

**Namibian Ports Authority**  
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Namibian Ports Authority Annual Report

metre



## our vision

### namport is:

- ↓ a dynamic, world class autonomous Port Management Organisation.
- ↓ the preferred link for seaborne trade with Namibia and the SADC Region.

### namport is committed to:

- ↓ providing service efficiency meeting the needs of our clients.
- ↓ upholding high professional and ethical standards.
- ↓ equitable treatment of all our employees.

## our mission

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

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

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



## content

Chairman's Review	4	Report of the Chief Executive Officer
Affirmative Action Policy Statement	8	Affirmative Action and Equal Opportunity
Risk Management	12	Syncrolift / Marketing
Social Responsibility	13	Investment / Legislation
Walvis Bay Corridor	15	Protection of the Environment
Statistics	16	Commodities handled at Walvis Bay
Cargo handled at Walvis Bay	17	Cargo handled at Lüderitz
Cargo handled at Walvis Bay and Lüderitz	18	Key Financial Indicators
Value Added Statement	19	Annual Financial Statements
	20	
	21	
	22	
	23	
	24	
	25	
	26	
	27	
	28	



*Mr Dick H Conradie  
Chairman*



*Mr John C Rogers  
Deputy Chairman*



*Mr Wessel J.A Wessels  
Chief Executive Officer*



*Ms S T Harris  
Director*

*Ms N Mbako  
Director*

*Mr S T Hiveluah  
Director*

*Mr U Maamberua  
Director*

*Mr H T J Dennewill  
Director*

*Our Business...  
Our Harbours*



## chairman's review

On behalf of the Board of Directors of the Namibian Ports Authority, I wish to express my sincere appreciation to all our stakeholders for their contribution in what has been a truly remarkable year for Namport. Several major projects have been successfully concluded during this time, and we can proudly report to our shareholder that port developments and port operations for Namibia are in good hands and well managed. Notwithstanding other projects, we are particularly proud of the deepening of the Port of Walvis Bay to a depth of 12,8 metres below chart datum, representing as it were the final required investment to position the port as a gateway and west coast hub for the SADC region.

This project was inaugurated by His Excellency the State President of the Republic of Namibia.

In this millennium year, it can now be stated that the process of modernisation of our ports has been substantially completed, with both ports now positioned to facilitate business growth both nationally and regionally. The business challenge remains to develop business and economic opportunities for Namibia and the region through our port infrastructure. To this end, the Walvis Bay Corridor Group, of which the CEO of Namport is the current Chairperson, is an important catalyst. A major achievement for Namport has been recognition in the recently published Africa Competitiveness Report for its port efficiency and low port costs, attaining the no. 1 ranking in respect of these attributes. Bearing in mind that this independent research

covered the major portion of the African continent, this is indeed a singular honour.

In February 2000, His Excellency the State President of the Republic of Namibia was furthermore the guest of honour at the inauguration ceremony of the new 500m quay in the Port of Lüderitz. This occasion marked a milestone event in the history of this port, now allowing for the first time new business development opportunities for the entire south of Namibia through the Port of Lüderitz, and moving beyond the boundaries of the traditional fishing and diamond related industries. Our thanks and appreciation go to the European Investment Bank of Luxembourg, together with local partners, as our main financiers for this project. From a financing perspective, Namport broke new ground with a leading edge currency swap agreement entered into with a local bank as intermediary for this project, effectively hedging foreign currency risk for the long term offshore loan. The wisdom of this has already been proven, given the sharp deterioration of the exchange rate of the South African Rand against the US Dollar. This major financial innovation represents a strategic economic benefit to Namibia and will stand Namport and its stakeholders in good stead in years to come.

For the Ports of Walvis Bay and Lüderitz, total cargo tonnage increased from 1 990 404 tonnes for the previous year to 2 198 248 tonnes for the 11 month period under review (representing 2 398 089 tonnes on an annualised basis, or an increase of 20,5%). The main contributing area to this increase was the importation of petroleum products and sulphuric acid through the Port of Walvis Bay. Although container numbers showed a decline from 29 147 TEUs for the previous period to 24 512 TEUs for the 11 month period under review (26 740 TEUs on an annualised basis, or a decrease of 8,3%), total containerised cargo tonnage increased from 304 573 tonnes for the previous period to 329 407 tonnes for the 11 month period under review (359 353 tonnes on an annualised basis, representing an increase of 18%). This is due to the fact that fewer empty containers were handled, thus increasing the effective tonnage involved.

Tariff increases for the year averaged 9,5%, which figure was in line with inflationary cost increases experienced. This was taken with a view to maintaining cost increases to a reasonable and competitive level. The full financial burden of development projects and concomitant finance charges are now borne by Namport, which is also reflected in the financial statements. In September 1998, a self insurance policy to the value of N\$5 million was taken out by Namport, in order to provide part cover for deductibles in terms of current insurance policies, as well as uninsurable items. No claims have been submitted against this policy to date, resulting in a growth in value to N\$5,86 million as at end June 2000. It was possible within the framework of loan conditions of financial institutions and within the bounds of appropriate financial and cash flow management, to declare a dividend of N\$2,1 million to Government as shareholder for the period under review. This was achieved despite the postponement of the planned and budgeted tariff increase date from January to April, thus resulting in an opportunity cost of some N\$1,8 million in this regard. The Board of Directors remains proud of the significant contribution that Namport has made to the national and strategic port infrastructure and equipment.

It is perhaps interesting to record at this juncture that in total, major development to the value of N\$220 million was undertaken within the approved budget and time frameworks for the various projects over the last 6 years. Total corporate taxes paid by Namport to Government since its inception amounts to N\$17,53 million. Import duties paid on port equipment amounts to a further N\$1,84 million. During this time, a dividend of N\$4,55 million was also paid to Government as shareholder.


Namport remains committed to the full development of its human capital, and to this end it is recognised that the efforts, abilities and contribution of our staff remains the key to our future success. The First Affirmative Action Report as required in terms of Section 27(1) and 28(1) of the Affirmative Action Act of 1998 was submitted within the required time frame by Namport, on 1 August 2000 to the office

of the Employment Equity Commissioner for due scrutiny and approval. This document will guide us to ensure equal opportunities in terms of employment practice, and will assist to keep Namport in the forefront in this important area.

In May 2000 we welcomed Mrs N Mbako to the Board in her capacity as Permanent Secretary, Ministry of Fisheries and Marine Resources. During the period under review, Dr P Shipoh and Mr A Z Ishitile vacated their positions on the Board and I wish to convey my thanks and appreciation for their counsel, commitment and assistance during their period of office as directors.

I wish to express my sincere appreciation to the members of the Board of Directors for their active participation and support during this challenging period for Namport, which remains vital to the success of this institution. My sincere appreciation also goes to the Management Team and all staff members of Namport, for a solid contribution and another excellent performance during the period under review. Given the economic and human challenges faced by our region, we are proud of the contribution that Namport can make to the strategic national infrastructure and the broader economy. As such, the abilities and efforts of our staff members remain central to all our endeavors in this regard.

I would finally like to take this opportunity to thank all our stakeholders for their support during the period under review. Namport acts as a logistics facilitator and catalyst for all our business partners, in whose success or failure we will ultimately share. In pursuit of the spirit of regional economic growth, Namport therefore remains committed to provide world-class services at competitive rates, to ensure our contribution to the economic well-being of our country Namibia, our region and all its peoples.

  
D H Conradie  
chairman of the board



management



*Mr Wessel J A Wessels  
Chief Executive Officer*

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

*Mr J L van der Merwe  
General Manager:  
Finance*

*Mr J Mouton  
Manager: Marketing  
& Strategic Business  
Development*

*Mr A J Raw  
Port Engineer*

*Mr A Kathindi  
Manager:  
Syncrolift*

*Mrs R Reilly  
Manager:  
Human Resources*

*Mr E Loftie-Eaton  
Manager:  
Technical Services*

*Mr A Green  
Manager:  
Financial*



*Mr U Hengari  
Port Operations Manager:  
Walvis Bay*

*Mr L du Toit  
Port Operations Manager:  
Lüderitz*



*Mr A E Hannabus  
Manager: Cargo Services*

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

PHOTOGRAPHY

## report of the chief executive officer

*It is my distinct pleasure to be able to report at this juncture on what has been an exceptional year for Namport. It is only fitting that in this millennium year, projects have been completed that will stand Namport and indeed Namibia in good stead for many years to come and will allow Namibia to take her rightful place as a major economic player for the SADC region on the west coast of Africa. From a port logistics perspective, all required physical infrastructure is now in place to promote business growth through the Walvis Bay Corridor. International trading partners and investors now have access on the western seaboard of the SADC region to truly world class port facilities, operated by a commercially minded organization that places strong emphasis on customer service, flexibility and efficiency.*

