

for the year ended 31 August 2004

	Notes	2004 N\$'000	%	2003 N\$'000	%
<b>Wealth created</b>					
Revenue		211,270		181,219	
Paid to suppliers of materials and services		(71,751)		(44,868)	
<b>Value added</b>		<b>139,519</b>		<b>136,351</b>	
Income from investments and sale of assets		15,570		11,834	
<b>Total wealth created</b>		<b>155,089</b>	<b>100</b>	<b>148,185</b>	<b>100</b>

### Wealth distribution

Salaries, wages and other employment costs	1	79,733	51	72,259	49
Providers of capital					
Dividends to shareholder		2,200	1	2,800	2
Finance cost on borrowings		12,373	8	20,989	14
Government	2	11,925	8	7,226	5
Reinvested to maintain and develop operations					
Depreciation		25,612	17	21,986	15
Retained earnings		23,246	15	22,925	15
<b>Total wealth distributed</b>		<b>155,089</b>	<b>100</b>	<b>148,185</b>	<b>100</b>

### Notes to the Value Added Statement

#### 1. Salaries, wages and other employment costs

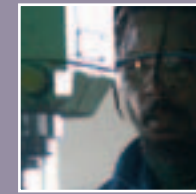
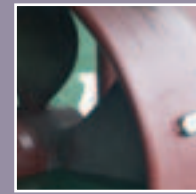
Salaries, overtime payments, bonuses and allowances	66,763	60,312
Training and study assistance	2,839	3,086
Employer contributions	10,131	8,861
<b>Total</b>	<b>79,733</b>	<b>72,259</b>

#### 2. Central and local government

Normal and deferred taxation	11,258	6,622
Rates and taxes	667	604
<b>Total</b>	<b>11,925</b>	<b>7,226</b>

#### 3. Additional amounts collected on behalf of central and local government

VAT collected on revenue	39,695	35,639
VAT paid on purchases	(10,369)	(6,773)
VAT paid on imports	(325)	(3,968)
PAYE deducted from remuneration	13,408	11,382
<b>Total</b>	<b>42,409</b>	<b>36,280</b>



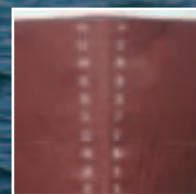
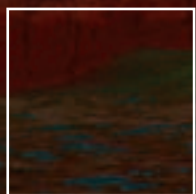
# Annual Financial Statements

The reports and statements set out below  
comprise the Annual Financial Statements  
presented to the member.

## Statements

for the year ended 31 August 2004

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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 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 provide leadership and guidance to the Authority's Board, 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 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 reappointment 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 are attended by the external and internal auditors and appropriate members of the Executive Management. The Audit Committee provides assistance to the Board with regard to ensuring compliance with applicable legislation and requirements of regulatory authorities,

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

## Internal control 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 that 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 to 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 2004 in relation to effective internal control over financial reporting. Based on its assessment, the Authority believes that, as at 31 August 2004, 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 implements participating structures on issues which effect 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.

## 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 47 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 5 November 2004 and are signed on its behalf.



Adv SV Masiza  
**Chairman**



S Kankondi  
**Managing Director**

## Report of the Auditor-General

for the year ended 31 August 2004

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 Accountants and Auditors 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 2004 has been carried out to my satisfaction.



JE Kandjeke  
**Auditor-General**

Windhoek  
5 November 2004



We have audited the financial statements set out on pages 33 to 47 for the year ended 31 August 2004. 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 2004 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 (No. 2 of 1994).

**Grand Namibia**  
Chartered Accountants (Namibia)  
Registered Accountants and Auditors

5 November 2004

The Directors hereby present their annual report, which forms part of the audited Annual Financial Statements of the Authority for the year ended 31 August 2004.

### 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.

### Financial results

The financial results are set out in the Income Statement and the notes thereto.

