



Namport 2008 Annual Report





**NAMIBIAN PORTS AUTHORITY
BOARD OF DIRECTORS**

FLTR: MR. J MUTUMBA, MR. A KANIME, MS. R SHIPIKI-KAPOLO (VICE-CHAIRPERSON),
CAPT. M VAN DER MEER (CHAIRMAN) AND MS. M NAKALE

MISSION

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

VISION

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

VALUES

Discipline, Integrity, Sense of urgency, Honesty.

NAMIBIAN PORTS AUTHORITY

ANNUAL REPORT

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**NAMIBIAN PORTS AUTHORITY
MANAGEMENT TEAM**

CHAIRMAN'S REVIEW 2007/08

I am pleased to present this 13th annual report, and the first since the appointment of the current Board of Directors, of the Namibian Ports Authority. This was a landmark year for the Namibian Ports Authority as a group, and for Namport and EBH Namibia (Pty) Limited, in particular. During the year under review, we experienced extraordinary growth in business, revenue and operating profit. The nucleus of our success remains an unrelenting emphasis on meeting the needs of our stakeholders who are, our customers (efficiency levels), employees (employee satisfaction/training), shareholders (job creation and dividends), the environment (international standards compliance) and the community (corporate citizenship) within which we operate.

The past year has seen the transition to a newly appointed Board of Directors. I would like to take this opportunity to express our appreciation of the previous board for their contribution to the successes of the past years and in particular the year under review. Under their able leadership a strategic direction was carved which provided a solid platform for future success. I am confident that the new board of non-executive Directors will continue striving towards maintaining Namport's strategic mission.

THE NEW BOARD MEMBERS ARE:

Capt. Mike van der Meer	Director/Chairman
Ms. R. Shipiki-Kapolo	Director/Vice Chairperson
Ms. M. Gaomas	Director
Mr. A. Kanime	Director
Mr. J. Mutumba	Director

MARKET ENVIRONMENT

The Namibian ports industry continued to be dominated by an increase in containerisation. Transshipment has increased significantly due to low service levels of ports along the west coast of Africa. The Port of Walvis Bay entrenched its position as a regional transshipment hub by attracting and the efficient handling of higher volumes during the year and being able to attract another major container liner to make use of the port. This brings Walvis Bay closer to achieving its objective of becoming the gateway to the hinterland from the west coast of Southern Africa.

This year also witnessed the opening of a Walvis Bay Corridor Group office in Gauteng, further strengthening our position to operate as a regional port of choice. Cargo through the corridors is increasing as years of dedicated marketing efforts in landlocked countries are starting to bear fruits. The WBCG, which represents all of the public and private stakeholders in the transport sector, has to be continually supported and grown as this is Namibia's footprint into SADC.



The private sector of the industry also showed a distinct increase in business volumes compared to last year, reflecting the overall growth in the Namibian economy. Mining activities, particularly in the Erongo region, contributed substantially to the growth in port throughput. The increased throughput volumes has increased the pressure on port services and the personnel are to be commended for their commitment to uphold service efficiencies levels.

For the first time in a number of years the port of Luderitz has shown an operating profit. This achievement is especially remarkable considering the depressed state of the southern economy. The port is deprived of a rail link that is crucial for port operations and growth, and the fishing industry has not recovered from its recession yet. The main contributor to its profitability is the containerisation of the export zinc products and import of sulphur for the mining industry.

GROWTH

During the year we handled 4.7 million tonnes of cargo, 11% more than last year. The growth can largely be attributed to an increase in economic activities in Namibia, particularly the mining sector in the Erongo region, and a sharp increase in cross-border cargo to neighbouring countries. Even more impressive is an increase of 24% in the number of containers handled for the year. Whilst the majority of containers handled are transshipment containers, it is particularly pleasing to note that import containers grew by 49% for the year and export containers by 30%. In contrast the number of vessel visits increased by 5% only reflecting the trend of ever-increasing vessel sizes.

STRATEGIC DIRECTION

Shortage of land for port expansion dominates the planning for new facilities to accommodate the ever increasing demand for port services facilities. The only option is to develop terminals on reclaimed land from the sea. At the forefront of our strategic initiatives is a feasible but costly port development and modernisation plan for the port of Walvis Bay. During the year we expanded our seven year master plan to facilitate growth for decades to come. Various short term initiatives were however embarked on to cater for intermediate demands and short term growth. Our port expansion plan is critical to the continued realisation of our strategy of being the first-choice gateway port to Southern Africa. Appropriate equipment and personnel are essential for handling cargo at the required efficiency levels, and Namport has made contingency plans for increasing cargo handling equipment and training/recruiting personnel as the need requires, bearing in mind the time frame required for purchasing and receiving this equipment as well as the training of personnel.

NAMPORT CARES

We take great pride in the fact that we are once again compliant and qualify for re-certification for ISO 9001, ISO 14001 and OSHAS 18001 standards. These certifications are a testament of our relentless dedication to the preservation of our environment, the provision of top quality services, and the safety and well-being of our employees. I believe Namibian ports are the only ones to achieve all of these certificates in Africa. Through the Namport Social Investment Fund, and various other donations and sponsorships, we continue to demonstrate our commitment to the development of the communities in which we operate and to assist in ensuring their sustainability.

OUR PEOPLE

At the heart of any company are its employees. Without well trained, motivated and competent employees, the best equipment will not produce the results required to maintain customer satisfaction. Machinery and infrastructure are useless without human interaction. We value our employees. It is for this reason that we continue to invest in our human resources for training and development. This year was no exception. We further managed to focus training on mutually agreed areas of improvement opportunities and personal growth.

FINANCIAL RESULTS

Impressive, to say the least and, in line with what has become the norm, Namport again had its best year ever. As a company we broke the N\$400 million revenue barrier, and as a group we've surpassed N\$600 million in revenue for the year. The authority recorded a growth in turnover of 34% reflecting 24% growth in real terms.

Clear performance targets, in line with strategic initiatives, and regular evaluation of the actual results against these targets ensured growth in operating profits of 52%. The increased profitability and sound management of the authority's investment- and loan portfolio resulted in net interest income of N\$ 24,5 million and in spite of volatile financial markets during the year. The net profit for the year increased by 23% which is N\$ 21 million more than the previous year.

CONCLUSION AND APPRECIATION

The 2007/8 results bear testament to the successful implementation of a carefully crafted strategy, built on strong fundamentals. While we celebrate the achievements of the past year we are mindful of the impact that the planned capital investments will have on future profitability. The necessary and extremely costly, expansion plans will necessitate aggressive marketing and business growth in order to maintain the financial results obtained over the last couple of years. This should however not deter us from shaping an even more impressive future for this great company. Vision 2030 cannot become Reality 2030 if we do not invest now for its eventual realisation.

For any company to succeed, grow and prosper various factors must work together. We wish to acknowledge the Namibian Government(Our shareholder) for facilitating an enabling economic environment that allows business prosperity. Our customers, the international shipping community, service providers, importers, exporters and everyone who is dependent on our excellence of service, big and small are important to our sustainability. We just cannot exist without you, and I hereby express our sincere gratitude for your continued business. Finally, I would like to express my appreciation and thanks to my fellow directors, management and staff of the Namibian Ports Authority for your dedication and hard work which culminated in an extremely successful year. May we have many more to come.



CAPT. M J VAN DER MEER
CHAIRMAN

CHIEF EXECUTIVE OFFICER REVIEW 2007/2008

- We increased revenue with 34%.
- Increase in operating profit is 52%.
- Net profit rose from N\$ 91.4 million in 2007 to N\$112 million!
- Our return on assets was 12% against a target of 0.5%.
- We handled 400 000 tonnes more than last year!
- We created more than 300 employment opportunities!

These are indeed inspiring statistics. This performance is a clear manifestation of the significance of setting goals in our life. We exceeded most of our goals because with the setting of goals we became focused, energized and concentrated. My profound gratitude and humble appreciation goes to men and women at Namport and more important to our clients that uses our facilities both at Lüderitz, Walvis Bay, Syncrolift and EBH Namibia. It is not very often that we blow our own trumpet like this, but it is human and necessary to celebrate achievement in life. It is good for our spirit and renewal.

It was not luck that we progressed this far; it is simple because opportunities in shipping and logistics find us prepared, as ports.

We have now our work cut out to complete the massive expansion program, which we have embarked upon. We need energy, enthusiasm and vigor if we are to emerge victorious in commissioning it in 2012.

As I am writing, there is an envisaged global slowdown in economy that can affect trade for some years. However, as most African ports we are confident that the picture will not be gloomy and we need to continue with expansion, so that we can catch up with the backlog. The game plan is to invest ahead of demand. The main aim should be to reduce the cost of doing business in our regions. To be relevant in this game you must be able to accommodate larger vessels and turn them around faster at a competitive price.



CEO WITH YOUNG TRAINEES

This calls for investments in human resources, technology and expansions. Although the above statistics are impressive and uplifting they remain statistics and the future remains challenging. We should not forget that we need to grow our business together with our people in order for our growth to be sustainable. This philosophy necessitated the establishment of a training academy at our ship repair division, young men and women are being honed with marine engineering skills (Please see photo above: CEO with young trainees).

With sadness, I noticed that this is my last review of the greater Namport activities as a chief executive officer; as I am about to relinquish this position during this financial year. I am bidding farewell with profound sense of happiness and satisfaction. I am saying good bye overwhelmed by humility and honour. Humility because I had a chance to be trusted with this leadership position; and honour because it is an exceptional privilege to enjoy such trust.

MR. S KANKONDI
CEO

NAMPORT SOCIAL INVESTMENT FUND

Wherever possible, the Fund encourages community involvement in projects it funds and fosters a "build together" spirit to promote capacity building and thereby ensure sustainable communities.

During the past financial year the fund has pledged assistance to various small projects, however, has concentrated its resources on developing the three major projects initiated in the previous financial year.

MAJOR PROJECTS

HAIKONGO KINDERGARTEN

The community of Nkurenkuru in the north identified the need for a building to accommodate a kindergarten. The Fund has pledged the sum of N\$240,000.00 for the building of such a kindergarten on the premises of the Kahenge Combined School. The planned school building will include three classrooms, a bathroom, a kitchen, dining room and storeroom. It is envisaged that this project will be completed by mid 2009.

ESTOFF KINDERGARTEN

Estoff is a small kindergarten situated in Damaraland, near Anke, which was established by the local community and has been operating with the love and care of a dedicated teacher. This little school relies on community support and donations for its continued operation. The kindergarten and hostel desperately requires upgrading and renovation. The Fund has pledged financial assistance towards this project with a view to the upgraded kindergarten providing hostel accommodation, a kitchen, bathroom and classrooms. The target date for completion of this project is July 2009 within a budget of N\$140,000.

TULONGENI COMMUNITY GARDEN PROJECT, HENTIES BAY

A major overhaul of the irrigation system is taking place with the pump system replaced and the components for the irrigation system on order. Commissioning of the new irrigation system is planned for October 2008



OTHER MAJOR FINANCIAL ASSISTANCE

BABY DE VILLIERS VISSER

Baby Visser was born with spina bifida, which is an incomplete development of the spinal cord. The Fund provided financial assistance of approximately N\$20,000 towards payment of the costs of a hydrocephalus operation which comprises the insertion of a ventriculo-peritoneal shunt (pipe that drains fluid) as well as a meningocele repair operation.

FLOOD RELIEF ASSISTANCE

A donation of N\$250,000 was made by the Fund to the National Emergency Disaster Fund for flood relief assistance.

IMMANUEL RUITERS SCHOOL

The school received financial assistance of N\$100,000 towards completion of its school hall building.

FUTURE MAJOR PROJECTS

GRADE 1 CLASSROOMS

The Fund has had discussions with education authorities and it has been determined that a major concern is the lack of classrooms for grade 1 pupils at the coast. Accordingly, the Fund in principle supports the concept of building grade 1 classrooms to accommodate pupils mainly in Walvis Bay. Further discussions will take place with education authorities and Namport's engineering team whereafter a project proposal will be tabled for consideration by the Fund trustees.

NKURENKURU HEALTH CENTRE

The Fund has received a request from the Ministry of Health and Social Services to assist with the upgrading and renovation of the Nkurenkuru Health Centre situated in the Western Kavango Region.

The Namport engineer will evaluate this project and furnish a report to Fund trustees as to the nature of renovations and upgrading required, as well as the estimated cost thereof, which will be tabled for consideration by the trustees.

COMPANY OVERVIEW

MARKETING AND STRATEGIC BUSINESS DEVELOPMENT

The year under review has instigated immense expansion plans and manifested exceptional growth. This is inline with the company's strategic focus on customer service, and realising our aim to attract new business to the Ports of Namibia.

Customer retention and continuous improvement on customer satisfaction indicates that marketing and business development efforts have been successful in strengthening the depth of our customer relationships.