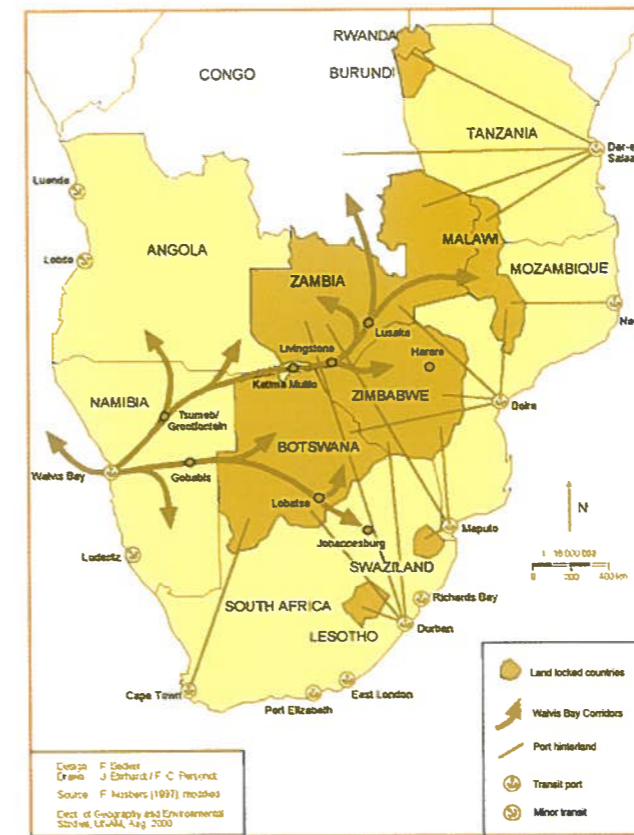
### business development

Port expansion projects were undertaken with the specific purpose of creating new regional business opportunities through our ports. In tandem with this, business development and the strategic marketing drive remained a high priority, with business development into the SADC region forming an inherent part of the backbone business strategy of Namport and the Walvis Bay Corridor Group. The extensive media campaign specifically focusing on our African target markets, inclusive of television advertising, has been well received by our market and is ongoing at this time. To this end, Namport plays an important role on a national level to increase investor and business awareness of Namibia as a business centre for SADC. At many high level regional conferences, the importance of regional economic integration has been stressed, and it is in this sphere that Namibia and Namport play a vital role for the region.

In terms of business development at the Port of Walvis Bay,

a total volume of 2 022 125 tonnes of cargo was handled by Namport for the 11 month period under review, representing an increase of 23,5% over the previous period (on an annualised 12 month basis). The specific areas of major cargo growth were petroleum and sulphuric acid imports. Container volumes decreased from 26 799 TEUs to 22 415 TEUs for the 11 month period (24 452 TEUs on an annualised comparative basis, showing a decline of 8,8%). Total containerised cargo tonnage however increased from 284 850 tonnes to 314 886 tonnes for the period under review (343 512 tonnes on an annualised comparative basis, representing an increase of 20,6%). This can mainly be ascribed to the handling of fewer empty containers, which is a positive development. Number of vessel visits to the Port of Walvis Bay for the 11 month period equaled 930 (1 014 annualised), compared to 966 visits for the previous period. The resolution of the liquidation issue of TCL and the birth of Ongopolo as their successors in this business has now come to fruition, and we look forward to significant exports of copper through the Port of Walvis Bay. The export of Zambian copper remains a priority business objective, which will be aggressively pursued.

In the Port of Lüderitz, cargo volumes remained fairly static, with a total cargo tonnage of 176 423 tonnes for the 11 month period under review (192 461 tonnes on an annualised basis) as compared to 204 238 for the previous period. This represents a decline of 6%. Container volumes were 2 097 TEUs, (2 288 on an annualised basis) compared to 2 348 TEUs for the previous period. This represents a decline of 2,6%. Vessel visits to the port were 2 200 for the period (2 400 annualised), showing an increase of 50% over the previous year. The future business development for this port augurs well, with the now confirmed Skorpion zinc mining



project expected to make a major economic contribution. Future developments anticipated include the development in time of the Kudu gas field, the Haib copper project and the potential of imports and exports for the northern Cape region of South Africa. Strong potential remains for private sector participation in port development, most notably in the provision of cold storage and ice plant facilities.

### port development projects

The past financial period represents a period of remarkable achievement indeed in the ports development sphere for Namport. We have seen in all material respects the completion of construction and implementation of the development recommendations of the Port Master Plan (commissioned some 5 years ago shortly after the inception of Namport), all projects of which have been completed within the time frame foreseen in the Master Plan at the time.

The construction of the new 500m quay at the Port of Lüderitz was successfully completed and marks a singular event in the history of this port. This project was handed over to Namport in February 2000 by the international contractors and subsequently inaugurated by His Excellency Dr. Nujoma, the State President of the Republic of Namibia. The new quay (representing an investment of some N\$62 million) was completed within the project time frame and approved budget parameters. This was achieved despite some initial problems and weather damage to the sheet pile wall during the construction period. All construction was undertaken subject to strict environmental management criteria. This port development now opens up a gateway for new business opportunities to the south of Namibia. In particular, it will facilitate mining imports and exports such as those envisaged with the Skorpion zinc mining project now approved by the developers, and with the potential for other future mining developments such as the Haib copper project. It also becomes possible for the Port of Lüderitz to provide port facilities for the northern Cape region of South Africa, again strengthening the concept of the ports of Namibia acting as gateways not only for Namibia, but indeed for the region. Given workable economic factors, the import of petroleum products with the concomitant benefits for the south of Namibia now also becomes possible through the Port of Lüderitz.

The completion and inauguration of the container terminal in the Port of Walvis Bay marked a milestone in our cargo handling capabilities at the time. It has been widely recognised that the Port of Walvis Bay would need to be deepened to a depth of 12,8 metres below chart datum, in order to fulfill the aspirations of Namport to become a SADC hub port on the west coast of the African continent. It thus gives me great pleasure to announce that this major step has now been achieved by Namport, with the deepening of Berths 1, 2 and 3, the approach channel and the turning basin in the Port of Walvis Bay completed in June 2000, and subsequently inaugurated by His Excellency Dr. Nujoma, the State President of the Republic of Namibia. This project represents a milestone for Namport and entailed an expenditure of some N\$50 million, and was made possible through good planning, effective environmental scanning by Namport to determine cost effective dredging capacity, and furthermore coupled to strong project management and innovative financing. This achievement is made more remarkable by the fact that Namport has been unsuccessfully trying over the last 3 years to source effective funding for this project, reliably estimated at the time to cost N\$100 million. Namport was able to seize the opportunity offered and to undertake this project successfully, which will stand Namibia and indeed the SADC region in good stead for many years to come. This deepening of the port represents the final building block in the required investment for the Walvis Bay Corridor,

destined to serve as the logistics surface backbone

infrastructure for Namibia and her landlocked SADC neighbours. As part of the deepening project, necessary maintenance dredging work was also undertaken in the fishing channel and fishing harbour facilities adjacent to the commercial port in Walvis Bay, to ensure the proper upkeep of required infrastructure for the fishing industry as a vital sector of the economy.

Looking beyond the new port projects, ongoing upgrading and maintenance of current port infrastructure will remain a high priority issue. The basic port infrastructure in both ports is quite old and thus will require significant ongoing expenditure to maintain required operational and safety standards.

#### information technology

Following on ever increasing problems experienced with older and inadequately supported information systems software within Namport, it was decided to embark on the purchase and installation of SAP/R3 enterprise software during the period reported on. This represents an investment of approximately N\$3 million in this leading edge technology, which will stand Namport in good stead in the dynamic and complex international business environment within which it operates. Information systems and technology forms an important part of the backbone of any modern organisation, and I am happy to report that this development, together with the CTIS container management system previously reported on, now positions Namport at the forefront of applicable technology in this field. This will result on the one hand in more effective information management and data security and control within Namport, and leading on the other hand to improved customer service, response and flexibility of the organisation. Together with this project is undertaken the

required and ongoing upgrading of relevant hardware systems, to ensure compatibility and the provision of required systems resources to the software.


#### finance

Financial results as reported on in the relevant section are self evident, and show an extremely good performance by Namport in this year of major challenges and high capital expenditure. Cash flow has been managed very well, resulting in minimising of short term financing charges in this regard. Investment interest income from effective local and offshore investment of funds carefully matched to the expenditure timing has made a strong contribution to the bottom line. It should be noted that such investment income will not contribute as significantly to future earnings, given that funds are now invested in the various physical infrastructure projects as outlined.