### Ownership of land

During the financial year under review, erven 279 and 280 in Walvis Bay were transferred into the name of the Authority. Transfer of certain other erven is in progress.

### Auditors

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

### Directors

The following persons were Directors of the Namibian Ports Authority as at 31 August 2004:

<b>Name</b>	<b>Term of office</b>
Mr S Kankondi	14 July 2003 to 13 July 2006
Adv SV Masiza	10 June 2002 to 9 June 2005
Ms N Mbako	10 June 2002 to 9 June 2005
Mr SE Ndjaba	10 June 2002 to 31 August 2004
Mr J Rogers	10 June 2002 to 9 June 2005

## Balance Sheet

as at 31 August 2004

	Notes	2004 N\$'000	2003 N\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	779,911	815,678
Investments	10	151,775	127,119
Channel levy fund investment	6	965	-
		<b>932,651</b>	<b>942,797</b>
<b>Current assets</b>			
Inventories	11	666	501
Receivables and prepayments	12	31,576	23,433
Cash and cash equivalents	22	44,886	40,071
		<b>77,128</b>	<b>64,005</b>
<b>Total assets</b>			<b>1,006,802</b>
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Capital account	2	50,344	50,344
Revaluation and other reserves	3	332,340	354,238
Retained earnings		186,746	159,060
		<b>569,430</b>	<b>563,642</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	4	141,239	152,176
Deferred tax liabilities	5	236,348	237,915
Channel levy fund	6	965	-
		<b>378,552</b>	<b>390,091</b>
<b>Current liabilities</b>			
Trade and other payables	7	28,516	23,116
Current portion of long-term liabilities	4	25,657	23,774
Provisions	8	6,590	6,179
Current tax liabilities		1,034	-
		<b>61,797</b>	<b>53,069</b>
<b>Total liabilities</b>		<b>440,349</b>	<b>443,160</b>
<b>Total equity and liabilities</b>		<b>1,009,779</b>	<b>1006,802</b>

## Income Statement

for the year ended 31 August 2004

	Notes	2004 N\$'000	2003 N\$'000
<b>Revenue</b>			
	16	211,270	181,219
Other operating income		395	288
Direct costs		(81,952)	(53,848)
Indirect costs		(29,499)	(13,661)
Administrative expenses		(87,857)	(79,857)
<b>Operating profit</b>	17	<b>12,357</b>	<b>34,141</b>
Net finance cost	18	(4,902)	(16,743)
<b>Profit before tax</b>		<b>7,455</b>	<b>17,398</b>
Taxation	19	(11,258)	(6,622)
<b>Profit/(loss) from ordinary activities</b>		<b>(3,803)</b>	<b>10,776</b>



## Statement of Changes in Equity

for the year ended 31 August 2004

	Capital	Revaluation and other reserves	Retained earnings	Total
<b>Balance at 1 September 2002</b>	50,344	150,923	136,135	337,402
Revaluation of certain property, plant and equipment	-	327,742	-	327,742
Depreciation transfer	-	(124,427)	14,949	(109,478)
	50,344	354,238	151,084	555,666
Dividend paid – 2002	-	-	(2,800)	(2,800)
Net profit	-	-	10,776	10,776
<b>Balance at 31 August 2003</b>	50,344	354,238	159,060	563,642
<b>Balance at 1 September 2003</b>	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)
<b>Balance at 31 August 2004</b>	50,344	332,340	186,746	569,430