The focus in the past year has in particular been directed towards the three E's of our industry – Expansion, Equipment and Efficiency. This shift in emphasis is invaluable to the national, regional and global development of the Namibian Ports.

STRATEGIC FOCUS

During the period under review, Namport experienced major growth in volume and in our regional client base, resulting in heavy demand being placed on the Namibian ports. This escalating customer base demanded increased sophistication and higher expectations, compelling the Marketing and Strategic Business Development Department, alongside the remainder of the company to propose cutting edge product and service innovations.

In March, Namport revealed expansion plans for the port of Walvis Bay. This gives rise to a substantial investment, but one that will see record returns in the medium to long term, bringing efficiency and diversification to the port, and the Walvis Bay community. The plans include the further deepening of the entrance channel and turning basin, additional quay space, and the extension of the container terminals. Construction will commence towards the end of 2009, and will span to 2012.

The dedicated section for sales and service within the Marketing & Strategic Business Development Department, has welcomed a new sales & services manager who will continue to uphold the relationship with our clients, through excellent customer service, and also to ensure additional and sustainable business growth and developments, especially along the various corridor routes. The main focus however, is to provide the much needed exposure to support the Ports of Walvis Bay's expansion plans.



CUSTOMER CARE

Namport's long-standing focus on delivering the best service to our esteemed clients coupled with aggressive marketing campaigns undertaken by Namport produced overwhelming results. Key importers and exporters realised the benefit that the Port of Walvis Bay provides, and are now continuously exploring these opportunities.

NAMPORT'S FOCUS ON EXPORT

Namport has in the past explored import and export business opportunities beyond the borders of Namibia. These campaigns have proved exceedingly successful, and resulted in a major increase in exports through the Namibian ports.

A major highlight during the period under review has the export of copper from the DRC via the Port of Walvis Bay. This venture was already initiated in June 2005, when a business delegation went to the Copperbelt region in Zambia to look at the potential of copper exports. This is thus a long-standing goal that has finally been accomplished. Namport in conjunction with the Walvis Bay Corridor Group is continuously exploring new marketing and business development opportunities to bring more importers and exporters in the region the realization of the benefits that the Port of Walvis Bay could provide.

Car imports to Angola via Port of Walvis Bay: Port of Walvis Bay experienced a record increase in the import of both new and second hand vehicles through the Port of Walvis Bay, via the TransKunene Corridor, destined for Angola

SETTING NEW STANDARDS

In the past year, Namport has taken another major step in the quest of being the first choice world class port service provider in Africa, by achieving ISO 9001 and OSHAS 18001 certification. The ISO 9001 standard focuses on customer needs, in contrast to the OSHAS 18001, which focuses on the provision of a safe and healthy working environment by providing a framework that allows an organisation to consistently identify and control its health and safety risks.

This is an indication of Namport’s commitment to its employees and customers, by demonstrating responsible care, as well as the company’s commitment to its investors, by saving costs through efficiency and by adhering to world standard regulations.

TRADE FAIRS & DELEGATIONS

Various trade fairs, exhibitions and business delegations were initiated during the year under review to establish the possibilities on new business development. Some of these included visits to the Port of Rotterdam and the Port of Louis in Mauritius to create awareness of the expansion planned for the Namibian Ports Authority. Namport also attended the Export Africa exhibition which was showcased in Johannesburg South Africa to promote the Port of Walvis Bay to importers and exporters in Gauteng. Other means of promotional activities in Gauteng includes the participation of Namport in the Ports and Harbours Conference in Johannesburg, South Africa.

IN CONCLUSION...

Namport is well aware that various issues need to be strengthened, improved and built on to remain competitive. For this reason the company remains continually committed to work values, and gaining momentum by taking the lead in creating new opportunities.



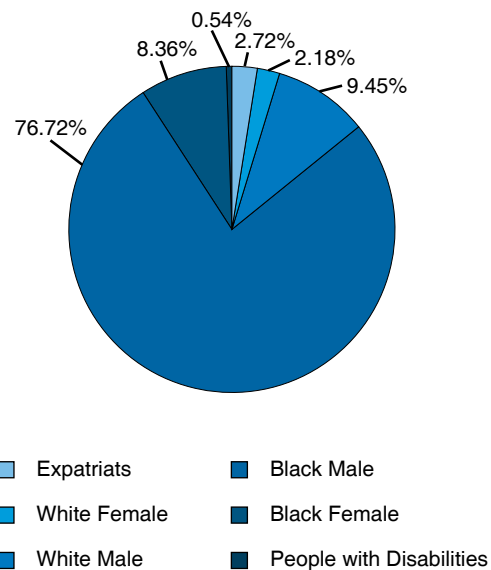
HUMAN RESOURCES

During the year in review the Human Resources Department went through an exciting restructuring process. The main objective with the restructuring was to ensure that the Human Resources Department is aligned with the Mission and Vision of Namport and to ensure that HR is positively responding to the needs of our employees, our internal clients, which are the different departments and to be competitive with the rest of the industry. The additional departmental Human Resources Officers for almost each business unit are making a positive impact into the efficiency and effectiveness of the Human Resources Department.

HR STRATEGIES, POLICIES AND PLANNING

At the beginning of financial year, we revisited our Human Resources targets and strategies. These were cascaded on the Balance Scorecards of the HR personnel, from HR Executive down with the line of command. A lot of critical policies were reviewed due to the fact that they were outdated and needed to be brought in line with the current prevailing situation at Namport. The process of reviewing the policies is still continuing.

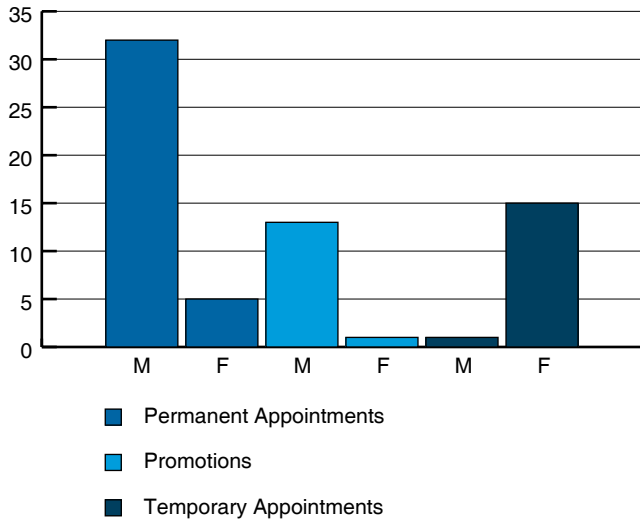
WORKFORCE



WORKFORCE PROFILE FOR THE PERIOD ENDING 31 AUGUST 2008

Expatriats:	15	2.72
White Female:	12	2.18
White Male:	52	9.45
Black Male:	422	76.72
Black Female:	46	8.36
People with Disabilities:	3	0.54
Total	550	100

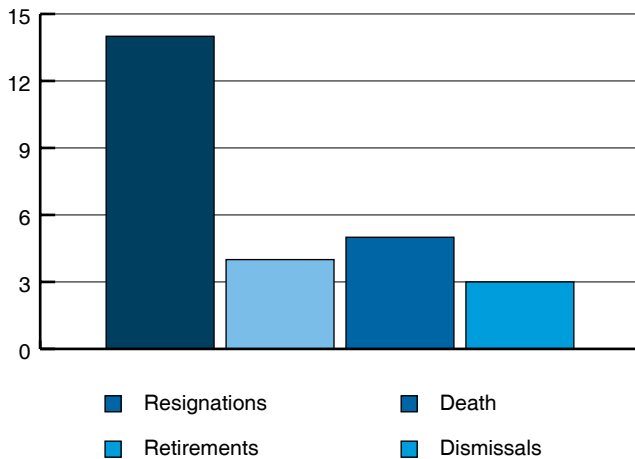
APPOINTMENTS



STAFF BENEFITS

We evaluate our staff benefits on a continuous basis to ensure that they compare favorably with the rest of the market. During the year in review, no staff benefits were revised as those benefits negotiated during the period 2007 with the Union was extended to a period of two years (2007 to 2009) and they are currently in force.

TERMINATIONS



RECRUITMENT AND SELECTION

During the year in review, employee turnover was drastically reduced in comparison with the previous year. Namport has successfully implemented policies of retaining key and critical skills and competencies to ensure continue growth and stability within Namport resulting in the reduction of the number of designees. The recruitment section is inter alia responsible for.

- Assisting the various departments with their manpower planning, from advertising to appointment

- Providing a stream-lined administration service to all new recruits
- Ensuring that new recruits are settled-in with a comprehensive induction programme
- Monitoring temporary appointments in line with manpower needs

TRAINING & DEVELOPMENT

Our commitment to continuous training and development of human capital is unwavering and remains of primary importance to the prosperity of Namport's capacity building. During the year in review the focus was given on the following fields:

- Management Development Program
- Mechanical Equipment Operator Training
- Management Development Training
- Pilot Training skills

CAREER EXHIBITIONS

The training and development section has conducted a career exhibition at the Polytechnic of Namibia.

BURSARIES

5 Bursaries has been awarded to Namibians in the field of Engineering, IT and Medical.



STAFF STUDY ASSISTANCE

Employees who wish to pursue further studies were given financial assistance by benefiting from employee loans available in pursuance of tertiary education.

MARINE PILOTS

Due to a shortage of skills in the marine section, Namport has taken the lead in training and developing Namibians towards Marine Pilots and Marine Engineers. Positions in the Marine section are been occupied by foreigners due to a lack of local expertise.

STAFF DEVELOPMENT PROGRAMME

Namport regards training and development as paramount importance to the success of the company. All Namport employees are encouraged to develop their skills and knowledge base in a conducive and friendly environment created by the company via the interest-free Study Loan Scheme. Loans are available to all permanently employed staff members to study in different disciplines.

INDUSTRIAL RELATIONS

During the year in review Industrial Relations posed a challenge for Namport. This was due to the general national industrial environment in Namibia. However there was a significant improvement in the communication of labour issues with our strategic partners although a lot still need to be done to improve the environment information flow freely between the parties. The Company and the Union have expressed their commitment to resolve issues in an amicable way and to improve the general labour relations in the working environment. The "Collective Bargaining and Procedural Agreement" needs to be revisited due to the implementation of the New Labour Act to ensure that it aligns with the current legislations. The wage negotiation for the year under review was concluded in a positive spirit by extending the Wage/Salary and Substantive Agreement of 2007 to a period of two years (2007 – 2009).

SAFETY, HEALTH AND ENVIRONMENT

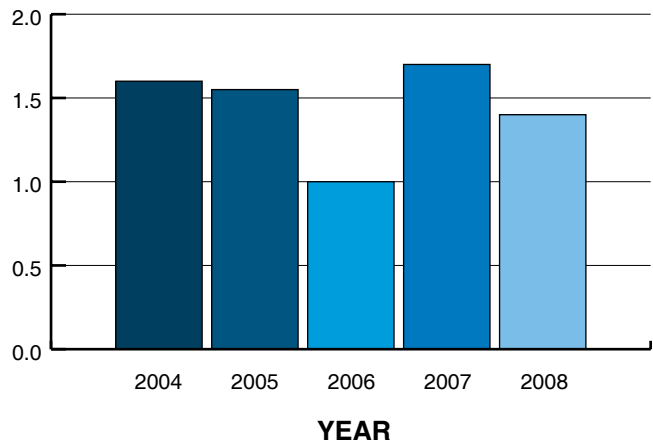
ISO & OSHAS CERTIFICATION

The year under review ended on a high note with Namport successfully retaining its ISO 9001: (Quality management) and ISO 14001:2002 (environmental management) certificates. In addition to retaining our OSHAS certification (Health and Safety management) the company also successfully converted its OSHAS 18001:1999 certificate to OSHAS 18001: 2007. This is a phenomenal achievement considering the July 2009 deadline by the International Standards Organization.

SAFETY

The rate for lost time injuries reduced from 2.1 to 1.4 and represents a decrease of 22% compared to the same period in 2007. This decrease can be portioned to a combination of initiatives launched in 2007/8 which amongst other included risk-based health and safety training,

LOSS-TIME FREQUENCY RATE (LTIFR)



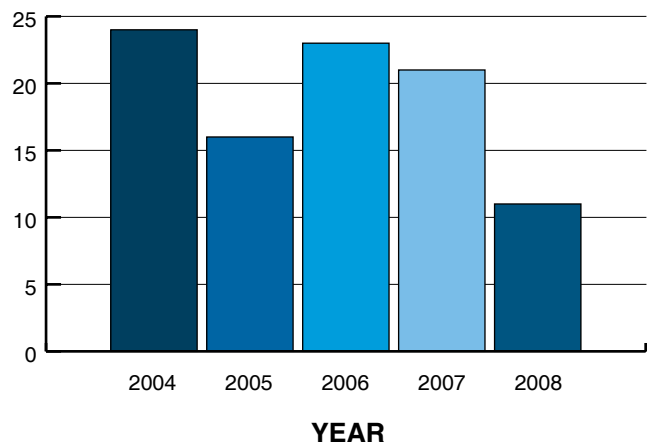
THE LTI FREQUENCY RATE IS THE NUMBER OF WORK-RELATED LTI'S PER 200,000 HOURS WORKED.