#### human capital

The development of our human capital within Namport remains a key issue in future strategic planning and for future business success. The ongoing focus remains on appropriate and relevant staff training, and to this end the Training Department (as part of the Human Resources Division) continues to play a major role. During the period reported on, an Anomalies Committee was established together with representation by the trade union NATAU, to review remuneration and job levels within Namport and to ensure the equitable and market related level of remuneration. The report of this committee was accepted by the Board of Directors and resulted in a remuneration rectification adjustment of approximately N\$1 million. Affirmative action development remains an ongoing objective, and Namport has submitted a comprehensive report

as the First Affirmative Action Report as required in terms of Sections 27(1) and 28(1) of the Affirmative Action Act of 1998, to the office of the Employment Equity Commissioner, within the time frame as required by the Act. Furthermore as regards staff development, we can proudly announce that inter alia Namport now employs five Namibian trainee pilots. As reported before, this development of highly specialised marine skills will stand not only Namport but indeed Namibia in good stead in terms of contribution to the overall marine skills base and the establishment of a maritime culture in Namibia. In closing, I wish to convey my appreciation to the Chairman and Board of Directors of Namport for their support, interest and contribution during this time of intense development for Namport. I furthermore wish to thank all staff members for their hard work and dedication. Our development phase has placed high demands on our staff over and above the normal ongoing workload, but which, I am happy to report, was very successfully handled by all involved. The emphasis in Namport remains that of teamwork, to ensure that our staff members and our business alike benefit from our efforts in our complex operating and financial environment. We wish to express appreciation for the ongoing support of all our stakeholders, to allow us to successfully address the challenges of the future. We look forward to their continued support in our ongoing quest to position the ports of Namibia as gateways to the SADC region and as important economic engines for Namibia.

  
W J A Wessels  
chief executive officer



## affirmative action policy statement

It is our policy at the Namibian Ports Authority to provide all employees and applicants equal employment opportunities. Namport will not discriminate against any person due to race, colour, religion, sex, age, national origin or disability. All employment actions inclusive of hiring, salary compensation and benefits, promotion, training and termination will be taken in a non-discriminatory fashion.

It is the intent of Namport to promote equal employment through a positive and continuing programme, while maintaining our standards of quality and excellence. Every effort will be made to ensure the equitable treatment of employees and applicants. Progress in our programmes will be determined through the achievement of goals and our efforts will be monitored continuously to maximise our success in achieving such goals. Consistent with our commitment towards the realisation of equal employment, affirmative action will be taken to increase the participation of designated groups in areas where they have been historically excluded. Policies and practices will be reviewed periodically to ensure they support our efforts under this policy. Supervisors will be evaluated and held accountable for their equal opportunity and affirmative action efforts and practices. Employees will be responsible for maintaining a work environment which is free of prejudicial tensions and harassment. We will provide a work environment free of sexual harassment and will pursue any complaint in the strictest confidentiality. Every effort will be made to the employee bringing complaints from reprisals and/or retaliation and to protect the rights of the alleged harasser. Namport will provide persons with disabilities the opportunity to use, enjoy or benefit from programmes or activities and employment at all levels within Namport and will make reasonable accommodation to known disabilities of an otherwise qualified applicant. Namport is committed to increasing the level of participation in its procurement process by businesses where the majority shareholding is held by persons in designated groups. All barriers to participation will be removed and a climate created whereby such businesses are encouraged to compete for Namport's business. Furthermore in all Namport's contracts, it is provided that contractors shall direct special efforts toward recruitment of persons from designated groups as well as make an effort to work with such persons to ensure they have the option to submit tenders on all phases of the work. In addition, as part of the tendering process, a contractor is required to furnish details of its shareholding and directorships in order for Namport to assess the level of participation of designated groups in the tenderer.

The overall responsibility for Namport's equal employment opportunity and affirmative action efforts rest with the Board of Directors and the operational implementation is vested in the Chief Executive Officer. The Affirmative Action Official reports directly to the Chief Executive Officer for this purpose and is responsible for the daily administration of our equal opportunity and affirmative action programmes. The Affirmative Action Official through the Affirmative Action Committee will audit, report and evaluate all activities which pertain to our equal opportunity and affirmative action objectives. In addition, the Affirmative Action Official is authorised to coordinate the investigation and resolution of all issues which are of an equal opportunity nature. All personnel actions require concurrence by the Affirmative Action Official. Failing concurrence, the matter is left to the Chief Executive Officer to resolve. Employees who need assistance in the clarification or resolution of affirmative action matters are encouraged to consult with this Official.

Every employee must give his or her full cooperation and assistance to ensure this policy is carried out.

## affirmative action and equal opportunity

The overall responsibility for Namport's equal opportunity and affirmative action efforts rest with the board of directors and the operational implementation is vested in the Chief Executive Officer. An Affirmative Action Consultative Committee, representative of the various persons from designated and non-designated groups, the Union, technical specialists and the Human Resources Department, meets on a regular basis and is responsible for the preparation, implementation and revision of the Affirmative Action Plan. The Committee furthermore monitors the affirmative action process as well as ensures that matters relating to affirmative action are communicated to all employees. The Policy and Remuneration Official has been designated as the Affirmative Action Official.

Namport has been successfully implementing its Affirmative Action Policy since the policy's inception in 1997. Of the 42 promotions during the period July 1997 to June 2000, previously disadvantaged males received 80% of the total promotions whilst women received 9.5% thereof. Namport will continue to monitor promotion activities and will ensure that persons from designated groups are given an opportunity to be upgraded in proportion to their representation.

Between August 1998 and July 2000 our female representation in the workforce increased slightly from 31 to 32 while our previously disadvantaged males' representation increased from 286 to 323, a percentage of 12%. Representation of persons with disabilities increased by one person. The number of previously disadvantaged persons at Senior Management level has increased from three persons in 1998 to six persons as at 30 June 2000. Namport has, in its Affirmative Action Plan, set percentage

goals per job category for representation by persons from designated groups with a view to attaining such goals by 31 July 2003.

Furthermore, as part of its affirmative action strategy, Namport ensures full involvement of Namibian and emerging companies to ensure the equitable distribution of its business to the benefit of previously disadvantaged groups.

### staff benefits

During the past year a Voluntary Early Retirement Scheme, which encompasses early retirement at 55 years of age, was introduced for those persons wishing to retire earlier than the current voluntary early retirement age of 60 years. This scheme will furthermore afford opportunities for qualified previously disadvantaged persons as well as employment for young persons entering the job market.

We operate a no cost connecting bus service between the workplace and residential areas thus providing employees with easier access to their workplace.

It is pleasing to note that a further 40 staff members have purchased homes during the past year from National Housing Enterprise.



affirmative



## affirmative action and equal opportunity cont.

### training

Namport employees participate in a variety of training programmes available through Universities and Colleges in Namibia and South Africa and any other educational sources. These programmes provide opportunities for employees to increase their skills and knowledge for individual growth and provide possible stepping stones for career development. We periodically identify positions at the trainee level which allows employees an opportunity to receive on the job skills training. This training is individualised and conducted by a supervisor in the work setting.

**Table : Employees trained during the past 11 months**

Job Category	Male	Female
Senior Management	3	1
Middle Management	6	
Specialised/ skilled/ senior supervisory	16	9
Skilled	34	
Semi-skilled	14	
Unskilled	8	
<b>Total</b>	<b>81</b>	<b>10</b>

The following specialised training programmes are in place currently to train Namibians in scarce marine skills :

### marine cadet training

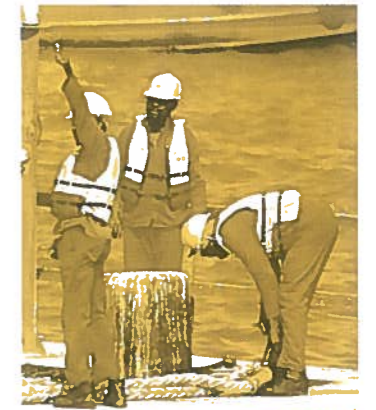
This cadet programme is a means to developing and planning future human resources needs for the marine department. The training encompasses sea time, on the job and theoretical training. Currently four cadets are participating in this programme.

### pilot training

Five previously disadvantaged males are being trained as marine pilots who, if they successfully complete their training, can aspire to the position of marine pilot or, with suitable training and experience, a Port Captain position.

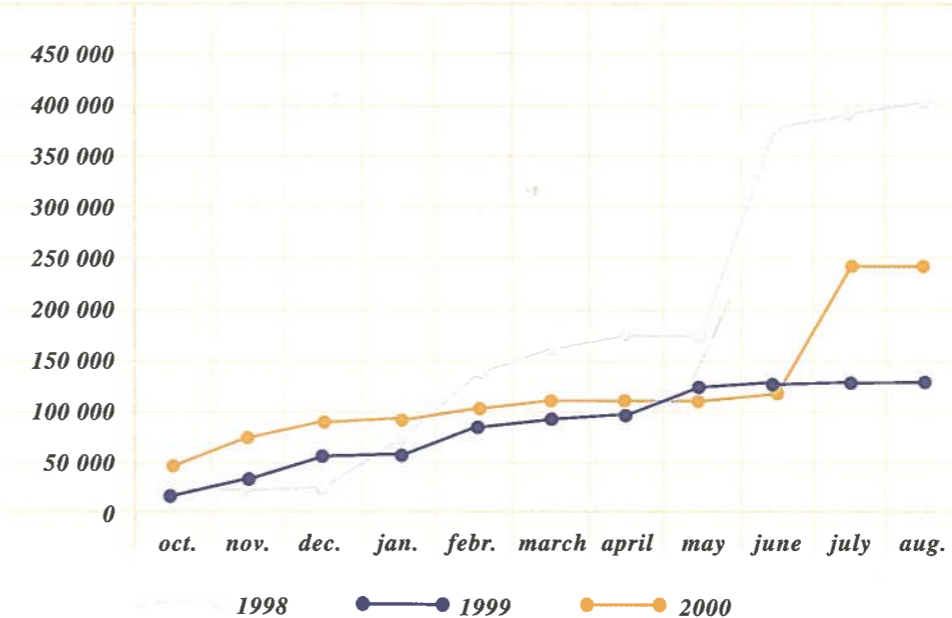
## risk management

Our Risk Manager constantly monitors compliance with Health and Safety legislation as well as in-house agreements with the Union in this regard to ensure an employee is provided with a safe and healthy working environment. Comprehensive information sessions are held on a regular basis by peer educators to create awareness among personnel regarding HIV / AIDS.