## Cash Flow Statement

for the year ended 31 August 2004

	Notes	2004 N\$'000	2003 N\$'000
<b>Cash flow from operating activities</b>			
Cash receipts from customers		206,600	180,909
Cash paid to suppliers and employees		(141,921)	(98,440)
<i>Net cash flow from operating activities</i>	20	64,679	82,469
Purchase of property, plant and equipment to maintain operations		-	(1,436)
<b>Cash generated from operations</b>		64,679	81,033
Interest received		15,174	11,546
Interest paid		(12,373)	(20,989)
Dividend paid		(2,200)	(2,800)
<b>Net cash flow from operating activities</b>		65,280	68,790
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(23,565)	(43,581)
Purchase of non-current investments		(20,187)	(119,616)
Proceeds from disposal of property, plant and equipment		45	55
Proceeds from disposal of investments		-	96,657
<b>Net cash outflows from investing activities</b>		(43,707)	(66,485)
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings		24,000	23,369
Payment of capital element of long-term borrowings		(40,529)	(19,407)
Payment of capital element of finance lease liabilities		(229)	(308)
<b>Net cash (outflow)/inflow from financing activities</b>		(16,758)	3,654
<b>Net increase in cash and cash equivalents</b>		4,815	5,959
<b>Cash and cash equivalents at beginning of year</b>		40,071	34,112
<b>Cash and cash equivalents at end of year</b>	22	44,886	40,071

## 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 five 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 are 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 and structures 5–50 years
- Machinery and equipment 2–10 years
- Floating craft 4–15 years
- Furniture and office equipment 3–10 years
- Computer equipment 3–5 years
- Motor vehicles 2–5 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 inventory with regard to its age, condition and utility.

### 1.4 Investments

All investments are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments that 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 derecognised or impaired.

Dividends are brought to account as at the last day of registration.

### 1.5 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 carrying 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.

### 1.6 Revenue recognition

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

### 1.7 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.

### 1.8 Pension fund

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



### 1.9 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.

### 1.10 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. In the Balance Sheet, bank overdrafts are included in borrowings in current liabilities.

### 1.11 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.

### 1.12 Financial instruments

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

#### 1.12.1 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.

#### 1.12.2 Interest rate management

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

#### 1.12.3 Liquidity risk

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

#### 1.12.4 Fair value

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

2004  
N\$'000

2003  
N\$'000

## 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.

50,344 50,344

## 3. Revaluation and other reserves

### Property, plant and equipment

At beginning of year	354,238	150,923
Revaluation	-	327,742
Gain on assets sold	-	-
Depreciation on revalued property, plant and equipment	(33,689)	(14,949)
Deferred income taxes on revaluation	11,791	(109,478)
At end of year	332,340	354,238

### The non-distributable reserve constitutes the following

Property, plant and equipment acquired from TransNamib at no value and 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

Land	76,124	76,124
Structures and buildings	204,773	216,999
Floating craft	22,228	26,689
Plant and equipment	16,566	21,777

332,340 354,238

## 4. Interest-bearing borrowings

KfW government-to-government loan on-lended to the Authority. The loan is unsecured and bears interest at 10% per annum, payable biannually in arrears. Repayment in 36 equal biannual instalments commenced in December 2000.

26,139 28,939

	2004 N\$'000	2003 N\$'000
<b>4. Interest-bearing borrowings (continued)</b>		
Foreign loan by the European Investment Bank (EIB), secured by 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 biannual instalments in arrear and commenced on 15 April 2002. The total foreign facility was swapped to a South African financial institution on a Rand basis. The same terms and conditions set out in the foreign agreement apply to this swap agreement.	70,815	75,428
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 arrangement are invested at 19.95% per annum.	4,093	7,172
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.	25,627	28,096
Soft loan by DANIDA, swapped to a local financial institution and secured by a cession of endowment policies. The loan bears interest at 8% and is repayable in 20 biannual instalments that commenced on 29 September 2000.	9,697	11,314
A 13-month evergreen overdraft facility with the Commercial Bank of Namibia. The loan bears interest at 3.25% below Namibia's prime rate.	21,852	14,052
A two-tier finance agreement with Veritas Kapital Limited over a five-year period at an interest rate of 12.5% to 13%. The loan is repayable in five annual instalments that commenced on 1 April 2004.	8,484	10,531
Liabilities under capitalised finance leases payable over three years at an interest rate of 2% below Namibia's prime rate	189	418
	<b>166,896</b>	<b>175,950</b>
Current portion of loans included in accounts payable	(25,657)	(23,774)
	<b>141,239</b>	<b>152,176</b>