Safety awareness campaigns, more visible management commitment and a competitive SHE recognition programme amongst departments and SHE Representatives.

As regards strategic mobile equipment and property damage the company continues to record a downward trend and have managed to reduce damages with 47% when compared to the previous year's performance.

The graphs below illustrate a comparative analysis of our past five year performance on LTIFR and strategic equipment and property damages.

STRATEGIC MOBILE EQUIPMENT & PROPERTY DAMAGE (NUMBER OF INCIDENTS)



STRATEGIC MOBILE EQUIPMENT AND PROPERTY DAMAGES REFER TO EQUIPMENT AND INFRASTRUCTURE MOST ESSENTIAL TO OUR DAILY CARGO HANDLING OPERATIONS. THESE ARE MOBILE HARBOR CRANES, REACH STACKERS, HAULERS & TRAILERS, QUAYS AND TUGS.

HEALTH & WELLNESS

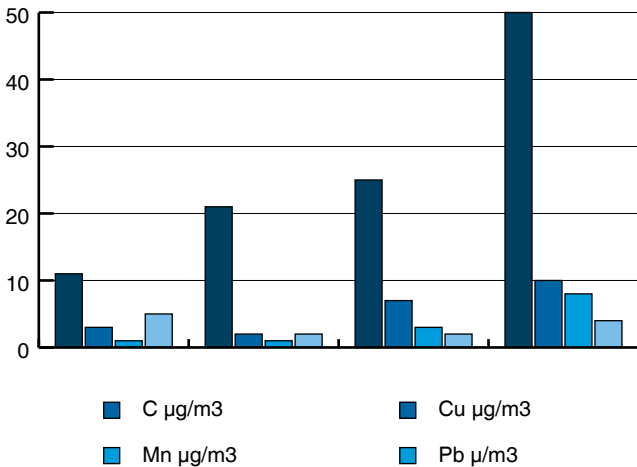
Our workplace programmes on HIV/AIDS and direct observation therapy of TB continues to deliver desired results with a 93% survival rate and 100% cure rate recorded in 2008 for Aids and TB respectively. Namport plans to conduct another HIV/AIDS voluntary counseling and testing survey for 2009 to ascertain new trends in the HIV/AIDS prevalence rate. Results from the study will be utilized to realign our approach in combating the spread of the disease.

Our peer educator's forum continues to make meaningful contributions in both the workplace and local community. The group participated in condom distribution and health education initiatives during Valentine's Day and Condom day.

environmental noise survey conducted during the year have shown that noise levels at certain points of our boundary may occasionally exceed the recommended noise levels for urban districts with business and main roads.

In an effort to protect the environmental rights of those residents in close proximity to the port, Namport is evaluating various noise reduction strategies for implementation. Specialized studies are also planned as part of the port expansion plan and will in more detail address the current and future status of noise levels and potential mitigating measures.

AVERAGE ANNUAL DUST CONCENTRATION FOR COMMODITIES



DUST

Monitoring and measurement of dust emissions from the privately operated bulk terminal are measured at strategically located samplers around the terminal. Environmental monitoring results have shown an increase in dust levels for certain commodities. The average dust levels measured for carbon (50.18 µg/m³), manganese (10.14 µg/m³) and lead (3.22 µg/m³) exceeded the recommended limits of 40 µg/m³, 4 µg/m³ and 2.5 µg/m³ respectively.

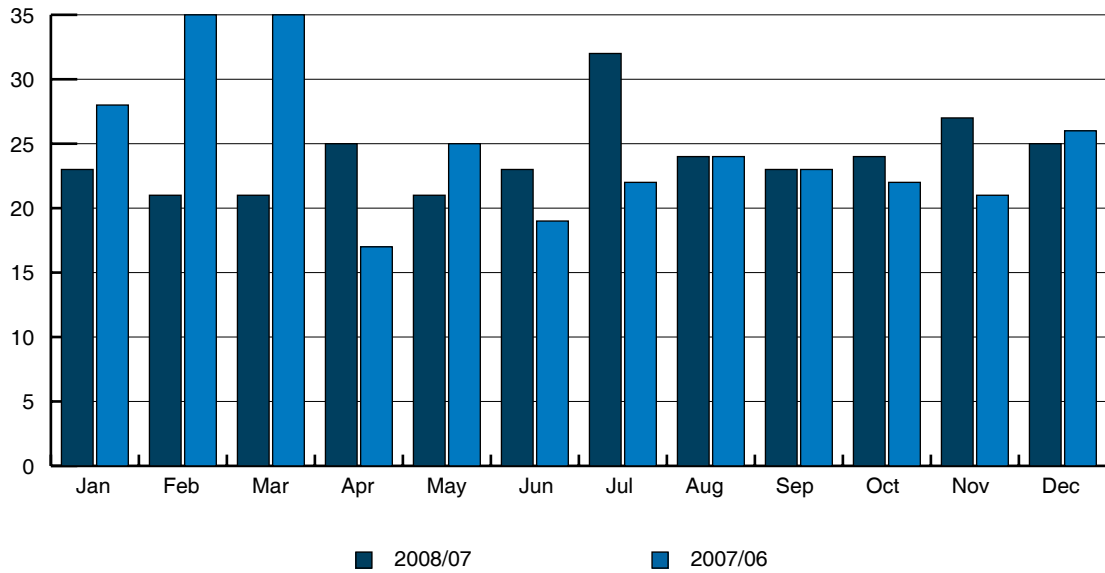
The bulk terminal operator is in the process of performing a gap analysis of engineering controls. Pending the outcome of this survey, the operator will submit a detailed mitigation plan to the ports authority on how they are planning to reverse this trend.

NOISE

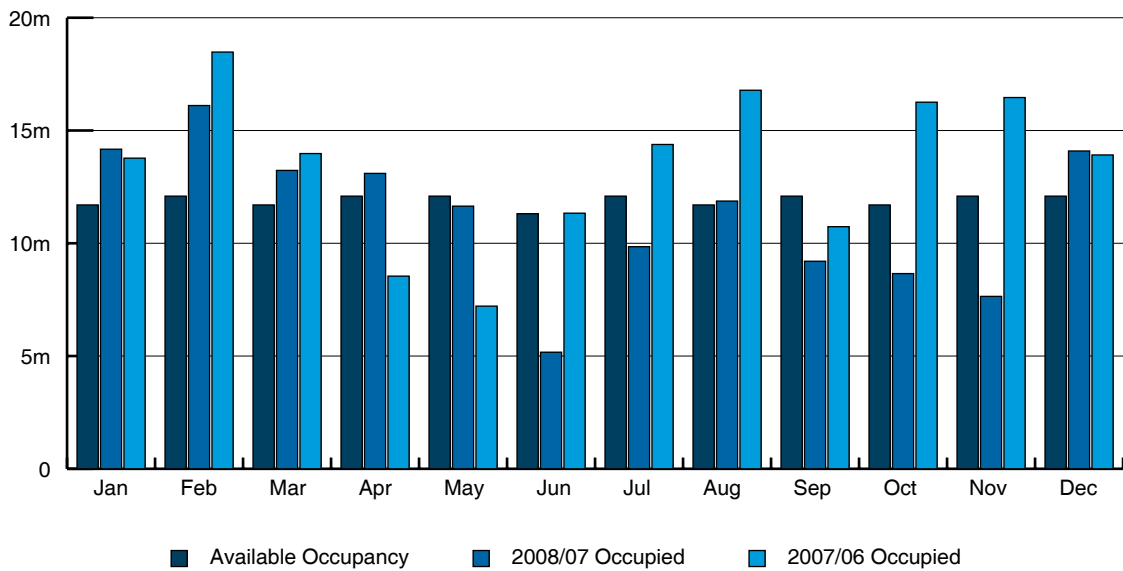
Although the port is located in a industrial area, various residential properties in close proximity to the port are affected by noise generated by various cargo handling equipment. A preliminary

SYNCROLIFT JETTY UTILISATION (2008 vs 2007)

VESSELS ON JETTY

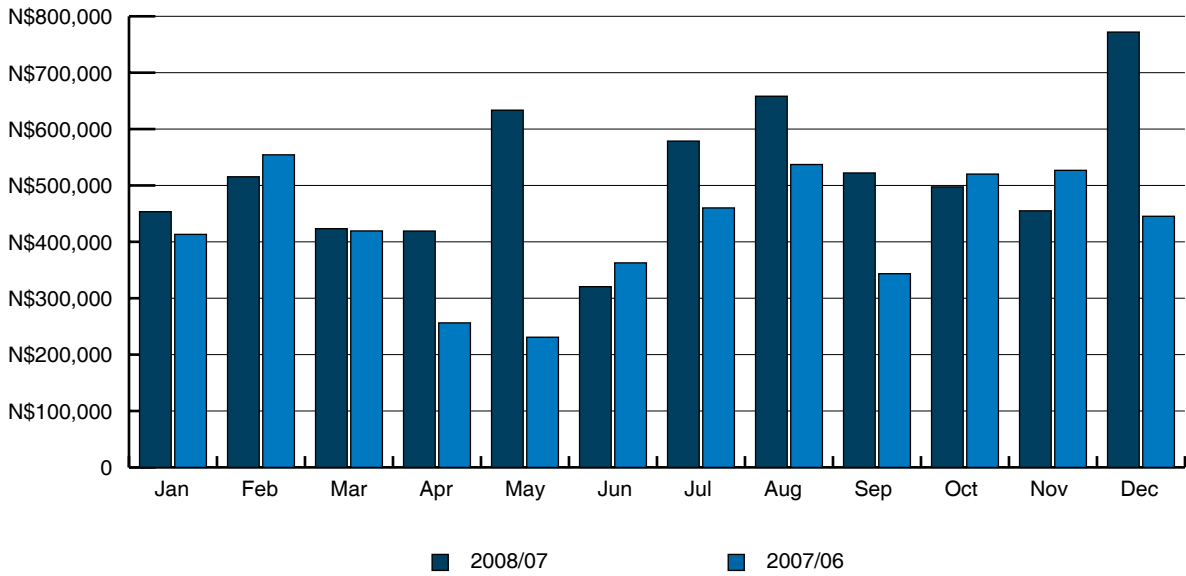


JETTY OCCUPANCY IN METERS PER MONTH

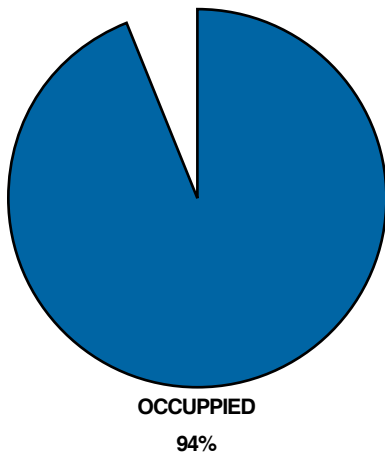


SYNCROLIFT JETTY UTILISATION (2008 vs 2007)

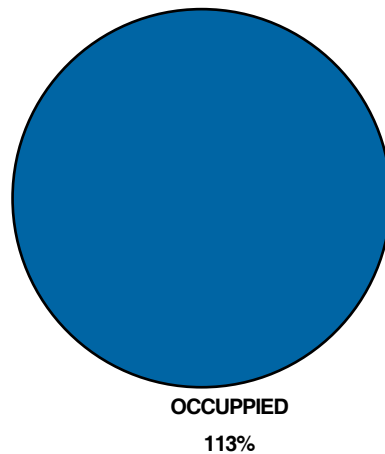
REVENUE FROM JETTY



AUG 2008 JETTY OCCUPANCY %



AUG 2007 JETTY OCCUPANCY %



TECHNICAL DEPARTMENT

During the 2007/8 financial year and the forthcoming 2008/9 financial year, Namport has and will invest heavily in additional container handling equipment in order to meet the ever growing demand for container business. Due to long lead times on equipment it was also a strategic decision to calculate equipment requirements on a two year cycle in order to stay ahead of demand.

With productivity being a key focus area for the Namibian Ports Authority, these investments are not only aimed at increasing capacity, but also introducing new technology that will improve throuput rates.

The following table 1 indicates the investment in core container handling equipment as well as total numbers of equipment expected to be in use at the Walvis Bay port by mid 2009.