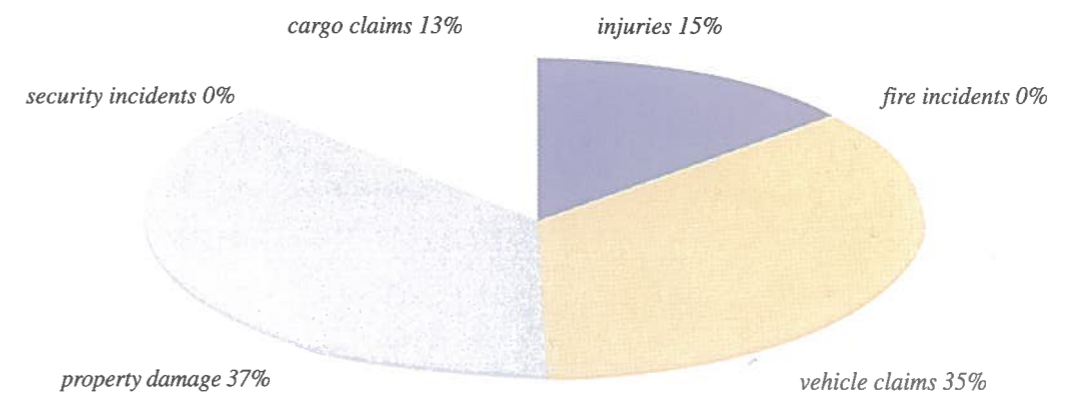


**risk management statistics comparative table 1998 - 2000**

N\$ unplanned losses in dollars: financial year 1998/1999/2000



### analysis of unplanned losses



## syncrolift

With Namport's long term financial commitments arising from its substantial investment in infrastructure over the past few years, it will not be in a financial position to fund the much needed development and upgrading of the Syncrolift. It has thus invited proposals from private entities for the development of this facility. Proposals have been received and are currently lodged with the Board appointed Syncrolift Evaluation Committee for consideration and recommendation to the Board of Directors of Namport.

## marketing

We are proud to have attained the number one position in the Africa Competitiveness Report 2000 as the leading port authority in the region as regards port costs and port quality. This achievement emphasises our commitment to quality and customer service.

Namport hosted the 25th Ports Association of Eastern and Southern Africa (PMAESA) Conference in October 1999. This conference was attended by delegates from Namibia, Kenya, Zambia, Mauritius, Reunion Island (France), Mozambique, Tanzania, Sudan, United Kingdom and Ethiopia and included a tour of port facilities at the Port of Walvis Bay. The object of this association is for port members to meet on an annual basis, share ideas and strengthen relationships to foster future development for the benefit of all member countries.

This event was inaugurated by the Honourable Deputy Minister of Works, Transport and Communication and helped to showcase the abilities of Namport as a leading port authority in its region.

Namport regularly participates in trade fairs thereby marketing its services and ensuring awareness and growth for the future success of its ports. We participated at the following events :

- Windhoek Agricultural and Industrial Show
- SAITEX 99 (South African International Trade and Exhibition Trade Show)
- the Maritime Africa Conference & Exhibition in Durban in April 2000
- the Regional Trade Fair held in Botswana in May 2000. This created awareness among business persons in Botswana which is a market for the Port of Walvis Bay to capture
- Africa 2000 Business Development Forum in Germany.

## social responsibility

Namport regularly sponsors various community events and generously supports worthy causes.

A NAMPOL satellite police station was funded and established by Namport at the Port of Walvis Bay to handle law enforcement in and around that port. The purpose of this station is primarily to combat smuggling and illegal immigration, assist in sea rescue operations and carry out law enforcement operations on vessels at sea. Namport has leased a portion of its port land at the Port of Lüderitz to the Lüderitz Waterfront Development on a long term lease at a nominal rental as a token of Namport's support of this project which will be of economic benefit to the town of Lüderitz. We are currently sponsoring the training of five apprentices at NIMT in the fields of fitting and turning, motor mechanic, electrical, radio/instrumentation and boiler making. The training programme is a four year commitment and comprises both on the job training and supplemental course work.

During the past year Namport has introduced a Bursary Scheme for tertiary study in the scarce specialised skills of engineering, finance and human resources. Namibian students who have completed one successful year of study in the aforementioned fields may apply for this bursary.



## investment in infrastructure, equipment & technology



During the past year Namport has undertaken several upgrading and new infrastructure projects at its ports as well as purchased complementary equipment. The total investment by us in upgrading and provision of new infrastructure in the past six years has amounted to approximately N\$220 million.

Projects undertaken during the past year include the following :

- deepening of the Port of Walvis Bay
- completion of the new quay at the Port of Lüderitz
- maintenance repairs to the Port of Walvis Bay harbour road
- purchase of a 42 tonne forklift for Lüderitz (delivery scheduled for January 2001)
- purchase of a truck tractor and semi-trailer
- purchase of a 4 tonne forklift for the Port of Lüderitz
- upgrading of electrical reticulation system (Phase 1) at the Port of Walvis Bay (scheduled for completion in June 2001)
- upgrading of port control building at the Port of Lüderitz
- installation of thyromat drive systems in certain wharf and gantry cranes
- purchase of a one 65 seater and three 23 seater busses for the bus transport service
- purchase of SAP/R3 enterprise software (scheduled for implementation on 6 November 2000)

Construction of new grain silos and conveyor belt facilities for direct loading as well as the offloading of grain products from vessels is planned for the Port of Walvis Bay.

## legislation

The Namibian Ports Authority Amendment Act, 2000 (Act No 12 of 2000) was promulgated on 5 July 2000 which, when it comes into operation, will provide inter alia for a draft performance agreement between Namport and its shareholder, the Government of Namibia. This will include measures regarding financial performance, operational and service level performance as well as management of human resources.



## infrastructure, equipment & tech

## walvis bay corridor

The Trans-Kalahari Highway links central and southern Botswana as well as Gauteng industrial region of South Africa with Walvis Bay which route comprises the Walvis Bay Corridor.

This Walvis Bay Corridor Group is mandated with facilitating a complete and functional logistics chain along the Corridor routes, the marketing of the Corridor opportunity in the region and beyond and serving as a central entry structure for potential customers.

The Group, which is a public/private partnership working closely in conjunction with the Namibia Investment Centre, National Planning Commission and relevant ministries, has been set up as a joint operation of the major transport stakeholders. The Group is supported by the Government's spatial development initiative in Namibia, namely the WWBDC-SDI, which will identify, formulate and present viable projects along the Namibian portion of the Trans-Kalahari Highway.

The long term aim of the Walvis Bay Corridor Group is to increase import and export potential, promote export production, affordable imports and ultimately an increased global competitiveness of the SADC region. A "Port Plus" concept has been developed which makes provision for integration of Corridor elements and operations into a complete logistics chain.

The strategy of the Group encompasses inter alia the following key success factors:

- redressing of logistical obstacles along the Trans-Kalahari Highway. These will be addressed at Trans-Kalahari Planning Committee meeting level
- Special Namport and other logistics provider fee structures for corridor business
- Development of a free port zone at the Port of Walvis Bay
- Introduction of road/rail intermodal concept to the



authorities involved in the management of the Trans-Kalahari Highway

- Development and introduction of a single corridor transit document.

## protection of the environment



Namport has embarked on comprehensive environmental management processes in that it has :

- Contracted with the Ministry of Environment and Tourism in its major port developments
- Employed expert environmental impact assessment planning and monitoring consultants
- Provided the forum for on site project environmental monitoring and rehabilitation process under structured committees. This covers the field of social implications, roadway, archaeology, flora and fauna, aquaculture / mariculture and the dumping of dredged material
- Contracted with local experts for long term general coastal monitoring
- Initiated a baseline audit for ISO9000 and ISO 14000 status for its ports.