	2004 N\$'000	2003 N\$'000
<b>5. Deferred tax liabilities</b>		
At beginning of year	237,915	121,815
Income statement charge (note 18)	10,224	6,622
Tax effect of revaluations (note 3)	(11,791)	109,478
The balance comprises capital allowances.	<b>236,348</b>	<b>237,915</b>
<b>6. Channel levy fund</b>		
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 in a separate bank account. The fund will be utilised at a future date for maintenance dredging of the fishing harbour.		
Excess levy related to the period ended 31 August 2003	420	-
Excess levy related to the year ended 31 August 2004	544	-
Interest earned	1	-
	<b>965</b>	<b>-</b>
Invested at call at Standard Bank Limited	<b>965</b>	<b>-</b>
<b>7. Trade and other payables</b>		
Trade payables	11,324	3,594
Other payables	17,192	19,522
Accruals	13,267	13,146
Provision for audit fees	-	115
Receiver of Revenue – VAT	-	2,715
Outstanding cheques	3,925	3,546
	<b>28,516</b>	<b>23,116</b>
<b>8. Provisions</b>		
Provisions for leave pay	4,505	4,280
Provision for bonuses	2,085	1,899
	<b>6,590</b>	<b>6,179</b>



## Notes to the Annual Financial Statements (continued)

	Land, structures, and buildings N\$'000	Floating craft N\$'000	Vehicles, machinery, equipment and furniture N\$'000	Leased assets N\$'000	Work in progress N\$'000	Total N\$'000
<b>9. Property, plant and equipment</b>						
<b>Year ended 31 August 2003</b>						
Opening carrying amount	406,211	17,627	46,393	554	9,112	479,897
Revaluation	255,341	39,785	32,616	-	-	327,742
Transfers	7,690	75	232	-	(7,997)	-
Additions	2,435	207	35,263	-	7,112	45,017
Disposals	-	-	(43)	-	-	(43)
Depreciation	(22,633)	(5,157)	(8,899)	(246)	-	(36,935)
Closing carrying amount	649,044	52,537	105,562	308	8,227	815,678
<b>At 31 August 2003</b>						
Cost or valuation	786,658	95,056	173,259	2,068	8,227	1,065,268
Accumulated depreciation	(137,614)	(42,519)	(67,697)	(1,760)	-	(249,590)
Carrying amount	649,044	52,537	105,562	308	8,227	815,678
<b>Year ended 31 August 2003</b>						
Opening carrying amount	649,044	52,537	105,562	308	8,227	815,678
Revaluation						
Transfers	14,082	-	3,573	-	(17,655)	-
Additions	430	392	8,749	-	13,994	23,565
Disposals	-	-	(31)	-	-	(31)
Depreciation	(29,070)	(9,516)	(20,474)	(241)	-	(59,301)
Closing carrying amount	634,486	43,413	97,379	67	4,566	779,911
<b>At 31 August 2004</b>						
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	634,486	43,413	97,379	67	4,566	779,911

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 Annual Financial Statements (continued)

	2004 N\$'000	2003 N\$'000
<b>10. Investments</b>		
Investment in endowment policies	89,826	70,347
At cost	36,885	71,844
At fair value	54,441	-
Unrealised (loss)/income	(1,500)	(1,497)
Money market instruments at fair value	61,949	56,772
	151,775	127,119
<b>11. Inventories</b>		
Inventories, consisting of consumable stores	666	501
<b>12. Accounts receivable and prepayments</b>		
Total trade debtors	34,951	22,231
Less: Provision for bad/doubtful debts	(6,951)	(1,123)
	28,000	21,108
Staff loans	132	88
Other receivables	1,741	553
Prepayments	1,703	1,684
	31,576	23,433
<b>13. Pension fund</b>		
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\$8,585,941 (2003: N\$6,921,486). The fund is administered by Old Mutual on behalf of the Board of Trustees.		
<b>14. Contingent liabilities</b>		
Insurance excess payment	500	500
The amount is the maximum excess payable under the liability insurance relating to damage of a container and its contents. The amount of the excess payment will be refunded from the Authority's contingency policy.		