Equipment Type	Current Qty	2007/8 new Capital	2008/9 new Capital	Total Qty
Mobile Harbour Cranes ¹	3	1	1	5
Reach Stackers	12	0	2	14
Empty Handlers ²	0	1	1	2
Terminal Tractors	13	12	14	39
60 Ton Trailers ³	5	12	13	30
45 Ton Trailers	11	0	0	11
Rubber Tyre Gantries ⁴	0	0	6	6 (2010)

INTRODUCTION OF NEW TECHNOLOGY

1 TWIN LIFT SPREADERS:

In 2008 the introduction of twinlift spreader operations became a reality at Namport. One twin lift spreader was delivered with the purchase of the new Liebherr LHM500 crane in October 2008, with an additional twinlift spreader planned for delivery early in 2009.

2 EMPTY HANDLERS:

Namport's first empty container handler (twinlift capacity) will also be delivered at the Port of Walvis Bay during the last quarter of 2008, with another planned for delivery mid 2009. The acquisition of the empty handlers will not only improve productivity in handling empty containers, but also improve the cost of handling.

360 TON BATHTUB TRAILERS:

In order to improve safety and productivity (direct loading) on the quay, Namport has changed its container trailer specifications to that of a 60 Ton bathtub design that will replace current 45 Ton trailers in use. These trailers will improve safety with its cornerless design for the removal of twislocks, and will also enable direct loading of containers onto the trailers.

4 RUBBER TYRE GANTRIES:

The Tender process for the purchase of six off Rubber Tyre Gantries for the Port of Walvis Bay was initiated during the last quarter of 2008 with deliveries expected early 2010. The RTG's with a design of 7 wide (plus truck lane) and 1 over 5 high will improve container stacking capacity and also allow higher productivity levels in the terminal. The introduction of RTG's will also reduce the requirement of reach stackers in the terminal and subsequent reduction in numbers.

CARGO SERVICES

MAIN COMMODITIES HANDLED AT THE PORT OF WALVIS BAY (FREIGHT TONNES)

	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08
LANDED						
Petroleum	704 523	682 281	791 300	815 687	735 956	756 108
Coal	19 958	55 493	30 495	98 260	117 252	113 178
Fish Products	115 578	116 464	126 092	129 807	131 645	80 470
Wheat	54 204	42 463	37 398	45 911	47 083	30 344
Sugar	52 432	36 543	35 086	56 928	59 835	58 515
Cement	7 242	220	18 120	36 066	104 694	162 024
Wine/ Beverages	23 733	40 670	40 827	37 214	16 845	11 905
Copper / Lead	10 523	7 226	-	-	5 401	39 793
Sulphuric Acid	146 126	220 954	206 520	177 512	290 047	381 839
Sulphur	-	-	-	-	-	-
Manganese Ore	-	19 945	44 223	22 116	19 176	22 798
Malt	20 292	21 910	25 058	22 241	31 702	29 876
Vehicles	22 363	36 898	29 306	87 571	131 305	224 924
Lubricating Oil	4 234	1 625	264	242	286	22
General Cargo	220 433	241 093	215 052	348 404	607 699	790 624
Total	1 401 640	1 523 784	1 599 740	1 877 959	2 298 927	2 702 419

SHIPPED						
Salt	542 143	683 139	651 820	571 949	617 529	685 405
Fish Products	112 019	113 823	128 306	128 424	134 246	140 211
Fluorspar	76 742	93 994	106 926	117 337	128 624	111 746
Copper / Lead & Conc.	64 344	40 794	59 348	44 225	82 610	39 877
Manganese Ore	-	-	26 017	-	36 006	41 115
Flat Cartons	24 217	17 914	11 367	6 792	6 343	3 007
Marble & Granite	12 741	24 039	18 718	30 773	38 992	41 742
Skins & Hides	4 685	5 613	4 729	5 962	4 840	1 914
Fertilizer (Guano)	1 140	1 900	1 229	1 518	990	1 012
Charcoal	6 087	8 521	12 827	15 664	22 286	34 056
General Cargo	57 350	78 039	82 530	78 310	84 434	151 230
TOTAL	901 468	1 067 776	1 103 817	1 000 954	1 156 899	1 251 316

TRANSHIPPED						
General Cargo	47 013	171 886	327 800	329 078	507 304	439 001

TOTAL	2 350 120	2 763 446	3 031 357	3 207 991	3 963 131	4 392 736
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CARGO HANDLED AT THE PORT OF WALVIS BAY

	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08
CARGO LANDED						
Bulk and Breakbulk	252 196	306 298	270 373	368 062	494 887	497 136
Containerized	298 795	314 252	331 548	516 698	778 037	1 067 337
Sulphuric Acid	146 126	220 954	206 520	177 512	290 047	381 839
Petroleum landed	704 523	682 281	791 300	815 687	735 956	756 108
Total	1 401 640	1 523 784	1 599 740	1 877 959	2 298 927	2 702 419

CARGO SHIPPED						
Bulk and Breakbulk	727 568	880 002	855 007	735 860	866 512	933 878
Containerized	173 899	187 774	248 810	265 094	290 387	317 438
Total	901 468	1 067 776	1 103 817	1 000 955	1 156 899	1 251 316

CARGO TRANSHIPPED						
Bulk and Breakbulk	37 448	33 650	19 941	11 937	4 991	6 818
Containerized	9 565	138 236	307 859	317 141	502 314	432 183
Total	47 013	171 886	327 800	329 078	507 304	439 001

TOTAL CARGO	2 350 120	2 763 446	3 031 357	3 207 991	3 963 131	4 392 736
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CONTAINERS HANDLED AT THE PORT OF WALVIS BAY (TWENTY-FOOT EQUIVALENT UNITS)

Landed	18 230	19 665	21 312	23 720	26 295	35 669
Shipped	18 528	17 625	20 585	22 766	26 728	29 892
Transhipped	1 057	13 073	29 559	36 777	91 970	105 025
Total TEU's	37 815	50 363	71 456	83 263	144 993	170 586

Vessel visits	1 252	1 167	1 052	1 066	1 216	1 251
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NUMBER OF VESSEL VISITS TO THE PORT OF WALVIS BAY (BY TYPE OF VESSEL)

	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08
Container	157	178	185	227	279	280
Reefer	98	62	41	27	30	39
Foreign fishing vessels	435	414	322	337	266	209
Namibian fishing vessels	252	188	166	148	94	86
Petroleum	34	30	38	38	38	55
General cargo vessels	139	146	130	120	162	179
Other	137	149	170	169	347	403
Total	1252	1167	1052	1066	1216	1251

CARGO HANDLED AT THE PORT OF LÜDERITZ

	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08
BREAKBULK CARGO LANDED						
Fuel	40 112	32 849	39 998	50 953	30 494	28 518
Fish	90 448	82 978	73 056	50 524	21 637	21 691
Sulphur	22 014	57 372	67 131	68 784	45 568	72 154
General Cargo	1 557	2 883	3 943	1 086	6 566	4 135
Total landed	154 131	176 082	184 129	171 346	104 265	126 497

CARGO SHIPPED						
Fish & Bait	4 260	5 953	1 823	465	248	2 607
Ice	86 434	67 651	44 453	29 145	21 451	23 948
Zinc / Zinc Conc.	13 949	82 711	88 600	15 591	106 236	15 333
Other	27 719	1 160	999	29 264	822	14 902
Total shipped	132 362	157 474	135 875	74 464	128 757	56 791

CARGO TRANSHIPPED						
Fish	19	228	-	45	-	29
Other	-	-	100	-	30	-
Total transhipped	19	228	100	45	30	29
Total	286 511	333 784	320 104	245 855	233 052	183 317

CONTAINERIZED CARGO						
Landed	1 402	260	266	1 289	3 020	1 562
Shipped	26 449	34 332	60 027	147 950	37 278	112 726
Transhipped	24	-	-	44	-	-
Total	27 874	34 592	60 293	149 283	40 298	114 288

TOTAL CARGO	314 386	368 376	380 397	395 138	273 350	297 605
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CONTAINERS HANDLED AT THE PORT OF LUDERITZ (TWENTY-FOOT EQUIVALENT UNITS)

Landed	1 770	2 294	3 121	5 762	1 868	6 393
Shipped	1 831	2 355	3 033	5 160	1 373	6 626
Total TEU's	3 601	4 649	6 154	10 922	3 241	13 019

Vessel visits	2 052	2 020	1 347	1 373	1 168	1 258
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CARGO HANDLED AT THE PORTS OF WALVIS BAY AND LUDERITZ

	Sep/Aug 02/03	Sep/Aug 03/04	Sep/Aug 04/05	Sep/Aug 05/06	Sep/Aug 06/07	Sep/Aug 07/08
CARGO LANDED						
Bulk and Breakbulk	344 200	449 531	414 503	488 456	568 658	595 116
Containerized	300 196	314 512	331 814	517 987	781 057	1 068 899
Sulphuric Acid	146 126	220 954	206 520	177 512	290 047	381 839
Petroleum landed	744 635	715 129	831 298	866 640	766 450	784 625
Total	1 535 158	1 700 126	1 784 134	2 050 594	2 406 212	2 830 478

CARGO SHIPPED						
Bulk and Breakbulk	859 930	1 037 475	990 883	810 324	995 269	990 669
Containerized	200 348	222 106	308 837	413 044	327 665	430 164
Total	1 060 278	1 259 582	1 299 719	1 223 368	1 322 935	1 420 833

CARGO TRANSHIPPED						
Bulk and Breakbulk	37 467	33 879	20 041	11 982	5 021	6 847
Containerized	9 590	138 236	307 859	317 185	502 314	432 183
Total	47 056	172 114	327 900	329 167	507 335	439 030

TOTAL CARGO HANDLED	2 642 492	3 131 822	3 411 754	3 603 129	4 236 481	4 690 341
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CONTAINERS HANDLED AT THE PORTS OF WALVIS BAY AND LUDERITZ (TWENTY-FOOT EQUIVALENT UNITS)

Landed	20 000	21 959	24 433	29 482	28 163	42 062
Shipped	20 359	19 980	23 618	27 926	28 101	36 518
Transhipped	1 057	13 073	29 559	36 777	91 970	105 025
Total Teu's	41 416	55 012	77 610	94 185	148 234	183 605

VESSEL VISITS WALVIS BAY AND LUDERITZ

Number	3 304	3 187	2 399	2 439	2 384	2 509
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NAMIBIAN PORTS AUTHORITY

COMPANY KEY FINANCIAL INDICATORS

FOR THE YEAR ENDED 31 AUGUST 2008

	12 months 2007/2008	12 months 2006/2007	12 months 2005/2006	12 months 2004/2005	12 months 2003/2004
Turnover (N\$000)	434,213	324,237	252,671	220,858	211,270
Operating Profit (N\$000)	140,165	91,992	37,418	36,638	12,357
Profit before taxation (N\$000)	164,658	113,062	45,638	33,520	7,455
Return on assets	11%	9%	4%	3%	1%
Return on equity	17%	13%	6%	4%	1%
Operating profit margin	32%	28%	15%	17%	6%
Total assets (N\$000)	1,502,982	1,296,725	1,135,511	1,060,495	1,009,779
Shareholder's interest (N\$000)	963,528	866,002	782,566	755,578	569,430
Borrowings (N\$000)	220,549	231,478	184,808	154,119	141,239
Debt : Equity ratio	0.23	0.27	0.24	0.20	0.25
Liquidity ratio	2.07	3.29	2.06	2.21	1.25
Debt-service ratio	2.05	1.97	0.63	0.59	0.27
Training as % of payroll	4.14%	5.3%	4.72%	3.21%	2.45%
Number of employees	576	606	592	569	591
Turnover per employee (N\$1000)	754	535	427	388	357
Assets per employee (N\$1000)	2,609	2,140	1,918	1,864	1,709



NAMIBIAN PORTS AUTHORITY

COMPANY VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2008

	Notes	2008 N\$000's	%	2007 N\$000's	%
WEALTH CREATED					
Revenue`		434,213		324,237	
Paid to suppliers of materials and services		(113,450)		(74,218)	
VALUE ADDED		320,763		250,019	
Income from investments and sale of assets		67,623		55,548	
TOTAL WEALTH CREATED		388,386	100	305,567	100

WEALTH DISTRIBUTION

Salaries, wages & other employment costs	1	119,595	31	107,947	34
Providers of capital:					
Dividends to shareholder		15,000	4	8,000	3
Finance cost on borrowings		31,446	8	22,418	7
Government	2	53,717	14	23,197	8
Reinvested to maintain and develop operations:					
Depreciation		56,102	14	53,409	18
Retained Earnings		112,526	29	90,596	30
TOTAL WEALTH DISTRIBUTED		388,386	100	305,567	100

NOTES TO THE VALUE ADDED STATEMENT

1. Salaries, wages and other employment costs

Salaries, overtime payments, bonuses and allowances

Salaries, overtime payments, bonuses and allowances	99,005	87,732
Training and study assistance	5,072	6,178
Employer contributions	15,518	14,037
	119,595	107,947

2. Central and local governments

Normal and deferred taxation
Rates and taxes

Normal and deferred taxation	52,132	21,626
Rates and taxes	1,585	1,571
	53,717	23,197

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

VAT collected on revenue	57,321	52,058
VAT paid on purchases	12,177	(9,959)
VAT paid on imports	800	(2,078)
PAYE deducted from remuneration	1,835	17,482
	72,133	57,503

NAMIBIAN PORTS AUTHORITY
GROUP ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2008

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

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CORPORATE GOVERNANCE STATEMENT

The Namibian Ports Authority is a state-owned enterprise established by the Namibian Ports Authority Act, 1994 (Act No 2 of 1994).