During the construction of the new quay at the Port of Lüderitz, Namport's first Environmental Impact Assessment and contracted Environmental Management Plan was agreed with the Ministry of Environment and Tourism. A comprehensive environmental assessment was undertaken for the deepening of the Port of Walvis Bay project. Two consultants were used with a ruling environmental management and monitoring plan which process was subject to the approval of the Ministry of Environment and Tourism. In addition, public information sessions took place. All the dredged material (mainly mud and sand) was dumped at a deep sea spill site north of Pelican Point, which is six nautical miles from the channel mid point.

## our vision for the future

It is our vision that the Port of Walvis Bay will be a fully fledged deepwater regional hub port for the SADC region and the preferred gateway for SADC to Europe and the Americas. The potential trade and traffic to be captured by Walvis Bay port comprises cargo originating in and/or destined for Namibia, Namibia's landlocked neighbours Botswana, Zimbabwe, and Zambia as well as the Northern and North West Provinces of South Africa. This port will furthermore potentially only serve the cargo transported to and from the major trade markets in northern Europe, North America and South America. This western seaboard trade, however, contributes at least 50% of the total trade of the SADC countries.

The capturing of trade and traffic depends on many market related factors. The total throughput time of cargo (sea time plus port time plus land time) is of the utmost importance

which gives Walvis Bay a five day (10 day both directions) edge over Durban for cargo to and from the major markets to the west of the African Continent. The time and cost savings at sea and through the ports are further supported by shorter road travel distances for traffic to and from Namibia, Angola and Zambia and are slightly offset by increased road travel distances for traffic to and from Botswana, Zimbabwe and the northern and north western Provinces of South Africa.

We see our port at Lüderitz as a gateway to the south, handling all fuel imports from southern Namibia, imports and exports for the Scorpion and Haib mining projects as well as a substantial portion of imports and exports for the north western Cape region of South Africa. The upgrading of the rail line between Aus and Lüderitz will complement this modernisation of the port.

## statistics

### Port of Walvis Bay

#### Vessel visits to the port

	95/96	96/97	17 months 97/98	12 month comparative 97/98	12 month 98/99	11 month 99/2000
Container	66	74	149	111	108	82
Reefer	89	84	101	75	60	80
Foreign fishing vessels	252	305	443	339	388	455
Namibian fishing vessels	119	136	140	104	159	122
Petroleum	27	32	52	37	29	31
General cargo vessels	124	94	145	96	105	98
Other	101	119	131	109	117	62
<b>Total</b>	<b>778</b>	<b>844</b>	<b>1 161</b>	<b>871</b>	<b>966</b>	<b>930</b>

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

	95/96	96/97	17 months	12 month	98/99	11
			97/98	comparative		97/98
<b>Landed</b>						
Petroleum	719,414	676,675	913,874	633,180	562,604	757,861
Fish Product	108,062	110,003	192,383	156,839	120,878	148,227
Coal	47,070	51,884	94,446	45,018	17,203	8,346
Sugar	50,741	55,630	69,749	48,380	51,845	48,317
Wheat	62,794	29,835	50,887	28,572	45,661	48,206
Copper/Lead & Conc.	14,855	5,260	41,902	20,386	23	0
Sulphur	-	9,004	82,658	70,590	35,250	0
Sulphuric Acid	63	65,332	18,015	6,823	52,211	156,963
Cement	18,863	19,791	21,963	16,861	45,006	71,289
Malt	11,254	15,211	20,447	15,558	15,467	18,281
Wine	10,432	10,082	12,020	8,133	5,525	2,807
Vehicles	19,129	9,463	3,375	2,216	3,094	11,255
Lubricating Oil	7,377	6,193	8,106	5,870	6,149	5,828
Other	144,835	91,311	97,072	66,120	63,030	115,436
<b>Total</b>	<b>1,214,889</b>	<b>1,155,673</b>	<b>1,626,897</b>	<b>1,124,546</b>	<b>1,023,946</b>	<b>1,332,817</b>
<b>Shipped</b>						
Salt bulk and Bagged	296,905	325,242	702,650	500,663	468,459	399,116
Fish Products	76,326	77,546	103,390	77,169	77,524	72,589
Copper/Lead & Conc.	37,844	33,731	62,360	41,311	22,318	18,858
Fluorspar	34,732	31,286	41,154	34,836	53,723	54,498
Manganese Ore	104,096	63,103	21,864	-	27,604	22,203
Marble & Granite	11,244	13,167	19,697	13,137	10,404	4,716
Skins and Hides	10,521	8,397	6,381	4,357	4,130	4,586
Flat Cartons	19,152	14,428	4,739	3,636	5,874	20,627
Charcoal	14,191	19,758	3,748	2,452	1,236	336
Fertiliser (guano)	2,412	1,760	2,124	1,574	1,729	1,340
Other	45,975	41,545	49,605	34,275	44,536	53,601
<b>Total</b>	<b>653,398</b>	<b>629,963</b>	<b>1,017,712</b>	<b>713,410</b>	<b>717,537</b>	<b>652,469</b>
<b>Transshipped</b>						
Fish products	28,829	29,028	38,135	28,501	34,656	31,648
Foodstuffs	1,021	1,650	9,985	10,601	6,722	60
Other	7,806	6,059	9,596	6,727	3,305	5,132
<b>Total</b>	<b>37,656</b>	<b>36,737</b>	<b>57,716</b>	<b>45,829</b>	<b>44,683</b>	<b>36,839</b>

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

	95/96	96/97	17 months	12 month	98/99	11
			97/98	comparative		97/98
<b>Dry Cargo</b>						
<b>Cargo landed</b>						
Bulk and Breakbulk	311,872	218,068	479,011	330,176	257,486	223,173
<b>Cargo shipped</b>						
Bulk and Breakbulk	495,108	501,003	839,808	585,417	595,965	531,020
<b>Cargo transshipped</b>						
Bulk and Breakbulk	29,232	29,233	36,314	26,212	28,501	32,281
<b>Total dry cargo</b>	<b>836,212</b>	<b>748,304</b>	<b>1,355,133</b>	<b>941,805</b>	<b>881,952</b>	<b>786,475</b>
<b>Liquid cargo</b>						
<b>Cargo landed</b>						
Petroleum	719,414	676,675	913,874	633,180	562,604	757,861
Other	63	65,332	18,015	7,606	55,810	159,254
	719,477	742,007	931,889	640,786	618,414	917,115
<b>Cargo shipped</b>						
Other	6,762	4,542	6,401	5,552	950	3,649
<b>Total liquid cargo</b>	<b>726,239</b>	<b>746,531</b>	<b>938,290</b>	<b>646,338</b>	<b>619,364</b>	<b>920,764</b>
<b>Containerised cargo</b>						
<b>Cargo landed</b>						
Containerised	183,540	195,598	215,997	153,586	148,048	192,529
<b>Cargo shipped</b>						
Containerised	151,528	124,436	171,502	122,440	120,622	117,799
<b>Cargo transshipped</b>						
Containerised	8,424	7,505	21,402	19,616	16,180	4,558
<b>Total containerised cargo</b>	<b>343,492</b>	<b>327,539</b>	<b>408,902</b>	<b>295,642</b>	<b>284,850</b>	<b>314,886</b>
<b>TOTAL CARGO HANDLED</b>	<b>1,905,943</b>	<b>1,822,374</b>	<b>2,702,325</b>	<b>1,883,785</b>	<b>1,786,166</b>	<b>2,022,125</b>
<b>Containers handled at the Port of Walvis Bay (twenty-foot equivalent units)</b>						
Landed	10,934	10,777	17,529	13,284	12,845	11,135
Shipped	10,834	9,904	17,321	12,419	11,687	10,805
Transshipped	1,341	689	3,216	2,754	2,267	475
<b>TOTAL TEUs</b>	<b>23,109</b>	<b>21,370</b>	<b>38,066</b>	<b>28,457</b>	<b>26,799</b>	<b>22,415</b>

## main commodities handled at the port of Lüderitz

	95/96	96/97	17 months 1997/98	12 month comparative 1997/98	98/99	11 months 1999/00
<b>Cargo landed</b>						
Fuel	32,518	39,805	34,066	24,395	34,360	31,663
Fish	8,850	18,312	33,472	23,225	60,680	50,966
Other	117	1,037	3,756	447	1,548	2,818
<b>Total</b>	<b>41,485</b>	<b>59,154</b>	<b>71,294</b>	<b>48,067</b>	<b>96,588</b>	<b>85,447</b>
<b>Cargo shipped</b>						
Fish & bait	6,836	10,209	31,206	25,667	41,370	21,988
Ice	7,992	14,462	27,927	18,446	49,656	50,259
Other	409	3,389	4,300	1,829	2,355	5,261
<b>Total</b>	<b>15,237</b>	<b>28,060</b>	<b>63,433</b>	<b>45,942</b>	<b>93,381</b>	<b>77,508</b>
<b>Cargo transshipped</b>						
Fish	32,407	15,858	22,850	13,858	14,152	12,956
Other	5,836	-	17	-	117	512
<b>Total</b>	<b>38,243</b>	<b>15,858</b>	<b>22,867</b>	<b>13,858</b>	<b>14,269</b>	<b>13,468</b>
<b>TOTAL</b>	<b>94,965</b>	<b>103,072</b>	<b>157,594</b>	<b>107,867</b>	<b>204,238</b>	<b>176,423</b>

## number of vessel visits to the port of Lüderitz

	95/96	96/97	17 months 1997/98	12 month comparative 1997/98	98/99	11 months 1999/00
<b>Total</b>	<b>1,127</b>	<b>1,253</b>	<b>1,603</b>	<b>1,174</b>	<b>1,604</b>	<b>2,200</b>

17 month period is because of extended financial year.