## Notes to the Annual Financial Statements (continued)

	2004 N\$'000	2003 N\$'000
<b>15. Capital expenditure approved</b>		
Commitments in respect of contracts placed	6,735	2,660
Approved by Directors in addition to contracts placed	56,072	78,562
Approved expenditure outstanding	62,807	81,222
It is intended to finance capital expenditure from existing borrowing facilities and working capital generated by the Authority.		
<b>16. Revenue</b>		
Sales, which exclude Value Added Tax and inter-divisional transactions, represent income from harbour activities and related services.		
<b>17. Operating profit</b>		
Operating profit is stated after taking account of the following items:		
Auditors' remuneration	(6)	110
Audit fees		
- Current year	-	115
- Prior year	(13)	(14)
- Fees for services	7	9
Depreciation	59,301	36,935
Cost		
- Land, structures and buildings	10,261	10,868
- Floating craft	2,653	2,640
- Vehicles and equipment	12,457	8,232
- Leased assets	241	246
	25,612	21,986
Valuation		
Land, structures and buildings	18,809	11,765
Floating craft	6,863	2,517
Vehicles and equipment	8,017	667
	33,689	14,949
Profit/(loss) on disposal of property, plant and equipment	14	12
Foreign exchange (losses)/gains	10	(187)

## Notes to the Annual Financial Statements (continued)

	2004 N\$'000	2003 N\$'000
<b>18. Net finance cost</b>		
Interest paid on long-term loans	20,076	28,289
Money Market vested returns accrued on endowment policies	(4,468)	(184)
Received from other sources	(10,706)	(11,362)
	4,902	16,743
<b>19. Taxation</b>		
Namibian normal tax		
Current taxation: Current period	1,034	-
Current taxation: Overprovision – prior years	-	6,622
Deferred taxation (note 5)	10,224	-
	11,258	6,622
The tax on profit before tax differs from the theoretical amount that would arise using Namibia's basic tax rate, as follows:		
Profit before tax	7,455	17,398
Tax calculated at a rate of 35%	2,609	6,089
Income not subject to tax	-	(4)
Expenses not deductible for tax purposes	8,649	3,080
Deferred tax not provided due to assessed loss	-	-
Deferred tax provided due to overprovision in prior year	-	(2,543)
Charge for the year	11,258	6,622
<b>20. Net cash flow for operating activities</b>		
Reconciliation of profit before tax to cash generated from operations	7,455	17,398
Profit before tax		
Adjustments		
Depreciation	59,301	36,935
(Profit)/loss on sale of property, plant and equipment	(13)	(12)
Investment income	(15,174)	(11,546)
Interest expense	20,076	28,289
Capitalisation of market value of investments	(4,469)	9,437
	67,176	80,501



## Notes to the Annual Financial Statements (continued)

	2004 N\$'000	2003 N\$'000
<b>20. Net cash flow for operating activities (continued)</b>		
Changes in working capital		
Trade and other receivables	(8,143)	(3,582)
Inventories	(165)	(130)
Payables	5,811	5,680
	<b>64,679</b>	<b>82,469</b>

### 21. Reconciliation of tax paid during the year

Balance of tax payable at beginning of year	-	-
Charge in income statement	11,258	-
Adjustment for deferred tax	(10,224)	-
Balance of taxation payable at end of year	(1,034)	-
	<b>-</b>	<b>-</b>

### 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	44,329	39,514
Foreign currency deposits	524	496
Cash on hand	33	60
Bank overdraft	-	1
	<b>44,886</b>	<b>40,071</b>