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

BOARD OF DIRECTORS

The Authority is managed by a board of directors which has overall responsibility and accountability for the affairs and performance of the Authority. The board gives strategic direction and monitors executive management closely in implementing board strategies and plans.

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

The Board has a unitary structure of five directors comprising five independent non-executive directors. The directors are appointed by the shareholder and their term of office is three years. The contract of the chief executive officer is for a five year period and subject to renewal in the sole discretion of the board of directors. The Chairperson of the Board is an independent non-executive director.

Regular meetings of the board take place. The roles of the chairperson and the chief executive officer provide leadership and guidance to the Authority's board and encourages proper deliberation of all matters requiring the Board's attention. The chairperson of the board is responsible for the overall leadership and effective functioning of the board.



committed to
the principles of
openness,
integrity and
accountability

EXECUTIVE MANAGEMENT

The managing director has line responsibility for all aspects of the execution of strategy and management of the Authority for which he is held accountable by the board. The managing director is assisted in his executive management responsibilities by members of the Executive Committee of Management (EXCO). EXCO comprises the heads of the departments of Finance, Operations, Marketing, Engineering, Human Resources and Safety, Health, Environment Risk and Quality Management (S.H.R.E.Q.), the Group Company Secretary and the Chief Executive Officer who is the chairperson.

SECRETARY OF THE BOARD

All directors have access to the advice and services of the secretary of the board who guides the board in respect of its duties and responsibilities, ethics, good governance and statutory responsibilities. All directors are entitled to seek independent professional advice about the affairs of the Authority and at the Authority's expense.

BOARD COMMITTEES

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

The board is well informed about proceedings of board committees by reports from the chairpersons of the committees tabled at each board meeting.

AUDIT COMMITTEE

The audit committee is responsible for independently reviewing, on behalf of the board, the Authority's framework of control and its internal and external audit processes. The audit committee comprises three members who are all independent nonexecutive directors and the executive director. The members of the audit committee are M Nakale (Chairperson), M J van der Meer and J Mutumba.

The chairperson of the committee is an independent non-executive director and is not the chairperson of the board. Both the internal and external auditors have unrestricted access to the audit committee which ensures that their independence is in no way impaired.

Three meetings of the audit committee are planned to take place annually and representatives of the internal and external auditors, the finance, SHREQ and operations executives and the finance manager attend the meetings.

**ultimately
responsible
for the
actions and
decisions**

The Standing Audit Committee has established a Risk Committee as follows -

RISK COMMITTEE

The risk committee reports to the audit committee and assists the board in the discharge of its duties relating to corporate accountability and associated risk in terms of management, assurance and reporting. The committee comprises the Executive : SHREQ, Group Executive : Finance, Group Company Secretary, Manager : Cargo Services, the Internal Auditor and a Union representative.

The Charter of the Risk Committee provides that three meetings shall take place each year.

REMUNERATION COMMITTEE

The remuneration committee is responsible for making recommendations to the board regarding the determination of the remuneration of directors, executive and senior management. The remuneration committee comprises three nonexecutive directors and the chairperson of the committee is an independent non-executive director. The members of the remuneration committee are A Kanime (Chairperson), R Shipiki-Kapolo and M J van der Meer. The committee is scheduled to meet twice per annum.

The chief executive officer attends meetings of the Committee by invitation and is excused from a meeting when his compensation, as well as the Chairperson's compensation, is reviewed. Similarly, the Chairperson is excused when his remuneration is discussed.

INTERNAL CONTROL SYSTEMS

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 regarding the preparation of reliable published financial statements and the safeguarding of the Authority's assets. The system includes a documented organization structure and division of responsibility, established policies and procedures, which are communicated throughout the Authority and the proper training and the development of its personnel. Internal auditors were appointed to monitor the operation of the internal control systems and report findings and recommendations to management and the board.

safeguarding of assets against unauthorised acquisition, use or disposition

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

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

The Authority maintains its internal control system on a continuous basis to ensure effective internal control over financial reporting. The Authority believes that for the period ended 31 August 2008, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, was adequate.

The annual budget is reviewed and approved at board level and on a monthly basis management assesses performance against budget and reports to executive management.

CODE OF ETHICS

The ethical rules of the operation of the Authority are governed by its Code of Ethics. The Code of Ethics addresses, amongst others, aspects such as harassment, discrimination, personal conduct, outside work, conflicts of interest, acceptance of gifts and entertainment, employment of relatives and insider trading.

In addition, the Code makes provision for a complaints and whistle-blowing procedure with reporting to the Compliance Officer who is the Group Company Secretary. The Compliance Officer will retain a register of such complaints.

The agenda of each meeting of the board and its committees, Executive Committee and tender committee provides for attendees to disclose interests in any matters which will be discussed at the meeting.

In addition, a register of interests is maintained by the secretary wherein employees of the Authority can disclose interests. This register of interest can be viewed by any employee at the office of the secretary.

INDUCTION

All new directors receive an information pack which contains information on the Authority, financials, governance issues, key policies, board and committee information and other information relevant to the board. This electronic information is updated on an annual basis.

Each year, one meeting of the board takes place in Walvis Bay and one in Lüderitz. When a meeting takes place at a port, board members are taken on tour of the port and receive up to date information on the operations and developments at the port.



DIRECTORS REPORT

The directors hereby present their annual report, which forms part of the audited financial statements of the Authority and the group for the year ended 31 August 2008.

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.

OWNERSHIP OF COMPANY

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

FINANCIAL RESULTS

The financial results are set out in the financial statements.

OWNERSHIP OF LAND

The Authority is still in the process of completing transfer of certain erven in Walvis Bay from Transnet Ltd to the Authority.

AUDITORS

Grand Namibia has been appointed as external auditors, in accordance with guidelines agreed with the Auditor-General, for a period of three financial years terminating with the 2009 financial year.

PricewaterhouseCoopers provides internal audit services to the Authority and has been appointed for a period of three financial years terminating with the 2008 financial year. The contract of internal audit services has been extended to 2009 financial year.



DIRECTORS

The following persons were appointed by the portfolio Minister to serve on the board of directors of the Authority for the periods indicated-

NAME	PERIOD OF OFFICE
Capt. M J van der Meer	15 July 2008 to 14 July 2011
Ms. R Shipiki-Kapolo	15 July 2008 to 14 July 2011
Mr. A Kanime	15 July 2008 to 14 July 2011
Mr. J Mutumba	15 July 2008 to 14 July 2011
Ms. M Nakale	15 July 2008 to 14 July 2011
Adv. S V Masiza	10 June 2005 to date of resignation 31 January 2008.
Mr. S Kankondi	10 June 2005 to 9 June 2008
Period of office extended by the line Minister to 31 December 2008, but terminated with appointment of new board of directors on 15 July 2008.	
Mr. A Neethling	10 June 2005 to 9 June 2008
Period of office extended by the line Minister to 31 December 2008, but terminated with appointment of new board of directors on 15 July 2008.	
Ms. A Hange	10 June 2005 to date of death 1 December 2007
Mr. P Amutenya	10 June 2005 to 9 June 2008
Period of office extended by the line Minister to 31 December 2008, but terminated with appointment of new board of directors on 15 July 2008.	

M J van der Meer was appointed as Chairperson and R Shipiki-Kapolo was appointed as Vice-Chairperson of the Board of Directors.

Three meetings of the board of directors took place during this financial year with attendance as follows :

Name	Scheduled meetings During period of office	Meetings Attended
M J van der Meer (Chairperson)	1	1
A Kanime	1	1
R Shipiki-Kapolo	1	1
J Mutumba	1	1
M Nakale	1	1
S Masiza (Chairperson) (resigned)	1	1
S Kankondi (retired)	2	2
A Neethling (retired)	2	2
A Hange (deceased)	1	0
P Amutenya (retired)	2	1

DIRECTORS AND KEY MANAGEMENT REMUNERATION PER ANNUM

Non-executive Directors	N\$ 540,973.54	(2007: N\$683,241.75)
Executive Management	N\$ 6,653,247.92	(2007: N\$6,121,434.52)

CHANGES IN ACCOUNTING POLICIES

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

BOARD COMMITTEES

- **AUDIT COMMITTEE**

One meeting of the audit committee took place during the past financial year with attendance as follows:

Name	No of Meetings
A Neethling (Chairman)	1
S Kankondi	1

No new committee meeting took place during the year under review.

- **REMUNERATION COMMITTEE**

Due to the fact that there were not sufficient board members to constitute an independent Remuneration Committee, no meetings of the remuneration committee took place during the financial year.

- **RISK COMMITTEE**

Two meetings of the Risk Committee took place with attendance as follows:

Name	Designation	No of Meetings
R Visagie	Executive : SHREQ	2
J L van der Merwe	Group Executive : Finance	1
K van Heerden	Group Company Secretary	2
M Polster	Manager : Cargo Services	2
L Hochobeb	Internal auditor	2
D Shivolo	Union representative	1

SECRETARY AND REGISTERED OFFICE

The secretary of the Authority is K van Heerden, whose business address and registered office is 17 Rukumbi Kandanga Road, Walvis Bay. The postal address and registered office is PO Box 361, Walvis Bay, Namibia.

SUBSIDIARY COMPANIES

The following are subsidiary companies of the Namibian Ports Authority :

ELGIN BROWN & HAMER NAMIBIA (PTY) LTD : 52.5%

This company has as its main objects and business marine engineering, ship repair, ship building and all work ancillary thereto with all engineering work of the same or similar type to that employed in the foregoing. This company was formed primarily to own, manage and operate a floating dock facility at the port of Walvis Bay.

Namport owns 52.5% effectively from 30 November 2005 which is date of incorporation. The remaining 47.5% shareholding in the company is owned by Elgin Brown & Hamer Consortium (Pty) Ltd which provides technical support to Namibian operations.

There are seven members of the board of directors of the company, of which four members ex officio represent the Authority, namely S Kankondi, J L van der Merwe, F Shimuafeni and W Feris. J Mouton resigned as a director representing Namport on 3 July 2008 and was replaced by W Feris.

NAMPORT PROPERTY HOLDINGS (PTY) LTD : 100%

Namport Property Holdings (Proprietary) Limited became a wholly-owned subsidiary of the Authority on 25 January 2006, however, the company is still dormant.

The main object and business of the company is to be engaged in the property industry, property development, property management and any other business which may seem directly or indirectly conducive thereto. The purpose of establishing this company is to serve as a vehicle for participation in the envisaged Walvis Bay marina development.

Two members of management have been appointed ex officio as directors on the board of directors of the company, namely S Kankondi and J L van der Merwe. J Mouton resigned as a director representing Namport on 3 July 2008.

LÜDERITZ BOATYARD (PTY) LTD : 100%

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

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

STRATEGIC PLANNING

The Authority has a Strategic and Business Plan which is reviewed annually by the board and management.

PERFORMANCE

At each Board Meeting, the performance of the Authority is evaluated through the Enterprise Balanced Scorecard reporting. The performance areas encompassed in the Enterprise Balanced Scorecard are as follows:

- Internal Processes
- Social Transformation
- Sound Financial Management
- Human Resources
- Corporate Governance

RISK MANAGEMENT

The board is responsible for ensuring that the Authority has implemented an effective ongoing process to identify risk, measure its potential impact and utilise internal controls as a measure to mitigate and control risk, and is assisted in this duty by the Risk Committee through the Audit Committee.

The strategic risks identified by the board and management are in the process of being reviewed by the internal auditors and action plans and controls are tabled for consideration and review at audit committee meetings.

The Authority is in the process of formulating a Risk Management Policy.

JUDICIAL PROCEEDINGS

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

- An out of court settlement was reached between the parties in the case relating to the legal action instituted by Marco Fishing (Pty) Ltd against Namport, Government of Namibia and Ministry of Works, Transport and Communication for damages of N\$7.9 million relating to the sinking of the vessel Meob Bay

- Pescalamar Fishing (Pty) Ltd instituted action against the Namibian Ports Authority claiming compensation for damages in the sum of N\$1,157,962.17 relating to damages to certain containers. The Authority is defending this action.