\* Statistics for 1995/96 and 1996/97 is calculated for the period May to April, so as to conform to the financial year end of Namibian Ports Authority

## cargo handled at the port of Walvis Bay and Lüderitz

	95/96	96/97	17 months 1997/98	12 month comparative 1997/98	98/99	11 months 1999/00
<b>Cargo landed</b>						
Bulk and Breakbulk	320,702	302,750	534,254	361,325	375,443	435,133
Containerised	183,740	195,598	215,997	153,715	148,130	193,604
<b>Total</b>	<b>504,442</b>	<b>498,348</b>	<b>750,251</b>	<b>515,040</b>	<b>523,573</b>	<b>628,737</b>
<b>Cargo shipped</b>						
Bulk and Breakbulk	517,107	533,587	909,642	631,586	671,586	598,731
Containerised	151,528	124,436	171,502	127,974	139,332	131,245
<b>Total</b>	<b>668,635</b>	<b>658,023</b>	<b>1,081,144</b>	<b>759,560</b>	<b>810,918</b>	<b>729,976</b>
<b>Cargo transshipped</b>						
Bulk and Breakbulk	67,475	45,090	59,181	39,815	41,839	45,749
Containerised	8,424	7,505	21,402	19,871	17,111	4,558
<b>Total</b>	<b>75,899</b>	<b>52,595</b>	<b>80,584</b>	<b>59,686</b>	<b>58,950</b>	<b>50,307</b>
Total dry cargo	1,248,976	1,208,066	1,911,979	1,334,077	1,393,441	1,409,020
Petroleum landed	751,932	716,480	947,940	657,575	596,963	789,528
<b>TOTAL</b>	<b>2,000,908</b>	<b>1,925,446</b>	<b>2,859,919</b>	<b>1,991,652</b>	<b>1,990,404</b>	<b>2,198,548</b>

## containers handled

Containers handled at the Port of Walvis Bay and Lüderitz (twenty-foot equivalent units)						
	95/96	96/97	17 months 1997/98	12 month comparative 1997/98	98/99	11 months 1999/00
Landed	10,934	10,875	17,771	13,592	13,958	12,251
Shipped	10,834	10,023	17,527	12,736	12,922	11,786
Transshipped	1,341	689	3,216	2,754	2,267	475
<b>TOTAL TEUs</b>	<b>23,109</b>	<b>21,587</b>	<b>38,514</b>	<b>29,082</b>	<b>29,147</b>	<b>24,512</b>

## key financial indicators

	11 months 2000/1999	12 months 1998/1999	17 months 1997/1998	12 months 1996/1997
Turnover (N\$000)	99,567	97,930	133,268	73,946
Operating profit (N\$000)	16,701	14,362	48,971	23,114
Profit before taxation (N\$000)	11,937	11,199	46,854	21,618
Return on assets	2%	2%	6%	13%
Return on equity	4%	4%	9%	26%
Operating profit margin	17%	15%	26%	31%
Total assets (N\$000)	628,771	579,703	556,963	174,073
Shareholder's interest (N\$000)	313,934	305,027	385,018	90,531
Borrowings (N\$000)	142,603	143,004	120,853	50,088
Debt: Equity ratio	0.45	0.46	0.31	0.55
Liquidity ratio	1.61	1.75	2.07	1.41
Number of employees	413	407	406	388
Turnover per employee (N\$000)	241	241	232	191
Assets per employee (N\$000)	1,522	1,424	1,372	449

## value added statement for the period ended 31 August 2000

	11 months 2000 N\$000	%	12 months 1999 N\$000	%
<b>Value added:</b>				
Turnover	99,567		97,930	
Other income	14,804		20,395	
Paid to suppliers of materials and services	(22,553)		(20,425)	
	<u>91,818</u>	100	<u>97,900</u>	100
<b>Value distributed:</b>				
Employees				
Salaries, wages and related benefits	41,096	45	37,215	38
Providers of capital				
Interest on borrowings and dividend	20,229	22	24,569	25
Government				
Direct taxes on profits	4,916	5	4,946	5
	<u>66,241</u>	72	<u>66,730</u>	68
<b>Retained for reinvestment:</b>				
Depreciation	14,615	16	15,277	16
Retained profit	10,962	12	15,893	16
	<u>25,577</u>	28	<u>31,170</u>	32
	<u>91,818</u>	100	<u>97,900</u>	100



## annual financial statements for the period ended 31 august 2000

Corporate governance statement	29	
	31	Statement of responsibility by the board of directors
Report of the auditor general	32	
	33	Report of the independent auditors
Report of the directors	34	
	35	Balance sheet
Income statement	36	
	37	Statement of changes in equity
Cash flow statement	38	
	39	Notes to the financial statements

## corporate governance statement

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

### board of directors

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

### non-executive directors

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

### executive directors

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

### secretary and professional advice

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

### audit committee

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

- ↓ ensuring compliance with applicable legislation and requirements of regulatory authorities;
- ↓ matters relating to financial and internal control, accounting policies, reporting and disclosure;



## corporate governance statement - cont.

- ↓ internal and external audit policy;
- ↓ activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- ↓ review/approval of external audit plans, findings, problems and reports;
- ↓ compliance with the Code of Corporate Practices and Conduct; and
- ↓ compliance with the Authority's Code of Ethics.

### internal control system

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

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

The Authority assessed its internal control system as at 31 August 2000 in relation to effective internal control over financial reporting. Based on its assessment, the Authority believes that, as at 31 August 2000, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, was adequate.

### worker participation

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

### code of ethics

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

## 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 34 to 51 have been prepared in accordance with Namibian generally accepted accounting practice and include amounts based on judgements and estimates made by the management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

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

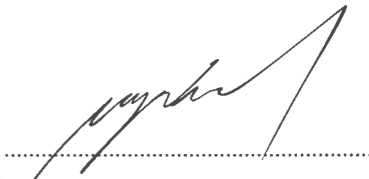
The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the board. The directors believe that all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

The audit report of PricewaterhouseCopers is presented on page 33.

The financial statements were approved by the Board of Directors on 20 November 2000 and are signed on its behalf.



Chairman



Director

## report of the auditor-general

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

*I report that the abovementioned audit of the annual financial statements for the period ended 31 August 2000 has been carried out to my satisfaction.*



*Dr Fanuel Tjingaete*

*Auditor General*

*Windhoek*

*20 November 2000*

## report of the independent auditors to the member of the namibian ports authority

*We have audited the annual financial statements set out on pages 34 to 51 for the period ended 31 August 2000. 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 2000 and the result of its operations, changes in equity and cash flow information for the period then ended in accordance with Namibian generally accepted accounting practice and in the manner required by the Namibian Ports Authority Act, 1994 (Act No 2 of 1994).*

PRICEWATERHOUSECOOPERS 



*Date: 20 November 2000*

## directors' report for the period ended 31 August 2000

The directors present their annual report which forms part of the audited financial statements of the Authority for the period ended 31 August 2000.

### 1. nature of business

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

### 2. financial results

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

The Board of Directors declared a dividend of N\$2 100 000 (1999: N\$2 450 000).

### 3. ownership of land

Land originally acquired at the time of the establishment of the Authority has not yet been finally registered to the title of the Authority. The Namibian Ports Authority Amendment Act, 2000 (Act No 12, 2000) has been promulgated but the Minister's directive on the effective date of the Act is awaited before transfer of the properties from Transnet Ltd to the Authority will be effected.

### 4. auditors

The auditors, PricewaterhouseCoopers, were appointed for the current financial period in accordance with guidelines agreed with the Auditor-General. Auditors for the ensuing financial year will be appointed following a tender process.

### 5. directors

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

Mr D H Conradie

Mr J C Rogers

Mr H T J Dennewill

Ms S T Harris

Dr P Shipoh, whose three year period in office as director expired on 29 February 2000, was not reappointed as a director.

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

Mr U Maamberua

Mr S T Hiveluah

Mrs N Mbako

Mr A Z Ishitile vacated the position Permanent Secretary of the Ministry of Fisheries and Marine Resources on 30 April 2000 and was succeeded by Mrs N Mbako in that position on 1 May 2000.

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

## balance sheet at 31 August 2000

	Notes	2000 N\$000	1999 N\$000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	496,512	436,923
Investment in associate	9	-	430
Investments	10	34,632	101,553
		<u>532,144</u>	<u>538,906</u>
<b>Current assets</b>			
Inventories	11	192	112
Accounts receivable and prepayments	12	13,403	11,001
Cash and cash equivalents		84,032	29,684
		<u>97,627</u>	<u>40,797</u>
<b>Total assets</b>		<u><u>628,771</u></u>	<u><u>579,703</u></u>
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Capital account	2	50,344	50,344
Revaluation and other reserves	3	166,191	173,594
Retained earnings		97,399	81,089
		<u>313,934</u>	<u>305,027</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	4	142,603	143,004
Deferred tax liabilities	5	110,714	108,342
		<u>253,317</u>	<u>251,346</u>
<b>Current liabilities</b>			
Trade and other payables	6	18,264	16,406
Current portion of long-term liabilities	4	37,609	1,740
Provisions	7	3,547	3,742
Current tax liabilities		-	1,442
Dividend payable		2,100	-
		<u>61,520</u>	<u>23,330</u>
<b>Total liabilities</b>		<u><u>314,837</u></u>	<u><u>274,676</u></u>
<b>Total equity and liabilities</b>		<u><u>628,771</u></u>	<u><u>579,703</u></u>

**income statement** for the period ended 31 august 2000

		<b>11 months</b>	
		<b>2000</b>	
		<b>N\$000</b>	
Revenue	16	99,567	97,930
Other operating income		1,439	372
Direct costs		(34,140)	(34,579)
Indirect costs		(4,662)	(6,938)
Administrative expenses		(45,503)	(42,175)
Investment written off		-	(248)
Operating profit	17	16,701	14,362
Net finance cost	18	(4,764)	(10,959)
Share of results of associate		-	(1,067)
Exceptional items	19	-	8,863
Profit before tax		11,937	11,199
Taxation	20	(4,916)	(4,946)
Profit from ordinary activities		7,021	6,253

**statement of changes in equity** for the period ended 31 August 2000

	<b>Capital</b>	<b>Revaluation and other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>N\$000</b>	<b>N\$000</b>	<b>N\$000</b>	<b>N\$000</b>
<b>Balance at 1 October 1998</b>				
- as previously reported	50,344	271,892	62,782	385,018
- effect of adopting AC102 revised	-	(90,735)	55	(90,680)
- as restated	50,344	181,157	62,837	294,338
Revaluation of certain property, plant and equipment	-	2,895	-	2,895
Disposal of property, plant and equipment	-	(82)	-	(82)
Depreciation transfer	-	(10,376)	14,449	4,073
	50,344	173,594	77,286	301,224
Dividend declared - 2000	-	-	(2,450)	(2,450)
Net profit - restated for the effect of adopting AC102 revised	-	-	6,253	6,253
<b>Balance at 30 September 1999</b>	50,344	173,594	81,089	305,027
<b>Balance at 1 October 1999</b>				
- as previously reported	50,344	260,256	77,842	388,442
- effect of adopting AC102 revised	-	(86,662)	-	(86,662)
- deferred tax overprovided	-	-	3,247	3,247
- as restated	50,344	173,594	81,089	305,027
Depreciation transfer	-	(7,403)	11,389	3,986
	50,344	166,191	92,478	309,013
Dividend declared - 2000	-	-	(2,100)	(2,100)
net profit - restated for the effect of adopting AC102 revised	-	-	7,021	7,021
<b>Balance at 31 August 2000</b>	50,344	166,191	97,399	313,934

## cash flow statement for the period ended 31 august 2000

	<i>11 months</i>	<i>12 months</i>
	<i>2000</i>	<i>1999</i>
<i>Notes</i>	<i>N\$000</i>	<i>N\$000</i>
<b><i>Cash flow from operating activities</i></b>		
<i>Cash receipts from customers</i>	100,974	97,695
<i>Cash paid to suppliers and employees</i>	(68,703)	(61,857)
<i>Net cash inflow from operating activities</i>	32,271	35,838
21		
<i>Purchase of property, plant and equipment to maintain operations</i>	(23,014)	-
<i>Cash generated from operations</i>	9,257	35,838
<i>Interest received</i>	13,365	11,160
<i>Interest paid</i>	(18,129)	(22,119)
<i>Dividend paid</i>	-	(2,450)
<i>Tax paid</i>	-	(7,230)
22		
<i>Net cash inflow from operating activities</i>	4,493	15,199
<b><i>Cash flow from investing activities</i></b>		
<i>Purchase of property, plant and equipment</i>	(62,580)	(44,051)
<i>Purchase of non-current investments</i>	-	(28,517)
<i>Proceeds from disposal of property, plant and equipment</i>	71	703
<i>Proceeds from maturing investments</i>	71,381	-
<i>Loan payments received</i>	430	-
<i>Net cash inflow/(outflow) from investing activities</i>	9,302	(71,865)
<b><i>Cash flows from financing activities</i></b>		
<i>Proceeds from long-term borrowings</i>	38,491	25,191
<i>Payment of capital element of long-term borrowings</i>	(2,919)	(915)
<i>Payment of capital element of finance lease liabilities</i>	(105)	-
<i>Net cash (outflow)/inflow from financing activities</i>	35,467	24,276
<b><i>Net increase/(decrease) in cash and cash equivalents</i></b>	<b>49,262</b>	<b>(32,390)</b>
<b><i>Cash and cash equivalents at the beginning of the period</i></b>	<b>29,684</b>	<b>62,074</b>
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b>78,946</b>	<b>29,684</b>
23		

## notes to the financial statements - 31 august 2000

### 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 following principle accounting policies are used by the Authority 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, machinery and equipment are included at cost. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

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

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

The expected useful lives are as follows:

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

#### 1.2 Finance leases

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

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

#### 1.3 Inventories

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

**1.4 Associates**

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

**1.5 Investments**

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

**1.6 Deferred tax**

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

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

**1.7 Revenue recognition**

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

**1.8 Foreign currencies**

Transactions in foreign currencies are accounted for at the rate of exchange ruling on the date of the transaction. Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used. Assets and liabilities in foreign currencies are translated to Namibian currency at the rates of exchange ruling at the end of the financial year or at rates applicable to forward exchange contracts. Translation surpluses and deficits are included in operating profit.

**1.9 Pension fund**

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

**1.10 Trade receivables**

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

**1.11 Cash and cash equivalents**

For purposes of the cash flow statement, cash and cash equivalents comprise cash 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 trade and other payables.

**1.12 Provisions**

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

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

**1.13 Financial instruments**

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

**1.13.1 Credit risk**

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

**1.13.2 Interest rate management**

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

**1.13.3 Liquidity risk**

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

**1.13.4 Fair value**

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

**2. capital account**

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

**3. revaluation and other reserves**

Property, plant and equipment:

	2000 N\$000	1999 N\$000
At beginning of period	173,594	181,157
Revaluation	-	2,895
Disposal of property, plant and equipment	-	(82)
Depreciation on revalued property, plant and equipment	(11,389)	(14,449)
Deferred income taxes on revaluation	3,986	4,073
At end of period	<u>166,191</u>	<u>173,594</u>

The non-distributable reserve constitutes the following:

Property, plant and equipment acquired from TransNamib at no value capitalised at valuation	4,350	4,350
Capitalisation of dredging cost	8,299	8,299
Surplus arising from revaluation of property, plant and equipment	153,542	160,945
Land	48,122	48,122
Structures and buildings	96,607	101,444
Floating craft	5,696	7,496
Plant and equipment	3,117	3,883
	<u>166,191</u>	<u>173,594</u>

**4. interest bearing borrowings**

• Loan by First National Bank bearing interest at 15.5% per annum, secured by cession of endowment policies. The loan is repayable on 29 September 2000 and is included under short-term liabilities.

• Kreditanstalt für Wiederaufbau (KfW) Government to Government loan onlended to the Authority. The loan is unsecured and bears interest at 10% per annum payable biannually in arrears. Repayment will be in 36 equal biannual instalments commencing in December 2000.

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

• Structured finance loan secured by a cession of endowment policies to the amount of N\$13 663 340. The loan bears interest at 20.68% per annum and is repayable on 15 June 2006. Repayments under the structured agreement are invested at 19.95% per annum.

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

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

	2000 N\$000	1999 N\$000
	30,580	30,000
	33,607	33,607
	82,076	61,557
	15,774	16,988
	850	2,555
	16,163	-

	2000 N\$000	1999 N\$000
<i>Liabilities under capitalised finance leases payable over three years at an interest rate of 2% below the prime overdraft rate of Namibia.</i>	1,162	37
	<u>180,212</u>	<u>144,744</u>
<i>Current portion of loans included in current liabilities</i>	(37,609)	(1,740)
	<u>142,603</u>	<u>143,004</u>
<b>5. deferred tax liabilities</b>		
<i>At beginning of period</i>		
- as previously reported	24,926	16,788
- effect of adopting AC 102 revised	83,416	90,680
- as restated	108,342	107,468
<i>Income statement charge (note 20)</i>	6,358	4,946
<i>Tax effect of revaluations (note 3)</i>	(3,986)	(4,073)
	<u>110,714</u>	<u>108,342</u>

The balance comprises capital allowances.