NAMIBIAN PORTS AUTHORITY

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Namibian Ports Authority and the group annual financial statements. The financial statements, presented on pages 17 to page 41 have been prepared in accordance with and comply with International Financial Reporting Standards adopted by the International Accounting Standards Board ("IASB") and include amounts based on judgments and estimates made by the management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

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

The financial statements have been audited by the independent auditing firm, Grand Namibia, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The audit report of Grand Namibia is presented on page 16.

The financial statements were approved by the Board of Directors on 31 October 2008 and are signed on its behalf by:



M J VAN DER MEER
CHAIRMAN

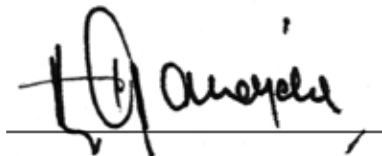


M NAKALE
DIRECTOR & CHAIRPERSON OF THE
STANDING AUDIT COMMITTEE

NAMIBIAN PORTS AUTHORITY REPORT OF THE AUDITOR-GENERAL

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

I therefore report that the abovementioned audit of the annual financial statements for the year ended 31 August 2008 has been carried out to my satisfaction.



JUNIAS ETUNA KANDJEKE
AUDITOR GENERAL

Windhoek

31 October 2008



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

We have audited the accompanying financial statements of the Namibian Ports Authority and group annual financial statements, which comprise the directors' report, balance sheet as at 31 August 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors' are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Ports Authority Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority and the group as at 31 August 2008, and the financial performance, changes in equity and the cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Namibian Ports Authority Act , 1994 (Act No 2 of 1994).

Grand Namibia

**GRAND NAMIBIA
CHARTERED ACCOUNTANTS (NAMIBIA)
REGISTERED ACCOUNTANTS AND
AUDITORS**

31 OCTOBER 2008



NAMIBIAN PORTS AUTHORITY**BALANCE SHEET**

AS AT 31 AUGUST 2008

	Notes	GROUP		COMPANY	
		2008 N\$000	2007 N\$000	2008 N\$000	2007 N\$000
ASSETS					
Non-current assets					
Property, plant and equipment	8	882,158	806,294	725,375	727,721
Investments	9	447,455	320,025	447,455	320,025
Channel levy fund investment		7,519	5,361	7,519	5,361
Investment in subsidiary		-	-	3,150	3,150
Loan to subsidiary	5	-	697	1,693	1,337
Deferred tax asset	4	31,785	126	-	-
		<u>1,368,917</u>	<u>1,132,503</u>	<u>1,185,192</u>	<u>1,057,594</u>
Current assets					
Inventories	10	38,581	4,763	1,605	883
Receivables and prepayments	11	142,820	62,987	82,439	45,012
Cash and cash equivalents	21	234,552	191,525	233,746	191,522
Current tax assets		-	1,714	-	1,714
		<u>415,953</u>	<u>260,989</u>	<u>317,790</u>	<u>239,131</u>
Total assets		<u>1,784,870</u>	<u>1,393,492</u>	<u>1,502,982</u>	<u>1,296,725</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Capital account	2	50,344	50,344	50,344	50,344
Retained earnings		914,314	813,494	913,184	815,658
Shareholders interest		964,658	863,838	963,528	866,002
Minority interest		5,780	2,740	-	-
Total equity		<u>970,438</u>	<u>866,578</u>	<u>963,528</u>	<u>866,002</u>
Non-current liabilities					
Interest bearing borrowings		375,842	298,217	220,549	231,478
Shareholder Loans	3	3,228	3,228	-	-
Deferred tax liabilities	4	189,450	120,178	154,345	120,178
Navigational Aids Fund		-	1,040	-	1,040
Operating lease liability		2,211	-	-	-
Channel levy fund	5	7,519	5,361	7,519	5,361
		<u>578,250</u>	<u>428,024</u>	<u>382,413</u>	<u>358,057</u>
Current liabilities					
Trade and other payables	6	138,448	49,101	77,903	30,456
Current portion of long-term liabilities	3	39,042	30,671	36,084	27,671
Namport Social Investment Fund		2,199	649	2,199	649
Namport Solidarity Fund		58	9	58	9
Provisions	7	22,081	13,881	22,081	13,881
Navigational Aids Fund		3,145	1,040	3,145	-
Current tax liabilities		15,571	-	15,571	-
Bank overdraft	21	15,638	4,579	-	-
		<u>236,182</u>	<u>98,890</u>	<u>157,041</u>	<u>72,666</u>
Total liabilities		<u>814,432</u>	<u>526,914</u>	<u>539,454</u>	<u>430,723</u>
Total equity and liabilities		<u>1,784,870</u>	<u>1,393,492</u>	<u>1,502,982</u>	<u>1,296,725</u>

NAMIBIAN PORTS AUTHORITY

INCOME STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2008

	Notes	GROUP		COMPANY	
		2008 N\$ 000	2007 N\$ 000	2008 N\$ 000	2007 N\$ 000
Revenue	13	681,101	419,852	434,213	324,237
Other income		9,371	7,758	4,467	7,365
Staff costs		(139,325)	(120,938)	(130,075)	(116,160)
Variable operational costs		(25,108)	(19,706)	(25,026)	(19,565)
Direct overhead costs		(207,365)	(77,524)	(4,324)	(4,143)
Indirect overhead costs		(80,984)	(42,260)	(67,128)	(34,281)
Depreciation		(59,763)	(56,073)	(56,102)	(53,409)
Maintenance		(15,955)	(12,168)	(15,860)	(12,052)
Operating Profit		161,972	98,941	140,165	91,992
Finance income / (cost)	15	12,607	14,495	24,493	21,070
Profit before tax	14	174,579	113,436	164,658	113,062
Taxation	16	(55,579)	(21,757)	(52,132)	(21,626)
Profit/(loss) for the period		119,000	91,679	112,526	91,436
Attributable to:					
Minority interest		(3,040)	(116)		
Equity holders of the parent		115,960	91,563		



NAMIBIAN PORTS AUTHORITY

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2008

GROUP	CAPITAL	RETAINED EARNINGS	SHARE-HOLDERS INTEREST	MINORITY INTEREST	TOTAL
Balance 1 September 2006	50,344	729,931	780,275	(226)	780,049
Dividends paid 2006	-	(8,000)	(8,000)	-	(8,000)
Net profit	-	91,563	91,563	116	91,679
Subsidiary Acquired				2,850	2,850
Balance 31 August 2007	<u>50,344</u>	<u>813,494</u>	<u>863,838</u>	<u>2,740</u>	<u>866,578</u>
Balance 1 September 2008	50,344	813,494	863,838	2,740	866,578
Dividend Paid 2007	-	(15,000)	(15,000)	-	(15,000)
Net Profit	-	115,960	115,960	3,040	119,000
Subsidiary Acquired in 2008	-	(140)	(140)	-	(140)
Balance 31 August 2008	<u>50,344</u>	<u>914,314</u>	<u>964,658</u>	<u>5,780</u>	<u>970,438</u>

COMPANY	CAPITAL	RETAINED EARNINGS	TOTAL
Balance 1 September 2006	50,344	732,222	782,566
Dividends paid 2007	-	(8,000)	(8,000)
Net profit	-	91,436	91,436
Balance 31 August 2007	<u>50,344</u>	<u>732,222</u>	<u>782,566</u>
Balance 1 September 2007	50,344	815,658	866,002
Net Profit	-	112,526	112,526
Dividend paid 2008	-	(15,000)	(15,000)
Balance as at 31 August 2008	<u>50,344</u>	<u>913,184</u>	<u>963,528</u>

NAMIBIAN PORTS AUTHORITY

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2008

	Notes	GROUP		COMPANY	
		2008 N\$000	2007 N\$000	2008 N\$000	2007 N\$000
Cash flow from operating activities					
Cash receipts from customers		681,101	427,324	437,950	296,639
Cash paid to suppliers and employees		(502,332)	(308,199)	(251,048)	(187,616)
Cash flow from operating activities	19	178,769	119,125	186,902	109,023
Cash generated from operations					
Interest received		67,673	55,536	67,613	55,536
Interest paid		(39,205)	(27,024)	(31,446)	(22,418)
Dividend paid		(15,000)	(8,000)	(15,000)	(8,000)
Tax paid	20	(680)	(1,197)	(680)	(1,197)
Net cash flow from operating activities		191,557	138,440	207,389	132,944
Cash flow from investing activities					
Investments to expand operating capacity		(81,780)	(22,758)	(2,327)	(1,471)
Investments to maintain operating capacity		(53,779)	(50,440)	(51,562)	(48,969)
Purchase of non-current investments		(116,300)	(69,167)	(116,300)	(69,167)
Transfer to cash on call		-	40,277		40,277
Proceeds from disposal of property, plant and equipment		10	134	10	9
Proceeds from disposal of investments		19,561	-	19,561	-
Loan extended to subsidiary		-	(697)	(355)	(697)
Net cash outflows from investing activities		(232,288)	(102,651)	(150,974)	(80,018)
Cash flows from financing activities					
Proceeds from long-term borrowings		91,597	49,167	2,681	31,390
Payment of capital element of long-term borrowings		(25,199)	(12,589)	(25,149)	(12,589)
Proceeds from finance lease liabilities		4,090	24,571	8,277	26,509
Proceeds from operating leases		2,211	-		
Net cash (outflow)/inflow from financing activities		72,699	61,149	(14,191)	45,310
Net increase in cash and cash equivalents		31,968	96,938	42,224	98,236
Cash and cash equivalents at the beginning of year		186,946	90,008	191,522	93,286
Cash and cash equivalents at the end of year	21	218,914	186,946	233,746	191,522

NAMIBIAN PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

31 AUGUST 2008

1.0 PRINCIPAL ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS

The Authority and group's consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB. These are the Group's second consolidated financial statements to be prepared in accordance with IFRS.

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 below and the measurement of certain financial instruments at fair value.

GENERAL INFORMATION

The Namibian Ports Authority (Namport) is a state-owned enterprise established by the Namibian Ports Authority Act, 1994 (Act No 2 of 1994).

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

These financial statements were authorized for issue by the board of directors on 29 October 2008.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Statements (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain freehold land, structures and buildings, floating craft and machinery and equipment as set out in note 1 below and the measurement of certain financial instruments at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of

applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed.

STANDARDS, AMENDED AND INTERPRETATIONS EFFECTIVE IN 2008

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the company's operations:

- IFRIC 8, Scope of IFRS 2
- IFRIC 10, interim financial reporting and impairment
- Revised guidance on implementing IFRS 4, 'Insurance contracts
- IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies
- IFRIC 9, Re-assessment of embedded derivatives

INTERPRETATIONS TO EXISTING STANDARDS THAT IS NOT YET EFFECTIVE

- IAS 23 (Amendment), Borrowing costs (effective from 1 January 2009)
- IFRS 8, Operating segments (effective from 1 January 2009)
- IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
- IFRIC 12, Service concession arrangements (effective from 1 January 2008)
- IFRIC 13, Customer loyalty programmes (effective from 1 July 2008)

BASIS OF CONSOLIDATION

The consolidated annual financial statements incorporate the annual financial statements of the Authority and entities controlled by the Authority.

Where necessary, adjustments are made to the annual financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group.

All intragroup transactions, balances, and profits and losses arisen from intragroup transactions, are eliminated in the preparation of the group annual financial statements.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein.

1.1 SIGNIFICANT JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts

represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant judgements include:

TRADE RECEIVABLES/HELD TO MATURITY INVESTMENTS AND /OR LOANS AND RECEIVABLES

The company assesses its trade receivables, held to maturity investments and/or loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

DEFERRED TAX ASSETS

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

ASSET LIVES

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. In assessing useful lives, factors such as technological innovation, product life cycles as well as maintenance programmes are taken into account.

RESIDUAL VALUES

The residual values of property, plant and equipment are reviewed at each balance sheet date. The residual values are based on the assessment of useful lives and other available information.

1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

Property, plant and equipment other than freehold land, structures and buildings, floating craft and machinery and equipment are carried at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs

incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

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

Dredging expenditure is categorized into capital dredging and maintenance dredging.

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

Maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On average the Port dredge the channel every five to six years. At the completion

of maintenance dredging, the channel has an average service potential of five to six years. Maintenance dredging is capitalised and amortised evenly over this period.

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 INVESTMENTS IN SUBSIDIARIES

Company financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

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

1.4 FINANCIAL INSTRUMENTS

1.4.1 FINANCIAL ASSETS

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are

classified as non-current assets.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Held to maturity and loans and receivables

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

HELD FOR TRADING FINANCIAL ASSETS

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period.

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets carried at fair value through profit and loss are initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in profit and loss for the period.

TRADE AND OTHER RECEIVABLES

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

CASH AND CASH EQUIVALENTS

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

subsequently recorded at fair value.

1.4.2 FINANCIAL LIABILITIES

TRADE AND OTHER PAYABLES

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

BANK OVERDRAFT AND BORROWINGS

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.5 TAX

CURRENT TAX ASSETS AND LIABILITIES

Current tax for current and prior periods is, to the extent that it is unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted by the balance sheet date.