	2000 N\$000	1999 N\$000
<b>6. trade and other payables</b>		
<i>Trade payables</i>	2,329	935
<i>Other payables</i>	15,935	15,471
<i>Accruals</i>	7,249	12,236
<i>Provision for audit fees</i>	137	95
<i>Receiver of revenue - GST</i>	126	81
<i>Sundry payables</i>	342	402
<i>Bank overdraft</i>	5,086	-
<i>Outstanding cheques</i>	2,995	2,657
	<u>18,264</u>	<u>16,406</u>
<b>7. provisions</b>		
<i>Provision for leave pay</i>	2,238	-
<i>Provision for bonuses</i>	1,309	1,324
<i>Other provisions</i>	-	2,418
	<u>3,547</u>	<u>3,742</u>



8. property, plant and equipment

	Land structures and buildings N\$'000	Floating craft N\$'000	Vehicles machinery equipment and furniture N\$'000	Leased assets N\$'000	Work-in- progress N\$'000	Total N\$'000
<b>Year ended</b>						
<b>30 September 1999</b>						
Opening carrying amount	307,728	22,145	45,654	223	37,235	412,985
Revaluation surplus	600	13	5,650	-	-	6,263
Additions	4,227	8,768	3,149	-	32,784	48,928
Disposals	-	-	(840)	(686)	-	(1,526)
Depreciation	(12,731)	(4,415)	(13,060)	479	-	(29,727)
<b>Closing carrying amount</b>	<b>299,824</b>	<b>26,511</b>	<b>40,553</b>	<b>16</b>	<b>70,019</b>	<b>436,923</b>
<b>At 30 September 1999</b>						
Cost or valuation	361,000	51,076	80,505	1,366	70,019	563,966
Accumulated depreciation	(61,176)	(24,565)	(39,952)	(1,350)	-	(127,043)
<b>Carrying amount</b>	<b>299,824</b>	<b>26,511</b>	<b>40,553</b>	<b>16</b>	<b>70,019</b>	<b>436,923</b>
<b>Period ended 31 August amount</b>						
Opening carrying amount	299,824	26,511	40,553	16	70,019	436,923
Additions	148,577	78	2,395	1,230	(66,686)	85,594
Disposals	-	-	94	(331)	0	(237)
Depreciation	(15,086)	(4,686)	(5,926)	(70)	-	(25,768)
<b>Closing carrying amount</b>	<b>433,315</b>	<b>21,903</b>	<b>37,116</b>	<b>845</b>	<b>3,333</b>	<b>496,512</b>
<b>At 31 August 2000</b>						
Cost or valuation	509,577	51,154	82,994	2,265	3,333	649,323
Accumulated depreciation	(76,262)	(29,251)	(45,878)	(1,420)	-	(152,811)
<b>Carrying amount</b>	<b>433,315</b>	<b>21,903</b>	<b>37,116</b>	<b>845</b>	<b>3,333</b>	<b>496,512</b>

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

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

9. investment in associate

Walvis Bay Bulk Terminal (Pty) Ltd

Unlisted shares at cost

Share of post-acquisition losses

Investment written off

Unsecured loan

Directors' valuation of shares

Number of shares held

Proportion owned

This investment was written off in prior years and the shares were transferred to the majority shareholder during the period under review.

10. investments

Investment in endowment policies

at cost

vested returns thereon

Listed investments at market value

Other

11. inventories

Inventories, consisting of consumable stores

12. accounts receivable and prepayments

Total trade debtors

Less: Provision for bad/doubtful debts

Staff loans

Other receivables

Prepayments

	2000 N\$000	1999 N\$000
Unlisted shares at cost	-	3,263
Share of post-acquisition losses	-	(3,015)
Investment written off	-	(248)
Unsecured loan	-	430
Directors' valuation of shares	-	Nil
Number of shares held	-	251
Proportion owned	-	25.1%
Investment in endowment policies	34,632	97,567
at cost	29,000	89,110
vested returns thereon	5,632	8,457
Listed investments at market value	-	3,986
Other	-	2,125
<b>Total investments</b>	<b>34,632</b>	<b>103,678</b>
Inventories, consisting of consumable stores	192	112
Total trade debtors	11,888	9,686
Less: Provision for bad/doubtful debts	(374)	(1,599)
<b>Accounts receivable</b>	<b>11,514</b>	<b>8,087</b>
Staff loans	17	50
Other receivables	808	1,979
Prepayments	1,064	885
<b>Total accounts receivable and prepayments</b>	<b>13,403</b>	<b>11,001</b>

**13. pension fund**

At the end of the financial period, all the permanent employees of the Authority were members of the Namport Retirement Fund, a defined contribution fund, governed by the Pension Fund Act. Employees' contributions amount to 7.5% of basic salary and the Authority's contribution amounts to 12.5% of basic salary. The total contributions for the period amounted to N\$3 811 746 (1999 : N\$3 755 448). The fund is administered by Old Mutual on behalf of the board of trustees.

**14. contingent liabilities**

Claims lodged by port users in respect of disputes on tariff charges (note a).

Claims by customers arising from industrial action (note b).

a) The directors did not accept the customers' contention and defended the action. The case was lost and the liability has been redeemed.

b) Certain customers have intimated claims against the Authority arising from an unlawful labour strike.

**15. capital expenditure approved**

Commitments in respect of contracts placed

Approved by directors in addition to contracts placed

Approved expenditure outstanding

	2000 N\$000	1999 N\$000
	-	1,986
	510	510
	<u>510</u>	<u>2,496</u>
	6,482	20,512
	26,957	21,513
	<u>33,439</u>	<u>42,025</u>

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

**16. revenue**

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

**17. operating profit**

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

Auditors' remuneration

Audit fees

- current period

- fees for services

Depreciation

Cost

Land, structures and buildings

Floating craft

Vehicles and equipment

Leased assets

Valuation

Land, structures and buildings

Floating craft

Vehicles and equipment

Profit on disposal of property, plant and equipment

Foreign exchange gains

Investment in associate written off

**18. net finance cost**

Interest paid on long-term loans

Vested returns accrued on endowment policies

Received from other sources

**19. exceptional items**

Grant received from NORAD on new floating craft

Shares allotted on demutualisation of financial institutions

	2000 N\$000	1999 N\$000
	161	146
	106	96
	55	50
	26,004	29,727
	7,645	4,484
	1,917	530
	4,854	10,742
	199	(479)
	<u>14,615</u>	<u>15,277</u>
	7,440	8,247
	2,769	3,885
	1,180	2,318
	<u>11,389</u>	<u>14,450</u>
	32	272
	4,985	366
	-	248
	18,129	22,129
	(11,667)	(4,631)
	(1,698)	(6,529)
	<u>4,764</u>	<u>10,969</u>
	-	4,877
	-	3,986
	-	8,863

**20. taxation**

*Namibian normal tax*

	2000 N\$000	1999 N\$000
Current taxation - current period	-	-
Current taxation - over provision prior years	(1,442)	-
Deferred taxation (note 5)	6,358	4,946
	<u>4,916</u>	<u>4,946</u>

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

	2000	1999
Profit before tax	11,937	11,199
Tax calculated at a tax rate of 35% (1999 : 35%)	4,178	3,920
Income not subject to tax	(3,083)	(4,342)
Expenses not deductible for tax purposes	1,278	1,754
Deferred tax not provided due to assessed loss	3,985	3,614
Over provision in 1998	(1,442)	-
Charge for the period	<u>4,916</u>	<u>4,946</u>

**21. cash generated from operations**

*Reconciliation of profit before tax to cash generated from operations*

	2000	1999
Profit before tax	11,937	11,199
Adjustments for:		
Depreciation	26,004	27,370
Investment written off	-	248
Profit on sale of property, plant and equipment	(32)	(272)
Investment income	(13,365)	(11,160)
Interest expense	18,129	22,119
Capitalisation of market value of investments	(4,304)	-
Share of result before tax of associate	-	1,067
Exceptional items	-	(8,863)
	<u>38,369</u>	<u>41,708</u>
Changes in working capital		
- trade and other receivables	(2,401)	(2,563)
- inventories	(80)	435
- payables	(3,617)	(3,742)
	<u>32,271</u>	<u>35,838</u>

**22. reconciliation of tax paid during the period**

	2000 N\$000	1999 N\$000
Balance of tax payable at the beginning of the period	(1,442)	(8,672)
Charge in income statement	(8,521)	(4,946)
Adjustment for deferred tax	9,963	4,946
Balance of taxation payable at the end of the period	<u>-</u>	<u>1,442</u>
	<u>-</u>	<u>(7,230)</u>

**23. cash and cash equivalents**

For purposes of the cash flow statement cash and cash equivalents at the end of the period comprise the following:

	2000	1999
Bank balances	80,677	12,042
Foreign currency deposits	3,328	17,620
Cash on hand	27	22
Bank overdraft	(5,086)	-
	<u>78,946</u>	<u>29,684</u>

notes

Journal

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