DEFERRED TAX ASSETS AND LIABILITIES

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

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

1.6 LEASES

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

FINANCE LEASES – LESSEE

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased

property or, if lower, the present value on the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

OPERATING LEASES – LESSOR

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the income statement.

OPERATING LEASES – LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.7 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.

1.8 IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

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

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

A reversal of an impairment loss of assets carried at cost less

accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 REVENUE AND REVENUE RECOGNITION

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates and value added tax.

Interest is recognized, in the profit and loss, on a time proportion basis.

Dividends are recognized, in profit and loss, when the Authority's right to receive payment has been established.

1.10 TRANSLATION OF FOREIGN CURRENCIES

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

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

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

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

1.11 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their

entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

DEFINED CONTRIBUTION PLANS

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

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

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.



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.

GROUP		COMPANY	
2008	2007	2008	2007
N\$000	N\$000	N\$000	N\$000
50,344	50,344	50,344	50,344



3. 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 bi-annually in arrears. Repayment in 36 equal bi-annual installments commenced in December 2000.

GROUP		COMPANY	
2008	2007	2008	2007
N\$ 000	N\$ 000	N\$ 000	N\$ 000
18,671	20,538	18,671	20,538

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

50,944	56,140	50,944	56,140
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Structured finance loans secured by a cession of an endowment policy with a book value of N\$42 817 763. The loan bears interest at 9.4% per annum and is repayable on 31 March 2010. The full loan commitments under the two separate structured loans were transferred to the new structure and the repayments already made were converted to a preference share investment, which offsets the long term loan.

111,065	108,891	111,065	108,891
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Soft loan by DANIDA, swapped to local financial institution secured by cession of endowment policies. The loan is bearing interest at 8% and is repayable in twenty bi-annual instalments that commenced on 29 September 2000.

3,233	4,849	3,233	4,849
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A thirteen-month evergreen overdraft facility with Nedbank of Namibia. The loan is bearing interest at 78% of the current Nedbank Namibia Ltd prime rate.

18,734	19,296	18,734	19,296
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A two-tier finance agreement with Veritas Kapital Limited. Loan 1 bears interest at 7.25% and is repayable in 5 annual installments commencing on 1 April 2007. Loan 2 bears interest at prime minus 2.75% and is repayable on 1 April 2007, at which date the repayment terms will be revisited.

15,426	13,867	15,426	13,867
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Liabilities under capitalised finance leases payable over three years at an interest rate of 2% below the Namibian prime rate.

38,560	35,568	38,560	35,568
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Asset financing loan bears interest at prime less 2% per annum, secured by ship's mortgage over the floating dock with a book value of N\$46,631,566 (2007: N\$47,483,370). From March 2008 the loan is repayable in monthly installments of N\$501,713

26,488	30,000	-	-
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Medium Term Loans bearing interest at prime less 2% per annum and is secured by a Suretyship by Namibian Ports Authority limited to an amount of N\$59,000,000, a limited surety of N\$186, 159,000 by Namport. These loans are repayable in monthly installments of N\$103,749 and as of September 2008 in monthly installments of N\$372,683.

129,656	37,379	-	-
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Liabilities under instalment sale agreements payable over periods of 36 months at an effective rate of prime less 2% per annum. Secured by motor vehicles and plant and equipment with book value of N\$2,153,463 (2007: N\$2,183,512).

2,107	2,360		
414,884	328,888	256,633	259,149
(39,042)	(30,671)	(36,084)	(27,671)
375,842	298,217	220,549	231,478

Current portion of loans included in accounts payable

	GROUP		COMPANY	
	2008	2007	2008	2007
	N\$000	N\$000	N\$000	N\$000
4. DEFERRED TAX LIABILITIES				
Balances at beginning of year	104,317	98,809	120,178	98,552
Increase in tax losses available for set off against future taxable income	(14,983)	5,668	-	(1,170)
Timing differences	68,331	15,575	34,167	22,796
Balances at the year end	<u>189,450</u>	<u>120,178</u>	<u>154,345</u>	<u>120,178</u>

Comprising of:	157,665	120,052	154,345	120,178
Work in progress and consumables	13,504	1,667	562	309
Investments	101,987	90,423	132,831	90,423
Prepayments	296	-	-	-
Capital Allowances	41,774	27,962	20,952	29,446
Foreign exchange contracts fair value adjustments	104	-	-	-

5. CHANNEL LEVY FUND INVESTMENTS

Balance at 01 September	5,361	3,340	5,361	3,340
Excess levy related to the year ended 31 August	739	1,226	739	1,226
Interest earned	1,419	795	1,419	795
	<u>7,519</u>	<u>5,361</u>	<u>7,519</u>	<u>5,361</u>

Invested at call at Standard Bank Limited

	<u>7,519</u>	<u>5,361</u>	<u>7,519</u>	<u>5,361</u>
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* Fees collected from fishing industry for future dredging of the channel

6. TRADE AND OTHER PAYABLES

Trade payables	80,029	32,414	19,484	8,552
Other payables	58,419	16,687	58,419	21,904
Accruals	55,941	16,507	55,941	14,593
Prepayments	1,619	-	-	-
Receiver of revenue – VAT	-	-	1,619	7,131
Outstanding cheques	859	180	859	180
	<u>138,448</u>	<u>49,101</u>	<u>77,903</u>	<u>30,456</u>

7. PROVISIONS

Provisions for leave pay	6,324	5,635	6,324	5,635
Provision for bonuses	3324	2,619	3324	2,619
Other provisions	12,433	5,627	12,433	5,627
	<u>22,081</u>	<u>13,881</u>	<u>22,081</u>	<u>13,881</u>

8. PROPERTY, PLANT & EQUIPMENT

GROUP	Land,		Vehicles,			
	structures, and buildings	Floating craft	machinery equipment and furniture	Leased assets	Work-in- Progress	Total
Year ended 31 August 2007	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Opening carrying amount	594,963	83,051	87,552	2,135	22,428	790,129
Additions	1,944	1,374	3,594	16,451	49,835	73,198
Disposals	-	-	(148)	-	-	(148)
Transfers	37,670	-	30,242	-	(67,912)	-
Depreciation	<u>(35,981)</u>	<u>(6,089)</u>	<u>(14,706)</u>	<u>(109)</u>	-	<u>(56,885)</u>
Closing carrying amount	<u>598,596</u>	<u>78,336</u>	<u>106,534</u>	<u>18,477</u>	<u>4,351</u>	<u>806,294</u>
At 31 August 2007						
Cost or valuation	869,826	143,411	240,170	20,156	4,351	1,277,914
Accumulated depreciation	<u>(271,230)</u>	<u>(65,075)</u>	<u>(133,636)</u>	<u>(1,679)</u>	-	<u>(471,620)</u>
Carrying amount	<u>598,596</u>	<u>78,336</u>	<u>106,534</u>	<u>18,477</u>	<u>4,351</u>	<u>806,294</u>
Year ended 31 August 2008						
Opening carrying amount	598,596	78,336	106,534	18,478	4,351	806,295
Additions	3,781	578	4,538	84	126,779	135,760
Disposals	-	-	(134)	-	-	(134)
Transfers	19,426	4	23,884	1,078	(44,392)	-
Depreciation	<u>(37,092)</u>	<u>(4,885)</u>	<u>(17,099)</u>	<u>(687)</u>	-	<u>(59,763)</u>
Closing carrying amount	<u>584,711</u>	<u>74,033</u>	<u>117,723</u>	<u>18,953</u>	<u>86,738</u>	<u>882,158</u>
At 31 August 2008						
Cost or valuation	893,035	143,992	266,293	21,319	86,738	1,411,377
Accumulated depreciation	<u>(308,324)</u>	<u>(69,959)</u>	<u>(148,570)</u>	<u>(2,366)</u>	-	<u>(529,219)</u>
Carrying amount	<u>584,711</u>	<u>74,033</u>	<u>117,723</u>	<u>18,953</u>	<u>86,738</u>	<u>882,158</u>
Pledge as security:			2008	2007		
Carrying value of assets pledged as security:			N\$000	N\$000		
Motor vehicles			1,392	1,394		
Plant and Equipment			761	789		
Floating dock			46,632	47,483		

COMPANY	Land, structures, and buildings	Floating craft	Vehicles, machinery equipment and furniture	Leased assets	Work-in- Progress	Total
Year ended 31 August 2007	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Opening carrying amount	584,980	37,310	86,004	-	22,428	730,722
Additions	-	216	1,467	-	48,757	50,440
Disposals	-	-	(32)	-	-	(32)
Transfers	37,670	-	30,242	-	(67,912)	-
Depreciation	(34,627)	(4,635)	(14,147)	-	-	(53,409)
Closing carrying amount	<u>588,023</u>	<u>32,891</u>	<u>103,534</u>	<u>-</u>	<u>3,273</u>	<u>727,721</u>
At 31 August 2007						
Cost or valuation	857,315	96,274	236,501	1,570	3,273	1,194,933
Accumulated depreciation	(269,292)	(63,383)	(132,967)	(1,570)	-	(467,212)
Carrying amount	<u>588,023</u>	<u>32,891</u>	<u>103,534</u>	<u>-</u>	<u>3,273</u>	<u>727,721</u>
Year ended 31 August 2008						
Opening carrying amount	588,023	32,891	103,534	-	3,272	727,721
Additions	16	270	2,041	-	51,562	53,890
Disposals	-	-	(134)	-	-	-
Transfers	19,426	4	23,884	-	(43,314)	-
Depreciation	(35,990)	(3,725)	(16,387)	-	-	(56,102)
Closing carrying amount	<u>571,475</u>	<u>29,440</u>	<u>112,939</u>	<u>-</u>	<u>11,521</u>	<u>725,375</u>
At 31 August 2008						
Cost or valuation	876,756	96,549	260,121	1,570	11,521	1,246,517
Accumulated depreciation	(305,282)	(67,108)	(147,182)	(1,570)	-	(521,142)
Carrying amount	<u>571,475</u>	<u>29,440</u>	<u>112,939</u>	<u>-</u>	<u>11,521</u>	<u>725,375</u>

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

Freehold land, structures and buildings, floating craft and machinery and equipment were independently valued as at 31 August 2003 by Mills Fitchet, International Property Consultants.

	GROUP		COMPANY	
	2008 N\$000	2007 N\$000	2008 N\$000	2007 N\$000
9. INVESTMENTS				
Investment in endowment policies	392,246	270,180	392,246	270,180
At cost	320,234	219,934	320,234	218,934
Fair value adjustments	72,012	50,246	72,012	51,246
Money market instruments at fair value	55,209	49,845	55,209	49,845
	447,455	320,025	447,455	320,025

Investment ceded to third parties and suretyship extended for EBH.

The following securities are held by the bank:

- 10.1 Ship mortgage for N\$30,000,000.00 over the floating dock, plant equipment and infrastructure.
- 10.2 Comprehensive insurance by an insurance company acceptable by the bank over the assets to be finance and confirmation that the bank is noted as first loss payee.
- 10.3 Suretyship for N\$59,000,000.00 by Namibian Ports Authority (Act no. 2 of 1994)
- 10.4 Cession of cash investment of N\$29,000,000.00 in the name of Namibian Ports Authority, in support of aforementioned suretyship.

	GROUP		COMPANY	
	2008 N\$000	2007 N\$000	2008 N\$000	2007 N\$000
10. INVENTORIES				
Work in progress	36,014	3,480	-	-
Consumable stores	2,567	1,283	1,605	883
	38,581	4,763	1,605	883

11. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Total trade debtors	124,648	52,023	82,690	36,422
Less: Provision for bad/doubtful debts	(1,693)	(2,317)	(1,693)	(2,317)
	122,955	49,706	80,997	34,105
Staff loans	97	104	97	104
Other receivables	18,832	3 669	1,254	1,719
Prepayments	936	9,508	91	9,084
	142,820	62,987	82,439	45,012

12. PENSION FUND

At the financial year-end, all the permanent employees of the Authority were members of the Namport Retirement Fund, a defined contribution fund, governed by the Pension Fund Act. Employees' contributions amount to 7.5% of basic salary and the Authority's contribution amounts to 17% of basic salary. The total contributions for the year amounted to N\$11,052,342 (2007: N\$ 10,225,455) of which employees' contributed N\$3,691,432 (2007: N\$3,426,856) and the Authority the difference. The fund is administered by Old Mutual on behalf of the board of trustees.

GROUP		COMPANY	
2008	2007	2008	2007
N\$000	N\$000	N\$000	N\$000

13. REVENUE

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

Cargo services	212,604	124,106	212,604	124,106
Marines services	53,859	50,341	53,859	50,341
Port authority services	162,437	137,823	162,437	137,823
Syncrolift services	19,619	17,052	19,619	17,052
Ship repair services	246,889	95,345	-	-
Rebates and discounts	(14,307)	(5,085)	(14,307)	(5,085)
	<u>681,101</u>	<u>419,582</u>	<u>434,212</u>	<u>324,237</u>

14. OPERATING PROFIT

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

Auditors' remuneration	501	381	251	264
Directors emoluments	540	1643	540	663
Depreciation				
Cost	59,763	56,885	56,102	53,409
Land, structures and buildings	37,092	35,981	35,990	34,627
Floating craft	4,885	6,089	3,725	4,635
Vehicles and equipment	17,099	14,706	16,387	14,147
Leased assets	687	109	-	-
(Loss)/Profit on disposal of property, plant and equipment	(134)	(15)	(129)	(23)

15. NET FINANCE (INCOME) COST

Interest paid on long-term loans	55,065	41,041	43,120	34,466
Money Market vested returns accrued on endowment policies	(16,313)	(20,823)	(16,313)	(20,823)
Received from other sources	(51,359)	(34,713)	(51,300)	(34,713)
	<u>(12,607)</u>	<u>(14,495)</u>	<u>(24,493)</u>	<u>(21,070)</u>

16. TAXATION

Namibian normal tax				
Current taxation – current period	10,035	6,607	10,035	-
Deferred taxation (note 4 and note 22)	45,544	15,150	42,097	21,626
	<u>55,579</u>	<u>21,757</u>	<u>52,132</u>	<u>21,626</u>

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

Profit before tax	174,579	113,436	164,658	113,062
Tax calculated at a tax rate of 35%	61,103	39,703	57,630	39,572
Income not subject to tax	(13,454)	(17,946)	(13,428)	(17,946)
Under provision prior year	7,930	-	7,930	-
Deferred tax provided due to under provision of prior year	-	-	-	-
Charge for the year	<u>55,579</u>	<u>21,757</u>	<u>52,132</u>	<u>21,626</u>

	GROUP		COMPANY	
	2008 N\$000	2007 N\$000	2008 N\$000	2007 N\$000
17. NET CASH FLOW FOR OPERATING ACTIVITIES				
Reconciliation of profit before tax to cash generated from operations	174,579	113,436	164,658	113,062
Profit before tax				
Adjustments for:				
Depreciation	59,763	56,885	56,102	53,409
Investment written off				
(Profit)/loss on sale of property, plant and equipment	125	15	124	23
Investment income	(67,673)	(55,536)	(67,613)	(55,536)
Interest expense	(30,691)	41,041	43,120	34,466
Capitalisation of market value of investments	55,066	(31,985)	(30,691)	(31,985)
	191,169	123,856	165,700	113,439
Changes in working capital				
Total brought forward				
- trade and other receivables	(79,833)	(1,070)	(37,427)	(3,001)
- inventories	(33,818)	1,848	(722)	(209)
- payables	101,251	(5,509)	59,351	(1,206)
	178,769	119,125	186,902	109,023

18. RECONCILIATION OF TAX PAID/REFUNDED DURING THE YEAR

Opening balances for the year	(1,714)	(517)	(1,714)	(517)
Charge in income statement	52,132	22,277	52,132	21,626
Adjustment for deferred tax	(42,097)	(22,277)	(42,097)	(21,626)
Normal tax	(10,035)	-	(10,035)	-
Closing balance	(1,197)	1,714	(1,197)	1,714
Tax paid/ (refund)	680	1,197	680	1,197

19. CASH AND CASH EQUIVALENTS

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

Bank balances	233,958	189,669	233,152	189,669
Foreign currency deposits	694	668	694	668
Cash on hand	42	46	42	43
CFC account	-	1,142	(142)	1,142
Bank overdraft	(15,780)	(4,579)	-	-
	218,914	186,946	233,746	191,522
Current assets	234,552	191,525	233,746	191,522
Current liabilities	(15,638)	(4,579)	-	-
	218,914	186,946	233,746	191,522

	GROUP		COMPANY	
	2008	2007	2008	2007
	N\$000	N\$000	N\$000	N\$000
20. CONTINGENT LIABILITIES				
Provision of suretyship on loan to EBH	186,150	98,524	-	-
Insurance excess payments	1,000	1,000	1,000	1,000
	<u>187,150</u>	<u>99,524</u>	<u>1,000</u>	<u>1,000</u>

The amount is the maximum excess payments relating to public liability claims and damage to equipment. These amounts when payable will be refunded from the Authority's contingency policy.

21. CAPITAL EXPENDITURE APPROVED

Commitments in respect of contracts placed	442,292	24,237	42,775	23,123
Approved by directors in addition to contracts placed	334,761	272,352	328,270	272,352
Approved expenditure outstanding	<u>777,053</u>	<u>296,589</u>	<u>371,045</u>	<u>295,475</u>

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

22. RELATED PARTY TRANSACTIONS

Namibian Ports Authority (Namport) is wholly-owned by Namibian Government and established in terms of Namibian Ports Authority Act, 1994 (Act No 2 of 1994). The subsidiaries, government Ministries/Offices/Agencies, state owned enterprises and business enterprises that the Board of Directors and Executive Management are involved with are seen as related parties.

The following related-party transactions have been entered into:

RELATED PARTY	RELATIONSHIP	TRANSACTION TYPE	COMPANY 2008 (N\$000'S)	COMPANY 2007 (N\$000'S)
REVENUE & INTEREST INCOME				
Ministry of Fisheries & Marine Resources	Government Ministry	Rental and Port services	235	671
Elgin Brown & Hamer Namibia (Pty) Ltd.	Subsidiary	Port services	587	568
Ministry of Finance	Government Ministry	Rental income	18	32
Ministry of Works, Transport & communication	Government Ministry	Rental income	27	9
Ministry of Defence	Government Ministry	Port services	19	335
Road Fund Administration	State Owned enterprise	Fuel levy refunds	240	636
Namibia Post Ltd.	State owned enterprise and Company MD serves as Chairperson of the Board of related party	Interest on investments	377	85
TransNamib	State Owned entity	Port services	243	
EXPENSES & INTEREST PAID				
Seaflower Lobster Corporation Ltd	State owned enterprise	Purchase land and business operation		-
Air Namibia	State owned enterprise		1	-
Ellis & Partners	Namport Chairperson was a Partner in related party	Legal services	522	22
Erongo RED	State owned enterprise	Electricity supply	6607	3 703

RELATED PARTY	RELATIONSHIP	TRANSACTION TYPE	COMPANY 2008 (N\$000'S)	COMPANY 2007 (N\$000'S)
Luderitz Town Council	State owned enterprise	Municipal services	2265	1 525
Namwater Ltd.	State owned enterprise	Water supply	608	680
Namibia Post Ltd.	State owned enterprise and Company. Chairperson serves on Board of Related Party	Postal services	17	8
Transnamib Ltd.	State owned enterprise	Transport services	114	47
Road Fund Administration	State owned enterprise	Vehicle licenses	95	134
Walvis Bay Municipality	State owned enterprise	Municipal services	3935	5060
Swakopmund Municipality	State owned enterprise	Municipal services	34	23
Telecom Namibia Ltd.	State owned enterprise	Telecommunication services	563	808
Nedbank Namibia Ltd.	Company MD serves on Board of related party	Interest paid on loan	2,349	2,042
BALANCES DUE FROM RELATED PARTIES				
Ministry of Fisheries & Marine Resources	Government Ministry	Trade Debtor	234	139
Ministry of Works, Transport & communication	Government Ministry	Trade Debtor	27	19
Elgin Brown & Hamer Namibia (Pty) Ltd.	Subsidiary	Trade Debtor	522	6
Ministry of Defence	Government Ministry	Trade Debtor	83	(3)
Road Fund Administration	State owned enterprise	Trade Debtor	240	143
Nampost	State owned enterprise and Company. CEO on Board of Related Party	Investment	7,463	2,085
Ministry of Finance	Government Ministry	Trade Debtor	18	-
Elgin Brown & Hamer Namibia (Pty) Ltd.	Subsidiary	Loan advanced	65	105
Transnamib Ltd.	State owned enterprise	Trade Debtor	243	
BALANCES DUE TO RELATED PARTIES				
Erongo RED	State owned enterprise	Trade Creditor	744	581
Luderitz Town Council	State owned enterprise	Trade Creditor	220	161
Namwater Ltd.	State owned enterprise	Trade Creditor	71	63
Transnamib Ltd.	State owned enterprise	Trade Creditor	78	12
Walvis Bay Municipality	State owned enterprise	Trade Creditor	447	299
Telecom Namibia Ltd.	State owned enterprise	Trade Creditor	20	41
Swakopmund Municipality	State owned enterprise	Trade Creditor	3	2
Nedbank Namibia Ltd.	Company CEO serves on Board of related party	Medium term loan	18,734	19,296

23. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 8. This standard, which superseded IAS 14: Segment Reporting, should be applied for periods beginning on or after 1 January 2009. This standard requires an entity to report financial and descriptive information about its reportable segments. The Authority and the group will evaluate the effects of this standard.
- IFRIC 10 Interim Financial Reporting and Impairment. This Interpretation addresses the interaction between the requirements of IAS 34 and the recognition of impairment losses on goodwill in IAS 36 and certain financial assets in IAS 39, and the effect of that interaction on subsequent interim and annual financial statements. An entity shall apply the Interpretation for annual periods beginning on or after 1 November 2007. The Authority and the group will evaluate the effects of this interpretation.

- IFRIC 11 Group and Treasury Share Transactions. This Interpretation addresses share-based payment arrangements involving an entity's own equity instruments and those involving equity instruments of the parent. An entity shall apply this Interpretation for annual periods beginning on or after 1 March 2008. The Authority and the group will evaluate the effects of this interpretation.
- IFRIC 12 Service Concession Arrangements. This Interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. An entity shall apply this Interpretation for annual periods beginning on or after 1 January 2008. The Authority and the group will evaluate the effects of this interpretation.

24. FINANCIAL RISK MANAGEMENT

The group's activities expose it to 3 financial risks: liquidity risk, credit risk and interest rate risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Due to the fact that the company does have interest bearing liabilities at year end.

24.1 LIQUIDITY RISK

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

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

COMPANY

31-Aug-08

Description	Total	less than 1 year	1-2 years	2-5 years	>5 years
Trade and other payables	77,902,961	-	-	-	-
Borrowings:					
Fixed interest	216,303,539	25,361,822	36,693,899	42,677,999	147,275,547
Floating interest	40,328,994	11,803,360	7,306,794	17,815,032	-

31-Aug-07

Trade and other payables	30,456,101	-	-	-	-
Borrowings:					
Fixed interest	218,220,710	37,085,076	36,505,269	66,830,164	35,571,201
Floating interest	40,928,815	3,378,341	6,082,003	20,815,259	5,944,439

GROUP

31-Aug-08

Description	Total	less than 1 year	1-2 years	2-5 years	>5 years
Trade and other payables	138,448,028	-	-	-	-
Borrowings:					
Fixed interest	308,458,172	25,361,822	36,693,899	42,677,999	147,275,547
Floating interest	120,328,994	17,123,978	13,343,458	42,647,128	52,085,280

31-Aug-07

Trade and other payables	49,206,670	-	-	-	-
Borrowings:					
Fixed interest	297,178,934	37,085,076	36,505,269	66,830,164	35,571,201
Floating interest	110,668,309	3,378,341	6,082,003	20,815,259	5,944,439

The risk is managed by preparing cash flow forecasts and by monitoring utilized borrowing facilities.

24.2 CREDIT RISK

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. The company only deposits cash with major banks with high quality credit standing and limits exposure to various financial institutions.

Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors on an ongoing basis. The utilization of credit limits is regularly monitored. Services to customers are settled in cash or on account. Credit guarantee insurance is purchased when deemed appropriate.

Management regular check for impairment of receivables by reviewing the receivables listing on a monthly basis and making provision for possible impairment.

COMPANY

31-Aug-08	(N\$'000)	(N\$'000)	(N\$'000)	(N\$'000)	(N\$'000)	(N\$'000)
Description	Total	Current	30days	60days	90days	120plus days
Balances due but not impaired	80,430	56,527	19,866	698	561	2,408
31-Aug-07						
Balances due but not impaired	80,092	77,510	(147)	(74)	1,210	1,593

Credit limits were exceeded during the reporting period. The credit limits are linked to the bank guarantees which the customers take out. The management does not expect any losses from non-performance, because there are assets of the customers in the form of containers under Namport's control. There are rebates which the customers are entitled too depending on the volumes.

24.3 INTEREST RATE RISK

As part of managing interest rate exposures, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates so that fluctuations in variable rates do not have a material impact on the profit and loss.

Management is of the opinion that there is no major risk for the group because most borrowings are on fixed interest rates. The rest are managed by making investments which earn similar interest rates as the borrowings (back-to-back borrowings).

25. CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.



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